

LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

**Government of the Republic of the Union of Myanmar
Ministry of Planning and Finance**

Standard operating procedures (SOP) for verifying whether entrepreneurs, companies, organisations and individuals paid taxes due to the state and cleared the tax record when remitting foreign currency abroad

Introduction

1. To ensure that the full amount of taxes is collected for the state in accordance with the tax laws in force, it will be verified whether entrepreneurs, organisations, companies and individuals have already paid the taxes due to the state and cleared the tax record when they remit foreign currency abroad. Therefore, the procedures to be complied with when carrying out such verification have been drawn up and published to ensure uniform compliance.

Purpose

2. Entrepreneurs, companies, organisations and individuals may remit foreign currency abroad only if they can present evidence that they do not owe taxes.

Effective date

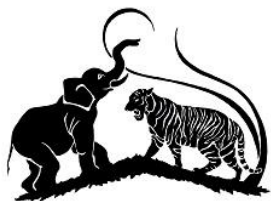
3. The standard operating procedures will take effect from 1 May 2023.

Covered money remittances

4. Verification under these procedures shall be done for remittances of foreign currency in excess of USD 10,000 (or the equivalent in other foreign currencies).

Things to be done by the Internal Revenue Department

5. Regarding the remittance of foreign currency abroad, the Internal Revenue Department shall deal with the following matters:
 - (a) If the foreign currency remittance is made to pay for interest, a license, a trademark, royalties, a copyright or service fees, the person remitting the relevant foreign currency has to submit evidence that the withholding tax has already been deducted and paid or that no tax is due;



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- (b) being responsible for answering questions on unclear points, regarding factors to be verified for tax purposes when money is remitted abroad, by banks with a foreign exchange dealer license (AD banks) and persons remitting foreign currency abroad.

Things to be done by AD banks

6. AD banks shall do the following when verifying whether tax has been paid in relation to remittances abroad:

- (a) **In case of payments made to transfer profits or pay for goods**, evidence of tax payment or tax exemption for the relevant income year shall be verified. (If the taxpayer is subject to tax assessment at a tax office that applies the Office Assessment System, form Pa Ta Kha (Wa Nga)-8, and if the taxpayer is subject to tax assessment at a tax office that applies the Self Assessment System, form SAS-1 shall also be verified) (Attachment-1, Attachment-2)

- (b) The following elements shall be focused on when verifying forms that evidence tax payment such as form Pa Ta Kha (Wa Nga)-8 or form SAS-1:

- (1) If the verification of form Pa Ta Kha (Wa Nga)-8 is made for a foreign currency remittance in the 2022-2023 fiscal year, paragraph 1 of form Pa Ta Kha (Wa Nga)-8 shall show “2022-2023 assessment year” or “2021-2022 assessment year”, and if the verification of form Pa Ta Kha (Wa Nga)-8 is for a foreign currency remittance in the 2023-2024 fiscal year, paragraph 1 of form Pa Ta Kha (Wa Nga)-8 shall show “2023-2024 assessment year” or “2022-2023 assessment year”.
- (2) If the verification of form SAS-1 is made for a foreign currency remittance in the 2022-2023 fiscal year, the income year/fiscal year stated in the form SAS-1 shall be the income year/fiscal year from 1 October 2021 to 31 March 2022 or the income year/fiscal year from 1 October 2020 to 30 September 2021. If the verification of form SAS-1 is made for a foreign currency remittance in the 2023-2024 fiscal year, the income year/fiscal year stated in the form SAS-1 shall be the income year/fiscal year from 1 April 2022 to 31 March 2023 or the income year/fiscal year from 1 October 2021 to 31 March 2022.
- (3) The taxpayer name or company name and the Taxpayer Identification Number (TIN) shown in form Pa Ta Kha (Wa Nga)-8 or form SAS-1 shall be the same as the taxpayer name or company name and the TIN used for making the foreign



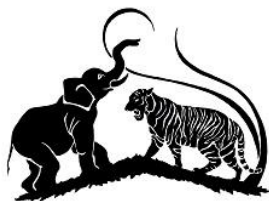
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currency remittance, and the banks and financial institutions that accept and review the remittance shall check whether they match.

