

The background of the slide features a silhouette of several pagodas against a vibrant sunset sky. The sun is a bright, glowing orb on the right side, casting a warm orange and yellow light across the scene. The pagodas are dark, intricate structures with multiple tiers and spires, their forms softened by the atmospheric haze of the sunset.

# Tax Reforms in Myanmar

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# Outline

- **Introduction**
- **Myanmar Tax Structure**
- **Tax Reforms**
- **Technical Assistance**
- **Challenges in Tax Reforms**
- **Conclusion**

# Introduction

- Natural resources are rich and its location is good.
- Myanmar has been in isolation for over 50 years
- Myanmar has now opened up to the international community.
- Foreign direct investments are expected to come in very soon.
- Infrastructure, however, is still limited.
- Exposure to new ways of doing things is still limited too.



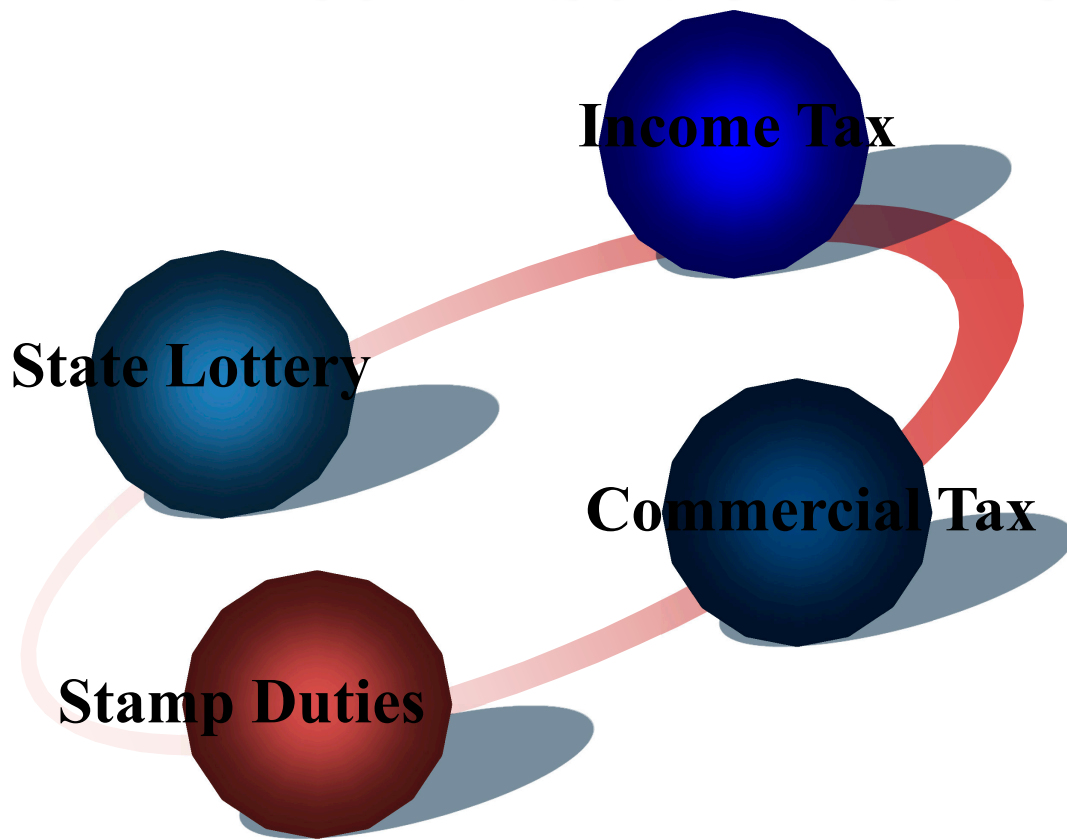
# Myanmar Tax Structure

Comprises 21 kinds of taxes/duties under the four major heads

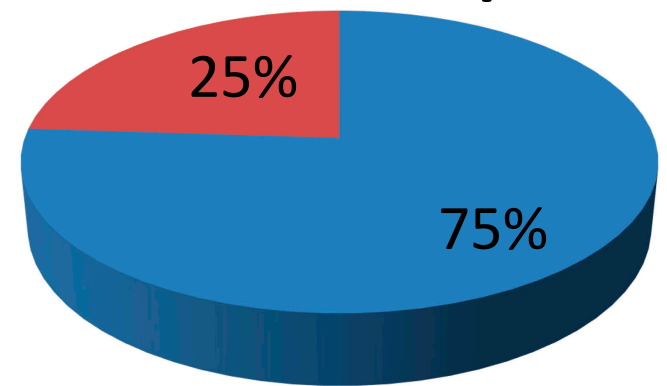
- taxes on production and consumption ;
- taxes on income and ownership
- custom duties and
- taxes on the use of state-owned property



