

Labuan Private Fund Setup Quotation

Client's name

Date: 21 June 2024

Quotation No: 2024 – 06-21

Professional services for Labuan business setup (without travel)	Notes	Year 1 US\$	Year 2 US\$
Labuan private limited company formation fees (without travel)	1.	4,800	2,570
Company secretary and legal registered office services for 12 months	2.	2,150	2,150
Estimate of Labuan Government registration fees	3.	700	950
Estimate of Labuan FSA fees (inclusive of registration fee payable annually)		2,150	1,500
Our one-time fee to secure 2 employees and physical office space solutions	4.	3,750	0
Registration as a private fund with the Labuan FSA	5.	18,000	0
Estimated third party costs (preparation of an information memorandum & subscription agreement)	6.	30,000	0
Malaysia corporate bank account opening fees (without travel)	7.	4,950	0
Tax registration fees	8.	750	0
Estimate of annual accounting, tax filings and audit fees	9.	0	7,970
Total fees payable for Labuan business setup & private fund registration:	10.	67,250	0
Estimate of total Healy Consultants Group fees payable after 12 months	11.		15,140

Note: I recommend you carefully read the notes below to confirm and understand all services required by your Firm, eliminating the risk of unwanted fee surprises during the engagement;

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Notes to invoice above

1. Within [3 weeks](#) from receipt of engagement fees and signed documents, Healy Consultants Group will complete Labuan company registration. Before submitting a quality company incorporation application to the [Labuan International Business and Financial Center](#) (Labuan IBFC) our Staff and Client will discuss key business setup considerations, as detailed on [this web page](#).
2. In accordance with [Article 93 \(1\) of the Malaysia Offshore Companies Act 1990](#), each Labuan must **i)** appoint a registered resident secretary and **ii)** maintain a legal registered office in Labuan. To enable our Client to comply with these requirements, Healy Consultants Group will supply these [professional services](#).
3. This fee corresponds to estimated Government costs payable for the registration of the Labuan entity and its registration as a private fund with the Labuan FSA. The exact costs will vary depending on the corporate structure chosen by our Client and will be confirmed by Healy Consultants Group during the engagement. All third party expenses will be supported by receipts and invoices.
4. In accordance with the [Labuan Business Activity Act 1990](#) ("LBATA") and the [Income Tax Act 1967](#) ("ITA"), Labuan entities can benefit from a reduced corporate income tax rate of 3% if they meet the following two requirements: **i)** their business activities fall [in this list](#) (click link) and **ii)** they comply with [minimum substantial activity requirements](#). Healy Consultants Group will assist our Client to meet economic substance requirements, by recruiting two employees and sourcing physical office space in Labuan. See [this webpage](#) regarding our recruitment services. Salaries, security deposit and rental are not included in our quotation and will be payable directly by our Client to their preferred employees and landlord. On average, this step of the engagement will be completed within 4 weeks. Businesses not meeting these requirements or which activities are outside of [this list](#) (click link) are subject to corporate tax rate at the mainland rate of 24%.
5. During the review of the registration of the private fund, the Labuan FSA will require submission of an information memorandum and subscription agreement. Healy Consultants Group will assist our Client to source a Law Firm or local corporate service provider to prepare such documentation. Third party fees will be borne by our Client and will be confirmed during the engagement.
6. After assisting our Client to meet above requirements, Healy Consultants Group will notify the Labuan FSA that our Client's private fund is looking to commence operations. Our scope of services include: **i)** thoroughly planning the engagement by completing due diligence on all shareholders, directors and beneficial owners of the business **ii)** assisting our Client to prepare a complete application file including due diligence on all directors, shareholders, beneficial owners, copies of the memorandum and subscription agreement **iii)** submitting a registration application to the Labuan FSA; **iv)** weekly communicating with Labuan FSA; **v)** solving problems as they occur and **vi)** timely collating additional documents supplied by our Client. The average timeframe to secure registration is 3 months from submission of a complete quality application.

In Labuan, private funds are allowed to onboard either **i)** a maximum of 50 investors making each an initial investment of at least MYR250,000 or **ii)** an unlimited number of investors making each an initial investment of at least MYR500,000. They are not allowed to offer their financial products to the general public. Otherwise, they require a public fund management license and are legally required to meet multiple additional requirements (subject to additional fees and costs).

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While reviewing registration application for your business, the [Financial Services Authority](#) will request evidence of appointment of **i)** qualified directors (at least 2); **ii)** a qualified compliance officer and **iii)** an AML auditor. All directors of a fund management company must be “fit and proper” persons, with relevant work experience of at least 3 years and qualifications in the fund management business. The local authorities will require evidence of the same during its licensing review.

Depending on the nationality of our Client, the profile of his customers and the nature of his business model, there is a 90% probability the FSA will revert to require the business to **i)** supply a copy of its AML/CFT program and KYC procedures **ii)** prospectus and brochures and mandates to be provided to Clients **iii)** professional indemnity license **iv)** Group organigram **iv)** evidence of qualifications from all directors and senior managers of the entity **v)** business plan describing the business model of our Client and its investment strategies. If required, Healy Consultants Group will be pleased to assist our Client draft these documents, but additional engagement fees will apply for this work.

