



	Investment Permit	Investment Endorsement	Special Economic Zone
1. Issuing authority	Permit is granted by the Myanmar Investment Commission (“MIC”).	<p>Endorsement is issued by the State and Regional Investment Committees for investments of up to USD 5 million.</p> <p>Endorsement is issued by the MIC for investments greater than USD 5 million.</p>	<p>Currently approved Special Economic Zone (“SEZ”) locations:</p> <ul style="list-style-type: none"> ▪ Thilawa; ▪ Dawei; and ▪ Kyauk Phyu.
2. Timeline	Upon submission of all required documents, the MIC will review and decide the merits within two months.	Upon submission of all required documents, the MIC will review and decide the merits within one to two months.	30 days after the final submission of all required documents.
3. Debt to equity ratio	The Myanmar Investment Law (“MIL”) does not prescribe for a debt to equity ratio. The practice of MIC is to consider the debt to equity of 70:30 more favorably. However, the Central Bank of Myanmar (“CBM”), prior to allowing any offshore financing for a company requires that the debt to equity ratio shall be within the range of 3:1 to 4:1.	MIL does not prescribe for a debt to equity ratio. The practice of MIC is to consider the debt to equity of 70:30 more favorably. However, the CBM, prior to allowing any offshore financing for a company requires that the debt to equity ratio shall be within the range of 3:1 to 4:1.	The Special Economic Zone Law (“SEZ Law”) does not prescribe for a debt to equity ratio. The practice of SEZ committee is to consider the debt to equity of 3:1 as a minimum threshold. The CBM, prior to allowing any offshore financing for a company requires that the debt to equity ratio shall be within the range of 3:1 to 4:1.

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<p>4. Land use rights</p>	<p>Maximum 50 years, plus two renewable terms of up to ten years.</p> <p>An investor that obtains MIC Permit under the MIL has a right to obtain a long-term lease of land or building from the owner if it is private land or building, and in case of land managed by the government or land or building owned by the Union, from the relevant government departments or government organization.</p>	<p>Maximum 50 years, plus two renewable terms of up to ten years.</p> <p>An investor seeking an Endorsement approval may be granted long-term lease rights. However the MIC has discretion to approve on the merits of the application and intended investment activities.</p>	<p>Maximum 50 years, plus a 25-year renewable period.</p>
<p>5. Land reservation</p>	<p>No prior reservation of land required. However, the draft lease agreement with the land rights authorization application will be submitted with the Investment Proposal Form to the MIC.</p> <p>Also, if the land to be used for the investment belongs to the government of Myanmar, then the recommendation letter from the Attorney General’s Office (“AGO”) will also be procured for land authorization. These approvals are internally obtained by MIC from the AGO.</p>	<p>No prior reservation of land required. However, the draft lease agreement with the land rights authorization application will be submitted with the Investment Proposal Form to the MIC.</p> <p>Also, if the land to be used for the investment belongs to the government of Myanmar, then the recommendation letter from the AGO will also be procured for land authorization. These approvals are internally obtained by MIC from the AGO.</p>	<p>The project company is required to reserve the land and pay a reservation fee prior to submitting an application for the investment approval.</p>
<p>6. Importation: Reimbursement of customs duty or other internal taxes</p>	<p>Reimbursement and exemption of customs duty or other internal taxes or both can be granted on imported raw materials and partially manufactured goods used to manufacture products for exports.</p>	<p>Reimbursement and exemption of customs duty or other internal taxes or both can be granted on imported raw materials and partially manufactured goods used to manufacture products for exports.</p>	<p>For the first five years, exemptions from customs duties and other relevant taxation on production machinery and replacement parts; and construction materials for building the business’s own facilities, such as factories, warehouses and offices.</p>

