



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 1 - 4 APRIL 2016

Dear Readers,

It is with pride that we announce the **start of our new law firm**: Please welcome **Lincoln Legal Services (Myanmar) Ltd.** to this world!

It is an exciting time to start a new firm in Myanmar: The democratic transition went splendidly, the **new government was sworn in on 30 March**. We have no reason to believe that the clock will be turned back; the point of no return has long been passed.

The new parliament has **drastically cut the number of ministries** from previously 36 to now 21. **Daw Aung San Suu Kyi** - who is by the present constitution barred from becoming president - **heads four ministries herself**: The ministries of foreign affairs (which also automatically makes her a member of the national defence and security council), of electric power and energy, of education, and of the president's office. Furthermore, the NLD has **introduced a bill** into parliament that, if passed, **will make her "state counsellor"** - a new position that may be akin to that of a prime minister.

Whereas the members of the Union government are from the NLD, the military, the USDP or are not officially affiliated, all Region and State chief ministers are NLD members.

Please find an overview of the new Union government inside this newsletter.

On a more mundane note, the **Union Tax Law 2016** and the **Special Goods Tax Law** introduced important changes in taxation that **took effect on 1 April**. Please find an **analysis of the changes** as well as an **English translation of the two laws** inside this newsletter.

Furthermore, the **MIC slightly amended its list of restricted businesses** (notification 26/2016 dated 21 March). We have translated the notification. In a way, it is already outdated as it still contains the names of the ministries prior to their new layout under the new government.

We trust that you will find this newsletter useful and hope that you will enjoy reading it.

Sebastian Pawlita
Managing Director

Nyein Chan Zaw
Director



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Press review (23 March - 3 April 2016)

- Bill proposing to make Daw Aung San Suu Kyi “state counsellor” (<http://tinyurl.com/z3r642y>) meets with opposition from the military: <http://tinyurl.com/h2za7u9>
- No commercial water-spraying stations during Thingyan in Yangon this year: <http://tinyurl.com/hynf46r>
- Serge Pun calls meeting of security companies over FMI’s volatile stock price: <http://tinyurl.com/jpltz3a>
- Military-owned MEHL applies to become a public company: <http://tinyurl.com/zpfcq4p>
- New government considers appointing new Central Bank senior officers: <http://tinyurl.com/jsdzmdc>
- NLD representatives propose suspension, review of foreign-invested Parkway hospital project in Yangon: <http://tinyurl.com/jghycws>
- Seed and rubber production opened to foreign investors: <http://tinyurl.com/j4r6pcx> (see also our translation of MIC notification 26/2016 in this newsletter)
- MIC pushes through dozens of investment approvals prior to the new government taking office: <http://tinyurl.com/zpplhix>
- Monopoly of state-owned banks for providing foreign currency accounts to state-owned enterprises has ended: <http://tinyurl.com/j54uz98>
- Online import/export licenses to go live soon: <http://tinyurl.com/ztgpijzw>



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The new Union government

Sworn in on 30 March 2016, the new Union government is composed of the following persons:

Office	Person	Affiliation	Background
President	U Htin Kyaw	NLD	Ethnic Mon-Bamar; studied economics in Yangon and computer science in London and Tokyo, then held several posts in government ministries from 1975 until his resignation in 1992. He is a confidant of Daw Aung San Suu Kyi and was briefly imprisoned in 2002 for having assisted her. http://tinyurl.com/jjvp6st
First vice president	U Myint Swe	Military	Ethnic Mon; high-ranking officer during the military government; was chief minister of Yangon Region prior to becoming first vice-president. http://tinyurl.com/zplb2xg
Second vice president	U Henry Van Thio	NLD	Ethnic Chin; studied law; was a military officer and, after entering the civil service, ran a tobacco factory in Mandalay, worked in a liquor plant and was a deputy general manager in the ministry of industry. http://tinyurl.com/gp8az3d
Minister of agriculture, livestock and irrigation	U Aung Thu	NLD	Professor of mathematics; former rector of Yangon University. http://tinyurl.com/z2ae5gs
Minister of border affairs	Lt. Gen. Ye Aung	Military	Graduate of the Defence Services Academy's 23 rd intake; close to General Min Aung Hlaing. http://tinyurl.com/zgurbjlg
Minister of commerce	U Than Myint	NLD	Studied economics at Yangon (then: Rangoon) University; chairman of the Hlaingtharyar NLD chapter. Came under scrutiny for having used academic titles from a title mill. http://tinyurl.com/j5wktxk http://tinyurl.com/jyn9xkl
Minister of construction	U Win Khaing	Independent	Studied engineering at Rangoon Institute of Technology (now: Yangon



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Office	Person	Affiliation	Background
			Technological University); worked at Myanma Oil and Gas Enterprise (MOGE) and later established his own engineering company. Chairman of the Myanmar Engineering Society and member of several engineering-related organizations; served as member of the Myanmar Investment Commission (MIC). http://tinyurl.com/j5wktxk
Minister of defence	Lt. Gen. Sein Win	Military	Graduate of the 54th intake of the Officer Training School of the Burma Army; former chief of the bureau of air defence; was also defence minister in the previous government. http://tinyurl.com/j5wktxk
Minister of education	Daw Aung San Suu Kyi	NLD	Daughter of the father of independent Myanmar, General Aung San, and hero of the democracy movement. http://tinyurl.com/cbf3z2j
Minister of electric power and energy	Daw Aung San Suu Kyi	NLD	See above.
Minister of ethnic affairs	U Naing Thet Lwin	MNP (Mon National Party)	Political activists from Mon State for decades with extensive business interests in rubber, fisheries processing, food export and hotels. The ministry of ethnic affairs has been newly created to emphasize commitment to solve ethnic conflicts. http://tinyurl.com/has6de5
Minister of foreign affairs	Daw Aung San Suu Kyi	NLD	See above.
Minister of health	U Myint Htwe	Independent	Studied medicine; was an officer in the Ministry of Health for 17 years; thereafter held various positions in the World Health Organization's regional office for South East Asia. http://tinyurl.com/z4gag4p
Minister of home affairs	Lt. Gen. U Kyaw Swe	Military	Graduate of the 22nd intake of the Defence Services Academy; held several high-ranking positions in the



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Office	Person	Affiliation	Background
			military; was minister of border affairs in the previous government. http://tinyurl.com/j5wktxk
Minister of hotels and tourism	U Ohn Maung	NLD	Operated the first guest house beside Inle Lake; imprisoned from 1990-1992 for his participation in the democracy movement; thereafter launched several successful hotels. http://tinyurl.com/z2ae5gs
Minister of industry	U Khin Maung Cho	Independent	Engineer; worked at the official distributor of Kia Motors. http://tinyurl.com/hy4a7rr
Minister of information	U Pe Myint	Independent	Studied medicine and worked as a medical doctor until 1988, then trained as a journalist. Was vice-chairman of the Myanmar Press Council. http://tinyurl.com/hy4a7rr
Minister of labour, immigration and population	U Thein Swe	USDP	Former minister of transport; former spokesperson of the USDP; ally of Thura U Shwe Mann. http://tinyurl.com/z2ae5gs
Minister of natural resources and environmental conservation	U Ohn Win	Independent	Former professor of Forestry at Yezin University; has a master of science in watershed management from Colorado State University. Currently on the advisory board of a non-profit organization developing concepts for rural development. http://tinyurl.com/z2ae5gs
Minister of planning and finance	U Kyaw Win	NLD	Studied economics at Yangon (then: Rangoon) University; officer in the planning department and revenue department until 1997; thereafter economic advisor of the NLD. Came under scrutiny for having used academic degrees from a title mill. http://tinyurl.com/z2ae5gs http://tinyurl.com/jyn9xkl
Minister of religious affairs and culture	U Aung Ko	USDP	Senior member of the USDP; ally of Thura U Shwe Mann. Member of parliament from 2010-2015. Former



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Office	Person	Affiliation	Background
			brigadier-general. http://tinyurl.com/j78gvue
Minister of social welfare, relief and resettlement	U Win Myat Aye	NLD	Studied medicine; was rector of the University of Medicine, Magway. Practices as pediatrician. http://tinyurl.com/glbaydl
Ministry of transport and communications	U Thant Sin Maung	NLD	Studied mathematics; worked in various positions at Myanmar Railways until his retirement as general manager. http://tinyurl.com/hnphfb
Minister of the president's office	Daw Aung San Suu Kyi	NLD	See above.
Union auditor general	Not nominated yet		
Union attorney general	Not nominated yet		

A good overview of the new Union government and the challenges ahead can be found here:
<http://tinyurl.com/hgvxgfu>



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Changes in the tax system from 1 April 2016

Various changes in the tax system came into effect on 1 April 2016 by virtue of the Special Goods Tax Law (Pyidaungsu Hluttaw Law No. 11 dated 18 January 2016) and the Union Tax Law 2016 (Pyidaungsu Hluttaw Law No. 22 dated 25 January 2016). The main changes are summarized below.

1. Introduction of a special goods tax

Certain goods - which so far had been subject to commercial tax at rates between 5% and 120% - are now subject to a newly introduced special goods tax. Special goods tax arises if these goods are (i) produced in the country, (ii) imported or (iii) exported. The tax amounts are as follows:

Sr. no.	Special goods	Special goods tax on domestic production	Special goods tax on import	Special goods tax on export
1.	Cigarettes produced in the country (20 sticks per pack)	<ul style="list-style-type: none"> ▪ Ks. 3 per stick (if sales price per pack is up to Ks. 400) ▪ Ks. 8 per stick (if sales price per pack is Ks. 401-600) ▪ Ks. 12 per stick (if sales price per pack is Ks. 601-800) ▪ Ks. 15 per stick (if sales price per pack is above Ks. 800) 	N/A	0%
2.	Imported cigarettes	N/A	120% of the landed costs	N/A
3.	Tobacco; cured Virginia tobacco; cheroots; cigars; pipe tobacco; betel chewing preparation	60% of the sales price	60% of the landed costs	0%
4.	Liquor produced in the country	<ul style="list-style-type: none"> ▪ Ks. 56 per litre (if sales price per litre is up to Ks. 500) ▪ Ks. 169 per litre (if sales price per litre is Ks. 501-1,000) ▪ Ks. 281 per litre (if sales 	N/A	0%



