

Doing Business in Myanmar



Aung Naing Oo, Director General

Directorate of Investment and Company Administration



Outline



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Way Forward



Highlight of Myanmar

Rich in Natural Resources



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

Rich in Natural Resources



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



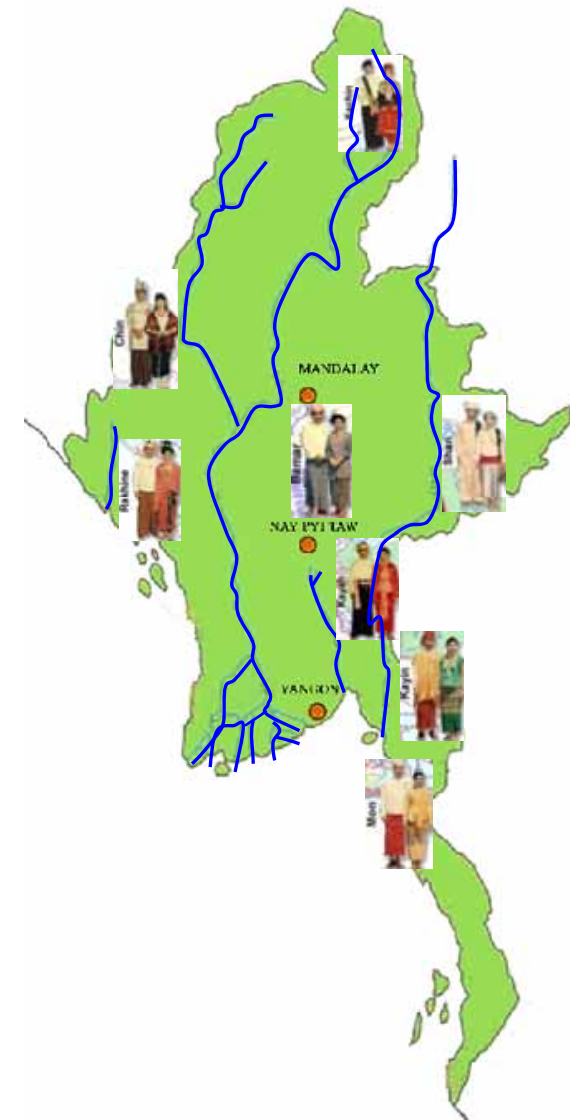


Highlight of Myanmar

Modest Human Resource



- ◆ Over 60 million population with working age of 37.35 million, 62.25% of total population
- ◆ Over 91% of population is literate which is highest in the region
- ◆ 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

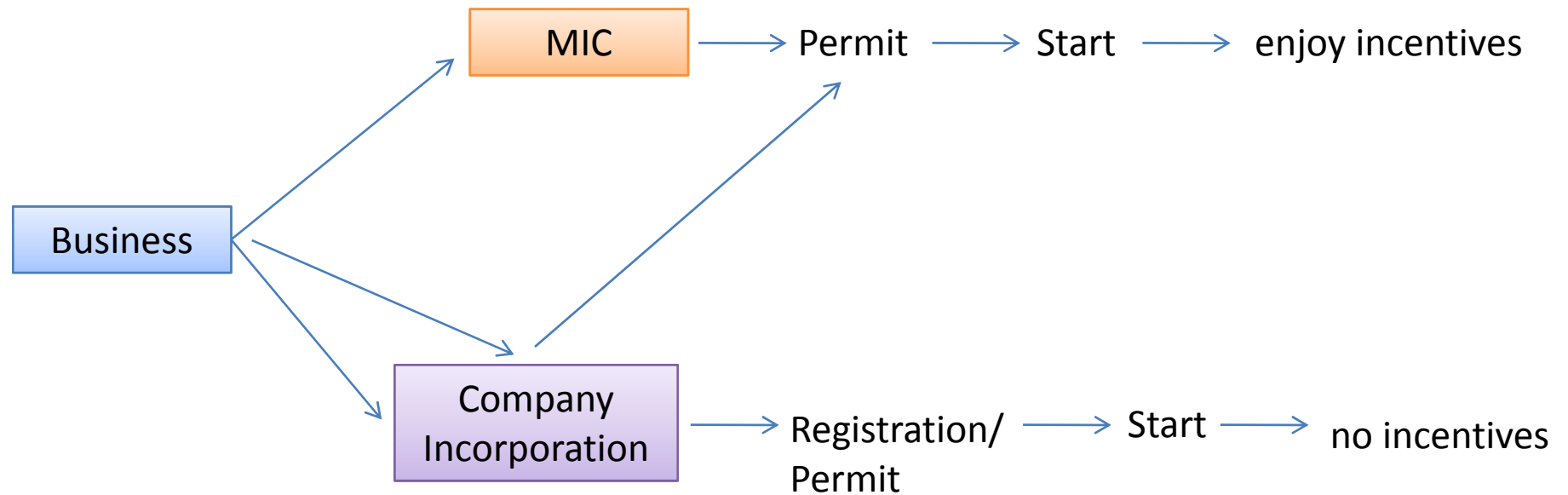
- *Focusing on Economic Development*
 - Invite more FDI
 - Change of Trade Policy
 - Monetary & Finance Policy
 - Conduct National Workshops in various economic sectors

