



IRD

Internal Revenue Department

Public Finance in Myanmar

PRESENTED BY

THIRI AUNG

INTERNAL REVENUE DEPARTMENT, MYANMAR

Myanmar

- Geographically situated in Southeast Asia and a member of ASEAN
- Total Land Area is 676,577 sq.km
- Neighboring countries are China, Lao, Thailand, Bangladesh and India.
- Population of Myanmar is 55 million
- 75% of population lives in the rural area
- 135 ethnic groups, majorities are Kachin, Kayah, Kayin, Chin, Mon, Bamar, Rakhine and Shan



Government's Economic and Estimated Fiscal Data for 2019-2020 Fiscal Year

Billion

Gross Domestic Product (GDP)	119,023.405 K (78 \$)
GDP Growth Rate	7%
Union's Total Revenue Estimate	25,199 K (16.5 \$)
Union's Total Expenditure Estimate	31,918 K (21 \$)
Union's Total Deficit Estimate	6,719 K (4.4 \$)
Deficit to GDP Ratio	5.65%

Exchange rate : 1 US\$= 1525 Kyats

Source: 2019-2020 Citizen's Budget
Myanmar

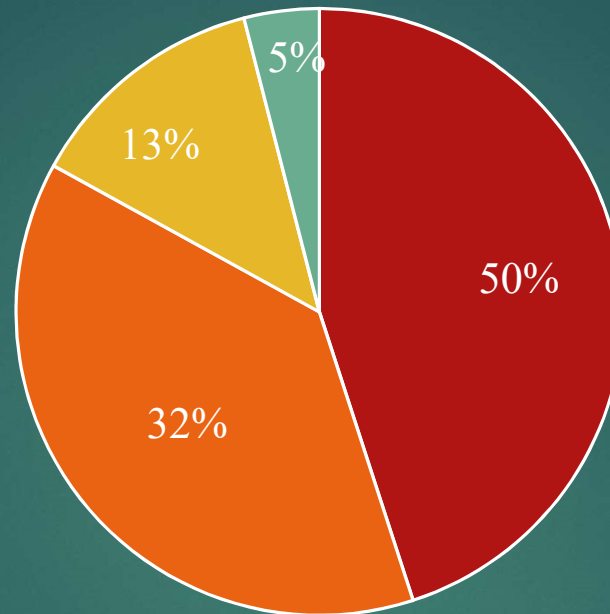
Billion

Union's Total Tax Revenue Estimate	7,625 K (5 \$)
Tax to GDP Ratio	6.7%
Estimate of Export	22,875K (15 \$)
Estimate of Import	25,925 K (17 \$)
Estimate of Trade Deficit	3050 K (2 \$)
Average Inflation Rate	6.71%

