

KELVIN CHIA YANGON

LOCAL KNOW-HOW WITH INTERNATIONAL EXPERTISE

Issue No. 40 | May 2018



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

Pyi Gyi Tagon Room, 1st Floor, Noble
Mingalar Hotel | Corner of 73rd Street
and Ngu Shwe War Street | Chan Mya
Thar Zi Township | Mandalay,
Myanmar

esg@kcyangon.com

www.kcyangon.com

Tel /Fax (951) 8610348

Fax: (951) 8610349

MINISTRY OF COMMERCE OPENS RETAIL AND WHOLESALE SECTOR TO 100% FOREIGN OWNED COMPANIES AND JOINT VENTURES

The Ministry of Commerce (“MOC”) issued Directive 25/2018 (“The Directive”), allowing 100% foreign owned companies, and joint ventures between local and foreign investors to carry out retail and wholesale businesses.

While MOC had previously allowed foreign companies to trade in fertilizers, seeds, pesticides, hospital equipment and construction materials, the Directive from the MOC, issued on 9 May 2018, paves the way for 100% foreign owned companies, as well as joint ventures between foreign and local investors to conduct retail and wholesale trading. The Directive allows retail and wholesale trading of all types of commodities that are manufactured in Myanmar or imported from abroad, except for those which are prohibited to be traded, by 100% citizen owned companies, as well as joint ventures between foreign and local investors, and 100% foreign owned companies.

The Directive prescribes minimum capital requirements, registration requirements, as well as other restrictions on companies wishing to conduct retail or wholesale businesses.

Minimum Capital Requirement

Minimum capital requirements, for 100% foreign owned companies, and joint ventures wishing to operate in retail and wholesale business are as follows:

	Retail	Wholesale
100% Foreign Owned	\$3,000,000	\$5,000,000
Joint Venture	\$700,000	\$2,000,000

The Directive specifies that the calculation of the minimum capital requirements prescribed excludes land rental value. It also specifies that joint ventures between foreign investor and local investor where the equity ratio of the local investor in the joint venture is less than 20% are required to abide by the minimum capital requirements prescribed for 100% foreign owned investments. 100% citizen owned companies are exempted from minimum capital requirements.

Registration Requirement

100% citizen owned companies whose capital is above US\$ 700,000 or its equivalent in Kyats, joint ventures between foreign and local investors, and 100% foreign owned companies to be incorporated after the enactment of the Directive are required to register as retail/wholesale business at the MOC in order to operate a retail or wholesale business. The documents to be submitted on registration includes a detailed business plan.

Furthermore, 100% citizen owned companies whose capital is US\$ 700,000 and above, or its equivalent in Kyats that are operating a retail/wholesale business prior to the enactment of the Directive are required to register with the MOC within 150 days from 9 May 2018.

The Directive exempts 100% citizen owned companies operating a retail/wholesale business from the registration requirement if their capital is less than US\$ 700,000, or its equivalent in Kyats. For those which have to register, the requirements include submission of a business plan, detailing capital amount, locations, and floor space, and if there are more than one branches, detailed business plan should include number of branches and types of commodities being sold at each branch.

Other Conditions

The Directive prohibits 100% foreign owned companies, and joint ventures between foreign and local investors from operating retail distribution where the shop floor area is less than 929 m², including minimarkets and convenience stores. Further, the retail/wholesale businesses are required to operate in accordance with the regulations prescribed by the Nay Pyi Taw/Yangon/Mandalay City Development Committee or those of the relevant township Development Committees with regards to location, floor area, business days, and opening hours.

The Directive also requires that companies which are registered as retail/wholesale businesses to notify the MOC of any new branch openings or expansions within 90 days.



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

cheah.sweegim@kcpartnership.com



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

pedro.bernardo@kcpartnership.com