



Johor-Singapore Special Economic Zone (JS-SEZ) Tax Incentive Package

TaXavvy

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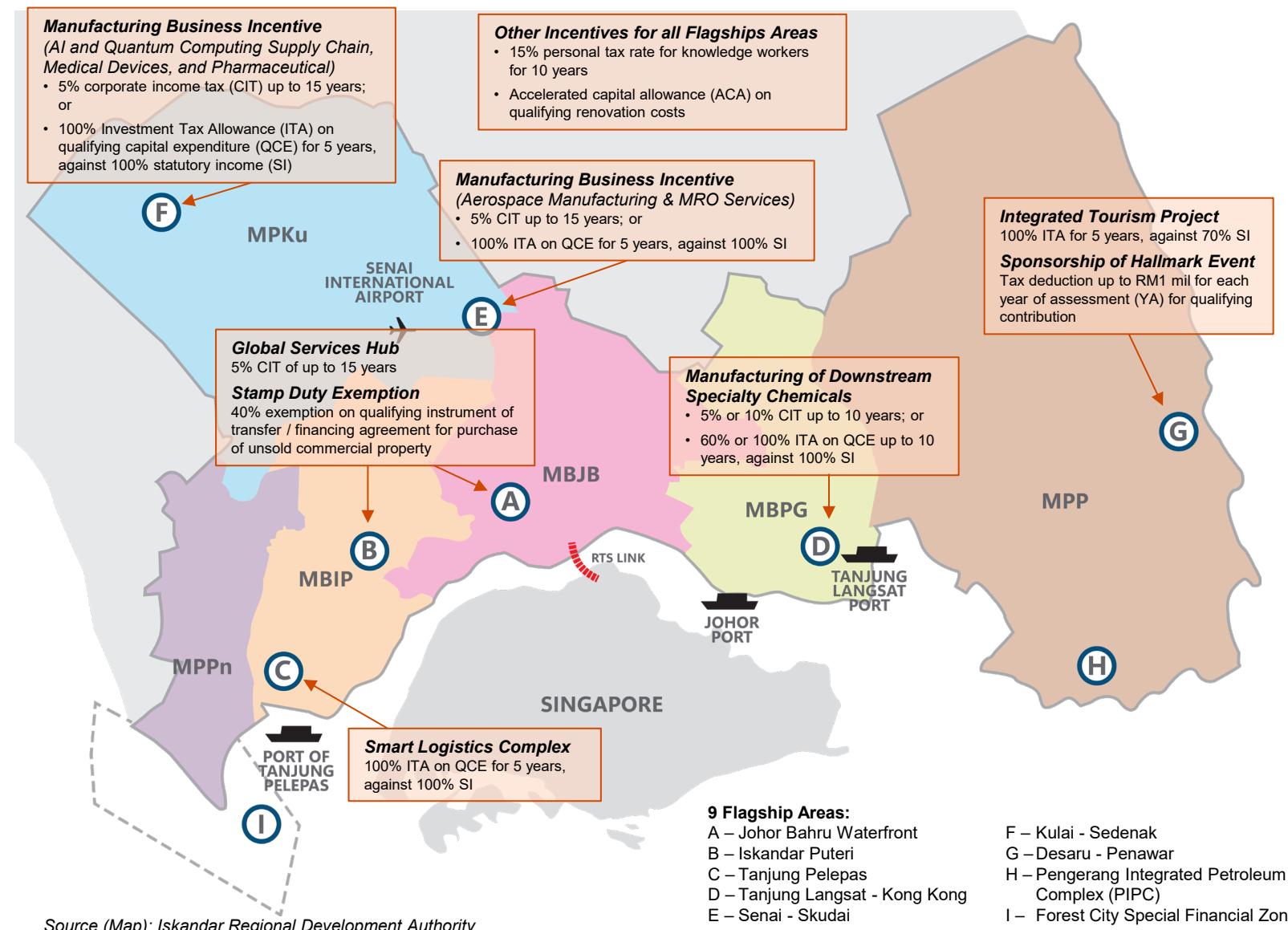
Johor-Singapore Special Economic Zone (JS-SEZ) Tax Incentive Package

Following the media release jointly issued by the Ministry of Finance and the Johor State Government on 8 January 2025, the Malaysian Investment Development Authority (MIDA) has released a snapshot of the available tax incentive package for the flagship areas in the JS-SEZ.

