

New Foreign Currency Conversion Requirements and Exemptions in Myanmar

On 3rd April 2022, the Central Bank of Myanmar (“**CBM**”) issued the Notification 12/2022 (“**Notification**”) and the Directive No. 4/2022 (“**Directive 4**”) on foreign currency conversion. They came into force on and from 3rd April 2022.

On 5th April 2022, the CBM issued the Directive No. 6/2022 (“**Directive 6**”) to prescribe the procedures for remittance of foreign currency into Myanmar, conversion and transfer/repatriation of foreign currency abroad.

The major requirements under the Notification and the Directive 4 and the Directive 6 are summarized below.

Notification Requirements

- Any Myanmar resident receiving a foreign currency from abroad must remit the foreign currency into Myanmar by a transfer of funds into a foreign currency account opened with a bank holding an authorized dealer license (“**AD Bank**”) in Myanmar, and have the funds converted into Myanmar Kyat (“**MMK**”) within one working day. Foreign currencies remitted into Myanmar before 3rd April 2022 are also subject to this new foreign currency conversion requirement.
- Repatriation of any foreign currency abroad must be made through an AD Bank with permission of the Foreign Exchange Supervisory Committee (“**FESC**”).
- Noncompliance with the Notification can be subject to the legal actions prescribed under the Foreign Exchange Management Law 2012.

Directives Requirements

- Each of the AD Banks is required to comply with the foreign currency conversion requirements and implementation measures and policies.
- The exchange rate for converting USD prescribed by the CBM is MMK1,850 per USD. Other foreign currencies will be calculated based on the exchange rate of MMK1,850 per USD.
- Effective from 4th April 2022, any foreign currency received in cash from abroad from trading and non-trading activities (such as export of goods, provision of services, investment funds not subject to the exemption approved by the FESC) and deposited into a bank account opened with the AD Bank must be converted into MMK at the exchange rate prescribed by the CBM within one working day from the receiving date.
- Before accepting and crediting each fund transfer received into a relevant bank account as an offshore loan, investment fund, or a unilateral fund transfer, the relevant AD Bank must verify whether the fund has been granted approval from the CBM.
- The resident of Myanmar must obtain approval from the FESC before he can transfer funds in a foreign currency abroad for payment of imported goods, services, paid dividends, capital investment payment, repayment of loans, etc.
- The AD Banks can charge banking service fees for each fund transfer at MMK3 per USD.

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Exemptions

On 20th April 2022, the CBM issued the Letter No. FE 1/69 to exempt some activities and persons from the requirements for depositing funds in foreign currencies received from abroad with the AD Banks and converting them into MMK under the Notification as follows:

- Foreign direct investment activities under the Myanmar Investment Commission (“**MIC**”) permit
- Business investment operated in the Special Economic Zones (“**SEZ**”)
- Foreign diplomats and their family members of the embassies located in Myanmar
- Foreign staff members of the diplomatic entities serving at the same rank as diplomats of foreign embassies
- Staff members of the United Nations Organization (“**UN**”) and its agencies, and Myanmar nationals holding a UN staff (laissez-passer) passport
- Foreign staff members of foreign development agencies assisting Myanmar
- Foreign staff members working at a diplomatic-rank at international organizations such as ICRC, ILO, and INGOs and development agencies such as TICA, JICA
- International airlines owned by the State and the Myanmar citizens.



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