Exchange rate : 1 US\$= 1525 Kyats

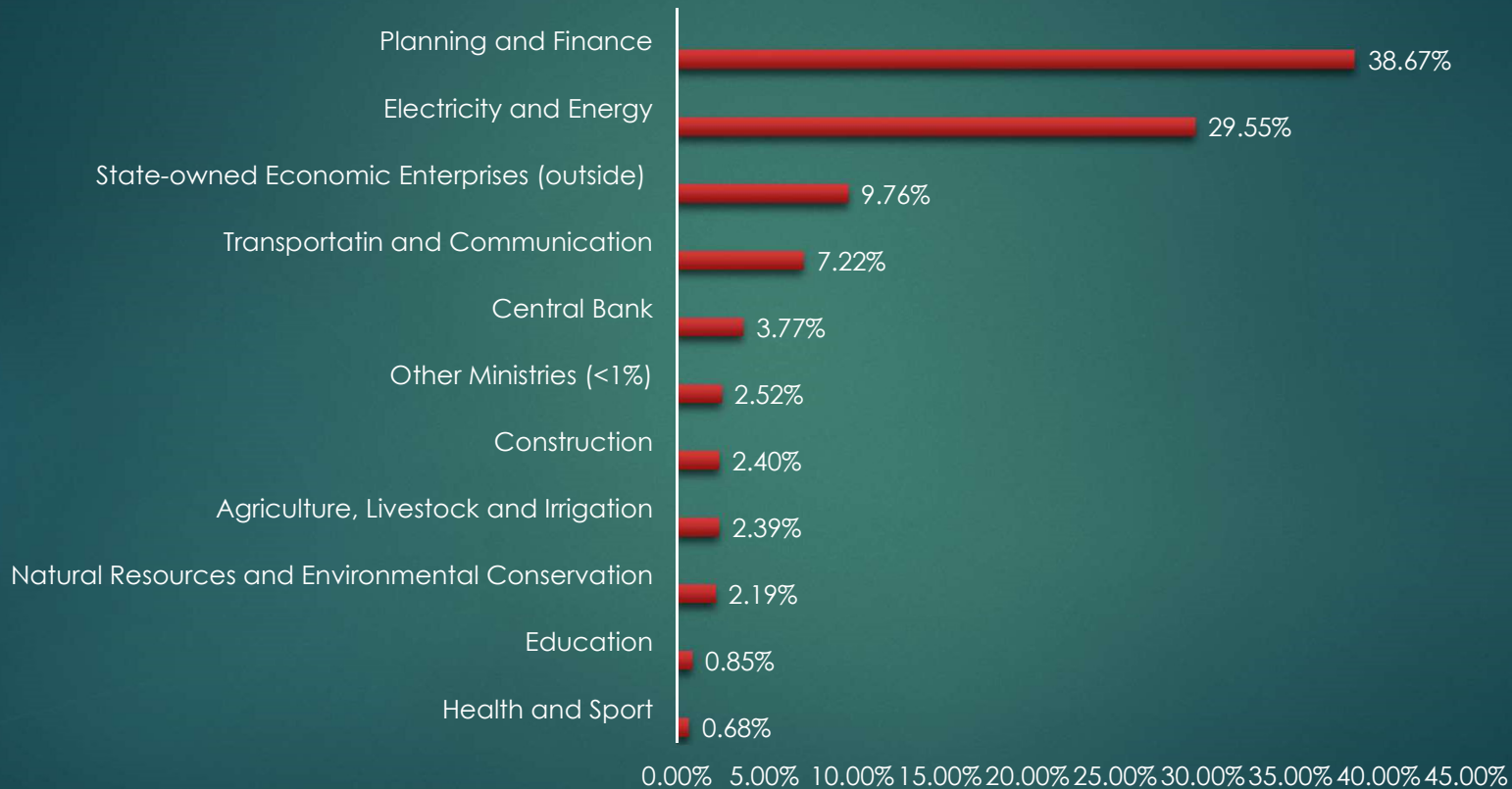
Source: 2019-2020 Citizen's Budget
Myanmar

