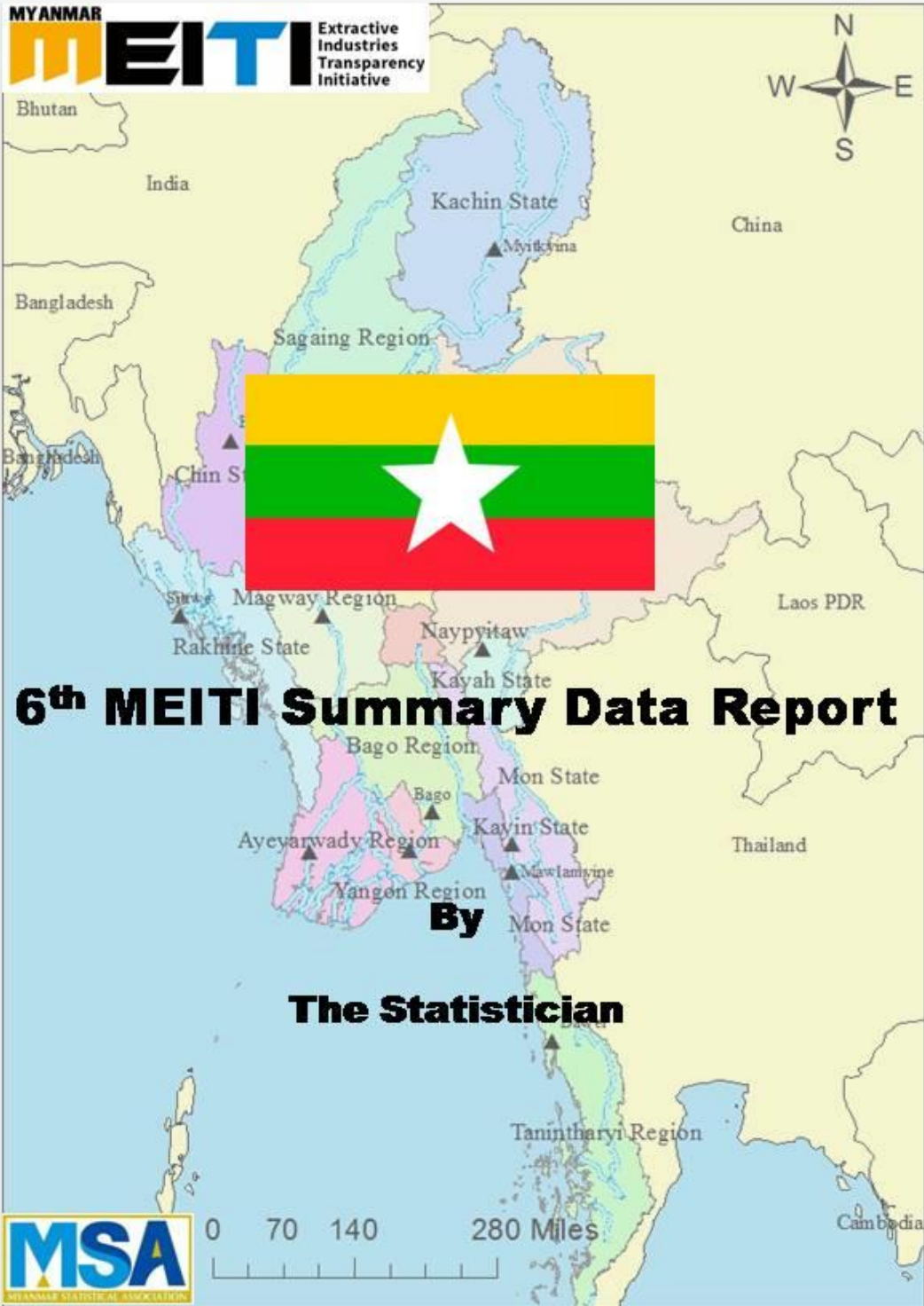


# THE REPUBLIC OF THE UNION OF MYANMAR



**December 2020**

## 1. Introduction

According to the Constitution of the Republic of the Union of Myanmar (2008), Myanmar has changed politically, economically and socially: the transitions from central controlling to democratic practices, changing the game from zero sum to win-win games, from market oriented-economy to market economy, from top-down to bottom up, etc. since 2011. In 2015, National League for Democracy (NLD) party declared its 2015 Election Manifesto, and clearly explained for the economy that is emphasized to reform the public financial system and the systematic collections of financial revenues as below: i) Economy<sup>1</sup>

*1. To enable the effective use of the public financial system and the full and systematic collection of financial revenues, we will establish a public financial management system that is transparent, ensures prudent expenditure, and is in line with financial standards.*

*a. For the collection of tax revenues, we will develop a tax system that the public will actually want to support through tax payments. In order to broaden the tax base, we will reduce tax rates. We will collect, systematically and in line with the law, tax revenues from the profits made by the sale or transfer of immovable and other assets. We will ensure, through transparency, that the general public is able to see how these tax revenues are used.*

*b. In order to reduce centralized financial control, the authority and responsibility for financial matters will be divided appropriately between the Union and the State/Regional governments. At the same time, we will work through negotiations to ensure a fair financial distribution between States/Regions.*

*2. a) We will encourage the establishment of financial markets and financing organisations to enable access to the necessary capital, technology and financing required for national development.*

*b) We will give genuine independent authority to the central bank. We will strive for monetary stability and the development of a financing system that can provide for capital financing requirements, including for local business owners, owners of SMEs, entrepreneurs, and farmers.*

In 2015, NLD party took power and laid down four economic objectives and twelve points of economic policies. Three points out of the twelve points of economic policies: policy number (1), (8) and (10) emphasized on monetary policy and fiscal policy and specifically public financial management, financial stability, monetary system and tax system. The three points of financial related economic policy is the following: Economic Policies<sup>2</sup>

*(1) Expanding our financial resources through transparent and effective public financial management.*

*(8) Achieving financial stability through a finance system that can support the sustainable long-term development of households, farmers and businesses*

*(10) Establishing a fair and efficient tax system in order to increase government revenues, and protecting individual rights and property rights through enacting laws and regulations.*

<sup>1</sup> “2015 Election Manifesto”, National League for Democracy (NLD)

<sup>2</sup> “Economic Policy of the Union of Myanmar”, by NLD, 2016.

It is clearly found out the evidence that political will and political commitment by NLD government to transform the financial sector. Since 2011, financial sector has been reformed and it can be seen some achievements and improved some measurements of financial sector development during this transitional period. But the financial sector is still behind some neighbor and regional countries. All stakeholders agreed that financial sector is facing most challenges for the economic development of Myanmar.<sup>3</sup>

Main challenge of the transformation of financial sector is to reform tax-administration system. One summary report pointed out that “Decades of deliberate neglect of Myanmar’s tax-administration system have left Myanmar with one of the lowest taxes takes in the world.”<sup>4</sup> Myanmar is now trying to promote its democratic interests and values and to ensure good governance and clean government of the country. Myanmar has been trying to raise public awareness on extractive data, information and extractive sector transparency and accountability and to become the Extractive Industries Transparency Initiative (EITI) client country. Myanmar applied for EITI Candidacy Status in December 2012 and its application was accepted by the International EITI Board in May 2014. MEITI reports covering 2013-2014, 2014-2015, 2015-2016 and 2016-2017, 2017-2018 were prepared in line with the Myanmar Financial Year, from April 1 to March 31, for the deadline of March 31.

However, on the 31st October of 2017, the Union Parliament endorsed a Presidential Decision to change the Financial Year from April 1 - March 31 cycle to October 1-September 30 cycle. The International EITI Board approved for Myanmar request to produce the sixth MEITI and seventh Reconciliation Reports covering an 18-month period from April 2018 to September 2019, for submission by a deadline of 30 September 2021. Myanmar is still required to submit **unilateral disclosure of government revenue data** (6-month mini budget) by 31st December 2020 as EITI Requirement 7.2 Data accessibility and open data.

Therefore, Myanmar has to be in the first instance required to disclose unilateral government revenue data in accordance with EITI requirement 2 to 6. Preparation (including data collection and data analysis) of the Summary Data Sheet will be undertaken by Myanmar EITI Office, Fiscal Policy, Strategy and EITI Division, Budget Department and MEITI National Coordination Secretariat (MEITI-NCS) with cooperation of government departments, State-owned Enterprises and technical assistance of the hired Statistician. The Statistician will be based in Yangon with frequent travel to Nay Pyi Taw to meet relevant government agencies. However, virtual meetings will be organized if travel is not possible to due to Covid-19.

This report will be explored opportunities and challenges for Myanmar’s Taxation System, Tax System, Tax Administration System, Tax Structure and Tax Mix for data processing and data analysis of MEITI Processes.

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<sup>3</sup> “The Role of the Financial Sector for the Economic Development of Myanmar”, by Thaug Htay, 2018 International Conference on Sustainable Development under the 4<sup>th</sup> Industrial Revolution (2018 ICOSFIS), June 25-27, 2018 San Jose, USA, Venue: San Jose State University BBC 302 San Jose, CA, USA.

<sup>4</sup> “Attitudes Towards Taxation in Myanmar: Insights from Urban Citizens”, by James Owen and Hay Mahn Htun, Summary Report, The Asia Foundation. ([https://asiafoundation.org/wp-content/uploads/2018/03/Tax-Attitude-Summary-12-page\\_English.pdf](https://asiafoundation.org/wp-content/uploads/2018/03/Tax-Attitude-Summary-12-page_English.pdf))

## 2. Objectives of the Report

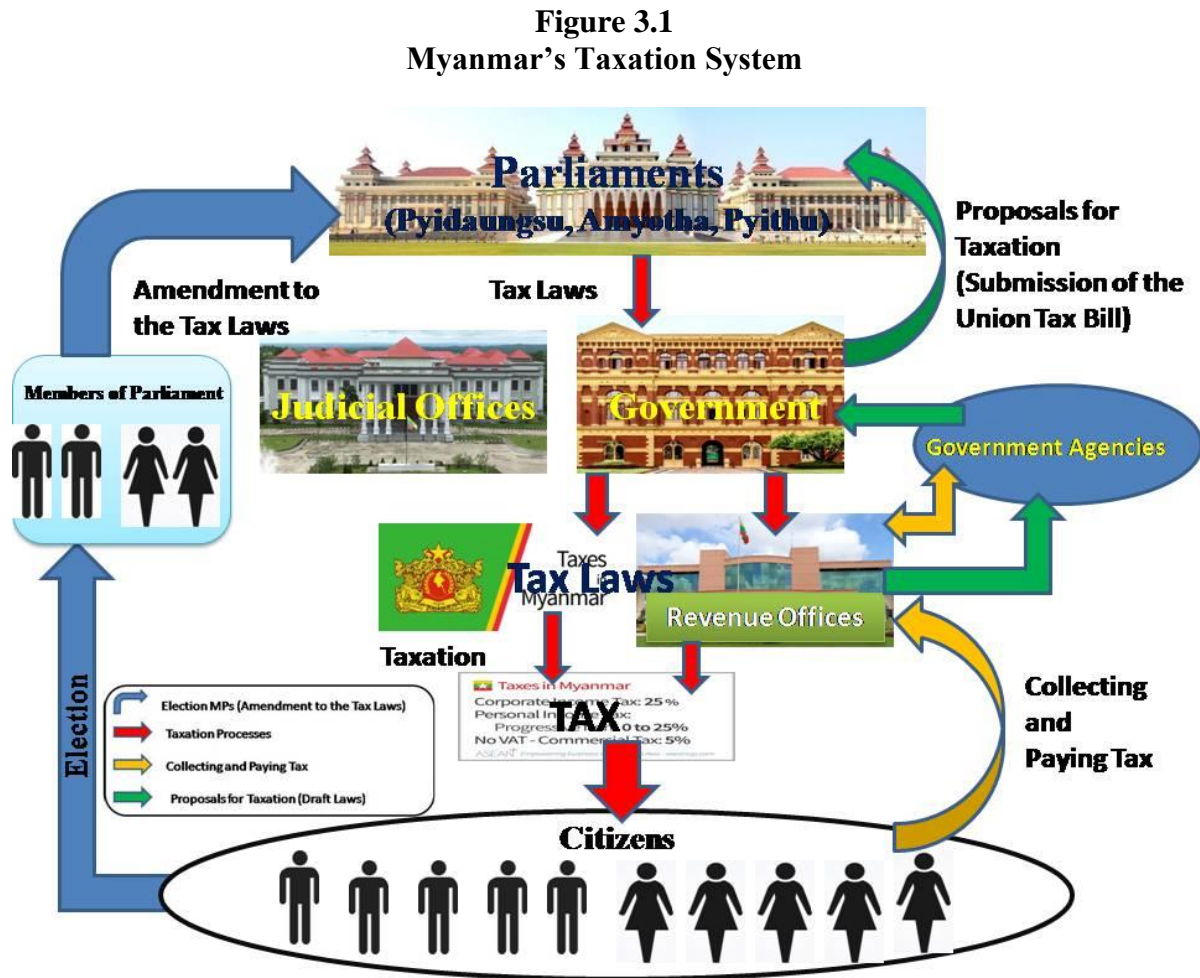
The objectives of the report as follows:

To submit unilateral disclosure of government revenue data (6-month mini budget) by 31st December 2020 in accordance with EITI Requirement 7.2 Data accessibility and open data.

To make comments and recommendations for data collection, data compilation, data validation, data reliability and data analysis of the processes of summary data report for EITI disclosure.

## 3. Myanmar’s Taxation System

Myanmar taxation system is relating to legislature and executive and it was significantly found that it is not directly related to judiciary. Figure 3.1 presented Myanmar’s taxation system and legislature and executive related to tax will be discussed thoroughly.



Source: : Adapted from U Myint Thaug’s Presentation.

### (a) Legislature Related to Union Tax Laws<sup>5</sup>

- (i) Citizens who has attained 18 years of age on the day on which election commences could elect Members of Parliament for the Pyithu Hluttaw representatives elected on the basis of township as well as population and Amyotha Hluttaw representatives elected in equal numbers from Regions and States. The Pyidaungsu Hluttaw (Union Parliament) comprises two parliaments: Pyithu Hluttaw and Amyotha Hluttaw.
- (iii) One president and Two Vice-Presidents shall be elected by the President Electoral College that shall be formed with Pyidaungsu Hluttaw (Union Parliament) representatives.
- (iv) Union Government was formed with The President, Vice-Presidents, Ministers of the Union and The Attorney General of the Union.
- (v) Union Tax Law of the relevant financial year enacted by The Pyidaungsu Hluttaw (Union Parliament).
- (vi) The President promulgate the Union Tax Law.
- (vii) Government Agencies relating to Taxation procedures or processes propose or prepare Union Tax Bill.
- (viii) Government submit Pyidaungsu Hluttaw (Union Parliament) Union Tax Bill.
- (ix) Members of Parliaments amend Union Tax Bill.

### (b) Executive Related to Union Tax Laws

- (i) According to the Union Tax Law, Government assigned specific responsible ministries of the Union Government and description of the type of taxes. Figure 3.2.
- (ii) Departments under responsible ministries of the Union Government called Government Agencies carry out taxation processes.
- (iii) Revenue Offices under departments of responsible ministries of the Union Government are collecting taxes from citizens and companies.

### Union Budget Law and Union Tax Law

The relevant financial year, Union Budget Law and Union Tax Law enacted by Pyidaungsu Hluttaw and the president promulgated the Laws. Union Budget Law (<http://www.myanmar-law-library.org/law-library/laws-and-regulations/laws/myanmar-laws-1988-until-now/national-league-for-democracy-2016/myanmar-laws-2018/pyidaungsu-hluttaw-law-no-8-2018-union-budget.html>), and Union Tax Law (<http://www.myanmar-law-library.org/law-library/laws-and-regulations/laws/myanmar-laws-1988-until-now/national-league-for-democracy-2016/myanmar-laws-2019/pyidaungsu-hluttaw-law-no-28-2019-union-taxation-law-for-year-2019-2020-burmese.html>), are relating classifications of revenue streams and relevant Government Ministries. Figure 3.2 shows classification of taxes and responsible of Ministries of the Union Government by Union Tax Law.

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<sup>5</sup> “Constitution of the Republic of the Union of Myanmar (2008)”.

**Figure 3.2**  
**Classification of Taxes and Responsible Ministries**  
**of the Union Government by Union Tax Law**

Serial No.	Responsible Ministries of the Union Government	Description
1		Taxes collected on local production and consumption of the public
	1 Ministry of Home Affairs	Excise duty (Tax)
	2 Ministry of Planning and Finance	Commercial tax
	3 Ministry of Commerce	Import licence, permit fees
	4 Ministry of Planning and Finance	Myanmar Union lottery
	5 Ministry of Transport and Communications	Fees for vehicle, driving licence and business licence
	6 Ministry of Planning and Finance	Court fees and Stamp duty
	7 Ministry of Natural Resources and Environmental Conservation	Tax for inserting a nucleus in the oyster
	8 Ministry of Hotel and Tourism	Licence fee for tour licence/ hotel and guesthouse licence/ transportation licence/ tour guide business licence

	9	Ministry of Planning and Finance	Specific Goods Tax
2			Tax on income and ownership
	1	Ministry of Planning and Finance	Income tax
3			Customs duty
	1	Ministry of Planning and Finance	Customs duty
4			Taxes collected on the extraction and consumption of State-owned resources
	1	Ministry of Home Affairs	Taxes collected on land
	2	Nay Pyi Taw Council	Water tax
	3	Ministry of Home Affairs	Embankment tax
	4	Ministry of Natural Resources and Environmental Conservation	Tax collected on the extraction of forest materials
	5	Ministry of Home Affairs	Tax collected on the extraction of mineral materials (excluding minerals for raw industrial materials and decorative stones)
	6	Ministry of Agriculture Livestock, Irrigation Development	Tax on fisheries
	7	Ministry of Electricity and Energy	Tax collected on the production of petroleum and natural gas
	8	Ministry of Natural Resources and Environmental Conservation	Tax on Minerals and Gemstones

	9	Ministry of Transport and Communications	Tax collected on communication services
	10	Ministry of Electricity and Energy	Electricity charges received in term of free on the electricity of water resource.

Source: "The Taxation of the Union Law, 2018", 30<sup>th</sup> March, 2018, pp-28-30

**Note: Name of Ministries and their responsibilities were changed, for example, Ministry of Government Office took responsibilities for General Administration Department under Ministry of Home Affairs.**

There are four main classifications of revenue streams (description) and relevant ministries as follows:

- (1) Taxes collected on local production and consumption of the public. (5 Ministries and 9 classification of revenue stream)
- (2) Tax on income and ownership. (1 Ministries, 1 classification of revenue stream).
- (3) Custom Duty. (1 Ministries, 1 classification of revenue stream).
- (4) Taxes collected on the extraction and consumption of the state-owned resources. (5 Ministries and Naypyitaw Council, 10 (11 for 2019) classification of revenue stream). It was significantly found that is not including Ministry of Finance and Revenue or Ministry Planning and Finance.

