

A BILL

i n t i t u l e d

An Act to amend the Labuan Financial Services and Securities Act 2010.

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ENACTED by the Parliament of Malaysia as follows:

Short title and commencement

1. (1) This Act may be cited as the Labuan Financial Services and Securities (Amendment) Act 2022.

(2) This Act is deemed to have come into operation on 1 January 2019.

Amendment of section 8

2. The Labuan Financial Services and Securities Act 2010 [Act 704], which is referred to as the “principal Act” in this Act, is amended in section 8—

(a) in subsection (1), by substituting for the words “(2)” the words “(3)”; and

(b) by deleting subsections (2) and (8).

Amendment of section 101

3. Section 101 of the principal Act is amended by substituting for the definition of “Labuan insurance business” the following definition:

‘ “Labuan insurance business” means insurance and reinsurance business which includes takaful and retakaful business, Labuan captive insurance business and such other insurance business approved by the Authority but does not include any insurance business that is regulated or prohibited under other written law in Malaysia;’.

Amendment of section 114

4. Section 114 of the principal Act is amended by substituting for subsection (3) the following subsection:

“(3) A licensed Labuan insurance broker may handle the insurance or reinsurance of domestic insurance business, transacted in the Malaysian currency provided that such activity does not include any activity that is regulated or prohibited under other written law in Malaysia.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Labuan Financial Services and Securities Act 2010 (“Act 704”).

2. *Clause 1* contains the short title and provisions on the commencement of the proposed Act. This Act will be operated retrospectively due to the commitment made in year 2017 to comply with the requirement of the international taxation standard, and the retrospective action of this Act will not cause any financial implication and no person will be held liable for any penalty.

3. *Clause 2* seeks to delete subsections 8(2) and (8) of Act 704 to remove the provisions which relates to the prohibition to transact in business with residents that has been identified as being a harmful tax practice under the standard international taxation.

4. *Clause 3* seeks to amend the definition of “Labuan insurance business” in section 101 of Act 704 to abolish the element which restricts dealing of domestic insurance business with residents that has been identified as being inconsistent with the standard international taxation that prohibits harmful tax practices.

5. *Clause 4* seeks to amend section 114 of Act 704 to abolish the restriction on domestic broking business by Labuan insurance broker from dealing in ringgit that has been identified as being inconsistent with the standard international taxation that prohibits harmful tax practices.

FINANCIAL IMPLICATIONS

This Bill will not involve the Government in any extra financial expenditure.

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