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HOW TO OBTAIN A MIC PERMIT IN MANUFACTURING

Realize the Potential

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Abbreviations

ADB	Asian Development Bank
AEC	ASEAN Economic Community
AOA	Articles of Association
ASEAN	Association of Southeast Asian Nations
BOD	Board of Directors
BOT	Build-Operate-Transfer
BTO	Build-Transfer-Operate
CRD	Company Registration Division
CSR	Corporate Social Responsibility
DICA	Directorate of Investment and Company Administration
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FIL	Foreign Investment Law
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
ID	Identification
ID2	Investment Division 2
IEE	Initial Environmental Examination
IRR	Internal Rate of Return
JV	Joint Venture
MEB	Myanma Economic Bank
MICB	Myanma Investment and Commercial Bank
MCIL	Myanmar Citizen Investment Law
ME	Myanmar Era

Abbreviations

MFTB	Myanmar Foreign Trade Bank
MIC	Myanmar Investment Commission
MMK	Myanmar Kyat
MOA	Memorandum of Association
MOU	Memorandum of Understanding
NRC	National Registration Card
OSS	One-Stop Service
OSSC	One-Stop Service Centre
PAT	Proposal Assessment Team
PSA	Production-Sharing Agreements
PSC	Production-Sharing Contract
SIA	Social Impact Assessment
US-\$	United States Dollar

In the past few years, a wide range of economic reforms have been introduced in Myanmar. The economy has gradually become more liberal and is increasingly opening its doors to foreign investment and trade. Domestic entrepreneurship has been strongly promoted to help stimulate investment in the country's economy. In 2015 Myanmar's economy grew by 7.2 per cent and the Asian Development Bank (ADB) forecasts that Myanmar is on track to achieve a growth rate of 8.4 per cent in 2016. Such growth has been supported by increasing investment, which in turn has been fuelled by improved business confidence, more exports, the increasing production of natural gas, thriving tourism and credit growth – all of which have been complemented by the government's ambitious structural reform programme. In the coming years, Myanmar hopes to achieve the fastest-growing gross domestic product (GDP) in Southeast Asia.

The government of Myanmar has been making major efforts to reach this objective and to make it easier for other countries to do business in Myanmar. In December 2015, the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) was officially launched. As a member of the AEC and given its favourable strategic geographical position, Myanmar has the potential to become a vital trade hub and production base in this region, which includes the ASEAN, China and India.

With the impending reform of the Myanmar Companies Act, as well as further reforms planned for 2016, it will be even easier for local and foreign companies to register in Myanmar.

This Handbook was developed by the Directorate of Investment and Company Administration (DICA), with technical assistance provided by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The information herein is designed to make the process of registration simple, transparent and cost-effective.

Registering Your Company Is the First Step!

The registration process of a company can vary and depends on the type of business. According to the Foreign and Myanmar Citizen Investment Laws, investors who have already registered the company or are in the process of registering the company can apply to an investment permit from the Myanmar Investment Commission (MIC). Draft documents for the Articles of Association (AoA) and Memorandum of Association (MoA) should be attached together with investment proposal and submit to the respective investment division at DICA.

In some sectors, such as construction, mining and manufacturing, foreign companies will need to obtain a permit from the Myanmar Investment Commission (MIC) in order to launch their business and receive incentives or tax benefits. Local companies can also apply for an MIC permit to be eligible for the same incentives.

Manufacturing is a very important sector in Myanmar, attracting more investors every year and offering opportunities for employment and GDP growth. Therefore, clear and easy-to-follow guidelines for those who wish to obtain an MIC permit will facilitate the flow of investment into this sector.

In addition to this Handbook, DICA is working towards making the registration procedure more accessible to companies through its new website and new publications. More initiatives will soon be launched to improve the processes involved in registering and obtaining permits. Such steps should facilitate stronger investment in Myanmar to ensure a prosperous economic future for the country and for those companies interested in doing business here.

I. An Overview of the Procedures

1. Overview

All foreign investors who wish to invest directly in Myanmar are obliged to obtain an MIC permit. For foreign companies that wish only to offer services within Myanmar, no permit is required; these companies can start operating their business after they have become incorporated according to the Myanmar Companies Act. For details about those sectors in which foreign investment is allowed, please refer to MIC Notification No. 26/2016. This notification provides a list of sectors and businesses in which foreign investors (i) are prohibited from conducting business; (ii) can conduct business only as a joint venture (JV) with Myanmar citizens; (iii) can conduct business as a joint venture with Myanmar citizens and with a recommendation from the relevant ministry; and (iv) can conduct business as a joint venture and under certain other conditions. Apart from these sectors, foreign investors can consider setting up a business with foreign ownership of up to 100 per cent. However, service-related business activities that are new to Myanmar are considered on a case-by-case basis, and permits for new types of investment will be granted gradually.

If a foreign investor wants to be eligible for the incentives granted by the Foreign Investment Law (FIL) (2012), an MIC permit is required. This law allows foreign firms to hold leases of land (and buildings) for up to initial 50 years, with the option of extending these leases twice for ten years each. Investment that does not require MIC approval is subject to the limit of a one-year land lease¹. Accordingly, holding an MIC permit offers investors the security of a long-term land lease.

Other incentives are also provided to MIC permit holders, such as investment protection; tax incentives, exemptions, and relief; and the right to transfer foreign currency.

An MIC permit is not mandatory for operating a company owned by Myanmar citizens; however, companies with MIC permits are entitled to incentives provided for in the Myanmar Citizens Investment Law (MCIL). Therefore, any investors – foreign companies, JV companies, and Myanmar companies – must apply for an MIC permit to receive special privileges, tax incentives and investment protection under the MCIL or the FIL.

¹Foreigners and foreign companies are not allowed to own land in Myanmar and may only have leases that last for up to one year under the Transfer of Immovable Property Restriction Act of 1987.

2. Incentives for Investors to Obtain an MIC Permit

Incentives offered to foreign investors when obtaining an MIC permit are provided for in MIC Notification No. 1/2013, the 5th Waning Day of Pyatho, 1374 ME (31 January 2013) and the Foreign Investment Law (FIL) of the Republic of the Union of Myanmar (Law No. 21 of Pyidaungsu Hluttaw, 2012). Incentives offered to Myanmar citizen investors are described in the MCIL (29 July 2013). Below are the main incentives offered to investors who have obtained an MIC permit.

