

HANDBOOK ON
WEALTH
MANAGEMENT AND
LEGACY PLANNING
IN LABUAN IBFC

DECEMBER 2025

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01 Introduction

- 1.1 Private wealth across Asia-Pacific continues to expand rapidly, driven by first-generation entrepreneurs, rising business groups, and new-economy wealth creators. As wealth grows more diversified, spanning operating companies, real estate, private equity, venture capital, intellectual property to digital assets, family-owned enterprises, private wealth owners, or entrepreneurial groups increasingly require jurisdictions capable of supporting multi-asset, multi-jurisdictional, and multi-generational planning.
- 1.2 Labuan International Business and Financial Centre (Labuan IBFC), as Malaysia's international business and financial centre, offers a uniquely comprehensive environment for High-Net-Worth Individuals (HNWIs) and Ultra-High-Net-Worth Individuals (UHNWIs) wealth owners.



WEALTH ACCUMULATION & OVERSIGHT

- Structured wealth accumulation
- Cross-border asset management
- Centralised oversight of investments & risk



CONTINUITY & STRATEGIC PLANNING

- Intergenerational succession
- Proactive tax & regulatory planning



ISLAMIC WEALTH & LEGACY SOLUTIONS

- Shariah-aligned legacy planning
- Waqf & Islamic wealth arrangements



DIGITAL & MODERN INVESTMENT STRUCTURES

- Digital & next-gen wealth tools for conscious investing with purpose
- Access to Venture Capital, Private Equity & alternative markets

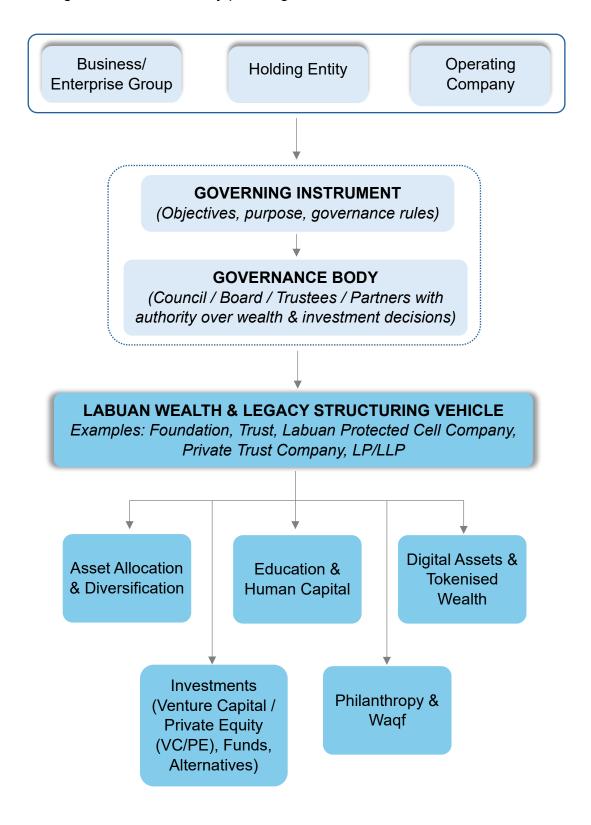
- 1.3 Labuan IBFC operates under a robust and internationally aligned legislative framework, allowing wealth owners and entrepreneurial groups to establish foundations, trusts, private trust companies, limited partnerships and limited liability partnerships, protected cell companies (PCC), mutual funds, and holding companies, supported by both conventional and Shariah-compliant options.
- 1.4 As the global wealth landscape evolves, Labuan IBFC's ecosystem is increasingly shaped by international trends such as the rise of sustainable investment mandates among Asian wealth owners, the adoption of blockchain-based infrastructures for private funds, and the rapid digitalisation of financial markets. Wealth management entities across Asia are increasing allocations to impact-focused private markets, such as the introduction of blockchain platforms for private funds. At the same time, fintech advancements are accelerating the shift toward cross-border digital wealth solutions. Against this backdrop, Labuan IBFC now facilitates next-generation capabilities including tokenised assets, fractionalised private markets, automated wealth structures, and programmable legacy planning, ensuring its continued relevance as a modern, innovation-ready wealth jurisdiction.
- 1.5 For avoidance of doubt, the *Handbook on Wealth Management and Legacy Planning in Labuan IBFC* (the Handbook) is intended as an informational consolidation of available structures for wealth management and legacy planning in Labuan IBFC and does not introduce new policy or replace any law, guideline, or circular issued by Labuan FSA. It serves as an informative reference for wealth owners, wealth advisers, trust and corporate service providers, legal practitioners, financial institutions, and emerging generational stakeholders.



