

MYANMAR TAX SYSTEM REFORM



Internal Revenue Department
Ministry of Planning and Finance

Myanmar Tax System in Brief

The objectives of taxation

The Government collects taxes and duties not only to cover the government expenditures but also to implement the following fiscal policies -

- ❖ To steady the budgeting system and to regulate the circulation and also not to be inflated within the State.
- ❖ To stabilize the domestic consumption, Investment and saving by the tax system.
- ❖ To support the stability of commodity's price.
- ❖ To equal the power of the wealth of nation
- ❖ To get the supporting of the economic development

Myanmar Union Tax Structure

comprises **22** kinds of taxes and duties under the four major heads. These are.....

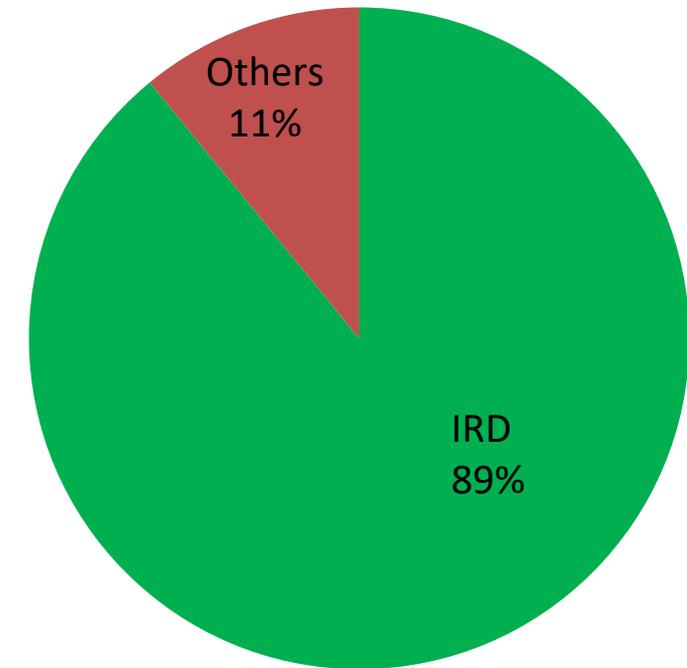
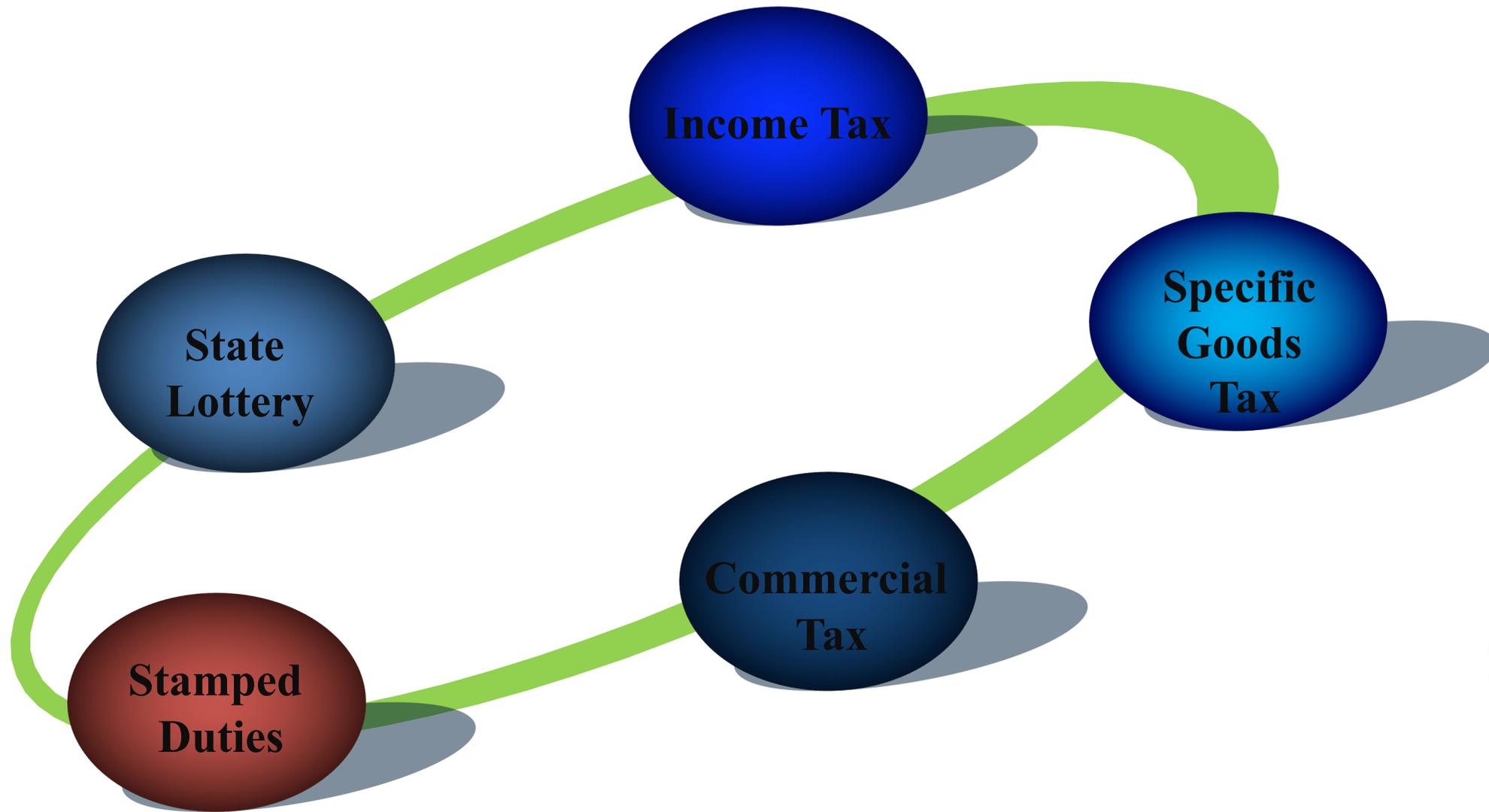
- Taxes on production & Consumption
- Taxes on Income and ownership
- Custom duties and
- Taxes on the use of state owned properties



