**The Government of the Republic of the Union of Myanmar**

**Ministry of Investment and Foreign Economic Relations**

**DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION**

**No.1, Thitsar Road, Yankin Township, Yangon**

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|  | **Guidelines to completing the Foreign Direct Investment Survey** |  |
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**Section 1 to 3 of the Foreign Direct Investment Survey is self-explanatory and additional explanatory notes are included with the survey. These guidelines provide the respondents additional help in completing Section 4 and 5 of the questionnaire.**

**Section 4: Equity owned in your enterprise and dividends paid**

The example described below aims at assisting the respondent to complete Section 4 of the survey questionnaire.

Company XYZ is a company registered with DICA and MIC as a foreign direct investment enterprise. The company was initiated in 2014 with a paid up capital of 800 million Kyats as a joint venture of ‘Company ABC Ltd’ of China and Mr.Kin Thaw, a Myanmar national, with a 50% shareholding each. As of the beginning of the financial year 2017/18 the company had a retained loss of 200 million Kyats. There were no further capital added by the shareholders after the initial start-up capitaland there were no accumulated reserves by the beginning of the financial year 2017/18.

During the financial year of 2017/18, with plans to expanding the company, the company decided to issue new shares amounting to 200 million Kyats of voting shares of the company at an additional share premium. Mr. Lee of Singapore purchased the new shares of the company at a share premium of 100 million Kyats. The total investment by Mr. Lee was 300 million Kyats of which 200 million was as paid up capital of voting shares and 100 million Kyats as an additional share premium. The company decided to account for the additional share premium of 100 million Kyats as technical reserves of the company.

During the financial year, Mr.Kin Thaw also sold voting shares amounting to 50 million Kyats to ‘Company PQR’ of India at an undisclosed share premium. The share premium was received by Mr. Kin Thaw, and was not added to the technical reserves of the company.

During the financial year 2017/18 the company recorded a significant profit after tax of 500 million Kyats. The company decided to retain 300 million Kyats as retained earnings and 200 million Kyats were distributed as dividends to existing shareholders of the company based on the share of voting shares as at end of the financial year.

The total equity transactions during the financial year 2017/18 resulted in Company ABC Ltd’ of China, ‘Mr.Kin Thaw’ of Myanmar, ‘Mr. Lee’ of Singaporeand ‘Company PQR’ of India having ownership of total paid up capital amounting to400 million, 350 million, 200 million and 50 million of Kyats as paid up capital respectively, as at the end of the financial year 2017/18.

Dividends were also paid based on the paid up capital shareholding as at the end of the financial year.

The below table illustrates how the above equity positions and transactions should be recorded in Section 4 of the questionnaire.

All data are reported in millions of Kyats.

**Step 1: Select the currency of reporting.**

* If your company’s financial account is in MMK, you can report in Kyat millions.
* You also have the option of reporting in any other currency as well.
* Please ensure that the data are reported in ‘millions’.

**Step 2: Calculation of equity positions at the beginning of the financial year (Columns 1, 2, 3 and 4)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Please select currency of reporting** | | | **Kyat mn** | Capital paid up to 01/04/2017 | Retained earnings/losses cumulated up to 01/04/2017 | Reserve at 01/04/2017 | Total equity at 01/04/2017 (opening balance) |
|  |  |  |  | 1 | 2 | 3 | 4=1+2+3 |
|  |  | Column automatically calculated in excel based on values in 'Capital paid up' column at the beginning of the year |  |  |  |  | Column automatically calculated in excel |
| Of which: | Type of owner/shareholder |  |  |  |  |  |  |
| **4.1** | D*irect investors*: | Percentage share of equity of investor at the beginning of the year (%) | Country of residence of the direct investor |  |  |  |  |
|  | Company ABC | 50% | China | 400 | -100 | - | 300 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **4.2** | Other *non-residents* |  |  |  |  |  |  |
| **4.3** | R*esidents* | 50% |  | 400 | -100 | - | 300 |
| **4.4** | **Total** | **100%** |  | **800** | **-200** | *-* | **600** |

Notes:

* Paid up capital amounts to the ownership of voting shares of the company, based on the company accounts, attributed to each investor.
* ‘Percentage share of equity of investor at the beginning of the year (%)’ and ‘Total equity at 01/04/2016 (opening balance)’ are automatically calculated in excel.
* Direct investors, who are non-residents that individually hold more than 10% of the total voting shares of the company, are specifically stated with the country of the non-resident under Section 4.1.
* Other non-residents are non-resident voting shareholders that hold less than 10% of total voting shares of the company.
* Other non-residents and residents need not be explicitly stated. If there are more than one in each category, please included the total value.
* The country of other non-residents need not be explicitly stated as well.
* Include totals under each column in in Row 4.4.

