



COVID-19: MYANMAR RELIEF MEASURES

The Myanmar Government took action to mitigate the impact of COVID-19 on the Myanmar economy on 18 March 2020, as set out in Notification No. 1/2020¹. The Myanmar Ministry of Investment and Foreign Economic Relations then held a coordination meeting of the working committee to remedy economic repercussions caused by COVID-19 and the Myanmar Ministry of Planning, Finance and Industry then announced the following steps to resolve the effects on Myanmar's economy:

- i. CMP businesses, hotels and tourism companies and small and medium enterprises (**SMEs**) are will be categorised as priority sectors for remedial solutions;
- ii. A COVID-19 Fund will be established at the Myanma Economic Bank with a capital of K100 billion, composed of K50 billion from the National Resolving Fund approved by the Union Government and K50 billion from the Social Security Fund; and
- iii. The fund will be used to provide loans to CMP businesses, hotels and tourism companies and SMEs owned by Myanmar nationals who are suffering the most negative economic consequences, at an interest rate of 1 percent and a loan period of 1 year, with the interest rate and loan period adjusted on the severity of economic loss incurred.

Eligibility for a Loan under the COVID-19 Fund

To be eligible to apply for a loan, the following criteria must be met:

- i. the company is locally owned and has been damaged due to COVID-19;
- ii. business operations are currently running;
- iii. the company was established prior to 31 March 2018;
- iv. the company has earned annual income over the last 2 years;
- v. the company has capacity to repay the loan;
- vi. the company will use the loan only for the payment of salaries to staff and the running of the current business;
- vii. the company has not been struck off the DICA registration list;
- viii. the company pays income tax;
- ix. there is no permanent or temporary shutdown of business;
- x. the company regularly makes social security contributions; and
- xi. the loan can be guaranteed by the board of directors.²

¹ <https://wintpartnership.com/images/pdf/notificationno-1-2020-mopfi-eng6.pdf>

² <https://www.mopfi.gov.mm/my/blog/45/11282>

Accordingly, foreign businesses are excluded from applying for loans from the fund and there have been calls for extension of aid to foreign investors, particularly in the garment industry,³ however there are no plans to extend loans to foreign-owned businesses as of yet.

Application Process for a Loan under the COVID-19 Fund

Loan applications can be made online via <https://umfccicovid19loan.mitcloud.com>⁴ as well as in person and the application period is open from 30 March 2020 to 9 April 2020.

If the applicant meets the eligibility criteria, the Myanmar Institute of Certified Public Accountants will inspect the accounts and recommend the loan amount that should be extended to each business, having regard to the financial status of the business in its respective sector. The Working Committee will be the final decision on the application.

According to MIC Permanent Secretary, U Aung Naing Oo, over 200 businesses have submitted loan applications so far, with a majority of applicants being small and medium-sized enterprises, hotels and travel agencies. The first batch of funds are to be released on 9 April 2020 and subsequent funding is to be released following the Thingyan holidays.

Tax Payment Periods

Concerning the quarterly income tax and monthly commercial tax for the 2019-2020 fiscal year for CMP businesses, hotels and tourism companies and SMEs the following measures will be effected:

- i. The payment period for income tax payments for the second quarter (due on 31 March 2020) and for the third quarter (due on 30 June 2020) for the 2019-2020 fiscal year will be extended to 30 September 2020; and
- ii. The payment period for monthly payments for the commercial tax of 2019-2020 fiscal year that will begin on 31 March 2020 to 31 August 2020 will be extended to 30 September 2020.

Subsequently, the Ministry of Labour, Immigration and

Population issued Notification No. 63/2020⁵ on 20 March 2020, taking account of the permanent and temporary closure of factories and reduction in the number of employees in establishments including CMP factories, hotels and tourism companies and SMEs due to COVID-19.

The notification alters the deadline for payment of social security contributions of employees from 15 days after the relevant month end to 3 months after the relevant month end, applicable to all businesses registered with the Social Security Board under the Social Security Law 2012.

Additionally, the Ministry of Planning, Finance and Industry released the Notification No. 38/2020⁶ on 24 March 2020, which exempts the advance income tax assessment of 2 percent on exports in order to ease the impact of COVID-19 on businesses, with the exemption taking force from 1 April 2020 to 30 September 2020.

Further Suggestions to tackle COVID-19

It has been suggested that in addition to the announced measures, the Myanmar Government and companies should consider the following steps:

- i. Increase leniency in regards to employment conditions i.e. allow workers to take unpaid leave and lower overtime payments from the current 200 percent;
- ii. Issue clear guidance for the management of employee's payment standards in light of factories closing;
- iii. Fast track customs procedures in view of raw material shortages; and
- iv. As mentioned previously, extending economic stimulus packages to foreign-owned businesses.

³ <https://www.mmtimes.com/news/provide-aid-foreign-owned-garment-businesses-also-ambassador.html>

⁴ <https://www.mmtimes.com/news/provide-aid-foreign-owned-garment-businesses-also-ambassador.html>

⁵ https://www.mol.gov.mm/mm/wp-content/uploads/downloads/2020/03/SSB-COVID19-Order-1Final.pdf?fbclid=IwAR3dzsaHbL0XiHIYEiJS84HNceoxY9VyT5ry9_gIDpvPul-9ra5pCN40u5UM

⁶ <https://www.mopfi.gov.mm/en/blog/45/11281>

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