Myanmar Tax Structure

Sr. No	The Responsible Ministries of the	Description
1	Taxes collected on domestic Production and Comsumption	
	1 Ministry of Home Affairs	Excise Duty
	2 Ministry of Planning and Finance	Commercial Tax
	3 Ministry of Commerce	Import Lincence, Permit Fees
	4 Ministry of Planning and Finance	State Lottery
	5 Ministry of Transport and Communication	Fees for vehicle, Driving Licence and Business Licence
	6 Ministry of Planning and Finance	Court-Fees and Stamp Duty
	7 Ministry of Natural Resources and Enviromental Conservation	Tax for inserting a nucleus in the oyster
	8 Ministry of Hotel and Tourism	Licence fees for Tour Licence/ Hotel and guesthouse licence/transportation Licence
	9 Ministry of Planning and Finance	Specific Goods Tax
2	Tax on Income and ownership	
	1 Ministry of Planning and Finance	Income Tax
3	Customs Duty	
	1 Ministry of Planning and Finance	Customs Duty
4	Taxes collected on the extraction and consumption of State owned resources	
	1 Ministry of Home Affairs	Taxes collected on Land
	2 Naypyitaw Council	Water Tax
	3 Ministry of Home Affairs	Embankment tax
	4 Ministry of Natural Resources and	Tax Collected on the Extraction of Forest Materials
	5 Ministry of Home Affairs	Tax Collected on the Extraction of Minerals Materials
	6 Ministry of Agriculture, livestock and Irrigation	Tax on Fisheries
	7 Ministry of Electricity and Energy	Tax collected on the production of Oil and Natural Gas
	8 Ministry of Natural Resources and Enviromental Conservation	Tax on Minerals and Gymstones
	9 Ministry of Transport & Communication	Tax collected on Telecommunication Services
	10 Ministry of Electricity and Energy	Electricity Charges received in term
	11 Ministry of Agriculture, livestock and Irrigation	Taxed collected on Permit and Use of Vacant, Fellow and Virgin Land

