

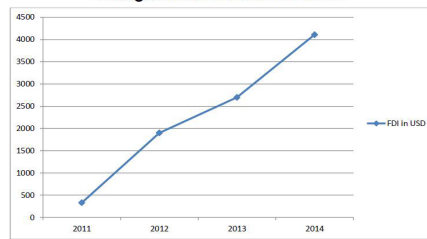
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A Land of Opportunity

Myanmar has a geographically unique and strategic location. The country is situated at the crossroads between the world's two most populous nations of China and India and reaches deep into Southeast Asia where it also shares borders with Thailand, Laos and Bangladesh. A natural hub with a low population density and a rich supply of arable lands and natural resources, Myanmar has the potential to become the fastest growing economy in the region and to once again take up its role as a Southeast Asian trading center.

Foreign Direct Investment in USD



Source: World Bank

In recent years Myanmar has been hailed as the “final frontier” for investors in Asia. Foreign direct investment has increased significantly since the nation's return to a civilian government in 2011 after sixty years of military rule and failed economic policies. The United States, which once imposed severe trade restrictions against the country, has since become an enthusiastic trading partner with US companies investing US\$612 million in Myanmar since 2012.

In order to maintain an attractive investment climate the government has embarked on an ambitious series of reforms and incentives; and Myanmar has become an active member of international and regional investment organizations.

Reasons to Invest

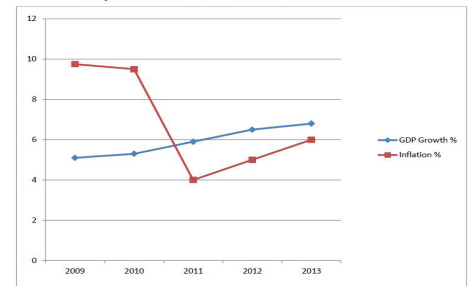
Unparalleled Opportunity for Growth

Myanmar's Southeast Asian location offers a strategic site for Asian-Pacific business operations. The region itself has posted steady economic growth over an extended period and the World Bank predicts that for 2014 and 2015 Myanmar will have the fastest growing economy in the region.

Preferential Market Access

As a member of the Association of Southeast Asian Nations (ASEAN), Myanmar benefits from very low tariffs on most goods traded with its neighbors. Moreover, by 2018, the ASEAN Free Trade Area aims to completely eliminate all tariffs.

Myanmar's GDP Growth and Inflation



Source: IMF

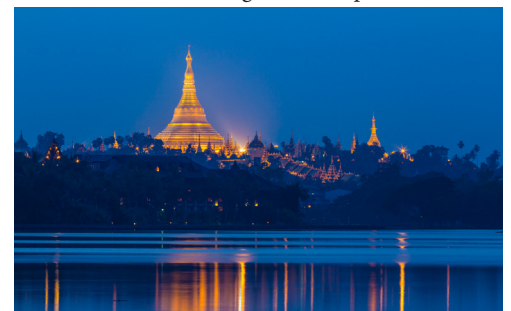
In addition, the ASEAN-China Free Trade Agreement will be fully implemented in 2015. With this integrated trading block of 1.7 billion people, investors have access to substantial growing markets.

Finally, as a WTO member and least-developed country, Myanmar benefits from preferential access to a number of developed markets around the world.

A Reformed and Open Economy

Myanmar has instituted a set of dramatic new reforms and new laws aimed at attracting foreign investment, the chief of these being the 2012 Foreign Investment Law (FIL).

With the creation of the Myanmar Investment Commission, foreign investors now enjoy a one-stop service for investment proposals, access to tax incentives, low tax rates and the ability to develop new businesses within Special Economic Zones (SEZ). Finally, the liberalization of the country's banking sector and telecom industry shows that the serious about continuing down the path of reform.



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INVESTMENT INCENTIVES

- Tax holidays up to five years
- Custom duties exemptions and tax relief for on imported raw materials
- 100% exemption on goods made for export
- Exemptions on profit taxes

Establishing a Company

Companies conducting commercial activities in Myanmar must be registered with the proper authorities. The business form and the associated registration requirements depend on the type of enterprise. Foreign companies can work through a subsidiary, branch or representative office and private limited liability companies are also available.

Investors may register both wholly foreign-owned and joint venture companies in Myanmar under the Companies Act (CA) or the FIL, which offers the added advantage of tax incentives. Minimum capital requirements for companies registered under the CA are US\$50,000 for a service company and US\$150,000 for a manufacturing company while the capital requirements for companies register under the FIL are determined by the MIC at its discretion, but are generally higher than the CA.

Investment Incentives

The Myanmar Investment Commission (MIC) oversees and promotes foreign direct investment and coordinates with regional and international bodies. The MIC sets minimum capital requirements, awards land leases, work permits, and provides tax exemptions, relief and other incentives for investors.

Under the FIL, registered companies with MIC permits are able to receive substantial tax benefits. Tax holidays of up to five years are available and successful enterprises may continue to receive exemptions from the MIC at its discretion.

