DFDL

TAX GUIDE
MYANMAR



2026

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The information provided in this guide was based on our understanding of publicly known Myanmar laws, regulations, and official practices as of 31 August 2026, and may be affected by laws subsequently enacted by the Myanmar government or notifications that are adopted by various ministries or departments. There may also be instances where the unofficial practices applied by the government authorities (including the tax authorities) are not in accordance with, or may even be contradictory to, Myanmar law. More importantly, as the decisions of the courts and tax authorities are not made publicly available, it is possible that the tax authorities or the courts will adopt an interpretation of Myanmar laws that is not in accordance with our interpretation. Furthermore, not all laws and regulations are published. Lastly, as Myanmar is currently undergoing a political transition whereby the legal interpretational approach or the current government's policies (or the reshuffled judiciary) may vary widely from those of the previous government or judiciary, the information provided in this guide was based on Myanmar's laws and regulations as interpreted and enforced in line with established practices preceding the changes to the Myanmar government since 1 February 2021.

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For more information, please email us at myanmar@dfdl.com or visit www.dfdl.com

01 Introduction

Myanmar's tax and regulatory framework continues to evolve, making a clear understanding of local tax rules, compliance obligations, and administrative practices essential for businesses and investors. Staying informed of legislative and regulatory developments remains critical to managing tax risks and ensuring compliance.

Key 2026 takeaways

- Headline tax rates, including the 22% corporate income tax rate, remain unchanged.
- The qualifying MSME income tax exemption threshold has been increased to MMK 20 million.
- Tax exemptions for battery electric vehicles ended on 1 April 2026.
- Tax administration and source-of-funds checks continue to tighten, particularly on purchases of immovable property.
- Customs compliance procedures have been enhanced, with stricter application of penalties.
- IFRS for Myanmar MSMEs will apply from the 2027–2028 financial year.

This guide summarises the main tax rules and developments relevant to businesses, investors and advisers for the 2026–2027 financial year.

02 Myanmar Tax Framework

The major tax laws in Myanmar include the following:

- The Union Tax Law ("**UTL**");
- The amended Income Tax Law of 1974 (the "**ITL**");
- The amended Commercial Tax Law of 1990 (the "**CTL**");
- The amended Specific Goods Tax Law of 2016 ("**SGTL**");
- The amended Myanmar Stamp Act; and
- The Tax Administration Law of 2019 ("**TAL**").

The UTL is an annual tax law that supplements the exemptions, relief and other benefits granted under the ITL, CTL, SGTL and the Myanmar Gemstones Law. The most recent version is the 2026 UTL, enacted by the National Defence and Security Council and implemented on 1 April 2026. The ITL is supplemented by the Income Tax Rules, Income Tax Regulations and notifications periodically issued by the **IRD**.

The CTL and SGTL are supplemented by implementing regulations and notifications. The Myanmar Stamp Act is supplemented by a schedule detailing the documents subject to stamp duty and the applicable rates. The TAL, effective 1 October 2019, provides a uniform tax administration procedure for income tax, commercial tax and specific goods tax.

The Internal Revenue Department ("**IRD**"), under the Ministry of Finance and Revenue ("**MoFR**") (previously the Ministry of Planning and Finance ("**MoPF**"), administers taxation in Myanmar. The Customs Department, also under the MoFR, administers customs-related matters.

03 Corporate Income Tax ("CIT")

DFDL Insight — Corporate Income Tax

The 22% CIT headline rate applies to taxable income, not accounting profit, and tax exemptions are generally not automatic without IRD confirmation.

Source: CIT, Section C, Tax Exempt Income and Relief

A. Tax Residency

The taxation of a corporate entity is determined by its tax residency. Under the Income Tax Law, a resident company is a company formed under the Myanmar Companies Law ("**MCL**") or any other existing Myanmar law. Further, resident entities also include associations formed wholly or partly with foreigners and where the control, management, and decision-making of its affairs are situated and exercised wholly in Myanmar.

Entities that do not fall in the above definitions are considered non-residents. Myanmar resident entities are subject to tax on income accrued, derived from, or received from any sources within and outside Myanmar. Non-resident entities are liable to pay tax only on Myanmar-sourced income.

B. Taxable Income and CIT Rates

CIT is typically charged on the total taxable income, or net profit, earned during the tax year.

Both resident and non-resident entities are generally subject to a CIT rate of 22%. However, for companies listed on the Yangon Stock Exchange, this rate is reduced to 17%. Companies involved in oil and gas exploration and production are subject to a higher CIT rate of 25%.

Primary cooperative societies, which are registered and established under the Cooperative Society Law, are taxed under graduated income tax rates ranging from 0% to 25% (generally applicable to individuals).

C. Tax Exempt Income and Relief

Certain types of income are exempt from income tax, including:

- Income received by a religious or charitable organization that is used exclusively for religious or charitable purposes;
- Fees charged by a local authority;
- Insurance proceeds;
- Income of a casual and non-recurring nature, with the exception of capital gains and income from an enterprise;
- Share of after-tax profits from an association; and
- Income received by newly established small and mid-sized enterprises during their first three years from commencing operations, providing their income does not exceed MMK 20 million (effective 1 April 2026, previously MMK 15 million) for three consecutive years.

Additionally, the government may grant tax exemptions or relief to the following types of income:

- Income obtained from donations for social, religious, health or educational causes in the country from domestic or foreign donors or international organizations;

- Aid provided to the country by domestic or foreign organizations;
- Interest paid on concessional loans or official development aid loans;
- Donated property or donations provided by domestic or foreign organizations in the event of natural disasters; and
- Matters related to the development of the securities market.

Furthermore, exemptions from income tax may apply under any Law relating to the United Nations, Diplomats, Counsellors, International Organizations, Investment and Special Economic Zones, and other laws relating to income tax.

It is important to note that applying for income tax exemptions is not automatic unless explicitly stated in the law. Generally, taxpayers must apply for tax exemption confirmation (or a certificate of recognition in the case of non-profit organizations and for projects implemented under grant aid or concessional loans) with the IRD. In addition, non-profit organizations are required to update their tax information in the Tax Revenue Management System of the IRD on a regular basis.

D. Non-deductible Expenses

Under the ITL, the following expenses are not deductible for CIT purposes:

- Capital expenditure;
- Personal expenditure;
- Expenditure not commensurate with the volume of business;
- Inappropriate expenses incurred for purposes other than earning such income; and
- Payments made to a member of an association of persons other than a company and a cooperative society provided that payments made for professional services will be deducted.

E. Depreciation

Taxpayers can claim tax depreciation based on the allowable rates provided under MoPF Notification No. 19/2016. The following are the tax depreciation rates for buildings, plant and machinery, furniture, vehicles, and other capital assets:

Type of asset	Depreciation rate (percentage of original value or price)
a. **Buildings**	
i. First-class substantial building constructed with selected materials and reinforced concrete	
– Factories	2.5
– Other Buildings	1.25
ii. Second-class building of less substantial construction	
– Factories	5
– Other Buildings	2.5
iii. Wooden building with tile or corrugated iron roofing	
– Factories	10
– Other Buildings	5
iv. Buildings with bamboo and thatch	Replacement costs allowed as revenue expenditure
b. **Furniture and fittings installed in buildings**	
i. Cups, glassware, cotton, and plastic cloth	5
ii. Furniture and fittings, silverware, and kitchen equipment used in hotels, cinemas, boarding, and guest houses	6.25
iii. Musical instruments used in hotels, theatres, and cinemas	10

Type of asset	Depreciation rate (percentage of original value or price)
c. **Machinery and Plant**	
i. General	5
ii. Machinery, equipment, and various machine tools	2.5-20
d. **Vehicles**	
i. Aircraft	12.5
ii. Waterway transport	5-10
iii. Road transport vehicles	12.5-20
e. **Miscellaneous items**	
i. Office equipment and weighing machines apparatus	10
ii. All other items mentioned in the Notification	5-20

Tools, apparatus, and appliances, or other capital assets that are not included in the MoPF Notifications can be depreciated at 5% per annum based on their original cost.

Tax depreciation, according to the rates prescribed in the Notification, may be claimed for the entire year, regardless of when the asset was purchased. However, no depreciation can be claimed in the year the asset is sold.