**Step 2: Calculation of change in paid up capital during the year andpaid up capital at the end of the financial year (Columns 1,5,6, 11 and 16)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Please select currency of reporting** | | | **Kyat mn** | Capital paid up to 01/04/2017 | Purchase of new or already issued shares (or equivalent equity for branches) during FY 2017-2018 | Sale of shares (or equivalent equity for branches) during FY 2017-2018 | Capital paid up to 31/03/2018 | Percentage share of equity of investor at the end of the year (%) |
|  |  |  |  | 1 | 5 | 6 | 11=1+5+6+9 | 16 |
|  |  | Column automatically calculated in excel based on values in 'Capital paid up' column at the beginning of the year |  |  |  |  | Column automatically calculated in excel | Column automatically calculated in excel based on values in 'Capital paid up' column at the end of the year |
| Of which: | Type of owner/shareholder |  |  |  |  |  |  |  |
| **4.1** | D*irect investors*: | Percentage share of equity of investor at the beginning of the year (%) | Country of residence of the direct investor |  |  |  |  |  |
|  | Company ABC | 50% | China | 400 | 0 | - | 400 | 40% |
| Mr.Lee | 0% | Singapore | 0 | 200 |  | 200 | 20% |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **4.2** | Other *non-residents* | 0% |  | 0 | 50 |  | 50 | 5% |
| **4.3** | R*esidents* | 50% |  | 400 |  | 50 | 350 | 35% |
| **4.4** | **Total** | **100%** |  | **800** | **250** | **50** | **1,000** | **100%** |

Notes:

* New direct investors and other non-residents should be identified based on the percentage share of the paid-up capital at the end of the financial year.
* Investment of Mr. Lee results in an increase in the total paid up capital of the company to1000 million Kyats.
* Consequently, Mr. Lee owns 20% of total voting shares and is considered a direct investor (more than 10% of total shareholding)
* ‘Company PQR’ of India get the ownership of 5% of total paid up capital and hence is considered as an ‘Other non-resident’.
* Purchase and sale of shares during the year is separately identified.
* Other non-residents and residents need not be explicitly stated. Hence ‘Company PQR Ltd’ of India need not be specifically stated.

**Step 3: Calculation of retained earnings, reserves and dividends attributable to each investor based on the paid up capital shareholding (Columns 7, 8 and 15)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Please select currency of reporting** | | | **Kyat mn** | Retained earnings/losses attributable to shareholder during FY 2076-2018 | Change in reserves attributable to shareholder during FY 2017-2018 | Dividends or remitted profits (for branches) declared during FY 2017-2018 | Percentage share of equity of investor at the end of the year (%) |
|  |  |  |  | 7 | 8 | 15 | 16 |
|  |  | Column automatically calculated in excel based on values in 'Capital paid up' column at the beginning of the year |  |  |  |  | Column automatically calculated in excel based on values in 'Capital paid up' column at the end of the year |
| Of which: | Type of owner/shareholder |  |  |  |  |  |  |
| **4.1** | D*irect investors*: | Percentage share of equity of investor at the beginning of the year (%) | Country of residence of the direct investor |  |  |  |  |
|  | Company ABC | 50% | China | 300 x 40% = 120 | 100 x 40% = 40 | 200 x 40% = 80 | 40% |
| Mr.Lee | 0% | Singapore | 300 X 20% = 60 | 100 X 20% = 20 | 200 X 20% = 40 | 20% |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **4.2** | Other *non-residents* | 0% |  | 300 X 5% = 15 | 100 X 5% = 5 | 200 X 5% = 10 | 5% |
| **4.3** | R*esidents* | 50% |  | 300 X 35% =105 | 100 X 35% = 35 | 200 X 35% = 70 | 35% |
| **4.4** | **Total** | **100%** |  | **300** | **100** | **200** | **100%** |

Notes:

* Total retained earnings of 200 million Kyats are attributed to each shareholder based on the shareholding of paid up capital at the end of the year.
* Changes in ’Reserves attributable to each shareholder’ and ‘Dividends attributable to each shareholder’ are calculated in a similar manner.

