

**A. PROMOTED ACTIVITIES AND PRODUCTS IN LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE (LABUAN IBFC)**

NO	PROMOTED PRODUCTS / ACTIVITIES
<b>(I)</b>	<p><b>Labuan Banking Business</b></p> <p>a) The business of receiving deposits on current account, deposit account, savings account or any other account as may be specified by Labuan FSA.</p> <p>b) Labuan investment banking business includes-</p> <ul style="list-style-type: none"> <li>- providing credit facilities;</li> <li>- providing consultancy and advisory services relating to corporate and investment matters, including dealing in securities, or making and managing investments on behalf of any person;</li> <li>- undertaking foreign exchange transactions, interest rate swaps, dealings in derivative instruments or derivative financial instruments or any other similar risk management activities;</li> <li>- Labuan Islamic investment banking business; or</li> <li>- Labuan financial business.</li> </ul> <p>c) Labuan financial business includes-</p> <ul style="list-style-type: none"> <li>- Building credit business;</li> <li>- Credit token business;</li> <li>- Development finance business;</li> <li>- Leasing business;</li> <li>- Factoring business;</li> <li>- Money broking business;</li> <li>- Labuan international commodity trading business; or</li> <li>- Labuan Islamic financial business.</li> </ul>
<b>(II)</b>	<p><b>Labuan Islamic Banking Business</b></p> <p>a) The business of receiving deposits on current account, deposit account, savings account or any other account in compliance with Shariah principles as may be specified by Labuan FSA.</p> <p>b) Labuan Islamic investment banking business includes-</p> <ul style="list-style-type: none"> <li>- providing financing facilities in compliance with Shariah principles;</li> <li>- providing consultancy and advisory services relating to corporate and investment matters, including dealing in securities, or making and managing investments on behalf of any person, in compliance with Shariah principles;</li> <li>- undertaking foreign exchange transactions, profit rate swaps, dealings in Islamic derivative instruments or Islamic derivative financial instruments which are in compliance with Shariah principles or any other similar risk management activities; or</li> <li>- Labuan Islamic financial business.</li> </ul> <p>c) Labuan Islamic financial business in compliance with Shariah principles includes-</p> <ul style="list-style-type: none"> <li>- Islamic building credit business;</li> <li>- Islamic credit token business;</li> <li>- Islamic development finance business;</li> <li>- Islamic leasing business;</li> <li>- Islamic factoring business; or</li> <li>- Islamic money broking business.</li> </ul>
<b>(III)</b>	<p><b>Labuan Insurance Business and Labuan Insurance-related Activities</b></p> <p>a) Labuan Insurance Business</p> <ul style="list-style-type: none"> <li>- Insurance business which is not a domestic insurance business and which is transacted in foreign currency, and includes takaful and retakaful business, reinsurance business, Labuan captive insurance business and such other Labuan insurance business as may be approved by Labuan FSA.</li> </ul>

NO	PROMOTED PRODUCTS / ACTIVITIES
	b) Labuan captive insurance business <ul style="list-style-type: none"> <li>- Labuan insurance business where the insured is a related corporation or associate corporation of the Labuan insurer or where the insured is any other person in respect of whom the Labuan insurer is authorised by Labuan FSA to provide insurance or reinsurance business.</li> </ul>
	c) Labuan insurance broker A person who is licensed to- <ul style="list-style-type: none"> <li>- Arrange Labuan insurance business on behalf of prospective or existing policy owners;</li> <li>- Arrange Labuan reinsurance business on behalf of any insurer seeking reinsurance; or</li> <li>- Analyse the financial circumstances of another person and provides a plan to meet that other person's financial needs and objectives, whether or not a fee is charged in relation thereto.</li> </ul>
	d) Labuan insurance manager <ul style="list-style-type: none"> <li>- A person who is licensed to provide management or administration services related to Labuan insurance business but does not include a Labuan underwriting manager.</li> </ul>
	e) Labuan underwriting manager <ul style="list-style-type: none"> <li>- A person, not being a <i>bona fide</i> employee, who is licensed to provide underwriting services, including the administration of the business, to one or more Labuan insurers.</li> </ul>
<b>(IV)</b>	<b>Labuan Takaful Business and Labuan Takaful-related Activities</b>
	a) Labuan takaful business <ul style="list-style-type: none"> <li>- Takaful business which is not a domestic takaful business and which is transacted in foreign currency, and includes Labuan captive takaful business, Labuan retakaful business and such other takaful business as may be approved by Labuan FSA.</li> </ul>
	b) Labuan captive takaful business <ul style="list-style-type: none"> <li>- Labuan takaful business where the participant in such takaful business is a related corporation or associate corporation of the Labuan takaful operator or where the participant in such takaful business is any other person in respect of whom the Labuan takaful operator is authorised by Labuan FSA to provide takaful or retakaful business.</li> </ul>
	c) Labuan takaful manager <ul style="list-style-type: none"> <li>- A person who is licensed to provide management or administration services related to Labuan takaful business but does not include a Labuan takaful underwriting manager.</li> </ul>
	d) Labuan takaful underwriting manager <ul style="list-style-type: none"> <li>- A person, not being a <i>bona fide</i> employee, who is licensed to provide underwriting services, including the administration of the business, to one or more Labuan takaful operators.</li> </ul>
<b>(V)</b>	<b>Labuan International Commodity Trading Business under the Global Incentive For Trading (GIFT) Programme</b>
	a) Petroleum and petroleum-related products including Liquefied Natural Gas (LNG)
	b) Agriculture products
	c) Refined raw materials
	d) Chemicals
	e) Base minerals