For intangible assets and low-value fixed assets, the Director General of the IRD, with approval from the MoPF, has the authority to determine the depreciation rates applicable for these types of assets.

F. Losses

Tax losses can be offset against taxable income. Any unutilized tax losses can be carried forward to offset against future taxable income for up to three consecutive years.

Tax losses from capital assets or a share of loss from an association of persons (including companies and partnerships) cannot be offset against taxable gains from other sources, nor carried forward.

G. Donations

Contributions to religious or charitable institutions sponsored by the State or recognized by the MoPF may be deducted. Deductions for these contributions are limited to 25% of the taxable income before donations are accounted for.

Furthermore, the Practice Statement 2/2018, dated 14 November 2018, outlines the following qualifications for the deduction of donations:

- Donations made by an individual cannot be claimed as a deduction in the company's taxable income.
- The 25% threshold on donations is based on the net profits prior to making the donation. No donation deduction will be allowed if the company is in a loss position.
- To claim the tax deduction, the donor must secure certification of the donation from religious or charitable institutions.

In addition, Practice Statement 8/2019, dated 19 November 2019, provides that Corporate Social Responsibility expenses can also be deducted as a charitable donation (subject to a 25% limit) or as a voluntary expense (in full) if such expenses can directly be attributed to the generation of income for the company or resulting from a contractual obligation under a relevant permit.

04 Personal Income Tax ("PIT")

DFDL Insight — Personal Income Tax

For PIT purposes, what matters is how employees are paid, not what the contract says. Tax is assessed based on the actual salary payment currency, with MMK payment permitted where salaries are paid in MMK.

Source: PIT, Section C, PIT Rates

A. Tax Residence

Myanmar citizens living in Myanmar and foreigners residing in Myanmar for at least 183 days during an income year (which runs from 1 April to 31 March of the following year) are considered tax residents for tax purposes. Otherwise, they will be treated as non-residents. Previously, the income year was 1 October to 30 September until 2021.

B. Taxable Income

Residents are subject to income tax on all income derived from sources within and outside Myanmar.

Non-resident citizens are also taxed on all income earned from both within and outside of Myanmar. Meanwhile, non-resident foreigners are taxed only on income derived from sources within Myanmar.

C. PIT Rates

Income tax is applied at the following progressive rates on the salary received by residents and non-resident foreign nationals in Myanmar Kyats ("**MMK**") and foreign currency, after deductions of exemptions and relief:

Taxable Income				Marginal rate (%)
In MMK			In USD (estimate)*	
Up to		2,000,000	up to 952	0
2,000,001	–	10,000,000	953 – 4,761	5
10,000,001	–	30,000,000	4,762 – 14,286	10
30,000,001	–	50,000,000	14,287 – 23,810	15
50,000,001	–	70,000,000	23,811 – 33,333	20
Over 70,000,000			Over 33,333	25

**Using an estimated exchange rate of USD 1 = MMK 2,100*

Effective 1 October 2023, non-resident citizens working abroad will be subject to income tax based on one of the two following methods, whichever results in a lower tax liability:

- Prevailing tax rates (i.e., income tax rates from 0% to 25%) after deducting the relief and allowances under the ITL; or
- A 2% flat rate without any deductions for relief and allowances under the ITL.

Any foreign tax paid on the income of a non-resident citizen can be offset against the tax payable in Myanmar. Officers of the respective Embassies and consulate offices located in foreign countries will collect the applicable PIT from non-resident citizens.

Individuals who derive income from leasing land, buildings, and apartments are subject to a 10% PIT. Additionally, a non-resident citizen is subject to a 10% PIT on total income earned abroad, except salary earned abroad.

Effective 1 April 2024, income tax shall be assessed based on the currency in which the income is earned. Furthermore, on 24 December 2024, the IRD announced that tax payments can be made in MMK if the employee's salary is received in MMK, regardless of the currency specified in the contract.

D. Tax Exempt Income

Individuals are exempt from income tax if their annual income is less than MMK 4.8 million. The following types of income are exempt from PIT:

- Pensions, including income converted from pensions or gratuities;
- Compensation for death or physical injury;
- Insurance proceeds;
- Share of the after-tax profits (including dividends) of an association (e.g., companies and partnerships);
- Rewards received from the Union;
- Lottery winnings received from the Aung-bar-lay State lottery; and
- Remuneration awarded by the State for discovering ancient artifacts.

Moreover, individuals may be exempt from PIT if their employer, whether a company or a non-profit organization, is covered by the exemption under the United Nations Act of 1954 (Privileges and Immunities), Vienna Convention on Diplomatic Relations (1961), and Vienna Convention on Consular Relations (1963), or if covered by a specific Memorandum of Understanding or international agreements with the Myanmar Government. PIT exemptions will be granted subject to conditions specified in these agreements and compliance with the IRD requirements.

E. Relief and Allowances

Resident individuals can claim personal and dependent relief allowances. A personal allowance of 20% of total income but not exceeding MMK 10 million may be deducted from taxable income. In addition, the following allowances for dependents may be deducted:

- Parent: MMK 1 million per parent;
- Spouse: MMK 1 million; and
- Children: MMK 500,000 per child.

Parent relief is available if the parents are unemployed and living with the taxpayer. Spouse relief is applied when the spouse is unemployed. Child relief can be claimed for every unmarried child who is not earning an assessable income and is under 18 years old, or for those above 18 who are receiving full-time education.

Resident individuals can also deduct premiums paid for their own life insurance and their spouses' life insurance, as well as their portion of social security contributions paid to the Social Security Board. These reliefs and allowances do not extend to non-resident individuals.

F. Benefits other than salaries

Perquisites received instead of or in addition to salary and wages, except those exempt income, are generally considered as part of salary under the ITL. There is no precise definition of "perquisite" in the tax legislation.

Cash allowances are generally considered as taxable for PIT purposes. In Interpretation Statement 1/2023, dated 28 June 2023, the IRD clarified that housing benefits can be exempted from PIT if the accommodation is provided through a property owned or leased by the employer for the employee's benefit. A PIT exemption will also apply to medical costs covered by the employer.

PIT borne by an employer on an employee's behalf is regarded as taxable income and should be added to the employee's gross salary.

G. Employer's Responsibility

The employer is responsible for withholding and reporting the income tax on salary at the time of payment to employees. For more information, please refer to the related discussion in the *Tax Administration* section.

H. Social Security

The Social Security Act of 2012 states that private enterprises employing five or more workers must contribute 3% of their insured wages (max of MMK 9,000) to a monthly social security fund. Meanwhile, the employee's contribution is 2% of their insured wages (max of MMK 6,000) per month.

05 Capital Gains Tax ("CGT")

DFDL Insight — Capital Gains Tax

The deal price does not determine the tax bill. For real estate transfers, CGT, stamp duty, and income tax are generally based on the official assessed value, not just the price agreed between buyer and seller.

Source: CGT, market value assessment for real estate

A. In General

CGT is assessed and reported separately from CIT. Capital gains from the sale, exchange, or transfer by any means of capital assets by residents and non-residents are generally subject to CGT. Capital assets refer to land, buildings, vehicles, and any assets contributed to or otherwise acquired by an enterprise, including shares, bonds, and securities.

CGT is applicable to gains from the sale, exchange, or transfer of capital assets if the total value of the assets sold, exchanged, or transferred during the year is more than MMK 10 million. It is assessed and payable in Myanmar Kyats or the foreign currency in which the transaction was made.

B. CGT Rate

Under the 2026 UTL, the CGT rate is 10% of the capital gained by individuals and companies. If the company is participating in Myanmar's oil and gas exploration and production, CGT will be assessed at the graduated rates below:

Gain	Tax Rate
Up to the equivalent of MMK 100 billion	40%
From the equivalent of MMK 100 billion+1 to 150 billion	45%
The equivalent of MMK 150 billion+1 and above	50%

In computing capital gains, the following may be deducted:

- The net value remaining after depreciation allowances (applicable to business assets only);
- Any expenditure of a capital nature incurred for making any additions to the asset; and
- Expenditures incurred in the procurement of the asset and regarding the sale, exchange, or transfer of such asset.

