

Dear Readers,

Welcome to a new edition of our newsletter.

1. **2% withholding tax largely abolished; other tax news**

The Ministry of Planning and Finance released several notifications that bring welcome news to taxpayers. A translation of the notifications is available to our premium subscribers.

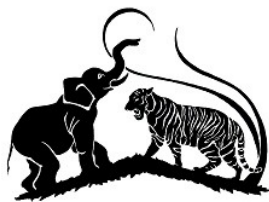
(a) **Abolition of the 2% withholding tax for private sector transactions**

Most importantly, Notification 47/2018 dated 18 June 2018 does away with the withholding tax on most domestic transactions by the private sector from 1 July 2018. The new WHT rates are:

No.	Type of payment	WHT rate if recipient is a Myanmar resident	WHT rate if recipient is a non-resident
1	Interest payment	Old/new: 0%	Old/new: 15% (0% if the interest is paid to the Myanmar branch of a foreign bank)
2	Fees for the use of licenses, trademarks and intellectual property rights	Old/new: 10%	Old/new: 15%
3	Payment by the government and state-owned enterprises for the purchase of goods and services from the private sector	Old/new: 2%	Old/new: 2.5%
4	Payment by the private sector for the purchase of goods and services	Old: 2% New: 0%	Old/new: 2.5%

(b) **Tax exemptions for the implementation of grant and ODA loan projects**

For the first time, Notification 38/2018 dated 21 May 2018 specifies the tax exemptions that are available if a project is being implemented with grant aid or a concessionary loan (ODA loan), provided that the Ministry of Planning and Finance has confirmed that the project is being implemented with grant aid or an ODA loan:



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	Grant	ODA loan
Income tax on salary paid to foreign employees	Exempt	Not exempt
Income tax on salary paid to Myanmar employees	Not exempt	Not exempt
Income tax on income of companies, consultants and service providers	Exempt	Not exempt
Income tax on the interest income from the ODA loan	N/A	Exempt
Commercial tax on revenue of companies, consultants and service providers	Exempt	Exempt
Commercial tax on imported goods, machinery and other required items	Exempt	Exempt

Furthermore, Notification 49/2018 dated 25 April 2018 exempts all direct donations to the Union from commercial and income tax, provided that the Ministry of Planning and Finance has confirmed that the donation was made directly to the Union.

(c) Exemptions from the 2% income tax advance payment on imports and exports

Already a while ago, Notification 7/2018 dated 22 January 2018 exempted the following imports and exports from the 2% advance payment on income tax:

- (1) Goods exported or imported across the land border or with money from the approved budgets from ministries, departments and state-owned enterprises;
- (2) motor vehicles imported by individuals who returned the old vehicle;
- (3) import of machinery, equipment and construction materials for the first three years after the completion of construction if the business enjoys an MIC tax exemption;
- (4) imported goods that are donated by domestic or foreign organisations;
- (5) fire engines, hearses and ambulances (except vehicles for hospital use imported by private enterprises);
- (6) raw materials imported for contract manufacturing;



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- (7) goods imported under the draw-back system or the temporary importation system;
- (8) goods exported by taxpayers practicing the self-assessment system at the Large Taxpayers Office and Medium Taxpayers Office No. 1.

2. Implementation of the new Companies Law and the electronic filing system

The **new Companies Law will enter into force on 1 August 2018**; the President's Office issued the corresponding notification yesterday (Notification 48/2018): <https://tinyurl.com/ya3qxbyx>

Related to the enforcement of the new Companies Law, **DICA announced the closure of its office during the last week of July** in order to prepare for the start of the new electronic filing system: <https://tinyurl.com/yaygblss>

DICA furthermore published another batch of draft forms to be used from 1 August on: <https://tinyurl.com/y864zlbj>, <https://tinyurl.com/y6usy2np>, <https://tinyurl.com/ybphpwpc>.

