

Unlocking Tax Benefits in the Johor-Singapore Special Economic Zone: A New Era of Cross-Border Collaboration

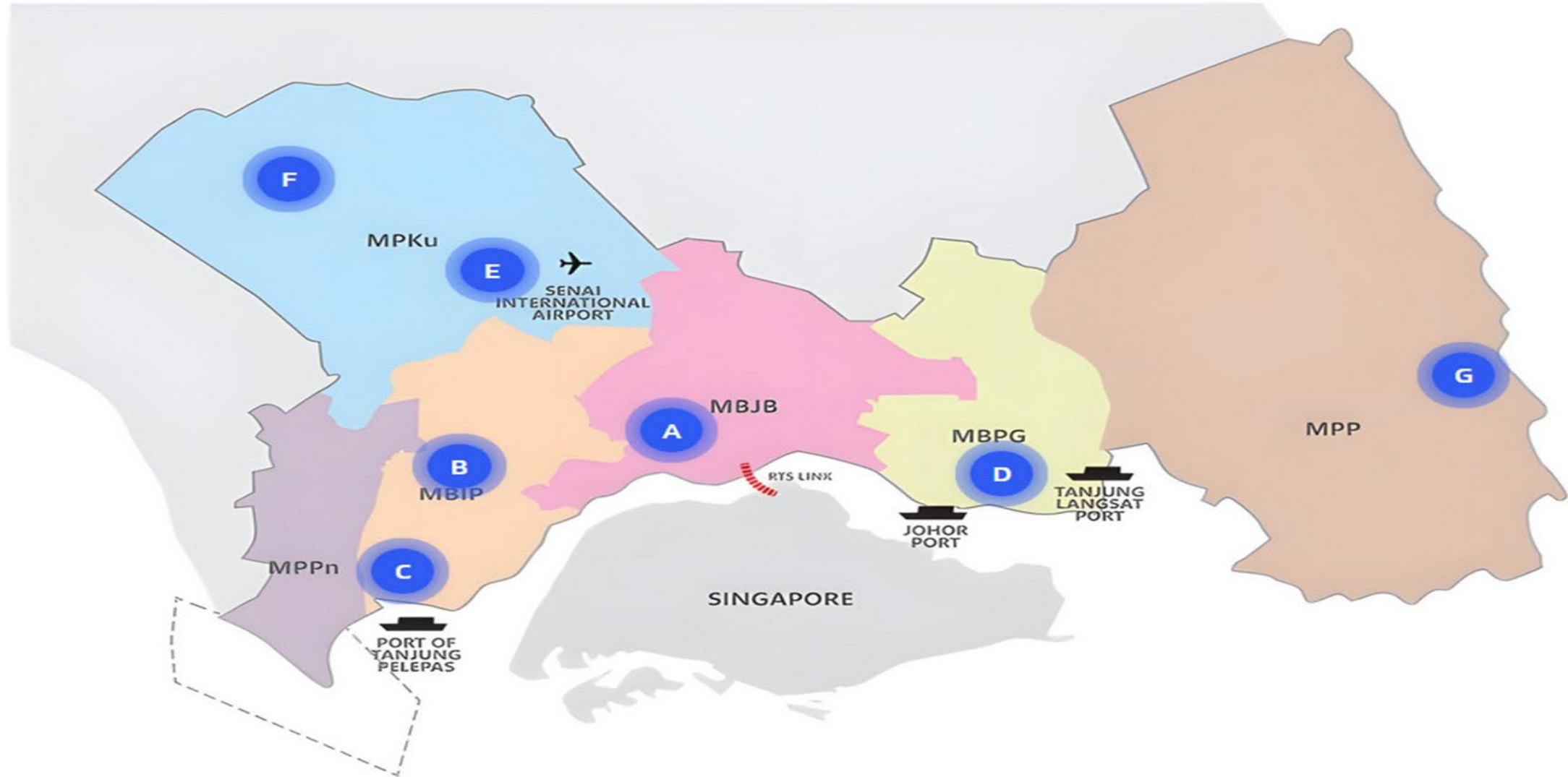
15 July 2025 | 9:00 am to 11:00 am

JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE (JS-SEZ)

