

**The Tax of the Union Law 2014**  
**The Pyidaungsu Hluttaw Law No. 20/2014**  
**13<sup>th</sup> Waning of Daboung, 1375 M.E**  
**28<sup>th</sup> March, 2014**

The Pyidaungsu Hluttaw hereby enacts this law.

**Chapter (1)**

**Title, coming into force and definitions**

1. (a) This law shall be called The Tax of the Union Law 2014.  
(b) The provisions contained in this law –
  - (1) shall come into force with effect as from 1<sup>st</sup> April, 2014 for the 2014-2015 financial year regarding chapter 5: commercial tax;
  - (2) regarding chapter 6: income tax –
    - (aa) shall come into force with effect from as from 1<sup>st</sup> April, 2014 regarding the provisions contained in section 22 (salary income) and section 26 of this law;
    - (bb) shall come into force from the 2014-2015 assessment year regarding the remaining provisions.
2. The following expressions contained in this law shall have the meanings given hereunder –
  - (a) "**tax**" means the tax collected for the Union by the Union Government;
  - (b) "**laws**" means the laws enacted relating to the tax collected for the Union by the Union Government;
  - (c) "**rules**", "**regulations**", "**directives**" mean the rules, regulations and directives notified in accordance with the laws relating to the tax collected for the Union by the Union Government;
  - (d) "**relevant Ministries**" means the Union Ministries responsible for collecting the taxes to be collected by the Union Government for the Union;
  - (e) "**laws relating to the budget**" means the law relating to the Union budget issued annually and the law relating to the additional budget allotment;

- (f) "**rate**" means the specified rate at which tax is collected for the Union by the Union Government.

## **Chapter 2**

### **Taxes earmarked for collection**

3. The taxes received by the Union contained in the laws relating to the budget are the taxes earmarked for collection contained in table (1) of this law for the relevant financial year.

## **Chapter 3**

### **Specifying the tax rates and reporting**

4. The relevant Ministry shall collect the earmarked taxes at the tax rates contained in this law for the *[various]* types of taxes.
5. If the tax rates contained in this law should be amended, supplemented or substituted, the Union Government shall submit the matter to the Pyidaungsu Hluttaw so that it be decided after discussion.
6. Every three months, the relevant Ministry shall send the status of collection of the earmarked taxes contained in table (1) of this law to the Budget Department.
7. Every three months, the Budget Department shall compile the lists of tax collection status sent by the relevant Ministries and submit the compilation to the Union Government through the Ministry of Finance with its opinions and remarks.
8. The Union Government shall bi-annually submit the report on the status of the collection of the earmarked taxes contained in table (1) of this law to the Pyidaungsu Hluttaw.

## **Chapter 4**

### **Duties and powers of the relevant Ministries**

9. The relevant Ministries shall be responsible for, and monitor, the collection of the earmarked taxes contained in table (1) of this law.

10. The relevant Ministries shall request assistance from the Union ministries, region or state governments, or the head organizations of the self-administered divisions or regions in order to obtain required data and support for the legal assessment of taxes.

## Chapter 5

### Commercial Tax

11. According to section 6 of the Commercial Tax Law, the schedules to this law are stipulated as follows –

#### Schedules to the Commercial Tax Law

- (a) Whoever produces and sells any goods within the country with the exception of the goods mentioned in the following sub-section (b) and (c), shall pay 5% commercial tax on the sale proceeds or, if the goods are imported, on the landed costs;
- (b) if goods contained in the following schedule are imported, the tax shall be charged on the landed costs, and if they are produced in the country, the tax shall be charged on the sale proceeds at the specified percentage shown against them.

#### Special Goods

Sr. No.	Description of the goods	Tax Percent
1.	Cigarettes	100
2.	Tobacco	50
3.	Virginia tobacco, cured	50
4.	Cheroots	50
5.	Cigars	50
6.	Pipe tobacco	50
7.	Betel chewing preparation	50
8.	Various kinds of liquor	50
9.	Various kinds of beer	50

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10.	Various kinds of wine	50
11.	Teak, hardwood logs and conversions	25
12.	Jade, rubies, sapphires, emeralds, diamonds and other precious stones	30
13.	Jewelry made from jade, rubies, sapphires, emeralds, diamonds or other precious stones	15
14.	Vehicles above 1800 CC, light vans, saloons, sedans and light wagons, estate wagons and coupés	25
15.	Petrol, diesel, aviation jet fuel	10
16.	Natural gas	8

- (c) No commercial tax shall be charged on the proceeds from the subsequent sale of any of the following produced in the country. 5% commercial tax shall be charged on the landed costs if such goods are imported.

