

Global Immigration alert

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Malaysia

Transitional concessions for implementation of succession plan and revised salary requirements for certain Employment Passes

Executive summary

Following Malaysia's 14 January 2026 [announcement](#) on revised Employment Pass (EP) salary requirements effective 1 June 2026, both the Expatriate Services Division (ESD) and Malaysian Digital Economy Corporation (MDEC) have [introduced](#) transitional concessions benefiting select employee groups. These include:

- A postponement of the succession plan implementation date for EP category II and III expatriates to 1 January 2027; and
- An extension of the current salary thresholds for EP category III expatriates performing roles requiring native or near-native language proficiency within MDEC-regulated Global Business Services (GBS) companies, until 1 June 2027.

The succession plan-related concession applies across all Malaysian immigration adjudicating authorities, such as ESD, MDEC, Iskandar Regional Development Authority (IRDA) and Malaysian Investment Development Authority (MIDA). The salary thresholds-related concession, however, is specific only to MDEC-regulated companies and all other companies under ESD, IRDA and MIDA must fully comply with the revised requirements from 1 June 2026.

Background

On 14 January 2026, Malaysia's Ministry of Home Affairs (KDN) announced a revised salary policy for EP holders, effective 1 June 2026, following the Cabinet approval on 17 October 2025.

The revised policy builds on the existing framework introduced in 2016 and reflects enhancements developed through ongoing engagements with industry stakeholders. It is aligned with the Thirteenth Malaysia Plan, which aims to reduce reliance on foreign labor and prioritize the employment of qualified Malaysian talent.

Under the revised framework, minimum salary thresholds for EP categories I, II and III have been increased to MYR 20,000, MYR 10,000 and MYR 5,000 respectively. The changes also introduced a structured employment duration framework and additional requirements, such as a succession plan for EP categories II and III to enable transfer of knowledge and expertise to local talent who are expected to replace the expatriate role.

All new and renewal EP applications submitted on or after 1 June 2026 must comply with these updated requirements. Employers are encouraged to align workforce planning accordingly, as the authorities continue to engage stakeholders to ensure a smooth and orderly transition.

Key developments

The transitional concessions introduced the following changes:

- The succession plan requirement for EP Category II and III expatriates will only be effective from 1 January 2027 to provide companies with additional time for workforce planning. This postponement of implementation date applies across all Malaysian immigration adjudicating authorities within Peninsular Malaysia.
- For companies under MDEC's purview only, eligible EP category III applications submitted by companies within the GBS sector may continue to be assessed under the existing salary requirements until 1 June 2027 if the EP application involves expatriate talent hired for roles requiring native or near-native language proficiency. The GBS sector comprises of companies managing centralized and integrated service delivery models, such as shared services, business process outsourcing services, or centers of excellence that oversee multiple business units across the region. Eligibility for exemption is not automatic and is subject to MDEC's assessment, including whether the company is classified under the

GBS sector and whether the justification provided by the company on the native or near-native language requirement is accepted by MDEC. Examples of supporting documents to demonstrate that the company operates within the GBS sector are a letter or supporting document issued by GBS Malaysia or by the Contact Centre Association of Malaysia (CCAM) of which the company is a member.

Impact on employers

Companies under all Malaysian immigration adjudicating authorities now have additional time to complete workforce planning for their expatriate population whose salary range falls within the impacted EP categories.

Additionally, companies under MDEC's purview and within the GBS sector now have an additional year to hire expatriate talent within the existing EP category III salary thresholds with roles involving native or near-native language proficiency. Nonetheless, companies should utilize the concession period to review their current expatriate and local workforce, conduct localization planning and begin transferring expatriate knowledge as well as expertise to local talent to mitigate potential compliance risks and operational disruptions.

Key steps

EY will continue to monitor these developments and provide updates as further clarification becomes available. Should you have any questions, we encourage you to contact one of our immigration professionals.

Irene Ang

Partner, People Advisory Services, Global Immigration
Tel: +603-7495-8306
Email: irene.ang@my.ey.com

Cynthia Wong

Associate Partner, People Advisory Services, Global Immigration
Tel: +603-7495-8129
Email: cynthia.wong@my.ey.com

Jehan Iskandar

Senior Manager, People Advisory Services, Global Immigration
Tel: +603-7495-8286
Email: jehan.iskandar@my.ey.com

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