BACKGROUND

- ▶ Johor-Singapore Special Economic Zone (JS-SEZ) was formed through the signing of an agreement between the Government of Malaysia and Singapore on 7 January 2025.
- ▶ Main focus of JS-SEZ
 - Enhance cross-border mobility and connectivity for people and goods
 - Strengthen business ecosystems to foster a robust business environment
 - Enhance economic complexity with high value-added industries
 - Increase talent mobility, talent exchange and collaboration
- ▶ Targets
 - 50 projects in first 5 years and 100 projects in first 10 years
 - 20,000 skilled job opportunities
 - 7 - 8% GDP growth by 2030

FLAGSHIP ZONES



PROMOTED ACTIVITIES

Flagship	Area	Promoted activities
A	Johor Bahru Waterfront	▶ Global Service Hub
B	Iskandar Puteri	▶ Global Service Hub
C	Tanjong Pelepas	▶ Smart Logistics Complex
D	Tanjung Langsat - Kong Kong	▶ Manufacturing - Downstream Specialty Chemicals
E	Senai - Skudai	▶ Aerospace Manufacturing ▶ MRO Services
F	Kulai - Sedenak	▶ AI / Quantum Technology Supply Chain ▶ Medical Devices ▶ Pharmaceutical
G	Desaru - Penawar	▶ Integrated Tourism
	Pengerang Integrated Petroleum Complex	▶ Industrial Park Developer ▶ Manufacturing Sector
	Forest City	▶ Special Financial Zone

FLAGSHIP A & B: Johor Bahru Waterfront & Iskandar Puteri



GLOBAL SERVICE HUB

- i. Regional Profit & Loss (P&L);
- ii. Strategic Business Planning;
- iii. Corporate Development;
- iv. Regional or Global Treasury and Fund Management conducting cash pooling activities via onshore intermediaries; and
- v. A minimum of two (2) other qualifying services of either strategic services, business services or shared services.

Eligibility

- ▶ Paid-up capital of at least RM2.5 million
- ▶ Annual operating expenditure of at least RM50 million
- ▶ Company must service / business control at least 10 network companies
- ▶ A minimum of 50% of high value position shall be filled by full-time Malaysian employees
- ▶ Annual turnover of at least RM500 million
- ▶ At least 5 key personnel with minimum basic monthly salary of RM35,000
- ▶ At least 20% of the entire workforce to undergo structure training programs for upgrading of skills
- ▶ Company must undertake the National Structured Internship Programme (MySIP) under the TalentCorp

Incentives

- ▶ Special tax rate of 5% for a period of 15 years on trading and service income

FLAGSHIP C: Tanjung Pelepas



SMART LOGISTICS COMPLEX

- i. Regional Distribution Hub
- ii. Integrated Logistic Services
- iii. Dangerous Goods Storage
- iv. Cold Chain Facilities

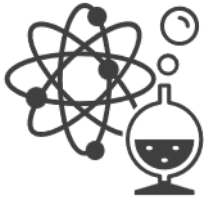
Eligibility

- ▶ Paid-up capital of at least RM2.5 million
- ▶ Investment in capital expenditure (excluding land) of at least RM500 million
- ▶ Total built-up area of smart warehouse complex must be at least 50,000m² and equipped with at least 3 enabling elements technologies under IR4.0
- ▶ Total full-time workforce must consist of at least 80% Malaysian citizens
- ▶ A minimum of 30% of high-value position shall be filled by full-time Malaysian employees
- ▶ Must incur adequate amount of operating expenditure annually
- ▶ Must appoint local contractor as the main contractor for the construction of the smart warehouse complex
- ▶ Hire local fresh graduates with experience less than 3 years
- ▶ Company must undertake the National Structured Internship Programme (MySIP) under the TalentCorp

Incentives

- ▶ Investment Tax Allowance of 100% on qualifying capital expenditure for 5 years

FLAGSHIP D: Tanjung Langsat - Kong Kong



DOWNSTREAM SPECIALTY CHEMICALS

- i. Base chemical - Methanol, Ethylene, Propylene, Benzene, Aromatics
- ii. Organic intermediated - C1 to C6
- iii. Specialty chemical
- iv. Fertilizers
- v. Polymers / plastics
- vi. Oleochemical / biochemical

Eligibility

- ▶ Paid-up capital of at least RM2.5 million
 - ▶ Capital expenditure (excluding land) of at least RM500 million
 - ▶ Adequate number of full-time Malaysian employees with high-value job
 - ▶ Number of managerial, technical and supervisory levels shall be at least 25% of overall manpower
 - ▶ Adoption of Industrial Revolution 4.0 Technology
- ▶ Adoption of ESG programs
 - ▶ Number of local suppliers or local service providers appointed
 - ▶ Other conditions