**Goods for which no tax shall be charged**

Sr. No.	Description of the goods
1.	Paddy, rice, split, bran, rough bran, paddy husk
2.	Wheat grain, flour, smooth and rough flour
3.	Maize and other cereals, powder maize and other powder cereals
4.	Pulses, chick peas, pea flour
5.	Groundnuts, shelled or unshelled
6.	Sesame, flower sesame

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7.	Mustard seeds, sunflower seeds, tamarind seeds, cotton seeds
8.	Oil palm
9.	Various cottons
10.	Jute and similar fibers
11.	Garlic, onions
12.	Potatoes
13.	Cassava plants, cassava powder
14.	Spices (leaves, fruits, seeds, bark), prepared spices
15.	Various fresh fruits
16.	Vegetables
17.	Sugarcane
18.	Mulberry leaves
19.	Medicinal plants or herbs
20.	Animal feed, fresh and dried (farm products only)
21.	Thatch, reeds, 'dani' and such agricultural products not elsewhere specified
22.	Wood, bamboo
23.	Live animals
24.	Silk cocoons
25.	Canes, finished and unfinished
26.	Honey and bee wax
27.	Lac
28.	Residue of groundnuts, sesame, cotton seeds, rice bran, etc.
29.	Soap stocks (oil residue)
30.	Bleaching substances

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31.	Ginned cotton
32.	Coir yarn
33.	Bird feathers, duck feathers
34.	Umbrella cloths
35.	Stamps, all sorts
36.	Sealing wax and sticks
37.	Slates, slate pencils and chalk
38.	Shrimp paste (ngapi)
39.	Shrimp and fish sauces (ngan-pya-ye)
40.	Groundnut oil, sesame oil, sunflower seed oil, rice bran edible oil and oil cakes
41.	Fresh fish, fresh prawns
42.	Sterilized and other pasteurized milk
43.	Chilli, chilli powder
44.	Saffron, saffron powder
45.	Ginger
46.	Fish paste
47.	Ripe tamarinds
48.	National flag
49.	Various kinds of beads
50.	Various kinds of rulers, erasers, sharpeners
51.	Alternatives to firewood
52.	Coconut oil
53.	Various kinds of fowl eggs
54.	Pumpkin seeds, watermelon seeds
55.	Religious clothes (thingan robe etc.)
56.	Oil dregs
57.	Salt
58.	Latex

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59.	Betel nuts
60.	Computers, telephone handsets

(d) Except for goods and trading activities exempted in accordance with this law, 5% commercial tax shall be charged on the sale proceeds from the following actions –

- (1) Domestic sale of imported goods;
- (2) trading.

(e) With regards to the goods contained in sub-section (b): Commercial tax charged on the import of the goods listed below must not be set off with the commercial tax charged on the proceeds of the sale of said goods. Likewise, the commercial tax charged when producing such goods must not be set off with the commercial tax charged on the proceeds from the sale of said goods. However, an offset is possible in trading transactions in accordance with the commercial tax regulations –

- (1) Cigarettes
- (2) Tobacco
- (3) Virginia tobacco, cured
- (4) Cheroots
- (5) Cigars
- (6) Pipe tobacco
- (7) Betel chewing preparations
- (8) Various kinds of liquor
- (9) Various kinds of beer
- (10) Various kinds of wine

(f) 5% commercial tax shall be charged on the revenue from domestic services, with the exception of the following exempted services –

Sr. No.	Types of services
1.	Services consisting in renting out houses
2.	Services consisting in renting out car parks
3.	Life insurance services



4.	Microfinance services
5.	Health care services
6.	Education services
7.	Services consisting in the transportation of goods
8.	Services of employment agencies
9.	Banking services
10.	Customs clearance services
11.	Renting out objects such as tables, chairs or crockery for social functions
12.	Licensed slaughtering of animals
13.	Contract manufacturing
14.	Funeral services
15.	Container transport services
16.	Child nursery services
17.	Myanmar traditional massage / massage performed by a blind person
18.	Moving services
19.	Services for which a road toll is charged
20.	Animal health care services
21.	Services consisting in the provision of public toilets
22.	Outbound air transport services
23.	Services concerning culture and art
24.	Information technology services
25.	Technology and management consultancy services
26.	Public transport services (bus, railway and ferry boat)

- (g) The Ministry of Finance of the Union Government may, by notification, grant relief at a fixed monthly rate for businesses engaging in the production and sale, trade or services if such businesses have only small amounts of sale proceeds or services revenue.
12. No commercial tax shall be assessed from businesses in the cooperative sector or private sector if their sale proceeds or revenue from services do not exceed the following amounts –
- (a) Production and sale in the country of goods which are subject to commercial tax: sale proceeds up to Ks. 15,000,000 within one financial year;
  - (b) Services subject to commercial tax: Services revenue up to Ks. 15,000,000 within one financial year;
  - (c) Trading: Sale proceeds up to Ks. 15,000,000 within one financial year.



