



# Client Alert

KPMG in Myanmar



## Are You Ready For A Tax Audit?

### What is a Self-Assessment Tax System?

Under a regular assessment system, revenue officers would need to review every single tax return that is filed with the tax office and raise an assessment on the amount of taxes that the tax payers should pay. If tax payers disagree with the assessment, they would lodge an objection with the tax authorities to state the reason for the disagreement.

Generally, a Self-Assessment tax System (“SAS”) would require the tax payers to complete their detailed tax returns which would also be taken as their tax assessment for the financial year and the tax payer would pay the appropriate taxes thereon as self-assessed. You would note that the SAS returns would not be reviewed each financial year. In order to ensure that tax payers are filing their returns correctly, an audit system would need to be put in place together with a punitive penalty system when audits discover an incorrect return.

### Progress within the Internal Revenue Department of Myanmar

The Large Tax Payer Office (“LTO”) was the first department of the Internal Revenue Department (“IRD”) that accepted SAS filings from certain selected tax payers. The Medium Tax Office (“MTO”) 1 will also be administering the SAS on tax payers filing with the MTO 1.

With the broader adoption of the SAS, the IRD has also been ensuring that their tax officers are prepared to undertake tax audits by providing them with training. Whilst we have not seen a significant increase in audit activity by the IRD, it is expected that this will likely take place in the near future.

### How can KPMG help

With this in mind, it is an opportune time for tax payers to prepare themselves for the eventual audit. One of the best ways to prepare for this is to undertake a tax health check to examine key areas of tax compliance and the controls thereon. A high level health check may highlight key taxes or compliance areas where more attention is required.

KPMG’s tax professionals are experienced in providing tax health checks that bring together our knowledge and experience in taxation and related internal controls. These health checks will be targeted towards enabling clients to undertake any necessary corrective action before an audit takes place.

With the health checks, clients will also be better prepared to handle a tax audit as they would have collected the necessary documentation that was put together during the health check and can continue to ensure such documentation is readily available.

### About Client Alerts

KPMG Client Alerts highlight the latest tax and regulatory developments, impending change to law or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time sensitive, it is advisable to make your plans accordingly.

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