



GUIDELINES ON PRESCRIBED LABUAN BUSINESS ACTIVITIES FOR NON-LICENSED TRADING ENTITIES IN LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE (LIBFC)

1.0 Introduction and Legal Provision

- 1.1 These Guidelines are issued pursuant to section 4A of the Labuan Financial Services Authority Act 1996 (LFSAA) to clarify the Labuan business activities as prescribed in item 20 of the First Schedule of the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2021 [P.U.(A) 423/2021] (Regulation).

2.0 Applicability

- 2.1 These Guidelines are applicable to any Labuan financial institution (as defined in section 2(1) of the LFSAA) that undertakes any of the Labuan business activities as prescribed in item 20 of the First Schedule of the Regulation.

3.0 Effective Date

- 3.1 These Guidelines shall be deemed to have come into effect on 1 January 2019.

4.0 Prescribed Labuan Business Activities

- 4.1 The Labuan business activities as prescribed in Item 20 of the First Schedule of the Regulation are any one or more of the following :
 - (a) administrative services;
 - (b) accounting services;
 - (c) legal services;
 - (d) backroom processing services;
 - (e) payroll services;
 - (f) talent management services;
 - (g) agency services;
 - (h) insolvency related services;
 - (i) management services other than Labuan company management under item 17 of the First Schedule of the Regulation.

5.0 Details of Prescribed Labuan Business Activities

Details of the Labuan Business activities as prescribed under item 20 of the First Schedule of the Regulation are as follows:

5.1 Administrative services

Administrative services mean services pertaining to employee management, payroll management, property management, human resource management, financial planning, contract or subcontract management, facilities management or proposal management.

5.2 Accounting services

Accounting services mean services pertaining to recording, analysing, summarizing or classifying financial, commercial and business transactions and information of a person or business.

5.3 Legal services

Legal services mean –

- (a) conveyancing services;
- (b) legal advisory services;
- (c) litigation or legal representation services in any proceedings before any court, tribunal or other authority; or
- (d) legal dispute resolution services including alternative dispute resolution.

5.4 Backroom processing services

Backroom processing services are services relating to settlements of receivables and payables, clearance, record maintenance, regulatory compliance or information technology (IT) related services which are usually performed by administration and support personnel who do not deal directly with client.

5.5 Payroll services

Payroll services mean services relating to –

- (a) processing, calculation, payment and deduction of remuneration, benefits, tax and statutory payment; or
- (b) issuance of payslip and tax statement.

5.6 Talent Management Services

Talent management services mean the provision of human resource services to attract, onboard, develop, motivate, and retain employees.

5.7 Agency services

Agency services mean the provision of specific services on behalf of another group, business, or person pursuant to an agency agreement between the agent and its client.

5.8 Insolvency related services

Insolvency related service mean services related to administering company liquidations or winding up, or personal bankruptcy.

5.9 Management services

Management services cover the organization and coordination of activities of a business in order to provide services to the clients and usually consist of organizing, supervising, monitoring, planning, controlling and directing business's resources such as human, financial and technology.

For avoidance of doubt, management services exclude company management as defined in section 129 of the Labuan Financial Services and Securities Act 2010.

6.0 Any enquiries on these Guidelines may be forwarded to the following contact details:

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Labuan Financial Services Authority

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