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Sr. no.	Special goods	Special goods tax on domestic production	Special goods tax on import	Special goods tax on export
		<p>price per litre is Ks. 1,001-1,500)</p> <ul style="list-style-type: none"> ▪ Ks. 394 per litre (if sales price per litre is Ks. 1,501-2,000) ▪ Ks. 506 per litre (if sales price per litre is Ks. 2,001-2,500) ▪ Ks. 619 per litre (if sales price per litre is Ks. 2,501-3,000) ▪ Ks. 731 per litre (if sales price per litre is Ks. 3,000-3,500) ▪ Ks. 844 per litre (if sales price per litre is Ks. 3,501-4,000) ▪ Ks. 1,013 per litre (if sales price per litre is Ks. 4,001-5,000) ▪ Ks. 1,238 per litre (if sales price per litre is Ks. 5,001-6,000) ▪ Ks. 1,463 per litre (if sales price per litre is Ks. 6,001-7,000) ▪ Ks. 1,688 per litre (if sales price per litre is Ks. 7,001-8000) ▪ Ks. 1,913 per litre (if sales price per litre is Ks. 8,001-9,000) ▪ Ks. 2,138 per litre (if sales price per litre is Ks. 9,001-10,000) ▪ Ks. 3,375 per litre (if sales price per litre is Ks. 10,001-20,000) ▪ 60% of the sales price (if sales price per litre is 		



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Sr. no.	Special goods	Special goods tax on domestic production	Special goods tax on import	Special goods tax on export
		above Ks. 20,000)		
5.	Imported liquor	N/A	60% of the landed costs	N/A
6.	Beer	60% of the sales price	60% of the landed costs	0%
7.	Wine produced in the country	<ul style="list-style-type: none"> ▪ Ks. 50 per litre (if sales price per litre is up to Ks. 500) ▪ Ks. 150 per litre (if sales price per litre is Ks. 501-1,000) ▪ Ks. 250 per litre (if sales price per litre is Ks. 1,001-1,500) ▪ Ks. 350 per litre (if sales price per litre is Ks. 1,501-2,000) ▪ Ks. 450 per litre (if sales price per litre is Ks. 2,001-2,500) ▪ Ks. 550 per litre (if sales price per litre is Ks. 2,501-3,000) ▪ Ks. 650 per litre (if sales price per litre is Ks. 3,000-3,500) ▪ Ks. 750 per litre (if sales price per litre is Ks. 3,501-4,000) ▪ Ks. 900 per litre (if sales price per litre is Ks. 4,001-5,000) ▪ Ks. 1,100 per litre (if sales price per litre is Ks. 5,001-6,000) ▪ Ks. 1,300 per litre (if sales price per litre is Ks. 6,001-7,000) ▪ Ks. 1,500 per litre (if sales price per litre is Ks. 7,001- 	N/A	0%



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Sr. no.	Special goods	Special goods tax on domestic production	Special goods tax on import	Special goods tax on export
		8000) <ul style="list-style-type: none"> ▪ Ks. 1,700 per litre (if sales price per litre is Ks. 8,001-9,000) ▪ Ks. 1,900 per litre (if sales price per litre is Ks. 9,001-10,000) ▪ Ks. 3,000 per litre (if sales price per litre is Ks. 10,001-20,000) ▪ 50% of the sales price (if sales price per litre is above Ks. 20,000) 		
8.	Imported wine	N/A	50% of the landed costs	N/A
9.	Teak, hard wood logs and teak and hardwood cuttings of 10 square inches and above	25% of the sales price	25% of the landed costs	50% of the sales price
10.	Jade, rubies, sapphires, emeralds, diamonds and other precious stones	20% of the sales price	20% of the landed costs	20% of the sales price
11.	Jewelry made from jade, rubies, sapphires, emeralds, diamonds or other precious stones	5% of the sales price	5% of the landed costs	5% of the sales price
12.	Pickup vehicles above 1800 CC, light vans, saloons, sedans and light wagons, estate wagons and coupés	25% of the sales price	25% of the landed costs	0%
13.	Kerosene, petrol, diesel, aviation jet fuel	5% of the sales price	5% of the landed costs	0%



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Sr. no.	Special goods	Special goods tax on domestic production	Special goods tax on import	Special goods tax on export
14.	Aviation jet fuel used for outbound aircraft	0%	0%	N/A
15.	Natural gas	8% of the sales price	8% of the landed costs	8% of the sales price
16.	Special goods sold to travellers in duty free shops or on board of an outbound vessel or aircraft; special goods of domestic or international donors imported or domestically produced for social affairs, religion, health or education	0%	0%	N/A
17.	Special goods temporarily imported for re-export	N/A	0%	0%
18.	Special goods imported by persons who are tax-exempt according to international law or diplomatic conventions	N/A	0%	N/A

“Sales price” is either (i) the actual sales price ex factory or (ii) a price estimated by the Director General and the Management Committee of the Inland Revenue Department, whichever is higher.

“Landed costs” are the sum of the price specified by customs law for imported goods (i.e. either the actual purchase price or a price estimated by the customs department), customs duty and unloading expenses.



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Special goods tax for goods produced in the country has to be paid by the manufacturer within 10 days after the end of the month in which they were sold. The manufacturer furthermore has to submit monthly returns. With regard to some special goods (e.g. cigarettes and liquor), it is to be expected, however, that the IRD will sell revenue stamps which the manufacturer will have to affix to the products.

In case of contract manufacturing, “manufacturer” is the principal and not the service provider executing the order.

Small manufacturers of tobacco, cheroots and cigars are not subject to special goods tax if their total sales proceeds do not exceed Ks. 20,000,000 in a financial year.

Special goods tax on imported goods is collected by the customs department from the importer together with customs duty.

It is to be hoped that if special goods are produced for export, a clear system will be put in place that will allow the manufacturer to sell the goods free of special goods tax (with the exception, of course, of those special goods for which the law specifically provides that the special goods tax rate is not 0%).

The law provides for the possibility to set off input special goods tax with output special goods tax, but further implementing regulations will probably be required.

There are severe penalties for possessing special goods for which no tax was paid: These goods may be confiscated and a fine of 100% of the value of the goods may be imposed. These penalties are unfortunately not restricted to manufacturers, importers and exporters of special goods (i.e. to those persons who are responsible for paying the special goods tax), but apply to anybody. This means that e.g. wholesalers and retailers of special goods have to check whether their suppliers paid the tax. Furthermore, manufacturers of special goods probably have to seek cooperation with the tax authorities to avoid being accused of “possessing special goods for which no tax was paid”: It is perfectly legal for a manufacturer to produce special goods and then keep them untaxed in a warehouse as special goods tax only has to be paid after the goods are sold, but of course this is a situation which may give rise to misunderstandings.

In addition to special goods tax, commercial tax applies to the domestic production and subsequent sale and to the import of special goods; the commercial tax rate is 5%. Furthermore, 5% commercial tax applies if special goods are resold. The IRD seems to be of the opinion that the special goods tax is part of the commercial tax base, thus inflating the commercial tax base (<http://tinyurl.com/ha548qn>).



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It is understood that the Ministry of Finance is presently working on regulations implementing the Special Goods Tax Law.

2. Changes in the commercial tax system

The commercial tax rate for special goods - which previously ranged from 5% to 120% - is now uniformly 5%. However, in addition to commercial tax, special goods tax now applies (see above).

The list of goods exempt from commercial tax has been slightly enlarged. It now contains, amongst others, aviation jet fuel for outbound aircraft and machines, equipment and their spare parts for aircraft and helicopters.

Commercial tax on exports has been largely abolished. Only the export of electricity (tax rate: 8%) and crude oil (tax rate: 5%) is still subject to commercial tax.

State-owned Myanma Petroleum Products Enterprise, which previously could import aviation jet fuel at a privileged commercial tax rate of 5% instead of 10%, has lost this privilege. The import of aviation jet fuel is now uniformly subject to 5% commercial tax and 5% special goods tax.

The list of services exempt from commercial tax has been slightly enlarged and now, amongst others, also includes investment marketing services.

The commercial tax rate for the transport of passengers on domestic flight routes has been reduced from 5% to 3%.

3. Changes in the income tax system

Employees now only become subject to income tax if their annual salary income exceeds Ks. 4,800,000 (previously, the threshold was Ks. 2,000,000).

The tax rates on "income that has escaped assessment" (i.e., previously unreported income that has come to the attention of the tax authorities) have been significantly raised; they are now as follows:

Income discovered by the tax authorities	Income tax rate
Ks. 1 - 30,000,000	15%
Ks. 30,000,000 - 100,000,000	20%
Ks. 100,000,001 and above	30%



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TRANSLATION SPECIAL GOODS TAX LAW

(Convenience translation - accuracy not guaranteed)

Special Goods Tax Law

(2016, Pyidaungsu Hluttaw Law No. 11)
9th Waxing of Pya-tho, 1377
(18 January 2016)

The Pyidaungsu Hluttaw hereby enacts this law.

Chapter (I)

Title, effectiveness and definitions

1. This Law shall be called the Special Goods Tax Law.
2. The provisions of this law shall come into force in the whole country from the 2016-2017 financial year.
3. The expressions contained in this law shall have the meanings given hereunder -
 - (a) “**Tax**” means the special goods tax to be paid under this law. Fines under this law are also included in this term.
 - (b) “**Assessee**” means a taxpayer who has to pay special goods tax.
 - (c) “**Special goods**” means goods contained in the schedule to this law.
 - (d) “**Manufacture**” includes the production of special goods at one’s own factory, workplace or workshop, or ordering others to produce them. This term includes every process by which goods are produced, whether natural or artificial, and also includes -
 - (1) with regard to the production of beverages including alcohol, beer, wine: distilling, rectifying, fermentation, bottling, adding any substance served as beverage, and other additions except blending according to the customer’s request;



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- (2) with regard to tobacco: reforming process from tobacco leaves or raw tobacco to a suitable product for smoking, snuffing, chewing; making cheroots, cigars, cigarettes and the like;
 - (3) with regard to any other special good: extraction, changing the quality, nature, size, form, composition and combining a single part or parts by either hand or machine.
- (e) “**Manufacturer**” means the producer who produces the special goods at his own factory, workshop or workplace, or who orders the production of special goods.
 - (f) “**Importer**” means any person who imports the taxable special goods from abroad.
 - (g) “**Sale**” means selling special goods for cash, against credit, on consignment, or by a sae in advance.
 - (h) “**Special goods owner**” means any person who owns special goods. The expression includes an owner of special goods, a representative or agent who has powers to deal with or control special goods, and any person who has an interest in special goods.
 - (i) “**Traveller**” means any person who holds overseas travelling documents. The expression includes anyone who transits and continues the trip to other countries holding direct tickets.
 - (j) “**Landed costs**” means the aggregate price specified by customs law for imported special goods, customs duty and cargo discharging expenses.
 - (k) “**Duty free shop**” means a shop that has permission under specific terms and conditions to sell special goods to travellers.
 - (l) “**Factory, workshop or workplace sales price**” means the sales price from the factory, workshop or workplace excluding the tax under this law.
 - (m) “**Market price**” means a retail price of certain goods that occurs between unrelated persons at the time of selling and purchasing or, if it is impossible to set a market price, a price obtained through an estimated calculation under a prescribed method.



