

## **FREQUENTLY-ASKED QUESTIONS GUIDELINES ON THE ESTABLISHMENT OF LABUAN MARKETING OFFICE**

- 1. Can a Labuan Marketing Office (LMO) be established at any locations in Malaysia outside Labuan apart from Kuala Lumpur and Iskandar Malaysia?**

LMO can be established anywhere in Malaysia and outside of Labuan island e.g. Kota Kinabalu, Kuching or Georgetown, in line with the business plan of the Labuan entity (whether licensed or non-licensed). Notwithstanding this, the Labuan entity shall ensure that the establishment of the LMO complies with the relevant requirements of the Malaysian authorities.

- 2. Is there a restriction on the number of LMO that can be established?**

There is no limit on the number of LMOs that can be established, subject to compliance with the local authority ruling on the establishment, where applicable. However, Labuan FSA expects that this should commensurate with the size of the business activities or business plan of the Labuan entity.

- 3. What is the maximum number of staff that can be placed under the LMO?**

There is no requirement for a maximum number of staff at the LMO. In this regard, the Labuan entity is to ensure that the LMO staff would commensurate with the level of activities provided in its business plan for the establishment of the LMO.

- 4. Is there a requirement to submit the contact details of “Person in Charge” for the LMO?**

The submission of the contact details of the Person in Charge (PIC) is a requirement under paragraph 5.3.1 and serves as a point of contact for Labuan FSA in matters relating to the LMO.

5. **Would the amount of operating expenditures incurred by LMO and employees placed at the LMO be able to satisfy the substantial activity requirements under P.U. (A) 392 Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2018 of Labuan Business Activity Tax Act 1990 (LBATA)?**

Any expenses or employees attributed to the LMO are not incurred and stationed in Labuan island. As such, these do not satisfy the substantial activity requirements of the P.U. (A) 392.

6. **For existing Labuan entity that has been approved to establish a “Kuala Lumpur Marketing Office”, can such designation be retained and be deemed as meeting the LMO signage requirement under paragraph 6.1?**

The designation of “*Kuala Lumpur Marketing Office*” is optional and is not a mandatory requirement of the Guidelines.

7. **What would be the period of reporting for the “Half-Yearly Marketing Office Report” and when is it due for submission?**

The frequency of the Half-Yearly Marketing Report is now changed to yearly basis. In this regard, the affected Labuan entities shall submit the said report within 30 working days after the end of December and should be directed to the following:

- (a) Head, Registrar of Companies, Labuan FSA – for submission by non-licensed entities; and
- (b) Head, Business Operations Unit, Labuan FSA - for submission by licensed entities.

8. **Is there a standard format in submitting the now “Yearly Marketing Office Report”?**

There is no standard format specified but as a form of guidance, the report should minimally be able to describe the number, type and depth of marketing activities which have been undertaken throughout the reporting period.

**9. What is the effective date of the Guidelines and to whom it is applicable?**

The Guidelines is effective on 12 April 2019 and applicable to Labuan entities (licensed or non-licensed entities) that intend to establish LMO and already have their existing LMOs.

**Labuan Financial Services Authority**

6 August 2019

*13 June 2019*