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Single Family Office tax incentives legislated

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The creation of the Forest City Special Financial Zone (FCSFZ) marks a significant milestone in Malaysia's ongoing efforts to position itself as a regional hub for financial services, high-value services and investment. On 20 September 2024, the Honorable Finance Minister II officially launched the FCSFZ and announced a comprehensive package of incentives to attract global capital, talent and innovation. The incentive framework under the FCSFZ focuses predominantly on two key sectors, i.e., family offices and fintech-related activities.

On 3 October 2025, the following have been gazetted to legislate the incentives relating to Single Family Offices (SFOs). Details of the tax benefits outlined in each of these Orders are set out further below in this alert.

Income tax incentives

Special tax rate for SFOs incentive scheme

- Income Tax (Single Family Office Incentive Scheme) (Pulau 1 of Forest City Special Financial Zone) Rules 2025 [P.U.(A) 350]

Capital gains tax exemption

- Income Tax (Single Family Office Incentive Scheme) (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 351]

Withholding tax exemption

- Income Tax (Income of Non-Resident Person) (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 357]



Income tax incentives	Others <ul style="list-style-type: none"> Income Tax (Industrial Building Allowance) (Pulau 1 of Forest City Special Financial Zone) Rules 2025 [P.U.(A) 359] Income Tax (Deduction of Cost for Relocation of Business) (Pulau 1 of Forest City Special Financial Zone) Rules 2025 [P.U.(A) 360]
Stamp duty exemption and remission	<ul style="list-style-type: none"> Stamp Duty (Single Family Fund Company) (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 352] Stamp Duty (Instrument of Loan or Financing Agreement in Relation to Individual) (Pulau 1 Of Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 353] Stamp Duty (Instrument of Transfer in Relation to Individual) (Pulau 1 in Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 354] Stamp Duty (Instrument of Loan or Financing Agreement in Relation to Qualifying Person) (Pulau 1 of Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 355] Stamp Duty (Instrument of Transfer in Relation to Qualifying Person) (Pulau 1 of Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 356]
Real property gains tax exemption	<ul style="list-style-type: none"> Real Property Gains Tax (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 358]

The following terms are defined in the legislation:

“Single family” means a family whose members are individuals who are lineal descendants of a single ancestor and includes the spouse, the biological child, the stepchild and the child adopted in accordance with any written law.

“Pulau 1 of Forest City Special Financial Zone” means Pulau 1, Forest City situated in the Mukim of Tanjung Kupang, District of Johor Bahru, Johor as shown in the *Gazette Plan PW50276* deposited in the Office of the Director of Survey and Mapping, Johor.

“Single family fund company” is a company which:

- Incorporated under the Companies Act 2016 and resident in Malaysia.
- Is wholly owned, directly or indirectly, by a member of a single family.
- Operates in Pulau 1 of FCSFZ.
- Is established solely for the purpose of holding the asset and investment activity for the interest of members of a single family.



A qualifying person operating in Pulau 1 of FCSFZ refers to:

- a) A person who is licensed under the Financial Services Act 2013 and the Islamic Financial Services Act 2013.
- b) A company which is a holder of a Capital Market Services Licence under the Capital Markets and Services Act 2007.
- c) A recognized market operator who is registered under the Capital Markets and Services Act 2007 (excluding individual).
- d) A registered person registered under the Capital Markets and Services Act 2007 (excluding individual).
- e) A person providing capital market services registered under the Capital Markets and Services Act 2007 (excluding individual).
- f) A single family fund company which is verified by the Securities Commission Malaysia (SC).
- g) A financial technology company, insurance technology company, regulatory financial technology company or Islamic financial technology company which has been awarded MSC Malaysia Status or Malaysia Digital Status and is verified by Malaysia Digital Economy Corporation Sdn. Bhd. (MDEC).
- h) A payment system operator established or incorporated in a foreign jurisdiction approved under the Financial Services Act 2013 or the Islamic Financial Services Act 2013 to operate a payment system in Pulau 1 of FCSFZ.
- i) A centralized services entity providing financial global business services which has been awarded MSC Malaysia Status or Malaysia Digital Status and is verified by MDEC.



