

The State Peace and Development Council
The State Budget Law, 2002
(The State Peace and Development Council Law No. 5/2002)
The 13th Waxing of Tabaung, 1363 M.E.
(26th March, 2002)

The State Peace and Development Council hereby enacts the following Law: -

Part I

Title and Date of Effectiveness

1. (a) This Law shall be called the State Budget Law, 2002.
- (b) The provisions relating to commercial tax contained in section 33 of this Law shall take effect commencing from 1st January, 2002.
- (c) The provisions relating to commercial tax contained in section 28 to section 32 under Part VI of this Law and the provisions contained in section 36 to section 45, the provisions contained in section 47 and section 48 and the provisions contained in section 51 to section 62 under PART VII shall take effect commencing from the assessment year 2002-2003.
- (d) With the exception of sub-sections (b) and (c) of section 1 of this Law, the provisions of the remaining sections shall take effect commencing from 1st April, 2002 for the financial year 2002-2003.

PART II

The State Peace and Development Council, Multi-Party Democracy General Election Commission, Government, Chief Justice, Attorney General, Auditor General, Ministries and Departments.

Chapter I

Receipts and Expenditures

2. The State Peace and Development Council, Multi-Party Democracy General Election Commission, Government, Chief Justice, Attorney General, Auditor General, Ministries and Departments shall carry out their functions in accordance with the State Budget Programme. In carrying out such functions, all receipts shall be credited to the State Budget and all expenditures payable shall be debited from the State Budget.
3. (a) The respective persons who have been given the responsibility for the receipts and expenditures of the State Peace and Development Council, Multi-Party Democracy General Election Commission, Government, Chief Justice, Attorney General, Auditor General, Ministries and Departments shall supervise and collect those receipts and administer those expenditures as are shown against them in Schedules (1), (2), (3) and (4).
- (b) The respective persons who have undertaken the responsibility under subsection (a) may delegate their powers to the respective persons serving under them.
- (c) Supervision and collection of the receipts and administration of the expenditures shall be in accordance with the provision of this Law, relevant laws, rules, regulations, bye-laws, orders, directives and procedures.
4. (a) Out of the estimated receipts shown in Schedules (1) and (3), if foreign aids and loans received under Chapter III exceed the estimated amount, and if expenditures of those works which are to be

incurred out of such excess amount received as foreign aids and loans are in excess of the sanctioned expenditures shown in Schedules (2) and (4), the Government may approve after scrutiny. Provided that, if expenditures to be incurred out of the State Budget in kyats converted from the aforesaid foreign aids and loans are not covered by the sum shown in Schedule (2) and (4), then it may be incurred out of the reserve fund in accordance with the provisions of section 6.

(b) The Government shall submit matters relating to expenditures in excess permitted under sub-section (a) to the State Peace and Development Council together with objects and reasons casewise.

5. In respect of any alterations of sums shown in Schedules (1), (2), (3) and (4) under requirement of work, it shall be shown in the revised estimate budget for the 2002-2003 financial year submitted to the State Peace and Development Council.

Chapter II Reserve Fund

6. (a) Expenditures incurred by the State Peace and Development Council, Multiparty Democracy General Election Commission, Government, Chief Justice, Attorney General, Auditor General, Ministries and Departments out of the reserve fund shown in Schedule (4), column 12 shall be effected only in accordance with the following conditions:

(i) being expenditure which cannot be anticipated;

(ii) being a case in which expenditure must be incurred within the financial year;

(iii) where transfer of budget heads cannot be effected or where there is no allotment for transfer of budget heads under the existing laws, rules, regulations and bye-laws.

(b) Any expenditure from the reserve fund shall be made only by the decision of the Government.

(c) The Government shall submit matters relating to expenditure to be incurred out of the reserve fund to the State Peace and Development Council together with objects and reasons casewise.

7. The State Peace and Development Council, Multi-Party Democracy General Election Commission, Government, Chief Justice, Attorney General, Auditor General, Ministries and Departments shall not be allowed to submit supplementary budget of the State in respect of receipt of amounts in excess of or less than the estimated amount under this Law or appropriation of allotment by transferring budget heads within the sanctioned expenditure or expenditure incurred from the reserve fund or expenditure incurred with the sanction of the Government under section 4. Provided that, if expenditures in conformity with the conditions contained in section 6 are not covered by the reserve fund allowed under this Law, then such expenditures may be submitted to the State Peace and Development Council together with objects and reasons casewise.

Chapter III Taking of Loans

8. For the purpose of projects or for expenditures shown in the State Budget, the Government may take loans by issuing security bonds guaranteed by Government or debentures or by other means, within the country or from abroad. Reasonable rates of interest may be prescribed for such loans. Conditions for repayment, redemption or provision otherwise may also be stipulated.