Major Taxes & Duties administered by Internal Revenue Department



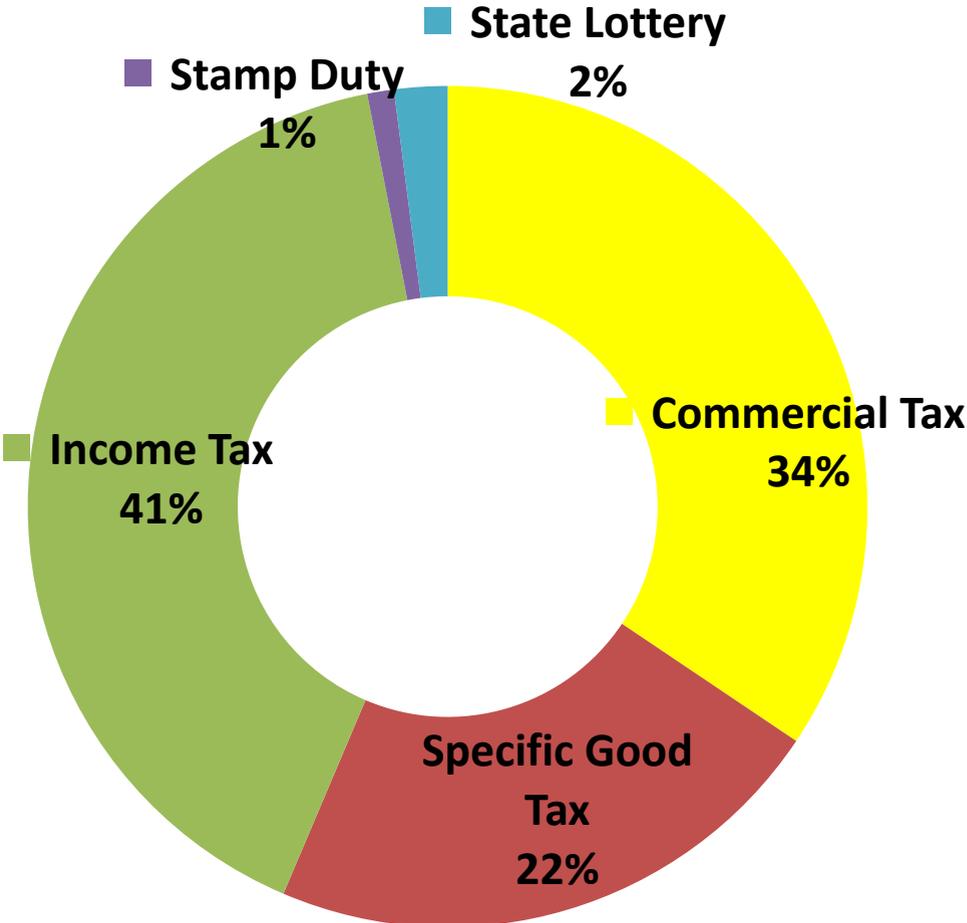
**IRD's collection and Other's
for FY : 2018-2019**