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- (n) “**Return**” means a prescribed form to be furnished by the assessee under this law and in which the assessee presents the *[details of the]* production and sale of the special goods produced by him.
- (o) “**Assessment**” means specifying the tax to be paid by an assessee under this law. This expression includes the calculation and payment of the tax by the assessee himself and getting assessed by presenting the return.
- (p) “**Year**” means the financial year.
- (q) “**Ministry**” means Ministry of Finance of the Union Government.
- (r) “**Department**” means the Inland Revenue Department.
- (s) “**Director General**” means the Director General of the Inland Revenue Department.
- (t) “**Township Revenue Officer**” means the officer of the Township Revenue Office who has powers under this law to collect tax from tax payers. This expression also includes officers who have powers under this law to collect tax through the Large Taxpayers’ Office and Medium Taxpayers’ Offices.

Chapter II

Charging tax and responsibility to pay tax

- 4. (a) Anyone shall be assessed for the following activities as specified in the schedule to this law, and anyone who is dealing with the activities specified below is liable to pay the prescribed tax in accordance with the schedule to this law -
 - (1) Importing special goods into the country
 - (2) Manufacturing special goods in the country
 - (3) Exporting special goods to a foreign country
- (b) According to this law, anyone who is keeping or possessing special goods for which no tax was paid shall abide by the provisions of this law.
- (c) Anyone who imports, exports, manufactures or keeps special goods shall abide by the provisions of this law and the provisions of the rules released according to this law.



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5. In respect of assessable special goods according to section (4) -
 - (a) If imported,
 - (1) The importer shall have to pay.
 - (2) The payable tax according to sub-clause (1) shall be collected by the customs department at the same time and with the same procedure as the collection of customs duty.
 - (b) If produced in the country, the manufacturer shall have to pay.
 - (c) If exported, the exporter shall have to pay.
6. (a) For any year, the Union Tax Law may prescribe for each financial year -
 - (1) The descriptions in the schedule to this law can be amended, appended and annulled.
 - (2) Calculated tax rates based on value, quantity, weight or any other measurement shall be set for the tax payable for special goods listed in the schedule to this law.
 - (3) The tax to be assessed on special goods and the tax rates shall be set for exporting.
 - (b) Regarding production in the country or the possession of special goods for which no tax was paid, the respective assessee shall submit the required information to the Township Revenue Officer so that the sales price can be determined according to the regulations. The Township Revenue Officer shall also request these information.
7. (a) The tax rate of special goods assessable according to section (4) shall be calculated based on the value of goods, quantity, weight or any other measurement on the following date -
 - (1) The date on which customs clearance for the special goods is performed if they are imported;
 - (2) the date on which the special goods are produced if they are produced in the country;



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- (3) the date on which it is checked whether, and found that, someone possesses special goods for which no tax was paid.
 - (b) Calculating the special goods sales price shall be done as follows -
 - (1) *[The special goods sales price]* shall be based on the market price approved by the Director General and the Management Committee of the Inland Revenue Department for the respective financial year if special goods are produced in the country, or if special goods for which no tax was paid under this law are checked and found in the hand of the goods' owner.
 - (2) *[The special goods sales price]* shall be based on the landed costs if the special goods are imported.
8.
 - (a) Anyone shall pay the assessable tax under this law as follows -
 - (1) The tax shall be paid before the cargo is collected if the special goods are imported.
 - (2) The tax shall be paid within 10 days after the end of the month in which the special goods are sold if they were produced in the country.
 - (3) The tax shall be paid within 7 days from the date they were checked and found in the hand of the owner in case of special goods for which no tax was paid under this law.
 - (b) In cases where compliance according to sub-section (a) is difficult, the methods approved by the Director General shall be complied with.

Chapter III

Exemptions and relief

9.
 - (a) No tax shall have to be paid for special goods described in the following -
 - (1) Exported special goods except goods for which the Union Tax Law prescribes assessment upon export
 - (2) Special goods from duty free shops for travellers



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- (3) Special goods sold on board or on the plane while going, or flying, to a foreign country
 - (4) Temporary importation of special goods for re-export
 - (5) Special goods of domestic and international donors imported or produced in the country for social affairs, religion, health or education.
 - (6) Imported special goods for exempt persons according to international law or diplomatic conventions
 - (7) Fuel used for outbound aircraft
 - (b) The Union Government may, with the approval of the Pyidaungsu Hluttaw, grant tax exemptions or reliefs for assessable special goods.
 - (c) The Union Government may grant tax exemptions or reliefs for the following -
 - (1) Special goods provided by international organizations to the state or purchased from funds provided by international organizations
 - (2) Special goods for which there is reciprocity [*of the exemption or relief*].
 - (3) Special goods produced in the country or imported for the use by the Union Government for national defence and security organizations, except teak, hard wood logs and general wood cuttings, jade, rubies, sapphires, emeralds, diamonds and other precious stones and jewellery.
10. The following cases shall be prescribed by regulations -
 - (a) Procedures to comply with when temporarily importing special goods for which there is a re-export plan
 - (b) Procedures to comply with when disbursing refunds
11. A producer of special goods can deduct, from the tax assessable on the sale of his production, the tax which he had to pay when, in order to produce the kind of special goods, he imported, or purchased raw materials and half finished goods from other domestic producers of special goods. With regard to the production and sale of special goods, tax deduction is done under the regulations for assessing tax only once.

Chapter IV



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Duties and powers

12. The Director General shall have the following duties and powers. These duties and powers can be delegated to personnel of the Department who can be requested to implement them.
 - (a) Setting the market price of special goods and setting the estimated sales price for factories, workshops and workplaces based on that market price
 - (b) Setting a taxation procedure for the case in which it is difficult to pay the tax on a certain date, thus postponing the date of taxation
 - (c) Promulgating procedures and directives
 - (d) Specifying forms
 - (e) Overseeing the premises of the working places, special goods and documents
 - (f) Inspecting and limiting the moving of special goods
 - (g) Searching and seizing special goods
 - (h) Managing and solving matters by acquiring samples

13. The appointee to whom duties and powers have been delegated by the Director General according to section (12) -
 - (a) The appointee has, in order to perform the duties and powers under the law, the right to access the premises of the working place and buildings and do freely everything necessary with regard to ledgers, evidence and other documents which are kept in any system; furthermore, he has the power to do the following.
 - (1) The right to make extracts of, and copy, those ledgers, evidence and other documents
 - (2) Registering, counting and inspecting goods, articles, artefacts and all kinds of containers within the premises
 - (3) The right to stamp, during inspection, ledgers for the ease of recognition, right to make extracts and right to copy



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- (b) The appointee can require transportation vehicles to stop if they are about to leave from a warehouse in which the taxable special goods are stored.
 - (c) The appointee can request a search warrant from the township judge and if there are reasons to believe that *[the appointee's]* activities under this section are being impeded or rejected. In so taking action, the appointee shall report the facts obtained to the township judge and the respective Region or State Revenue Officer, Union Revenue Officer, Officer of the Large Taxpayers' Office or Officer of the Medium Taxpayers' Office.
 - (d) When acting according to section (a), *[the appointee]* shall do so in front of the respective manufacturer or owner of the goods or their representative and two witnesses. Receipts shall be given if ledgers and documents are kept; furthermore, those shall be held only for a limited time, for the purpose of inspection.
14. If the confirmation letter written and signed by the Director General, stating that the appointee is appointed to perform the powers according to section (12), cannot be shown when the present resident requests proof of authority for entering the building or the premises of the workplace, it shall not be allowed to enter that building or the premises of the workplace or to remain there.

Chapter V

Registration

15. (a) A special goods manufacturer shall register with the respective Township Revenue Officer in compliance with the regulations.
- (b) The Township Revenue Officer can, according to the regulations, send a notification to the special goods manufacturer that he must register.
- (c) The Township Revenue Officer shall give a business registration certificate of the respective financial year if someone is applying to be registered in accordance with the regulations.

Chapter VI

Furnishing returns



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16. (a) A manufacturer who produces goods in the country shall pay the tax for the assessable special goods within 10 days after the month in which the special goods were sold. Additionally, he shall send the return of the production and sale of the special goods for that month to the Township Revenue Officer.
- (b) The Township Revenue Officer can notify anyone who produces assessable special goods to send a return and to pay the assessable tax for producing and selling the special goods if there is reason to assume that special goods are produced.
- (c) An importer shall submit an import list to the Customs Department before the assessable cargo is collected.

Chapter VII

Assessment and refund

17. (a) *[Tax on]* the special goods shall be assessed based on the return if the Township Revenue Officer believes and is satisfied that the return submitted according to section (16), sub-section (a) and (b), is correct concerning the production of the special goods.
 - (b) The Township Revenue Officer can inspect other required evidence and can make an assessment if there is reason to believe that the information in the submitted return is incomplete with respect to the production and sale of the special goods.
 - (c) The Township Revenue Officer shall, within one month after the month in which the special goods were produced and sold, assess *[the tax of]* the manufacturer based on information obtained if the manufacturer had failed to submit a return regarding the producing of special goods. Before assessment, any person can be summoned for investigation and asked for information.
18. If the assessee is able to show with evidence that the tax paid exceeds the actual assessment, or this is found by the Township Revenue Officer, or this is found by the Custom Department, the excessive amount shall be refunded. The taxpayer can claim the refund within one year from the date of receiving the notification letter that a refund is available.

Chapter VIII



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Re-assessment and amendment

19. (a) The Township Revenue Officer can make a re-assessment for any year in the following circumstances -
 - (1) No assessment was made although special goods tax was payable
 - (2) Under-assessment
- (b) When making an assessment under sub-section (a), the effective rate for the respective year shall be assessed.
20. (a) Any specific mistake found in the assessment records by the Township Revenue Officer or reported by the assessee can be corrected or amended within three years from the date of the order.
- (b) Any specific mistake in an appellate order found by the Appellate Tribunal or the Union Territory Revenue Officer or the State or Region Revenue Officer or the Officer of the Large Taxpayers' Office or the Officer of the Medium Taxpayers' Office or reported by the appellant, can be corrected or amended within three years from the date of the order.
- (c) In dealing with sub-section (a) and (b), the calculation shall be based on the effective rate of the respective year. If any correction or amendment causes an increase of the tax or a decrease of the refund, the taxpayer or appellant shall be given the opportunity to defend himself.

