



# Tax Updates 2016

23 May 2016



# Disclaimer

This brief presentation on Myanmar tax managed by Internal Revenue Department and other regulatory issues is intended to provide an introduction to some of the key points and information to participants of the Seminar.

The information is intended for general information purposes only and should **not** be used for decision making purposes. The applicability of the information to specific situations should be determined through consultation with professional advisors, including any updates to Myanmar tax legislation which is a regular event.



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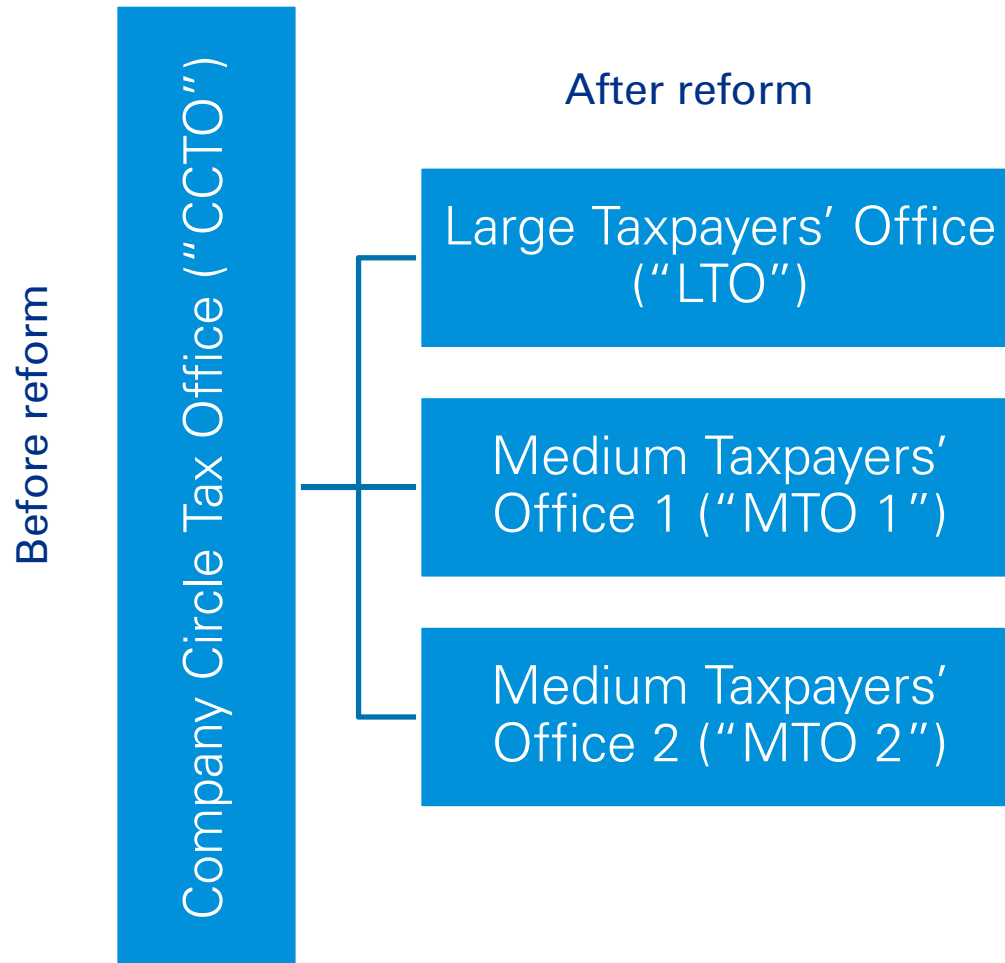
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# Agenda

- **Reform of IRD as an organisation**
- **Personal income tax**
- **Corporate income tax**
- **Specified goods tax**
- **Commercial tax changes**
- **Question & Answer Session**