Investment Protection

Both the FIL and the MCIL provide an explicit guarantee that a company operating with an MIC permit will not be nationalized during the period stipulated. In addition, investments with an MIC permit will not be terminated prior to expiration of the term of the permit unless sufficient reasons are given to explain such termination.

Tax Incentives, Exemptions and Relief

Incentives, exemptions and reliefs are provided with respect to income tax, the right to carry forward and offset losses, custom duties and domestic taxes, and commercial taxes. Specifically, MIC permit holders are entitled to the following incentives:

- If a company is engaged in the production of goods or services, it shall be exempt from income tax for up to five consecutive years.
- The investor shall be exempt or relieved from paying income tax on profits maintained in a reserve fund as long as the company subsequently reinvests such profits within one year of the reserve fund having been set up.
- The right to relief from income tax on up to 50 per cent of the profits from exported goods produced by any manufacturing business.
- The right to deduct the value of depreciation of machinery, equipment, building or other capital assets used in the business.
- The right to deduct expenses from the taxable income, such as those incurred for necessary business related research and development carried out in Myanmar.
- The right to pay income tax on the income of foreign employees at the rates applicable to citizens residing in the country.
- The right to carry forward and offset losses for up to three consecutive years from the year the loss was sustained (within two years after the tax holiday period).
- The right to exemption or relief from custom duty or other internal taxes, or both, on imported machinery, equipment, instruments, tools, machinery components, spare parts and materials required while the business is being constructed.
- The right to exemption or relief from custom duty or other internal taxes, or both, on raw materials imported for production during the first three years after construction of the business has been completed.

- The right to exemption or relief from custom duty or other internal taxes, or both, on imported machinery, vehicle equipment, instruments and tools, machinery components, spare parts and materials required during the permitted period for use in the original investment business after the volume of investment has increased upon approval by the commission.
- The right to exemption from commercial tax on goods manufactured for export.

Right to Transfer Foreign Currencies

The investor, whether foreign or local, has the right to transfer the following types of foreign currencies to another country:

- Foreign currency entitlements of the individuals who brought in the foreign capital;
- Net profits after all taxes and reserve funds have been deducted/collected from the individual who brought in the foreign capital; and
- Foreign currency that is allowed by MIC to be withdrawn, which may include the value of assets upon closing of the business. In addition, foreign employees may transfer their salary and lawful income after deducting any taxes and other living expenses incurred domestically.

Right to Use Land

According to the Transfer of Immovable Property Restriction Act, foreigners and foreign companies may not own land in Myanmar and may have leases lasting only up to one year. With an MIC permit, subject to MIC approval, a foreign investor may be permitted to use land for an initial period of up to 50 years, a term which may be extended for two additional consecutive periods of ten years each. Also, because the right to enter into a long-term lease is indispensable for foreign investment in the manufacturing sector, companies consider an MIC permit a requisite for this purpose. Leased land should be approved by respective regional government.

Similarly, for citizen investors who do not have their own land, having an MIC certificate will allow them to lease land from the government or private owned land for an initial period of up to 50 years, a term which may be extended for two additional consecutive periods of ten years each.

Procedure for Transfer of Shares

The FIL and the MCIL set out provisions on the transfer of shares, with the approval of MIC. An investor may transfer shares to a foreign investor and/or to a Myanmar citizen.

II. Guide to Procedures and Processes for obtaining a MIC Permit in the Manufacturing Sector

AN OVERVIEW OF THE PROCEDURES



Step 1: Collecting information from DICA

Seek advice and request information from DICA.

(If investors want to have a new company, company registration and MIC permit application can be processed at the same time.)



Step 2: Preparing the application documents

Buy the Investment Proposal Form, fill in the form and submit it to DICA.



Step 3: Review by the DICA Proposal Assessment Team (PAT)

DICA reviews the application documents and organises a meeting with PAT at which applicants provide a brief overview to the team.



Step 4: Review by the Myanmar Investment Commission (MIC)

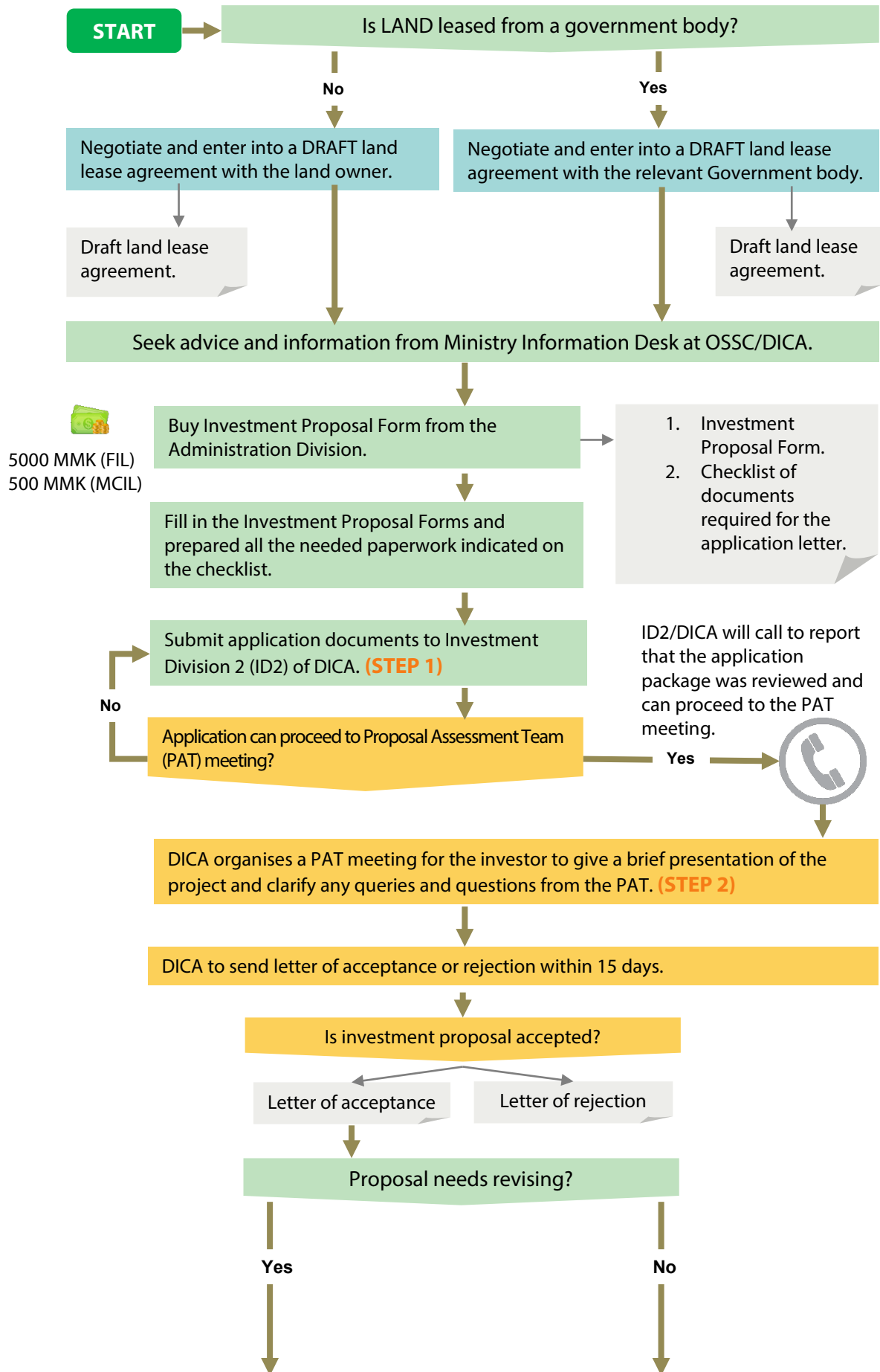
After proposals are reviewed, investors attend an MIC meeting and give a presentation.

