

# Managing Your Tax Affairs in Myanmar During the COVID-19 Crisis

## Top 10 Questions & Answers

*20 May 2020*

QUESTIONS	ANSWERS
<b>1. Are there any prioritized sectors or industries in Myanmar that are entitled to tax relief?</b>	Referring to the Myanmar Government’s recent COVID-19 Economic Relief Plan and issued tax notifications, the three main industries (“Prioritized Industries”) are: (1) ‘Cut-Make-Pack’ businesses (e.g. garments and textiles); (2) hotel and tourism businesses; (3) and small and medium-sized enterprises (“SMEs”) as classified under the SME Law and registered under the SME Development Department.
<b>2. Do these businesses need to be Myanmar-owned businesses? Can a foreign-owned company under these industries be covered?</b>	Currently, these businesses must be owned by a Myanmar citizen in order to qualify under the prioritized industry or sector.
<b>3. What are the tax incentives or relief that my company can avail of if we are in the Prioritized Industries?</b>	If you are in the Prioritized Industries, you may be entitled to: (1) a deferral of corporate income tax payments for Q2 (January to March 2020) and Q3 (April to June) until 30 September; (2) a deferral of commercial tax payments from March to August until 30 September 2020; (3) a deferral of social security payments for three months; and (4) exemption from 2% advance income tax on exports until 30 September 2020.
<b>4. Are there any tax incentives or relief measures available if my company is not in the Prioritized Industries?</b>	Currently, a company that is not engaged in the Prioritized Industries can avail of the exemption from 2% advance income tax on exports as well as deferral of social security payments. Similarly, commercial tax exemption will also apply if the company purchases equipment, medicines or supplies to be used for the prevention and treatment of COVID-19.
<b>5. Are these tax relief automatically applied by the IRD?</b>	In general, these tax relief measures are applied automatically. For those business in the Prioritized Industries, it is recommended to secure confirmation from your relevant Department or Ministry that you are classified under these sectors.
<b>6. Can we defer payments of Personal Income Tax?</b>	The Internal Revenue Department (“IRD”) has not yet issued a formal announcement on the deferral of personal income tax. Personal income tax is still payable within seven days after the date of payment. However, in certain cases, a taxpayer may request an extension of payment – for example, on a quarterly basis. This extension of payment will only apply if approved by your relevant township tax office.

<b>QUESTIONS</b>	<b>ANSWERS</b>
<b>7. If my company is not in the Prioritized Industries, will the IRD waive the penalties for any late payment of taxes?</b>	<p>The IRD has not issued guidelines on the waiving of penalties for late payment of taxes during the COVID-19 crisis. In general, a penalty equal to 10% of the tax due will apply to late payment of taxes, except for stamp duty. However, we understand that the imposition of penalties may vary per tax office depending on whether they apply a self-assessment or an office-assessment approach in assessing taxpayers.</p>
<b>8. What are the available options for online tax payment, and will that apply to all types of tax?</b>	<p>There are three options for online tax payment: (1) via the Myanmar Payment Union System; (2) via the Central Bank of Myanmar's Network System; and (3) via the Co-operative Bank System (CB-Pay). Currently, you can pay your corporate taxes (except stamp duty and personal income tax) via these online payment systems. For SEZ-registered companies, the online payment system also covers personal income tax payment.</p>
<b>9. Are there any other tax measures being considered by the Myanmar Government?</b>	<p>Referring to the COVID-19 Economic Relief Plan, the Myanmar Government is planning to introduce tax credit measures such as: (1) a 10% non-refundable tax credit on incremental wages; (2) a 10% non-refundable tax credit on incremental investment on capital equipment; (3) an additional 25% deduction for wages paid; and (4) an additional 25% deduction on the current year's depreciation. Currently, the MOPFI has not yet issued any formal guidelines in this regard, so the application of these tax credit measures remains unclear for now.</p>
<b>10. If we will donate during this COVID-19 crisis, can we claim a full deduction for these donations? Are there any documents that we need to maintain in order to support the deduction?</b>	<p>The IRD has not provided guidelines with regard to donations made during this COVID-19 crisis. Under the general tax rules, donations can be allowed as a deduction but will generally be subject to a 25% limitation of taxable income. In order to support the payment, a certificate of donation must be secured from the qualified donee.</p>

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