

EMPLOYER'S LEGAL OBLIGATIONS

EMPLOYMENT			
No	Obligation / Requirement / Responsibility	Deadline	Reference (Employment Act 1955)
A	CONTRACT OF EMPLOYMENT / SERVICE		
1	All Contracts of Employment must be in writing if the duration of the contract is for a period exceeding one (1) month	NA	Section 10 (1)
2	All written Contracts of Employment must have a termination clause	NA	Section 10 (2)
3	All terms and conditions of employment cannot be less favourable than that stipulated in the Employment Act 1955	NA	Section 7
4	Termination Notice – <ul style="list-style-type: none"> • 4 weeks' notice if employee has employed for less than 2 years' on the date on which the notice is given; • 6 weeks' notice if employee has been employed for 2 years and more but less than 5 years on such date; • 8 weeks' notice if employee has been employed for 5 years and more on such date; 	NA	Section 12 (2)
B	WAGES & DEDUCTIONS		
1	Monthly Payment of Wages	7 th of the following month	Section 19 (1)
2	Payment of Wages on Termination of Contract	Not later than the day on which the Contract terminates	Section 20

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B WAGES & DEDUCTIONS (Cont'd)			
3	Advances to employees cannot exceed one (1) month salary unless it is for reasons that are permitted by the Act		Section 22 (1)
4	No deductions can be made from the employees' salaries unless it is permitted by the Act		Section 24 (1)
5	Total deductions from an employee's wage cannot 50% of the wages earned for that month		Section 24 (8)
6	Salary payments are to be made to the employees' bank accounts but if at the written request of employees, it can be paid in legal tender or by way of cheque		Section 25 (1) Section 25A (1)
7	Cannot charge interest on advances to employees which does not exceed one month's salary in the aggregate		Section 27
C MATERNITY PROTECTION			
1	Grant maternity leave of 60 consecutive days to female employees who are eligible (subject to meeting eligibility criteria as stipulated by the Act)		Section 37
2	Register of Maternity Allowance paid must kept in the format as prescribed by Regulations		Section 44
D REST DAY			
1	Every employee shall be given one (1) rest day each week		Section 59 (1)
2	A roster must be prepared before the start of the month indicating to the employees of their respective rest days. Such roster shall be kept for a period of not more than six (6) years and be made available for inspection when required		Section 59 (2) Section 59 (3)

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D	REST DAY (Cont'd)		
3	<p>For work done on a Rest Day, the payment are as follows:</p> <ul style="list-style-type: none"> • For work done which does not exceed ½ the normal hours of work, payment is ½ the ordinary rate of pay for that day; • For work done which is more than ½ but does not exceed the normal hours of work, payment is 1 day's wage at the ordinary rate of pay for that day • For work done in excess of the normal hours of work (OT), payment shall be at a rate which is not less than 2 times hourly rate of pay. 		Section 60 (B) & (C)
E	HOURS OF WORK		
1	<p>An employee cannot work –</p> <ul style="list-style-type: none"> • More than 5 consecutive hours with a break of not less than 30 minutes; • More than 8 hours in one day • In excess of a spread over period of 10 hours in one day • More than 48 hours in one week 		Section 60A (1) (a) – (d)
2	For any overtime work performed, payment shall be at the rate of not less than 1½ times the employee's hourly rate of pay		Section 60A (3A)
3	Cannot require or allow an employee to work overtime in excess of the limit prescribed by the Act. Current limit is 104 hours per month		Section 60A (4)(a)
F	PUBLIC HOLIDAYS		
1	<p>Employees are entitled to eleven (11) gazetted public holidays, five (5) of which are -</p> <ul style="list-style-type: none"> • The National Day • The Birthday of the Yang di-Pertuan Agong • The Birthday of the Ruler of the State / Federal Territory Day • The Workers' Day • Malaysia Day 		Section 60D (1)