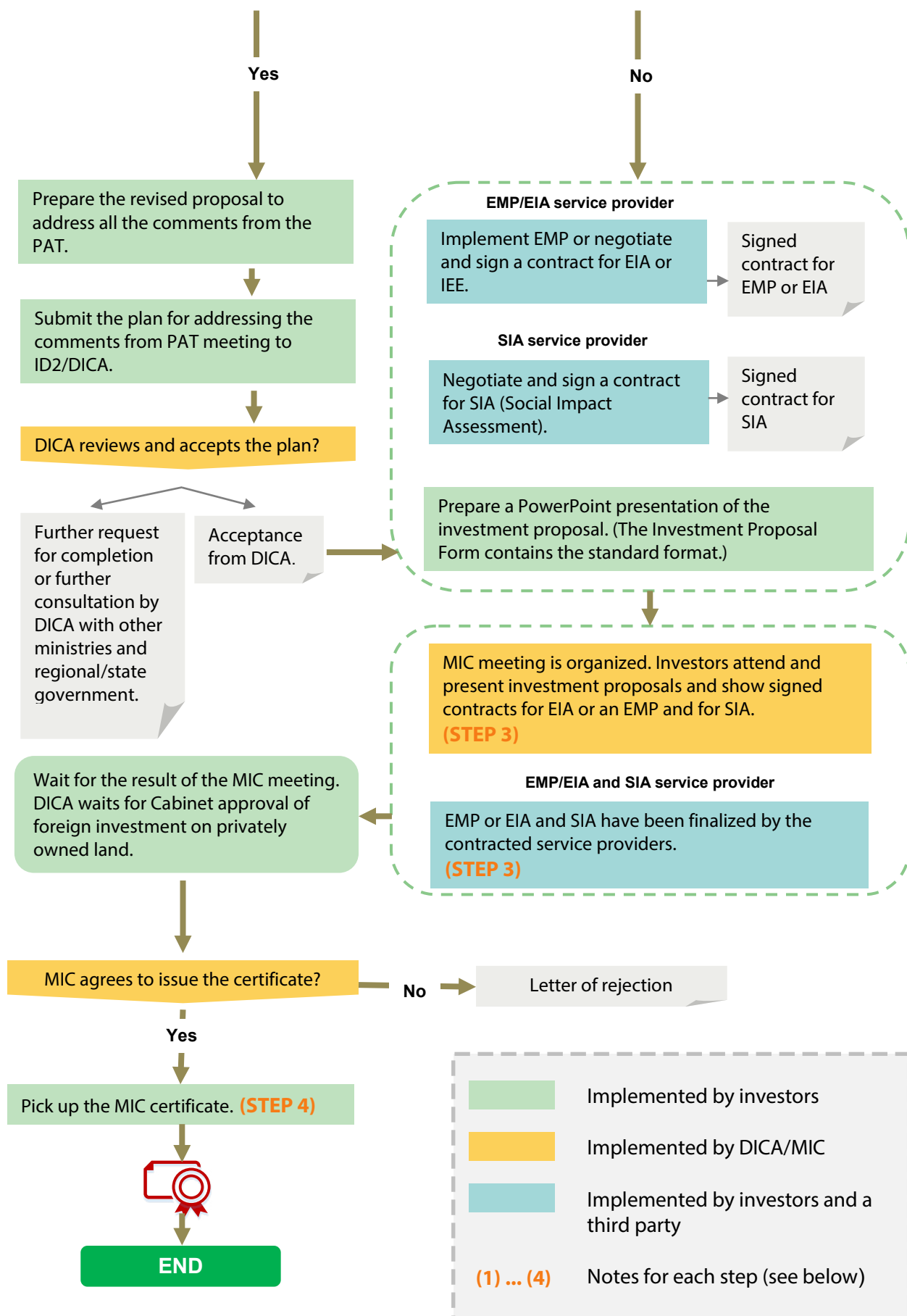


Step 5: Obtaining results

Investors receive notice of the MIC's decision. If their proposal is accepted, investors pick up the MIC certificate.

