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## Tax audit update in Myanmar

As more of the Internal Revenue Department (“IRD”) adopts the Self-Assessment System (“SAS”), tax audits are becoming more commonplace. The IRD with new responsibilities and powers as set out in the Tax Administration Law (“TAL”), would also like to communicate to taxpayers through booklets and other documents what to expect in the tax audits.

We summarise below some of the key points made in an undated document shared publicly by the IRD in relation to tax audits.

### **Tax Audit Processes**

This section clearly states that the return, presumably referring to the self-assessment returns, completed by the taxpayer will be regarded as correct, prior to any audits. We believe this is a very important statement from the IRD that would help reassure taxpayers that they would not get “mini audits” as per prior practices during their filing of the returns. Instead, they would get selected for audits based on processes within the IRD.

The IRD will issue an SAS-3 (notification and audit result form) at the end of the tax audit. If additional taxes are payable thereon, the taxpayer will need to pay these taxes within the deadline stated therein.

The IRD further explains in the document that the timing for reconsiderations by the Director General of the IRD (“DG”) (within 30 days) or appeal to the Tax Appeals Tribunal (within 90 days) after the reassessment by the IRD as part of the tax audit process set out in the TAL.

### **Initiation of tax audit**

It is stated that the IRD will issue a written notification to the taxpayer which should include the information request list, the power of attorney (if required), the taxpayer’s rights and the audit plan.

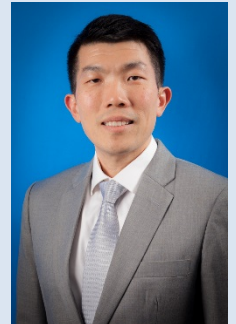
The first meeting between the audit team and the taxpayer is to take place within 10 days of the notice at a time to be agreed between the parties. A written response is to be submitted if the proposed timing is not suitable.

In the initial meeting, the tax audit officer will enquire about how the records are kept, accounting systems and the process of tax return preparations and the nature of the business activities of the taxpayer. In addition, it stated that at least one member of the board of directors along with officers of the company should be in attendance. However, this does not seem to make sense as board members are not likely to be heavily involved in documentation retention and return preparation.

### **Communication during audit**

It is clearly stated in several places that information requests and communications between taxpayers and the IRD officer should be in writing. This has been a position long advocated by KPMG in order to avoid misunderstanding. We are glad that the IRD will be adopting this widely in its practices going forward. From a practical perspective, we believe

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# KPMG Myanmar Tax Alert

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that this will increase the effectiveness and efficiency the communications between taxpayers whilst improving the IRD and taxpayer relationships.

## How can KPMG help

KPMG can assist in advising on how best manage tax audits to have a fair and equitable outcome. Do let us know if you need an unofficial translation of the Please feel free to reach out to our professionals to discuss how these changes would impact your businesses.

## About Myanmar Tax Alerts

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