# Major Taxes and Duties administered by Internal Revenue Department (IRD) and contribution to the State Budget



**2016-17 (Budget Estimate)**



■ Internal Revenue Department

# RELEVANT TAX LAWS

NO.	Types of Taxes and Duties	Relevant Acts or Laws
1.	Income Tax	The Income Tax Law(1974)
2.	Commercial Tax	The Commercial Tax Law(1990)
3.	Stamp Duties	The Myanmar Stamp Act(1899) The Court Fees Act(1870)
4.	Lottery Tax	Directives pertaining to State Lottery
5	Specific Goods Tax	The Specific Goods Tax Law(2016)
6	The Union Tax Laws (2014/2015/2016)	Provisions related to tax policy such as tax rates, reliefs, thresholds, allowance and etc.

# **Tax Reforms**

# Why Tax Reforms?

- Tax to GDP ratio is very low , the lowest in ASEAN countries.
- Tax administration has the following challenges -
  - poor taxpayer compliance
  - outdated tax laws and procedures
  - a lack of skilful personnel.
  - a lack of Information and Communication Technology and so on.
- Need for a tax reform framework.

# Technical Assistance

- The International Monetary Fund(IMF)is the main provider of TA.
- IMF provides a resident advisor at the IRD Headquarters to give advice on the reform of the IRD Organization.
- IMF provides technical assistance in setting up a Large Taxpayer Office in Yangon, the commercial city of Myanmar.

# Technical Assistance(Contd)

- US Treasury provides a resident advisor at the Large Taxpayer Office to give advice on the procedure used in running the LTO and implementing the self-assessment system.
- The World Bank provides technical assistance in terms of conducting training courses for LTO staff.

# Technical Assistance(Contd)

- IMF organized development partners in providing Technical Assistance to Myanmar IRD.
- The World Bank will arrange loans for Myanmar in building a data center and in purchasing a revenue management software, which is to be used in the LTO.

# Technical Assistance(Contd)

- Launching of an LTO in Yangon is the best example of IRD's Administrative Reform .
- This LTO services about 500 large taxpayers.
- Plans to open a Medium Taxpayer Office in Yangon this fiscal year.
- More MTOs and Small Taxpayer Offices(STO) are to be opened nationwide gradually.

# Technical Assistance(contd)

- Reform of the Head Office.
- Formerly , directorates in the Head Office were formed by tax types : Income tax directorate , commercial tax directorate, stamp duty directorate and State lottery directorate.
- Now , directorates are function-based:  
Accounts Directorate , Tax Policy and Research Directorate , Design and Monitoring Directorate , etc.

# Technical Assistance(Concluded)

- More assistance(technical and financial) is needed in
  - capacity building of IRD staff.
  - Recruiting of qualified staff.
  - Infrastructure development such as –
    - Office buildings and equipment.
    - ICT development.
    - Transport facilities.

# Vision

**“We will be a modern organization that acts with integrity and is recognized internationally as a highly effective tax administration.”**

# Mission

**“To make taxpayers willingly pay tax as good citizens, by delivering quality service in order to maximize revenue for the prosperity of the people”**

# Goals

- *Maximize revenue*
  - Revenue collection is maximized over time and within the law.
- *Broaden the tax base*
  - All those who should be in the tax system, are in the tax system. Indirect taxes in the form of VAT are a feature of the tax system. Systems and processes are aligned to ensure all taxpayers are treated equally and information is available. Enforcement activity is targeted at those who choose not to comply.
- *Maintain and improve compliance*
  - Taxpayers understand their obligations and comply voluntarily.
- *Modernize Tax administration*
  - The organization is modern, utilizes technology and international best practice in tax administration is applied and tailored for the needs of Myanmar.

# Implementation of quick wins

- (1) To transform current Official Assessment System (OAS) to Self-Assessment System (SAS)
- (2) To transform current commercial tax to a Value Added Tax (VAT ) or Goods and Services Tax.

# Challenges in Tax Reforms

- Rapid change for the IRD and taxpayers
- Limited knowledge and capacity of tax officials
- Poor project management and change management capacity
- A lack of staff motivation schemes and incentives
- Awareness and compliance of taxpayers

# Conclusion

- Given the current challenges , we are hopeful that our tax reforms will bear fruit soon.
- We are , however ,unprepared and unarmed to manage the complex issues which we are going to face in international taxation .
- With the technical assistance provided by the IMF the World Bank , the US Treasury and the International Tax and Investment Center, we are going to see our Department improve in many ways.

# Conclusion

- Our special thanks are due to all those officials from the IMF , the World Bank , the US Treasury and the ITIC .
- We hope to receive more assistance , both technical and financial , from our development partners .
- Last but not least , we would like to express our heartfelt thanks to the Ministry of Finance of Japan and the IMF for holding this Conference.



Thank you