Vision

- *To be a modernized, developed industrialized nation*
- *More reforms*



Mode of doing business





Investments in Myanmar



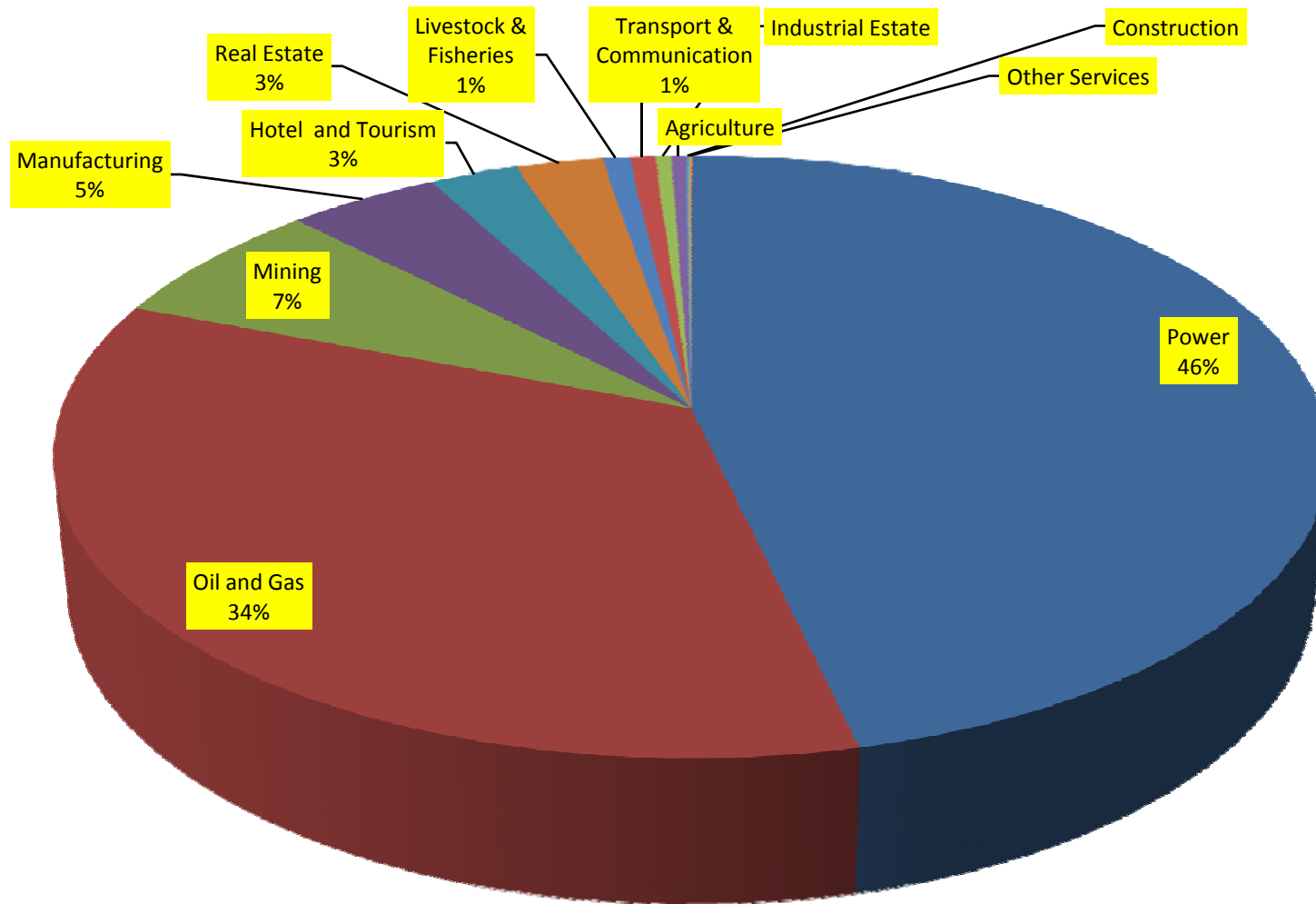
Foreign Investment of Permitted Enterprises as of (31/10/2012) (By Sector)

(US\$ in Million)

Sr. No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1	Power	5	19067.498	46.38
2	Oil and Gas	113	14181.972	34.50
3	Mining	66	2814.360	6.85
4	Manufacturing	193	1849.227	4.50
5	Hotel and Tourism	45	1064.811	2.59
6	Real Estate	19	1056.453	2.57
7	Livestock & Fisheries	25	324.358	0.79
8	Transport & Communication	16	313.906	0.76
9	Industrial Estate	3	193.113	0.47
10	Agriculture	9	182.751	0.44
11	Construction	2	37.767	0.09
12	Other Services	7	24.692	0.06
	Total	503	41110.908	100.00



