



# Myanmar

## An update on the Business and Regulatory environment

ZAW MYINT TOE ERSKINE  
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# Introduction



Zaw Erskine  
Director, Tax and Advisory

## Education/Qualification

- Member of the Institute of Chartered Accountants in England & Wales (ICAEW)
- Chairman of the Accounting, Tax and Finance working group within the British Chamber of Commerce in Yangon.
- BA(hons) University of Warwick, United Kingdom

## Relevant experience

- Extensive knowledge of International Financial Reporting Standards (IFRS), Myanmar Financial Reporting Standards (FRS), The Union Tax law 2016, Income tax law 2011 and UK GAAP.
- Managed a variety of internal and external audit with BDO UK, across various sectors.
- Currently helping Myanmar companies attract international investment by getting their books and records IFRS compliant.
- Helping multi national corporations set up in Myanmar.

## Country Experience

Myanmar and United Kingdom (UK)

zaw@bdo.com.mm  
Direct: + 95 9776915183

# Introduction



**Lee Wee Hong**  
Executive Director, Advisory

## Education/Qualification

- Member of CPA Australia
- Member of Malaysian Institute of Accountants (MIA)
- Bachelor of Business (Accounting and Finance), University of Technology Sydney, Australia

## Relevant experience

- Over 18 years of working experience in assurance and advisory services
- Previously Audit Director with KPMG in Malaysia.
- Worked across Europe and the Middle East.
- Head of Department in KPMG UAE's Financial Services Division

leewh@bdo.my  
Direct: + 95 9770091169

## Country Experience

Myanmar, United Kingdom, UAE, Malaysia

# Myanmar

## AT A GLANCE

- First Civilian government in over 60 years, in April 2016.
- Population of 54.4 Million \*
- Average growth in GDP 8.3 % in 2016\*\* which is above 5.7% average for SE Asia



\*World Population review

Source: <http://worldpopulationreview.com/countries/myanmar-population/>

\*\*Per world bank study

Source: <http://www.worldbank.org/en/country/myanmar>



# MYANMAR

## REVIEW OF 2016 - The good

### Myanmar

- New Investment law announced.
- New companies act, in the pipeline
- New LNG terminal sites being explored
- A fourth Telco license being given - to Myanmar National Tele & Communications (MNTC).
- New power stations given the green light (Karpower Ship etc)
- \$6Billion dollars worth of new investments approved by the MIC

# MYANMAR

## REVIEW OF 2016 - The less good

- Ministry of labour - Standardized contracts
- Draft law concerning Foreigners
- Draft Foreign Worker Law
- New Visa Regulations
- The Yangon Stock Exchange (YSX)
  - only 4 listed companies since May 2016



# GETTING STARTED

## STARTING YOUR BUSINESS IN MYANMAR

- Check the list of prohibited industries. It changes every few months.
- Check if you need to register for MIC permit.
- You get both lists from the MIC offices in Yangon, Mandalay and Nay Pyi Taw.
- Register your company with DICA



# MYANMAR INVESTMENT COMMISSION (MIC)

## How and When to seek approval

Certain types of businesses are restricted and need MIC approval, before they can start.

1. Agriculture
2. Manufacturing
3. Hotel and Tourism
4. Mining
5. Oil and Gas
6. Forestry



Unable to get various permits/import/export licenses without MIC approval.

You will need to find a local partner.



# MYANMAR INVESTMENT COMMISSION

## PRIORITY BUSINESSES

- high-valued agricultural products
- technology transfer to promote local production
- small and medium enterprises
- local infrastructure development
- create jobs and professional training opportunities
- investment in less developed regions of the country
- the development of industrial zones and special business projects
- travel and tourism related businesses

# Myanmar

## KEY LAWS AND REGULATIONS

- Myanmar Investment Law 2016
- Companies Act 1914
- Companies Act 2017 (draft)
- Income tax law 2011
- Union Tax law 2016. (2017 version pending)
- Foreign worker law (draft)



# Myanmar Investment Law

- Replaces
  - Myanmar Citizens Investment Law 2013
  - Foreign Investment law 2012
- Provide consistency between local and foreign investment
- Provides clarity on
  - MIC Approvals
  - Long Term Leases
  - Tax Incentives
  - Local Employee requirements



# MYANMAR INVESTMENT LAW

## (Highlights)

- Allows for new approval, MIC Endorsement. For non restricted businesses.
  - Allows long term leases and tax incentives.
- Revokes requirements for local employee hiring ratios.
- Revoked automatic tax exemption.
  - Must apply to MIC for tax exemption
- Allows a greater category of funds to be repatriated.
  - Still requires Central bank permission before repatriation can happen





# Challenges

## Industries for investment

### 4 Types of businesses

- No prohibition on foreigners carrying out the business
- Businesses that require a joint venture with a local
- Businesses that require a joint venture with the government
- Prohibited for anyone except the government to carry out.

# Challenges

## Important ministries

- If your business needs MIC approval, you will have to get a letter of recommendation from the relevant ministry.
  - Ministry of information
  - Ministry of Agriculture, Livestock and irrigation
  - **Ministry of Transportation and Communications**
  - Ministry of Natural Resources and Environmental conservation.
  - **Ministry of Electricity and Energy**
  - Ministry of Industry
  - **Ministry of Health and sport**
  - Ministry of construction
  - **Ministry of Labour and Immigration.**

Officially no need for join venture partner, but in reality very difficult for you to conduct the business without one.

# Opportunities

- 13 mobile money apps to be up and running in Myanmar by the end of 2017.
- New Telecoms company, Myanmar National Tele & Communications Co. Ltd, given a license. Headed by Viettel.
- New powers stations being built.
- Request for proposal for supply of LNG in Myanmar likely to be in mid 2017.
- Over \$6billion investments in Myanmar approved last year



# STAYING COMPLIANT

## KEY DATES AND TAXES

- All companies have a 31<sup>st</sup> March Year end.
- All tax filing must be done by 30<sup>th</sup> of June.
- Corporation tax of 25% on profit for the year
- Withholding tax of 2% (3.5% for all offshore transactions) needs to be charged on all sales invoices, and paid to tax office within 7 days of the transaction\*.
- Commercial tax of 5% to be charged on all income, and paid to IRD by the end of each month.

\* Different rates apply to interest, royalties etc.

# Staying compliant

1

- As rules are unclear, everything needs to be negotiated.

2

- You need to have someone on the ground - either employees or consultants

3

- Pay your taxes monthly

4

- Get advice before you do anything

5

- Follow up with the authorities to get (written) confirmation.



# FINAL THOUGHTS

## An overview

- Relatively new stock exchange e.g. YSX, CSX, LSX
- Need for professional services: accountants or talent with necessary experience in demand both in respective country and across region
- Interest from ASEAN region (intra-trade) and rest of the world remains keen
- Large relatively untapped natural resources
- Traction in M&A activities arising from corporate integration of supplies and customers

# THANK YOU