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F	PUBLIC HOLIDAYS (Cont'd)		
	<p>In addition, any day appointed as a Public Holiday under Section 8 of the Holidays Act 1951,</p> <p>Where the public holiday falls on a rest day or on any other public day, the working day following the rest day or public holiday shall be a paid holiday in substitution of the first mentioned public holiday</p>		Section 60D (1)
2	Required to display on the notice board before the start of the year, the remaining six days of public holidays that the employer recognises which by mutual agreement can be substituted by another day as paid holiday.		Section 60D (1A)
3	Shall grant another day as a paid holiday in substitution of the public holiday falling on the day where an employee is on sick leave or annual leave or under a period of temporary disablement under the Workman Compensation Act or SOCSO.		Section 60D (1B)
4	<p>For work done on a Public Holiday, the payment are as follows:</p> <ul style="list-style-type: none"> • Payment is 2 days' wages at the ordinary rate of pay, regardless that the period of work done is less than the normal hours of work; • For work done in excess of the normal hours of work (OT), payment shall be at a rate which is not less than 3 times hourly rate of pay. 		Section 60(D) (3)(a)(i)
G	ANNUAL LEAVE		
1	<p>Shall grant annual leave to employees as follows:</p> <ul style="list-style-type: none"> • Eight days per year if employee has been employed by that employer for a period of less than 2 years; • Twelve days per year if employee has been employed by that employer for a period of 2 years or more but less than 5 years; • Sixteen days per year if employee had been employed by that employer for a period of 5 years or more. 		Section 60E (1)

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H	SICK LEAVE		
1	Shall bear the medical expenses incurred by employees		Section 60F (1)
2	<p>Shall provide sick leave entitlement to employees as follows:</p> <p>Where no hospitalisation is necessary,:</p> <ul style="list-style-type: none"> • Fourteen days per year if employee has been employed for a period of less than 2 years; • Eighteen days per year if employee has been employed for a period of 2 years or more but less than 5 years; • Twenty-two days per year if employee had been employed for a period of 5 years and more than <p>Sick leave granted by a Dental Surgeon is also recognised.</p> <p>The total number of days of sick leave (inclusive of hospitalisation) per year is sixty (60) days.</p>		<p>Section 60F (1) (aa)</p> <p>Section 60F (1) (A)</p>
I	OTHERS (ADMINISTRATIVE)		
1	Duty to keep register(s) containing information regarding each employee as prescribed by regulations under the Act		Section 61(1)
2	The registers and every particular recorded therein shall be preserved for a period of not less than six (6) years	6 years	Section 61(2)
3	<p>Required to notify the nearest Labour Office within 90 days of:</p> <ul style="list-style-type: none"> • Commencing Operations • Taking over / Commencing Business • Changing the name or location of the business 	Within 90 days	Section 63(A)

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EMPLOYEE PROVIDENT FUND (EPF)			
No	Obligation / Requirement / Responsibility	Deadline	Reference (EPF Act 1991)
1	Must register with EPF within 7 days from the date the employer becomes liable to contribute, that is as soon as an employee is hired.	7 days	Section 41 (1)
2	Ensure that all its employees are registered with the EPF		Section 41 (1)
3	Must notify EPF within 30 days from the date, the Employer ceases to be an employer within the meaning of the Act	30 days	Section 41 (3)
4	Ensure that the employees' EPF membership number must be quoted in all dealings with the EPF		
5	<p>Must maintain a book / register of wages and an EPF record showing the employees' particulars as follows –</p> <ul style="list-style-type: none"> • Full Name of Employee • EPF Membership Number • Sex • Date of Birth • Identification Card / Passport Number • Citizenship of Employee • Home Address • Post / Positions • Date of Commencement of Employment • Mode of Payment of Wages (Daily / Weekly / Monthly) • Wages for the respective period • Other payments for the period • Amount deducted for EPF Contribution • Amount contributed by Employer for EPF Contribution 	Record must be maintained / kept for not less than six (6) years	Section 42 (1) & 42 (2)
6	Must inform EPF of any change in address not later than 14 days from such change	14 days	
7	Must inform EPF of any change of name or status (eg sole proprietorship to partnership) not later than 21 days from such change	21 days	
8	Must pay employees' contribution based on rates stipulated in the 3 rd Schedule of the EPF Act 1991		Section 43 (1)

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EMPLOYEE PROVIDENT FUND (EPF)			
No	Obligation / Requirement / Responsibility	Deadline	Reference (EPF Act 1991)
9	Employer and Employees' contribution shall commence on the 1 st month of salary payment		Section 45 (2)
10	Must contribute within the stipulated period which is on or before the 15 th of the month following the wage month	15 th of the following month	

