

A BILL

*i n t i t u l e d*

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

[ ]

**ENACTED** by the Parliament of Malaysia as follows:

**Short title and commencement**

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

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

**Amendment of section 13**

**2.** The Labuan Islamic Financial Services and Securities Act 2010 [*Act 705*], which is referred to as the “principal Act” in this Act, is amended in section 13—

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

(b) by deleting subsection (2); and

(c) in subsection (10), by deleting the words “or (2)”.

### **Amendment of section 76**

3. Section 76 of the principal Act is amended by substituting for the definition of “Labuan takaful business” the following definition:

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

### **Amendment of section 90**

4. Section 90 of the principal Act is amended by substituting for subsection (3) the following subsection:

“(3) A licensed Labuan takaful broker may handle the takaful or retakaful of domestic takaful 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.”.

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### EXPLANATORY STATEMENT

This Bill seeks to amend the Labuan Islamic Financial Services and Securities Act 2010 (“Act 705”).

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 subsection 13(2) of Act 705 to remove the provision 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 takaful business” in section 76 of Act 705 to abolish the element which restricts dealings of domestic takaful 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 90 of Act 705 to abolish the restriction on domestic broking business by Labuan takaful 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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