



Working Hours and Wages

Wages, benefits and working hours (including overtime hours) must at least meet legal requirement.

All minimum national legal requirements are met with regard to wages, overtime premiums, working hours and benefits. Overtime is operated on a voluntary basis only. Workers' rights with regard to rest and leave are observed. Companies understand and are working towards implementing international standards where these are higher than legal requirements, including a living wage.

Earthworm Foundation's Respect of Workers Principles, Principle 7

LEGAL BACKGROUND

In Peninsular Malaysia, matters concerning working hours and wages are regulated under the [Employment Act 1955](#) and [Minimum Wages Order 2016](#). For Sabah, it is regulated under [Sabah Labour Ordinance](#) and as for Sarawak, it is under [Sarawak Labour Ordinance](#).

As [Employment \(Amendment\) Act 2022](#) come into effect on the 1st January 2023, the **Employment Act 1955** now covers **ALL** employees irrespective of wages¹. However, those earning above RM4,000 per month are exempted from certain provisions in the Act, including:

- a) Section 60(3) – Overtime rates for employees working on rest days
- b) Section 60A(3) – Overtime rates outside working hours
- c) Section 60C(2A) – Allowance for shift-based work
- d) Section 60D (3) – Overtime on public holidays
- e) Section 60D(4) – Overtime for half working days on holidays
- f) Section 60J – Termination, lay-off, retirement benefits

DEFINITIONS

1. Normal Working Hours²

- 1.1. Every 5 consecutive hours followed by a rest period not less than 30 minutes for Peninsular Malaysia and Sarawak and 6 consecutive hours followed by a rest not less than 30 minutes for Sabah only.
- 1.2. Not more than 8 hours work in one day (based on a 6-day working week) or 9 hours in one day (based on a 5-day working week).
- 1.3. Not more than 10 hours in a “spread-over” period (10 consecutive hours from the time the employee commences work for the day, inclusive of any periods of rest/leisure).
- 1.4. Exceptionally, if the work is of a continuous nature (shift work), it can be 8 consecutive hours with a paid period of rest not less than 45 minutes.

¹ ZICO law. 2022. The Employment Act 1955 to apply to ALL employees! <https://www.zicolaw.com/resources/alerts/the-employment-act-1955-to-apply-to-all-employees/>

² Malaysian Plastics Manufacturers Association (MPMA). 2022. Employment (Amendment) Act 2022. https://www.mpma.org.my/upload/Employment_Amendment_Act_2022.pdf



- 1.5. Not exceeding an average of 45 hours in a week over any period of 3 weeks.

For more information on working hours, please see: **Section 60A Employment Act (Peninsular Malaysia)**, **Section 104(1) Sabah Labour Ordinance (Sabah)** and **Section 105(1) Sarawak Labour Ordinance (Sarawak)**.

2. Overtime ³

Based on the [Employment \(Limitation of Overtime Work\) Regulations 1980](#) for Peninsular, and the Sabah and Sarawak Labour Limitation of Overtime Work Regulations, overtime hours are limited to 104 hours per month.

A permit from the Department of Labour is required for any overtime above 104 hours per month, with conditions of not more than 12 hours of work per day inclusive of normal hours in a day.

The weekly working hours (normal and overtime hours) should not exceed 72 hours a week. However, most international companies and suppliers are committed to a maximum of 60 weekly working hours reflecting international legal standards (Refer to [Wilmar's No Deforestation, No Peat, No Exploitation Policy](#)).

2.1 Calculation of Overtime Work

Subject	Formula	Example
Ordinary rate of pay (daily pay)	Monthly pay (e.g., minimum wage) / number of working days = ordinary rate of pay	RM1,500 / 26 days = RM 57.69
Hourly pay	Daily pay / normal hours of work = hourly pay	RM 57.69 / 8 hours = RM 7.21
Overtime pay	1.5 x hourly rate = overtime pay	1.5 x RM 7.21 = RM 10.82

3. Rest Day ⁴

- 3.1. Every employee should be entitled to a rest day (full day) each week.
- 3.2. In the case of an employee engaged in shift work, any continuous period of not less than thirty hours shall constitute a rest day.
- 3.3. The employer should prepare a roster before the commencement of the new month informing the employee(s) of their appointed rest days for the coming month.
- 3.4 The roster is to be displayed at an accessible common area to for the employee(s) to view.

4. Payment for Work on Rest Day

- The employee (daily-rated, piece-rated and monthly-rated) who works on a rest day should be paid at 2x the ordinary rate of pay.
- For any overtime work during the rest day, it should be computed as (1.5 x 2 x ordinary rate of pay).
- In a 6-day working week, the Employment Act prescribes that the special rate will only apply to that one rest day in the week.

³ Jayasingam *et al.* 2023. Overtime Pay Under The 2022 Amendment – Employment Act 1955. <https://www.mondaq.com/employee-benefits--compensation/1276584/overtime-pay-under-the-2022-amendment--employment-act-1955->

⁴ International Labour Organization. n.d. Malaysia - Employment Act 1955.

