

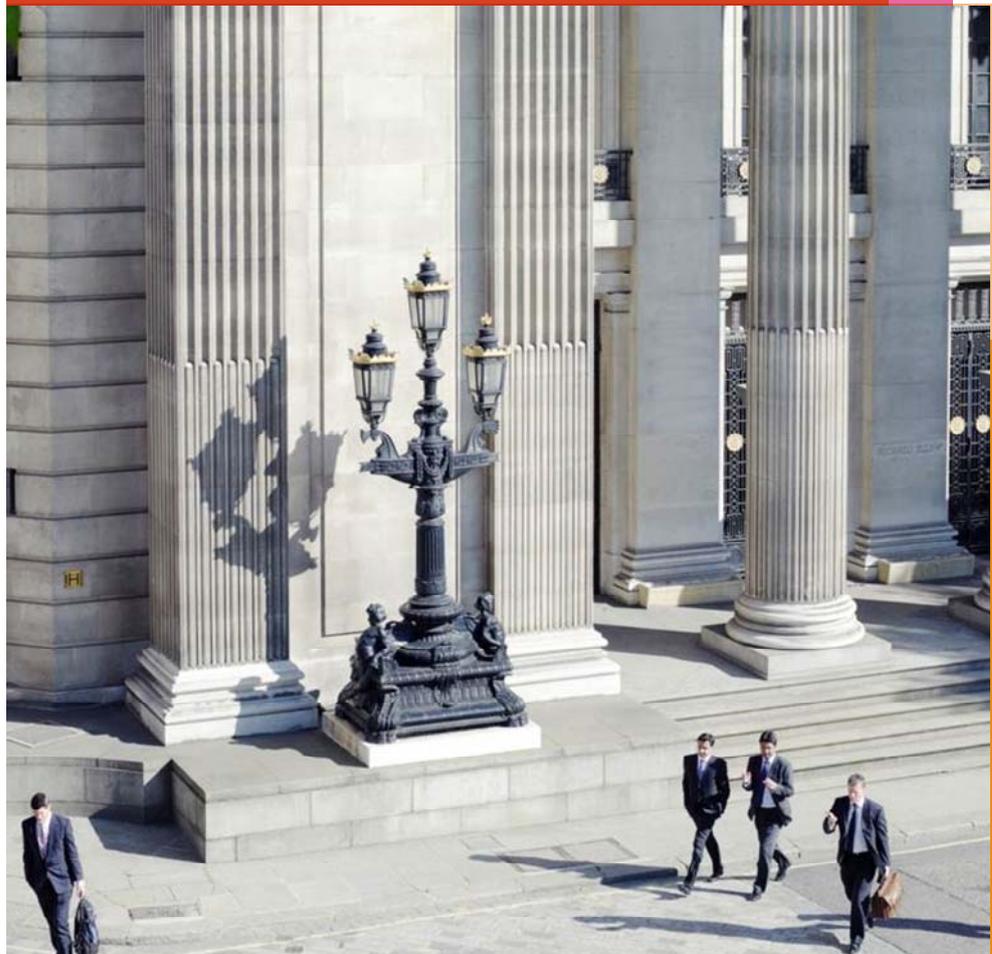
[www.pwc.com](http://www.pwc.com)

# *Global Mobility Services*

## Taxation of International Assignees – Myanmar

*People and  
Organisation*

*Global Mobility  
Country Guide 2016*



**pwc**

Last updated October 2016

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

---

**Menu**

---

# *Country* Myanmar

Introduction:	International assignees working in Myanmar	4
Step 1:	Understanding basic principles	5
Step 2:	Understanding the Myanmar tax system	7
Step 3:	What to do before you arrive in Myanmar	9
Step 4:	What to do when you arrive in Myanmar	10
Step 5:	What to do during the year	11
Step 6:	What to do when you leave Myanmar	12
Step 7:	Other matters requiring consideration	13
Appendix A:	Myanmar personal income tax rates on employment income	14
Appendix B:	Double tax agreements	15
Appendix C:	Myanmar contacts and office	16

Additional Country Folios can be located at the following website: **Global Mobility Country Guides**.

