



**Republic of the Union of Myanmar
Ministry of Finance
Internal Revenue Department**



The 5th IMF-Japan High-Level Tax Conference for Asian Countries

Tax Systems in Myanmar



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Myanmar Tax Structure



There are eighteen kinds of taxes and duties are levied under four majors heads:

- (1) Taxes levied on domestic production and public consumption**
- (2) Taxes levied on income and ownership**
- (3) Custom duties**
- (4) Taxes levied on utilization of state owned properties**





Taxes and Duties administered by IRD

- 1. Income Tax** **The Income Tax Law (1974)**
- 2. Commercial Tax** **The Commercial Tax Law (1990)**
- 3. Stamp Duty** **The Myanmar Stamp Act (1899)**
The Court Fees Act (1870)
- 4. Lottery Tax** **Directives pertaining to State Lottery**





Income Tax



- ✚ **Income tax is a direct tax applies to and payable by individuals, and corporate bodies, resident and non-resident on the total income accruing in or derived from all sources in and outside Myanmar**
- ✚ **The income tax covers 7 classes of income- salaries, profession, business, property, capital gains, untaxed income, other sources of income and comprises mainly corporate income tax, individual income tax, capital gains tax and withholding tax**





Income Tax (Contd,)



- ***Resident foreigner*** means:
 - (1) in the case of an individual, a foreigner who resides in Myanmar for not less than 183 days during the income year,
 - (2) in the case of a company, a company formed under the Myanmar Companies Act or any other existing law wholly or partly with foreigner share-holders,
 - (3) in the case of an association of persons other than a company, an association formed wholly or partly with foreigners and where the control, management and decision making of its affairs is situated and exercised wholly in the Union of Myanmar,
- ***Non-resident foreigner*** means any foreigner who is not a resident foreigner in the Republic of the Union of Myanmar.





Income Tax Rates



No	Types of Taxpayer / Income	Tax Rate
1	Income earned abroad by non resident citizen except Salary Income	10%
2	State Economics Enterprise, Resident Companies , Cooperative Society	25%
3	Non Resident individual or Company	35%
4	Untaxed Income	30%
5	Tax rate for Salary Income, Business income and Professional (Progressive rate)	0 % to 25%
6	Capital gains	
	.. Local Resident	10%
	.. Non Resident Foreigner	40%
	.. Capital gains(oil & gas sector)	
	.. Up to equivalent kyats 100000 millions	40%
	.. Up to equivalent kyats 100001 millions to 150000	45%
	.. Up to equivalent kyats 150000 millions and above	50%





Income exempt from income tax law



- ▶ income received by a religious or charitable institution and applied solely for religious or charitable purposes;
- ▶ income of a local authority from taxes and duties.
- ▶ sum received in commutation of a pension, gratuity under salary head;
- ▶ compensation received for death or injury;
- ▶ sum received in payment of insurance policy;
- ▶ any receipt of a casual and non-recurring nature excluding the following:-
 - (aa) capital gains;
 - (bb) income from an enterprise;
- ▶ After tax dividend from an association of persons.





Allowance under income tax law



- (i) Basic allowance – 20 % of total income (not more than Kyats 10 millions)
- (ii) Allowance in respect of spouse
 - only for spouse Kyats 500,000.
- (iii) Allowance in respect of children
 - For each child Kyats 300,000.
- (iv) Taxable income amount of Capital gains
 - not more than Kyats 5 millions.





Commercial tax

Coverage-

- (i) Importation
- (ii) Domestic Production
- (iii) Trading
- (iv) Services





Commercial Tax (continued)



Commercial Tax Rates

- Base on Commodities & Services

Commodities	Importation	Domestic production	Trading	Remarks
60 items	5 %	Exempt	5 %	Reduce rates
18 items	Exempt	Exempt	Exempt	
16 items	8 % to 100 %			Special Commodities
5 items			5 % to 50 % (For Export only)	
1 items			5 % (Import & domestic trading) Only government Sector	
Except above items	5 %			Standard Rates





Basic Commodities

Although the goods contained in the following schedule, tax shall not be charged on local production, the commercial tax shall be chargeable on the landed cost if goods are imported from abroad and on the sale proceed if the goods are traded within the State.

