

JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE (JS-SEZ) TAX INCENTIVE PACKAGE

1. **BACKGROUND**

The JS-SEZ is a designated area in Johor, Malaysia, designed to foster economic collaboration and investment between Malaysia and Singapore. It aims to create a vibrant hub for businesses in various sectors, leveraging the strengths of both countries.

Following the signing of the JS-SEZ agreement between Malaysia and Singapore, the Government of Malaysia announced an incentive package for the JS-SEZ on 8 January 2025.

The incentive package is attached in Appendix A and B. Detailed guideline for tax incentive applications to MIDA will be available in due course.

2. **EFFECTIVE DATE OF APPLICATION**

Applications received by the Malaysian Investment Development Authority (MIDA) from **1 January 2025 until 31 December 2034**.

3. **APPLICATION SUBMISSION FOR TAX INCENTIVES UNDER MIDA**

3.1 Applications shall be made online at <https://investmalaysia.mida.gov.my>.

3.2 Application with incomplete information will not be accepted and will be returned to the applicant company.

3.3 For enquiries and clarification, please refer to: -

Malaysian Investment Development Authority (MIDA)

MIDA Website : www.mida.gov.my
Tel : (603) – 2267 3633
Fax : (603) – 2273 7970
Email : investment@mida.gov.my

and/or

Invest Malaysia Facilitation Centre Johor (IMFC-J)

IMFC-J Website : www.irda.com.my
Tel : (607) – 2233 3000
Fax : (607) – 2233 3001
Email : imfcj@irda.com.my

APPENDIX A: JS-SEZ TAX INCENTIVES PACKAGE UNDER MIDA

Projects	Tax Incentive			Flagship	
<p>A. Manufacturing Business Incentive Scheme:</p> <p>i. AI and Quantum Computing Supply Chain;</p> <p>ii. Medical Devices;</p> <p>iii. Pharmaceutical; or</p> <p>iv. Aerospace Manufacturing and MRO Services</p>	New Company	New investment in the manufacturing sector with capital investment (excluding land) above RM1 billion	Tax Rate of 5%	15 years	<ul style="list-style-type: none"> Flagship F – Kulai - Sedenak (AI and Quantum Computing Supply Chain, Medical Devices, and Pharmaceutical) Flagship E – Senai - Skudai (Aerospace Manufacturing and MRO Services)
		New investment in the manufacturing sector with capital investment (excluding land) between RM500 million to RM1 billion	Tax Rate of 5%	10 years	
	Existing Company	New investment in the manufacturing sector with capital investment (excluding land) above RM500 million for existing company in Malaysia relocating overseas facilities (for a new business segment not expansion of existing products) into Malaysia.	Investment Tax Allowance of 100% on the qualifying capital investment (excluding land) incurred within 5 years, against 100% statutory income	5 years	

Projects	Tax Incentive	Flagship
<p>B. Global Services Hub</p> <ul style="list-style-type: none"> i. Regional P&L; ii. Strategic Business Planning; iii. Corporate Development; and iv. Regional or Global Treasury and Fund Management conducting cash pooling activities via onshore intermediaries. 	<p><u>Tax Incentives</u></p> <ul style="list-style-type: none"> • Special tax rate of 5% for a period up to 15 years <p><u>Eligibility Criteria / Conditions</u></p> <ul style="list-style-type: none"> i. Annual operating expenditure of at least RM50 million; ii. Company must Serve / Business Control of at least 10 Network Companies; iii. Annual sales turnover of at least RM500 million and forex in-flow into the local banking system as proposed; iv. A minimum of 50% of high-value positions (with a minimum monthly basic salary of RM10,000) shall be filled by full-time Malaysian employees as proposed. 	<ul style="list-style-type: none"> • Flagship A (Johor Bahru Waterfront) and B (Iskandar Puteri)
<p>C. Integrated Tourism Project</p>	<p><u>Type of Incentives</u></p> <ul style="list-style-type: none"> • Investment Tax Allowance (ITA) of 100% qualifying capital expenditure incurred within 5 years. The allowance can be offset against 70% of the statutory income for each year of assessment. <p><u>Eligibility Criteria / Conditions</u></p> <ul style="list-style-type: none"> i. Company which does not have an existing entity or related entity undertaking same hotel or tourism project in Malaysia; ii. Paid-up capital of at least RM2.5 million; iii. Investment in capital expenditure (excluding land) of at least RM500 million; 	<ul style="list-style-type: none"> • Flagship G (Desaru – Penawar)

Projects	Tax Incentive	Flagship
	iv. Company undertaking integrated tourism project which consists of the following: <ul style="list-style-type: none"> a) Hotel with minimum number of rooms of 80 which consists of standard, superior, deluxe and suite; and b) Minimum 1 tourist attractions (i.e. water park, outdoor park consists of rides and/or games, convention centre with capacity minimum of 3,000 participants, or outdoor sport excluding golf course and driving range). 	
<p>D. Smart Logistics Complex</p> <p>Smart logistic operator who invests in development of smart logistics and carry out any of the eligible logistic activities:</p> <ul style="list-style-type: none"> i. Regional Distribution Hub; ii. Integrated Logistic Services; iii. Dangerous Goods Storage; iv. Cold Chain Facilities 	<p><u>Incentives</u></p> <ul style="list-style-type: none"> • Investment Tax Allowance (ITA) of 100% qualifying capital expenditure incurred within 5 years. The allowance can be offset against 100% of the statutory income for each year of assessment. <p><u>Eligibility Criteria / Conditions</u></p> <ul style="list-style-type: none"> i. Investment in capital expenditure (excluding land) of at least RM500 million; ii. The built-up area of the smart warehouse complex must be at least 50,000 m² and equipped with at least three (3) enabling elements technologies under the IR4.0; iii. Use the application of modern construction techniques i.e. achieving a score for the Industrial Building System (IBS) that has been set by the Construction Industry Development Board (CIDB); iv. Total full-time workforce must consist of at least 80% Malaysian citizens; v. A minimum of 30% of total high-value positions (with a minimum basic salary of RM10,000) shall be filled by full-time Malaysian employees. 	<ul style="list-style-type: none"> • Flagship C (Tanjung Pelepas)

