

Myanmar Tax Alert

KPMG in Myanmar

Alert on new MIC notification 26/2016

Brief background

The Myanmar Investment Commission ("MIC") in exercise of the powers granted under the Foreign Investment Law has issued the MIC notification 26/2016 dated 21 March 2016. This notification generally states which economic activities would be:

- Prohibited;
- Only allowed in the form of joint ventures with Myanmar citizens;
- Permitted with the recommendations of the relevant ministry and to be setup as joint ventures with Myanmar citizens; and
- Permitted with specific conditions and to be setup as joint ventures.

The last notification was issued on 4 August 2014. This new notification is currently available only in Myanmar but we have highlighted below several key changes therein.

Changes in relation to prohibited economic activities

Economic activities that is deemed to deteriorate the watershed or catchment protection forests, religious places, traditional belief, pasture land, shifting cultivation farms and water resources will now be prohibited.

Changes in relation to activities that would be allowed as joint ventures with Myanmar citizens

The following types of activities have been removed from this part of the list:-

- Production and distribution of hybrid seeds;
- Production and propagation of high yield seeds and local seeds; and
- Manufacturing of rubber and rubber products.

The above removal of need for joint ventures (and thus potentially could be carried out by a wholly foreign owned entity) for the above activities should bode well for the development of the agricultural sector in Myanmar.

Changes in relation to activities that would require the recommendation of relevant ministry and to be setup as joint ventures

Ecotourism which previously required the recommendation of Ministry of environmental conservation and forestry has now been removed from the list which means that investors will potentially no longer require a local joint venture partner and will also not need to apply for a recommendation from the Ministry of environmental conservation and forestry (prior to the submission of an investment application to the MIC for approval).

Changes in relation to activities with specific conditions

The production and distribution of vaccines in Myanmar will only be allowed as a joint venture with a government organisation and will be required to comply with WHO GMP standards.

How can KPMG help

KPMG will be happy to assist in the planning and application for investment permits under the Myanmar Foreign Investment Law and the Special Economic Zone legislation. KPMG has a wealth of experience in helping our clients succeed in these areas and to help them understand the differences before they make a critical decision which would have a long term impact on their business.

Contact us

Yasuhide Fujii
Managing Director
yfujii@kpmg.co.th

Thomas Chan
Executive Director
tchan8@kpmg.com



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