Executive summary
There have been a number of key immigration developments in Malaysia. These include the following.

► The Malaysian Government is to review the salary threshold for foreign professionals and expatriates in Malaysia.
► The Malaysian Immigration Department (MID) has reinstated a regulation specifying an applicant is only allowed to have a Professional Visit Pass (PVP) with a maximum duration of 12 months.
► The Malaysian Investment Development Authority (MIDA) has cancelled a directive that required applications for expatriates employed by companies with special incentives approved by the Malaysian Investment Development Authority (MIDA) only be submitted through the Expatriate Services Division (ESD) myXpats portal.

Review of salary threshold for foreign professionals and expatriates in Malaysia
The Malaysian Government is reviewing the current salary threshold for foreign professionals or expatriates working in Malaysia. The current salary requirements for the respective Employment Pass (EP) categories are as follows:

<table>
<thead>
<tr>
<th>Employment Pass categories</th>
<th>Monthly salary requirement (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Pass (Category I) - Expatriate</td>
<td>Minimum RM10,000</td>
</tr>
<tr>
<td>Employment Pass (Category II) - Expatriate</td>
<td>RM5,000 to RM9,999</td>
</tr>
<tr>
<td>Employment Pass (Category III) - Knowledge/ Skilled worker</td>
<td>RM3,000 to RM4,999</td>
</tr>
</tbody>
</table>

The salary threshold for EP under Category III (EP Category III), with a monthly salary of between RM3,000 and RM4,999 is under review, with the Malaysian Government expressing an opinion that the positions under EP Category III should be filled up by local employees. The move is geared towards increasing employment opportunities for Malaysian nationals.

The minimum base salary requirement for an expatriate employee to apply for an EP in Malaysia is MYR5,000 per month. However, the Malaysian Immigration Department (MID) has granted allowances for certain industries or roles for individuals earning less than MYR5,000 to apply for the EP and obtain work rights.

Companies that fall under unregulated sectors or Regulatory Bodies and intend to hire foreign professionals or expatriates under EP Category III are required to first apply for an approval from the Ministry of Home Affairs (MOHA) to seek exemption from the minimum salary requirement of RM5,000 per month. Due to stricter hiring conditions imposed by MOHA, the number of exemptions granted has been declining over the past year.

Once the authorities impose the new salary requirement, companies that require foreign professionals or expatriates with specific knowledge or skillsets that fall under EP Category III, will be impacted especially where there is a limited local talent pool available.
Immigration regulation on processing of Professional Visit Pass (PVP) application
The Malaysian Immigration Department (MID) has reinstated a regulation specifying an applicant is only allowed to have a Professional Visit Pass (PVP) with a maximum duration of 12 months. This regulation took effect from 15 January 2019.

Should the employer wishes to apply for an extension of the PVP after the applicant has exhausted the 12-month duration, the MID has advised that the employer is required to apply for an EP for the applicant.

The above requirement is not applicable to Students under Practical Training since the maximum duration allowable for such positions is 6 months and is non-renewable.

In addition, the MID has highlighted that companies operating in the Food and Beverages, Restaurant, Cafe or Convention Centre sectors are not permitted to apply for any PVPs for Students Under Practical Training and Attending Training on the basis that such positions should be filled by locals.

Malaysian Investment Development Authority update
In December 2018, EY released an alert advising that all Employment Pass (EP) and related dependent applications for expatriates employed by companies with special incentives approved by the Malaysian Investment Development Authority (MIDA) are to be submitted through the Expatriate Services Division (ESD) myXpats portal. We have since been made aware that this directive had been cancelled and that the immigration office through MIDA will continue to process all EP and related dependent applications until further notice.

We would recommend that impacted companies still continue to lodge registrations through the myXpats portal so as to ensure they are ready should the authorities seek to reimpose the requirement.

Next steps
While there has not been any official announcement in regard to the proposed changes, companies should be aware of the changes and understand how they would impact their operations, especially when hiring foreign professionals or expatriates.

If you require any immigration assistance or have questions in regard to these announced changes, please contact your local EY immigration contact or one of the immigration specialists below.

Christopher Lim
Tel: +603-7495 8378
Email: christopher.lim@my.ey.com

Eunice Look
Tel: +603-7495 8225
Email: eunice.look@my.ey.com

Rozarita Rosli
Tel: +603-7495 8485
Email: rozarita.rosli@my.ey.com

Jehan Iskandar
Tel: +603-7495 8286
Email: jehan.iskandar@my.ey.com

Felicia Hoo
Tel: +603-7495-8580
Email: felicia.hoo@my.ey.com