9. Regarding loans obtained by issuing security bonds for covering the deficit in the budget of the previous financial year, new security bonds may be issued when payment of the loan becomes due.

10. The State Economic Organizations and Cantonment Municipalities may take loans from abroad, for their projects with the approval of the Government.

11. The Government may grant permission to any Government Department to borrow money from abroad for any project.

12. (a) The Government may empower the Minister of the Ministry of Finance and Revenue for carrying out wholly or partly the duties contained in this Chapter III.

(b) The Minister of the Ministry of Finance and Revenue may, on behalf of the State furnish guarantees for the taking of loans under this Chapter III.

13. During the financial year commencing 1st April, 2002 and ending on 31st March, 2003 the amount of loans actually received by execution of loan agreements under this Chapter III shall not exceed Kyats one hundred and twenty thousand million.

PART III

State Economic Organizations

14. The State Economic Organizations shall carry out their functions in accordance with the State Budget Programme. In carrying out such functions, all receipts shall be credited to the State Budget and all expenditures payable shall be debited from the State Budget.

15. (a) The respective persons who have been given the responsibility for the receipt and expenditure of the State Economic Organizations shall supervise and collect those receipts and administer those expenditures as are shown against them in Schedules (5) and (6).

(b) The respective persons who have undertaken the responsibility under sub section (a) may delegate their powers to the respective persons serving under them.

(c) Supervision and collection of the receipts and administration of the expenditures shall be in accordance with the provisions of this Law, relevant laws, rules, regulations, bye-laws, orders, directives and procedures.

16. (a) The Government may alter the amounts shown in Schedules (5) and (6), if it becomes necessary for the functions of the State Economic Organizations. Such alterations shall be shown in the revised estimate budget for the 2002-2003 financial year submitted to the State Peace and Development Council together with objects and reasons therefor.

(b) The Government may determine the amount of money to be contributed by the State Economic Organizations towards the State.

PART IV

Cantonment Municipalities

17. The Cantonment Municipalities shall subsist on their own funds and shall carry out their functions in accordance with their Budget Programmes.

18. (a) The respective persons who have been given the responsibility for the receipt and expenditure of Cantonment Municipalities shall supervise and collect those receipts and administer those expenditures as are shown against them in Schedules (7) and (8).

(b) The respective persons who have undertaking the responsibility under subsection (a) may delegate their powers to the respective persons serving under them.

(c) Supervision and collection of the receipts and administration of the expenditures shall be in

accordance with the provisions of this Law, relevant laws, rules, regulations, bye-laws, orders, directives and procedures.

19. (a) The Government may alter the amounts shown in Schedules (7) and (8), if it becomes necessary for the functions of Cantonment Municipalities. Such alterations shall be shown in the revised estimate budget for the 2002-2003 financial year submitted to the State Peace and Development Council together with objects and reasons therefor.

(b) The Government may permit Cantonment Municipalities to obtain money required for carrying out their functions or for investment from grants or loans.

20. The Cantonment Municipalities may collect only such rates and taxes permitted by the existing laws, rules, regulations, bye-laws, orders, directives

PART V

Development Committees and Municipalities

21. The Government may grant loans and contributions to the Development Committees and Municipalities.

PART VI

Commercial Tax

22. In the list of non-taxable goods contained in annexed Schedule (1) of the Commercial Tax Law, serial numbers 66, 67, 68, 69, 70 and 71 shall be inserted respectively after serial number 65, as mentioned in Schedule (9) of this Law.

23. In the list of goods on which tax shall be levied at 5 per cent contained in Schedule (2) of the Commercial Tax Law, serial numbers 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55 and 56 shall be inserted respectively after serial number 31, as mentioned in Schedule (10) of this Law.

24. In the list of goods on which tax shall be levied at 10 per cent contained in annexed Schedule (3) of the Commercial Tax Law, serial numbers 121, 122, 123, 124, 125, 126, 127, 128, 129, 130 and 131 shall be inserted respectively after serial number 120, as mentioned in Schedule (11) of this Law.

25. In the list of goods on which tax shall be levied at 20 per cent contained in Schedule (4) of the Commercial Tax Law, serial numbers 89, 90 and 91 shall be inserted respectively after serial number 88, as mentioned in Schedule (12) of this Law.

26. In the list of goods on which tax shall be levied at 25 per cent contained in annexed Schedule (5) of the Commercial Tax Law, serial numbers 52, 53, 54 and 55 shall be inserted respectively after serial number 51, as mentioned in Schedule (13) of this Law.

