

TECHNICAL

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**Direct Taxation**

**Application for Certificate of Residence for Labuan Entity**

The Certificate of Residence (COR) is issued to confirm the residence status of the taxpayer for the purpose of taxation. The COR enables the Malaysian tax resident to claim the tax benefit under the Avoidance of Double Taxation Agreement. The determination of the residence status for Companies is provided under [Section 8](#) of the Income Tax Act 1967.

The Lembaga Hasil Dalam Negeri Malaysia (LHDNM) has clarified that the following documents are required to be furnished for the application for COR for a Labuan Entity:-

- a) The completed application form for COR ([Form STM1](#)) which can be downloaded at the [LHDNM website](#). Where the application is for more than one certificate, the [Form STM1A](#) should also be completed.
- b) [Form 22](#) (Statutory Declaration of Compliance by Company that has Issued Prospectus) or [Form 25](#) (Statement Containing Particulars of Shares Allotted Otherwise than for Cash) or [Form 49](#) (Return Giving Particulars in Register of Directors, Managers And Secretaries and Changes of Particulars).
- c) [Form 27](#) – Annual Return of Labuan Company. Applicable for Labuan companies incorporated for a year and more.
- d) Minutes of Board of Directors Meeting that was held in the year being applied (including the attendance list of the members of the meeting) to indicate where the meetings were held and what decisions relating to **management and control of the business activity** were taken. Please note that the Board of Directors' meeting must be held in Malaysia.

The **management and control of the business activity** refers to the important decisions in respect of the business activity itself excluding decisions pertaining to the following matters:-

- Statutory requirement under the Companies' Legislation/ Act – such as filing of statutory declaration and administration of directors and shareholders register book.
  - Statutory requirement under the ordinance of memorandum & article of association – such as appointment of directors, secretaries, auditors and other appointments.
  - Administration relating to submission of tax returns, tax residency application and audited accounts.
  - Any other matters not wholly and exclusively related to the business (such as the opening of bank accounts).
- e) Photocopies of supporting documents showing the directors' entry to and exit from Malaysia (for non-citizen / non-resident) as evidence for attending the Board of Director's Meeting.
  - f) Letter of Authorized Representative for director and corporate director, to confirm that the authorized person is entitled to exercise the same powers on behalf of the director or the corporate director which he/ she represents.

In the event that the company or applicant failed to finalize and submit tax returns for that

particular year of assessment of which the company or applicant applies for the COR, the application will not be processed for approval.

According to the [LHDNM website](#):

- Application for COR can be made to any Branches of the LHDNM. However, for taxpayers of the LHDNM Corporate Tax Department (CTD)/ Big Taxpayer Branch (BTB) and Jalan Duta Branch (JDB), the application should be submitted to the LHDNM Department of International Taxation (DIT). The application that has been sent to CTD/ BTB and JDB will be forwarded to the LHDNM DIT for processing.

The address of the LHDNM DIT is as follows:-

**Headquarters of Inland Revenue Board of Malaysia  
Department of International Taxation  
Menara Hasil Level 12  
Persiaran Rimba Permai  
Cyber 8  
63000 Cyberjaya  
Selangor, Malaysia  
Tel: 03-8313 8888 (Ext. 21218/ 21231/ 21232)  
Fax: 03-8313 7848/ 03-8313 7849**

- For taxpayers whose tax files are being handled by the LHDNM Non Resident Branch, the application for COR is to be sent to the LHDNM Non Resident Branch at the following address:-

**Inland Revenue Board of Malaysia  
Non Resident Branch  
3rd Floor, 6 – 8 Blok 8  
Kompleks Bangunan Kerajaan  
Jalan Duta  
50600 Kuala Lumpur  
Tel: 03-6209 1000  
Fax: 03-6201 9745**

- For a Labuan entity whose tax file is being handled by the LHDNM Labuan Branch, the application for COR should be sent to the LHDNM Labuan Branch at:-

**Inland Revenue Board of Malaysia  
Labuan Branch  
Unit E.004 and E.005  
1<sup>st</sup> Floor, Aras Podium  
Kompleks Ujana Kewangan  
Jalan Merdeka  
87000 W.P. Labuan**

Members may view the LHDNM's clarification at the website of the [Institute](#).

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