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## Myanmar Highlights

February 2016

### Siam Cement joint venture consults with residents affected by Mon State cement factory

The Siam Cement Group (**SCG**) has announced details of the consultation process it has been conducting with residents in the vicinity of its new coal-powered cement factory in Mon State. SCG is developing the plant in cooperation with its local joint venture partner Pacific Link Cement Industries (**Link Cement**). SCG and Link Cement have established a new joint venture project company - Mawlamyine Cement Limited (**MCL**) - to develop the US\$400 million plant. Local residents have expressed concern about the coal-burning plant's impact on the environment. Work on the plant, which was originally expected to be operational by mid-2016, is now not expected to be completed until the consultation process has completed. MCL has held meetings with the local community and has invited 14 monks to visit an SCG operated cement plant in Lampang, Thailand. The Myanmar Government is prioritising the development of coal-powered facilities while it endeavours to upgrade Myanmar's power network. (Source: <http://www.thurawiss.com/update/myanmar-news-database>, 11 February 2016)

### Japan's Marubeni Corporation to construct coal-powered fertiliser plant in Thilawa SEZ

Japan's Marubeni Corporation (**Marubeni**) has announced that it intends to construct a fertiliser plant in the Japanese-government backed Thilawa Special Economic Zone. Marubeni expects to commence construction in 2017 and sell 30,000 tons of fertilizer in its first year of production. The plant will sell fertiliser throughout the rice-growing heartland around Rangoon and the Irrawaddy Delta. Marubeni anticipates its Myanmar fertiliser sales will grow to 150,000 metric tonnes per annum by 2020. It also proposes to increase the number of

products it offers in line with the growth of the domestic market. (Source: <http://www.irrawaddy.com/business/the-irrawaddy-business-roundup-feb-13-2016.html>, 13 February 2016)

### Woodside Petroleum makes second gas discovery in Myanmar

Woodside Petroleum Ltd (**Woodside**) has announced details of a second gas discovery in Myanmar. The discovery was made at the Thalin-1A exploration well situated in Block AD-7 (**AD-7**), approximately 100 km off the west coast of Myanmar. The Thalin-1A well is located at a depth of 836 m and reached a total depth of 3,034 m. The discovery at Thalin-1A well follows the earlier discovery by Woodside at the Shwe Yee Htun-1 well in Block A-6 located at opposite ends of the Rakhine basin in the Bay of Bengal. Thalin-1A well is located approximately 60 km west of the Daewoo-operated Shwe field which is connected by pipeline to an onshore storage facility. Woodside holds a 40% interest in AD-7 through its local subsidiary Woodside Energy (Myanmar) Pte Ltd. Daewoo International Corp., holds the remaining 60%. AD-7 was recently expanded north to the Myanmar maritime boundary. The joint venture partners have approved the acquisition of an additional 1,200 km<sup>2</sup> of 3D seismic data on the area. The seismic survey is scheduled to commence in March 2016 and will facilitate further evaluation and expansion of the prospect portfolio. (Source: <http://consult-myanmar.com/2016/02/17/woodside-in-second-gas-discovery-offshore-myanmar/>, 17 February 2016)

## Myanmar Wanbao preparing to reopen Letpadaung copper mine

Myanmar Wanbao Company Ltd (**Wanbao**) is preparing to resume work at the controversial Letpadaung copper mine, the site of repeated clashes between local residents and activists, and government troops and police in 2012. The site at Salingyi Township, Monywa district, Sagaing Region, is expected to reopen before the end of May 2016. Wanbao will construct a processing factory and warehouses to store copper, explosives and other mining-related equipment. Production will resume once work on the new facilities has completed. Wanbao signed a production sharing agreement (**PSA**) with the Ministry of Mines, and Union of Myanmar Economic Holding Ltd (**UMEHL**) in 2013. Pursuant to the PSA the Government is entitled to 51% of profits from the project, with Wanbao entitled to 30%, and UMEHL 19%. Wanbao has adopted a new environmental conservation plan incorporating international standards. (Source: <http://www.mmtimes.com/index.php/business/19128-wanbao-prepares-to-re-start-letpadaung.html>, 23 February 2016)

spouse. Personal tax relief of Kyats 500,000 will be granted for each dependent child. (Source <http://www.mmtimes.com/index.php/business/19148-tax-laws-aimed-at-improving-income-transparency.html>; 24 February 2016)

## 2016 Union Tax Law aimed at improving income transparency

On 25 January 2016, Parliament passed the Union Tax Law 2016 (**2016 Tax Law**). The 2016 Tax Law, outlining tax policies for the fiscal year commencing on 1 April 2016 and ending on 31 March 2017, is intended to increase income transparency. Under the 2016 Tax Law, sales of immovable property and vehicles will not be taxed if the source of income can be proved, nor will funds used for developing or starting a business. Even if an individual can only partially prove their source of income, they will not be taxed on that portion of the investment. Under the new law, those who cannot state their source of income will be taxed 15% on invested income if their total income is less than Kyats 30 million, 20% if it is lower than Kyats 100 million and 30% on any additional income. The Internal Revenue Department has also announced new income tax rates. Income under Kyats 4.8 million a year will now be tax-exempt, up from Kyats 2 million in the current fiscal year. Citizens living abroad are also exempt from paying income tax. Income between Kyats 4.8 million and Kyats 5 million will be taxed at 5%, income up to Kyats 10 million will be taxed at 10%, income up to Kyats 20 million will be charged at 15%, income up to Kyats 30 million will be taxed at 20% and 25% tax will be charged on any income above Kyats 30 million. Tax relief will be granted for those living with dependent parents, spouses and up to two children. Personal tax relief of Kyats 1 million will be granted in respect of each dependent parent or

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