Percentage of Union Fund Receipts for 2019-2020 fiscal year

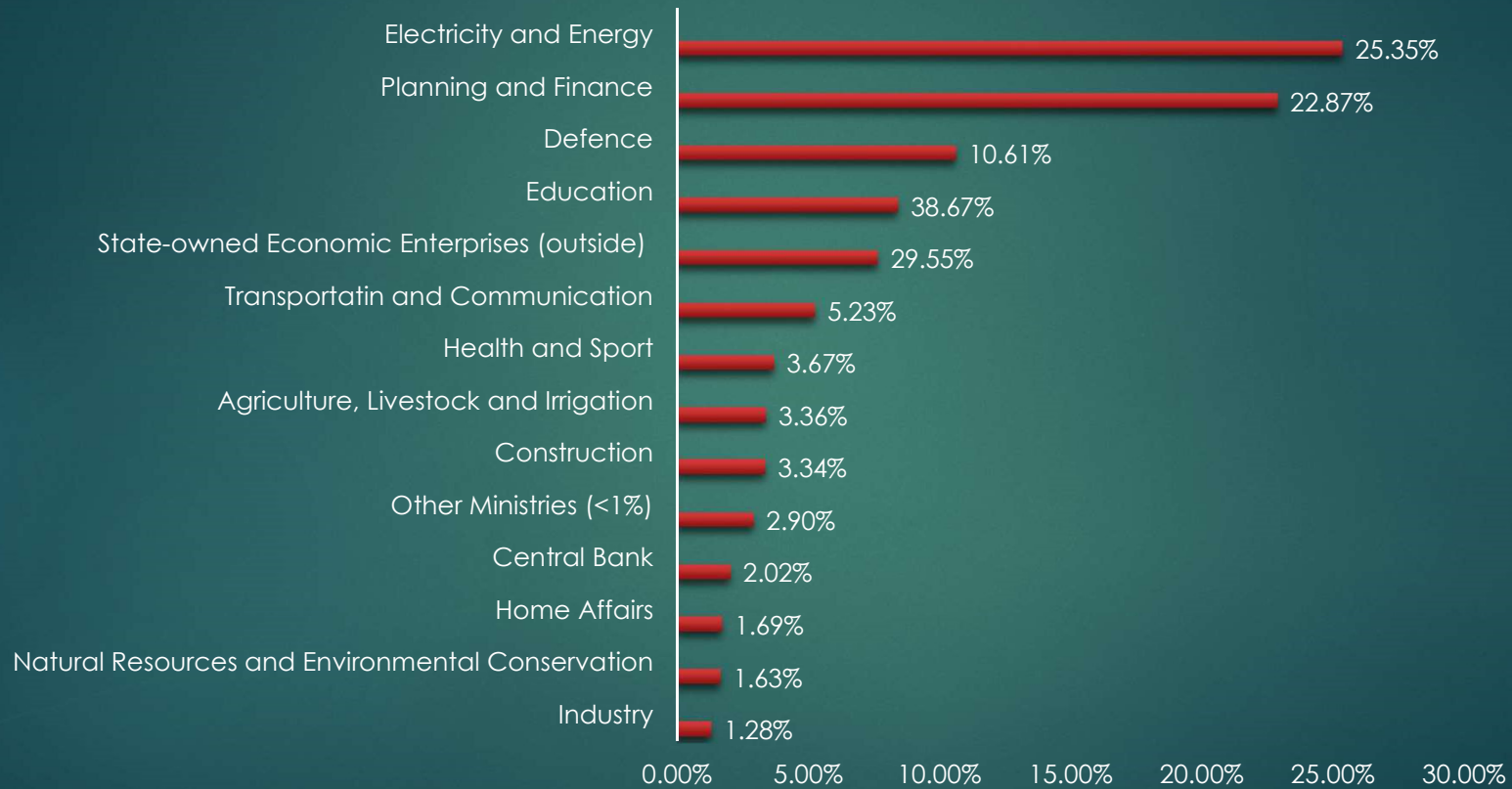


- Receipt of SEEs, State Owned Banks, and Central Bank
- Tax Revenue
- Other Receipt (Foreign Grants and Loans)
- Contribution from SEEs

Percentage of fund Receipt from Union Organizations and Ministries for 2019-2020 Fiscal Year



Percentage of Budget Allocation to Union Organizations and Ministries for 2019-2020 Fiscal Year



The Myanmar Sustainable Development Plan Summary Framework

A Peaceful, Prosperous & Democratic Myanmar

Goal 1: Peace, National Reconciliation, Security & Good Governance	Goal 2: Economic Stability & Strengthened Macroeconomic Management	Goal 3: Job Creation & Private Sector Led Growth	Goal 4: Human Resources & Social Development for a 21 st Century Society	Goal 5: Natural Resources & the Environment for Posterity of the Nation
PILLAR 1: PEACE & STABILITY		PILLAR 2: PROSPERITY & PARTNERSHIP	PILLAR 3: PEOPLE & PLANET	

Goal 2: Economic Stability & Strengthened Macroeconomic Management

- Effectively manage the exchange rate and balance of payments
- Reduce inflation and maintain monetary stability
- **Increase domestic revenue mobilization through a fair, efficient and transparent taxation system**
- Strengthen public financial management to support stability and efficient allocation of public resources
- Enhancing the efficiency and competitiveness of State Economic Enterprises.

Tax Structure In Myanmar



Myanmar tax system was introduced systematically in 1922.

There are 22 kinds of taxes/duties under the four major heads;

- (1) Taxes collected on local production and consumption;
- (2) Taxes collected on income and ownership;
- (3) Customs duty;
- (4) Taxes collected on the extraction and consumption of State owned resources.