**Step 4: Verify the calculation of retained earnings and reserves at the end of the financial year based on the beginning stock position and transactions during the year (Columns 2,3, 7, 8, 11 and 12)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Please select currency of reporting** | | | **Kyat mn** | Retained earnings/losses cumulated up to 01/04/2017 | Retained earnings/losses attributable to shareholder during FY 2017-2018 | Retained earnings/losses cumulated up to 31/03/2018 |
|  |  |  |  | 2 | 7 | 12 = 2+ 7 |
|  |  | Column automatically calculated in excel based on values in 'Capital paid up' column at the beginning of the year |  |  |  |  |
| Of which: | Type of owner/shareholder |  |  |  |  |  |
| **4.1** | D*irect investors*: | Percentage share of equity of investor at the beginning of the year (%) | Country of residence of the direct investor |  |  |  |
|  | Company ABC | 50% | China | -100 | 120 | 20 |
| Mr.Lee | 0% | Singapore | 0 | 60 | 60 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **4.2** | Other *non-residents* | 0% |  | 0 | 15 | 15 |
| **4.3** | R*esidents* | 50% |  | -100 | 105 | 5 |
| **4.4** | **Total** | **100%** |  | **-200** | **300** | **100** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Please select currency of reporting** | | | **Kyat mn** | Reserve at 01/04/2017 | Change in reserves attributable to shareholder during FY 2017-2018 | Reserve at 31/03/2018 |
|  |  |  |  | 3 | 8 | 13=3+8 |
|  |  | Column automatically calculated in excel based on values in 'Capital paid up' column at the beginning of the year |  |  |  |  |
| Of which: | Type of owner/shareholder |  |  |  |  |  |
| **4.1** | D*irect investors*: | Percentage share of equity of investor at the beginning of the year (%) | Country of residence of the direct investor |  |  |  |
|  | Company ABC | 50% | China | 0 | 40 | 40 |
| Mr.Lee | 0% | Singapore | 0 | 20 | 20 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **4.2** | Other *non-residents* | 0% |  | 0 | 5 | 5 |
| **4.3** | R*esidents* | 50% |  | 0 | 35 | 35 |
| **4.4** | **Total** | **100%** |  | **0** | **100** | **100** |

* Retained earnings / reserves at the end of the year = Retained earnings/reserves at the beginning of the year + transactions during the year.
* **Step 5: Calculation of ‘Valuations gains (+)/ losses (-) to capital’**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Please select currency of reporting** | | | **Kyat mn** | Total equity at 01/04/2017 (opening balance) | Total equity transactions for FY 2017-2018 | Valuations gains (+)/ losses (-) to capital(if any) | Total equity at 31/03/2018 (closing balance) |
|  |  |  |  | 4=1+2+3 | 10=5-6+7+8 | 9=14-4-9 | 14=11+12+13 |
|  |  | Column automatically calculated in excel based on values in 'Capital paid up' column at the beginning of the year |  |  |  |  |  |
| Of which: | Type of owner/shareholder |  |  |  |  |  |  |
| **4.1** | D*irect investors*: | Percentage share of equity of investor at the beginning of the year (%) | Country of residence of the direct investor |  |  |  |  |
|  | Company ABC | 50% | China | 300 | 160 | 0 | 460 |
| Mr.Lee | 0% | Singapore | 0 | 280 | 0 | 280 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **4.2** | Other *non-residents* | 0% |  | 0 | 70 | 0 | 70 |
| **4.3** | R*esidents* | 50% |  | 300 | 90 | 0 | 390 |
| **4.4** | **Total** | **100%** |  | **600** | **600** | **0** | **1,200** |

* Other changes in equity = Total equity at the end of the year – Transactions in equity during the year – Total equity at the beginning of the year
* Valuations gains (+)/ losses (-) to capital,specifically occur if the company is publicly traded, hence resulting in different share prices at the beginning of the year and at end of the year and / or if the company’s accounts are specifically in a currency other than the reporting currency (i,e, Kyat millions).
* If your company is listed in the Myanmar Stock Exchange, the total equity value at the beginning of the year and the end of the year would be based on the market price of the share.
* Hence, Total equity as at the beginning of the year = Total shares of the company X Market price of the share at the beginning of the year.
* The valuation difference in the market price at the beginning and the end of the year results in ‘Valuations gains (+)/ losses (-) to capital’.
* In this example, as the company is not publicly listed and accounts are kept in Kyat (the reporting currency) there are no ‘Valuations gains (+)/ losses (-) to capital’.

