



LAWS OF MALAYSIA

Act A1614

**LABUAN BUSINESS ACTIVITY TAX
(AMENDMENT) ACT 2020**

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Act A1614

**LABUAN BUSINESS ACTIVITY TAX
(AMENDMENT) ACT 2020**

An Act to amend the Labuan Business Activity Tax Act 1990.

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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 Business Activity Tax (Amendment) Act 2020.

(2) Paragraph 2(*a*) and sections 13 and 15 come into operation on the coming into operation of this Act.

(3) Paragraph 2(*b*) and sections 3, 4, 5, 6, 7, 9, 10, 11, 12 and 14 have effect for the year of assessment 2020 and subsequent years of assessment.

(4) Section 8 is deemed to have come into operation on 1 January 2019.

Amendment of section 2

2. The Labuan Business Activity Tax Act 1990 [Act 445] which is referred to as the “principal Act” in this Act, is amended in subsection 2(1)—

(a) by deleting the definition of “resident”; and

(b) by inserting after the definition of “shipping operations” the following definition:

“Special Commissioners” means the Special Commissioners of Income Tax appointed under section 98 of the Income Tax Act 1967;”.

Amendment of section 2B

3. Section 2B of the principal Act is amended by inserting after subsection (1) the following subsection:

“(1A) A Labuan entity carrying on a Labuan business activity which fails to comply with regulations made under subsection (1) for a basis period for a year of assessment shall be charged to tax at the rate of twenty four per cent upon its chargeable profits for that year of assessment.”.

New section 3B

4. The principal Act is amended by inserting after section 3A the following section:

“Residence

3B. For the purposes of the double taxation arrangements effected under section 132 of the Income Tax Act 1967—

(a) a Labuan entity carrying on a business or businesses is resident in Malaysia for the basis period for a year of assessment if at any time during that basis period the management and control of its business or of any one of its businesses, as the case may be, are exercised in Malaysia; and

- (b) any other Labuan entity is resident in Malaysia for the basis period for a year of assessment if at any time during that basis period the management and control of its affairs are exercised in Malaysia by its directors, partners, trustees or other controlling authority.”.

Amendment of section 4

5. Subsection 4(2) of the principal Act is amended by substituting for the words “The chargeable profits” the words “Subject to this Act, the chargeable profits”.

Amendment of section 6

6. Section 6 of the principal Act is amended—

- (a) in the shoulder note, by inserting after the word “**Assessment**” the words “**and additional assessment**”;
- (b) by renumbering the existing section as subsection (1);
- (c) in the renumbered subsection (1)—
- (i) by substituting for the words “in the prescribed form” the words “in accordance with section 6A”;
 - (ii) by deleting the words “, personally or by post,”; and
 - (iii) by inserting after the words “the Labuan entity concerned” the words “in accordance with section 6B”; and
- (d) by inserting after the renumbered subsection (1) the following subsections:

“(2) The Director General, where for any year of assessment it appears to him that no or no sufficient assessment has been made on a person chargeable to tax, may in that year or within five years after its expiration make an assessment or additional assessment, as the case may be, in respect of that person in the amount