

INCOME TAX (INDUSTRIAL BUILDING ALLOWANCE) (PULAU 1 OF FOREST CITY SPECIAL FINANCIAL ZONE) RULES 2025

PU (A) 359

30 September 2025

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53] read together with paragraph 80 of Schedule 3 to the Act, the Minister makes the following rules:

CITATION AND COMMENCEMENT

- 1(1) These rules may be cited as the **Income Tax (Industrial Building Allowance) (Pulau 1 of Forest City Special Financial Zone) Rules 2025**.
- 1(2) These Rules are deemed to have effect from the year of assessment 2024.

INTERPRETATION

2 In these Rules—

"qualifying person" means a qualifying person as provided for under rule 3;

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

QUALIFYING PERSON

3(1) A qualifying person is—

- (a) a person who is licensed under section 10 of the Financial Services Act 2013 [Act 758] or section 10 of the Islamic Financial Services Act 2013 [Act 759];
- (b) a company which is a holder of a Capital Market Services Licence under the Capital Markets and Services Act 2007 [Act 671];
- (c) a recognized market operator who is registered under section 34 of the Capital Markets and Services Act 2007 other than an individual;
- (d) a registered person registered under section 76 of the Capital Markets and Services Act 2007 other than an individual;
- (e) a person providing capital market services registered under section 76A of the Capital Markets and Services Act 2007 other than an individual;
- (f) a single family fund company which is verified by the Securities Commission;
- (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.;
- (h) a payment system operator established or incorporated in a foreign jurisdiction approved under section 11 of the Financial Services Act 2013 or section 11 of the Islamic Financial Services Act 2013 to operate a payment system in Pulau 1 of Forest City Special Financial Zone; or

- (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 Malaysia Digital Economy Corporation Sdn. Bhd.
- 3(2)** The qualifying person referred to in subrule (1) is not a qualifying person under these Rules if the capital expenditure on the construction or purchase of an industrial building incurred by the qualifying person after 31 December 2034.
- 3(3)** The single family fund company referred to in paragraph (1)(f) is a company which—
- (a) is incorporated under the Companies Act 2016 [Act 777] and resident in Malaysia;
 - (b) is wholly owned, directly or indirectly, by a member of a single family;
 - (c) operates in Pulau 1 of Forest City Special Financial Zone; and
 - (d) is established solely for the purpose of holding the asset and investment activity for the interest of members of a single family.
- 3(4)** For the purposes of this rule, "**single family**" means a family whose members are individuals who are lineal descendants of a single ancestor and includes—
- (a) the spouse;
 - (b) the biological child;
 - (c) the stepchild; and
 - (d) the child adopted in accordance with any written law.

INDUSTRIAL BUILDING ALLOWANCE

- 4(1)** The qualifying person under these Rules is qualified to claim for an industrial building allowance as provided for in paragraph 80 of Schedule 3 to the Act if the qualified person incurs a capital expenditure on construction or purchase of an industrial building for the purposes of business activity as specified in the Schedule.
- 4(2)** The amount for industrial building allowance referred to in subrule (1) is equivalent to one-tenth of the capital expenditure on the construction or purchase of an industrial building incurred for that year of assessment and for each of the nine following years of assessment.

INDUSTRIAL BUILDING

- 5** For the purposes of these Rules, a commercial building which is constructed or purchased by a qualifying person in Pulau 1 of Forest City Special Financial Zone shall be deemed as an industrial building for the purposes of Schedule 3 to the Act if—
- (a) the qualifying person is the owner of the commercial building; and
 - (b) the commercial building is used by that qualifying person for the purposes of a business activity as specified in the Schedule.

CONDITIONS FOR CAPITAL EXPENDITURE

- 6(1)** The capital expenditure referred to in subrule 4(1) is subject to the following conditions:
- (a) where only a part of the building is used as an industrial building, the capital expenditure incurred on the construction or purchase of the part which is not so used as the industrial building shall be determined in accordance with paragraph 66 of Schedule 3 to the Act;
 - (b) the industrial building shall be used for the purposes of business activity specified in the Schedule;

- (c) where the industrial building is used for the purposes of business activity specified in the Schedule together with other activity, the industrial building allowance which may be allowed under these Rules shall be to the extent to which the industrial building is used for the purposes of the business activity specified in the Schedule; and
- (d) the industrial building shall not be disposed of within the period of two years from the date the capital expenditure on construction or purchase of an industrial building was incurred in any of the following circumstances:
 - (i) the sale, transfer or assignment of the industrial building;
 - (ii) the demolition or destruction of the industrial building; or
 - (iii) the industrial building ceases to be used for the purposes of these Rules.

6(2) For the purposes of this rule, the capital expenditure on the construction or purchase of an industrial building is incurred if—

- (a) in the case of any capital expenditure incurred—
 - (i) on the construction of the industrial building, the day on which that capital expenditure is incurred is the day on which the construction of the industrial building is completed; and
 - (ii) on the provision of plant or machinery for the purposes of a business, the day on which that capital expenditure is incurred is the day on which the plant or machinery is capable of being used for the purposes of the business; or
- (b) in any other case, the day on which the amount of any capital expenditure becomes payable is the day on which that amount of capital expenditure is incurred.

6(3) Where the capital expenditure incurred by the qualifying person in paragraph 2(a) or (b) is for the purposes of business activity which has not commenced, the capital expenditure shall be deemed to be incurred at the time the qualifying person commences to carry on the business activity.

DISPOSAL OF INDUSTRIAL BUILDING

7 Where the industrial building allowance under these Rules has been granted to the qualifying person and the industrial building has been disposed of—

- (a) within the period of two years from the date the capital expenditure on construction or purchase of an industrial building was incurred, a balancing charge equal to such industrial building allowance shall be charged to the qualifying person for the year of assessment in the basis period for which the building was disposed of; or
- (b) after the period of two years from the date the capital expenditure on construction or purchase of an industrial building was incurred and the disposal is made in accordance with paragraph 38 of Schedule 3

to the Act, paragraphs 39 and 40 of Schedule 3 to the Act shall apply.

SCHEDULE

[Rule 4]

(1) No.	(2) Business Activity
1.	Banking business, insurance business or investment banking business
2.	Islamic banking business, takaful business, international Islamic banking business or international takaful business
3.	Regulated activity as specified in Part 1 Schedule 2 to the Capital Markets and Services Act 2007
4.	Activity of operating or maintaining a stock market or derivatives market by a recognized market operator who is registered under section 34 of the Capital Markets and Services Act 2007
5.	Regulated activity as specified in the second column of Schedule 4 to the Capital Markets and Services Act 2007
6.	Capital market services as may be specified under section 76A of the Capital Markets and Services Act 2007
7.	Activity of holding of assets and investment activity undertaken by a single family fund company under the Income Tax (Single Family Office Incentive Scheme) (Pulau 1 of Forest City Special Financial Zone) Rules 2025 [<i>P.U. (A) 350/2025</i>]
8.	Services in relation to financial technology company, insurance technology company, regulatory financial technology company or Islamic financial technology company
9.	Operation of a payment system
10.	Financial global business services