Myanmar Special Economic Zones Law

The Pyidaungsu Hluttaw Law No. 1/2014

8th Waning of Pyatho, 1375 M.E

23rd January 2014

The Pyidaungsu Hluttaw hereby enacts this law.

Chapter 1

Title, Application and Definition

1. This law shall be called the Myanmar Special Economic Zones Law.
2. This law shall apply to all Special Economic Zones.
3. The following expressions contained in this law shall have the meanings given hereunder –
   (a) "**State**" means the Republic of the Union of Myanmar;
   (b) "**Union Government**" means the government of the Republic of the Union of Myanmar;
   (c) "**Special economic zone**" means a specified zone, notified and established as special economic zone under this law by the central body by demarcating the land area;
   (d) "**Infrastructure**" means tangible basic facilities such as electric power supply, water supply, waste water purification, roads, highways, railways, ports, airports, telecommunication networks, etc., and intangible facilities such as computer programmes and managerial arrangements for easy and effective operations;
   (e) "**Developer**" means a company, person or organization engaging, on a case-by-case basis with the permission of the management committee in accordance with the stipulations contained in this law, the rules, bye-laws, regulations and notifications issued under this law, in the construction, operation and maintenance of the infrastructure of a special economic zone;
   (f) "**Investor**" means a citizen, a foreigner or a joint venture established between a citizen and a foreigner who/that, on a case-by-case basis, has been granted permission by the relevant management committee to do business by investing in the special economic zone;
   (g) "**Citizen**" includes also associated citizens and naturalized citizens. In this expression, economic organizations established exclusively by citizens are also included;

(h) "**Foreigner**" means a person who is not a citizen. In this expression, economic organizations established with foreigners *[translator's note: i.e. not established exclusively by citizens]* are also included;

(i) "**Exempted zone**" means a zone, specified by the relevant management committee and the customs department, that is regarded as if it were situated outside the country and in which customs duties and other taxes are, with regard to goods located in the special economic zone or transported into the special economic zone. In this zone, manufacturing, transportation and international wholesale trading may be conducted;

(j) "**Promotion zones**" means zones - which are not inland customs zones and exempted zones - for other businesses located in the special economic zone;

(k) "**Exempted business**" means an export-orientated business that is either (i) located in an exempted zone or (ii) outside an exempted zone or promotion zone, but has the right to enjoy the benefits available to a manufacturing business in an exempted zone;

(l) "**Other business**" means a business located either (i) in an area of the special economic zone which is not specified separately as exempted zone or promotion zone or (ii) in a promotion zone, but has *[only]* the right to enjoy the benefits available to an *[ordinary]* manufacturing business;

(m) "**Other zone**" means a zone specified by the Union Government from time to time, except high technology industrial zones, information technology zones, export-oriented production zones, port zones, logistics and transportation zones, science and technology research and development zones, services business zones, intermediary trading zones;

(n) "**Central body**" means the central body, formed by the Union Government under this law, for the administration of the special economic zones in Myanmar;

(o) "**Central working body**" means the central working body, formed by the central body under this law, in order to support the central body;

(p) "**Management committee**" means the management committee formed under this law to manage, administer and supervise the relevant special economic zone;

(q) "**Responsible ministry**" means the Union ministry charged by the Union Government with being responsible for implementing the necessary functions and duties under this law;

(r) "**Assets**" means land, buildings, vehicles, business-related capital, shares, promissory notes and similar instruments;

(s) "**Profit accrued from assets**" means a profit from the sale of assets, from mortgaging them, exchanging them or renting them out.

Chapter 2

Objectives

4. The objectives of this law are as follows –
   (a) To support the main goals of the national economic development project;
   (b) To increase job opportunities for the people, to ameliorate their living standard, to promote the production of commodities, to increase export and to earn more income in foreign exchange;
   (c) To encourage, promote and entice the harmonious development of the industry, economy and society;
   (d) To promote industrial, economic and commercial enterprises, cooperation in services and finances between the state and other countries and to provide opportunities to citizens to learn vocational skills;
   (e) To encourage and entice local and foreign investment by constructing infrastructure for developers and investors;
   (f) To promote local and foreign investments in the special economic zones. To create new employment opportunities and to create industries next to the special economic zones.

