KPMG

Johor Tax Summit : Malaysia New Investment DNA

5 November 2025

—

KPMG in Malaysia

KPMG. Make the Difference.

kpmg.com.my/TaxBusinessSummit

Malaysia - Budget 2026

Budget 2026 snapshot

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

RM 470 billion
2026

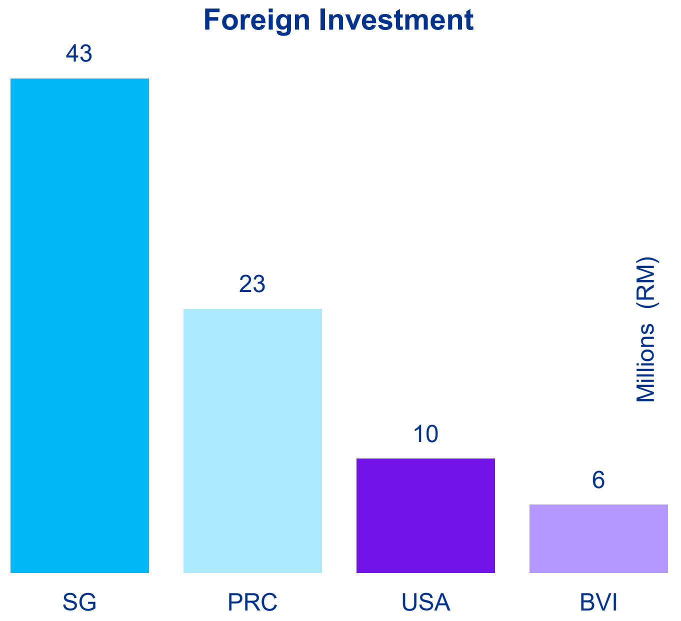
RM425 billion
2025

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

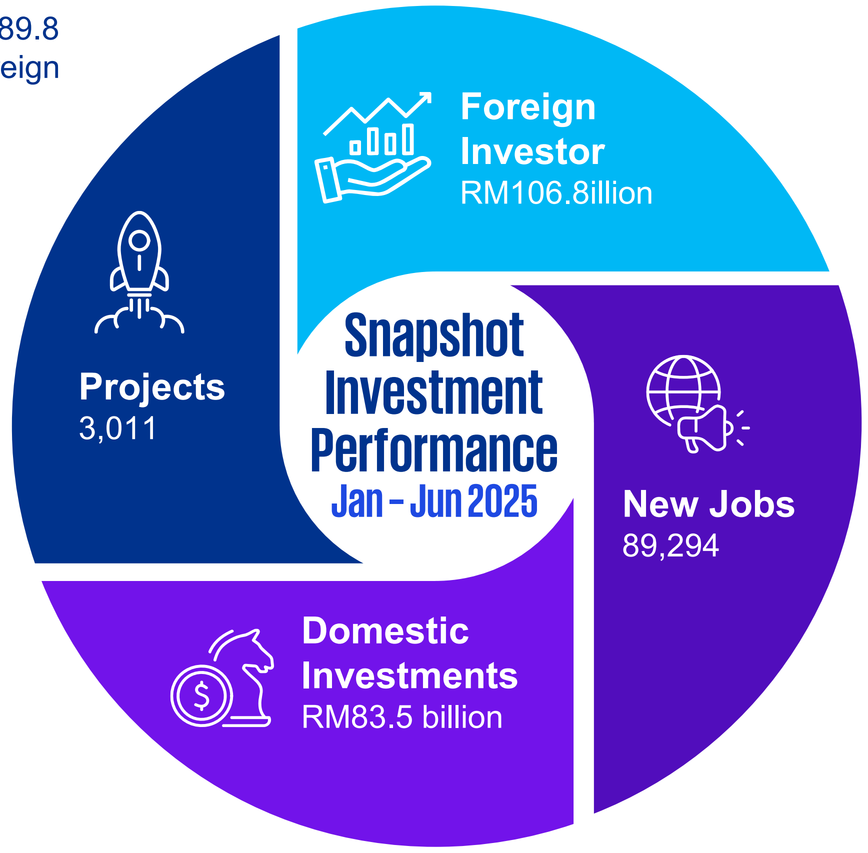
-3.5 % of GDP

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



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

20,0000 Jobs

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 & AI/Data Centres** with 42 Projects

