

## Myanmar beneficial ownership disclosure requirements

The Directorate of Investment and Company Administration (“DICA”) under the Anti-Money Laundering (“AML”) Law issued Directive No 17/2019 on Disclosure of Beneficial Ownership Information (“Directive”) on 15 November 2019. This Directive will be effective from 1 January 2020.

“Beneficial ownership” is defined in the Directive as the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement (which includes but is not limited to companies, partnerships, associations and trusts or similar arrangements)

A beneficial owner is any individual who:

- directly or indirectly holds more than 5% of the shares and/or voting rights;
- directly or indirectly has the right to appoint and remove the majority of the board;
- has the right to exercise, or actually exercises, significant influence or control over the public or private company or corporate entity.

### 1 Reporting requirements

All legal entities and legal arrangements are required to obtain and hold up-to-date information on their beneficial ownership and submit it in a timely manner to DICA and the Internal Revenue Department. A form will be made available on the DICA website. We have not yet sighted this form.

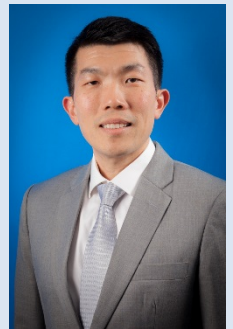
All legal entities and legal arrangements are also required to cooperate with the competent authorities to the fullest extent possible in determining the beneficial owner by:

- (a) authorising one or more natural persons resident in Myanmar, accountable to DICA, to provide all basic information and available beneficial ownership information, and giving further assistance to the authorities; and/or
- (b) authorising a Designated Non-Financial Business and Professions (“DNFBPs”) in Myanmar, accountable to DICA, for providing all basic information and available beneficial ownership information, and giving further assistance to the authorities.

The Directive states that DNFBPs include:-

- a) Company service providers which, as a business, provide any of the following services to third parties:
  - Acting as formation agent of legal organisations;
  - Acting as a director or secretary of a company, a partner of a partnership, or as a person in a similar position in another legal entity or arrangement; and
  - Providing a registered office or accommodation or business address or correspondence or administrative address for a company, a partnership or any other legal entity or arrangement.
- b) Persons, including lawyers and accountants, who provide any of the following services:

### Contact us



**Thomas Chan**  
Partner  
Tax and Regulatory  
+959975068076  
[tchan8@kpmg.com](mailto:tchan8@kpmg.com)







**Khin Swe Win**  
Director  
Tax  
+95973033032  
[kwin1@kpmg.com](mailto:kwin1@kpmg.com)



# KPMG Myanmar Tax Alert

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- Organisation of contributions for the creation, operation or management of companies; and
- Creation, operation or management of legal entities or arrangements.

## 2 Retention of records and disclosures

Information and records referred to in the Directive will need to be kept for at least five years after the date on which the company is dissolved or otherwise ceases to exist, or five years after the date on which the company ceases to be a customer of the professional intermediary or financial institution.

The Directive states that a request can be made to DICA by individuals at risk of violence or intimidation as a result of being on the register to be protected. The Directive states that “basic” information will be publicly available and beneficial ownership information will only be made available to competent authorities.

## 3 Non- compliance

The Directive states that a failure to provide accurate and up-to-date information and comply with the Directive shall constitute an offence and shall be penalised under the AML law.

### How can KPMG help

KPMG can assist in managing your regulatory compliance needs whilst operating in Myanmar. KPMG has extensive experience in assisting clients setting up companies and keeping their records updated with the DICA. KPMG also advises clients on the regulatory aspects of their investments and reporting requirements after establishing their investments in Myanmar.

Please feel free to reach out to our tax professionals to discuss how these changes would impact your businesses.

### About Myanmar Tax Alerts

KPMG Myanmar Tax Alerts 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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