Investments in Myanmar





Investments in Myanmar



Sr. No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1	China	36	14146.529	34.41
2	Thailand	61	9568.093	23.27
3	Hong Kong	41	6372.249	15.50
4	Republic of Korea	64	2969.074	7.22
5	U.K *	54	2799.185	6.81
6	Singapore	77	1853.230	4.51
7	Malaysia	43	1031.285	2.51
8	France	2	469.000	1.14
9	U.S.A	15	243.565	0.59
10	Indonesia	12	241.497	0.59
11	The Netherlands	5	238.835	0.58
12	Japan	27	225.457	0.55
13	India	8	273.500	0.67
14	Philippine	2	146.667	0.36
15	Russia Federation	2	94.000	0.23
16	Australia	14	82.080	0.20
17	Austria	2	72.500	0.18
18	Panama	2	55.101	0.13
19	Viet Nam	4	49.796	0.12
20	United Arab Emirates	1	41.000	0.10
21	Canada	15	40.791	0.10
22	Mauritius	2	30.575	0.07
23	Germany	2	17.500	0.04
24	Republic of Liberia**	2	14.600	0.04
25	Denmark	1	13.370	0.03
26	Cyprus	1	5.250	0.01
27	Macau	2	4.400	0.01
28	Switzerland	1	3.382	0.01
29	Bangladesh	2	2.957	0.01
30	Israel	1	2.400	0.01
31	Brunei Darussalam	1	2.040	0.00
32	Sri Lanka	1	1.000	0.00
Total		503	41110.908	100.00



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 1st 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.



Investment Law

Forms of Investment



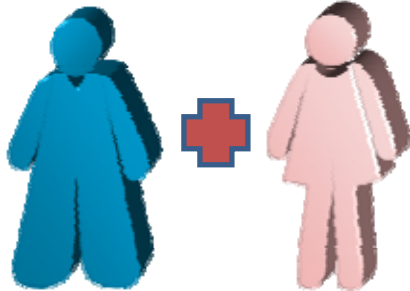
1

100%
Foreign
Owned



2

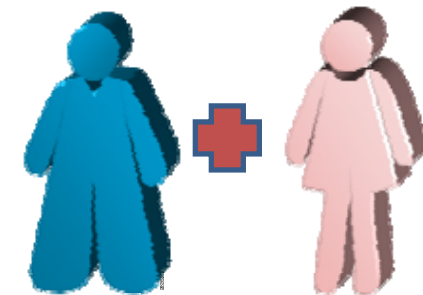
A Citizen
or
Concerned
Government
Organization



Joint
Venture

3

Any System
Included in
the Mutually
Agreed
Contract





Investment Law

Minimum Foreign Capital Requirements



- **US Dollars 500,000/- for Manufacturing**
- **US Dollars 300,000/- for Service**

(Until the declaration of the required rules, regulations, procedures, orders, notifications and directives by the Ministry of National Planning and Economic Development)



Investment Law

Tax Incentives



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



Investment Law

Tax Incentives



- ❖ **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.**



Investment Law

Tax Incentives



Exemption/Relief of Customs Duties and/or Other Internal Taxes

- ✓ Imported machinery & equipment - construction period
- ✓ Imported raw material - first 3 years of
commercial production



Investment Law

Tax Incentives



Exemption/Relief of Customs Duties and/or Other Internal Taxes

- ✓ Imported machinery & equipment
(Increase of investment during the specified period by the permission of the MIC)

