



How to do Business in Myanmar

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Highlight of Myanmar



10th largest resources of natural gas in the world,
over 90 trillion cubic feet



Expansive forest which covers half of total area of the country,
exports 80% of world teak supply

Fertile land for agriculture which amounts 19.3 million hectares
arable land and out of these, over 6 million hectares
have not yet been exploited



Fishery resources currently being used is less than 60% of
sustainable yield, potential of 1.05 million MT of
fish and fishery product

Highlight of Myanmar



Abundance of precious gem stone such as ruby, sapphire, jade and diamond. Ruby accounts for 90% of world supply and the largest jade resource country in the world.



Has gold deposit across the country



Copper is the largest export of mining product



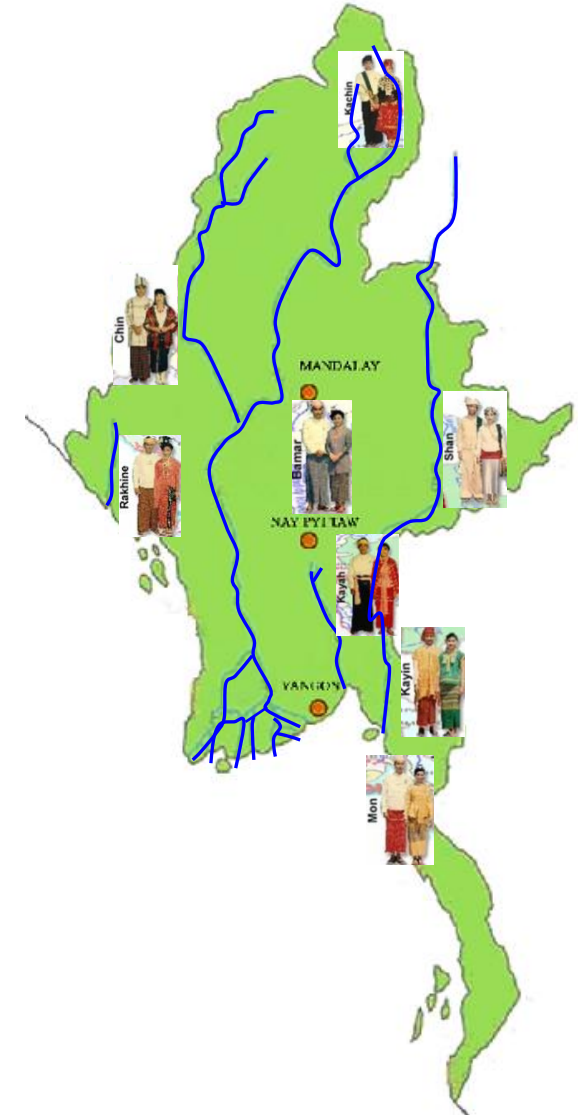
Others mining product such as silver, lead, tin, tungsten and antimony deposit are widespread in the country



Highlight of Myanmar



- ◆ Over 60 million population with working age of 37.35 million, 62.25% of total population
- ◆ Over 91% of population is literate
- ◆ Much of Myanmar's intellectual speaks English
- ◆ Relatively low wage



Reforms



First Phase

- ➔ *Focused on politic*
- National Reconsolidation
- Peace and Stability
- Freedom of Media

Second Phase

- ➔ *Focusing on Economic Development*
- Invite more FDI
- Change of Trade Policy
- Monetary & Finance Policy
- Conduct National Workshops in various economic sectors

