



Dear Readers,

Welcome to a new edition of our newsletter.

1. Foreigners Law and Foreign Worker Law (still drafts, fortunately)

The two drafts have caused quite a stir within the expat community. Maybe there is good news: At the request of a senior official, we prepared a list with suggested amendments which seems to have found its way into the parliamentary law drafting committee. We are cautiously optimistic that at least some of the unwelcome aspects of the drafts will not make it through the parliamentary process.

2. Union Tax Bill 2017

On 2 and 3 February 2017, Kyemon published the draft of the 2017 Union Tax Law. An English translation can be found on our homepage (<http://tinyurl.com/jlya68m>); we have included a short analysis in our newsletter.

3. Seminar invitation: Singapore, 15 March 2017

Kennedys Legal Solutions, a foreign law firm that sometimes cooperates with us, would like to invite the readers of this newsletter to a seminar on investments in Myanmar on 15 March 2017 in Singapore. We think that this is a very interesting event, especially for participants from the insurance sector as market liberalization appears to be imminent.

The seminar invitation can be found here: <http://tinyurl.com/zvx9nw6>

4. Local company looks for investors

A local company looks for investors for a project near the airport. The company has a plot of land of approx. eight acres of which it intends to use three acres for a warehouse and one acre for a parking lot. The idea is to use the warehouse as a sales outlet for construction materials, much like The Home Depot or HomePro. The investment amount would be USD 6 million; break-even is expected to occur after three to four years. Please contact us if you are interested.

5. Electricity and energy news

- (a)** The government of Yangon Region is lobbying the Union parliament for an amendment of the Electricity Law that would allow it build power plants with a capacity of more than 30MW: <http://tinyurl.com/z86s8yz>



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- (b) Lower house approves a JPY 10.787 billion (approx. USD 107.8 million) JICA loan for the maintenance of hydropower plants: <http://tinyurl.com/zdvkk3e>
- (c) No more coal mining licenses to be issued due to health concerns: <http://tinyurl.com/hdu4e9w>

6. Market access

- (a) **On 2 February 2017, the MIC published a first draft of its list of restricted business activities.** (Local) business associations have complained that they were not consulted, and revisions of the draft may still occur (<http://tinyurl.com/z49djvp>). Baker McKenzie has since published an English translation of the draft list (<http://tinyurl.com/z4gjmbt>).
- (b) **Furthermore, the draft of the new Investment Rules is now complete and can be downloaded from DICA's homepage:** <http://tinyurl.com/hzfq8md>
- (c) **Central Bank may allow foreign banks with a branch in Myanmar to open bank accounts for local importers and exporters:** <http://tinyurl.com/gtllldzy> (In this context, maybe also this bit of news: ADB has for the first time guaranteed a loan from a foreign to a local bank which the local bank on-lent to a local fertilizer importer, <http://tinyurl.com/zff2sx9>)

7. Tenders

- (a) **Directorate of Water Resources and Improvement of River Systems:** Fiber cable installation and transmission for a the Department of Meteorology and Hydrology office in Nay Pyi Taw under the Ayeyarwady Integrated River Basin Management Project: <http://tinyurl.com/jgnujx2>
- (b) **Department of Rural Development:** Copying 31,000 videos and movies and supplying 14,317 tile stone plaques (IDA funded): <http://tinyurl.com/juqljqa>
- (c) **Myanma Timber Enterprise:** Auction of teak and hardwood round logs and sawn timber: <http://tinyurl.com/zsxdu19>
- (d) **Myanma Oil and Gas Enterprise:** Purchase of a variety of equipment: <http://tinyurl.com/j9t58uj>
- (e) **No. 2 Heavy Industrial Enterprise:** Privatization of (i) a plastic factory in Kyaukse and (ii) No. 2 Heavy Industry (Kyangin) Enterprise: <http://tinyurl.com/h73m6ez>



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- (f) **Ministry of Electricity and Energy:** Purchase of 11,484 steel poles for the National Electrification Project (World Bank-funded): <http://tinyurl.com/jdfog5h>
- (g) **Project Office, Modernization of the Public Finance Management Project:** Supply, installation and commissioning of server room IT equipment and infrastructure for the Treasury Department (funded by grants of the World Bank and the UK and the Australian governments): <http://tinyurl.com/h5yudps>
- (h) **Ministry of Transport and Communications:** Consultant companies for developing vehicle registration by radio frequency identification (RFID): <http://tinyurl.com/hgtmbea>

8. Others

- (a) The Ministry of Planning and Finance refrains from levying income tax on interest income from bank accounts: <http://tinyurl.com/ztw67j8>
- (b) The Competition Law will enter into force on 24 February 2017 according to Notification 69/2015 of the President's Office. We do not expect much to change, though, as we are not aware of any implementing rules having been issued yet.
- (c) On 23 February 2017, Kyemon carried the first part of a proposed workplace safety law. We will upload a translation to our homepage once it is ready.