Incentives

- ▶ Special tax rate of 5% (Tier 1) / 10% (Tier 2) for 10 years (5 years + 5 years); or
- ▶ Investment Tax Allowance of 100% / 60% for up to 10 years

FLAGSHIP E: Senai - Skudai

AEROSPACE MANUFACTURING AND MAINTENANCE, REPAIR & OVERHAUL (MRO) SERVICES



Eligibility

- ▶ Paid-up capital of at least RM2.5 million
- ▶ Capital expenditure (excluding land) of at least RM500 million / RM1 billion
- ▶ Undertake minimum 1 local Vendor Development Programme
- ▶ Use of local ancillary services
- ▶ A minimum of 50% of high-value position shall be filled by full-time Malaysian employees
- ▶ Hire local graduates with less than 3 years of experience
- ▶ Company must undertake the National Structured Internship Programme (MySIP) under the TalentCorp
- ▶ Must use local seaports / airports / free zone area for export activities

Incentives

- ▶ Special tax rate of 5% for up to 10 / 15 years; or
- ▶ Investment Tax Allowance of 100% for up to 5 years

FLAGSHIP F: Kulai - Sedenak



- ▶ AI AND QUANTUM COMPUTING SUPPLY CHAIN
- ▶ MEDICAL DEVICES
- ▶ PHARMACEUTICALS

Eligibility

- ▶ Paid-up capital of at least RM2.5 million
- ▶ Capital expenditure (excluding land) of at least RM500 million / RM1 billion
- ▶ Undertake minimum 1 local Vendor Development Programme
- ▶ Use of local ancillary services
- ▶ A minimum of 50% of high-value position shall be filled by full-time Malaysian employees
- ▶ Hire local graduates with less than 3 years of experience
- ▶ Company must undertake the National Structured Internship Programme (MySIP) under the TalentCorp
- ▶ Must use local seaports / airports / free zone area for export activities

Incentives

- ▶ Special tax rate of 5% for up to 10 / 15 years; or
- ▶ Investment Tax Allowance of 100% for up to 5 years

FLAGSHIP G: Desaru - Penawar



INTEGRATED TOURISM PROJECT

- ▶ Hotel with minimum 80 rooms consists of standard, superior, deluxe and suite; and
- ▶ Minimum 1 tourist attraction

Eligibility

- ▶ Paid-up capital of at least RM2.5 million
- ▶ Capital expenditure (excluding land) of at least RM500 million
- ▶ Adoption of IR 4.0 technology
- ▶ Total full-time workforce must consist at least 80% Malaysia citizens
- ▶ A minimum of 50% of high-value position shall be filled by full-time Malaysian employees
- ▶ Hire local graduates with less than 3 years of experience
- ▶ Company must undertake the National Structured Internship Programme (MySIP) under the TalentCorp
- ▶ Invest in green technology

Incentives

- ▶ Investment Tax Allowance of 100% on qualifying capital expenditure for 5 years

APPLICATION PROCESS

- ▶ Invest Malaysia Facilitation Service Centre (IMFC-J) has been set up.
- ▶ IMFC-J is jointly operated by Iskandar Regional Development Authority (IRDA), Invest Johor and Malaysian Investment Development Authority (MIDA).