Relevant Tax Laws

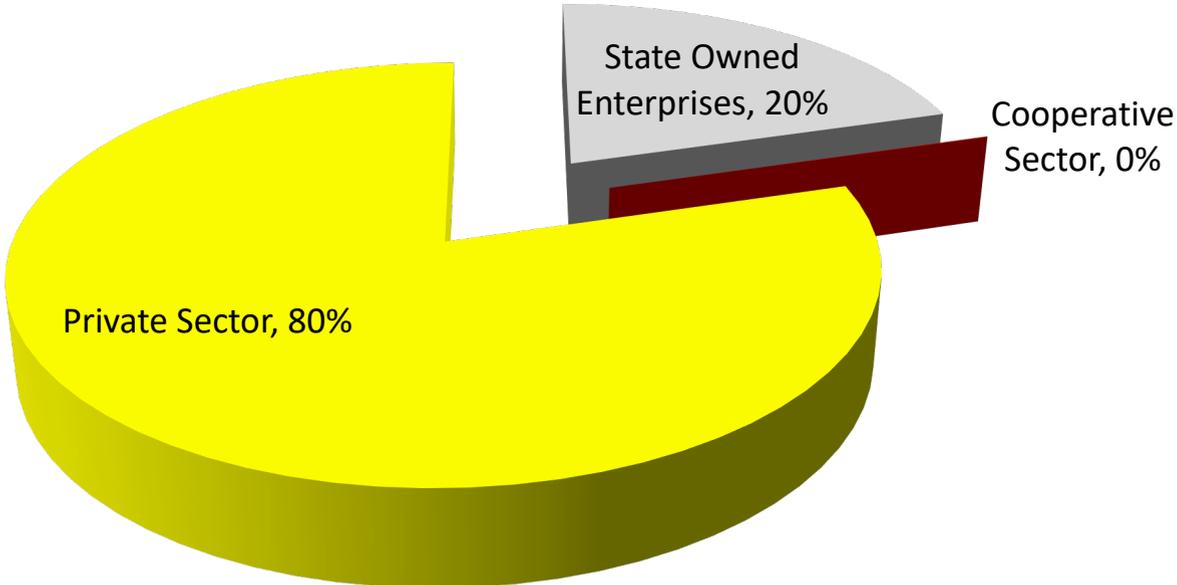
NO.	Types of Taxes and Duties	Relevant Act, of Laws
1.	Income Tax	The Income Tax Law(1974)
2.	Commercial Tax	The Commercial Tax Law(1990)
4	Specific Goods Tax	The Specific Goods Tax Law (2016)
3.	Courts Fees and Stamp Duties	The Myanmar Stamp Act(1899) The Court Fees Act(1870)
4.	Lottery Tax	Directives pertaining to State Lottery
