



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

Republic of the Union of Myanmar
Central Bank of Myanmar

Date: 25 January 2023

Directive No. 2/2023

Subject: Compliance when paying taxes in foreign currency

1. According to Ministry of Planning and Finance Notification No. 47/2018 dated 18 June 2018, a person paying interest, paying for the right to use a license, trademark or copyright, or paying for services must deduct the tax at the specified percentage and pay the deducted amount to the Internal Revenue Department. Likewise, according to section 16(a) Income Tax Law, a person responsible for paying out salary must calculate the income tax due at the specified percentage, deduct it, and pay it to the Internal Revenue Department.
2. According to section 30 Union Taxation Law 2022, the tax due on a payment in foreign currency to a citizen or foreigner residing in the country shall be converted from the foreign currency to kyats at the exchange rate set by the Central Bank of Myanmar, and if the recipient of the payment is a non-resident foreigner, the tax has to be paid in the type of currency received (foreign currency).
3. Foreign Exchange Supervisory Committee (FESC) meeting no. 74/2022 decided that the remittance of foreign currency earnings of the public sector to state-owned banks shall be done as follows:
 - (a) Those that have to pay taxes in foreign currency shall open foreign currency accounts only at state-owned banks, and if a foreign currency account is opened at a private bank or branch of a foreign bank, the foreign currency that has to be paid shall not be converted to kyats at the private bank or the branch of a foreign bank, but transferred to Myanma Economic Bank (MEB) in that foreign currency.
 - (b) If foreign currency earned by Union ministries is credited by private banks or branches of a foreign bank, the foreign currency shall be transferred to state-owned banks according to the account, and the state-owned banks shall issue a payment order to the government departments and credit the amount to the department's revenue account.



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4. Therefore, banks with an AD license shall do the following when individuals, organisations and companies that have opened an account with them and earn income in foreign currency have to pay taxes in foreign currency to the Inland Revenue Department:
 - (a) For taxes to be paid in foreign currency by individuals, organisations and companies with foreign currency accounts at private banks and branches of foreign banks with an AD license, said banks shall, instead of issuing a payment order for the kyat value, transfer the amount to MEB through overseas correspondent banks with nostro based transfer using SWIFT code MYEBMMMY;
 - (b) MEB shall credit the tax to the kyat account of the Internal Revenue Department and issue a credit advice to the relevant tax office;
 - (c) state-owned banks (Myanma Foreign Trade Bank MFTB and Myanma Investment and Commercial Bank MICB) shall issue a payment order for the kyat value to the Inland Revenue Department for taxes to be paid in foreign currency by individuals, organisations and companies that have opened foreign currency accounts with them;
 - (d) regarding joint venture projects with Union ministries, taxes to be paid in foreign currency by individuals, organisations and companies to the Internal Revenue Department shall be transferred in foreign currency to a foreign currency account of MFTB and MICB abroad, using SWIFT code MFTBMMMY in case of MFTB and SWIFT code MICBMMMY in case of MICB;
 - (e) MFTB and MICB shall issue a payment order in kyats and transfer the tax to the kyat account of the Internal Revenue Department with MEB;
 - (f) in the remittance information field of the SWIFT message, state the account number of the Internal Revenue Department, name of the bank branch, taxpayer name, TIN number, etc.;
 - (g) the SWIFT charges incurred for transferring funds from private banks and branches of foreign banks to MEB, MFTB and MICB using SWIFT shall be borne by the taxpayer, so the SWIFT charges shall be collected from the taxpayer in the currency to be paid for SWIFT charges (either USD or EUR).
5. Banks with an AD license are instructed to strictly comply with this directive when transferring foreign currency received for tax payment to the Internal Revenue Department through state-owned banks.



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On behalf of the Governor
Zaw Myint Naing, Vice Governor

Distribution list: *[Omitted.]*

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