Chapter 3

Formation of the Central Body and Functions and Duties thereof

5. The Union Government -
   (a) Shall, in order to implement the functions and duties contained in this law in respect of the establishment and operation of special economic zones, form a central body for the administration of the special economic zones in Myanmar, composed of a suitable person as chairman and suitable persons from the relevant ministries, government departments and organizations as members;
   (b) Shall reconstitute the central body formed under sub-section (a) as necessary;
   (c) Shall assign duties to the central body.
6. The functions and duties of the central body are as follows –

(a) Laying down policies in order to implement the special economic zones successfully in accordance with the stipulations of this law and providing guidance as necessary;

(b) Reforming and establishing special high standard industry business, economic and commercial business, services, tourism, industry business based on agriculture, investment business, financial centres and centres for export-oriented industries in the selected regions in the country;

(c) Submitting the proposal to establish a special economic zone, which includes information as to the suitable place, required land area, extent of the land area and boundary demarcation, to the Union Government after having obtained and scrutinized the opinions of the relevant government departments and organizations;

(d) Forming the central working body and management committees with the approval of the Union Government to enable administration of the special economic zones, and assigning the functions and duties thereof;

(e) Laying down the arrangements and projects for the development and management of the special economic zones. Specifying work schemes and frameworks relating to implementation, surveillance and control;

(f) Scrutinizing and approving special economic zone development projects submitted by the management committees;

(g) Determining the categories of investment business and investment amounts in the special economic zones;

(h) Supervising the work of the management committees, inspecting them from time to time and communicating / coordinating with the relevant government departments and organizations;

(i) Granting, with the approval of the Union Government, relief from taxes and revenues, rental fees and land use premiums to be levied under this law;

(j) Increasing, with the approval of the Union Government, the tax exemption and relief periods in excess to those stipulated in this law in order to develop the whole country;

(k) Directing and supervising the "one-stop service" in the special economic zone in order to assure speed;

(l) Forming committees with the personnel of the relevant government departments and organizations in order to implement administrative, security, management and development matters in the special economic zones and determining the functions and duties of these committees;

(m) Requesting the management committees to supervise the committees formed under sub-section (l) directly;

(n) Reporting to the Union Government on the state of the implementation of the special economic zone projects;

(o) Establishing new special economic zones for the benefit of the country and the people. If industrial zones which are presently operational conform to the characteristics of specified special economic zones, upgrading such industrial zones to special economic zones with the approval of the Union Government and, thereafter, submitting the matter to the Pyitaungsu Hluttaw for approval;

(p) Performing other duties related to special economic zones as assigned by the Union Government.

Chapter 4

Formation of the Central Working Body and Functions and Duties Thereof

7. The central body shall, with the approval of the Union Government –

(a) in order to administer special economic zones, form a central working body, composed of relevant personnel from government departments and organizations;

(b) when forming the central working body according to sub-section (a), determine the duty of, and assign duty to, its chairman, vice-chairman, secretary and joint-secretary;

(c) reconstitute the central working body as necessary.

8. The functions and duties of the central working body are as follows –

(a) It shall scrutinize the proposals submitted by the management committees, developers or investors concerning special economic zones or investment businesses, and advise the central body;

(b) It shall scrutinize the special economic zone development projects submitted by the management committees and advise the central body;

(c) It shall scrutinize to determine the type of zone, the prioritized businesses, the types of business in accordance with the zone and submit the result to the central body;

(d) It shall study the matters related to international special economic zones and other special economic zones which should be implemented in Myanmar and their location, and advise the central body;

(e) It shall, with the approval of the central body and in accordance with the stipulations, coordinate with the relevant organizations in order to enable the investment businesses to be carried out in the relevant special economic zone;

(f) shall scrutinize other matters related to the administration, management and legal compliance of the investment businesses in the special economic zones;

(g) shall form, and assign duty to, other suitable working groups under the central body, if necessary.

Chapter 5

Formation of the Management Committees and Functions and Duties Thereof

9. The Central Body –

(a) shall form, for each special economic zone, a management committee composed of personnel from relevant government departments and organizations, external personnel and personnel from external organizations in order to carry out the duties imposed by this law for the relevant special economic zone;

(b) shall include one representative of the relevant Region or State Government as member in the relevant management committee;

(c) shall, when forming a management committee according to sub-section (a), determine the chairman, the vice-chairman, the secretary and the joint-secretary;

(d) shall reconstitute the management committees as necessary.