5	The Union Taxation Laws	Provisions related to tax policy such as tax rates, reliefs, thresholds, allowance and etc.
6	Tax Administration Law	Provisions related to tax administration matter.

Major Taxes & Duties administered by Internal Revenue Department

Tax Collection by Types for FY: 2018-2019



Tax Collection by sectors for FY: 2018-19



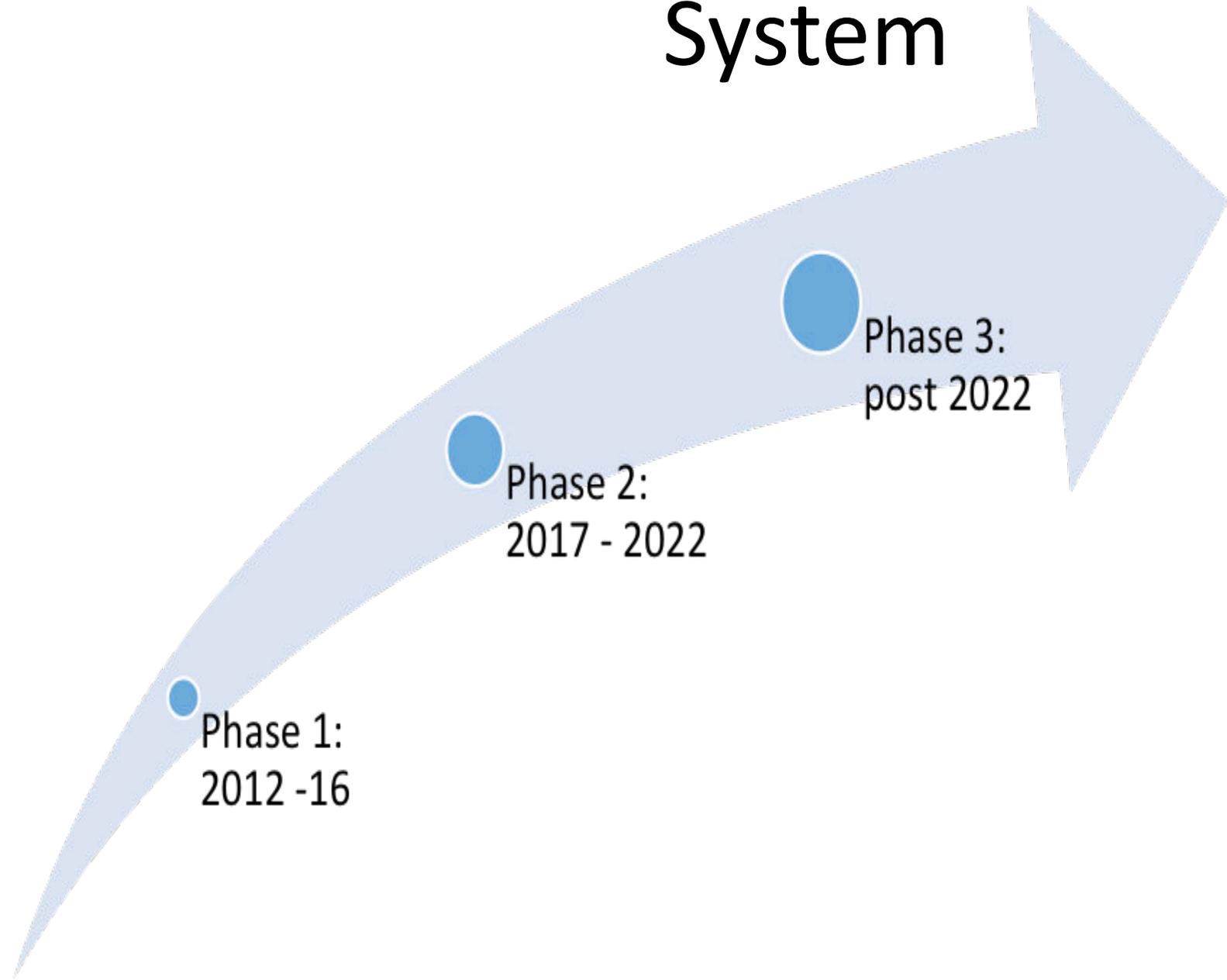
■ State Owned Enterprises ■ Cooperative Sector ■ Private Sector

