A4AI-Myanmar
Working Groups Progress Reports

Alliance for Affordable Internet
Working group on Taxation and Tariff
Nov, 2016
Overview

Objectives

• To contribute towards the government policy to bring about affordable Internet access to all people in Myanmar through recommended practices in taxation

Key Message:

• Mobile and ICT sectors make major positive contributions to economic growth and productivity. Sectors’ affordability and widespread adoption could be restrained by taxation.

• We could consider ways to –
  • Reduce tax burdens across ICT/telecom supply chains to provide more affordable services to end users
  • Support efforts to develop policies that also consider taxation on newly emerging areas
Taxation & Tariff
Workplan

Transparent Taxation Policy for ICT Investments & Operation
• To produce Taxation/Fiscal Map for ICT Sector
• To produce White Paper for Parliament Submission
• To produce a webpage containing relevant tax documentation

Previous coalition meeting in July identified 2 priority issues to address:
• To study ways to provide a level-playing field between foreign and local ICT companies through tax rebates [local companies do not have tax exemptions]
• To validate and document different tax rates being levied at different states and divisions [Lack of Standardization]
### Applicable Taxes in ICT Sector (work-in-progress)

<table>
<thead>
<tr>
<th>Imposed on</th>
<th>Tax/Fee</th>
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<tbody>
<tr>
<td>Telecom Operators</td>
<td>Income Tax (25%)</td>
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<td></td>
<td>Commercial Tax (5% - passed on from customers)</td>
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<td></td>
<td>Withholding Tax (2%)</td>
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<td></td>
<td>Stamp Duty (Vary)</td>
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<td>License Fees/Spectrum Fees (Vary)</td>
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<tr>
<td>Tower Companies / Subcontracted Construction Companies</td>
<td>Income Tax</td>
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<tr>
<td></td>
<td>Commercial Tax</td>
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<tr>
<td></td>
<td>Stamp Duty</td>
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<td></td>
<td>Customs Duty</td>
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<td></td>
<td>(Depreciation rate on telecom equipment)</td>
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<tr>
<td>Mobile Phone Users</td>
<td>Commercial Tax</td>
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<tr>
<td>Mobile Handset Retailers</td>
<td>Income Tax</td>
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<td>Customs Duty</td>
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<td>Commercial Tax</td>
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Tax Rebates for Existing Local Companies

Issue:
What are ways in which existing local companies can enjoy tax reliefs to compete effectively against foreign JVs who receive tax exemptions/incentives?

• Should local companies apply for MIC permit to enjoy tax incentives? Not all local companies can apply due to capital requirements.

• Will the new Investment Law that will be put into effect in Apr, 2017 be beneficial for existing local companies?
Additional Info – Issues Identified in July Meeting

Taxation in ICT Sector

- Tax rebates for local companies (Priority)
- Lack of government reservation for CT
- Different treatments to urban/suburban/villages
- Online & Overseas Transactions
- Benefits such as tax exemption unavailable to local companies
- Free Tariff Requests (Timing)
- Global contracts (Software)
- Land use maintenance taxes
- Local Government Municipal Taxes (Standardization – Priority)
- Import-export offsets
- Double taxation

Priority issue to address for next 6 months
Thank you!

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