10. The chairman of a management committee shall be responsible to the President of the Republic of the Union of Myanmar through the central body.

11. The functions and duties of the management committees are as follows –

(a) submitting the special economic zone development project to the central body through the central working body and obtaining approval for the implementation and operation of the special economic zone;

(b) making arrangements so that investment businesses can be carried out in accordance with the stipulations;

(c) issuing permits to engage in an investment business within 30 days from the date of application, if the application includes all particulars stated in section 30;

(d) supervising and inspecting the implementation of the investment, land-use, environmental conservation, health, education, finance and taxation, development,

transport, communication, security, electricity, energy and water supply, etc., and coordinating with the relevant government departments and organizations;

(e) coordinating with the relevant government departments and organization as may be necessary in order to protect the assets, profits and other rights of the investors in conformity with the existing laws;

(f) specifying, in notifications, orders, directives and procedures, the particulars to be followed by the investors;

(g) if the investors and their employees, their technicians, workers and family members are foreigners: coordinating with government departments and organizations in order to enable them to obtain entry visas and stay permits;

(h) coordinating matters with the Myanmar Central Bank to facilitate its financial management and supervision of foreign currencies and the financial business of investors in the special economic zone, and dealing with the banks permitted to do foreign banking business in Myanmar;

(i) permitting the developer, the investors, or the companies to carry out their business in the special economic zone in accordance with the stipulations, and supervising their performance;

(j) supplementing, amending and cancelling the rules pertaining to investments in the special economic zone from time to time, without affecting businesses that are already registered;

(k) demarcating the adjoining zones and locations in the special economic zone;

(l) offering a one-stop service: granting permits to invest in the special economic zone, registering companies, issuing entry visas for relevant jobs, issuing certificates of origin, taxation, issuing work permits and permissions to hire, issuing construction permits for factories and other investment and economic licenses;

(m) managing directly the departments established under the management committee in accordance with sub-section (l);

(n) scrutinizing whether the design and the construction of the special economic zone conform to the main plan;

(o) prescribing the particulars to be followed for the types of business that may be established in exempted zones and promotion zones, the minimum investment amount for each type of business, the minimum number of citizen employees to be hired, the standard norms for high technology;

(p) supervising environmental conservation and protection in the special economic zone in accordance with the existing laws, scrutinizing the system to dispose industrial waste from the factories, requesting developers and investors to comply with the stipulations;

(q) if necessary, forming a support committee, composed of representatives from relevant government departments or organizations, representatives of the developer and investors, and other suitable relevant personnel;

(r) in order to attract investment businesses, specifying and reforming, management patterns regarding the construction, operation and maintenance of the investment projects in the special economic zone, based on the advice of the support committee;

(s) issuing regulations to assure that the operation and management of the relevant special economic zone is one in compliance with the stipulations;

(t) granting exemptions and relief to investors or the developer in conformity with the Myanmar Special Economic Zones Law;

(u) carrying out the functions and duties specifically assigned to the management committee by the Union Government and the Central Body.

Chapter 6

Establishing a Special Economic Zone

12. The central body may, with the approval of the Union Government and after the matter has been submitted to, and confirmed by, the Pyidaungsu Hluttaw, establish a special economic zone in order to promote the development of the economy of the state, on the basis of the following criteria:

(a) international means of access such as ports, airports for easy communication between the international border and local markets;

(b) located in an area selected and prescribed by the Union Government for regional development;

(c) required infrastructure either already available or there are prospects that it will be built;

(d) Water resources and electric power available;

(e) adequate land available to establish industry and investment businesses;

(f) availability of skilled workers, semi-skilled workers and workers who can be trained;

(g) possibility to implement training programmes to obtain required skilled workers;

(h) being a transportation hub.

13. If a plan to establish a special economic zone is feasible and beneficial to the state and the people, the central body may, with the approval of the Union Government and after having acquired the confirmation from the Pyidaungsu Hluttaw, establish the special economic zone, even if the criteria contained in section 12 are not met.
14. The central body –
    (a) shall select the developer through an open tender in accordance with the international procedures;
    (b) shall give priority to a developer who is well experienced in the management of a special economic zone and ensures benefits for the state and the people, prompt implementation of the project and transparency.
15. Foreigners may be allowed to own 100% of an investment business or to invest in a joint-venture a citizen.

