

LEMBAGA PERKHIDMATAN KEWANGAN LABUAN
(LABUAN FINANCIAL SERVICES AUTHORITY)

Reference No. : 231/2019/ALL
Date : 20 December 2019

Association of Labuan Trust Companies
Association of Labuan Banks
Labuan Investment Banks Group
Labuan International Insurance Association
Labuan International Financial Exchange

Dear Sir/ Madam,

Clarification to Labuan Investment Committee (LIC) Pronouncement 2-2019

We refer to the LIC Pronouncement 2-2019 dated 11 December 2019.

2. Subject to the final release of gazetted regulations on amendments to P.U.(A) 392/2018, Labuan FSA wishes to inform the following Substantial Activity Requirements as approved by the Ministry of Finance

Labuan Substantial Activity Requirements

The minimum requirements on Full Time Employees (FTE) and annual Operating Expenditure (OPEX) for the relevant Labuan entities are as follows. The requirements for other entities under P.U.(A) 392/2018 which are not listed below will remain status quo.

No.	Labuan entities	Existing Substance Regulations		Revised Substance Regulations	
		FTE	OPEX (RM)	FTE	OPEX (RM)
1.	Labuan banks, investment banks including Islamic banks/ investment banks	3	180,000	3	200,000

No.	Labuan entities	Existing Substance Regulations		Revised Substance Regulations	
		FTE	OPEX (RM)	FTE	OPEX (RM)
2.	Labuan (re)insurers including (re) takaful operators	4	150,000	3	200,000
3.	Labuan captive insurer or captive takaful:	4 ^a	100,000 ^a		
	(i) 1 st party captive			2	100,000
	(ii) 3 rd party captive			3	100,000
4.	Labuan insurance brokers or takaful brokers	4	100,000	2	100,000
5.	Labuan leasing company or Labuan Islamic leasing company with:	2 ^b	100,000 ^b		
	(i) <i>10 or less related leasing companies</i>			2 per group	100,000 per entity
	(ii) <i>11 to 20 related leasing companies</i>			3 per group	100,000 per entity
	(iii) <i>21 to 30 related leasing companies</i>			4 per group	100,000 per entity
	(iv) <i>Every incremental of 10 related leasing companies</i>			Increase of 1 employee for every additional 10 companies	100,000 per entity
6.	Holding company: <i>Labuan entity that undertakes other than pure equity holding activities</i>	2	50,000	1	20,000

No.	Labuan entities	Existing Substance Regulations		Revised Substance Regulations	
		FTE	OPEX (RM)	FTE	OPEX (RM)
7.	Labuan entity that undertakes pure equity holding activities ^c	-	-	Not required. Instead to comply with management and control requirements	20,000

Notes:

^a no segregation between 1st party and 3rd party captives.

^b substance is imposed on each licensed leasing entity.

^c specific rules will be issued and will not form as part of P.U.(A) 392/2018.

The effective date for the above changes is from 1 January 2019.

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:

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Yours sincerely,



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