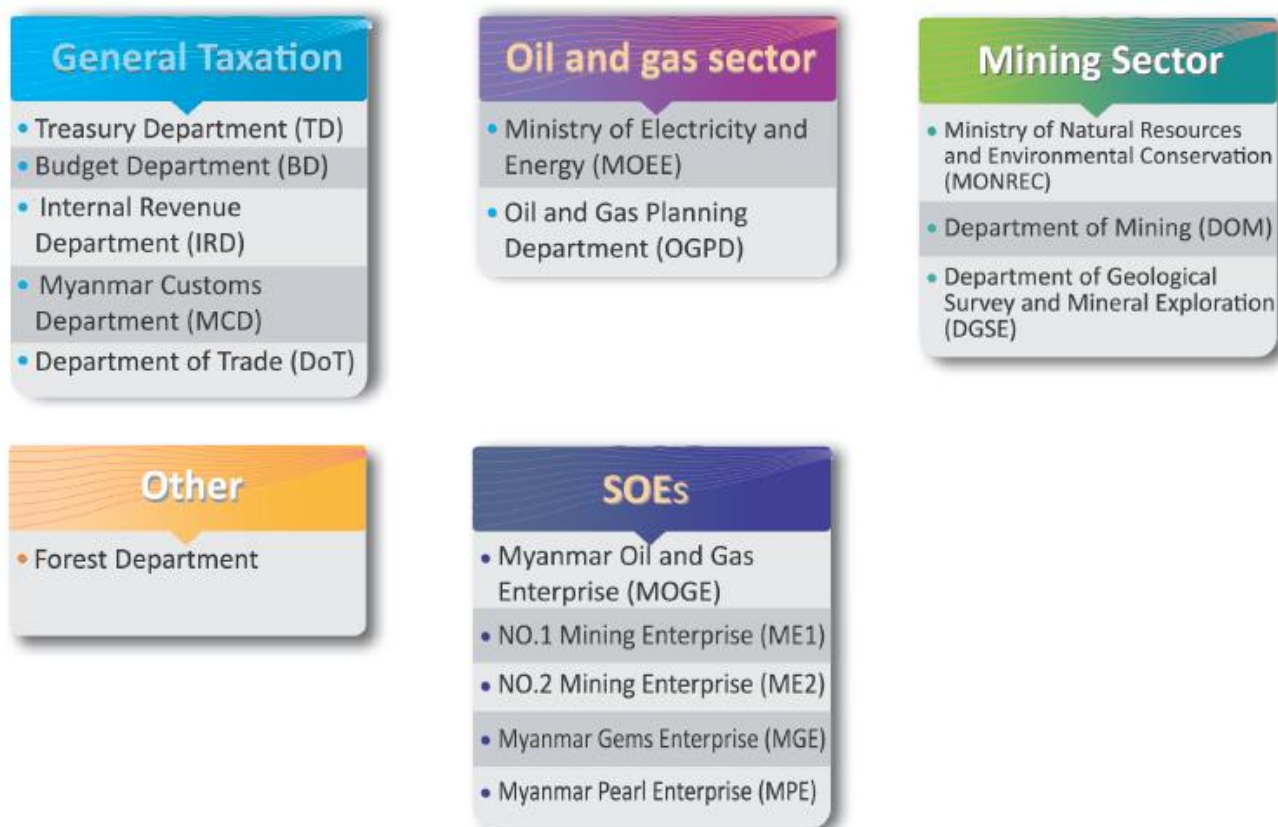
Overall 8 Ministries and Naypyitaw Council are relevant Government agencies for taxes and duties and 21 (22 for 2019) of revenue stream are classified.

Union Tax Law of the Union Government is focusing the responsible of relevant Ministries and classification of revenue streams. However, Income Tax Law, Commercial Tax Law and Specific Good Tax Law are taking the responsibilities by Internal Revenue Department (IRD) under Ministry of Finance or Ministry of Finance and Revenue or now Ministry of Planning, Finance and Industry.

According to the above discussions, Myanmar Union Tax Law is mainly based on the relevant Ministries, not detail based on the classifications of revenue streams and tax payer's convenient. Needless to say, it could be become tax administration issues or challenges and besides, tax structural issues and challenges would be remained. Most of country's tax system is complex and Myanmar's tax system is complicating for tax payers. Myanmar's Taxation System, Tax System, Tax Administration System and Tax Structure should be based on the tax payer's convenient, easy to understand, easy to follow the processes and happiness and by using minimal and equitable tax rates.



**Figure 3.3**  
**MEITI Relating to Government Agencies**



Source: : “MEITI Annual Progress Report”, July 2019 – June 2020, pp-28.

Figure 3.3 shows MEITI relating to Government Agencies that is overall 16 Government Agencies. This means that MEITI sector is not only based on the Taxes and Duties but also receipts from Ministries and Departments and Earnings from State Economic enterprises.

Table (3.1) shows the Comparison with Government Agencies between Taxes Collected on the Extracting and Consumption of State-Owned Resources by Union Tax Law and MEITI relating to Government Agencies. It could be affected or impacted tax structural issues or challenges for Myanmar tax system and tax administration system.

**Table 3.1**  
**Comparison with Government Agencies between Taxes Collected on the Extracting and Consumption of State-Owned Resources by Union Tax Law and MEITI**

<b>Taxes Collected on the Extracting and Consumption of State-Owned Resources by Union Tax Law</b>	<b>MEITI</b>
	(i) Ministry of Planning, Finance and Industry
	(ii) Ministry of Commerce
(i) Ministry of Home Affairs (Now, Ministry of Union Government Office)	
(ii) Nay Pyi Taw Council	
(iii) Ministry of Natural Resources and Environmental Conservation	(iii) Ministry of Natural Resources and Environmental Conservation
(iv) Ministry of Agriculture, Livestock, Irrigation Development	
(v) Ministry of Electricity and Energy	(iv) Ministry of Electricity and Energy
(vi) Ministry of Transport and Communication	

Source: : (a) “The Taxation of the Union Law, 2018”, 30<sup>th</sup> March, 2018, pp-28-30 and  
 (b) “MEITI Annual Progress Report”, July 2019 – June 2020, pp-28.

#### **4. Myanmar’s Tax Structure**

There are grouped four major heads of taxes and duties in the Myanmar Government’s Tax Structure and nineteen categories. Central Statistical Organization under Ministry Planning, Finance and Industry published Statistical Year Book for yearly basis. Figure 4.1 shows the classification of Taxes and Duties data. The classification of tax and duties is categorized four main parts: (1) Taxes on Production and Expenditures (9 classification of revenue stream) (2) Customs Duties (1 classification of revenue stream) (3) Taxes on Income and Profit ( 1 classification of revenue stream) (4) Taxes on the Use of State Properties (10 classification of revenue stream). It is clearly focused on the Taxes on the Use of State Properties (4).

It can be said that the classification of Taxes and Duties data in Statistical Year Book is based on the Union Tax Law.

**Figure 4.1**  
**Myanmar's Tax Structure and Classification of Taxes and Duties**

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**TOTAL CURRENT RECEIPTS**

**TAXES AND DUTIES**

1. Taxes on Production and Expenditure

- Commodities and Services Tax
- Import Licence Fees
- State Lottery
- Stamps
- Transportation Tax
- Excise
- Commercial Taxes
- Taxes on inserting nucleus into oyster
- Licence fees for tour licence, Hotel and lodging house licence, Travel agency licence, Tour guide licence
- Special Commercial Taxes

2. Customs Duties

3. Taxes on Income and Profit

**4. Taxes on the use of State Properties**

- Land Revenue
- Taxes on Extraction of Forest Produce
- Taxes on Extraction of Mineral Produce
- Taxes on Fisheries
- Water and Irrigation Tax
- Taxes on Rubber
- Tax on Extraction Petroleum and Natural Gas
- Minerals Tax and Treasure Tax
- Tax Levied on Communication Services
- Tax Levied on Extraction of Electricity
- Tax levied on the persons who has the right to carry out or use vacant, fallow and virgins

**RECEIPTS FROM MINISTRIES & DEPARTMENTS**

**EARNINGS FROM STATE ECONOMIC ENTERPRISES**

**GRANT RECEIPTS**

**INTEREST RECEIPTS**

**TOTAL RECEIPTS**

**FOREIGN AIDS AND GRANTS**

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Source: : “2019 Myanmar Statistical Yearbook”,  
by Central Statistical Organization (CSO), pp-567.

**Table 4.1**  
**Current Prices GDP and Taxes and Duties from 2010/2011 to 2018 (Apr-Sep)**  
**(Million Kyats)**

Year	GDP (Current Prices) (A)	Taxes and Duties (B)	Taxes and Duties Ratio to GDP (B)/(A) = %	Taxes on the Use of State Properties (C)	Taxes on the Use of State Properties Ratio to GDP (C)/(A) = %	Taxes on the Use of State Properties Ratio to Taxes and Duties (C)/(B)=%
<b>2010/2011</b>	39776764.9	1281860.4	3.22	12099.7	0.03	0.94
<b>2011/2012</b>	46307887.7	1683263.0	3.63	3657.8	0.01	0.22
<b>2012/2013</b>	51259260.0	3374806.1	6.58	13174.9	0.03	0.39
<b>2013/2014</b>	58011626.0	4458778.9	7.69	248848.5	0.43	5.58
<b>2014/2015</b>	65261890.2	6517948.2	9.99	1488200.6	2.28	22.83
<b>2015/2016</b>	72714021.2	6314697.6	8.68	930069.7	1.28	14.73
<b>2016/2017</b>	79760096.5	7122321.0	8.93	986652.2	1.24	13.85
<b>2017/2018</b>	90450949.1	7423519.6	8.21	1015822.2	1.12	13.68
<b>2018 (Apr-Sep)</b>	32522818.1	3424114.6	10.53	484427.9	1.49	14.15

Source: : "Myanmar Statistical Year Book", by CSO, Various Issues.

Based on the structure of tax data by CSO, some information could be produced based on the Table 4.1. Tax revenue in proportion to GDP or tax ratio to GDP had very low 3.22 % and 3.63% in 2010/2011 and 2011/2012 respectively. In the meantime, it was significantly found that gradually increased from 6.58% in 2012/2013 to 9.99% in 2014/2015, 8.21% in 2017/2018 and 10.53% in 2018 (from April to September). It can be said that could be benefited from transition to Democracy and results of some tax reform frameworks. However, compare with some ASEAN countries, tax ratio to GDP (total tax revenue as % of GDP) 2016<sup>6</sup>, 18.1% in Thailand, 17.0% in Philippines, 14.3% in Malaysia, 13.5% in Singapore and 11.6% in Indonesia, Myanmar is still very low country tax ratio to GDP. Very low tax ratio to GDP means that tax evasion and tax avoidance may be wide spread all sectors in Myanmar.

Statistician would like to suggest for two functions; first is to increase tax ratio to GDP and second is to avoid tax evasion and tax avoidance, first is Myanmar should establish systematic taxation system, tax system and tax administration system to cover all sectors of natural resources in Myanmar, for example, agriculture sector is large and important for Myanmar economy, no income taxes could be levied, systematic taxation will promote and create development of agriculture sector. Second is Myanmar should establish National Tax Office to take responsibilities for all sectors of taxation, all citizens must be happy and fully understand for their tax payments and deal with tax authorities. However, statistician would like to make reference Sayagyi U Myat Thein's fundamental explanation for tax evasion and tax avoidance: *"that is two points; one, the fact that tax collectors are all lowly paid government servants who cannot survive on their official incomes means that they willingly turn a blind eye to tax evasion or other irregularities for a fee, and two, the rising trend in donations by private firms and enterprises for the favoured projects of authorities suggest that these donations of a rent-seeking nature could, to some extent, also be in lieu of the taxes due to the state by these firms."*<sup>7</sup>

<sup>6</sup> Revenue Statistics in Asia and Pacific Economies, OECD 2018, Disclaimer: <http://oe-cd/disclaimer>

<sup>7</sup> "Economic Development of Myanmar", by Myat Thein, 2004, Institute of Southeast Asian Studies, Singapore. Pp-146.

## 5. Data Structure Review for Extractive Sector

According to the statistical point of view, transformation of data to information is vital for all areas of processes. So, what types of statistical system are established for the data structure of extractive sector has to be inquired. Without construction of Statistical Coding System for the EITI Summary Data report, data and information will be chaotically given incorrect words to all stakeholders. The global standard for the good governance of oil, gas and mineral resources in EITI Summary Template was used international data standard and presented the following Statistical Coding Systems:

- (i) ISO Alpha Country Codes
- (ii) ISO-4217 Currencies
- (iii) Harmonization System of Commodity Codes
- (iv) Government Finance Statistics Manual 2014 (GFSM 2014) Codes and
- (v) Legal Entity Identifier Codes (LEI Codes) for Companies.

The statistician could not emphasize on the number (i) and (ii):

(i) For ISO Alpha Country Codes, Myanmar has not officially recognized Country Code; some prefer to use two words: MM and some want to use MMR or MYR. Statistician would like to highlight that from three digits or letters USA to two digits or letters US is gradually changed.

(ii) For ISO-4217 Currencies, it was significantly found that most of people agreed to use Myanmar Currency Kyat as MMK. To align with Myanmar Currency Kyat (MMK), Myanmar Country Code must be MM.

### (iii) Review Harmonized Systems (HS) of Commodity Codes

The Harmonized System (HS) is an international statistical coding system for the classification of products. Myanmar is rich natural resource country and owned variety of natural resources and it is vital to classify Myanmar commodities to align with the International Harmonization System. Mostly HS is applied its participating countries to classify traded goods on a common basis for customs purposes. Myanmar's commodity description is not clearly recognized by all stakeholders. There are 70 types of commodity descriptions for HS in the global EITI standard and first step, it is essential to compare with Myanmar's available commodity description and the global EITI standard.

For Harmonization System of Commodity Codes, the statistician reviewed International EITI's production types of commodity to compare with Myanmar natural resources and/or production commodities. Classifications of the types of commodities are essential for relevant country's EITI definition and EITI sector. Please see Table (5.1) types of production by commodities of International EITI standards compared with Myanmar natural resources or production commodities. For each of the commodity listed EITI classification and their code numbers, one should indicate if such commodity streams: (A) are included in the EITI Report, (B) do not exist in the country, e.g., not applicable, or (C) do exist, but are not included in the EITI report.

**Table (5.1)**  
**Types of Productions by Commodity with EITI Classifications**  
**Compared with Myanmar's Resources**

<b>Sr. No.</b>	<b>Name of Commodity</b>	<b>Codes</b>	<b>Myanmar Resources</b>	<b>6<sup>th</sup> MEITI Report (Use=Y, Not use= N)</b>
1	Aluminium	2606	B	N
2	Asbestos	2524	B	N
3	Ash and Residues	2620	C	N
4	Bitumen and Asphalt	2714	B	N
5	Bituminous Mixtures	2715	B	N
6	Chalk	2509	C	N
7	Chromium	2610	A	Y
8	Coal	2701	A	Y
9	Coal Gas	2705	C	N
10	Cobalt	2605	C	N
11	Coke and Semi-Coke	2704	C	N
12	Copper	2603	A	Y
13	Crude Oil	2709	A	Y
14	Diamonds	7102	B	N
15	Dolomite	2518	A	Y
16	Electrical Energy	2716	C	N
17	Felspar	2529	B	N
18	Gold	7108	A	Y
19	Granite	2516	A	Y
20	Granulated slag	2618	B	N
21	Gypsum	2520	A	Y
22	Iron	2601	A	Y
23	Iron Pyritics	2502	C	N
24	Kaolin	2507	B	N
25	Lead	2607	A	Y
26	Lignite	2702	C	N
27	Limestone	2521	A	Y
28	Maganese	2602	A	Y
29	Marble	2515	A	Y
30	Mica	2525	B	N
31	Minerals Substances not elsewhere Specified	2530	A	Y
32	Molybdenum	2613	B	N
33	Natural Barium Sulphate	2511	C	N
34	Natural Borates and Concentrates	2528	C	N
35	Natural Calcium Phosphates	2510	C	N
36	Natural Cryolite	2527	B	N
37	Natural Gas	2711	A	Y
38	Natural Graphite	2504	C	N
39	Natural Magnesium	2519	C	N
40	Natural Sands	2505	C	N
41	Natural Steatite	2526	B	N

42	Nickel	2604	A	Y
43	Niobium	2615	B	N
44	Others	2617	A	Y
45	Other Clays	2508	C	N
46	Other Slag and Ash	2621	C	N
47	Peat	2703	B	N
48	Pebbles	2517	B	N
49	Petroleum	2713	A	Y
50	Petroleum Jelly	2712	C	N
51	Petroleum Oils Excluding Crude	2710	A	Y
52	Pitch and Pitch Coke	2708	B	N
53	Portland Cement	2523	C	N
54	Precious Metals	2616	C	N
55	Product of the Distillation of Coal Tar	2707	C	N
56	Pumice Stone	2513	C	N
57	Quartz	2506	A	Y
58	Quicklime	2522	B	N
59	Salt and Pure Sodium Chloride	2501	C	N
60	Siliceous Fossils Meals	2512	C	N
61	Silver	7106	C	N
62	Slag	2619	B	N
63	Slate	2514	B	N
64	Sulphur of All Kinds	2503	C	N
65	Tar Distilled from Coal	2706	C	N
66	Tin	2609	A	Y
67	Titanium	2614	B	N
68	Tungstem	2611	A	Y
69	Uranium or Thorium	2612	B	N
70	Zinc	2608	A	Y
71			Gems, Jades and Jewellery	Y
72			Pearl	Y
73			Agricultural Produces	N
74			Forest Products	Y
75			Fresh Water Products	N
76			Salted Water Products	N

Source: : EITI Summary Data Report (Preformatted Excel File).

#### **(iv) Review GFS Classifications and Myanmar EITI Revenue Stream**

For Government Finance Statistics Manual 2014 (GFSM 2014) Codes, the statistician also reviewed and compared with a Global Financial Statistics (GFS) classification of revenue streams for extractive sector based on the IMF's Government Finance Statistics Manual 2014 (GFSM 2014) and Myanmar's classification of revenue streams based on the laws, regulations, rules, strategies, etc.

It is needless to say that GFS classification of revenue stream is based on the Statistical concept for the revenue streams (Figure 5.1). Types of classifications are clearly categorizing by using Statistical Coding Systems and mainly 27 types of classifications and totally 31 types classification are included. Four types of classifications were not used for the comparison of global extractive sector.

Myanmar EITI Revenue Stream is based on the Myanmar EITI definition and the categorization is "payment to Government Agencies", there are ten types of categories and 53 sub-categories, presented in Table (5.1). Reporting templates are created and constructed for relevant Government Agencies to collect data and information for Myanmar EITI processes. So, Government Agencies, EITI Revenue Streams, EITI Sectors and EITI relating to other stakeholders are involved in Myanmar EITI reviewing process. Besides, the important thing is needed to compare or match with EITI Revenue Stream and Global Financial Statistics Manual 2014 (GFSM 2014).

According to Union Tax Law, classification of revenue streams is four main categories (i) taxes collected on local production and consumption of the public (ii) tax on income and ownership (iii) custom duty and (iv) taxes collected on the extraction and consumption of state-owned resources. Myanmar's tax system is not fully relied on the classification of revenue streams and only on the responsible Ministries of the Union Government

According to Tax Administration Law (June 7, 2019), the scope of the law is included (a) income tax (b) commercial tax (c) specific goods tax and (d) a tax assigned to the Director General under the law. This law is only responsibilities for the Internal Revenue Department (IRD) under Ministry of Planning, Finance and Industry.