Exemption/Relief of Commercial Tax

- ✓ Exports



Investment Law

Guarantees

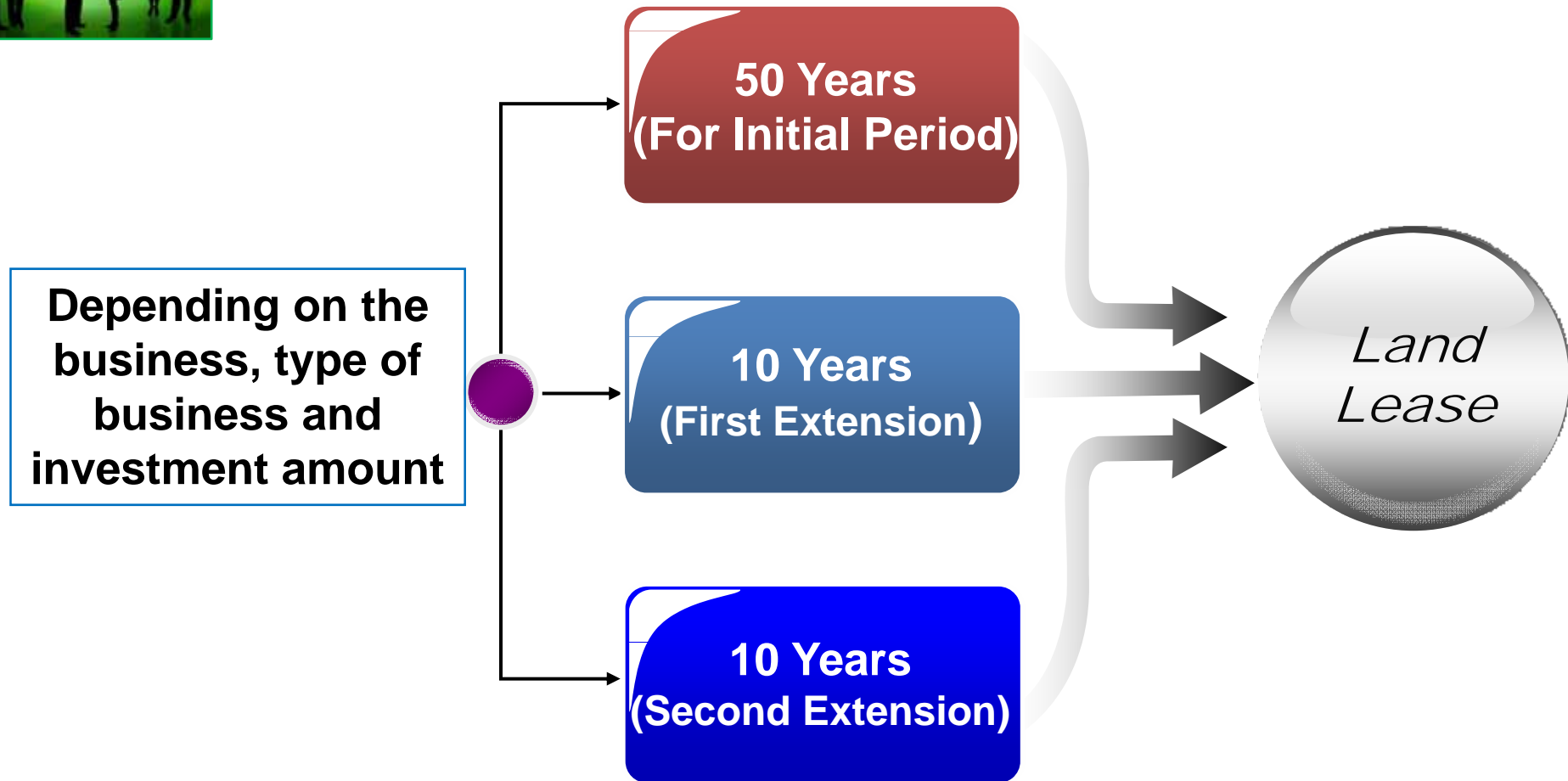


- ✓ No nationalization and expropriation.
- ✓ No termination during the permitted period.
- ✓ Right to repatriation.



Investment Law

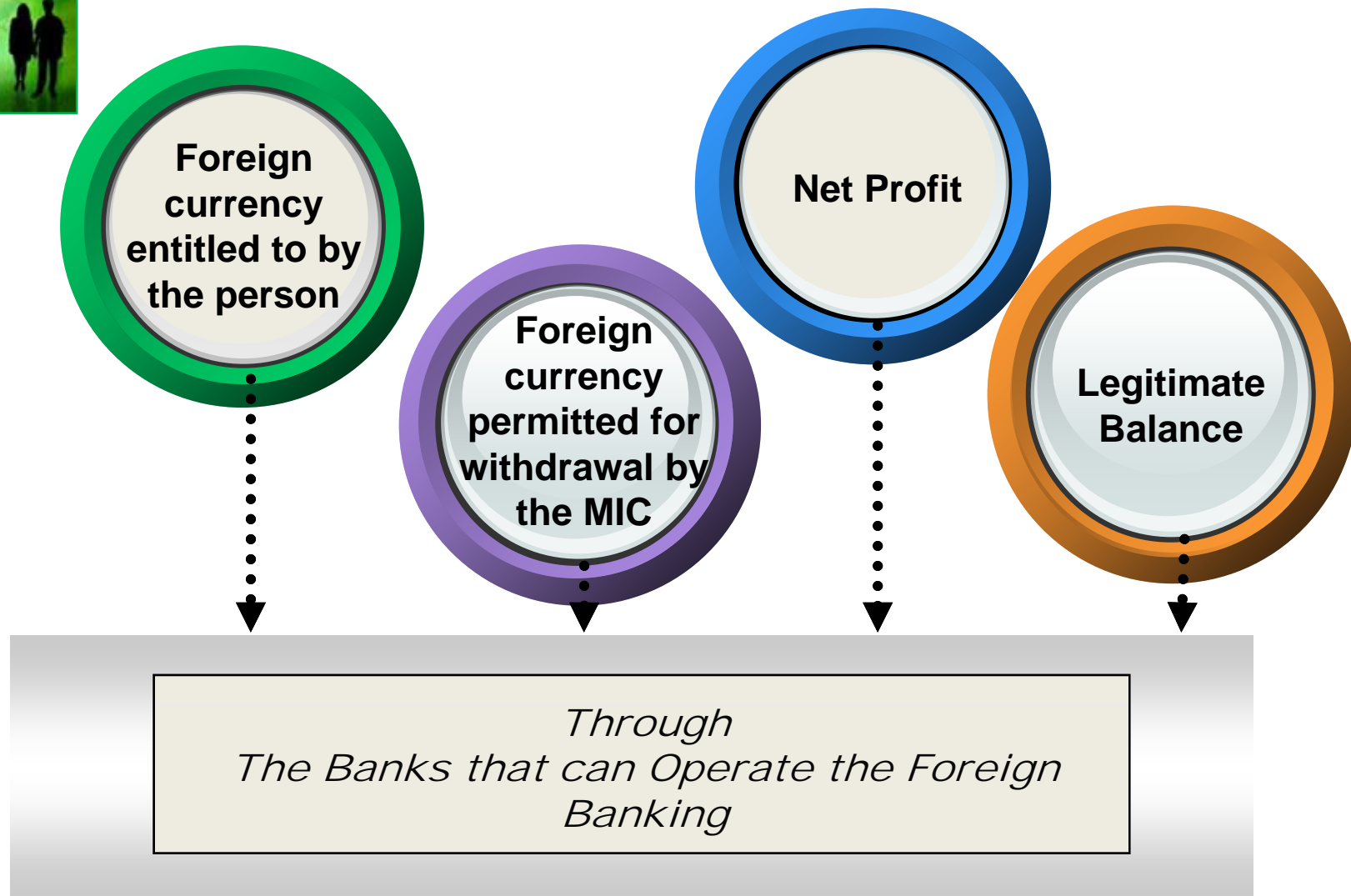
Land Lease





Investment Law

Right to Transfer Foreign Currency





The Myanmar Special Economic Zone Law



- ✚ **Production based businesses**
- ✚ **Services business**
- ✚ **Infrastructure construction businesses**
- ✚ **Other businesses**
 - determined by the Central Body, with the approval of the Government.



