

Update on  
Tax Incentive for Johor–Singapore  
Special Economic Zone (“JS–SEZ”)

February 2025



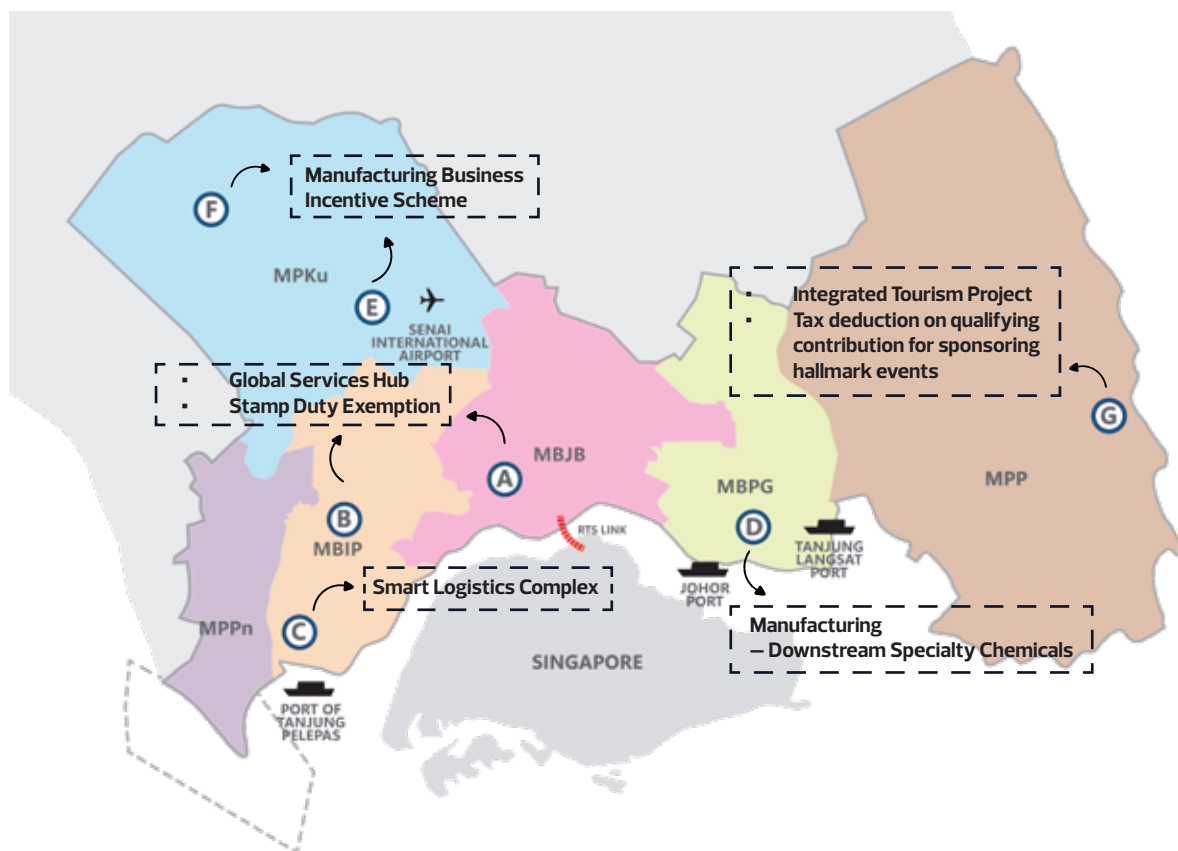


## INTRODUCTION

Malaysian Investment Development Authority (“MIDA”) has published a snapshot of the tax incentive package for JS-SEZ in early February 2025.

