

Law Amending the Income Tax Law
Pyidaungsu Hluttaw Law No. 15/2014
9th Waning of Tabaung, 1375 M.E
24th March, 2014

The Pyidaungsu Hluttaw hereby enacts this law.

1. (a) This law shall be called the Law Amending the Income Tax Law.
(b) This law shall be effective from the 2014-2015 income year.
2. In the Income Tax Law –
 - (a) The expression, "the region or state head of the internal revenue office or the head of the internal revenue office for companies," shall be respectively substituted with the expression, "the head of the Union territory internal revenue office or the region or state head of the internal revenue office or the head of the internal revenue office for companies or the head of the internal revenue office for large tax payers";
 - (b) The expression "income from undisclosed sources" shall be substituted with the expression "income which has escaped assessment".
3. In section 3 of the Income Tax Law –
 - (a) Sub-section (q) and (s) shall be substituted as follows –
 - "(q) Capital assets means any land, buildings and the rooms therein, vehicles and any assets provided as a contribution to an enterprise. In this expression, shares, bonds, security papers and similar instruments are also included;
 - (s) The township head of the internal revenue office means the officer in charge of the relevant township internal revenue office who is assigned duty to assess the tax payable by the tax payer, or the heads of the respective offices who are assigned duty to assess the tax in the internal revenue office for companies or in the internal revenue office for large tax payers under this law";
 - (b) After sub-section (t), sub-sections (u), (v) and (w) shall be inserted as follows-
 - "(u) Security papers means the security papers as defined in the Securities Exchange Law;
 - (v) Assessment means calculation and assessment of tax by the head of the township internal revenue office under this law and, additionally, self-assessment by the tax payer in the income declaration form in accordance with the provisions stipulated in the law, as well as temporary assessment during the income year;

- (w) The Union Tax Law means the law relating to taxes which is to be submitted to the Pyidaungsu Hluttaw yearly by the Union Government in accordance with the provisions stipulated in the constitution."
4. Section 4 of the Income Tax Law shall be substituted as follows-
- "4.(a) Specifying, amending and substituting the following income and income tax rates according to the Income Tax Law for any assessment year –
- (1) Total taxable income to be assessed;
 - (2) Income tax rate for each type of income;
 - (3) Income tax rate for income on which the tax is payable in a foreign currency.
- (b) When specifications, amendments and substitutions are done in accordance with sub-section (a), all taxable total income earned during the income year related to the assessment year must be assessed and the specified rate must be applied for each type of income."
5. Section 5 of the Income Tax Law shall be substituted as follows –
- "5.(a) This law does not apply to the following types of income –
- (1) Income achieved by any religious or charitable organization and used exclusively for matters of religion or charity;
 - (2) Income achieved by a local authority;
 - (3) Money from the commutation of a pension, condolences payments *[which otherwise would have to be]* categorized under the head "salary";
 - (4) Compensation obtained for death or injury;
 - (5) Money obtained from an insurance;
 - (6) Income of casual, non-recurring nature with the following exceptions –
 - (aa) capital gains;
 - (bb) income from an enterprise;
 - (7) Share of the after-tax profit of an association.
- (b) (1) Any person earning income for which the Union Tax Law grants tax exemption, relief or other benefits is entitled to such exemption, relief or benefit;
- (2) The Union Government has the right to grant exemptions or relief from income tax or grant other benefits related to the tax for the following income types –

- (aa) Income obtained from donations for social, religious, health or educational causes in the country from domestic or foreign employers or international organizations;
 - (bb) aid provided for the country by domestic or foreign organizations;
 - (cc) interest paid on soft loans or official development aid loans;
 - (dd) donated property or donations provided by domestic or foreign organizations in the event of natural disasters.
- (c) An exemption from income tax must be granted to newly established small- and mid-sized businesses for three consecutive years, including the starting year, for income specified as exempted by the Union Tax Law;
 - (d) If a benefits relating to income tax are stipulated in any other existing law, the benefits must be granted in accordance with these stipulations."
6. In section 6 of Income Tax Law –
- (a) The expression "by notification of the Ministry of Finance and Revenue issued with the approval of Union Government" contained in sub-section (a) shall be substituted with the expression, "in the Union Tax Law in any assessment year".
 - (b) Sub-section (b) and (d) of section 6 shall be deleted;
 - (c) After section 6, a section 6A shall be inserted as follows –
"6A. When assessing the taxable income, money donated for any religious or charitable organization sponsored by a state organization of any level or recognized by the Ministry of Finance of the Union Government by virtue of a notification may be deducted from the amount calculated in accordance with sub-section (c) of section 6. The deductible donation shall not exceed 25% of the total income of the tax payer.

Explanation: In the expression "charity", aid for the public good such as aid towards education and health and aid for the poor and persons affected by natural disasters are included."

