

## **INSTRUCTION No.08/2016**

(16 October 2016)

**The Republic of the Union of Myanmar**  
**The Management Committee**  
**Thilawa Special Economic Zone**

### **Instruction on Change of Investment Status**

*The Management Committee of Thilawa Special Economic Zone ("Management Committee") hereby issues this Instruction in accordance with Section 11(f) of the Myanmar Economic Zone Law ("Law") on the change of investment status of Investors as under;*

#### **1. Definitions**

In this instruction, the following words shall have the following meanings and capitalized terms used but not defined in this Instruction shall have the meanings given to them in the Law:

**"Authorized Operations"** means the operations of Business in manufacturing or rendering services, which are approved under the Letter of Approval (FORM-2) issued by the relevant Management Committee;

**"Business"** means the investment project which any Investor implements in a Special Economic Zone with approval of the Management Committee.

**"Free Zone"** means the area which shall be deemed to be situated outside of the country;

**"FZB"** means a Business which is provided with the same privileges as a Business located in a Free Zone, when a SEZ is not demarcated as a Free Zone and a Promotion Zone as stipulated in the Law and Rules;

**"Investment Status"** means the status provided for in FORM-2 to the Investors, which is either "A Business in a Free Zone", "A Free Zone Business", "A Business in a Promotion Zone" or "Other Business".

**"Investment"** means citizen or foreigner who implements investment business permitted by relevant Management Committee in a Special Economic Zone.

#### **2. Change of Status**

- 1) If a "Business in a Free Zone" or a "Free Zone Business" fails to comply with requirement stipulated in Rule 57 (a) and (b) of the Myanmar Special Economic Zone Rules (hereinafter referred to as "Rules") in any fiscal year or if it fails to report as per Rule 59 the documentary evidence related to its direct and indirect sales of goods and services that can prove the compliance with Rule 57(a) and (b), it shall lose the right to enjoy the

exemptions and incentives eligible for a “Business in a Free Zone” or a “Free Zone Business” in such fiscal year according to Rule 60 of the Rules.

- 2) If such situation continues for another year or if a “Business in a Free Zone” or a “Free Zone Business” fails to comply with such requirement stipulated in Rule 57(a) and (b) of the Rules for the second time in the following year, its investment status shall be changed to a “Business in a Promotion Zone” or an “Other Business” compulsorily by the order of the Management Committee for the remaining period of Authorized Operations.

### **3. Payment of Exempted Taxes**

In case such change of investment status takes place before or by the end of fourth fiscal year from the date of Letter of Approval (FORM-2), such Business shall be liable to pay without any delay commercial tax for the land sublease fee which have been once exempted according to the investment status of a “Business in a Free Zone” or a “Free Zone Business” . .

### **4. Payment of Customs Duty and Other Taxes on Raw Materials Exempted at a Time of Import**

In case such change of investment status takes place, the Investor shall pay all the customs duty and other taxes exempted at a time of import of raw materials and/or any other goods registered with the Management Committee by Material List in a corresponding fiscal year. However, the Investor may apply for a refund of customs duty and other taxes on these materials and/or goods which have been used for production of the finished or semi-finished goods exported to abroad or the Free Zone Business.



Chairman

The Management Committee  
Thilawa Special Economic Zone