

# **BUDGET 2024: INCOME TAX EXEMPTION FOR ISLAMIC FINANCIAL ACTIVITIES IN LABUAN IBFC**

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# Introduction

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- In an effort to strengthen Labuan International Business and Financial Centre (IBFC) as a primary hub for Islamic finance, the Malaysian Government, as proposed in its 2024 Budget, has introduced a significant initiative. Under this initiative, Labuan-based entities engaged in Islamic financial activities, including Islamic digital banking, Islamic digital exchange, ummah-linked companies, and Islamic securities token issuers, will be granted a five-year 100% income tax exemption on the income derived from such business activities.
- This tax exemption will be in effect from the Year Assessment 2024 (basis year 2023) to the Year Assessment 2028 (basis year 2027), serving as a substantial incentive for entities operating within the Labuan IBFC involved in these Islamic financial sectors.
- More specific details regarding the conditions and extent of the tax exemption will be provided in the tax exemption order under the Labuan Business Activity Tax Act 1990 will be gazetted in due course.

# ***THANK YOU***

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## **DISCLAIMER**

This presentation should not be regarded as offering a complete explanation of the Labuan IBFC and is subject to changes. Labuan FSA does not accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.