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# Malaysia: East Malaysia immigration requirements and practices

February 2017

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## ***In brief***

Immigration laws in Malaysia are governed under the Immigration Act, 1959/63 and apply to both West and East Malaysia that together form the Federation of Malaysia. Nevertheless, to protect the rights and interests of its people, the state governments in the East Malaysian states of Sabah, Sarawak, and the Federal Territory of Labuan retain a relatively higher degree of local government autonomy, resulting in the adoption of different immigration requirements and practices by the immigration authorities.

The purpose of this *Insight* is to highlight current immigration practices in the East Malaysian states and how companies can ensure compliance and avoid unnecessary deployment delays of employees/ assignees to these states.

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## ***In detail***

### ***Background***

Malaysian immigration rules differ between four territories, namely West Malaysia, and the East Malaysian territories of Sabah, Sarawak, and the Federal Territory of Labuan. The differences in the requirements in the East Malaysian territories are the result of an agreement between West Malaysia and East Malaysia during the formation of Malaysia as a

means of ensuring that the rights of East Malaysians are protected after the formation of Malaysia.

With the differences in requirements, a West Malaysian company will need to ensure that its employees, including Malaysian employees, who intend to perform work in the East Malaysian states, hold appropriate work permits issued by the immigration department of the respective state.

In most cases, an individual must not hold more than one Malaysian work permit issued by any territory, at any one time.

### ***Comparison of requirements***

The requirements imposed by the respective state governments in the East Malaysia states, as compared to West Malaysia, are summarised in the following table:

<b>Requirements</b>		<b>West Malaysia</b>	<b>Sabah</b>	<b>Sarawak</b>	<b>Labuan (Federal Territory)</b>
1.	Filing method	online	manual	manual	manual
2.	Business license	not required	required	required	required
3.	Advertisement /Pre-approval from state government	not required	required	required	not required
4.	Drawing of project location	not required	required	not required	required
5.	One work permit in dual locations, West & East Malaysia	not allowed	not allowed	not allowed	allowed *Employment Pass Holder only, with written consent from Director General of Immigration
6.	Local individual sponsor	not required	not required	required	not required

### ***The takeaway***

The state governments of the East Malaysian states of Sabah, Sarawak, and Labuan are independent from West Malaysia's central government and have their own authority where work rights are concerned, including for Malaysians.

West Malaysian companies intending to deploy employees to the East

Malaysian states should understand the immigration options available and restrictions in each territory to avoid difficulties in obtaining work permits. Additionally, given the requirement to obtain pre-approvals from the relevant state governments, companies should also expect the processing time to increase from between 14 working days to up to three months.

Currently, there is no single Malaysian work permit which covers work rights for the whole of Malaysia. As such, deploying a foreign employee across the four jurisdictions in Malaysia could be challenging if upfront planning and compliance with respect to the additional requirements mentioned above are not taken into consideration.

## ***Let's talk***

If you have any questions in relation to the immigration changes noted above, please contact your PwC Global Mobility engagement team or one of the following team members:

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The materials contained in this publication were assembled in February 2017 and were based on information available at that time.

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