27. In the list of services contained in annexed Schedule (7) of the Commercial Tax Law, serial numbers 6, 7, 8, 9 and 10 shall be inserted respectively after serial number 5, as mentioned in Schedule (14) of this Law.

28. Notwithstanding the provisions contained in annexed Schedule (1) to Schedule (6) and in serial number 3 of Schedule (7) of the Commercial Tax Law, if foreign currency is included in the proceeds of sale or total proceeds of sale received by any person from any production and sale of goods in respect of the kinds of goods contained in schedule (1) to Schedule (6) or from any commercial transaction of purchase and sale of goods contained in serial number 3 of Schedule (7), commercial tax

equivalent to 8 per cent of the amount of foreign currency so included shall be paid in such foreign currency.

29. Notwithstanding the provisions contained in annexed Schedule (1) to Schedule (6) and in serial number 3 of Schedule 7 of the Commercial Tax Law, if Kyat is included in proceeds of export and sale received by any person from production and sale of goods in respect of the kinds of goods contained in Schedule (1) to Schedule (6) or from any commercial transaction of purchase and sale of goods contained in serial number 3 of Schedule (7) in border trade between the Union of Myanmar and the People’s Republic of China, the Union of Myanmar and the Republic of India, the Union of Myanmar and Thailand, commercial tax equivalent to 8 percent of the amount of Kyat so included shall be paid in Kyat.

30. The provisions contained in sections 28 and 29 shall not be applicable to export items of the enterprises carrying on business with the permit issued by the Myanmar Investment Commission, export items re-exported by the enterprises by cutting, making and packing (CMP) system and proceeds of sale from export and sale of export items of the mineral sector, energy sector and forestry sector. However if sale is made locally in foreign currency, commercial tax equivalent to 8 per cent of the proceeds of sale shall be paid in such foreign currency.

31. For the avoidance of double tax payments, if any person has previously paid tax for a certain type of goods in foreign currency, no commercial tax shall be assessed again on export sale proceeds in foreign currency for such goods.

32. The provisions contained in sections 28, 29 and 30 shall not be applicable to stipulations on the amount of sale proceeds or receipts from service on which tax shall not be assessed, by notification issued under subsection (b) of section 8 of the Commercial Tax Law.

33. Whoever imports goods in border trade between the Union of Myanmar and People’s Republic of China, the Union of Myanmar and Republic of India, the Union of Myanmar and Thailand, and the Union of Myanmar and Bangladesh, using Kyat or foreign currency, as a special case, the commercial tax on the landed cost of goods shall be paid in Kyat if paid in Kyat or foreign currency if paid in such currency according to the rates prescribed in the Commercial Tax Law. The commercial tax to be paid in this manner shall not apply to the goods exempted from commercial tax on imports under any existing law.

**PART VII
Income Tax**

**Chapter I
Definition**

34. The expressions contained in the Income-tax Law in this Part shall have the same meanings as

**Chapter II
Income-tax Rate for Private Sector**

35. Any person having income under the head of salary shall rates prescribed in the following table:

Serial Number	Level of taxable salary after deducting the reliefs prescribed		Rate of tax to be assessed
	From	To	
	Kyat	Kyat	

1	1	5000	3 per cent
2	5001	10000	5 per cent
3	10001	20000	7 per cent
4	20001	30000	10 per cent
5	30001	50000	12 per cent
6	50001	70000	15 per cent
7	70001	90000	16 per cent
8	90001	110000	17 per cent
9	110001	150000	18 per cent
10	150001	200000	19 per cent
11	200001	300000	20 per cent
12	300001	500000	22 per cent
13	500001 and above		30 per cent

36. In case of non-resident Myanmar citizens, the tax shall be 10 per cent on the total income accrued abroad before any reliefs allowed under section 6 of the Income-tax Law are deducted.

37. In case of a foreigner engaged in a State Enterprise or a State sponsored project, enterprise or in any transaction with the approval of the Ministry concerned shall be 20 per cent of the total income, before any reliefs allowed under section 6 of the Income-tax Law are deducted.

38. In the case of an association of persons formed in a foreign country, which is engaged in a State Enterprise or State sponsored project, enterprise, or in any transaction with the approval of the Ministry concerned, the tax shall be 30 per cent of the total income, before any reliefs allowed under section 6 of the Income-tax Law are deducted.

39. In the case of a company establishment in Myanmar under the Myanmar Companies Act or under the Special Company Act of 1950, the tax shall be 30 per cent of the total income, before any reliefs allowed under section 6 of the Income-tax Law are deducted.