The incentives enhance Malaysia's appeal as a prime destination for investment and talent, contributing to Malaysia's growth in providing robust business infrastructure, global business services, artificial intelligence (AI), quantum computing, supply chain, tourism projects, etc.

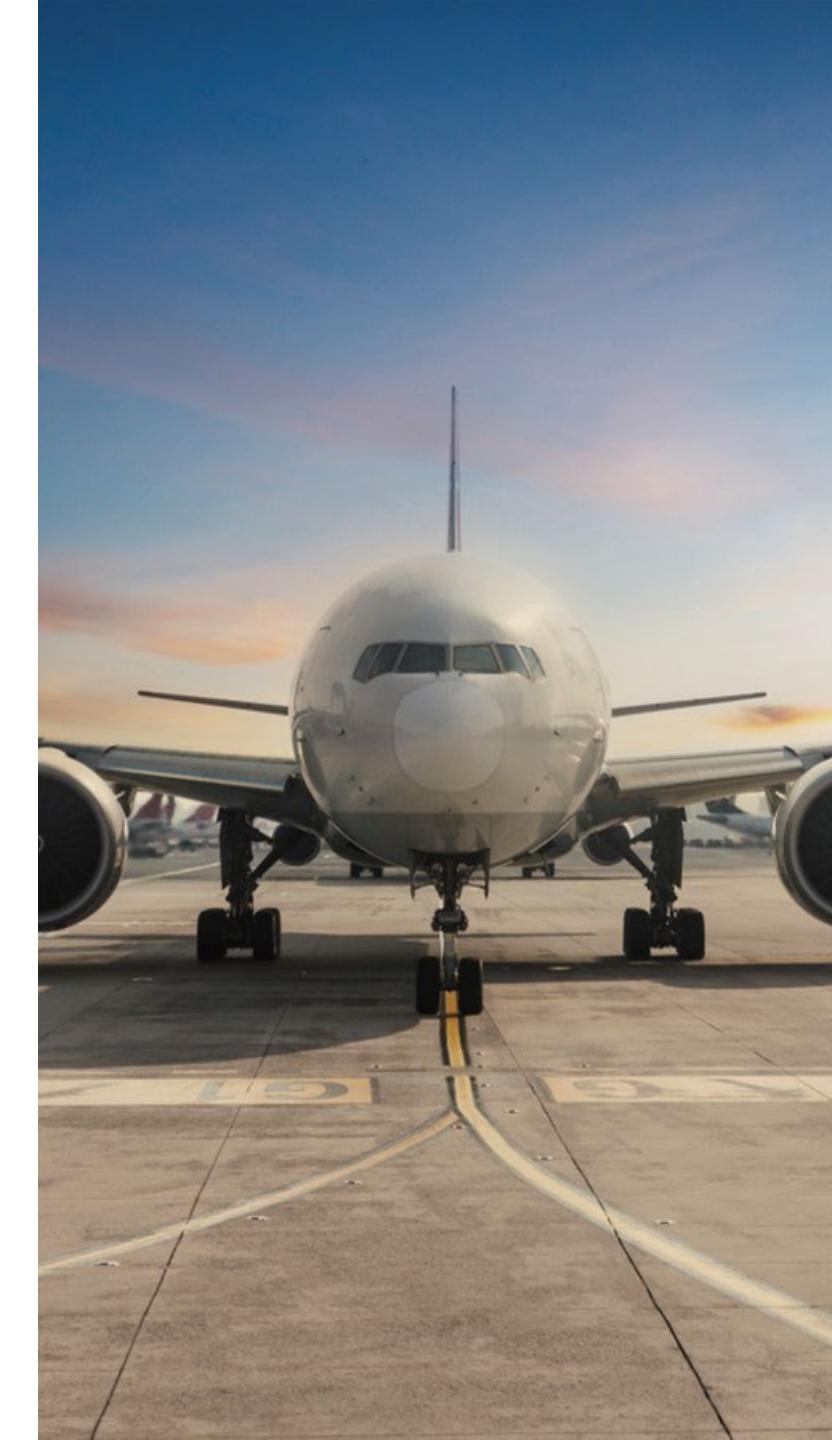
Applications for the incentives are to be submitted to MIDA from 1 January 2025 to 31 December 2034. Detailed application guidelines will be made available by MIDA in due course.

