

As an economic powerhouse for raw goods, Malaysia is an excellent place to expand if you're looking to move into Asia. Although the country's [employment laws](#) may seem confusing or complicated, you'll notice many similarities between Malaysia and other countries that can help you set up your company.

One area you may need help with is setting up your Malaysia payroll. Globalization Partners has the experience you need to stay compliant and grow in a new country.

Payroll Taxation Rules

Malaysia has a comprehensive tax system for both employees and employers. Malaysia residents have to pay income tax at a rate between 0% and 28% on their gross worldwide income. Employees and employers also contribute to the Malaysian social security system (SOCSO), which helps in the event of death, disability, or illness. The amount contributed depends on an employee's monthly earnings, while employers contribute 1.75% of their monthly payroll.

The Employment Provident Fund (EPF) deals with pension funds and also serves as a "savings account" for employees to take out money for everything from buying a home to medical reasons. Workers contribute 11% of their gross worldwide income to the EPF. Employers contribute 12% of their employees' gross monthly wages if the employee earns above 5,000 MYR a month and 13% for employees who make less than 5,000 MYR a month.

Malaysia Payroll Options

Every company is different, which is why you'll find Malaysia payroll options for every type of business. You can choose between:

- Internal payroll: Businesses committed to Malaysia may have the time or resources to run an internal payroll. This option takes time and money.
- Malaysia payroll outsourcing: Other companies may not have the time or resources to run their own payroll. Outsourcing with a local company in Malaysia ensures you don't

have to worry about payroll. However, you'll still be compliant for any mistakes.

- Globalization Partners: You can also work with Globalization Partners. As a global PEO, we'll work with you to set up your Malaysia payroll as well as make sure you stay within [Malaysia's employment laws](#).

How to Set up Payroll in Malaysia

The first step in setting up Malaysia payroll is registering your company at the Companies Commission of Malaysia to reserve the name you want. After you go through the setup process, you'll need to open an in-country bank account to pay employees. Then you'll have to register for income tax, PAYE, the EPF, and the SOCSO.

Entitlement and Termination Terms

The best way to terminate an employee is to draft and follow clear entitlement and termination terms in an employment contract. Probationary periods ranging from one to three months are typical in Malaysia, so you'll need to make sure you follow any additional terms that apply to a probationary period.

Malaysia Payroll Processing Company

If you want to work with a Malaysia payroll processing company, Globalization Partners is here for you. Our [Employer of Record](#) solution lets us run your payroll and take on all the liability. Contact us today to learn more.