



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 34 - 3rd November 2017

Dear Readers,

Welcome to a new edition of our newsletter.

1. **New fiscal year**

With letter no. 3 (1)/1 dated 29 September 2017, the President's Office informed Parliament that the Union Government "approved to change the fiscal year of Myanmar from currently '1 April to 31 March' to '1 October to 30 September' with effect from the 2018/2019 fiscal year."

Union Parliament apparently endorsed the change (<http://tinyurl.com/yc5kgqwo>), so the fiscal year 2018/2019 will start on 1 October 2018 and end on 30 September 2019. The fiscal year is the period which the government and private enterprises base their annual accounting cycle on. Unlike many other jurisdictions, Myanmar does not allow private enterprises to set their own fiscal year.

The letter unfortunately does not state what happens to the period from 1 April to 30 September 2018. Will it be added to the 2017/2018 fiscal year so that this fiscal year will be 18 months long instead of 12? Or will it be treated as a separate, shortened fiscal year? We hope for timely clarification.

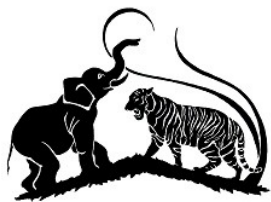
A translation of the letter is available to our premium subscribers.

2. **Updated requirements for "work permits" (MIC companies only) and DICA recommendations for visa extensions and stay permits (non-MIC companies)**

DICA published updated requirements for obtaining "work permits" (needed by foreign employees of MIC companies - <http://tinyurl.com/yb8wtawd>) and DICA recommendations for visa extension and stay permits (<http://tinyurl.com/y9ml66y6>); these updated requirements came into force on 21 October 2017.

Some experts are severely and quite vocally critical of this development ("a bureaucratic regulatory nightmare without any sunshine ability" - <http://tinyurl.com/yc6jq94r>), but as shown in our analysis (<http://tinyurl.com/yahv8x23>), we think that this criticism is largely misplaced. At least presently, Myanmar is one of the least complicated countries when it comes to employing foreigners.

We will discuss this topic (as well as planned foreigners legislation) in detail at our labour law seminar on 28 November 2017 (please find the invitation here: <http://tinyurl.com/yamho7wv>).



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Please download our analysis here: <http://tinyurl.com/yahv8x23>.

3. Some tax benefits under the Myanmar Investment Law extended to existing companies

According to MIC Notification No. 84/2017 dated 10 October 2017 - the English translation is available to our premium subscribers -, certain tax benefits under the Myanmar Investment Law are extended to existing companies. In particular,

- export-oriented companies that currently do not hold an MIC permit or endorsement may apply for an exemption from, or refund of, customs duty and commercial tax on imported raw materials and semi-finished goods, and
- companies that currently do not hold an MIC permit or endorsement and which intend to expand their business may apply for an exemption from, or refund of, customs duty and commercial tax on machines, equipment and construction materials imported during the expansion period.

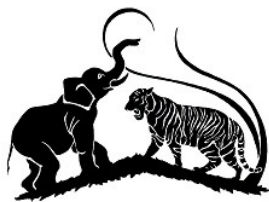
The MIC Notification is primarily aimed at 100% Myanmar-owned companies as foreign-invested companies would usually have applied for an MIC permit or endorsement right from the beginning.

4. Draft bill against real estate monopolies sent to Union Attorney General's Office

This could be an interesting bit of legislation: <http://tinyurl.com/yczc8b73>. Apparently, there are plans to unify (and, we suppose, raise) property taxes that are presently being levied by the municipalities (and "worth less than a cup of tea", <http://tinyurl.com/y9jnu7d2>). Let's see what comes out of it (the aim of the new law seems to be to raise revenue for the government and curtail property prices). In any case, it is a reminder that lease agreements should be professionally drafted - clauses specifying which party bears the property taxes could become important.

5. Recent bills

Recent bills (i.e., the drafts of laws submitted to Parliament, but not yet enacted) include a Consumer Protection Bill (the present Consumer Protection Law is only from the year 2014...), a Land Acquisition Bill and a Fire and Natural Disaster Risk Prevention Bill (Yangon Regional Parliament). We will provide translations of the first two bills to our premium subscribers in due course.



