

# **LABUAN BUSINESS ACTIVITY TAX (EXEMPTION) ORDER 2024**

PU (A) 127  
10 May 2024

IN exercise of the powers conferred by subsection 26(1) of the Labuan Business Activity Tax Act 1990 [Act 445], the Minister makes the following order:

## **CITATION AND COMMENCEMENT**

- 1(1)** This order may be cited as the **Labuan Business Activity Tax (Exemption) Order 2024**.
- 1(2)** This Order shall have effect from the year of assessment 2024 until the year of assessment 2028.

## **INTERPRETATION**

- 2** In this Order, "qualifying activity" means a Labuan trading activity in relation to Islamic finance for the promoted sectors as specified in column (3) of the Schedule.

## **EXEMPTION**

- 3(1)** The Minister exempts a Labuan entity specified in column (2) of the Schedule, in the basis period for a year of assessment, from the payment of tax in respect of any of its income derived from a qualifying activity.
- 3(2)** Nothing in subparagraph (1) shall absolve or be deemed to have absolved the Labuan entity from complying with any requirement to submit any return or statement of bank accounts or to furnish any other information under the Act.

## **SEPARATE SOURCE AND ACCOUNT**

- 4(1)** Where a Labuan entity carries on a qualifying activity, and activity or business other than the qualifying activity, each of such activity or business shall be treated as a separate and distinct source of activity or business for the Labuan entity.
- 4(2)** The Labuan entity which is granted an exemption under subparagraph 3(1) shall maintain a separate account for the income derived from each activity or business referred to in subparagraph (1).

## SCHEDULE

(1) No.	(2) Labuan Entity	(3) Qualifying Activity
1.	Labuan bank, Labuan investment bank, Labuan Islamic bank or Labuan Islamic investment bank	<p>Islamic banking business that leverages digital solutions and adheres to Syariah principles for:</p> <ul style="list-style-type: none"> <li>(a) raising funds;</li> <li>(b) managing risks including credit, currency and interest risks;</li> <li>(c) taking hedging positions;</li> <li>(d) providing financing or other financial services to customers;</li> <li>(e) managing regulatory capital;</li> <li>(f) preparing regulatory reports and returns;</li> <li>(g) deposit taking for Labuan Islamic bank and Labuan bank approved to carry on Labuan Islamic banking;</li> <li>(h) providing consultancy and advisory services relating to investment matters including dealing in securities or making and managing Islamic investment</li> </ul>
2.	Labuan credit token company or Labuan Islamic credit token company	<p>Islamic Digital Token Issuer which:</p> <ul style="list-style-type: none"> <li>(a) issues Islamic credit token or Islamic securities token via built-in technology or outsourced technology;</li> <li>(b) provides in-house wallet (hot and cold wallet) for storing of Islamic digital token and approved as a payment system operator</li> </ul>
3.	Labuan fund manager	<p>Providing fund management services based on Syariah principles and utilisation of digital solutions in respect of Islamic securities including Islamic securities token for:</p> <ul style="list-style-type: none"> <li>(a) management services;</li> <li>(b) investment advice;</li> <li>(c) administrative services;</li> <li>(d) dealing in securities</li> </ul>
4.	Labuan International Financial Exchange	<p>Undertaking the business of Islamic Exchange which is:</p> <ul style="list-style-type: none"> <li>(a) based on Syariah principles and utilisation of digital solutions in— <ul style="list-style-type: none"> <li>(i) listing;</li> <li>(ii) licensing; or</li> <li>(iii) trading; or</li> </ul> </li> <li>(b) based on the rules and by-laws of the Exchange, other matters related to the securities market and financial instruments</li> </ul>