

# Update on Tax Incentive for Johor–Singapore Special Economic Zone ("JS–SEZ") and Forest City Special Financial Zone ("FCSFZ")

May 2025



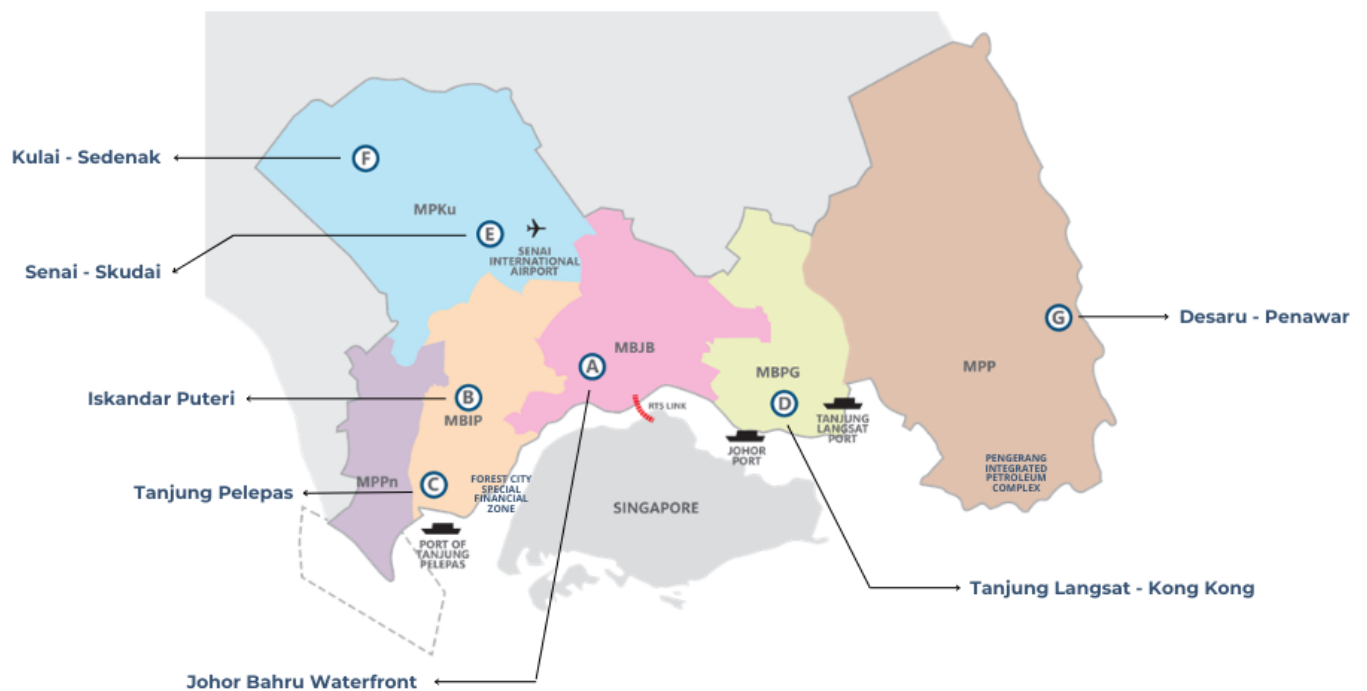


## INTRODUCTION

Malaysian Investment Development Authority ("MIDA") has published specific guidelines in respect of the tax incentive package for JS-SEZ and FCSFZ.

We are pleased to share with you some of the key highlights for your attention.

## FLAGSHIP AREAS WITH JS-SEZ AND FCSFZ TAX INCENTIVES



### Local Authorities:

MBJB – Johor Bahru City Council  
MBIP – Iskandar Puteri City Council  
MBPG – Pasir Gudang City Council  
MPKu – Kulai Municipal Council  
MPPn – Pontian Municipal Council  
MPP – Pengerang Municipal Council

### Flagship Areas:

A – Johor Bahru Waterfront  
B – Iskandar Puteri  
C – Tanjung Pelepas  
D – Tanjung Langsat – Kong Kong  
E – Senai – Skudai  
F – Kulai – Sedenak  
G – Desaru – Penawar

*Source of the map: Iskandar Regional Development Authority*



## GLOSSARY

Abbreviations / Acronyms	Descriptions
AA	Annual Allowance
ACA	Accelerated Capital Allowance
CIDB	Construction Industry Development Board
FCSFZ	Forest City Special Financial Zone
FY	Financial Year
GMT	Global Minimum Tax
IA	Initial Allowance
IBS	Industrial Building System
IR	Industrial Revolution
ITA	Investment Tax Allowance
JS-SEZ	Johor-Singapore Special Economic Zone
MIDA	Malaysian Investment Development Authority
MOTAC	Ministry of Tourism, Arts, and Culture
MyCOL	Malaysia Critical Occupations List
MySIP	National Structured Internship Programme
PIA 1986	Promotion of Investment Act 1986
QCE	Qualifying Capital Expenditure
the Act	Income Tax Act 1967
YA	Year of Assessment



# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

Particulars	Tax Incentive	
	JS-SEZ	FCSFZ
Applicable Areas	Flagship Areas A to G (see map)	FCSFZ (see map)
Eligible Applicant	<ul style="list-style-type: none"> <li>New company and existing company incorporated under the Companies Act 2016 and tax residents in Malaysia</li> <li>Not eligible if the company or its related company has been approved for tax incentive for the same qualifying project.</li> </ul>	
Key Tax Incentives	See next page	
Other Eligibility Criteria / Conditions and Matters	<ul style="list-style-type: none"> <li>Applicants are advised to share and discuss with MIDA their level of commitment and compliance in respect of the eligibility criteria and conditions.</li> <li>Specific conditions shall be imposed, upon approval of the relevant incentive.</li> <li>Subject to fulfilling Malaysia's GMT legislation which is applicable for FY beginning on or after 1 January 2025 and subsequent FYs.</li> </ul>	
Effective Date of Application	<ul style="list-style-type: none"> <li>Application received by MIDA from <b>1 January 2025 to 31 December 2034</b></li> </ul>	<ul style="list-style-type: none"> <li>Application received by MIDA from <b>1 September 2024 to 31 December 2034</b></li> </ul>
	<ul style="list-style-type: none"> <li>Applications shall be made online at <a href="https://investmalaysia.mida.gov.my/">https://investmalaysia.mida.gov.my/</a></li> <li>Application must be submitted before commencement(*) of the proposed project to be undertaken / proposed product / proposed activity</li> </ul> <p>(*) <i>First sales invoice issued</i></p>	

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT

### 1. GLOBAL SERVICES HUB

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
A and B	<ul style="list-style-type: none"> <li>Special tax rate of 5% for a period up to 15 years</li> </ul>	<ul style="list-style-type: none"> <li>Special tax rate of 5% for a period of up to 10 years and extension for additional 10 years</li> </ul>	<ul style="list-style-type: none"> <li>Paid-up capital of at least RM2.5 million</li> <li>Annual operating expenditure of at least RM50 million</li> <li>Must serve / have business control of at least 10 network companies</li> <li>Annual sales turnover of at least RM500 million (and foreign exchange in-flow into the local banking system)</li> <li>Minimum 50% high value positions(*) shall be filled by full time Malaysian employees</li> <li>Undertake the MySIP under TalentCorp Malaysia for at least 3 Malaysian students yearly.</li> </ul> <p>(*) Minimum monthly basic salary of RM10,000</p>
	<ul style="list-style-type: none"> <li>40% stamp duty exemption</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Instrument of transfer / financing agreement for the purchase of commercial properties in Flagship Areas A and B which remain unsold as at 31 December 2024.</li> </ul>

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT


### 2. SMART LOGISTICS COMPLEX

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
C	<ul style="list-style-type: none"> <li>ITA of 100% QCE incurred within 5 years. ITA to be offset against 100% of statutory income for each YA.</li> </ul>	<ul style="list-style-type: none"> <li>ITA of 100% QCE incurred for a period of up to 5 years. ITA to be offset against 100% of statutory income for each YA.</li> </ul>	<ul style="list-style-type: none"> <li>Paid-up capital of at least RM2.5 million</li> <li>Adequate amount of annual operating expenditure</li> <li>Investment in capital expenditure (excluding land) of at least RM500 million</li> <li>Smart warehouse complex –               <ul style="list-style-type: none"> <li>Build-up area must be at least 50,000 m<sup>2</sup></li> <li>Must be equipped with at least three (3) enabling elements technologies under IR4.0</li> <li>Must appoint local contractors as the main contractor for the construction of smart warehouse complex</li> </ul> </li> <li>Application of modern construction techniques (i.e. achieving a score for the IBS which has been set by the CIDB)</li> <li>Total full time workforce of at least 80% Malaysian citizens</li> <li>Minimum 30% high value positions(*) shall be filled by full time Malaysian employees</li> <li>Undertake the MySIP under TalentCorp Malaysia for at least 3 Malaysian students yearly.</li> <li>Investment in green technology</li> </ul> <p>(*) Minimum monthly basic salary of RM10,000</p>

