



TaxSnaps[®]

The Johor-Singapore Special Economic Zone

The Johor-Singapore Special Economic Zone was formed between the governments of Malaysia and Singapore, aims to boost trade and strengthen economic connectivity between the two countries. Effective 1 January 2025, investors in the JS-SEZ will be eligible for several attractive tax incentive packages.

The Johor-Singapore Special Economic Zone (JS-SEZ)

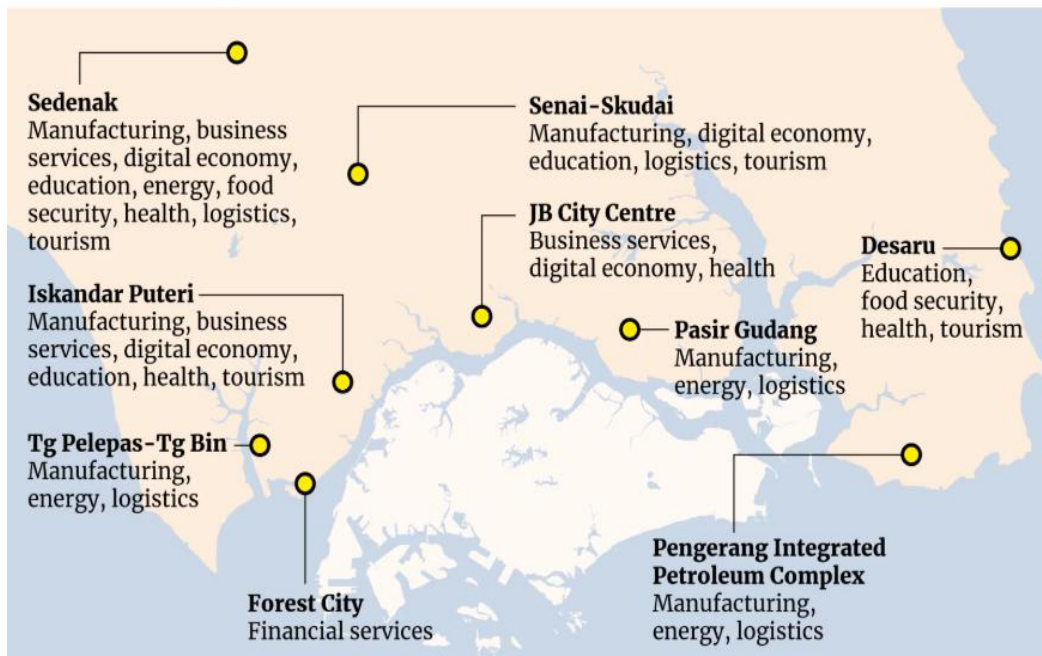
JS-SEZ

The JS-SEZ was formed between the governments of Malaysia and Singapore, which is a collaborative effort to strengthen the economic ties and promote growth across key sectors in the flagship areas that includes the existing Pengerang Integrated Petroleum Complex and the Forest City Special Financial Zone:

- ❖ Johor Bahru Waterfront (JB City Centre)
- ❖ Iskandar Puteri
- ❖ Tanjung Pelepas
- ❖ Tanjung Langsat – Kong Kong (Pasir Gudang)
- ❖ Senai – Skudai
- ❖ Kulai – Sedenak
- ❖ Desaru – Penawar
- ❖ Pengerang Integrated Petroleum Complex
- ❖ Forest City Special Financial Zone

The promoted sectors in the flagship areas are manufacturing, logistics, food security, tourism, energy, digital economy, green economy, financial services, business services, education, and health.

Johor-Singapore Special Economic Zone area



The Johor-Singapore Special Economic Zone (JS-SEZ)

JS-SEZ Tax Incentive Package

Tax incentive packages are available to investors in the flagship areas below, for applications received by the Malaysian Investment Development Authority (MIDA) from 1 January 2025 until 31 December 2034:

Promoted Sectors and Qualifying Activities / Services	Tax Incentives Available	Flagship Areas
1. Manufacturing Business Incentive Scheme <ul style="list-style-type: none"> Artificial Intelligence (AI) and Quantum Computing Supply Chain; Medical Devices; Pharmaceutical; or Aerospace Manufacturing and Maintenance, Repair & Overhaul (MRO) Services 	New Company <ul style="list-style-type: none"> Special Tax Rate of 5% for a period of 10 years or 15 years Existing Company <ul style="list-style-type: none"> Investment Tax Allowance (ITA) 100% of qualifying capital investment (excluding land) incurred within 5 years and can be utilised for set-off against 100% of statutory income (SI) 	AI and Quantum Computing Supply Chain, Medical Devices, and Pharmaceutical (Kulai - Sedenak) Aerospace Manufacturing and MRO Services (Senai - Skudai)
2. Global Services Hub <ul style="list-style-type: none"> Regional P&L; Strategic Business Planning; Corporate Development; and Regional or Global Treasury and Fund Management conducting cash pooling activities via onshore intermediaries. 	Special Tax Rate of 5% for a period of up to 15 years	Johor Bahru Waterfront and Iskandar Puteri
3. Integrated Tourism Project	ITA 100% of qualifying capital investment (excluding land) incurred within 5 years and can be utilised for set-off against 70% of SI	Desaru – Penawar
4. Smart Logistics Complex <ul style="list-style-type: none"> Regional Distribution Hub; Integrated Logistics Services; Dangerous Goods Storage; or Cold Chain Facilities 	ITA 100% of qualifying capital investment (excluding land) incurred within 5 years and can be utilised for set-off against 100% of SI	Tanjung Pelepas

