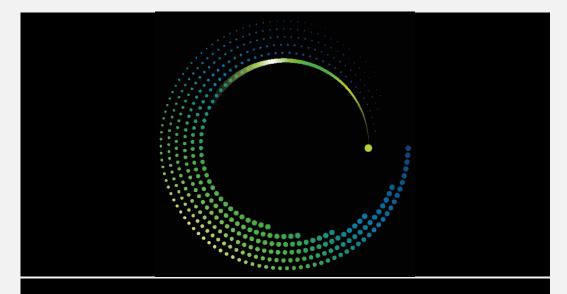
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Singapore | Tax & Legal | 25 February 2025



# Johor-Singapore Special Economic Zone Trusted. Transformational. Together.

Greetings from your Tax & Legal team at Deloitte Singapore.

We are pleased to update you on the following:

## Johor-Singapore Special Economic Zone (JS-SEZ)

On 7 January 2025, the formal agreement for the JS-SEZ was finally signed and sealed, marking a significant milestone in regional collaboration and economic development aimed at attracting high-value investments to the region.

## **Strategic objectives of JS-SEZ**

According to the Joint Statement at the 11th Malaysia-Singapore Leaders' Retreat, the JS-SEZ aims to foster economic collaboration between Singapore and Johor by enhancing cross-border trade, investment, and connectivity. Key objectives include the following:

- Attracting both foreign and local investment
- Enhancing industrial capacity, infrastructure, and technological innovation
- Promoting sustainability

Strategically designed to attract investors seeking to establish or expand operations in promoted sectors in the zone, the JS-SEZ has set targets to:

- create 20,000 jobs and develop 50 projects within its first five years;
   and
- a total of 100 projects within 10 years

These targets provide a clear framework to measure the JS-SEZ's progress and success.

# **Enhanced features and support**

- Renewable energy and logistics: The JS-SEZ will support renewable energy project development and enhance the movement of people and goods through talent development initiatives and streamlined business operations.
- **Flagship zones in JS-SEZ:** Spanning 357,128 hectares, the JS-SEZ encompasses 9 flagship zones, each focused on specific industries:



### **Targeted economic sectors**

The JS-SEZ aims to promote and facilitate investments across 11 economic sectors and 4 new priority sectors:

<b>Economic sectors</b>	New priority sectors
Business services	Artificial Intelligence (AI) and
Digital economy	quantum computing supply
Education	chain
• Energy	Aerospace
Financial services	Global services hub
Food security	Medical devices
Green economy	
Healthcare	
• Logistics	
Manufacturing	
• Tourism	

### Tax incentives and benefits

Starting 1 January 2025, the Malaysia Ministry of Finance has introduced a range of tax incentives to attract investments and talent, including the following:

- Special corporate tax rate: Companies undertaking new investments in qualifying manufacturing and service activities, such as AI, quantum computing supply chains, medical devices, aerospace manufacturing, and global service hubs, will enjoy a special corporate tax rate of 5% for up to 15 years.
- Flagship development focus: Tailored incentives for businesses operating in designated flagship areas within the JS-SEZ.

- Special tax rate for knowledge workers: Special tax rate of 15% for 10 years for eligible knowledge workers working in the JS-SEZ.
- Entertainment duty reduction: Effective January 1, 2025, entertainment duties will be reduced to foster a business-friendly environment.

As further details on the development of the JS-SEZ would be announced in due course, do stay tuned!

## **Contacts**

Should you have any comments or questions arising from this newsletter, please contact either the listed contacts below, or any member of the <a href="Singapore Tax & Legal team">Singapore Tax & Legal team</a>.



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# **Singapore Budget 2025**

Gain insights into Singapore Budget 2025, find out how your business may be impacted, and understand how Deloitte Singapore can help you and your business.

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