

The Taxation of the Union Law, 2014
(The Pyidaungsu Hluttaw Law No.20, 2014)
The 13th Waning of Tabaung, 1375 M.E.
(28 March, 2014)

The Pyidaungsu Hluttaw hereby enacts this Law.

Chapter I

Title, Date of Enforcement and Definition

1. (a) This Law shall be called **the Taxation of the Union Law, 2014**.
- (b) This provisions contained in this Law:
 - (i) shall, in respect of commercial tax in Chapter(5), come into force with effect from 1 April, 2014 for 2014-2015 financial year;
 - (ii) in respect of income tax in Chapter(6):
 - (aa) provisions regarding income from salary contained in section 22 and provisions in section 26 shall come into force with effect from 1 April , 2014;
 - (bb) other provisions shall come into force in 2014-2015 income year.
2. The following expressions contained in this Law shall have the meanings given hereunder:
 - (a) **Tax** means taxes collected by the Union Government for the Union.
 - (b) **Law** means the laws promulgated by the Union Government regarding collection of taxes for the Union.
 - (c) **Rules, Regulations, Directives** means the rules, regulations and directives issued under the laws which are promulgated by the Union Government regarding collection of taxes for the Union.
 - (d) **Relevant Ministry** means the Ministries of the Union Government responsible to collection of taxes collected by the Union Government for the Union.
 - (e) **Budget Law** means the Union Budget Law and the Supplementary Budget Law promulgated yearly.
 - (f) **Rate** means tax rates prescribed for the collection of taxes by the Union Government for the Union.

Chapter II

Estimate Tax for Collection

3. The receipt of tax of the Union contained in the Budget Law is the estimate to collect tax shown in schedule 1 of this Law for the relevant financial year.

Chapter III

Prescribing Tax Rates and Reporting

4. Regarding the types of taxes of this Law, the relevant Ministry shall collect estimate tax for collection by the rates of this Law.
5. The Union Government shall, if desires to amend, add or substitute tax rates of this Law, submit to the Pyidaungsu Hluttaw for deliberation.
6. The relevant Ministry shall send a quarterly report on the condition of collection of estimate taxes contained in schedule 1 of this Law to the Budget Department.
7. The Budget Department shall compile tax collection data from the relevant Ministries and submit a quarterly report with comments through the Ministry of Finance to the Union Government.
8. The Union Government shall submit a six-monthly report on the condition of collection of estimate taxes contained in schedule 1 of this Law to the Pyidaungsu Hluttaw.

Chapter IV

Duty and Power of the Relevant Ministry

9. The relevant Ministries shall take the responsibility of administering and supervising for collecting estimate for tax collection contained in schedule 1 of this Law.
10. The relevant Ministry may seek assistance from Union Ministries, Region or State Governments or the Self-Administered Regions or Self-Administered Zones in order to receive necessary information and aids leading the tax payers to pay in accord with law.

Chapter V

Commercial Tax

11. Under section 6 of the Commercial Tax Law, schedules annexed to the Commercial Tax Law have been prescribed as follows:

Commercial Tax Law

Schedules

- (a) Except for goods mentioned in sub-sections (b) and (c), commercial tax shall be charged at 5 per cent on sale proceeds of any type of goods produced in the country or on landed cost of goods imported from abroad.
- (b) In respect of the following type of goods, tax shall be charged at the percentage shown against each type of goods on landed cost of goods imported from abroad or on sale proceeds of goods produced in the country.

Special Goods

| Sr. No | Type of Goods | Tax percentage |
|--------|--|----------------|
| 1 | Cigarette. | 100 |
| 2 | Tobacco. | 50 |
| 3 | Cured virginia tobacco. | 50 |
| 4 | Cheroot. | 50 |
| 5 | Cigar. | 50 |
| 6 | Pipe tobaccos. | 50 |
| 7 | Betal chewing preparations. | 50 |
| 8 | Various types of liquor. | 50 |
| 9 | Various types of beer. | 50 |
| 10 | Various types of wine. | 50 |
| 11 | Teak and hard wood and wood operated basically. | 25 |
| 12 | Jade, ruby, sapphire, emerald, diamond and other precious stones in uncut forms. | 30 |
| 13 | Jade, ruby, sapphire, emerald, diamond and other precious stones in cut forms and jewellery. | 15 |