STEP-BY-STEP PROCEDURES





Notes pertaining to the above flowchart:

1 Documents that must be submitted at Step 1:

By Myanmar citizen investors

1. Application letter addressing the Chairman of the MIC.
2. Copies of identification cards of all directors.
3. Completed Investment Proposal Form.
4. Copies of company registration certificate + AOA + MOA + Form 6 + Form 26.
5. Bank statement showing a reasonable balance amount.
6. Business plan (justification for the business), with (at a minimum) ten-year forecasts, including employment use, cash flow and amount of taxes to be paid to the government.
7. Separate plans for environmental protection, social welfare, corporate social responsibility (CSR), fire prevention, commitment to collect personal income taxes for the government and waste treatment.
8. Plans regarding the amount of power consumption and the amount and source of water to be used.
9. List of equipment, machinery and raw materials to be imported and purchased locally.
10. Blueprint of buildings (if new buildings will be constructed) or photographs of buildings (if existing buildings are used).
11. Map of business location and layout.
12. Land grant or, if land acquisition is still in process, documents referring to the land grant.
13. Draft of land lease agreement (if land is leased from a private owner), together with a copy of the land grant of the lessor. If the land is owned by a government agency or a local government authority, the draft lease agreement should be submitted to DICA ID2 through the responsible authority using its official letter head, along with comments from the Union Attorney General's office.
14. Additional documents detailing the applicants' type of business activity may be requested, such as quality assurance certification, standards and guidelines, evidence of arrangements for the proper storage and handling of chemical raw materials, etc.).

If land is leased from a government body, the relevant government body will send the draft land lease agreement directly to ID2/DICA.

By foreign investors

1. Application Letter addressing the Chairman of the MIC.
2. Copies of identification cards and passports of all directors.
3. Completed Investment Proposal Form.
4. If institutional investor: copies of parent company registration certificate + Board of Directors' resolution of company appointing the directors.
5. Drafts of AOA + MOA + Form 6 + Form 26 of the company to be set up in Myanmar.
6. Bank statement showing a reasonable balance amount of individual (for individual investor) or of parent company (institutional investor). Draft of loan contract if investment is financed by a loan.

7. Business plan with (at a minimum) a ten-year forecast, including employment use, cash flow, and amount of taxes to be paid to the government.
8. Separate plans for environmental protection, social welfare, CSR, fire prevention, commitment to collect personal income taxes for the government, and waste treatment.
9. Plans regarding the amount of power consumption and the amount and source of water to be used.
10. List of equipment, machinery and raw materials to be imported and purchased locally.
11. Blueprint of buildings (if new buildings will be constructed) or photos of buildings (if existing buildings are used).
12. Map of business location and layout.
13. Draft of lease agreement (if land leased from a private owner), together with land ownership paper of the lessor. If the land is owned by a government agency or a local government authority, the draft lease agreement should be submitted to DICA ID2 through the responsible authority using its official letter head, along with comments from the Union Attorney General's office.
14. Additional documents detailing the applicants' type of business activity may be requested, such as quality assurance certification, standards and guidelines, evidence of arrangements for the proper storage and handling of chemical raw materials, etc.

2 Step 2 requires 22 copies of the Complete Application Package for the PAT (after review by the ID2/ DICA).

3 Step 3 requirements:

1. The PowerPoint presentation (following the standard format).
2. Eight (8) copies of the Complete Application Package for the MIC meeting.
3. Contracts for Environmental Management Plan (EMP) or Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA).
4. Contract for EMP or EIA.

4 Step 4 requirements:

1. EMP or EIA.
2. SIA.
3. EMP can be done by investors themselves, whereas EIA and SIA must be done by service providers.
4. IEE is required for investments in the plastic, textile and dye industries.

Based on the Foreign Investment Law 2012, these reports must be provided at the MIC meeting. According to current practice, however, investors may simply provide evidence that these assessments, examinations and plans are under way and will be finalized after the MIC permit is given. Should current practice change, investors will be notified in time.

III. Frequently Asked Questions

1. When does an investor need an MIC permit?

While an MIC permit is not necessary for investors in general, investors in certain sectors and investors who are required to enter into a long-term land lease and/or enjoy concessions must apply for an MIC permit. Foreign companies only providing services within Myanmar do not require a MIC permit and can start operating their business after incorporating a company according to the Myanmar Companies Act. For details in which sectors foreign investment is restricted, please refer to the MIC Notification No. 26/2016. Apart from these sectors, foreign investors can apply for a permit in the form of up to 100% foreign ownership.

2. In the manufacturing sector, what are the legal forms in which foreign investment can take place?

According to the FIL, foreign investments in the manufacturing sector with an MIC permit can take one of the following forms: (1) wholly foreign-owned private companies; (2) joint ventures between foreign investors and a Myanmar citizen or a government department or organisation; and (3) investments made in accordance with systems set out in contracts (including BOT, BTO, PSC/PSA and public–private partnerships).

Incorporation of a foreign company and the registration of a Myanmar branch of a foreign company are subject to the procedures and requirements set out in the Myanmar Companies Act and in the guidelines provided by the Directorate of Investment and Company Administration (DICA). If a foreign investor engages in a joint venture (JV) with a government agency or local government, the JV company must be incorporated in accordance with the Special Company Act.

3. What criteria does the MIC use when evaluating an investment proposal?

The MIC evaluates investment proposals based on the following assessment criteria: (i) compatibility with the policies set out in the Foreign Investment Law, (ii) financial trustworthiness and (iii) economic solidity of the company and conformity with existing laws.

4. How long does it take to get an MIC permit?

An MIC permit will be appraised and, if approved, will be issued within 90 working days from the date when the investment proposal was accepted.

5. What is the fee for an MIC permit?

When applying for an MIC permit, investors only need to purchase Form 1 for MMK 500 (local investors) or MMK 5,000 (foreign investors) respectively.

6. What are the exemptions and reliefs when an investor is investing in Myanmar?

The major exemptions and reliefs for investment in Myanmar are as follows:

- Income tax exemption is granted for a period of five consecutive years starting from the year of commencement. It applies to commercial ventures engaged in the production of goods or services.
- Income tax exemption or relief applies to business profits that are reinvested in a reserve fund and then reinvested within one year after the reserve was established.
- The investor has the right to deduct from the business profits any depreciation values with regard to machinery, equipment, buildings and other capital assets that are subject to the income tax.
- The investor is entitled to relief from income tax of up to 50 per cent on profits from exported goods produced by a manufacturing business.
- The investor has the right to deduct expenses for research and development activities carried out in Myanmar. These activities must be both relevant and necessary to the objectives of the business.
- The investor has the right to carry forward and offset losses for up to three consecutive years, starting from the period when the loss was incurred.
- The investor is exempt or relieved from customs duty or other internal taxes, or both, on imported machinery and equipment, machinery parts and other materials used during the construction of the business.
- The investor is exempt or relieved from customs duty or other internal taxes, or both, on raw materials imported for production for the first three years after the construction of the business has been completed.
- The investor is exempt or relieved from commercial tax on goods produced for export.

