

*CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED*

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

**Interpretation Statement No. 1/2023**

Nay Pyi Taw, 1385, 11<sup>th</sup> Waxing Day of First Waso  
(28 June 2023)

**Clarification as to whether benefits in the form of free or subsidised accommodation for employees have to be taken into account when calculating salary income tax**

1. Exercising the authority conferred by section 51(c) Income Tax Law, the Inland Revenue Department, with the consent of the Ministry of Planning and Finance, hereby clarifies the meaning so that the procedures to be complied with are clear with regard to whether benefits in the form of free or subsidised accommodation provided to employees by the employer have to be taken into account when calculating salary income tax.

Topics

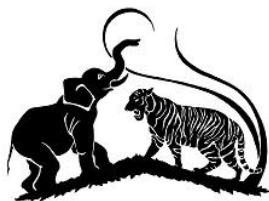
2. This interpretation statement clarifies the interpretation of the Inland Revenue Department of whether an employer is required to take into account benefits in the form of free or subsidised accommodation provided to employees when calculating salary income tax.

Affected persons

3. This interpretation statement applies to the person responsible for disbursing the benefits provided by an employer to employees in the form of free or subsidised accommodation and to taxpayers who enjoy these benefits and are taxed under the head of salaries.

Applicable legislation

4. Section 9 Income Tax Law stipulates that “any person shall pay tax under the head of salaries on the salary, wages, annual payment, bonus, or financial award received or to be received from his employer, or the remuneration or commission replacing or supplementing salary and wages.”
5. Section 16(a) Income Tax Law stipulates that “in relation to any monies included under the head of salaries, the person responsible for disbursing the money shall withhold the tax due at the time of the disbursement from the money paid. When making such withholdings, the estimated tax due on all income of the respective person under this head within a year shall be calculated



and the withholdings shall be made, and the withheld amounts shall be remitted, to the furthest extent possible in equal installments.”

6. If an employer pays an accommodation allowance directly in cash to employees, or if he pays an allowance to partially cover the rent, this has to be taken into account when calculating the employee’s salary income tax.
7. The following cases do not have to be taken into account when calculating the employee’s salary income tax:
  - (a) The employer provides accommodation to the employee in a building listed as a fixed asset owned by the employer;
  - (b) the employer rents an accommodation facility (such as a house, apartment, or hotel for long-term residence) and allows its employees to live in the facility free of charge.

### Example 1

Company A is a construction company. U Mya is an employee in this company working as an engineer and earns MMK 1,200,000 per month. Company A, where he works, does not have staff housing, so he lives in a rented house with his family. As company A is unable to arrange housing for employees due to space constraints, it pays a monthly allowance to partially cover the rent to employees who have to rent houses. Among these employees is U Mya, who receives MMK 150,000 from the company as a monthly allowance for the rent.

Annual salary income (1,200,000 x 12) = MMK 14,400,000

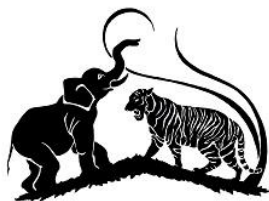
Allowance for the rent (150,000 x 12) = MMK 1,800,000

Total income (income to calculate salary income tax) = MMK 16,200,000

Therefore, if U Mya’s salary income tax is calculated for the relevant fiscal year, the allowance for the rent will have to be included in the total income in addition to the salary.

### Example 2

Daw Hla is an employee working as a manager in hotel B in Yangon and earns MMK 1,000,000 per month. She receives medical treatment for chronic knee pain Hotel B arranges for necessary vaccinations and medical check-ups for the health of its employees, and additionally pays a monthly allowance to sick employees for medical expenses. One such employee is Daw Hla who receives MMK 130,000 as an allowance for medical expenses every month.



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Annual salary income (1,000,000 x 12) = MMK 12,000,000

Allowance for medical expenses (130,000 x 12) = MMK 1,560,000

Total income (income to calculate salary income tax) = MMK 13,560,000

Therefore, if Daw Hla's salary income tax is calculated for the relevant fiscal year, the allowance for the medical expenses will have to be included in the total income in addition to the salary.

### Example 3

Company C is a garment manufacturing company. U Ba is an employee in this company working as a manager and earns MMK 900,000 per month. He is an employee who lives with his family in company-owned staff housing.

U Maung is also an employee in company C working in the position of deputy factory manager and earns MMK 800,000 per month. U Maung does not have a room in the company-owned staff housing, so he lives with his family in an apartment rented by the company.

U Ba's total annual income (900,000 x 12) = MMK 10,800,000  
(income to calculate salary income tax)

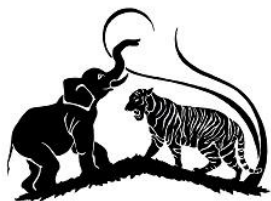
U Maung's total annual income (800,000 x 12) = MMK 9,600,000  
(income to calculate salary income tax)

As employees who live in company-owned staff housing like U Ba or in an apartment rented by the company like U Maung do not receive extra allowances in addition to the salary, the housing arrangement does not have to be factored into the total income when calculating the salary income tax of these employees for the respective fiscal year.

### Example 4

Company D is a company that distributes and sells fertilisers and agricultural equipment. U Aung is an employee in this company working as a sales manager and earns MMK 900,000 per month. He is a frequent traveller selling fertilisers and expanding the market for agricultural equipment; he had an accident on a business trip and had to undergo medical treatment for a long time. The costs for U Aung's medical treatment were paid by the company as they affected the work performance.

U Aung's total annual income (900,000 x 12) = MMK 10,800,000  
(income to calculate salary income tax)



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As U Aung did not receive extra allowances in addition to his salary, the medical expenses paid by the company do not have to be included in the total income when calculating his salary income tax for the respective fiscal year.

4. I have signed and issued this clarification.

(Min Thut)  
Director General

Letter No. 1(2) / U Sa-1 / Pa Ta Kha / 2023 (4850)

Date: 28 June 2023



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