

2014 Union Tax Law (Draft)
The Pyidaungsu Hluttaw Law No. ----/2014
---- day, ---- month, 1375 M.E
---- day, ---- month, 2014

The Pyidaungsu Hluttaw hereby enacts this law.

Chapter (1)

Title, coming into force and definitions

1. (a) This law shall be called the 2014 Tax of the Union Law.
(b) The provisions contained in this law –
 - (1) shall come into force with effect from 1st 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 1st April, 2014 regarding the provisions contained in section 16 and 23 of this law;
 - (bb) shall come into force from the 2015-2016 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 Ministry of Finance 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 Ministry of Finance shall, through the Union Government, submit the matter to the Pyidaungsu Hluttaw so that the drafts of the amendments to the tax laws of the Union are discussed.
6. Every three months, the relevant Ministries 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.

Chapter 4

Duties and powers of the relevant Ministries

8. The relevant Ministries shall be responsible for, and monitor, the collection of the earmarked taxes contained in table (1) of this law.
9. The relevant Ministries shall request assistance from the Union Ministries and regional organizations in order to obtain required data and support for the legal levying of taxes from the tax payers.

Chapter 5

Commercial Tax

10. According to section 6 of the Commercial Tax Law, the schedules to this law are amended and 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 para (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.

Special Goods

Sr. No.	Description of the goods	Tax Percent
1.	Cigarettes	100
2.	Tobacco	50
3.	Virginia tobacco, cured	50
4.	Cheroot	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
10.	Various kinds of wine	50
11.	Teak logs and teak conversions	50
12.	Other logs (except teak) and conversions	50
13.	Jade, rubies, sapphires, emeralds, diamonds and other precious stones	30
14.	Light vans, saloons, sedans and light wagons, estate wagons and coupes	25
15.	Natural gas	8

- (c) No commercial tax shall be charged on the sale proceeds if the any of the following goods are produced in the country, and no 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
2.	Wheat grain
3.	Maize and other cereals
4.	Pulses
5.	Groundnuts, shelled or unshelled
6.	Sesame
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.	spices (leaves, fruits, seeds, bark)
14.	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

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24.	silk cocoons
25.	cane, finished and unfinished
26.	honey and bee wax
27.	lac
28.	bran and pollard of pulses
29.	cake, meal and residue of groundnuts, sesame, cotton seeds, rice bran etc.
30.	soap stocks (oil residue)
31.	bleaching substances
32.	ginned cotton
33.	coir yarn
34.	feathers
35.	umbrella cloth
36.	bandages, gauze, other surgical dressing materials, hospital and surgical outfit and sundries
37.	X- ray films, plates and other X-ray, surgical and medicinal pharmaceutical apparatus and equipment
38.	Insecticides, pesticides, fungicides etc.
39.	Various kinds of gun powder, various kinds of dynamites and accessories thereof used by the civil departments
40.	Stamps, all sorts
41.	Defence and military stores and equipment
42.	Sealing wax and sticks
43.	Textbooks, exercise and drawing books of various kinds and papers for the production of such books and all sorts of pencils
44.	Slates, slate pencils and chalk
45.	Shrimp paste (ngapi)
46.	Shrimp and fish sauces (ngan-pya-ye)

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47.	Groundnut oil, sesame oil, sunflower seed oil, rice bran edible oil and oil cakes
48.	Flour (coarse and fine)
49.	Pulse, slip and powdered
50.	Rice, split and powdered
51.	Fresh fish, fresh prawn
52.	Sterilized and other pasteurized milk
53.	Chilli, Chilli powder
54.	Saffron, saffron powder
55.	Ginger
56.	Fish paste
57.	Ripe tamarind
58.	National flag
59.	Various kinds of beads
60.	Various kinds of rulers, erasers, sharpeners
61.	Wood alternative fuel stick
62.	Coconut oil
63.	Various kinds of fowl eggs
64.	Pumpkin seeds, watermelon seeds
65.	Religious clothes (thingan robe etc.)
66.	Graphite for production of pencils
67.	Condoms
68.	Oil dregs
69.	Salt
70.	Fertilizers
71.	Animal feed
72.	Rubber paste
73.	Solar panels, solar chargers, controllers and solar inverters

(d) 5% commercial tax shall be charged on the sale proceeds from the following actions –

(1) import of goods;

