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KCY Newsletter | Issue No. 57

29 July 2020

Notification on Tax Registration and Application for Tax Exemption Recognition for Non-Profit Organizations

On 27 July 2020, the Internal Revenue Department (“**IRD**”) of the Ministry of Planning, Finance and Industry had issued the Notification 79/2020, on Procedures for Registration and Recognition of Non-profit Organizations’ Tax Registration (“**Notification 79/2020**”).

The Notification 79/2020 will come into effect from 1 October 2020, and it defines non-profit organizations as “Organizations conducting educational programs, health programs, supporting the poor and those affected by natural disasters, non-governmental organizations, international non-governmental organizations, private foundations, civil society organizations and similar organizations”.

The Notification 79/2020 stipulates that non-profit organizations are required to apply for a Taxpayer Identification Number for the purposes of withholding tax on payments where withholding tax is required in a transaction, and to conduct relevant tax filings. The Director General of the IRD will issue a Taxpayer Identification Number for the non-profit organization after reviewing the application for the Taxpayer Identification Number by the non-profit organization.

In addition to the application for the Taxpayer Identification Number, a non-profit organization applying for income tax exemptions and recognition of donations it receives as tax deductible expenses for its donors may apply to the office designated by the Director General of the IRD with the following information:

1. A bank account associated with the corresponding Taxpayer Identification Number of the non-profit organization at a licensed bank,
2. For an organization requiring a registration with the relevant governmental department or organization, the registration certificate issued by the relevant governmental department or organization,
3. Copy of constitutional document or memorandum of association and article of association of the organization,
4. Previous year’s financial statement.

Once the application is received, the Director General will assess based on the following criteria:



1. The organization is formed only with the purpose of conducting educational programs, health programs, or support of the poor or those affected by natural disasters, and conducts its functions according to its purposes,
2. The constitutional documents are reflective of the purposes of the organization above,
3. The donations, funds, and assets of the organization are not used for a member or a related party of a member's private interests, and preventive measures are in place to ensure that such use does not occur, and
4. There are measures to ensure that in the event of a dissolution of the organization, the balance of funds, moveable and immovable assets of the organization are utilized only for the purposes of the organization above.
5. The IRD is to announce the list of recognized non-profit organizations from time to time.

The responsibilities of the non-profit organizations, whether or not they are recognized for tax exemption, are prescribed by the Notification 79/2020 as follows:

1. To maintain accounts and records related to income and expenses in accordance with the Tax Administration Law,
2. To submit relevant tax filings,
3. To abide by the relevant tax laws.

The rights of the recognized non-profit organizations under Notification 79/2020 are:

1. Where IRD assesses that the income received by recognized organizations are utilized only for religious or charitable purposes, to exempt income tax in accordance with the Income Tax Law,
2. To allow tax deductions for donors for donations to recognized non-profit organizations.

The IRD has not clarified where the non-profit organizations are required to register for the Taxpayer Identification Number, or apply for the recognition as tax exempted organizations, or issued the relevant forms and procedures involved in such registration and application, but such clarifications are expected to be forthcoming from the IRD prior to the effectiveness of the Notification 79/2020 on 1 October 2020.



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About Kelvin Chia Yangon (KCY)

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 Myanmar's fast-changing and complex regulatory landscape, a jurisdiction in which KCY has gained in-depth legal expertise from the numerous transactions it has handled.

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