Chapter 7

Prescriptions Related to Exempted Zones and Promotion Zones

16. The relevant management committee in a special economic zone –
    (a) may, as necessary, demarcate exempted zones and promotion zones;
    (b) may demarcate other zones in addition to the exempted zones and the promotion zones according to market requirements;
    (c) outside the demarcation of exempted zones and promotion zones, export-oriented businesses may be individually specified as an exempted zone.
17. Exempted businesses specified according to sub-section (c) of the section 16 shall enjoy the same benefits as businesses located in a demarcated exempted zone. Other businesses which are not specified as exempted may enjoy the same benefits as businesses located in a promotion zone.
18. The customs department –
    (a) shall ensure that goods imported into, or produced in, an exempted zone do not enter the country or a promotion zone without customs clearance;
    (b) shall prescribe the methods of entrance into, and exit from, an exempted zone and the ways and means to be exercised in order to have secured fencing around the exempted zone so as to have security of the border;

(c) customs clearance in the special economic zone shall be carried out in accordance with customs procedures as they are practiced internationally. If it is deemed necessary, the customs department may carry out customs inspections in person at the location of the investor's business.

(d) if it is found that the investor is not in compliance with the stipulations, actions may be taken in accordance with the relevant customs procedures.

19. The customs department and the relevant departments shall specify the customs clearance procedures for transporting goods produced in an exempted zone to the local market or promotion zones.
20. Goods transported from an exempted zone to the local market or a promotion zone shall be regarded as imported materials goods. Raw materials imported into the exempted zone are to be manufactured into semi-finished or finished goods. If these goods are transported to the local market or a promotion zone, they shall be regarded as imported goods.
21. Unless there are specific stipulations to the contrary, customs duty and other relevant taxes shall be levied on the goods described in section 20 in accordance with the existing laws.
22. Goods transported from the local market or a promotion zone to an exempted zone shall be regarded as goods exported from the state.
23. Manufacturing businesses located in an exempted zone and exempted businesses shall primarily be export-orientated. In a special economic zone where exempted zones and promotion zones are not demarcated separately and supporting businesses exist, export-oriented businesses shall be specified as exempted businesses.
24. Businesses in an exempted zone may be 100% citizen-owned, 100% foreign-owned, or owned by a joint venture between citizens and foreigners.
25. The maximum percentage of goods produced in an exempted zone which may be transported to, and sold in, the local market or a promotion zone shall be stipulated in the rules.
26. When the goods are transported from the special economic zone to other countries, they shall be transported in sealed containers if they pass through the external area of the special economic zone.
27. Businesses in a promotion zone may be 100% citizen-owned, 100% foreign-owned, or owned by a joint venture between citizens and foreigners.
28. (a) A promotion zone is a place in the special economic zone based on the local market and may comprise manufacturing businesses, real estate businesses, department stores, banking

businesses, insurance businesses, schools, hospitals, recreational facilities, etc., and investment areas.

(b) Goods manufactured in a promotion zone shall primarily be produced with local contents and directly transported and sold to businesses in an exempted zone.

(c) Other businesses which are not separately specified as exempted zone businesses or located in a promotion zone shall be regarded as investment business in a promotion zone.

Chapter 8

Investment Businesses; Duties of Investors; Exemptions Available

29. The investor shall have the right to do the following investment businesses in accordance with the stipulations in the special economic zones –
    (a) manufacturing of finished products, manufacturing of processed goods, warehousing, transport, provision of services;
    (b) importing the raw materials used in the investment, packaging materials, machinery, equipment, tools; transporting and importing fuel from domestic sources and overseas to the special economic zone;
    (c) selling manufactured goods domestically or overseas in accordance with the stipulations;
    (d) establishing and opening offices for the investment business and for overseas services with the approval of the management committee at the specified location in the special economic zone;
    (e) engaging, with the approval of the management committee, in other economic businesses which are not forbidden by the state.
30. An investor desirous to engage in an investment business shall apply to the management committee in accordance with the stipulated rules and regulations in order to acquire an investment permit.
31. The investor shall complete the construction works and shall be able to commercially operate the investment business within the stipulated period. If the investor is not able to meet the deadlines, he must have good reason for it and report the reason to the management committee. If it is found that there is no good reason for the delay, the management committee may withdraw the investment permit in accordance with the regulations.