Chapter IX

Appealing

21. (a) If the assessee is unsatisfied with any order concerning him, he can appeal to the following persons and organizations -
 - (1) Respective Region or State Revenue Officer or Union Territory Revenue Officer or Officer of the Large Taxpayers' Office or Officer of the Medium Taxpayers' Office if the Township Revenue Officer assessed more than 1,000,000 Kyats
 - (2) The Tax Appellate Tribunal if the Region or State Revenue Officer or Union Territory Revenue Officer or Officer of the Large Taxpayers'



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Office or Officer of the Medium Taxpayers' Office decided to assess more than 10,000,000 Kyats

- (3) The Supreme Court of the Union in respect of any legal issue arising from a decision of the Tax Appellate Tribunal
- (b)
 - (1) The taxpayer can appeal in accordance with the regulations if the taxpayer is unsatisfied with any order or any decision concerning him.
 - (2) The letter of appeal shall be submitted within 30 days from the date of receiving the order or decision of the Township Revenue Officer.
- (c) The taxpayer or Township Revenue Officer shall make a submission within 60 days from the date of receiving the unsatisfactory order if the order was decided by the Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office or Officer of the Medium Taxpayers' Office.
- (d) The following period shall be deducted when calculating the deadline for the appeal -
 - (1) Time needed to copy the appeal order
 - (2) Time asking for appeal without paying the tax in the full amount
- (e) If there is sufficient reason in respect of not meeting the deadline for appeal according to sub-section (b) and (c), the Supreme Court of the Union, Tax Appellate Tribunal, Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office or Officer of the Medium Taxpayers' Office can still accept the appeal.
- (f) The appellant can appeal only if all of the following is duly performed -
 - (1) Paying the payable tax in full
 - (2) Paying 50% of the assessment to, applying to appeal to, and complying with the decision of, the Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office or Officer of the Medium Taxpayers' Office.
- (g) The respective appellate office can pass appropriate orders after giving the appellant the opportunity to speak so that the appeal can be decided.



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- (h) The decision of the Township Revenue Officer concerning tax of not more than kyats 1,000,000, the decision of the Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office or Officer of the Medium Taxpayers' Office concerning tax of not more than kyats 10,000,000 and the decision of Tax Appellate Tribunal concerning tax of more than kyats 10,000,000 (provided that no legal issues have arisen) shall be final.
- (i) If any legal issue has arisen at the Tax Appellate Tribunal, the appellant or the Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office or Officer of the Medium Taxpayers' Office can propose to the Tax Appellate Tribunal to request the Supreme Court of the Union to make a decision within 60 days from the date of receiving the order of the Tax Appellate Tribunal.
- (j) A person who had his proposal according to sub-section (i) rejected can apply to the Supreme Court of the Union within 60 days from the date of receiving the rejection order if the Tax Appellate Tribunal rejected the proposal.

Chapter X

Offenses and penalties

- 22. With regard to a person who failed to perform the following acts without appropriate reason, the Township Revenue Officer shall fine the person, and force the person to pay the fine or take the fine by own measures as follows for each failure -
 - (a) Kyats 5,000,000 for failure to register within the respective year.
 - (b) Kyats 5,000,000 for failure to report the information required for the determination of the market price in time under this law.
 - (c) 100% of the value of the special goods shall be imposed as a fine for possessing special goods for which no tax was paid; these special goods shall also be confiscated.
 - (d) 10% of the payable tax for failure to pay the tax within the period fixed by this law.
 - (e) 10% of the payable tax for the respective month for failure to submit the return in time.



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- (f) 50% of the value of special goods for failure to affix the specified tax seal on the special goods if this is found out by the Township Revenue Officer.
23. (a) If anyone who evaded the tax or omitted the relevant information about the special goods in order to reduce the tax rate is found out, this person shall be allowed to make a complete disclosure within a certain period.
- (b) If this person is able to provide a complete statement within the given period according to sub-section (a), he shall make the normal tax payment and pay the evaded amount, or the extra tax on the omitted quantity, one more time as a fine.
- (c) If this person fails to provide a complete statement within the given period, both tax and fine payment according to sub-section (b) shall be imposed, and he shall also be sued.
24. A person under section 23 (a) shall be punished with imprisonment of not more than 3 years or with a fine not exceeding kyats 1,000,000 or with both if he is sued and convicted of having failed to provide a complete statement within the given period or having omitted the information related to the quantity of the production of the special goods.
25. (a) Anyone shall be fined the equivalent of three times the payable tax and also be sued if he intentionally submitted, with an intention to cheat, an incorrect return related to the amount of production of special goods and incorrect evidence, knowing that the evidence was incorrect.
- (b) Anyone sued and convicted for committing the offence under sub-section (a) shall be punished with imprisonment of not more than 3 years or with a fine of not more than kyats 3,000,000 or with both.
26. Anyone sued and convicted with the relevant permission for having committed any of the following offences shall be punished with imprisonment of not more than 7 years.
- (a) Misusing the powers vested by this law with dishonesty or in order to cheat
- (b) Failing to implement the provisions of this law, or preventing performance of acts under this law, without sufficient reason.
27. Anyone bribing or attempting to bribe shall be sued according to criminal law or the law in force enacted particularly for this kind of crime.



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28. Anyone being sued according to section (31) sub-section (d) and convicted of having failed to submit information without sufficient reasons shall be punished with imprisonment from one year to three years.

Chapter XI

Collection

29. If the payable tax is not paid within the specified period or not paid as per the method prescribed by the Director General -
- (a) The taxpayer shall be considered a person in default [*literally: "an absentee"*] and the tax which was not paid shall be considered a pending tax.
 - (b) Pending tax of the taxpayer shall be collected as if it were pending income tax.

Chapter XII

Miscellaneous

30. The Tax Appellate Tribunal, Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office, Officer of the Medium Taxpayers' Office or Township Revenue Officer can request information from any person who is able to provide necessary information under this law.
31. If anyone who has been requested to submit information fails to submit the information under section (30),
- (a) [*The deadline*] may be extended by 15 additional days.
 - (b) If this person fails again to provide the necessary information within the additional time under sub-section (a), the Tax Appellate Tribunal, Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office, Officer of the Medium Taxpayers' Office or Township Revenue Officer can investigate, according to civil law procedures, the reason for the failure.
 - (c) If the investigation according to sub-section (b) reveals that the failure to submit was due to the loss of the respective documents and not due to an attempt to lose them, the person shall be allowed to submit the information under oath after trying to remember as much as he can.



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- (d) The person can be sued if the Tax Appellate Tribunal, Region or State Revenue Officer, Union Territory Revenue Officer, Officer of the Large Taxpayers' Office, Officer of the Medium Taxpayers' Office or Township Revenue Officer finds that there is no sufficient reason for the failure to submit.
32. No one wishing to leave the country shall do so if the group appointed by the Ministry for this case has not received evidence that there is no duty to pay tax under this law, or that the payable tax has already been paid.
- However, the Ministry shall release a notification granting exemptions.
33. (a) The collected tax from the Region or State except the tax collected on the import of special goods can be paid to the respective Region or State financial fund according to the percent ratio specified by the Union Government.
- (b) The fines collected for possessing special goods for which no tax was paid can be awarded as a reward according to the percent ratio specified by the Pyidaungsu Hluttaw.
34. The Ministry -
- (a) can, from among the assessable special goods, designate the special goods which shall be sold with a tax seal or for which other methods shall be used.
- (b) can designate the methods such as selling with a tax seal, or using other methods.
- (c) can designate the methods for storing and keeping special goods by a special goods bond.
35. The Ministry can designate the methods to follow with regard to special goods for which commercial tax is payable as per the provisions of the Commercial Tax Law, Union Tax Law 2014 and Union Tax Law 2015.
36. In implementing the provisions of this law -
- (a) The Ministry can promulgate rules, terms and conditions with the consent of the Union Government.
- (b) Either the Ministry or the Director General can promulgate notifications, orders, directions and procedures with the consent of the Ministry.
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I hereby sign in accordance with the constitution of the Republic of the Union of Myanmar.

Thein Sein

President

Republic of the Union of Myanmar

Schedule

Special goods for which special goods tax is assessable

Regarding the following special goods, the tax shall be assessed at the prescribed rates on the landed costs if the goods are imported; if the goods are produced and sold in the country, the tax shall be paid on the sales price shown by the factory, workshop or workplace or the sales price estimated by the Director General and the Management Committee of the Inland Revenue Department based on the market price, whichever is higher. The value tiers and tax rates of these special goods shall be determined according to the Union Tax Law enacted for the relevant fiscal year.

No.	Special goods	Value tier	Tax rate
1.	(a) Various kinds of cigarettes	20 sticks per pack with a sales price of up to Ks - ----	Ks ----- per stick
	(b) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks ---- to -----	Ks ----- per stick
	(c) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks ---- to -----	Ks ----- per stick
	(d) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks ---- to -----	Ks ----- per stick
	(e) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks ---- to -----	Ks ----- per stick
	(f) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks ---- - and above	----- % of the price
	(g) Various kinds of cigarettes (imported)	Landed costs	%
2	Tobacco		%
3	Virginia tobacco, cured		%
4	Cheroots		%
5	Cigars		%
6	Pipe tobacco		%



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7	Betel chewing preparation		%
8	(a) Various kinds of liquor	Sales price up to Ks ----- per litre	Ks ---- per litre
	(b) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	Ks ---- per litre
	(c) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	Ks ---- per litre
	(d) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	Ks ---- per litre
	(e) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	Ks ---- per litre
	(f) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	
	(g) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	
	(h) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	
	(i) Various kinds of liquor	Sales price from Ks ----- to ----- per litre	
	(j) Various kinds of liquor	Sales price Ks ----- and above per litre	% of the litre price
	(k) Various kinds of liquor (imported)	Landed costs	%
9	Various kinds of beer		%
10	(a) Various kinds of wine	Sales price up to Ks. ----- per liter	Ks ----- per liter
	(b) Various kinds of	Sales price from Ks ----- to ----- per liter	Ks ----- per liter



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	wine		
	(c) Various kinds of wine	Sales price from Ks ----- to ----- per liter	Ks ----- per liter
	(d) Various kinds of wine	Sales price from Ks ----- to ----- per liter	Ks ----- per liter
	(e) Various kinds of wine	Sales price from Ks ----- to ----- per liter	Ks ----- per liter
	(f) Various kinds of wine	Sales price from Ks ----- to ----- per liter	Ks ----- per liter
	(g) Various kinds of wine	Sales price from Ks ----- to ----- per liter	Ks ----- per liter
	(h) Various kinds of wine	Sales price from Ks ----- to ----- per liter	Ks ----- per liter
	(i) Various kinds of wine	Sales price from Ks ----- to ----- per liter	Ks ----- per liter
	(j) Various kinds of wine	Sales price Ks ----- and above per liter	% of liter price
	(k) Various kinds of wine (imported)	Landed costs	%
11	Teak, hard wood logs and teak and hardwood cuttings of 10 square inches and above		%
12	Jade, rubies, sapphires, emeralds, diamonds and other precious stones		%
13	Jewelry made from jade, rubies, sapphires, emeralds, diamonds or other precious stones		%



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14	Pickup vehicles above 1800 CC, light vans, saloons, sedans and light wagons, estate wagons and coupés		%
15	Kerosene, petrol, diesel, aviation jet fuel		%
16	Natural gas		%



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TRANSLATION UNION TAX LAW 2016

(Convenience translation - accuracy not guaranteed)

Union Tax Law 2016

Pyidaungsu Hluttaw Law No. 22

25th January, 2016

The Pyidaungsu Hluttaw hereby enacts this law.