# IRD organisational reforms



# Personal income tax

| Description  |            | Tax Rate 2014 | Tax Rate 2015    | Tax Rate 2016    |
|--|------------|---------------|------------------|------------------|
| Non resident foreigner's Remuneration (Gross)  |            | 35%           | Progressive rate | Progressive rate |
| Personal Income Tax rates for remuneration received for resident local, foreigner and non-resident foreigner |            |               |                  |                  |
| From (kyat)  | To (kyat)  |               |                  |                  |
| 1  | 2,000,000  | 0%            | 0%               | 0%               |
| 2,000,001  | 5,000,000  | 5%            | 5%               | 5%               |
| 5,000,001  | 10,000,000 | 10%           | 10%              | 10%              |
| 10,000,001   | 20,000,000 | 15%           | 15%              | 15%              |
| 20,000,001   | 30,000,000 | 20%           | 20%              | 20%              |
| 30,000,001 and above   |            | 25%           | 25%              | 25%              |

total rental income taxed at 10% (subject to other conditions)

Salary income up to 4.8 million MMK during the year will not be subject to personal income tax.

# Personal income tax

| Description   | Tax Rate 2014                            | Tax Rate 2015                            | Tax Rate 2016                            |
|---|--|--|--|
| Basic allowance   | 20% of total income , maximum 10 million | 20% of total income , maximum 10 million | 20% of total income , maximum 10 million |
| Spouse relief   | MMK 500,000                              | MMK 1,000,000                            | MMK 1,000,000                            |
| Child relief (each child under 18 yrs old and above 18yrs with full time education) | MMK 300,000                              | MMK 500,000                              | MMK 500,000                              |
| Parent relief (need to be living together)  | Nil                                      | MMK 1,000,000                            | MMK 1,000,000                            |



# Corporate income tax

| Description   | 2014                     | 2015    | 2016    |
|---|--------------------------|---------|---------|
| Foreign Branches (treated as non resident foreigners)   | 35%                      | 25%     | 25%     |
| Businesses with an MIC permit (upon expiry of tax incentives)   | Not mentioned previously | 25%     | 25%     |
| Donations by local or foreign organizations made for the purpose of healthcare, education, social matters, religion, literature, arts and culture | Exempt                   | Taxable | Taxable |
| Capital gains on non resident foreigner   | 40%                      | 10%     | 10%     |



# Income that has escaped assessment

|   | Income (Kyat)           | Tax Rate |
|---|-------------------------|----------|
| A | 1- 30,000,000           | 15%      |
| B | 30,000,001– 100,000,000 | 20%      |
| C | 100,000,001 and above   | 30%      |



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# Tax depreciation rates

| No | Description                                      | Up to 2014  | 2014 - 2015 | 2015 - 16    |
|----|--|-------------|-------------|--------------|
| 1  | Buildings  | 1.5% to 10% | 5% to 15%   | 1.25% to 10% |
| 2  | Furniture and fitting                            | 5% to 10%   | 10%         | 5% to 10%    |
| 3  | Plant  | 5% to 10%   | 10%         | 5% to 10%    |
| 4  | Machineries                                      | 2.5% to 20% | 10%         | 2.5% to 20%  |
| 5  | Other business related items (includes vehicles) | 2.5% to 20% | 5% to 20%   | 2.5% to 20%  |

Items not included in the list – 5% per annum

# Specified Goods Tax

What is it?

It is **NOT** commercial tax.

When was this passed and when is it effective?

Passed on 18 January 2016. Effective from 1 April 2016

Applicable to?

Importers of specified goods

Local manufacturers of specified goods

Exporters of specified goods

Consumers!

Specified goods manufacturer and trader registration is required.

The deadline for this year registration is within 31 May 2016.

# Specified Goods Tax

## Imported Goods

- Landed Cost
- Collected by Customs Department
- Before goods released from Customs

## Produced Locally

- Higher of Ex-factory price or market price approved by Director General and Management committee of Internal Revenue Department for relevant fiscal year
- Within 10 days after previous month sales

## Holding Goods

- Higher of Ex-factory price or market price approved by Director General and Management committee of Internal Revenue Department for relevant fiscal year
- Within 7 days after the discovery date

