

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

Practice Statement No. 2/2019
Nay Pyi Taw
April 18, 2019

RE: Calculation of commercial tax payable on sale proceeds or receipts from services

REF: Practice Statement No. 3/2018 published by IRD on 26-12-2018

1. IRD, in exercise of the power conferred by Section 55(b) of Commercial Tax Regulation, has published a Practice Statement (No. 3/2018) in order to clearly understand and follow how to calculate the commercial tax payable on sale proceeds or receipts from services that are subject to commercial tax.

2. Next to the example 2 of the Practice Statement No. 3/2018, the following example is added as the third example so that the examples describe a clearer method for calculation of the commercial tax payable on sale proceeds or receipts from services that are subject to commercial tax.

“Example - 3:

- (1) *Facts:* Company “C” sells goods and is not registered for Commercial Tax. It has not charged any Commercial Tax on its sales. The total sale proceeds of Company “C” during 2016-2017 fiscal year is 1 000 000 000 MMK (provided that Company “C” is selling goods that are subject to 5% commercial tax).
- (2) *Application of this practice statement:* The total sale proceeds of Company “C” for the 2017-2018 assessment year is 1 000 000 000 MMK. By using the formula described in Paragraph 5 of Practice Statement No. 3/2018 (1 000 000 000 MMK/21), the payable commercial tax will be 47 619 047 MMK.
- (3) *Application of different commercial tax rates:* This example uses 5% commercial tax rate for goods sold by Company “C”. If goods are subject to different commercial tax rates (for example – 1%, 3%, 8%, etc.), the tax rate of the formula described in Paragraph 5 of Practice Statement No. 3/2018 can be adapted with the actual tax rate.”

3. This Practice Statement is hereby signed and issued.

Sd. xxx

(Min Htut)

Director General

Letter No. 2(7)/U-Sa 1/ird/2018 (4186)

Date: April 18, 2019

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