

# COVID-19 Pandemic: Relief Measures for Businesses in Myanmar

2 May 2020

Myanmar's economy and businesses have seen a significant slowdown caused by the COVID-19 pandemic. To curb with this slowdown, the Myanmar government has come out with various measures that are intended to provide relief to the affected businesses. The various relief measures implemented across the government ministries are as follows:

## Financial Relief for Priority Sectors

The Ministry of Planning, Finance and Industry ("MOPFI") issued Notification No. 1/2020 on 18 March 2020 stating that businesses in the cut, make and pack sector, hotels, tourism companies, and small and medium enterprises ("Priority Sectors") are entitled to the following reliefs:

### COVID-19 Fund Loan

The Myanmar Economic Bank established a COVID-19 fund with a capital of MMK100 billion (approximately US\$70 million) to provide loans to Myanmar citizen-owned enterprises in the Priority Sectors. The COVID-19 fund loan interest rate is fixed at 1 percent for one year (subject to change depending on the severity of the economic loss incurred).

Pursuant to this, the government has announced on 9 April 2020 that 88 enterprises have managed to obtain the COVID-19 fund loans. These loans will be able to aid the cash flow problems faced by the businesses from the Priority Sectors during the COVID-19 pandemic.

### Extension of Tax Payments Deadline

The MOPFI extended the following tax payment deadline for the Priority Sectors to 30 September 2020:

- (a) quarterly income tax payment (second and third quarters of FY2019 - 2020); and
- (b) monthly commercial tax (31 March 2020 - 31 August 2020 for FY2019-2020).

### Exemption of 2 Percent Advance Income Tax on Exports

The MOPFI also states that the Myanmar government has decided to exempt 2 percent of the Advance Income Tax on exported goods and such exemption will be valid till 30 September 2020.

## Deferred Social Security Contribution

The Ministry of Labor, Immigration and Population issued Notification No. 63/2020 on 20 March 2020 to defer the deadline for payment of social security contributions (for employer and employees) from “15 days after the end of the month” to “3 months after the end of the month”. This measure applies to all the businesses registered under the Social Security Board and this notification is effective from 20 March 2020 until further notice.

## Reduction of Interest Rates

The Central Bank of Myanmar (“**CBM**”) has issued various directives in the past few weeks to reduce its interest rate. The latest Directive No. 8/2020 issued by the CBM on 27 April 2020 states that the Central Bank’s interest rate will be reduced to 7 percent, the minimum bank saving deposit rate will be likewise reduced to 5 percent, while the maximum lending interest rates for collateralized loans and non-collateralized loans will be capped at 10 percent and 14.5 percent, respectively. This directive shall come into effect on 1 May 2020.

## Reduction of Import Licenses Fees

The Ministry of Commerce (“**MOC**”) issued Notification No.23/2020 on 6 April 2020 to amend the import license fee ranging from MMK 30,000 to MMK 90,000 (prescribed under Notification No.58/2019) to a fixed fee of MMK 30,000.

## Reduction of Application Fees for MIC

The Myanmar Investment Commission (“**MIC**”) announced on 7 April 2020 that all the application forms and service fees imposed by MIC will be reduced by 50 percent. The reduction of the application forms and service fees imposed by the MIC came into effect on 20 April 2020 until further notice.

## Exemption of Import License Fee for Pharmaceutical Materials

The MOC also issued Notification No.27/2020 on 11 April 2020, stating that import license fee for all pharmaceutical materials and other materials (stated under Order No.5 /1993 and Order No. 10/1998) for production of pharmaceutical products are exempted. Such exemption came into effect on 11 April 2020 until further notice.

## COVID-19 Economic Relief Plan

The Government of Myanmar has on 27 April 2020 announced the COVID-19 Economic Relief Plan (“**CERP**”) stipulating the plans for various sectors during the COVID-19 pandemic. The sectors that have been covered in the CERP include: investment, trade, banking, tax, public finance, monetary policy, labors, workers, healthcare and household. The CERP also provides details on the plans that have been implemented and the plans that may be implemented if the economy takes a bigger hit from the COVID-19 pandemic.

As mentioned above, the Myanmar government has put in quite a few relief measures to ease the burden of business owners in Myanmar. It is good to note that the relief measures have seen success.

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### **For More Information**

If you have any questions about this *Alert*, please contact Leon Yee, Krishna Ramachandra, Priyank Srivastava, Wang Bei, Ken Tan, any of the attorneys in our Singapore office or the attorney in the firm with whom you are in regular contact.

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