Incentives under the SEZ Law



- ✱ **Tax holiday - 5 years**
- ✱ **Second 5 years - 50% relief on income tax – overseas sale products**
- ✱ **Third 5 years - 50% relief on income tax – reinvestment obtained from export sale**
- ✱ **More applicable**



Incentives under the SEZ Law

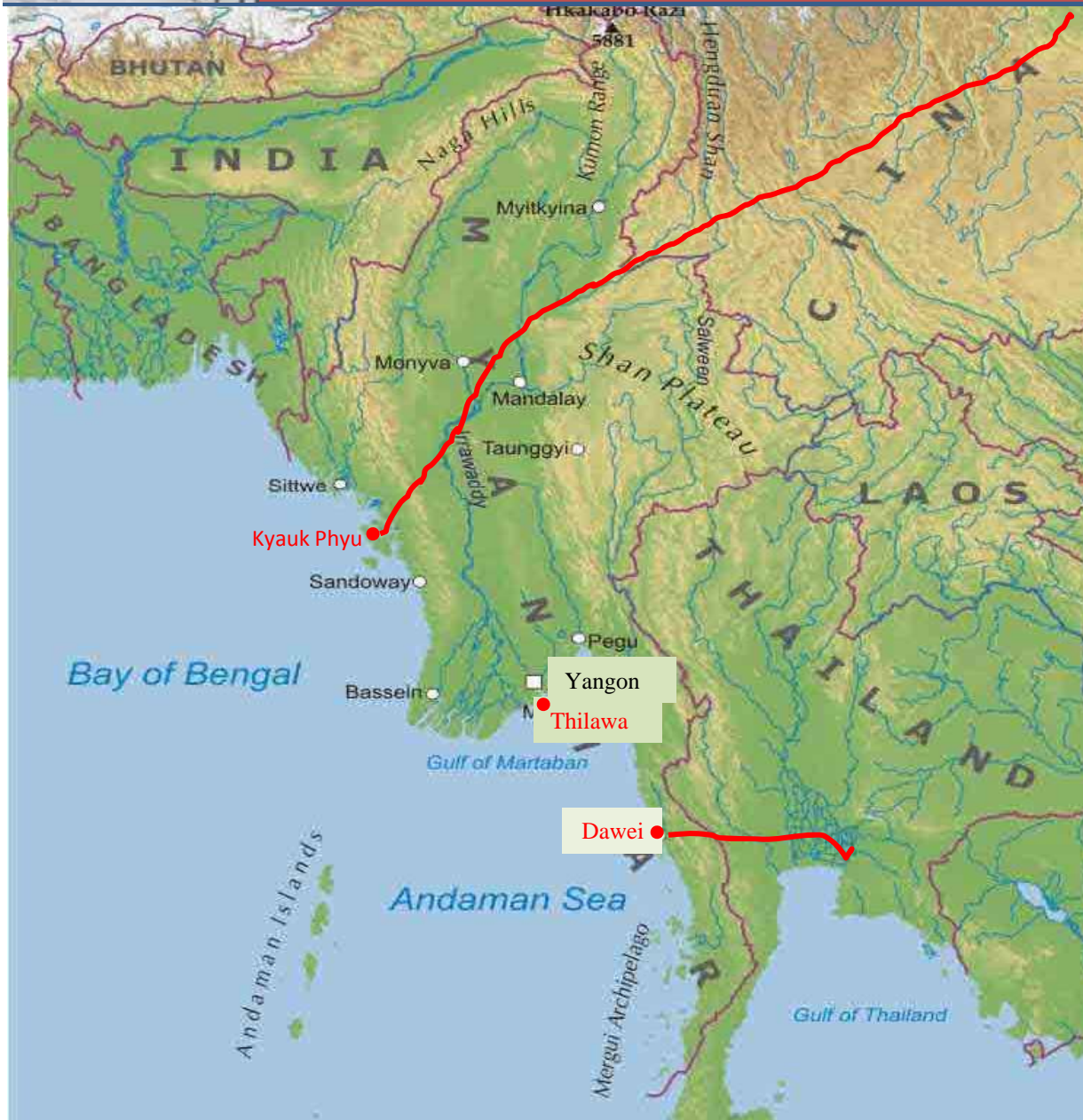
Exemption from customs duty



- Imported raw material
 - Machineries
 - Equipment
- } Export Processing Zone
-
- Machineries
 - Vehicles
- } 5 years
-
- 50% exemption for the next 5 consecutive years



