

KELVIN CHIA YANGON

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MINISTRY OF COMMERCE ISSUES COMMODITIES ALLOWED FOR WHOLESALE OR RETAIL DISTRIBUTION BY FOREIGN COMPANIES AND JOINT VENTURES, AND DETAILED REQUIREMENTS FOR WHOLESALE/ RETAIL REGISTRATION

The Ministry of Commerce (“MOC”) has issued a list of 24 product categories allowed for wholesale and retail trading by foreign and joint venture companies, as well as a detailed list of requirements and procedures for registration as wholesaler/retailer.

The MOC had previously issued the Notification 25/2018 (“**the Notification**”) on 9 May 2018, paving the way for 100% foreign owned companies and joint ventures to register as wholesale and retail businesses and conduct trading activities. The MOC had recently issued the detailed requirements for registering as a wholesale and retail business, and the list of “Priority Commodity Groups” which are allowed to be traded on a wholesale and retail basis by 100% foreign owned companies and joint ventures.

Commodities Allowed to be Traded by Foreign and Joint Ventures

While the Notification stated that 100% foreign companies, joint ventures between local and foreign investors as well as local investors would be able to conduct wholesale and retail trading of all types of commodities with the exception of prohibited items, the MOC has now issued a list of 24 general product categories that may be traded by 100% foreign owned companies and joint ventures.

No	Type of Commodities
1	Consumer Goods (Including clothes, watches, and cosmetics),
2	Foodstuff, including
	<i>Agricultural products (except as prohibited elsewhere),</i>
	<i>Marine products,</i>
	<i>Animal products,</i>
	<i>Ready-made goods,</i>
3	<i>Non-alcoholic beverages,</i>
	<i>Domestically manufactured alcoholic beverages,</i>
3	Household goods (including lacquerware, glassware),
4	Kitchenware,
5	Pharmaceuticals, hospital equipment,
6	Animal feeds and veterinary medicine,

No	Type of Commodities
7	Stationeries,
8	Furniture,
9	Sports equipment,
10	Telecommunication equipment (including phones & camera)
11	Electronics,
12	Construction materials and equipment,
13	Electrical goods,
14	Chemicals for industrial productions,
15	Seeds, agricultural inputs and equipment for use in agriculture,
16	Agricultural machineries,
17	Machines and related equipment,
18	Bicycles,
19	Motorcycles and related equipment,
20	Motor vehicle spare parts and machinery spare parts,
21	Toys,
22	Home decoration materials (including flowers and plants),
23	Souvenirs and hand-made goods,
24	Works of art, musical instruments and related equipment, (not including antiques)

Clarification of Capital Requirements

While the Notification had specified the following minimum capital requirements for 100% foreign-owned companies and joint ventures, the MOC has further clarified the timing of required capital injection in its detailed requirements and procedures for the registration of retail/wholesale trading businesses.

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

For newly incorporated 100% foreign-owned companies and joint ventures, it has to inject 50% of the required minimum capital amount prior to registration or within 30 days from the date of applying for the registration of retail/wholesale business; 30% of the minimum capital requirement is to be made before the end of the second year of operation as a

retail/wholesale trading business, and the final 20% of the minimum capital requirement has to be made before the end of the third year.

For existing 100% foreign-owned companies and joint ventures wishing to conduct retail/wholesale business, injection of at least 20% of the required minimum capital is required prior to registration or within a month from the date of submission of the application for registration; 30% of the minimum capital requirement has to be made before the end of the first year of operation as a retail/wholesale business, 30% of the minimum capital requirement has to be made before the end of the second year, and the final 20% of the minimum capital requirement has to be made before the end of the third year.

For existing 100% foreign-owned and joint venture companies already conducting trading in previously allowed commodities such as fertilizers, hospital equipment, pesticides, construction materials and seeds, they are required to submit evidence of existing investment already made to date from the commencement of operation to 30 days prior to the date of registration. They are allowed to remit additional capital within 5 years from the date of registration if their current invested capital is below the prescribed minimum capital required under the Notification, in order to meet the prescribed minimum capital amount.

The MOC has further stipulated that evidence of remittances are to be provided to the MOC in order to provide evidence that the stipulated minimum capital requirement has been satisfied. Failure to do so would result in the MOC issuing warning notices, and if the company fails to remit the required capital within the prescribed time after the issuance of the second warning notice, the MOC will suspend the exporter/importer registration (“**HtaThaKa**”) required for importation of goods, and will suspend the importation of goods by the company.

Location of Registration

The MOC has prescribed that 100% foreign companies and joint ventures are required to apply for their wholesale/retail business registration in Nay Pyi Taw, while the 100% local companies requiring to register as a wholesale/retail business may register in Nay Pyi Taw, Yangon, or Mandalay.

Calculation of Minimum Floor Space Area

The Notification had previously prescribed a minimum floor space area of 929 m² for 100% foreign-owned companies and joint ventures wishing to conduct retail business. The detailed requirements issued by the MOC has further clarified that the minimum floor space area is applicable for each location of the proposed retail operation, and in its calculation, whilst warehouse areas and small office area inside the building may be included, parking spaces and offices and warehouses outside of the building where the retail operation is to be conducted cannot be included in the calculation of the minimum floor space area.

Validity of the Registration and Registration Fee

The registration of the retail/wholesale business is valid for 5 years from the date of the issuance of the registration. The business is also required to apply for the extension of the registration within 2 months from the expiry of the registration, with the proposed operational plan for the next 5 years. The registration fee payable to the MOC for registration as a retail/wholesale business is 50,000 kyats.



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