Furthermore, **DICA reminded businesses that they have to re-register within 6 months** (<https://tinyurl.com/y88wlyfu>). It will be possible to re-register electronically or in person; no fee will be charged. Please do not hesitate to contact us if you require assistance with re-registration.

We will still send out a separate invitation, but you may wish to save the date already: **On Saturday, 21 July, we will hold a seminar on the new Companies Law** with a focus on compliance, the new filing system and how to re-register existing companies and branches.

A **compliance guidebook will be made available** to our premium subscribers shortly.

3. Our presentations

We have uploaded the following presentations to our homepage:

- (a) **Obtaining retail and wholesale permits in Myanmar** (seminar on 21 June 2018): <https://tinyurl.com/y8e524zx> - a summary will be made available shortly to our premium subscribers
- (b) **Debt collection in Myanmar** (seminar on 6 June 2018): <https://tinyurl.com/y6woyppc>
- (c) **Legal and tax considerations when investing in Myanmar's LPG sector** (presentation at the "LPG Myanmar 2018" conference on 6 June 2018): <https://tinyurl.com/yajdzg43>



- (d) **Legal and tax considerations when installing an FSRU** (presentation at the “Natural Gas Myanmar” conference on 23 May 2018): <https://tinyurl.com/ycd3zr82>

4. **Development of the Ngwe Pin Le Integrated Logistics Zone**

The Yangon Regional Government invites bids from interested developers to develop a jetty, inland container depot, container freight station and warehouse, warehouse/bonded warehouse near Ngwe Pin Le Industrial Zone and Ale-Ywa under a BOT scheme: <https://tinyurl.com/ycsclu93>

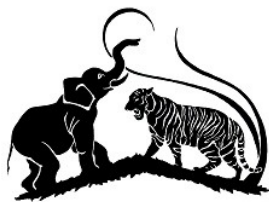
5. **Yangon New City Development Project**

In a rather tiny advertisement in the Global New Light of Myanmar on 18 June 2018 (<https://tinyurl.com/y8hbx3zq>), New Yangon Development Co., Ltd., the corporate vehicle set up by the Yangon Regional Government to develop a massive “Yangon New City”, invites expressions of interest for (i) a master plan and strategic plan; (ii) traffic and transport study; (iii) strategic environmental assessment; and (iv) quantity surveying services. The deadline for submission (hard copy!) is 26 June 2018...

We suppose that this is part of the “Swiss challenge” in which the project owner, after having received an initial proposal from an interested provider, invites competitors to match the offer. New Yangon Development Co., Ltd. signed a framework agreement with China Communications Construction Company for surveys and studies needed to implement the project in early May this year (<https://tinyurl.com/y965rk88>).

6. **Electricity and energy news**

- (a) **Government reviewing fiscal terms in new production sharing contract template to make it more appealing to investors to participate in the upcoming licensing round:** <https://tinyurl.com/y9bt6up5>
- (b) **Posco to invest USD 475 million in Shwe Phyu gas field:** <https://tinyurl.com/yaubcbgp>
- (c) **Woodside targets first gas in 2023:** <https://tinyurl.com/y8o35dcz>
- (d) **China trying to revive Myitsone hydropower project:** <https://tinyurl.com/y9e775zn>
- (e) **19 agreements worth USD 50 million signed for small-scale rural power production:** <https://tinyurl.com/ycszwnt5>



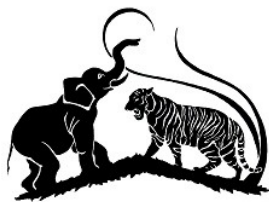
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- (f) Korea Electric Power Corp. wins USD 5.34 million service contract from Ministry of Electricity and Energy for building electricity distribution network: <https://tinyurl.com/yxsajhhc>
- (g) Thanintary Region to be connected to the national grid within two years?: <https://tinyurl.com/yxrcjnpz> (Background: Currently, Thanintaryi Region in the south of Myanmar is not connected to the national grid and therefore does not have access to subsidised electricity. Private power producers currently charge between Ks. 200 and 900 per kWh - the Regional Chief Minister hopes that this rate will drop to Ks. 35-50 once connection to the national grid has been established.)
- (h) Mitsubishi to upgrade four power sub-stations in Yangon: <https://tinyurl.com/ydb4jjkt>