---

# ***Introduction:***

## **International assignees working in Myanmar**

With the liberalisation of the political landscape in Myanmar, many in the international community are realising the huge potential held in this economic frontier that was once closed to the world. A number of multinational corporations are exploring Myanmar as an investment destination bringing in expatriates with vast experience to help build capabilities locally.

We have been approached by many multinational firms with expatriate employees relocating to Myanmar for advice on tax compliance and planning, and for assistance in agreeing local tax assessments. As a member of the PwC network, we're in regular contact with our tax partners overseas and can offer assistance on international matters through our staff in Myanmar and in other member firms.

We've prepared this folio for the benefit of expatriates working in Myanmar. It gives a basic understanding of the taxation laws and is not intended to be comprehensive. Also, the tax laws and practices are expected to frequently change especially given Myanmar's emerging country status. So it shouldn't be used as the basis for any specific action. Before you act on any of the matters contained in this folio, we strongly recommend that you seek professional advice.

For assistance on expatriate tax matters or more details of our services, please contact one of the individuals listed at the end of this folio.

---

# ***Step 1:***

## **Understanding the basic principles**

### ***The scope of taxation in Myanmar***

1. The taxation of income depends on the individual's residential status in Myanmar.
2. Under the Myanmar Income Tax Law, resident nationals and resident foreigners are taxed on all income derived from sources within and outside Myanmar. However, in practice, resident foreigners are not taxed on their non-Myanmar sourced

income (including employment income).

3. Non-resident foreigners are taxed only on income derived from sources within Myanmar.

### ***Residence status***

4. A person is resident in Myanmar if he or she is domiciled in or has a principal place of abode in Myanmar. Myanmar nationals are generally treated as residents.

5. Foreigners who reside in Myanmar for at least 183 days during an income year (i.e. 1 April to 31 March) are considered resident foreigners.

### ***The tax year***

6. The tax year runs from 1 April to 31 March.

### ***The tax rates***

7. Personal tax rates vary depending on the type of taxpayer and income.

Type of Taxpayer or Income	Tax Rates
<b>Employment income</b>	
Resident nationals and resident foreigners	Progressive rates from 0% to 25% (personal deductions or allowances are permitted) (refer to Appendix A)
Non-resident foreigners	Progressive rates from 0% to 25% (no personal deductions or allowances are permitted) (refer to Appendix A)
<b>Other income</b>	
Resident nationals	Progressive rates from 0% to 25%
Resident foreigners	Progressive rates from 0% to 25%
Non-resident foreigners	25%
Non-resident citizens	10%*
*(Note: salary income in foreign currency earned in abroad is exempted from income tax)	
<b>Capital gains tax</b>	
Resident and non-resident	10%

### ***Husband and wife***

8. The income of a husband and wife is separately assessed and joint filing is not permitted.

# Step 2:

## Understanding the Myanmar tax system

### **Taxable income**

#### **Employment income**

9. The definition of taxable employment income is wide and includes salary, wages, annuity, bonus, award and any fees, commissions received in lieu of or in addition to any salary and wages.
10. Prior to 1 April 2016, pension, gratuity and perquisites were included in the definition of salary. With effect from 1 April 2016, pension, gratuity and perquisites have been removed from the definition of salary.
11. With effect from 1st of April 2015, a new notification was issued by the Internal Revenue Department (IRD), free housing/accommodation provided to the employee by the employer is not taxable.
12. There are no deductions available for costs related to employment income except the personal deductions and allowances that are available for resident nationals and resident foreigners (Please refer to Personal

deductions/allowances section).

13. Employment income exemption threshold is MMK 4,800,000 (before deduction of personal deductions).

#### **Non-employment income**

14. Taxable non-employment income includes:
  - business income (e.g. income from moveable properties, royalties and interest)
  - income from a profession. Profession means the rendering of a service with one's skill for fees, and includes services rendered inter alia, by doctors, lawyers, engineers, architects, theatrical artists, other artistes, accountants, auditors and teachers
  - capital gains from the sale of capital assets, and
  - other income from investments, except dividends received from an association of

persons which are exempt from income tax.