# Specified Goods Tax

| Specific goods |  |  |
|----------------|--|--|
|                |  | Specified Goods Tax 2016                 |
| 1              | Cigarettes (manufactured locally)  | Specified goods tax based on price range |
|                | Cigarettes (Imported)  | 120% on landed cost                      |
| 2              | Tobacco, Virginia leaves, Cheroots, Cigars, Pipe Tobacco, Beetle chewing contents, & Beer      | 60%                                      |
| 3              | Various Alcohol (manufactured locally)   | Specified goods tax based on price range |
|                | Various Alcohol (Imported)   | 60% on landed cost                       |
| 4              | Various wine (manufactured locally)  | Specified goods tax based on price range |
|                | Various wine (imported)  | 50% on landed cost                       |
| 5              | Teak log and teak conversions, hardwood log and hardwood conversions.                          | 25%                                      |
| 6              | Raw jade, ruby, sapphire, emerald and Diamond and other precious stones                        | 20%                                      |
| 7              | Jewelry made of jade, ruby, sapphire, emerald and diamond and other precious stones            | 5%                                       |
| 8              | Vehicles above 1800 CC, Saloon, Sedan, Estate Wagon and Coupe except Double Cab 4 door Pick up | 25%                                      |
| 9              | Petrol, Diesel, Jet Engine Oil   | 5%                                       |
| 10             | Natural Gas  | 8%                                       |

# Specified Goods Tax

## Registration

To apply for registration with relevant Township Internal Revenue Officer

Registration should be renewed every year

## Return submission

Monthly return within 10 days after the end of the previous month by local manufacturer

Importer should submit the declaration of specified goods to Customs department before clearance

## Offset & Refund

Output SGT can offset with the Input SGT paid on goods/ semi-finished products imported or locally sourced

Offset allowed according to regulations

# Specified Goods Tax

## Exemption

Export – except certain goods

Duty Free Shop  
Temporary Importation  
Jet Fuel for Outbound Air  
Transport Service

## Exemption or Relief

Union Government can give exempt or relief on specified goods with the approval of the Pyidaungsu Hluttaw

Specific goods donated or sourced with aid from overseas organizations to the State

