

**Update on Investment in Myanmar's Hotels and Tourism**  
(as of 26 February 2016)

**Investment:** The Ministry of Hotels and Tourism has permitted more than 1,900 companies to operate in the tourism sector, including 39 joint venture companies. The biggest investors in Myanmar's tourism sector are as follows.

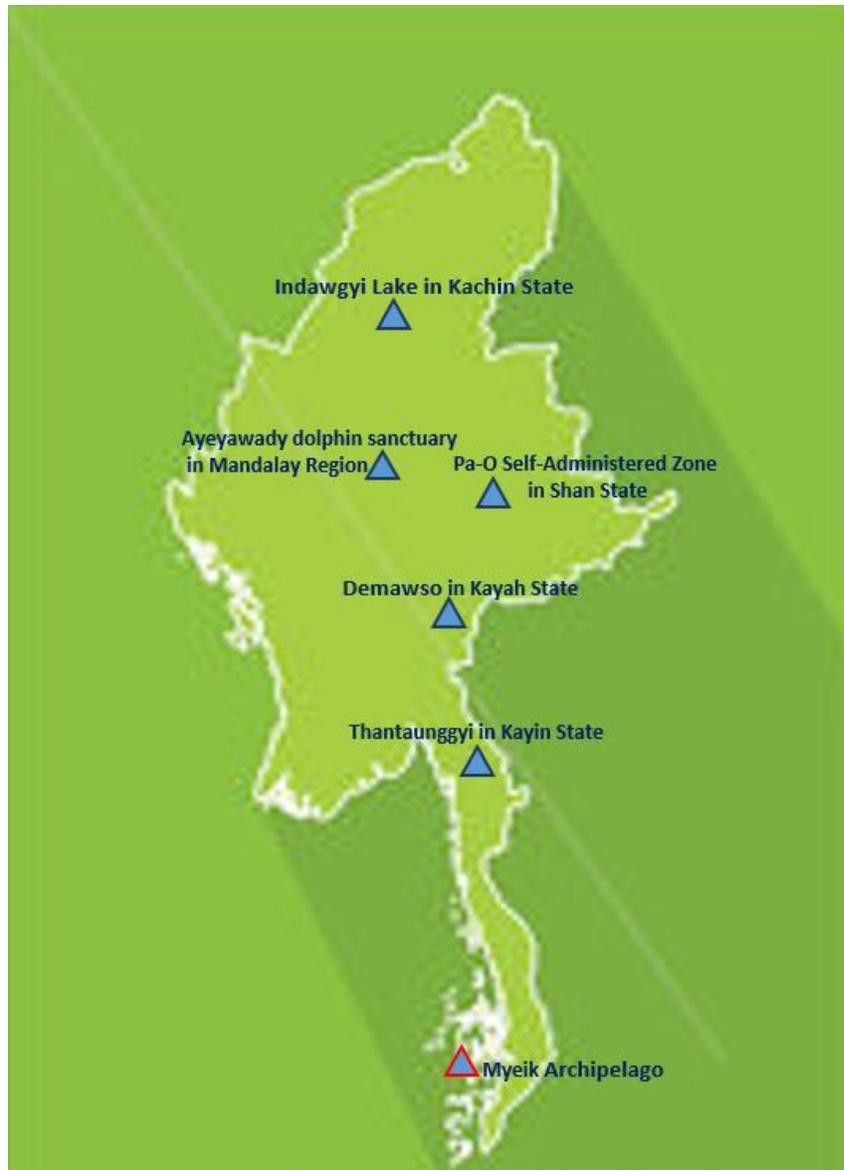
	Country	Investment (USD)	Number of projects
1	Singapore	1.54 billion	21
2	Vietnam	440 million	1
3	Thailand	More than 340 million	10

In addition, there are four projects from Hong Kong, three projects from Japan, Malaysia, and the UK, and one project from South Korea, Luxembourg and the UAE in 2015.

**New Tourist Destinations:** Myeik is a new popular tourist destination with attractive landmarks in the southern part of Myanmar. There are more than 800 islands in the Myeik Archipelago. At present, most tourists come across the Thai border, such as from Kanchanaburi, and also from Phuket by luxury yacht. Myanmar welcomes tourism business and is prepared to lease these islands to businesspeople who are committed to developing the tourism business. There are now 14 islands on the tourism list.

**New Projects:** Myanmar's Ministry of Hotels and Tourism has initiated five community-based tourism (CBT) projects in the following areas: 1) Pa-O Self- Administered Zone in Shan State; 2) Indawgyi Lake in Kachin State; 3) Thantaunggyi in Kayin State; 4) Ayeyawady dolphin sanctuary in Mandalay Region; and 5) Demawso in Kayah State. Dr Sai Kyaw Ohm, Deputy Minister, Ministry of Hotels and Tourism, stated that CBT projects are meant to provide local residents with job opportunities and to alleviate poverty.

