



**LABUAN FINANCIAL SERVICES AUTHORITY  
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)**

Reference No. : 241/2020/ALL  
Date : 05 June 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,

**Labuan Business Activity Tax (Exemption) Order 2020**

We refer to our circular dated 20 December 2019 that clarifies the Labuan Investment Committee (LIC) Pronouncement 2-2019 in relation to the substantial activity requirements for Labuan entity that undertakes pure equity holding activities.

2. Please be informed that the Labuan Business Activity Tax (Exemption) Order, P.U. (A) 177 dated 2 June 2020 (PUA 177/2020) has been gazetted which provides the following exemption:

*The Minister exempts a Labuan entity carrying on a Labuan business activity related to pure equity holding from the application of subparagraph 2B(1)(b)(i) of the Labuan Business Activity Tax Act, 1990 (LBATA)*

The PUA 177/2020 is deemed to have come into effect on 1 January 2019.

3. By virtue of the above exemption order, any Labuan entity that undertakes pure equity holding activities is not required to have full time employee as required under Section 2B(1)(b)(i) of LBATA but shall comply with the "management and control" requirement. This requirement will be announced by Labuan FSA in due course.

4. In this regard, 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 undersigned at 087-591203 (email: erni@labuanfsa.gov.my) or the following officers:

<b>Name</b>	<b>Contact No.</b>	<b>Email Address</b>
Pn. Norhafishal Ahmad Latifi	087 - 591 208	<a href="mailto:norhafishal@labuanfsa.gov.my">norhafishal@labuanfsa.gov.my</a>
En. Mohd Haffiz Suzahakasimi	087 – 591 230	<a href="mailto:mohdhaffiz@labuanfsa.gov.my">mohdhaffiz@labuanfsa.gov.my</a>

For and on behalf of  
Labuan Financial Services Authority



Erni Marlina Madzlan  
Head  
Business Policy