Snapshot of the JS-SEZ tax incentive package



Flagship Development Focus: Manufacturing Sector

Qualifying activities	Flagship Area	Key eligibility criteria/conditions	Tax incentive	Period
<ul style="list-style-type: none"> AI and Quantum Computing Supply Chain Medical Devices Pharmaceutical 	F	<u>New Company</u> <ul style="list-style-type: none"> New capital investment (excluding land) of at least RM500 million. 	<u>New Company</u> CIT of 5%	<u>New Company</u> <ul style="list-style-type: none"> 15 years (investment above RM1 billion)
		<u>Existing Company</u> <ul style="list-style-type: none"> New capital investment (excluding land) above RM500 million for relocation of overseas facilities for a new business segment (not expansion of existing products) into Malaysia. 	<u>Existing Company</u> ITA of 100% on QCE incurred within 5 years (excluding land), against 100% SI	<ul style="list-style-type: none"> 10 years (investment between RM500 million to RM1 billion)
Aerospace Manufacturing and Maintenance, Repair, and Overhaul (MRO) Services	E			<u>Existing Company</u> 5 years



Flagship Development Focus: Global Services Hub

Qualifying activities	Flagship Area	Key eligibility criteria/conditions	Tax incentive	Period
<ul style="list-style-type: none"> • Regional Profit & Loss • Strategic Business Planning • Corporate Development • Regional or Global Treasury and Fund Management conducting cash pooling activities via onshore intermediaries 	A and B	<ul style="list-style-type: none"> • Annual operating expenditure of at least RM50 million. • Company must serve or have business control of at least 10 Network Companies. • Annual sales turnover of at least RM500 million and foreign exchange in-flow into the local banking system as proposed. • At least 50% of high-value positions with a minimum monthly basic salary of RM10,000 filled by full-time Malaysian employees as proposed. • Instrument of transfer / financing agreement for the purchase of a commercial property in Flagships A and B that remains unsold as of 31 December 2024. 	CIT of 5% 40% stamp duty exemption	Up to 15 years <p>Comment: <i>The period is longer than the incentive period offered under the general Global Services Hub incentive period of up to 10 years</i></p>

