

LEMBAGA PERKHIDMATAN KEWANGAN LABUAN (LABUAN FINANCIAL SERVICES AUTHORITY)

Our Reference : 255/2020/ALL
Date : 4 December 2020

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 for Labuan IBFC

We refer to the following Income Tax Exemption Orders accorded to the Labuan IBFC Industry which are expiring on 31 December 2020:

- i) 50% exemption of gross income for Non-Citizen individuals employed in a managerial capacity with a Labuan entity in Labuan, co-located office or marketing office of Labuan entity in other parts of Malaysia [P.U.(A) 420/2011].
- ii) 100% exemption of director's fee received by non-citizens acting in their capacity as Director of a Labuan entity [P.U.(A) 419/2011].
- iii) 50% exemption of gross housing allowance and gross Labuan territory allowance received by Malaysian citizens for exercising an employment in Labuan with a Labuan entity [P.U.(A) 421/2011].
- iv) 65% exemption of statutory income derived from provision of qualifying professional services to a Labuan entity in Labuan.

2. Subject to the final release of gazetted Income Tax Exemption Order on amendment to P.U.(A) 419/2011, Labuan FSA wishes to inform that the 100% exemption of director's fee received by non-citizens acting in their capacity as Director of a Labuan entity has been extended for another five (5) years i.e. until year of assessment (YA) 2025.

3. No further extension has been given on the other Income Tax Exemptions i.e. items i), iii) and iv) above and these exemptions will end by 31 December 2020.

4. Labuan FSA will continue to inform the market and issue further circular on new developments relating to the Labuan 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 contact any of the following officers:

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For and on behalf of
Labuan Financial Services Authority



Jaffree Ismail
Director
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