First step, Statistician try to compare or match Myanmar EITI Revenue Stream to the GFS classifications, the main challenge is that Myanmar's Tax System is fully relied on the Government Agencies, not directly based on the Revenue Streams. The result is Statistician could not fully match or align this revenue streams. However, it can be identified as global EITI standard that is presented in Table (5.3).

Second step, Statistician try to compare or match the GFS classification to Myanmar EITI Revenue classification by its definition and the challenges are the same as first step. These two revenue streams are not identical for every revenue stream classification.

Last step, Statistician has to choose or use pragmatic way for the processes. Statistician will collect available data from the templates these are collected by MEITI Technical Team from Government Agencies. Statistician will categorize the collected data or classified variables. Based on the collected data or variables will be matched by GFS Revenue classifications. Table (5.4) shows the results of matching data or variables of Myanmar EITI Revenue Stream and GFS classifications. These processes are very technical to get agreement by all stakeholders of MEITI.



**Table (5.2)**  
**Classification of Myanmar EITI Revenue Structure**

Sr. No.	Government Agencies	Sr. No.	Myanmar EITI Revenue Stream
(a)	Payments to IRD		
		1	Corporate Income Tax (CIT)
		2	Commercial Tax
		3	Special good Tax
		4	Stamp Duties
		5	Capital Gains Tax
		6	Withholding tax
		7	Other significant payments (> 50,000 USD)
(b)	Payments to Customs Department	1	Commercial Tax
		2	Customs Duties
(c)	Payments to MOGE		<b>Oil and Gas payments</b>
			<b>Payment flows in kind</b>
		1	State production entitlement
		2	MOGE production entitlement
		3	Royalties
		4	Baseline payment
		5	Risk compensation
	6	Payment out of production (-)	
	Payments to MOGE		<b>Payment flows in cash</b>
		7	Signature Bonus
		8	Royalties
		9	Production Split (State share)
		10	Production Bonus
		11	MOGE share (Profit and Cost)
		12	Dividend
		13	Training Fund
		14	Research and Development Fund
		15	Domestic Market Obligation (DMO)
		16	Data fee
17		Land fees/Dead rent fee	
18	Other significant payments (> 50,000 USD)		
19	Contribution to the State/region social development fund		
(d)	Payments to MOGE		<b>Oil and Gas transportation payments</b>
		1	Profit Sharing Oil and Gas transportation
		2	Transit fees Oil and Gas transportation
	3	Road right fee Oil and Gas transportation	

			<b>Mining sector payments</b>
(e)	<b>Payment to Department of Mines</b>		<b>Payment flows in kind</b>
		1	Production Split
		2	Royalties
(f)	<b>Payment to Department of Mines</b>		<b>Cash Payment</b>
	<b>No. 1 Mining Enterprise (ME1)</b>	1	Royalties
	<b>No.2 Mining Enterprise (ME2)</b>	2	Signature Bonus
		3	Production Split
		4	Dead Rent Fees
		5	Licence Fees
		6	Application Fees
		7	Dividend
	8	Other significant payments (> 50,000 USD)	
(g)	<b>Payments to MGE</b>		<b>Cash Payment</b>
		1	Royalties (20%)
		2	Royalties (10%)
		3	Sale Split
		4	Emporium Fees / Sale Fees
		5	Commercial Tax
		6	Permit Fee
		7	Service Fees
	8	Incentives	
(h)	<b>Payments to Forest Department -Ministry of Environmental Conservation and Forestry</b>		<b>Payment flows</b>
		1	Land rental fees
		2	Environmental / Plantation fees
(i)	<b>Payments General Administration Department-Ministry of Home Affairs (Now Ministry of Union Government Office)</b>	1	Mineral taxes
(j)	<b>Payments to States/Regions</b>	1	Contribution to the State/region social development fund

Source: : Adapted from Myanmar EITI definition template.  
Full definition of EITI template is in Appendix A.

**Figure 5.1**  
**GFS Classification of Revenue Streams for Extractive Sector**

<b>11E</b>	<b>Taxes</b>
<u>111E</u>	<u>Taxes on income, profits and capital gains</u>
1112E1	Ordinary taxes on income, profits and capital gains
1112E2	Extraordinary taxes on income, profits and capital gains
112E	Taxes on payroll and workforce
113E	Taxes on property
<u>114E</u>	<u>Taxes on goods and services</u>
1141E	General taxes on goods and services (VAT, sales tax, turnover tax)
1142E	Excise taxes
<u>1145E</u>	<u>Taxes on use of goods/permission to use goods or perform activities</u>
114521E	Licence fees
114522E	Emission and pollution taxes
11451E	Motor vehicle taxes
<u>115E</u>	<u>Taxes on international trade and transactions</u>
1151E	Customs and other import duties
1152E	Taxes on exports
1153E1	Profits of natural resource export monopolies
116E	Other taxes payable by natural resource companies
<b>12E</b>	<b>Social contributions</b>
1212E	Social security employer contributions
<b>14E</b>	<b>Other revenue</b>
<u>141E</u>	<u>Property income</u>
<u>1412E</u>	<u>Dividends</u>
1412E1	From state-owned enterprises
1412E2	From government participation (equity)
1413E	Withdrawals from income of quasi-corporations
<u>1415E</u>	<u>Rent</u>
1415E1	Royalties
1415E2	Bonuses
<u>1415E3</u>	<u>Production entitlements (in-kind or cash)</u>
1415E31	Delivered/paid directly to government
1415E32	Delivered/paid to state-owned enterprise(s)
1415E4	Compulsory transfers to government (infrastructure and other)
1415E5	Other rent payments
<u>142E</u>	<u>Sales of goods and services</u>
1421E	Sales of goods and services by government units
1422E	Administrative fees for government services
143E	Fines, penalties, and forfeits
144E1	Voluntary transfers to government (donations)

Source: : EITI Summary Data Template 2.0.1, Part 4, Government Revenues.

It would be needed to assign for classifications of revenue streams under GFS and Myanmar's classifications of revenue streams. Based on the figure (5.1), it could be checked Myanmar's classifications of revenue streams for MEITI sector. Table (5.2) shows Myanmar's classifications of revenue streams based on the current definition. For each of the categories listed GFS classification of revenue streams, one should indicate if such revenue streams (A) are included in the EITI Report, (B) do not exist in the country, e.g., not applicable, or (C) do exist, but are not included in the EITI report. Table (5.3) shows the categories listed GFS classification of revenue streams and Myanmar's revenue streams (A) or (B) or (C).

All these processes are needed to be approval of Director of Fiscal Policy, Strategy and EITI Division, Budget Department; National Coordinator of MEITI-NCS; the Programme Manager, Technical Team of MEITI-NCS and the MSG and also approved by Beneficial Ownership Taskforce to ensure complete reporting on all the BO of all the companies included in 2<sup>nd</sup> BO data collection report.

According to the above explanations, MEITI processes should be classified phase by phase implementation processes with time frame to extend sectors and harmonize for all stakeholders.

**Compare with Myanmar's Revenue Stream and GFS Classification:**

**(A) are included in the EITI report**

**(B) do not exist in the country**

**(C) do exist, but are not included in the EITI report.**

**Table 5.3**  
**Checklist of Myanmar and GFS Classification of Revenue Streams**

<b>Category and Sub-category</b>	<b>Descriptions of GFS classification</b>	<b>Myanmar's Revenue Stream:</b>
11E	<b>Taxes</b>	
111E	<b>Taxes on income, profits and capital gain</b>	
1112E1	<b>Ordinary taxes on income, profits, and capital gains</b> These are tax payments to the general government according to the country's <b>corporate tax rate</b> that applies to all companies, regardless of their activity.	<b>A</b>
1112E2	<b>Extraordinary taxes on income, profits, and capital gains</b> These are also taxes on income, but apply only to extractive companies. These are taxes generally classified as profit taxes, for example, resource rent taxes, which are often imposed on profits earned above a defined rate of return allowed by the government for the corporation to earn. These taxes could be imposed pre- or post-corporate income tax. These taxes differ from royalties as they take into account the profit of the mining/energy operation, whereas a royalty is generally imposed on the production level irrespective of profitability.	<b>A</b>
112E	<b>Taxes on payroll and workforce:</b> These are taxes paid either as a proportion of payroll size or as a fixed amount per person, that are not earmarked for social security schemes. These taxes should not be confused with income/wage taxes and social security contributions withheld by companies from the compensation of their employees, such as under PAYE.	<b>A</b>

113E	<b>Taxes on property:</b> These are taxes paid on the use, ownership, or transfer of wealth. The taxes may be levied at regular intervals, one time only, or on a change of ownership. These taxes are often paid to local governments.	<b>C</b>
114E	<b>Taxes and goods and services</b>	
1141E	<b>General taxes on goods and services (VAT, sales tax, turnover tax):</b> These are taxes levied on the production, leasing, delivery, sale, purchase, or other change of ownership of a wide range of goods and the rendering of a wide range of services. These taxes may be levied regardless of whether the goods and services are produced domestically or imported, and they may be imposed at any stage of production or distribution. Refunds of these taxes when goods and services are exported are recorded as a reduction of the taxes within this category.  <b>A value-added tax is a tax on goods and services collected in stages by enterprises, but which is ultimately charged in full to the final purchaser.</b> Companies usually collect the VAT from purchasers on their sales, and deduct the VAT paid on their purchases. In the majority of cases, companies are able to claim input tax credits as the companies' purchases are for intermediate and not for final consumption. In some countries, natural resource enterprises do not have input tax credits available to reclaim any value-added taxes paid, and therefore receive no refunds.	<b>A</b>
1142E	<b>Excise taxes:</b> Excises are taxes levied on individual products (e.g., hydrocarbon oils, tobacco goods, sugar), or on a limited range of products, that are not classifiable under general taxes on goods and services (1141E); profits of fiscal monopolies (1143E); customs and other import duties (1151E); or taxes on exports (1152E). Taxes on the use of utilities, such as water, electricity, gas, and energy are regarded as excise taxes.	<b>A</b>
1143E	<b>Profits of natural resource fiscal monopolies (1143E):</b> This item covers that part of the profits of fiscal monopolies that is transferred to the government. Fiscal monopolies are public corporations or quasi-corporations that exercise the taxing power of government by the use of monopoly powers over the production or distribution of a particular kind of good or service. The monopolies are created to raise government revenue that could otherwise be gathered through taxes on private sector production or distribution of the commodities concerned. Typical commodities subject to fiscal monopolies are tobacco products, petroleum products, salt, etc. Depending on the specific circumstances of a given country, the profits transferred to the government by a public company would be classified as dividends (when no monopoly exists) or as profits of fiscal monopolies (when a monopoly exists).	
1145E	<b>Taxes on use of goods/permission to use goods or perform activities</b>	
114521E	<b>License fees:</b> These are payments where no specific service is attached or, in general, the amount of the fee is significantly disproportionate to the service provided. These taxes may be levied on a one-time basis, at regular intervals, or each time goods are used. Examples include licenses for exploration or extraction. If there is a specific service attached to the fee and the payment is proportionate to the service, it	<b>A</b>

	should be recorded as a sale of a service under the subcategory Administrative fees for government services (1422E).	
114522E	<b>Emission and pollution taxes:</b> These are taxes levied on the emission or discharge into the environment of noxious gases, liquids, or other harmful substances. Amounts payable to government for the collection and disposal of waste or noxious substances are excluded from this category, as they constitute sales of goods and services. These taxes include mandatory contributions to environmental funds that are calculated on the basis of the amounts discharged of a particular pollutant. Mandatory general contributions to environmental funds, without regard to amount of pollutants discharged, would be classified under the category Other taxes paid by extractive companies (116E).	<b>B</b>
11451E	<b>Motor vehicle taxes:</b> These are taxes on the use of motor vehicles or permission to use motor vehicles. It does not include taxes on motor vehicles as property or net wealth, or tolls for use of roads, bridges, and tunnels.	<b>C</b>
115E	<b>Taxes on international trade and transactions</b>	
1151E	<b>Customs and other import duties:</b> This category covers all taxes paid by extractive companies on goods because they are entering the country or services because they are delivered by non-residents to residents. The duties may be determined on a specific or ad valorem basis, but they must be restricted by law to imported products. Included are duties levied under the customs tariff schedule and its annexes, including surtaxes that are based on the tariff schedule, consular fees, tonnage charges, statistical taxes, fiscal duties, and surtaxes not based on the customs tariff schedule.	<b>A</b>
1152E	<b>Taxes on exports:</b> This category includes all levies on goods that are transported out of the country, or services that are provided to non-residents by-residents.	<b>A</b>
1153E1	<b>Profits of natural resource export monopolies:</b> Governments may establish companies with the exclusive right to export natural resource products to non-residents to raise revenue that could be gathered through taxes on exports. When such monopolies exist, the profits remitted to governments by the monopolistic enterprise or marketing board are considered to be taxes. Such profits are recorded as tax revenue when transferred to the government and do not include the retained reserves of the enterprises or marketing boards.	<b>A</b>
116E	<b>Other taxes paid by extractive companies:</b> This item covers revenue from taxes levied predominantly on a base or bases not elsewhere classified under the preceding tax headings, and unidentified taxes. Also included in this category are interest and penalties collected for late payment or non-payment of taxes but not identifiable by tax category. Stamp taxes that do not fall exclusively or predominantly on a single class of transactions would be included here.	<b>A</b>
12E	<b>Social contributions</b>	
1212E	<b>Social security employer contributions:</b> Social contributions (12E) are actual or imputed receipts either from employers on behalf of their employees or from employers, self-employed, or unemployed persons on their own behalf that secure entitlements to social benefits for the	<b>A</b>

	<p>contributors, their dependents, or their survivors. The contributions may be compulsory or voluntary. Social security contributions are compulsory social contributions to social security schemes. This category includes the contributions paid directly by employers on behalf of their employees, and excludes the contributions deducted from employees' wages and salaries and other compensation and transferred by employers on their behalf.</p>	
14E	<b>Other revenue</b>	
141E	<b>Property income</b>	
1412E	<p><b>Dividends:</b> Dividends refer to payments to general government units, in their capacity as owners and/or shareholders in an enterprise. Equity funds do not entitle shareholders to a fixed or predetermined income. General government units may receive dividends from private or public companies. Distributions of profits by public companies may take place irregularly and may not be explicitly labelled as dividends. Dividends include all distributions of profits by companies to their owners or shareholders (except withdrawals from income of quasi-corporations). Dividends from natural resource companies may take two forms: dividends from state-owned enterprises (1412E1), and dividends from government participation (equity) in natural resource companies (1412E2).</p>	
1412E1	Dividends from natural resource companies may take two forms: dividends from state-owned enterprises.	<b>A</b>
1412E2	<p>Dividends from government participation (equity) in natural resource companies.</p> <p><b>When payments are received from public companies (e.g., oil companies or mining companies) it can be difficult to decide whether they are dividends or withdrawals of equity.</b> It is important to distinguish between the return of the equity investment by the enterprise to its owner and the payment of income in the form of dividends. Only regular distributions from the entrepreneurial income are recorded as property income, either as dividends or withdrawals of income from quasi-corporations. Large and irregular payments, based on accumulated reserves or sale of assets are recorded as a withdrawal of equity, a financing transaction. An enterprise may, however, smooth the dividends it pays from one period to the next so that in some periods it pays more in dividends than it earns from its productive activities.</p> <p><b>In some cases, the government may receive dividend payments in kind.</b> These should be valued at the market price for the goods in kind at the time of the transaction. Note that for in-kind transactions to be recorded under this category, the amount should be set by the enterprise of its own volition and not mandated by the government. If the amount of in-kind payment is predetermined or fixed, it should be recorded under the sub-category production entitlements.</p>	<b>A</b>
1413E	<b>Withdrawals from income of quasi-corporations:</b> Conceptually the withdrawal of income is equivalent to the distribution of company	<b>C</b>

	income (dividends), except that the company making the payment is not legally established as a company.	
1415E	<p><b>Rent:</b> Rent is the property income received by the owners of a natural resource for putting the natural resource at the disposal of another institutional unit (e.g., a company). General government units may grant leases that permit other units to extract deposits over a specified period of time in return for a payment or series of payments. These payments are often described as “royalties.” The rents may take the form of periodic payments of fixed amounts or, more usually, will be derived according to the quantity, volume, or value of the asset extracted. Companies engaged in exploration may make payments to general government units in exchange for the right to undertake test drilling or otherwise investigate the existence and location of subsoil assets. Such payments are also treated as rents even though no extraction may take place. Rents are the sum of royalties, bonuses, production entitlements, compulsory transfers to government (infrastructure and other), and other rent payments. Note that this definition of rent is narrower than the concept of ‘resource rent’, which often is understood to include also revenue streams such as extraordinary taxes.</p> <p><b>The proper recording of rent presents practical challenges because payments to governments described as rent or royalties often include a mix of payments.</b> Some may effectively be rent and others may be taxes or fees. The latter should be classified in the corresponding sub-category and not under rent. A further complicating factor for the proper recording of rent is that in some cases payments to government not described as rent or royalties (e.g. taxes, fees) should actually be classified as rent. The key to determine whether a given payment is rent is whether the payment is made to the government as owner of the natural resource.</p>	
1415E1	<p><b>Royalties:</b> These are payments to the government (as owner of the subsoil asset) based on the production or extraction levels of a commodity. The royalties will usually be derived according to the quantity, volume, or value of the asset extracted. For example, the royalty will be levied as a dollar amount per ton (or equivalent) or as a percentage of the value of the resource extracted. If the general government does not own the subsoil assets but similar taxes are levied, then these payments should be recorded under other taxes on goods and services.</p>	<b>A</b>
1415E2	<p><b>Bonuses:</b> These are payments to general government units that are related to awards, grants, or transfer of extraction rights. These payments are sometimes called signature, discovery, or production bonuses. In the case of signature payments, these do not have to be linked to either the discovery or extraction of resources. Payments can also be tied to the achievement of certain production levels or targets. Bonus payments can also be for the discovery of additional mineral reserves or deposits. Payments can be in the form of periodic payments or a fixed amount. Bonuses are payments made to the government because it is the owner of the subsoil asset and has given a company the right to extract the resource.</p>	<b>A</b>



1415E3	<b>Production entitlements:</b> Production entitlements are the volumes of output the general government is entitled to receive as mandated in any agreement or license. These mandated volumes can be paid in cash or in kind, and can be net of any other royalty payments. The production entitlements may be delivered (physical) or paid (monetary) directly to government (1415E31), or they may be delivered (physical), or paid (monetary) to a state-owned enterprise (1415E32). For in-kind payments, these should be valued at market price (or cost of extraction).	
1415E31	The production entitlements may be delivered (physical) or paid (monetary) directly to government (1415E31),	A
1415E32	They may be delivered (physical), or paid (monetary) to a state-owned enterprise (1415E32).  <b>If a state-owned enterprise receives production entitlements from private companies, the revenue from production entitlements should be attributed to the general government.</b> Production entitlements are generally stipulated in Production Sharing Contracts or Production Sharing Agreements. These contracts can be with either the general government or a government-owned corporation. In either case, the revenue from production entitlements should be attributed to the general government. Any production entitlement that is received by a public enterprise should be rerouted to be shown as being received by the general government unit. The rerouting is done to properly record the underlying economic event that it is the government as owner of the resource that is the true recipient of the production entitlements, which it then chooses to transfer to a public enterprise.	A
1415E4	<b>Compulsory transfers to government (infrastructure and other):</b> These are payments where extractive companies are required to provide social infrastructure or other transfers as part of their contractual arrangements to exploit the resource. Payments can either be cash or in-kind (completed infrastructure). The value of the payment should in principle be equal to the value of the infrastructure.  <b>For social infrastructure payments, the timing of the recording of the payment should be as the work on the infrastructure is being performed.</b> If this is not feasible, the recording of the transaction may occur on completion of the infrastructure project, or when ownership is handed to the government. The compulsory nature of the infrastructure payments means that they are not grants, because grants are non-compulsory transfers.	A
1415E5	<b>Other rent payments:</b> This sub-category covers any payments by extractive companies to the government as owner of the resource not included in the previous four sub-categories of rent.	A
142E	<b>Sales of goods and services</b>	
1421E	<b>Sales of goods and services by government units:</b> This category covers all sales of goods and services by government units to extractive companies.	A
1422E	<b>Administrative fees for government services:</b> This category includes fees for compulsory licenses and other administrative fees that are sales of services by government. Most are applicable to all sectors and	A

	industries of an economy (such as passports, visas, court fees). There may be specific licenses that apply only to resource extraction. Typical examples are licenses for specialized equipment operation or licenses linked to qualifications to operate a mine. For these fees to be considered a sale of a service, the general government unit must exercise some regulatory function—for example, checking the competence or qualifications of the person concerned, checking the efficient and safe functioning of equipment in question, or carrying out some other form of control that it would otherwise not be obliged to do. If a payment is clearly out of proportion to the cost of providing the service, then the fee is classified as taxes on use of goods and on permission to use goods or perform activities.	
143E	<b>Fines, penalties, and forfeits:</b> This category includes compulsory transfers imposed by courts of law or quasi-judicial bodies for violations of laws or administrative rules, and forfeits. Out of court agreements are also included. Transfers of these types related to taxes are classified under the related tax.	<b>A</b>
144E1	<b>Voluntary transfers to government (donations):</b> This category includes gifts and voluntary donations from companies to governments (usually local). These include transfers for the construction or purchase of cultural centers, hospitals, museums, schools, and theatres, and gifts of land, buildings, or intangible assets such as patents and copyrights. Buildings could be extended to include roads, bridges, dams, and other civil infrastructure. If the transfer is in the form of a gift that is a completed structure rather than a voluntary payment for construction work, the value recorded should be at either the cost of producing the structure or a fair market value.	<b>A</b>

**Source:** (i) “eiti summary data template 2.0.1”, Part -4. Government Revenues.  
(ii) “Template to Collect Data on Government Revenues from Extractive Companies”, Draft Guidance Note, 5 November, 2014.