13. If any person receives foreign currency for the production and sale of any goods subject to commercial tax, the performance of services subject to commercial tax, or from trading, the amount of commercial tax shall be calculated according to the tax rates stipulated in this law and paid in kyats in accordance with the Commercial Tax Regulations notified by the Ministry of Finance.
14. Any person exporting the following goods shall pay commercial tax on the sale proceeds in the type of currency received as follows -

Sr. No.	Type of goods	Tax rate
(a)	Crude oil	5%
(b)	Natural gas	8%
(c)	Teak, hardwood logs and conversions	50%
(d)	Jade, rubies, sapphires, emeralds, diamonds and other precious stone	30%
(e)	Jewelry made from jade, rubies, sapphires, emeralds, diamonds and other precious stones	10%

15. The provision of section 14 stipulated in this law shall not apply to sale proceeds on which no commercial tax is assessed because they do not exceed the thresholds.
16. Sale proceeds from the export of the remaining goods - i.e. those goods not contained in section 14 - are exempted from commercial tax.
17. In order to encourage competition with imported goods, only 2% commercial tax (instead of 5%) is levied on the proceeds from the sale of goods which are produced and sold by registered citizen entrepreneurs or production businesses owned by citizen entrepreneurs or state-owned enterprises.
18. No commercial tax shall be levied on the landed costs if the following goods are imported or on the sale proceeds if these goods are produced and sold in the country or bought and sold in the country in a trading transaction –

Sr. No.	Type of goods
1.	Fertilizers
2.	Insecticides, pesticides, fungicides, etc.
3.	Farm equipment, farm machines and machine parts
4.	Fish feed, shrimp feed (raw material, finished goods)

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5.	Animal feed (raw material, finished goods)
6.	Animal medicines
7.	Animal breed
8.	Solar panels, solar charge controllers and solar inverters
9.	X-ray films and plates and other X-ray, surgical, medicinal or pharmaceutical apparatus and equipment
10.	bandages, gauze, other surgical dressing material, hospital and surgical outfit and sundries
11.	Pharmaceuticals and other medicines (except medicine restricted by rules and regulations)
12.	Drugs
13.	Textbooks, exercise and drawing books of various kinds and papers for the production of such books and all sorts of pencils
14.	Graphite for the production of pencils
15.	Condoms
16.	Defence and military equipment
17.	Various kinds of gun powder, various kinds of dynamite and accessories thereto used by the civil departments
18.	Crop seeds, nursery plants

19. The production and sale, import and trade of the following goods and the provision of the following services is exempt from commercial tax –

Sr. No.	Description
1.	Printed material of the Ministry of Defense relating to defence; arms and ammunition, auxiliary goods and motor vehicles of the Ministry of Defense
2.	Duty free goods to be sold in foreign currency at the departure places to passengers departing for overseas
3.	Motor vehicles imported for the staff of foreign embassies and consulates
4.	Goods purchased for the consumption of the armed forces if the expenses are in the budget of the Ministry of Defense
5.	CMP goods, packing material for such goods
6.	Fuel sold to foreign embassies, UN organizations and foreign diplomats by the Ministry of Energy

20. 5% commercial tax applies if Myanmar Petroleum Products Enterprise imports aviation jet fuel in order to sell it domestically.

21. The definition of the expressions contained in chapter 5 of this law shall be the same as in the Commercial Tax Law.

## Chapter 6

### Income Tax

22. The income tax rates to be applied to anyone's income from salary, profession, property, business and from other sources are as follows –

Sr. No.	Income schedules for assessing income tax on the remaining income after offsetting it with specified reliefs		Income tax rate
	From	To	
	Kyat	Kyat	
1.	1	2,000,000	0%
2.	2,000,001	5,000,000	5%
3.	5,000,001	10,000,000	10%
4.	10,000,001	20,000,000	15%
5.	20,000,001	30,000,000	20%
6.	30,000,001	And above	25%

23. Citizens residing abroad shall pay, in foreign currency, 10% income tax on their total income earned abroad before the deduction of relief, with the exception of exempted income according to section 6 and section 6 (a) Income Tax Law.
24. A company registered and incorporated in Myanmar according to the Myanmar Companies Act or Special Companies Act 1950 shall pay 25% income tax on its total income before the deduction of relief according to section 6 and section 6 (a) Income Tax Law.
25. A foreigner residing abroad shall pay 35% income tax on his total income before the deduction of relief according to section 6 and section 6 (a) Income Tax Law. The income tax shall be charged in foreign currency if the income is earned in foreign currency.
26. Income that has escaped assessment shall be taxed, before deducting the relief according to section 6 and section 6 (a) Income Tax Law, at 30%. However, anyone purchasing, constructing or acquiring a capital asset for the first time shall be taxed at the following rates with regard to income that escaped assessment to the extent that he cannot show the source of the income.