7. According to the prevailing laws, in what economic activities can foreign investors invest when limited to a joint venture with a local partner or local company?

Please refer to Notification No. 26/2016 (dated 21 March 2016) of the MIC for a list of the economic activities in which foreign investors can invest only when the business is in the form of a joint venture with a local partner or with a local company or with a citizen of Myanmar. This notification can be downloaded from the DICA website (www.dica.gov.mm).

8. For which economic activities does an investment proposal need to be accompanied by an Environmental Management Plan (EMP), an Initial Environmental Examination (IEE) or an Environmental Impact Assessment (EIA)?

To receive an MIC permit, any investment must provide remarks from the Ministry of Natural Resources and Environmental Conservation to the ID2/DICA. Investors are required to provide different reports based on the type of investment – for example, an EMP for garment factories, an IEE for the steel industry and an EIA for the cement industry and other industries.

9. What determines the rate of income taxes a foreign company or organisation is required to pay?

For income tax purposes, foreign organisations are classified into “resident” and “non-resident” organisations. A resident organisation is:

- (i) In the case of a company, a company formed under the Myanmar Companies Act or any other applicable Myanmar laws.
- (ii) In the case of an association of individuals other than a company, an association where the control, management and decision-making regarding its day-to-day operations are exercised wholly within Myanmar.
- (iii) Any enterprise or individual operating under the FIL.

Currently, companies operating under the FIL and those incorporated under the Myanmar Companies Act, enterprises operating under the FIL and foreign organisations engaged in government-sponsored projects, enterprises or any undertaking under special permission are subject to a flat tax rate of 25 per cent of net profits. Foreign organisations that do not satisfy any of the criteria listed above are classified as “non-resident” organisations. For tax purposes, a branch of a foreign-incorporated company registered in Myanmar under the Companies Act is considered “non-resident”. The income tax rate applicable to non-residents is 35 per cent.

10. When investing in manufacturing in Myanmar, may foreign investors own or purchase land?

According to the applicable laws, foreigners may not purchase or own land. However, foreign-owned companies with an MIC permit may obtain long-term leases up to an initial period of 50 years, depending on the category of the business and the volume of investment. This initial period may be extended for two additional consecutive periods of ten years each.

Foreigners and foreign-owned companies without an MIC permit may sign contracts to lease residential and commercial units. Such contracts must be renewed annually.

11. After the MIC permit is issued, may an investor change the list of to-be-imported machinery or extend the period of construction?

Yes, but the MIC must be informed in advance about such changes.

12. When investing in the manufacturing sector, may companies with an MIC permit employ foreign experts and technicians? If so, what are the key requirements for a work permit?

Companies with an MIC permit may employ foreign managers, experts and technicians. However, to do so, the following procedures must be followed:

- The investor must include the number of foreign experts/technicians to be employed on the Investment Proposal Form submitted to the MIC.
- After obtaining the MIC permit, a company must (i) apply to the Directorate of Labour (under the Ministry of Labour, Immigration and Population) for an appointment and a work permit and (ii) apply to the Immigration and National Registration Department (under the Ministry of Labour, Immigration and Population) for a residence permit and a visa.

The Departmental Coordination Team, which was established and is located at DICA in Yangon, provides one-stop services, including the management of the procedures for employing foreign experts and technicians.

IV. Contacts

Directorate of Investment and Company Administration (DICA)

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

Phone: 01-657891

E-mail: dica.ip.mm@gmail.com

Investment Division (2)

Phone: 01-658128

Fax: 01-658141

Company Division

Phone: 01-657891

Fax: 01-658135

E-mail: core.gov.mm@gmail.com

Departmental Cooperation Team

Phone: 01- 657892

Fax: 01- 657892

V. Forms and Sample Documents Required for the Investment Proposal Dossier to Obtain an MIC Permit in the Manufacturing Sector

1. Documents Required in the Proposal Dossier for a MIC Permit: Checklist Applicable to Foreign Investors

The following is a list of documents to be included with the Investment Proposal Form (1) for investments in accordance with the Foreign Investment Law:

1. Proposal form (1)
2. Company registration certificate (Copy)
3. National identification card (Copy) and passport (Copy)
4. Evidence of the promoter's financial and business standing and economic justification
5. Joint venture agreement (Draft), and recommendation from the Union Attorney General's office if the proposed investment is related to the government
6. Memorandum of association and articles of association of the company
7. Certificate of land ownership and land location map
8. Land lease agreement (Draft) and recommendation of the Union Attorney General's office if the proposed investment is related to the government
9. Recruitment of employees (local/foreign)
10. Plans for social security and welfare for employees
11. Environmental Impact Assessment (EIA)
12. Social Impact Assessment (SIA)
13. Corporate Social Responsibility (CSR)

2. Documents Required in the Proposal Dossier for a MIC Permit: Checklist Applicable to Myanmar Citizen Investors

The following is a list of documents to be included with the Investment Proposal Form (1) for investments in accordance with the Myanmar Citizen Investment Law:

1. Land issues
 - (a) Industrial land grant (if the building is on industrial land)
 - (b) According to § 30 of the Farm Land Law: Recommendation or evidence of application for recommendation to a farm land management team, or a Land Records Form (105-106) should be submitted for the investor's own land
 - (c) Rental contract for use of private land and rented building
2. Machinery/office equipment
 - (a) Procurement list from local sources
 - (b) Procurement list from foreign sources
3. Economic justification
 - (a) List of raw materials (from local/foreign sources)
 - (b) Annual production target
 - (c) Plan for selling/selling strategies (% of export and local market)
 - (d) Profit and loss statement
 - (e) Cash flow statement, calculation of profits and losses
 - (f) Benefits for country (income tax, commercial tax)
 - (g) Job opportunities (list of local and foreign employees, calculation of salaries)
4. Financial documents
 - (a) Bank statement in local currency for investment (except value of items to be bought)
 - (b) Bank statement from MFTB/MICB/MEB/private banks that obtain an authorized dealer licence for investment in foreign currency
 - (c) Draft loan agreement (if company intends to take out a loan)
5. General
 - (a) Application for proposal and tax relief
 - (b) Adherence
 - (c) Copy of investor's NRC
 - (d) Location map of business
 - (e) Fire prevention plan
 - (f) Plans for social security and welfare for employees
 - (g) Picture of building (if it has already been constructed)
 - (h) Design of building (if it has not yet been constructed)
 - (i) Factory layout plan
 - (j) Company registration card/Form 6 (share transforming)/Form 26 (list of directors) for registered company
6. Contracts
 - (a) CMP contract for contracting with buyer company, memorandum of association, association records

3. Sample Cover Letter to Accompany an MIC Permit Application

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

[Date: _____]

To: Chairman
Myanmar Investment Commission

Subject: Application for an MIC Permit to Invest in a Manufacturing Business

Your Excellency,

I, the promoter, have the honour of submitting an Investment Proposal Form, along with supporting documents.