Chapter (1)

Title, date of coming into force and definitions

1.
 - (a) This law shall be called the Union Tax Law 2016.
 - (b) The provisions contained in this law regarding chapter 5: special goods tax and chapter 6: commercial tax shall come into force with effect from 1st April, 2016 for the 2016-2017 financial year.
 - (c) The provisions contained in this law regarding chapter 7: income tax -
 - (1) shall come into force with effect from 1st April, 2016 regarding the provisions contained in section 19 - salary income - and section 24 of this law;
 - (2) shall come into force from the 2016-2017 assessment year regarding the remaining provisions.
2. The following expressions contained in this law shall have the meanings given hereunder-
 - (a) “**Tax**” means the tax collected for the Union by the Union Government;
 - (b) “**Law**” means the laws enacted relating to the tax collected for the Union by the Union Government;



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- (c) “**Relevant Ministry**” means the Union Ministries responsible for collecting the taxes to be collected by the Union Government for the Union;
- (d) “**Law relating to the budget**” means the law relating to the Union budget and the law relating to the additional budget allotment, enacted annually;
- (e) “**Tax Rate**” means the specified rate at which tax is collected for the Union by the Union Government.

Chapter 2

Taxes earmarked for collection

- 3. The taxes received by the Union contained in the laws relating to the budget are the taxes earmarked for collection contained in table (1) of this law for the relevant financial year.

Chapter 3

Specifying the Tax Rates and reporting

- 4. The relevant Ministry shall collect the earmarked taxes at the Tax Rates contained in this law for the types of the taxes.
- 5. If the Tax Rates contained in this law should be amended, supplemented or substituted, the Union Government shall submit the matter to the Pyidaungsu Hluttaw so that it is decided after discussion.
- 6. (a) Every three months, the Relevant Ministry shall send the status of collection of the earmarked taxes contained in table (1) of this law to the Budget Department.
(b) Every three months, the Budget Department shall compile the lists of tax collection status sent by the Relevant Ministries and submit the compilation to the Union Government through the Ministry of Finance with its opinion and remarks.
- 7. Every six months, the Union Government shall report to the Pyidaungsu Hluttaw about the situation of the collection of the earmarked taxes contained in table (1) of this law.

Chapter 4

Duties and rights of the Relevant Ministry



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8. The Relevant Ministry shall be responsible for, and monitor, the collection of the earmarked taxes contained in table (1) of this law.
9. For clear understanding and compliance, the Ministry of Finance shall, if necessary, release directives without changing the original meanings of the provisions in this law concerning the special goods tax, commercial tax and income tax in this law.
10. The relevant Ministries shall request assistance from the President, Union Government, the Pyidaungsu Hluttaw, Pyithu Hluttaw, Amyotha Hluttaw, Supreme Court, Constitutional Court, Union Election Commission, Union Attorney General, Union Auditor General, Union Civil Service Board, Naypyitaw Council, Union Ministries, Central Bank, Region or State Governments, Head Organizations of the Self-Administered Divisions and Head Organizations of the Self-Administered Regions in order to obtain required data and support so that tax payers pay in accordance with the law.

Chapter 5

Special Goods Tax

11. According to section 6 of the Special Goods Tax Law, the schedules to this law are prescribed as follows -

Special Goods

- (a) If the special goods contained in the following schedule are imported, the tax shall be paid on the landed costs, and if the special goods are produced and sold in the country, the tax shall be paid on the sales price shown by the factory or workshop, or the market price, or the estimated value specified by the Director General of the Inland Revenue Department and the Management Committee of the Inland Revenue Department, whichever is higher.

No.	Types of special goods	Value based on the market price	Tax rate
1.	(a) Various kinds of cigarettes	20 sticks per pack with a sales price up to Ks. 400	Ks. 3 per stick
	(b) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks. 401 to 600	Ks. 8 per stick
	(c) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks. 601 to 800	Ks. 12 per stick



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No.	Types of special goods	Value based on the market price	Tax rate
	(d) Various kinds of cigarettes	20 sticks per pack with a sales price from Ks. 801 and above	Ks. 15 per stick
	(e) Various kinds of cigarettes (imported)	Landed costs	120%
2.	Tobacco		60%
3.	Virginia tobacco, cured		60%
4.	Cheroots		60%
5.	Cigars		60%
6.	Pipe tobacco		60%
7.	Betel chewing preparation		60%
8.	(a) Various kinds of liquor	Sales price up to Ks. 500 per litre	Ks. 56 per litre
	(b) Various kinds of liquor	Sales price from Ks. 501 to 1,000 per litre	Ks. 169 per litre
	(c) Various kinds of liquor	Sales price from Ks. 1,001 to 1,500 per litre	Ks. 281 per litre
	(d) Various kinds of liquor	Sales price from Ks. 1,501 to 2,000 per litre	Ks. 394 per litre
	(e) Various kinds of liquor	Sales price from Ks. 2,001 to 2,500 per litre	Ks. 506 per litre
	(f) Various kinds of liquor	Sales price from Ks 2,501 to 3,000 per litre	Ks. 619 per litre
	(g) Various kinds of liquor	Sales price from Ks. 3,001 to 3,500 per litre	Ks. 731 per litre
	(h) Various kinds of liquor	Sales price from Ks. 3,501 to 4,000 per litre	Ks. 844 per litre
	(i) Various kinds of liquor	Sales price from Ks. 4,001 to 5,000 per litre	Ks. 1013 per litre
	(j) Various kinds of liquor	Sales price from Ks. 5,001 to 6,000 per litre	Ks. 1238 per litre
	(k) Various kinds of liquor	Sales price from Ks. 6,001 to 7,000 per litre	Ks. 1463 per litre
	(l) Various kinds of liquor	Sales price from 7,001 to 8,000 per litre	Ks. 1688 per litre
	(m) Various kinds of liquor	Sales price from 8,001 to 9,000 per litre	Ks. 1913 per litre



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No.	Types of special goods	Value based on the market price	Tax rate
	(n) Various kinds of liquor	Sales price from 9,001 to 10,000 per litre	Ks. 2138 per litre
	(o) Various kinds of liquor	Sales price from 10,001 to 20,000 per litre	Ks. 3375 per litre
	(p) Various kinds of liquor	Sales price from 20,001 and above per litre	60% of the litre price
	(q) Various kinds of liquor (imported)	Landed costs	60%
9.	Various kinds of beer		60%
10.	(a) Various kinds of wine	Sales price up to Ks 500 per litre	Ks. 50 per litre
	(b) Various kinds of wine	Sales price from Ks 501 to 1,000 per litre	Ks. 150 per litre
	(c) Various kinds of wine	Sales price from Ks 1,001 to 1,500 per litre	Ks. 250 per litre
	(d) Various kinds of wine	Sales price from Ks 1,501 to 2,000 per litre	Ks. 350 per litre
	(e) Various kinds of wine	Sales price from Ks 2,001 to 2,500 per litre	Ks. 450 per litre
	(f) Various kinds of wine	Sales price from Ks 2,501 to 3,000 per litre	Ks. 550 per litre
	(g) Various kinds of wine	Sales price from Ks 3,001 to 3,500 per litre	Ks. 650 per litre
	(h) Various kinds of wine	Sales price from Ks 3,501 to 4,000 per litre	Ks. 750 per litre
	(i) Various kinds of wine	Sales price from Ks 4,001 to 5,000 per litre	Ks. 900 per litre
	(j) Various kinds of wine	Sales price from Ks 5,001 to 6,000 per litre	Ks. 1100 per litre
	(k) Various kinds of wine	Sales price from Ks 6,001 to 7,000 per litre	Ks. 1300 per litre
	(l) Various kinds of wine	Sales price from Ks 7,001 to 8,000 per litre	Ks. 1500 per litre
	(m) Various kinds of wine	Sales price from Ks 8,001 to 9,000 per litre	Ks. 1700 per litre
	(n) Various kinds of wine	Sales price from Ks 9,001 to 10,000 per litre	Ks. 1900 per litre
	(o) Various kinds of	Sales price from Ks 10,001 to	Ks. 3000 per



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No.	Types of special goods	Value based on the market price	Tax rate
	wine	20,000 per litre	litre
	(p) Various kinds of wine	Sales price from Ks 20,001 and above per litre	50% value of a litre
	(q) Various kinds of wine (if imported)	Landed cost	50%
11.	Teak, hard wood logs and teak and hardwood cuttings of 10 square inches and above		25%
12.	Jade, rubies, sapphires, emeralds, diamonds and other precious stones		20%
13.	Jewelry made from jade, rubies, sapphires, emeralds, diamonds or other precious stones		5%
14.	Pickup vehicles above 1800 CC, light vans, saloons, sedans and light wagons, estate wagons and coupés		25%
15.	Kerosene, petrol, diesel, aviation jet fuel		5%
16.	Natural gas		8%

- (b) Any person exporting the following goods shall pay special goods tax at the following tax rates. With the exception of the special goods specified below, 0% special goods tax shall be assessed on the sale when exporting. Special goods tax levied upon purchase, import or production shall be deducted according to the specifications for exporting.



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Sr. No.	Type of goods	Tax percentage rate
(1)	Natural gas	8%
(2)	Teak, hard wood logs and teak and hardwood cuttings of 10 square inches and above	50%
(3)	Jade, rubies, sapphires, emeralds, diamonds and other precious stones	20%
(4)	Jewelry made from jade, rubies, sapphires, emeralds, diamonds and other precious stones	5%

12. Among the special goods taxable according to the Special Goods Tax Law, special goods tax shall not be assessed on the cooperative sectors and individual sectors with regard to the production of tobacco, cheroots and cigars in the country if total sale proceeds do not exceed kyats 20,000,000 in a financial year.
13. The definition of the expressions contained in chapter 5 of this law shall be the same as in the Special Goods Tax Law.

Chapter (6)

Commercial Tax

14. According to section (6) of the Commercial Tax Law, the schedules to that law are enacted as below-

Schedules to the Commercial Tax Law

- (a) No commercial tax shall be levied for any of the goods specified below.

