

GUIDELINES ON SINGLE FAMILY OFFICE INCENTIVE SCHEME

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Chapter 1

INTRODUCTION

- 1.01 The *Guidelines on Single Family Office Incentive Scheme* (Guidelines) is issued by the Securities Commission Malaysia (SC) pursuant to section 377 of the *Capital Markets and Services Act 2007* (CMSA).
- 1.02 A concessionary corporate income tax rate of zero per cent is available for eligible single family office vehicles as provided under the *Income Tax (Single Family Office Incentive Scheme) (Pulau 1 of Forest City Special Financial Zone) Rules 2025* (Tax Rules).
- 1.03 The SC has been empowered, under the Tax Rules, to—
- (a) specify the additional conditions which must be fulfilled to qualify for the income tax incentive; and
 - (b) provide certification in relation to an application by the eligible single family office vehicle for the income tax incentive.

Chapter 2

DEFINITIONS

2.01 Unless otherwise defined below, all words used in the Guidelines shall have the same meaning as defined in the CMSA. In the Guidelines, unless the context otherwise requires–

applicant	in relation to an application for certification by the SC under the Guidelines, means a single family office vehicle;
approved node	means Pulau 1 Forest City Special Financial Zone;
AUM	means assets under management;
child	means the biological child or stepchild of a member of the single family or a child adopted by a member of the single family in accordance with any law;
FATF	means the Financial Action Task Force, an intergovernmental organisation founded to tackle money laundering, terrorist financing and proliferation financing;
initial assessment period	means the first ten years from the date the single family office vehicle first obtained a certification from the SC in accordance with subrule 6(a) of the Tax Rules;
licensed bank	means a bank licensed under the <i>Financial Services Act 2013</i> ;
licensed investment bank	means a bank licensed to carry on investment banking business under the <i>Financial Services Act 2013</i> ;
officer	means any director or employee of the single family office vehicle;

related corporation	means a corporation; (a) that is related to the first-mentioned corporation by virtue of section 7 of the <i>Companies Act 2016</i>; or (b) deemed to be a related corporation of another corporation where both corporations have the same individual or a group of individuals who— i. controls the composition of the board of directors of the corporations; ii. controls more than half of the voting power of the corporations; or iii. holds more than half of the total number of issued shares of the corporation, excluding any part of the share capital which consists of non-voting shares.
subsequent assessment period	means the additional ten years upon expiry of the initial assessment period;
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;
single family office management company or SFO MC	means a company incorporated under the <i>Companies Act 2016</i> which is— (a) wholly owned, directly or indirectly, by one or more individuals, all of whom are members of a single family; (b) established for the purposes of managing the assets and investments for the interest of members of the single family; and (c) is a related corporation to the single family office vehicle; and

single family office vehicle
or SFOV

means a single family fund company incorporated under the
Companies Act 2016 which is—

- (a) wholly owned, directly or indirectly, by one or more individuals, all of whom are members of a single family;
- (b) a resident in Malaysia;
- (c) operating in an approved node; and
- (d) established solely for the purposes of holding the assets and investment activity for the interest of members of a single family.

Chapter 3

TAX INCENTIVE

Certification by SC for purposes of tax incentive

3.01 A SFOV who wishes to apply for the certification by the SC in respect of the income tax incentive must fulfil the following:

- (a) Qualifying conditions as specified in the Tax Rules; and
- (b) Additional conditions as set out in this chapter.

Additional conditions

Single family country of origin

3.02 The SFOV must ensure that the SFOV's funds and assets do not originate from, nor owned by nationals or residents of–

- (a) a jurisdiction under FATF's list of high-risk jurisdictions (black list); or
- (b) a jurisdiction under FATF's list of jurisdictions under increased monitoring (grey list),

as set out on FATF's official website as follows:

<https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html>

Maintenance of bank account

3.03 The SFOV must open and maintain a bank account with a licensed bank or licensed investment bank.

Single Family Office Management Company

3.04 The SFOV must appoint a SFO MC to undertake the management of the SFOV's assets and investments.

3.05 The SFOV must ensure that the SFO MC complies with the terms and conditions imposed by the SC at all times.

Physical office

- 3.06 The SFOV must have a physical and dedicated office set up in the approved node with a minimum of 450 square feet.
- 3.07 The SFOV may only share the physical office with its SFO MC.

