

KELVIN CHIA YANGON

LOCAL KNOW-HOW WITH INTERNATIONAL EXPERTISE

Issue No. 33 | March 2017



Kelvin Chia Yangon Ltd. (KCY) has been in active operation in Myanmar since 1995, currently with offices in Yangon and Mandalay. KCY is the firm of choice for those seeking to navigate the fast-changing legal and regulatory landscape in Myanmar, where we have gained extensive experiences and expertise across all the fast-changing legal and regulatory landscape in Myanmar areas of commercial practice.

Level 8A

Union Financial Center (UFC) |
Corner of Mahabandoola Road and
Thein Phyu Road |
Botahtaung Township | Yangon,
Myanmar

Unit S-1

No. 1 Sedona Hotel |
Junction of 26th Street & 66th Street |
Chan Aye Tharzan Township |
Mandalay, Myanmar

csg@kcyangon.com

www.kcyangon.com

Tel /Fax (951) 8610348

Fax: (951) 8610349

MYANMAR INVESTMENT COMMISSION ISSUES CLASSIFICATION OF REGIONS BASED ON DEVELOPMENT LEVEL FOR GRANTING OF INCENTIVES

On 22 February 2017, Myanmar Investment Commission (“MIC”) issues Notification 10/2017, classifying different townships in the different States and Regions into three zones based on development level.

The Myanmar Investment Law 2016 (“MIL”) consolidating the previous foreign and citizen investment laws was enacted in October 2016. Among the new regulatory mechanisms included in the MIL is the granting of income tax exemptions based on the proposed location of the investment. The mechanism categorizes regions within Myanmar into three different zones: Zone (1) Less Developed Regions; Zone (2) Moderately Developed Regions; Zone (3) Developed Regions. The Notification 10/2017 describes which townships in each States and Regions are included in the three different zones. The summary of the three different zones and the townships included are as follows:

Zone #	State & Region	Number of Townships
Zone 1	Kachin State	14 Townships
	Kayar State	7 Townships
	Kayin State	7 Townships
	Chin State	9 Townships
	Sagaing Region	34 Townships
	Tanintharyi Region	4 Townships
	Bago Region	5 Townships
	Magway Region	13 Townships
	Mandalay Region	2 Townships
	Mon State	2 Townships
	Rakhine State	17 Townships
	Shan State	42 Townships
Zone 2	Ayeyarwaddy Region	10 Townships
	Kachin State	4 Townships
	Sagaing Region	3 Townships
	Tanintharyi Region	7 Townships
	Bago Region	23 Townships
	Magway Region	12 Townships
	Mandalay Region	13 Townships
	Mon State	8 Townships
	Yangon Region	13 Townships
	Shan State	14 Townships
Zone 3	Ayeyarwaddy Region	17 Townships
	Nay Pyi Taw Union Territory	8 Townships
	Mandalay Region	14 Townships
	Yangon Region	32 Townships

In accordance with MIL’s Section 75 (a), investments in townships included in Zone (1), Zone (2) and Zone (3) are eligible for the following income tax exemptions:

Regions and States		Years of Income Tax Holiday
Less Developed (Zone 1)		Up to 7 consecutive years
Moderately Developed (Zone 2)	Developed	Up to 5 consecutive years
Adequately Developed (Zone 3)	Developed	Up to 3 consecutive years

It is noted that all of the townships in Yangon Region are included in either Zone (2): Moderately Developed Regions, or Zone (3): Developed Regions, thereby eligible for up to three consecutive years or up to five consecutive years of income tax exemption depending on the specific township where the investment is proposed to be situated. Investments in States like Rakhine State and Chin State are eligible for up to seven consecutive years of income tax exemption since they are classified as “Zone (1): Less Developed Regions.” It is also noteworthy that not all sectors would necessarily qualify of the tax exemptions. In this regard, the Myanmar Investment Law’s Section 75 (c) states that the income tax exemption would only be eligible for investments in sectors designated by the MIC as Promoted Sectors, which the MIC has yet to specify by notification.



Cheah Swee Gim
 Director of Kelvin Chia Yangon | Senior Partner of Kelvin Chia Partnership

csg@kcyangon.com



Pedro Jose F. Bernardo
 Principal Foreign Attorney of Kelvin Chia Yangon | Partner of Kelvin Chia Partnership

pedro.bernardo@kcpartnership.com