

PwC Tax Insight # 20/2016

TAX & LEGAL UPDATE

TAX & LEGAL Services

*Issued Date: 14 September 2016

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Heading :

*The following report
may be of interest to :*

Summary :



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Update on Myanmar personal income tax law

Companies investing in or looking to invest in Myanmar

Although tax laws in Myanmar have long been established, the government has made many changes in recent years and many more are anticipated in the near future.

Here we highlight the latest changes in personal income tax regulations and practices that may impact your company and your employees working in Myanmar.

Tax rates for 2016/2017 tax year

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%

**The above rates apply to both resident and non-resident foreigners*

Minimum threshold for tax exemption

Previously, an individual earning less than two million kyat during the tax year was exempt from paying personal income taxes to the Internal Revenue Department. With effect from April 2016, the threshold has been increased to 4.8 million kyat. Those who exceed this threshold will be required to follow the above progressive rates when preparing tax returns.

Relief

In previous income tax years, annual deductions for spouses and children were 500,000 and 300,000 kyat (14,400 and 8,700 baht), respectively. This has changed to 1 million kyat for a spouse who does not earn any income and 500,000 kyat per child.

Personal relief for the taxpayer's parents and a spouse's parents, which was not a deduction previously, can now be claimed at 1 million kyat for each parent if they don't earn any income in the tax year and they live with the taxpayer in Myanmar (this excludes most expats from taking this deduction).

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Tax return requirements

The tax authority now requires resident foreigners to provide supporting documents for deductions such as marriage and birth certificates or visa stamps. Also, both resident and non-resident foreigners must now submit a signed copy of each page of their passport.

Short-term business travellers

Recently, many short-term business travellers or business trippers from multinational companies who frequently fly in and out of Myanmar with a business visa were asked by customs officers at Yangon International Airport to provide evidence that they have paid Myanmar tax. So, multinational companies now have to make sure that not only their long-term employees are complying fully with Myanmar income tax law, but also their short-term employees or business travellers.

For further information, please contact:

- **Ms. Napaporn Saralaksana** at napaporn.saralaksana@th.pwc.com or +66 (0) 2344 1231, or
- **Ms. Vipavee Prompreang** at vipavee.prompreang@th.pwc.com or +66 (0) 2344 1412