



Client Alert

KPMG in Myanmar



MoC notification 25/2018 - liberalization of wholesale and retail sector

The notification was issued on 9 May 2018 by the Ministry of Commerce and Trade (“MoC”), under which the MoC will allow 100% foreign owned or joint venture companies to undertake wholesale as well as retail businesses in Myanmar. This will include goods manufactured in Myanmar or imported from overseas. The details of the liberalisation are set out in the rules attached to the notification.

There are of course still some restrictions but this is very much welcome news to spur market competition in Myanmar.

Capital requirements

In order to qualify for the permit from the MoC, one of the key requirements is in relation to the capital requirements which can be summarized as follows:-

	100% foreign owned or JV (less than 20% MM ownership) (excluding land lease)	JV (with 20% or more MM ownership) (excluding land lease)
Wholesale	US\$5m	US\$2m
Retail	US\$3m	US\$0.7m

Additional requirements

Do note that in addition to the application to the MoC and the capital requirements, new investments into the wholesale and retail sector by 100% foreign owned or joint ventures will need to apply to the Myanmar Investment Commission for an endorsement or permission.

The recommendation of the relevant city development committee or township development committee (e.g. YCDC) will need to be obtained.

Some restrictions remain

Notwithstanding the above, 100% foreign owned companies and joint ventures will not be allowed to operate convenience stores of a floor area less than 929 square meters. In addition, certain prohibited items will also be blocked. A list of these items was unfortunately not included in the rules.

How can KPMG help

KPMG can assist in assessing your investments into Myanmar or are reassessing the new market opportunities. KPMG is experienced in advising clients looking at investing into Myanmar via acquisition of existing businesses or making greenfield investments into Myanmar. Our team of dynamic professionals have the necessary experience in dealing with the intricacies of investing into Myanmar and will be able to offer practical advice and solutions. Please reach out to us to discuss and understand the impact to your investment in Myanmar.

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

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company. As certain issues discussed herein are time sensitive, it is advisable to make your plans accordingly.

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