Income tax incentives

0% income tax rate for up to 20 years:

Income Tax (Single Family Office Incentive Scheme) (Pulau 1 of Forest City Special Financial Zone) Rules 2025 [P.U.(A) 350]

Effective : The Rules are deemed to have come into operation on 1 September 2024.
(Applications received by the SC from 1 September 2024 to 31 December 2034.)

Forest City is the first location in Malaysia to offer a 0% tax rate for family offices and the SC will be responsible to coordinate the SFO incentive scheme. Details of the incentive are as below.

Incentive	A single family fund company (approved company) which carries on a qualifying activity under the SFO incentive scheme, will be eligible for: a) 0% tax rate, for the first period of 10 years of assessment (YAs). b) 0% tax rate, for the subsequent 10 YAs, subject to compliance with additional conditions.					
Qualifying activity	<ul style="list-style-type: none">▪ Holding of assets for the interest of the single family.▪ Investment activity for the interest of the single family including buying or selling of assets and trading of capital market products.					
Conditions	The following conditions are required to be complied with: <table><tr><th>Initial period: 10 YAs</th><th>Extended period: 10 YAs</th></tr><tr><td>a) An approved company must employ at least two full-time employees, including one professional investor with a minimum salary of RM10,000. b) The bank deposits must not be used for local investment.¹</td><td>An approved company must satisfy the following enhanced conditions: a) Employ at least four full-time employees. b) Incur a minimum of RM650,000 in annual local operating expenditure.</td></tr></table>		Initial period: 10 YAs	Extended period: 10 YAs	a) An approved company must employ at least two full-time employees, including one professional investor with a minimum salary of RM10,000. b) The bank deposits must not be used for local investment. ¹	An approved company must satisfy the following enhanced conditions: a) Employ at least four full-time employees. b) Incur a minimum of RM650,000 in annual local operating expenditure.
Initial period: 10 YAs	Extended period: 10 YAs					
a) An approved company must employ at least two full-time employees, including one professional investor with a minimum salary of RM10,000. b) The bank deposits must not be used for local investment. ¹	An approved company must satisfy the following enhanced conditions: a) Employ at least four full-time employees. b) Incur a minimum of RM650,000 in annual local operating expenditure.					

¹ We believe that this means that the minimum local investment requirement must be satisfied by way of tangible investments other than bank deposits. This means placing funds in Malaysian financial institutions alone will not satisfy the local investment condition. Further clarification on this point may be provided in due course – for example, the SC may prescribe, or provide guidance on, the types of approved investment for this purpose.



	<p>c) At the end of the relevant YA, an approved company must satisfy the following conditions:</p> <ul style="list-style-type: none"> ▪ Incur a minimum of RM500,000 in annual local operating expenditure. ▪ Maintain at least RM30 million in assets under management (AUM). ▪ Make a local investment (see Appendix 1) of at least RM10 million, or 10% of the AUM, whichever is lower. ▪ Must not carry on any other business in Malaysia apart from the qualifying activities. 	<p>c) Maintain at least RM50 million in AUM.</p> <p>d) Make a local investment of at least RM10 million, or 10% of the AUM, whichever is higher.</p>
<p>Other conditions as stated under Section 65B of the Income Tax Act 1967 (ITA) and any guidelines issued by SC (available here), may apply.</p>		

Capital gains tax exemption up until 31 December 2034 on disposal of Malaysian shares to a single family fund company:

Income Tax (Single Family Office Incentive Scheme) (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 351]

Effective : The Order is deemed to have come into operation on 1 September 2024.

The Order exempts a company, limited liability partnership (LLP), trust body or co-operative society, which is wholly owned, directly or indirectly, by a member of a single family, from income tax on gains or profits from the disposal of unlisted shares in a Malaysian-incorporated company, to a single family fund company.

To qualify for the exemption:

- The single family fund company shall obtain a certification letter from the SC.
- The disposal of the unlisted shares must be made to a single family fund company within 12 months from the date of the certification letter in a) above.