32. The investor shall have the right to enjoy the following income tax exemptions and reliefs –
    (a) Investment business an exempted zone or exempted business: Income tax exemption for the first 7 years from the date of commencement of commercial operations;
    (b) Investment business in a promotion zone or other businesses located in the special economic zone: Income tax exemption first 5 years from the date of commencement of commercial operations;
    (c) Investment business in an exempted zone or promoted zone: Reduction of the income tax rate by 50% for the second 5 years;
    (d) Investment business in an exempted zone or promotion zone: If profits, during the third 5 years, are re-invested within one year, 50% reduction of the income tax rate for profits derived from such re-investment.
33. If the exemption and relief periods contained in section 32 are not extended, the investor shall pay income tax in accordance with the stipulated rates as contained in the existing laws.
34. The investor –
    (a) shall register, with the DICA branch office which is to open jointly with the management committee, the business to be performed in the special economic zone and the company or organization in accordance with the stipulations;
    (b) shall submit the status of the implementation of the investment business to the management committee in accordance with the stipulations;
    (c) shall maintain and compile correctly the list of the businesses, the accounts and the documents in accordance with the international standards and norms;
    (d) drugs and foodstuff that are damaged, of no use or not in conformity with the standards shall be destroyed at the specified location in accordance with the stipulations of the management committee.
35. The investor shall follow the standards and norms contained in the Myanmar Environmental Conservation Law and international standards and norms and must prevent social and health impacts in accordance with the existing laws.
36. If the investor wants to close or liquidate his business or organization, he must inform the relevant management committee in advance and shall carry out the closure or liquidation in accordance with the stipulations.

37. When the investor transfers some or all of the shares in his business, company or organization, he must inform the management committee in advance; the investment must be registered anew.

Chapter 9

Construction of a Special Economic Zone, Duties of the Developer; Exemptions Available

38. A special economic zone may be constructed as follows –
    (a) The developer may be from the private sector, may be the government, or may be a joint venture between the private sector and the government;
    (b) The developer may be 100% citizen-owned, 100% foreign-owned, a joint venture between citizens and/or foreigners and/or the government or between governments.
39. The developer –
    (a) May conclude a land lease contract with the relevant management committee and, under the supervision of the management committee, construct the special economic zone, sub-lease land to the investors, and maintain the facilities of the special economic zone;
    (b) The Union Government or the region or state government shall, in transparent procedures, establish the special economic zone, manage and maintain it either itself or entrust other organizations with it;
    (c) Construction of each construction project shall be completed during the specified period. If the developer is unable to meet the deadlines, he shall have sound reasons for it and report the reasons to the management committee in advance. The land lease contract signed between the relevant committee and the developer shall be null and void if it is found that there is delay without sound reason;
    (d) The developer may build the infrastructure in the special economic zone either himself or entrust the work to other organizations;
    (e) Should the developer wish to invest in infrastructure outside the special economic zone which is connected to infrastructure inside the special economic zone, he may construct such infrastructure with the approval of the central board, but a separate investment vehicle has to be set up. Separate accounting shall be kept for each investment vehicle. The developer may, with the approval of the central body, enjoy similar benefits as a developer of a special economic zone. He may, for the construction of connected

infrastructure such as roads, railways, bridges and water supply, enjoy further benefits with the approval of the central body if it takes considerable time to recover investments into such infrastructure;

(f) If connected infrastructure is to serve also areas outside the special economic zone in addition to areas inside the special economic zone, a contract for the provision of the external services shall be signed with the relevant government organizations in charge of the respective sector.

40. The developer shall be entitled to enjoy the following income tax exemptions and reliefs –
    (a) Income tax exemption for the first 8 years from the commencement of commercial operations;
    (b) 50% relief of the stipulated income tax rate in accordance with the existing laws for second 5 years;
    (c) If profits, during the third 5 years, are re-invested within one year, 50% reduction of the income tax rate for profits derived from such re-investment.
41. If the exemption and relief periods contained in section 40 are not extended, the investor shall pay income tax in accordance with the stipulated rates as contained in the existing laws.
42. The developer may operate the infrastructure of the special economic zone himself or may sub-lease it to an investor for the permitted period or the period stipulated in the lease agreement with the management committee.
43. The developer shall pay the costs for the permitted land use and utility charges to the relevant management committee in accordance with the land lease contract, either by lump-sum payment or by payment in regular installments.