Myanmar Tax System Reform

Background

- Tax administration in Myanmar is characterized by:
 - Low capacity in the tax administration
 - Low levels of compliance in the community
 - Outdated systems, processes, procedures and approaches.
 - Seriously inadequate IT infrastructure and systems
 - Outdated and unclear taxation policies and Legislation.
 - Tax to GDP Ratio is currently 7.8%
 - Cost of collection is 0.3%
 - Foreign investor expectations of IRD are high.
- We need to reform our tax system as a matter of urgency.

Reform Journey of Myanmar Tax System

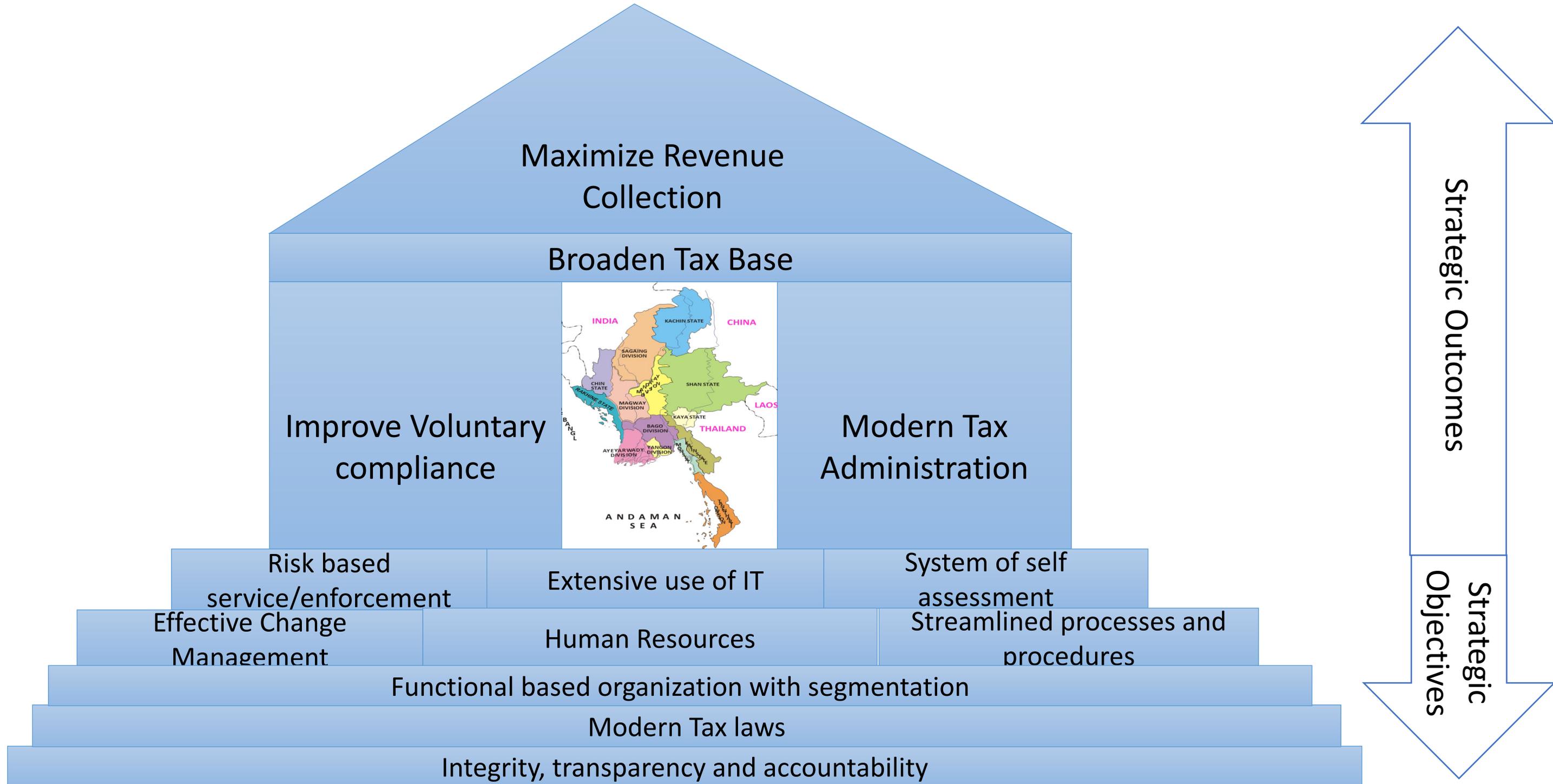


Strategic Tax Reform Program 2017-2022

- Internal Revenue Department Reform Journey: A Medium-Term Revenue Mobilisation Strategy 2017/18 – 2021/22
- Myanmar Sustainable Development Plan: Goal 2 Economic Stability & Strengthened Macroeconomic Management

Strategy 2.3 Increase domestic revenue mobilization through a fair, efficient and transparent taxation system

Strategic Tax Reform Program 2017-2022



- 2.3.4 Develop **modern tax laws**, including a new Tax Administration Law, a new Income Tax Law and a new VAT Law

Legislation

- Tax Administration Law (will effect on 1th October 2019)
- Re-write of the Income Tax Law (second draft finished)
- VAT (Post 2021)

2.3.6 Expand the implementation of a **Self Assessment System** to Medium Taxpayer Offices

System of Self-Assessment

Outcome by 2022

➔ 80-90 percent of revenue collection – LTO and MTO's

	17/18	18/19	19/20	20/21	21/22
MTO 1 implemented (by March 2019)	700 taxpayers				
MTO 2 implemented (by March 2020)	Preparation	700+ 1200 (MTO 2)			
MTO 1 to 3 transitioned to LTO/MTO model nationally (by March 2022)				Mandalay	

2.3.3 Implement **new information technology systems** for registration, processing, accounting, and case work

Technology

- Implementing Integrated tax management system.
- Progressively implemented.
- People
- HR policies to support new approaches.