If the IRD believes the value stated by the taxpayer for the sale, exchange, or transfer of the capital asset is, without sufficient justification, less than the market value prevailing at the time of the transaction, the IRD has the power to adjust such a value to be at the prevailing market rate. If the original cost incurred by the taxpayer in the procurement of the capital asset cannot be ascertained, or if the capital asset was acquired through inheritance or by way of a gift, the market value prevailing at the time of the acquisition is deemed to be the taxpayer's original cost.

For real estate, the market value of the property (other than agricultural land) will be assessed by the relevant Property Value Assessment Committee. The parties apply to the Township IRD Head's office in the township where the property is located; for properties within the municipal (development-committee) boundaries of Yangon or Mandalay Region, the application is made instead to the relevant Region's Market-Value Assessment and Determination Body. The assessed value serves as the basis for income tax assessment, CGT assessment, and stamp duty calculation.

Procedures for Real Estate Purchase, Sale, and Exchange by Taxpayers

• Yangon / Mandalay townships

1. **BUYERS IN YANGON OR MANDALAY TOWNSHIPS**
   Request valuation at the Regional/Territorial Valuation

• Outside Yangon / Mandalay

1. **BUYERS OUTSIDE YANGON OR MANDALAY TOWNSHIPS**
   Request valuation at the Relevant Township Tax Office

2. Submit land forms, agreement, property photos, NRCs, household list, and agent authorization letter (if applicable)

3. Valuation completed within two weeks; result issued via **Form T-80-3**. Tax must be paid within the same fiscal year, or the property is revalued at current market value.

4. Pay income tax and stamp duty at the **Myanmar Economic Bank**

5. Obtain stamp duty from the **Township Revenue Office**

6. Register contract at the relevant **Registration Office** (Nay Pyi Taw, Yangon, or Mandalay)

7. Process name change on the grant at the **Municipal Committee**

6. Register contract at the **Township Land Management and Revenue Department** (other locations)

7. Process name change on the grant at the **Township General Administration Department**

06 Income That Has Escaped Assessment

DFDL Insight — Income That Has Escaped Assessment

Unexplained funds can trigger a tax exposure of up to 30%. For investments, business start-ups, or asset purchases in Myanmar, robust documentation of the source of funds is not just good practice, it is your first line of defense.

Source: Income That Has Escaped Assessment, 2026 UTL thresholds

A tax on "income that has escaped assessment" (previously referred to as a tax on undisclosed sources of income) is charged to a company or a Myanmar citizen that is unable to show the source of income that was used for buying, constructing, or obtaining any assets, and establishing a new business.

In 2019, the Myanmar Government first introduced a tax amnesty for Myanmar citizens with undisclosed sources of income. The amnesty rates range from 3% to 15%. The lower tax rate of 3% applies to undisclosed income up to MMK 100 million. The amnesty rates and tiers vary from year to year.

Under the 2026 UTL, the following income thresholds and taxes will apply for the undisclosed income:

Income (MMK)			Income tax rate (%)
Up to		300,000,000	3
300,000,001	–	600,000,000	5
600,000,001	–	1,000,000,000	10
1,000,000,001	–	3,000,000,000	15
3,000,000,001		and over	30

These tax rates apply until 31 March 2027.

07 Withholding Tax ("WHT")

DFDL Insight — Withholding Tax

Don't assume offshore payments are WHT-free. Actual and constructive payments may be taxed, and the old offshore service exemption is largely gone without IRD confirmation. Dividends remain exempt, but software and license fees require careful classification. Bank approval may be needed before any offshore remittance.

Source: WHT rate table

On 18 June 2018, the MoPF issued Notification No. 47/2018 outlining the rules on payments to resident and non-resident taxpayers in Myanmar. This Notification is effective from 1 July 2018.

The significant change in Notification No. 47/2018 is the removal of 2% WHT on payments to residents for services rendered, goods purchased, and leases within Myanmar. Effective 1 July 2018, the WHT rates are as follows:

Type of payment	Rate if paid to a resident	Rate if paid to a non-resident
a. Interest Payments.	N/A	15%
b. Royalties for the use of licenses, trademarks, and patent rights.	10%	15%

Type of payment	Rate if paid to a resident	Rate if paid to a non-resident
c. Payments by Union level organizations, Department of Union Ministries, the Naypyitaw Council, Regional or State Governments, State-owned enterprises, or Municipal organizations for purchasing goods, work performed, or supply of services within the country under a tender, bid, quotation, contract, agreement or other modes.	2%	2.5%
d. Payments by enterprises carried out jointly with the State on a mutual-benefit basis, joint ventures, partnerships, companies, associations of individuals, organizations, or associations registered and organized under existing laws, cooperatives, foreign companies, foreign enterprises for purchasing goods, work performed, or supply of services within the country under a contract, agreement, or other modes, excluding payments to independent private healthcare professionals.	Exempt	2.5%
e. Professional fee payments by enterprises to independent private healthcare professionals (except if on account of salary/employment).	2% (effective 1 September 2023)	N/A

There is no WHT on dividends, whether paid to a resident or a non-resident.

WHT on payments to residents and Myanmar branches of a foreign company is not a final tax and can be credited against the resident's or the Myanmar branch's income tax liabilities for the year. Meanwhile, WHT on payments to non-residents (excluding Myanmar branches of a foreign company) is deemed final.

Notification No. 47/2018 also provides WHT exemptions on payments by the government and state-owned enterprises for purchasing goods and services from the private sector if the amount does not exceed MMK 1 million per supplier per year. This also applies to payments between the government and state-owned enterprises, as well as interest payments to a branch of a foreign bank in Myanmar. In addition, MoPFI Notification 12/2020 also exempts payments made for activities performed through the development fund of the Union Parliament from WHT.

There is no minimum WHT exemption threshold on payments to non-residents. However, payments to non-residents can be exempted if the related services are rendered outside Myanmar or if exempted under domestic law or a Double Tax Agreement ("**DTA**") between Myanmar and another country. Myanmar has DTAs with eight countries: India, the Lao People's Democratic Republic, Malaysia, Singapore, South Korea, Thailand, the United Kingdom, and Vietnam. Myanmar has recently signed DTAs with Belarus (to be effective on 1 April 2027) and Cambodia (not yet ratified).

Note that the WHT exemption for offshore services or the entitlement of a DTA relief is not automatic and must be applied for confirmation with the IRD. Please refer to the related discussion in the *Tax Administration* section.

08 Commercial Tax ("CT")

DFDL Insight — Commercial Tax

The 5% CT rate is only the starting point. Different rates, exemptions, and special rules can apply depending on the transaction. Equally important is the ability to offset input CT against output CT, making proper documentation critical.

Source: CT, Section B, CT Rate

A. In General

CT, like Value Added Tax, is a tax imposed on goods produced and services rendered in Myanmar and goods imported into the country.

B. CT Rate

The standard CT rate is 5% based on sales proceeds. However, different CT rates apply to the following:

- Internet services – 15%
- Sale of SIM card and related services – MMK 20,000 per SIM card
- Hotel and tourism services – 3%
- Sale of buildings constructed in Myanmar, whether through a long-term lease with the State or through a partnership with a lessor – 3%

- Sale of gold jewelry – 3% (Effective 1 October 2024; previously, it was 1%)
- Export sale of electric power – 8%

CT is also levied on imported goods based on the landed cost.

CT is generally not imposed on the export of goods except for the export sale of electricity and crude oil, which are subject to CT at rates of 8% and 5%, respectively. There is no CT qualification for export services.

C. CT Exempt Goods and Services

Various items are listed as CT-exempt goods (46 imported or domestically produced items) under the 2026 UTL. These generally consist of agricultural and other essential products. Similarly, there are 34 types of services exempt from CT, including education, life insurance, microfinance, and intra-government services. Under the 2026 UTL, Battery Electric Vehicles (including bikes and trikes) and related items and batteries specifically used for Battery Electric Vehicles have been removed from the list of CT-exempt goods.

Taxpayers whose revenue does not exceed MMK 50 million during the next 12-month period are exempt from paying CT, unless they voluntarily elect to be registered for CT.

The 2026 UTL provides that the government may approve CT exemption or relief for work carried out through donations, aid, or loans by local and domestic organizations.