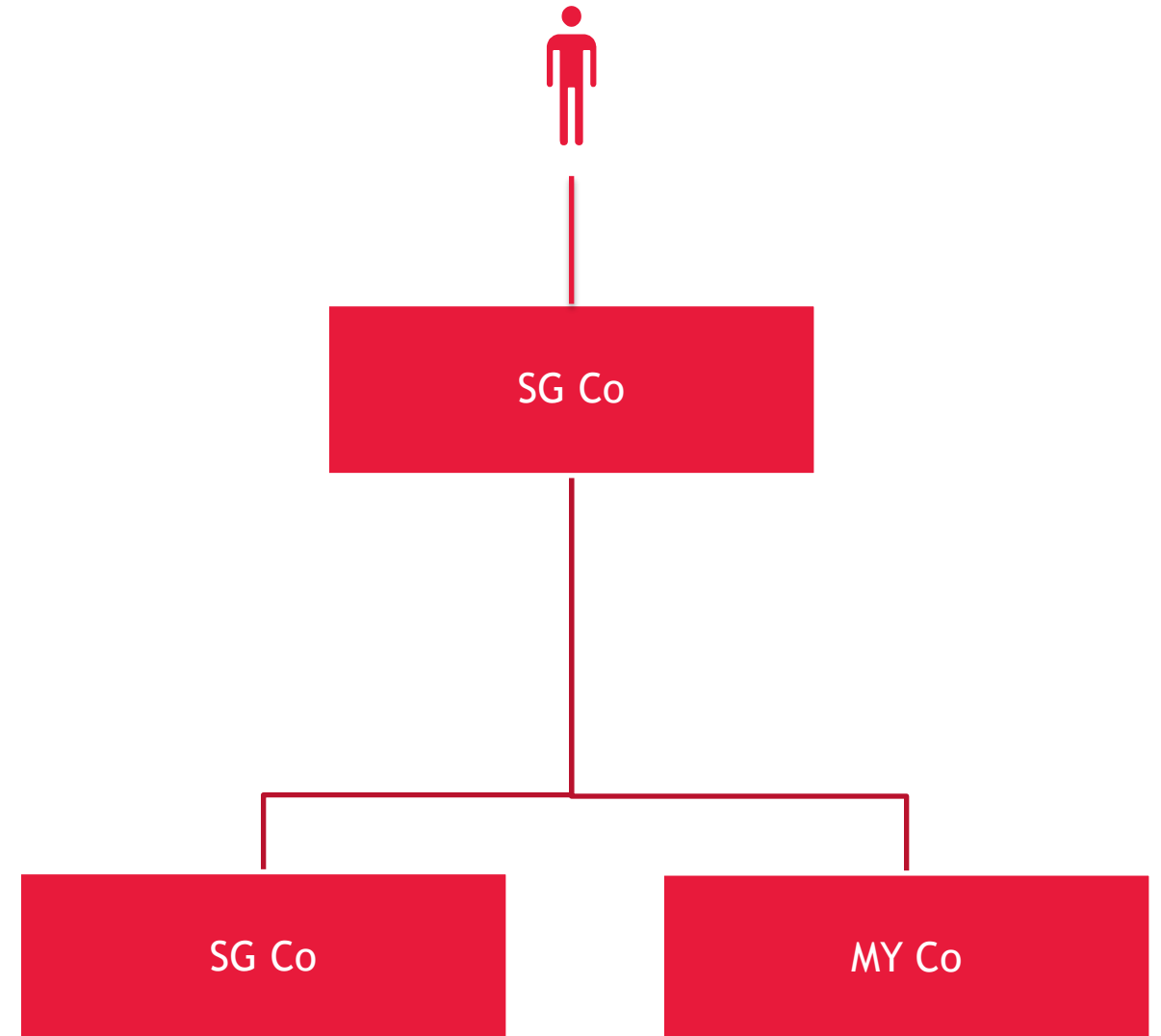
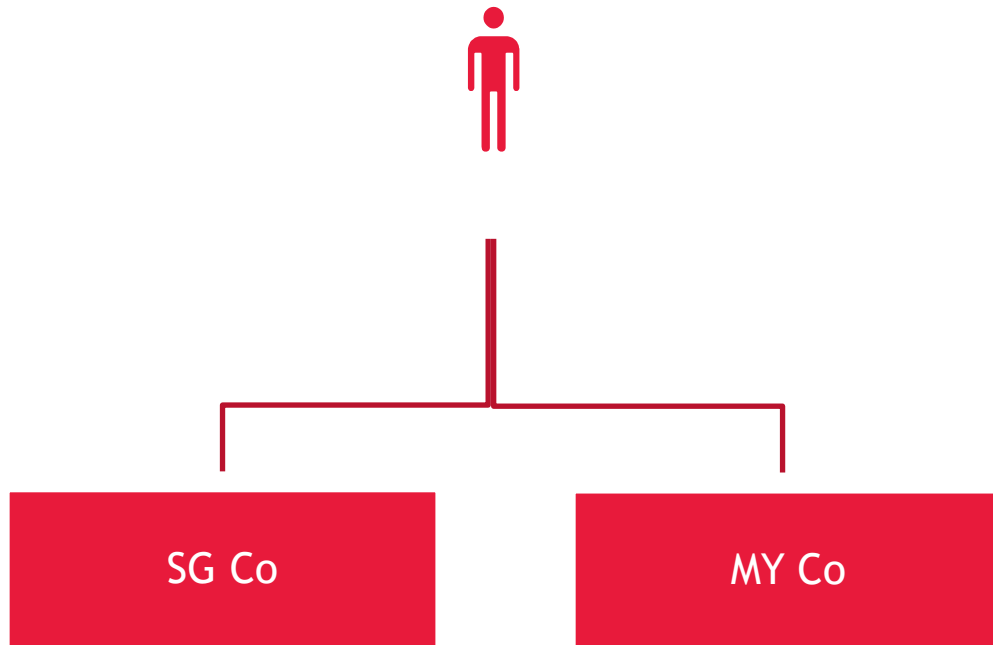