Herewith is provided the following information regarding the proposed investment:

- (a) Project (Detailed Profile)
- (b) Construction period
- (c) Estimated total employees in the first year
- (d) Estimated total employees in any regular year
- (e) Technique

Along with the proposal, I hereby submit the following supporting documents:

- (1) Proposal of the promoter to make a foreign investment in the Republic of the Union of Myanmar
- (2) Draft of Joint Venture Agreement
- (3) Draft of Lease Agreement
- (4) Draft of Loan Agreement (if any)
- (5) References providing evidence of business and financial standing
- (6) Draft of Memorandum of Association and Articles of Association
- (7) Employee Welfare Plan
- (8) Environmental Protection Plan
- (9) Fire Prevention Plan
- (10) CSR Plan

I also hereby apply for the exemptions and reliefs specified in § 27 of the Foreign Investment Law.

Yours faithfully,

[Full name and signature of the promoter/applicant]

4. Form 1: Proposal Form for Investors/Promoters Regarding Investments to be made in the Republic of the Union of Myanmar

Note: This form is for reference purposes only and may be used by foreign investors who apply for an MIC permit under the Foreign Investment Law.

Date: _____
Reference No. _____

To: Chairman
Myanmar Investment Commission

Your Excellency,

I do apply for the permission to make an investment in the Republic of the Union of Myanmar in accordance with the Foreign Investment Law by furnishing the following particulars: -

1. Investor (or Promoter)
 - (a) Name
 - (b) Father's name
 - (c) ID No./ Passport No.
 - (d) Citizenship
 - (e) Address
 - (i) Address in Myanmar
 - (ii) Residence abroad
 - (f) Name of principal organisation
 - (g) Type of business
 - (h) Principle company's address

2. If the investment business is formed under Joint Venture, partners: -
 - (a) Name
 - (b) Father's name
 - (c) ID No./National Registration Card No./Passport No.
 - (d) Citizenship
 - (e) Address
 - (i) Address in Myanmar
 - (ii) Residence abroad
 - (f) Principle Company
 - (g) Type of Business
 - (h) Principle Company's Address

Remarks: The following documents shall be submitted relating to the above paragraph (1) and (2):-

- (1) Company registration certificate (copy)
- (2) National Identification Card (copy) and Passport (copy)
- (3) Evidences about the business and financial conditions of the participants of the proposed investment business

3. Type of proposed investment
- (a) Manufacturing
 - (b) Services related with manufacturing
 - (c) Service
 - (d) Others

Remarks: To submit the explanation of business relating to the above paragraph (3) :-

4. Type of business organisation to be formed
- (a) One hundred per cent
 - (b) Joint venture
 - (i) Foreigner and citizen
 - (ii) Foreigner and government department/organisation
 - (c) By contract based:-
 - (i) Foreigner and citizen
 - (ii) Foreigner and government department/organisation

Remarks: The following information shall be submitted relating to the above paragraph (4):-

- (i) Share ratio for the authorized capital from abroad and local, names, citizenships, addresses and occupations of the directors
- (ii) Joint Venture Agreement (draft) and recommendation of Attorney General's office if the investment is related with the Union
- (iii) Contract (agreement) (draft)

5. Information related to company incorporation
- (a) Authorized capital
 - (b) Type of share
 - (c) Number of shares

Remarks: Memorandum of Association and Articles of Association of the Company shall be submitted relating to the above paragraph (5).

6. Particulars about Paid up Capital of the investment business (in million MMK/US\$)
- (a) Amount/percentage of local capital to be contributed
 - (b) Amount/percentage of foreign capital to be brought in
 - Total
 - (c) (Annual / Period) of proposed capital to be contributed
 - (d) Last date of capital to be contributed
 - (e) Proposed duration of investment
 - (f) Commencement date of construction.....
 - (g) Construction period

Remarks: Describe with annexure if it is required relating to the above paragraph (6) (c).

7. Detailed list of foreign capital to be brought in -

	Foreign currency (Million)	Equivalent Estimated Kyat (Million)
(a) Foreign currency (type of currency and amount).....
(b) Value of machinery and equipments (to enclose detailed list)
(c) Value of initial raw materials and other materials (to enclose detailed list)
(d) Value of licence, intellectual property, industrial design, trademark, patent, etc.
(e) Value of technical know-how
(f) Others
Totals

8. Detail list of local capital to be contributed:

	Kyat (Million)
(a) Amount
(b) Value of machinery and equipments (to enclose detailed list)
(c) Rental rate for building/land
(d) Cost of building construction
(e) Value of furniture and assets (to enclose detailed list)
(f) Value of initial raw material (to enclose detailed list)
(g) Others
Total

9. Particulars about the investment business:

(a) Investment location(s)/place(s)	.....
(b) Type and area requirement for land or land and building	
(i) Location	.....
(ii) Number of lands/buildings area	.....
(iii) Owner of land	.....
(aa) Name/company/department	.....
(bb) National Registration Card No .	.....
(cc) Address	.....
(iv) Type of land	.....
(v) Period of land lease contract	.....
(vi) Lease period, from to ()years	.....
(vii) Lease rate	.....
(aa) Land	.....
(bb) Building	.....
(viii) Ward	.....
(ix) Township	.....
(x) State/Region	.....

- (xi) Lessee
- (aa) Name/ Name of company/Department.....
- (bb) Father's name
- (cc) Country of citizenship
- (dd) Passport No.
- (ee) Address

Remarks: Following particulars shall be submitted relating to above paragraph (9) (b).

