

# KPMG Myanmar Tax Alert

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## Withholding tax exemption - practice note

The Myanmar Internal Revenue Department ("IRD") issued practice note No. 2/2020 on 3 September 2020 that provides more administrative guidance in relation to the application of withholding tax on payments for services rendered outside of Myanmar or within Myanmar by non-resident from a country with an Avoidance of Double Taxation Agreement ("DTA") with Myanmar.

Generally, when making payments to a non-resident of Myanmar for services rendered outside Myanmar, tax payers need to apply to the IRD with documentary evidence to substantiate that the services were rendered outside Myanmar so that the IRD may provide an approval that the payment would not be subject to withholding tax in Myanmar.

The above practice note provides some concessions stating that tax payers may file their self-assessment return on the basis that the payment is not subject to Myanmar withholding tax, together with a copy of the agreement without first obtaining an approval from the IRD. However, they would need to meet the following conditions:-

- Tax payers must be administered under the self-assessment system; and
- Contract value to be less than US\$100,000.

In addition, where the service provider will be providing services in Myanmar but the service provider is from a country with a DTA with Myanmar, the tax payer will need to ensure that the following conditions are met:-

- Tax payers must be administered under the self-assessment system;
- Contract value to be less than US\$100,000; and
- the non-resident must not have a Permanent Establishment in Myanmar.

### How can KPMG help

KPMG can assist companies to advise if the above exemption is applicable to them and assist with the filing of the self assessment return. Please feel free to reach out to our 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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