- c) The disposal of the unlisted shares shall be made between 1 September 2024 and 31 December 2034.
- d) The ultimate beneficial owners of both the transferor and the single family fund company must be members of the same single family.

Any loss arising from the disposal of unlisted shares within the period from 1 September 2024 to 31 December 2034 will be disregarded and cannot be set off against income from future disposals of capital assets.

Non-application

The exemption under this Order would not be applicable to:

- a) Gains or profits from the disposals of unlisted shares that fall under Section 4(a) of the ITA, as business income.
- b) Where a tax exemption has been granted on the share disposal under other subsidiary legislations or by ministerial exemption.

Withholding tax exemptions:

Income Tax (Income of Non-Resident Person) (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 357]

Effective : The Rules are deemed to have come into operation on 1 September 2024.

Withholding tax exemptions are available on the following payments to non-residents by the qualifying person operating in Pulau 1 of FCSFZ:

- Service fees related to the use of property or rights, or the installation or operation of any plant, machinery or other apparatus purchased from the non-residents.
- Advice, assistance or services rendered in connection with the management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme.
- Rental or payments for the use of movable property under any agreement or arrangement.
- Payments classified as gains or profits under Section 4(f) of the ITA, "other income" of the non-residents.

The withholding tax exemptions are applicable to income of non-residents received **on or before 31 August 2034**.



Industrial building allowances:

Income Tax (Industrial Building Allowance) (Pulau 1 of Forest City Special Financial Zone) Rules 2025 [P.U.(A) 359]

Effective : YA 2024
(Applicable to qualifying building expenditure incurred by 31 December 2034.)

The Rules provide that a commercial building constructed or purchased by a qualifying person in Pulau 1 of FCSFZ shall be treated as an industrial building and thus qualify for industrial building allowance, where:

- a) The qualifying person owns the commercial building.
- b) The commercial building is used by the qualifying person for the purpose of a business activity as specified in the Schedule of the Rules.

The Rules provide for an annual allowance of 10% on the qualifying building expenditure. The qualifying building expenditure must be incurred **on or before 31 December 2034**.

Deduction for relocation costs:

Income Tax (Deduction of Cost for Relocation of Business) (Pulau 1 of Forest City Special Financial Zone) Rules 2025 [P.U.(A) 360]

Effective : The Rules are deemed to have come into operation on 1 September 2024.

The Rules provide that in ascertaining the adjusted income of a qualifying person from its business for a YA, a deduction of up to RM500,000 is allowed for relocation costs incurred to relocate its business to Pulau 1 of Forest City SFZ, provided that such relocation takes place from **1 September 2024 to 31 December 2034**.

The qualifying relocation costs are as follows:

- Any cost incurred for planning, execution or supervision of the relocation of business
- Packing or unpacking (materials or labor charges)
- Transportation
- Insurance premium for the purposes of relocation of business
- Warehousing



Stamp duty exemption and remissions

Stamp Duty (Single Family Fund Company) (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 352]

Effective : 1 September 2024 to 31 December 2034

The Order provides a stamp duty exemption on any instrument that is chargeable with duty for transfer of a qualifying asset between a single family fund company and a member of a single family or a company or trust body which is wholly owned, directly or indirectly, by a member of the single family. The exemption is applicable to instruments which are executed **between 1 September 2024 and 31 December 2034**.

Stamp duty remission

Effective : 1 September 2024 to 31 December 2034

A stamp duty remission of 50% is given on instruments relating to the purchase of a residential unit or commercial unit in Pulau 1 of FCSFZ.

Remission order	Instrument
Stamp Duty (Instrument of Loan or Financing Agreement in relation to Individual) (Pulau 1 Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 353]	Loan or financing agreement <u>between an individual and licensed financial institution</u> , prescribed development financial institution, registered co-operative society, Borneo Housing Mortgage Bhd and Mutiara Mortgage & Credit Sdn. Bhd.
Stamp Duty (Instrument of Transfer in relation to Individual) (Pulau 1 of Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 354]	Instrument of transfer <u>between a developer and individuals</u> .
Stamp Duty (Instrument of Loan or Financing Agreement in relation to	Loan or financing agreement <u>between a qualifying person and licensed financial institution</u> , prescribed development financial



Remission order	Instrument
Qualifying Person) (Pulau 1 of Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 355]	institution, registered co-operative society, Borneo Housing Mortgage Bhd and Mutiara Mortgage & Credit Sdn. Bhd.
Stamp Duty (Instrument of Transfer in relation to Qualifying Person) (Pulau 1 of Forest City Special Financial Zone) (Remission) Order 2025 [P.U.(A) 356]	Instrument of transfer <u>between a developer and a qualifying person</u> .