Initial assessment period

AUM requirement

- 3.08 For purposes of paragraph 6(a)(iii)(B) of the Tax Rules, the SFOV must, at the end of each year of assessment, have an AUM of at least RM30 million, invested in permitted assets and investments set out in Appendix I.
- 3.09 For purposes of paragraph 6(a)(iii)(C) of the Tax Rules, the SFOV must, at the end of each year of assessment, have as part of its AUM composition, RM10 million or 10% of its AUM, whichever is lower, invested in local eligible and promoted investments set out in Appendix II.
- 3.10 For purposes of paragraph 3.09, the investment undertaken by the SFOV for the first year of assessment in local eligible and promoted investments must be new investments excluding assets and investments already transferred into the SFOV during its establishment. For clarity, the assets and investments transferred during the SFOV's establishment means the assets and investments verified by the SC based on the list of assets and investments submitted by the SFOV to the SC for verification.

Officer requirement

- 3.11 For purposes of paragraph 6(a)(i) of the Tax Rules, the SFOV must have a minimum of two full time officers–
- (a) who are paid a gross monthly salary of at least RM10,000;
 - (b) who are Malaysian tax residents throughout the year of assessment and are based in the approved node; and
 - (c) where one of the officer must be an investment professional who has at least 2 years of relevant-working experience and holds at minimum, a degree or a globally recognised professional finance-related certification including, but not limited to, Master of Business Administration (MBA), Chartered Financial Analyst, Chartered Accountant, Chartered Banker, Certified Financial Planner or such equivalent certifications.

- 3.12 For the first year of assessment, the SFOV is deemed to have complied with the condition requiring employment of two full-time officers where the officers are employed for at least six months before the end of the assessment period.
- 3.13 Where any of the officer vacates his position, the SFOV must take the necessary steps to recruit a new officer who fulfil the criteria under paragraph 3.11 within three months from the date of vacancy.

Operational expenditure requirement

- 3.14 For purposes of paragraph 6(a)(iii)(A) of the Tax Rules, the SFOV must have incurred, at the end of each year of assessment, a minimum of RM500,000 in local operating expenditure which are paid to Malaysian-registered companies or local service providers based in Malaysia.

Subsequent assessment period

- 3.15 For purposes of paragraph 6(b)(i) of the Tax Rules, the SFOV must, at the end of each year of assessment, have an AUM of RM50 million, invested in permitted assets and investments as set out in Appendix 1.
- 3.16 The SFOV must, at the end of each year of assessment have as part of its AUM composition, RM10 million or 10% of its AUM, whichever is higher, invested in local eligible and promoted investments set out in Appendix II.
- 3.17 The SFOV must have a minimum of four full-time officers who meet the requirements as specified in paragraph 3.11 (a) to (c).
- 3.18 For purposes of paragraph 6(b)(iv) of the Tax Rules, the SFOV must have incurred, at the end of each year of assessment, a minimum of RM650,000 in local operating expenditure which are paid to Malaysian-registered companies or local service providers based in Malaysia.

Compliance with the Income Tax Act

- 3.19 Nothing in the Guidelines shall absolve or be deemed to have absolved a SFOV from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the *Income Tax Act 1967*.

Chapter 4

APPLICATION PROCEDURES

- 4.01 An application for the certification by SC must be made by the SFOV and submitted via e-mail to SFOScheme@seccom.com.my together with any fees as may be imposed by the SC.
- 4.02 A completed application form must be submitted to the SC together with the supporting documents as outlined in the Application Kit available on the SC's website at <https://www.sc.com.my/development/single-family-office>.
- 4.03 Where applicable, letters or any hardcopies of the application form and supporting documents must be addressed to–
- Investment Management Development Department
Securities Commission Malaysia
No. 3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur
- 4.04 In considering the application, the SC may request additional documentation or information from time to time.
- 4.05 The SFOV must inform the SC of any change which may affect the application as soon as practicable by-
- (a) withdrawing the form which has been submitted; and
 - (b) submitting a new form with the relevant amendments to the information.
- 4.06 Once the applicant has obtained a certification from the SC, the applicant must attach the letter of certification to the income tax return form for submission to the Inland Revenue Board of Malaysia.

