



Tax Flash



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Hyperlinks

Advent Consulting Group
Inland Revenue Board

Malaysia White Listed by OECD

In April 2009, Malaysia was named by The Organisation for Economic Co-operation and Development ["OECD"] as one of the jurisdictions that were identified as having not committed to the internationally agreed tax standard on transparency and exchange of information between countries. Since then, Malaysia has signed enhanced double tax agreements in relation to the sharing of information with twelve (12) countries which has now made Malaysia been listed on the "white list". This recognition by the OECD means Malaysia is one of jurisdictions deemed to have substantially implemented OECD standards of transparency and exchange of information between countries.

Labuan IBFC

To enhance the competitiveness of Labuan International Business and Financial Centre ["Labuan IBFC"] in the offering of a wider range of conventional and Islamic financial products and services to position Labuan IBFC as a major regional and global financial centre, eight (8) legislations have recently been gazetted:-

i. New Legislations

- **Labuan Financial Services and Securities Act 2010**

This Act provides the framework on the licensing and regulation of financial services and securities in Labuan. With the enactment of the Labuan Financial Services and Securities Act 2010, the following Acts are repealed:-

- Labuan Trust Companies Act 1990;
- Offshore Banking Act 1990;
- Offshore Insurance Act 1990; and
- Labuan Offshore Securities Industry Act 1998.

- **Labuan Islamic Financial Services and Securities Act 2010**

This Act provides the framework on the licensing and regulation of Islamic financial services and securities in Labuan.

- **Labuan Foundations Act 2010**

This Act provides for the establishment, regulation and dissolution of foundations in Labuan.

- **Labuan Limited Partnerships and Limited Liability Partnerships Act 2010**

This Act provides the framework for the establishment, regulation and dissolution of limited partnerships and liability partnerships in Labuan.

ii. **Amended Legislations**

- **Labuan Offshore Financial Services Authority (Amendment) Act 2010**

The Labuan Offshore Financial Services Authority Act 1996 has been renamed as Labuan Financial Services Authority Act 1996.

- **Labuan Offshore Trust (Amendment) Act 2010**

The Labuan Offshore Trust Act 1996 has been renamed as Labuan Trust Act 1996.

- **Offshore Companies (Amendment) Act 2010**

The Offshore Companies Act 1990 has been renamed as Labuan Companies Act 1990.

- **Labuan Offshore Business Activity Tax (Amendment) Act 2010**

The Labuan Offshore Business Activity Tax Act 1990 ["LOBATA"] has been renamed as Labuan Business Activity Tax Act 1990 ["LBATA"]. Some of other major changes include:-

- The word "offshore" that appears in LOBATA has now been changed to the word "Labuan". Consequently, terms such as "offshore business activity" and "offshore company" are now changed to "Labuan business activity" and "Labuan entity" respectively in LBATA.
- A list of Labuan entities is provided in a new Schedule.
- A Labuan company carrying on a business of shipping operations and a branch of a Malaysia insurer will be taxed under LBATA at 3% or RM20,000 unless an irrevocable election is made to be taxed under the Income Tax Act 1967.
- Fined for offences ranging from RM3,000 to RM10,000 previously are now increased to a maximum of RM1 million under LBATA.
- The Director General ["DG"] is empowered to issue guidelines to clarify or facilitate compliance of the law or any other matter relating to LBATA.
- A person may apply for advance ruling on the application of any provision in LBATA.
- The DG is empowered to request any person to furnish and disclose information and particulars to the tax authorities of treaty countries.

Service Tax – List of Taxable and Non-Taxable Services

The Royal Malaysian Customs Department ["RMCD"] has issued a revised "Service Tax and No Tax List". The list indicates the types of taxable and non-taxable services for the various categories of taxable persons under the Second Schedule of the Service Tax Regulations 1975.

GST Bill – Deferment of Second Reading

The Government has deferred the tabling of the Goods and Services Tax ["GST"] Bill for second reading which was scheduled to be held in Parliament this month. This allows the Government more time to gather feedback from the public on its implementation of GST.

Reference

Service Tax and No Tax List

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