



Business Records Keeping

Purpose of this publication

Taxpayers need to aware how to keep the books and records according to their types of business as the submission of the proper records to the related revenue offices is one of the main obligations by the taxpayers. The books and records must be accurate and correct in terms of accounting standards and taxation point of view because the proper and fair assessment can only be calculated with the support of correct records and books.

Two basic methods for keeping books and records

There are two basic methods for keeping books and records. The first method is ‘cash system’ in which the process of drawing ledger account is based simply on the actual cash income and payments and it is used generally for small and medium enterprises. Another one is ‘mercantile system’ which prepares an account including not only the actual cash income and payment but also the liabilities. It is used mainly for larger enterprises like import and export companies, long-term projects and especially for those larger companies which are under Self-Assessment System.

Keeping Books and Records for the Income Tax Taxpayers

(A) The books and records to be kept by any company or enterprise which are applicable to the Income Tax Law

According to section 130 of the existing Myanmar Companies’ Act (1914), any entrepreneur or person who does a business or a commercial activity should prepare and keep the correct books and records of each of their businesses either written in Myanmar or English language which includes the followings:

- (1) The total incomes and expenses of the company and the logical reasons for the sources of them;

- (2) The total sales and purchases of the company
- (3) The total assets and the liabilities of the company

(B) Financial statements to be maintained by types of businesses

Generally, any company or business should have complete sets of financial statements which are prepared according to Myanmar Financial Report Standards (MFRS). These annual financial statements should be maintained according to the types of businesses in the following ways:

- (1) The Purchasing and Reselling Companies or Businesses;
 - Trading Account
 - Profit and Loss Account
 - Balance Sheet
- (2) The Manufacturing Companies or Businesses;
 - Manufacturing Account
 - Trading Account
 - Profit and Loss Account
 - Balance Sheet
- (3) The Consignment Companies or Businesses;
 - Consignment Account
- (4) The Companies or Businesses such as Printing house, Hotels, Films and Movies, Electrical Power, Transportation, Mining
 - Working Account or Operating Account
 - Profit and Loss Account
 - Balance Sheet
- (5) The Contracting Companies or Businesses;
 - Contract Account
 - Profit and Loss Account
 - Balance Sheet
- (6) The Professional Businesses
 - Receipt and Payment Account

(OR)

- Income and Expenditure Account

Generally, most of the companies or businesses keep the financial records of each type of their businesses mentioned above. However, some companies or businesses (e.g. oil and gas companies, mining companies, and so on) are working on high risks and their profits are unpredictable. As they share their profits on production-sharing basis, they need to have an explicit and concrete accounting system that is appropriate with the nature of their business.

The books and records to be kept by any company or enterprise which are applicable to the Commercial Tax Law

Any company or business which earns any sale proceeds or service fees that are assessable under commercial tax law should keep the following books and records:

(1) Manufacturing businesses;

- Daily cash sale accounts and records (the sale date, receipt number, customer's name and address, the amount of sale proceeds and the commercial tax payable must be shown in it)
- Daily credit sale accounts and records (the sale date, bill number, the customer's name and address, the amount of sale proceeds and the commercial tax payable must be shown in it)
- Accounts and records of semi-finished goods that are purchased from local market or imported from abroad should be kept according to the type of finished semi-goods (types of semi-goods, opening stocks, value and the amount of tax payable. The daily number, value and payable tax of the products purchased from a local and registered manufacturer or imported from abroad must be recorded. The amount of tax paid for semi-finished goods which are parts of finished products must also be shown in the sale record.)
- Accounts and books of finished goods (the opening balance of each type of finished goods of the same selling price, the total

production, the total number of selling goods and the closing balance of each type of goods must be described).

(2) Transport Businesses

- Daily tickets selling record books (e.g. the bus route - where it starts and ends, the total number of tickets sold daily (with serial numbers), the ticket fare which should be divided into young and adult passengers (if any), total sale proceeds, the commercial tax payable, date of payment and amount, receipt numbers which should be clearly stated for both one-way tickets and return-tickets)

(3) Trading businesses

- Daily purchase book for each type of goods (purchase receipt number, quantity of goods and the paid tax must be described)
- Daily sale book for each type of goods (sale receipt number, quantity of goods, sale price and payable tax must be described)
- Tax credit record book for each type of goods (Monthly total quantity and total value (including the tax) purchased from registered suppliers should be described by referring the serial number appeared in daily purchase book. Monthly total sale quantity and total sale value (including tax) should be described by referring the serial number appeared in daily sale book. The monthly payable tax must be calculated by deducting the paid tax for purchased goods from the total tax payable for the sold goods).

(4) wholesale businesses and Commission agents

- Daily sale record book (The consignor's name and address, the buyer's name and address, the name of goods sold, quantity, the selling price, the sale value before tax for each type of goods, the tax chargeable, the sale value including the tax shall be described for each sale receipt. The monthly commercial tax paid, receipt

number and date shall be described after accumulating the daily figures for the whole month.

- Consignment record book for each consignor and each type of goods (The consignor's name and address, type of goods, quantity and date received, quantity and date sold, quantity and date of return, closing stock and balance shall be described for each consignor and each type of goods).

(5) Hotel and lodging businesses

- Room fees record book (receiving date, receipt number, guest's name, NRC number and address, dates and number of days stayed, daily rates, total charges before tax, tax chargeable, other fees, total charges, room number shall be described in a daily basis. Monthly summary record and monthly paid commercial tax, receipt number and date must also be described).

(6) Restaurants

- Daily sale book (Total sale proceeds, tax chargeable, total sale amount including tax shall be described day by day according to the receipt number. Monthly summary record and monthly (and cumulatively) paid commercial tax, receipt number and date must also be described).

Sample form for tax credit process

Businesses which are registered as commercial taxpayers shall have to keep the following forms of records in order to get tax credit for the commercial tax which has to be paid in purchases and sales of goods.

Cash Account, Sale account, income account

(Kyat)

Date	Subject	Number of receipts	Cash	Bank	commercial tax collected	Total Sale	Remark
1-1-	Cash Sale	5	10500	-	5000	100000	

2015			0				
2-1-2015	Commission Sale	1		105000	5000	100000	
3-1-2015	Credit Sale	3			5000	100000	

Accounts for purchases and expenses

(Kyat)

Date	Subject	Cheque No.	Cash	Bank	commercial tax paid	Purchase	Remark
1-1-2015	Purchase in cash	-	xxx		Xx		
5-1-2015	Pay Commercial Tax to IRD			xxx	-		
7-1-2015	Pay charges for electricity		xxx		Xx		
8-1-2015	Rent building	1001		xxx	Xx		

Explanation:

The data for the accounts such as cash account, sale account, income account, purchase account and expense account and so on should be entered according to the following instructions:

- Date - The date should be in series starting from first day and ending in the last day of each month.
- Subject - The daily income/expense receipts should be collectively entered according to the income/expense headings.
- Number of receipts - The daily receipts should be recorded in a sequential order.
- Cheque - to record only if the bank is related.

Quarterly return filing shall be made within one month after the dedicated quarter ends. The advance tax shall be paid within the first 10 days of every month while the accounts shall be summarised monthly.

Accounts Maintaining Period

Any taxpayer must keep every record and account, income and expense receipt, without having any damage, for the next three years after end of the respective fiscal year.

For more information, please feel free to contact to Internal Revenue Department with the address or phone numbers given below:

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