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

## FLAGSHIP ZONES IN JS-SEZ



### 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

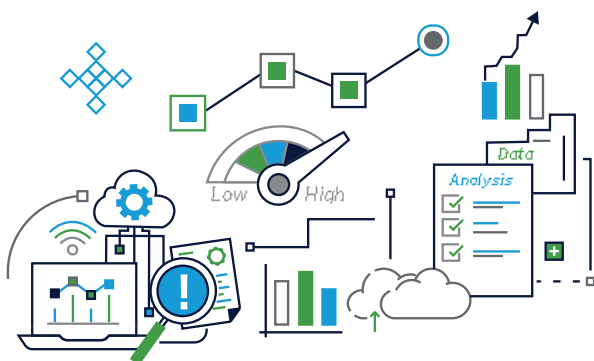
Abbreviations / Acronyms	Descriptions
AA	Annual Allowance
ACA	Accelerated Capital Allowance
CIDB	Construction Industry Development Board
IA	Initial Allowance
IBS	Industrial Building System
IR	Industrial Revolution
ITA	Investment Tax Allowance
JS-SEZ	Johor-Singapore Special Economic Zone
MIDA	Malaysian Investment Development Authority
MOTAC	Ministry of Tourism, Arts, and Culture
MyCOL	Malaysia Critical Occupations List
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

## PROJECT

### 1. GLOBAL SERVICES HUB

Flagship Area	Tax Incentive	Key Eligibility Criteria and Conditions
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>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> </ul> <p>(*) <i>Minimum monthly basic salary of RM10,000</i></p>
	<ul style="list-style-type: none"> <li>40% stamp duty exemption</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

## PROJECT

### 2. SMART LOGISTICS COMPLEX

Flagship Area	Tax Incentive	Key Eligibility Criteria and Conditions
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>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></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></ul> <p>(*) <i>Minimum monthly basic salary of RM10,000</i></p>

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ

## PROJECT

### 3. MANUFACTURING – DOWNSTREAM SPECIALTY CHEMICALS

Flagship Area	Tax Incentive	Key Eligibility Criteria and Conditions
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>▪ 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>▪ Having minimum paid up capital of RM2.5 million at the point of submission of application to MIDA</li> </ul>

# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ

## PROJECT

### 4. MANUFACTURING BUSINESS INCENTIVE SCHEME

Flagship Area	Tax Incentive	Key Eligibility Criteria and Conditions
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>	<p>For new company,</p> <ul style="list-style-type: none"> <li>Special tax rate of 5% for 15 year                             <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>



# KEY HIGHLIGHTS OF THE TAX INCENTIVES FOR JS-SEZ

## PROJECT

### 5. INTEGRATED TOURISM PROJECT

Flagship Area	Tax Incentive	Key Eligibility Criteria and Conditions
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>Investment in capital expenditure (excluding land) of at least RM500 million</li> <li>Having minimum paid up capital of RM2.5 million</li> <li>Company does not have an existing entity or related entity undertaking same hotel or tourism project in Malaysia</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> </ul>
	<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><i>Qualifying Contribution – Contribution (cash or in kind) made between 1 January 2025 to 31 December 2034</i></p>	<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

## PROJECT

### 6. ACA

Flagship Area	Tax Incentive	Key Eligibility Criteria and Conditions
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>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

## PROJECT

### 7. KNOWLEDGE WORKER INCENTIVE

Flagship Area	Tax Incentive	Key Eligibility Criteria and Conditions
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>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>



**Effective Date of Application** – Application received by MIDA from 1 January 2025 to 31 December 2034

Detailed guideline on the tax incentive applications is expected to be announced in near future.