- (i) To submit land ownership, ownership evidences and land map
- (ii) To submit land lease (Draft) agreement and to submit recommendation of the Union Attorney General Office if the land is related to the Union
- (c) Requirements of building to be constructed
 - (i) Type/number of buildings
 - (ii) Area
- (d) Product to be produced /service
 - (1) Name of product
 - (2) Estimate amount to be produced annually.....
 - (3) Type of service
 - (4) Estimate value of annual service

Remarks: Detailed list shall be enclosed relating to the above paragraph (9) (d).

- (e) Annual requirement of materials/raw materials

Remarks: Relating to the above paragraph (9) (e) detailed list of products in terms of type of products, volume, value, technical specifications for the production shall be listed and enclosed.

- (f) Production system
- (g) Technical know-how
- (h) Sales system
- (i) Annual fuel requirements
(to prescribe type and quantity)
- (j) Annual electricity requirements
- (k) Annual water requirements
(to prescribe daily requirements, if any)

10. Detailed information relating to financial standing:

- (a) Name/company's name
- (b) National registration no./passport no.
- (c) Bank account no.

Remarks: To enclose bank recommendation from resident country or annual audit report of the principal company relating to the above paragraph (10).

11. List of employment to be required in the investment business:-
- (a) Employment from Local : () number () per cent
 - (b) Required technicians and executives from abroad: () number () per cent
(to express required period based on the nature of business such as engineer, quality control, buyer, management, etc.,).

Remarks: The following particulars shall be enclosed relating to the above paragraph (11).

- (i) Number of employee, designation, salary, etc.
- (ii) Plan for social security and welfare of staff / labour
- (iii) Family accompany with foreign employee

12. Particulars relating to the economic justification:

	Foreign currency	Estimated equivalent (in MMK)
(a) Annual income
(b) Annual expenditure
(c) Annual net profit
(d) Yearly investments
(e) Recoupment period
(f) Other benefits
(to enclose detailed calculations)		

13. Evaluation of environmental impact:

- (a) Organisation for evaluation of environmental impact
- (b) Period of the evaluation of environmental impact
- (c) Compensation programme for environmental impact (environmental draft law)
- (d) Water purification system and wastewater treatment system
- (e) Garbage management system
- (f) System for storage of chemicals

14. Evaluation on socio-economic assessment:

- (a) Organisation for evaluation on socio-economic assessment
- (b) Period of the evaluation on socio-economic assessment
- (c) Number of volunteers (Corporate Social Responsibility) programme.

15. The above mentioned particulars and documents enclosed herewith this application are true and correct as per my understanding, checked by myself and submitted with signed hereunder.

Signature
Name
Title

5. Sample Letter for Submission of an Employee Welfare Programme

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

[Date:_____]

To: Chairman
Myanmar Investment Commission

Subject: Welfare programme for employees

We [name of company] hereby declare that we have made all necessary arrangements for welfare programmes for employees, as follows:

- Free transportation
- Uniforms
- Gratuity for punctual employees
- Overtime pay at double salary rate; if work continues late into the night, food will be provided
- Rest room and first-aid box; social security clinic in case of accidents
- Social security contributions paid for both sides
- Food stall opened at factory for workers' welfare
- Fun fair on Independence Day, National Day, anniversary day of the factory
- Open library
- Bonus pay
- Gift for employees' birthday.

Thank you very much and best regards,

[Full name and signature of the promoter/applicant]

6. Sample Letter for Submission of a Fire Prevention Plan

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

[Date:_____]

To: Chairman
Myanmar Investment Commission

Subject: Fire prevention plan

We [name of company] hereby declare that we have prepared a fire prevention plan, which includes the following details and information:

- Fire alarm system
- Water tank (already built)
- Training on how to prevent and extinguish fires
- Security cameras
- Employees have been instructed to smoke in smoking areas only
- Factory workers have been trained on how to use fire extinguishers
- Emergency fire training has been provided to employees
- Fire insurance policy for factory and its properties
- Water buckets, fire hooks, sandbags, fire extinguishers, etc. at factory
- Strict instructions on how to burn industrial waste
- Promotion of cleanliness and tidiness in the office to prevent fires
- Strict instructions about fire prevention for employees to prevent accidents
- Fire extinguishers
- Inspection of fire extinguishers once a week
- Inspection of electrical wires once a week.

Thank you very much and best regards,

[Full name and signature of the promoter/applicant]

7. Sample Letter for Submission of a Corporate Social Responsibility (CSR) Plan

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

[Date:_____]

To: Chairman
Myanmar Investment Commission

Subject: Corporate Social Responsibility (CSR) Plan

With regard to corporate social responsibility, we plan to contribute _____ per cent of our net income and to adopt a capacity building policy for our employees with a view to enhancing industrial development.

- For education sector development
- For health care sector development
- For social welfare development
- For natural disaster prevention
- For local community development.

Thank you very much and best regards,

[Full name and signature of the promoter/applicant]

8. Sample Letter for Submission of an Environmental Conservation Plan

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

[Date: _____]

To: Chairman
Myanmar Investment Commission

Subject: Environmental Conservation Plan

We are submitting the Initial Environmental Examination Report (IEE), the Environmental Impact Assessment (EIA) plan and the Social Impact Assessment (SIA) plan in the attached file. The documents attached include the following:

- Plan for environmental conservation of the area surrounding the factory
- Waste management plan
- Employee health and safety plan.

Thank you very much and best regards,

[Full name and signature of the promoter/applicant]

9. Sample letter for submission of undertaking for payment of Income Tax

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

[Date:_____]

To: Chairman
Myanmar Investment Commission
Yangon.

Subject: Submission of undertaking for payment of Income Tax

We, (company name) hereby undertake the payment of the income tax by employees, receiving a salary of more than MMK 4,800,000 per year.