40. In the case of non-resident foreigner the tax shall be 35 per cent of the total income before any reliefs under section 6 of the Income-tax Law are deducted. (If the income is earned in foreign currency, the income-tax shall be paid in that foreign currency. However, if the Income-tax calculated at the relevant rates mentioned in table under section 35 exceeds the sum calculated at 35 per cent, then the greater sum shall be paid.)

41. Except provisions contained in sections 36, 37, 38, 39 and 40, the income under the heads-profession, business, property, income from undisclosed source and income from other source-shall be assessed at rates prescribed in the following table;-

Serial Number	The remaining level of income to be assessed after deducting reliefs prescribed		Rate of tax to be assessed
	From	To	
	Kyat	Kyat	

1	1	5000	5 per cent
2	5001	10000	10 per cent
3	10001	20000	11 per cent
4	20001	30000	12 per cent
5	30001	40000	14 per cent
6	40001	50000	15 per cent
7	50001	80000	16 per cent
8	80001	110000	17 per cent
9	110001	150000	18 per cent
10	150001	200000	19 per cent
11	200001	300000	20 per cent
12	300001	400000	22 per cent
13	400001	1000000	25 per cent
14	1000001	2000000	35 per cent
15	2000001 and above		40 per cent

Chapter III

Rates for Co-operative Sector

42. Income of Primary Co-operative Society, Co-operative Syndicate, Union of Co-operative Syndicates or Central Co-operative Society formed and registered under the Co-Operative Law, shall be assessed at rates prescribed in the following table;-

Serial Number	The remaining level of income to be assessed after deducting reliefs prescribed		Rate of tax to be assessed
	From	To	
	Kyat	Kyat	
1	1	5000	3 per cent
2	5001	10000	5 per cent
3	10001	20000	7 per cent
4	20001	30000	10 per cent
5	30001	50000	12 per cent
6	50001	70000	15 per cent
7	70001	90000	16 per cent
8	90001	110000	17 per cent
9	110001	150000	18 per cent
10	150001	200000	19 per cent

11	200001	300000	20 per cent
12	300001	500000	22 per cent
13	500001 and above		30 per cent

Chapter IV
Income-Tax Rates for State Economic Organizations

43. The tax on the total income of State Economic Organizations shall be 30 per cent, before any reliefs allowed under section 6 of Income-tax Law are deducted.

Chapter V
**Income-tax Rates on Profits Gained from Capital Assets of Private,
Co-operative and State Sectors**

44. The tax on the capital gains shall be 10 per cent before any reliefs allowed under section 6 of the Income-tax Law are deducted. However, for non-resident foreigner, the tax shall be charged at the rate of 40 per cent.

Chapter VI
**Income-tax Rates of Enterprises of Private and Co-operative Sectors
Undertaken by the Permit of the Myanmar Foreign Investment
Corn mission**

45. If the enterprise is formed under the permit issued by the Myanmar Foreign Investment Law, the tax rate shall be 30 per cent on its total income before any reliefs allowed under section 6 of the Income-tax Law are deducted.

Chapter VII
Determination of Assessable Income

46. Under the head of salary in section 35, no income-tax shall be assessed on a total income of salary which is not more than Kyat 30000.

47. No income-tax shall be assessed under section 41 and 42, if the total income is not more than Kyat 30000.

48. Capital assets of one or more if sold, exchanged or transferred, and if the total value of such transaction within a year. does not exceed Kyat 100000, income tax shall not be paid.

49. In case where, although the income exceeds the amount shown in sections 46, 47 and 48, if the excess is not considerable, the Ministry of Finance and Revenue may, by notification prescribe special modes of calculating the assessment of income-tax as required, so that there shall be fairness in assessment and without burdening the tax payer.

50. Notwithstanding anything contained in sub-section (b) of section 4 of the Income-tax Law, no additional income-tax shall be paid other than the taxes shown above.

Chapter VIII
Exemption and Relief from Tax

51. The basic relief allowed under section 6 of the Income-tax Law shall be equivalent to 20 per cent of each class of income. Provided that total relief for a year shall not exceed Kyat 12000.

52. Reliefs for the spouse of a tax-payer and children, other than an association of persons under section 6 of the Income-tax Law, shall be allowed as follows: -

- (a) Kyat 5000 for tax-payer's spouse;
- (b) Kyat 1000 for each child not over 5 years of age;
- (c) Kyat 1200 for each child above 5 years of age, who has not yet completed 10 years;
- (d) kyat 1600 for each child above 10 years of age, who has not yet completed 15 years;
- (e) Kyat 2000 for each child who is above 15 years.