Navigating Private Wealth and Legacy Planning Structures in Labuan IBFC

- 2.1 The Handbook applies to all entities that may be used for wealth management, investment, and legacy planning under the regulatory purview of Labuan FSA, including entities established or operating under:
 - (a) Labuan Companies Act 1990 (LCA)
 - (b) Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 (LP/LLP Act)
 - (c) Labuan Trusts Act 1996 (LTA)
 - (d) Labuan Foundations Act 2010 (LFA)
 - (e) Labuan Financial Services and Securities Act 2010 (LFSSA)
 - (f) Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA)
 - Wealth management and legacy planning refer to the structuring, organisation, and long-term stewardship of assets owned by individuals, entrepreneurial groups, business principals, and privately held enterprises.
- 2.2 This encompasses the management of a broad spectrum of asset classes, including operating companies, investment portfolios, real estate, private equity, venture capital, intellectual property, and digital assets, together with the governance, protection, and intergenerational continuity of such assets. Wealth management often involves a coordinated ecosystem of structures and service providers that collectively support investment oversight, risk management, administration, and long-term succession objectives.

2.3 In Labuan IBFC, wealth management and legacy planning can be facilitated through a diverse range of legal structures that accommodate varying objectives, ownership profiles, and strategic priorities catered for wealth owners seeking efficient cross-border asset holding, governance, investment management, and continuity planning.



Labuan Holding Company

A Labuan holding company is incorporated under the Labuan Companies Act 2010 (LCA) that is primarily established to hold shares in other companies, manage investments, or engage in other holding activities. A Labuan Holding Company would typically manage and administer its subsidiary companies and associated assets.

Labuan Company

A Labuan company is incorporated or registered under the LCA as a company limited by shares or by guarantee or an unlimited company. A Labuan Company is permitted to undertake Labuan business activities and would need to be licensed if it intends to undertake specific businesses as defined under the Labuan Financial Services and Securities Act 2010 (LFSSA) and Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA) which may include fund management businesses.

Labuan Partnership

A Labuan Limited Partnership (LP) and Labuan Limited Liability Partnership (LLP) are incorporated or registered under the Labuan Limited Partnerships and Limited Liability Partnerships Act 2010.

(a) Labuan Limited Partnership

A Labuan limited partnership legally distinguishes between a general partner role (typically the fund manager) and the limited partners (typically the investors committing capital into the fund/ investment set up as a Labuan limited partnership). The minimum number of partners for a Labuan limited partnership is two partners, i.e. one general partner and one limited partner. The maximum number of partners allowed is fifty partners, who operate or manage a business together.

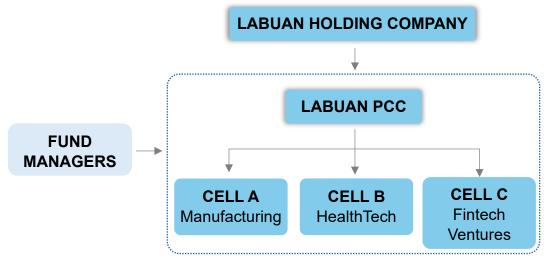
- General partner: Liable for all the debts and obligations of the LP incurred while being a general partner.
- Limited partner: Liable for the debts and obligations of the LP incurred while being a limited partner but only up to the amount of his agreed contribution.

(b) Labuan Limited Liability Partnership

A business entity comprising two partners, i.e. one (1) designated partner and one (1) limited partner or more partners who operate or manage a business together which serves as an alternative corporate business structure that combines the benefits of limited liability associated with a company and the flexibility of a partnership. A Labuan Limited Liability Partnership can enter contracts and holding property in its own name.