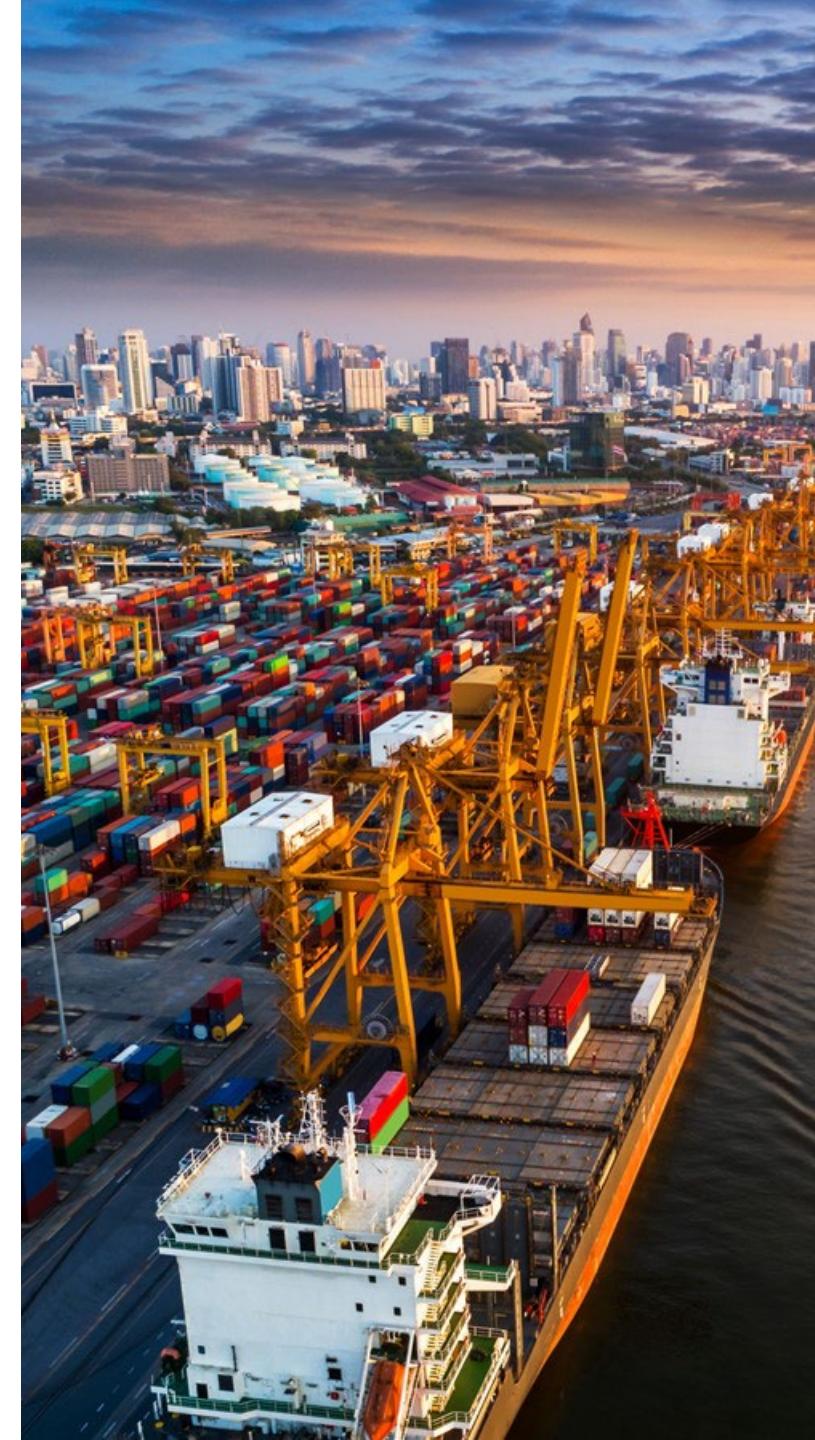


Flagship Development Focus: Integrated Tourism Project

Qualifying activities	Flagship Area	Key eligibility criteria/conditions	Tax incentive	Period
• Integrated Tourism Project	G	<ul style="list-style-type: none"> • Company without existing or related entity undertaking same hotel or tourism project in Malaysia. • Paid-up capital of at least RM2.5 million. • Capital expenditure (excluding land) of at least RM500 million. • Undertaking integrated tourism project consisting of: <ul style="list-style-type: none"> ➢ Hotel with minimum 80 rooms which comprise of standard, superior, deluxe, and suite; and ➢ At least 1 tourist attraction (i.e., water park, outdoor park, convention centre with minimum capacity for 3,000 participants, or outdoor sport excluding golf course and driving range). 	ITA of 100% on QCE for 5 years, against 70% SI	5 years
		<ul style="list-style-type: none"> • Contribution made in cash or in kind by a qualifying person who sponsors a hallmark event. • Hallmark event refers to an event of regional or international significance carried out in Flagship G and supported/verified by the Ministry of Tourism, Arts and Culture. • Contributions to be made between 1 January 2025 to 31 December 2034. 	Tax deduction up to RM1 million for each YA for qualifying contribution	10 years