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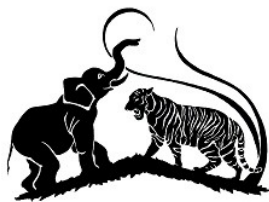
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6. Electricity and energy news

- (a) Norwegian company to build solar power plant at Thaton Industrial Zone: <http://tinyurl.com/yat3kjbb>
- (b) Ayeyawady Region Government to bring electricity to coastal towns through private power production: <http://tinyurl.com/yaqshzy3>
- (c) Government submits Ks. 2.5 trillion supplementary budget to Parliament; more funds to be channelled to electricity infrastructure: <http://tinyurl.com/ybj9rujk>
- (d) Update on Myanmar's electrification process: <http://tinyurl.com/yd2nw9xo>
- (e) Myanmar to get better profit sharing deal for the Kyaukphyu deep-sea port: <http://tinyurl.com/yd9zt9pw>
- (f) Woodside delays drilling in southern Rakhine for commercial reasons: <http://tinyurl.com/y7uvz2fw>
- (g) Mingyan power plant to finish soon: <http://tinyurl.com/y9ykhg8w>
- (h) Marubeni to overhaul power plant in Myanmar: <http://tinyurl.com/yayzzhkr>
- (i) Toyo-thai's planned 1,280 MW coal-fired power plant project in Kayin State under criticism: <http://tinyurl.com/y8bu5wnq> (If the article is correct, the company signed the MoU for the feasibility studies with the State and not the Union Ministry of Electricity and Energy - which is quite a clear contravention of the Electricity Law.)
- (j) Ayeyawady to get waste-to-energy plant: <http://tinyurl.com/ycdzprjl>
- (k) Reliance Industries relinquishes Myanmar oil and gas blocks: <http://tinyurl.com/y9wspbux>

7. Market access and other news

- (a) Rex Tillerson to visit Myanmar: <http://tinyurl.com/y9p7lxoh>
- (b) DICA apparently started a "digital ID card self-registration system" at its entrance: <http://tinyurl.com/y9bynk8v>
- (c) DICA prepared a list of local companies interested in business matching opportunities with foreigners: <http://tinyurl.com/yarsse2q>



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- (d) YCDC creating development plans for Dala, Seikkyi Kanaungto and Hlaingthaya Townships: <http://tinyurl.com/ya2bk5f8>
- (e) Chinese company to invest USD 390 million in Mandalay-Myotha Industrial Park: <http://tinyurl.com/y9fl2pp6>
- (f) Government to privatise most state-owned enterprises: <http://tinyurl.com/yb23mvek>
- (g) Myanma Economic Bank to lend Ks. 700 bn. to private sector to revitalise economy: <http://tinyurl.com/y75hh8sl>
- (h) ICBC to become major BRI financier in Myanmar: <http://tinyurl.com/y73lesn7>
- (i) ATM makers eye Myanmar market: <http://tinyurl.com/y9zdnr76>
- (j) Hotel zone planned for Kanthaya beach in Rakhine State: <http://tinyurl.com/y75kexaf>
- (k) BOT agreement for Mandalay bus terminal signed: <http://tinyurl.com/yapxdjw4>
- (l) Local banks now permitted to extend loans without security: <http://tinyurl.com/yamjorhg>
- (m) Golden City opens grade-A office tower in Yankin: <http://tinyurl.com/ycn8xwbh>
- (n) Yangon to build 200,000 units of low-cost housing: <http://tinyurl.com/ya2cyotp>
- (o) World Bank maintains optimism over Myanmar economy: <http://tinyurl.com/y99hql7e>
- (p) New company is preparing to enter Yangon Stock Exchange: <http://tinyurl.com/y8ulwk3l>
- (q) 2018 vehicle import policy changes prompt Chinese carmakers to establish factories in Myanmar: <http://tinyurl.com/y7gc26bh>

8. Tenders

- (a) **GOPA My-Governance Programme:** Provision of a hosted dedicated server (EU funded): <http://tinyurl.com/y6ufjuq9>
- (b) **UNICEF:** Provision of fuel to all UN agencies: <http://tinyurl.com/y82f8usc>
- (c) **YCDC Engineering Department (Buildings):** South East Asia Disaster Risk Management Project (World Bank funded) - Detailed engineering designs and bidding documents for



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the seismic retrofitting of 20 buildings in Yangon, and construction management and supervision of the works: firm selection - <http://tinyurl.com/yclsovtm>; individual procurement specialist: <http://tinyurl.com/y8fg4wuu>

- (d) **Ministry of Electricity and Energy:** Surge arrester, fuse, transformer accessories, medium voltage cable and low voltage cable (accessories) (World Bank financed): <http://tinyurl.com/ycwemdax>

We hope that you have enjoyed reading our newsletter and found it useful.

Sebastian Pawlita
Managing Director

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Director