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Union Tax Law 2020

The Union Tax Law (“UTL”) 2020 was approved by Parliament on 2 September 2020 and is effective from 1 October 2020. The UTL 2020 will apply to the fiscal year 2020 / 2021 ending 30 September 2021. Given the amount of economic uncertainty during the pandemic, the UTL 2020 does mention that the government may propose to amend the tax rates at a subsequent date, i.e. before the next UTL will be announced.

The UTL 2020 does not introduce any significant changes in income taxes, except for new income tax rates in relation to income that has escaped assessment. There have been some changes in special goods tax rates for certain special goods (i.e. cigarettes, cheroot, alcohol, wine) as well as in goods and services to be exempted from commercial tax. We summarise some of these changes below.

Income that had escaped assessment

The UTL 2019 first introduced lower tiered tax rates for the tax on income that had escaped assessment and is used for purchasing, constructing or obtaining fixed assets or expanding a business. The UTL 2020 brings an increase in the applicable income tax rates as follows:-

Unreported income used (MMK)	The UTL 2020	The UTL 2019
1- 100,000,000	6%	3%
100,000,001 – 300,000,000	10%	5%
300,000,001 – 1,000,000,000	20%	10%
1,000,000,001– 3,000,000,000	20%	15%
3,000,000,001 and above	30%	30%

Please note that these rates will expire on 30 September 2021.

Special goods tax (“SGT”)

Under the UTL 2020, new tax rates will be applicable to cigarettes, cheroot, alcohol, wine and there are no changes in the SGT rates for the other special goods. The table below illustrates changes in SGT rates between the UTL 2020 and UTL 2019 on a high-level basis. Please approach us if you need the details.

Special goods	The UTL 2020	The UTL 2019
Cigarettes	Between MMK9 to MMK26 per stick	Between MMK8 to MMK25 per stick
Cheroot	MMK0.8 per stick	MMK0.75 per stick
Alcohol	Between MMK180 per litre to 60% of price	Between MMK170 per litre to 60% of price
Wine	Between MMK87 per litre to 50% of price	Between MMK81 per litre to 50% of price

Contact us



Thomas Chan
Partner
Tax and Regulatory
+959975068076
tchan8@kpmg.com



Kim Ngan Le
Manager
Tax and Regulatory
+959451360578
lngan1@kpmg.com



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Commercial tax (“CT”)

There is no change in the general CT rate of 5%. However, the list of goods and services exempted from the CT has been amended as follows:-

- Soymilk will be exempt from CT (excludes milk substitute products and creamers, which are not made from milk of cow, goat or buffalo);
- X-ray film, plates, X-ray equipment and other medical equipment specified by Food and Drug Administration (previously Ministry of Health) will be exempt from the CT;
- Goods / services purchased locally or goods imported by United Nations organisations, resident in Myanmar, will be exempt from CT; and
- Air transport services with fees charged to passengers for domestic and international flights will be exempt from CT.

In addition, if goods imported under the temporary admission or drawback system are used in Myanmar instead of being re-exported within the specified period, then the previously exempted CT will need to be paid.

How can KPMG help

KPMG can assist in managing your tax compliance needs while operating in Myanmar including corporate tax, personal income tax, commercial tax and withholding tax filings. KPMG has extensive experience in assisting clients submit applications to the tax authorities to obtain clarification or decisions for business investing in Myanmar. Please feel free to reach out to our professionals to discuss and understand the impact to your company’s tax filing position.

About Myanmar Tax Alerts

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