

Relief measures introduced by Myanmar Government in response to COVID-19

PwC Myanmar | Tax services

Issue 25 | 25 March 2020

Amidst the outbreak of COVID-19, the Government of Myanmar is taking several precautionary measures, but simultaneously also trying to stabilise its economy, which is currently going through a rough patch, like most countries. By announcing the following relief measures, the Government is trying to support businesses, especially those are most affected by the outbreak of COVID-19.

The Myanmar Ministry of Planning, Finance and Industry (“MOPFI”) has issued a Notification No. 1/2020 on 18th March 2020, introducing certain relief measures for businesses that are affected significantly by the outbreak of COVID-19.

1. COVID-19 Fund

In this Notification, the MOPFI has provided the following relief measures for the Cut, Make and Pack (“CMP”) businesses, hotel and tourism businesses and Small and Medium Enterprises (SMEs) (please refer to Appendix 1 for the definition of SMEs provided under the Small and Medium Enterprise Development Law 2015), being the businesses that are most affected by the outbreak of COVID-19:

- (a) As per the approval and permission from the Government, MMK 50 billion from revolving fund and MMK 50 billion from social security fund, making a total of MMK 100 billion, will be utilized as capital to establish ‘COVID -19 Fund’ at Myanma Economic Banks (“MEB”).
- (b) For those businesses which have been affected by COVID -19 (CMP businesses, hotel & tourism businesses and SMEs), the MEB will allow them to borrow funds at an interest rate of 1% for one year from the COVID-19 Fund mentioned above (the interest rate and loan period will be assessed accordingly).

2. Extension of deadlines for advance corporate income tax and commercial tax payments for the financial year 2019-2020

Furthermore, the Government has announced the extension of deadlines for quarterly Corporate Income Tax (“CIT”) payments and monthly Commercial Taxes (“CT”) payments for the Financial year 2019-2020 for CMP businesses, hotel & tourism businesses and SMEs, as shown in the table below.

Tax	Month/Quarter	Deadline as per Law	Extended Deadline by Government
Commercial Tax	Monthly payment starting from March 2020 to August 2020	Payment to be made by 10 th of every month for the previous month	Extended the payment date up to end of September 2020
Corporate Income Tax	2 nd Quarter – January 2020 to March 2020 3 rd Quarter – April 2020 to June 2020	Payment to be made by 10 th of April for 1 st quarter and 10 th July for 2 nd quarter	Extended the payment date up to end of September 2020

3. Exemption of 2% advance income tax on exports

Also, the MOFPI further announced that the 2% advance income tax on exports will be exempted until the end of the financial year 2019-2020 (ending 30 September 2020). However, the Notification does not clarify whether this exemption is applicable to all exports or whether the taxpayers need to seek written confirmation from their respective tax offices prior to claiming such exemption.

4. Extension of deadline for Social Security Contribution payment

In addition to the above, the Ministry of Labour, Immigration, and Population (“**MOLIP**”) also issued a Notification 63/2020 on 20th March 2020, stating that the payment deadline for Social Security Contributions of employees has been extended from 15 days to 3 months after the relevant month end. This relief is applicable to all businesses registered with the Social Security Board.

Appendix 1

Definition of SMEs provided under the Small and Medium Enterprise Development Law 2015

Type of Business	Size of enterprise	No. of Permanent Employees	Capital Investment (excluding land value) In MMK	Annual income of the previous year In MMK
1) Manufacturing Business	Small	Not exceed 50	Not exceed 500 million	-
	Medium	Not exceed 300	Not exceed 500 to 1,000 million	
2) Labor intensive or mainly operates piecework business	Small	Not exceed 300	Not exceed 500 million	-
	Medium	Not exceed 600	Not exceed 500 to 1,000 million	
3) Wholesale Business	Small	Not exceed 30	-	Not exceed 100 million
	Medium	Not exceed 60	-	Not exceed 100 to 300 million
4) Retail Business	Small	Not exceed 30	-	Not exceed 50 million
	Medium	Not exceed 60	-	Not exceed 50 to 100 million
5) Service Business	Small	Not exceed 30	-	Not exceed 100 million
	Medium	Not exceed 100	-	Not exceed 100 to 200 million
6) Business other than as mentioned above	Small	Not exceed 30	-	Not exceed 50 million
	Medium	Not exceed 60	-	Not exceed 50 to 100 million



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