

FREQUENTLY ASKED QUESTIONS & GLOSSARY

FREQUENTLY ASKED QUESTIONS

CORPORATE

1. What is minimum paid-up capital? Can I use the money or the money has to be parked in the bank account? Paid-up capital refers to the issued capital that is paid up by the shareholders. The minimum paid-up capital for the registration of a foreign Myanmar service company under Myanmar Companies Act (MCA) is US 50,000. The capital is working capital and the entire amount can be used for the business operations expenditures.

2. What is issued capital? Issued capital refers to the share capital which has been allotted to the shareholders.

3. What is authorized capital? Authorized capital refers to the maximum amount of capital a company can raise through the sale of its shares in the future. Authorized capital is also known as registered capital or Nominal capital. This amount will be recorded in your company's Memorandum and Articles of Association, no actual capital payment is required. No specific amount is stipulated.

4. What are the requirements to incorporate a foreign company in Myanmar? Foreign individuals/ companies can incorporate a company in Myanmar as long as these requirements are satisfied:

- At least two (2) local/ foreign Company Director
- At least two (2) local/ foreign Shareholders
- Local Registered Office Address
- Minimum paid-up capital of US 50,000

5. What are the requirements to incorporate a local company in Myanmar? Local individuals/ companies can incorporate a company in Myanmar as long as these requirements are satisfied:

- At least two (2) local Company Directors (Myanmar citizens only)
- At least two (2) Shareholders (Myanmar citizens only)
- Local Registered Office Address

6. How long does the incorporation process take? The proposed company can be incorporated in about 3 - 4 weeks once payment of service fees has been made and the incorporation documents have been duly signed and submitted.

7. Can a 100% foreign-owned company incorporate in Myanmar? Yes, Myanmar allows companies to be wholly owned by foreigners to incorporate in Myanmar in the permitted industries/sectors as long as all the requirements are met. There are certain sectors and business activities which requires the recommendation of relevant ministerial bodies.

8. Do I need to be physically present in Myanmar during the incorporation? You do not have to be physically present in Myanmar to authorise documents. Should documents be signed offshore, the process may take longer than usual as the documents will be couriered to its required destination. However, do note that authorised signatories will be required to be present in Yangon for the corporate bank account opening.

9. Must a company appoint a company secretary? It is mandatory for all registered companies in Myanmar to comply with various corporate secretarial obligations, in accordance to the statutory requirements under the provision of the Companies Act. In view of regular new updates to the regulations, it will be more convenient to engage a permanent company corporate secretary service provider who is clear of filing obligations and hence able to advise you in details on the statutory requirements. Moreover, as most of the corporate secretarial work filings still involve the use of Burmese language, each foreign company registered in Myanmar should appoint a company secretary who has the essential knowledge, familiarity and experience to discharge the functions of a company secretary.

10. I have registered a company. Must I renew the company registration yearly? Upon issuance of the permanent incorporation certificate, the certificate is valid for five (5) years of which it is subject to renewal with application to the company registration office (CRO).

11. Do I need to open a corporate bank account in Myanmar? Opening a corporate bank account is mandatory for Myanmar incorporated companies. Only the presence of the company's authorized signatories are required at the respective banks.

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12. Do I need to relocate to Myanmar to run my business? Foreign investors may choose to manage their business remotely offshore and visit Myanmar at their convenient time. Alternatively you may apply for long stay business visa with DICA. Should you intend to employ a foreign skilled employee in the long term to man the company, you may consider applying for the work permit with the Department of Labour.

ACCOUNTING, TAXATION & AUDIT

1. What is the accounting body in Myanmar?

Myanmar Accountancy Council (MAC) is the national professional accounting body of Myanmar. It is responsible for the adoption and implementation of Myanmar Financial Reporting Standards (MFRS) in Myanmar. MFRS was started in 2012, adopted International Financial Reporting Standards (IFRS) except IFRS 9, 10,11,12 and 13 due to mis-match for Myanmar's accounting practices. MAC also governs the qualifications and certifications of all auditors within in Myanmar.

2. What is the governing body for all taxation related matters?

Internal Revenue Department (IRD) is the main tax administrator to the Government in Myanmar. Every company is required to file their taxes with audited financial statements with the engagement of independent auditor at the end of each financial year. IRD will assess the income tax and commercial tax base on audited financial statements.

3. Must a company appoint a company auditor? The accounts of a Myanmar registered company must be audited by one or more independent auditor(s), who has a right of access to the books. Pursuant to sec. 145 (1) Companies Act, the auditor must prepare and submit an audit report to the members of the company. Directors of a company are required to submit a set of audited financial statements at each annual general meeting (AGM). In addition, for companies registered under the Myanmar Companies Act (MCA), the law requires these companies to submit audited financial statements to the tax authorities annually by 30 June as well. Failure to comply with this regulatory requirement will result in hefty penalty charges.

4. My company will be operating on a small scale. Can it be exempted from audit? As per point 3, for companies registered under the Myanmar Companies Act (MCA), the law requires these companies to submit audited financial statements to the tax authorities annually by 30 June as well. Failure to comply with this regulatory requirement will result in hefty penalty charges.

5. Can I select a preferred financial year end for my company? The Financial Year period for all companies is fixed and Myanmar's financial years run from 1 April through 31 March annually.

6. What are the types of taxes I have to be aware of for my Myanmar registered company?

There are 4 main types of taxes to take note of by investors covered under the Union Taxation Law: Corporate income tax, personal income tax, withholding tax and commercial tax. Other taxes include property tax, stamp duty, custom duty which are not applicable to all companies.

7. Who is responsible for the tax returns to the authorities, employees or employers?

The employer is responsible for deducting income tax due from employees' salaries monthly and payment to the authorities. In the event for late payment, the employer is liable and subject to penalty.

8. What are general types of taxes a company need to take note for the concerning financial year?

There are 4 main types of taxes to take note of. 1) Corporate tax - dependent on profit amount (Annual), 2) Commercial Tax - 5% (Quarterly), 3) Staff personal income tax (Monthly) & 4) Withholding Tax 2% (within 7 days). All taxes need to be paid in advance to IRD within an income year.

GLOSSARY

CORPORATE

Directorate of Investment and Company Administration	DICA	Companies are registered with DICA and it is the body responsible for monitoring and reporting on the operations of registered and authorized companies. It is responsible for the issuance of Permit to Trade required by all companies to commence business activities.
Company Registration Office	CRO	CRO operates under the DICA and is responsible for the issuance of registration certificate for companies.
Myanmar Investment Commission	MIC	All major foreign investments applications under the Foreign Investment Law (MFIL), are submitted to and approved by the MIC. MIC prescribes the minimum amount of investment required depending on the sector and the nature of the business.
Yangon City Development Committee	YCDC	YCDC is the administrative body of Yangon, independent to the government. Its core responsibilities to this body, include city planning, land administration, tax collection, and development. It is also the main body for application of business signage and licenses.

ACCOUNTING, TAXATION & AUDIT

Myanmar Accountancy Council	MAC	MAC is Myanmar's main accounting body that implements accounting standards, as well as governs the qualification and certification of all auditors within Myanmar.
Internal Revenue Department	IRD	IRD is the main tax administrator to the Government in Myanmar.

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