Income (Ks.)	Tax rate
(a) 0 - 50,000,000	5%
(b) 50,000,001 - 150,000,000	10%

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(c) 150,000,001 - 300,000,000 20%

(d) 300,000,001 and above 30%

27. The income tax rates applicable to the income of primary cooperative societies shall be 25% on its total income after the deduction of relief according to section 6 Income Tax Law.

28. 25% income tax shall be levied on the total income (before deduction of the relief according to section 6 Income Tax Law) of state-owned economic organizations.

29. 10% income tax shall be levied on capital gains (before deduction of the relief according to section 6 Income Tax Law) of the private sector, cooperative societies and state-owned economic organizations, irrespective of whether the capital gain has accrued in kyats or foreign currency, except for capital gains achieved through the sale of fixed assets such as company shares, [other] assets, etc., by companies participating in Myanmar's oil and natural gas sector. However, 40% income tax shall be levied from a foreigner residing abroad.

30. If a capital gain has arisen as a result of selling, exchanging or otherwise transferring fixed assets such as company shares or [other] assets by companies participating in Myanmar's oil and natural gas sector, income tax – in kyats, even if the capital gain was achieved in a foreign currency – shall be assessed on the capital gain at the following income tax rates:

<b>Profit (Ks.)</b>	<b>Tax rate</b>
(a) Up to 100 billion	40%
(e) 100,000,000,001 - 150 billion	45%
(f) 150,000,000,001 and above	50%

31. If the total value of the fixed assets sold, exchanged or otherwise transferred within one year is not more than kyats 5,000,000, no income tax shall be assessed even if a capital gain has arisen.

32. No income tax shall be assessed on the income of newly established small- and mid-sized enterprises whose income does not exceed Ks. 5,000,000 for three years in a row, including the year of commencement of business.

33. The basic allowances stipulated in section 6, sub-section (a), clauses (1) and (2) of the Income Tax Law shall be an amount equivalent to 20% of the respective income. However, the total of the basic allowances for one year shall not exceed Ks. 10,000,000.

34. The amount of the spouse and child allowances stipulated in section 6, sub-section (a), clause (2) of the Income Tax Law shall be as follows –

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- (a) For a spouse: kyats 500,000;
  - (b) For each child: kyats 300,000.
35. Income tax on income achieved in a foreign currency shall, for all heads of income with the exception of capital gains, be calculated in accordance with section 8 Income Tax Regulations. The income tax shall be collected in kyats from citizens residing in the country and from foreigners residing in the country; from foreigners residing abroad, the income tax shall be collected in the currency in which the income was earned.
36. The following income shall be exempted from income tax.
- (a) Reward for the arrest of drug dealers, irrespective of how often a reward is paid, up to an income of Ks. 500,000;
  - (b) reward for the arrest of persons dealing in illicit goods, irrespective of how often a reward is paid, up to an income of Ks. 500,000;
  - (c) endowment attached to a title conferred by the State;
  - (d) donations by foreign organizations made for the purpose of healthcare, education, social matters, religion, literature, arts and culture.
37. The definitions of the expressions contained in chapter 6 of this law shall be the same as in the Income Tax Law.

## **Chapter 7**

### **Other related taxes to be assessed**

38. The relevant Ministries must manage the following tax matters with regard to exemptions, reliefs and assessments.
- (a) Excise tax;
  - (b) import license fees;
  - (c) Myanmar lottery tax;
  - (d) transport tax;
  - (e) stamp duty;
  - (f) customs duty;
  - (g) land tax;
  - (h) water tax;

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- (i) embankment tax;
- (j) tax on the extraction of forest products;
- (k) mining tax;
- (l) tax on fish-breeding ponds;
- (m) tax on the extraction of latex;
- (n) tax on the extraction of oil and gas;
- (o) tax on the extraction of minerals and gemstones;
- (p) telecommunication tax;
- (q) tax on the generation of electric power.

### **Chapter 8**

#### **Miscellaneous**

39. The relevant Ministries must conduct public awareness campaigns about the importance of paying taxes.

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I hereby sign in accordance with the Constitution of the Republic of the Union of Myanmar.

(Sd.) Thein Sein

President

Republic of the Union of Myanmar