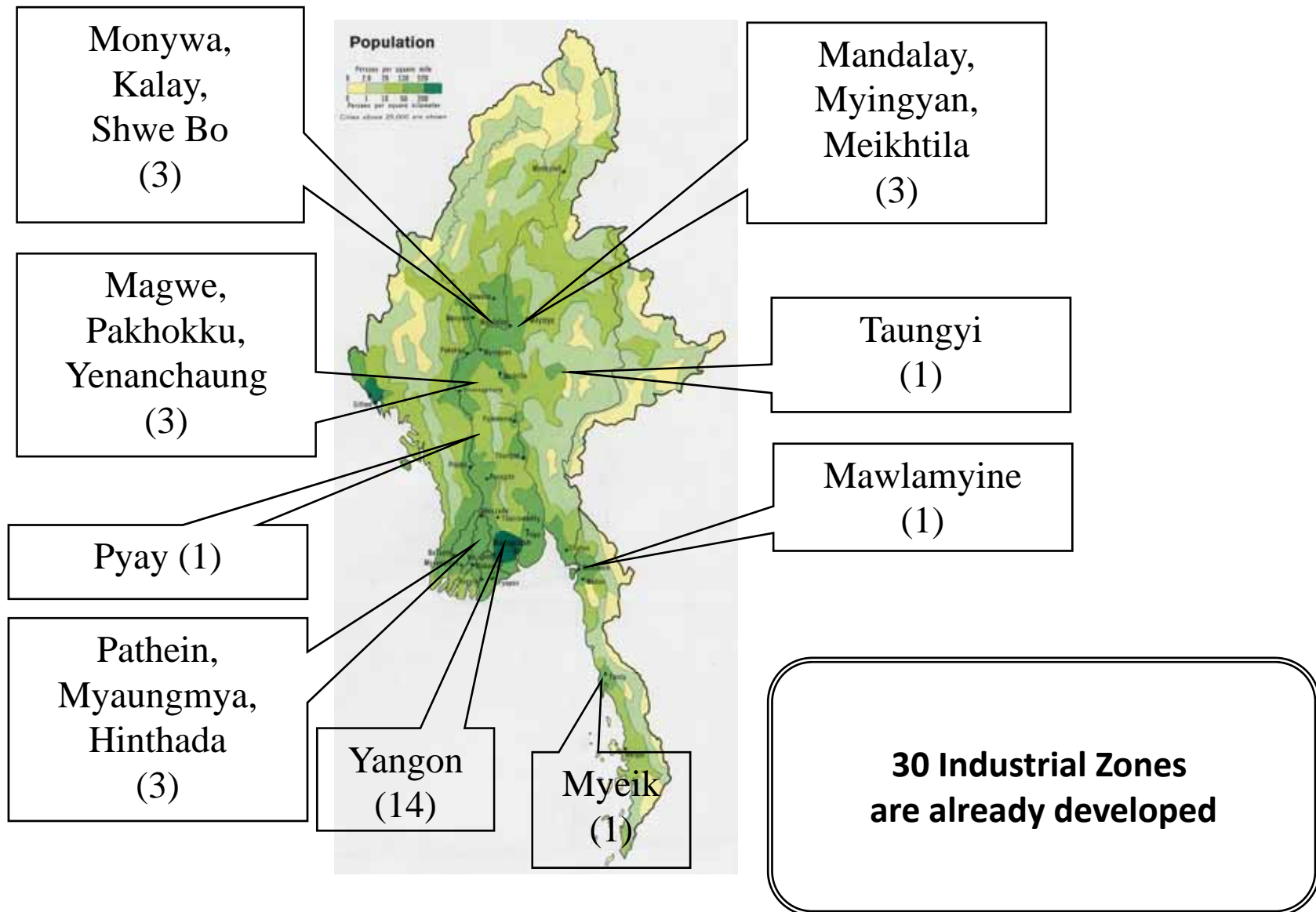
SEZs in Myanmar



- ✚ **Dawei SEZ**
 - being developed
- ✚ **Thilawa SEZ**
 - in the process
- ✚ **Kyaukphyu SEZ**
 - to be developed