Current Union Tax Structure in Myanmar

Types of Union Tax and Duty	Administering Union Ministry
1. Taxes levied on domestic production/ public consumption	
1. Excise duty	Ministry of Home Affairs
2. <i>Commercial tax</i>	<i>Ministry of Planning and Finance</i>
3. License fees on import	Ministry of Commerce
4. <i>State lottery</i>	<i>Ministry of and Planning and Finance</i>
5. Fees on vehicles, driving license, business license	Ministry of Transportation and communication
6. <i>Stamp Duty</i>	<i>Ministry of Planning and Finance</i>
7. Taxes for inserting a nucleus in the oyster	Ministry of Natural Resources and Environmental Conservation
8. License fees on tour license, hotel and guesthouse license, transportation license, tour guide business license	Ministry of Hotel and Tourism
9. Specific Goods Tax	<i>Ministry of Planning and Finance</i>
2. Taxes levied on income and ownership	
1. <i>Income tax</i>	<i>Ministry of Planning and Finance</i>
3. Custom duties	<i>Ministry of Planning and Finance</i>
4. Taxes levied on utilization of state owned properties	
1. Taxes on land	Ministry of Home Affairs Union
2. Water taxes	Territory
3. Embankment taxes	Ministry of Home Affairs
4. Tax on extraction of forest product	Ministry of Natural Resources and Environmental Conservation
5. Tax on extraction of mineral	Ministry of Home Affairs
6. Tax on fisheries	Ministry of Agriculture, Livestock and Irrigation
7. Tax on extraction of oil and natural gas	Ministry of Electricity and Energy
8. Tax on extraction of minerals and gem stones	Ministry of Natural Resources and Environmental Conservation
9. Tax on communication services	Ministry of Transportation and communication
10. Tax on production of electricity	Ministry of Electricity and Energy
11. Tax on the utilization of land	Ministry of Agriculture, Livestock and Irrigation