Chapter 10

Import Duty Exemption and Relief for the Developer and the Investors

44. Import duty exemption and relief shall be available as follows –
    (a) Exemption from customs duty and other taxes, when the developer imports construction materials, machinery and equipment, heavy machineries, vehicles and materials used to construct the infrastructure and office rooms;
    (b) Exemption from customs duty and other taxes, when the investor in an exempted zone imports raw materials, machinery, equipment and spare parts used in the production,

and construction materials and vehicles used in the construction of the factories, warehouses and offices;

(c) Exemption from customs duty and other taxes, when the investor in an exempted zone imports motor vehicles and other goods for wholesale trading, export trading and logistic services;

(d) Exemption from customs duty and other taxes, or 50% relief from customs duty and other taxes for up to 5 years in a row, when the investor in a promotion zone imports machinery, equipment and required spare parts, construction materials for the factory, warehouses and offices, vehicles and other goods.

45. The investor in a promotion zone –

(a) shall pay custom duty and other taxes regularly, when importing raw materials and other goods used for production;

(b) shall apply for reimbursement of the customs duty and other taxes which he paid when importing these materials, if the finished goods or semi-finished for the production of which the materials imported in accordance with sub-section (a) were used are exported or delivered into an exempted zone.

46. The developer and the investors –

(a) shall not be allowed to transfer and sell imported machinery, equipment and vehicles outside of the special economic zone;

(b) shall repay the amounts for which exemption or relief was obtained when importing the goods described in sub-section (a) are transferred and sold as a special case.

47. The developer and the investors shall request a decision of the relevant management committee concerning the temporary import period if machineries and equipment to be used in the initial construction work are to be imported short-term.

48. The developer and the investors in a special economic zone shall be allowed to carry forward, and set off, losses for 5 years from the year in which the loss was incurred.

49. Concerning commercial tax or value added tax –

(a) An exemption from commercial tax or value added tax may be granted to investors in an exempted zone;

(b) An exemption or relief from commercial tax or value added tax exemption may be granted to investors in a promotion zone during the relief period stipulated in this law. Commercial tax or value added tax shall be paid in accordance with the relevant laws after the said relief period;

(c) An exemption from commercial tax or value added tax may be applied for by investors with regard to the export of goods manufactured;

(d) An exemption from commercial tax or value added tax may be applied for by investors in an exempted zone with regard to goods imported into the exempted zone from the inland or a promotion zone.

50. With the exception of goods prohibited or restricted by the Union Government, goods exported or re-exported from the special economic zone shall be exempted from tax and other direct or indirect levy.

51. The developer and the investors may apply for an exemption from income tax on each shareholder's share of the profit if dividends are paid from taxed income.

52. Investors in an exempted zone may be allowed to deduct, from the taxable income, expenditures actually incurred for training of skilled workers, unskilled workers, or management staff, or for research and development related to the investment project.

Chapter 11

Settlement of Disputes

53. If any dispute arises regarding the investment, this dispute shall be resolved amicably between the persons in disagreement.

54. If the settlement cannot be achieved under section 53 –

(a) the dispute shall be resolved in accordance with the agreed dispute resolution mechanism if the relevant contract contains provisions for the settlement of disputes;

(b) the dispute shall be resolved in accordance with the existing laws of the state if there is no provision for dispute settlement in the relevant contract.

Chapter 12

Taxes Payable by Deduction from the Source

55. If a foreigner, residing overseas, has not established and economic business in Myanmar, but is allowed to do business relating to a special economic zone in respect of any intellectual property right –

(a) the payee shall make a deduction, from the amount payable to the concerned party as commission, interest, service fee, etc., in accordance with the stipulated income tax rate of the Income Tax Law;

(b) the payee shall make a deduction, from the amount payable to the concerned party as rental fee or similar other income, in accordance with the stipulated income tax rate of the Income Tax Law.

56. The relevant investor shall collect and pay, in accordance with the stipulated income tax rate of the Income Tax Law and in the currency prescribed by the central body, taxes on the income of the domestic and foreign employees and workers who are working in the special economic zone.

Chapter 13

Banks; Management of Finances; Insurance Business

57. Businesses operating in the special economic zone in a foreign currency shall have the right to open foreign accounts with any bank in Myanmar in possession of a banking operation license and receive and make payments in foreign currency in accordance with the stipulations.
58. The developer and the investors are entitled to exchange and transfer their own foreign currency within the special economic zone or overseas.
59. Local insurance companies, foreign insurance companies and insurance companies set up as a local/foreign joint venture shall have the right to operate their agency offices and insurance businesses within the special economic zones in accordance with the stipulations.