# Specified Goods Tax

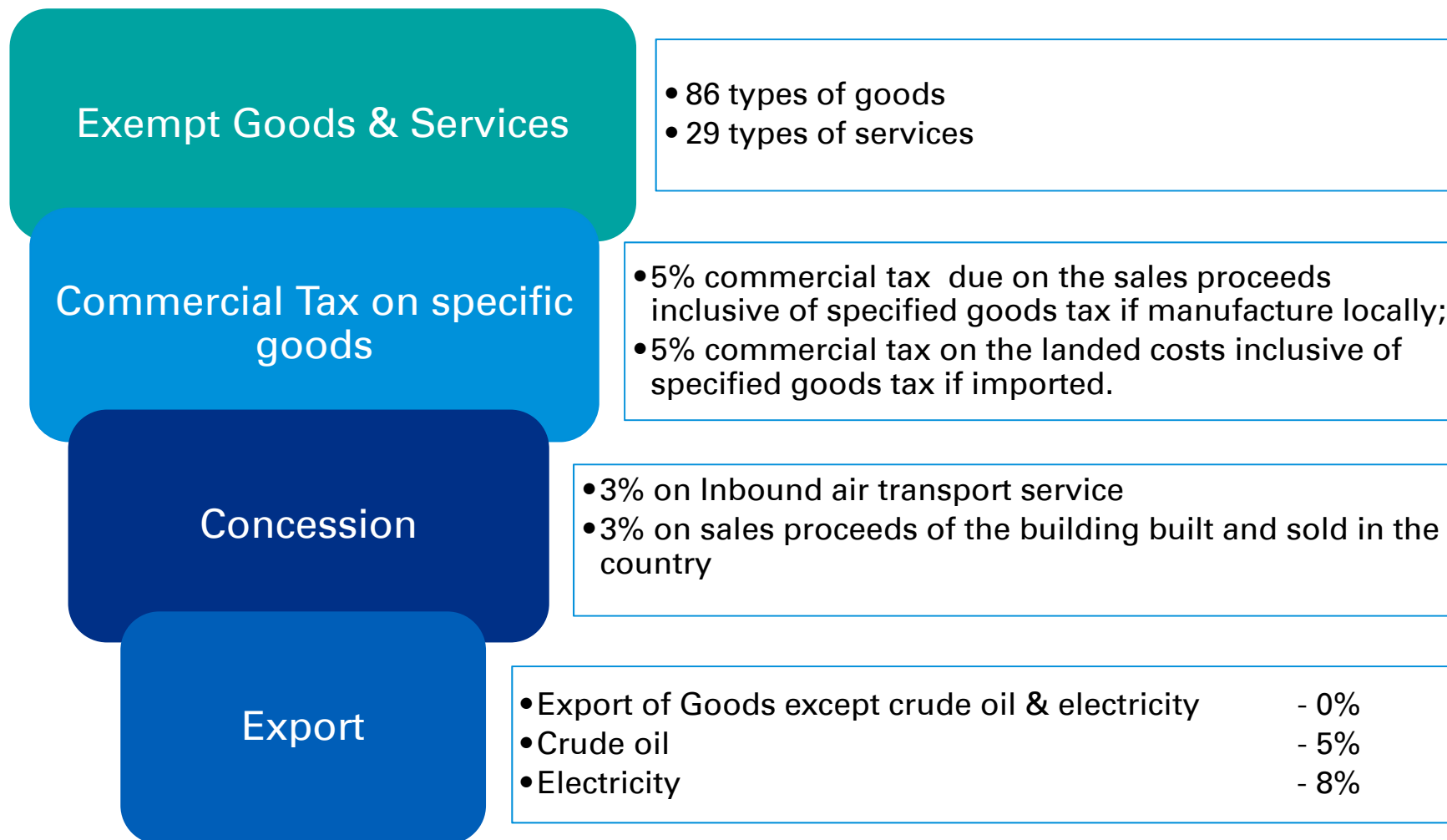
## Export of specific Goods

| Description   | Tax Rate |
|---|----------|
| Natural Gas   | 8%       |
| Teak & Hardwood Logs, conversions above 10 inches   | 50%      |
| Jade, Rubies, Sapphires, Emerald, Diamond and other precious stones in uncut forms            | 20%      |
| Jade, Rubies, Sapphires, Emerald, Diamond and other precious stones in uncut forms and jewels | 5%       |
| Rest of specified goods except above  | 0%       |

No Specified Goods Tax on the locally produced tobacco, cheroot and cigars by co-operatives and individuals that do not exceed revenue of MMK20,000,000 during the year.



# Commercial Tax



# Commercial Tax Regulations (4 February 2016)

## Manufacturer

Output commercial tax can be offset with input commercial tax paid on –

- Importation;
- Purchased from other manufacturer, trader , importer;
- Service utilised

