

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)



Imposed on	Tax/Fee
Telecom Operators	Income Tax (25%) Commercial Tax (5% - passed on from customers) Withholding Tax (2%) Stamp Duty (Vary) License Fees/Spectrum Fees (Vary)
Tower Companies / Subcontracted Construction Companies	Income Tax Commercial Tax Stamp Duty Customs Duty (Depreciation rate on telecom equipment)
Mobile Phone Users	Commercial Tax
Mobile Handset Retailers	Income Tax Customs Duty Commercial Tax

Tax Rebates for Existing Local Companies

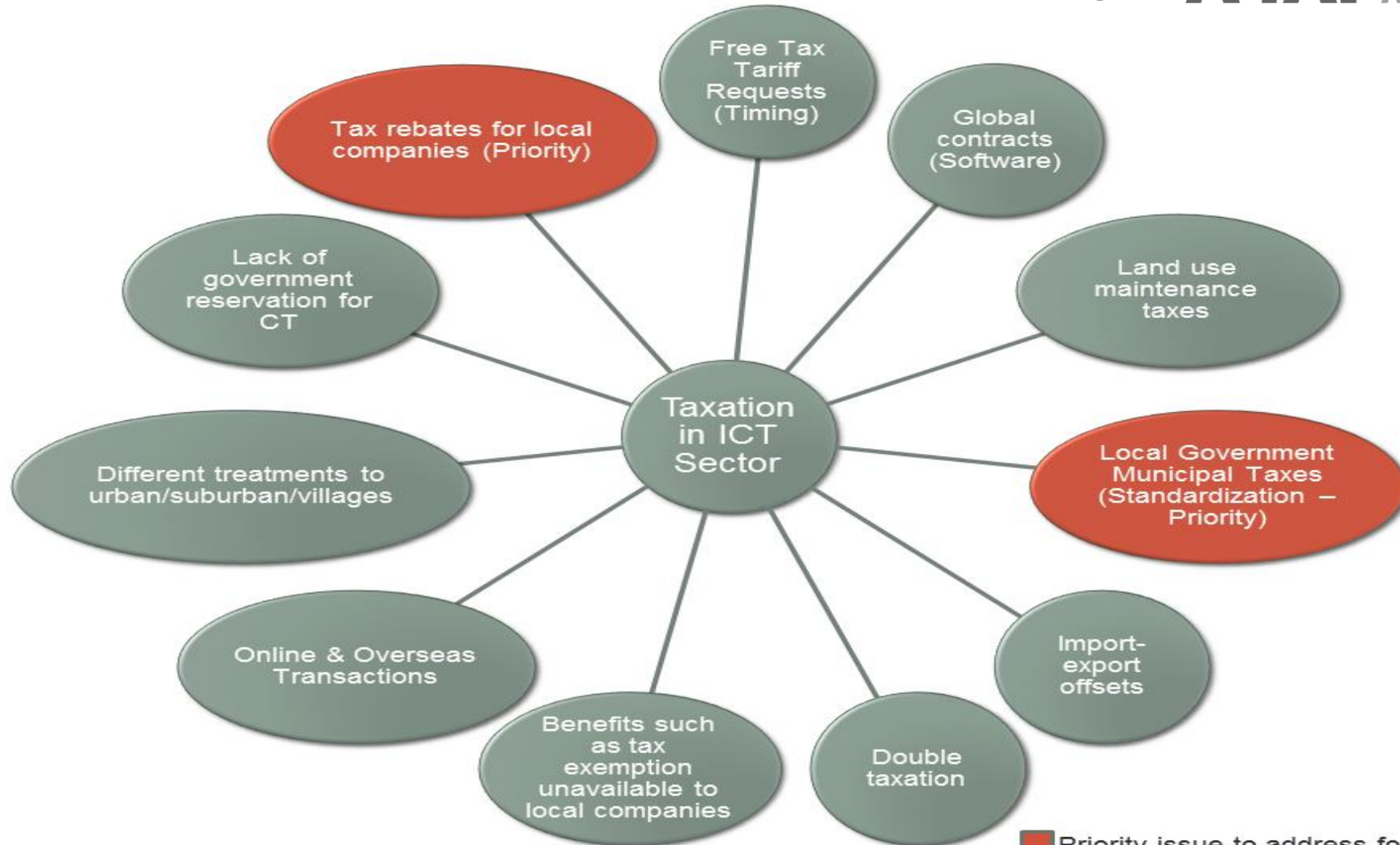


Issue:

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





Thank you!

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