

LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 125 - 27 August 2023

Dear Readers,

Welcome to a new edition of our newsletter.

1. New withholding tax on fees paid to freelance health care professionals

Starting from 1 September 2023, hospitals, clinics and other private health businesses that make use of health care professionals (licensed doctors, dentists, nurses and midwives, and technicians with a diploma or similar certificate from a recognised institution) on a freelance basis will have to withhold 2% income tax from any fees that they pay to the freelance health care professional and deposit the withheld amount in the bank account of the competent tax office within 15 days after the withholding.

Salary paid to employed health care professionals shall not be subject to 2% withholding tax, but, as previously, to 0% - 25% withholding from salary income depending on the salary amount.

Freelance health care professionals are supposed to file annual income tax returns. They may claim a tax credit for income tax withheld during the year.

The complete withholding tax regime in Myanmar is now as shown in the table below. The SAC's Ministry of Planning and Finance notification introducing the new withholding tax is reproduced in English translation after the table, together with the relevant definitions in the Private Health Business Law.

No.	Type of payment	Withholding tax rate if the recipient of the payment is ...	
		... resident in Myanmar	... not resident in Myanmar
1.	Interest payment	0%	15% (*) (**)
2.	Fees for the use of a license, trademark or copyright	10%	15% (**)
3.	Payment by the government and state-owned enterprises for the purchase of goods and services from the private sector	2%	2.5% (**)
4.	Payment by the private sector for the purchase of goods and services, except (from 1.9.2023) fees paid to freelance health care professionals	0%	2.5% (**)



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 125 - 27 August 2023

No.	Type of payment	Withholding tax rate if the recipient of the payment is ...	
		... resident in Myanmar	... not resident in Myanmar
5.	From 1.9.2023: Fees paid by private health businesses to freelance health care professionals	2%	Presumably, but not very relevant: 2.5% (**)
6.	Salary payment	0% - 25%	0% - 25% (**)

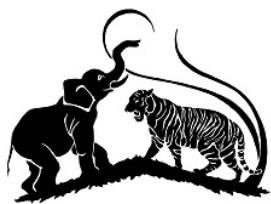
(*) 0% if the interest is paid to the Myanmar branch of a foreign bank

(**) Relief may be available according to an avoidance of double taxation agreement

Government of the Republic of the Union of Myanmar
Ministry of Planning and Finance
Notification No. 63/2023
1385, 1st Waxing Day of Wagaung
(25 August 2023)

The Ministry of Planning and Finance has issued this notification with the consent of the Union Government in exercising the authority conferred by section 16(b) Income Tax Law.

1. The withholding tax at the time of disbursement on income from profession that health care providers defined in section 2(r) Private Health Business Law receive for providing health care in private health businesses defined in section 7 of this law is set as follows:
 - (a) The person responsible for the disbursement shall, when paying fees to health care providers in private health businesses, at the time of disbursement withhold 2% income tax from the source on the payment, and deposit the amount within 15 days from the deduction in the bank account of the relevant Township Revenue Office, Medium Taxpayers' Office or Large Taxpayers' Office in the name of the recipient of the money or the health care provider.
 - (b) In case of salary income paid monthly to health care providers employed as permanent employees in private health businesses, the person responsible for the disbursement shall not withhold income tax from the



source according to sub-clause (a), but comply with the procedure for income tax under the head salary.

- (c) With the exception of health care providers who only receive income under the head salary, health care providers shall submit an annual income return according to section 17 Income Tax Law for their income and be subject to income tax assessment.
- (d) The head of the Township Revenue Office shall, when carrying out the tax assessment after the end of the income year, deduct the income tax that was withheld from the source from the income tax due according to the assessment.

2. This notification shall take effect from 1 September 2023.

Win Shein
Union Minister

Letter No. Sa Ba / Finance - 1 / 3 / 1 (6412/2023)

Date: 25 August 2023

Distribution list: [Omitted]

Excerpts from the Private Health Business Law (State Peace and Development Council Law 5/2007):

“2(r) ‘Health care provider’ means a person who has obtained a medical practitioner license issued by the Myanmar Medical Council, a dental practitioner registration certificate or license issued by the Dental Council, or a nurse or midwifery license issued by the Nurse and Midwife Council, and a technician [= a person with a health-related diploma or similar certificate conferred by an institution recognised by the state, or with a certificate from abroad recognised by the state].”

