

LEMBAGA PERKHIDMATAN KEWANGAN LABUAN  
(LABUAN FINANCIAL SERVICES AUTHORITY)

Our Reference : 268/2021/ALL  
Date : 23 November 2021

Association of Labuan Trust Companies  
Association of Labuan Banks  
Labuan Investment Bank Group  
Labuan International Insurance Association  
Labuan International Financial Exchange

Dear Chairman/ Sir/ Madam,

**Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2021 [P.U. (A) 423 /2021]**

We refer to the above matter and the following Circulars issued by LFSA:

- (i) Addition to the Revised Substance Regulations dated 21 January 2020
- (ii) Labuan Business Activity Tax (Exemption) Order 2020 dated 5 June 2020

2. We wish to inform that Minister of Finance had recently issued *Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2021 [P.U.(A) 423/2021]* dated 22 November 2021 and wish to highlight the following key changes:

- (i) conditions in relation to the control and management in Labuan as follows:
  - (a) meeting of the board of directors is convened in Labuan at least once a year;
  - (b) the registered office of the Labuan entity shall be situated in Labuan;
  - (c) the secretary of the Labuan entity appointed under the Labuan Companies Act 1990 [Act 441] shall be resident in Labuan; and
  - (d) the accounting and business records including the minutes of meeting of the Labuan entity's board of directors shall be kept in Labuan.
- (ii) inclusion of the Other Trading Entity under item 20 as follows:

No.	Labuan Entity Carrying on a Labuan Trading Activity	FTE	OPEX (RM)
1.	Labuan entity that carries on any one or more of the following business activity:	2	50,000

	<p>(a) administrative services;</p> <p>(b) accounting services;</p> <p>(c) legal services;</p> <p>(d) backroom processing services;</p> <p>(e) payroll services;</p> <p>(f) talent management services;</p> <p>(g) agency services;</p> <p>(h) insolvency related services;</p> <p>(i) management services other than Labuan company management under item 17.</p>		
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The effective date for P.U.(A) 423/2021 is from 1 January 2019 except conditions in relation to control and management in Labuan which is deemed to have come into operation on 1 January 2021.

3. With the issuance of P.U.(A) 423/2021, the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2018 [P.U. (A) 392/2018] is revoked.

4. 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 following officers:

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For and on behalf of  
Labuan Financial Services Authority



**Jaffree Ismail**  
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