53. Reliefs allowed under sub-section (b) (3) and (4) of section 6 of the Income Tax Law shall be the amount actually paid by the tax-payer during the relevant assessment year.

Chapter IX **Assessment in Kyat and Foreign Currency**

54. Notwithstanding the provisions contained in the Income-tax Law, Myanmar citizens, who earn foreign currency for the sale of commodities produced and carrying out of any kind of business, shall pay 2 per cent of the total foreign currency earning as income-tax in such foreign currency.

55. Payment of 2 per cent income-tax for foreign currency earning prescribed in section 54 shall not be applicable to receipts of enterprises doing business under permit issued by the Myanmar Investment Commission.

56. In the enterprises doing business under permit issued by the Myanmar Investment Commission received foreign currency, the income-tax shall be calculated according to the provisions prescribed in the Regulations 5-B of the Income-tax Regulations and income-tax shall be paid in such foreign currency.

57. Notwithstanding the provisions contained in sub-section (1) of section 3 of the Income-tax Law, if resident foreigner earns the following types of income in foreign currency, the income-tax shall be paid at the rate of 15 per cent in that foreign currency earning for the receipts of such total foreign currency:-

- (a) income from renting building, vehicles, machineries and the property; (b) income under the head of salary;
- (c) except association of persons, the income derived by a person for service rendered as representative, adviser, agent, income under the head of profession and other type of services.

58. Notwithstanding the provisions contained in sub-section (n) (1) and (2) of section 3 of the Income-tax Law, if resident Myanmar citizens and non-resident Myanmar citizens earn any type of income prescribed in sub-section (a), (b) and (c) of section 57 in foreign currency, the income-tax at the rate of 10 per cent shall be paid in such foreign currency for the total foreign currency received.

59. The provisions contained in sections 51 and 52 shall not be applicable to income of enterprises doing business under the permit issued by the Foreign Investment Commission, the income-tax shall be paid at the same rate which is applicable to Myanmar citizens who earn foreign currency.

60. If resident foreigner earns foreign currency from the sale of commodities produced, doing any kind of business and carrying out of any kind of service, the income-tax on that receipt shall be calculated according to the provisions prescribed in regulations 5-B of Income-tax Regulations and paid in foreign currency.

61. If Kyat is included in the export sale in border trade between the Union of Myanmar and the People's Republic of China, the Union of Myanmar and Republic of India, the Union of Myanmar and Thailand, the income-tax equivalent to 2 per cent of the amount of Kyat so included shall be paid in Kyat. Provided that it is not applicable to the income of enterprises under permit issued by the Myanmar Citizens Investment Law.

62. If Kyat is included in the income of enterprise doing business under permit issued by the Myanmar Citizens Investment Law, the tax shall be calculated and paid according to the provisions of the Income-tax Law. If both Kyat and foreign currency are included in the income, the tax shall be calculated and paid according to the provisions of Regulations 5-B of the Income-tax Regulations.

The State Peace and Development Council, Multi-Party Democracy General Election Commission, Government, Chief Justice, Attorney General and Auditor General
[Schedule \(1\)](#)

The State Peace and Development Council, Multi-Party Democracy General Election Commission, Government, Chief Justice, Attorney General and Auditor General
[Schedule \(2\)](#)

Ministries and Departments
[Schedule \(3\)](#)

Ministries and Departments
[Schedule \(4\)](#)

State Economic Organizations
[Schedule \(5\)](#)

State Economic Organizations
[Schedule \(6\)](#)

Cantonment Municipalities
[Schedule \(7\)](#)

Cantonment Municipalities
[Schedule \(8\)](#)

[Schedule \(9\)](#)

Goods to be added in the Schedule (1) of the Commercial Tax Law that are not to be taxed

[Schedule \(10\)](#)

Goods to be added in the Schedule (2) of The Commercial Tax Law that are to be taxed 5 per cent

[Schedule \(11\)](#)

Goods to be added in the Schedule (3) of The Commercial Tax Law that are to be taxed 10 per cent

[Schedule \(12\)](#)

Goods to be added in the Schedule (4) of The Commercial Tax Law that are to be taxed 20 per cent

[Schedule \(13\)](#)

Goods to be added in the Schedule (5) of The Commercial Tax Law that are to be taxed 25 per cent

[Schedule \(14\)](#)

The types of services and tax rates to be added in the Schedule 7 of the Commercial Tax Law that are to be taxed shown against them

**(Sd.) Than Shwe
Senior General
Chairman
The State Peace and Development Council**

http://web.archive.org/web/20110902222739/http://www.blc-burma.org/html/Myanmar%20Law/lr_e_m102_05.html