



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED



LEASING PROPERTY IN MYANMAR

12th June 2025

CLAUSES IN LEASE AGREEMENTS



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Clauses in lease agreements

- Some clauses in a lease agreement depend on the purpose for which the tenant rents the property: Office space, factory, warehouse, residential property, parking space...
- Typically, lease agreements in Myanmar cover at least the following topics:
 - Description and location of the property
 - Rent



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Clauses in lease agreements

- Lease period (must not exceed 1 year if the tenant is a foreigner)
- Is commercial tax included in the rent?
- Who pays the municipal property tax and stamp duty
- If and how the lease may be renewed
- Obligations of the landlord and the tenant (cf. section 108 Transfer of Property Act 1882)



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Clauses in lease agreements

- Whether the tenant may sub-let or transfer the lease
- Who should make repairs
- Handover
- Force majeure
- May the lease be terminated before contract expiry (and if yes, for what reasons), and what happens to the rent paid in advance when the lease ends prematurely



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Clauses in lease agreements

- Important clauses for the specific situation (e.g., provision of a generator; mixed commercial/residential use; landlord must clear the site prior to handover; etc.)



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FOREIGNERS RESTRICTED FROM LEASING IMMOVABLE PROPERTY



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Leases with foreigners of more than 1 year void

- **Section 5 (a) Transfer of Immovable Property Restriction Law 1987 prohibits the letting of immovable property to a foreigner or a foreigner-owned company for longer than 1 year at a time.**
- **Lease agreements with foreigners for longer periods are void (section 24 Contract Act 1872).**
- **The parties may, however, renew a 1-year lease agreement before the end of its term.**



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LEASE AGREEMENTS AND THE MYANMAR INVESTMENT COMMISSION (MIC)



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MIC permit allows foreigners a long-term lease

- **Foreigner-owned companies with an investment permit or endorsement from the Myanmar Investment Commission or a Regional or State Investment Committee (collectively referred to as “**MIC permit**”) may rent immovable property for up to 50+10+10 years (section 50 (b) Myanmar Investment Law 2016).**



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Procedure

- Find suitable property
- Negotiate lease agreement with landlord
- Once the lease agreement's draft is final, apply for MIC permit. The draft of the lease agreement must be submitted to the MIC.
- Sign the lease agreement once the MIC permit is granted
- Revenue-stamp and register the agreement.



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Recommendations

- Only start the MIC application once the lease agreement draft is really final, as it is a burden on the MIC and delays the process if amendments to the draft are submitted to the MIC during the MIC permit application process.
- The lease agreement draft should follow a format with which the MIC officers are familiar
- If the draft is in English, prepare a Burmese translation to help the MIC officers. A Burmese translation will later be required anyway to register the lease agreement.



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Amending lease agreements after MIC approval

- May the parties change the lease agreement after the tenant obtained an MIC permit?
- The issue is that the MIC does not accept any subsequent amendments for review, and it may also not be possible to register amendments that are signed long after the date of the MIC permit.
- In practice, parties conclude “side agreements” to the lease agreement if they want to change something. There is, however, to the extent of our knowledge no case law that would confirm their validity.



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TAXATION



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Commercial tax

- The landlord is supposed to collect **5%** commercial tax on the rent from the tenant and pay the collected amount to the tax office (section 3 (d) Commercial Tax Law, section 14 (a) Union Taxation Law 2025).
- **Exception:** The landlord's annual revenue does not exceed MMK 50 million (section 15 (b) (2) Union Taxation Law 2025).
- “Commercial tax” is often referred to as VAT in other jurisdictions.



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Commercial tax

- Is the commercial tax already included in the rent, or may the landlord collect commercial tax from the tenant in addition to the rent? This depends on the clause in the lease agreement:
 - “The rent is **exclusive** of commercial tax”: Landlord may collect commercial tax additionally
 - “The rent is **inclusive** of commercial tax”: Landlord must pay commercial tax out of his own pocket
 - **No clause**: Consequences disputed



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Commercial tax

- What may happen to the tenant if the landlord does not pay commercial tax to the tax office?
 - Nothing, as from the perspective of the tax office, the debtor of the commercial tax is the landlord and not the tenant.



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The landlord's income tax

- The landlord must pay 10% income tax on the rent (section 19 (d) Union Taxation Law 2025).
- The person owing and responsible for paying income tax is the landlord and not the tenant.