Industrial Zones

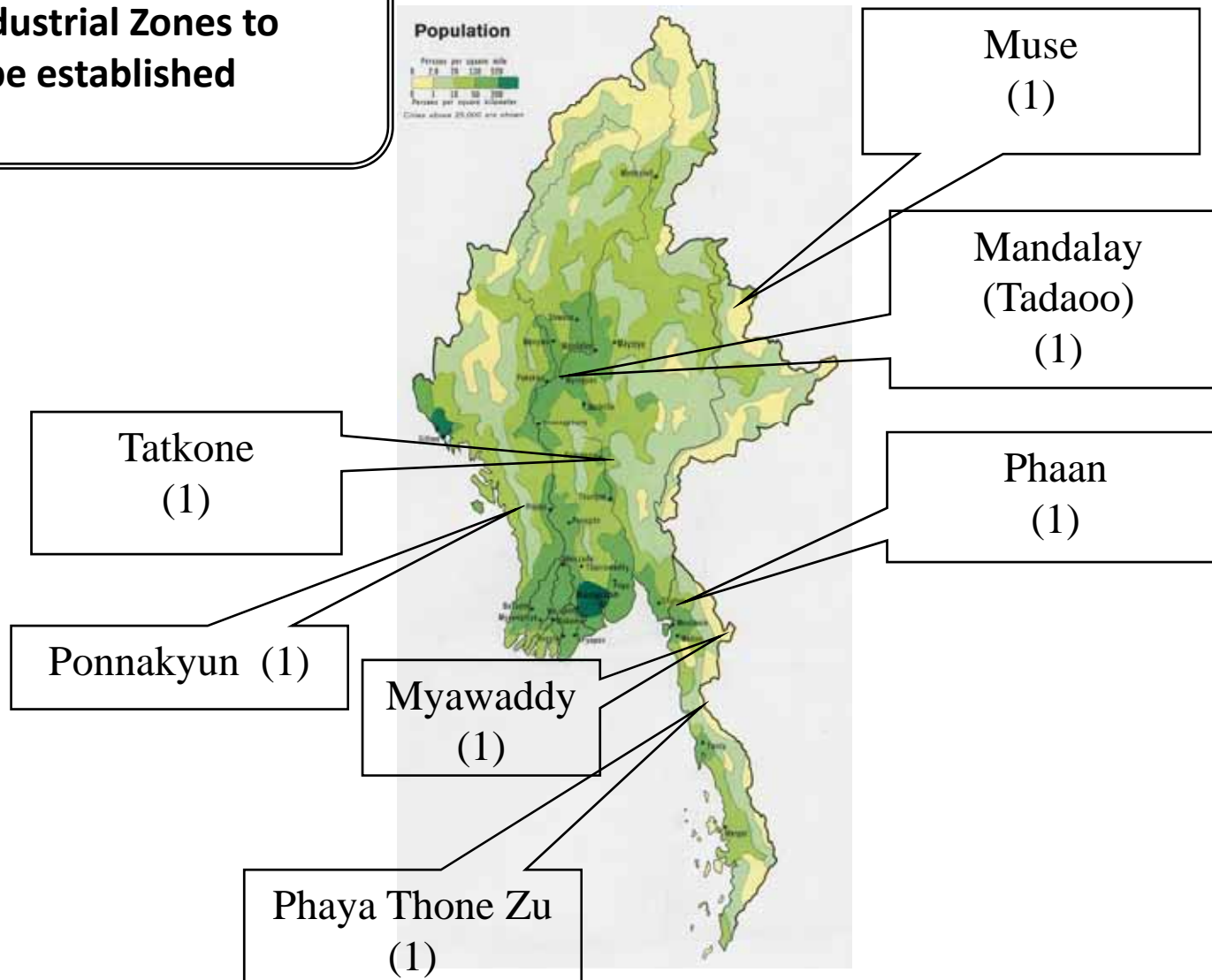




Industrial Zones



**7 Industrial Zones to
be established**





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 Foreign Companies



Types of Businesses

- 1. Industry and Manufacturing**
- 2. Hotel**
- 3. Construction**
- 4. Services**
- 5. Travels & Tours**
- 6. Bank Representative**
- 7. Insurance Representative**

Note: It is required to acquire the permit of MIC for initiating the businesses of Industry and Manufacturing and Hotel.



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



Business Permit



According to the Section 27 (A) of the Myanmar Companies Act,

- ✓ No foreign company shall carry on or continue its business in the Republic of the Union of Myanmar unless it has obtained a permit from the Ministry of National Planning and Economic Development.
- ✓ Therefore, the foreign companies must follow the laws, rules, regulations and procedures for applying permit, the basic principles of allowing permit and the formal requirements.



Registration Fees



- Ⓢ Registration Fee for Foreign Company/ Branch/
Representative Office - US\$ 2500
- Ⓢ Renewal Fee (per 3 year) - US\$ 500
- Ⓢ Fee for Changing Name - US\$ 300