No	Description of Goods
1	Paddy
2	Wheat grain
3	Maize and other cereals
4	Pulses
5	Groundnuts, shelled and unshelled
6	Sesamum
7	Mustard seed, sunflower seed, tamarind seed, cotton seed
8	Oil palm
9	Raw cotton
10	Jute and similar fibres
11	Garlic, onions
12	Potatoes
13	Spices, raw (plants, parts of plants, nuts, seed, bark etc)
14	Spices prepared
15	Fruits, fresh
16	Vegetables





- 21 Thatch, reeds, 'dani' and such agricultural products not elsewhere specified
- 22 Fire Wood, bamboo
- 23 Live animals
- 24 Silk cocoons
- 25 Cane, finished and unfinished
- 26 Honey and bee wax
- 27 Lac
- 28 Cake, meal and residue of groundnuts, sesamum, cotton seeds, rice bran etc
- 29 Soapstcks (of oil residue)
- 30 Bleaching substances (of oil residue)
- 31 Cotton ginned
- 32 Coir yarn
- 33 Feathers
- 34 Umbrella cloth
- 35 Samples all sorts
- 41 Defence and Military Stores and equipments
- 42 Sealing wax and sticks
- 43 Text books, exercise and drawing books of various kinds and papers for the production of such books and all sorts of pencils
- 44 Stationery, date pencils and chalk





No	Description of Goods
36	Sealing wax and sticks
37	Sates, date pencils and chalk
38	Shrimp paste (ngapi)
39	Shrimp and fish sauces (Ngan-pya-ye)
40	Groundnut oil, sesamum oil, sunflower seed oil, rice bran edible oil, other edible oil and oil cakes
41	Fresh fish, fresh prawn
42	Serilized and other pasteurised milk and milk powder
43	Chilli
44	Saffron
45	ginger
46	Fish paste
47	Ripe tamarind
48	National Flag
49	Beads
50	Ruler, sarsers, sharpeners
51	Fuel rod substituted for firewood





no	Description of Goods
52	Coconut oil
53	Eggs
54	Water melon seeds
55	Religious clothes (robes etc)
56	Oil Dregs or Earth oil
57	Salt
58	Latex (raw rubber)
59	Areca Nut
60	Computer, Telephone Handset





Special Commodities

In respect of goods contained in the following schedule, tax shall be charged on the Landed Cost if the goods are those imported from abroad and on the Sale Receipt. If the goods are those produced within the State, at the percentage shown against the said goods

No	Description of Goods	Percentage
1	Cigarette	100
2	Tobacco Leaf	50
3	Virginia Tobacco, cured	50
4	Cheroot	50
5	Cigars, Pipes, all sorts	50
6	Ripe Tobaccos	50
7	Betel Chewing Preparations	50
8	Liquors	50
9	Beers	50
10	Wines	50
11	Teaks, Hard wood and Hardwood Conversion	25
13	Jade, Ruby, sapphire, Diamond and other precious gems and jewelleryes	15
14	Van Cars (above 1800 cc), Saloon, Sedan (Estate wagon), Coupe	25
15	Petrol, Diesel Oil and Jet fuel	10
18	Natural Gas	8

The commercial tax paid for the goods contained in this schedule shall not be credited.





Commercial Tax(Continued)



All services have to pay commercial tax 5 %, except 26 kinds of services are followed-

Home Rental Service	Free Funeral Service
Car Parking Service	Freight Forwarding Service
Life Insurance Service	Child Care Center Service
Microfinance Service	Traditional Physiotherapist/Blind Message Service
Health Service	House Moving Service
Education Service	Tolls Collecting Services
Logistics Service	Veterinary & animal care service
Employment Agency Service	Public Sanitation facilities fees collection service
Banking Service	International Air Transportation of Passengers Service
Custom & Port Clearance Service	Culture and Arts service
Catering Service	Information and Technology
Butchering Service	Technology and management consultancy service
Cutting, Making and Packaging Service	Public Transport Service





Commercial Tax(Continued)



Threshold

The threshold for domestic production, trading and services – 15 millions kyats

Credit System

Commodities – input tax is allowed to be credited from output tax except 10 special commodities.
Services- under consideration





Stamp Duty

There are two categories of stamp duties, namely:

- **Judicial stamp duties**

- Collected from sale of judicial stamps which represent fees payable under the Court Fee Act

- **Non-judicial stamp duties**

- Similarly collected from the sales of revenue stamps are used in execution of negotiable instrument, commercial documents and deed under the Myanmar Stamp Act