15. In the case of capital gains, no tax is payable if total sales proceeds are not more than MMK 10,000,000.

#### **Personal deductions/allowances**

16. For resident nationals/foreigners, a basic relief allowance of 20% of taxable employment income, capped at MMK 10 million, is provided. Additional relief is available depending on the individual's circumstances:
  - Spouse relief of MMK 1,000,000 provided that the spouse does not have any assessable income and the spouse is staying together with the taxpayer.
  - Dependent child relief of MMK 500,000 for each child who is under 18 years old, not married and staying together with the taxpayer. Children over 18 years of age must be full-time students. Please note that the relief on the same child can only be

claimed by either the individual or his spouse.

- Parent's relief of MMK 1,000,000 for each parent provided that they live together with the tax payer and do not have any assessable income.
- Life insurance premiums for both the taxpayer and spouse paid by the taxpayer.
- Contributions to savings funds, such as employee contributions to the Myanmar social security fund.

- Donations made to approved charitable organisations or approved government-sponsored events, subject to a maximum of 25% of their total income.

17. Non-resident foreigners are not entitled to claim the above personal deductions and allowances.

#### ***Double taxation relief***

18. For countries with which Myanmar has concluded a double taxation agreement (refer to Appendix B); credit for all or part of the foreign tax against the tax assessed

on the foreign income in Myanmar may be granted. In the event an individual is regarded as resident under domestic laws by both Myanmar and its treaty partner, most treaties will provide tie-breaker tests to determine which country the individual is resident in for treaty purposes.

19. Most treaties provide for exemption of non-resident individuals employed from tax on employment income received from non-Myanmar employer if the individual is present in the country for less than 183 days in the tax year, subject to certain conditions.

20.

---

# *Step 3:*

## What to do before you arrive in Myanmar

### *Immigration*

21. A foreign individual will need to apply for a business visa before entering Myanmar. A typical business visa (single entry) is valid for 3 months with the period of stay in Myanmar restricted to 70 days from the date of arrival. A business visa (multiple journey entry visa) may also be issued to a foreign individual upon his/her request and is granted on a case by case basis. The validity of a multiple journey entry visa varies from a minimum of 6 months to maximum of one year from the date of issue.
22. The period of stay is restricted to 70 days from the date of arrival and is extendable. The business visa application will need to be supported by several documents, including an invitation letter issued by a local entity in Myanmar (e.g. the local entity could be a local customer of your client). The invitation letter will need to state the purpose of entry to Myanmar. If the individual would like to stay in Myanmar for a longer term (say for more than 3 months), he/she may then consider applying for a permit to stay. The Stay Permit allows the holder to work for three months to one year without re-entry into Myanmar. A local sponsor is required in this case.
23. The concept of a work permit has also been introduced and available to foreign individuals working for companies set up under the Myanmar Foreign Investment Law (MFIL) and Myanmar Special Economic Zone Law (MSEZL)

---

# Step 4:

## What to do when you arrive in Myanmar

### **Employer tax and advance tax payments**

24. A Myanmar employer is responsible for deducting income tax due from salaries at the time of payment to employees and must pay the amount to the IRD within seven days from the date of salary payment. The employer is also required to submit an employer tax return to respective township revenue office where the employer's office is located. It should also obtain the relevant tax receipts upon payment.
25. Apart from monthly employer tax returns, an annual salary statement must be submitted to the tax authorities within three months after the end of fiscal income year (i.e. by 30 June after the 31 March fiscal tax year end).
26. In cases of income earned where employer tax

provisions do not apply (where the employee is not hired by the Myanmar entity), advance tax payments are required to be made by the income recipient directly; on a quarterly basis within 10 days from the relevant quarter end based on the estimated total income for the year.

