

Zones Designated Under the Myanmar Investment Law

Today, the Myanmar Investment Commission (MIC) issued Notification 10/2017 (Notification) which has established which areas of Myanmar will be designated as Zone 1, regions that are least developed, Zone 2, regions that are moderately developed and Zone 3, regions that are adequately developed, under Section 75 of the Myanmar Investment Law 2016 (MIL).

This notification is of great significance to future MIC investment, because of the effect it will have on the available income tax exemptions in the relevant areas, as follows:

- Zone 1 potentially 7 consecutive years income tax exemption;
- Zone 2 potentially 5 consecutive years income tax exemption; and
- Zone 3 potentially 3 consecutive years exemption.

It is to be noted that the income tax exemptions differ from the previous, mandatory 5 year income tax exemption under the Foreign Investment Law 2012 (now repealed and replaced by the MIL). Even if the investment is located in a particular zone, there is no guarantee of the income tax exemption – Section 75 (c) of the MIL expressly states that income tax exemptions will only be granted in promoted sectors. We do not know yet what such promoted sectors are, although they are expected to include manufacturing; infrastructure development; agriculture and food processing.

As you can see from the attached Notification, the different zones are defined by reference to different townships in different regions across the country. This means that there could be two different zones in one region, because they relate to different townships.

It is interesting to note that Zone 3, adequately developed regions comprises Yangon and Mandalay, although this is not true of all townships in Yangon and Mandalay. Dala is a good example in Yangon, which is in Zone 2 as a moderately developed region. Myingyan in the Mandalay region, well known to those in the power sector, falls into Zone 2.

Bago, where several companies have established manufacturing facilities, falls into two categories, less developed and moderately developed, depending on the township.

Not surprisingly, Dawei, site of the prospective third Special Economic Zone in Myanmar, falls into Zone 1, less developed regions, along with areas of Kachin State and Kyaukpyu in the Rakhine State.

For the full list of townships and their zones please [click here](#) to see our translation of the Notification.



Jo Daniels

Managing Partner, Yangon
Jo.Daniels@bakermckenzie.com

DOWNLOAD ALERT

Contact us



Ross Taylor

Partner, Yangon
Ross.Taylor@bakermckenzie.com



Matthew Hopkinson

Partner, Yangon
Matthew.Hopkinson@bakermckenzie.com



Theerapab Punyasakhon

Partner, Bangkok
Myanmar Liaison
Theerapab.Punyasakhon@bakermckenzie.com

