



We deliver what you REALLY want

BENEFITS OF USING LABUAN IBFC

Location, Costs, Laws and Regulations

1. Strategic located in Asia Pacific region and optimal time zone; same time zone as Singapore, Beijing and Hong Kong, one hour difference with Tokyo and Seoul.
2. A highly developed separate legal infrastructure, less compliance requirements.
3. Four new laws passed in 2010 to protect business interests and assets, keeping Labuan at the cutting-edge of the business and financial world.
4. The Labuan International Business and Financial Centre (IBFC) is administered independently and professionally by the Labuan Financial Services Authority ("Labuan FSA").
5. Established business structure including technology, skilled workforce and resources.
6. One-stop centre for banking, leasing, and insurance entities licensing.
7. English is the main business language but Mandarin is widely spoken and written.
8. Low operating costs; one third that of Singapore and Hong Kong.
9. Labuan companies can own a controlling stake in domestic Malaysian with access to Malaysia's extensive DTA treaty network.
10. Multiple entry visa and work permit for shareholders and management of Labuan entities; approvals for visa and work permit are done in Labuan.

Taxation

11. A tax rate of 3% on audited net profits or a flat rate of RM 20,000 per annum (approximately USD 6,700) for Labuan trading entities.
12. No tax for non-trading (investment holding) Labuan entities.
13. No capital gains tax, real property gain tax, stamp duty, sale tax, service tax, estate duty and withholding tax.
14. Access to the double taxation agreements of Malaysia, more than 60 of them.
15. Labuan entities can elect to pay tax under Income Tax Act, 1967.
16. Dividends received from Labuan companies and interests received from Labuan banks are exempt from all kind of taxes.
17. Director fees paid to non citizen directors of Labuan entities are tax exempt.



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18. 50% tax exemption on housing allowance paid to persons working in the Labuan IBFC industry.
19. 60% tax exemption on income derived by professional firms from providing services to Labuan entities.
20. Labuan is a duty free area, no duty on motor vehicles, liquor and cigarette and other goods except on petroleum products.

Members to International Bodies

21. Internationally accepted standards of practices, Labuan FSA is a member of:
 - (a) Group of International Finance Centre Supervisors (GIFCS);
 - (b) International Organisation of Securities Commissions (IOSCO);
 - (c) Offshore Group of Insurance Supervisors (OGIS);
 - (d) International Association of Insurance Supervisors (IAIS);
 - (e) International Islamic Financial Market (IIFM);
 - (f) Islamic Financial Services Board (IFSB);
 - (g) Asia/Pacific Group on Money Laundering (APG).

Accounting Standards

22. Labuan companies are free to choose the accounting standards they want to comply:
Private Entities Reporting Standards, IFRS, IFRS for SMEs and Malaysian Financial Reporting Standards or the Financial Standards of any country one chooses.

Shipping

23. Shipping operations (carrying of goods and passenger and time charter) are permitted, provided the activities are limited to those within Labuan or outside Malaysia.
24. International shipping registration is also available in Labuan.



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Others

25. Flexibility for Labuan Holding Companies, Banks and Insurance entities to conduct business in designated areas of Malaysia (Kuala Lumpur and Johor Bahru).
26. Dealings between Malaysians and Labuan entities are permitted, subject to reporting to Labuan FSA with 10 days.

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