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Myanmar News:

Grace Period for Late Payment of Stamp Duty until 31 March 2016

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Grace Period for Late Payment of Stamp Duty until 31 March 2016

Pursuant to the Myanmar Stamp Act 1899, any person failing to pay stamp duty as required by the law may be liable to a fine of ten times the payable stamp duty.

On 16 January 2016, the Internal Revenue Department of the Ministry of Finance granted an exemption from such statutory fines for the late payment of stamp duty on deeds with the government, if the payment is done on or before 31 March 2016. By instruction dated 19 January 2016, said grace period was extended to also include deeds between private parties.

1. Stamp Duty

Stamp duty is a form of tax charged on certain legal instruments (e.g. lease contracts) and requires the affixation of physical stamps on the instrument in question.

The Myanmar Stamp Act 1899 stipulates which instruments are subject to payment of stamp duty. The payment and affixation of the stamps is generally due before or at the time of execution of the instrument.

2. Non-Compliance

If stamp duty

- i. has not been fully paid;
- ii. has not been paid within the prescribed period following the execution of the deed;
- iii. has not been paid on the former deed, although novation/ renewal/extension is being carried out; or
- iv. has been under-paid;

a fine equal to ten times of the payable stamp duty may be imposed (section 35a Stamp Act 1899).

3. Grace Period until 31 March 2016

On 16 January 2016, the Internal Revenue Department of the Ministry of Finance issued a notice regarding the payment of stamp duty for tax assessable deeds executed in the Republic of the Union of Myanmar. This notice prescribes an exemption period for fines in respect of non-compliant stamp duty payment. Contractual agreements that were concluded between private companies and ministries, departments, region/state governing bodies, economic enterprises, and organizations but not duly stamped may be made compliant without fine until 31 March 2016.

After expiry of this grace period, any person failing to register a tax assessable deed shall be liable to a fine equal to ten times the payable stamp duty under section 35a Myanmar Stamps Act 1899.

On 19 January 2016, the Internal Revenue Department of the Ministry of Finance extended the scope of the above mentioned grace period upon deeds between private individuals and companies. While the instruction of 19 January 2016 has not yet been published, late payment of stamp duty without fines is already accepted by the relevant township offices for contracts between private parties.

Please find an unofficial translation of the notice of the Internal Revenue Department below.

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Unofficial translation of the notification of the Internal Revenue Department

Requiring the payment of stamp duties in respect of tax assessable deeds executed in the Republic of the Union of Myanmar in accordance with the provisions of the Myanmar Stamp Act

1. With the approval of the Union Government, an exemption period for fines in respect of stamp duty has been prescribed up to the date of 31 March 2016, so that those deeds (i.e. contractual agreements concluded between private companies and ministries, departments, region/state governing bodies, economic enterprises, organizations) for which stamp duty:

- liable under prevailing laws has not been fully paid;
- has not been paid within the prescribed period following the execution of the deed;
- has not been paid on the former deed, although novation/renewal/extension is being carried out; or
- has been under-paid

may be made compliant with the prevailing Myanmar Stamp Act.

2. Ministries, departments, region/state governing bodies, economic enterprises, workplaces, and private companies shall get in touch with the relevant Township Revenue Offices, within the prescribed period of time, to pay stamp duty free from fines in respect of those deeds of contractual agreement for which, although execution was carried out, stamp duty:

- liable under prevailing laws has not been fully paid;
- has not been paid within the prescribed period following execution of the deed;
- has not been paid on the former deed, although novation/renewal/extension is being carried out; or
- has been under-paid.

3. Upon expiry of the stamp duty fines exemption period, payment will be required under section 35a of the Myanmar Stamp Act for ten multiples of the due stamp duties or

the further amount required to rectify under-payment, in addition to the due stamp duty or the said further amount.

4. Notice is hereby given that – in such payment of stamp duties under exemption of fines, the relevant Township Revenue Offices will not issue stamps, but make further endorsement entries on original deeds, subsequent to causing payment of stamp duties required with a challan/payment-slip, in accordance with section 42.1 of the Myanmar Stamp Act.

Internal Revenue Department, Ministry of Finance



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