Taxes and duty levied by Internal Revenue Department

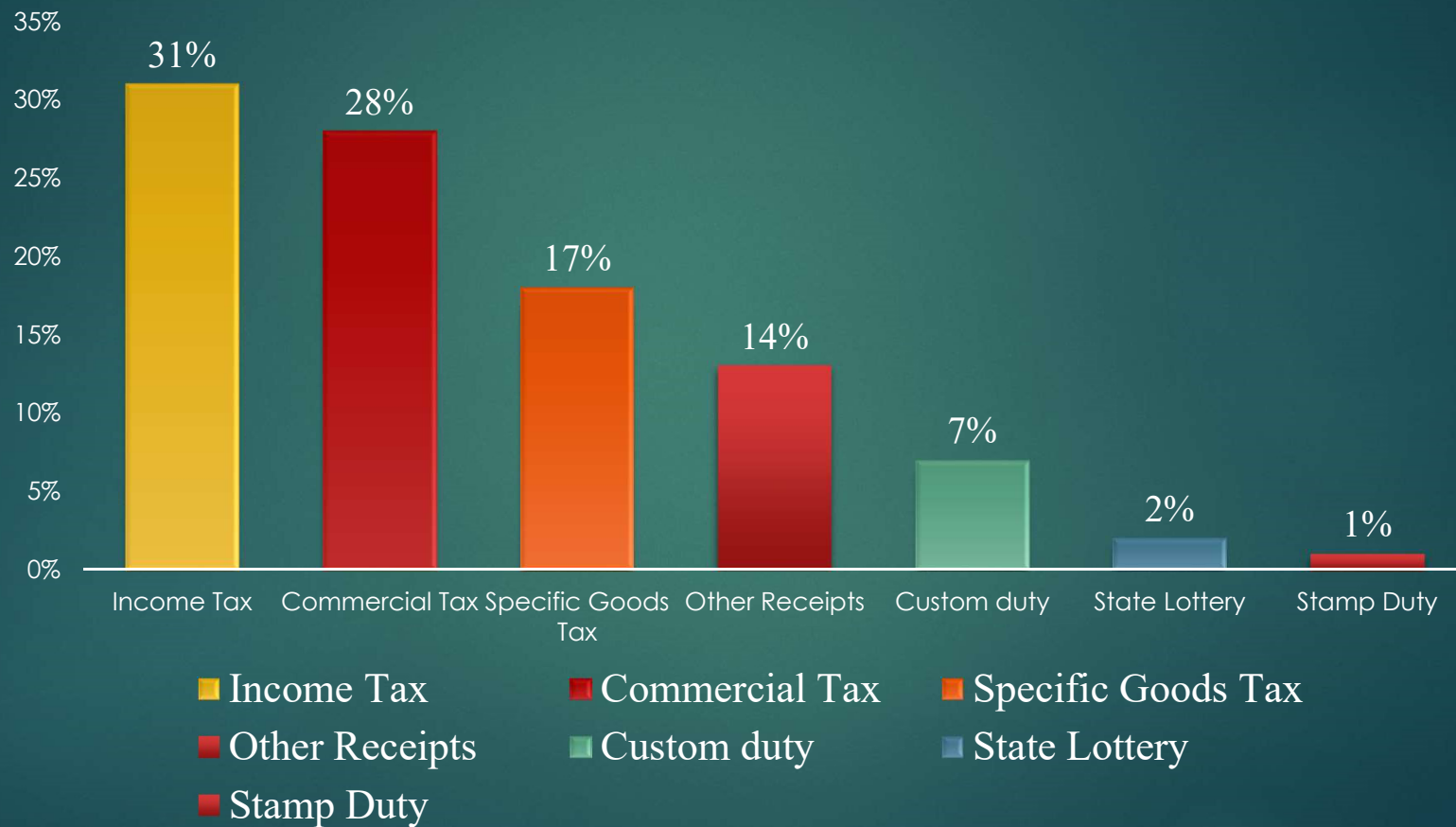
Direct Tax

- ❖ Income Tax
- ❖ Stamp Duty
- ❖ Lottery Tax

Indirect Tax

- ❖ Commercial Tax
- ❖ Specific Goods Tax

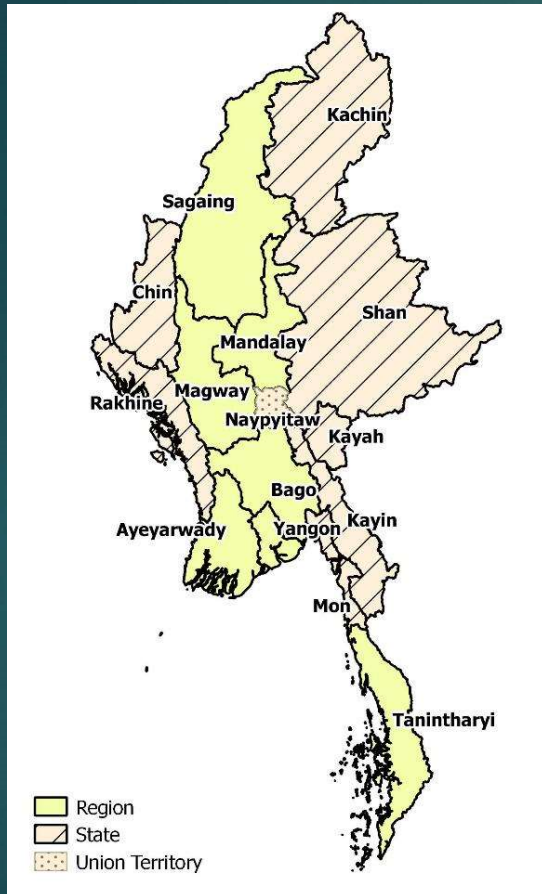
PERCENTAGE FOR EACH TYPE OF TAX COLLECTION FOR 2019-2020 FISCAL YEAR



Decentralization in Myanmar

- ▶ Myanmar's administrative and political structures historically have been highly centralized.
- ▶ The 2008 Constitution formally established state and region governments.
- ▶ The Region or State Parliament shall have the right to enact laws for the entire or any part of the Region or State related to matters prescribed in Schedule Two of the Region or State Parliament Legislative List. (**section 188, 2008 Constitution**)
- ▶ Under the 2008 Constitution, a state's or region's Chief Minister is nominated by the President and confirmed by state and region hluttaws.

Regions and States in Myanmar



No.	Regions	No.	States
1.	Sagaing	8.	Kachin
2.	Taninthayi	9.	Kayah
3.	Bagon	10.	Kayin
4.	Magway	11.	Chin
5.	Madalay	12.	Mon
6.	Yangon	13.	Rakhine
7.	Ayeyawady	14.	Shan

Naypyitaw is union territory

Right of taxation by the Union

- ▶ The Union shall, with the exception of the taxes and revenues listed in Schedule Five to be collected by Regions or States, collect all other taxes and revenues in accord with the law and deposit them in the Union Fund. (Section 231(a))

Charges and Taxes to be Collected by the Region or State Government


(a) The Region or State shall collect the taxes and revenues listed in Schedule Five in accord with law and deposit them in the Region or State fund.