7. In section 8 of the Income Tax Law-
- (a) Sub-section (b) shall be substituted as follows-
"(b) Income from salary, income from profession, income from property, income from business and income from other means shall be aggregated and the tax shall be assessed on the total amount. Income under the remaining heads shall be assessed separately in accordance with each income head."

- (b) Sub-section (c) shall be deleted.
8. The explanation of section 11 of the Income Tax Law shall be substituted as follows –
- "Explanation: In the expression "business" –
- (a) Any trading business, commercial business or production business and any similar business as well as any services business is included.
- (b) Furthermore, buying or transferring security papers, or investing in security papers to obtain interest is included if such acts are performed repeatedly in a year as an economic business."
9. Section 14 of the Income Tax Law shall be substituted as follows –
- "14. Tax under the head of "income which has escaped assessment" shall be assessed on the value of immovable or movable property (including money) if it cannot be ascertained how the respective person obtained this property.
- The income shall be calculated in accordance with the rules stipulated under this section."
10. The expression "the wife and unmarried children" contained in section 14 (b) of the Income Tax Law shall be substituted with the expression "the spouse and unmarried children".
11. Section 16 of the Income Tax Law shall be substituted as follows –
- "16 (a) Any person who is responsible to disburse the money shall, for any type of income, including income under the head "salary", withhold the tax to be paid from the disbursed money at the time of disbursement. The tax to be paid on the respective annual income of the relevant person under the respective head shall be estimated and withheld in the most equal installments possible. However, if more or less tax was withheld than would have been required according to the actual amount in the income year, the installment may be decreased or increased.
- (b) The Ministry of Finance of the Union Government may issue notifications with the approval of the Union Government for withholding tax matters for any type of income under the remaining heads except for income under the head "salary".
- (c) The person who withheld the money in accordance with sub-sections (a) and (b) shall pay the respective amount to the Union Government in accordance with the regulations within the stipulated time and by the stipulated method and shall abide by all the stipulations concerning this matter.

- (d) Anyone failing to withhold and pay in accordance with sub-sections (a) and (b) without sufficient reason shall be regarded as defaulter who failed to pay this tax. The Ministry of Finance of the Union Government may, by notification, fix the fine to be paid for this default.

Explanation: The "person who is responsible to disburse the money" under this section means the owner himself if the business is owned by an individual and the association of persons if it is owned by this association. In case of the Union government or a regional authority, the relevant management staff is responsible to disburse the money."

12. After section 16 of the Income Tax Law, sections 16A and 16B shall be inserted as follows –

"16A (a) The tax payer must, for all heads of income with the exception of income for which tax is paid by the withholding mechanism in section 16, estimate how much income he will earn in the relevant income year and pay the tax in advance.
(b) The tax to be paid according to sub-section (a) shall be paid in accordance with the specified methods in quarterly installments before the end of the respective quarter.

(c) If the tax to be paid in accordance with this section is not paid or the amount paid is less than the tax assessed, 10% of the unpaid amount shall be additionally levied as a fine.

16B The Ministry of Finance of the Union Government may, with the approval of the Union Government, issue notifications specifying the methods to be followed for the payment of tax via the withholding mechanism or via advance payments."

13. Sub-section (b), section 19 of Income Tax Law shall be substituted as follows –

"(b) May request, at any time within 3 years after the end of the relevant assessment year from the person who has to pay income tax for the income year or at the time of income earned or from the person who has been requested by the head of the township internal revenue department to submit the income declaration form, to: produce supporting evidence, accounts, and a list of the property that is not included in the accounts. May request this person's attendance for the purpose of examination and assessment. The list of property mentioned in this sub-section may be prescribed by the Ministry of Finance in income tax regulations."

14. Sub-section (d) of section 19 Income Tax Law shall be substituted as follows –

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"(d) The head of the township internal revenue department shall assess the income tax based on the available supporting documents with regard to anyone who failed to submit the income declaration form in accordance with sub-section (a) of section 17, sub-section (b) of section 17, or who failed to heed the request in the notice given in accordance with sub-section (b) of this section. The Ministry of Finance may issue notifications specifying the methods of assessment."

15. The expression "Union Government" contained in section 29 of the Income Tax Law shall be substituted with the expression "the Ministry of Finance of the Union Government."

16. Section 43 of Income Tax Law shall be substituted as follows –

"43 The head of the township internal revenue office, the head of the Union territory internal revenue office or the head of the region or state internal revenue office or the head of the internal revenue office for companies or the head of the internal revenue office for large tax payers, the committees formed in accordance with section 7 and the committees and persons who are assigned duty have the same powers as are vested in a civil court."

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

Signed

Thein Sein

President

The Republic of the Union of Myanmar