Businesses manufacturing goods for export are exempt from paying commercial tax and are further entitled to claim income tax relief for up to 50% of the profits earned on these goods. Companies are also able to receive relief from customs duties and internal taxation on any imported raw materials during the first three years of operation. Moreover, any equipment, machinery or spare parts used in the business or required during the construction phase is also eligible to receive relief from customs duties and internal taxation. Finally, companies can claim exemptions from tax on profits under a scheme that requires the maintenance of a reserve fund and the re-investment of profits within a year after the fund has been created.

Major Myanmar Investors

China has remained the largest source of foreign investment in Myanmar with US\$14.2 billion. Thailand is the second largest source of foreign investment with US\$10 billion invested. Hong Kong and the Untied Kingdom follow as the third and fourth largest investors, respectively.

In recent years, however, South Korea, Singapore and Japan have begun investing substantially in Myanmar. Finally, the United States has also become an important trading partner. The US-based Coca Cola Company, which was first registered for business in 2012 under the FIL, has gone on to show that not only are US companies able to thrive in Myanmar can do so in a responsible manner. (*See Responsible Investment in Myanmar*, The Coca-Cola Company, Dec. 12, 2013).

RANK	COUNTRY	TOTAL INVESTMENT (MILLION USD)
1	China	14,200
2	Thailand	10,000
3	Hong Kong	6,500
4	UK	3,100
5	South Korea	3,000

Source : MIC (2013)

Taxation

In April 2014 the Union of Myanmar Revenue Law became effective. The new Revenue Law introduces changes to the rates for income tax and commercial tax withholding that used to be set by notifications from the Minister of Finance. Several other new laws and amendments to existing law have also been introduced to update and reform the tax system in Myanmar.

Taxable Income

Income tax is charged on the total income of an enterprise. Total income is computed by 1) Profession, 2) Business, 3) Property, 4) Income from other sources.

Income from capital gains is assessed separately. Income from movable property is treated as business income as well as interest income even if it is not derived from a business source.

Deductions

In respect to business income, deductions are allowed for expenditures incurred for the purpose of earning income, a depreciation allowance is also permitted including an initial depreciation allowance on capital assets.

Income from movable property is considered business income and a depreciation allowance is permitted. Income from immovable property is generally computed in the same way as business income except that there is no depreciation allowance. Donations to approved charitable are deductible, however this is limited to 25% of total taxable income. Non-deductible expenses include capital expenditures, personal expenditures, expenditures that are not commensurate with the business or any other inappropriate expenditures.

INVESTMENT INCENTIVES

- 50-year land leases under the FIL
- Employ foreign skilled personnel
- Special Economic Zones
- One-stop service for creating companies

SPECIAL ECONOMIC ZONES

- Thiliwa SEZ, 20Km outside of Yangon
- Daweil SEZ in the southern Tanintharyi region
- Kyauk Phyu SEZ in the western Rakhine State

Tax on Companies

Companies registered under the CA are considered residents of Myanmar for tax purposes irrespective of the absence of effective management in Myanmar. These companies are taxed on their world-wide income, meaning additional incomes sourced outside of Myanmar.

Non-resident entities and branches of foreign companies are taxed only on income from sources within Myanmar.

Companies registered under the FIL, however, are not taxed on their foreign income.

Non-resident entities and branches of foreign companies are taxed only on income from sources within Myanmar. Partnerships are taxed as entities and not on the individual profit shares of the partners. Corporate tax rates vary depending on the type of taxpayer and the nature of income.

The current rates in Myanmar are as follows:

CATEGORY OF TAXPAYERS OR INCOME	TAX RATE
Companies incorporated under the CA	25%
Companies operating under the FIL	25%
Foreign organizations engaged under special permission in State-sponsored projects	25%
Non-resident foreign organizations	35%
Capital gains taxes	
- Resident taxpayer	10%
- Non-resident taxpayer	40%
- Transfer of shares in oil and gas companies	40-50%

Long-term Land Leases

Foreigners are not allowed to own land in Myanmar but they can lease. Under the FIL, foreign companies may lease land from the government or from private citizens for up to 50 years. This initial term may be extended for two additional periods of 10 years, which are subject to the approval of the MIC. With regards to rent, the FIL provides that the MIC will be in charge of approving the amount of the rent, and they will submit such value to the foreign investor after obtaining governmental approval. If the investor accepts the proposition, the MIC will issue an investment approval.

MIC and an application must be submitted for an appointment and stay-permit. Finally, with the endorsement of the MIC, the company must apply for a work permit from the Ministry of Labor and apply for a stay permit and visa from the Ministry of Immigration.