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The Johor-Singapore Special Economic Zone (JS-SEZ)

JS-SEZ Tax Incentive Package (cont'd)

Promoted Sectors and Qualifying Activities / Services	Tax Incentives Available	Flagship Areas
<p>5. Manufacturing of Downstream Specialty Chemicals</p> <ul style="list-style-type: none"> • Base chemical – methanol, ethylene, propylene, benzene, aromatics; • Organics intermediates – C1 to C6; • Specialty chemical; • Fertilisers; • Polymers/plastics; or • Oleochemical/ biochemical 	<p>Special Tax Rate of 5% or 10% for a period of up to 10 years; or</p> <p>ITA 60% or 100% of qualifying capital investment (excluding land) incurred within 10 years and can be utilised for set-off against 100% of SI</p>	<p>Tanjung Langsat – Kong Kong (Pasar Gudang)</p>
6. Additional Incentives	<ul style="list-style-type: none"> • 40% stamp duty exemption on the instrument of transfer/financing agreement for the purchase of a commercial property that remains unsold as at 31 December 2024 	<p>Johor Bahru Waterfront and Iskandar Puteri</p>
	<ul style="list-style-type: none"> • A deduction equivalent to amount not exceeding RM1 million for each year assessment in respect of cash contribution or contribution in kind by a qualifying person who sponsors a hall mark event, i.e. an event of regional or international significance and supported/verified by the Ministry of Tourism, Arts and Culture (MOTAC) 	<p>Desaru – Penawar</p>

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The Johor-Singapore Special Economic Zone (JS-SEZ)

JS-SEZ Tax Incentive Package (cont'd)

Promoted Sectors and Qualifying Activities / Services	Tax Incentives Available	Flagship Areas
6. Additional Incentives (cont'd)	<ul style="list-style-type: none"> Acceleration Capital Allowance (ACA) (Initial Allowance: 20% and Annual Allowance: 40%) in respect of renovation costs incurred on a building or part of a commercial building for the purpose of qualifying company's business. A qualifying company is a company which has been approved with any tax incentives under the Promotion of Investments Act 1986 (PIA) or the Income Tax Act 1967 (ITA) between 1 January 2025 until 31 December 2034 	All Flagships
7. Knowledge Worker Incentive	15% flat tax rate on chargeable employment income for a period of 10 years	All Flagships

Note: Kindly contact us for further details of the eligibility criteria / conditions of the tax incentive packages above. Detailed guidelines for tax incentive applications will be made available by MIDA in due course.

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Forest City Special Financial Zone (FC-SFZ)

Forest City Special Financial Zone (FC-SFZ) Tax Incentives

Forest City is an integrated residential and mixed development project on man-made islands, one of which is a duty-free status, in the Straits of Johor, between Malaysia and Singapore.

The FC-SFZ is the first location in Malaysia to offer a zero tax on family wealth offices, a groundbreaking incentive designed to attract both regional and Malaysian families to manage their wealth from Malaysia.

The incentives that were announced for the FC-SFZ are as follows:

- ❖ 0% concessionary corporate tax rate on income generated by eligible investments of a Single-Family Office Vehicle (SFOV) for a period of 10 years ('initial period'), which can be extended for another 10 years ('additional period') subject to fulfilling the relevant requirements under the Single-Family Office (SFO) Scheme coordinated by the Securities Commission of Malaysia (SC). A SFO is a corporate vehicle, wholly owned or controlled by members of a single wealthy family, created to exclusively manage the assets, investments and long-term interests of that family. The SFO may also represent multiple generations and branches of the family. Eligible SFOVs may apply to the SC for certification for purposes of the tax incentives subject to the SFOVs demonstrating that it has complied with the relevant requirements. Further information is available at the SC's website (<https://www.sc.com.my/development/single-family-office>).
- ❖ 15% special individual income tax rate for knowledge workers, including Malaysians that work in the FC-SFZ.
- ❖ 5% concessionary corporate tax rate for financial global business services, financial technology, and foreign payment system operators.
- ❖ Special deductions on relocation costs, enhanced industrial building allowances (IBA) and withholding tax exemptions for banking institutions, insurance, capital market intermediaries and other eligible entities in the financial sector.

Invest Malaysia Facilitation Centre Johor (IMFC-J)

The IMFC-J is a centre that facilitates and coordinates the end-to-end investment-related process, which includes applications and approvals, investment facilitation, and aftercare and reinvestment matters in Johor, i.e. it will serve as the intermediary between the investors and the key government bodies as well as the agencies – among others MIDA, Iskandar Regional Development Authority (IRDA), Invest Johor, Inland Revenue Board of Malaysia (IRBM), Royal Malaysian Customs Department (RMCD), Immigration Department of Malaysia, and other key stakeholders.

For guidance and further information pertaining to the tax incentives for JS-SEZ and FC-SFZ, do contact our team of tax experts to explore and discuss how we can assist you and your organisation in obtaining the tax incentives available that meet its strategic business and investment objectives.

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