Sr. no.	Description of the goods
1.	Paddy, rice, split, soft bran, rough bran, paddy husk
2.	Wheat grain, flour, smooth and rough flour
3.	Maize and other cereals, powder maize and other powder cereals
4.	Pulses, chick-peas, pea flour, pea bran, pea husk
5.	Peanuts, shelled or unshelled
6.	Sesame, sesame flowers
7.	Mustard seeds, sunflower seeds, tamarind seeds, cotton seeds
8.	Palm oil
9.	Various cottons
10.	Jute and other fibers



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Sr. no.	Description of the goods
11.	Garlic, onions
12.	Potatoes
13.	Cassava plants, cassava powder
14.	Spices (leaves, fruits, seeds, bark), prepared spices
15.	Various fresh fruits
16.	Vegetables
17.	Sugar, sugarcane, palm sugar, solid molasses
18.	Mulberry leaves
19.	Medical plants or herbs
20.	Thatch, reeds, thapo, dani, taung htan, pharlar, elephant foot yam tuber, thanakhar and such agricultural products not elsewhere specified
21.	Wood, bamboo
22.	Live animals, fish and shrimps
23.	Silk cocoons
24.	Canes, finished and unfinished
25.	Honey and bee wax
26.	Lac
27.	Dregs from the production of peanut oil, sesame oil, cotton seed oil, bran oil
28.	Raw materials for detergents, soap and raw soap
29.	Bleaching dregs
30.	Coir yarn, charcoal made from coconut shells
31.	Tea leaves, various kinds of dry tea leaves
32.	Different kinds of stamps, including revenue stamps
33.	Sealing wax and sticks
34.	Slates, slate pencils and chalk
35.	Shrimp and fish sauces (ngan-pya-ya)
36.	Peanut oil, sesame oil, sunflower oil, bran oil, fermented soy-bean oil, solid oil
37.	Raw fish, prawns and meat
38.	Various dried fish and prawns
39.	Various kinds of preserved fish and prawns
40.	Prawn bran, fish powder
41.	Expensive products based on water products such as fish and prawns
42.	Milk, all kinds of milk powder
43.	Chili, chili powder
44.	Saffron, saffron powder
45.	Ginger
46.	Various kinds of fish paste
47.	Ripe tamarinds



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Sr. no.	Description of the goods
48.	National flag
49.	Various kinds of religious beads
50.	Various kinds of rulers, erasers, sharpeners
51.	Alternatives to firewood
52.	Coconut oil (not palm oil)
53.	Various kinds of fowl eggs
54.	Pumpkin seeds, watermelon seeds, cashew nuts
55.	Religious clothes (saffron robes, etc.)
56.	Oil dregs
57.	Salt
58.	Rubber paste
59.	Betel nuts
60.	Fertilizers
61.	Insecticides, pesticides
62.	Farm equipment, farm machines and spare parts
63.	Raw materials and finished materials for animal, fish and prawn feed
64.	Animal medicines
65.	Medicine for animals, fish and prawns
66.	Cross-breeding components
67.	Solar panels, solar charger controllers and solar inverters
68.	X-ray films, plates and other X-ray material, pharmaceutical apparatus and equipment (only if the relevant hospitals and clinics import the equipment for themselves)
69.	Cotton, bandages, gauze, other surgical dressing materials, hospital and surgical outfit and sundries (only if the relevant hospitals and clinics import the items for themselves)
70.	Pharmaceuticals and other medicines (except medicines restricted by rules and regulations)
71.	Raw materials for pharmaceuticals
72.	Textbooks, various books for education at universities and colleges, exercise books, various kinds of drawing books and papers for the production of such books and all sorts of pencils
73.	Graphite for the production of pencils
74.	Condoms
75.	Arms, machines, vehicles, equipment and their spare parts for the usage of governmental organizations for national defense and security
76.	Various kinds of gun powder, various kinds of dynamites and accessories thereof used by the civil departments
77.	Breeds of crops, seeds, nursery plants
78.	Fire engines, funeral vehicles
79.	Duty free articles to be sold in foreign currency to overseas passengers



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Sr. no.	Description of the goods
79.	at the departure places Goods used by diplomats and non-diplomatic staff at foreign embassies and consulates if there is reciprocity
80.	Goods purchased for the consumption of the armed forces by using the budget of the Ministry of Defense
81.	CMP goods, packaging materials for them, packaging materials for finished goods
82.	Fuel sold to foreign embassies, UN organizations and foreign diplomats by the Ministry of Energy.
83.	Goods purchased by local or foreign organizations with money donated for the country
84.	Jet fuel for outbound planes
85.	Machines, equipment and their spare parts for aircraft and helicopters
86.	Goods exempted from tax by parliament due to requirements of the state

- (b) Except for the goods specified in sub-section (a), 5% commercial tax shall be paid on the sales price of goods produced and sold in the country or on the landed costs of imported goods. 5% commercial tax shall be paid on the sales price of goods produced and sold in the country or on the landed costs of imported goods if the goods are included in section (11) of this law.
- (c) Except for goods and trading activities exempted in accordance with this law, 5% commercial tax shall be paid on the sales price with regard to the following activities, also if they involve special goods specified in section (11):
- (1) Domestic sale of imported goods
 - (2) Trading
- (d) Commercial tax shall not be paid on the following services.

Sr. No.	Types of services
1.	House rental services unless the services are operated as a business
2.	Parking space rental services
3.	Life insurance services
4.	Microfinance services
5.	Health care services with the exception of body embellishment
6.	Education services
7.	Freight transport services (vehicles, vessels, aircraft, heavy



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Sr. No.	Types of services
	machinery transport services)
8.	Employment agency services
9.	Investment marketing services
10.	Banking services
11.	Customs, port clearance services
12.	Service consisting in the renting out of objects for social functions
13.	Contract manufacturing
14.	Funeral services
15.	Child nursery services
16.	Myanmar traditional massage / massage performed by a blind person
17.	House moving services
18.	Toll collection services
19.	Animal health care services
20.	Public toilet fees collection services
21.	Outbound air transport services
22.	Culture and art services
23.	Public transport services (bus, railway and ferry boats)
24.	License fees to be paid to state organizations
25.	Publishing businesses concerned with the security of the Ministry of Defense and their publishing services
26.	Services used by diplomats and non-diplomatic staff of embassies and consulates if there is reciprocity
27.	Services purchased by local or foreign organizations with money donated for the country
28.	Services exempted from tax by parliament due to requirements of the state.
29.	Intra-government services provided by the Office of the President, the Office of the Union Government, the Office of the Pyidaungsu Hluttaw, the Office of the Pyithu Hluttaw, the Office of the Amyotha Hluttaw, the Office of the Supreme Court, the Constitutional Court, the Office of the Union Election Commission, the Union General Attorney's Office, the Office of the Union Auditor and the Office of the Union Civil Service Board, the Union Ministries, the Naypyitaw Council, the Central Bank of Myanmar, the Department of Social Welfare, the Offices of Region and State Governments and Departments (not included are services provided by, or to, state-owned enterprises)



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- (e) 5% commercial tax shall be levied on the revenue from the remaining services with the exception of services listed in sub-section (d).
 - (f) 3% commercial tax shall be levied on the revenue from the transport of passengers by inland air transport services.
 - (g) 3% commercial tax shall be levied on the sale proceeds from selling a building after having constructed it in the state. The developers shall be subject to all obligations and benefits contained in the Commercial Tax Law and the Commercial Tax Regulations.
15. In the cooperative sector and private sector, no commercial tax shall be levied if the sales proceeds or the service revenue do not exceed the following thresholds –
- (a) Production and domestic sale of goods which are subject to commercial tax: sale proceeds up to Ks. 20,000,000 within one financial year;
 - (b) Services subject to commercial tax: Service revenue up to Ks. 20,000,000 within one financial year;
 - (c) Trading: Sale proceeds up to Ks. 20,000,000 within one financial year.
16. If any person receives foreign currency for the production and sale of any goods subject to commercial tax, the performance of services subject to commercial tax, or trading, the amount of commercial tax shall be calculated according to the tax rates stipulated in this law and paid in kyats in accordance with the commercial tax regulations.
17. (a) 8% commercial tax shall be levied on the export of electricity, and 5% on the export of crude oil.
- (b) With the exception of the goods specified in sub-section (a), 0% commercial tax shall be levied on the export revenue. The commercial tax levied upon purchase or production of the goods may be set off with the commercial tax on the export as prescribed. Notwithstanding the commercial tax provisions, if the commercial tax levied upon export is less than the commercial tax levied upon purchase or production of the goods, a refund may be demanded. However, this shall not apply to goods that are purchased in the country and brought overseas for self-use.
 - (c) The provisions of this section shall not apply to services proceeds and sale proceeds on which no commercial tax is levied.



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18. The definition of the expressions contained in chapter 6 of this law shall be the same as in the Commercial Tax Law.

Chapter 7

Income Tax

19. (a) No tax shall be levied on a person whose income does not exceed kyats 4,800,000 in a year. Anyone shall be subject to income tax on the total of his or her income after the deduction of the allowances according to Income Tax Law section (6) if the income from salary within a year is above kyats 4,800,000 or the income from profession, business and other sources of income is as follows-

Sr. No.	Income brackets for assessing income tax		Income tax rate
	From	To	
	Kyat	Kyat	
(1)	1	2,000,000	0%
(2)	2,000,001	5,000,000	5%
(3)	5,000,001	10,000,000	10%
(4)	10,000,001	20,000,000	15%
(5)	20,000,001	30,000,000	20%
(6)	30,000,001 and above		25%

- (b) Notwithstanding any other provisions of the Income Tax Law, 10% income tax shall be assessed on the income consisting of the total rental fees from the lease of land, buildings and apartments; the allowances in accordance with section 6 of the Income Tax Law may be deducted. This income shall not be combined with other types of income and no additional assessment shall be made. Income tax shall be levied according to the specified tax rate if *[the taxpayers]* are state- owned enterprises, enterprises with a permit from the Myanmar Investment Commission, companies or cooperatives.
- (c) The income tax rates in this section shall not apply to a person who has *[special]* income, or a taxpayer who is subject to a specified tax rate with regard to a type of income.
20. 10% income tax shall be assessed, in foreign currency, on the total income earned abroad - with the exception of exempted income - by citizens residing abroad; the allowances according to sections 6 and 6A of the Income Tax Law may not be deducted.