<https://www.ilo.org/dyn/natlex/docs/WEBTEXT/48055/66265/E55mys01.htm#c59>



- The work carried out during the normal hours of work in the remaining 5 days in the week will be based on the ordinary rate of pay.
- For overtime performed on a rest day by employees paid on a weekly/monthly basis, under Subsection 3 of Section 60 of the Employment Act 1955:

Subject / Formula
50% of his ordinary rate of pay for work done not exceeding half his normal hours of work
100% of his one day's wages at the ordinary rate of pay for work done more than half but not exceeding his normal hours of work
200% of his hourly rate of pay for work done in excess of his normal hours of work

- Where there are more than 2 rest days in a week, the above rates apply only to the last rest day in that week.
- For example, where Saturday and Sunday are rest days, the above rates shall apply only to work done on Sunday. For Saturday, the normal overtime hourly rate of 150% applies.

For more information, please see [Section 104 Sabah Labour Ordinance for Sabah](#), [Section 105 Sarawak Labour Ordinance for Sarawak](#) and [Section 59 Employment Act for Peninsular Malaysia](#).

5. Public Holidays ⁵

Employees are entitled to at least 11 paid public holidays, 5 of which are compulsory: -

- 1) National Day (31 August);
- 2) Birthday of the Yang di-Pertuan Agong (3 June);
- 3) Birthday of the Yang di-Pertua Negeri of the state or Federal Territory Day (depending on state);
- 4) Labour Day (1 May);
- 5) Malaysia Day (16 September).

The employer should display a notice in a clearly visible place to inform the employee of the remaining 6 public holidays before the commencement of each calendar year.

Employees covered under the Employment Act are also entitled to any other holiday gazetted under the Holidays Act as compulsory, which defers by state/year. This typically brings the number of holidays to more than 11 days in any one year.

For employees in Sarawak, the public holidays are outlined in the [Public Holidays Ordinance \(CAP. 8, 1958/2010\)](#). For employees in Sabah, the public holidays are outlined in the [Holidays Ordinance \(CAP. 56\)](#).

5.1 Work on Public Holidays

The employee (daily-rated, piece-rated and monthly-rated) who works on a public holiday should be paid twice the ordinary rate of pay. For any overtime work during public holidays, it should be computed as (1.5 x 3 x ordinary rate of pay).

⁵ International Labour Organization. n.d. Malaysia – Employment Act 1955.

<https://www.ilo.org/dyn/natlex/docs/WEBTEXT/48055/66265/E55mys01.htm#c60d>



Under Subsection 3 of Section 60D of the Employment Act 1955) - the prescribed rates for work performed by monthly, weekly, daily, or hourly rate employees on a holiday are:

- i) 3x the employees' daily wages at the ordinary rate of pay; and
- ii) An additional 3x hourly rate for each hour in excess of his normal hours of work.

Piece-rated employees, under Subsection 3 of Section 60D of the Employment Act 1955, are entitled to:

- i) 1 day's wages + 2x piece rate; and
- ii) For work carried out past the normal number of work hours, 3x piece rate.

6. Wages ⁶

- 6.1. The wage period cannot exceed one month.
- 6.2. Wages must be paid by the 7th of each month.
- 6.3. Wages for work done on rest days and public holidays cannot be paid later than the last day of the next wage period.
- 6.4. Approval/permit(s) have to be obtained from the Department of Labour to make any deductions except for statutory deductions i.e. EPF/SOCSSO/Income Tax, overpayment by mistake during preceding 3 months, recovery of indemnity due and deductions of interest-free advance.
- 6.5. Where possible, wages shall be paid through the employees' bank account.

7. Minimum Wage in Malaysia ⁷

Effective from 1st May 2022, the monthly minimum wage will be increased to RM1,500 nationwide. The minimum wages were previously at the rates of RM1,200 or RM1,100, depending on the location of the workplace. The new minimum wage is applicable to:

- i) Employer with 5 or more employees;
- ii) Employer who carries out a professional activity classified under the [Malaysia Standard Classification of Occupations \(MASCO\)](#) regardless of the number of employees.

For employees who are paid based on piece rate such as tonnage, they will have to be paid no less than RM1,500 per month.

Monthly Minimum Wage				
Monthly	Daily			Hourly
RM1,500	Number of working days in a week			RM7.21
	6	5	4	
	RM57.69	RM69.23	RM86.54	

8. Advance

An employee is entitled to request an advance from the employer of more than a month pay only for the following:

⁶ International Labour Organization. n.d. Malaysia – Employment Act 1955.

<https://www.ilo.org/dyn/natlex/docs/WEBTEXT/48055/66265/E55mys01.htm#p3>

⁷ Attorney General's Chambers of Malaysia. 2022. PU.(A) 140/2022 – Minimum Wages Order 2022. [https://lom.agc.gov.my/act-view.php?language=BI&type=pua&no=PU.%20\(A\)%20140/2022](https://lom.agc.gov.my/act-view.php?language=BI&type=pua&no=PU.%20(A)%20140/2022)



- 7.1. To purchase a house.
- 7.2. To purchase land.
- 7.3. To purchase livestock.
- 7.4. To purchase a motorcar, motorcycle or bicycle.
- 7.5. Any other purpose approved by the Director.
- 7.6. To purchase shares of the employer's business (not applicable in Sabah and Sarawak).

For more information, please see **Section 102(1) Sabah Labour Ordinance, Section 103(1)** and **Sarawak Labour Ordinance, Section 22 Employment Act.**

9. Use of Sub-Contractor

Should a sub-contractor/third-party contractor be used, the management should keep a duplicate copy of all documents such as:

- Workers' check-roll;
- Payroll record summary;
- Pay slips - the record of payments (including working hours);
- Deductions;
- Bonus;
- Overtime; and
- Consent and records for deductions.

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