“7. Private health businesses comprise the following:

(a) Private clinic business

(1) private general clinic business;



(2) private specialist clinic business;

(b) private hospital business

(1) private general hospital business;

(2) private specialist hospital business;

(c) private maternity ward business;

(d) private diagnostics business;

(e) private nursing home business;

(f) private mobile health business;

(g) private health agency business [= 'health business that communicates domestically and internationally as a private business to arrange for patient transportation or health care'];

(h) private general health business."

2. Reorganisation of the Economic Affairs Committee

The Myanmar Gazette dated 18 August 2023 carried the following notification which reorganises the Economic Affairs Committee.

(It should be noted that U Maung Ko is no longer a member of the SAC since 2 August 2023. It is not known whether this has had an impact on the composition of the committee.)

Republic of the Union of Myanmar
State Administration Council
Notification No. 122/2023
1385, 12th Waning Day of the First Waso
(14 July 2023)

Reorganisation of the Economic Affairs Committee



1. In order to effectively support the national economic commitments of the Union, the Economic Affairs Committee has been reorganised as follows:

(a) Chairman:

Senior General Min Aung Hlaing

Chairman of the State Administration Council and Prime Minister

(b) Member:

Admiral Tin Aung San

Member of the State Administration Council, Deputy Prime Minister and Union Minister, Ministry of Transport and Communications

(c) Member:

Lieutenant-General Moe Myint Tun

Member of the State Administration Council

(d) Member:

U Maung Ko

Member of the State Administration Council

(e) Member:

U Shwe Kyein

Member of the State Administration Council

(f) Member:

Union Minister, Ministry of Investment and Foreign Economic Relations

(g) Member:

Union Minister and Attorney General of the Union, Ministry of Legal Affairs

(h) Member:

Lieutenant-General Nyo Saw

Advisor to the Chairman of the State Administration Council

(i) Member:

Union Minister, Ministry of Agriculture, Livestock and Irrigation



(j) Member:

Union Minister, Ministry of Cooperatives and Rural Development

(k) Member:

Union Minister, Ministry of Natural Resources and Environmental Conservation

(l) Member:

Union Minister, Ministry of Electricity

(m) Member:

Union Minister, Ministry of Energy

(n) Member:

Union Minister, Ministry of Industry

(o) Member:

Union Minister, Ministry of Commerce

(p) Member:

Union Minister, Ministry of Construction

(q) Member:

Union Minister, Ministry of Hotels and Tourism

(r) Member:

Auditor General of the Union, Office of the Auditor General of the Union

(s) Secretary:

U Win Shein

Deputy Prime Minister and Union Minister, Ministry of Planning and Finance

2. The Economic Affairs Committee shall be responsible for acting on behalf of the Prime Minister and the Union Government regarding the national economic development commitments of the Union that are provided in article 36 of the Constitution.

3. Notification no. 23/2023 dated 6 February 2023 of the State Administration Council is repealed by this notification.



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 125 - 27 August 2023

By order

Aung Lin Dwe
Lieutenant-General
Secretary

[Published in the Myanmar Gazette dated 18 August 2023.]

We hope that you have found this information useful.

Sebastian Pawlita
Managing Director

Nyein Chan Zaw
Director

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:

■ Sebastian Pawlita, Managing Director
Phone: +95-9-262546284 (English)
E-Mail: sebastian@lincolnmyanmar.com

■ Nyein Chan Zaw, Director
Phone: +95-9-790488268 (Burmese)
E-Mail: nyeinchanzaw@lincolnmyanmar.com

Office address: La Pyi Wun Plaza, Room 409 (4th Floor), 37 Alan Pya Pagoda Road, Dagon Township, Yangon

Web: www.lincolnmyanmar.com