9. Assassination of U Ko Ni

In a rare political murder, U Ko Ni, a lawyer and senior NLD advisor, was shot dead in broad daylight at Yangon International Airport on 29 January 2017 after having returned from an official visit to Indonesia. Also killed was one of the taxi drivers who chased down the killer.

U Ko Ni is credited with having invented the new position of state counselor through which Daw Aung San Suu Kyi became the de-facto leader of government. He is said to have worked on a plan for a referendum on a new constitution which, if implemented, would have had the potential of removing the privileges that are presently still being enjoyed by the military.

The alleged murderer himself and other persons have been arrested. The president's office suspects a former military officer (now on the run) to have hired the killer (<http://tinyurl.com/hl7jbmm>), but not much background information is available.



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This is a sad ending for a newsletter, but we still trust that you will find this newsletter useful and hope that you will otherwise enjoy reading it.

Sebastian Pawlita
Managing Director

Nyein Chan Zaw
Director



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Press review (28 January - 23 February 2017)

- Mooted Yangon expansion plans revived? <http://tinyurl.com/j73an4l>
- 26 companies selected for Thilawa low-cost housing complex: <http://tinyurl.com/gtwm4ks>
- The Peninsula to arrive in Yangon: <http://tinyurl.com/zxhbd6m>
- Yoma Central, Myanmar's biggest foreign-invested real-estate joint venture, breaks ground in Yangon: <http://tinyurl.com/jblpplt>
- Kirin: Joint venture with, not purchase of, Mandalay Brewery: <http://tinyurl.com/h963s5j>
- Ministry of Commerce: No plans to seize imported cars that have remained unsold for two years: <http://tinyurl.com/j87n5cd>
- Diebold Nixdorf targets retail market: <http://tinyurl.com/hsuwf7m>
- President's office: U Ko Ni's murderer hired by ex-armyman: <http://tinyurl.com/hl7jbmm>
- Business associations complain about lack of consultation on list of restricted businesses: <http://tinyurl.com/z49djvp>
- Three years of strong growth ahead, says World Bank: <http://tinyurl.com/gr425an>
- Kubota opens facility in Myanmar: <http://tinyurl.com/heakd76>



Draft Union Tax Law 2017

On 2 and 3 February 2017, state-owned newspapers published the draft of the 2017 Union Tax Law (a translation can be found here: <http://tinyurl.com/jlya68m>). Parliament seems to be currently debating the bill. If it becomes law as it is written, the following changes will occur in the 2017/2018 financial year:

(1) Special goods tax

- Increase of the rates for most cigarettes, liquors, wines, vehicles (for many vehicles: massive increase)
- Reduction of the rate for wood logs and wood cuttings, raw jade, rubies, sapphires and emeralds, vehicles between 1800 and 2000 CC
- Electricity, specified electronic devices, cosmetic products and decorative elements for cars now subject to 5% special goods tax
- Clarification that liquefied natural gas is subject to special goods tax

(2) Commercial tax

- Some minor amendments to the list of exempted goods
- Clarification that the import of goods admitted temporarily into the country is not subject to commercial tax
- Some minor amendments to the list of exempted services; in particular: clarification that the transport through pipelines is not exempt
- Commercial tax rate for the sale of gold jewelries reduced from 5% to 3%
- Ministry of Planning and Finance given authority to exempt “businesses that are operated by local or foreign organizations with donated money” from commercial tax
- Businesses with a turnover of up to Ks. 50 million are exempt from commercial tax (up from presently Ks. 20 million)
- The import of perishable goods (“goods that are sent and received quickly”) up to a ceiling set by the Customs Department is exempt from commercial tax



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(3) Income tax

- Ministry of Planning and Finance can exempt (i) local and foreign organizations operating with donated money and (ii) capital gains realized at the Yangon Stock Exchange from income tax.