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT

### 3. MANUFACTURING – DOWNSTREAM SPECIALTY CHEMICALS

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
D	<p>a) Special tax rate –</p> <ul style="list-style-type: none"> <li>Tier 1: Special tax rate of 5% for a period up to 10 years (5+5)</li> <li>Tier 2: Special tax rate of 10% for a period up to 10 years (5+5)</li> </ul> <p>OR</p> <p>b) Income tax exemption equivalent to ITA</p> <ul style="list-style-type: none"> <li>Tier 1: ITA of 100% QCE for up to 10 years (5+5). ITA to be offset against up to 100% of statutory income for each YA</li> <li>Tier 2: ITA of 60% QCE for up to 10 years (5+5). ITA to be offset against up to 100% of statutory income for each YA</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Paid-up capital of at least RM2.5 million</li> <li>Investment in capital expenditure (excluding land) of at least RM500 million in the manufacturing sector</li> <li>Undertaking diversification activities in relation to the qualifying activities / products under this cluster</li> <li>Adequate number of full time Malaysian employees with high value jobs(*)</li> <li>Adoption of IR4.0</li> </ul> <p>(*) Minimum monthly basic salary of RM10,000</p> 

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT

### 4. MANUFACTURING BUSINESS INCENTIVE SCHEME

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
E and F	<p>For new company,</p> <ul style="list-style-type: none"> <li>Special tax rate of 5% for 15 years</li> <li>Special tax rate of 5% for 10 years</li> </ul> <p>For existing company,</p> <ul style="list-style-type: none"> <li>ITA of 100% QCE incurred within 5 years. ITA to be offset against 100% of statutory income</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<p>For new company</p> <ul style="list-style-type: none"> <li>Special tax rate of 5% for 15 years                             <ul style="list-style-type: none"> <li>New investment in the manufacturing sector – capital investment (excluding land) of above RM1 billion</li> </ul> </li> <li>Special tax rate of 5% for 10 years                             <ul style="list-style-type: none"> <li>New investment in the manufacturing sector – capital investment (excluding land) of between RM500 million to RM1 billion</li> </ul> </li> </ul> <p>For existing company</p> <ul style="list-style-type: none"> <li>New investment in the manufacturing sector – capital investment (excluding land) of above RM500 million for existing company in Malaysia relocating overseas facilities into Malaysia (for a new business segment, not expansion of existing products)</li> </ul> <p>For both new and existing company</p> <ul style="list-style-type: none"> <li>Paid-up capital of at least RM2.5 million</li> <li>Minimum 50% high value positions(*) shall be filled by full time Malaysian employees</li> <li>Undertake the MySIP under TalentCorp Malaysia for at least 3 Malaysian students yearly.</li> </ul> <p>(*) Minimum monthly basic salary of RM10,000</p>



# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT

### 5. INTEGRATED TOURISM PROJECT

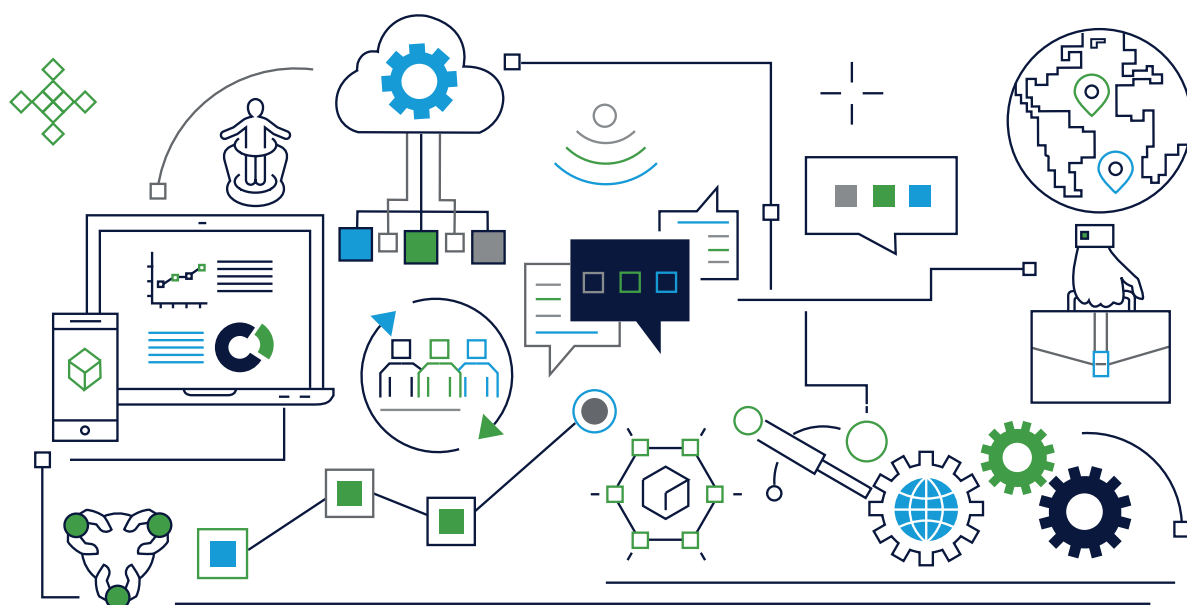
Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
G	<ul style="list-style-type: none"> <li>ITA of 100% QCE incurred within 5 years. ITA to be offset against 70% of statutory income for each YA.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Paid-up capital of at least RM2.5 million</li> <li>Investment in capital expenditure (excluding land) of at least RM500 million</li> <li>Company undertaking integrated tourism project which consists of: –                             <ul style="list-style-type: none"> <li>Hotel with minimum 80 rooms (standard, superior, deluxe and suite); and</li> <li>Minimum 1 tourist attraction (i.e. water park, outdoor park with rides and / or games etc)</li> </ul> </li> <li>Adoption of IR4.0</li> <li>Total full time workforce of at least 80% Malaysian citizens</li> <li>Minimum 50% high value positions(*) shall be filled by full time Malaysian employees</li> <li>Undertake the MySIP under TalentCorp Malaysia for at least 3 Malaysian students yearly.</li> <li>Investment in green technology</li> </ul> <p>(*) Minimum monthly basic salary of RM10,000</p>

