

**FREQUENTLY-ASKED QUESTIONS
GUIDELINES ON THE ESTABLISHMENT OF LABUAN COMPANY MANAGEMENT
BUSINESS IN LABUAN IBFC (GUIDELINES)**

A. APPLICABILITY

1. Who are eligible to apply for the company management business in Labuan IBFC?

The Guidelines is open to any entity that is already regulated as company management in its country of origin or a Labuan company that is incorporated/registered under Labuan Companies Act 1990 with qualified personnel.

2. The Guidelines specify the additional factors that need to be considered by Labuan FSA in assessing the application under paragraph 4.2. Must all factors be satisfied in order to be eligible for the company management licence?

Yes. The additional factors are believed to be the basic/minimum qualifying criteria for licence consideration by Labuan FSA.

Notwithstanding this, Labuan FSA may exercise its discretion to require any additional information and/or documents to support the licence application.

3. Can a licensed Labuan entity apply for a separate licence under the Guidelines to carry out the Labuan Company Management Business in LIBFC?

Yes. An existing licensed Labuan company may apply for company management licence if it intends to carry out such activities as defined under the Guidelines.

B. PERMISSIBLE ACTIVITIES

- 4. Under paragraph 3.2(i) of the Guidelines, the provision of treasury processing services can be conducted for the group of related companies regionally or internationally. Are the treasury processing services conducted within group of related companies in Malaysia be allowed under this Guidelines?**

Yes. The licensed Labuan company management is allowed to carry out treasury processing services within its group of related companies regionally including Malaysia. Notwithstanding this, the non-deductibility rules as per Income Tax (Deductions Not Allowed for Payment Made to Labuan Company by Resident) Rules 2018 (Amendment) 2020 [P.U.(A) 376/2020] will be applicable for payments made by a resident to the Labuan company management.

- 5. What are the definitions of the provision of managerial services as stated under paragraph 3.2(ii) of the Guidelines?**

(a) *Back-room and middle office services*

Refers to back-room and middle office services including provision of administration and support services on business settlements, clearances, record maintenance, statutory compliance and etc.

(b) *Act as authorised representatives for support services*

Refers to acting as agent to provide support services on behalf of its client for a commission or a fee. The support services may include business advisory management or administrative support excluding any form of financial advisory services undertaken by other financial institutions licensed under the Labuan Financial Services and Securities Act 2010 (LFSSA) and Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA).

(c) *Intermediation functions*

Means acting as arranger between two parties as intermediary and shall exclude any form of financial intermediation services undertaken by other financial institutions licensed under the LFSSA and LIFSSA. The intermediary functions may include providing support in terms of sales contacts, processing of orders or invoices, supplying market information or providing technical support to facilitate the international trades or imports and exports.

C. OPERATIONAL REQUIREMENTS

6. What is the requirement of an operational office in Labuan?

Labuan entities are expected to have a physical office in Labuan to conduct their operational functions. As of now, the office must be independent from the offices of other entity/company and is able to be used for carrying out their business operations and must also comply with the relevant local authorities' requirement with regard to the operational office, whichever applicable.

7. Can the operational office in Labuan be shared by the related entities?

Labuan entities which are related companies within the same group are allowed to share office space in Labuan. However, each entity needs to comply with the minimum number of full-time employee requirement and annual operating expenditures as specified under the Substance Regulations.

8. If the applicant intend to carry out company management business within its own group of companies and not to 3rd parties, is the placement of security deposit with Labuan FSA still required?

The security deposit of RM100,000 to be placed with Labuan FSA is intended to undertake any liabilities arising from the operations of the licensed company management in Labuan IBFC.

Labuan Financial Services Authority

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