Labuan Protected Cell Companies

- (a) A Labuan company may be incorporated as a Labuan PCC and existing Labuan company may be converted into a Labuan PCC pursuant to Section 130O (1) of the LCA. Private wealth management and legacy planning can incorporate a Labuan PCC to conduct business of mutual funds and Islamic mutual funds as defined under the LFSSA and LIFSSA.
- (b) A Labuan PCC is a limited liability company that has the ability to form "cells" where the core and the cells created are a single legal entity. This allows private wealth management and legacy planning to hold assets or investments divided into a number of classes to cater to the different objectives of different individual investors, while at the same time preserving the independence of each cell.



Applicable regulatory reference:

Guidelines on the Establishment of Labuan Protected Cell Companies

LABUAN FOUNDATION & TRUST

Central Structuring Tools in Labuan IBFC for Multi-Jurisdictional Wealth



Labuan IBFC is distinguished by a dual legal environment, incorporating both civil law and common law features, enabling it to offer two of the world's most widely used wealth-holding and legacy-planning structures: the Foundation (civil law lineage) and the Trust (common law lineage). This duality positions Labuan as one of the

few jurisdictions in Asia capable of supporting a broad spectrum of private wealth needs, from governance and succession planning to asset protection, investment management, philanthropy, waqf arrangements and long-term legacy structuring.

Islamic variants of foundations and trusts are available, catering to Shariah-compliant wealth structuring needs.



LABUAN FOUNDATION VS LABUAN TRUST

Labuan Trust Labuan Foundation Separate legal entity Legal relationship Legal (Civil law concept) (Common law concept) **Nature** Assets belong to the Assets held by Trustee for Asset Foundation itself beneficiaries **Ownership** Kev Charter + Articles **Trust Deed Documents** Founder may reserve Settlor may reserve powers; Control powers; structured Mr. trustee-led administration **Features** governance framework Islamic Foundation / Waqf Islamic Islamic Trust Variant Foundation

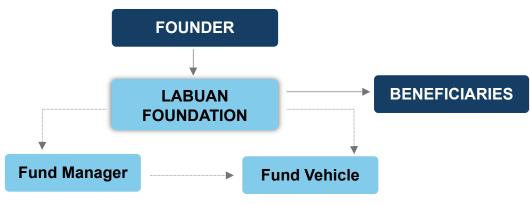


Applicable regulatory references:

- Guidelines on the Establishment of Labuan Foundation including Islamic Foundation
- Guidelines on the Establishment of Labuan Trust and Islamic Trust

Labuan Foundation

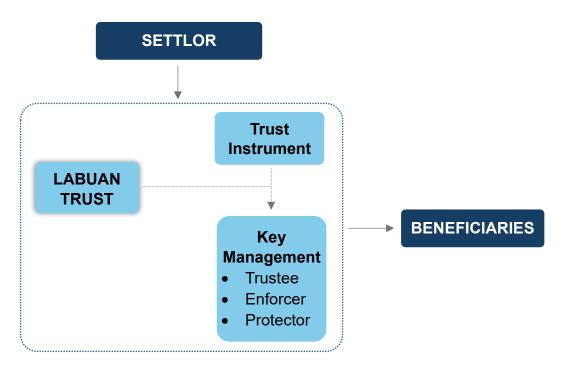
- (a) Labuan foundation is a civil law vehicle registered entity and governed by the Labuan Foundations Act 2010 (LFA). The *Guidelines on the Establishment of Labuan Foundation including Islamic Foundation* outlines the application procedure, operational and regulatory requirements for the establishment of a Labuan Foundation.
- (b) Establishment of a Labuan Foundation can be set up for both charitable and non-charitable or private purposes. A Labuan foundation is a corporate entity with its own legal personality, which allows for the management of assets according to the strategic objectives suitable for wealth owners that prefers a distinctive, legal identity separate from its creator. The Founder will establish the foundation and endowed the shares of fund managers / fund administrators and fund vehicles. Individuals specified in the charter of the foundation will be named as the Beneficiaries.



