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International Tax
Myanmar Highlights 2023

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Investment basics

Currency: Myanmar Kyat (MMK)

Foreign exchange control: Citizens, foreigners, and companies in Myanmar generally must obtain permission from the Foreign Exchange Management Department (FEMD) for all dealings with foreign exchange, including borrowing from abroad and repaying principal and interest, making payments to a person abroad, opening accounts in a foreign bank abroad, and remitting profits. Approval by the FEMD is also required to remit foreign currency payments abroad. However, companies registered under the Myanmar Investment Law (MIL) and Special Economic Zone Law (SEZ Law) are permitted to repatriate investments and profits in the foreign currency in which the investments were made, subject to the approval of the Investment Commission and the Central Bank of Myanmar.

Accounting principles/financial statements: MFRS, which is aligned with IFRS, is being replaced by full adoption of IFRS. Full adoption of IFRS is required as from the 2022-23 financial year. Financial statements must be prepared annually and incorporated entities' financial statements must be audited, unless the company falls under the category of a small company.

For tax filing purposes, all taxpayers are required to file under the self-assessment system (SAS); (see "Filing and payment" under "Compliance for corporations," below). Under the SAS, a company is not required to submit audited accounts along with its annual income tax return.

Principal business entities: These are the private and public limited liability company; partnership; joint venture with a citizen, private company, cooperative society, or state-owned economic organization; and sole proprietorship.

Corporate taxation

Rates	
Corporate income tax rate	22% (in general)
Branch tax rate	22%
Capital gains tax rate	10% (in general)

Residence: A company is deemed a resident if it is formed under the Myanmar Companies Law. An association of persons other than a company is resident in Myanmar where the control, management, and decision-making activities are situated and exercised wholly in Myanmar.

Basis: Resident companies are taxed on their worldwide income. However, resident companies registered under the MIL are liable to pay tax in accordance with any applicable exemptions and reliefs on their investments. Nonresident companies are taxed only on Myanmar-source income.

Taxable income: Taxable income includes income from a business, profession, property, capital gains, and income from other sources. Taxable income is calculated after the deduction of allowable expenses and tax depreciation. Donations made to government-sponsored charitable/religious activities or organizations in an amount up to 25% of the company's total net income are allowable as a deduction if certain conditions are fulfilled.

Rate: A 22% corporate income tax rate applies to companies incorporated under the Myanmar Companies Law, state-owned enterprises, and businesses carried out with a permit from the Myanmar Investment Commission. A 25% rate applies to oil and gas companies. Companies listed on the Yangon Stock Exchange are taxed at a reduced rate of 17% on their total net taxable profits.

A branch of a foreign company is taxed at a 22% rate on Myanmar-source income.

A 2% advance corporate income tax is levied on the import and export of goods, and the tax is creditable against the corporate income tax liability of a resident entity at the end of a relevant fiscal year.

Surtax: There is no surtax.

Alternative minimum tax: There is no alternative minimum tax.

Taxation of dividends: Myanmar operates a one-tier corporate tax system, under which dividends received from a Myanmar resident company are exempt from income tax in the hands of its shareholders.

Capital gains: There is no separate capital gains tax law. Income tax is levied on gains from the sale, exchange, or transfer of capital assets (e.g., land, buildings, vehicles, and any capital assets of an enterprise). Capital assets also include shares, bonds, and similar instruments. The tax rate is 10% for both resident and nonresident companies, with the exception of oil and gas exploration and extraction companies, where tax rates range from 40% to 50%.

Losses: Losses from any source of income may be set off against income from any other source of the same entity in a fiscal year. Unused losses may be carried forward and may offset income in the following three years. The carryback of losses is not permitted.

Capital losses and a share of losses of an association of persons cannot be offset against income from other sources or carried forward.

Foreign tax relief: There is no provision for unilateral relief. However, if a tax treaty is applicable, the treaty provisions will be followed, regardless of any conflicting provisions in the income tax law.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: Two main laws provide incentives to foreign investors: the MIL and the SEZ Law.

Tax incentives under the MIL depend on the sectors designated and the development of regions and states. Subject to satisfying the relevant conditions, a corporate income tax holiday of three to seven years may be granted, along with relief from certain duties and other taxes.

Special corporate income tax incentives under the SEZ Law include the following:

- A tax exemption for the first seven years for investors in a free zone, and a tax exemption for the first five years for investors in a promotion zone;
- 50% tax relief for the subsequent five years for investors in a free zone or promotion zone, and 50% relief for a further five years if the profits are reinvested within one year;
- A tax exemption for the first eight years for a developer;
- 50% tax relief for the subsequent five years for a developer, and 50% relief for a further five years if the profits are reinvested within one year; and
- An import duty exemption for certain goods.

