

CREDIT TOKEN BUSINESS

Fact Sheet

Labuan Financial Business > Financial Services

Introduction

A credit token business is defined as any business where a token, being a cheque, card, voucher, stamp, booklet, coupon, form or other document or thing is given or issued to a person (referred to as "customer") by the person carrying on the business (referred to as "issuer"), whereby such issuer undertakes:

- ✓ on the production of the token, whether or not some other action is also required, the issuer will supply cash, goods or services on credit; or
- ✓ where, on the production of the token to a third party, whether or not any other action is also required, the third-party supplies cash, goods or services, the issuer will pay the third party for them, whether or not deducting any discount or commission, in return for payment to be made thereafter to the issuer by the customer.

And for the purpose of this definition, the use of a token to operate a machine provided by the issuer or by a third party shall be regarded as the production of the token to the person providing the machine.

What are the requirements to operate?

The applicant:

- ✓ Must inform Labuan FSA of any changes in its shareholding structure and/ or any erosion of paid-up capital,
- ✓ Must maintain a **physical presence** in Labuan. All dealings must be done through this office in Labuan,
- ✓ Is prohibited from dealing with residents other than authorized dealers as specified under Section 4 of the Exchange Control Act 1953,
- ✓ Is required to appoint an auditor, and
- ✓ Must notify Labuan FSA of any amendments or alteration to any information in its constituent documents.

How is the taxation?

- ✓ A Labuan Company involved in credit token business is deemed a Labuan Trading Company under Section 2 of the Labuan Business Activity Tax Act, hence the company has to pay a 3% of audited net profit as its tax with fulfilled substance requirements.
- ✓ Failure to comply with the substance requirement for a basis period for a year of assessment shall be charged to tax at the rate of twenty-four per cent (24%) upon its chargeable profits for that year of assessment.

HOW TO APPLY?

BBS Trust Int'l Limited can assist you for the application of Credit Token License to LFSA.

Contact us now for a non-obligational consultation!

Email: info@bbstrust.com or Call: +603-4815 6718



ENTRY REQUIREMENTS

Applicant should meet the following minimum eligible criteria:

- ✓ A Labuan Company or Foreign Labuan Company under the Labuan Companies Act 1990, or
- ✓ It is a Malaysian Bank

ECONOMIC SUBSTANCE REQUIREMENT (ESR)

- ✓ To have an operational office in Labuan.
- ✓ To employ minimum of two (2) full-time employees in Labuan, one must be in managerial position.
- ✓ To incurred annual operating expenses of at least RM 100,000 in Labuan (equivalent in any foreign currency).

ANNUAL FEES

The annual fee payable is USD13,000 upon the grant of license. The subsequent payment of annual fee is payable on or before 15 January of each year.

- ✓ Amount – USD 13,000