

Malaysia's Gig Workers Bill 2025: A Landmark in Protecting the New Workforce

The rise of the gig economy has transformed how Malaysians work, with platforms like e-hailing, food delivery and freelance services providing flexibility and income opportunities. However, this shift has also left many workers without traditional protections.

The Gig Workers Bill 2025 seeks to address this gap by introducing a comprehensive legal framework to among other things regulate service agreements, protect gig workers' rights and create mechanisms for dispute resolution.

A. Key Provisions in the Bill

1. Who are Gig Workers?

The Bill defines a "*gig worker*" as:

- (a) any Malaysian citizen or permanent resident;
- (b) who enters into a service agreement and provides services for the performance of:
 - (i) any service with a contracting entity who is a platform provider; or
 - (ii) any service as specified in the Schedule¹ with any contracting party who is not a platform provider; and
- (c) receives earnings for their service.

A "platform provider" under the Bill means any digital intermediary system provider who connects the service by a gig worker to a service user.

2. Service Agreements

The Bill defines a "*service agreement*" to mean any agreement, whether oral or written, express or implied, between a contracting entity and a gig worker.

Under Section 3 of the Bill, every service agreement between a contracting entity and a gig worker must specify the following terms and conditions:

- parties to the agreement;
- duration;
- nature of services to be provided;
- earnings and payment methods; and

¹ The Schedule sets out, amongst others, the following services and workers that qualify as gig workers: music-related activities (singer and musician), aesthetic (make-up artist and hair stylist), translation (interpreter or translator and transcriber) and photography and videography (photographer or videographer).

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- rights to benefits, tips, and gratuities, if any.

Agreements with terms less favourable than those in the Act will be void, ensuring a minimum protection baseline for gig workers.

3. Rights of Gig Workers

Section 8 sets out various rights of gig workers, including:

- the right to be informed of the terms and conditions of their service agreement, the nature of the service to be performed and the agreed rate and details of earnings, as well as the method of payment of tips, gratuities and other benefits;
- the right to receive their earnings within the agreed period;
- the right to be consulted on any amendment to the agreement;
- protection from termination without a just cause or excuse; and
- access to a dispute resolution mechanism.

Moreover, the Bill sets out the following further protections for gig-workers:

- a gig worker shall not be restrained from the right to enter into any agreement with other parties and be discriminated against;
- freedom to join, participate in or establish gig workers' associations;
- a gig worker shall be paid his/her earnings within seven days from the date of completion of service;
- a gig worker shall receive his earnings, tip and gratuities without deductions, save in limited circumstances; and
- a gig worker shall have the right to request and receive earning slips;

In addition to the above, the Bill also provides for certain protections for gig workers providing services for a platform provider which are systems related and protection against wrongful deactivation of such workers' digital intermediary system.

4. Social Security Protection

Gig workers engaged through platform providers will be mandatorily registered under the Self-Employment Social Security Scheme. Contracting entities shall deduct social security contributions from gig workers' earnings and pay them to the Social Security Organisation (SOCSO) on the worker's behalf.

Therefore, in terms of social protection, gig workers will be brought under the Self-Employment Social Security Act 2017 (Act 789), with contributions managed through SOCSO. This ensures that the gig workers are granted access to benefits such as medical coverage and disability and survivors' pensions.

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5. Occupational Safety and Health

Contracting entities (other than individuals) must, among other things, ensure workplace safety, provide training and report occupational accidents or diseases.

6. Dispute Resolution Mechanism

Part IV of the Bill states that a gig worker can lodge a complaint of a dispute in writing to a contracting entity. The contracting entity will then have to initiate and resolve the dispute by an internal grievance mechanism within thirty days from the date the complaint is lodged.

Additionally, the Bill establishes a multi-tier dispute resolution system:

- starting with the internal grievance mechanisms within contracting entities;
- followed by conciliation² led by the Industrial Relations Department or the Minister of Human Resources; and
- then, a new Gig Workers Tribunal with powers to issue binding awards, including that a party complies with any term in the service agreement, compensation or recovery of earnings.

The Gig Workers Tribunal, introduced in Part IV of the Bill, is designed to provide an accessible, affordable alternative to court proceedings for resolving disputes. Part V of the Bill further reinforces this by making the Tribunal's awards legally binding, and non-compliance can result in fines of up to RM50,000 or imprisonment for a term not exceeding two years or both, as provided in Section 45(1).

7. Consultative Council

The Bill provides for the setting up of a Consultative Council which will, among other things, advise and make recommendations to the Government on key issues such as minimum earnings rates including the coverage and the formula in relation to the minimum earnings rates and earnings.

Its membership will include public officials and representatives of contracting entities and gig workers, ensuring a balanced approach.

8. Enforcement and Penalties

The Bill empowers the Director General of Labour to supervise compliance, investigate breaches and compound offences. A person contravening the provision in the Bill can face penalties ranging from fines to imprisonment.

² A gig worker may lodge a complaint for conciliation in circumstances such as where the gig worker is dissatisfied with the determination made by the contracting entity through the internal grievance mechanism or where the dispute remains unresolved following the exhaustion of the internal grievance mechanism after the lapse of thirty days.

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It bears noting that the Bill provides that if an offence is committed by a body corporate, a person who is its director, manager, secretary or officer responsible for management of the body corporate may be charged jointly and severally with the body corporate. In fact, this person shall be deemed to have committed the offence unless he provides that the offence was committed without his knowledge or connivance or that he took all reasonable precautions or he had exercised due diligence to prevent the commission of the offence.

B. Key Takeaways

The Gig Workers Bill 2025 marks a turning point in Malaysia's labour landscape. It balances flexibility with protection, ensuring that the millions of Malaysians relying on gig work have access to rights previously reserved for traditional employees. By addressing issues such as unfair termination, unpaid earnings and lack of social security, the Bill lays the foundation for a fairer and more sustainable gig economy.

Companies in Malaysia should determine if they are a contracting party engaging a gig worker, as defined by the Bill. If they are, they should become familiar with the Bill, in particular the provisions on workers' rights and their obligations as a contracting entity. This would enable them to establish the necessary procedures, train their human resource personnel and managers on applicable gig worker rights, contracting party obligations and related procedures and draft a service agreement, with the dispute resolution mechanism, in accordance with applicable requirements, before Bill comes into force. Although the Bill was passed by Dewan Rakyat and Dewan Negara, at the time of writing this article, it has not received Royal Assent, and a date has not been fixed for the Bill to come into force.

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