



The Republic of the Union of Myanmar Government  
Ministry of Planning and Finance  
The Union Ministry  
Notification  
No. 2/2017  
1378, Pyar Tho La San 13<sup>th</sup>  
(10<sup>th</sup> January 2017)

1. The Ministry of Planning and Finance, with the approval of the Union Government and under authorization of section 16, sub-section (b) of the Income Tax Law, issues and specifies that, in respect of the following types of payment except for monthly items, the person who is authorized to make payment shall, when making the payment, withhold [*literally: "extract and deposit"*] the required/payable percentages of income tax as specified below.

No.	Types of payment	Percentage to deduct as withholding tax	
		Citizen and resident foreigner	Non-resident foreigner
(a)	Interest payment for a loan, indebtedness, transaction of similar nature or savings	-	15%
(b)	Royalties for the use of licenses, trademarks, patent right, etc.	10%	15%
(c)	Payment, for the domestic purchase of goods, work performed in the country, domestic supply of a service and domestic leasing, made by state organizations, state enterprises, development committees, cooperative societies, foreign companies, foreign enterprises and organizations, local companies and cooperative enterprises that are formed under any laws in force, under a tender, contract, price quotation or any other system (except for a payment under an item above in this table)	2%	2.5%



2. When withholding the specified percentage of tax as prescribed in the above paragraph, it shall be deducted in kyats if payment is made to a resident citizen and a resident foreigner, and it shall be deducted in the given type of currency if payment is made to a non-resident foreigner; the amount shall be deposited in the bank account of the relevant revenue department in the name of the recipient or the name of the business.
3. Among the payment under paragraph 1, the tax which is withheld from a payment made to a non-resident foreigner shall be treated as deposited income tax of the non-resident foreigner after a final assessment. However, if a domestic business is performed through the branch of a non-resident foreigner that is assessed in accordance with the Income Tax Law, the withheld tax shall be deducted from the required/payable tax as assessed. Similarly, the amount withheld from a payment to a resident citizen and a resident foreigner shall be deducted from the required/payable tax as assessed.
4. If a non-resident foreigner shows a certificate of residence from the internal revenue department of the relevant country which has signed an agreement for the avoidance of double taxation and prevention of fiscal evasion with Myanmar, the amount to be withheld from the amount payable to this person shall be withheld in accordance with the percentage specified in the agreement concluded with the relevant country.
5. The person in charge of the withholding shall prepare three sets of the specified form of the Internal Revenue Department. The original shall be sent to the person whose tax is being deducted, one duplicate shall be sent to the revenue department where the tax is deposited, and another duplicate shall be kept by the *[first]* person.
6. When tax is withheld from a payment under paragraph 1:
  - (a) If the total amount of payments is not more than Ks. 500,000 in a year, no tax has to be withheld. If the total amount of payment is more than Ks. 500,000, withholdings from all payments shall be made at the specified tax rate.
  - (b) If multiple payments are higher than the specified amount within one year, tax shall be withheld in accordance with the specified percentages even if one payment is not higher than the specified amount.
  - (c) Withholdings from a payment to a non-resident foreigner or a payment in a foreign currency shall be made in accordance with the relevant tax rates as prescribed in the table.
  - (d) For all types of payment from which no tax was withheld, their records shall be sent to the revenue department.



7. However:
  - (a) No income tax shall be withheld from payments among government organizations and payments to any government organizations and state departments.
  - (b) Among payments under paragraph 1, no income tax shall be withheld from an interest payment for a loan, indebtedness, transaction of similar nature or savings if this payment is made to the branch of a non-resident foreigner registered and established in Myanmar and the branch is being assessed on its domestic income.
  - (c) The Director General of the Internal Revenue Department can specify a method in order to avoid multiple taxes being paid for one operation even if they are types of payment provided for in paragraph 1.
  - (d) The payer shall not be exempt from withholding income tax at the source even if the recipient refuses to accept the withholding of income tax at the source.
8. Notification no. 41/2010 from 10<sup>th</sup> March 2010 and notification no. 167/2011 from 26<sup>th</sup> August 2011 of the Ministry of Finance and Revenue are repealed by this notification.
9. This notification shall be in force from the date of 1<sup>st</sup> April 2017.

Kyaw Win

Minister