**Note:** : Used words or sentence with colours are headings and explanations that do not used in GFS revenue classifications.

**Table (5.4)**  
**Revenue Data for 6<sup>th</sup> MEITI Summary Report and GFS Classifications**

<b>Sr. No.</b>	<b>Government Agencies (Sectors)</b>	<b>Sr. No.</b>	<b>MEITI Revenue Stream (Number of Reporting Items)</b>	<b>GFS Classifications</b>
<b>(i)</b>	<b>Treasury Department (TD)</b>	<b>1</b>	<b>State Contributions</b>	
	Oil and Gas (MOGE)	1	State Contribution (MMK)	1415 E31
	Gems and Jade (MGE)	2	State Contribution (MMK)	1415 E31
	Mining ((ME1)	3	State Contribution (MMK)	1415 E31
	Mining (ME2)	4	State Contribution (MMK)	1415 E31
	Pearls (MPE)	5	State Contribution (MMK)	1415 E31
	Loan/Loan Guarantee	6	State Contribution (USD), (2)	1415 E31
	Loan/Loan Guarantee	7	State Contribution (EURO), (4)	1415 E31
	Loan/Loan Guarantee	8	State Contribution (RMB), (2)	1415 E31
	Loan/Loan Guarantee	9	State Contribution (JPY), (2)	1415 E31
<b>(ii)</b>	<b>Budget Department (BD)</b>		<b>UFA (OA Account) Statement Closing Balance of 30 September 2018</b>	
	Oil and Gas (MOGE)	1	UFA (OA Account) Statement	1412 E1
	Forest (MTE)	2	UFA (OA Account) Statement	1412 E1
	Mining (ME1)	3	UFA (OA Account) Statement	1412 E1
	Mining (ME2)	4	UFA (OA Account) Statement	1412 E1
	Gems and Jade (MGE)	5	UFA (OA Account) and OA2 Statement	1412 E1
	Pearl (MPE)	6	UFA (OA Account) Statement	1412 E1
<b>(iii)</b>	<b>Internal Revenue Department (IRD)</b>		<b>MEITI Revenue Stream (Number of Reporting Items)</b>	
<b>(a)</b>	<b>Gems, Jade and Jewellery Sector:</b> 166 companies about (44.87%) reported with functions of payment in cash and/or transfer, but 204 companies about (55.13%) are without functions and all 370 companies reported templates were signed by officials of IRD and OAG.	1	Commercial Tax (19)	1141 E
		2	Commercial Tax on Imports (3)	1141 E
		3	Corporate Income Tax (71)	1112 E1
		4	Advance Income Tax (7)	1112 E2
		5	Specific Goods Tax IRD (5)	1112 E2
		6	Specific Goods Tax MCD (7)	1112 E2
		7	Capital Gains Tax	1112 E1
			<b>Transfers</b>	
		8	Transfers Received from the ME2	1415 E4
		9	Transfers Received from the MGE (131)	1415 E4
<b>(b)</b>	<b>Mining Sector</b> 181 companies about (64.18 %) reported with functions of payment in cash and/or transfer, but 101 companies about (35.82 %) companies are without functions and all 282 companies reported templates signed by officials of IRD and OAG.	1	Commercial Tax (148)	1141 E
		2	Commercial Tax on Imports (4)	1141 E
		3	Corporate Income Tax (130)	1112 E1
		4	Advance Income Tax (21)	1112 E2
		5	Withholding Tax (3)	1141 E

(c)	<b>Oil and Gas Sector</b> Totally 31 Companies were reported and 13 (41.94%) companies are functioned and 18 (58.06%) companies are not functioned.	1	Commercial Tax (9)	1141 E
		2	Corporate Income Tax (7)	1112 E1
		3	Advance Income Tax	1112 E2
(d)	<b>Oil and Gas Transport</b> Total 6 reported templates, only 3 companies are functioned.	1	Corporate Income Tax (3)	1112 E1
(e)	<b>Pearl Sector</b> Total 8 reported templates, only one company are functioned.	1	Commercial Tax on Imports	1141 E
		2	Advance Income Tax	1112 E2
(f)	<b>State Economic Enterprises</b> Over 5 reported templated, all 5 companies are functioned.	1	Commercial Tax (5)	1141 E
		2	Corporate Income Tax (5)	1112 E1
		3	Specific Goods Tax IRD (5)	1112 E2
(iv)	<b>Myanmar Custom Department (MCD)</b>  Custom Duties and Transit Fees 0.5 USD per MT (USD)	1	Extractive Companies (Oil and Gas Transport)	1152 E
		2	Extractive Companies (Oil and Gas)	1151 E
		3	Extractive Companies (Gems, Jade and Jewellery)	1151 E
		4	Extractive Companies (Mining)	1151 E
		5	Extractive Companies (Pearl)	1151 E
		6	State Owned Enterprises (MOGE)	1153 E1
		7	State Owned Enterprises (ME1)	1153 E1
		8	State Owned Enterprises (ME2)	1153 E1
(v)	<b>Department of Trade</b>	1	Crude Oil Transport	1141 E
(vi)	<b>Myanmar Port Authority (MPA)</b>	1	Land Use (Premium)	1141 E
		2	Land Lease	1141 E
		3	Commercial Tax (5% on land lease)	1112 E1
(vii)	<b>Department of Geological Survey and Mineral Exploration (DGSE)</b>	1	Signature Bonus	1415 E2
(viii)	<b>Department of Mining (DOM)</b>	1	Royalties	1415 E1
		2	Dead Rent Fees	1415 E5
		3	License Fees	1422 E
		4	Royalties (Seeding Tax)	1415 E1
		5	Application Fees	1415 E31

		6	Transfer Received	1153 E1
(ix)	<b>Forest Department</b>	1	Land Rental Fees	1415 E31
(x)	<b>Myanmar Pearl Enterprise (MPE)</b> 11 companies were reported, 7 companies are functioned and 4 companies without functions.	1	Payment in kind (Production Split 25% (Foreign Companies Only))	1415 E4
		2	Other Fees (Registration and Annual Fees)	1415 E5
		3	Corporate Income Tax	1112 E1
		4	Commercial Tax	1141 E
		5	Transfer to Treasury Department (State Contribution 20%)	1415 E31
		6	Transfer to UFA other accounts	1412 E1
		7	6 <sup>th</sup> International Myanmar Pearl Auction (Hong Kong)	1112 E2
(xi)	<b>Ministry of Natural Resources and Environmental Conservation (MONREC)</b>	1.	Net Revenue (MMK) Central Committee	1153 E1
		2	Net Revenue (USD) Central Committee	1153 E1
(xii)	<b>Oil and Gas Planning Department (OGPD)</b>	1	Royalty	1415 E1
(xiii)	<b>Myanmar Oil and Gas Enterprise (MOGE)</b>	1	Royalties in Cash	1415 E1
		2	State Profit Share	1415 E32
		3	MOGE Profit Share (profit split)	1415 E32
		4	MOGE Cost Recovery	1415 E32
		5	Domestic Sales to the MOGE (-)	1415 E31
		6	Right of Way/Land Fees	1415 E5
		7	Corporate Income Tax	1112 E1
		8	Commercial Tax for MOGE Contractor Sales	1141 E
		9	Specific Goods Tax	1112 E2
		10	Custom Duties (Normal and Border Imports)	1151 E
		11	Commercial Tax (Normal and Border Imports)	1153 E1
		12	CSR Contribution	1212 E
		13	Transfers to OGDP	1415 E31
		14	Transfers to Treasury Department (State Contribution 20%)	1415 E31
		15	Transfers to IRD (25%)	1415 E31
		16	Cost Recovery (-)	1412 E2
		17	Risk Compensation (-)	1412 E2
		18	Contractor Cost Recovery (-) in Cash	1412 E2
		19	Contractor Profit Share (-) in Cash	1141 E
		20	Profit Distribution (Dividend) to the MOGE Interest	1412 E2

		21	Right of Way/Land Fees	1415 E5
<b>(xiv)</b>	<b>Myanmar Gems Enterprise (MGE)</b>  1120 companies were reported and templates were signed by officials of relevant department and OAG.	1	Royalties on Production (MMK) (270)	1415 E1
		2	Specific Good Tax (MMK) (363)	1112 E2
		3	Specific Good Tax (EUR) (739)	1112 E2
		4	Sale Split (MMK) (64)	1415 E31
		5	Sale Split (EUR) (56)	1415 E31
		6	Service Fees Euro Sale (MMK) (363)	1141 E
		7	Service Fees Euro Sale (EUR) (739)	1141 E
		8	Incentive Fees 1%, 2% (MMK) (64)	1415 E2
		9	Incentive Fees 1%, 2% (EUR) (56)	1415 E2
		10	Incentive Fees 1%, 2% (Penalty) (MMK) (43)	1415 E2
		11	Incentive Fees 1%, 2% (Penalty) (EUR) (45)	1415 E2
		12	Permit/License Fee (MMK) (1)	114521 E
		13	Penalties for Cancelled Sales (MMK) (388)	143 E
		14	Penalties for Cancelled Sales (EUR) (369)	143 E
		15	Penalties for Cancelled Sales (Emporium Central Committee) (MMK) (387)	143 E
		16	Penalties for Cancelled Sales (Emporium Central Committee) (EUR) (369)	143 E
		17	Transfers to DOM	1415 E31
		18	Corporate Income Tax	1112 E1
		19	Specific Good Tax	1112 E2
		20	Transfers to Treasury Department (State Contribution 20%)	1415 E31
		21	Transfer to UFA Other Accounts	1415 E31
		22	Transfers to DOM (Royalties, Extraction Fees)	1415 E31
		23	Royalties on Production (Mogok Subsistence)	1415 E1
<b>(xv)</b>	<b>No.1 Mining Enterprise (ME1)</b>  158 companies were reported for production split, 44 companies for application fees, 4 companies for fine, 4 companies for rental and 3 companies for smelter slag & milltalling sale and data sheets were signed by	1	Production Split (158)	1415 E32
		2	Application Fee (Signature Bonus) (44)	1415 E2
		3	Other Fee (Penalty/rental of Machinery) ME2, (Including Fine and Rental) (8)	143 E
		4	Other Significant Payment (> 50,000 USD)	1112 E2
		5	Corporate Income Tax	1112 E1
		6	Transfer to Treasury Department (State Contribution 20%)	1415 E31

	official of relevant department and OAG.			
(xvi)	<b>No. 2 Mining Enterprise (ME2)</b> 135 companies were reported and their templates were signed by official of relevant department and OAG.	1	Production Split (12)	1415 E32
		2	Application Fees (Signature Bonus) (83)	1415 E2
		3	Other Fees (Penalty/Rental machinery) ME2 (17)	143 E
		4	Production Split (in kind) (93)	1415 E4
		5	Transfer to Ministry of Planning and Finance (MoPF)	1415 E31
		6	Corporate Income Tax	1112 E1
		7	Commercial Tax	1141 E
		8	Transfers to DOM	1415 E31
		9	Transfer to Treasury Department (State Contribution 20%)	1415 E31
		10	Transfers to UFA Other Account	1415 E31

Sr. No. (ii) Budget Department (BD)'s UFA (OA Account) Statement, Closing Balance of 30 September 2018 is a challenge comparing GFS classification and its revenue stream. Budget Department (BD) made some clarification for the challenges in the following:

**6th MEITI Summary Data Report Draft (Final) နှင့် စပ်လျဉ်း၍ အောက်ပါအတိုင်း အကြံပြုပေးပို့အပ်ပါသည်။**

(က) Table (5.4) Revenue Data for 6th MEITI Summary Report and GFS Classification (ii) Budget Department (BD) "UFA (OA account ) Statement Closing Balance of 30 September 2018 တွင် Code no အား 1412 E သတ်မှတ်ထားခြင်းကို တွေ့ရှိရပြီး ၊ GFS Manual တွင်မူ နိုင်ငံအနေဖြင့် ရရှိသည့် အမြတ်များအတွက် သတ်မှတ်ထားခြင်းဖြစ်ကြောင်း ဖွင့်ဆိုထားသည်ကို တွေ့ရှိရပါသည်။ 1412 E 1 ဖြင့် သတ်မှတ်ထားသည့် UFA (OA account) များသည် နိုင်ငံ၏ Dividend အနေဖြင့် ရရှိခြင်း မဟုတ်ပါကြောင်းနှင့် SOE များ၏ စာရင်းသဘောအရ ကျန်ရှိသည့် စာရင်းများဖြစ်ပါသည်။ သို့ရာတွင် UFA (OA account) ၏ လက်ကျန်စာရင်းများကို နှစ်စဉ် EITI report ၏ တိုက်ဆိုင်စစ်ဆေးသည့် စာရင်းများတွင် လည်း ပါရှိပါသဖြင့် အဆိုပါ UFA (OA account) များအတွက် Code no အား 1412 E1 တွင် ထားရှိမည် ဆိုပါက" နိုင်ငံ၏ Dividend အနေဖြင့် ရရှိခြင်း မဟုတ်ပါကြောင်းနှင့် SOE များ၏ စာရင်းသဘောအရ ကျန်ရှိသည့် စာရင်းများ" စာသားရှင်းလင်းချက် ကို foot notes တွင် ထည့်သွင်းလိုပါကြောင်း အကြံပြုပေး ပို့အပ်ပါသည်။

(ခ) Extractive sector မှ ရရှိသည့် နိုင်ငံတော်သို့ထည့်ဝင်ငွေ ( State Contribution) များကို 1415E31 ဖြင့် သတ်မှတ်ထားခြင်းကို တွေ့ရှိရပြီး အဆိုပါ ( State Contribution) များ သည် GFS Manual အရ 1412 - Dividend ပါ ဖွင့်ဆိုချက်များနှင့် ညီညွတ်မှု ရှိပါသဖြင့် စဉ်းစားသင့်ပါကြောင့် အကြံပြုပေးပို့အပ်ပါသည်။

Statistician would like to translate briefly for above (a) and (b) of BD's clarifications;

(a) According to GFS classification, category 1415 E1 means Dividends, However, for definition of Myanmar revenue stream, the meaning of UFA (OA account) Statement Closing Balance of 30 September 2018 is not identical with category 1415 E1, these are not dividend, only balance of account for accounting system. Specifically, these are only balance of account of SOE.

(b) BD agreed that GFS classification 1415 E31 is used for State Contribution as dividend.

#### **(v) Review Legal Entity Identifier Codes (LEI Codes) for Companies**

According to the Statistical Point of View, data and information have to be constructed by systematic ways, every step or stage can be checked by using logical and/or arithmetical operators. Besides, data and information are very sensitive to move one place to another. So, the main important point is all data and information must be constructed by the backbones what is called coding systems that have to be agreed or compromised by all stakeholders before the construction of data system, information system and statistical system. The following are the Statistician's points of challenges for current Myanmar's coding systems for companies of MEITI sector.

(i) Myanmar has officially recognized 135 different ethnic groups under the 8 major national ethnic races<sup>8</sup> and they are using over 135 languages, the result is name of companies are based on these languages; different meanings, different sounds, different spellings, and different pronunciations. Besides, some used same names. So, name of companies or people should not be used as coding system.

(ii) Officials of the responsibilities of data and information in Government Agencies did not receive proper training relating to MEITI data records because using code of companies are based on the relevant officials and/or Government Staff. Their coding system is impossible to harmonize and synchronize to produce information by any people, any agency and organization and/or any place. Besides, some names of companies are in upper case and some are in title case.

(iii) The statistician would like to analyze codes for companies of current MEITI data; most of companies are no codes and officials used the following different codes for some companies:

100174395	(Only Numbers)
Tin – 105949642	(used Tin Dash Numbers)
Tin No. 121174545	(used Tin No Dot Numbers)
TIN – 106153108	(used TIN Dash Numbers)
Tin No. 106331049 (2005-2006)	(used Tin No Dot Numbers (years))
1667/2016-2017	
654/2011-2012 9-3-2016	
R08-02-MBN-003571	
R08-03-MIN-00114/4203/2012-2013	

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<sup>8</sup> " Political Situation of Myanmar and Its Role in the Region", by Lt-Col Hla Min, Office of Strategic Studies, Ministry of Defense, Union of Myanmar, 2001.