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT

### 5. INTEGRATED TOURISM PROJECT (CONT'D)

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
G	<ul style="list-style-type: none"> <li>Tax deduction equivalent to amount not exceeding RM1 million for each YA pertaining to qualifying contribution for sponsoring a hallmark event</li> </ul> <p>Qualifying Contribution – Contribution (cash or in kind) made between 1 January 2025 to 31 December 2034</p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Hallmark event refers to event of regional or international significance which is carried on in Flagship Area G and supported / verified by MOTAC</li> </ul>



# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT

### 6. ACA

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
ALL	<ul style="list-style-type: none"> <li>ACA (i.e. IA of 20% and AA of 40%) on renovation costs incurred on a building or part of a commercial building located in flagship areas for purpose of Qualifying Company's business</li> </ul> <p><i>[To be utilised once throughout Qualifying Company's business operation in JS-SEZ]</i></p> <p><i>Qualifying Companies – companies operating in flagship areas and have been approved for any tax incentives under PIA 1986 or the Act between 1 January 2025 to 31 December 2034</i></p>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Qualifying renovation costs include –               <ul style="list-style-type: none"> <li>Air-conditioning system</li> <li>Canopy or awning</li> <li>Day care centre for employees' children</li> <li>Door, gate, window, grill and roller shutter</li> <li>False ceiling and cornices</li> <li>Fixed partitions</li> <li>Flooring (including carpets)</li> <li>Gas system</li> <li>General electrical installation</li> <li>Green elements, smart solutions systems</li> <li>Kitchen fittings</li> <li>Lighting</li> <li>Ornamental features or decorations excluding fine art</li> <li>Reception area</li> <li>Recreation room for employee</li> <li>Sanitary fittings</li> <li>Surau</li> <li>Wall covering (including paint work)</li> <li>Water system</li> </ul> </li> </ul>

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ AND FCSFZ

## PROJECT

### 7. KNOWLEDGE WORKER INCENTIVE

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
ALL	<ul style="list-style-type: none"> <li>Flat tax rate of 15% (on chargeable employment income) for a period of 10 years</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Malaysian or non-Malaysian citizen</li> <li>Not generating employment income in Malaysia 24 months prior</li> <li>Monthly salary (outside / in Malaysia) of more than RM20,000</li> <li>Subject to academic qualifications, years of professional working experience, MyCOL profession and JS-SEZ qualifying sectors</li> </ul>

## PROJECT

### 8. RELOCATION (SERVICES)

Tax Incentive for JS-SEZ		Tax Incentive for FCSFZ	Key Eligibility Criteria and Conditions
Flagship Area	Tax Incentive		
N/A	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Special tax rate of 5% for a period of up to 10 years and extension for additional 10 years</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of IR4.0</li> <li>Adequate amount of annual operating expenditure to be incurred</li> <li>Minimum 50% high value positions(*) shall be filled by full time Malaysian employees</li> <li>Undertake the MySIP under TalentCrop Malaysia for at least 3 Malaysian students yearly.</li> </ul> <p>(*) Minimum monthly basic salary of RM10,000</p>

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