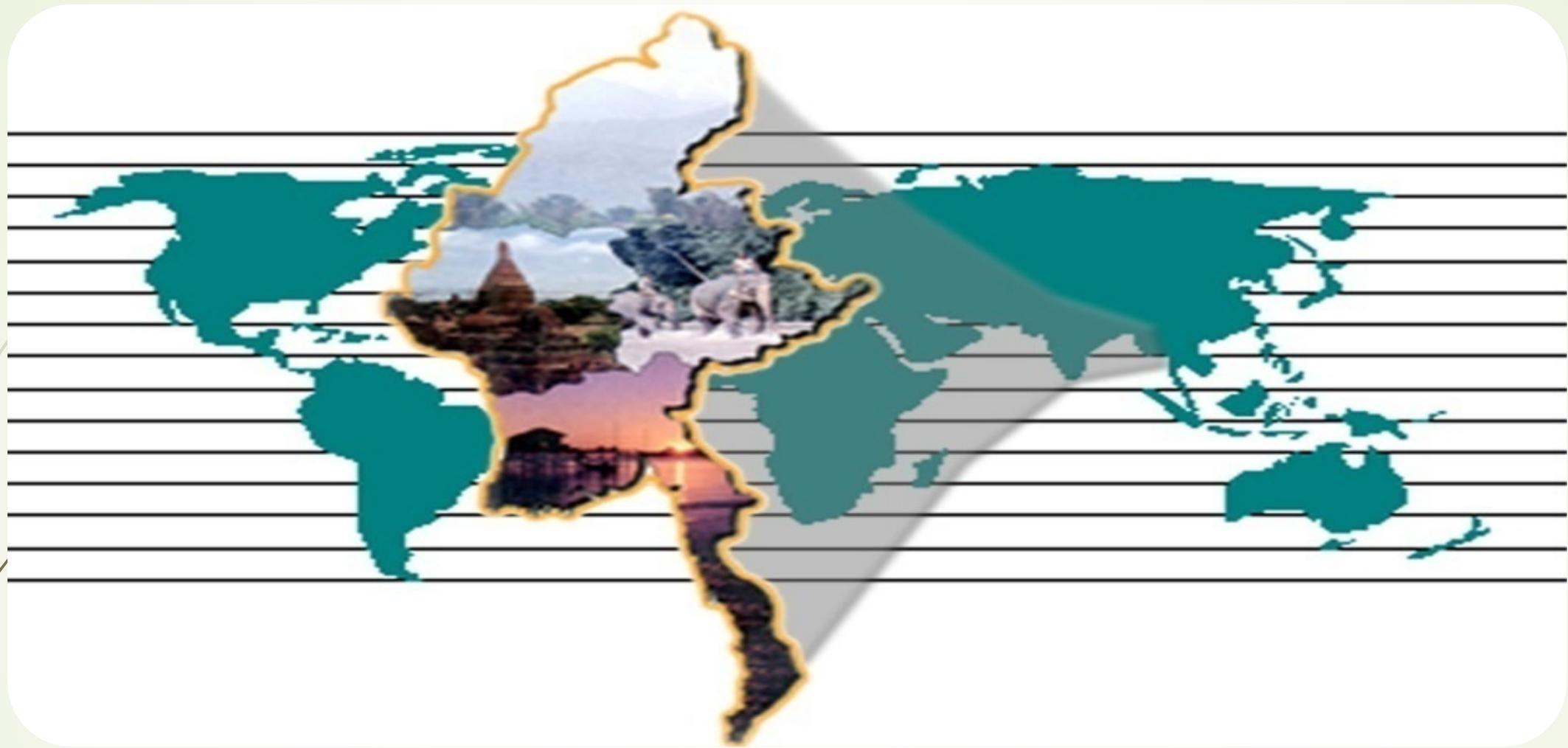
Significant Changes

- Our national Headquarters has been restructured along functional lines.
- The Large Taxpayer Office and Our first Medium Taxpayer Office has been established to manage high value taxpayers under a system of self-assessment
- Changes have been made to our tax policy and legislation framework.
- integrated tax administration system has commenced.
- Capacity and integrity improvements
- Some improvement in compliance.



Challenges Ahead

- Tax law modernization to international standards
- Inadequate and demanding on taxpayer services
- Budget for reform activities
- Need to educate relevant agencies to reform consequences for sound administration
- More coordination and standardization of data interchange across various Agencies (e.g. the general acceptance of Taxpayer Identification Numbers generated by IRD)



Thank you