PETALING JAYA: Employers are making a last-minute appeal to the Government to review the policy of shifting levy payment to the bosses beginning Jan 1.

The current arrangement whereby foreign workers pay the levy themselves should be maintained, said Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan.

“It is likely that the cost of products will see an increase next year as industries have to pass the buck to customers in order to survive, should the levy be imposed.

“It will see the rise of inflation next year as additional costs will be passed on to customers.

Those doing business in the domestic market are more likely to pass the cost to consumers and this will have a spiralling effect on inflation.
“The inflation rate is currently touching 4% and we had always been at around 2.4% to 2.5% for a long time,” he said at a press conference here yesterday.

It was attended by representatives of more than 20 business associations and chambers of commerce.

MEF said businesses would also struggle as employers stand to lose about RM3bil to RM4bil working capital.

“The levy imposition on bosses also means higher remittances by foreign workers to their home countries by between RM3bil and RM4bil annually from the current RM34bil remitted yearly.

“Issues such as ad hoc and inconsistent policies, limited number of agents in source countries and complexity of the quota system should be tackled first before pushing the levy to employers,” said Shamsuddin.

The MEF also wants the Government to set up a joint consultative council on the recruitment and employment of foreign workers.

“A lot of policies introduced by the Government are on an ad hoc basis and the industries are caught off-guard.

“We call for the setting up of a joint council so that if there are some changes in the policy, we can give our views,” he said.

SME Association of Malaysia national president Datuk Michael Kang Hua Keong said the SMEs will have to pass the buck to customers as their cost of doing business will increase by 15% to 20%.

“If the levy policy goes on, the inflation rate is expected to rise to 5% next year,” he said.

He added that the uncertainty of government policies without input from the relevant industries on how to control costs would contribute to rising inflation.

In a statement on Dec 20, the Human Resources Ministry said the levy system had been fine-tuned as part of the Government’s initiative under the 11th Malaysia Plan to regulate the influx of low-skilled foreign workers and cap their employment number at 15% by 2020.

The levy ranges from RM410 to RM1,850 depending on the sector. The rate also differs between the peninsula and Sabah and Sarawak.

On March 25, 2016, the Cabinet gave the green light for the levy to be fully borne by bosses under the Employer Mandatory Commitment to be effective on Jan 1 this year.

This means that employers will no longer be able to deduct the levy from the wages of foreign workers in a move to ensure bosses are fully responsible for them.

However, the Government postponed the implementation to this coming January after taking into account feedback from employers’ organisations.