27. Tax is to be paid in MMK for resident nationals and resident foreigners, except for capital gains which are taxable using the transaction currency. Personal income tax of non-resident foreigners shall also be paid using the transaction currency.

### **Social security registration and contributions**

28. The Social Security Law 2012 requires an employer with five or more than five workers to register them with the Myanmar Social Security

Board and provide Social Security Scheme benefits.

29. Effective from 1 April 2014, the employer's contribution must be 3% of the total salary and wages, and employees must contribute 2% of their total salary and wages. At present, the maximum monthly contribution for the employer is MMK 9,000 per employee, and MMK 6,000 for the employee. The maximum monthly contributions are expected to increase when new rules and regulations are introduced under the minimum wage laws.

### **Tax return – Capital gains and discontinuing business**

30. Tax returns for capital gains must be filed within 30 days from the date of disposing of capital assets. If a taxpayer discontinues his business, returns must be filed within one month from the date of discontinuing the business.

---

# Step 5:

## What to do at the end of the year

### **Tax return**

31. The employer is responsible for filing a statement of annual salary in respect of each employee within three months after the end of the tax year (i.e. by 30 June after the end of the tax year).
32. Individuals also need to file income tax returns within three months from the end of the tax year. However, individuals having income only from local Myanmar employment are not obligated to file a tax return as taxes would have already been withheld and remitted to the IRD by the employer.

### **Payment of tax due**

33. Taxes are required to be paid by the employer within seven days from the date of salary payment via the withholding tax or advance tax route before 31 March of the relevant tax year.
34. The advance payments and any taxes withheld are creditable against the final tax liability.

### **Tax penalty**

35. Where the full tax liability is not paid via the advance tax

route before 10 April of the relevant tax year, a 10% penalty on the amount of shortfall could apply.

36. Failure of the employer to file the statement of annual salary within three months after the end of the tax year may lead to a penalty up to 10% being imposed, at the discretion of the IRD, on the amount of tax to be deducted on annual salaries.

### **Assessments**

37. Under the Income Tax Law, if it is found that there is a fraudulent intention to evade tax, the assessment or reassessment of income tax can be made at any time on the income that has escaped assessment of tax.
38. Failure by a taxpayer to file a return of income knowing that assessable income has been obtained, and failure to comply with the notice of the IRD to submit accounts and documents including the tax return and profit and loss accounts within the time prescribed or submitting forged instruments and other documents, are included

within the meaning of fraudulent intention.

39. In the course of investigation, if the tax authority finds that a taxpayer has concealed income or particulars relating to income, the taxpayer may be permitted to fully disclose the facts within the specified time. In addition, the taxpayer must pay a penalty amount equal to one time of the amount of tax increased on account of the concealment. Prior to 1 April 2016, the taxpayer must pay a penalty equal to 50% of the increased tax on account of the concealment. If the taxpayer fails to disclose the particulars within the specified time or discloses less than the income concealed, the taxpayer will also be subject to prosecution, in addition to paying the tax and penalty. If found guilty, the taxpayer may be punishable with imprisonment between three to ten years.

---

***Statute of limitations***

40. The statute of limitations to raise an assessment is three

years after the financial year end. It does not apply in cases of fraudulent default. The mere filing of the income tax

return and payment of advance tax in time does not constitute a final tax assessment.

---

# ***Step 6:***

## **What to do when you leave Myanmar**

### ***Tax***

41. The existing tax laws and regulations in Myanmar suggests that the individual, who has already filed taxes in Myanmar as applicable will no longer have any other obligations in relation to Myanmar taxes prior to leaving the country.

### ***Immigration***

42. In relation to immigration requirements, the

individual will not be required to cancel the Stay Permit or Work Permit upon leaving the country. However, one must ensure that the stay permit or work permit remains valid until leaving the country as there may be a penalty on overstay if the validity of such permit has already expired.

43. However, the individual will be required to return the FRC (Foreigner

Registration Certificate) to the immigration authorities upon leaving the country.

