

Dear Readers,

Welcome to a new edition of our newsletter.

We would like to express our sincere gratitude to our readers who sent us messages of condolences when the co-founder and director of our firm, Ko Nyein Chan Zaw, suddenly passed away on 9 June 2024.

1. Industrial Zone Rules

The Myanmar Gazette dated 28 June 2024 reported that the Ministry of Industry under the State Administration Council (“SAC”) issued Industrial Zone Rules ([English translation](#)) (“Rules”) on 2 April 2024.

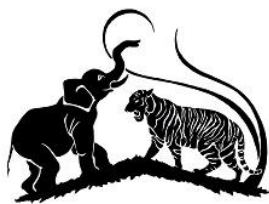
The civilian parliament passed an [Industrial Zone Law](#) (“Law”) on 26 May 2020 which in essence provides for (i) how new industrial zones may be established, and (ii) how existing industrial zones (and new industrial zones once established) are to be administered.

Importantly, the Law and now the Rules do not clarify their relationship with the Myanmar Investment Law. They set up a parallel structure to the Myanmar Investment Commission’s (“MIC”), composed of a central committee, regional committees, and management committees.

Industrial zones are not to be confused with special economic zones (“SEZ”). SEZs operate independently from the MIC within their own set of rules which avoids double bureaucracy. Currently, only the Thilawa SEZ is operational.

It appears to us that existing industrial zones (defined as “industrial zone, industrial sub-zone, industrial area, industrial ward or industrial park established before the enactment of the Law”) are not automatically shifted to the new system.

Rather, section 75 of the Law provides that existing zones “shall comply with the provisions of this Law in order to be declared as industrial zone under this Law.” According to Rule 62 (c), the Union Government shall (only) declare them as industrial zones after they have been categorised according to size, type and class. Within 1 month from such declaration, the regional committee shall form a selection team to establish a management committee for the respective zone (Rule 7 (a)).



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 159 - 15 July 2024

In addition to an MIC permit or endorsement, an investor wishing to set up a business in an industrial zone (once declared as such by the Union Government) will have to obtain an “investment business permit” from the regional committee. The application form published as an annex to the Rules lists the following requirements:

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**Form D
Rule 48**

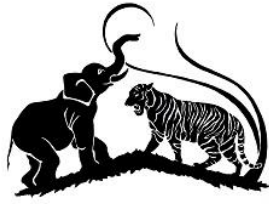
To

Industrial Zone Management Committee

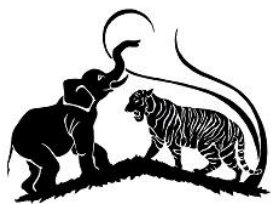
..... **Industrial Zone**

Business plan and land use

- (1) Name of the investor
- (2) Summary of the project
- (3) Location and land use rights
- (4) Approval for building permit and structure design (expert team for supervising and inspecting high-rise and public building construction projects from the relevant municipal development committee or municipal development organisation)
- (5) Engineering works
 - Factory or workshop layout plan
 - Architectural drawings of the factory or workshop (shall be certified by an architect licensed by the Myanmar Architect Council)
 - Standards and production methods (good manufacturing practices G.M.P.) to be followed
 - List of machinery and useful life status



- Installation of the boiler and electrical devices
 - Engineering matters mentioned above shall be certified by an engineer who is validly registered for the relevant specialisation and licensed by the Myanmar Engineering Council, certified by a registered professional engineer, and approved by the Department.
- (6) Fire safety arrangements (approved by the Fire Department)
 - (7) Measures to prevent environmental pollution
 - (8) Materials and input
Availability of raw materials, water and electricity, and annual raw material and input needs
 - (9) Market and plant capacity
 - (10) Appointment plan for foreign experts and technicians (in case of an engineering degree or diploma, shall register with the Myanmar Engineering Council and work with local certified engineering professionals)
 - (11) Implementation scheduling
Construction schedule, machine testing and normal production
 - (12) Total investment costs
Planning costs; land development, civil and construction works costs; machinery and technology costs; initial operating fund
 - (13) Project financing
Loans, own funds and other sources for local and foreign currency needs
 - (14) Annual manufacturing costs (total production and manufacturing costs)
Costs of raw materials, wages, electricity and fuel and maintenance; depreciation fund; interest (financial costs); other costs
 - (15) Financial evaluation
Break-even period, benefit-to-cost ratio, cost-to-income ratio, production value,



annual net foreign currency earnings, annual net foreign currency savings, return on investment rate, environmental impact

Investor

The Rules furthermore introduce parallel structures for the appointment of foreign skilled workers and experts.

2. Digital transaction amounts reduced

On 12 June 2024, the Central Bank under the SAC reduced the amounts which may be transacted digitally by individuals as follows and added further rules and limitations.

