

LEMBAGA PERKHIDMATAN KEWANGAN LUAR PESISIR LABUAN

26 May 2006

The Chairman  
Association of Offshore Banks  
Labuan International Insurance Association  
Association of Labuan Trust Companies  
All Offshore Investment Banks  
All Offshore Fund Managers

RECEIVED

26 MAY 2006

Dear Sir/Madam,

**Extension of Income Tax Exemption Orders**

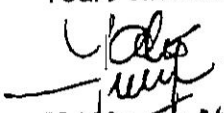
With reference to the above, we would like to inform that the Minister of Finance has on 3<sup>rd</sup> May 2006, approved the extension for the income tax exemptions, pursuant to Section 127(3)(b) of the Income Tax Act 1967, until Year of Assessment 2010 on the following income:

- i. 50% exemption on gross employment income of Non-citizen trust officer working in a managerial capacity in a Labuan Trust Company (effective from Year Assessment 2005)
- ii. 65% exemption on statutory income from qualifying professional services provided by a person to offshore companies (effective from Year Assessment 2005)
- iii. 50% exemption on Labuan and Housing Allowances for Malaysian citizens working in Government, Statutory Bodies and Offshore Company (effective from Year Assessment 2006)
- iv. 50% exemption gross employment income for non-citizen employed in management capacity in a trust company in Labuan (effective from Year Assessment 2006); and
- v. 100% Exemption on director fees paid to non-citizen director of an offshore company (effective from Year Assessment 2007).

For your information, the Inland Revenue Board of Malaysia will issue the gazette for the above exemption orders and LOFSA will notify the Association once the gazette is published. We seek your cooperation to disseminate to your members accordingly.

With kindest regards.

Yours sincerely,

  
Md Yunus Atip

Director, Regulations Department  
15/04/5



**LEMBAGA PERKHIDMATAN KEWANGAN LUAR PESISIR LABUAN**  
**(LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY)**

27 May 2006

The Chairman  
Association of Offshore Banks  
Labuan International Insurance Association  
Association of Labuan Trust Companies  
All Offshore Investment Banks  
All Offshore Fund Managers



Dear Sir/Madam,

**Extension of Income Tax Exemption Orders**

We refer to our letter dated 26 May 2006 pertaining to the extension of the income tax exemptions, as approved by the Minister of Finance on 3<sup>rd</sup> May 2006.

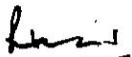
We would like to inform you that item (i) and (iv) of the tax exemption as stated in the letter should read as follows:

- i. **50% exemption on gross employment income of Non-citizen employed in a managerial capacity in a Labuan Offshore Company (effective from Year Assessment 2005)**
- iv. **50% exemption on gross employment income for non-citizen trust officer employed in a Labuan Trust Company (effective from Year Assessment 2006); and**

We apologise for the error and seek your cooperation to disseminate this letter to your members accordingly.

With kindest regards.

Yours sincerely,

  
**Abdul Salam Chandran**  
Manager  
Strategic & Development Department

12/53/8