

Government of the Republic of the Union of Myanmar

Ministry of Planning and Finance

Internal Revenue Department

Interpretation Statement No. 6/2019

Nay Pyi Taw

(19 April, 2019)

Commercial Tax on advance sale of apartments and condominiums

1. Internal Revenue Department has issued this interpretation statement under the authority of the Commercial Tax Regulation 55 (b), so the taxpayers know when the commercial tax is payable on the advance sale of apartments or condominiums.

What this Interpretation Statement is about

2. This Interpretation Statement tells you how IRD interprets the provisions of the Commercial Tax Law concerning the time on accrual basis of sale proceeds at which apartments or condominiums sales.

Who this Interpretation Statement applies to

3. This Interpretation Statement applies to sellers and purchasers of apartments and condominiums.

The Law

4. Section 12 (a) of the Commercial Tax Law defines any person who has taxable proceeds of sales or receives from services within a year to pay the tax within 10 days of the end of the relevant month. Moreover, a three month return shall be furnished to the relevant Township Revenue Officer within one month after the end of relevant three-month.
5. Likewise section 13 (a) of the Commercial Tax Law defines any person who has taxable proceeds of sales or receives from services within a year to file an annual Commercial Tax return for such year to the Township Revenue Officer within three months after the end of the relevant year.
6. Section 14 (f) of the Union Taxation Law 2018-2019 states that the commercial tax shall be charged at 3 per cent on the sale proceeds of the building built and sold in the country. A person who builds and sells the building shall be liable to comply with the duty and liabilities and enjoy the rights contained in the Commercial Tax Law and the Commercial Tax Regulations.

Interpretation Statement

7. According to the Section 5 (b) of the Commercial Tax Law when a sale of apartment or condominium, a seller or contractor must pay commercial tax collected from purchasers together with proceeds or receipts from services. According to Section 14 (f) of the Union Taxation Law 2018-2019, the commercial tax is 3 percent. If the sale of apartment or condominium is made with instalment payment, seller must pay commercial tax collected on the receipt from instalment payment within a year or the receipt agree to pay as instalment within a year, to Township Revenue Office within 10 days after the first month of first instalment payment. If it is doing so, seller must pay commercial tax collected on the instalment payment of the respective each year, or incurred payment at the time of first instalment payment at once.

Example

Facts


Company A, construction company intends to build a building a block of 100 apartments, and all the apartments are sold off to Company B before construction commences with instalment payment for total amount payable MMK 320,000,000. According to the contract, "B" obliges to pay as the following:

- (a) "B" must pay MMK 30,000,000 as deposit on 1st April 2018.
- (b) "B" must pay MMK 10,000,000 on 1st of each subsequent month for 24 months starting from May 2018.
- (c) "B" must pay MMK 50,000,000 as final payment on 1st May 2020.

Application of Interpretation Statement

Company "A", seller must pay 3% of commercial tax MMK 4,077,669 on total amount MMK 140,000,000 (Deposit – MMK 30,000,000 and MMK 110,000,000 for first subsequent month for 11 months) on 10th May 2018 to Township Revenue Office. The remaining commercial tax shall be calculated as the rate under Union Taxation Law of relevant year and must submit to Township Revenue Office as this interpretation statement.

8. This Interpretation Statement is issued by:


 (Min Htut)
 Director General

Letter No. 1 (3)/ odg-1/ ird / 2019 (4246)

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Circulation

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