The stamp duty remissions above are subject to the following conditions:

- The sale and purchase agreement of the residential unit or commercial unit is executed from 1 September 2024 to 31 December 2034.
- The sale and purchase agreement shall not be in relation to a residential or commercial unit for which a prior agreement was executed before 1 September 2024 and subsequently cancelled.
- The construction of the residential unit or commercial unit was completed before 1 September 2024.



Real property gains tax exemption

Real Property Gains Tax (Pulau 1 of Forest City Special Financial Zone) (Exemption) Order 2025 [P.U.(A) 358]

Effective : The Order is deemed to have come into operation on 1 September 2024.

The Order provides that an individual who is not a citizen or not a permanent resident shall be entitled to a progressive exemption from the real property gains tax (RPGT) on the chargeable gain derived from the disposal of the real property in Pulau 1 of FCSFZ. Conditions are:

- The disposal of real property is made in the fourth year after the date of acquisition of the real property or any year thereafter.
- The sale and purchase agreement for the disposal of the real property is executed from 1 September 2024 to 31 July 2034 and is duly stamped before 1 September 2034.
- Where the disposal of real property is effected through a conditional contract requiring approval from the Federal Government or State Government, the approval must be obtained on or after 1 September 2024.

After taking into account the exemption, the RPGT payable by the non-citizen/non-permanent resident individual would effectively be the same as that payable by Malaysian citizens and permanent residents, as shown in the table below.

Date of disposal	RPGT rate
Disposal within three years after the date of acquisition	30%
Disposal in the fourth year after the date of acquisition	20%
Disposal in the fifth year after the date of acquisition	15%
Disposal in the sixth year after the date of acquisition or thereafter	0%



Appendix 1 - Local investments

A. List of local eligible investments

1. Securities listed on Bursa Malaysia Securities Berhad.
2. Islamic capital market products including Shariah-compliant equities, Islamic Collective Investment Schemes (ICIS) and *sukuk* issued by an entity incorporated in Malaysia.
3. Ringgit-denominated debentures and Malaysia Government Securities Exchange traded derivatives listed on Bursa Malaysia Derivatives Berhad.
4. Private equity (PE) funds managed by SC-registered PE managers.
5. Venture capital (VC) funds managed by SC-registered VC managers.
6. Assets under a portfolio management mandate, where at least 70% of the underlying assets is in Malaysia and the mandate is carried out by a holder of a Capital Market Services Licence for fund management undertaking portfolio management.
7. Shares of companies incorporated in Malaysia that is under technology-based sectors or relating to Sustainable and Responsible Investments (SRI).
8. Any other assets as may be permitted by the SC on a case-by-case basis.

B. List of promoted investments

1. Sustainability funds, bonds and *sukuk* that align with Malaysian or ASEAN standards for underlying Malaysian projects.
2. Islamic Capital Market funds under the Waqf Featured Fund Framework.
3. Equity crowdfunding (ECF) campaigns on SC-registered ECF platforms.
4. Peer-to-peer (P2P) campaigns on P2P platforms regulated by the SC.
5. Shares of companies approved by the Malaysian Investment Development Authority (MIDA) to carry out approved projects under the Johor-Singapore Special Economic Zone (JS-SEZ) tax incentive package.
6. Shares of companies operating within the New Industrial Master Plan 2030 (NIMP) prioritized sectors.
7. Any other assets as may be permitted by the SC on a case-by-case basis.

Reference: [Frequently Asked Questions: Single Family Office incentive scheme \(revised on 13 June 2025\)](#)

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