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Myanmar News: Taxation of Housing Benefits

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Taxation of Housing Benefits

Since the enactment of the Myanmar Income Tax Law, many questions remain with regard to the taxation of benefits received by the employee, particularly benefits in kind.

In a recent announcement, the Attorney General's Office provided further clarification on the taxation of housing benefits.

1. Legal Position

The taxation of salary and other employment income is governed by sec. 9 of the Myanmar Income Tax Law. Pursuant to the law, this includes:

- i. salary, wages, annuity, pension, gratuity; and
- ii. any fees, commissions or perquisites received in lieu of or in addition to any salary and wages.

Benefits provided in kind, like free accommodation, are not explicitly mentioned in the law.

2. Official Practice

For housing benefits, the tax authorities continued to apply Circular No. 2, which was issued in 1958 under the repealed Myanmar Income Tax Act. According to this Circular, the accommodation provided by the employer was not taxable at its actual value, but at an amount equal to 10 per cent and 12.5 per cent of the employee's annual salary for unfurnished and furnished housing, respectively.

3. Clarification by the Attorney General's Office

Pursuant to the recent notification of the Attorney General's Office, Circular No. 2 shall no longer be applied. Instead, accommodation provided by the employer shall with effect from 1 April 2015 not be considered a taxable benefit of the employee. It can however be assumed that such tax exemption does only apply to accommodation owned by or rented in the name of the employer and provided to the employee free of charge.

A housing allowance paid to the employee continues to be taxable pursuant to section 9 of the Myanmar Income Tax Law.

Considering Yangon's inflated real estate market and high rental costs, it may be feasible for employers and employees to review current salary packages and ensure tax efficiency.

Please do not hesitate to contact us for further guidance and information.



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