



# DE RANTAU programme and PLS@XPATS

November 2022



Audit / Tax / Advisory

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## Introduction

The shortage of foreign workers, whether skilled, semi-skilled or lowly-skilled, is a hot topic among businesses in all sectors. This issue was presented in the Budget 2023 on 7 October 2022, where several initiatives will be introduced to improve the country's unemployment rate and solve the lack of foreign talent.

However, since Parliament had been dissolved on 10 October 2022, a caretaker government has come into effect, and the Budget 2023 will have to be re-tabled once the new government has been formed after the elections.

Nonetheless, the existing initiatives/ facilities introduced by the government/ relevant authorities prior to the Budget 2023 still be carried out to ensure no disruptions which are essential for the country's economic prospects.



## New Facilities

To address the shortage of Foreign Talent in Malaysia, the Malaysia Digital Economy Corporation ("MDEC") and the Malaysian Immigration Department ("MID") have introduced the following new facilities:

<b>DE Rantau programme</b>	<b>Permission to work for foreign professionals with Social Visit Pass (PLS@XPATS)</b>
<b>Implementation by:</b>	
• MDEC	• MID
<b>Effective date:</b>	
• 1 October 2022	• 3 October 2022
<b>Overview:</b>	
The DE Rantau programme aims at establishing Malaysia as the preferred digital nomad hub in ASEAN while boosting digital adoption and promoting digital professional mobility and tourism across the country.  Digital nomads can travel and work remotely across various locations in Malaysia, while accessing stable broadband connectivity and various other facilities and services that support the nomadic lifestyle.	Those who require foreign professionals urgently will be able to have them enter Malaysia under a social visit pass with permission to work for emergency and critical work.

## New Facilities (cont'd)

DE Rantau programme		Permission to work for foreign professionals with Social Visit Pass (PLS@XPATS)															
<b>Eligibility criteria:</b>																	
<b>Criteria</b>	<b>Foreign Digital Nomad</b>																
Type of digital nomad	Digital freelancer, independent contractor.	Remote worker i.e., employee of a company but not required to physically be in the office.															
Domain of Profession	IT (all types - software dev, UX, UI, cloud, cybersecurity, blockchain, AI, machine learning, data-related, etc.), digital marketing, digital creative content, digital content development (All digital domain related work).																
Proof of Work	Active project contract	Active employment contract															
	Contract duration > 3 months can be multiple contracts.	Contract duration > 3 months.															
	Clientele is foreign/ Malaysian based companies.	Employer is foreign/ non-Malaysian based companies.															
Annual Income	> USD24,000 per year																
		For the execution of critical work in selected sectors as follows:															
<ul style="list-style-type: none"> <li>Permitted sectors:</li> </ul> <table border="1"> <tr> <td>Government Sector</td> <td>Government Linked Company</td> <td>Private Sector</td> </tr> </table>		Government Sector	Government Linked Company	Private Sector													
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## New Facilities (cont'd)

<b>DE Rantau programme</b>	<b>Permission to work for foreign professionals with Social Visit Pass (PLS@XPATS)</b>
<b>Type of pass:</b>	
<ul style="list-style-type: none"> <li>Professional Visit Pass ("PVP").</li> </ul>	<ul style="list-style-type: none"> <li>Social Visit Pass with Working Permission.</li> </ul>
<b>Duration of pass:</b>	
<ul style="list-style-type: none"> <li>Three (3) to twelve (12) months with the option to renew for additional 12 months, allowing total of twenty-four (24) months of stay.</li> </ul>	<ul style="list-style-type: none"> <li>Thirty (30) days.</li> </ul>
<b>Accompanied/ dependents:</b>	
<ul style="list-style-type: none"> <li>Allowed.</li> </ul>	<ul style="list-style-type: none"> <li>Not allowed.</li> </ul>
<b>Estimated processing time (upon completion of submission documents):</b>	
<ul style="list-style-type: none"> <li>Five (5) weeks i.e., four (4) weeks for processing of application, one (1) week for issuance of pass.</li> </ul>	<ul style="list-style-type: none"> <li>Three (3) working days.</li> </ul>
<b>Sources of information:</b>	
<ul style="list-style-type: none"> <li>MDEC's website: <i>DE Rantau Programme.</i></li> </ul>	<ul style="list-style-type: none"> <li>MID's website: <i>PLS@XPATS</i></li> </ul>



## Crowe's view

DE Rantau programme	Permission to work for foreign professionals with Social Visit Pass (PLS@XPATS)
<ul style="list-style-type: none"> <li>Currently, forty-nine (49) countries (including Malaysia) offer Digital Nomad visas, and this number is expanding. However, every country has different requirements and types of permits/temporary residency permits to allow visitors to travel and work remotely.</li> <li>In general, the PVP holders would need a sponsor from a registered company in Malaysia to apply for a work permit. If the PVP holders meet the terms and conditions set by MDEC under the DE Rantau Pass programme, MDEC should be the sponsoring organization. This facility will indirectly encourage individual entrepreneurs to open businesses in Malaysia.</li> <li>The tax treatment of PVP holders is complex. There is no standardization of tax administration globally. Based on the current Malaysian tax legislation, the income earned by PVP holders is subject to taxation in Malaysia. However, the PVP holders can seek a tax exemption in Malaysia under the Double Taxation Agreement ("DTA") between the country of residence of the PVP holders and Malaysia. The PVP holders must apply to the Inland Revenue Board of Malaysia ("IRBM") for tax exemption, as it is not granted automatically. Without expert help, this will expose them to an elevated risk of personal income tax non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Previously, the MID prohibited individuals using the Social Visit Pass ("SVP") from working in Malaysia except for activities permitted, such as attending meetings/conferences, signing agreements, factory inspections, etc.</li> <li>Foreign visitors with frequent re-entries to Malaysia will lead to misuse of the SVP MID's regulations.</li> <li>This new facility will facilitate businesses in Malaysia that require urgent/critical work to be carried out by SVP holders at their locations. With this permission, the issues of labour shortages that require special expertise in the short term can be overcome.</li> <li>Taxation compliance may be an issue for SVP holders due to a lack of knowledge or understanding of taxation laws in Malaysia. With a gray area in tax treatment, SVP holders must seek clarification or confirmation from IRBM when taxation issues arise.</li> </ul>

Contact us for more information on immigration and tax implications for the above new facilities.



## Contact us

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## About us

### About Crowe Malaysia

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