Chapter 14

Customs Management; Inspection of Goods by the Customs Department

60. Investors in an exempted zone and exempted businesses shall follow the rules, regulations and bye-laws, notifications, orders and directives issued under this law and according to this law. Investors in a promotion zone and other businesses shall follow the rules and regulations stipulated by the existing customs law.
61. The customs department shall reduce customs procedures and restrictions in exempted zones. It shall not engage in more control than is required to be in compliance with international agreements, maintain economical and social security and prevent illicit trading.
62. With regard to the transport of raw materials and equipment into exempted zones in order to manufacture goods for export, and the transport of exported goods to their overseas destination, customs declarations, the inspection of supporting documents, and, if

necessary, the inspection of goods shall be done only in accordance with international practice.

63. The customs department shall use customs inspection methods in accordance with the customs procedures, but not engage in more inspections than are required based on the danger posed by the goods imported into the exempted zone.
64. The customs department shall speed up customs procedures by conducting, where required, inspections already on the premises of the investor. The customs officer shall seal inspected goods, if necessary, in order to prevent their loss in transport.
65. In order to offer smooth and convenient customs clearance, the customs department is entitled to delay inspections (of persons, ledger books maintained by the importer and exporter, records, work systems and trade data) until after a company directly or indirectly taking part in international trade has drawn the goods.
66. The trading of goods at a specified trading location in an exempted zone and the display of goods in a trade exhibition shall be done in accordance with the customs procedures.
67. Regarding the transfer and transport of goods which are used in the manufacturing process in an exempted zone, the customs department may carry out inspections in accordance with the procedures.
68. The investor in an exempted zone may directly buy semi-finished goods from the inland or promotion zones in order to manufacture goods for export as well as required raw materials to be used in the export business, supplementary goods and packaging materials. The transport of the said goods into the exempted zone shall be done in accordance with customs clearance procedures.

Chapter 15

Quarantine Inspection and Confinement in Order to Prevent the Spread of Contagious Diseases

69. The responsible person from the quarantine department, directorate of health –
    (a) shall, between the ports, airports and railway stations and the special economic zone, carry out quarantine inspections and confinement in order to prevent the spread of contagious diseases through transported goods, vehicles, containers, animals and plants which are to be directly imported to a special economic zone or transported from a special economic zone to the outside;

(b) shall carry out, as may be necessary, quarantine inspections and confinement in order to prevent the spread of contagious diseases through the export or import items for the investment businesses within the special economic zone.

Chapter 16

Labour Matters

70. Concerning labour matters in the special economic zone, the management committee –
    (a) shall supervise the conclusion of employment agreements in accord with the stipulations;
    (b) shall coordinate in order to determine the rights and duties of the employer and employee, or terms and conditions relating to employment contained in the employment agreement, so that employees can enjoy the benefit contained in the existing labour laws including minimum wages, leave, holiday, overtime pay, job loss allowance and workman's compensation;
    (c) shall inspect and supervise so preserve the rights of the employees, technicians and staff;
    (d) shall determine the minimum wages of employees and staff.
71. The investor may recruit freely through the employment and labour recruitment office, local recruitment agents or by own arrangement.
72. When employing skilled citizen workers, technicians and staff, the investor shall send, to the employee, the employment agreement mutually concluded between the employer and the employee in accordance with the existing labour law and rules.
73. The investor shall arrange for and provide necessary training in order to improve the skills of citizen employees and staff; the training is to be tailored to the types of work for which employees and staff are employed.
74. For work where expertise is not required, the investor shall hire citizens only.
75. Amongst skilled workers, technicians and staff, at least 25% must be citizens during the first two years from the commencement of commercial operations; at least 50% must be citizens during the second two years; and at least 75% must be citizens during the third two years.
76. (a) The relevant management committee shall negotiate and mediate in the disputes arising between the employer and the employees, technicians or staff.

(b)If no settlement has been reached following negotiations and mediation by the relevant management committee according to sub-section (a), the parties shall accept the decision under the Trade Dispute Act of the Union of Myanmar.