Compliance for corporations

Tax year: The tax year is 1 April through 31 March.

Consolidated returns: There is no provision for group treatment in the tax legislation; each entity must file a separate return.

Filing and payment: The income tax return must be filed within three months from the end of the fiscal year. The Myanmar Internal Revenue Department (IRD) requires all taxpayers to use the SAS. Under the SAS, each taxpayer files an annual tax return and assesses their own tax liability.

Transactional tax returns for capital gains must be filed within one month from the date of disposal of the capital assets (i.e., the earliest of the date of execution of the deed of disposal, the date title passes, or the date of delivery).

Advance payments must be made quarterly for corporate income tax purposes, based on the previous income year's income tax payable after considering advance corporate income tax payments on imports and exports of goods and taxes withheld at source in the previous year. The advance tax payments and any taxes withheld are creditable against the final tax liability. The date for settling the final tax liability is specified in the confirmation for self-assessment (SAS-1) issued by the IRD. Under the SAS, taxpayers are not required to wait for the SAS-1 to pay the final tax due; taxpayers may pay the final tax due at the time of filing the annual return. Excess tax paid will be refunded once the IRD has authorized and approved the refund.

Penalties: The Tax Administrative Law (TAL) sets a wide variety of penalties and interest for noncompliance relating to tax matters. These may apply not only to the relevant taxpayer, but also to persons responsible for withholding the tax and paying it to the IRD.

Rulings: Taxpayers can request advance rulings under the TAL. The IRD also is empowered to issue public rulings for purposes of consistency and guidance in compliance matters.

Individual taxation

Rates		
Individual income tax rate	**Taxable income (MMK)**	**Rate**
	Up to 2,000,000	0%
	2,000,001–10,000,000	5%
	10,000,001–30,000,000	10%
	30,000,001–50,000,000	15%
	50,000,001–70,000,000	20%
	Over 70,000,000	25%
Rental income tax rate		10%

Capital gains tax rate	10%

Residence: All Myanmar citizens are treated as tax residents. A foreigner who lives in Myanmar for at least 183 days during the income year is considered a resident.

Basis: Residents are subject to Myanmar income tax on their worldwide income. Salary income of Myanmar citizens working abroad is exempt from tax; however, other sources of income are taxable.

Resident foreigners are subject to Myanmar income tax on their worldwide income. A nonresident foreigner is subject to tax only on income derived from Myanmar sources.

Taxable income: Taxable income includes salary income and capital gains; income from a profession, business, property, or other sources; and any income that has escaped assessment.

Rates: Progressive rates ranging from 0% to 25% apply to income from salary, a profession, business, property, and other sources.

Rental income is subject to tax at a 10% rate for resident individuals.

Income that has escaped assessment is taxed at progressive rates ranging from 3% to 30%.

Nonresident foreigners are subject to tax on their salary income at progressive rates ranging from 0% to 25% before reliefs and exemptions. Income other than salary of nonresident foreigners is subject to a 22% income tax rate.

Capital gains: A 10% tax is levied on gains from the sale, exchange, or transfer of capital assets (e.g., land, buildings, vehicles, shares, bonds, etc.) by a resident national, resident foreigner, or nonresident foreigner.

Deductions and allowances: Premiums paid on a life insurance policy are allowable as a deduction.

Resident individuals are granted a basic allowance deduction of 20% of total taxable income, up to a maximum threshold of MMK 10 million in a tax year. Allowances for a spouse, children, and parents also are deductible in calculating the taxable income of a resident individual.

Foreign tax relief: There is no foreign tax relief for individuals.

Compliance for individuals

Tax year: The tax year is 1 April through 31 March.

Filing status: Each individual receiving income other than salary is required to file a separate tax return. Married couples are not allowed to file a joint return.

Filing and payment: The employer is responsible for deducting income tax due from salary at the time the salary is paid. The tax withheld must be paid to the tax authorities within 15 days from the date of deduction. The employer is required to furnish an annual salary statement within three months of the end of the income year.

For other income, including income from a business, the tax payment requirements are as follows:

- Monthly commercial tax is payable on income received and receivable; and
- Quarterly advance income tax is payable based on the estimated total income for the year.

The advance payments and any taxes withheld are creditable against the final tax liability. The date for settling the final tax liability is specified in the confirmation for self-assessment (SAS-1) issued by the IRD.

Income tax returns must be filed within three months of the end of the tax year. Tax returns for capital gains can be filed as transactional returns within one month from the date of disposal of capital assets (i.e., the earliest of the date of execution of the deed of disposal, the date title passes, or the date of delivery), followed by the final return within three months of the end of the tax year.

