

Myanmar enacts Union Taxation Law 2020

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Executive summary

Myanmar's Union Parliament promulgated the Union Taxation Law 2020 (UTL 2020) on 2 September 2020 and it will be effective from 1 October 2020. The UTL 2020 will be applicable for the financial year (FY) from 1 October 2020 to 30 September 2021 (i.e., FY 2020-2021).

This Alert summarizes the key differences between the UTL 2020 and the Union Taxation Law 2019 (UTL 2019).

Detailed discussion

Income Tax (IT)

Under the UTL 2020, there are no changes to the rates of personal income tax, capital gains tax and corporate income tax. We have provided a comparison of differences in the tax rates on income escaped from assessment for Citizens¹ under the UTL 2019 and the UTL 2020.

Changes to tax rates on income escaped from assessment for Citizens

Pursuant to the UTL 2019, income escaped from assessment for Citizens who have invested in capital assets, construction and business expansion activities shall be subject to progressive tax rates ranging from 3% to 30%. Under the UTL 2020, the income tax rates on such income shall be increased to 6% - 30% as shown in the below comparative table.

Sr.	Income (Kyats)		UTL 2019	UTL 2020
	From	To		
	Kyat	Kyat		
1	1	100,000,000	3%	6%
2	100,000,001	300,000,000	5%	10%
3	300,000,001	1,000,000,000	10%	20%
4	1,000,000,001	3,000,000,000	15%	
5	Above 3,000,000,001		30%	30%

Income escaped from assessment means income escaped from assessment realized/occurring before 1 October 2020. Moreover, the income tax rates will be effective only from 1 October 2020 to 30 September 2021.

Specific Goods Tax (SGT)

Increase in SGT rates

Under the UTL 2020, the SGT rates for cigarettes, alcohol, wine and cheroots will be increased. The below table illustrates the changes in SGT rates between the UTL 2019 and the UTL 2020.

Specific goods	Under UTL 2019	Under UTL 2020
Cigarettes	▶ Range of MMK8 - MMK25 per stick (for 20 sticks per pack with selling price ranging from below MMK600 to MMK1,001 and above)	▶ Range of MMK9 - MMK26 per stick (for 20 sticks per pack with selling price ranging from below MMK600 to MMK1,001 and above)
Alcohol	▶ Range of MMK170 - MMK4,100 per liter (For one-liter value ranging from MMK200 to MMK1,000 and up to MMK15,000)	▶ Range of MMK180 - MMK4,346 per liter (For one-liter value ranging from MMK300 to MMK1000 and up to MMK15,000)
Wine	▶ Range of MMK81 - MMK3,250 per liter (For one-liter value ranging from below MMK750 and up to MMK16,500)	▶ Range of MMK87 - MMK3,510 per liter (For one-liter value ranging from below MMK750 and up to MMK16,500)
Cheroots	▶ MMK 75 pyas per stick	▶ MMK 80 pyas per stick

* See Appendix (A) below for a list of Specific Goods and respective SGT rates under the UTL 020.

Commercial Tax (CT)

Under the UTL 2020, there are no significant changes to the CT. Amendments/additions to the list of goods and services exempted from CT under the UTL 2019 and the UTL 2020 are underlined in the tables below:

Amendments and additions to the CT exempted goods list

Under UTL 2019	Under UTL 2020
<ul style="list-style-type: none"> ▶ Sugarcane, sugar, palm sugar, brown slab-sugar, soymilk, milk, and dairy products, condensed milk, fresh milk, powered milk, yogurt 	<ul style="list-style-type: none"> ▶ Sugarcane, sugar, palm sugar, brown slab-sugar, soymilk, milk, and dairy products, condensed milk, fresh milk, powered milk, yogurt (excluding the milk substitute products which are not produced by cow milk, buffalo milk, goat milk, and creamers)
<ul style="list-style-type: none"> ▶ X-ray film, plates and other X-ray equipment and pharmaceutical apparatus prescribed by the Department of Health, medical cotton wool, gauze, bandages, hospital tools to take medicines, surgical mask (once time used), cap, surgical glove, masks used to prevent flu, household pharmaceuticals, and other pharmaceuticals and traditional medicines (FDA registered medicines, raw material for medicine including raw material for traditional medicines, other than medicines which are restricted by Law, Rule & Regulation) 	<ul style="list-style-type: none"> ▶ "X-ray film, plates and other X-ray equipment and pharmaceutical apparatus prescribed by the Department of Food and Drug Administration, medical cotton wool, gauze, bandages, hospital tools to take medicines, surgical mask (once time used), cap, surgical glove, masks used to prevent flu, household pharmaceuticals, and other pharmaceuticals and traditional medicines (FDA registered medicines, raw material for medicine including raw material for traditional medicines, other than medicines which are restricted by Law, Rule & Regulation)"
<ul style="list-style-type: none"> ▶ No Provision 	<ul style="list-style-type: none"> ▶ Imported goods and goods purchased locally by United Nations organizations are added to the list of goods exempted from the CT

There is an additional provision under Section 14, sub-section (h) of the UTL 2020 which states that "imported goods under Temporary Admission or Drawback system in accordance with the customs procedure which were not exported back within the prescribed period and the goods were used for domestic consumption will be subject to 5% CT (which were exempted upon the importation) and shall be repaid in accordance with the customs procedures."

Amendments and additions to the CT exempted services list

Under UTL 2019	Under UTL 2020
<ul style="list-style-type: none"> ▶ No Provision 	<ul style="list-style-type: none"> ▶ Services obtained locally by Resident United Nations organizations are added to the list of services exempted from the CT
<ul style="list-style-type: none"> ▶ Domestic and International airline transportation service 	<ul style="list-style-type: none"> ▶ The airline transportation services that collect charges on passengers of both domestic and overseas travel

* See Appendix (B) below for a full list of goods and services exempted from CT under UTL 2020.

Note:

See the link below to access the full version of the UTL 2020 in Myanmar language issued by the Union Parliament.

[https://www.ird.gov.mm/sites/default/files/2020_UTL\(V-030920\)_1.pdf](https://www.ird.gov.mm/sites/default/files/2020_UTL(V-030920)_1.pdf).

Appendix A - Specific goods and respective SGT rates under UTL 2020

SGT rates for importation and produced domestically

Sr.No	Description of specific goods	Price level	Tax rates
1	(a) Various types of cigarette	Up to sale price of 600 kyats for a pack of 20 cigarette	9 kyats per cigarette
	(b) Various types of cigarette	Between the sale price of 601 - 800 kyats for a pack of 20 cigarette	18 kyats per cigarette
	(c) Various types of cigarette	Between the sale price of 801 - 1000 kyats for a pack of 20 cigarette	23 kyats per cigarette
	(d) Various types of cigarette	The sale price of 1001 kyats and above for a pack of 20 cigarette	26 kyats per cigarette
2	Tobacco		60%
3	Cured virginia tobacco		60%
4	Cheroot		MMK 80 pyas per stick
5	Cigar		80%
6	Pipe tobaccos		80%
7	Various types of betel chewing preparation		80%
8	(a) Various types of liquor	Between 300 - 1000 kyats per liter	180 kyats per liter
	(b) Various types of liquor	Between 1001 - 2000 kyats per liter	449 kyats per liter
	(c) Various types of liquor	Between 2001 - 3000 kyats per liter	749 kyats per liter
	(d) Various types of liquor	Between 3001 - 4000 kyats per liter	1049 kyats per liter
	(e) Various types of liquor	Between 4001 - 5000 kyats per liter	1349 kyats per liter
	(f) Various types of liquor	Between 5001 - 6000 kyats per liter	1648 kyats per liter
	(g) Various types of liquor	Between 6001 - 7000 kyats per liter	1948 kyats per liter
	(h) Various types of liquor	Between 7001 - 8000 kyats per liter	2248 kyats per liter
	(i) Various types of liquor	Between 8001 - 9000 kyats per liter	2548 kyats per liter
	(j) Various types of liquor	Between 9001 - 10000 kyats per liter	2847 kyats per liter
	(k) Various types of liquor	Between 10001 - 11000 kyats per liter	3147 kyats per liter
	(l) Various types of liquor	Between 11001 - 12000 kyats per liter	3447 kyats per liter
	(m) Various types of liquor	Between 12001 - 13000 kyats per liter	3747 kyats per liter
	(n) Various types of liquor	Between 13001 - 14000 kyats per liter	4046 kyats per liter
	(o) Various types of liquor	Between 14001 - 15000 kyats per liter	4346 kyats per liter