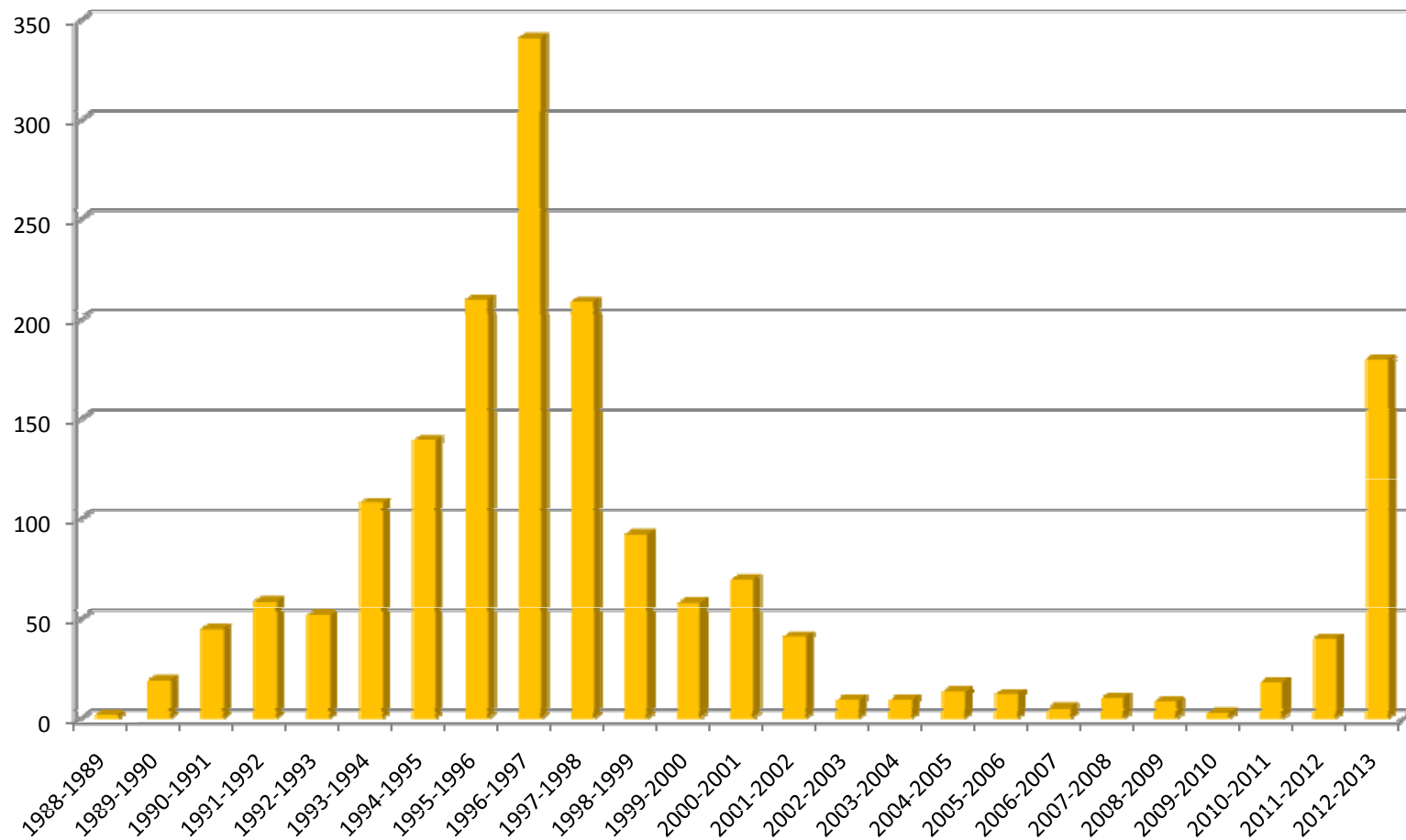
Capital Brought In



- ❁ Industry and Manufacturing Business
 - ❁ Hotel Business
 - ❁ Construction Business
- US\$ 150000
-
- ❁ Services
 - ❁ Travels and Tours
 - ❁ Bank Representative
 - ❁ Insurance Representative
- US\$ 50000

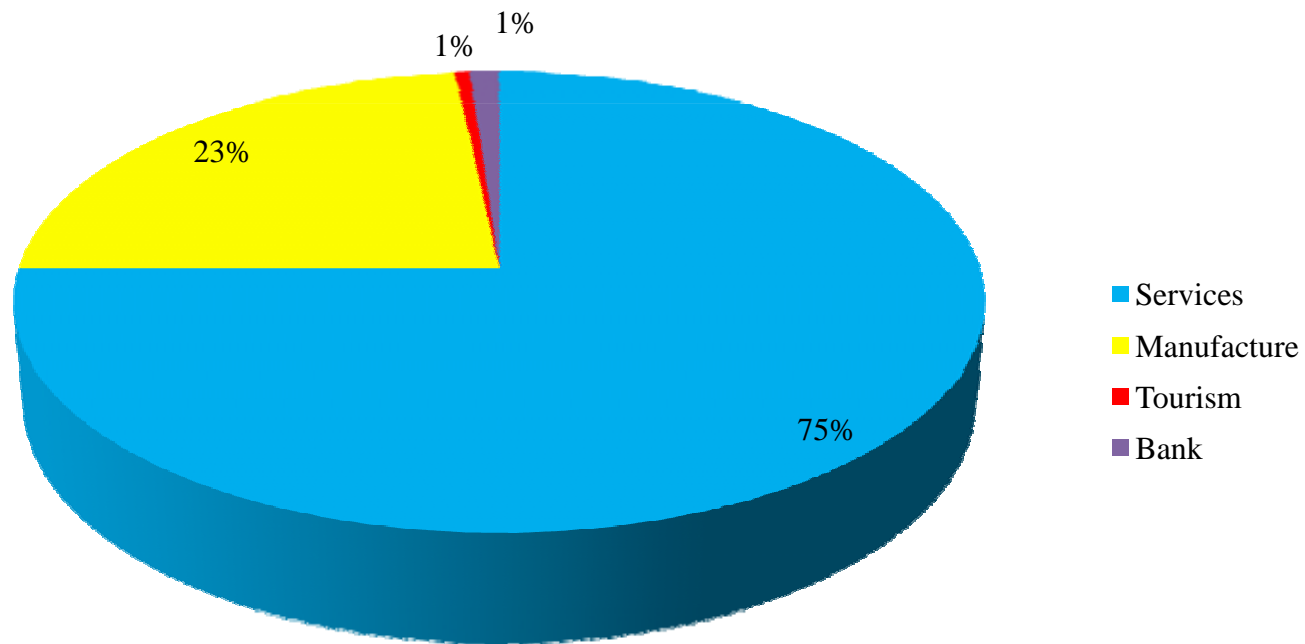


The Number of Companies Incorporated Yearly (as of 31-10-2012)





The Number of Companies Incorporated Yearly (2012-2013)





Way Forward



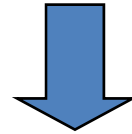
- # Drafting Rule for Foreign Investment Law**
- # Revising Special Economic Zone Laws**
- # Upgrading Company Registry System**
- # Designing New Company Law to Meet Our Expectations**



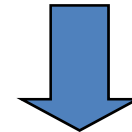
Way Forward



Labor Intensive



Value Added



Heavy / Hi-tech Industry



For More Information



www.dica.gov.mm

www.facebook.com/pages/DICA/365149220225843



Thank You

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