# TAX PROFESSIONAL TEAM

Dato' Robert Teo | Head of Tax

T +603 2610 2886

E roberteo@rsmmalaysia.my



## CORPORATE TAX COMPLIANCE

Anston Cheah | Executive Director

T +603 2610 2829

E anston.cheah@rsmmalaysia.my

Soong Kim How | Associate Director

T +603 2610 2848

E soongkh@rsmmalaysia.my

Rachel Low | Associate Director

T +603 2610 2988

E lowwl@rsmmalaysia.my

Nicole Chong | Director

T +603 2610 2830

E nicole.chong@rsmmalaysia.my

Nur Afiqah Binti Mohd Razali | Associate Director

T +603 2610 2827

E n.afiqah.razali@rsmmalaysia.my

## TAX ADVISORY

Anston Cheah | Executive Director

T +603 2610 2829

E anston.cheah@rsmmalaysia.my

Lee Pei Fern | Senior Manager

T +603 2610 2995

E leepf@rsmmalaysia.my

## INDIRECT TAX

Mayadevi Karpayah | Director

T +603 2610 2831

E mayadevi@rsmmalaysia.my

Kalvinder Singh | Associate Director

T +603 2610 2863

E kalvinders@rsmmalaysia.my

## TAX AUDIT AND INVESTIGATION

Anston Cheah | Executive Director

T +603 2610 2829

E anston.cheah@rsmmalaysia.my

Rachel Low | Associate Director

T +603 2610 2988

E lowwl@rsmmalaysia.my

## PERSONAL TAX

Mayadevi Karpayah | Director

T +603 2610 2831

E mayadevi@rsmmalaysia.my

Lynda Harun | Associate Director

T +603 2610 2832

E lynda@rsmmalaysia.my

## TRANSFER PRICING

Carolyn Kam | Executive Director

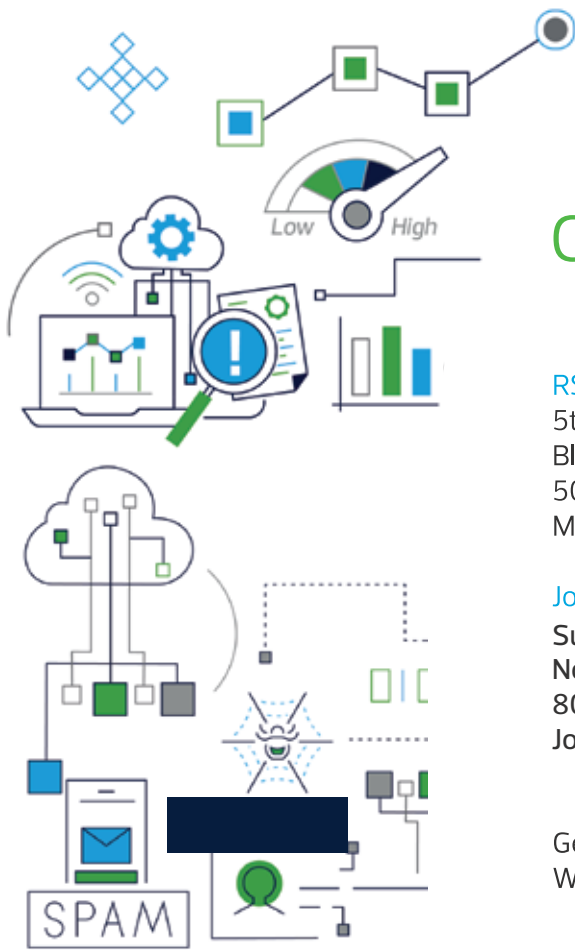
T +603 2610 2996

E carolyn.kam@rsmmalaysia.my

Athirah Mior Shahar | Associate Director

T +603 2610 2997

E athirah.shahar@rsmmalaysia.my



## CONTACT US

### RSM Tax Consultants (Malaysia) Sdn Bhd

5th Floor, Penthouse, Wisma RKT,  
Block A, No.2 Jalan Raja Abdullah Off Jalan Sultan Ismail,  
50300 Kuala Lumpur,  
Malaysia

### Johor Bahru Office

Suite 16-02, Level 16, Menara Landmark,  
No. 12, Jalan Ngee Heng,  
80888 Ibrahim International Business District,  
Johor Bahru, Johor, Malaysia

General Email [info@rsmmalaysia.my](mailto:info@rsmmalaysia.my)

Website [www.rsmmalaysia.my](http://www.rsmmalaysia.my)

---

RSM Tax Consultants (Malaysia) Sdn Bhd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and advisory firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London, EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

This article is not intended to provide specific business or investment advice. No responsibility for any errors or omissions nor loss occasioned to any person or organisation acting or refraining from acting as a result of any material in this website can, however, be accepted by the author(s) or RSM International. You should take specific independent advice before making any business or investment decision.

© 2015–2025 RSM Malaysia PLT 202206000002 (LLP0030276-LCA) & AF 0768.  
All rights reserved.