

Circular No: AG 02/2018

4 January 2018

To: ALL MEMBERS

Employment Insurance System (EIS)

This Circular is intended to explain to Members regarding the **Employment Insurance System Act 2017 [Act 800]** (hereinafter referred to as the “Act”) and the **Employment Insurance System (Registration and Contribution) Regulations 2017** (hereinafter referred to as the ‘Regulations’) including its application, contribution rates and registration rules as well as payment of contribution.

2. The EIS is intended to assist those employees who have lost their employment. Other than financial assistance, the other components of the EIS include amongst others training programmes and assistance to seek employment that are designed to assist the Insured Persons (“IP”) who have lost their employment to return to work as soon as possible. The meaning of **Loss of Employment** is stipulated under section 30(1) & (2) of the Act (Please see **Appendix 1**).

3. Coming into Operation of the Act

The Minister of Human Resources Malaysia, in the exercise of the powers conferred by subsection 1 (2) of the Act, has by Gazette Notification P.U. (B) 606 dated 29 December 2017 appointed **1st January 2018** as the date on which the Act comes into operation. The Federal Government Gazette P.U. (B) 606 is attached herewith (Please see **Appendix 2**).

4. Application

The Act is applicable to all industries with one or more employees. The category of those who are exempted from the scope of the Act are those listed under subsection 2(2) in the First Schedule of the Act attached herewith (Please see **Appendix 3**).

Please be informed that even though the Act and the Regulations do not specifically exclude foreign workers and expatriates, the authorities had administratively indicated that foreign workers and expatriates are excluded from coverage of the Act and the Regulations.

5. Rates of Contribution

The rates of contribution for the EIS as stipulated under section 18, Second Schedule of the Act is attached herewith (Please see **Appendix 4**).

6. Procedure for Registration

- (a) Every employer to which the Act applies shall register with the EIS as an employer (section 14 of the Act) and for his employees [section 16(1) of the Act] before February 2018 at the counter of the SOCSO Office using **BORANG SIP1** and **BORANG SIP2** respectively.
- (b) An employer that has registered his industry under the SOCSO Act 1969 before 1st January 2018 shall be deemed to have registered its industry under the EIS Act (section 15 of the Act) and an employee who has been registered under the SOCSO Act 1969 before 1st January 2018 shall be deemed to have registered under the EIS Act [section 17(1) of the Act]. However, the employer has to confirm its registration at the counter of SOCSO Office by using **BORANG SIP1A** and **SIP2A** respectively.
- (c) **BORANG SIP1, BORANG SIP2, BORANG SIP1A** and **BORANG SIP2A** are attached herewith [Please see **Appendixes 5(1), 5(2), 5(1A) & 5(2A)**]. The relevant forms may be downloaded from the PERKESO website at www.perkeso.gov.my/sip
- (d) Registrations after February 2018 are to be done online in the same manner that is administered under the SOCSO Act 1969. Employers are reminded that they have to obtain their ID at the PERKESO ASSIST PORTAL before they are permitted to use the PERKESO ASSIST PORTAL.
- (e) The above stated registration of ID may be done at any SOCSO office or by sending the application form by e-mail to the portal address idportal@perkeso.gov.my or by post or fax to the relevant SOCSO Office. The relevant application form can be downloaded from the SOCSO website at www.perkeso.gov.my

7. Procedure for Contribution

- (a) Beginning February 2018, employers may use the ID that is provided to log in to the PERKESO ASSIST PORTAL to complete the details of the contribution schedule by using the format as provided in the said portal.
- (b) Upon completion of the contribution schedule details, an automatic **Employment Insurance System Contribution Received (ECR)** confirmation will be generated as a reference for subsequent payment of contribution either through online via PERKESO ASSIST PORTAL, Collection Bank, or PERKESO office.
- (c) Employers may also upload the contribution details by **textfile** in the prescribed format as determined by PERKESO.
- (d) Employers are reminded that without the ECR confirmation, employers cannot make contribution payments because the ECR is the direct link between the contribution schedule and the payment of the contribution.
- (e) Employers may also make contribution payments and complete the contribution schedule through online internet banking through the appointed Banks.
- (f) Employers who wish to pay by cheque, postal order or money order are reminded to ensure the following details are complied;
 - (i) Dated currently or within the validity period;
 - (ii) Payment issued in the name of the “**Ketua Eksekutif Pertubuhan Keselamatan Sosial or Pertubuhan Keselamatan Sosial or PERKESO**”.
 - (iii) The payment sum in numbers and words are matching.
 - (iv) It is properly signed and there are no amendments on the medium of payment.
- (g) The submission of the contribution schedule through the PERKESO ASSIST PORTAL and contribution payment for EIS using the ECR payment method is effective from the month of February 2018. Employers thereafter are no longer allowed to physically present the

contribution payment schedule at the appointed banks and PERKESO offices.

8. Interim Re-Employment Placement Programme (IREPP) 2018

(a) IREPP 2018 may provide an employee who is an EIS contributor with loss of employment (LOE) the Interim Assistance Benefits as follows:

- (i) Interim payment;
- (ii) Assistance in participation of IREPP activities e.g. career workshop; and
- (iii) Increase the employability through training programme.

(b) **Criteria for Interim Assistance to an EIS contributor with loss of employment (LOE):**

- (i) To submit claim within 30 days of loss of employment (LOE)
- (ii) Shall be able to work, available to work and actively seeking work).
- (iii) Shall participate in the IREPP Programme and job placement. e.g. attend job interviews, counsellings, trainings, job searches and job carnivals.
- (iv) To register with IREPP Programme within 7 days from date to be fixed by SOCSO.

(c) **Interim Assistance**

- (i) The amount of RM600.00 a month to be paid within 14 days from date of registration for a period of 3 months only.
- (ii) Further payment of RM600.00 to be paid 30 days thereafter.

(d) **Duration of the IREPP Programme**

From 1 January 2018 to 31 December 2018 only.

(e) Documentary Evidence of LOE

- (i) Letter of termination of employment from employer
- (ii) Confirmation of termination of employment from Department of Labour or Department of Industrial Relations
- (iii) Record of employment (ROE), salary slip or attendance record
- (iv) Letter of employment or employment contract
- (v) Police Report (*e.g.* in case of sexual harassment)
- (vi) Letter to instruct performance of dangerous work outside the original scope of work (if any)
- (vii) Letter /document of VSS or MSS.

- (f) IREPP 2018 shall be subject to an IREPP Regulations which are being drafted by the Attorney General (AGC).

9. Employer Duty to Keep Returns (Sec 78(1) the Act)

Every employer shall keep/maintain any return, particulars, register book/record pertaining to each employee

10. Register of employees (Reg 8(1) the Regulations)

Every employer shall maintain a register in respect of every employee which shall contain the following particulars:

- (a) Name of employee
- (b) Identity card number
- (c) Occupation
- (d) Total monthly contribution
- (e) Employee's share of contribution
- (f) Employer's share of contribution
- (g) Monthly wages
- (h) Monthly allowances

Thank you.

A handwritten signature in black ink, appearing to be 'AB8'.

Datuk Hj Shamsuddin Bardan
Executive Director