

INCOME TAX EXEMPTION FOR LABUAN DIRECTOR'S FEE RECEIVED BY NON-CITIZENS

Currently, various individual tax exemptions apply in Labuan, and certain tax exemptions also apply on income from the provision of professional services to Labuan entities. The exemptions are as follows:

- 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.
- ii. 100% exemption of director's fee received by non-citizens acting in their capacity as Director of a Labuan entity.
- 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.
- iv. 65% exemption of statutory income derived from provision of qualifying professional services to a Labuan entity in Labuan.

The above exemptions apply only up to the year of assessment 2020. The Labuan Financial Services Authority ("LFSA") released a letter dated 4 December 2020 announcing the non extension of items (i), (iii) and (iv) above. Item (ii) however will be extended until the year of assessment 2025, subject to the release of the relevant gazette order".

**For details,
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link below:**

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