Sr.No	Description of specific goods	Price level	Tax rates
	(p) Various types of liquor	Above 15001 kyats per liter	60% of the price of a liter
9	Various types of beer		60%
10	(a) Various types of wine	Up to 750 kyats per liter	87 kyats per liter
	(b) Various types of wine	Between 751 - 1500 kyats per liter	264 kyats per liter
	(c) Various types of wine	Between 1501 - 2250 kyats per liter	438 kyats per liter
	(d) Various types of wine	Between 2251 - 3000 kyats per liter	615 kyats per liter
	(e) Various types of wine	Between 3001 - 3750 kyats per liter	791 kyats per liter
	(f) Various types of wine	Between 3751 - 4500 kyats per liter	966 kyats per liter
	(g) Various types of wine	Between 4501 - 6000 kyats per liter	1229 kyats per liter
	(h) Various types of wine	Between 6001 - 7500 kyats per liter	1580 kyats per liter
	(i) Various types of wine	Between 7501 - 9000 kyats per liter	1931 kyats per liter
	(j) Various types of wine	Between 9001 - 10500 kyats per liter	2282 kyats per liter
	(k) Various types of wine	Between 10501 - 13500 kyats per liter	2808 kyats per liter
	(l) Various types of wine	Between 13501 - 16500 kyats per liter	3510 kyats per liter
	(m) Various types of wine	16501 kyats and above per liter	50% of the price of a liter
11	Logs and different types of timber		5%
12	(a) Engine power from 1501 CC to 2000 CC vans, saloons, sedans, wagons, estate wagons and coupes except Double Cab 4 Door pick up.		10%
	(b) Engine power from 2001 CC to 4000 CC vans, saloons, sedans, wagons, estate wagons and coupes except Double Cab 4 Door pick up.		30%
	(c) Engine power above 4001 CC vans, saloons, sedans, wagons, estate wagons and coupes except Double Cab 4 Door pick up.		50%
13	Kerosene, petrol, diesel oil, jet fuel		5%
14	Natural gas		8%

SGT rates for export

Sr.No	Description of specific goods	Tax rates
1	Logs and different types of timber	10%

