

26 July 2016

**Amendments to Employees' Social Security Act 1969**

Prior to 1 June 2016, only employees earning less than RM3,000 per month were obliged to contribute to the Social Security Organisation (SOCSO). The "once in, always in" principle applicable to membership meant that even if an employee's wage were raised above RM3,000 per month on a subsequent date, he would remain a member of SOCSO and would therefore continue to contribute monthly.

Effective 1 June 2016, the Employees' Social Security Act 1969 (Act 4) has been amended pursuant to the Employees' Social Security (Amendment) Act 2016 [Act A1508] to apply to all Malaysian employees including a permanent resident (except those excluded under the First Schedule of the Employees' Social Security Act 1969) who are employed under a contract of service or apprenticeship with an employer irrespective of their wages. However, should an employee's wages exceed RM4,000 a month, his wages shall for the purposes of the Employees' Social Security Act 1969 be deemed to be RM4,000 per month (see s 5(2) of the Employees' Social Security Act 1969).

In this regard, the ceiling of wages for contribution has been raised from RM3,000 to RM4,000 per month. The increase in the ceiling of wages will result in the employee's maximum monthly contribution being raised from RM14.75 to RM19.75, and the employer's maximum monthly contribution from RM51.65 to RM69.05.

For affected employees, employers are required to furnish the employees' details in Form 2 and send it to the nearest SOCSO office

For further details on the amendments, click [here](#)

*Amardeep Singh Toor*

This e-Law Alert is brought to you by the Employment Practice Group. The practice group consists of experienced lawyers who are a single source of reference for comprehensive services relating to labour, employment and industrial relations practices. The team's services include advisory and litigation work pertaining to compliance with employment-related legislation, management of transition and migration of staff, management of issues involving dismissals and terminations, employment rights and duties, employment policies, documentation and issues arising from the exercise of an employer's managerial prerogatives in the employment relationship, and trade unions, trade disputes and collective agreements.

If you have any queries, please do not hesitate to contact the Employment team:

Lim Heng Seng  
**Partner**  
DID: +603 2170 5861  
Fax: +603 2161 3933/1661  
Email: lhs@lh-ag.com

Dato' Thavalingam C Thavarajah  
**Partner**  
DID: +603 2170 5857  
Fax: +603 2161 3933/1661  
Email: tt@lh-ag.com

Fara Nadia binti Hashim  
Senior Associate  
DID: +603 2170 5922

Fax: +603 2161 3933/1661  
Email: fnh@lh-ag.com

Shariffullah bin Abdul Majeed  
Senior Associate  
DID: +603 2170 5881  
Fax: +603 2161 3933/1661  
Email: sha@lh-ag.com

Amardeep Singh Toor a/l Amar Singh  
Associate  
DID: +603 2170 5878  
Fax: +603 2161 3933/1661  
Email: ast@lh-ag.com

Rayna Jayant Gandhi  
Associate  
DID: +603 2170 5219  
Fax: +603 2161 3933/1661  
Email: rjg@lh-ag.com

Sebastian Tay Hanxin  
Associate  
DID: +603 2170 5814  
Fax: +603 2161 3933/1661  
Email: thx@lh-ag.com

Sharan Kaur Gill  
Associate  
DID: +603 2170 5916  
Fax: +603 2161 3933/1661  
Email: skg@lh-ag.com

Tan Hooi Ping  
Associate  
DID: +603 2170 5947  
Fax: +603 2161 3933/1661  
Email: hpt@lh-ag.com



*Published by the Employment Practice Group*

*© Lee Hishammuddin Allen & Gledhill. All rights reserved. The views and opinions attributable to the authors or editor of this publication are not to be imputed to the firm, Lee Hishammuddin Allen & Gledhill. The contents of this publication are intended for purposes of general information and academic discussion only. It should not be construed as legal advice or legal opinion on any fact or circumstance.*