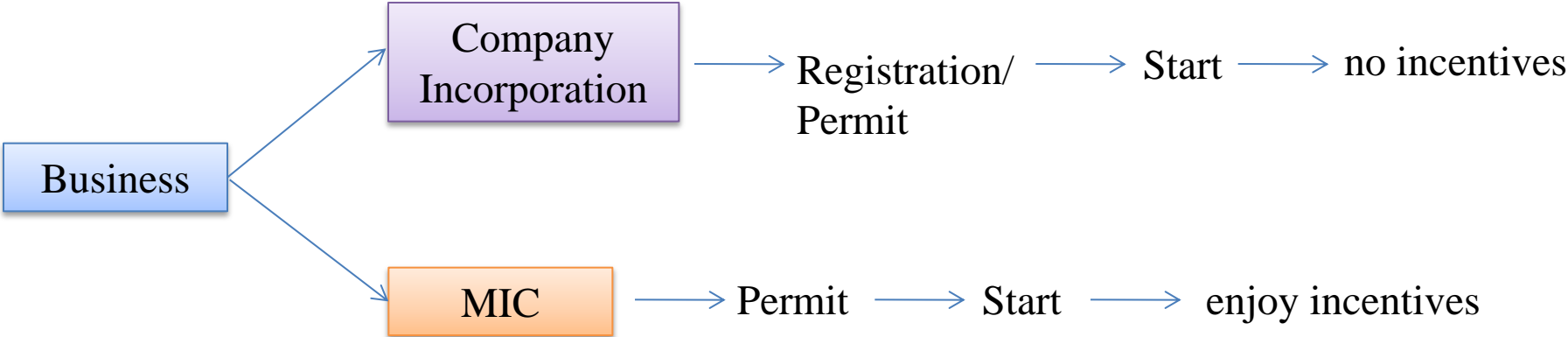
Third Phase

- ➔ *Focusing on Administrative Measures*
- Good Governance
- Clean Government
- Efficient Administration

Fourth Phase

- ➔ *Private Sector Development*
- To be a modernized, developed industrialize nation

Mode of Doing Business



Incorporation of Companies



✓ **Laws related to incorporation of companies**

- The Myanmar Companies Act 1914,
- Special Companies Act 1950,
- Myanmar Companies (Amendment) Act 1955 and
- Myanmar Companies regulations 1957.

✓ **The Directorate of Investment and Company Administration is responsible for permission and registration of the incorporation of companies.**

Incorporation of Joint Venture Company



- **The Myanmar Companies Act**

Foreigner/Foreign Company + Myanmar Citizen/Company

- **The 1950 Special Company Act**

Foreigner/Foreign Company + Myanmar Government /
SOE

Investment Laws

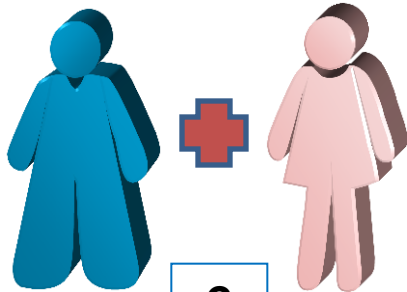


- ▶ **The Union of Myanmar Foreign Investment Law (FIL)** was enacted on 30 November 1988 and the parliament has approved a new foreign investment law on 2nd November 2012.
- ▶ **The Special Economic Zone Law** was also enacted in January 2011 and is now proceeding for amendment.
- ▶ **The Dawei Special Economic Zone Law** was also enacted in January 2011.

Form of Investment



**A Citizen
or
Concerned
Government
Organization**



2

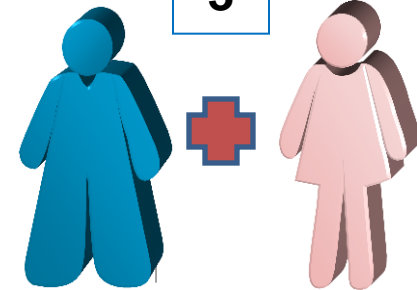
**Joint
Venture**

**100%
Foreign
Owned**



1

**Any System
Included in
the Mutually
Agreed
Contract**



3

Appointment of Staff and Workers



- **Appoint Citizens employees, technicians and service personnel for skilled businesses as follows :**
 - (a) **First 2 years** **25%**
 - (b) **Second 2 years** **50%**
 - (c) **Third 2 years** **75%**

- **Unskilled labor must be Myanmar Citizen**

Exemptions and Reliefs



- **5 years tax holiday (Income Tax)**
- **Further tax exemption/relief for an appropriate period in case if it is considered beneficial for the State**

Exemptions and Reliefs (Cont.)



