

Client Alert

KPMG in Myanmar



Updates on withholding tax - LTO

It is welcome news that the Large Taxpayers Office ("LTO") of the Internal Revenue Department ("IRD") has on 28 November 2016 started issuing newsletters (named "taxing times") to key stakeholders to provide updates on Myanmar related tax matters.

In its inaugural newsletter, the LTO clarified a few points with a special focus on withholding taxes and its application in Myanmar.

Key points to note

In the IRD notification 41/2010, the words "buying goods" were replaced with "buying goods within the country". However, a similar replacement was not made for services. The LTO has clarified with the IRD that this was a clerical error on its part and it was meant to be stated that withholding taxes would be applicable to "services within the country". Thus, withholding taxes in relation to services would only be applicable to services purchased within Myanmar.

Whilst the LTO did not clearly state that a de-minimis threshold for withholding tax is set at MMK300,000, it did state that it was reviewing tax payers' compliance relating to declarations of withholding tax on purchases of goods and services with a value in excess of MMK300,000.

Lastly, the LTO sought to remind tax payers of their obligations to undertake withholding, irrespective of suppliers' willingness to accept withholding tax.

How can KPMG help

KPMG can provide advice in the various areas of concern for investors. Whilst the newsletter does not address how the IRD would take corrective action on the past errors, KPMG can certainly attempt to seek redress on your behalf if needed. If you would also like a copy of the newsletter, please do not hesitate to let us know.

About Client Alerts

KPMG Client Alerts highlight the latest tax and regulatory developments, impending changes to laws or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time sensitive, it is advisable to make your plans accordingly.

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