**B. TYPE OF INCENTIVES IN LABUAN IBFC**

<b>NO</b>	<b>TYPE</b>	<b>INCENTIVES</b>
<b>1</b>	<b>Corporate Tax (Labuan Business Activity Tax Act 1990)</b>	<ul style="list-style-type: none"> <li>• 3% of Net Profits as reflected in audited accounts or RM20,000 as elected;</li> <li>• Non-Trading – 0%; and</li> <li>• Labuan Entities can elect to be taxed under Income Tax Act 1967.</li> </ul>
<b>2</b>	<b>Withholding Tax Exemptions under Income Tax Act 1967</b>	Perpetual Exemption
	a) Dividends	
	b) Interest	
	c) Royalty	
	d) Technical Fees/Management Fees	
	e) Lease Rental	
	f) Other types of payments (Section 4(f), ITA)	
	g) Distribution by P'Ship, Foundation and Trusts	
<b>3</b>	<b>Stamp Duty Exemption under Stamp Act 1949</b>	Perpetual Exemption on all instruments made by Labuan entities in connection with Labuan business activity, its constituent documents and transfer of shares within Labuan company
<b>4</b>	<b>Double Tax Agreements</b>	Labuan entities may avail to the benefits under Malaysia's DTA
<b>5</b>	<b>Income Tax Exemption for Individuals under Income Tax Act 1967</b>	
	a) Directors Fees – Non-Citizen	Exempted 100% until Y/A 2020
	a) Non-Citizen employed in a managerial capacity in a Labuan entity – Exemption of 50% on gross employment income	50% exemption until Y/A 2020
	b) For Malaysian Citizens working in Labuan entity	50% exemption on Labuan and Housing allowances until YA 2020
<b>6</b>	<b>Indirect Taxes</b>	Exempted (Labuan Duty-Free Zone)
<b>7</b>	<b>Exchange Control</b>	Labuan entities are declared as non-residents under Malaysia's Exchange Control Act. Hence can deal in any non-Ringgit Malaysia currency.

**C. ELIGIBILITY CRITERIA**

NO	PRODUCT	ELIGIBILITY CRITERIA
1	Labuan banking business / Labuan Islamic banking business / Labuan International Commodity Trading Business under the GIFT Programme	a) Labuan company; b) Foreign Labuan company; or c) Malaysian bank.  <b>Reference:</b> <ul style="list-style-type: none"> <li>• <i>Labuan Financial Services and Securities Act 2010</i></li> <li>• <i>Labuan Islamic Financial Services and Securities Act 2010</i></li> <li>• <i>Guidelines on Entry Criteria for Labuan bank</i></li> <li>• <i>Guidelines on Investment Banking Business</i></li> <li>• <i>Guidelines on the Establishment of Labuan International Commodity Trading Company under the Global Incentives For Trading Programme</i></li> </ul>
2	Labuan insurance business and insurance-related activities / Labuan takaful business and takaful-related activities	d) Labuan company; e) Foreign Labuan company; or f) A branch of Malaysian insurer/takaful operator.  <b>Reference:</b> <ul style="list-style-type: none"> <li>• <i>Labuan Financial Services and Securities Act 2010</i></li> <li>• <i>Labuan Islamic Financial Services and Securities Act 2010</i></li> <li>• <i>Guidelines on Application for Licence Labuan Insurance and Insurance-related Activities</i></li> <li>• <i>Guidelines on Captive Insurance Business in Labuan IBFC</i></li> <li>• <i>Guidelines on Shariah Compliant Captive in Labuan IBFC</i></li> </ul>

**D. APPLICATION FORMS****(1) Form LIB\_Labuan Insurance Business**

Application for Licence to Carry On Labuan Insurance and Insurance Related Business including Labuan Takaful Business and Takaful Related Activities

**(2) Form LBB\_Labuan Banking Business**

Application for Licence to Carry On Labuan Banking Business including Labuan Islamic Banking Business

**(3) Form LFB\_Labuan Financial Business**

Application for Licence to Carry On Labuan International Commodity Trading Business under the GIFT Programme

Forms can be downloaded from [www.labuanfsa.gov.my](http://www.labuanfsa.gov.my)