Yours faithfully,

(Name and Signature)

10. List of Local Personnel and Foreign Technicians

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

Unit: US\$

Sr. no.	Designation	Year 1			Year 2			Year 3 and beyond		
		No. of individuals	Monthly salary	Annual salary	No. of individuals	Monthly salary	Annual salary	No. of individuals	Monthly salary	Annual salary
	Foreign technicians									
1	Managing Director									
2	General Manager									
3	Technician									
Subtotal										
	Local personnel									
1	Chairman									
2	Vice Chairman									
3	Admin. manager									
4	Financial manager									
5	Marketing manager									
6	Factory manager									
7	Designer									
8	Production supervisor									
9	Quality control									
10	Office staff									

11	Skilled workers									
12	Semi-skilled workers									
13	Unskilled workers									
14	Driver									
15	Security staff and cleaner									
Subtotal										
Grand total										

11. Sample of Production and Sales Statement

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

Sr. No.	Name	A/U	Year 1			Year 2 to Year 10		
			Unit Price	Qty.	Total (in US\$)	Unit Price	Qty.	Total (in US\$)
1								
2								
3								
4								
5								

12. Sample Form for Economic Calculations and Forecasts

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

1. Direct overhead/indirect overhead
2. Profits and losses
3. Cash flow
4. Internal rate of return (IRR)
5. Payback period

Direct Overhead Expenses (in million US\$)

Sr. No.	Expense	Year 1	Year 2	Year 3	Year 4	Years 5 to10
1	Electricity					
2	Repair and maintenance					
3	Water consumption					
4	Other					
	Non-cash					
	Depreciation					
	Total					

Indirect Overhead Expenses (in million US\$)

Sr. No	Expense	Year 1	Year 2	Year 3	Year 4	Years 5 to10
1	Administration					
2	Travel					
3	Social security					
4	Rental fees (land/building)					
5	Other					
	Cash					
	Non-cash					
	Depreciation					
	Total					

Projected profit and Loss Statement (in million US\$)

	Year 1	Year 2	Year 3	Year 4 to 5	Years 6 to 10
Sales Income Export Local (-) Commercial Tax					
Raw Material Consumption					
Salary & Wages					
Direct Overhead					
Indirect Overhead Expenses					
Selling & Distribution Expenses					
Depreciation					
NP before tax					
Income tax					
NP after tax					
CSR 1%					

Cash Flow Statement (in million US\$)

Variable	Pre-operation period	Year 1	Year 2	Year 3	Year 4	Years 5 to 10
Inflow of cash						
Outflow of cash						

13. Sample of Land and/or Building Lease Agreement

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

LAND AND/OR BUILDING LEASE AGREEMENT

BETWEEN
Company A, Ltd.
AND
Company B, Ltd. or Person A

1. Witness
2. Definitions
3. Warranty and representation
4. Lease of land
5. Condition precedent
6. Effective date
7. Terms
8. Governing law and jurisdiction
9. Lease payment
10. Obligations and rights of lessee
11. Lease payment
12. Obligations and rights of lessee
13. Obligations and rights of lessor
14. Duties and taxes
15. Law of performance
16. Mineral resources and treasures
17. Default
18. Renegotiation and modifications
19. Arbitration
20. Force majeure
21. Termination of lease agreement
22. Retransfer of land/ building
23. Address for correspondence
24. Counterparts
25. Language
26. Map of land
27. Notice
28. Severance
29. Integral part of agreement
30. Miscellaneous

14. Sample of Joint Venture Agreement or Shareholders' Agreement

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

Joint Venture Agreement (or) Shareholders' Agreement

Company A (or) Person A
and
Company B (or) Person B

Contents

- | | |
|--|------------------------------------|
| 1. Definitions and usage | 22. Indemnification |
| 2. Establishment of the JVC | 23. Representations and warranties |
| 3. Scope of the business | 24. Costs and expenses |
| 4. Capital and shareholding structure | 25. Governing law |
| 5. Investment phases | 26. Dispute resolution |
| 6. Conditions precedent | 27. Amendments to the agreement |
| 7. Transfer of shares | 28. Further assurance |
| 8. Additional funding | 29. Force majeure |
| 9. Shareholders' meeting | 30. Language |
| 10. Board of Directors and Board Meeting | 31. Notices |
| 11. Management and administration | 32. Assignment |
| 12. Accounting and audit | 33. Severability |
| 13. Obligations | 34. Confidentiality |
| 14. Financing | 35. Waiver |
| 15. Non-competition | 36. Entire agreement |
| 16. Dividend policy | 37. Execution of agreement |
| 17. Deadlock | 38. Repatriation |
| 18. Withdrawal | 39. Payments and taxes |
| 19. Winding up | 40. Effective date |
| 20. Term and termination | 41. Miscellaneous |
| 21. Business agreement after termination | |

15. Sample of Manufacturing/Processing Contract/MOU/MOA

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

- Objectives
- Article 1 (Processing orders)
- Article 2 (Receipt of material)
- Article 3 (Export)
- Article 4 (Work instructions)
- Article 5 (Inspection)
- Article 6 (Documentation)
- Article 7 (Payment)
- Article 8 (Transport)
- Article 9 (Trademarks)
- Article 10 (Designs)
- Article 11 (Non-competitive clause)
- Article 12 (Miscellaneous)

16. Sample of a Processing Contract

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

1. Article 1 (Objective of the contract)
2. Article 2 (Commodity/quantity/unit price)
3. Article 3 (Technical stipulations and quality)
4. Article 4 (Delivery and loading of goods)
5. Article 5 (Payment)
6. Article 6 (Inspection)
7. Article 7 (Claims and arbitration)
8. Article 8 (General provisions)

17. Sample of a Royalty Agreement

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

Article

1. Definitions
2. Licences
3. Consideration
4. Reports and auditing
5. Warranty
6. Consultant fee
7. Dispatch of engineer(s)
8. Duration and termination
9. Use of trademarks
10. Industrial property rights
11. Secrecy
12. Arbitration
13. Applicable law
14. Force majeure
15. Notice
16. Language
17. Entire agreement
18. Amendment
19. Assignment
20. Headings

18. Guidelines for PowerPoint Presentations at MIC Meeting

Note: This form is for reference purposes only and may be used both by foreign investors who apply for an MIC permit under the Foreign Investment Law and by Myanmar citizen investors who apply for an MIC permit under the Myanmar Investment Law.

1. Company name, location, type of business, MIC logo
2. List of company's board of directors
3. Production (name of product, type of product, production unit, price)
4. Investment amount (if investment involves a loan: amount, interest rate/amount and loan repayment schedule)
5. Number of employees and salary (local, foreign, total amount, lowest salary, highest salary)
6. Price, unit and total value of machinery imported, already purchased and to be purchased locally
7. Income tax and commercial tax to government
8. Sample products, sample building and layout plan
9. CSR (% of contribution to social development)
10. Security plans:
 - a. Fire prevention plan
 - b. Environmental conservation.

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