- ▶ Application is opened until 31 December 2034.
- ▶ All applications shall be made online at <https://investmalaysia.mida.gov.my>

CROSS-BORDER CONSIDERATIONS FOR SINGAPORE COMPANY

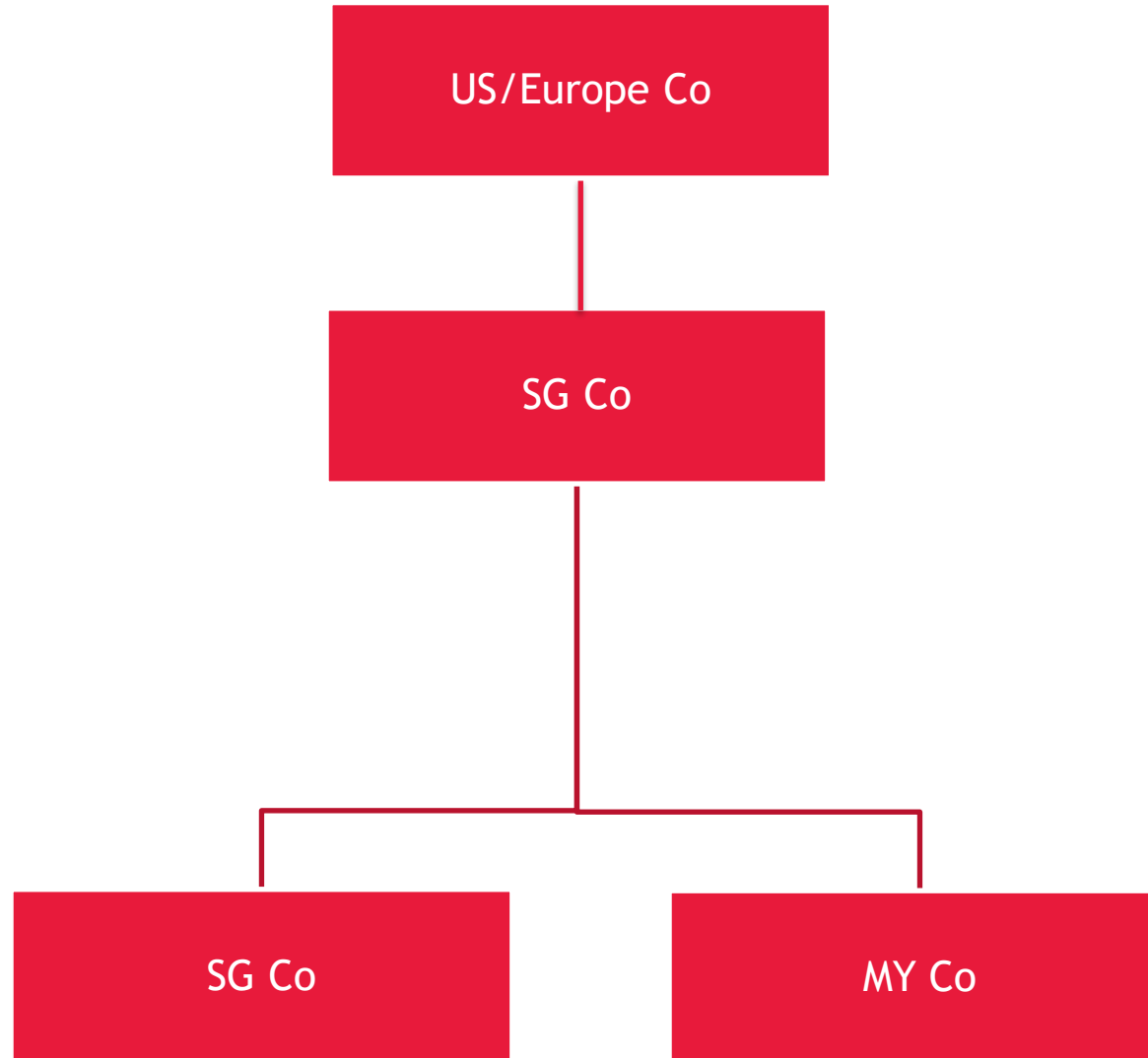
TAX CONSIDERATION FOR CROSS-BORDER INVESTMENT