D. Input CT Credits

A CT-registered taxpayer may offset input CT against output CT. A taxpayer should obtain a CT Certificate (also known as Form 05-01) from the supplier to support the input CT claim for local purchases. The same case applies to CT

paid on importation, where the claim of input CT should be supported by a CT Certificate (known as Form 05-02).

Input CT paid on fixed and capital assets can be offset against output CT. However, input CT related to damaged and unsold goods and those not properly supported by CT Certificates will not be allowed as input CT credits.

Effective 1 October 2019, the CT paid on purchasing gold jewelry (whether at the time of importation or local purchase) cannot be offset against the output CT on domestic or export sales. Starting 1 October 2024, as per the amendment to the 2024 UTL, input CT paid on the domestic purchase or import of pure gold, gold bullion, or gold ornaments is no longer deductible from the output CT on domestic or export sales.

E. CT of a Non-resident Service Provider

Non-residents who provide services in Myanmar and exceed the CT threshold must register for CT in accordance with MoPF Notification No. 180/2015. In this case, the person deemed as the service provider's representative in Myanmar under Regulation 47 of the CT Regulations should register for CT on behalf of the service provider.

The representative can be:

- a person delegated, by any means, by the person residing overseas or in the country relating to their work in the country;
- a person who has an economic connection with the person residing overseas or in the country; or
- a person who obtains income on account of the person residing overseas or in the country.

The representative will be required to register and pay the CT to the IRD on behalf of the non-resident.

09 Specific Goods Tax ("SGT")

DFDL Insight — Specific Goods Tax

SGT catches more than obvious excise goods. Vehicles above 1500cc fall under SGT at up to 50%, but double cab pickups and Battery Electric Vehicles are carved out, and BEVs get their own lower 5% rate from April 2026. For any client importing vehicles or fleet assets, checking the exact vehicle category against the SGT schedule before the import order is placed can avoid a costly rate surprise.

Source: SGT rate table

A. In General

SGT (equivalent to excise tax) became effective on 1 April 2016, and is a tax imposed on importers, exporters, manufacturers, and storage providers of tobacco, alcohol, wood, cars, and fuel.[1]

SGT is levied on:

- the higher value between landed cost[2] or the value as determined in advance by the Management Committee of the IRD in the case of importation;

[1] Gemstones were previously subjected to SGT until 30 September 2019.
[2] Landed cost refers to the aggregate cost, including the value specified by the customs law for imported Specific Goods, customs duty levied on them and cargo discharging expenses.

- the higher value between the sales proceeds or the estimated selling price set by the tax authorities in the case of locally produced goods (unless covered by specific notifications from the IRD);[3] or
- the cost incurred until the time of loading in the case of the export of specific goods.

SGT is imposed under the following rates:

Types of Specific Goods	Rates
Various kinds of cigarettes and tobacco products	Various
Various kinds of alcohol products	Up to 60%
Various kinds of beer	60%
Various kinds of wine	Up to 50%
Wood logs and wood cuttings (referred to as "Rough Sawn")	5% (10% upon export)
Vehicles above 1500 CC such as vans, saloon cars, sedans and estate wagons, coupe vehicles (except double cab four-door pickup trucks and Battery Electric Vehicles)	10%-50%
Kerosene, Petrol, Diesel, Jet fuel (octane)	5%
Natural gas	8%
Battery Electric Vehicles (effective 1 April 2026)	5%

CT and SGT will be charged when importing, manufacturing, or exporting specific goods. Effective 1 October 2019, only the export of logs and conversions is subject to export SGT (at 10%). Like CT, input SGT can be offset with output SGT during the quarter.

[3] The 2026 UTL provides that the Management Committee of the IRD shall set the prescribed price for locally-manufactured specific goods similar to the value of the landed cost upon importing such goods.

The SGT paid on goods imported under the Temporary Admission System and Drawback System must be repaid if the goods are not exported within the prescribed timeframe and are used domestically.

B. SGT Exempt Goods

Under the SGT Law, the following specific goods are exempt from this tax:

- Specific goods that are exported, sold by duty-free shops to travelers, or sold onboard an outbound plane or ship (except those subject to export SGT under the UTL);
- Specific goods that are imported into the country for temporary use and later re-exported to the original country in the original quantity and condition under the customs regulations;
- Specific goods that are imported or produced in the country by local or foreign donors and are meant to be donated to the country for social, religious, health, and education purposes;
- Specific goods that are imported by those who enjoy the exemption under international law, international or diplomatic conventions; and
- Fuel to be used for aircraft flying abroad.

10 Gemstone Tax

A. In General

The importation, manufacture, and export of gemstones were previously subjected to SGT. However, effective 1 October 2019, SGT no longer applies to gemstones and has been replaced by the Gemstone Tax.

The tax on the sale of gemstones will be based on the higher of the actual sales value or the value determined by the Myanmar Gems Enterprise.

Under the 2026 UTL, the following tax rates apply to the sale and export of gemstones:

Types of Gemstones	Rates
Raw Jade	11%
Raw Rubies, Sapphires, and other precious stones	9%
Processed Jade, Rubies, Sapphires, and other precious stones, and jewelry with Jade, Rubies, Sapphires, and other precious stones	5%
Products made with gemstones	5%

11 Tax Incentives

DFDL Insight — Tax Incentives

An MIC permit does not hand a client automatic tax relief. Most exemptions, including the income tax holiday, must be actively requested from the MIC. Build the incentive application into the investment timeline as its own workstream, not an afterthought after the permit or endorsement is issued.

Source: Tax Incentives, Section B, Entities Registered with the MIC

A. In General

The Government may grant tax exemptions, relief, or other benefits to any taxpayer, class of taxpayers, or income, or class of income, under the ITL, IT Rules, and IT Regulations.

B. Entities Registered with the Myanmar Investment Commission ("MIC")

Foreign investors doing business under the Myanmar Investment Law 2016 ("**MIL**") that have obtained permits or endorsements from the MIC may be entitled to special tax incentives, including the following:

- Income tax holidays ("**ITH**") - The MIC will, with the approval of the Government, issue a notification and may grant income tax exemptions to:
  - For investment activities in Zone 1 or less developed regions:

seven consecutive years, including the year of commencement of commercial operations;

- For investment activities in Zone 2 or moderately developed regions: five consecutive years, including the year of commencement of commercial operations; and
- For investment activities in Zone 3 or developed regions: three consecutive years, including the year of commencement of commercial operations.

MIC Notification No. 10/2017, dated 22 February 2017, provides the designation of Zones. For example, the Yangon Region may fall under Zone 2 or Zone 3, depending on the location of the investment. In addition, the Zone will also be determined based on the location where more than 65% of the investment value has been carried out.

Meanwhile, MIC Notification Nos. 13/2017, dated 1 April 2017, and 1/2023, dated 15 February 2023, list the promoted sectors entitled to income tax exemption. In 2023, newly promoted sectors included manufacturing, installation, and maintenance services related to electric vehicles and producing and distributing renewable energy for electricity generation.

- Relief from customs duty and other internal taxes:
  - Exemptions or relief from customs duty, or other internal taxes, or both, on machinery, equipment, instruments, machinery components, spare parts, construction materials unavailable locally, and materials used in the business, which are imported as they are required, during the construction period or the preparatory period of the investment;
  - Exemptions or relief from customs duty, or other internal taxes, or both, on the importation of raw materials and partially

manufactured goods conducted by an export-oriented business for manufacturing products for export (at least 80% is foreign currency income from export);

- Reimbursement of customs duty, or other internal taxes, or both, on imported raw materials and partially manufactured goods used to manufacture products for export; and
- If the volume of investment is increased and the original investment is expanded during the permitted period of investment, further exemptions or relief may be granted from customs duty, or other internal taxes, or both. These may include machinery, equipment, instruments, machinery components, spare parts, materials used in a business, and construction materials that are unavailable locally and must be imported as needed for use in a business expansion.

- Others
  - Exemptions or relief from income tax may be available if the profits generated from an investment that has obtained a Permit or an Endorsement are reinvested into the same registered investment or in any similar type of investment activities within one year;
  - Right to depreciation for income tax assessment, after computing such depreciation from the year of commencement of commercial operation based on a depreciation rate that is less than the stipulated lifetime of the machinery, equipment, building, or capital assets used in the investment (i.e., accelerated depreciation of 1.5 times of the permitted depreciation rates); and

- Right to deduct from assessable income expenses incurred for research and development related to investment activities carried out within Myanmar and required for the economic development of Myanmar (up to 10% of assessable income).