**Section 5: Debt instruments and interest due by your enterprise, please report in transaction currency in millions (ex: MMK millions, USD millions, EUR millions, etc.)**

The below example illustrates how debt instruments obtained by a company should be recorded.

Company A has two non- resident direct investors, ‘Company B’ of Thailand and ‘Ms. Wong’ of Singapore.

The following details of loans obtained by ‘Company A’ were available with company financial statements.

* On 30 June 2017, ‘Company A’ borrowed Singapore Dollars (SGD) 10 million from non-resident direct investor, Ms. Wong of Singapore. The loan is repayable in equal semi-annual installments (in June and December of each year) over a period of 10 years with an annual interest rate of 5.0%. No grace period was given for this loan. The first capital repayment of USD 0.5 million was done in 31 December 2017. An interest payment of SGD 0.25 million was also done on in 31 December 2017.
* During the year 2017/18, ‘Company A’ imported USD 400,000 worth raw materials on credit from ‘Company B’ of Thailand, on 30 September 2017, also a non- resident direct investor of ‘Company A’. As of the end of the fiscal year 2017/18, Company paid USD 200,000 of trade credits due to ‘Company B’ of Thailand on 31 December 2017. ‘Company A’ had credit position of US$ 100,000 with ‘Company B’ of Thailand at the beginning of the fiscal year 2017/18.
* ‘Company A’ has issued a five year bond with a face of Euro 5 million with a coupon rate of 4% paid annually which was purchased by ‘Company FGH BV’, a non-related company based in the Netherlands on 31March 2013. ‘Company A’ paid the annual coupon of Euro 0.2 million for the fiscal year 2017/18 on 31 March 2018. Further the five year bond matured in 31 March 2018.
* On 30 June 2017, ‘Company A’ borrowed Kyat 100 million from the Myanma Agricultural and Development Bank as a development loan. The loan has a grace period of 3 years and a repayment period of 10 years with an annual interest rate of 10%, paid semi-annually onDecember and Juneevery year. The company also paid the semiannual interest payment of Kyat 5 million on 31December 2017. No capital payments are to be made during the grace period.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | |  | | | Debt instruments as at 01/04/2017 (opening balance) | New debt incurred during FY 2017/18 | Debt extinguished during FY 2017/18 | Debt instruments as at 31/03/2018 (closing balance) | Interest incurred to this partner during FY 2017/18 |
|  | |  | | 1 | 2 | 3 | 4=1+2-3 | 5 |
|  | |  | |  |  |  | Column automatically calculated in excel |  |
|  | Type of creditors | |  | | | | | | | | |
| **5.1** | D*irect investors*: | | Country of residence of the direct investor | | Type of debt instrument (ex: loan, trade credit, bond, etc) | Currency of debt, in millions (ex: Kyat millions. US$ millions, Euro millions, etc) |  | | | | |
|  | **Ms. Wong** | | **Singapore** | | **Loan** | **SGD. millions** | **-** | **10.0** | **0.5** | **9.5** | **0.25** |
| **Company B** | | **Thailand** | | **Trade Credit** | **US$. millions** | **0.1** | **0.4** | **0.2** | **0.3** | **-** |
|  |  | |  | |  |  |  |  |  |  |  |
| **5.2** | Other *non-residents* | |  | |  |  |  |  |  |  |  |
|  | **Company FGH BV** | | **Netherlands** | | **Bond** | **Euro. millions** | **5.0** | **-** | **5.0** | **-** | **0.2** |
|  |  | |  | |  |  |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |  |  |

**Step 1:** Detail each position and transactions in the original currency of the debt as illustrated in the below table.