

Union Tax Law 2019

The Union Parliament of Myanmar passed the Union Tax Law 2019 (“UTL”) on 24th June 2019 as the Pyidaungsu Htuttaw Law No. 30/2019. The UTL entered into force from 1st October 2019. Its major provisions are summarized below.

1. Special Commodity Tax (“SCT”)

- 1.1 Sale of special commodities as prescribed under Section 6 of Special Commodity Tax Law 2016, e.g. cigarettes, cheroots, liquor, wines, automobiles, oil and gas is subject to the SCT to be assessed at the market price or at the sales price of the special commodities produced and sold in Myanmar, whichever is higher.
- 1.2 Export of wood logs and wood cuttings is subject to the SCT at the rate of 10%. The export of other the special commodities is subject to the SCT at the rate of 0%.
- 1.3 A production and sale of Virginia, cheroots and cigars by cooperative businesses and other local businesses are not subject to the SCT if their annual income is less than MMK20,000,000 per year.

2. Commercial Tax (“CT”)

- 2.1 Domestic sale of commodities or trading or services of cooperatives and private sector companies is subject to the CT if they generate incomes of more than MMK50,000,000 per year, except for some exceptions under the UTL.
- 2.2 The CT imposed on a purchase or production of goods can be offset with the CT imposed on an export. If the CT imposed on an export is less than the CT imposed on the purchase or production of goods, a CT refund can be claimed.
- 2.3 The CT does not apply to goods that are purchased in Myanmar and taken abroad for personal use.
- 2.4 Domestic commodities produces, sold or traded or special commodities specified under the UTL are subject to the CT at the rate of 5% on the sales income, or on the landed costs for imported commodities.

The exports of electrical power and crude oil are subject to the CT at the rates of 8% and 5% respectively.

42 types of commodities are not subject to the CT. These include rice, fresh fruits, raw meat, text books, medical plants, jet fuel for domestic and international flights, machine and equipment for aircraft.

- 2.5 Services provided in Myanmar, e.g. logistics, telecommunications, restaurant and consultancy services, are subject to the CT at the rate of 5%.

32 types of service businesses are not subject to the CT. These include public transportation, educational services, healthcare services, financial services, life insurance, etc.

- 2.6 Sales of buildings and sales of gold and jewelry are subject to the CT at the rates of 3% and 1% respectively.

3. Personal Income Tax (“PIT”)

- 3.1 Any person whose assessable income from salaries, professions, businesses or other sources after deduction of allowances are more than MMK4,800,000 per year is subject to the PIT at the rates of 5% up to 25%.

A tax investigation and assessment may be conducted if there is any tax evasion. An undisclosed source of income can be subject to the PIT at the rates of 3% up to 30%.

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- 3.2 The basic allowances of an individual tax payer are an amount equivalent to 20% of his income but they shall not exceed MMK10,000,000 per year.
- 3.3 A Myanmar citizen residing abroad is subject to the PIT at the rate of 10% of his total assessable income in foreign currency, except for some exceptions.
- 3.4 The assessable income of an individual tax payer from the total rental fees from leases of lands, buildings and apartments after the deductions specified under the UTL is subject to the PIT at the rate of 10%. Such income will not be combined with other types of assessable incomes and no additional tax assessment will be made.

4. Corporate Income Tax (“CIT”)

- 4.1 A company registered in Myanmar, a state-owned enterprise, a business operated with an MIC permit and a cooperative are subject to the CIT at the rate of 25% of the net profit after the deduction of allowances.
- 4.2 A cooperative society established under the Cooperative Society Law 1992 is subject to the CIT at the rate of 25% of the net profit after deduction of allowances.

5. Capital Gain Tax (“CGT”)

A sale, exchange or transfer of capital assets of more than MMK10,000,000 is subject to the CGT at the rate of 10%. However, a company in the oil and gas sector is subject to the CGT at the rate of 40% up to 50%.

6. Jewelry Tax (“JT”)

A sale of jewelry is subject to the JT at the rates of 5% to 11% of the market price of the jewelry or the sale price whichever is higher.

7. Penalties

- 7.1 Anyone who has in his possession an untaxed special commodity will be subject to a fine. The informer shall be awarded 20% of the fine and the person who makes the arrest shall be awarded 30% of the 20% of fine for the informer and 30% of fine for the person who making arrest shall be awarded.
- 7.2 A business operator as a tax payer who fails to provide a receipt or evidence of receiving sales prices or services fees to its buyers or customers or provides a receipt without CT on the sale price will be subject to a fine at the rate of 100% of the tax due upon such unpaid receipt or evidence plus the additional penalties as follows: -
- MMK500,000 for the first violation;
 - MMK1,000,000 for the second violation;
 - MMK15,000,000 for the third violation; and
 - MMK20,000,000 for each further violation if there are more than three violations.



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