This indicated that is no guidelines for using coding system of companies for Government Agencies. Myanmar first EITI report clearly expressed for Government Agencies to use the **Text Identification Number** for taxpayers.<sup>9</sup> According to data and information of 6<sup>th</sup> MEITI reporting processes, unfortunately, Government Agencies have not been systematically used represent code for taxpayers, the result might be that companies of taxpayers would be suffered for their tax payments, because taxpayers might be faced confusions and mistakes with officials of Myanmar Tax Authorities. Taxpayers need to understand their payment flow charts (Appendix B), easy to follow their tax duties with types of revenues and Government Agencies. Payment flow chart (Appendix B) might be changed that is based on the Union Tax Law from one financial or budget year to another. *Statistician would like to encourage Government Agencies to prepare their relevant payment flow charts after promulgation of Union Tax Law and inform and/or extend their relevant taxpayers.*

Taxpayers have to be thoroughly and/or fully aware of their relevant revenue streams. Taxpayer's tax identification number must be used for variety of revenue streams and all relevant Government Agencies.

Generally, Tax Identification Numbers (TIN) must be acronym **TIN**, (Not **Tin**) should not be complicated above situation. Statistician would like to encourage Government Agencies to use harmonized and systematic Tax Identification Numbers (TIN).

For the data and information of company's MEITI templates, Tax Identification Numbers and Name of Company should be placed **top and right** of the MEITI template and following format:

Tax Identification Number = TIN -  (Please fill Numbers)

Company's Name = ----- (Please use Capital Letters)

Similarly, relevant Name of Government Agency should be placed **top and left** of the MEITI template.

### **Opportunities and Challenges for Data Collection**

Data collection for 6<sup>th</sup> MEITI Summary Data Report is only based on the Government Agencies operational data, which is called **unilateral disclosure of government revenue data** (6-month mini budget, from 1<sup>st</sup> April to 30 September 2018). According to Statistical concept, this type of data and information is called cross section data and/or information and cross section period is 6-month mini budget period. This is not a case study, so population representative has to be targeted, for example, country or nation, one question is "Are these data and information representative of the Myanmar country or nation?". The answers for this question are difficult for the Statistician, and one step below down from this expectation, this is only the levels of transparency based on the available data and information.

Statistician has received data and information both pdf format and excel format, shared some opportunity and challenges for data collection from pdf file and excel file format.

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<sup>9</sup> "Scoping Study for the First EITI Report for the period April 2013 – March 2014", Myanmar Extractive Industries Transparency Initiative (MEITI), November 2015. Pp-70.

For pdf files;

- (a) Data assurance is very high because the enumerator can find out easily documents signed by officials from OAG and relevant Government Agencies.
- (b) There are some difficulties to directly collect data, for example copy and paste.
- (c) Template documents have to be printed or used two computer screens to collect data.

For excel sheet files;

- (a) Data assurance is very low because the enumerator can't find documents signed by officials from OAG and relevant Government Agencies.
- (b) It is easy to collect data for example copy and paste.
- (c) One big issue is the enumerator can see easily whether the existing data is correct or not because excel sheet's data format can be found the cell format using formula or numerical values.

Statistician would like to explore for opportunities and challenges of Government Data based on the 6<sup>th</sup> MEITI Summary Data Report.

Measurement of units for the data, the challenge is the difference between Myanmar's traditional measurement and international or global standard, besides, some measurements are not only one unit and combined more than one unit, for example, production volume of Gem is including Carat and Kilo, unit name is Carat/Kilo, this is combined separate data Carat and Kilo, however, the production value is only one value for Carat and Kilo. Another challenge for measurement is two types of units, for example, production of Pearl is two measurements: one is Pcs and another is Momme.

Some data and information are difficulties to identified the period of mini budget, for example, Department of Geological Survey and Mineral Exploration (DGSE) reported investment data that could no be used this report because their investment periods are from 2014 to 2021, from 2015 to 2021, from 2019 to 2023, etc.

Government agencies have been functioning cash transactions: receipts and payments from time to time, some functions are regular basis by daily, weekly, monthly and yearly etc., and some are not regular basis. All government agencies have accounting systems. The result is government agencies have much of data and information of cash transactions.

The main challenge is these cash transactions are only categorized by accounting purpose within department or organization, not including for data and information, especially statistical purpose, the result is comparing and filling data and information for the types of classification based on the Government Financial Statistics Manual 2014 (GFSM 2014), complicating and misunderstanding for stakeholders, these data could not be checked by logical operators and arithmetical operators. Statistician would like to highlight to MGE's clarifications;

**Total government revenues from extractive sector (using GFS)**

EITI Requirement 4.1.d : Full government disclosure					
GFS Classification	Sector	Revenue stream name	Government entity	Revenue value	Cl
<b>Royalties (1415E1)</b>	<b>Mining</b>	<b>Royalties on production (M</b>	<b>Myanmar Gems Enterpr</b>	<b>11,470,872,160.00</b>	<b>MMK</b>
Extraordinary taxes on income, profits and capital gains (1112E2)	Mining	Specific Good Tax (MMK)	Myanmar Gems Enterprise	9,234,167,834.00	MMK
Extraordinary taxes on income, profits and capital gains (1112E2)	Mining	Specific Good Tax (EUR)	Myanmar Gems Enterprise	37,931,814.00	EUR
Delivered/paid directly to government (1415E31)	Mining	Sale Split (MMK)	Myanmar Gems Enterprise	7,052,003,226.00	MMK
Delivered/paid directly to government (1415E31)	Mining	Sale Split (EUR)	Myanmar Gems Enterprise	15,929,963.00	EUR
General taxes on goods and services (VAT, sales tax, turnover tax) (1141E)	Mining	Services Fees Euro Sales (MM	Myanmar Gems Enterprise	2,135,233,937.00	MMK
General taxes on goods and services (VAT, sales tax, turnover tax) (1141E)	Mining	Services Fees Euro Sales (EUR	Myanmar Gems Enterprise	8,729,722.00	EUR
Bonuses (1415E2)	Mining	Incentives Fees 1%, 2% (MMK)	Myanmar Gems Enterprise	296,106,590.00	MMK
Bonuses (1415E2)	Mining	Incentives Fees 1%, 2% (EUR	Myanmar Gems Enterprise	649,927.00	EUR
Bonuses (1415E2)	Mining	Incentives Fees 1%, 2% (Pena	Myanmar Gems Enterprise	4,997,342.00	MMK
Bonuses (1415E2)	Mining	Incentives Fees 1%, 2% (Pena	Myanmar Gems Enterprise	10,741.00	EUR
<b>Licence fees (144521E)</b>	<b>Mining</b>	<b>Permit/License Fee (MMK)</b>	<b>Myanmar Gems Enterpr</b>	<b>73,078.11</b>	<b>MMK</b>
Fines, penalties, and forfeits (143E)	Mining	Penalties for Cancelled Sales	Myanmar Gems Enterprise	919,364,647.00	MMK
Fines, penalties, and forfeits (143E)	Mining	Penalties for Cancelled Sales	Myanmar Gems Enterprise	1,554,152.00	EUR
Fines, penalties, and forfeits (143E)	Mining	Penalties for Cancelled Sales	Myanmar Gems Enterprise	211,066,592.00	MMK
Fines, penalties, and forfeits (143E)	Mining	Penalties for Cancelled Sales	Myanmar Gems Enterprise	412,052.00	EUR
<b>Delivered/paid directly to government (1415E31)</b>	<b>Mining</b>	<b>Transfers to DOM</b>	<b>Myanmar Gems Enterpr</b>	<b>124,541,820.00</b>	<b>MMK</b>
Ordinary taxes on income, profits and capital gains (1112E1)	Mining	Corporate Income Tax (MMK)	Myanmar Gems Enterprise	25,010,361,000.00	MMK
Extraordinary taxes on income, profits and capital gains (1112E2)	Mining	Specific Goods Tax (MMK)	Myanmar Gems Enterprise	57,935,000.00	MMK
Delivered/paid directly to government (1415E31)	Mining	Transfer to Treasury Departm	Myanmar Gems Enterprise	20,008,289,000.00	MMK
Delivered/paid directly to government (1415E31)	Mining	Transfer to UFA Other Account	Myanmar Gems Enterprise	767,349,985,608.09	MMK
<b>Delivered/paid directly to government (1415E31)</b>	<b>Mining</b>	<b>Transfers to DOM (Royaltie</b>	<b>Myanmar Gems Enterpr</b>	<b>11,346,330,340.00</b>	<b>MMK</b>
<b>Royalties (1415E1)</b>	<b>Mining</b>	<b>Royalties on Production (M</b>	<b>Myanmar Gems Enterpr</b>	<b>63,145,000.00</b>	<b>MMK</b>

“\* ၂၀၁၈(ဧပြီမှစက်တင်ဘာ)ဘဏ္ဍာနှစ်အတွက် ကျောက်စိမ်းထုတ်လုပ်မှုအပေါ် ရတနာခွန်ကောက်ခံ ရရှိမှု Delivered/paid directly to government (1415E31); Transfers to DOM (MMK) 11346330340.00၊ ကျောက်မျက်ထုတ်လုပ်မှုအပေါ် ရတနာခွန်ကောက်ခံရရှိမှု (တစ်ပိုင်တစ်နိုင်) Royalties (1415E1); Royalties on Production (Mogok Subsistence) (MMK) 63145000.00 အပါအဝင် Delivered/paid directly to government (1415E31) Transfers to DOM (MMK)124541820.00 ဖြစ်ပါသည်။ သို့ဖြစ်ပါ၍ ၂၀၁၈(ဧပြီမှစက်တင်ဘာ) ဘဏ္ဍာနှစ်အတွက် စုစုပေါင်း ထုတ်လုပ်မှုအပေါ် ရတနာခွန် ကောက်ခံရရှိမှုသည် Royalties on production (MMK) 11470872160.00 ဖြစ်ပြီး သတ္တုတွင်းဦးစီးဌာန(DOM) ၏ ဘဏ်စာရင်းသို့ ပေးသွင်းခဲ့ပါသည်။”

Delivered/ paid directly to government (1415E31); Paid to DOM (MMK)	124541820	(Royalties (1415E1); Paid to DOM(MMK) 63145000.00 ပါဝင်ပြီး)
Delivered/paid directly to government (1415E31); Paid to DOM(MMK)	11346330340	
Royalties (1415E1) ; Royalties on production (MMK)	11470872160	

Source: : Myanmar Gems Enterprise (MGE) ’s clarifications for 6<sup>th</sup> MEITI Summary Data Report.

Another challenge is the linkage between data from Government and companies, data and information of the revenue stream was not including in the Government’s reporting templates, however, this type of revenue streams were included in the company’s data and information. So, statistician has to use aggregate value of company’s revenue stream data. statistician would like to give an example of ME2’s clarifications:

Delivered/paid to state owned enterprise(s) (1415F32)	Mining	Production Split	No.2 Mining Enterprise (ME2)	235,572,983.00 MMK	298113363.00 MMK
Bonuses (1415F2)	Mining	Application Fee (Signature Bonus)	No.2 Mining Enterprise (ME2)	159,500,000.00 MMK	180500000.00 MMK
Fines, penalties, and forfeits (143E)	Mining	Other Fees (Penalty/Rental of Mic)	No.2 Mining Enterprise (ME2)	96,281,835.00 MMK	188181835.00 MMK

Source: : Myanmar Gems Enterprise (ME2)'s clarifications for 6<sup>th</sup> MEITI Summary Data Report.

These issues are evidence-based challenges for MEITI Summary Data Report project and statistician hope that this type of issue would be overcome the future MEITI reporting processes. Now, statistician is trying to keep data and information based on the OAG's verifications.

The above challenges are not new, the statistician pointed out these challenges before the 6<sup>th</sup> MEITI reporting processes in the meeting with International Secretariat.

In the meeting with International Secretariat, Discussions Points and Questions for MEITI Data are as follows:

These discussion points and questions are based on the Statistical point of view and these discussion points are not only 6<sup>th</sup> MEITI Summary Data Report but also future MEITI reporting processes relating to Data Structure and Data Quality by using Levels of Data Assurance, Levels of Data Reliability and Levels of Data Validity.

First of all, I would like to discuss about Statistical Coding System to align with the International EITI Standard and Myanmar Context.

According to EITI Summary Data Report Format with excel file,

(a) Part 2- Disclosure checklist: EITI Requirement 3.2: Production by commodity, EITI Requirement 3.3: Exports and EITI Requirement 4.2: In-kind revenues, these requirements are based on the Statistical Coding System relevant types of EITI commodities, there are 70 types of International EITI Standard, what is called Harmonization System (HS). This coding system is vital to align officially with Myanmar's types of commodities for EITI processes. The Statistician suggested that 70 types of commodities for International EITI Standard and Myanmar's commodities of natural resources should be matched or aligned before preparing the Myanmar EITI Summary Data Report approved by MSG and/or International Secretariat. For current situations, the Statistician request International Secretariat for 6<sup>th</sup> MEITI Summary Data Report will be used by Statistician's own judgement. Question is: Do you agree with this type of action?

(b) Similarly, Part 4 – Government revenues: EITI Requirement 4.1.d: Full government disclosure, the classifications of revenue streams are based on a Government Finance Statistics Manual 2014 (GFSM 2014). The statistician reviewed and compared with a GFSM 2014 classification of revenue streams for extractive sector based on the IMF's GFSM 2014 and Myanmar's classification of revenue streams based on the laws, regulations, rules, strategies, etc.

It is needless to say that GFS classification of revenue stream is based on the Statistical concept for the revenue streams. Types of classifications are clearly categorized by using Statistical

Coding Systems and mainly 27 types of classifications and 3 headings: Taxes, Social contributions and Other revenues.

For Myanmar's revenue stream, according to Union Tax Law, classification of revenue streams is four main categories (i) taxes collected on local production and consumption of the public (ii) tax on income and ownership (iii) custom duty and (iv) taxes collected on the extraction and consumption of state-owned resources. Myanmar's tax system is not fully relied on the classification of revenue streams and only on the responsible Ministries of the Union Government

According to Tax Administration Law (June 7, 2019), the scope of the law is included (a) income tax (b) commercial tax (c) specific goods tax and (d) a tax assigned to the Director General of Internal Revenue Department (IRD) under the law. This law is only responsible for the Internal Revenue Department (IRD) under Ministry of Planning, Finance and Industry.

It would be needed to assign for classifications of revenue streams under GFS and Myanmar's classifications of revenue streams. The Statistician understands that all these processes are also needed to be approved by Director of Fiscal Policy, Strategy and EITI Division, Budget Department; National Coordinator of MEITI-NCS; the Programme Manager, Technical Team of MEITI-NCS and the MSG and also recognized or approved by Beneficial Ownership Taskforce to ensure complete reporting on all the BO of all the companies included in 2<sup>nd</sup> BO data collection report. However, these processes will consume much time, during the preparation of 6<sup>th</sup> MEITI Summary Data Report, these processes could not be carried out because of time constraint. So, the Statistician has to make own judgement for the classification of revenue streams. Question is: Do you agree with this type of action?

Second discussion point is sector classifications, sectors by International EITI was classified by Oil, Gas, Mining, Not Applicable, Oil and Gas and Others in MEITI Summary Data Report or Template 2017-2018. This type of classification does not make sense for Myanmar context to disclose for Myanmar EITI processes that will create the limitations of the disclosure of Myanmar EITI sector. Your presentation is "Revenue can be broken down by sector." Question is: Could you modify or reclassify for these existing sectors for future Myanmar EITI processes?

Third discussion point is based on Data of the 6<sup>th</sup> MEITI Summary Data Report, the reporting period of this report is only 6 months (from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018) and results are some companies are not functioned for their activities in this period. Besides, this report is **unilateral disclosure of government revenue data** (6-month mini budget).

According to the above situation, Questions is: How to decide whether reported companies without functions of payment in cash and/or transfers money to IRD should be included or not in the 6<sup>th</sup> Myanmar EITI Summary Data Report?

These are some discussion points and questions with international secretariat for 6<sup>th</sup> Myanmar EITI (MEITI) Summary Data Report for (from 1<sup>st</sup> April 2018 to 30 September 2018), 6 Month mini budget.

In the MSG meeting, Government official proposed to link data and information between MEITI processes and Myanmar Sustainable Development Plan (MSDP), unfortunately, statistician could not follow up for his proposal because this task would be beyond this processes and time constraint and the processes would be consumed much time.

Last but not least, the challenge is Government agencies provided data and information more than one time, some data and information are the same for sending one time and another, some are not identical or same, statistician has to check and recalculate again and again all data and information and choose and decide himself to disclose which data are more informative compares with others based on the OAG's verifications.

### **Review for Designing Data Collection Templates**

In Myanmar, Union Tax Law in the financial or budget year creates the taxation system that is directly or indirectly correlated with resource allocation, distribution of wealth and corruption practices, but it is needed to be statistically approved for this presentation. Disclosure of data and information of the taxation system is essential for transparency, accountability, good governance and clean government. In the MEITI processes, data and information are collected by using templates those were designed and based on the Myanmar's revenue streams and payment flow charts (Appendix B). Unfortunately, designing templates were not considered on statistical purpose for data and information, the main challenge is without backbone of data and information to make data entry, data editing, data processing, data analysis, data transferring, etc. Statistician would like to propose the following for designing or constructing templates:

*(i) Myanmar Taxation System is changed that is based on the financial or budget year, so, the design of templates should be changed.*

*(ii) MEITI Summary Data is cross section data and representative target should be nation or country.*

*(iii) All templates must be included by representative of Government Agency, correct Tax Identification Number of company or people, etc.*

*(iv) All templates must be used by representative coding system this will keep consistency measurement to move data and information from one place to another.*

*(v) Data and information based on the templates can be checked by using logical operators and/or arithmetical operators.*

## **6. Data Quality for Myanmar Extractive Sector**

There are many definitions of data quality, this report would be used statistical concept that original definition of data is pieces of information or factual information. The data quality is essential for useful information and bad data could not produce good or useful information and all types of data are relied on the "Garbage In, Garbage Out (GIGO)" principle that means incorrect or poor data quality input or data will always produce faulty output or useless information.

The quality of data is also important for transformation of Myanmar's taxation system, strengthening public service provisions, policy making Myanmar's all sector development, promoting trust relationship between government and their citizens and ensuring good governance and clean governance.

According to Statistical point of view for this report, data quality is based on the levels of data assurance, the levels of data reliability and the levels of data validity. High levels of data assurance, reliability and validity could produce useful and valuable information.

### **The Levels of Data Assurance <sup>10</sup>**

According to the EITI Report for the period April 2014 to March 2015, Independent Administrator (IA) and Multi-Stakeholders Group (MSG) decided to promote for the levels of data assurance, IA and MSG agreed the following steps to be followed by Government Agencies and SOEs for submitting the reporting templates.

- (i) Signed by a person authorized to present the Government Agencies and/or SOEs and/or Companies.
- (ii) Accompanied by payment details reported and
- (iii) certified by the Office of the Auditor General (OAG)

The levels of data assurance will be applied the following criteria:

- Non-submission of a reporting template signed by a person authorized to represent the Government Agency, the SOE or the company reduced the level of assurance;
- Non-submission of payment details for the amounts reported also reduced the level of assurance; and
- Absence of audit reports or reporting reduced the level of assurance.

Thus, the level of assurance for each entity will be graded:

- (a) Low level of assurance – entities that are not audited and did not provide representation letters,
- (b) Medium level of assurance – entities that are audited and did not provide representation letters or provided incomplete representation letters and/or entities are not audited and entities provided representation letters signed by the respective representatives.
- (c) High level of assurance – entities that provided representation letters signed by the respective representatives as stated above and provided audit reports.