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| 14 | Engine power- above 1800 CC vans, saloons, sedans, wagons, estate wagons and coupe. | 25 |
| 15 | Gasoline, diesel oil, jet fuel. | 10 |
| 16 | Natural gas. | 8 |

(c) No commercial tax shall be chargeable on the sale proceeds of any type of the following goods. In the case of goods imported from abroad, commercial tax shall be charged at 5 per cent on the landed cost of the goods.

| Sr.no | Description of Goods |
|-------|--|
| 1 | Paddy, rice, broken rice bran, chaff, paddy husk. |
| 2 | Wheat seed, coarse wheat flour, fine wheat flour, wheat bran, wheat husk. |
| 3 | Various types of maize and other cereals, corn powder, other cereal powder . |
| 4 | Various types of pulses, split and powdered pea, pea shell. |
| 5 | Groundnuts, shelled and unshelled. |
| 6 | Sessamum, niger seed. |
| 7 | Mustard seeds, sunflower seeds, tamarind seeds, cotton seeds. |
| 8 | Oil palm. |
| 9 | Various types of cotton. |
| 10 | Jute and other fibres. |
| 11 | Garlic, onions. |
| 12 | Potatoes. |
| 13 | Tapioca, powderd tapioca. |
| 14 | Spices such as leaf, fruit, seeds, barks , spices prepared. |

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| 15 | Fresh fruits. |
| 16 | Vegetables. |
| 17 | Sugarcane. |
| 18 | Mulberry leaves. |
| 19 | Plants of medicinal herbs. |
| 20 | Fresh and dried animal feed produced from farm. |
| 21 | Agricultural products such as peel, thatch, reeds, palm, not elsewhere specified. |
| 22 | Firewood, bamboos. |
| 23 | Live animals. |
| 24 | Silk cocoons. |
| 25 | Finished and unfinished cane. |
| 26 | Honey and bee wax. |
| 27 | Lac. |
| 28 | Residual cake of groundnuts, sessamum, cotton seeds, rice bran etc. |
| 29 | Raw detergent, detergent. |
| 30 | Bleaching substances. |
| 31 | Cotton ginned. |
| 32 | Coir yarn. |
| 33 | Feathers of birds and ducks. |
| 34 | Umbrella cloth. |
| 35 | Various types of stamps. |

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| 36 | Sealing wax and sticks. |
| 37 | Slate, slate pencils and chalk. |
| 38 | Shrimp paste. |
| 39 | Shrimp and fish sauces. |
| 40 | Groundnut oil, seshamum oil, sunflower seed oil, rice bran edible oil, other edible oil and oil cakes. |
| 41 | Fresh fish, fresh prawn, fresh meat. |
| 42 | Milk, various types of powdered milk. |
| 43 | Chilli, chilli powder. |
| 44 | Turmeric, turmeric powder. |
| 45 | Ginger. |
| 46 | Fish paste. |
| 47 | Ripe Tamarind. |
| 48 | State flag. |
| 49 | Various types of rosary. |
| 50 | Various types of ruler, eraser, pencil sharpener. |
| 51 | Firewood substitute fuel stick. |
| 52 | Coconut oil. |
| 53 | Various types of eggs such as eggs of hen and duck. |
| 54 | Pumpkin seeds, watermelon seeds. |
| 55 | Religious cloths (robe etc). |
| 56 | Oil dregs. |

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| 57 | Salt. |
| 58 | Rubber. |
| 59 | Betel nut. |
| 60 | Computers, telephone handsets. |