Flagship Development Focus: Smart Logistics Complex

Qualifying activities	Flagship Area	Key eligibility criteria/conditions	Tax incentive	Period
<ul style="list-style-type: none"> • Regional Distribution Hub • Integrated Logistics Services • Dangerous Goods Storage • Cold Chain Facilities 	C	<ul style="list-style-type: none"> • Capital expenditure (excluding land) of at least RM500 million. • Smart warehouse complex with built-up area of at least 50,000 m² and equipped with at least three enabling element technologies under the IR4.0. • Use the application of modern construction techniques, i.e., achieving a score for the Industrial Building System set by the Construction Industry Development Board. • Total full-time workforce consisting of at least 80% Malaysian citizens. • At least 30% of high-value positions with minimum monthly basic salary of RM10,000 filled by full-time Malaysian employees. 	ITA of 100% on QCE incurred within 5 years, against 100% SI	5 years



Flagship Development Focus: Manufacturing of Downstream Specialty Chemicals

Qualifying activities	Flagship Area	Key eligibility criteria/conditions	Tax incentive	Period
<p>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 • Oleochemical/biochemical 	D	<ul style="list-style-type: none"> • Capital investment (excluding land) of at least RM500 million. • A new company or an existing company undertaking diversification activities for qualifying activities/ products under this cluster. • Paid-up capital of RM2.5 million at the point of submission of application to MIDA. 	<u>Tier 1</u> <ul style="list-style-type: none"> • CIT of 5%; or • ITA of 100% on QCE (excluding land), against 100% SI <u>Tier 2</u> <ul style="list-style-type: none"> • CIT of 10%; or • ITA of 60% on QCE (excluding land), against 100% SI 	Up to 10 years (5 + 5 years)



Additional Incentives for All Flagship Areas: Renovation Costs Incentive

Qualifying activities	Flagship Area	Key eligibility criteria/conditions	Tax incentive
Renovation costs incentive	All	<ul style="list-style-type: none"> Renovation costs incurred on a building or part thereof located in Flagship Areas A to G for qualifying company's business. Qualifying company refers to companies approved with any tax incentives under the Promotion of Investment Act 1986 or the Income Tax Act 1967 between 1 January 2025 to 31 December 2034 and operating in Flagship Areas A to G. Incentive to be utilised only once throughout their business operation in JS-SEZ. Qualifying renovation costs include: <ul style="list-style-type: none"> General electrical installation Lighting Gas system Water system Kitchen fittings Sanitary fittings Door, gate, window, grill and roller shutter Fixed partitions Flooring (including carpets) Wall covering (including paint work) 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 	ACA on qualifying renovation costs (initial allowance 20%, annual allowance 40%)

Additional Incentives for All Flagship Areas: Knowledge Worker Incentive

Qualifying activities	Flagship Area	Key eligibility criteria/conditions	Tax incentive	Period
Employment as knowledge worker in JS-SEZ qualifying sectors	All	<ul style="list-style-type: none"> • Malaysian/non-Malaysian citizen. • Not generating employment income in Malaysia 24 months prior. • Salary abroad/in Malaysia above RM20,000 per month. • Subject to academic qualifications/years of professional work experience. • Subject to Malaysia Critical Occupations Lists (MyCOL) profession and JS-SEZ qualifying sectors. 	15% personal tax rate on chargeable income from employment	10 years



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