In 2019, Labuan introduced substance requirements, which vary depending on the exact activities of the company. For asset management businesses, these requirements include the following **i)** a minimum paid up capital of RM300,000 **ii)** have 2 local staff in Labuan **iii)** local operational office and **iv)** minimum spending in Labuan of RM120,000 per year.

While regulations currently do not require Labuan licensed businesses to maintain directors residing in Labuan, there is also a 75% probability that Labuan FSA will require the foreign directors of the business to travel for a face-to-face meeting in Labuan. If required, Healy Consultants Group will action this [travel policy](#). There is also a 30% probability that the Labuan FSA will revert with a recommendation for the business to have directors or senior officers in Labuan. In such case, Healy Consultants Group will assist our Clients to complete these recruitments, but additional fees will apply. Labuan FSA enjoys ultimate power of approval of licensing exemption applications. Consequently, guaranteed success is outside of Healy Consultants Group’s control. What is inside our control is the preparation and submission of a high-quality application for licensing application that maximizes the likelihood of approval.

7. After securing in principle approval for registration of our Client’s Labuan business as a private fund, Healy Consultants Group will secure multi-currency corporate bank account numbers for our Client’s company. It will take on average *two months* to secure corporate bank account numbers from the moment a complete quality corporate bank account opening application is submitted to the banks. In most cases, we can secure corporate bank account numbers without our Client’s travel to bank’s branch. When travel is unavoidable, we refund US\$950. Corporate bank account opening for a financial services entity is a challenging process. Consequently, we apply our [guaranteed bank account](#) approval or your Money Back policy. To maximize the probability of successful multi-currency corporate bank account approvals Healy Consultants Group will:

- ✓ Prepare a quality business plan, including expected inflow and outflow of funds for the first 12 months;
- ✓ Contact multiple banks to secure written confirmation they welcoming a formal application;
- ✓ Follow up with the bank relationship managers to ensure a timely corporate bank account approval.

To minimize engagement surprises and align all parties’ expectations, our Firm recommends you read [this web page](#), especially the due diligence documentation section;

8. In accordance with Labuan law, each entity must register for corporate tax at the [Labuan International Business and Financial Centre](#) (IBFC) before the commencement of the business activity.

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9. In accordance with the [Labuan Business Activity Act 1990](#) (“LBATA”) and the [Income Tax Act 1967](#) (“ITA”), since 1 January 2019 all Labuan entities carrying on trading activities **i)** must comply with the [minimum substantial activity requirements](#) in order to enjoy the 3% tax and **ii)** must have their accounts audited by an approved auditor in Labuan. Assisting our Client to complete an audit of the financial statements includes **i)** appointing a Labuan audit firm and negotiating audit risk on behalf of our Client **ii)** negotiating (with the auditors) the supporting documentation required from our Client **iii)** collating the statutory documentation for our Client’s signature. Third party fees such as the audit fees will be borne by our Client and supported by original receipts.

Labuan entities carrying on non-trading activities (i.e., holding companies) will continue to benefit from the 0% tax rate. Labuan entities must maintain accounting records at their Labuan registered office address.

10. **Total** fees payable for Labuan business setup & private fund registration.
11. After company incorporation, our in-house Accounting and Tax Department will help our multi-national Clients with the following monthly & quarterly statutory Government reporting obligations. Additional fees will apply:

No.	Statutory reporting obligations	When	Comments
✓	Economic substance return	Annually	For both dormant and active companies
✓	Payroll reporting	Monthly	For active staffed companies
✓	Form E filing	Annually	For both dormant and active companies
✓	Corporation tax reporting	Annually	Annual tax payments
✓	Legal annual return	Annually	For both dormant and active companies

12. In accordance with the [Labuan Financial Services and Securities Act 2010](#), the minimum paid-up capital requirement for Fund Management License is RM300,000 or its equivalent in any foreign currency.
13. If required, Healy Consultants Group will be pleased to assist your firm secure employee Malaysian [visa](#) approvals for a fee of US\$4,250 for the first employee US\$3,250 for the second employee, US\$2,250 per employee thereafter. Our employee visa fees include preparation of a quality visa application and submitting to the correct Government immigration officers. The Government enjoys ultimate power of approval of visa applications. Consequently, guaranteed success is outside of Healy Consultants Group ’ control. What is inside our control is the preparation and submission of a high-quality immigration visa application that maximizes the likelihood of visa approval.
14. If a Labuan company needs to do business with a Malaysian resident company, the Labuan entity is required to register for tax and GST (VAT) at the [Labuan International Business and Financial Centre](#) (IBFC) before the commencement of the business activity. If needed, Healy Consultants will be pleased to assist our Client to complete the same for a one-time fee of US\$750.
15. Some of our Clients require an [immediate Labuan solution](#). With this strategy, within a day Healy Consultants Group can supply our Client **i)** an existing dormant Labuan company number and **ii)** an already approved Labuan corporate bank account number and **iii)** a business address. Turnkey solutions are attractive to those entrepreneurs who wish to immediately close a country deal, sign a contract or invoice a customer.

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16. Refer to [this important web page](#) to read additional terms and conditions applying to this country engagement. Engage Healy Consultants Group to [project manage](#) business set up in every country on the planet. We are the best in the [world](#) at what we do, timely completing [the A to Z](#) of every country engagement. Thank you [for your business](#) and we look forward to working closely with you over the coming weeks as we engineer your Labuan corporate structure.