- (d) The commercial tax except the goods and activities of trade exempted in accord with the law , whoever shall pay 5 per cent on the sale proceeds for the following activities:
- (i) importing goods and reselling them in the country;
 - (ii) trading activities.
- (e) No input tax credit shall be allowable against the commercial tax chargeable on the sale proceed paid at the time of importing the goods for the following goods imported from abroad out of the goods mentioned in subsection(b). Likewise, in the case of purchasing such goods from producers and trading them, no input tax credit shall be allowable against commercial tax chargeable on the sale proceed at the time of the sale of goods. Provided that, input tax credits may be allowed for successive trading activities in accord with the regulations of commercial tax.
- (1) cigarette
 - (2) tobacco leaf
 - (3) cured virginia tobacco
 - (4) cheroot
 - (5) cigar
 - (6) pipe tobaccos
 - (7) betel chewing preparations
 - (8) various types of liquor
 - (9) various types of beer
 - (10) various types of wine
- (f) The commercial tax shall be charged at 5 per cent on receipts from services rendered in the country other than the following services which are not chargeable.

| No. | Types of Services |
|-----|---|
| 1 | Renting of residence service. |
| 2 | Renting of parking space service. |
| 3 | Life insurance service. |
| 4 | Microfinance service. |
| 5 | Healthcare service. |
| 6 | Education service. |
| 7 | Transportation of goods service. |
| 8 | Job agency service. |
| 9 | Banking service. |
| 10 | Customs and port clearance service. |
| 11 | Hiring of equipments used in catering service. |
| 12 | License for slaughter service. |
| 13 | Providing raw materials in return for finished goods service. |
| 14 | Free funeral service. |
| 15 | Container Transportation service. |
| 16 | Childcare service. |
| 17 | Myanmar traditional massage/ Massage serviced by the blind. |
| 18 | Moving household service. |
| 19 | Collecting tolls service. |
| 20 | Animal healthcare and welfare service. |

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| 21 | Collecting fees at public toilets service. |
| 22 | International passenger air transport service. |
| 23 | Culture and fine arts service. |
| 24 | Information and technology service. |
| 25 | Technology and administrative consultancy service. |
| 26 | Public transportation (Bus, Train, Ferry) service. |

12. Under the Commercial Tax Law, in respect of the Cooperative and Private Sectors, no commercial tax shall be charged unless the sale proceeds or receipts from service exceeds each of the followings:
- the total sale proceeds of Kyat 15,000,000 for the domestic production of goods chargeable to commercial tax in a financial year;
 - the total receipt from service of Kyat 15,000,000 for the rendering of services chargeable to commercial tax in a financial year;
 - the total sale proceeds of Kyat 15,000,000 for the trading business in a financial year.
13. Whoever produces any type of goods chargeable to commercial tax, renders services chargeable to commercial tax and receives foreign currency from carrying out trading business under this Law shall pay tax in Kyats on such sale proceeds in foreign currency or receipt from service in accord with the Commercial Tax Regulations issued by the Ministry of Finance at relevant rates calculated as shown in this Law.
14. Whoever exports the following goods, commercial tax shall be charged on the sale proceeds at the tax-rate shown against the said goods and shall be paid in the currency received.

| No. | Types of Goods | Tax Percentage |
|-----|----------------|----------------|
| 1 | Crude oil. | 5 |
| 2 | Natural gas. | 8 |

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| 3 | Teak, hardwood and timber operated basically. | 50 |
| 4 | Jade, ruby, sapphire, emerald, diamond and other precious stones in uncut forms. | 30 |
| 5 | Jade, ruby, sapphire, emerald, diamond and other precious stones in cut forms and jewelleryes. | 10 |

15. The provision contained in section 14 to this Law shall not apply to the determination of the amount of sale proceeds or receipt which is not taxable.
16. Except the above goods contained in the aforesaid section 14, export of other goods shall be exempt from commercial tax on their sale proceeds.
17. A commercial tax relief of 2 per cent is granted for goods chargeable to commercial tax at 5 per cent for goods owned and produced by national entrepreneur or entrepreneurs who are systematically registered in the country, and goods sold by the State-owned enterprises in order to encourage their competition with imported goods in the market.
18. In respect of the following types of goods, no commercial tax shall be charged on the landed cost of imported goods and the sale proceeds of goods in the case of domestic production and trading.

| Sr.no | Types of Goods |
|-------|--|
| 1 | Fertilizer. |
| 2 | Insecticide, herbicide. |
| 3 | Farm appliance and farm machinery and parts. |
| 4 | Food for fish, raw food for prawn, and finished goods. |
| 5 | Animal feed raw and finished goods. |
| 6 | Animal drugs. |
| 7 | Hybrid for sperm liquid and stick. |
| 8 | Solar panel, solar charger, controller and solar inverter. |

