F&R Minister answers query of
Dr Myat Nyana Soe of Yangon Region Constituency-4

NAY PYI TAW, 21 March-Representative Dr Myat Nyana Soe of Yangon Region Constituency- 4 raised a question at today's session of Amyotha Hluttaw. He said it is found that the government has formed a trade policy council for development of market-oriented economic system in accord with Article 35 of Chapter 1 of the constitution and for development of general investments in accord with Article 36 Sub-subsection (c). So, he said he would like to know whether the collection of 10 percent tax – 2 % trade revenue and 8% income tax in export processes and collection of 3.5% tax in import processes could be abolished only by gathering income tax from companies concerned and proprietors according to financial year so that national entrepreneurs could enjoy more opportunities in international market and that GDP could increase and whether the State could render additional cash assistance for export items like the People's Republic of China, the second biggest economy of the world.

Minister for Finance and Revenue U Hla Tun responded to the question saying that at present income tax is being collected in kyats from individuals and companies or organizations in accord with the income tax law and companies law respectively. Likewise, income tax is being collected in foreign currency from those individuals or companies earning foreign currencies in accordance with the income tax law. A directive has been issued to collect only 2 percent tax over the sales of goods sold in foreign currency in order that the staff from related tax and revenue departments cannot be overtaxed and that the work of paying tax can be simple and easy as 30 % tax on net profit has to be paid according to the income tax law. This is the policy adopted by the trade policy council. That 2 percent tax of foreign currency is subtracted when the financial statement is submitted at the end of the financial year.

Similarly, regarding trade revenue, there are laws, and directives are issued occasionally. UMFCCI and other business associations are also informed of those directives. There are rates of tax and 5 to 200 % revenue taxes according to types of goods. Server taxes are imposed against the goods unnecessary for the country and relaxed taxes against the goods necessary for the country. Some kinds of commodities are exempted from tax. According to the decision of the trade policy council, a directive has been issued to collect only 8 percent trade revenue over the goods sold in foreign currency. The State is now doing so as necessary and will review it later depending on the increase in tax and revenue.

As to the collection of 3.5 percent tax in import processes, withholding tax is not to be paid by paying organizations but to be paid by a seller/ importer or one take in charge of the business. And 3.5 percent tax is collected over the money paid for purchasing goods. So, the tax has to be paid by importers from foreign countries. Such taxes are being imposed according to the withholding method to ensure there is no avoidance of tax as foreigners do not usually settle in Myanmar. It is therefore done by in accord with the taxing right of Myanmar, a sovereign nation.

The Union of Myanmar and other six nations signed avoidance of double taxation agreement. Those six countries are the UK, Vietnam, Republic of Korea, Malaysia, India and Singapore. Withholding method is also employed by western countries, European countries, Asian countries and almost all of Southeast Asian countries.

The minister continued that in successive eras, Myanmar is still weak in enjoying the right of tax. At a time when the market economy system is in progress, the nation will be able to work for development

only if necessary taxes and revenues are collected. The following are rates of collected tax and GDP of ASEAN+3 countries in 2009-2010 financial year: 30% in Brunei, 8% in Cambodia, 11% in Indonesia, 10.8% in Laos, 15.5% in Malaysia, 14.4% in the Philippines, 13% in Singapore, 17% in Thailand, 13.8% in Vietnam, 27.4% in Japan, 26.8% in ROK, 17% in China and 3.2% in Myanmar. So, in comparison with those nations, Myanmar cannot enjoy full right of collecting taxes, and according to the existing laws, the State cannot render additional cash assistance yet for export items.

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