7. Market access and other news

- (a) U Soe Win, managing partner of Deloitte Myanmar, appointed new Minister of Planning and Finance: <https://tinyurl.com/y6wxr927>
- (b) Plots in Thilawa Zone B available: <https://tinyurl.com/y9yb649b>
- (c) Foreign minority investments in local banks still to be approved on a case-by-case basis, irrespective of the new Companies Law: <https://tinyurl.com/yc4s2bwq>
- (d) Government announces new MIC appointments: <https://tinyurl.com/ydbyvw2p>
- (e) Ministry of Transport and Communications signs agreement with Intelsat to expand network deployment by integrating satellite services: <https://tinyurl.com/y76yrqnp>
- (f) Mytel launched its services: <https://tinyurl.com/y9klb6e2>
- (g) Yangon Region submits plan to build new, large port in Kawhmu Township to parliament: <https://tinyurl.com/y7q9nbta>
- (h) First phase of ambitious 1,453 acres “Eco Green City” development project in Hlegu Township to be implemented from 2018 to 2023 according to Ministry of Construction: <https://tinyurl.com/yxznvmy8>
- (i) Delta Capital closes second fund at USD 70 million: <https://tinyurl.com/y7c5txo6>
- (j) MySQUAR raises GBP 2 million to fund acquisition of mobile payments system group PyPay Myanmar: <https://tinyurl.com/ya95qymq>



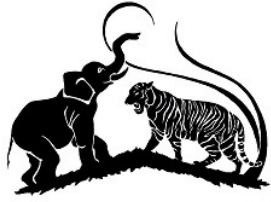
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- (k) **Kempinski out, Rosewood in: Operator of planned hotel in former Police Commissioner's Office building to change:** <https://tinyurl.com/ybjxbz3l>
- (l) **Pernod Ricard forms joint venture with Yoma Strategic to produce whisky:** <https://tinyurl.com/y9zp4ms9>

8. Tenders

- (a) **Irrigation and Water Utilisation Management Department:** Rehabilitation of the Chaung Magyi irrigation system: <https://tinyurl.com/y98kmnan>
- (b) **Department of Rural Development:** Myanmar or Chinese consulting firm for a project baseline survey and M & E: <https://tinyurl.com/y7prvtsw>
- (c) **Myanma Timber Enterprise:** Sale of teak and timber hardwood round logs: <https://tinyurl.com/ycnra8jg>
- (d) **Department of Highways and Department of Rural Road Rehabilitation:** Design and supervision of civil road works: <https://tinyurl.com/yasv3grx>
- (e) **No. (2) Mining Enterprise:** Sale of metals: <https://tinyurl.com/y82mkp8u>
- (f) **Myanma Petroleum Products Enterprise:** Sale of high-speed diesel: <https://tinyurl.com/y82mkp8u>
- (g) **Myanma Oil and Gas Enterprise:** Purchase of equipment: <https://tinyurl.com/ycxk333a>
- (h) **Myanmar Distillery Co., Ltd.:** Purchase of a glass bottle liquor production line, empty bottle inspection machine, fire truck: <https://tinyurl.com/yab2rkkp>
- (i) **Department of Rural Development:** Purchase of 8 computers with Microsoft license and of 13,557 pieces of IEC material (hats and jackets): <https://tinyurl.com/ybfxmoay>
- (j) **Ministry of Education:** Purchase of large quantities of furniture for workshops: <https://tinyurl.com/y9aswujj>
- (k) **Mandalay Region Government and Mandalay City Development Committee:** Construction and completion of the Amarapura water supply system: <https://tinyurl.com/ya2icm7b>



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

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