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| 9 | X- ray film, plates and X-ray appliances, other pharmaceutical apparatus and equipment. |
| 10 | Cotton wool bandages, gauze, surgical dressing materials, hospital outfit and sundries. |
| 11 | Domestic use medicines and other human use drugs (except controlled drugs by rules and regulations). |
| 12 | Raw for drug. |
| 13 | Various types of textbook, exercise and drawing books, paper for producing such books, various types of pencils. |
| 14 | Pencil lead to make pencil. |
| 15 | Condom. |
| 16 | Defence and Military stores and equipment. |
| 17 | Civilian use gunpowder, dynamite and related equipments. |
| 18 | Quality strains, seeds, saplings of crops. |

19. The commercial tax shall be exempt on domestic production, import, trading and rendering services of the following goods:

| Sr.no | Particulars |
|-------|--|
| 1 | Security printing of the Ministry of Defence, military weapons, spare parts and motor vehicles. |
| 2 | Goods to be sold in foreign currency at specific places for passengers leaving abroad. |
| 3 | Motor vehicles imported for use of foreign embassies or small embassies, diplomats thereof and other staff of embassies on principal of reciprocal rights between two countries. |
| 4 | Goods to use in the Defence services and to consume by the defence services personnel incurred from expenditure contained in budget allotment estimated for the Ministry of Defence. |
| 5 | Raw material or parts of goods provided by non-resident supplier for direct use on a CMP basis and goods used for wrapping the finished product. |

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| 6 | Fuel sold by the Ministry of Energy to foreign embassies, United Nations agencies and foreign diplomats. |
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20. A commercial tax relief of 5 per cent is granted for import and re-sale in the country of jet fuel by Myanmar Petroleum Products Enterprise of the Ministry of Energy.
21. The definition of expressions contained in Chapter 5 of this Law shall have the same meanings as in the Commercial Tax Law:

Chapter VI

Income Tax

22. Tax rates to be levied on salary, profession, property, business and income from other sources have been prescribed to any person as follows:

| Income bracket to be levied on remaining income after the prescribed deduction of any relief | | | |
|--|----------------------|------------|-------------------------------|
| Sr.no | From | to | Income Tax Rates to be levied |
| | Kyat | Kyat | |
| a | 1 | 2,000,000 | 0 percentage |
| b | 2,000,001 | 5,000,000 | 5 percentage |
| c | 5,000,001 | 10,000,000 | 10 percentage |
| d | 10,000,001 | 20,000,000 | 15 percentage |
| e | 20,000,001 | 30,000,000 | 20 percentage |
| f | 30,000,001 and above | | 25 percentage |

23. In the case of a non-resident citizen, the tax shall be 10 per cent on the total income in foreign currency other than the exempted income, accrued abroad before the deduction of any relief allowed under sections 6 and 6-A of the Income Tax Law.

24. In the case of accompany registered and established in Myanmar under the Myanmar Companies Act or the Special Companies Act, 1950, the tax shall be levied 25 per cent of the total profit income in Kyats before the deduction of any relief allowed under the Income Tax Law.
25. In the case of a non-resident foreigner, the tax shall be levied 35 per cent of the total income before the deduction of any relief allowed under sections 6 and 6-A of the Income Tax Law. If the income is received in foreign currency, the tax shall be paid in such foreign currency.
26. The tax shall be 30 per cent on the income that has not been assessed before the deduction of any relief allowed under sections 6 and 6-A of the Income Tax Law. Provided that in the case of a citizen who purchases, constructs or receives any capital asset, the tax shall be enjoyed only once at the following rates on the income that has not been assessed after the deduction of any reported income. No tax needs to be assessed on the reported income.

| | Income (Kyat) | | Income Tax Rate |
|---|-----------------------|-------------|-----------------|
| a | 1 | 50,000,000 | 3% |
| b | 50,000,001 | 150,000,000 | 10% |
| c | 150,000,000 | 300,000,000 | 20% |
| d | 300,000,001 and above | | 30% |

