

Malaysia Budget 2025

HR Report



On Friday, 18 October 2024, the 2025 Malaysia Budget was delivered in Parliament.

Wolters Kluwer will be providing coverage of all the major economic, tax, accounting, employment reforms and announcements impacting your clients and organisation.

The following report is a concise overview of the 2025 Budget based on the Budget Statement, written specifically for the HR sector.

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2025 Budget Highlights



Social Security Organisation

- Providing up to 70% of employees' contributions under the Self-Employment Social Security Scheme
- Providing incentives to employers of up to RM600 per month for 3 months to employ persons with disabilities (PWDs) and ex-convicts



Employees Provident Fund

- Implementing mandatory Employees Provident Fund (EPF) contributions for non-citizen workers
- Increasing the matching incentive limit for EPF *i-Saraan*
- Offering matching incentives through government payments and active contributions in the *i-Suri* program
- Reviewing EPF schemes to strengthen intergenerational transfer approaches



Wages and income

- Increasing the monthly minimum wage to RM1,700
- Enforcing the Progressive Wage Policy (PWP)
- Publishing the starting salary guidelines for all employment sectors



Training opportunities

- Allocating RM3 billion to generate 3 million training opportunities under the Human Resource Development Corporation (HRD Corp) initiative

Expert Coverage

Introduction

The Prime Minister and Finance Minister, YAB Dato' Seri Anwar bin Ibrahim, presented the Budget Statement 2025 on 18 October 2024, marking a historic moment as Malaysia's total budget allocation exceeded RM400 billion for the first time.

The Budget, themed *Ekonomi MADANI, Negara Makmur, Rakyat Sejahtera*, aims to raise wages and income, enhance Malaysia's attractiveness for high-tech investments and provide essential support for the country's most vulnerable communities.

The full Budget Statement is available at <https://belanjawan.mof.gov.my/ms/>

The HR highlights are set out below.



Expert Coverage



Social Security Organisation

- The Self-Employment Social Security Scheme will cover up to 70% of employees' contributions, supported by an allocation of RM100 million. This measure aims to prepare for the establishment of mandatory contributions as one of the conditions for renewing vocational licences for self-employed individuals in 2025. Operating companies are encouraged to cover the remaining contributions to support employees' welfare.
- Employers will receive a monthly incentive of up to RM600 for 3 months to employ PWDs and ex-convicts under the supervision of the Social Security Organisation.



Expert Coverage



Employees Provident Fund

- The government plans to make it mandatory for all non-citizen workers to contribute to the EPF, with implementation scheduled in phases. This initiative aims to strengthen retirement savings and ensure fair treatment for all workers contributing to the economy.
- The matching incentive limit under EPF *i-Saraan* will increase from 15% to 20%. This includes a maximum annual limit of RM500 and a lifetime cap of RM5,000.
- The *i-Suri* program will continue to provide matching incentives through government payments and active contributions from members.
- The EPF is reviewing its policies to strengthen the intergenerational transfer approach. This includes a proposal to enable members to directly transfer a portion of their savings into the EPF accounts of close family members.



Expert Coverage



Wages and income

- The government will increase the monthly minimum wage from RM1,500 to RM1,700 effective 1 February 2025. Employers with fewer than 5 employees will be granted a 6-month grace period until 1 August 2025 to implement the new minimum wage.
- The Ministry of Human Resources will publish the starting salary guidelines across all employment sectors for workers' reference. This will include starting salaries of RM2,290 for industrial and production technicians, RM3,380 for mechanical engineers and RM2,985 for professional creative content designers.
- The government will fully enforce the PWP in 2025, aiming to increase workers' income. This policy, supported by a RM200 million allocation, will benefit 50,000 workers.



Training opportunities

- HRD Corp will utilise a RM3 billion fund to provide 3 million training opportunities and will reallocate a special fund amounting to 15% of total levy collection to implement the *MADANI* training program, specifically aimed at supporting vulnerable groups.

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