Penalties: See “Penalties” under “Compliance for corporations,” above.

Rulings: Taxpayers can request advance rulings under the TAL. The IRD also is empowered to issue public rulings for purposes of consistency and guidance in compliance matters.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	0%	0%
Interest	0%	0%	0%/15%	15%
Royalties	10%	10%	15%	15%
Fees for technical services	0%/2%	0%/2%	2.5%	2.5%

Dividends: No tax is imposed on dividends paid to a resident or a nonresident.

Interest: No tax is withheld on interest paid to a resident, but a 15% rate applies on interest paid to a nonresident, unless the rate is reduced under an applicable tax treaty. Registered branches of foreign banks that have nonresident status are exempt from withholding on interest income.

Royalties: Royalties paid to a resident are subject to a 10% withholding tax; the rate is 15% for royalties paid to a nonresident, unless the rate is reduced under an applicable tax treaty.

Fees for technical services: Fees for technical services that are not classified as royalties are subject to withholding tax as described in “Other,” below.

Branch remittance tax: There is no branch remittance tax.

Other: Payments to nonresidents for the procurement of goods and services within Myanmar are subject to a 2.5% withholding tax (2% for payments made by government bodies to residents; payments made by other types of payers to residents for the procurement of goods and services within Myanmar are not subject to withholding tax).

Anti-avoidance rules

Transfer pricing: There are no transfer pricing rules.

Interest deduction limitations: There are no interest deduction limitations.

Controlled foreign companies: There are no CFC rules.

Hybrids: There are no anti-hybrid rules.

Economic substance requirements: Under the TAL, IRD officers are empowered to review the economic substance of a transaction and deny tax benefits. See “Other,” below.

Disclosure requirements: There are no disclosure requirements.

Exit tax: There is no exit tax.

General anti-avoidance rule: There is no general anti-avoidance rule, but see "Other," below.

Other: The TAL introduced an anti-avoidance provision to address aggressive tax avoidance schemes. It empowers the IRD to deny any tax benefits for transactions that either are fraudulent or lack economic substance.

Commercial tax and specific goods tax

Rates	
Standard rate	5% (commercial tax)/5%-80% (specific goods tax)
Reduced rate	None

Taxable transactions: Myanmar does not levy a VAT, but a commercial tax is levied as a turnover tax on goods and services. The commercial tax applies to all goods and service transactions unless the transactions are listed as exempt.

In addition, a specific goods tax (SGT) is imposed on specific goods (currently 15 types of goods) that are imported, produced in Myanmar, or exported.

Rates: The commercial tax rate generally is 5%, payable on services, imports, exports, and goods manufactured within the country. The SGT rates range from 5% to 80%.

The commercial tax on sales of SIM cards and activation of SIM cards is a one-time tax of MMK 20,000 per SIM card. Internet services are subject to commercial tax at a 15% rate.

Registration: Commercial tax registration applies to both Myanmar resident and nonresident entities engaged in commercial operations.

All companies that import, manufacture, and export specific goods in Myanmar must register for purposes of the SGT.

Filing and payment: Commercial tax returns must be submitted on a quarterly basis and are due within 30 days from the end of the relevant quarter. Monthly payment of the tax is due by the 10th day of the following month. An annual return must be filed within three months from the end of a fiscal year.

SGT must be paid within 10 days after the end of the month in which the goods are sold/exported. The SGT return must be filed quarterly within 10 days after the end of the relevant quarter.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply to both companies and individuals and are imposed at the national level.

Social security: The employer must contribute 3% of an employee's basic salary and wages (capped at MMK 9,000) to social security. Employees must contribute 2% of their total salary and wages, capped at MMK 6,000.

Payroll tax: The employer must withhold tax on employment income.

Capital duty: There is no capital duty, but registration fees apply upon the incorporation of a private company or public company or registration of a branch.

Real property tax: There is no real property tax.

Transfer tax: Aside from capital gains tax, there is no other tax on transfers of capital assets, but see "Stamp duty," below.

Stamp duty: Stamp duty is levied on various types of instruments required to be stamped under the Stamp Act, such as agreements or memoranda of agreements, profit sharing contracts, transfers of shares, lease agreements, etc.

Net wealth/net worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax, but registration fees are payable for inheritances under an arrangement of settlement and for gifts, depending on the value of the property.

Other: Government royalties are payable in the oil and gas, mining, forestry, and fishery industries.

A tax on sales or imports of jewelry and gemstones applies instead of SGT.

Tax treaties: Myanmar has eight tax treaties (with India, Korea (ROK), Laos, Malaysia, Singapore, Thailand, the UK, and Vietnam).

Tax authorities: Internal Revenue Department

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