State Lottery

- **The State Lottery is the only official lottery operating in Myanmar since 1938.**
- **The draws are held monthly.**
- **60% of the proceeds from the sale of lottery tickets is distributed (reimbursed) to winners in lottery prizes and remaining 40% goes to the government budget as lottery tax.**





Tax incentives under Foreign Investment Law



- MIC may grant any or more than one or all of the remaining exemption or reliefs from taxes-
 - (a) Income tax for a period extending to 5 consecutive years.
 - (b) Income tax on profits that are reinvested within one year.
 - (c) Right to deduct depreciation on machinery, equipment, building or other capital assets.
 - (d) Up to 50 percent income tax relief for profits earned from exported products.
 - (e) Right to pay income tax on the income of the foreigners at the same rates that applicable to citizens.
 - (f) Right to deduct expenses from the assessable income incurred for research and development.





Tax incentives under Foreign Investment Law (Cont.)



- (g) right to carry forward losses incurred within two years following the expiry of the above mentioned five-year tax holiday, with the carry forward period lasting up to 3 years.
- (h) Customs duty relief for (1) imported machinery, equipment, and materials that are actually required for use during the period of construction; (2) raw materials imported for the first 3 years commercial production after the completion of construction (3) imported machinery, equipment and materials that are necessary for use in its expanded work if the amount of investment is increased and the original enterprise is extended.
- (i) Exemption or relief from commercial tax on the products to export.





Tax Treaties Network in Myanmar

Sr. No	Enforced	Signed	Under negotiation
1	United Kingdom (13-3-1950)	Indonesia (2-4-2003)	Kuwait
2	Vietnam (1-4-2004)	Bangladesh (7-10-2008)	Philippines
3	India (1-4-2009)		Brunei
4	Korea (1-4-2009)		
5	Malaysia (1-4-2009)		
6	Singapore (1-4-2010)		
7	Laos (1-4-2010)		
8	Thailand (1-4-2012)		





Tax Education Programmes in Myanmar

- Pamphlets are published to give awareness of knowledgeable taxation targeted to taxpayers and students
- The mottos on tax education are also hung up in tax office throughout the country
- Revenue journals are published and distributed once a month among taxpayers and public
- For middle and high school level students, taxpayers education talks are made in every July all over the country
- The subjects concerned with taxation are also in training courses for CPA part II students





Tax Education Programmes in Myanmar (Continued)

- Also sharing knowledge is for entrepreneurs in UMFCCI
- Tax Authorities visit to the Organizations and give tax education covering taxpayer's rights and duties
- Holding essay writing and cartoon drawing competition to middle and high school students
- Brilliant students are awarded by holding competition concerned with taxpayer knowledge
- As basic knowledge in education, the subject related to Income Tax calculation is prescribed as a certain section in the Mathematics Textbook of Seven Standard





Tax Education Programmes in Myanmar (Continued)

- Educate to the same business groups (hotels, restaurants, departmental stores, etc.)
- holding tax seminars to upgrade tax knowledge at Company Circle Tax Office
- getting tax information
at Taxpayers Service Unit(TSU)
from IRD Website
(www.irdmyanmar.gov.mm)





Tax Administration Reform (Contd;)



2 key objectives:

- **Improve overall revenue collection to GDP ratio that is consistent with our ASEAN neighbors**
 - **Modernize and improve administration and enforcement**
 - **Increase compliance**
 - **Public and taxpayer education a high priority**
 - **Broaden the tax base**
- **Modernizing the overall tax administration system and processes**





Tax Administration Reform (Contd;)



2 key strategies:

- **Transforming current Official Assessment System (OAS) to a Self-Assessment System (SAS)**
 - Large Taxpayer base
 - Introduced 1 April 2014
- **Transforming current Commercial Tax to a value-added tax (could be called a VAT or GST or continue to be called Commercial Tax)**
 - Medium term plan as part of modernizing our tax administration system





Tax Administration Reform (Contd;)



Action plan to implement SAS:

- Introduction of unique Taxpayer Identification Number (TIN) system
- Establishing a Data Center in the Head Office of IRD in Naypyitaw

Action plan to implement a value-added tax:

- A VAT (or GST) together with a Special Commodities Tax (SCT) on excisable goods
- Commencing on preparations as part of modernizing our tax administration system
- Proposed implementation in 2018-2019





Thank you for your attention.

