

KPMG Myanmar Updates

KPMG in Myanmar



Rules on equity investments into local banks and use of Yuan and Yen for payments

The Central Bank of Myanmar ("CBM") issued two important directives in quick succession. They are as follows:-

- 1 The reporting of equity investments by foreign banks and financial institutions into local banks – Order No. 1/2019 dated 29 January 2019
- 2 Allowing the use of Chinese Yuan and Japanese Yen as settlement currency – Directive 4/2019 dated 30 January 2019.

Equity investments

In the above Order, the CBM states that foreign banks and financial institutions will be able to invest up to 35% in the equity of local banks. In doing so, the banks and financial institutions should adhere to Section 61 of the Financial Institutions law ("FIL") which states that the acquisition of local bank shares should be undertaken by a bank or a subsidiary of a bank. This will likely limit the ability of non-banks to acquire shares in local banks of up to the 35% stated in the above order.

Use of Chinese Yuan and Japanese Yen

With the above directive 4/2019, the CBM will allow the use of Japanese Yen and Chinese Yuan to be used for international payments and settlements. However, individuals and legal entities still cannot open bank accounts in these currencies.

This move is expected to facilitate trade and lower the overall costs of doing business in Myanmar.

How can KPMG help

KPMG can assist in assessing your investments into Myanmar or looking into new market opportunities. KPMG is experienced in advising clients looking at investing into Myanmar via acquisition of existing businesses or making greenfield investments into Myanmar.

Our team of dynamic professionals have the necessary experience in dealing with the intricacies of investing into Myanmar and will be able to offer practical advice and solutions. Please reach out to us to discuss and understand the impact to your investment in Myanmar.

About KPMG Myanmar Updates

KPMG Myanmar Updates highlight the latest tax and regulatory developments, impending changes to law 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.

Contact us



Thomas Chan
Partner
Head of Tax and
Regulatory
tchan8@kpmg.com

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