MEITI has much experience to promote the level of data assurance, the result is all reported templates were signed by officials of relevant departments and OAG. **For 6<sup>th</sup> MEITI Summary Data Report, there is highest level of data assurance.**

### **The Levels of Data Reliability Data Validity**

Statistician would like to propose for levels of data reliability and levels of data validity for 6<sup>th</sup> MEITI Summary Data Report and forthcoming MEITI Summary Data Reports. This types of the level of measurement might be needed for statistical knowledge and all measurements could not be used for all MEITI Summary Data Reports. However, statistician hope that future MEITI reporting processes could be measured or used this type of levels. The following are some measurement points for 6<sup>th</sup> MEITI Summary Data Report.

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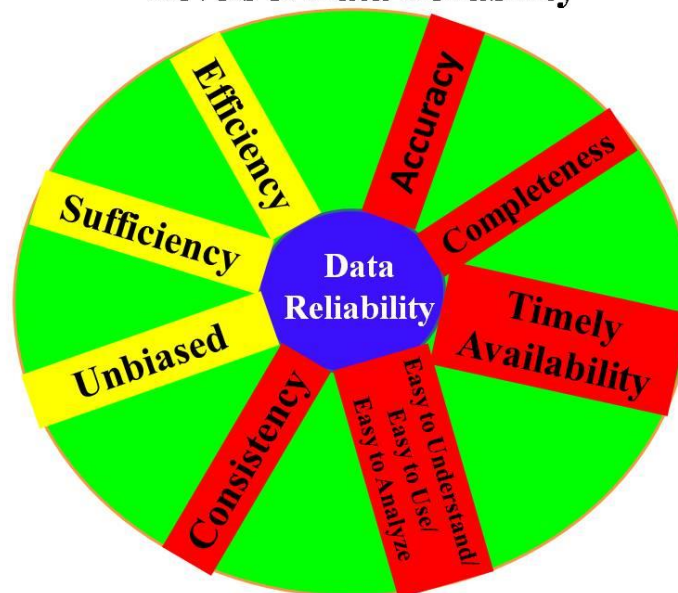
<sup>10</sup> "EITI Report for the Period April 2014 to March 2015, Oil, Gas and Mining Sectors", March 2018. P-30.

## The Levels of Data Reliability

Figure 6.1 shows the levels of data reliability that is categorized two parts; one part is using red colour that is important for low levels of data reliability and other part is using yellow colour that is high levels of data reliability.

For extractive sector, 6<sup>th</sup> MEITI Summary Data are reported by relevant Government Agencies, so, needless to say, datum of specific category was accuracy, completeness, timely availability and however, measurement of consistency could be questioned for aggregate values of Government Agencies and company revenue streams. For example, in the 6<sup>th</sup> MEITI Summary Data Report, Part 4: Revenue stream name and Part 5: Revenue stream name are linked directly, however, sometimes, aggregate values of Revenue stream name of Government Agency were not reported, Statistician has to use the aggregate value of company's Revenue stream. Statistician hope that future MEITI Summary Data Reports could be assessed by unbiased, sufficiency and efficiency norms.

**Figure 6.1**  
**Levels of Data Reliability**



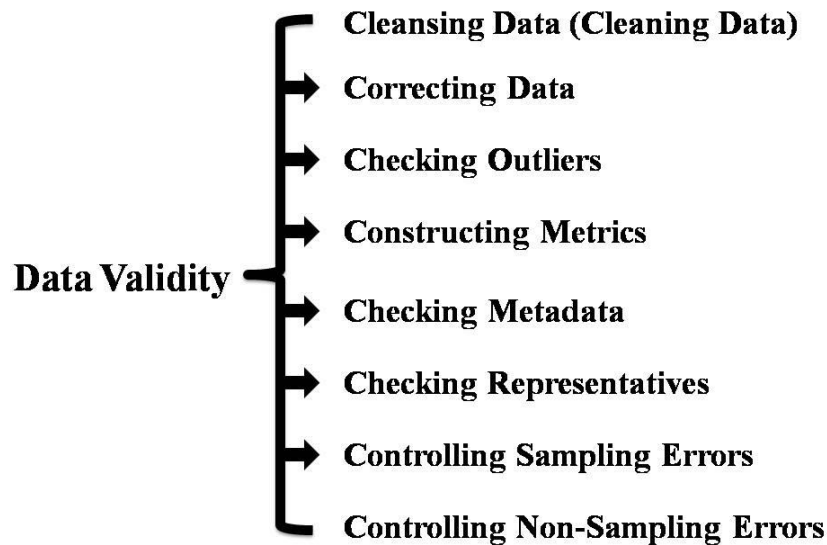
## The Levels of Data Validity

Statistician proposed and explained the general levels of data validity for cross section data and time series data. Figure 6.2 shows the levels of data validity that is needed to practice to check step by step for the process; data collection, data processing and data analysis. Data validity is minimum level for data quality. Low level data validity will not produce useful information.

6<sup>th</sup> MEITI Summary Data Report is **unilateral disclosure of government revenue data**, so this could not check all levels of data validity and controlling error was presented that was used the levels of data assurance for signing by officials of relevant department and OAG.



Figure 6.2  
Levels of Data Validity



## 7. Conclusions and Recommendations

The Extractive Industries Transparency Initiative (EITI) was born the believe “A Country’s Natural Resources Belong to Its Citizens”, become mission is “To promote understanding of natural resource management, strengthen public and corporate governance and provide the data to inform greater transparency and accountability in the extractives sector.”<sup>11</sup>

According to above the believe and mission of EITI, definition of natural resource is important for the EITI member countries, that might be changed one country to another and natural resources of relevant country should be its extractive sector. Unfortunately, the global standard of EITI 2019 is only focus on the Oil, Gas and Mineral Resources and this global standard was confusing for Myanmar context because Myanmar is rich in many types of natural resources. But, the global standard of EITI is clearly presented the EITI principles these are “**to increase transparency over payments and revenues in the extractive sector**”.<sup>12</sup> *So, Myanmar is important to establish “Systematic Disclosure” or “Mainstreaming” of EITI sector based on the its natural resources.*

Statistician would like to highlight post structure and infrastructure of Myanmar EITI (MEITI) processes and make conclusions and recommendations based on the 6<sup>th</sup> MEITI Summary Data Report.

From 1962 to 2011, data and information were only for Government Administrators and/or Authorities and not for citizens, most of data and information were top secret levels, now, it is changed and clearly found out the evidence that political will and political commitment by current NLD government to transform the financial sector and trying to promote its democratic interests and values and to ensure

<sup>11</sup> <https://eiti.org>

<sup>12</sup> “The Global Standard for the Good Governance of Oil, Gas and Mineral Resources”, The EITI Standard 2019, Edition 2, 2019. Pp-6.

good governance and clean government of the country. Besides, Myanmar has been trying to raise public awareness on extractive data, information and extractive sector transparency and accountability and to become highest level or outstanding progress level of the Extractive Industries Transparency Initiative (EITI) client country.

The results of the above situation, *officials and staff of Government Agencies and Organizations are only aware of accounting system, not fully aware of data system, information system and statistical system.*

*Statistician would like to recommend for staff or officials of Government Agencies and/or Tax Authorities to receive proper trainings for creating or establishing data system, information system and statistical system.*

Myanmar Taxation System is based on the Union Budget Law and Union Tax Law promulgated by President for relevant financial year or budget year and that might be changed from one financial year to another. Statistician would like to encourage Government Agencies or Tax Authorities for public awareness of taxation system and all Myanmar citizens have to be fully aware of Myanmar Tax System and how to follow the system to become responsible citizenship. The recommendation points are the following:

- (i) Short points of expression relating to citizens for Myanmar Tax System have to be presented immediately in media or the daily news (or newspapers) after promulgating Union Tax Law.*
- (ii) Government Agencies or Tax Authorities should create pamphlet their responsibilities of revenue streams for citizens who can follow or take easily their responsibilities.*
- (iii) Responsible citizens must have right to know their responsibilities for revenue streams.*
- (iv) 24-hour call or office hour call centers should be established and responsible staff or officials of Tax Authorities must give answers for taxpayer's inquires or questions.*
- (v) Complaint units and forms must be established by Tax Authorities for every citizen.*
- (vi) last stage, Tax System should be changed from voluntary to mandatory processes.*

Indications of above recommendations are not only for IRD but also all Government Agencies that are relating to Union Tax Law. Statistician would like to present or inform all stakeholders for IRD's comments and clarifications for above suggestion points:

**(၆) ကြိမ်မြောက် MEITI Summary Data Report အပေါ် ပြည်တွင်းအခွန်များဦးစီးဌာန၏  
သဘောထားမှတ်ချက်ပြန်ကြားခြင်း**

No	Chapter	Description	Feedback from Department
1	7. Conclusions and Recommendations	Statistician would like to recommend for staff or officials of Government Agencies and/or Tax Authorities to receive proper trainings for creating or establishing data system, information system and statistical system.	IRD is in the process of fundamentally transforming itself into a modern tax administration, which is the biggest reform program in the history of Myanmar tax administration and in line with Myanmar Sustainable Development Plan. This is a significant initiative designed to improve tax administration in Myanmar. Currently IRD is implementing 10 reform projects under the reform program. One of the cornerstone projects is the implementation of a new Integrated Tax Administration system (ITAS) and that new Tax system will provide more transparency and data and also will support the Administration of Taxation. Data systems and information systems are all driven by availability of reliable data. While more and more Government departments are computerizing their systems, these systems and the legislation supporting the collection and reporting of valuable information should also be considered. IRD welcome training but should be supported by the availability of systems capable to provide data and information needed. Training will require additional budget and support from development partners in supporting of this initiative and recommendation.
2		(i) Short points of expression relating to citizens for Myanmar Tax System have to be presented immediately in media or the daily news (or newspapers) after promulgating Union Tax Law.	As soon as the Union Tax Law is enacted by Parliament, it is published both in Myanmar Gazette and in Government Newspapers. IRD always upload it the IRD's website and official Facebook according to the SOP of corporate communication. In addition, clarifications for the provision of the tax law are made by operational tax office to their respective taxpayer such as Stakeholder meeting. Furthermore, taxpayer guide, public ruling, practice statement, interpretation statement and pamphlet which clarifies tax provision and tax procedure.
3		(ii) Government Agencies or Tax Authorities should create pamphlet their responsibilities of revenue streams for citizens who can follow or take easily their responsibilities.	IRD has established the design and Monitoring Directorate according to reform plan and their responsibilities are to design various materials including Forms, Tax Guide, Flyers, fact sheets, etc. aiming to facilitate taxpayers to comply with our Laws.

4		(iii) Responsible citizens must have right to know their responsibilities for revenue streams.	That is one of the obvious outcomes of PFM project.
5		(iv) 24-hour call or office hour call centers should be established and responsible staff or officials of Tax Authorities must give answers for taxpayer's inquires or questions.	The establishment of a Call center will be needed to implement and already included in the reform plan, but this will require Budget, staff, system and training for the staffs and the business processes to support the call center. The most important thing is IRD will implement it based on reform time frame and be careful to align with time line of ITAS development.
6		(v) Complaint units and forms must be established by Tax Authorities for every citizen.	Same answer above No. 3.
7		(vi) last stage, Tax System should be changed from voluntary to mandatory processes.	One of the expected outcomes of our reform plan that IRD is implementing is to improve taxpayer compliance. As long as the enforcement measure and education is harmonized and the implementation of the reform is speedy, the taxpayer compliance will be automatically improved. Thus, IRD is implementing comprehensive tax reform such as Legal, Policy, administration reform continuously since 2012. In addition, the implementation and rollout of Self Assessment also promotes mandatory reporting and with the implementation of the new Tax system will support the compliance management process. However, a key aspect of compliance is also the matter of tax evasion and to ensure all taxpayers are registered. To accomplish this effectively will require all relevant stakeholders to have reliable information and to implement data-sharing strategies to reduce the risk of tax evasion.

Source: : IRD's Comments and Clarifications, 29 December 2020.

Statistician would like to recommend and encourage Director of Fiscal Policy, Strategy and EITI Division, Budget Department; National Coordinator of MEITI-NCS; the Programme Manager, Technical Team of MEITI-NCS, the MSG, Beneficial Ownership Taskforce and MEITI stakeholders to carry out the following points:

- (i) To make sure or recognized by the country: ISO Alpha Country Codes for Myanmar: MM or MMR or MYR. Need to choose one code for the country.
- (ii) To make sure or recognized by the country: ISO-4217 Currencies for Myanmar: MMK.
- (iii) To make sure or recognized by the country: Harmonization System of Commodity Codes

*(iv) Pamphlets should be prepared for comparison with Myanmar's commodity description and International Harmonization System (HS).*

*(iv) To make sure or recognized by the country: Government Finance Statistics Manual 2014 (GFSM 2014) Codes.*

*(v) Pamphlets should be prepared for comparison with Myanmar's classifications revenue stream and GFS classifications.*

*(vi) To make sure or recognized by the country: Legal Entity Identifier Codes (LEI Codes) for Companies.*

*(vii) Pamphlets should be prepared for companies how to follow Legal Entity Identifier Codes (LEI Codes).*

Last but not least, Statistician would like to encourage all EITI stakeholders to extend and/or expand types of natural resources for MEITI sector up to represent the country or nation and to consider and establish MEITI sector based on the ideas of global standard of EITI, now, the global EITI 2019 is only focused on Oil, Gas and Mineral Resources, and Myanmar EITI (MEITI) is now focusing on Oil, Gas, Mineral Resources (Mining sector, Mineral sector, Gems, Jades and Jewellery sector, Pearl sector), besides Myanmar is also focusing on Forestry sector. In the near future, Statistician hopes that Myanmar could promote the highest level or outstanding level for transparency and accountability through MEITI processes, to become good governance and clean government and to be modern developed, wealth of and strong nation.

**Appendix A**  
**Classification of Myanmar EITI Revenue Stream**

No	Payment flows	Definition
<b>Payments to IRD</b>		
1	Corporate Income Tax (CIT)	Income tax rates depend on whether the joint venture company is a 'resident' (i.e. incorporated in Myanmar) or a non-resident incorporated under other jurisdiction, such as a 'branch office'. For resident companies, the income tax rate is 25% of profits. For non-resident companies, the income tax rate has been 25% since April 2015.
		For enterprises or individuals permitted and operating under the Myanmar Investment Law (MIL), and foreign organisations engaged by special permission in a state-sponsored project, enterprise or undertaking, the income tax is 25%.
2	Commercial Tax	Commercial tax is levied on the sales of goods and services and applies to certain transactions as defined in the Commercial Tax Law. Commercial tax is applied to the gross sales of goods and services. For imported goods, commercial tax is calculated on the "cost, insurance and freight" (CIF) value of goods.
		The commercial tax levied on the export of electricity is at a rate of 8% and crude oil at a rate of 5%.
		Commercial tax is not applicable on exports, except in the case of natural gas, crude oil, jade, gemstones and timber.
		Notification N°117/2012, last amended in April 2015, prescribes commercial taxes of between 5 and 100% depending upon the different goods and services businesses concerned. The application for registration must be in the prescribed form and filed one month before the commencement of business.
3	Special good Tax	Commercial tax is payable on goods that are imported goods, manufacturing goods that are produced in the domestic market and exported goods. There are 17 specialist goods with tax rates from 5% to 80%.
		Special Tax Rates on Special Goods, Goods and Services:
		· Natural gas: 8%
		· Raw jade: 15%
		· Raw ruby, sapphire and precious stones: 10%
		· Finished products of jade, ruby, sapphire and other precious stones Jewellery made by finished products of jade, ruby, sapphire, and other precious stones
		All exports are exempt from commercial tax with the exception of special goods.
4	Stamp Duties	Stamp duties collected from the sale of judicial and non-judicial stamps. Judicial stamps represent fees payable under the Court Fees Act. Non-judicial stamp duty is levied on various types of instruments required to be stamped under the Myanmar Stamp Act.

5	Capital Gains Tax	The sale, exchange or transfer of capital assets are levied for income tax purposes on gains calculated based on the difference between gross sales and the purchase cost of assets plus any additions less depreciation.
		Capital assets for income tax purposes are defined as lands, buildings, vehicles, or any other asset owned by an entity including shares, bonds and intangibles.
		CGT is levied at 10% on the capital gain and payments are required to be made within thirty days from the date of disposal of the capital assets.
6	Withholding tax	Withholding tax (WHT) is a tax where any person or company making certain payments is required to deduct from such payments and remit to the Government Agencies.
		The tax withheld must be paid to IRD within seven days from the date of withholding.
		Tax withheld from payments to residents will be set off against the tax due on their final tax assessments. Tax withheld from payments to non-resident companies (except the branches registered in Myanmar) is a final tax.
		Latest updates:
		Notification 51/2017 dated on 22 May 2017
		WHT does not apply to payments in local currency of less than MMK 500,000 within a financial year.
		WHT does not apply to payments among Government organisations, SEE or interest payments made to branches of foreign banks.
		<b>Notification 47/2018 dated on 18 June 2018</b>
		<b>Notification N°41/2017 has been replaced by Notification N°47/2018 starting from 1 July 2018.</b>
		The main change is the removal of withholding tax on payments for goods and services to residents. However, payments made by the Government are still subject to a 2% withholding tax.
		In the new notification, for payment made by the government under paragraph (c) of the withholding tax rates table below, MoPF states the payment exemption threshold of MMK 1 million in a year. It is also stated that no withholding tax is required for payments made between Government Agencies.
7	Other significant payments (> 50,000 USD)	To avoid material omissions, a line entitled "Other significant payments flows" has been included in the reporting template for extractive companies to report any significant payments including any payment flows which are not expected in the reporting template and which are above USD 50,000.
<b>Payments to Customs Department</b>		
1	Commercial Tax	A commercial tax is levied on the sales of goods and services and applies to certain transactions as defined in the Commercial Tax Law. Commercial tax is applied to the gross sales of goods and services. For imported goods, commercial tax is calculated via the "cost, insurance and freight" (CIF) value of goods.
2	Customs Duties	Goods imported in Myanmar are subject to Customs Duties and are required to be declared to the Myanmar Customs Department accordingly.

