



# LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

**Government of the Republic of the Union of Myanmar  
Ministry of Planning and Finance  
Internal Revenue Department**

**Directive No. 1/2022**

**Nay Pyi Taw, 11<sup>th</sup> Waxing Day of Nayon, 1384  
(9<sup>th</sup> June 2022)**

## **Obligations with regard to withholding tax (WT)**

1. Exercising the authority conferred by section 51, sub-section (c) Income Tax Law, the Director General of the Internal Revenue Department hereby issues this directive in order to clarify issues of withholding tax when paying money to a non-resident foreigner.
2. According to Directive 2/2020 issued by the Internal Revenue Department, taxpayers in the self-assessment system having received services from foreigners do not have to submit supporting documents to the Internal Revenue Department and obtain its approval when they are determining whether or not they have to withhold and remit income tax, provided that the value of the contract is less than USD 100,000 (WT - USD 2,500).
3. When the taxpayer is making this determination, it happens that, due to a misunderstanding of the provisions of the Avoidance of Double Taxation Agreements (ADTA) with Myanmar, Notification 47/2018 and Directive 2/2020, no income tax is withheld and remitted at the time of payment, income tax is withheld and remitted under incorrect heads of income, and no income tax is withheld and remitted on the assumption that there is an exemption from income tax if the contract value is less than USD 100,000.
4. Therefore, when paying money to a non-resident foreigner, taxpayers must submit supporting documents to the relevant tax office and obtain its approval regarding the withholding and remittance of income tax from the source (WT).
5. Directive 2/2020 dated 3 September 2020 of the Internal Revenue Department is revoked by this directive.

(Signed)  
(Min Thut)  
Director General

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### About Lincoln Legal Services (Myanmar) Limited

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