On 10 October 2017, the MIC issued Notification No. 84/2017 expanding the criteria of Myanmar entities qualifying for MIC endorsement benefits under the MIL. In this case, MIC endorsement benefits are now being extended to 1) existing companies that have not previously sought MIC benefits; and 2) companies holding MIC endorsement approval that did not previously seek tax exemptions on importation. The Notification states, however, that investors can apply for relief on customs duties and internal tax, but not ITH relief.

On 5 April 2024, the MIC issued Notification 8/2024 that revoked the earlier Notification No. 87/2017, which allowed 100% export-oriented investments (i.e. investors who supply all their finished goods and semi-finished goods manufactured locally to investment businesses that are 100% export oriented) to apply for relief on customs duty and import taxes. With this revocation, exporters are no longer required to be 100% export-oriented businesses to apply for customs duty and import tax exemptions under Section 77(b) of the MIL.

Pursuant to MIC Notification No. 1/2026 dated 16 March 2026, investors seeking tax exemption or relief for investment businesses in a promoted sector must satisfy the following minimum criteria:

Criteria	Requirement
Minimum cash contribution	At least 35% of the total investment amount stated in the proposal and endorsement application must be contributed in cash.

Criteria	Requirement
Foreign loan documentation	Where the investment is to be carried out with foreign loans, the investor must submit: (i) the loan approval letter from the Central Bank of Myanmar, including the loan repayment schedule; and (ii) evidence that the foreign loan and foreign capital have been remitted in cash through a bank holding an AD license for foreign exchange transactions.

Note that the MIC will not automatically grant these exemptions. Most exemptions and relief must be sought by submitting a request to the MIC.

C. Incentives under the Special Economic Zone Law ("SEZL")

A Special Economic Zone (SEZ) includes zones designated for high-tech, information and telecommunications technology, export processing, port areas, logistics and transportation, scientific and technological research and development, service businesses, and sub-trading industries. Currently, there are three SEZs in Myanmar:

1) Thilawa in the Yangon Region
2) Kyaukphyu in Rakhine State, and
3) Dawei in the Thanintharyi Region.

However, only the Thilawa SEZ is fully operational.

Foreign investors in a SEZ can be in a Free Zone or Promotion Zone. Free Zones are mainly focused on export-oriented markets. Meanwhile, Promotion Zones are mainly based on the domestic market and the markets in SEZs.

Foreign investors and developers carrying out business in the SEZs may be granted the following tax exemptions or relief:

For Free Zone investors

- ITH for the first seven years starting from the date of commercial operation;
- After seven years, a 50% reduction of income tax for the next five-year period;
- After 12 years, a 50% reduction of income tax for profits reinvested within one year as a reserve fund;
- Exemption from import duty on certain goods;
- Exemption on customs duty and other taxes for raw materials, machinery and equipment, and certain types of goods imported for investors in free zones;
- Carry forward losses for five years from the year the loss is sustained; and
- Exemption on CT.

For Promotion Zone investors

- ITH for the first five years starting from the date of commercial operation;
- After five years, a 50% reduction of income tax for the next five-year period;
- After ten years, a 50% reduction of income for profits reinvested within one year as a reserve fund;
- Exemption from import duty on certain goods;
- Exemption on customs duty and other taxes for the first five years in respect of machinery and equipment imported that are required for construction starting from the date of commercial operation,

followed by 50% relief on customs duty and other taxes for the next five years;

- Carry forward losses for five years from the year the loss is sustained; and
- Exemption on CT (on purchases, except on land lease payment) during the period of relief as provided under the law.

For Developers

- ITH for the first eight years from the commencement of business operations;
- After eight years, a 50% reduction in income tax for the next five-year period;
- After 13 years, a 50% reduction in income tax for the next five-year period for profits reinvested within one year as a reserve fund;
- Exemptions from customs duty and other taxes for raw materials, machinery, equipment, and certain types of imported goods; and
- Carry forward losses for five years after they were sustained.

12 Stamp Duty

DFDL Insight — Stamp Duty

Stamp duty rates differ sharply by instrument. A lease of immovable property runs 0.5% to 2% depending on term, a share transfer only 0.1%, but a joint venture or construction agreement is 1% of value, capped at MMK 150,000. Getting the instrument classification right at drafting stage, not after signing, avoids both underpayment penalties and overpaying on the wrong schedule.

Source: Stamp Duty, Non-Judicial Stamp Duty table

Stamp duty is collected from the affixing of judicial and non-judicial stamps. Judicial stamps are used in judicial proceedings, while non-judicial stamps are for general purposes.

A. Judicial Stamp Duty

Judicial Stamp Duty is collected by affixing judicial stamps and represents fees payable under the Court Fees Act. The rates vary depending on the subject matter of the document. Taxable documents include complaints, probates of wills, letters of administration, succession certificates, petitions, applications for leave to sue, memoranda of appeal, bail bonds, and other similar documents.

B. Non-Judicial Stamp Duty

Non-judicial stamp duty is levied on various instruments that must be stamped under the Myanmar Stamp Act. Instruments chargeable for duty and the corresponding rates are in the schedule annexed to the Stamp Act. Instruments subject to stamp duty include the following:

Types of Instrument	Rates
Conveyance of immovable property	2%[4]
Lease of immovable property	0.5%-2% (based on the term)
Bonds (including mortgage deeds)	0.5%
Transfer of shares	0.1%
Agreements relating to joint venture agreements, production or profit-sharing contracts, construction agreements or other similar contracts	1% of the value (max of MMK 150,000)

The stamp duty is payable by the person as stated in the agreement. If there is no mention in the agreement, the person stated in Section 29 of the Myanmar Stamp Act will be liable to pay the duty. The person responsible for paying the duty varies depending on the type of instrument.

Stamp duty must be paid to the relevant tax office before or upon execution of the contract if it is signed within Myanmar. Meanwhile, documents signed overseas must be stamped within 90 days of the document being received or brought into Myanmar. The penalty for late payment of stamp duty is three times (previously ten times before 26 November 2019) the unpaid amount, with a minimum penalty of MMK 500.

[4] Additional 2% surcharge and municipal charges may apply depending on the location of the property.

13 Property Tax

DFDL Insight — Property Tax

Property tax in the Yangon development area is actually four separate levies, general, lighting, water, and conservancy, each with its own cap and each set by the local development committee. Rates are not uniform across Myanmar. A client comparing property costs across cities needs the local committee's rates, not a single national figure.

Source: Property Tax, Yangon development area

Property tax applies to immovable property (land and buildings) situated within Myanmar and is payable by Myanmar citizens or Myanmar local companies. The tax is typically billed to the property owner. However, the tax can be collected from the occupant, subject to the agreement of the parties.

In the Yangon development area, the following are the applicable property taxes:

- General tax not exceeding 8% of the annual value;
- Lighting tax not exceeding 5% of the annual value;
- Water tax not exceeding 3.25% of the annual value (depending on the township); and
- Conservancy tax not exceeding 8.5% of the annual value (depending on the township).

The "annual value" refers to the gross annual rent for which the land and building may be expected to be leased unfurnished, including any additional amount as periodically determined by the Yangon City Development Committee or local development committee on the value of property to be taxed.

Property taxes are imposed by local development committees and, therefore, may vary from one location to another within the country.

14 Customs and Import Duties

DFDL Insight — Customs and Import Duties

Customs compliance starts with classification and origin. Correct tariff classification and proper certificates of origin can significantly reduce customs risks, while duty exemptions often require advance approval from the relevant authorities.

Source: Customs and Import Duties, Section A

A. Importation of Goods

The importation of goods into Myanmar is generally subject to the following taxes:

- Customs duties. In line with Myanmar's latest 2022 Customs Tariff, customs duty is payable according to the tariff schedules based on assessable value. Rates range from 0% to 60%. Alcohol products are subject to the highest customs duty rates.

