

The Union of Myanmar
The State Peace and Development Council
The Law Amending the Income Tax Law
(The State Peace and Development Council Law No 2/2006)
The 11th Waning Day of *Taboung*, 1367 M.E.
(24th March, 2006)

The State Peace and Development Council hereby enacts the following Law : -

- 1. This Law shall be called the Law Amending the Income Tax Law.**
- 2. This Law shall have effect commencing from the 2006-2007 financial year.**
- 3. Sub-section (q) of section 3 of the Income Tax Law shall be substituted as follows:**
"(q) Capital assets means any land, building, vehicle and any capital assets of an enterprises. The said expression also includes share, bond and similar instruments."

4. Section 4 of the Income Tax Law shall be substituted as follows:

"4 The Ministry of Finance and Revenue with the approval of the Government

(a) may prescribe, amend and add the following income and rates of income tax by notification:

(i) assessable total income;

(ii) rates of income tax for each class of income;

(iii) assessable income and rates of income tax for each class of income received in foreign currency.

(b) in issuing the notification under sub-section (a):

(i) shall prescribe the effective date or assessment year;

(ii) shall cause the income tax to be assessed at the prescribed rates for each class of income upon all persons having assessable total income relevant to the effective date or assessment year, related to that income year."

5. Section 6 of the Income Tax Law shall be substituted as follows:

"6. (a) The Ministry of Finance and Revenue may, with the approval of the Government prescribe, amend and add the following reliefs by notification:

(i) basic allowance for an association or persons;

(ii) basic allowance for an individual, and allowance for assessee's spouse and children.

(b) In issuing the notification under sub-section (a), shall prescribe the effective date or assessment year.

(c) shall deduct the following from the total income and compute the tax on the remaining amount of income:

- (i) **basic allowance for an association of persons;**
- (ii) **for an individual,**
 - (aa) **basic allowance;**
 - (bb) **allowance for assessee's spouse and children;**
 - (cc) **life premium paid for the insurance policy of assessee
or assessee's spouse;**
 - (dd) **contribution towards saving fund as prescribed by
the Rules.**

Proviso: Sub-section (a) and (c) shall not apply to the non-resident foreigner mentioned in section 26 and the computation of tax on capital gains from capital assets under section 13.

- (d) **In assessing by computing under sub-section (c) sum donated to any religious or charitable institution or to any fund relevant to such matters sponsored by the different levels of the State organization or recognized by the Ministry of Finance and Revenue by notification shall be deducted. The amount donated as such shall not exceed twenty five percent of the total income of the assessee.**

Explanation:

“ Charity “ contained in sub-section (d) means and includes contribution for the benefit of the public such as donation for education, health, welfare for the poor etc.

6. After sub-section (a) of section 21 of the Income Tax Law, the following explanation shall be inserted:

Explanation. The expression "fraudulent intention" contained in sub-section (a) includes the following:

- (i) Failure to file the return for that income knowing that assessable income has been obtained;**
- (ii) Failure to comply with the notice when a notice in writing is made by the Internal Revenue Department and the relevant offices of the Head of Internal Revenue to submit the accounts and documents including return and profit and loss accounts in respect of any income or any class of income at the specified time in such notice or extended time, or submitting forged instruments and other documents.**

(Sd.) Than Shwe

Senior General

Chairman

The State Peace and Development Council