Projects	Tax Incentive	Flagship
<p>E. Manufacturing – Downstream Specialty Chemicals:</p> <ul style="list-style-type: none"> i. Base chemical – methanol, ethylene, propylene, benzene, aromatics; ii. Organics intermediates – C1 to C6; iii. Specialty chemical; iv. Fertilisers; v. Polymers/plastics; or vi. Oleochemical/ biochemical 	<p><u>Type of Incentives</u></p> <ul style="list-style-type: none"> • Special Tax Rate for a company with capital investment (excluding land) of RM500 million and above in the manufacturing sector; <ul style="list-style-type: none"> i) Tier 1: 5% Special Tax Rate for up to 10 years (5 years + 5 years) ii) Tier 2: 10% Special Tax Rate for up to 10 years (5 years + 5 years) <p><u>OR</u></p> <p>Income tax exemption equivalent to Investment Tax Allowance (ITA) for a company with capital investment (excluding land) of RM500 million and above in the manufacturing sector;</p> <ul style="list-style-type: none"> i) Tier 1: Income tax exemption equivalent to Investment Tax Allowance (ITA) of 100% on the qualifying capital investment (excluding land) for up to 10 years (5 years + 5 years). The allowance can be offset against up to 100% of statutory income for each assessment year. ii) Tier 2: Income tax exemption equivalent to Investment Tax Allowance (ITA) of 60% on the qualifying capital investment (excluding land) for up to 10 years (5 years + 5 years). The allowance can be offset against up to 100% of statutory income for each assessment year. <p><u>Eligibility Criteria / Conditions</u></p> <ul style="list-style-type: none"> i. A new company or an existing company undertaking diversification activities in relation to the eligible activities/products under this cluster; ii. The company is required to have a minimum paid-up capital of RM2.5 million at the point of submission of application to MIDA. 	<ul style="list-style-type: none"> • Flagship D (Tanjung Langsat – Kong-kong)

APPENDIX B: OTHER INCENTIVES

Projects	Tax Incentive	Flagship
<p>F. Additional Incentives</p>	<p>(a) 40% stamp duty exemption on the instrument of transfer/financing agreement for the purchase of a commercial property in Flagship A and B that remains unsold as at 31st December 2024. The stamp duty exemption to be provided under Section 80(1) under the Stamp Act 1949.</p> <p>(b) A deduction equivalent to amount not exceeding RM1 million for each year assessment in respect of cash contribution or contribution in-kind by qualifying person who sponsors a hallmark event.</p> <p>The hallmark event referred to is an event of regional or international significance which is carried on in Flagship G and supported/verified by MOTAC. For contribution made between 1 January 2025 to 31 December 2034.</p> <p>(c) ACA in respect of renovation costs incurred on a building or part of a commercial building located in Flagship A-G for the purpose of qualifying company's business. Qualifying companies are companies that have been approved any tax incentives under PIA 1986 or ITA 1967 between 1 Jan 2025-31 December 2034 and operating in Flagship A-G. This incentive to be utilised only once throughout their business operation in JSSEZ.</p> <p>To include expenses on:</p> <ul style="list-style-type: none"> • General electrical installation • Lighting • Gas system • Water system 	<ul style="list-style-type: none"> • Flagship A (Johor Bahru Waterfront) and B (Iskandar Puteri) • Flagship G (Desaru – Penawar) • All Flagships

Projects	Tax Incentive	Flagship
	<ul style="list-style-type: none"> • Kitchen fittings • Sanitary fittings • Door, gate, window, grill and roller shutter • Fixed partitions • Flooring (including carpets) • Wall covering (including paint work) • Incentives & Eligibility Criteria • False ceiling and cornices • Ornamental features or decorations excluding fine art • Canopy or awning • Recreation room for employee • Air-conditioning system • Day care centre for employees' children • Surau • Reception area • Green elements, smart solutions systems <p>Initial allowance:20%, Annual Allowance: 40%</p>	
<p>G. Knowledge Worker Incentive</p>	<p><u>Incentives</u></p> <ul style="list-style-type: none"> • 15% flat tax rate on chargeable employment income for a period of 10 years. <p><u>Eligibility Criteria / Conditions</u></p> <ol style="list-style-type: none"> i. Malaysian/Non-Malaysian citizen; ii. Not generating employment income in Malaysia 24-months prior iii. Salary abroad/in Malaysia >RM20,000 per month 	<ul style="list-style-type: none"> • All Flagships

Projects	Tax Incentive	Flagship
	iv. Subject to academic qualifications / years of professional work experience v. Subject to MyCOL profession and JS-SEZ qualifying sectors	