  Exemptions or preferential rates may apply if the imported goods are covered by a relief under the domestic law (e.g., under the MIL and the SEZL) or qualify for a reduced tariff rate under Free Trade Agreements ("**FTAs**"). Duty rates may be reduced if the "country of origin" of the imported goods is a jurisdiction with which Myanmar has an existing FTA. Myanmar's FTAs include the ASEAN FTA, the Regional Comprehensive Economic Partnership ("**RCEP**"), and the

companion FTAs with China, Japan, South Korea, Australia, New Zealand, Hong Kong, and India.

Based on MOPF Notification 29/2025 dated 7 May 2025, Myanmar has reciprocally applied the RCEP only to the following RCEP signatory countries: Cambodia, Thailand, Vietnam, Brunei, Lao PDR, Singapore, Malaysia, Indonesia, and China.

- SGT is based on the landed cost of specific goods (refer to discussion in SGT).
- CT on importation based on landed cost, including the SGT (refer to discussion in CT).
- Advance income tax on importation of 2% based on customs value. This advance tax may be offset against the final assessment of CIT, and the excess advance income tax paid can be refunded to the taxpayer.

  The advance income tax will not apply to:

  - Goods imported or exported using the budget allowance by the ministry, departments, and state-owned enterprises;
  - Motor vehicles imported by individuals after returning the permit for an old vehicle;
  - For MIC-registered enterprises, machines, equipment, and spare parts imported to be used during the construction period and raw materials imported within the first three years after the construction period;
  - Goods imported with donations from local or foreign organizations;
  - Fire engines, funeral vehicles, ambulances (except hospital vehicles imported by private businesses);

- Raw materials imported for contract-manufacturing services; and
- Goods imported under a drawback system or under temporary importation.

Previously, goods exported by taxpayers who are under the self-assessment system at the Large Taxpayers Office ("**LTO**") and Medium Taxpayers Office ("**MTO**") No. 1 are also covered by the advance income tax exemption. However, this exemption was removed by the MOPF effective 1 May 2019.

The importer generally pays these taxes before clearing the goods at Customs.

On 13 November 2024, the MOPF issued Notification 77/2024 that provides exemptions on customs duties and taxes on the importation of raw materials and packing materials used in Cut-Make-Pack operations.

On 18 March 2026, the MoFR issued Notification 45/2026, introducing reduced customs duties for Battery Electric Vehicles (BEVs) and related components, effective from 1 April 2026 to 31 March 2027.

In addition, export taxes (e.g., SGT, CT, and advance income tax on export) may also apply to certain goods exported from Myanmar.

Currently, duties and taxes on the import and export of goods are calculated and paid based on the Reference Exchange Rate issued by the Central Bank of Myanmar ("**CBM**").

B. Penalties

On 6 July 2026, the MoFR issued new Export and Import Compliance Procedures under Notification 115/2026. The Notification prescribes commodity-specific penalties for unlicensed imports, timelines for goods arriving before licence issuance or after licence expiry, and sanctions for misrepresentations relating to origin, brand, manufacturing year, or condition. Penalties range from fines calculated on assessable value to confiscation of goods, with a redemption fine available in certain cases and appeal rights provided under the applicable customs and tax laws.

15 Tax Administration

DFDL Insight — Tax Administration

The tax currency now follows the income currency. This shift affects all major income taxes and has important cash flow and compliance implications for businesses. At the same time, Myanmar's growing digital payment platforms are making tax payments easier and more accessible.

Source: Tax Administration, Section C, Tax Payments

A. Tax Registration

Tax registration is processed after the company has successfully registered its business with the Directorate of Investment and Company Administration ("**DICA**") or with a relevant ministry in Myanmar.

Under MoPF Notification 20/2022 dated 31 March 2022, all persons conducting business activities in Myanmar (both profit and non-profit organizations) are required to register for tax within 90 days of registration at the DICA or the relevant ministry. The Central Taxpayer Service Unit ("**CTSU**") of the IRD handles the tax registration for both profit and non-profit entities. The CTSU evaluates the taxpayer classification and determines the appropriate tax office of the taxpayer.

Effective 23 May 2023, tax registration is conducted electronically using the IRD's e-Registration Management System. Taxpayers will now be required to register an account on the IRD website and apply for a taxpayer identification

number ("**TIN**") using the platform. Note that this TIN is also similar to the company registration number issued by the DICA.

Once the registration process is completed, the CTSU will issue a TIN to the taxpayer through its registered account. The TIN will be used for filing and paying taxes, applying for importer/exporter licenses, and conducting business transactions (e.g., remittance of foreign currency payments and participation in government tenders). Starting from 1 November 2024, the Department of Trade under the Ministry of Commerce issued Newsletter 5/2024 on 24 October 2024, mandating that importers must register for a TIN prior to applying for an exporter/importer registration certificate.

After securing the TIN, the taxpayer must register its business for CT and SGT (as applicable). The CT registration, as applicable, should be done by the taxpayer at least one month before the start of its commercial operations. Meanwhile, the SGT registration, as applicable, should be completed by the taxpayer at least three months prior to the start of commercial operations. Both CT and SGT registrations are subject to annual renewal.

Additionally, the taxpayer is required to register with the IRD's e-filing and e-payment systems.

B. Tax Year

Effective 1 April 2022, the taxable period of companies and businesses in its financial year (income year) is from 1 April to 31 March of the following year. Before 1 April 2022, Myanmar adopted a financial year of reporting from 1 October to 30 September. To transition to the new financial year of reporting, a six-month transition period was applied from 1 October 2021 to 31 March 2022.

All taxpayers are required to follow this financial year of reporting.

C. Tax Payments

Prior to 1 April 2024, resident taxpayers, such as citizens and resident foreigners, were required to pay income tax in Myanmar kyats in accordance with the conversion procedures outlined in the income tax regulations. Conversely, non-residents who received income in a foreign currency were required to pay income tax based on the currency in which they earned it.

Furthermore, the CBM and the IRD clarified that if tax is required to be paid in a foreign currency (such as withholding tax or PIT on payments to non-residents), the tax should be paid in that foreign currency without conversion into Myanmar kyat. For foreign capital gains, the tax must be paid in that foreign currency.

Starting from 1 April 2024 or upon effectivity of the 2024 UTL, income tax will be paid based on the type of currency earned or received. This applies to all types of income tax payments covering CIT, CGT, WHT, and PIT. However, non-income tax payments such as CT, SGT, and stamp duty are not yet covered. These taxes remain payable in MMK in accordance with the foreign exchange conversion procedures outlined in the relevant tax laws and regulations.

The IRD implemented an online payment system through which taxpayers can easily submit their due taxes. Currently, taxpayers can make an online tax payment through the following: (i) via the Myanmar Payment Union system; (ii) via a Myanmar bank's Internet and mobile banking system; or (iii) via the CBM's network system. In addition, starting January 2023, the IRD clarified that tax payments in foreign currency can be made via an account in an authorized bank in Myanmar or via Myanmar's state-owned banks (i.e., Myanmar Foreign Trade Bank or Myanmar Investment and Commercial Bank).

Starting 1 September 2024, the IRD launched its Tax Payment Hub Portal, an electronic payment platform available on the IRD's website, which allows tax

payments through mobile payment options. It expands the previous e-payment portal, which was limited to MPU's Debit Card (e-Commerce).

D. Due Dates

Taxpayers must submit Corporate Annual Tax Returns and Annual Salary Statements via e-filing (or to the relevant tax office) within three months after the end of the financial year.

If a business is discontinued, the tax returns must be submitted within one month of the discontinuation of the business.

Transactional CGT returns must be submitted within 30 days of the disposal of the assets concerned. A Consolidated Annual CGT return must also be submitted within three months after the end of the financial year.

Tax	Tax Liability	Deadline
Corporate Income Tax	Quarterly Payment (advance tax)[5]	Ten days after the end of the quarter.
	Annual CIT Return	Three months after the end of the financial year.
Commercial Tax	Annual Registration	Initial registration must be done one month before commercial operations (annual renewal must be at least one month before the expiration of the CT certificate). Effective 1 April 2025 or financial year 2024-25, CT registration will be conducted through the IRD's e-registration system.
	Monthly CT Payment	Ten days after the end of the month.

[5] As per MOPF Notification 389/2021 dated 16 November 2021, the calculation of the advance CIT is generally based on 25% of the prior year's annual tax payable. An exemption may apply if the taxpayer, subject to a prior notice to the IRD, estimates that the tax for the quarter significantly varies from the IRD's proposed formula.