Charitable Foundation Source of Fund **Example** Public Donation or Privately Funded Poverty Relief Cultural, Arts & Heritage Preservation **Beneficiaries** Health Promotion & Disease Prevention **Public** Social & Community Welfare Non-Charitable Foundation Source of Fund **Privately Funded** Any purpose or object which is not unlawful, immoral or contrary to any public **Beneficiaries** policy in Malaysia Any Identified Person

Labuan Trust

- (a) Labuan trust is a common law vehicle created under the Labuan Trusts Act 1996 (LTA). The LTA allows for the re-domiciliation of foreign trusts established under the laws of other jurisdictions to be recognised and registered in Labuan IBFC.
- (b) Labuan trusts shall not be valid unless it is created by a will or other instrument in writing, including a unilateral declaration of trust. Similarly, a unit trust shall be created only by a will or other written instrument. Typically, the Settlor will establish the trust and transfer the shares of fund managers, fund administrators, or fund vehicles into the trust. Individuals specified in the trust deed will be named as the Beneficiaries.



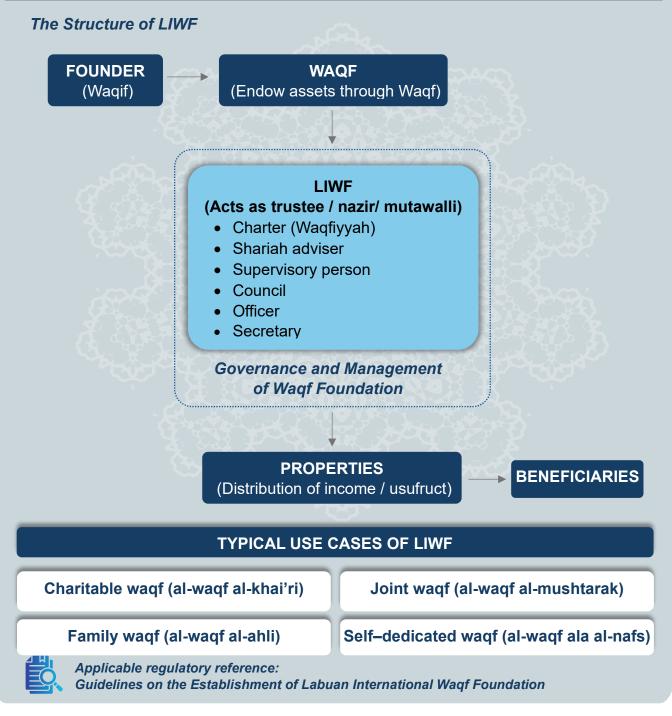
(c) A Labuan trust can be set up for a wide range of purposes as follows:



LABUAN INTERNATIONAL WAQF FOUNDATION

The International Standard for Perpetual Endowment and
Legacy Planning

Labuan International Waqf Foundation (LIWF) is a unique Islamic wealth management tool which adopts the legal form of a foundation provided by the LFA to hold and manage properties for identified beneficiaries based on the Shariah principles of Waqf.



LABUAN PRIVATE TRUST COMPANY

A Bespoke Governance Platform for Wealth Owners Looking to Safeguard Wealth, Ensure Continuity and Preserve Generational Legacy

Labuan IBFC is one of the few Asian jurisdictions offering the Private Trust Company (PTC) as part of its wealth-structuring toolkit. A Labuan PTC is a bespoke trustee entity established under the LFSSA to act as trustee exclusively for a specific family, group, founder, or designated beneficiaries.

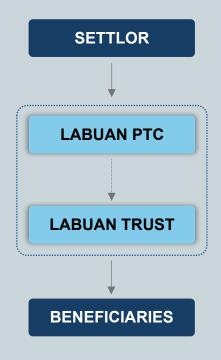
MARKET DRIVERS

Over the past few decades, global wealth and family structures have become more complex. Family-owned enterprises, private wealth owners, or entrepreneurial groups now hold diversified assets across multiple jurisdictions and may wish to:

- Maintain confidentiality and privacy
- Retain control over decisionmaking rather than ceding it to third-party trustees that may not reflect the wealth owner's culture or long-term objectives
- Enable succession planning that balances governance, continuity, and flexibility
- Centralise oversight of varied assets under a unified governance platform

CORE BENEFITS OF LABUAN PTC

A Labuan PTC represents not just a trustee option, but a strategic governance engine, built to support complex, multi-asset, multi-jurisdictional wealth that integrates seamlessly with other Labuan vehicles and global best practices.