27. In the case of the Cooperative Society, except for Basic Cooperative Societies registered under the Cooperative Societies Law, the tax shall be levied 25 per cent of the net income after the deduction of any relief allowed under section 6 of the Income Tax Law.
28. The tax on the total income of State-owned enterprises shall be levied 25 per cent before the deduction of any relief allowed under section 6 of the Income Tax Law.
29. Except for the capital gains from shares and assets accrued to companies undertaking in the oil and gas sector in Myanmar, the tax on capital gains of the private, cooperative and State-owned enterprises shall be levied 10 per cent on profit in Kyats before deduction of relief under sections 6 and 6-A of the Income Tax Law. Provided that, in the case of a non-resident foreigner, the tax shall be levied 40 percent.

30. In the case of capital gains from the sale, exchange or transfer in foreign currency by any other means of shares and assets of companies undertaking in the oil and gas sector in Myanmar, the tax shall be paid at rates shown against each type of capital gains.

Income tax rates to be Paid on Capital gains

| | | |
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| (a) | Equivalent kyat up to 100,000 million | 40% |
| (b) | Equivalent kyat 100,001 million to kyat 150,000 million | 45% |
| (c) | Equivalent kyat 150,001 million and above | 50% |

31. No income tax shall be levied if the total value of the one or more capital asset sold, exchanged or transferred by any other means within a year does not exceed Kyat 5 million.
32. In the case of small and medium enterprises newly established and industry- based, no income tax shall be charged unless the total income exceeds Kyat 5 million for three consecutive years including the year of commencement of business.
33. The basic allowance under sub-section (a) clauses (1) and (2) of section 6 of the Income Tax Law shall be an amount equal to twenty per cent of each class of income. Provided that, the total relief for a year shall not exceed Kyat 100 million.
34. Reliefs for the spouse and children of an assessee under sub-section (a), clause (2) of section 6 shall be allowed as follows:
- (a) Kyat 5 lakhs for one spouse only;
 - (b) Kyat 3 lakhs for each child.
35. The income tax on income in foreign currency other than income from capital gains shall be paid in Kyat by resident citizens and foreigner and in foreign currency by non –resident foreigners after the tax is calculated under income tax regulation 8.
36. The following classes or types of income are exempt from income tax:
- (a) up to Kyat 50 lakhs of the total income from cash awards received in a single or frequently lump sum in respect of seizures made under the Narcotics and Psychotropic Substances Law;
 - (b) up to Kyat 50 lakhs the total income from cash award received in a single or frequently lump sum or more in respect of seizures made for contraband goods;

- (c) cash awards received in addition to titles conferred by the State;
 - (d) income received from donations of any local or foreign organization for use in healthcare, education, social, religion, literacy, artistic and cultural affairs.
37. The definition of expressions contained in Chapter 6 of this Law shall have the same meanings as in the Income Tax Law.

Chapter VII

Rates to be Collected Other Types of Taxes

38. The relevant Ministries shall administer the tax rates, exemptions and reliefs for and of the following taxes in accord with the existing laws.
- (a) excise duty
 - (b) license fees for imported goods
 - (c) Myanmar State Lottery
 - (d) transportation tax
 - (e) stamp duty
 - (f) customs duty
 - (g) land revenue
 - (h) water tax
 - (i) embankment tax
 - (j) tax on production of forest
 - (k) tax on production of minerals
 - (l) tax on fisheries
 - (m) tax on rubber
 - (n) tax on production of oil and gas
 - (o) tax on minerals and gemstones
 - (p) tax on communication services
 - (q) tax on production of electricity

Chapter VIII

Miscellaneous

39. The relevant Ministries shall undertake such operations as conducting tax education programs, organizing the public, informing the public of tax relief and exemption that may be enjoyed by the taxpayers, giving relief by explaining to the public, recognizing the tax payers and awarding them in collecting tax so that potential taxpayers may pay taxes in accord with the law.

I hereby sign under the Constitution of the Republic of the Union of Myanmar.

Sd/Thein Sein
President
Republic of the Union of Myanmar

----- Attachment -----

[ATTACH LIST 1] 01 2014-2015 Financial Year Budget Estimate for the Taxes of the Union