



**LABUAN FINANCIAL SERVICES AUTHORITY
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)**

Reference No. : 239/2020/ALL
Date : 29 April 2020

Association of Labuan Trust Companies
Association of Labuan Banks
Labuan Investment Banks Group
Labuan International Insurance Associations
Labuan International Commodity Trading Companies

Dear Chairman/Sir/Madam,

Revision to Substantial Activity Requirements for Labuan International Commodity Trading Company (LITC) under the Global Incentives for Trading (GIFT) Programme

We refer to the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2018 dated 31 December 2018 (P.U.(A) 392/2018) in relation to the above.

2. Subject to the final release of gazetted regulations on amendments to P.U.(A) 392/2018, Labuan FSA wishes to inform the revised substantial activity requirements for LITC under the GIFT Programme as approved by the Ministry of Finance.

No.	Labuan entities	Existing Substance Regulations		Revised Substance Regulations	
		FTE ^a	OPEX ^b (RM)	FTE ^a	OPEX ^b (RM)
1.	Labuan International Commodity Trading Company <i>(i) 5 or less related LITC companies</i>	3 ^c	3,000,000 ^c	2 per group	3,000,000 per entity in Malaysia (including minimum of RM100,000 in Labuan)
	<i>(i) Every incremental of 5 related LITC companies</i>			Increase of 1 employee for every	3,000,000 per entity in Malaysia

No.	Labuan entities	Existing Substance Regulations		Revised Substance Regulations	
				additional 5 LITC companies	(including minimum of RM100,000 in Labuan)

Notes:

- ^a full time employees.
- ^b annual operating expenditures.
- ^c substance is imposed on each licensed LITC.

The effective date for the above revision is from 1 January 2019.

3. Labuan FSA will continue to inform the market and issue any further circular on new developments relating to the Labuan new tax regime, from time to time. We seek your assistance to disseminate this circular to the members of the associations and any other relevant parties, where necessary. Should you need any clarification on the above, please do not hesitate to contact the undersigned at 087-591203 (email: erni@labuanfsa.gov.my) or the following officers:

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For and on behalf of
Labuan Financial Services Authority



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