Applicable regulatory reference:
Guidelines for the Establishment of Labuan Private Trust Companies

03 Fund Structuring

Labuan Mutual Fund

- 3.1 Labuan mutual fund may be structured as a Labuan company, partnership, Labuan PCC, or unit trust. Additionally, Labuan Islamic mutual funds may be established to operate in compliance with Shariah principles.
- 3.2 There are mainly two types of funds prescribed under the LFSSA and LIFSSA.

LABUAN PRIVATE FUND

LABUAN PUBLIC FUND

Purposes

Managing investments among a limited group of family members or close associates, enabling tailored investment strategies without the need for extensive regulatory compliance.

Considering broader investment opportunities to engage with external investors, expanding the family's investment needs.

Investor Criteria

 Maximum of 50 investors with each making a minimum initial investment of RM250,000 (or equivalent in non-Ringgit); or Open to general investors

 Unlimited number of investors with each making a minimum initial investment of RM500,000 (or equivalent in non-Ringgit)

Regulatory Approval

Notification to Labuan FSA

Approval from Labuan FSA is required

Fund Manager

Does not require licensing by Labuan FSA

Required to be licensed by Labuan FSA



Applicable regulatory reference:

Guidelines on the Establishment of Labuan Mutual Funds including Islamic Mutual Funds



Fund Management Operators

- 4.1 Labuan IBFC offers a flexible and diversified regime for fund management and investment services, supported by three distinct licensing categories: Labuan Fund Manager, Labuan Securities Licensee, and Labuan Fund Administrator. This tiered structure allows broader positioning as a jurisdiction supporting cross-border investment flows, private market participation, Islamic investment mandates, and emerging digital investment models.
- 4.2 With increasing global demand for alternative investments, private wealth structuring and digital asset-linked portfolios, Labuan IBFC's fund management architecture continues to evolve to accommodate both traditional and next-generation investment services.

Key Features





Applicable regulatory references:

- Guidelines on the Establishment of Labuan Fund Manager
- Guidelines on the Establishment Labuan Securities Licensee including Islamic Securities Licensee

EVOLUTION OF TECHNOLOGY IN WEALTH MANAGEMENT

Enabling Tokenised Investments, Digital Advisory Models and 24/7 Multi-Asset Wealth Structures

Digital transformation is redefining global wealth management, reshaping how assets are held, managed and transferred. Investors increasingly seek diversified digital portfolios, tokenised private markets, real-time advisory tools and seamless cross-border access. Digital wealth management in Labuan IBFC enables wealth owners, fund operators and advisory firms to manage traditional and digital assets under one regulated ecosystem.





HOW LABUAN STRUCTURES LEVERAGE DIGITAL FINANCIAL SERVICES

Digital wealth solutions integrate seamlessly across Labuan's structuring ecosystem:

- Foundations & Trusts → hold tokenised assets, automate distributions, manage digital waqf products
- Companies & Special Purpose Vehicles (SPVs) → house digital investment operations or tokenised projects
- PCCs → segregate digital strategies (e.g., digital asset cell, tokenised private market cell, Islamic sukuk cell)
- LP/LLPs → support VC/PE investing in digital ventures
- Islamic Digital Asset Centre (IDAC) Framework → enables Shariah-compliant digital exchanges, Shariah-compliant securities token (RAMZ) issuances and Islamic digital products

Digital Asset Management

Managing tokenised private equity, real estate or fund units for Foundations/ Trust Al-assisted advisory and automated rebalancing for beneficiaries or PCC cells Shariah-compliant digital investment products (sukuk tokens or Islamic equities) Digital treasury management for entrepreneurs and enterprise groups

Wealth Wallets as a Gateway to Digital Multi-Asset Management

Digital wallets for LP interests or tokenised VC/PE exposures

Multi-asset wallets combining securities, alternatives and tokenised portfolios

Islamic wealth wallets with embedded Shariah screening and automated zakat allocation



Islamic Wealth Management and Legacy Planning

5.1 Labuan IBFC offers a fully integrated ecosystem for Shariah-compliant wealth management and legacy planning, supported by a full range of Islamic legal framework. Islamic wealth management in Labuan encompasses the creation, preservation, distribution, and purification of wealth, while ensuring full adherence to Shariah principles in both operation and investment conduct. Any Labuan entity undertaking Islamic wealth or legacy planning activities shall appoint or consult shariah adviser to ensure that its business and operations:

- Adhere to Shariah principles and ethical values
- Avoid non-compliant elements such as riba, gharar, maysir, and non-halal income
- Implement appropriate purification mechanisms (tathir), where required
- Ensure documentation, contracts, and investment arrangements meet Shariah requirements
- 5.2 Labuan entities are required to observe any Shariah pronouncements or resolutions issued by Labuan FSA's Shariah Supervisory Council (SSC), which serves as the authoritative reference point for Shariah matters in Labuan IBFC's Islamic finance framework.
- 5.3 At the heart of Labuan's Islamic offering is the Islamic Digital Asset Centre (IDAC) an initiative combining the strengths of conventional wealth structuring with the opportunities of modern digital finance. Through IDAC, Labuan enables investors and wealth owners to access digital Islamic financial products and services, including digital tokens, blockchain-enabled securities, digital exchanges, digital funds, and digital captive takaful including TakaCapt-tech¹ offered in a Shariah-compliant manner. This convergence of traditional trust, foundation and fund-based structures with digital innovations aims to meet the growing demand for ethical, Shariah-aligned wealth solutions in an increasingly digital world.

¹ Refer to the Handbook on Captain-Tech and TakaCapt-Tech Innovations in Labuan IBFC issued by Labuan FSA



A Unique Business Proposition that Enables Global Community to Transact Digitally in a Shariah-Compliant Manner.



Fund raising and investment hub niche in ESG and Shariah compliant activities



Shariah compliant digital exchange and Islamic digital asset (RAMZ)



Labuan Ummah linked company for social finance



Powered by Shariah-compliant Blockchain Technology



Innovation of shariah compliant digital products and infrastructure



Wealth creation in new avenues for fund raising via digital mode



🐼 Islamic Finance Tax Exemptions

0% tax exemption for Labuan Islamic digital players with effect from YA 2024 until YA 2028

Fund Manager

Credit Token Company or Islamic Credit Token Company

Financial Exchange

(Re)insurance, (Re)Takaful and Intermediaries

Bank & Investment Bank, Islamic Bank or Islamic Investment

Refer to Labuan Business Activity Tax (Exemption) Order 2024, P.U.(A) 127/2024

06 Tax Matters

The Labuan Business Activity Tax Act 1990 (LBATA) is the law governing the tax regime designed for entities operating within Labuan IBFC which provides for the preferential tax rates for qualifying Labuan business activities conducted in, from, or through Labuan. Labuan entities that engaged in non-Labuan business activities are subject to tax under the Income Tax Act 1967.

'Labuan business activity' means a Labuan trading or a Labuan non-trading activity carried on in, from or through Labuan, where:

- (a) Labuan trading activity includes banking, insurance, trading, management, licensing, shipping operations or any other activity which is not a Labuan non trading activity.
- (b) Labuan non trading activity means an activity relating to holding of investments in securities, stock, shares, loans, deposits or any other properties situated in Labuan by a Labuan entity on its own behalf.
- 6.2 Labuan entities engaging in business activities as defined in the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulation 2021, [P.U. (A) 423/2021] (Substance Regulations) must meet substance requirements specified for each activity listed in the Regulations. This compliance enables them to qualify for the preferential tax rate of 3% on audited net profits for Labuan trading activities and 0% for Labuan non-trading activities. Failure to comply will result in the chargeable profit to be taxed at 24% in the year of assessment under the LBATA. Chargeable profit means net profit as reflected in the audited accounts in respect of the Labuan business activity of the Labuan Entity.

Substance Requirements under LBATA

- (a) For the purpose of conducting Labuan business activities, Labuan entities must fulfil the following requirements:
 - Maintain a sufficient number of full-time employees in Labuan.
 - Maintain an adequate level of annual operating expenditure in Labuan, as specified in the Substance Regulations.
- (b) The Substance Regulations outlines the substance requirements for Labuan trading activities in the first schedule and for Labuan non-trading activities in the second schedule. Under the second schedule of the Substance Regulations, Labuan non-trading activity is further categorised into Labuan entities that undertake investment holding activities other than pure equity holding activities and Labuan entities that undertake pure equity holding activities.

