

## Myanmar Tax Authority issues guidance on withholding tax reporting obligations

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The Myanmar Internal Revenue Department (MIRD) promulgated Practice Statement 2/2020 (the Practice Statement) on 3 September 2020 regarding withholding tax (WHT) reporting obligations. This Alert summarizes the required conditions under the Practice Statement for the WHT exemption to apply on payments made to nonresident foreigners, without the requirement to request upfront approval from the MIRD.

Prior to the issuance of the Practice Statement, the following payments made to nonresident foreigners were exempted from WHT, but required upfront approval from the MIRD:

- ▶ Payments for services performed entirely outside Myanmar
- ▶ Payments for services performed in Myanmar if there was no permanent establishment (PE) in Myanmar under a relevant tax treaty concluded with Myanmar

### WHT reporting obligations under Practice Statement 2/2020

1. With effect from 3 September 2020, taxpayers can adopt the 2.5% WHT exemption without seeking upfront approval from the MIRD, for service contracts with a value of less than US\$100,000 (i.e., US\$2,500 of WHT) or the equivalent amount in another currency, where the services are either:
  - ▶ Performed by nonresident foreigners entirely outside Myanmar



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