

# Setting up a business in Labuan



## Introduction

Labuan International Business and Financial Centre (Labuan IBFC) was set up in 1990 on the Island of Labuan which is one of the three federal territories of Malaysia. Strategically located a short range from Asia's main financial and business hubs such as Hong Kong and Singapore, Labuan IBFC is regulated by a one-stop-regulator, the Labuan Financial Services Authority (LFSA) and has evolved into a successful mid-shore jurisdiction serving the growing demands for corporate and international financial services.

A preferential tax regime, minimal foreign exchange controls, the absence of capital gains and withholding taxes, the availability of a multilingual and skilled local workforce and competitive operational costs, are just some of the benefits of doing business in Labuan IBFC.

## Key requirements to set up a Labuan company

The Labuan Companies Act 1990 (LCA) provides for the incorporation, registration and administration of Labuan companies.



### Company name

The applicant may choose any name, but LFSA has the discretion to reject the name if it is undesirable or involves a name that the Registrar is not willing to accept.



### Type of Company

A Labuan company may be limited by shares or limited by guarantee.



### Share Capital

There are no minimum capital and no authorised share capital requirements (except for banking or insurance, or certain other regulated activities). The shares issued shall have no par or nominal value. Various classes of shares and different rights may be issued. Bearer shares are not permitted.



### Directors

Minimum one individual or corporate, resident or non-resident in Labuan.



### Shareholders

Minimum one individual or corporate, resident or non-resident in Labuan.



### Company Secretary and Registered Office

It is mandatory to appoint a Labuan trust company as company secretary and to provide a registered office address.



### Substance Requirements

A Labuan company undertaking Labuan business activities will need to have "economic substance" in Labuan, such as an adequate number of full time employees and an adequate amount of annual operating expenditure depending on the type of activity so the activities are done in, from or through Labuan.



### Accounting and Audit

Labuan companies are required to maintain proper accounting and other records in Labuan. Labuan companies with a trading activity must also have their accounts audited.



### Public information / Confidentiality

The name of the company, its registered office and the related trust company/agent are available to the public on the Labuan IBFC website, the remaining information remains either with the trust company or LFSA.

The information contained in this brochure is of a general nature only. It is not meant to be comprehensive and does not constitute legal or tax advice.



## Taxation

Tax	Rate
<b>Corporate tax*</b>	3% of nett audited profit
<b>Corporate tax**</b>	0%
<b>Corporate tax***</b>	Max. 24% of nett audited profit
<b>Capital gain tax</b>	0%
<b>Withholding tax</b> (dividends, interest, management fee, royalty, technical fees)	0%
<b>Sales and service tax</b> (outside Malaysia and within Labuan)	0%

Tax	Rate
<b>Sales and service tax</b> (within Malaysia excluded Labuan)	6%
<b>Personal income tax on Directors' fee for foreign individuals</b> (Valid until YA 2020)	0%
<b>Stamp duty</b>	0%
<b>Estate tax</b>	0%
<b>Indirect taxes</b> (such as sales tax, import duties, surtax, excise and export duties)	0%

\*Applicable to international revenue of Labuan companies carrying out trading activities (i.e.: includes banking, insurance, trading, management, licensing, shipping operations or any other activity which is not a "Labuan non-trading activity").

\*\* Applicable to international revenue of Labuan companies carrying out non-trading activities (i.e.: includes holding of investments in securities, stock, shares, loans, deposits or any other properties situated in Labuan by a Labuan entity on its own behalf).

\*\*\* Applicable to: i) local revenue of Labuan companies; or ii) Labuan companies who don't qualify to be taxed under LBATA.

## Exchange control

Transactions between non-residents and Labuan companies in foreign currencies are free from exchange control.

## How Alpadis Group can help

Our Labuan office will provide you with the support of a dedicated team of highly skilled and experienced professionals that will execute the set up and administration of the entity that suits your needs and is fully compliant with Labuan regulatory and tax requirements. Our services include:

 <b>Company formation</b>	 <b>Registered office</b>	 <b>License application</b>	 <b>Bank account opening and management</b>	 <b>Corporate secretary services</b>	 <b>Accounting and reporting</b>	 <b>Payroll services</b>
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## Get started now and contact us to discuss your needs!

Contact us at:

Alpadis Trust (Labuan) Ltd., U0065, 3rd Floor, Jalan OKK Awang Besar,

87000 F.T. Labuan, Malaysia

Tel: (60) 87 595 700 | Email: info.my@alpadis-group.com