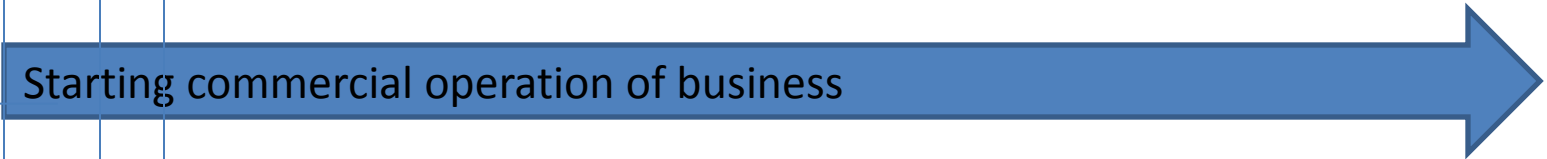
- **Exemption or relief from income tax on profit which is reinvested within one year.**
- **Right to accelerate depreciation in respect of capital assets used in business, at the rate fixed by the State for the purpose of income-tax assessment.**
- **Relief from income tax up to 50 percent on the profit from exports.**
- **Right to pay income tax of the foreign employees at the rate applicable to the citizens of Myanmar.**
- **Right to deduct the research and development expenditure.**
- **Right to carry forward and set off losses up to 3 consecutive years, from the year the loss is sustained.**



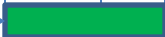
Investor could lease the land not only from Government but also from private party for maximum 70 years.

→  ← ? Years/ months depends on business

Construction period is defined depends on business
 Exemption or relief from custom duty or other internal taxes on **machineries , equipments, instruments, spare parts** used in business



→  ← 3 years
 Exemption or relief from custom duty or other internal taxes on **raw materials imported** for production for the first three years.

→  ← 5 years
Income tax exemption for a period of five consecutive years including the year of commencement of commercial operation.

Guarantees



- ✓ No nationalization and expropriation.
- ✓ No termination during the permitted period.

