

LEMBAGA PERKHIDMATAN KEWANGAN LABUAN
(LABUAN FINANCIAL SERVICES AUTHORITY)

Our Reference : 269/2021/ALL
Date : 24 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,

INCOME TAX (EXEMPTION) (NO. 11) ORDER 2021 [P.U.(A) 425/2021]

We refer to the above matter and the Circular issued by LFSA on Revision to Non-Deductibility (ND) Rules dated 23 December 2019.

2. We wish to inform that Minister of Finance had recently issued *Income Tax (Exemption) (No. 11) Order 2021* [P.U.(A) 425/2021] dated 23 November 2021 which provides the following exemption:

The Minister exempts any resident in Malaysia in the basis period for a year of assessment from the provision of paragraph 39(1)(r) of the Act in respect of the amount of payment made by the resident—

- (a) to a Labuan company which undertakes a qualifying activity under the *Global Incentives for Trading programme*;
- (b) to a Labuan company which has made an election under section 3A of the *Labuan Business Activity Tax Act 1990 [Act 445]*; and
- (c) to a Labuan Company which carries on a Labuan business activity under section 2B of the *Labuan Business Activity Tax Act 1990 [Act 445]*.

For the purpose of paragraph (c), the resident referred above is a Labuan company which carries on a business activity which is not specified in the Schedule to the *Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2021 [P.U. (A) 423/2021]* or an activity other than a Labuan business activity under the *Labuan Business Activity Tax Act 1990*.

The effective date for P.U.(A) 425/2021 is from year of assessment 2019 to 2025.

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 following officers:

Name	Contact No.	Email Address
Pn. Norhafishal Ahmad Latifi	087-591 208	norhafishal@labuanfsa.gov.my
En. Mohd Haffiz Suzahakasimi	087-591 230	mohdhaffiz@labuanfsa.gov.my

For and on behalf of
Labuan Financial Services Authority



Jaffree Ismail
Director
Business Development Department