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Issue 28 - 2024 | 20 September 2024

Tax Incentives for Forest City Special Financial Zone

The second Finance Minister has today announced the tax incentives for the Forest City Special Financial Zone ("Forest City SFZ").

The Forest City SFZ is a special financial zone located within the Iskandar Special Economic Zone in the southern region of Peninsular Malaysia. It comprises four man-made islands with duty-free status.

The following are the tax incentives announced for the Forest City SFZ:

- **Family offices** - 0% corporate tax rate for Family Offices under the Single-Family Office Scheme coordinated by the Securities Commission. This scheme, operational by the first quarter of 2025, aims to attract wealthy families to set up a private business entity to exclusively manage the financial and personal needs of their family.
- **Financial global business services** - 5% corporate tax rate for operators of financial global business services, financial technology (fintech) and foreign payment systems.
- **Knowledge workers** - 15% personal income tax rate for individual knowledge workers (including Malaysians) working in Forest City SFZ.
- **Relocation incentives, etc.** - Special tax deduction on relocation costs, enhanced industrial building allowance and withholding tax exemptions will be provided to banking, insurance, capital market intermediaries and other eligible entities in the financial sector.

Apart from tax incentives, Bank Negara Malaysia will also provide regulatory flexibilities to locally incorporated foreign banks to open additional branches in the Forest City SFZ, foreign exchange flexibilities for foreign currency offshore borrowings and investment in foreign currency assets.

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