

Final Approved Version of Union Tax Law Modifies Tax Rates and Categories while Inconsistent Publication Results in Confusion

After the newspaper publication of a draft Union Tax Law in March, the Union Parliament and President have approved an amended version that modifies tax rates for income and commercial taxes and adjusts categories of exempt and special goods that are subject to commercial taxes.

The Union Parliament and the President have approved the Union Tax Law that modifies commercial and income tax rates, and alters the tax-exempt status of certain goods. Notably, solar panels and related equipment, fertilizers and farm equipment are now tax exempt, while computers are tax exempt if produced in Myanmar. Teak and hardwood products have had their rates reduced to 25% from the original 50% rate, and raw jade and precious stones and the jewelry made therefrom are now taxable at separate rates of 30% and 15% respectively.

Another major change is the imposition of a 5% commercial tax on all services provided domestically and not otherwise exempted by the Union Government. Among the major services receiving pre-emptive exemption from this commercial tax are microfinance, banking, healthcare, and education services. Finally, Myanmar's income tax brackets have also been modified so that top rate is now 25% for all amounts made beyond Kyats 30,000,000. This increase represents a jump from a previous top bracket rate of 20% for all funds made beyond Kyats 20,000,000.

Despite the approval of this law, however, some confusion still remains as a result of discrepancies in two "official" versions that have been issued to the general public. One version has been released by the President's Office, while the other was formally published by the state-owned newspaper. No formal announcement or clarification has been made as of this writing on which between the two versions is the definitive text of the new law.

Consumer Protection Law Passed; Central Committee and Consumer's Dispute Settlement Boards to be Formed

The Myanmar Consumer Protection Law was passed on 14 March 2014 and outlines the rights and duties of consumers and business owners with respect to consumer products.

Applicable to manufacturers, producers, distributors, providers of logistic services (such as storage of goods), retailers, wholesalers, exporters, importers, traders, service providers, and advertisers, all of which are collectively referred to as businesses, the law provides for (a) the general rights available to consumers, (b) a listing of specific prohibited practices that must be followed by businesses in dealings with consumers, and (c) the regulatory bodies responsible for implementing the requirements and enforcing sanctions for violations of the law.

Among the practices prohibited under the law are the following:

- Any acts of denouncing a specific consumer or business while the dispute settlement process is in place
- Manufacturing, producing and / or trading goods which do not describe the following information - name, trademark, size, weight, measurement, product description, instructions, manufacturing date and number, expiration date, side effects, allergy information, manufacturer information, distributor information, cautionary notices, and other relevant information
- Manufacturing, producing and / or trading goods which do not describe the instructions / information on how to use in the Myanmar language from the date to be prescribed by the Central Committee
- Engaging in advertisements that do not disclose the dangers / risks caused by using the goods or services advertised
- Marketing practices which can disturb consumers physically or mentally

The law also expressly requires that businesses adhere to their warranty terms as offered to consumers and that businesses or advertisers be responsible for the consequences of their advertisements.

The two main agencies created for the enforcement of the provisions of the law are the Consumer Protection Central Committee and the Consumer's Dispute Settlement Boards (which are to be established on each level of government, from the township, to the regional level). The Consumer Protection Central Committee will provide policy guidance in consumer-related matters, while the Consumer's Dispute Settlement Boards are tasked with handling the disputes between consumers and businesses.

The law also grants the Consumer's Dispute Settlement Boards with the authority to impose punitive sanctions for violations of the law. These sanctions range from a warning, to a temporary suspension of goods in dispute, to a withdrawal of goods from the market, and a temporary suspension or permanent termination of business licenses. The sanctioned business may appeal the sanction within 60 days to the Consumer Protection Central Committee. Violations of some of the provisions of the law are punishable by an imprisonment of not more than 3 years and / or a fine of not more than 5,000,000 Kyats.