SOCSSO			
No	Obligation / Requirement / Responsibility	Deadline for Submission/ Payment	Reference (Employees' Social Security Act 1969)
1	Responsible to register and pay contributions to SOCSSO	Within 30 days	Section 4 Section 7 (1)
2	Ensures that employees' who are earning RM3000 or less are registered with SOCSSO and contributions made		Section 5 1 st Schedule
3	Ensure that the contribution are as per SOCSSO's Rate of Contribution Schedule (3 rd Schedule)	NA	Section 6 (3)
4	Wages for the purpose of contribution includes – <ul style="list-style-type: none"> • Basic Salary • Overtime • Commission • Payments in lieu of Annual Leave, Medical Leave, Maternity Leave, Rest Days, Off Days, Public Holidays etc • Allowances (eg – incentive, good behaviour, cost of living etc) • Service Charge 		
5	Ensures that contribution for the month are paid within 15 days of the following month	15 th day of the following month	

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SOCSSO			
No	Obligation / Requirement / Responsibility	Deadline for Submission/ Payment	Reference (Employees' Social Security Act 1969)
6	Ensures returns are submitted in such form as directed by SOCSSO		Section 11 (1)
7	Shall maintain a register for each employee containing the following particulars – <ul style="list-style-type: none"> • Name • Identification Card No • Occupation • Contribution Amount for the Month • Type of Employee Contribution • Monthly Salary • Allowance 	NA	Section 11 (3)
8	Must maintain and store a similar employee register manually or electronically	NA	
9	Shall maintain and keep register for seven (7) years from the date of last entry therein	7 years	
10	Shall submit the claim form and other relevant documents to SOCSSO within 48 hours upon notification the employee meeting an accident	Within 48 hours of notification	
11	Shall notify SOCSSO within 30 days of cessation if the employer ceases to be an employer	Within 30 days of cessation	

MINIMUM WAGE			
No	Obligation / Requirement	Deadline for Submission/ Payment	Reference (Minimum Wage Order 2012)
1	Minimum wage payable is RM900	NA	Section 4

Note – With effect from 1st July 2016, the minimum wage will be increased from RM900 to RM1,000.00 for Peninsular Malaysia.

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INCOME TAX			
No	Obligation / Requirement	Deadline for Submission/ Payment	Reference (Income Tax Act 1967)
1	Register Tax File		
2	Submit Borang E via E-Filing on or before 31 st March of each year	31 st March	
3	Prepare and give each employee their Statement of Remuneration (EA Form) for the preceding year, on or before the last day of February in the year immediately following	On or before last day of February	Section 83 (1A)
4	Report to LHDN all new employees within 30 days of commencing work	30 days	
5	Responsible for any tax due from the employee		
6	Deduct tax due via scheduler tax deduction (PCB) from employees' monthly income and remit the tax deducted to LHDN by the 15 th of the following month	15 th	
7	Furnish a complete and accurate employees information in a return to LHDN with the following – <ul style="list-style-type: none"> • Income Tax Number • Name as per NRIC / Passport • New or Old NRIC No / Police No / Army No / Passport No (Foreigners) • Tax deducted via Scheduler Tax Deduction / Additional Tax paid 		
8	Report to LHDN on instances where employees are leaving employment on the following reasons – <ul style="list-style-type: none"> • Employees who are retiring • Employees who died • Employees who are leaving Malaysia (for more than 3 months) • Employees who are subjected to the scheduler tax deduction but no deductions were made 	At least 30 days before employee leaves	
9	Salaries and any other payments due in respect of the above instances is to be withheld until clearance has been obtained from LHDN		

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INCOME TAX			
No	Obligation / Requirement	Deadline for Submission/ Payment	Reference (Income Tax Act 1967)
10	Update and maintain employees particulars and addresses		
11	<p>Required to inform LHDN immediately of any changes to the company's information such as –</p> <ul style="list-style-type: none"> • Correspondence Address / Business Registration Address • Contact Number • Change of Company Name • Change of Tax Agent (where applicable) 	Immediately	
12	Maintain and keep all records / documents for a period of not less than seven (7) years		