		Currently, the Customs Duties levied on the import of machinery, spare parts, and inputs generally range from 0% to 40% of the value of the goods.
		For exports of goods, export duty is levied on certain commodities.
<b>Oil and Gas payments</b>		
<b>Payment flows in kind</b>		
<b>No</b>	<b>Payment flows</b>	<b>Definition</b>
<b>Payments to MOGE</b>		
1	State production entitlement	It is the State's entitlement to the Profit Oil/Gas of the Oil and Gas produced.
2	MOGE production entitlement	It is MOGE's entitlement on the Profit Oil/Gas and Cost Oil/Gas of the Oil and Gas produced. All three of the Standard PSCs used by EPD contain state buy-in provisions. For onshore blocks, the standard PSC reserves a 15% undivided interest for MOGE, with the option for the state to increase their share up to a 25% undivided interest in the project. For offshore blocks, MOGE has the right to buy-in to the project up to 20% upon a commercial discovery (increasing to 25% if the reserves are greater than 5 TCF).
3	Royalties	Royalties are charged at the percentage (mentioned in the PSC) of the value of production. The same rate applies for both oil and natural gas. Royalties in Myanmar could be paid in kind or in cash.
4	Baseline payment	In-kind payment made by Oil and Gas onshore companies to MOGE. The amount and payment modalities are detailed in the PCC (Performance Compensation Contracts) and IPR (Improved Petroleum Recovery Contract)..
5	Risk compensation	In-kind payment made by Oil and Gas onshore companies to MOGE. The amount and payment modalities are detailed in the PCC (Performance Compensation) Contracts and IPR (Improved Petroleum Recovery Contract).
6	Payment out of production (-)	The reimbursement of undivided interests by MOGE in the total of the rights and obligations can be made in kind or "Payment out of Production" of fifty percent (50%) of MOGE'S production entitlement under the Contract valued commencing from the beginning of Commercial Production.
<b>Payment flows in cash</b>		
<b>No</b>	<b>Payment flows</b>	<b>Definition</b>
<b>Payments to Ministry of Energy/MOGE</b>		
7	Signature Bonus	Bonus paid upon conclusion of a (Production Sharing Contract (PSC). The amount of the Signature Bonus is specified in the PSC.
8	Royalties	Royalties are charged as a percentage (mentioned in the PSC) of the value of production. The same rate applies for both oil and natural gas. Royalties in Myanmar could be paid in kind or in cash.



9	Production Split (State share)	It is the State's entitlement on the Profit Oil/Gas of the Oil and Gas produced. Production of petroleum net of cost is shared between PSC parties, based on a progressive sliding scale linked to average daily production levels from the production area. The rates are distinct for oil and for natural gases.
10	Production Bonus	Bonus paid to MOGE in proportion to the quantities of hydrocarbons produced. The amount of the Production Bonus is specified in the PSC.
11	MOGE share (Profit and Cost)	It is MOGE's entitlement on the Profit Oil/Gas and Cost Oil/Gas of the Oil and Gas produced. All three of the Standard PSCs used by EPD contain state buy-in provisions. For onshore blocks, the standard PSC reserves a 15% undivided interest for MOGE, with the option for the state to increase its share up to a 25% undivided interest in the project. For offshore blocks, MOGE has the right to buy-in to the project up to 20% upon commercial discovery (increasing to 25% if the reserves are greater than 5 TCF).
12	Dividend	This is the distribution of profits in proportion to the number of shares held directly in the Extractive Company.
13	Training Fund	A training contribution is payable annually by concession holders. Different annual payments apply during the exploration and production periods. The payments to the training fund are not transferred to MOGE, they are held by the extractive companies and managed by a monitoring committee of which MOGE is a member.
14	Research and Development Fund	Contractors should pay an annual contribution to a Research and Development (R&D) Fund from the start of production. This contribution is equal to 0.5% of contractor's share of profit production.
15	Domestic Market Obligation (DMO)	The Contractor's obligatory share of the domestic market obligation will be in the proportion that the Contractor's entitlement to crude oil and gas to all produced in Myanmar, up to 20% of the crude oil allocated to the Contractor.
16	Data fee	Data fee is levied only on offshore blocks. It is payable within 30 days after the signature of the PSC.
17	Land fees/Dead rent fee	Land fees is payable to the Ministry of Environmental Conservation and Forestry. The amount of the land rent is specified in the PSC
18	Other significant payments (> 50,000 USD)	To avoid material omissions, a line entitled "Other significant payments flows" has been included in the reporting template for extractive companies to report any significant payments including any payment flows which are not expected in the reporting template and which are above USD 50,000.
19	Contribution to the State/region social development fund	It is the annual contribution made by Oil and Gas companies to the State/region social development fund.
<b>Oil and Gas transportation payments</b>		
N°	Payment flows	Definition
<b>Payments to MOGE</b>		
1	Profit Sharing Oil and Gas transportation	It is MOGE's share of the Oil and Gas transported via the pipeline.

2	Transit fees Oil and Gas transportation	Transit fees are paid by extractives companies to MOGE for the use of the pipelines.
3	Road right fee Oil and Gas transportation	Road right fees are paid to MOGE by the companies which operate the pipelines.
<b>Mining sector payments</b>		
<b>Payment flows in kind</b>		
<b>No</b>	<b>Payment flows</b>	<b>Definition</b>
.		
<b>Payments to MoM</b>		
1	Production Split	Production is shared between the parties. The percentage of the SOE and the percentage of each partner are mentioned in the PSC. The Ministry of Mines share can be increased if production increases.
2	Royalties	Royalties are paid by a mining licence holder to SOEs on the sales value of all products extracted. Royalties for Mining Projects are payable on: - Precious metallic minerals from 5% to 7.5% -Iron, copper, zinc, lead, etc. from 3% to 4%; and gold, silver, platinum from 4% to 5%.
<b>Cash payment</b>		
<b>No</b>	<b>Payment flows</b>	<b>Definition</b>
.		
<b>Payments to Ministry of Mines</b>		
<b>Department of Mines</b>		
No. 1		
No.2		
1	Royalties	Royalties are paid by a mining licence holder to SOEs on the sales value of all products extracted. Royalties for Mining Projects are payable on: - Precious metallic minerals from 5% to 7.5% -Iron, copper, zinc, lead, etc. from 3% to 4%; and -Gold, silver, platinum from 4% to 5%.
2	Signature Bonus	Bonus paid within 30 days after conclusion of mining agreement. The amount of the Signature Bonus is specified in the agreement.
3	Production Split	Production is shared between the parties. The percentages payable to the SOE and to each partner are mentioned in the PSC. The Ministry of Mines' share can be increased if production increases.
4	Dead Rent Fees	Land rent also called "dead rent" is payable during mineral prospecting and exploration stages. The amount of the land rent is specified by the mining agreement.
5	Licence Fees	Fees payable by an applicant of mining rights to be granted a mining license or permit.
6	Application Fees	Fees payable by an applicant for a mining right
7	Dividend	This is the distribution of profits in proportion to the number of shares held directly in the Extractive Company.

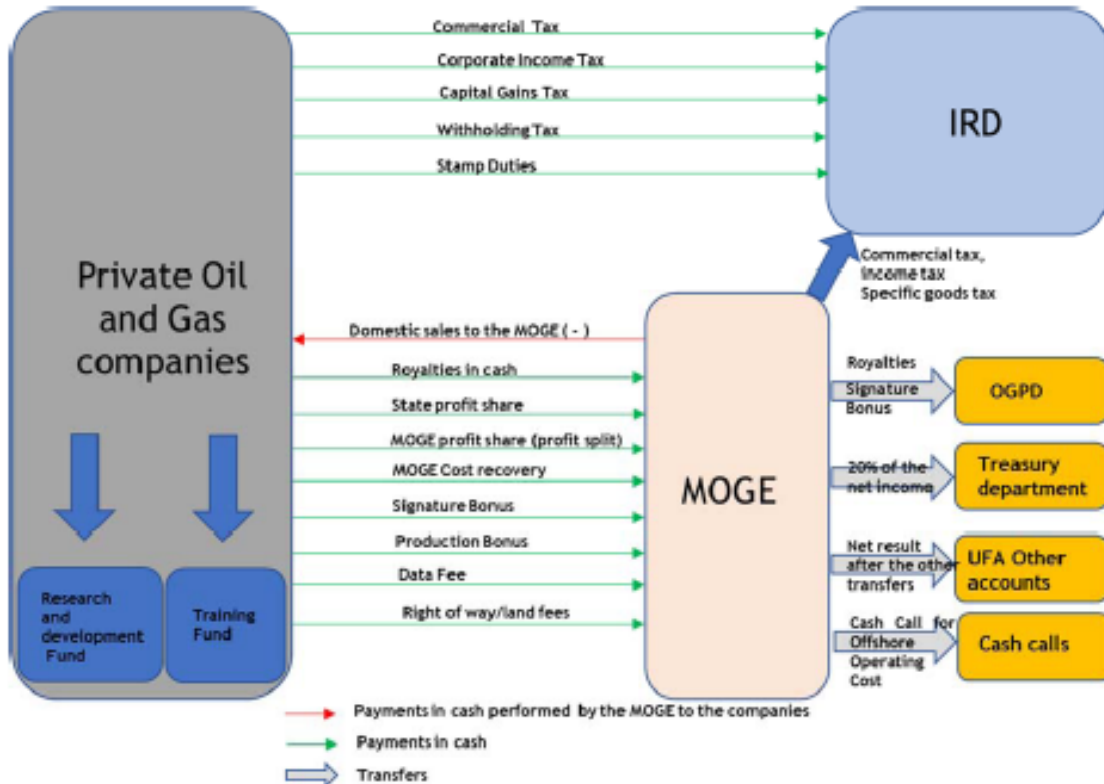
8	Other significant payments (> 50,000 USD)	To avoid material omissions, a line entitled "Other significant payments flows" has been included in the reporting template for extractive companies to report any significant payments including any payment flows which are not expected in the reporting templates and which are above USD 50,000.
<b>Payments to MGE</b>		
9	Royalties (20%)	Royalties are levied on the Gems and Jade sales production at the rate of 20%. These royalties are paid to MGE.
10	Royalties (10%)	Royalties are levied on the Gems and Jade sales in the annual emporium at the rate of 10%. Royalties are split between IRD (7%) and MGE (3%).
11	Sale Split	It is the share of the State on the revenues of Gems & Jade sales made in the annual emporium.
12	Emporium Fees / Sale Fees	These fees are payable by the participants at the Gems and Jade Emporium.
13	Commercial Tax	A commercial tax is levied on the sales of goods and services and applies to certain transactions as defined in the Commercial Tax Law. The commercial tax arising from the sales of Gems and Jade was collected by MGE in FY 2015-2016.
14	Permit Fee	Permit fees are payable by the holders of Gems and Jade rights
15	Service Fees	Service fees are payable by the participants to the Emporium at the rate of 3% for the raw materials and 1% for the value added products
16	Incentives	These fees are payable at the rate of 1% or 2% only by Joint Venture partners.
<b>No</b>	<b>Payment flows</b>	<b>Definition</b>
<b>Payments to Forest Department -Ministry of Environmental Conservation and Forestry</b>		
13	Land rental fees	Land rent also called "dead rent" is payable on mineral prospecting and exploration stages. The amount of the land rent is specified by the mining agreement.
14	Environmental / Plantation fees	Environmental / Plantation fees are payable by mining companies when they obtain their mining licenses.
<b>Payments General Administration Department-Ministry of Home Affairs</b>		
15	Mineral taxes	This includes 'fees from licenses for the extraction of minerals such as stone, laterite, limestone, marble, gypsum, clay, or other minerals which are not under the special mining rule.' In some cases, there is a fee per mill or rent per acre; in other cases, as with marble, GAD receives a certain number of kyats per 100 cubic feet extracted.
<b>Payments to States/Regions</b>		
16	Contribution to the State/region social development fund	It is the annual contribution made by companies to the State/region social development fund.

Source: : Definitions of MEITI Sector from MEITI Templates.

## Appendix B

### Oil and Gas Payment Flow Chart

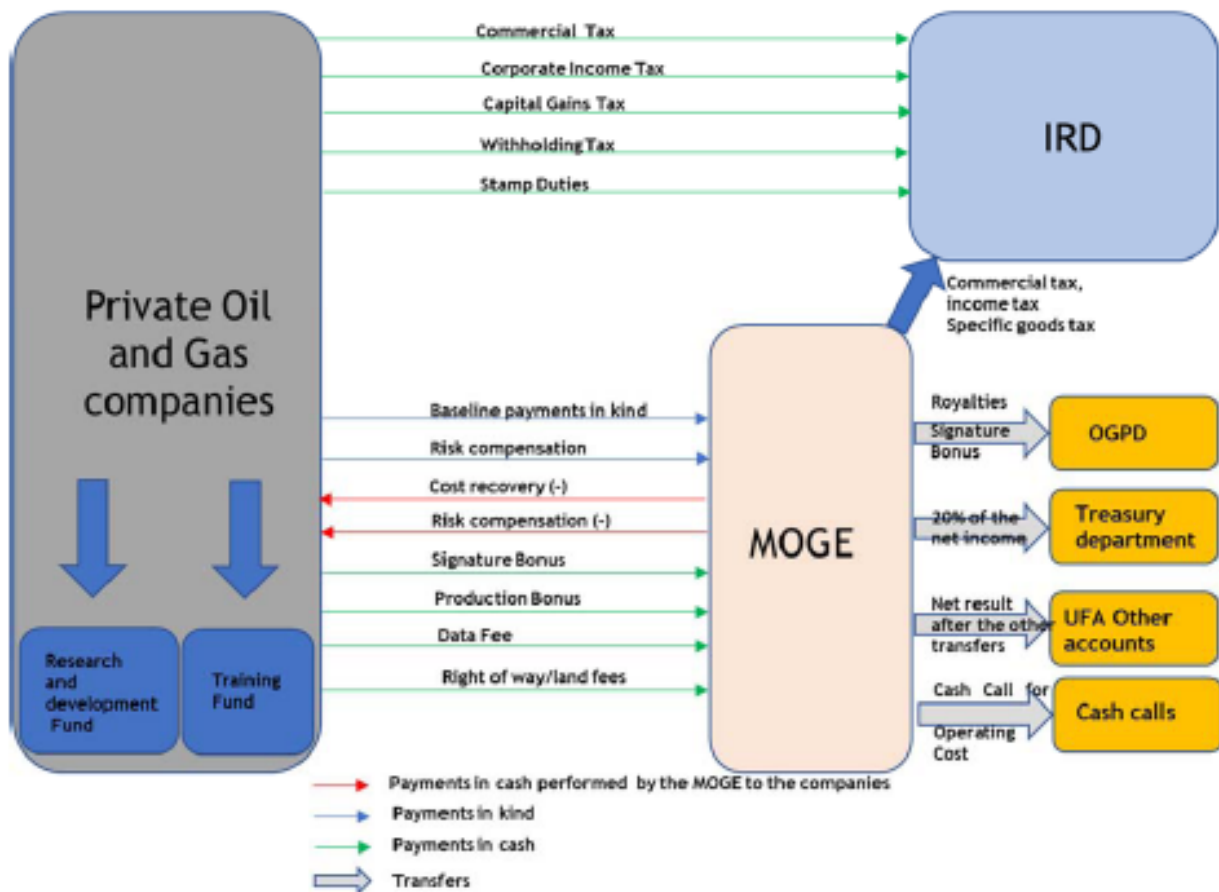
#### PSC contracts



- According to this type contract, the operator performs the Oil and Gas sales then allocate to the different partners their share according to the interest percentage included in the agreement;
- Every month the operator performs the cash call in order to cover its production expenses, then this amount is repaid as cost recovery (after deduction of the royalties in cash). Those expenses depend on the production, but the cost recovery is always 60% of the sales revenue.
- The royalties are paid in cash on a quarterly basis or monthly basis;
- The difference between the state profit share and the MOGE profit share is explained as follow :
  - The state profit share is calculated based on the production sales after the deduction of the cost recovery;
  - The MOGE profit share: after the deduction of the cost recovery and the state profit share, the remaining amount is divided between the different contractors according to their interest. The amount received by the MOGE is the MOGE profit share.
- 10% of the total sales is performed to MOGE on a discounted price.

Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-133.

## PCC contracts



The operator transfers the baseline payment to the MOGE based on a formula established by the agreement. The difference between the total production and the baseline payment is the incremental production.

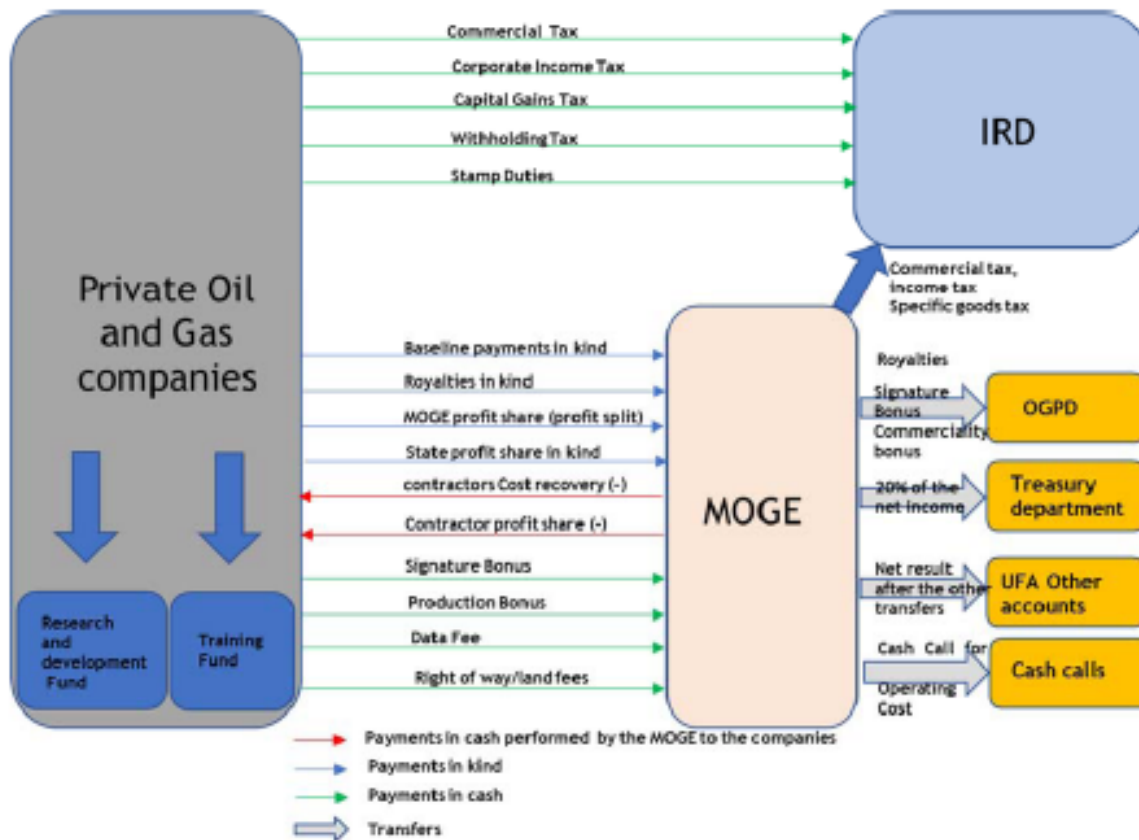
Then, the operator establishes the total cost supported related to this project in USD, then this amount is converted in number of barrels.

The cost recovery (in kind) is transferred to the MOGE representing 40% of the total cost supported by the operator, 60% of this cost is paid by the MOGE to the operator in cash.

The difference between the incremental production and the cost recovery converted in number of barrels represent the risk compensation. The MOGE keeps 65% of this amount in kind. The equivalent of 35% of this amount is paid in cash to the operator.

Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-134.