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**Republic of the Union of Myanmar
Central Bank of Myanmar**

Letter No. Ma Ba Bha-1/107 (939/2024)

Date: 12 June 2024

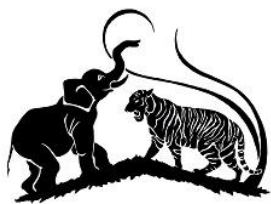
To

Banks offering mobile banking and internet banking
Banks conducting mobile services
Mobile financial services businesses

Subject: Amending and determining the amounts for which digital payments and digital transactions may be carried out

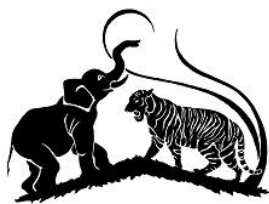
Reference: (1) Regulation on Mobile Financial Services (2016)
(2) Letter no. Ma Ba Bha/Na Dha Ta (Accounts) (455/2020) dated 29-3-2020

1. The Central Bank of Myanmar constantly strives to support the transformation process of the national government towards a digital economy and establishes, supervises and controls policies to develop secure, stable, efficient and



competitive payment and clearing systems, to promote non-cash payments and the interconnection of payment systems, to promote the use of payment services by the people, and to underpin a more inclusive financial system in the financial sector.

2. Banks and mobile financial services businesses shall, for the use of digital payments by government departments and the general public, use the CBM-NET System RTGS system for large payments and the CBM-NET System ACH system for small payments, and connect with the currently implemented Digital Payment Switch for payments using QR.
3. For government payments and private payments, the transaction volume specifications prescribed by the referenced letters for convenient payment using a digital payment system for retail transactions have been amended as follows:
 - (a) For payments between individuals (P2P), MMK 1,000,000 per transaction and a maximum of MMK 5,000,000 per day;
 - (b) for categories including gold shops, electronic shops, construction material shops and health care centres when processing payments by an individual to a merchant (P2M), maximum MMK 10,000,000 transaction amount per day;
 - (c) to keep the maximum balance of mobile money accounts up to MMK 10,000,000, and if MMK 10,000,000 are exceeded, to connect to the bank account and transfer to the bank account every day;
 - (d) for payments between individuals (P2P) and government payments up to MMK 10,000,000, to connect using Mobile Banking with CBM-NET ACH Function;
 - (e) For payments of MMK 10,000,000 or more, to carry out with CBM-NET System B2B Function;
 - (f) sufficient funds shall be moved into the Debit Cap (ACH Allocation) to enable the use of the CBM-NET (ACH Function) 24/7 by customers;



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 159 - 15 July 2024

- (g) to carry out systematic verification, disclose the purpose of payment and limit the number of transactions in order to prevent the selling/purchasing as a merchant using a consumer wallet (buying and selling goods using person to person payment);
 - (h) to verify the correctness of the registration data for merchants, and banks and mobile financial services businesses shall guarantee that they are real merchants.
4. In order to ensure trust in the system by the public who will use the digital payment system and to protect the public from financial loss, banks and mobile financial services businesses are hereby notified to obtain KYC with complete information according to the directives dated 15-8-2022 and to strictly comply with customer due diligence (CDD) procedures for financial transactions, in order to acquire better knowledge about the customer.
5. It is hereby notified that the amendments in paragraph 3 above shall be strictly complied with from 12-6-2024 and in case of failure to comply, administrative action will be taken according to section 154 Financial Institutions Law.

On behalf of the Governor
Zaw Myint Naing, Vice Governor

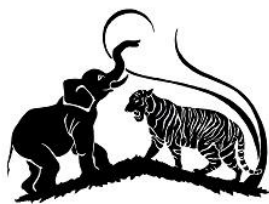
[Distribution list omitted.]

3. **Tariff reductions for SKD and CKD imports**

The Myanmar Gazette dated 28 June 2024 reported that the Ministry of Planning and Finance under the SAC reduced the tariff rates for the import of SKD and CKD components for fuel vehicles as follows:

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**Government of the Republic of the Union of Myanmar
Ministry of Planning and Finance**



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 159 - 15 July 2024

Notification No. 42/2024
1386, 8th Waning Day of Kason
(30 May 2024)

The Ministry of Planning and Finance has issued this notification exercising the powers conferred by section 3 (d) Tariff Law.

1. For the importation of *[components for]* fuel vehicles to be manufactured locally with the approval of the Myanmar Investment Commission using the semi-knocked down (SKD) system and the completely knocked down (CKD) system, continuous relaxation of the tariff rates has been allowed as follows to improve economic recovery and assist micro, small and medium businesses.

Sr	Vehicle type	Rate in MCT 2022 (%)			Relaxed rate (%)		
		CBU	SKD	CKD	CBU	SKD	CKD
a	Passenger vehicles with 2000 CC and below	30%	7.5%	5%	-	5%	3%
b	Passenger vehicles with 2001 CC and above	40%	7.5%	5%	-	5%	3%
c	Three-wheeled motor vehicle (passenger)	20%	7.5%	5%	-	3%	1.5%
d	Three-wheeled motor vehicle (cargo)	10%	7.5%	5%	-	3%	3%
e	Buses	10%	7.5%	5%	-	3%	3%
f	Truck/Body Building	10%	7.5%	5%	-	3%	3%
g	Motorcycle	5%	3%	3%	-	1.5%	1.5%

2. This notification shall be in force from 1 June 2024 to 31 May 2025.

Win Shein
Union Minister
Ministry of Planning and Finance
Government of the Republic of the Union of Myanmar



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

NEWSLETTER 159 - 15 July 2024

We hope that you have found this information useful.

Sebastian Pawlita
Managing Director

About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

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