

## **FAQ: REVISED EMPLOYMENT PASS SALARY POLICY EFFECTIVE 1 JUNE 2026**

### **OFFICIAL RESPONSES (Q&A) ISSUED BY MINISTRY OF HOME AFFAIRS**

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#### **1. Why was the replacement plan clause introduced in the New Expatriate Employment Policy?**

##### **Answer:**

The replacement plan clause was introduced as a strategic measure by the Government to ensure that the employment of expatriate workers is implemented in a structured, balanced, and targeted manner, that prioritises the development of local talent.

The introduction of this clause is based on several key justifications, namely to:

- i. Reduce long-term reliance on foreign labour, in line with the objectives of the Thirteenth Malaysia Plan (RMK-13).
- ii. Prioritise local talent by ensuring that the transfer of knowledge, skills, and expertise from expatriates to the local workforce takes place in a planned and systematic manner.
- iii. Assist employers in planning workforce transitions more effectively without disrupting business continuity.
- iv. Support the principles of Malaysia MADANI, which emphasise phased, transparent, and nationally focused policies, as well as long-term development of local human capital.

Overall, the replacement plan clause is **not** intended to restrict the entry of expatriates, but rather to ensure that their employment genuinely complements and catalyses the development of local capacity.

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#### **2. What is meant by a replacement plan in the context of the New Expatriate Employment Policy?**

##### **Answer:**

A replacement plan refers to an employer's structured and clearly defined plan to prepare the local workforce to replace the role of an expatriate within a specified employment period.

This plan includes, among others:

- Identification of positions and functions to be transferred to local employees;
- Training, mentoring, and knowledge transfer from expatriates to local workers;
- A reasonable timeframe to ensure local employees are ready in terms of skills and competencies;
- Operational continuity planning to ensure that the transition does not affect productivity or organisational performance.

The replacement plan serves as a guide for employers to manage human resources sustainably, while ensuring that expatriates working in Malaysia provide tangible added value to the development of local talent.

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## **A. GENERAL POLICY QUESTIONS**

### **1. What is the main rationale for the Government's introduction of the New Expatriate Employment Policy?**

This policy is introduced to ensure that the employment of expatriates is carried out in a more strategic, sustainable, and needs-based manner, while prioritising the development of local talent without compromising Malaysia's economic competitiveness.

### **2. Why does the policy only take effect from 1 June 2026?**

The Government is providing a sufficient preparation period for employers and industries to adjust their workforce structures, cost planning, and the implementation of replacement plans in an orderly and non-disruptive manner.

### **3. What are the main differences between the new policy and the existing policy?**

The key differences include the restructuring of minimum salary thresholds, the determination of expatriate employment duration, and clearer, more structured replacement plan requirements.

### **4. How does this policy support Malaysia MADANI?**

This policy emphasises fairness, sustainability, and balance between economic needs and the interests of local citizens, in line with the core values of Malaysia MADANI.

### **5. Is this policy aligned with the Thirteenth Malaysia Plan (RMK-13)?**

Yes. This policy supports the objectives of RMK-13 to reduce reliance on foreign labour and strengthen the development of local human capital.

## **B. SALARY & PASS CATEGORIES QUESTIONS**

### **6. Why is the minimum salary threshold increased?**

The increase is intended to ensure that the employment of expatriates is focused on high-impact expertise and does not replace roles that can be filled by the local workers.

### **7. What is the justification for Category I salaries of RM20,000 and above?**

This category covers strategic positions and critical expertise that directly contribute to economic growth and technology transfer.

### **8. Why does the Manufacturing Related Services (MRS) sector have a different salary threshold?**

The MRS sector has specific technical requirements and a distinct industry structure that requires a more realistic salary approach without compromising operational sustainability.

### **9. Will this affect Malaysia's investment competitiveness?**

No. This policy enhances the quality of investments by attracting high-value and technologically advanced investors.

### **10. How does the Government protect the Small and Medium-sized Enterprises (SMEs)?**

SMEs are given transition periods and flexibility through structured engagement sessions and clear implementation guidelines.

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## **C. EMPLOYMENT DURATION & REPLACEMENT PLAN**

### **11. Why is a maximum employment duration imposed?**

It is intended to prevent prolonged reliance on expatriates and to encourage phased development of local talent.

### **12. What is meant by a replacement plan?**

A structured plan to transfer knowledge and expertise to local employees within the expatriate's employment period.

### **13. How is the replacement plan monitored?**

Through documentation requirements, periodic reporting, and assessments by relevant agencies.

**14. Can the employment period be extended?**

Any extension is subject to case-by-case evaluation based on national interest.

**15. How is local workforce participation ensured?**

Employers must demonstrate training, knowledge transfer, and skills development of local employees.

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**D. EXPATRIATE DEPENDANTS**

**16. Why are expatriates allowed to bring dependants?**

To attract and retain highly skilled talent and to support the overall well-being of expatriates.

**17. Will this burden public facilities?**

No. Financial requirements and eligibility criteria remain in place to ensure appropriate controls.

**18. What are the conditions for bringing dependants?**

This is subject to meeting salary eligibility, insurance coverage requirements, and compliance with immigration regulations.

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**E. INDUSTRY & EMPLOYERS**

**19. How does this policy support workforce planning?**

It provides clarity on employment timelines, cost considerations, and the direction for workforce replacement.

**20. What happens if an employer fails to implement the replacement plan?**

Future applications may be affected or rejected.

**21. Are exemptions granted?**

Exemptions may be considered by the Government based on strategic national needs.

**22. How is knowledge transfer ensured?**

Through structured training, mentoring, and competency development of local employees.

## **F. IMPLEMENTATION & ENFORCEMENT**

### **23. Which agency is responsible for its implementation?**

The Ministry of Home Affairs (MOHA), through relevant agencies.

### **24. How is transparency ensured?**

Through clear guidelines, phased monitoring, and compliance audits.

### **25. Will Standard Operating Procedures (SOPs) be provided?**

Yes, detailed guidelines will be issued.

### **26. What action will be taken against manipulation?**

Firm action will be taken in accordance with the law.

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## **G. POLICY TRANSITION**

### **27. What happens to existing expatriates?**

They will be subject to transitional regulations that will be announced.

### **28. Is the policy retrospective?**

No. The policy is forward-looking in nature.

### **29. Will there be a transition period?**

Yes. A reasonable transition period will be provided up to the effective date.

### **30. How is business operations continuity protected?**

Through phased implementation and ongoing stakeholder engagement.

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## **H. IMPACT ON CITIZENS & THE NATION**

### **31. What are the benefits to citizens?**

More employment opportunities, enhanced skills development, and more competitive wages.

### **32. Will it reduce dependence on foreign labour?**

Yes, gradually and in phased and structured manner.

### **33. How will success be measured?**

Through local employment data, expertise transfer, and overall economic growth.

**34. Will it increase local career opportunities?**

Yes, this is one of the main objectives of the policy.

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**I. CONCLUSION**

**35. What is the message to foreign investors?**

Malaysia remains investor-friendly, supported by clear and stable policies.

**36. How does the policy balance between investment and local talent development?**

This policy ensures that both progress hand in hand.

**37. Is this policy anti-investment?**

No. It is pro-high-quality investment.

**38. What are the next steps by the Ministry of Home Affairs (MOHA)?**

Stakeholder engagement sessions, issuance of detailed guidelines, and continuous monitoring.