77. The work permits for foreign employees who are working in the special economic zone shall be issued by the labour department representative office at the one stop service department in the special economic zone.
78. If an investor wishes to employ foreign employees for technology and management work in addition to the specified numbers, he may employ them with the approval of the relevant management committee.

Chapter 17

Land Use

79. The management committee may allow the developer or the investor to lease land or use land for up to 50 years upon payment of the land lease fee or land use fee. If the investor wishes to continue their business after the expiry of the term, the term may be extended for up to 25 years.
80. The developer or the investor –
    (a) shall pay the agreed expenditures for transfer, resettlement and compensation if houses, buildings, gardens, paddy fields, fruit bearing plants and plantations on the land are required to be cleared or transferred;
    (b) shall, as necessary, negotiate with the management committee in order to ensure that the persons who have to leave the land do not fall below their previous standard of living, their fundamental needs are fulfilled and the transfer is easy and smooth;
    (c) shall use the permitted land in accordance with the prescribed regulations;
    (d) shall not be allowed to significantly modify or alter the topography or contour of the permitted land without the permission of the management committee;
    (e) shall report immediately to the management committee if natural mineral resources, antiques or treasures unrelated to the permitted business and not included in the original agreement are found above or under the land. If the management committee so permits, the developer or investor may continue to operate on the land. Otherwise, the developer or investor shall transfer to a substituted area;

(f) shall rent out the land, permit the land use, or sell, mortgage, rent or give the land and the buildings to another person or another organization during the permitted period only with the approval of the management committee in accordance with the rules and regulations.

81. If the developer or the investor close the investment business or liquidate it, the land lease or the permit to use it shall be revoked, the land shall be returned and, if necessary, the buildings on the land shall be removed.
82. The Ministry of Home Affairs shall arrange for the confiscation or transfer of land that is located in the area where a special economic zone is specified and intended to be established by the central body in accordance with the existing laws.

Chapter 18

Miscellaneous

83. The assets, profits and other rights owned by the developer or investor shall be recognized and protected in accordance with the existing laws.
84. The price of the products, services or exported goods manufactured in an exempted zone or the promotion zone shall not be restricted and controlled.
85. The developer or the investor and their workers, technicians, employees and family members who are residing in the special economic zone shall follow the stipulations of this law in addition to other existing laws of Myanmar.
86. The investment businesses in the special economic zone are guaranteed not to be nationalized within the permitted period.
87. The relevant Union ministries and the region or state governments shall implement the tasks pertaining to them contained in this law.
88. The persons assigned duty by the relevant Union ministry and the region or state governments shall collect taxes and duties and fines recoverable under this law from the defaulter in accordance with the tax and revenue laws.
89. Notwithstanding anything contained in any existing law, the matters relating to any provision of this law shall be carried out only in accordance with this law.
90. The responsible ministry shall carry out the office work of the central body and bear the expenses.
91. The Union Government –

(a) may assign duty the responsible ministry or any other ministry to carry out the office work of the central body and bear the expenses;

(b) may, by notification, form any special committee, if it is necessary, from suitable persons to carry out the functions and duties of the central body;

(c) may, by notification, form any management committee from suitable persons to perform management and supervisory tasks;

(d) may prescribe the functions and duties of the committees contained in sub-section (a) and (b).

92. Until the central body, the central working body and the management committees are set up under this law, the central body, the central working body and the management committees which were formed under the Myanmar Special Economic Zone Law (SLOR Law No. 8/2011), repealed by this law, shall be regarded as having been formed in accordance with this law.

93. The notifications, orders, directives and the procedures issued under the Myanmar Special Economic Zone Law (SLOR Law No. 8/2011), repealed by this law, shall continue to be valid as long as they are not contrary to this law.

94. The notifications, orders, directives and procedures issued by the central body, central working body and the relevant special economic zones management committee shall not affect businesses that were registered before their issuance.

95. In implementing the provision contained in this law –

(a) The responsible ministry may, with the approval of the government, issue the required rules, regulations and bye-laws;

(b) The central body, the central working body and the management committees may issue the required notification, order, directives and the procedures.

96. The Myanmar Special Economic Zones Law (SLOR Law No. 8/2011) and the Dawei Special Economic Zone Law (SLOR Law No. 17/2011) are revoked by this law.

I hereby sign according to the Constitution of the Republic of the Union of Myanmar.

(Sign) Thein Sein

The President

The Republic of the Union of Myanmar