## Trader/Importer

Output commercial tax can be offset with input commercial tax paid on –

- Importation;
- Local purchases;
- Service utilised

## Service Provider

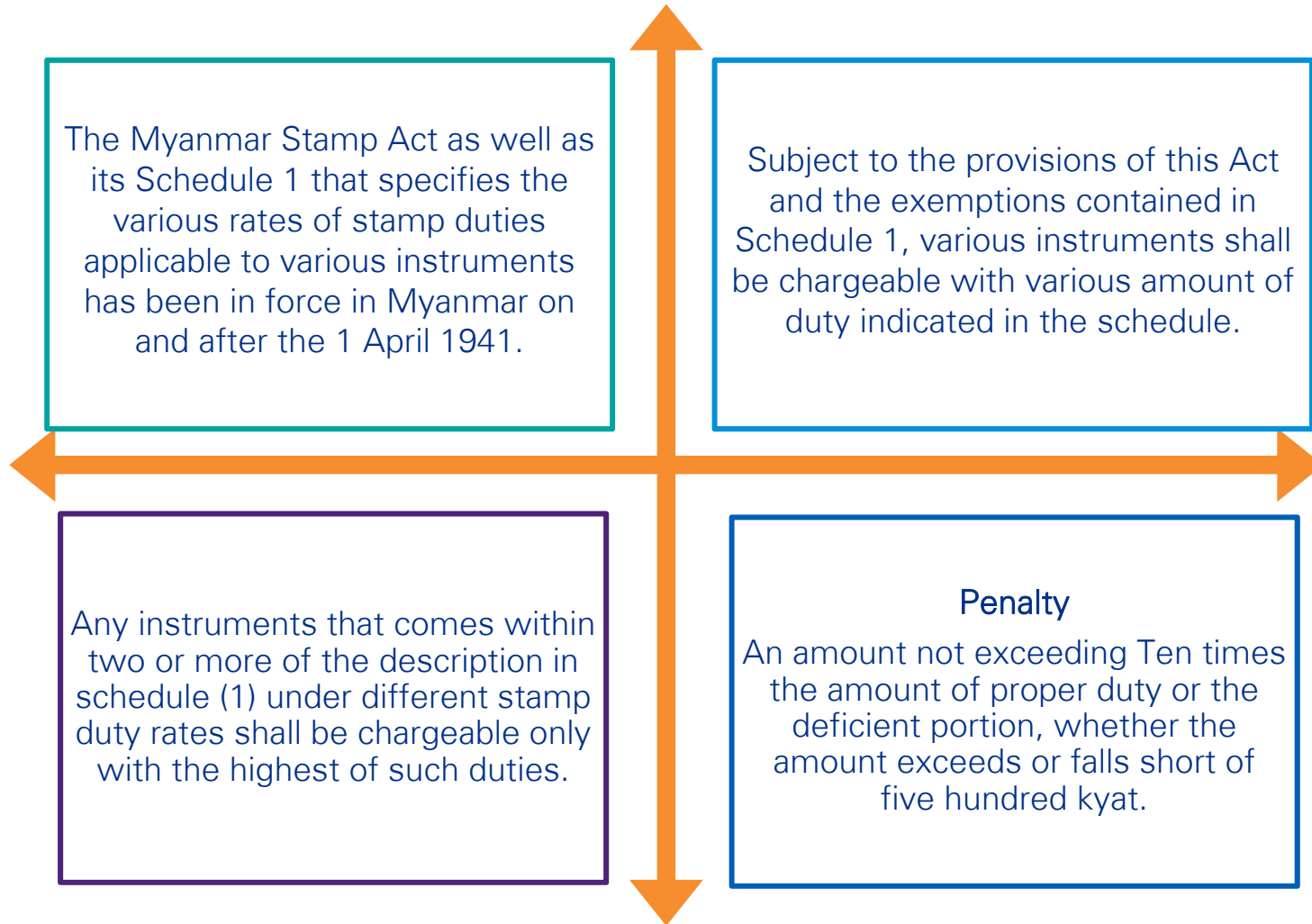
Output commercial tax can be offset with input commercial tax paid on –

- Importation;
- Local purchases;
- Services utilised

## Other

- Not available to offset on Capital Asset acquired;
- Excess input commercial tax can be deductible as general expenses of the business under Corporate Income Tax;
- Offset is not available on the goods which is prohibited under the Union Tax Law

# Stamp Duty



# Stamp Duty

## Chargeable with Stamp duty

- Every instrument under schedule (1) executed on or after 1 July 1899 in the Union of Myanmar
- Every bill of exchange payable drawn or made out of the Union of Myanmar on or after 1 July 1899 and accepted or paid or negotiated in the Union of Myanmar
- Every instrument executed out of the Union of Myanmar relating to any property situated or for any matter or things done or to be done in Myanmar

## How to stamp

- Adhesive Stamps
- Impressed Stamps
- Endorsed by collector after stamp duty and penalty levied

## Foreign Currency denominated documents

- Stamp duty shall be calculated on the value stated in the instrument and convert into Myanmar Kyats on the day of the completion of the agreement
- Daily reference rate of Central Bank of Myanmar

# Stamp Duty

## Time of stamping

- Before or at the time of execution in the Union of Myanmar
- Within 3 months after it has been first received in the Union of Myanmar if executed outside the Union of Myanmar



## By Whom

- By the person executing the documents (see Schedule 1)
- Insurance policy (except fire) – by the person effecting the insurance
- Conveyance/ lease or agreement to lease – by lessee
- Instrument of exchange – by the parties in equal shares



Thank you