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Stamp duty

- **0.5%** of the (average) annual rent if the lease is for a term of up to 3 years (no. 35 (a) (i)-(ii) Schedule I to the Stamp Act)
- **2%** of the average annual rent if the term exceeds 3 years or the lease does not purport to be for a definite term (no. 35 (a) (iii)-(iv))
- Stamp duty to be borne **by the tenant** (section 29 (c) Stamp Act), unless provided otherwise in the lease agreement



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Stamp duty

- The lease agreement must be presented for revenue-stamping **before or on the day of signing** (section 17 Stamp Act)
- **Penalty for late stamping:** 3 times the applicable stamp duty (sections 35 (a), 40 (1) (b) Stamp Act)
- **What happens** to the lease agreement is not or insufficiently revenue-stamped?
 - It cannot be registered (unless the late penalty is paid)



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Stamp duty

- It cannot be used as evidence in court and before other authorities, unless the late penalty is paid (section 35 Stamp Act)
- It could theoretically be impounded if it comes to the attention of any “person in charge of a public office” (section 33 (1), but could be redeemed by paying the late penalty (section 40 (1) (b))
- The person responsible for stamping may theoretically be punished with a fine from MMK 50,000 to MMK 500,000 (section 64)



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Municipal taxes levied by cities and towns

- Municipalities (e.g., YCDC) levy a **property tax** for the for the construction, maintenance, and lighting of public infrastructure.
- Both landlord and tenant are responsible for paying the tax; the YCDC's Assessors' Department recommends specifying in the lease agreement which party should pay.
- The tax base and percentage depend on the location, size, and use of the property.



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Municipal taxes levied by cities and towns

- In practice, tax compliance does not seem to be very high, and municipalities seem to be collecting mostly only nominal amounts.
- [More info](#)



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REGISTRATION OF LEASE AGREEMENTS



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Lease agreements that must be registered

- The following lease agreements must be registered (section 107 Transfer of Property Act 1882, section 16 (d) Registration of Deeds Law 2016):
 - Lease from year to year (i.e., which is automatically renewed every year);
 - lease for a term exceeding 1 year;
 - lease reserving a yearly rent (we think that this would include a 1-year contract specifying a lump-sum rent that is not broken down by months).



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Effects of non-registration

- We think that the following applies as long as a lease agreement has not been registered, if registration is compulsory:
 - If the landlord has not handed over the property and the tenant has not paid the rent, both parties may simply walk away from the lease
 - If the landlord has handed over the property and the tenant has not paid the rent, the landlord may claim back the property



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Effects of non-registration

- If the landlord has not handed over the property and the tenant has paid the rent, the tenant may claim back the rent
- If the landlord has handed over the property and the tenant has paid the rent, we think that both sides created a lease from month-to-month which either side may terminate with 15 days notice effective at the end of the month (section 106 Transfer of Property Act)



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Timeline; fees; foreign language documents

- Lease agreement must be presented for registration within **120 days** from the date of signing (section 21 Registration of Deeds Law), period may be extended by another 120 days (section 23 (c)). Otherwise, registration is only possible with court approval.
- Registration fee: 0.5% of the average annual rent
- If the lease agreement is in English, it must be accompanied by a Burmese translation certified by a notary



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Proxies; witnesses

- Landlord and tenant must go to the Registration of Deeds Office in person to present the lease agreement for registration.
- Companies may appoint a representative by BoD resolution (sections 30 (b), 3 (h)).
- Individuals may only send a proxy if they signed the power of attorney before the registrar (section 30 (c) (1)).
- Each party must bring one witness.



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URBAN RENT CONTROL ACT 1960



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General

- Urban Rent Control Act theoretically freezes rents in their amounts as of 1 September 1939; prohibits landlords from taking more than 1 month's rent as deposit; prohibits land use premiums; requires landlords to obtain controller approval prior to letting premises; etc.
- Still in force
- **“Controller”**: Now the Township General Administration Department Head according to Ministry of Construction Notification Si-man/Fa Ta-1/(89)/(679) dated 29 March 1989 (quoted in [U Maung Maung Nyunt](#))



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Scope

- **Covers land with buildings, buildings or part thereof, and land without buildings (section 2 (d))**
- **Covers leases for both residential and non-residential purposes**



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Scope

- Covers “**urban areas**” (section 2 (h)). These are in particular ([U Maung Maung Nyunt](#)):
 - YCDC area
 - Area of a city development committee established by Region or State Parliament
 - cantonments notified according to section 3 Cantonment Development Law 2010