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21. If a company is incorporated and registered in Myanmar according to the Myanmar Companies Act or the 1950 Special Companies Act, 25% income tax shall be assessed on the total net profit in kyats earned by this company; the allowances under section 6 of the Income Tax Law may not be deducted.
22. A foreigner residing abroad may not deduct allowances. On the total income-
 - (a) If the income is under the “salary income” heading, the income tax shall be levied according to the tax rates specified in section (19), sub-section (a).
 - (b) If the income is not under the salary heading but under another heading, 25% income tax shall be levied.
23. 25% income tax shall be assessed on the total net income of a business operating under a permit issued by the Myanmar Investment Commission; allowances according to section 6 of the Income Tax Law may not be deducted.
24. 30% income tax shall be assessed on income which has escaped assessment; allowances according to sections 6 and 6A of the Income Tax Law may not be deducted. However, if a citizen can show the source of the income used for buying, constructing, acquiring or establishing a new business, or expanding the business, the income tax shall be assessed according to the tax rates specified below with regard to income which has escaped assessment after deducting the income whose source can be shown. No income tax shall be assessed if the sources of all income used can be shown. Assessment according to this section shall not apply to the ownership or trade of properties obtained illegally or matters in which action is taken under the Anti-Money Laundering Law.

Sr. No.	Income (Kyat)	Income tax rate
(a)	1 - 30,000,000	15%
(b)	30,000,001 - 100,000,000	20%
(c)	1,000,000,001 and above	30%

25. In case of registration according to the Cooperatives Law -



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- (a) Income tax shall be assessed on the net profit of primary cooperative societies after deduction of the allowances according to section (6) of the Income Tax Law according to the tax rate in section (19) sub-section (a).
 - (b) Income tax at the rate of 25% shall be assessed on the net profit of cooperative societies (except primary cooperative societies) after deduction of the allowances according to section (6) of the Income Tax Law.
26. 25% income tax shall be assessed on the total net profit of state-owned economic organizations; the allowances according to section (6) may not be deducted.
27. If a capital gain has arisen from selling, exchanging or otherwise transferring one assets or more than one assets, irrespective of whether the capital gain is in kyats or foreign currency, and without deducting the allowances according to section (6) and section (6A) Income Tax Law –

- (a) If the company is participating in Myanmar's oil and gas sector, the income tax shall be assessed according to the tax rate shown next to the profit specified below in the type of currency earned -

Profit	Income tax rate to be assessed
(1) Up to equivalent kyats 100 billion	40%
(2) From equivalent kyats 100 billion+1 to 150 billion	45%
(3) Equivalent kyats 150 billion+1 and above	50%

- (b) 10% income tax shall be assessed, in kyats or foreign currency, on the capital gain of an individual person or a group of persons with the exception of companies participating in Myanmar's oil and gas sector. The tax shall be assessed in the type of currency earned if the taxpayer is a foreigner residing abroad.
28. No income tax shall be assessed on a capital gain if the total value of the assets sold, exchanged or otherwise transferred within one year is not more than kyats 10,000,000.
29. Newly established small or mid-sized businesses based on industry and craft with an income not exceeding kyats 10,000,000 during the first three years, including the year of



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commencement of the business, are exempt from income tax. Income tax shall be assessed on income earned in excess of this amount.

30. The basic allowance according to clauses (1) and (2), sub-section (a), section 6 of the Income Tax Law is an amount equivalent to 20% of the income for each type of income. However, the total basic allowance for a year shall not exceed kyats 10,000,000.
31. A parent allowance is added to clause (2) sub-section (a) section 6 of the Income Tax Law, the income tax shall be assessed on what remains of the total income after deducting the following allowances contained in clause (2) sub-section (c) section 6 of the Income Tax Law -
 - (a) Kyats 1,000,000 for each parent with whom the taxpayer lives together
 - (b) Kyats 1,000,000 for a spouse
 - (c) Kyats 500,000 for each child
32. With the exception of capital gains, the income tax shall be levied in kyats on citizens and foreigners residing in the country. Income tax of foreigners residing abroad shall be levied in the type of currency obtained; the income tax shall be calculated in accordance with the provisions of section 8 of the Income Tax Regulations if the income is received in a foreign currency.
33. An income or a type of income specified below is exempt from income tax -
 - (a) Up to a total income of kyats 10,000,000 received once or repeatedly during the income year as an award for an arrest under the Narcotic Drugs and Psychotropic Substances Law;
 - (b) Up to a total income of kyats 10,000,000 received once or repeatedly during the income year as an award for the seizure of illegal materials;
 - (c) Rewards received together with a medal conferred by the state;
 - (d) Income from salary received in foreign currency by a citizen residing abroad;
 - (e) Pensions and gratuities obtained by a civil servant as a consequence of retirement;
 - (f) Winning money in a lucky draw of the state lottery.



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34. The definition of the expressions contained in chapter 7 of this law shall be the same as in the Income Tax Law.

Chapter 8

Rates of other taxes to be collected

35. The relevant ministries must manage the rates to be collected, exemptions and reliefs of the following taxes according to the law in force -
- (a) Excise tax
 - (b) Import license fees
 - (c) Myanmar state lottery
 - (d) Fees for vehicles, vehicle licenses, business licenses
 - (e) Stamp duty
 - (f) Pearl oyster tissue implant tax
 - (g) Customs duty
 - (h) Land tax
 - (i) Water tax
 - (j) Embankment tax
 - (k) Forest products tax
 - (l) Mineral extraction tax (not including industrial mineral raw and decorative stones)
 - (m) Fishery tax
 - (n) Oil and gas extraction tax
 - (o) Mineral tax and gem stone tax
 - (p) Communication service tax
 - (q) Power generation tax



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- (r) Fees for tourism licenses, hotel and guest-house licenses, tourists transporting licenses, tour guides enterprises licenses
36. Notwithstanding the provisions in the Myanmar Gemstones Law, with regard to the extraction of jade, rubies, sapphires, emeralds, diamonds and other precious gemstones, producing and trading completed gems and jewelries:
- (a) Upon the sales of gems or jewelries, either Myanmar currency or foreign currency-
 - (1) Special goods tax shall be charged according to the tax rate of section 11 of this law.
 - (2) According to section 14, sub-section (b) and (c) of this law, the 5% commercial tax shall be charged for importing, producing, selling and trading.
 - (3) The provision of clause (2) shall not apply to non-taxable sales.
 - (b) Income tax shall be charged on the total net income obtained within the assessment year according to the income tax rates under this law.

Chapter 9

Miscellaneous

37. The Union Government may, by notification, form a supporting team for tax collection if necessary.
38. The Union Government shall do the following to enable the sale of locally manufactured goods in the market and competition with imported goods, the development of long-term benefits for local agriculture and livestock farming which mainly depend on the local manufacturing business, and domestic and foreign investments carried out in the state, without contravening international agreements signed by the state –
- (a) Engaging in activities so that, with regard to the amount of goods permitted for import and customs duty rates, the highest privilege and relief similar to that of countries in the ASEAN region within the framework of the WTO and ASEAN Trade Agreement can be obtained;



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- (b) Making necessary arrangements in conformity with the provisions of the customs law, the provisions of the procedures relating to import/export permission and the fixing of allotments.
39. The relevant ministries must educate, organize, inform the public about reliefs and exemptions, allow them to count the tax and the allowances, recognize dutiful taxpayers and arrange for suitable rewards.
40. If untaxed special goods are possessed, the informer must, as a reward, be offered 10% of the fine according to section (22) sub-section (c) of the Special Goods Tax Law, and the group making the arrest must be offered 20%. The informer must not be identified except in a government case.

I hereby sign in accordance with the Constitution of the Republic of the Union of Myanmar.

Thein Sein

President

Republic of the Union of Myanmar

(Table -1)

2016 - 2017 Financial Year

Taxes of the Union originally earmarked for collection

Sr. No.	Responsible Ministries of the Union Government	Description	2016 – 2017 Estimate in million kyats
1.		Taxes collected on local production and consumption	2,486,939.847
	1. Ministry of Home Affairs	Excise duty	940.311
	2. Ministry of Finance	Commercial tax	1,629,929.745
	3. Ministry of Commerce	Import license fees	5,762.000
	4. Ministry of Finance	State lottery	30,000.000
	5. Ministry of Rail Transportation	Fees for vehicle, vehicle license and business license	181,470.000



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Sr. No.	Responsible Ministries of the Union Government	Description	2016 – 2017 Estimate in million kyats	
	6.	Ministry of Finance	Stamp duty	37,710.000
	7.	Ministry of Mines	Pearl oyster tissue implant tax	460.000
2.	8.	Ministry of Hotel & Tourism	Fees for travelling license, hotel and guest-house license, travelers transporting license, tourism guide enterprise license	667.791
	9.	Ministry of Finance	Special goods tax	600,000.000
	1.	Ministry of Finance	Taxes collected on income and ownership Income tax	2,370,434.645 2,370,434.645
3.	1.	Ministry of Finance	Customs Duty Customs duty	475,000.000 475,000.000
4.			Taxes collected on the extraction and consumption of state-owned resources	887,384.336
	1.	Ministry of Home Affairs	Taxes collected on land	1.485
	2.	Nay Pyi Taw Council	Water tax	13.723
	3.	Ministry of Home Affairs	Embankment tax	0.025
	4.	Ministry of Environmental Conservation and Forestry	Tax collected on the extraction of forest materials	2,886.265
	5.	Ministry of Home Affairs	Tax collected on the extraction of minerals (not including industrial raw materials, minerals and decorative stones)	3.855
	6.	Ministry of Livestock, Fisheries and Rural Development	Fisheries tax	1,303.800
	7.	Ministry of Energy	Tax collected for the extraction of oil and natural gas	710,613.714



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Sr. No.	Responsible Ministries of the Union Government	Description	2016 – 2017 Estimate in million kyats
8.	Ministry of Mines	Mineral tax and gems stones tax	19,540.000
9.	Ministry of Communication, Information Technology	Tax collected for telecommunication services	142,595.149
10.	Ministry of Electric Power	Gratis tax collected on the generation of electric power.	10,426.320
		Grand total	6,219,758.828



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TRANSLATION MIC NOTIFICATION 26/2016

(Convenience translation - accuracy not guaranteed)

The Republic of the Union of Myanmar

Myanmar Investment Commission

Notification no. 26/2016

13th Waxing of Ta-paung, 1377

(21 March 2016)

Amended classification of types of economic activities

1. In exercising the power conferred under sub-section (b), section 56 of the Foreign Investment Law, the Republic of the Union of Myanmar, Myanmar Investment Commission, with the approval of the Union Government, announces - out of the related economic activities contained in chapter 2 of the Foreign Investment Law - the list of the types of prohibited economic activities, the list of the types of economic activities that may be done in a joint venture with Myanmar citizens and the list of the types of economic activities allowed under specifically stipulated conditions -

List of prohibited economic activities

No.	Type of economic activity
1	Manufacturing of, and related services with regard to, arms and ammunition for the national defense;
2	Forests for water maintenance, religious conservation areas, places for ritual worshipping, pasturelands, farms and fields, activities which destroy water resources
3	Management and conservation of natural forests;
4	Prospecting, exploration and production of jade/gem stones;
5	Mid-scale and small scale production of minerals;
6	Administration of electric power systems;
7	Inspection work related to electric power;
8	Air navigation services;
9	Excavation of minerals including gold in rivers and water ways;
10	Navigation services;
11	Combining print media and broadcasting media without the approval of the Union Government;
12	All printing and publishing business related to periodical magazines and



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No.	Type of economic activity
	journals in national ethnical language including the Myanmar language.