Holding structure



TAX CONSIDERATION FOR CROSS-BORDER INVESTMENT

Holding structure



TAX CONSIDERATION FOR CROSS-BORDER INVESTMENT



Financing

- Debt: Interest expense is deductible in Malaysia but subject to Malaysia withholding tax
- Equity: Dividend paid to Singapore may be exempt from Singapore tax under Section 13(8)



Business model

- Supply chain optimization
- Toll or contract manufacturer
- IP ownership
- Management services
- Technical support; R&D; IT; etc



Tax incentive,
enhanced deduction,
tax credits



Resources

- Deployment of people: Personal income tax in Singapore and Malaysia
- Clear roles and responsibilities: Deduction of salary related expenses
- Activities in Malaysia vs Singapore: Permanent establishment exposure in Malaysia
- Allocation of assets: Capital allowances claim

TAX INCENTIVES IN SINGAPORE

Types of Activities	Singapore Incentives Available
Headquarters activities	▶ Development & Expansion Incentive 5/10/15%
Corporate treasury	▶ Finance & Treasury Centre Incentive 8/10%
Trading	▶ Global Trader Programme 5/10/15%
R&D	▶ Enterprise Innovation Scheme ▶ R&D Enhanced Deduction
IP Management	▶ IP Development Incentive 5/10/15%

ENHANCED TAX DEDUCTIONS

Double Tax Deduction for Internationalisation (DTDi) scheme

- ▶ Scale up and expand overseas
- ▶ Double tax deduction for qualifying expenses incurred from 1 Apr 2012 to 31 Dec 2030 for international market expansion and investment development activities
- ▶ Some qualifying activities:

- Overseas business development trips/missions
- Overseas investment study trips/missions
- Overseas trade fair
- Approved local trade fair,
- Approved product/service certification

- Approved virtual trade fairs
- Overseas advertising and promotional campaign
- Design of packaging for overseas market
- Advertising in approved local trade publication

GRANTS

Market Readiness Assistance Grant

- ▶ Local SMEs can receive up to 50% co-funding for expanding into new overseas markets, covering costs related to market promotion, business development, and set-up.

Enterprise Development Grant (EDG)

- ▶ EDG defrays the costs of venturing overseas to support business expansion into international markets, particularly for pilot projects, test bedding, and standards adoption.
-

COMPARISON OF MALAYSIA VS SINGAPORE TAX REGIMES

Tax attributes	Malaysia	Singapore
Corporate income tax rate	24%	17%
Real property gains tax for disposal by company	10% to 30% depends on holding period	Badges of trade test
Capital gains tax	<ul style="list-style-type: none"> – Shares of companies incorporated in Malaysia not listed on stock exchange – Controlled company incorporated outside Malaysia deriving value from real property in Malaysia – All types of capital assets situated outside Malaysia 	<ul style="list-style-type: none"> – Foreign-sourced disposal gains received in Singapore: <ul style="list-style-type: none"> a. Immoveable property b. Equity & debt securities c. Unlisted shares d. Loans etc

BREAK (15 MIN)

PANEL DISCUSSION

The background of the slide is a wide-angle photograph of a city skyline, likely Johor Bahru, Malaysia. The skyline is composed of numerous high-rise buildings of varying heights and architectural styles, some with glass facades and others with more traditional designs. In the foreground, a large body of water, possibly a river or a bay, reflects the city and the sky. A multi-lane highway with several lanes in each direction runs along the right side of the water, with cars visible on it. The sky is a clear, pale blue. The overall scene depicts a modern, bustling urban environment.

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PANEL DISCUSSION

JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE



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BDO in Malaysia



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Executive Director
BDO in Malaysia



Elis Tan
Executive Director
BDO in Singapore



Evelyn Lim
Executive Director
BDO in Singapore
(Moderator)

Q & A

Feedback

Thank you for attending our Breakfast Seminar.
Please share your feedback by scanning the QR code
or use the link below.



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THANK YOU!

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