- (2) trading.
 - (e) The commercial tax charged on the import of the goods contained in para. (b) above 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 purchasing said goods in a trading transaction must not be set off with the commercial tax charged on the proceeds from a resale of said goods;
 - (f) 5% commercial tax shall be charged on the revenue from services with the exception of exempted services as notified by the Ministry of Finance of the Union Government;
 - (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.
11. No commercial tax shall be levied 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. 10,000,000 within one financial year;
 - (b) Services subject to commercial tax: Services revenue up to Ks. 10,000,000 within one financial year;
 - (c) Trading: Sale proceeds up to Ks. 10,000,000 within one financial year.
12. 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 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 methods specified by the Ministry of Finance.
13. Section 12 shall not apply to the export of goods. Any person exporting the following goods shall pay commercial tax on the sale proceeds in the foreign currency received and at the tax rates contained in this law –
- (a) Crude oil;
 - (b) Natural gas;
 - (c) Teak logs and teak conversions;
 - (d) Other logs (except teak) and conversions;
 - (e) Jade, rubies, sapphires, emeralds, diamonds and other precious stones.
14. Section 13 shall not apply if [no commercial tax is assessed] on the sale proceeds according to section 6 of the Commercial Tax Law.

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

Chapter 6

Income Tax

16. The rates of income tax levied on salary according to the Income Tax Law shall be as follows

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Sr. No.	Income schedules for levying income tax on the remaining salary income after offset with specified reliefs		Income tax rate
	From	To	
	Kyat	Kyat	
1.	1	500,000	1%
2.	500,001	1,000,000	2%
3.	1,000,001	1,500,000	3%
4.	1,500,001	2,000,000	4%
5.	2,000,001	3,000,000	5%
6.	3,000,001	4,000,000	6%
7.	4,000,001	6,000,000	7%
8.	6,000,001	8,000,000	9%
9.	8,000,001	10,000,000	11%
10.	10,000,001	15,000,000	13%
11.	15,000,001	20,000,000	15%
12.	20,000,001 and above		20%

17. Citizens residing abroad shall, in foreign currency, pay 10% income tax on their total income earned abroad before the deduction of reliefs, with the exception of exempted income according to section 6 Income Tax Law.
18. If a foreigner works, with the approval of the relevant Ministry, in a state project or a project financed by the state, he shall pay 20% income tax in kyats on his total income before deducting the relief according to section 6 Income Tax Law.
19. If a group of persons formed abroad works, with the approval of the relevant Ministry, in a state project or a project financed by the state, it shall pay 25% income tax in kyats on its total income before deducting the relief according to section 6 Income Tax Law.
20. 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 deducting the relief according to section 6 Income Tax Law.

21. A foreigner residing abroad shall pay 35% income tax on his total income before deducting the relief according to section 6 Income Tax Law. The income tax shall be charged in foreign currency if the income is earned in foreign currency.
22. 30% income tax shall be levied on income from undisclosed sources before deducting the relief according to section 6 Income Tax Law.
23. 10% income tax shall be levied on income used for purchasing, building or acquiring any fixed asset before deducting the relief according to section 6 Income Tax Law.
24. The income tax rates applicable to income (before deducting the relief according to section 6 Income Tax Law) earned through other means than professional business, property or economic business and used for purchasing, building or acquiring any fixed asset are specified as follows -

Sr. No.	Income schedules for levying income tax on the remaining income after offset with specified reliefs		Income tax rate to be levied
	From	To	
	Kyat	Kyat	
1.	1	500,000	2%
2.	500,001	1,000,000	4%
3.	1,000,001	2,000,000	6%
4.	2,000,001	3,000,000	8%
5.	3,000,001	4,000,000	10%
6.	4,000,001	6,000,000	12%
7.	6,000,001	8,000,000	14%
8.	8,000,001	10,000,000	16%
9.	10,000,001	15,000,000	18%
10.	15,000,001	20,000,000	20%
11.	20,000,001	30,000,000	25%
12.	30,000,001 and above		30%

25. The income tax rates applicable to the income of primary cooperative societies, cooperative syndicates, heads of cooperative syndicates or central cooperative societies registered and incorporated in accordance with the Cooperative Society Law according to Income Tax Law are specified as follows –

