

The Republic of the Union of Myanmar

Ministry of Planning and Finance

Union Minister Office

Notification No 47/2018

6th Waxing of first Waso, 1380 ME

18th June, 2018

1. Ministry of Planning and Finance (MOPF), in exercises the power conferred by sub-section (b) of section 16 of the Income Tax Law and with the approval of the Union Government, prescribed that the person responsible to disburse payment for the following classes of income, other than income under the title of salaries, shall deduct and pay the income tax on such income at the relevant tax rates at the time of such payments;

No.	Type of Payment	Percentage to be withheld from payment	
		Resident citizens and Resident foreigners	Non - resident foreigners
a	Interest	-	15%
b	Royalties for the use of licenses, trademarks, patent rights etc.	10%	15%
c	Payment by Union level Organization, Union Ministries, Naypyitaw Council, Division and State Governments, State-owned enterprises, Municipal and Development Committees; for purchase of goods within the country or work performed or supply of services and hiring under a tender, an auction, quotation, contract or other modes	2%	2.5%
d	Payment by the business entities under mutual cooperation with State, partnership, joint	-	2.5%

	venture, company, association of individuals, organizations or associations incorporated or registered under any existing laws, Cooperative societies, foreign companies and organizations: for purchase of goods within the country or work performed or supply of services and hiring under a contract or agreement or other modes		
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2. When the withholding tax is paid in line with specified percentage in paragraph 1, the payment must be paid to the bank account of the relevant tax office under the name of the recipient or the name of the business.

3. Among the amount paid to the non-resident foreigner in paragraph 1, the amount of withholding tax shall be deemed as income tax paid to the non-resident foreigner in accordance with the final assessment. However, if an assessment is made on the business carried out by non-resident foreigner as a branch office in accordance with the Income Tax Law, withholding tax must be withheld from the tax due according to the assessment. Similarly, deductions from payments to resident citizens and resident foreigners must be withheld from the tax due based on the assessment.

4. When a non-resident foreigner is being a resident of the the Avoidance of Double Taxation Agreement (DTA) partner country with Myanmar and submitting the Certificate of Resident (COR) from the relevant tax authorities of that country, the amount to be withheld from the payment amount, should be withheld the specified rate described in the agreement.

5. When paying withholding tax from the payment in Table No (c) in paragraph 1, the total payment up to 1000,000 Kyats within a year shall not be withheld. If the total payment exceeds 1,000,000 Kyats, it must be withheld and paid. If the payment is to a non-resident foreigner, it shall pay the specified percentage on all payments.

6. However;

- (a) Withheld shall not be made at the time of disbursement on the payments within the organizations and payments to these organizations in Table No. (c) in paragraph(1);

- (b) Among the payments from above Table (1), in relation to the interest payment, withholding tax shall not be withheld from the source at the time of disbursement of payment, if it is: registered and established within the country as a branch office of non-resident foreigner; the branch office is under the domestic tax assessment in relation to domestic income;
- (c) The payer shall not be exempted from the obligation to withheld withholding tax due to the refusal of the payee to agree.

7. With the approval of the Ministry of Planning and Finance of the Union Government, Director General of the Internal Revenue Department can;

- (a) Specify no principal deduction is required for a particular type of payment if it is necessary;
- (b) Amend necessary matters to be amended according to the business nature regarding the percentage of withholding tax;
- (c) Publish withholding tax procedures, required interpretations and forms;
- (d) Classify and specify according to the business nature regarding the withholding tax deduction methods as well as the withholding tax payment methods;
- (e) Notify to the person who is responsible to withheld tax not to withheld the withholding tax, although the payments are included in the above paragraph 1, with the purpose to avoid repeated tax payment on the same action as well as the person is enjoying income tax exemption in accordance with the existing law, rule and notification;
- (f) Assign the authority, which is mentioned in the above sub-para(d), to the head of the Larger Taxpayers' Offices, the Medium Taxpayers' Offices and Regional/State Revenue Tax Offices.

8. This Notification shall prevail and revoke the Notification No.51/2017 issued Ministry of Planning and Finance on 22nd of May, 2017.

9. This Notification shall take effect from 1st of July,2018.

Sd/-

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(Soe Win)

Union Minister

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Printing and Publishing Enterprise (with a request to include in Myanmar National Gazette)

By order

Sd/-

On behalf of the Union Minister

(Maung Maung Win, Deputy Minister)