### IPR contracts



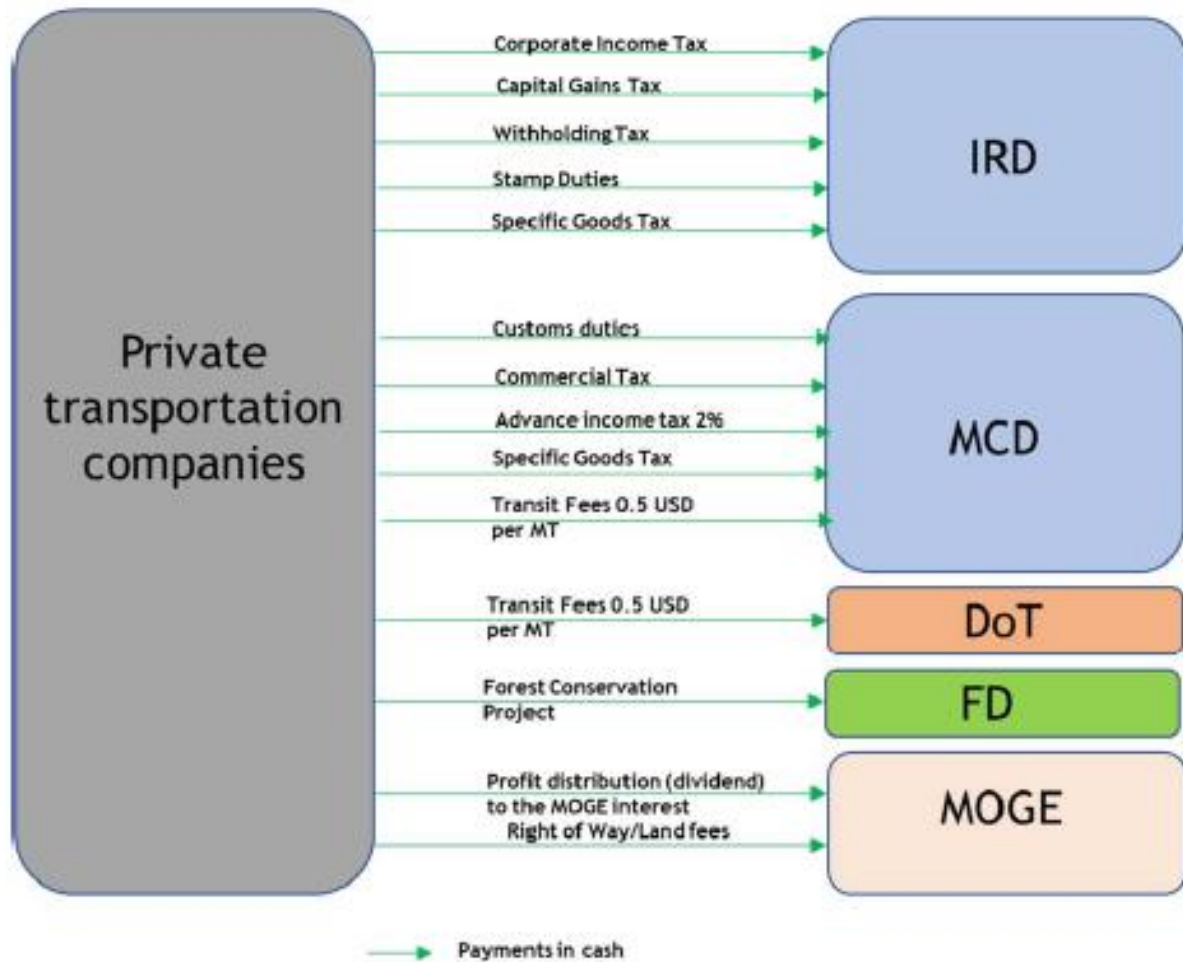
The main idea in this type of contract is that the MOGE receives the total production in kind and pay the company in cash.

We also include the following ideas in order to clarify the fiscal regime of the IPR contract :

- The Baseline payment is calculated according to the contract ;
- Incremental production = (Total production - baseline);
- Royalties in kind is calculated as follows: (total production - baseline) \* (10% +2.5%);
- Cost recovery : is calculated based in the incremental production after the deduction of royalties. 50% of the remaining quantity is used to determine the amount in cash to be paid by the MOGE to the company;
- Profit share : The remaining quantity (after the deduction of the baseline, royalties and cost recovery) is divided between company and MOGE : MOGE receive the profit share in kind : 55% in kind and company receive 45% in cash;

Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-135.

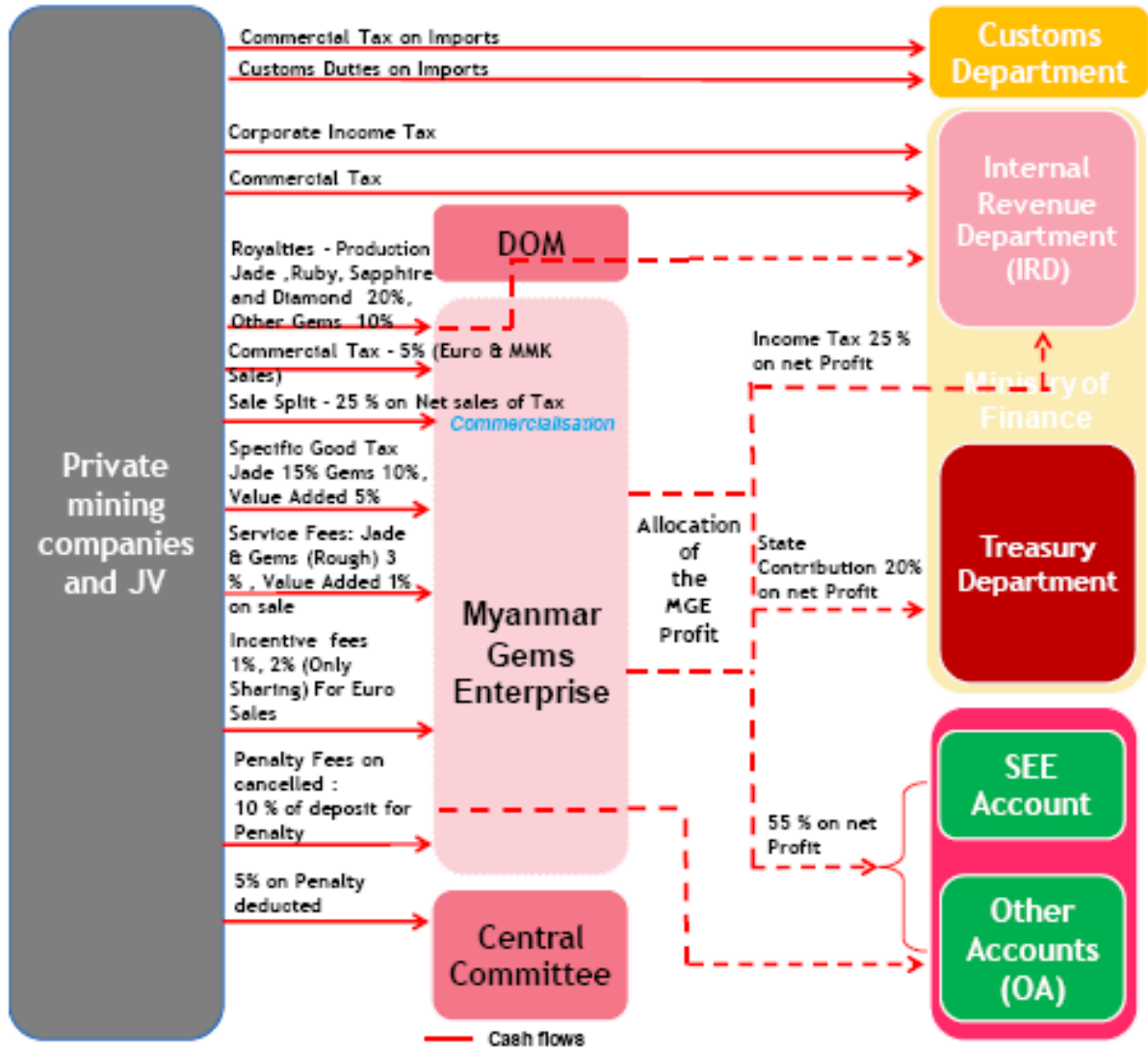
### Transportation of Oil and Gas Payments Flow Chart



Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-136.

### Mining Sector Payments Flow Chart

a. Jade and Gemstones

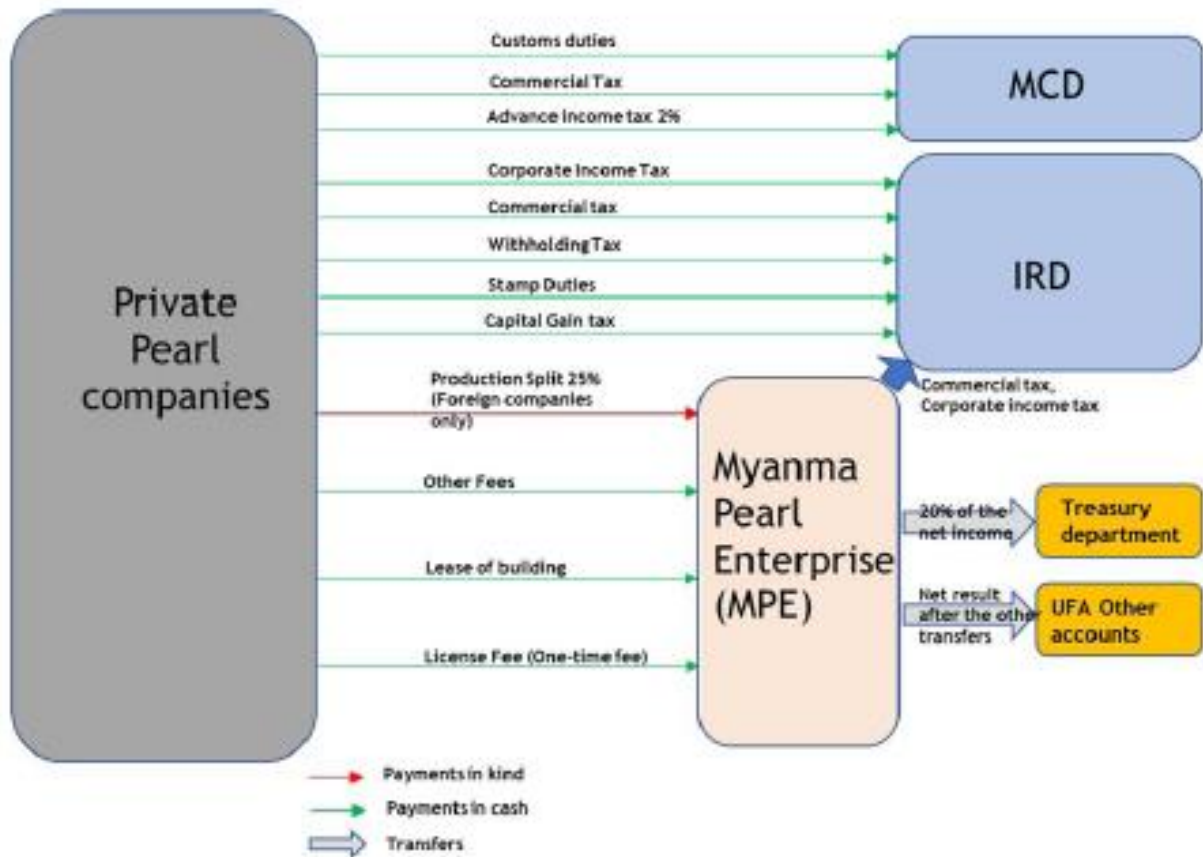


Incentive Fees are collected as below  
 (After deducted Specific Good Tax and Service Fees on sales)  
 US\$ 1-100000 = 2 %  
 US\$ 100001-300000 = 1.5 %  
 US\$ 300001-400000 = 1.25%  
 US\$ 400001 and above = 1%

Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-137.



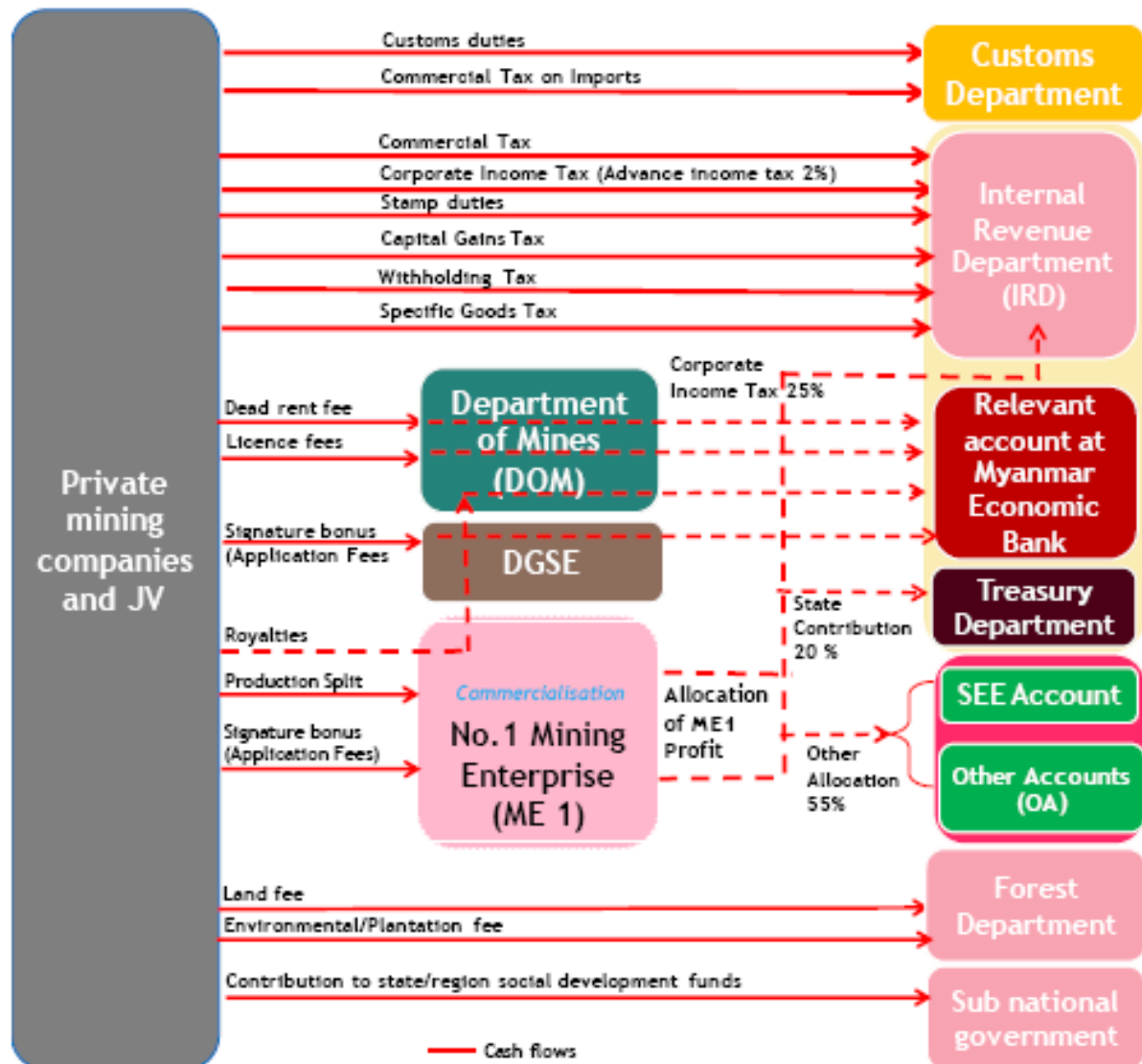
## b. Pearl companies



Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-138.

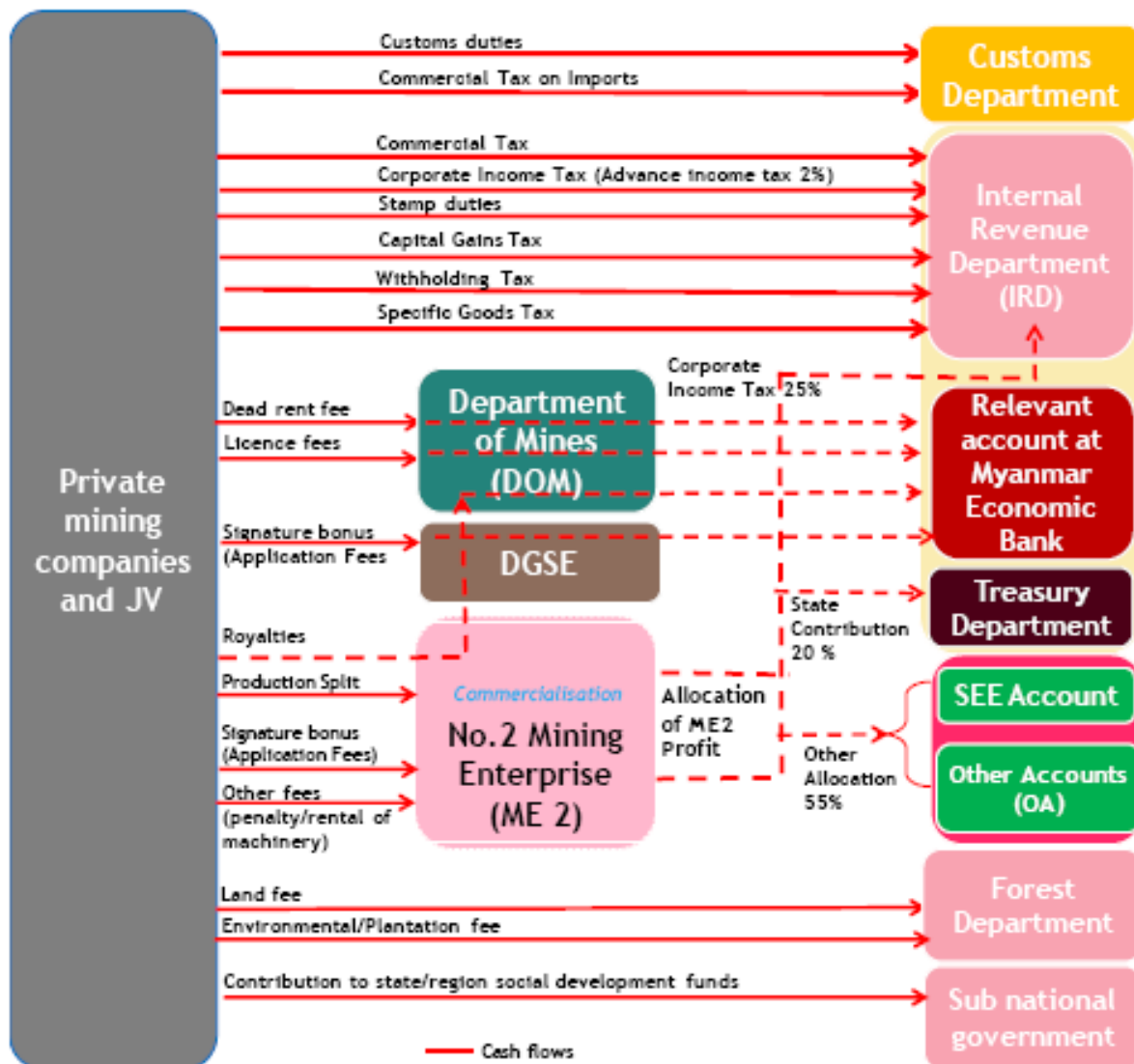
## c. Other minerals

For companies paying taxes to ME1:



Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-139.

For companies paying taxes to ME2:



Source: : “EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE”, EITI MYANMAR, EITI REPORT, 2017-2018, P-140.