Foreign Employees

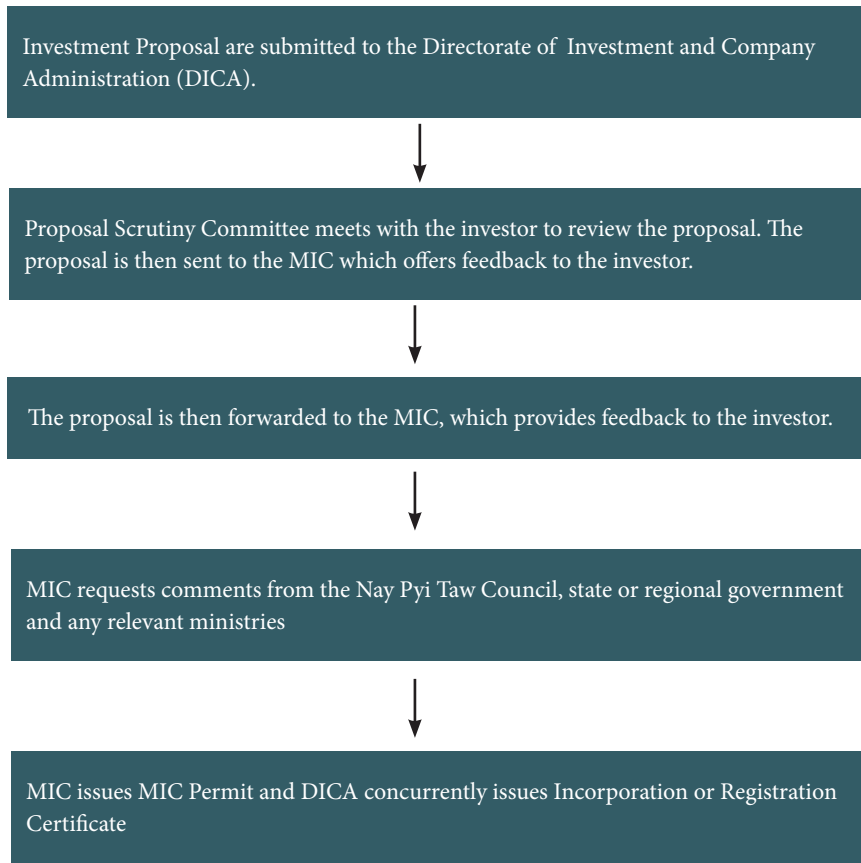
The FIL permits foreign-invested companies that operate in sectors that require skilled personnel to employ up to 75% foreign employees for the first two years of operations; and then to 50% for the following two years; and finally to 25% or less for the 5th and 6th years of operations. Companies interested in employing foreign skilled personnel must disclose the number of foreign employees in the investment application form submitted to the MIC. A permit must also be obtained by the

Special Economic Zones

Special Economic Zones (SEZ) have recently been introduced to Myanmar under the Special Economic Zone Law. At present there are three SEZs in development: the Dawei SEZ in the southern Tanintharyi region in cooperation with Thai investors; the Kyauk Phyu SEZ in the western Rakhine state in cooperation with Chinese investors, and the expansive Thiliwa SEZ with a deep-sea port located just 20 km south of Yangon in cooperation with Japanese investors.

SEZs offer businesses a one-stop service for imports and exports as well as significant benefits and fiscal advantages including exemptions from customs duties and a tax holiday for the first five years of operation followed by a 50% tax holiday for the second five-year period. Land leases of up to 50 years are available which are renewable for an additional period of 25 years.

MIC APPROVAL PROCESS FOR FIL



ABOUT US

BNG Legal is a leading law firm with offices in Yangon, Myanmar and Phnom Penh, Cambodia. We provide comprehensive legal services to foreign and local clients.

Registered with the Bar Association of the Kingdom of Cambodia, our legal professionals combine international standards with local expertise.

Our diverse team of legal professionals combine international standards with local expertise for a business-focused approach to client service.

We differentiate ourselves by coupling a deep understanding of the local business environment with international professionalism and integrity.

Superior knowledge of local protocol, local procedure, and local people is necessary for any business to succeed in emerging Asia.

Conducting daily business in Myanmar and Cambodia, BNG Legal is up to date with the latest procedures and requirements, helping clients efficiently and able to successfully complete any project.

INVESTMENT GUARANTEES	MULTILATERAL CONVENTIONS	BILATERAL AGREEMENTS
<p>Non-discrimination against foreigners, except in land-ownership</p> <p>Legal protections of private property with guarantee against state expropriation</p> <p>Approved investment activities shall not be terminated during the contract period “without sufficient cause”.</p> <p>Investors may remit investment gains overseas (in same foreign currency used to invest) upon completion investment</p>	<p>New York Convention on Foreign Arbitral Awards (domestic legislation is still required in order to implement treaty obligations)</p> <p>WTO (least developed country status)</p> <p>Bay of Bengal Initiative for Multi-Sector Technical and Economic Cooperation</p> <p>ASEAN Australia-New Zealand Free Trade Area,</p>	<p>China</p> <p>Thailand</p> <p>India</p> <p>Philippines</p> <p>Kuwait</p> <p>Laos</p> <p>Vietnam (signed, not yet in force)</p> <p>Japan (signed, not yet in force)</p> <p>Israel (signed, not yet in force)</p>