



KPMG Myanmar Updates

KPMG in Myanmar



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1. Advance income tax for imports and exports

The Ministry of Planning and Finance has revised the Advanced Income Tax ("AIT") system several times over the years. On 14 June 2013, the Ministry imposed a 2% AIT on all imports and exports, with an exemption for certain products, including:

- Imports and exports by ministries, government departments and state-owned enterprises;
- Importation of vehicles by a person who surrendered his old vehicle;
- Certain imports by companies approved by the Myanmar Investment Commission ("MIC");
- Importation of fire engines, hearses and ambulances;
- Raw materials for cut-make-pack ("CMP") businesses; and
- Goods imported under the draw back and temporary importation system.

These advance taxes are creditable against a company's annual corporate income tax liability.

Notification No. 7/2018, issued on 22 January 2018, provided an AIT exemption for companies taxed in Large Taxpayer's Office ("LTO") and Medium Taxpayers Office 1 ("MTO1") sections of the Internal Revenue Departments ("IRD").

Notice No. 38/2019, however, issued on 8 April 2019, supersedes Notification No. 7/2018, by removing the AIT exemption from LTO and MTO1 taxpayers.

2. Export/import registration and wholesale/retail registration

Notification No. 23/2019, issued by the Ministry of Commerce on 21 May 2019, affects companies that are engaged in the importation (trading) of fertilizer, seeds, pesticides, hospital equipment, construction materials and equipment, and machinery for agriculture. Notification No. 23/2019 provides the requirements to obtain an export/import registration certificate for these products.

Companies that previously imported these products under Notification Nos. 96/2015, 11/2016, 56/2016, 85/2016, 36/2017, 55/2017 and 63/2017 should be aware that these Notifications are superseded by Notification No. 23/2019.

Companies must apply for the registration as a wholesaler or retailer within 90 days of the announcement of Notification No. 23/2019. The requirements must be fulfilled within five years after registration as a wholesaler or retailer, in accordance with the procedural requirements of Notification No. 25/2018 and Newsletter No. 2/2018.

3. Import Negative List

In accordance with Article 13 of the Export and Import Law, the Ministry of Commerce issued Notification No. 22/2019, on 21 May 2019, amending the Import Negative List previously provided in Notification No. 61/2017.

According to Notification No. 22/2019, 234 tariff lines from the previous Import Negative List do not require an import license. Thus, the products under those 234 tariff lines can be imported without import licensing requirements. Notification No. 61/2017 has been superseded by Notification No. 22/2019.

However, 29 tariff lines that were previously not on the list, are now included in the updated Import Negative List. As a result, there are currently 4,613 product lines in the current Import Negative List provided in Notification No. 22/2019.

The products under the 29 tariff lines that have been transferred to the Import Negative List from the list of non-licensing requirements are required to apply for an import license, with effect 60 days after the announcement of Notification No. 22/2019.

4. Foreign investment in YSX listed companies

The Securities and Exchange Commission, on 12 July 2019, issued Notification No. 1/2019, allowing foreign entities and individuals to invest in and trade the shares of companies listed on the Yangon Stock Exchange (“YSX”). The Notification did not specify when trading by foreign persons can begin.

Guidance is pending, but it is likely that foreign ownership of YSX listed companies is limited to a ceiling of 35%. The Myanmar Companies Law of 2017 classifies an entity as “foreign” if more than 35% of its equity is owned by foreign shareholders. Numerous commercial restrictions are imposed on a foreign company.

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.

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