Appendix B - List of goods and services exempted from CT under UTL 2020

List of goods exempted from CT

Sr.No	Description of goods
Foods	
1	Paddy, rice, broken rice, rice bran, chaff, and paddy husk, wheat, wheat bran and wheat husk, various types of maize and corn powder
2	Various types of pulse, split, powdered pea, pea bran and pea shell, shelled and unshelled groundnut, sesame, flower sesame, cotton seed, rice bran
3	Garlic, onion, potato, spicy leaf, fruit, seeds, barks, prepared spices, chili, chili powder, turmeric, turmeric powder, ginger, ripe tamarind, various salt
4	Various fresh fruits, vegetables
5	Fresh tea leaf, dried tea leaf, sweet dried tea leaf, various types of packed dried tea leaf
6	Fresh fish, fresh prawn, fresh meat, various eggs such as hen eggs, duck eggs, etc.
7	Groundnut oil, Sesame oil
8	Sugarcane, sugar, palm sugar, brown slab-sugar, soymilk, milk, and dairy products, condensed milk, fresh milk, powered milk, yoghurt (excluding the milk substitute products which are not produced by cow milk, buffalo milk, goat milk, and creamers)
9	Various kinds of fish sauce, various kinds of dried fish and dried prawns, various kinds of pickled fish and pickled prawn, powdered prawn, powdered fish, various types of fish paste
Agriculture and livestock goods	
10	Mulberry leaf, cocoon
11	Live animals, fish, prawn, terrestrial animals, aquatic animals, amphibians, their eggs, embryo, newborns, species, aquatic plants and seeds, sprout and algae
12	Various types of fertilizer using for growing and blossoming of plants including soil, chemical fertilizer, various kinds of insecticide, weed-killer that are used in agriculture, preventative medicine and pesticide that used in agriculture for not occurring fungi, bacteria, nematodes and other diseases, disinfectant that are used in livestock (not including mosquito insecticide for home, spray, pesticide), medicines and vaccines for animal, fish and prawn (including the medicine and vaccine approved by Ministry of Agriculture, Livestock and Irrigation and vaccine which had been certified by the Livestock Breeding and Veterinary Department), raw and finished goods for animal, fish and prawn feed (not including pets foods)
13	Oil-palm, sunflower seeds, cotton seeds, pumpkin seed, water-melon seed, cashew nut, betel nut, betel nutshell, pure seeds and seedlings of crops
14	Raw material of cotton, various type of cotton, cardamom plant, thanakha and products of agricultural land and gardening which are not elsewhere specified, coconut oil (not palm oil)
15	Coir yarn
16	Firewood, bamboo, finished and unfinished cane, firewood-substitute fuel stick

Sr.No	Description of goods
School and office used goods	
17	Lac, various types of stamp (including revenue stamp)
18	State flag
19	Slate, slate pencil and chalk, graphite for the production of pencils
20	Various kinds of textbooks, various kinds of educational and technical books to be used in basic education schools, college and university, various kinds of exercise and drawing books, fiction and literature book, magazine, journal and various types of newspaper and paper sheets for the production of such books (within 40 Gsm to 80 Gsm) and all sorts of pencils, various types of ruler, eraser, pencil sharpener.
Health related goods	
21	Herb
22	Honey and bee wax
23	X-ray film, plates and other X-ray equipment and pharmaceutical apparatus prescribed by the Department of Food and Drug Administration, medical cotton wool, gauze, bandages, hospital tools to take medicines, surgical mask (once time used), cap, surgical glove, masks used to prevent flu, household pharmaceuticals, and other pharmaceuticals and traditional medicines (FDA registered medicines, raw material for medicine including raw material for traditional medicines, other than medicines which are restricted by Law, Rule & Regulation)
24	Condom
Religious and social goods	
25	Various types of rosary (not including rosary made by precious gemstones), religious clothes (robe etc.)
26	Fire-engine, rescue engine, hearse
Transportation goods	
27	Fuel sold by the Ministry of Electricity and Energy to foreign embassies, UN organizations and foreign diplomats
28	Jet fuel sold to be used for planes flying domestic and abroad.
29	Machine, machinery and equipment and the spare parts of planes or helicopters
Industrial goods	
30	Bleaching substance (only Hypochlorite using in bleaching), raw material of detergent, raw material of soap and raw soap
31	Jute and other fibers, rubber and Tragacanth Gum Herb
32	Equipment, machines and spare parts, tractors for farm and livestock, equipment, various types of machine and spare parts (other than vehicle that need to register according to <i>Motor Vehicles Act</i>) operated from the time of preparation of soil to harvest time with human labor or animals or machine efficiency separately, equipment, machine and spare parts that used in livestock. Breeds, eggs (including freeze breed) for using in inseminating, larvae and equipment that used for insemination
33	Solar panel, solar charger, controller and solar inverter

