



**BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT**

# **Tax Administration Theme Day**

## **Second Event**

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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# Myanmar Tax System and Tax Incentives for Investment

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# Part 01

## **Myanmar Tax Policy**



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### Introduction



01

IRD was constituted on 1<sup>st</sup> of October 1972, under the Ministry of Planning and Finance

02

Second five year phase of a reform program which commenced in 2012

03

Launch self assessment system(SAS) from office assessment system(OAS)



## Myanmar Tax Structure

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**Comprises 23 kinds  
of taxes/duties under  
the four major heads**

1

taxes on production and  
consumption

2

taxes on income and ownership

3

custom duties

4

taxes on the use of state-owned  
property



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

# Myanmar Tax Structure (Continued)

Major Taxes and Duties administered by Internal Revenue Department (IRD)

No.	Types of Taxes and Duties	Relevant Acts or Laws
1	Income Tax	The Income Tax Law(1974)
2	Commercial Tax	The Commercial Tax Law(1990)
3	Specific Goods Tax	The Specific Goods Tax Law(2016)
4	Court Fees and Stamp Duty	The Myanmar Stamp Act(1899) The Court Fees Act(1870)
5	State Lottery	Directives pertaining to State Lottery
6	Gemstone Tax	The Myanmar Gem Law, Transfer of Account in accord with the Union Taxation Law





## **Myanmar Tax Structure (Continued)**

Furthermore, there shall be applied to the following laws relating to above kinds of tax:

<b>No.</b>	<b>Relevant Acts or Laws</b>	<b>Category</b>
1	Tax Administration Law (2019)	This Law applies to (a) income tax (b) commercial tax (c) specific goods tax (d) a tax assigned by the Director General under other law.
2	Union Taxation Law (enacted annually)	Various kinds of taxes in accord with the Union Taxation Law enacted annually



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### Myanmar Tax Policy

- To collect revenue which should be collected in accordance with the law;
- To ensure a fair tax system which supports the market economy;
- To balance domestic consumption, saving and investment for the purpose of economic development and stabilization;
- To improve the national health, strength and morality through the tax system;
- To support the conservation and sustainability of natural resources and minerals through the tax system.



## Part 02

# Tax Administration System in Myanmar



**BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT**

## **Tax Administration System in Myanmar**

- Registration & Filling
- Payment of Tax
- Exemption
- Refund



# Part 03

## Tax Incentives for Investment



## BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

### Tax Incentives for investment

Tax incentives generally aim at encouraging domestic and foreign investments. The Myanmar Investment Law (MIL), Union of Myanmar Foreign Investment Law (MFIL) and Special Economic Zone (SEZ) Law provide tax incentives.

The Myanmar Investment Law (MIL)(2016)	Special Economic Zone Law (SEZ)(2014)
<ul style="list-style-type: none"><li>• profit-based tax holidays ranging between 3 and 7 years depending on the location of investment and other tax incentives.</li><li>• After termination of the tax exemption period, reinvested profits are completely tax exempt.</li><li>• Moreover, firms may deduct R&amp;D expenses and make use of an accelerated depreciation at a rate of 1.5 times the standard rate.</li></ul>	<ul style="list-style-type: none"><li>• targets export-oriented firms.</li><li>• Initial tax holidays range between 5 and 7 years.</li><li>• Subsequently, 50 percent of profits are exempt for another 5 years, increasing the effective benefit substantially.</li><li>• The foreign investors have to pay income tax on their income at the rates applicable to the citizens residing within the Union.</li></ul>



# Part 04

## Taxpayer Services



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### **Taxpayers Services**

- Cooperative Communication Unit in Headquarter, Nay Pyi Taw
- Centralized Taxpayer Service Units (CTPSU) in Yangon Region
- Taxpayer Service Units (TSU) in Mandalay Region
- Taxpayer Services (TPS) in LTO, MTO(1,2)





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**THANKS**