Global Immigration alert

February 2025

Malaysia

New 1:3 Internship Policy to contribute to local talent development

Executive summary

Malaysia's Ministry of Human Resources (KESUMA) recently introduced the 1:3 Internship Policy, under which impacted Malaysian companies must recruit a certain number of students as interns for each foreign national they employ.

Key developments

The 1:3 Internship Policy aims to balance the employment of foreign nationals with local talent development. The policy mandates that companies offer up to three internships under the National Structured Internship Programme (MySIP) for each foreign national they hire. These internships will be available to Malaysian students of public and private higher education institutions as well as technical, vocational education and training (TVET) institutes. Impacted companies must meet the ratios of internships provided further below for each Employment Pass (EP) they sponsor, subject to a cap of 2% of their total workforce (i.e., they are not required to recruit additional interns under this policy if interns already account for 2% or more of their workforce). The following ratios may be adjusted based on the specific conditions of the company:

- Three internships for every EP I sponsored
- Two internships for every EP II sponsored
- One internship for every EP III sponsored

The 1:3 Internship Policy will be applied only after the EP application process is complete and it will not delay or otherwise impact any processes relating to EP applications (e.g., processing timelines, eligibility requirements). Once EP applications are approved, companies will receive an invitation email from TalentCorp (an agency under the KESUMA that is responsible for driving Malaysia's talent strategy) to register on its MyNext online portal. After activation of their account, companies can post about the new internships they create under the 1:3 Internship Policy. These internships must last for a minimum duration of 10 weeks, pay a monthly stipend of at least RM 500 (approx. USD 112.50) or RM 600 (approx. USD 135) depending on the selected intern's educational qualifications, and meet all other requirements under the MySIP.

The pilot phase of the 1:3 Internship Policy began on 15 February 2025 and will remain in effect until 31 December 2025. During this phase, the policy will be applicable only to EP I and EP II applications filed by companies categorized as Tier 1 or Tier 2 by the Expatriate Services Division (ESD). Once it is officially implemented on 1 January 2026, the policy will expand to all companies under the purview of the ESD as well as the Malaysia Digital Economy Corporation (MDEC).

The following companies are exempt from the policy. The authorities may update this list based on feedback received during the pilot phase:

- Companies that have been operating in Malaysia for less than two years
- Companies that have a Representative or Regional Office in Malaysia
- Companies that receive tax exemptions from the government, especially those operating in key sectors like digital and energy

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Impact on employers

The new policy is expected to benefit Malaysia's future talent pipeline. Currently, no specific penalty is being imposed on companies that do not comply with the 1:3 Internship Policy, as it primarily aims to encourage industry participation in national talent development. However, companies that meet policy requirements are likely to be given greater consideration for subsequent EP approvals. Employers will not incur additional expenses under this policy, as MySIP will cover the costs of internships, and companies will benefit from double tax deductions for related expenses.

Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.

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