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

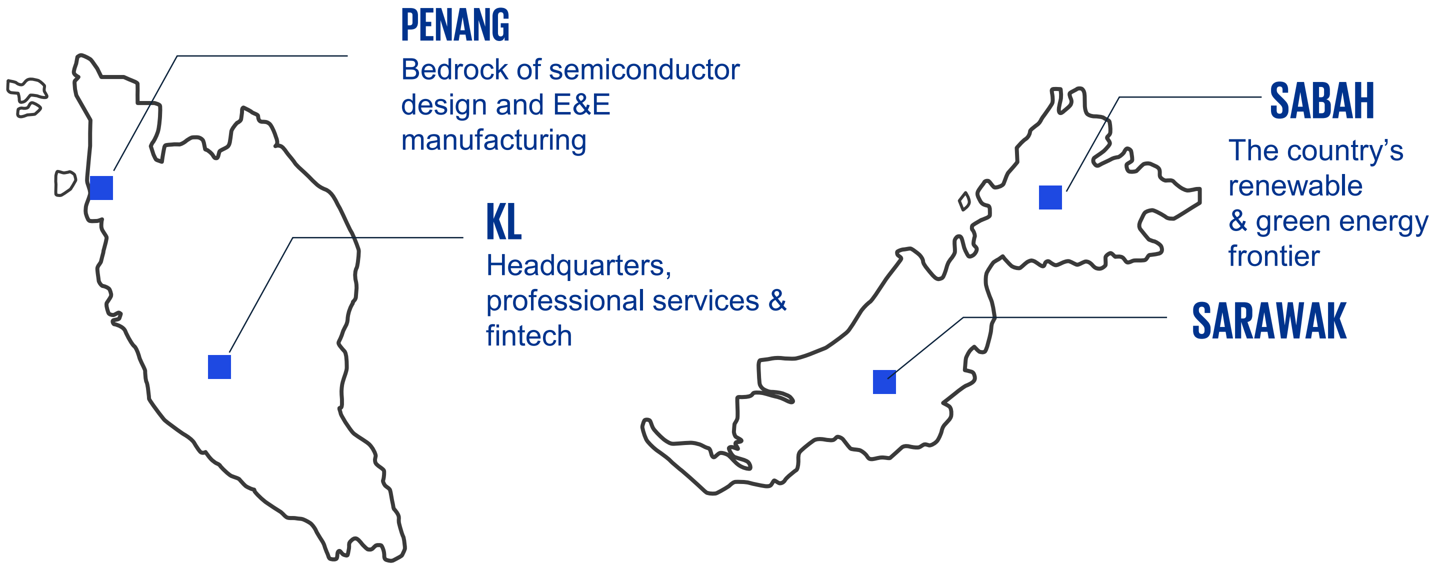
RM190.3 B
Approved investment in 1H 2025 for **advanced manufacturing & Semiconductor** sector

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



OPTION A
Johor – Singapore

OPTION B
Malaysia – Wide sector

OPTION C
Hybrid Footprints

Key Investment Sector

- AI – 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

A Johor Bahru Waterfront

B 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

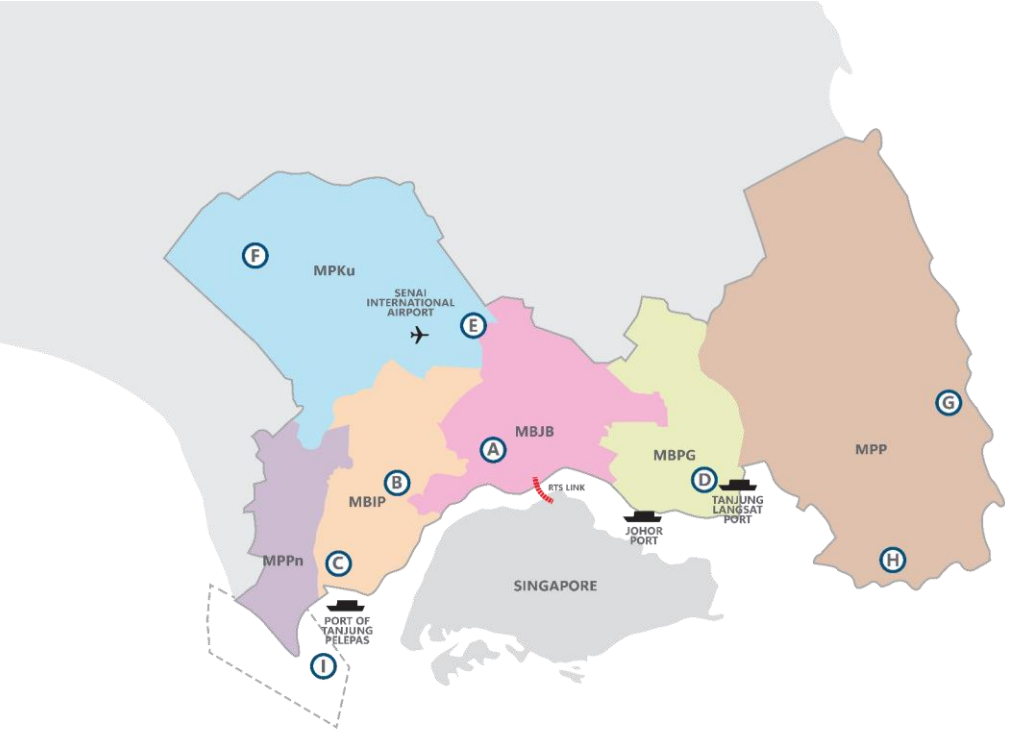
C Tanjung Pelepas

Smart Logistics Complex
100% ITA on QCE for 5 years, against 100% SI

D 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.**

E 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% SI

F Kulai – Sedenak

Manufacturing Business Incentive
(AI and Quantum Computing Supply Chain, Medical Devices, and Pharmaceutical)

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

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

G 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

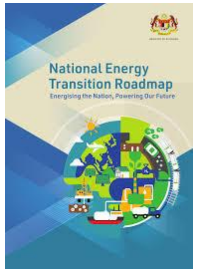
Malaysia's New Investment DNA

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

April 2023



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

July 2023

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

2024

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

2025

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

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.

Why MyAccess Hub?

Simplified regulatory navigation

Trusted expertise across KPMG's multidisciplinary

Strong network with government & industry

Single access point for business

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com.my/TaxBusinessSummit