(b) The Region or State has the right to expend the Region or State fund in accord with the law. (Section 254 (a) (b))

SCHEDULE FIVE

Taxes Collected by Region or States (Refer to Section 254)

- 1.Land revenue.
- 2.Excise revenue.
- 3.Water tax and embankment tax based on dams and reservoirs managed by the Region or State and tax on use of electricity generated by such facilities managed by the Region or State.
- 4.Toll fees from using roads and bridges managed by the Region or State.
- 5.(a) Royalty collected on fresh water fisheries.
- 6.(b) Royalty collected on marine fisheries within the permitted range of territorial water.
- 7.Taxes collected on vehicles on road transport and vessels on inland waterway transport, in accord with law, in a Region or a State.
- 8.Proceeds, rent fees and other profits from those properties owned by a Region or a State.
- 9.Fees, taxes and other revenues collected on services enterprises by a Region or a State.

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9. Fines imposed by judicial courts in a Region or a State including Region Taya
 10. Hluttaw or State Taya Hluttaw and taxes collected on service provision and other revenues.
 11. Interests from disbursed by a Region or State.
 12. Profits returned from investment of a Region or State.
 13. Taxes collected on extraction of the following items from the forests in a Region or a State:
 9. (a) Taxes collected on all other woods except teak and other restricted hard woods;
 10. (b) Taxes collected on firewood, charcoal, rattan, bamboo, birdnests, catch, thanetkha, turpentine, eaglewood and honey-based products.
 14. Registration fees.
 15. Taxes on entrainments.
 16. Salt tax.
 17. Revenue received from the Union Fund Account.
 18. Contributions by development affairs organizations in a Region or State concerned.
 19. Unclaimed cash and property.
 20. Treasure trove.

Tax percentage transferred to the local government Fund by IRD

Sr. No	Kinds of tax	percentage
1.	Income Tax	5 %
2.	Commercial Tax	15 %
3.	Specific Goods Tax	15 %
4.	Stamp Duty	2 %

Tax sharing in the existing laws

- Collections from individual in Region or State respectively, may be transferred to the relevant budget of the Region or State in accord with the fixed percentage proportion in Region or State respectively specified by the Union Government. **(Section 59, IT Law)**
- Except the tax collected on importation, commercial tax collected in Myanmar Kyats in Region or State respectively may be pay to the relevant budget of the Region or State in accord with the fixed percentage proportion in Region or State respectively specified by the Union Government. **(Section 31, CT Law)**

Tax sharing in the existing laws (end)

- Except the revenue collected on importation of specific goods, the revenue collected in the Region or State respectively may be paid to the relevant budget of the Region or State in accordance with the fixed percentage proportion specified by the Union Government. **(Section 33(a), SGT Law)**
- According to **Section 3-a of the Myanmar Stamp Act**, an additional stamp duty of 2 % transferred to the township development fund.

Municipal tax in Myanmar

- ▶ Municipal tax in Myanmar means a kind of tax collected on specified activities according to Law in order to make the Region or State sustainable development and to modernize the living standard of the People who are living in that Region or State.
- ▶ Different municipal taxes are collected by different ministries.
- ▶ Yangon City Development Committee (YCDC), Mandalay City Development Committee (MCDC), Naypyitaw City Development Committee (NCDC) have been collecting municipal taxes with different rates.

Share of state and region in total union public revenue and public expenditure

Public Revenue	88.34% (union)	11.65% (state/region)
Public Expenditure	90% (Union)	10% (State/region)

Good policy story in Myanmar

- ▶ The 2008 constitution made significant changes to the subnational administration of Myanmar with 14 new state and region governments, each with executive, legislative and judicial function.
- ▶ The states and regions have their own bureaucracy that functions independently of the Union Government.
- ▶ Decentralization in Myanmar caused improving local social services and stimulating economic growth.

Conclusion

- ▶ In Myanmar, better- quality municipal service is required for urbanization growth to strengthen the public resource mobilization.

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Thank you