### ***Social Security***

44. The employer is required to notify the relevant social security office one month prior to leaving the country and cease making monthly contributions in relation to the employee starting from that very month

---

# Step 7:

## Other matters requiring consideration

### *For the employer relocating a foreign employee into a Myanmar Organisational structure*

45. There is no restriction on the number of expatriate employees. However, foreigners cannot be appointed as directors in companies formed under the Company's Act and owned by Myanmar citizens. In addition, the employment of foreigners as experts, technicians, managers, general managers or managing agents in companies established under MFIL must be approved by the Myanmar Investment Commission (MIC).
46. When appointing personnel in an organisation formed under the Permit issued by MIC, preference shall be given to citizens. However, MIC can consider the request for appointment of experts and technicians from abroad on a case-by-case basis.
47. An organisation formed under a Permit shall make arrangements for local and foreign training so as to ensure its local personnel are proficient in their work and are able to be promoted to higher ranks of services.
48. In summary, the following procedures need to be completed by a company intending to employ foreign experts and technicians:
  - The investor needs to provide the number of foreign experts/technicians to be employed in the investment application form submitted to the MIC.
  - After obtaining the MIC permit, the company needs to apply for an appointment and stay permit.
  - With the endorsement of the MIC and SEZ Management Committee, the company has to apply for a work permit from the Directorate of Labour under the Ministry of Labour, Employment and Social Security, and for a stay permit and visa from the Immigration and National Registration Department under the Ministry of Immigration and Population.

# Appendix A:

## Myanmar personal income tax rates on employment income

Income (MMK)	Rate
1–2,000,000	0%
2,000,001–5,000,000	5%
5,000,001–10,000,000	10%
10,000,001–20,000,000	15%
20,000,001–30,000,000	20%
30,000,001 and above	25%

### Remarks:

- Both resident and non-resident foreigners are taxed at the same progressive rates but for non-resident foreigners, no personal deduction or allowance is permitted.
- For the 2015/2016 tax year, individuals who earn employment income less than two million kyat during the tax year are exempt from paying personal income taxes to the Internal Revenue Department. With effect from April 2016, the threshold has been increased to MMK 4,800,000. Those who exceed this employment income threshold will be required to follow the above progressive rates when preparing tax returns.

---

# *Appendix B:* Double taxation agreements

Double Taxation Agreements have been concluded with Bangladesh, India, Indonesia, Laos, Malaysia, Singapore, South Korea, Thailand, United Kingdom, and Vietnam.

The agreements with India, Laos, Malaysia, Singapore, South Korea, Thailand, United Kingdom, and Vietnam are notified on the IRD website and Myanmar gazette and hence, are in effect.

---

# Appendix C:

## Myanmar contacts and offices

Our practice works with clients who strive to make their people a sustainable source of competitive advantage. Our strategy is built on our own belief in developing our people to be part of a creative and effective team, committed to outstanding client service. We have the ability to take fresh perspectives, to think differently and to develop and implement new and value adding situations.

We work in closely with our clients to offer practical, multi-disciplinary approaches to the increasingly complex challenges that businesses face. Our practice brings together PwC professionals who deal with international issues in tax, benefits, retirement, communications, financial planning, equity, compensation, strategy, regulatory, legal and process management – affording our clients an unmatched breadth and depth of expertise, both locally and globally.

We have more than 4,000 consultants worldwide, and our Myanmar team has a dedicated team with a multi-disciplinary background. Our expertise in tax law, accounting, and human resources issues combined with our knowledge of employment best practices, sets us apart.

***For more information on our international services in Myanmar, please contact any of the following people:***

### Contacts

**Jiraporn Chongkamanont**

Tel: +66 (0) 2344 1189

Email:

[jiraporn.chongkamanont@th.pwc.com](mailto:jiraporn.chongkamanont@th.pwc.com)**Napaporn Saralaksana**

Tel: +66 (0) 2344 1231

Email:

[napaporn.saralaksana@th.pwc.com](mailto:napaporn.saralaksana@th.pwc.com)



