

LICENCE REQUIRED TO EMPLOY NON-RESIDENTS IN SABAH AND SARAWAK

9 March 2026

Following the introduction of the Labour (Licence to Employ Non-Resident Employee) (Sabah) Rules 2026¹ (“**Sabah Rules**”) and the Labour (Licence to Employ Non-Resident Employee) (Sarawak) Rules 2026² (“**Sarawak Rules**”) (collectively, the “**Rules**”), employers are now required to obtain a Licence to Employ Non-Resident Employee (“**Licence**”) from the Director of Labour of the relevant East Malaysian State before hiring employees from outside that State, effective 15 February 2026. The Rules outline the application process, the conditions of application, and the conditions attached to the issuance of a licence.

Section 2(1) of the Labour Ordinance of Sabah and the Labour Ordinance of Sarawak define a “*non-resident employee*” as a person who does not belong to Sabah or Sarawak (as applicable), as provided for in section 71 of the Immigration Act 1959/63.³

Under Rule 3 of the Rules, an application for the Licence can be made in writing or by electronic means to the nearest Director of Labour Office by furnishing the employer’s/applicant’s and the non-resident employee’s details as follows:

Employer/Applicant	Non-Resident Employee
<ul style="list-style-type: none"> • Name • Identity Card Number/Passport Number of Individual Application and Registration Number (as applicable) • Address of Place of Employment 	<ul style="list-style-type: none"> • Name • Identity Card Number/Passport Number • Gender • Designation • Country/ State of Origin • Academic Qualifications (if requirements are specified) • Working Experience (if requirements are specified)

The Director of Labour will review the application under Rule 3(3) and may:

- a. Approve the application and issue the Licence; or
- b. Refuse the application in writing.

The terms and conditions of the Licence under the Rules are largely similar. Both include conditions on the Licence renewal process (which must be initiated within 60 days before the licence expires), the requirement to notify the Director of Labour of any termination of non-resident employment within 30 days, and the obligation to employ non-resident workers strictly in accordance with the Licence, meaning that a non-resident employee may work only in the approved position and at the approved location, and not for any other employer.

¹ P.U.(A) 84/2026.

² P.U.(A) 85/2026.

³ Section 71 of the Immigration Act 1959/63 sets out the circumstances in which a citizen is to be treated as belonging to an East Malaysian State.

The salient differences in the Sabah Rules and the Sarawak Rules are as follows:

Conditions of Licence	Sabah Rules	Sarawak Rules
Repatriation of Non-Resident Employee	Director of Labour shall be informed within 30 days prior to repatriation	Submit required documents to Director of Labour within 14 days prior to repatriation
Retrenchment	Non-resident employee to be retrenched before resident employees	Not specified
Licensed Non-Resident Employee is unable to enter the Territory after approval of the Licence	Not specified	Notify the Director of Labour within six months of licence issuance
Expenses Related to Recruitment	To be borne by employer	Not specified

Another difference lies in the conditions of application. The Sarawak Rules specify different conditions of application for various categories of non-resident employees, including general workers, skilled/expatriate workers, domestic workers, vessel workers, or Professional Visit Pass holders. In contrast, the Sabah Rules establish only general conditions of application applicable to all categories of non-resident employees.

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