

This Interpretation is published by IRD. The English translation is intended to the taxpayers' clarification. Only Myanmar version is official.

The Republic of the Union of Myanmar
Ministry of Planning and Finance
Internal Revenue Department

Interpretation Statement No. 6/2018
Nay Pyi Taw
26 December 2018

Commercial Tax on the payment received in form of a non-cash payment other than barter

1. Pursuant to Section 55(b) of Commercial Tax Regulation, IRD is empowered to interpret the provisions of Commercial Tax Law regarding with the applicable of Commercial Tax on the payment where payment is received in the form of a non-cash payment other than barter.

What this Interpretation Statement is about

2. This Interpretation Statement tells you how IRD treats commercial tax on the payment received in the form of a non-cash payment other than barter for purchasers or suppliers.

Who this Interpretation Statement applies to

3. This Interpretation Statement applies to goods seller or purchaser or service provider or service receiver.

The Law

4. Section 3(d) of the Commercial Tax Law states that:

(d) Service means the rendering of a service for remuneration, a fee or consideration;

(e) Proceeds of Sale means money received or to be received from sale of goods on cash basis or on credit or other deferred payment system or from sale in advance system. In the case of the barter of goods, it means the value

This Interpretation is published by IRD. The English translation is intended to the taxpayers' clarification. Only Myanmar version is official.

determined in doing so. This expression also includes cost of packing materials used in packing goods;

(f) Proceeds of Service means money received or to be received for rendering service;

(h) Person rendering a service means a person rendering service on remuneration, fee or consideration.

Interpretation Statement

5. Section 3(e) states "Proceeds of Sale means money received or to be received from sale of goods on cash basis or on credit or other deferred payment system or from sale in advance system". Although Section 3(f) defines that "proceeds of service" means money received or to be received for rendering service, 3(d) states that "service means the rendering of a service for remuneration, a fee or consideration. Hence, seller and service provider shall collect and pay commercial tax on the sale or service fee paid for goods or services in the form of non-cash payment other than barter.

Example

6. Following is the example for better understanding -

Facts

- a) Manufacturing Company "A" rents a plot of land from Land Company "B" on which to build its plant. The lease of the land is for 10 years. Manufacturing Company "A" is required to pay MMK 60,000,000 for 10 years as MMK 6,000,000 per year as rental fee plus MMK 3,000,000 as commercial tax, the total amount MMK 63,000,000. And Company "A" paid Company "B" in company's share worth MMK 63,000,000.

Application of Interpretation Statement

- b) Manufacturing Company "A" is a service receiver from Company "B" who is a service provider in this case. Company "A" did not make the payment, MMK 63,000,000 in cash but paid the equal value of company shares, to Company "B", and this can be regarded as, in accordance with Section

This Interpretation is published by IRD. The English translation is intended to the taxpayers' clarification. Only Myanmar version is official.

3(h) definition – fee or consideration. Therefore, pursuant to Section 5(b) of Commercial Tax Law, Company “B” is required to collect and pay commercial tax MMK 3,000,000 from Company “A” for the rental fee payment paid in the form of share based payment rather than cash.

7. This Interpretation Statement is issued by:

Sd. xxx
(Min Htut)
Director General

Letter Number: 1(3)/HO-1/IRD/2018(12593)

Date: 26 December 2018

Distribute to:

Myanmar Accountancy Council

Director General, Printing and Publishing Department (please issue this as Official Gazette)

(All) Deputy Director General

(All) Directors

Director of LTO (please inform and explain this to your taxpayers)

Directors of MTO1, MTO2, MTO3 (please inform and explain this to your taxpayers)

(All) Heads of TRO (please inform and explain this to your taxpayers)

Head of Union Territory Tax Office

Myanmar Certified Public Accountants Association (MCPA)

The Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)