Reference: <http://www.mmbiztoday.com/articles/myeik-tourism-expands-two-new-islands>  
<http://elevenmyanmar.com/business/five-community-based-tourism-projects-underway>  
<http://www.mmbiztoday.com/articles/moht-expand-licences-outbound-myanmar-tourists>



## Foreign Investment Environment

### Foreign Direct Investment Policy

Myanmar's Foreign Direct Investment policy is a component of the overall restructuring and development policy of the Government. The main components of the policy are:

- Adoption of market-oriented system for the allocation of resources
- Encouragement of private investment and entrepreneurial activity
- Opening of the economy for foreign trade and investment

## **The objectives of the Republic of Union of Myanmar Foreign Investment Law (FIL)**

- Promotion and expansion of exports
- Exploitation of natural resources which require heavy investment
- Acquisition of high technology
- Supporting and assisting production and services involving large capital
- Opening up of more employment opportunities
- Development of works which would save energy consumption
- Regional development

In order to oversee and administer the FIL, the Myanmar Investment Commission (MIC) was formed and acts as the initial authority for approving investment proposals.

## **Forms of Investment**

Foreign investors can set up their business either in the form of a wholly foreign-owned or a joint venture with any partner (an individual, a private company, a cooperative society or a state-owned enterprise). In all joint ventures, the minimum share of the foreign party is 35 percent of the total equity capital.

## **Minimum Capital Requirement**

The minimum amount of foreign capital required to be eligible under the Foreign Investment law are as follows:

For an industry - US \$ 500,000

For a service organization - US \$ 300,000

## **Eligible Economic Activities**

Economic activities allowed under the Foreign Investment law cover almost all sectors of the economy. It has been notified by the Myanmar Investment Commission (MIC). Any economic activity not included in the notification can be considered individually.

## **Liberal Investment Incentives**

Tax Incentives under the Foreign Investment Law

- A flat tax rate of 30 percent is applicable to an enterprise operating under the law. Exemption from income tax for 3 consecutive years beginning with the year in which the operation commences and further tax exemption or relief for an appropriate period in case if its considered beneficial for the State.
- The Commission may also grant:

- Exemption or relief from income tax on profit which is reinvested within one year.
- Relief from income tax up to 50 percent on the profit from exports.
- Right to pay income tax of the foreign employees and to deduct the same from the assessable income of the enterprise.
- Right to pay income tax of the foreign employees at the rate applicable to the citizens of Myanmar.
- Right to deduct the research and development expenditure.
- Right to accelerate depreciation
- Right to carry forward and set off losses up to 3 consecutive years, from the year the loss is sustained.
- Exemption or relief from customs duty and other taxes on (a) imported machinery and equipment for use during the construction period (b) imported raw materials for the first 3 years commercial production following the completion of construction.

### **Right to Transfer Foreign Currency**

A person who has brought in foreign capital can transfer the following:

- Foreign currency entitled to him
- Net profit after deducting all taxes and provisions
- Foreign currency permitted for withdrawal by the Commission which may include the value of assets on the winding up of business
- A foreign employee can transfer his salary and lawful income after deducting taxes and other living expenses incurred domestically

### **Guarantee**

Enterprises operating under the Foreign Investment Law shall have the State guarantee against nationalization and expropriation.

### **Application Procedures for Foreign Investment**

Prospective investors must submit a proposal form to the Myanmar Investment Commission, which must include:

- (1) Documents supporting financial credibility (audited final accounts from the most recent year of the person or firm that intends to make investment).
- (2) Bank recommendation regarding the business.
- (3) Detailed calculation relating to the economic justification of the proposed project indicating inter alia:-

- Estimated annual net profit
- Estimated annual foreign exchange earnings or savings and foreign
- Recoupment period
- Prospects of creating employment
- Prospects of increase in national income
- Local and foreign market conditions and the requirement, if any, for local consumption.

(4) If it is a hundred percent foreign investment, a draft contract to be executed with an organization determined by the Ministry concerned.

(5) If it is a joint venture, a draft contract to be entered into between the foreign investor and local counterpart.

(6) If it is a joint venture in the form of a limited company, draft Memorandum and Articles of Association and also a draft contract between the foreign and local investors.

(7) The prospective investor may apply for the exemptions and reliefs from taxes stated in Chapter 10 Article 21 of the Union of Myanmar Foreign Investment Law.

*Reference: <http://www.myanmar-tourism.org/index.php/about-us/guide-to-investment-and-doing-business>*