Tax	Tax Liability	Deadline
	Quarterly CT Return	One month after the end of the quarter.
	Annual CT Return	Three months after the end of the financial year.
	Generally, 5% on importation.	Upon importation.
Personal Income Tax	0-25% advance PIT on salary (on account of employment)	15 days after payment.
	Annual Salary Statement	Three months after the end of the financial year.
Withholding Tax	Required to be withheld on payment	15 days after payment.
Other Taxes	Monthly Social Security	15 days after the end of each month.
	Specific Goods Tax	Initial registration must be done three months before commercial operations (annual renewal must be done at least three months before the end of the financial year). For importation of specific goods, before the release of specific goods from customs. For local manufacture or export of specific goods, monthly payment within ten days after the end of the month when the goods are manufactured or exported. A quarterly SGT return must also be filed to the tax office within ten days after the close of the quarter.

Tax	Tax Liability	Deadline
	Import Taxes	Before the release of the goods from customs.
	Capital Gains Tax	For transactional CGT return, 30 days from the disposal of the capital asset. For annual consolidated CGT return, three months after the end of the financial year.
	Stamp Duty	Payable before or at the time that an agreement is executed. If executed abroad, stamp duty must be paid within three months of being brought into Myanmar.

E. Penalties

The TAL introduces a comprehensive list of penalties for non-compliance. Penalties can be fixed or based on a percentage of the tax due, ranging from 10% up to 100% of the tax due, depending on the type of offense, such as the following:

1) If the taxpayer fails to file a tax return on time, the penalty will be the higher of:
   - 5% of the tax due + an additional 1% of the tax due for each month (or the proportionate amount if less than a month) from the due date of the return until the date of the IRD assessment; or
   - MMK 100,000.
2) If the taxpayer fails to make the advance tax payments, including WHT, on time: a 10% penalty on the late payment.
3) If the taxpayer deliberately provides an incorrect statement or intentionally omits a key matter that results in a reduction of the

taxpayer's tax liability (considered as Negligent or Fraudulent Underpayment):

- 25% of the underpayment if the amount of underpayment is less than MMK 100 million or not more than 50% of the tax payable; or
- 75% of the underpayment if the amount of underpayment is more than MMK 100 million or 50% of the tax payable.

4) If the taxpayer (except if acting in good faith) provides a false or misleading statement to the tax authorities (e.g., for the intentional omission of income and declaration of false or misleading information in a tax return): MMK 150,000 penalty plus a higher penalty of:
   - The difference between the tax liability that should have been paid and the actual tax paid; or
   - The difference between the tax refund that should have been claimed and the actual tax refunded.
5) If the taxpayer fails to register or to notify about changes regarding taxpayer information (including failure to apply for cancellation of tax registration): 10% of the tax due.
6) If the taxpayer deliberately fails to provide proper disclosures such as: a) using fraudulent or incorrect TINs; b) issuing incorrect invoices or receipts; c) issuing incorrect receivables or payable records; and d) providing invoices, receipts, receivables and payables not according to tax laws: an MMK 250,000 fixed penalty will apply.
7) If the taxpayer is committing tax evasion (i.e., taxpayer intentionally violates the tax laws, or commits Negligent and Fraudulent Underpayment and False or Misleading Statements on several

occasions, or if the taxpayer's non-compliance resulted in significant losses to the state): a) higher amount of MMK 250,000 or 100% of the amount evaded; or b) seven years of imprisonment; or c) both a and b.

The above penalties will not apply for stamp duty, where the late payment penalty is three times the unpaid tax. Furthermore, a separate penalty will apply for each non-compliance on customs-related matters.

On 13 June 2024, the MOPF issued Notification No. 44/2024 to provide guidelines for classifying offenses under tax laws and taking uniform legal action against non-compliance with the TAL. The notification outlines the procedures for addressing cognizable and non-cognizable offenses, issuing notices, granting extensions, and initiating prosecutions.

F. Tax Assessments and Audits

Tax audits are performed on a case-by-case basis. Typically, a pre-tax assessment review is conducted by the relevant tax office after the taxpayer submits their annual tax returns to confirm the tax payments made during the relevant tax year. Once confirmation of tax payments is determined, the relevant tax office will issue a Self-Assessment Confirmation (or Notice of Demand if the tax office still follows an Office Assessment System) at the time of assessment. Despite receiving such confirmation or notice, taxpayers may still be subject to a comprehensive or special tax audit within six years after the assessment year.

The selection process is based on the IRD's 'risk-based compliance criteria'. Based on internal guidelines from the IRD, taxpayers will be selected based on the following:

- The taxpayer's current economic status or regulatory compliance;
- A substantial decrease in tax payments;

- Unusual particulars mentioned in the tax returns;
- Documentary evidence in fulfilling tax payment obligations;
- The IRD's assumption that the tax returns provided by the taxpayer are incorrect (after obtaining other facts and information);
- Substantial amounts of net loss;
- Regional information available via the media or unusual wealth; and
- Random selection as determined by the IRD.

Under the TAL, the IRD can also conduct an advance assessment of taxpayers before the tax is due. The IRD can make an advance tax assessment based on relevant information received prior to the periods in which the tax shall be due. The taxpayer may appeal if the amount is significant or if there is a valid reason to justify not making an advance assessment.

G. Statutory Limitations

Effective 1 October 2019, the IRD can re-assess or audit a taxpayer for up to six years (previously three years) after the end of the relevant assessment year. In cases of fraud, the period will be extended to 12 years.

H. Retention Period of Maintaining Documents

Effective 1 October 2019, taxpayers must retain documents in Myanmar for seven years (previously three years) from the transaction date. There may be cases where the IRD may request the taxpayer to maintain records longer than this period if the transaction (or the duration of the contract) exceeds seven years.

The extension of the retention period of documents to seven years is in line with the new period in cases of reassessments of tax returns by the IRD.

I. Transfer Pricing Rules

There are no transfer pricing rules yet in Myanmar.

J. Thin Capitalization Rules

There are no thin capitalization rules yet in Myanmar.

K. Double Tax Agreements

Myanmar currently has DTAs with eight countries: India, the Lao PDR, Malaysia, Singapore, South Korea, Thailand, the United Kingdom, and Vietnam. A new DTA with Belarus is set to enter into force on 1 April 2027.

However, DTA relief is not automatic in Myanmar. A taxpayer must apply for confirmation from the IRD before availing of the DTA benefits. The taxpayer must submit the relevant application form, the IRD's prescribed forms, and documents, including a copy of relevant contracts and the non-resident's certificates of residency in the foreign jurisdiction, for the assessment of the IRD.

L. Anti-Avoidance Rules

The TAL introduces a new Anti-Avoidance provision stating, "The Director-General may, in conducting an assessment, disregard an act or series of acts which were fabricated or fraudulently created to reduce the tax. Moreover, the Director General may conduct an assessment based on economic substance without considering such a false act or series of acts."

Furthermore, the IRD issued Public Ruling 3/2022 on 16 November 2022, clarifying what constitutes "Tax Avoidance" under the TAL. Under the ruling, tax avoidance will apply if a taxpayer fully understands the tax laws and breaches tax ethics with the purpose of avoiding tax or acting to reduce taxable income or tax liability. This includes the following matters and schemes:

- Failure to disclose an asset, property, service, or benefit at market price;
- Making non-arm's length transfers for cross-border transfer pricing;
- Splitting income between taxpayers and associated enterprises to lower the total tax payable on income;
- Reorganizing the structures of associations to enjoy tax benefits; and
- Tax avoidance by abusing bilateral or multilateral tax treaties.

Currently, Myanmar has no transfer pricing regulations or income-splitting rules, leaving it unclear how the anti-avoidance provisions will be applied in practice.

M. BEPS Two-Pillar Solution

Myanmar is not a signatory to the OECD BEPS Inclusive Framework on the Agreement to implement a two-pillar solution to address the challenges of digitalization of the economy. Furthermore, there are no pending legislations in Myanmar on the application and adoption of Pillar 2 on the implementation of a global minimum tax of 15%.

N. Offshore Remittances

Businesses, associations, and individuals engaging in offshore remittance transactions are generally required to secure prior approval from the Foreign Exchange Supervisory Committee of the CBM.