LIST OF PERMITTED ASSETS AND INVESTMENTS (LOCAL & GLOBAL)

For the purpose of complying with the minimum AUM requirement under paragraphs 3.08 and 3.15, the following are the permitted assets and investments¹:

1. Shares or securities equivalent to shares that are traded on any exchange
2. Shares of any company² incorporated under the *Companies Act 2016*
3. Debenture, stocks or bonds issued by any government
4. Shares in or debenture of, a body corporate or an unincorporated body
5. Notes, commercial papers and treasury bills
6. Derivatives that are traded on a derivatives exchange, or dealt in the OTC market, where the underlying instrument of a derivative is a commodity, such derivative must be settled in cash at all times
7. Placement of domestic and foreign deposits with a licensed bank
8. Interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and any financial derivatives
9. Units or shares in collective investment schemes that are managed by an entity which is approved, authorised or licensed by any securities regulator to conduct fund management activities
10. Assets that are managed by CMSL holder for fund management undertaking portfolio management
11. Foreign venture capital and private equity fund
12. Units in a unit trust fund established in Malaysia and approved or authorised by the SC
13. Islamic capital market products including Shariah-compliant equities, Islamic Collective Investment Schemes (ICIS) and Sukuk
14. Real estate limited to Forest City – residential and commercial properties
15. Any other assets as may be permitted by the SC on a case-by-case basis

¹ The following are excluded and do not form part of the permitted assets -

- i. tokenised capital market products, i.e. using distributed ledger technology (DLT) to create a digital representation of the assets; and
- ii. digital assets, as defined in the *Guidelines on Digital Assets* issued by the SC.

² Other than standalone companies whose sole business is holding Malaysian immovable properties without any operational business activities.

LIST OF LOCAL ELIGIBLE AND PROMOTED INVESTMENTS

For the purpose of complying with the minimum AUM requirement under paragraphs 3.09 and 3.16, the following are local investments¹:

Local Eligible Investments

1. Securities listed on Bursa Malaysia Sdn Bhd
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
4. Exchange traded derivatives listed on Bursa Malaysia Derivatives Bhd
5. Private Equity (PE) funds managed by SC registered PE managers
6. Venture Capital (VC) funds managed by SC registered VC manager
7. 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 (CMSL) for fund management undertaking portfolio management
8. Shares of companies* incorporated in Malaysia that is under technology-based sectors or relating to Sustainable and Responsible Investments (SRI), as set out in the table below
9. Any other assets as may be permitted by the SC on a case-by-case basis

Categories	Sectors
Technology-based	• Advanced electronics and information, components, systems and architecture, software, applications, communications, supporting product and services • Telecommunication • Equipment/instrumentation, automation and flexible manufacturing systems • Biotechnology, bioconversion and genetic engineering • Healthcare • Electro-optics, non-linear optics and optoelectronics • Advanced materials • Energy • Aerospace • Transportation • Value-add services • Emerging technologies • Artificial intelligence and machine learning

¹ The following are excluded and do not form part of the permitted assets -

- i. tokenised capital market products, i.e. using distributed ledger technology (DLT) to create a digital representation of the assets; and
- ii. digital assets, as defined in the *Guidelines on Digital Assets* issued by the SC.

	• Cybersecurity • Green technology • Virtual reality and augmented reality • Internet of Things (IoT) • Automation and autonomous systems • Blockchain and distributed ledger technology • Financial technology
SRI	• Guided by SRI Taxonomy

**Shares of private companies whose sole business is holding Malaysian immovable properties without any operational business activities are not eligible local investments.*

Local 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 crowd funding (ECF) campaigns on SC-registered ECF platforms
4. Peer-to-peer financing (P2P financing) campaigns on P2P financing platforms regulated by the SC
5. Shares of companies approved by Malaysian Investment Development Agency (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) prioritised sectors
7. Any other assets as may be permitted by the SC on a case-by-case basis

Categories	Sector
NIMP Prioritised sectors	• Aerospace • Chemical • Electrical and Electronics • Pharmaceutical • Medical devices