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**TECHNICAL**

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**Direct Taxation**

**[Labuan FSA: Circular on Labuan Investment Committee Pronouncement 2-2019](#)**

The Labuan Financial Services Authority (FSA) has uploaded a [Circular on Labuan Investment Committee \(LIC\)\\* Pronouncement 2-2019](#) dated 11 December 2019 on its website.

*\* The LIC comprises of the Ministry of Finance (Tax Division), the Labuan FSA and the Inland Revenue Board of Malaysia (LHDNM). It is mandated to recommend policies on substantial activity requirements in Labuan IBFC and monitor enforcement of the related regulations on substantial activity requirements.*

Following the LIC's deliberation on various implementation issues arising from changes to the Labuan tax regime, the [Circular on LIC Pronouncement 2-2019](#) has been issued to inform the LIC's decisions on the following: -

- (i) Revisions to the Labuan substantial activity requirements;
- (ii) Audit requirement for Labuan entities that are dormant, struck off, winding up or under liquidation;
- (iii) Applicability of substantial activity requirements on Labuan Entities under-going run-off process (run-off entities); and
- (iv) Non-compliance to substantial activity requirements

The secretariat of the LIC can be contacted for clarification on the [Circular on LIC Pronouncement 2-2019](#) as follows:-

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Members may view the Circular in full at the [Institute's website](#) and the [Labuan FSA website](#).

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [secretariat@ctim.org.my](mailto:secretariat@ctim.org.my) in respect of any suggestions, concern or comments you may have on the [Circular](#).

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