Sr.No	Description of goods
34	Raw materials or goods to be used directly as parts of goods provided by foreign resident supplier to use for production of finished goods on a CMP (cut the fabric, make garments, Trim/Pack the garments) basis or goods used for packaging the finished product, according to the need, machine, machinery, equipment and their spare parts (not for sale) imported by the business that operates on a CMP (cut the fabric, make garments, trim/ pack the garments).
Defense related goods	
35	Weapons, vehicles, machineries, accessory and equipment, spare parts and accessories thereof used by State Defense and Security Organizations, various kinds of gun powder, various kinds of dynamites and related substances used by civil departments (only the things that imported with the permission of Office of the Commander-in-Chief (Army)). Goods purchased for the use of defense services and for the consumption of defense services personnel incurred from the expenditure allotted in the budget accounts for the Ministry of Defense
Gemstone and mineral products	
36	Pure gold (standard gold bars, gold block, gold coins), in uncut forms and finished in cut forms of jade, ruby, sapphire selling at the Myanmar's Gems and Jewelry supervised and held by the Government in country
37	Oil dregs
General goods	
38	Materials sold in foreign currency to overseas passengers at specific places
39	Goods to be used by foreign embassies or small embassies and their diplomats and non-diplomat staff inclusive of reciprocal right policy between two countries which are permitted by Ministry of planning and finance with notification, proposing from Ministry of foreign affairs in consent with the Union Government
40	Imported goods and goods purchased locally by United Nations organizations
41	Goods purchased with the donation or funds provided by domestic and foreign organizations to the State
42	Goods exempted by the Pyidaungsu Hluttaw as per the needs of the State
43	Goods imported by temporary admission or drawback system in accordance with the Custom's procedures

List of services exempted from CT

Sr.No	Description of Services
Foreign affairs sector	
1	Services acquired by foreign embassies or small embassies and their diplomats and non-diplomat staff inclusive of reciprocal right policy between two countries which are permitted by Ministry of planning and finance with notification, proposing from Ministry of foreign affairs in consent with the Union Government
2	Services obtained locally by Resident United Nations organizations
Defense sector	
3	Printing service by the security printing of the Ministry of Defense

Sr.No	Description of Services
Religious and cultural sector	
4	Culture and fine art service
Transportation and communication sector	
5	Renting of parking space service
6	Transportation of goods service (Transportation by train, motor vehicles, vessels, airplanes and machineries except the pipeline transportation)
7	Moving household service
8	Collecting toll service
9	International and domestic passenger air transport service with fee
10	Public transportation service
11	Postal services rendered by Union Government
Education and information sector	
12	Education services
13	Book, magazine, journal, newspaper publishing service
Health sector	
14	Healthcare service except body fitness
15	Traditional massage service/ Blind massage service
16	Animal healthcare and welfare service
17	Collecting fees at public toilet service
Planning and finance sector	
18	Life insurance service
19	Microfinance service
20	Capital market service
21	Monetary service providing with the permission of the Bank and Central Bank
22	Customs and port clearance service
23	Union Lottery service
Social welfare, relief and resettlement sector	
24	Hiring of equipment used in catering service
25	Funeral service
26	Childcare service

Sr.No	Description of Services
Industry and electricity sector	
27	Providing raw materials in return for finished goods system service.
28	Mechanized agriculture service
29	Private owned small electrical distribution services for the region which are not connected with Maha (Main) grid
General sector	
30	License fees payable to State organizations to obtain the permission for operating any matter
31	Services exempted by the Pyidaungsu Hluttaw as per the needs of the State
32	Service acquired with the donation or funds provided by domestic and foreign organizations to the State
33	Services provided each other by the organization such as the President's Office, the Union Government's Office, the Pyidaungsu Hluttaw Office, the Pyithu (Public) Hluttaw Office, the Amyotha (National) Hluttaw Office, the Supreme Court of the Union, the Constitutional Tribunal of the Union, the Union Election Commission Office, the Union Attorney General's Office, the Union Auditor General's Office and the Union Civil Service Board Office, Union Ministries, the Nay Pyi Taw Council Office, the Central Bank of Myanmar, Social Security Board, State or Region Government's Office, Departments (Services provided by State-owned enterprises and services acquired by State-owned enterprises are not included).

Endnote

1. This is a tax which is assessed on undisclosed income.

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