

# Johor Tax Summit: Malaysia New Investment DNA

5 November 2025

KPMG in Malaysia

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### Malaysia - Budget 2026

#### Budget 2026 snapshot

The record Budget 2026 total announced by Prime Minister, up from RM452 Billion last year.



RM 470 billion

#### RM425 hillinn 2025

Malaysia aims to narrow its fiscal deficit to -3.5% in 2026 (from estimated 3.8% in 2025)



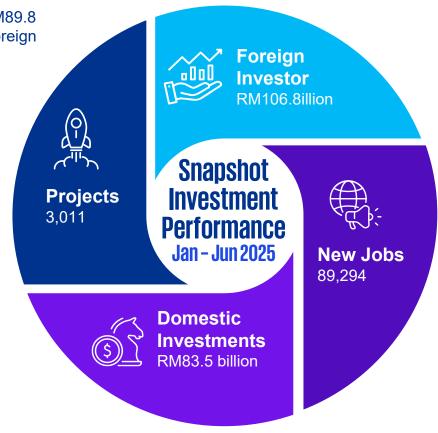
**3.5% of GDP** 

#### **Snapshot Investment Performance (Jan – Jun 2025)**

Malaysia's approved investment in Q1 2025 reached RM89.8 Billion, up 3.7% for the same period n 2024, with 60% foreign sources

### **Foreign Investment** 10 SG **PRC USA** BVI

In Jan – June 2025, **Singapore** was the largest sources of foreign Investment with amount accumulated to RM43.4 billion.



Source: MIDA



### **JSSEZ: Turning Johor into a Gateway**

### The Johor - Singapore (JSSEZ)

- Formalized in January 2025, with a bilateral model of growth.
- Act as a bridged of opportunity & Streamline movement of people, goods and data

#### **50 Projects**



#### **QR Clearance**

 Launched in September 2025, proving that the seamless mobility is achievable.

#### **Johor Growth Sector**



**Green Industry**Renewable Energy, CCUS, water reuse solutions



RM164.45 B
In Digital Infrastructure &
Al/Data Centres with 42 Projects



**Logistics & Services**QR clearance support bonded logistics & e – commerce



RM190.3 B
Approved investment in 1H 2025 for advanced manufacturing & Semiconductor sector



Med – Tech & Health Services QA / Regulatory capability + cross – border talent





### **New Investment Incentive Framework (NIIF)**

Under the NIIF, high-impact investments particularly in high-skill job creation, boost R&D, support green and digital growth are rewarded with sector-specific, outcome-based incentives. These rewards are tied to results like job creation, skills development, innovation, exports, and ESG impact. NIIF works alongside traditional incentives like PS and ITA, and is aligned with the JSSEZ bilateral model, offering faster approvals and priority support for strategic sectors.

#### **Malaysia: National Platform PENANG** Bedrock of semiconductor SABAH design and E&E manufacturing The country's renewable & green energy frontier Headquarters, professional services & SARAWAK fintech **OPTION A OPTIONB OPTION C** Johor – Singapore Malaysia - Wide sector **Hybrid Footprints**

#### **Key Investment Sector**



Al – ready Digital Campuses (DC + Compute + R&D Pods)



Advanced Manufacturing with Singapore adjacency



Green Industrial Services – Circular water & energy efficiency



Cross – border Logistics & After- Sales hubs



### Snapshot of JS-SEZ tax incentive package

#### **Johor Bahru Waterfront**

#### **Iskandar Puteri**

**Global Services Hub** 5% CIT of up to 15 years

#### **Stamp Duty Exemption**

40% exemption on qualifying instrument of transfer / financing agreement for purchase of unsold commercial property

#### **Tanjung Pelepas**

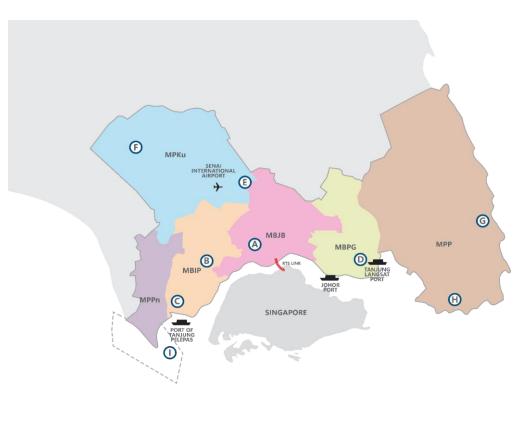
#### **Smart Logistics Complex**

100% ITA on QCE for 5 years, against 100% SI

#### **Tanjung Langsat Port**

#### **Manufacturing of Downstream Specialty** Chemicals

- 5% or 10% CIT up to 10 years; or
- 60% or 100% ITA on QCE up to 10 years, against 100% SI



#### Other Incentives for all Flagships Areas

- 15% personal tax rate for knowledge workers for 10 years.
- Accelerated capital allowance (ACA) on qualifying renovation costs.

#### Senai - Skudai

#### **Manufacturing Business Incentive**

(Aerospace Manufacturing & MRO Services)

- 5% CIT up to 15 years; or
- 100% ITA on QCE for 5 years, against 100%

#### Kulai - Sedenak

#### **Manufacturing Business Incentive**

(Al and Quantum Computing Supply Chain, Medical Devices, and Pharmaceutical)

5% corporate income tax (CIT) up to 15 years;

100% Investment Tax Allowance (ITA) on qualifying capital expenditure (QCE) for 5 years, against 100% statutory income (SI)

#### Desaru - Penawar

#### **Integrated Tourism Project**

100% ITA for 5 years, against 70% SI

#### **Sponsorship of Hallmark Event**

Tax deduction up to RM1 mil for each year of assessment (YA) for qualifying contribution





### Malaysia's New Investment DNA



#### **National Semiconductor** Strategy (NSS)

The NSS involves three phases, with targets that include a total investment of RM500 billion by 2030, developing local semiconductor related companies to be global champions, and nurturing 60,000 skilled local talents.

Source: MITI - NSS



#### **National Energy Transition** Roadmap (NETR)

Charts Malaysia's pathway to achieve net-zero emissions by 2050 through cleaner energy, efficiency, and renewable sources.

Source: NETR



#### **New Industrial Master Plan** (NIMP) 2030

Aimed at delivering accelerated and holistic broad-based growth to achieve Malaysia's vision.

Priority sectors: Aerospace, Chemical, E&E. Pharmaceutical and Medical Devices.

Source: NIMP2030



#### **Thirteenth Malaysia Plan** 2026 - 2030

Focuses on driving inclusive and sustainable growth through nine key pillars, including technological advancement, high-value economic development, equitable regional progress, and improved healthcare access.

Source: RMK13

#### **New Outcome-Based Incentive** Framework/ NIIF

Performance – linked model featuring tiered mechanism.

Metrics across multiple dimensions, eg; high-value job creation, R&D, etc.

Expected to be implemented by Q1 2026 for Manufacturing and Q2 2026 for Services sector

**April 2023** 

**July 2023** 

2024

2025

2026



## **KPMG MyAccess Hub**

KPMG MyAccess Hub is **a one-stop ecosystem** helping foreign businesses enter, set up and grow in Malaysia. Seamlessly navigating regulations, stakeholders and opportunities.











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