List of economic activities permitted in a joint venture with citizens

No.	Type of Economic Activities
1	Manufacturing and domestic distribution of biscuits, wafers, various kinds of noodles, vermicelli, thin wheat noodles, and other cereal products
2	Manufacturing and domestic distribution of various kinds of sweet snacks including candy, cocoa and chocolate
3	Manufacturing, canning and domestic distribution of foodstuffs except milk and dairy products
4	Manufacturing and distribution of beverages produced from barley and barley fermentation
5	Producing, refining, bottling and distributing alcohol and non-beverages
6	Manufacturing and distributing ice made with purified water
7	Purified water business
8	Manufacturing and distributing various kinds of ropes
9	Manufacturing and domestic distribution of various kinds of goods such as enamel products, containers, spoons, knives and forks
10	Manufacturing and domestic distribution of various kinds of plastic products
11	Packaging business
12	Manufacturing and domestic distribution of raw hides, various kinds of leather, leather products including shoes and handbags except synthetic leather
13	Manufacturing and distributing various kinds of paper including smoked paper [<i>i.e. paper exposed to smoke so that it burns less easily, e.g. used for paper balloons</i>], wax paper, toilet paper, and manufacturing of pulp [<i>for papermaking</i>] and paper-based materials
14	Manufacturing and distributing chemical products based on domestic resources (excluding oil and natural gas, petroleum products)
15	Manufacturing and distributing flammable solids, liquids, gases and aerosols (acetylene, gasoline, propane, hair sprays, perfume, deodorant, insect spray), excluding oil and natural gas and petroleum products
16	Manufacturing and distributing oxidizing agents (oxygen, hydrogen peroxide), compressed gases (acetone, argon, hydrogen, nitrogen, acetylene)
17	Manufacturing and distributing caustic chemical products (sulphuric acid, nitric acid)
18	Manufacturing and distributing various kinds of industrial chemical gases (gases, liquids, solids)



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19	Pharmaceutical raw material production business
20	Mid-scale and small-scale production of electricity
21	Establishing international golf clubs and resorts
22	Business of establishing, selling and leasing residential buildings and condominiums
23	Constructing and selling office and business buildings
24	Establishing and selling residential buildings within an industrial zone
25	Establishing and constructing low-cost housing
26	Domestic air transport service
27	International air transport service

List of economic activities permitted under specific conditions

(a) **List of economic activities permitted in a joint venture with citizens and a recommendation from the relevant ministry**

No.	Type of economic activities
(1)	(2)
1.	To acquire the opinion and the remarks of the Ministry of Livestock, Fisheries and Rural Development
1.	Production of bees and bee products
2.	Manufacturing of fishing nets
3.	Construction of jetties for off-loading fish and markets for fish auctions
4.	Research work relating to live stock and fisheries
5.	Marine fisheries business
6.	Production of preserved fishery products
7.	Importing, exporting, cultivation of animals and fish species
8.	Cultivation of fresh water or marine fish and prawns
2.	To acquire the opinion and the remarks of the Ministry of Environmental Conservation and Forestry
1.	National parks
2.	Business activities relating to the reduction of carbon emission
3.	Extraction (logging) in reserved forests (reserved forest, protected public forest)
4.	Business of distributing, selling and reproducing imported genetically modified organisms
5.	High technology research for the forestry sector and commercial business activities such as the production and maintenance of good quality, valuable or scarce species and tree tissue cultures



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	6.	Development of high technology, research and human resources in the forestry sector
	7.	Extraction of natural resources in forest land and forest-covered land under the administration of the government
	8.	Production of plants or wildlife animals for business, marketing and distribution within the country or abroad after importing and breeding them
3.		To acquire the opinion and the remarks of the Ministry of Industry
	1.	Manufacturing and marketing of beverages, aerated water and other soft drinks
	2.	Production of monosodium glutamate (MSG)
	3.	Manufacturing of pharmaceuticals used in medical treatment, blended with any kind of controlled chemicals
4.		To acquire the opinion and the remarks of the Ministry of Transport
	1.	Transport services for passengers and goods by water vessels
	2.	Establishing and opening nautical institutes and training schools
	3.	Dockyard services
	4.	Inland water transport and related services on lands owned by the Inland Water Transport Department
5.		To acquire the opinion and the remarks of the Ministry of Communications and Information Technology
	1.	Domestic and international postal services
6.		To acquire the opinion and the remarks of the Ministry of Health
	1.	Private hospital business
	2.	Private clinic business
	3.	Private diagnostic services
	4.	Private pharmaceutical and medical equipment production
	5.	Research on producing vaccines, and testing samples
	6.	Opening private universities of medicine and universities and training schools related to medical education
	7.	Trading of raw materials for traditional medicine
	8.	Cultivation and production of traditional herbs
	9.	Research and laboratory analyses concerning traditional medicine
	10.	Manufacturing of traditional medicine
	11.	Traditional hospital business



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7.	To acquire the opinion and the remarks of the Ministry of Information
1.	Publishing of periodical newspapers in a foreign language
2.	Broadcasting of FM radio programs
3.	Direct To Home (DTH)
4.	DVB-T2
5.	Cable TV
6.	Production of movies
7.	Showing of movies

(b) List of economic activities that are only allowed in a joint venture and subject to other restrictions

No. (1)	Type of economic activity (2)	Restriction (3)
1.	Importing/exporting, transporting, storing and marketing of petroleum, natural gas and other petroleum products; construction, installation and provision of storage tanks, jetties for loading/off-loading oil, pipelines and related equipment and buildings required in order to carry out the above businesses	Allowed in a joint venture with the Ministry of Energy
2.	Import, manufacturing and erection of machinery, equipment and spare parts required in order to carry out exploration and testing of petroleum and natural gas by geological, geophysical or geochemical methods, and related businesses	Allowed in a joint venture with the Ministry of Energy
3.	Import, manufacturing and erection of machinery, equipment and spare parts	Allowed in a joint venture with the Ministry of Energy



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	required in order to carry out drilling/ production/laboratory analyses of petroleum and natural gas, and related businesses	
4.	Import, manufacturing and erection of machinery, equipment and spare parts required in order to transport petroleum and natural gas or to construct pipeline networks, and related businesses	Allowed in a joint venture with the Ministry of Energy
5.	Import, manufacturing and erection of machinery, equipment and spare parts required in order to construct, manufacture or install all kinds of offshore platforms	Allowed in a joint venture with the Ministry of Energy
6.	Construction and installation of all kinds of new petrochemical factories, renovating old factories by investment and carrying out the functions <i>[of the factories]</i>	Allowed in a joint venture with the Ministry of Energy
7.	Manufacturing of cigarettes	At least 50% of the tobacco used must be local tobacco in the first 3 years or, alternatively, at least 50% of the raw materials must be purchased from proceeds of the export of local tobacco. 90% of the products must be exported. In the investment proposal, a table of the plan to use local raw materials and a table of the plan to export products must be submitted. The opinion and the remarks of the Ministry of Industry must be



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		acquired.
8.	Production and distribution of explosive chemicals (TNT, nitro-glycerin, ammonium nitrite)	Allowed in a joint venture with the government
9.	Production and distribution of auto-inflammable liquids and solids (titanium powder), chemicals which release heat by themselves (potassium sulfide), chemicals which de-ionize easily due to heat, and things which are inflammable and release gas when getting in contact with water (calcium phosphide)	Allowed in a joint venture with the government
10.	Domestic distribution and export of crop products after importing and cultivating the required input crops	The production of value-added goods shall be allowed. Foreign share participation shall be allowed up to 49% only. Domestic trade and export shall be allowed based on the production of the joint venture company. Any export of paddy through sea trade or border trade shall not be allowed.
11.	E-lottery business	To acquire the opinion and the remarks of the Ministry of Finance. Allowed in a joint venture with the government.
12.	Reclaiming and establishing new satellite towns	To acquire the opinion and the remarks of the Ministry of Construction. Allowed in a joint venture with the government.
13.	Urban rehabilitation and development	To acquire the opinion and the remarks of the Ministry of



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		Construction. Allowed in a joint venture with the government.
14.	New construction of railways/ stations/buildings	Allowed only in a joint venture or BOT scheme with Myanma Railways To acquire the opinion and remarks of the Ministry of Rail Transportation. To acquire the approval of the Union Government.
15.	Operation and maintenance of trains	Allowed in a joint venture or through a BOT scheme or through a lease with the relevant department. To acquire the opinion and remarks of the Ministry of Rail Transportation.
16.	Construction, production and maintenance of railway engines/passenger coaches/carriage, wagons and engine spare parts	Allowed in a joint venture or through a BOT scheme or through a lease with the relevant department. To acquire the opinion and remarks of the Ministry of Rail Transportation.
17.	Setting up of fibre- optic cables, construction of tower pillars and construction of engine rooms on land owned by the Ministry of Rail Transportation	Allowed in a joint venture or through a BOT scheme or through a lease with the relevant department. To acquire the opinion and remarks of the Ministry of Rail Transportation.
18.	Special use of land and buildings owned by the Ministry of Rail Transportation for commercial activities	Allowed in a joint venture or through a BOT scheme or through a lease with the relevant department. To acquire the opinion and remarks of the Ministry of Rail Transportation.
19.	Transportation of goods and	To acquire the approval of the



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		passengers by railway or truck	<p>Union Government. Allowed in a joint venture with the relevant department or organization (government department or private entity). To acquire the opinion and remarks of the Ministry of Rail Transportation.</p>
	20.	Motor vehicle inspection, training how to drive a motor vehicle, training how to repair engines and maintenance activities	<p>Allowed in a 50:50 joint venture. To acquire the opinion and remarks of the Ministry of Rail Transportation.</p>
	21.	Generation of electric power to be used in railway businesses	<p>Allowed in a joint venture or through a BOT scheme or through a lease with the relevant department. To acquire the opinion and remarks of the Ministry of Rail Transportation.</p>

2. Business activities which are not contained in this notification may be carried out as 100% foreign-invested business except business believed by the Commission to require permission of the relevant ministry.
3. Services which are not categorized as investment may only be performed with the permission of the relevant ministry.
4. Notification no. 49/2014 dated 14.8.2014 issued by the Myanmar Investment Commission is repealed by this notification.

U Zay Yar Aung
 Chairman
 Myanmar Investment Commission

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Dated: 21st March, 2016



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