

Government of the Republic of the Union of Myanmar

Ministry of Planning, Finance and Industry

Union Minister Office

Notification No. 79/2020

8<sup>th</sup> Waxing of Second Waso, 1382 ME

July 27, 2020

Ministry of Planning, Finance and Industry, in exercise of the power conferred by sub-section (b) of 51 of Income Tax Law and sub-section (b) of section 86 of Tax Administration Law and in the view that non-profit organizations constitute an essential part in undertaking development activities of the State, hereby issues these Procedures in order to facilitate the income tax exemption matters of the non-profit organizations, to improve transparency and to allow the donors the deductions as expenses in accordance with income tax law when funding to those non-profit organizations.

#### Chapter I

##### Title, Application and Definitions

1. (a) These Procedures shall be called “the procedures for taxpayer registration and recognition of the non-profit organizations”.
- (b) These Procedures shall take effect from October 1, 2020.
2. The expressions contained in these Procedures have the same meanings as those contained in Income Tax Law and Tax Administration Law. In addition, the following expression has the meaning hereunder:

“Non-profit organization means an organization which conducts aid activities contributable to the public good such as aid towards education or health and relief activities for the poor and victims of natural disasters”, a non-governmental organization, an international non-governmental organization, a private foundation or a civil society organization and similar organizations.

## Chapter II

### Objectives

3. The objectives of these Procedures are as follows:
  - (a) To ensure clarification on the tax obligations and compliance matters to tax administration as well as to improve transparency of the entitlements with regards to taxation of the non-profit organizations;
  - (b) To support preventive measures for anti-money laundering and countering financing terrorism through the use of those non-profit organizations.

## Chapter III

Applying for taxpayer registration, verifying and assigning a taxpayer identification number

4. A non-profit organization shall submit an application for a taxpayer identification number in a tax office specified by Director General by using a specified form, in order to submit information on withholding tax matters and other tax-related information.
5. The tax office specified by Director General shall verify the application form as submitted according to paragraph 4, and assign a taxpayer identification number.

## Chapter IV

Applying for a recognized organization, verifying and issuing a certificate of recognition

6. A non-profit organization which is desirous to apply to be a recognized organization for the purposes of income tax exemptions and deduction allowances of the donors shall submit an application in a tax office specified by Director General by using a specified form. The following information shall be attached to the application:
  - (a) Bank account opened with taxpayer identification number in a bank licensed by Central Bank of Myanmar;

- (b) Registration certificate of the relevant government department or government organization, if the applying organization is subject to be registered with government department or government organization in accordance with an existing law;
  - (c) Statement of constitution of the organization or memorandum of association/ articles of association (copy); and
  - (d) Financial statement of the previous financial year.
7. Director General, in specifying a non-profit organization as a recognized organization, will verify whether the organization meets the following conditions:
- (a) The organization is established with the sole objective to conduct aid activities contributable to the public good such as aid towards education or health and relief activities for the poor and victims of natural disasters, and exclusively performs the activities in line with this objective;
  - (b) The constitution, memorandum of association and articles of association reflect the objective mentioned in above subparagraph (a);
  - (c) The incomes, funds and assets of the organization are not utilized or are barred from being utilized for personal benefits by its member/s or any person associated with a member; and
  - (d) The remaining money, movable properties and immovable properties left as a result of liquidation of a non-profit organization are set to be exclusively used for the matters mentioned in above subparagraph (a).
8. Director General, having verified and observed that a non-profit organization applying to be a recognized organization under paragraph 6 meets the conditions mentioned in paragraph 7, shall issue a certificate of recognition to that non-profit organization.
9. Internal Revenue Department shall publish the list of the recognized organizations as specified by notification of Ministry of Planning, Finance and Industry from time to time.

## Chapter V

## Responsibilities of non-profit organizations

10. Any non-profit organization, regardless of recognized or un-recognized, shall comply with the following taxation obligations:
  - (a) Keeping records of the accounts and documents relating to income and expenditures in accordance with the provisions contained in section 20 of Tax Administration Law;
  - (b) Filing the tax return; and
  - (c) Complying with the existing tax laws.
11. A recognized organization shall inform Director General at the soonest once it fails to fulfill any of the obligations required by paragraph 7 or once it liquidates.

## Chapter VI

The rights of the recognized organizations and the donors contributing to those recognized organizations

12. Internal Revenue Department, having verified and observed that the incomes received by the recognized organizations are exclusively used for religious or charitable matters, shall grant income tax exemption on such incomes in accordance with the income tax law.
13. The donors contributing the funds to the recognized organizations shall have deduction allowances as expenses in accordance with the specifications set out by Internal Revenue Department.

## Chapter VII

## Cancellation of the recognition

14. Director General, upon the submission made by the recognized organization following to paragraph 11, or having verified and observed that the activities of a recognized organization are not compliant with the conditions set out in paragraph 7, shall cancel the recognition status of such organization commencing from the date on which the organization cease to comply the conditions.

## Chapter VIII

## Miscellaneous

15. Ministry of Planning, Finance and Industry, for the purpose of section 6-A of Income Tax Law, shall specify the religious organizations as the recognized organizations by issuing a notification.
16. These Procedures shall not be applicable to the religious organizations.

Soe Win

Union Minister

Letter No. mopfi/finance-2/1/254/(3552/2020)

Date: July 27, 2020

**Circulation**

- Office of the President
- Office of the Union Government
- Office of the Union Parliament
- Office of the House of Representatives
- Office of the House of Nationalities
- Union Supreme Court
- Union Constitutional Tribunal
- Union Election Commission

- All Union-level Ministries
- Union Attorney General Office
- Union Auditor General Office
- Union Civil Service Board
- Nay Pyi Taw Council
- Governments of all States/Regions
- Central Bank of Myanmar
- Office of Anti-Corruption Commission
- Office of Myanmar Human Rights Commission
- All departments/organizations under MOPFI
- Internal Revenue Department
- Printing and Publishing Department (with a request to include in Part 1 of Myanmar National Gazette)
- Union of Myanmar Federation of Chambers of Commerce and Industry (with a request to circulate to the member associations)
- All departments under Minister's Office

By order

sd xxx

Tun Tun Naing

Permanent Secretary