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			Plus, 50% relief of the custom duties and other taxation the next five years.
7. Transfer of shares or business	MIC's prior approval is required in case of a transfer (or a series of transfers) of shares or business which results in the change of ownership or control of the investor and more than 50% of the assets of the investor.	A notice must be submitted to the MIC for any transfer of shares or business of the Endorsement holder during the investment period.	A notice must be submitted to the SEZ for any transfer of shares, prior to transfer.
8. Right to carry forward losses	Not allowed during the income tax exemption period. However, once the company is under the regular income tax regime (after the tax exemption period), then it can carry-forward the losses up to three financial years after such losses were sustained.	Not allowed during the income tax exemption period, if granted tax exemptions. However, once the company is under the regular income tax regime (after the tax exemption period), then it can carry-forward the losses up to three financial years after such losses were sustained.	Up to five financial years after losses were sustained (as certified by an external auditor and as reflected in the income tax return).
9. Foreign employees	<p>i. The MIL states that any citizen may be appointed who is qualified for the position of senior manager, technical and operational expert and advisor in accordance with the laws. However, capacity building programs should be provided to Myanmar citizens to appoint them as a replacement for different levels of management and technical positions, operational experts and advisors. The MIL does not states the time period for the completion of the capacity building programs for replacement of the</p>	<p>i. The MIL states that any citizen may be appointed who is qualified for the position of senior manager, technical and operational expert and advisor in accordance with the laws. However, capacity building programs should be provided to Myanmar citizens to appoint them as a replacement for different levels of management and technical positions, operational experts and advisors. The MIL does not states the time period for the completion of the capacity building</p>	<p>Myanmar citizens must be hired as skilled workers (i.e. technician and staff whose skills relate to high technology and knowledge for performance of the work), subject to the following schedule:</p> <ul style="list-style-type: none"> i. at least 25% of the total employees of project company for the first two years from the commencing year of commercial operation; ii. at least 50% in the third and fourth year from the commencing year of commercial operation; and iii. at least 75 percent in the fifth and sixth year from the commencing

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	<p>foreign citizens so appointed with Myanmar citizens;</p> <p>ii. Only Myanmar citizens must be appointed for non-skilled works; and</p> <p>iii. The hiring of employees must take place after signing of employment contracts and the employees must be ensured of entitlement and their rights in accordance with the labour laws and rules.</p> <p>The MIL does not establish a foreign employee to Myanmar employee ratio. Investors are free to propose their hiring strategy. However, an investment which provides more employment opportunities for the Myanmar nationals would be more favourably considered.</p>	<p>programs for replacement of the foreign citizens so appointed with Myanmar citizens;</p> <p>ii. Only Myanmar citizens must be appointed for non-skilled works; and</p> <p>iii. The hiring of employees must take place after signing of employment contracts and the employees must be ensured of entitlement and their rights in accordance with the labor laws and rules.</p> <p>The MIL does not establish a foreign employee to Myanmar employee ratio. Investors are free to propose their hiring strategy. However, an investment which provides more employment opportunities for the Myanmar nationals would be more favorably considered.</p>	<p>year of commercial operation.</p> <p>The project company will not be permitted to hire foreign citizens for unskilled roles.</p>
10. Corporate income tax exemption	<p>In case of an MIC Permit, the income tax exemption will be granted based on the investment made in investment promoted sectors in the designated zones. Zone 1, Zone 2, and Zone 3 for a period of seven, five and three years.</p>	<p>The MIC may grant income tax exemptions to investment businesses according to the designated zones for a period of seven, five and three consecutive years including the year of commencement of commercial operation, if applied by the investor.</p> <p>Therefore, MIC has wide discretion in granting a tax holiday to an endorsement holder.</p>	<p>Income tax exemption for the first five years, which begins at commercial operation.</p> <p>After five years, 50% relief of current legal income tax rates for the second five years</p> <p>After 10 years, 50% relief of current legal income tax for profit that is reinvested within one year as a reserve fund for the next five years.</p>

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11. Tax Exemption for re-invested profits	If the profit obtained from the investment business is reinvested in the investment business or in any similar type of investment business within one year, the MIC may grant exemption or relief from income tax if the investor applies for it.	If the profit obtained from the investment business is reinvested in the investment business or in any similar type of investment business within one year, the MIC may grant exemption or relief from income tax if the investor applies for it.	Not expressly provided.
12. Increased depreciation rate	The investor has a right to depreciation from the year of commencement of commercial operation based on a depreciation rate less than the lifetime of the machinery, equipment, building or capital assets used in the investment. The MIC may grant a tax incentive of accelerated depreciation at a rate equal to 1.5 times the depreciation rate permitted under the relevant laws of Myanmar or such other rates as may be notified.	An endorsement holder can also claim depreciation from the year of commencement of commercial operation based on a depreciation rate less than the lifetime of the machinery, equipment, building or capital assets used in the investment.	Not expressly provided.
13. Tax deduction for Research and Development	Investors may deduct expenses incurred for the research and development (limited to a maximum of 10%) relating to the investment businesses carried out in Myanmar for the development of the country.	An endorsement holder may seek a deduction of expenses incurred for the research and development (limited to a maximum of 10%) relating to the investment business carried out in Myanmar for the development of the country.	Not expressly provided.

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