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Global Immigration alert

June 2026

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Malaysia

Malaysia intensifies nationwide enforcement measures on visa abuse

Executive summary

The Malaysian Government has announced a nationwide, multi-agency crackdown on visa abuse and unauthorized business activities involving foreign nationals. The directive, issued on 8 June 2026, focuses on misuse of tourist, student and other short-term passes for commercial activities and unauthorized employment.

The intensified enforcement is expected to increase inspections, audits and penalties for non-compliant foreign nationals and employers. Businesses employing foreign workers or engaging international assignees (including business travelers and students on internships) may face heightened scrutiny and compliance risks.

Background

Malaysia has progressively strengthened immigration enforcement in recent years, including expanded operations against overstayers and illegal employment. Authorities have recorded tens of thousands of enforcement actions annually, reflecting ongoing policy emphasis on compliance with the Immigration Act 1959/63 and related regulations.

The latest directive represents a shift toward coordinated, data-driven enforcement across multiple agencies, including immigration, tax and financial regulators, with a focus on closing regulatory gaps.

Key developments

- **Nationwide enforcement mandate (June 2026):** The Prime Minister has directed a coordinated crackdown on foreigners abusing visas to conduct business or employment activities not aligned with their pass conditions.
- **Multi-agency enforcement framework:** Authorities including the Immigration Department, Inland Revenue

Board, Royal Malaysian Customs, Bank Negara Malaysia and the Malaysian Communications and Multimedia Commission will jointly monitor compliance, including:

- Immigration pass conditions
- Business licensing and ownership structures
- Tax compliance and financial transactions
- Online and e-commerce activities
- **Focus on misuse of short-term passes:** Enforcement targets include individuals entering Malaysia on tourist or student visas and subsequently engaging in business operations or unauthorized work.
- **Expanded monitoring tools:** Authorities intend to leverage digital tools, including financial tracking and artificial intelligence, to identify visa abuse and irregular business activity.
- **Increased enforcement outcomes:** As of 31 May 2026, authorities reported:
 - Over 30,800 individuals detained in enforcement operations
 - More than 2,300 cases of pass misuse identified
- **Stricter penalties and permit controls:** Authorities have indicated that permits and licenses obtained through proxy or fraudulent arrangements may be revoked, with potential immigration consequences including pass cancellation and deportation.

Impact on employers

The intensified enforcement introduces heightened risks and operational considerations for employers engaging foreign nationals in Malaysia, with impacts differing based on compliance posture. Non-compliant employers face increased inspections and cross-agency audits targeting misuse of immigration passes. Breaches, such as unauthorized work, proxy arrangements or role misalignment, may lead to fines, permit or license revocation, legal action and

operational disruption, including detention, deportation or loss of key personnel, particularly for improperly authorized business travelers or assignees. Compliant employers may benefit from a more equitable regulatory environment and reduced unfair competition. However, they should expect enhanced scrutiny and verification requirements and maintain strong internal controls, including regular audits of immigration status, role alignment and documentation, to mitigate disruption risks and support continued workforce mobility.

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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