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4 JULY 2024

Extension of Invalidity Scheme to Foreign Workers Effective 1 July 2024

Effective 1 July 2024, foreign workers in Malaysia are eligible for the Invalidity Scheme under the country's Social Security Organisation (“**SOCSO**”). Previously, foreign workers only had access to the Employment Injury Scheme, which provides protection to an employee against accidents or occupational disease arising out of and in the course of employment.¹ This new development marks a significant advancement in the protection and support of our foreign workforce.

Key takeaways from this initiative are set out below:

| Questions | Answers |
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| Who are the foreign workers granted coverage under the Employees' Social Security Act 1969 (“ SOCSO Act ”) in Malaysia? | Foreign workers covered under the SOCSO Act are those who possess valid passes or permits issued by the Director General of Immigration for the purpose of working in Malaysia. |

¹ <https://www.perkeso.gov.my/en/uncategorised/12-about-us/55-employment-injury-scheme.html>

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| <p>What is the Invalidity Scheme?</p> | <p>The Invalidity Scheme provides 24-hour coverage to any employee who suffers from invalidity or death due to any cause.² The benefits under the Invalidity Scheme are:</p> <ul style="list-style-type: none"> • Invalidity Pension • Invalidity Grant • Constant-attendance Allowance • Survivors' Pension • Funeral Benefits • Facilities for Physical / Vocational Rehabilitation and Dialysis • Education Benefits |
| <p>When is the effective date of the extension of the Invalidity Scheme?</p> | <p>All foreign workers employed by employers must be accorded coverage under SOCSO's Invalidity Scheme effective 1.7.2024.</p> |
| <p>Who does this requirement apply to?</p> | <p>This requirement applies to all employers who employ foreign workers with valid passes or permits issued by the Director General of Immigration for the purpose of working in Malaysia.</p> |
| <p>What is the applicable contribution rate?</p> | <p>With the enforcement of Invalidity Scheme protection for foreign workers, employers must make contribution payments according to the Contribution Rate (for the employer's and foreign worker's share) as follows:</p> <p>First Type of Contribution (Employment Injury Scheme and Invalidity Scheme)</p> |

² <https://www.perkeso.gov.my/en/30-social-security-protection/social-security-protection-scheme/56-invalidity-scheme.html>

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| | <ul style="list-style-type: none"> • For foreign workers who first enter the SOCSO scheme or are first covered below the age of 55; and <p>Second Type of Contribution (Employment Injury Scheme)</p> <ul style="list-style-type: none"> • For foreign workers who have reached 55 years old when they first enter the SOCSO scheme; or • For foreign workers who have reached the age of 60 and are still working. |
| <p>How can employers make the requisite contributions?</p> | <p>Contribution payments can be made by employers online through the ASSIST Portal or Internet Banking starting from the contribution month of July 2024. The deadline for paying contributions for each subsequent contribution month remains the same, no later than the 15th of the following month.</p> |
| <p>What do employers need to take into account in relation to record-keeping and documentation with regard to contributions made?</p> | <p>Employers must ensure that the deductions for the employer's and the foreign worker's share are recorded on the payslip and provided to the worker.</p> |
| <p>What are the obligations of employers in relation to the submission of</p> | <p>All submissions of foreign worker records for the purpose of contribution payments must be made online through the ASSIST Portal or Internet Banking using the Foreign Workers' Social Security</p> |

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| foreign worker records? | Number (KSPA - 12 digits) for foreign workers and expatriates, or the Foreign Domestic Workers' Social Security Number (KSPDA - 12 digits) for foreign domestic workers. |
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Commentary

The expansion of the scope of coverage of the Invalidity Scheme ensures comprehensive protection for foreign workers, including expatriates and domestic workers. This initiative spotlights the government's commitment to safeguarding the well-being of employees who form the backbone of the Malaysian economic landscape, irrespective of nationality.

This positive step also brings Malaysia in alignment with international labour standards on health, safety, and welfare - especially following the ratification of the International Labour Organisation's (ILO) Occupational Safety and Health (OSH) Convention, also known as C155, in June 2024.³

If you have any queries, please contact Associate, **Ashreyna Kaur Bhatia** (akb@lh-ag.com), or her team Partner, **Amardeep Singh Toor** (ast@lh-ag.com).

³ <https://thesun.my/local-news/government-s-move-to-ratify-c155-shows-commitment-to-safety-standards-cuepacs-FB12574625>