In addition, starting from 1 May 2023, they are also required to show to their authorized dealer banks evidence of tax clearance (or tax confirmation from the IRD), withholding tax payment, or basis of tax exemption (as applicable) for any offshore foreign currency remittance exceeding USD 10,000 or its foreign currency equivalent.

The specific tax requirements will differ depending on the type of offshore remittance (e.g., purchase of goods, profit remittances, salary payments, and payments for interest, royalties, and service fees), whether the taxpayer is new or has been previously assessed for tax, and any applicable benefits of a DTA. The authorized dealer banks can approve the offshore payments upon submission of these tax documents.

16 Accounting and Financial Reporting

A. Financial Statements

Financial statements are currently prepared in accordance with Myanmar Accounting Standards ("**MAS**") and Myanmar Financial Reporting Standards ("**MFRS**") implemented by the Myanmar Accountancy Council ("**MAC**"). Both MAS and MFRS are based on the International Accounting Standards ("**IAS**") and International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

The MAC initially required Public Interest Entities ("**PIEs**"), which include banks, insurance companies, public companies, and Small and Medium Enterprises ("**SMEs**"), to prepare their financial statements following the IFRS or the IFRS for SMEs starting from the 2022-2023 financial year. However, on 23 March 2023, the MAC extended the compulsory adoption of IFRS to the 2027-2028 financial year (starting 1 April 2027).

On 16 March 2026, the MAC issued Notification No. 19/2026, requiring profit-oriented Micro, Small and Medium-Sized Entities ("**MSMEs**") without public accountability to apply the IFRS for SMEs issued by the IASB when preparing general-purpose financial statements intended for external users. Entities may alternatively adopt full IFRS if preferred, and any subsequent revocations, amendments, or new issuances by the IASB must be complied with. The Notification is effective from the 2027-2028 financial year, with early adoption permitted. Compliance will be monitored by the Audit Monitoring Committee and the Accounting Monitoring Committee formed

under the Myanmar Accountancy Council Law. Notification No. 19/2026 revokes the earlier Notification 19/2018 and withdraws the Myanmar Financial Reporting Standards for SMEs issued under Notification 2/2009. Financial statements can be prepared in English or Myanmar.

B. Financial Year-end

The financial year is the same as the tax year. All taxpayers must adopt the 1 April to 31 March financial year effective 1 April 2022. This financial year of reporting cannot be varied.

C. Reporting Currency

The statutory reporting currency can either be in Myanmar Kyats or in US Dollars.

D. Audit Requirements

Under the MCL, companies incorporated in Myanmar must maintain proper books of accounts, and their directors must appoint an auditor (as applicable) licensed by the MAC.

An exception to the audit requirement may apply if the company qualifies as a small company (i.e., a private company with 30 or fewer employees and had annual revenue of less than MMK 50 million in the previous financial year).

The directors must present the audited financial statements ("**Audited FS**") at each annual general meeting. However, there is no requirement to submit the audited financial statements to the DICA.

For overseas corporations registered with the DICA (e.g., a branch of a foreign company), the MCL refers to the filing of the head office's Audited FS within 15 months for the last financial year. The MCL does not specifically require a separate Audited FS to be maintained for the overseas corporation.

A corporate taxpayer under the Self-Assessment System ("**SAS**") of the IRD

(i.e., registered with the LTOs and MTOs that follow the SAS approach) is not required to submit the Audited FS to the relevant tax office. However, if the corporate taxpayer is registered with a tax office that follows the Office-Assessment System of the IRD (i.e., those not under the SAS), it will still be required to submit the Audited FS when filing the annual tax returns.

As a matter of practice, the IRD, during a tax audit or before issuing a tax clearance on account of liquidation, may request the corporate taxpayer (including overseas corporations) to present its audited financial statements for review.

17 About DFDL

Established in 1994, DFDL is an integrated legal and tax firm with 12 offices across 10 jurisdictions in Southeast and South Asia. Our multidisciplinary teams combine international standards with deep local knowledge to deliver practical, commercially focused solutions for complex domestic and cross-border matters.

- **Antitrust and Competition**
- **Aviation and Logistics**
- **Banking and Finance**
- **Compliance and Investigations**
- **Corporate Advisory**
- **Corporate, Mergers and Acquisitions**
- **Dispute Resolution**
- **Employment**
- **Energy, Natural Resources, and Infrastructure**
- **Investment Funds**
- **Real Estate and Hospitality**
- **Restructuring**
- **Tax and Transfer Pricing**
- **Technology, Media and Telecoms**

18 DFDL Tax Services

Tax Advisory

- Tax planning for inbound and outbound investments
- Tax treaty planning
- M&A and tax due diligence
- Tax review of contracts and transactions
- Assistance in obtaining tax rulings

Aviation and Logistics

- Corporate tax compliance review
- Preparation and review of tax returns
- Personal income tax compliance, review, and related expatriate tax services

Customs and Free Trade Agreements

- Assistance in obtaining advance rulings from customs authorities on valuation, tariff, and exemption
- Customs duty valuation advisory
- Strategic Free Trade Agreement planning, advice on rules of origin (ROO)
- Advice and government liaison services on market access, barriers to trade, and protection of investors

Tax Controversy

- Assistance with tax audits and tax disputes

Public Sector Advocacy

- Government consultancy
- Tax policy advocacy

Transfer Pricing

- Preparation of transfer pricing documentation
- Transfer pricing advisory
- Advanced Pricing Agreement ("APA") and MAP applications
- Transfer Pricing audit support and defense strategies

19 Our People

At DFDL, our most valuable assets are our people. We are dedicated to hiring, developing, and retaining experienced and efficient advisers. Key people who comprise our Myanmar Team are:



JACK SHEEHAN
Managing Partner and Tax Leader
jack.sheehan@dfdl.com

Jack Sheehan is the Managing Partner at DFDL and is responsible for overseeing management and strategy across all practice groups and countries in Asia.

Jack has been an integral part of DFDL for 15 years, successfully building and leading our regional tax practice across Southeast and South Asia. Having served on the DFDL Board of Directors, Jack's focus is on driving the firm's strategic plan across all countries and practice groups.

In recognition of his exceptional expertise and leadership in the industry, Jack was honored with the prestigious Tax Practice Leader of the Year award at the ITR Asia-Pacific Tax Awards in 2025.

Jack regularly features as a speaker and writer on tax in Asia and has delivered lectures at leading Universities, including Queen Mary's University London and Chulalongkorn University, Thailand, and leading tax bodies such as the International Fiscal Association (IFA) and the International Bureau for Fiscal Documentation (IBFD).

Jack holds a master's degree in Tax Law from Oxford University and is a Fellow of the Association of Chartered Certified Accountants.



DIBERJOHN BALINAS
Tax Partner
diberjohn.balinas@dfdl.com

Diber is a Tax Partner and Head of DFDL's Tax and Customs Practice in Myanmar and Cambodia. He has over 18 years of professional experience as a tax adviser in the Philippines, Myanmar, and Cambodia, including more than a decade with DFDL. His expertise spans international tax, cross-border transactions, corporate restructurings, mergers and acquisitions, and customs and regulatory matters, with a particular focus on Myanmar and Cambodia. He regularly advises multinational clients across various sectors, including oil and gas, telecommunications, banking and financial institutions, and government and fund-aided projects. Prior to joining DFDL, he worked with a Big 4 firm and a leading bank in the Philippines.

Diber is a Certified Public Accountant (CPA) and holds a master's degree in business administration, majoring in finance. He has authored and contributed to various publications on Myanmar tax matters, including articles for IBFD and Bloomberg Tax, and previously served as Co-Chair of the American Chamber of Commerce Myanmar Tax Committee in 2021 and 2022.



Htain Lin
Deputy Tax Manager
htain.Lin@dfdl.com

Htain is a Deputy Tax Manager based in our Yangon office in Myanmar. He advises clients across a range of sectors on tax compliance, tax assessments, and advisory matters.

He holds a bachelor's degree in applied accounting from Oxford Brookes University, England, and has also completed an Advanced Diploma in Accounting and Finance (ACCA, UK) and a Diploma in Business Management (ABE, UK).

He is a member of the Association of Chartered Certified Accountants (UK) and speaks Myanmar and English.

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