Right to Transfer Foreign Currency



**Foreign
currency
entitled to by
the person**

**Foreign
currency
permitted for
withdrawal by
the MIC**

Net Profit

**Legitimate
Balance**

***Through
The Banks that can Operate the Foreign
Banking***

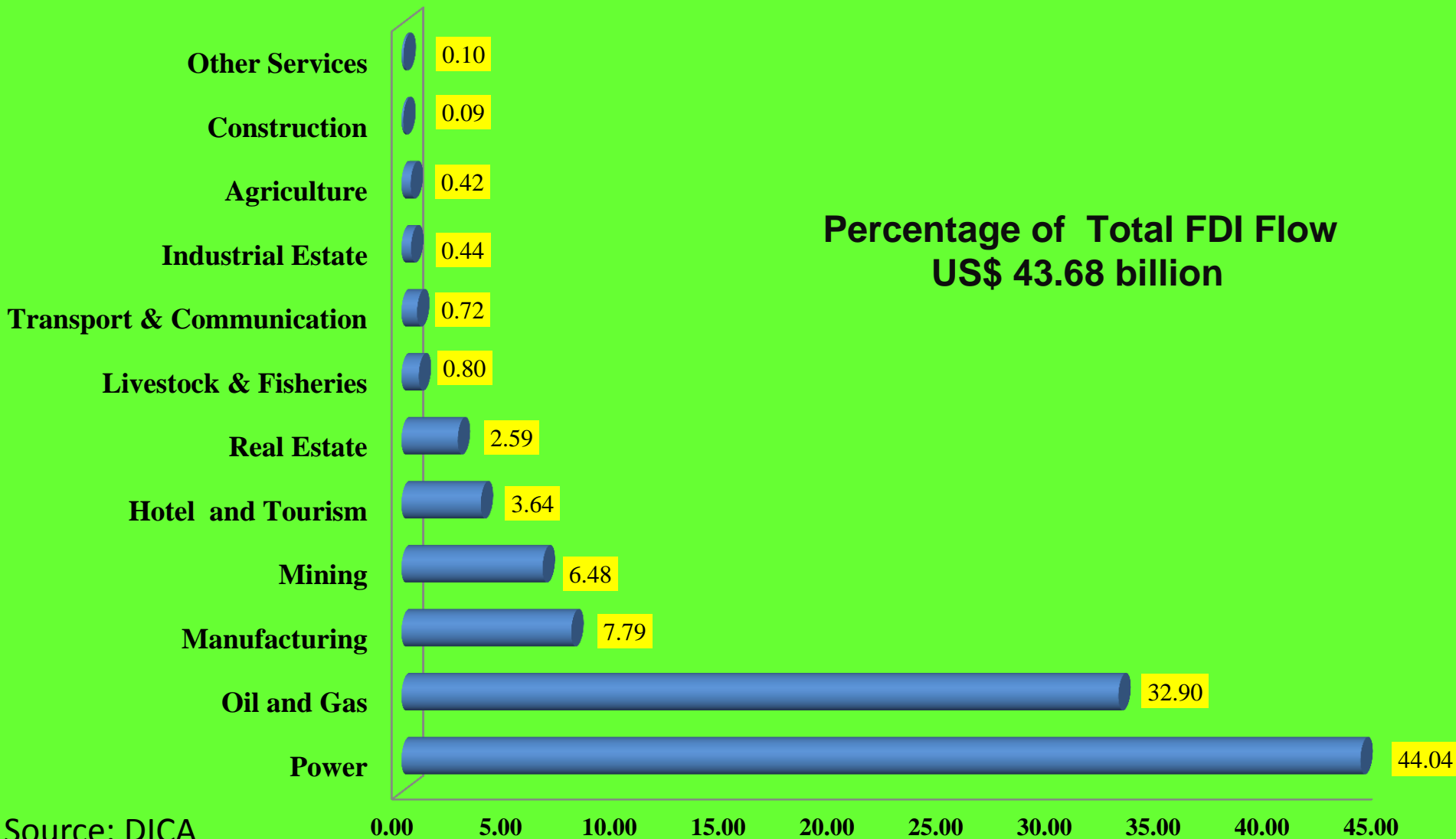
Applicable /restricted or prohibited Business



- Business which can affect the traditional culture and customs of the national races within the Union
- Business which can affect the public health
- Business which can cause damage to the natural environment and ecosystem
- Business which can bring the hazardous or poisonous wastes into the Union
- Factories which produce or the business which use hazardous chemicals under international agreements
- Manufacturing business and services which can be carried out by the citizens by issuing rules
- Business which can bring technologies, medicines, utensils paraphernalia which is testing in abroad or not obtaining the approval to use
- Business of farming agriculture, and short term or long term agriculture which can be carried out by citizens by issuing rules
- Business of breeding which can be carried out by citizens by issuing rules
- Business of the Myanmar Marine Fisheries which can be carried out by citizens by issuing rules
- Business of foreign investment to be carried out within 10 miles from borderline connecting the Union territory and other countries except the areas stipulated as economic zone with the permission of the Union Government

◆ Restricted or prohibited investments may be allowed for the interest of the State and Citizen.

