

Update on Income Year and Assessment Year in relation to the Change of Financial Year

PwC Myanmar | Tax services

Issue 12 | 21 June 2019

Under Union Taxation Law 2018 (UTL 2018), the budget year of the State has been changed from 1 April - 31 March to 1 October - 30 September starting from 1 October 2018. The new budget year end has applied to only state owned enterprises and financial institutions governed by the Central Bank of Myanmar (CBM) starting FY 2018/2019, from 1st October 2018, whereas the tax fiscal year for private taxpayers for FY 2018/2019 remains unchanged, i.e. 1 April to 31 March.

The Myanmar Internal Revenue Department (IRD) issued a Letter on 15 May 2019 confirming the change of fiscal year end from 1 April - 31 March to 1 October - 30 September that shall apply to co-operatives and private enterprises from 1 October 2019. This confirmation is in line with the provisions in the UTL 2018 and Union Taxation Law 2018-2019 (UTL 2018-2019) stating that the fiscal year for Income Tax Law shall be the same for all taxpayers including both private taxpayers and state owned enterprises, starting from 1st October 2019.

This IRD's Letter provides clarity on the income year and assessment year for the co-operatives and private enterprises in relation to the change of financial year. Apart from this letter, the IRD has yet to issue a comprehensive guideline to taxpayers addressing transition issues relating to the change of financial year-end for FY 2019/2010 for private taxpayers.

In this newsletter, we provide a summary of the Letter issued by IRD:

It is stated in the IRD's Letter that all taxpayers including state-owned enterprises, co-operatives and private enterprises shall adopt the budget year end of 30 September starting from 1 October 2019 pursuant to section 41 of UTL 2018/2019. In particular, section 41 of UTL 2018/2019 states that the Ministry of Planning and Finance shall proceed with the provisions of year, income year (or) the year of income received from sale proceeds or service as mentioned in the Specified Goods Tax Law, Commercial Tax Law and Income Tax Law starts from 1st October 2019 from all taxpayers including the state-owned enterprises to be in line with the provisions under the respective laws.

It may be noted that the income year for the state-owned enterprises and financial institutions governed by CBM has already been changed to "October 2018 to September 2019" for FY 2018-2019, and thus the current amendment stated in the IRD's Letter shall affect only the co-operatives and private enterprises.

1) Definition of Income Year and Assessment Year

The definition of Income Year and Assessment Year for the co-operatives and private enterprises shall be amended as follows:

	Income Year	Assessment Year
Income received during the period of 1 April 2018 to 31 March 2019	It shall be known as "Income Year 2018-2019"	It shall be known as "Assessment Year 2018-2019"
Income received during the period of 1 April 2019 to 30 September 2019 (the six-month transition period)	It shall be known as "Income Year 2019"	It shall be known as "Assessment Year 2019"
Income received during the period of 1 October 2019 to 30 September 2020	It shall be known as "Income Year 2019-2020"	It shall be known as "Assessment Year 2019-2020"

2) Advance income tax payment and claims

With respect to the advance income tax paid for the Income Year 2018-2019, the same shall be considered and claimed as the advance income tax paid for the Assessment Year 2019, although the same shall be mentioned as advance income tax for the Assessment Year 2019-2020 on the challans generated through e-RTS system.

Further, the advance income tax paid for the period of six months for the Income Year 2019, i.e. April 2019 to September 2019, shall be considered and claimed as advance income tax for the Assessment Year 2019-2020. While claiming such advance income tax for the Assessment Year 2019-2020, special attention shall be paid on the date of the challans, as such challans are generated through e-RTS system.

With respect to the above provisions, tax assessment for the Income Year 2018-2019 shall be completed within a period 6 (six) months of the Assessment Year 2019 (i.e. April 2019 to September 2019). The IRD via the Letter further clarifies that the taxpayers shall proceed with tax assessment for the year 2018-2019 with immediate effect and the respective head of departments shall systematically supervise and scrutinise the claims for advance income tax.

3) Further clarifications and guidelines required from the IRD

This IRD's letter provides only the definition of income year and assessment year for co-operatives and private enterprises in relation to the change of fiscal year end. The letter is not comprehensive to address various transition issues relating to the change of fiscal year for FY 2019-2020 for private taxpayers, including but not limited to the following:

- Tax rules applicable to personal income tax calculations and filings for the 6-month transition period;
- Tax rules relating to the claim of tax depreciation and tax losses by private taxpayers during the 6-month transition period;
- Annual filing deadlines for Income Tax, Commercial Tax and Specific Goods Tax during the 6-month transition period.



Contacts

If you would like to discuss any of the issues raised, please get in touch with your usual PwC contact or any of the individuals listed below:

Paul Cornelius

Tax Partner

+65 6236 3718

paul.cornelius@sg.pwc.com

Ding Suk Peng

Tax Managing Director

+959 977 852 930

suk.peng.ding@mm.pwc.com



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers Singapore Pte Ltd, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2019 PricewaterhouseCoopers Myanmar Co. Ltd. All rights reserved. "PricewaterhouseCoopers" and "PwC" refer to PricewaterhouseCoopers Myanmar Co. Ltd or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.