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Scope

- Towns classified as such under the Towns Act 1907 or the Ward or Village Tract Administration Law
- **Exempted areas:**
 - Government land and buildings (section 43)
 - Buddhist religious premises and “**factories and everything connected thereto**”, according to “Notification No. 301 dated 27 December 1950, supplemented by another notification dated 30 May 1955” quoted by [U Maung Maung Nyunt](#)



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Standard rent

- Act sets a “**standard rent**” which in essence is the individual rent on 1 September 1939 (section 2 (f) (2) (aa))
- Landlord may not claim, and tenant may recover, rent exceeding the standard rent (sections 5 (1), 19, 26 (1))
- However, it is almost impossible for the tenant to prove how high the rent for specific premises was on 1 September 1939 (no old contracts, or building was constructed later)



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Standard rent

- Furthermore, fine for a landlord claiming more than the standard rent is only MMK 500 for the first offence and MMK 2,000 for each recurring offence (section 34 (1))
- Controller is obliged, upon application by landlord or tenant, to determine an “appropriate” standard rent for premises that are let for the first time after 1 January 1941 (section 27 (2) (f)), so a tenant can theoretically apply for a reduction of the rent that he deems excessive, but how to prove the “appropriate” rent?

→ Tenants not much helped



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No land use premiums and high deposits

- **Section 10: “Noone shall demand the payment of any fine, premium or any other sum for the grant, renewal or continuance of a lease of any premises, or demand a deposit in excess of the rent for one month.”**
- **Punishment for contravention: Imprisonment of up to 6 months and/or fine of up to MMK 2,000 or both (section 37 (1)).**



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Other provisions

- Landlord requires controller approval before letting non-residential premises (section 20 (1))
- Landlord must notify controller of vacant or soon-to-be vacant residential premises, + tenant must notify controller when moving out (section 21 (1))
- Landlord may let residential premises to a tenant of his choice only after the controller had the opportunity to instruct the landlord to whom to let (section 21 (4), (6))
- Contraventions: 3 months prison a/o MMK 2,000 fine



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Other provisions

- Landlord may not increase the rent without a certificate from the controller specifying the standard rent (section 9 (1))
- Landlord may evict a tenant only for limited reasons (section 12)
- Landlord and tenant must sign a receipt for rent payment (section 17) - fine for contravention: MMK 500
- Controller may allow squatters to remain in premises (section 13)



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**ZONING LAWS: MAY I USE THE LAND OR BUILDING FOR
WHAT I WANT TO DO WITH IT?**



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Land types

- Ask landlord for official land map (often referred to as form 105) and **check land type**



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Land types

- The correctness of the information in the official land map can be verified with the municipal land administration department (in YCDC, MCDC and NPTDC areas) or the land record department
- Land type is ideally “**freehold land**” (ဘိုးဘပိုင်မြေ or မြေပိုင်မြေ) or “**grant land**” (မြေငှားဂရန့်မြေ)
- Land grant certificates usually state that the land may only be used for residential (and not for industrial) purposes, but this is a legacy text which is now obsolete



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Land types

- **Prior permission** must be obtained if **any type of agricultural land** should be used for a non-agricultural purpose (section 30 (a) or (b) Farmland Management Law). This permission difficult if not impossible to obtain. Agricultural land is therefore usually not an option, although its owner may offer to rent it out cheap.
- **Other land types:** Obtain expert advices as to whether they are suitable for your purpose



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Zoning plans

- In Yangon, there is a “Shwedagon restricted area” in which buildings must not exceed 190 feet above sea level and obstruct the view on the pagoda.
- There are otherwise no zoning plans that would define the permitted uses, placement, and size of buildings in specific areas.
- YCDC is drafting [zoning regulations](#) and development permit rules and regulations (suggestions and comments may be e-mailed to ycdc.upd@gmail.com)



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Zoning plans

- There may be local prohibitions against certain uses. Cautious tenants check with the ward administration office and the relevant department (e.g., YCDC Engineering Department (Building)) prior to renting.
- Commercial activities within a town or city boundary require a municipal business permit (e.g., a private market license from YCDC). 10 neighbours must sign, who may object to noisy, smelly or noxious activities.



Heritage buildings

- **Protection and Preservation of Cultural Heritage Regions Law 2019** (repeals the 1998 law): Allows the creation of zones where cultural heritage is located, and buffer zones
- **Protection and Preservation of Ancient Monuments Law 2015**: Protects ancient monuments (those that are older than 100 years) with cultural significance
- For **any building that is older than 100 years**, check whether it is on the heritage conservation list, maintained by the Department of Archaeology and Museum under the Ministry of Religious Affairs and Culture



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