

Tax Espresso – Special Alert

Incentives for Forest City Special Financial Zone

Introduction

On 20 September 2024, the Forest City Special Financial Zone (FCSFZ) was officially launched by Johor Regent Tunku Ismail Sultan Ibrahim. During his [keynote address](#), Finance Minister II Datuk Seri Amir Hamzah Azizan proposed a tax and non-tax incentive scheme for the FCSFZ, designed to attract international investment to drive economic growth in Johor and foster it as a hub for global financial services in the ASEAN region.

Tax and non-tax incentives for FCSFZ

These incentives proposed are expected to attract businesses, financial institutions, and high-net-worth individuals, strengthening Forest City’s position as a preferred investment destination.

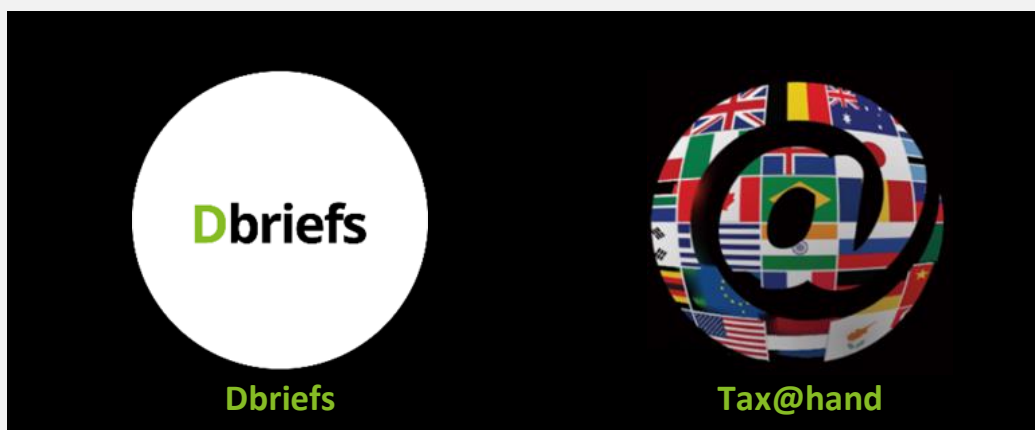
Sector	Incentives
Family Offices	0% corporate income tax rate offered under the Single-Family Office (SFO) Scheme.

	<i>The SFO Scheme aims to attract regional and Malaysian families to manage their family wealth from Malaysia. It is coordinated by the Securities Commission Malaysia and aimed at being operational by first quarter of 2025.</i>
Financial global business services, financial technology (fintech), and foreign payment system operators	Preferential corporate income tax rate of 5%.
Knowledge workers who work in FCSFZ	Flat individual income tax rate of 15%.
Locally incorporated foreign banks	The establishment of physical branches beyond existing quota for Locally Incorporated Foreign Banks (LIFBs). <i>These flexibilities will be supported by Bank Negara Malaysia (BNM).</i>
Banking institutions, insurance, capital market intermediaries and other eligible financial sector entities	<ul style="list-style-type: none"> • Special deductions on relocation costs. • Enhanced industrial building allowances. • Withholding tax exemptions on payment of services and rental of immovable properties. • No limit on investment in foreign currency assets using funds sourced from non-residents or abroad. • No limit on offshore borrowing to finance activities abroad or business operations within the zone.

Please refer to the Finance Minister II's [keynote address](#) for full details.

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