Pure Equity Holding Activity

Holding equity participations and earning only dividends and capital gains

- Hold at least one board meeting in Labuan annually
- Spend a minimum of RM20,000 on operating expenses in Labuan each year

Non-Pure Equity Holding Activity

Holding various assets and earning different types of income (e.g., interest, rents, and royalties)

- Employ at least one fulltime employee in Labuan
- Spend a minimum of RM20,000 on operating expenses in Labuan each year

Other Applicable Labuan IBFC Income Tax Exemptions

- (a) On 13 February 2025, the Malaysian Government issued the Income Tax (Exemption) Order 2025 [P.U.(A) 59/2025] ("2025 E.O."), which is effective for the years of assessment 2023 to 2027. This new order revokes and supersedes the Income Tax (Exemption) (No. 22) Order 2007 [P.U.(A) 437/2007] ("2007 E.O.").
- (b) Additionally, the 2025 E.O. extends tax exemptions to include new business structures established under legislation enacted after the 2007 E.O., specifically: limited partnerships under the Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 (Labuan LP & LLP Act) and Labuan Islamic foundations under the Labuan Islamic Financial Services and Securities Act 2010. The key Tax Exemptions which may be relevant for Investors and Fund Structures includes:

Dividend Income

- Dividends received by Labuan fund structures² from their portfolio investments in Malaysian companies are exempt from Malaysian income tax.
- Dividends distributed by Labuan fund structures to investors are also taxexempt, provided they originate from Labuan business activities or other exempted income.

It relates to a Labuan company, which is a company incorporated under the Labuan Companies Act 1990, including a foreign Labuan company registered under the same Act. In addition, a Labuan fund structure that is deemed a non-trading activity under the Labuan Business Activity Tax Act 1990 and complies with substance regulations is not chargeable to tax.

Interest Income

- Interest paid by a Labuan fund or investment vehicle to foreign investors (non-residents) is exempt from Malaysian tax, unless the interest is linked to financial institutions regulated under the Financial Services Act 2013 (FSA) or Islamic Financial Services Act 2013 (IFSA).
- Interest received by a Labuan fund from another Labuan entity is taxfree³.
- Malaysian residents (excluding financial institutions) earning interest from Labuan funds are also exempt from tax.⁴

Capital Gains and Profit Distributions

- Capital gains derived from exits (e.g., sale of shares in portfolio companies) by Labuan funds are not subject to Malaysian income tax⁵.
- Profit distributions received by partners of Labuan limited partnerships (LPs) or limited liability partnerships (LLPs) engaged in VC/PE activities are exempt from tax.

³ It relates to interest received by a Labuan company from another Labuan company.

⁴ Interest received by a resident (other than interest accruing to a business of banking in Malaysia of the resident) from a Labuan company.

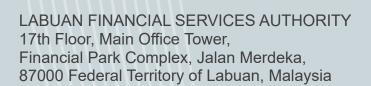
Labuan fund structure that is deemed a non-trading activity under the Labuan Business Activity Tax Act 1990 and complies with substance regulations is not chargeable to tax.

07

Conclusion

The Handbook serves as a practical guide to the diverse structures, regulatory pathways, and strategic possibilities available within Labuan IBFC for wealth management, investment, and legacy planning. While the frameworks outlined herein provide clarity and direction, they are not intended to limit innovation. Labuan FSA welcomes industry participants, advisers, and prospective operators to engage directly with Labuan FSA (bpu@labuanfsa.gov.my) to explore bespoke solutions and emerging ideas that can be responsibly developed within our regulatory ecosystem. By fostering collaborative dialogue and adaptive innovation, Labuan IBFC aims to invigorate the region's wealth management landscape and contribute meaningfully to Malaysia's aspiration to strengthen its position as a leading international financial centre.





Tel: +603 8873 2000 Fax: +603 8873 2209

Website: www.labuanfsa.gov.my | www.labuanibfc.com

DISCLAIMER

The Handbook on Wealth Management and Legacy Planning in Labuan IBFC provides a general and introductory understanding of the available structures and regulatory environment. The Handbook is not an exhaustive write-up and may be updated or revised from time to time. The information contained herein does not constitute any recommendation and it is neither intended to be a substitute for legal advice nor does it diminish any duty (statutory or otherwise) that may be applicable to any person under existing laws.