Sr. No.	Income schedules for levying income tax on the remaining income after offset with specified reliefs		Income tax rate to be levied
	From	To	
	Kyat	Kyat	
1.	1	500,000	2%
2.	500,001	1,000,000	4%
3.	1,000,001	2,000,000	6%
4.	2,000,001	3,000,000	8%
5.	3,000,001	4,000,000	10%
6.	4,000,001	6,000,000	12%
7.	6,000,001	8,000,000	14%
8.	8,000,001	10,000,000	16%
9.	10,000,001	15,000,000	18%
10.	15,000,001	20,000,000	20%
11.	20,000,001	30,000,000	25%
12.	30,000,001 and above		30%

26. 25% income tax shall be levied on the total income (before deducting the relief according to section 6 Income Tax Law) of state owned economic organizations.
27. 10% income tax shall be levied on capital gains (before deducting the relief in accordance with 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.
28. If a profit has arisen in a foreign currency 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 shall be levied, in foreign currency, on the profit at the following income tax rates –

Profit	Income tax rate to be levied
(a) Up to 100 million in foreign currency	40%
(b) Between 100 million and 150 million in foreign currency	45%
(c) Above 150 million in foreign currency	50%

29. No income tax shall be levied on income under the head of salaries if the total salary is not more than kyats 1,440,000. However, civil servants appointed as gazette officers shall pay income tax starting from the time of receiving the initial salary.
30. No income tax shall be levied on income from professional business, economic business, properties and other sources of income if the total income is not more than kyats 1,200,000.
31. No income tax shall be levied on primary cooperative societies, cooperative syndicates, head of cooperative syndicates or central cooperative societies registered and incorporated in accordance with the Cooperative Society Law if the total income is not more than kyats 1,200,000.
32. 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 levied even if a capital gain has arisen.
33. The exemption contained in section 30 shall not apply to income used for the purchasing, building or acquiring of fixed assets, income of state owned economic organizations, and income from undisclosed sources.
34. The exemptions contained in sections 29, 30 and 31 shall not apply to income earned by illegal means.
35. 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.
36. 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 –
 - (a) For a spouse: kyats 300,000;
 - (b) For each child: kyats 200,000.
37. 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 levied in kyats from citizens residing in the country and from foreigners residing in the country; from foreigners residing abroad, the income tax shall be levied in the currency in which the income was earned.
38. The definitions of the expressions contained in chapter 6 of this law shall be the same as in the Income Tax Law.

Chapter 7

Miscellaneous

39. The relevant Ministries may, if necessary, issue notifications, orders, directives and procedures in order to implement the stipulations contained in this law.

2014 – 2015 Financial Year

Taxes of the Union originally earmarked for collection

Sr. No.	The responsible Ministries of the Union Government	Description	2014 –2015 Estimate in million kyats
1.		Taxes collected on local production and consumption	1464487.774
	1. Ministry of Home Affairs	Excise duty	934.833
	2. Ministry of Finance	Commercial tax	1291082.237
	3. Ministry of Commerce	Import license fees	8000.000
	4. Ministry of Finance	State lottery	28000.410
	5. Ministry of Rail Transportation	Transport tax	105470.294
	6. Ministry of Finance	Stamp duty	31000.000
2.		Taxes collected on income and ownership	1664932.729
	1. Ministry of Finance	Income tax	1664932.729
3.		Customs Duty	190000.000
	1. Ministry of Finance	Customs duty	190000.000
4.		Taxes collected on the extraction and consumption of state-owned resources	1571160.440
	1. Ministry of Home Affairs	Taxes collected on land	0.890
	2. Ministry of Agriculture and Irrigation	Water tax	1016.543
	3. Ministry of Home Affairs	Embankment tax	0.025
	4. Ministry of Environmental Conservation and Forestry	Tax collected on the extraction of forest materials	1848.061
	5. Ministry of Home Affairs	Tax collected on the extraction of mineral materials	7.450
	6. Ministry of Life Stock, Fisheries and Rural Area Development	Natural pond and lake tax	1083.700
	7. Ministry of Environmental	Tax collected on rubber	0.500

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8.	Conservation and Forestry Ministry of Energy	paste Tax collected on the production of oil and natural gas	329343.271
9.	Ministry of Mines	Mineral tax and gems stones tax	1400.000
10.	Ministry of Communication, Information Technology	Tax collected for telecommunication services	1225000.000
11.	Ministry of Electric Power	The tax collected on the generation of electric power.	11460.000
		Grand total	4890580.943

This text has been published to make the public aware of it and to solicit suggestions.