FDI Flows by Sector as of August 2013

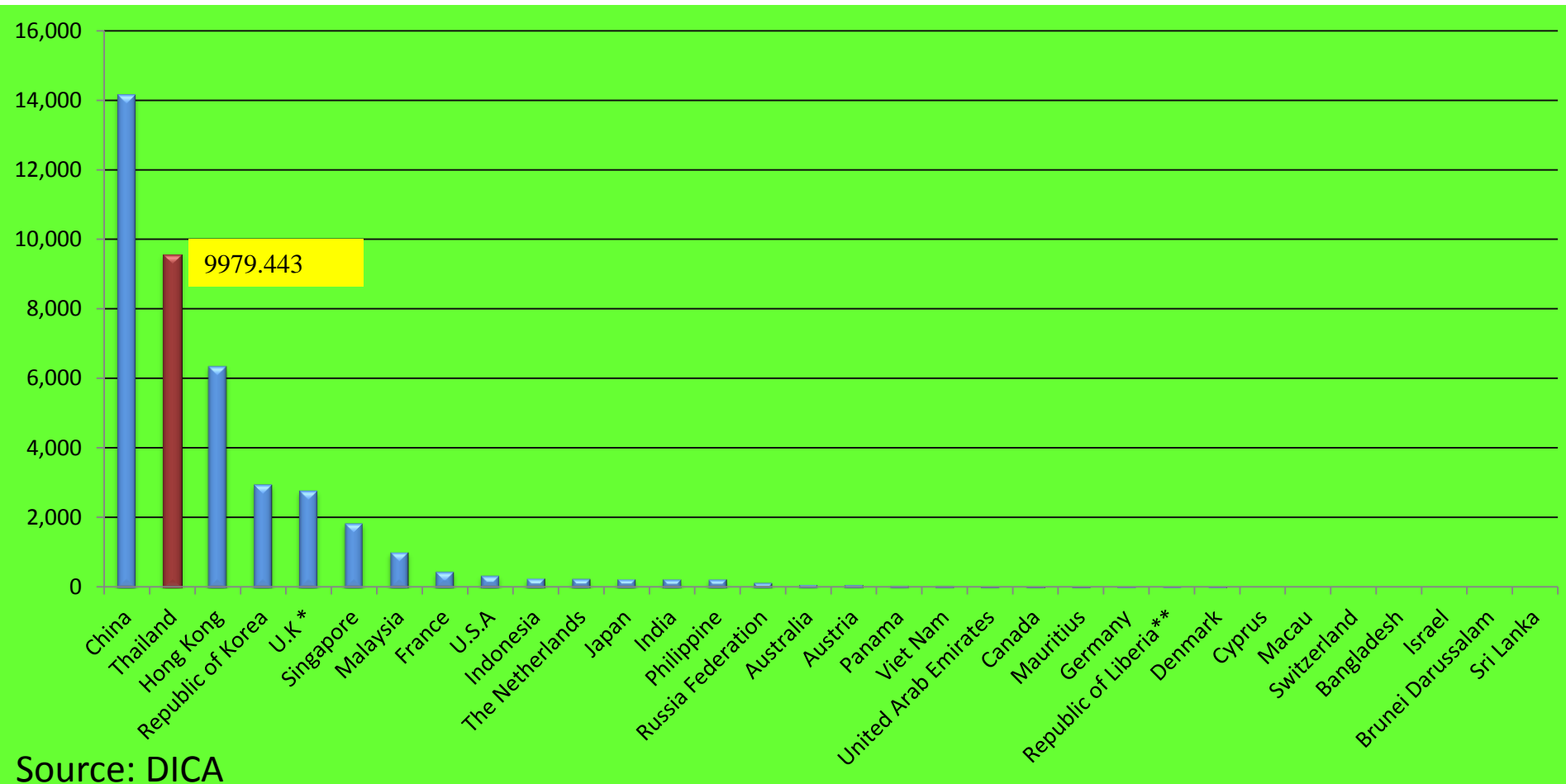


Source: DICA

Investment in Myanmar

Foreign Investment of Permitted Enterprises (August 2013) (By Country)

(US\$ in Million)



Source: DICA

Road Map for FDI



- Labor intensive
- Export-oriented value-added
- Hi-tech and heavy investment

Facilitation



- Relaxation of performance requirements
- Liberalizations of operational conditions
- One stop service
- Coordinate with related government agencies
- Streamline & simplify procedures for investment applications and approval
- Consultation with int'l organization to facilitate investment

Protection



- Dispute settlement mechanism
- State guarantee
- Right to transfer & repatriation

For More Information



www.dica.gov.mm

<http://www.facebook.com/pages/DICA/365149220225843>

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Thank You

Realize the potential.

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