- (4) If a transfer of profits or payment for goods is made more than once in a fiscal year, it is not necessary to request form Pa Ta Kha (Wa Nga)-8 for each remittance, and only the form Pa Ta Kha (Wa Nga)-8 or form SAS-1 submitted at the time of the first remittance may be accepted as evidence.
- (c) **In case of the remittance of salary income**, form Pa Ta Kha (Wa Nga)-15 (Ka) (certificate of withholding from salary income) shall be verified. If this form is to be verified, the recipient of the salary from which income tax was withheld and the recipient of the foreign currency remittance shall be the same. If the foreign currency remittance is in the 2022-2023 fiscal year, the form Pa Ta Kha (Wa Nga)-15 (Ka) to be verified shall be for the 2021-2022 fiscal year, and if the foreign currency remittance is in the 2023-2024 fiscal year, the form Pa Ta Kha (Wa Nga)-15 (Ka) to be verified shall be for the 2022-2023 fiscal year. (Attachment-3)
- (d) **In case of payments for interest, a license, a trademark, royalties, a copyright or service fees**, the certificate issued by the relevant tax office under the Internal Revenue Department that the withholding tax has already been paid or that no tax is due shall be verified.
- (e) **If the person remitting the foreign currency is a new taxpayer** for whom no tax assessment has been made yet, form Pa Ta Kha (Wa Nga)-01-02 with which the Internal Revenue Department issues the Taxpayer Identification Number (TIN) shall be verified. A new taxpayer means a company incorporated in the fiscal year in which the foreign currency is remitted abroad or in the fiscal year preceding that fiscal year. (Example: If the foreign currency is remitted in the 2022-2023 fiscal year, it is a company incorporated in the 2022-2023 fiscal year or the 2021-2022 fiscal year.) (Attachment-4)
- (f) When verifying the forms referred to above, it shall be checked, in order to prevent the forgery of the forms, whether the office seal and the signature of the officer in charge are affixed and whether there are omissions and deviations in comparison to the original forms, and a copy shall be kept as receipt in the case file.

Things to be done by the person making the foreign currency remittance

7. A person remitting foreign currency abroad shall submit the following evidence to the AD bank depending on the reason for the remittance:



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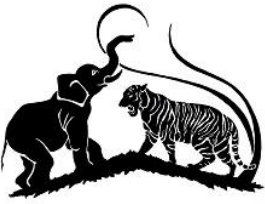
- (a) In case of a transfer of profits or payment for goods, to submit form Pa Ta Kha (Wa Nga)-8 or form SAS-1. (The forms to be submitted for foreign currency remittances in the 2022-2023 fiscal year are the forms for the 2022-2023 assessment year or the 2021-2022 assessment year. If remittances are made more than once in a fiscal year, form Pa Ta Kha (Wa Nga)-8 and form SAS-1 do not have to be submitted each time a remittance is made, but only for the first remittance in that fiscal year.)
- (b) In case of a transfer of salary income, to submit form Pa Ta Kha (Wa Nga)-15 (Ka). (If the salary income is transferred in the 2022-2023 fiscal year, the form to be submitted is form Pa Ta Kha (Wa Nga)-15 for the 2021-2022 fiscal year.)
- (c) In case of payments for interest, a license, a trademark, royalties, a copyright or service fees, to apply to the relevant tax office under the Department of Internal Revenue and submit a certificate issued by the relevant tax office that the withholding tax (WT) has been deducted and paid or that no tax is due. (If the recipient of the payment for interest, a license, a trademark, royalties, a copyright or service fees is from a state that has concluded an Avoidance of Double Taxation Agreement (ADTA) with Myanmar, to attach to the application a certificate of residence (COR) issued by the tax department of that state for the relevant year.)
- (d) If the person remitting foreign currency abroad is a new taxpayer as per paragraph 6(e) above for whom no tax assessment has been made yet, to submit form Pa Ta Kha (Wa Nga)-01-02 with which the Internal Revenue Department issues the Taxpayer Identification Number (TIN).

Miscellaneous

- 8. Regarding remittances of money abroad, the responsible departments and organisations shall cooperate in a timely fashion so that there is no delay in the verification of tax matters.
- 9. If you wish to enquire regarding factors to be verified for tax purposes when money is remitted abroad, you may contact the Internal Revenue Department, Taxpayer Services Division, Yangon (phone 01-8-389311), and Information Team, Nay Pyi Taw (phone 067-3430522).

Ministry of Planning and Finance

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About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

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