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Some Acronyms in This Issue

- DTA- Double Taxation Agreement,
ILO- International Labour Organization,
IB- Infantry Battalion,
TPDC- Township Peace and Development Council,
VPDC- Village Peace and Development Council,
LIB- Light Infantry Battalion,
NMSP- New Mon State Party,
MNLA- Mon National Liberation Army,
Pyithusit - People' Militia' force,

News

Owners pay huge amounts to get back seized motor cycles

27 March 2007

Owners of motor cycles with local license plates which are linked to the Pyinama (Naypyidaw) crackdown on unlicensed motor cycles in An-khae village have to pay large amounts of Kyat to get back their motor cycles, said a source close to a owner in Thanpyuzayart Township.

The local licenses (locally known as Ma-La-Ma licenses) are given by the Mon State authorities and it is officially permissible to drive anywhere in the State. Many motor cycles with licenses were involved in the recent (La-Lay-Lone) operation and the owners have to pay Kyat 200,000 each in fines to get them back.

But not all owners of licensed motor cycles could get their bikes back as easily.

Nai Mon Htaw from Pa-Nga village, Thanpyuzayart Township, went to get back his motor cycle but the authorities said they have already



Troops of traffic police looking for unlicensed motorbikes in Mudon Township, Mon State on March, 2007

How Taxation Makes the People Poor

In the official law of the ruling government in Burma, there are a very fewer official tax that every year that the citizens have to pay. They need to levy taxes for houses, lands, factories and other works. But in unofficial ways, the local authorities have collected various types of taxes from the people.

Why the ruling SPDC officials and troops of Burmese Army collected various types of tax and force the local people to reach into poverty? Since 1988, the ruling military regime has a very lack of income because it could have not run proper economy management in the country and has relied on the income from selling natural resources.

But the income from selling natural resources – natural gas, logs and fishes – could not support sufficient budget for both government and army, and so that in 1997, the SPDC ordered to local authorities and army commanders to set up a self-reliance programs. But the authorities and army commanders just collected tax from the people.

They crated many different types of tax (look in the report) and the authorities and army commanders intensively involved in tax collection. As a result, the people are having to pay more and more and then they are in deep poverty.

earmarked Nai Mon Htaw's motor cycle for their officer and it is impossible to give it back to him even if he spent Kyat 200,000.

Nai Mon Htaw said that the bike gad already been taken to Mawlamyine district office (near Salween Bridge) and he will have to buy a replacement motor cycle of the same brand.

Nai Mon Htaw has done exactly that and has spent over Kyat 800,000 lakhs for a new motor cycle. It has cost him a total of Kyat 10 lakhs because he eagerly wanted his own bike. His motor cycle (a Dream brand) costs about Kyat 18 lakhs.

Another Ma-La-Ma motor cycle owner, Nai Warn Shein from Wekhami village, Thanpyuzayart Township lost his motor cycle because could not afford Kyat 10 lakhs.

The seizure order from the new capital Pyinmana (Naypyidaw) on March 7 night in An -khae village led to about 40 motor cycles being picked up and carried away by two 10-wheel trucks which the police were driving, said an eye witness. <source: IMNA>

Burmese soldier shoots at boy for motor cycle

8 Mar 2007

A Burmese soldier shot at a teenager three times to scare him into giving the soldier his new motor

cycle in Koe-Mine in Yephu Township, Tenasserim Division early this week. Soldiers of the Burmese Army have been practicing with two wheelers belonging to residents, for the Armed Forces Day to be held in Pyinmana, the new capital of Myanmar (Burma).

According to the New Light of Myanmar, the state sponsored newspaper, the authorities at the new capital had told soldiers to practice to achieve higher standards and discipline for the Armed Forces Day.

"Most Burmese soldiers in the frontlines in Mon State have been practicing with motor cycles belonging to villagers to build confidence," said a Yin-ye villager Sub Khaw-za Township Mon State.

A soldier from Infantry Battalion No-299 based in Koe-Mine in Yephu Township, Tenasserim Division shot at the 17-year old boy on March 2 aiming at a place about nine inches from his feet. The boy from Yin-ye village is a student in the Mon National School under the control of the New Mon State Party. That battalion is located about seven miles from Yin-ye village.

The Yin-ye villager said "The soldier was coming from his battalion's base on an old motorbike. And he wanted to take the boy's motor cycle forcibly because it was newer than his. That is the reason he shot three times like that."

Report

Arbitrary and Illegal Taxation Practices in Burma

I. Introduction

Like most other countries, Burma has an established, legislated taxation system (See Appendix). However, unlike most other countries, the Burmese authorities have not traditionally enforced the collection of taxes in accordance with the law. According to the Irrawaddy, an exile-run media outlet, the majority of Burmese do not pay tax on their income, among other things. Even the agricultural sector which contributes 60% of Burma's GDP has traditionally been exempt. The revenues raised through taxation should be going to prop up inefficient government run enterprises and be used for public services such as schools and hospitals. Instead the military government finds itself in deficit through its lax efforts at normal taxation. The impact on the Burmese economy has been long term macroeconomic instability (Irrawaddy Vol 11, No 3 April 2003). In the place of legal taxation, the SPDC has instigated a systemic implementation of illegal taxes and levies which are arbitrarily administered by the various sections of the regime's ministerial departments such as the police, immigration, the army and traffic police. One notable result of the government's economic shortfalls has been its instruction to the Army to "live of the land", which on the ground had meant *carte blanche* for extortion of the civilian population, in particular poor rural villagers.

II. Different Taxation

A. Working Abroad Tax

After the new Burmese capital was established in Naypyidaw, the SPDC released new laws to be able to reap tax revenue from a more wide ranging set of income generating activities, according the source close to the new capital. Part of these new attempts to raise capital includes the taxing of those civilians that choose to work abroad for various reasons. Those family members that remain in Burma are force to register the number of family members that are working abroad and these people are also taxed.

The SPDC is also involved in double taxation of nationals. In news coming out of Singapore in late march (on 21st March 2007), it is reported that Burmese workers are being forced to pay double taxes. Firstly they are paying income tax in accordance with Singapore law, and are also being charged a further tax when they seek to renew work permits at the Burmese consulate in Singapore. Failure to pay these taxes results in a loss of consular services. This situation is in direct contravention of the Double Taxation Agreement (DTA) between Burma and Singapore which has been in force since 2000. (todayonline.com)

In Mon State, those people returning from working trips in Thailand have also been taxed at Army check-points. Those that refuse to comply with these requests face jail time.

In every village in Mon State last year, the civilians were forced to register all family who were working abroad. The civilians were forced to pay 200 Kyat per family to able to register those that had gone abroad. Each family's registration paper had to be hung in front of the house, according to the order.

Case 1

In February 2007, "The Chairman of Kroke-pi Village, Nai Car Thorng is collecting 10, 000 Kyat per person from returning workers. He claims that the police will lock them up if they refuse to pay the demanded money. That's why every villager who returns from Thailand has to pay the money," said a villager.

Many villagers return to visit their parents, because it is in easy travel in summer, said a villager who had to pay 10,000 Kyat on 19th February.

About 100 migrant workers from Thailand arrive in the border town of Three Pagoda Pass every day. Some days approximately 200-300 workers return to Burma, according to a aide who escorts workers between the two countries.

The workers pay the Burmese Immigration Department 700 Baht per head on arrival in Burma, then at every checkpoint set up by the Police and local battalions. The amounts are completely arbitrary.

B. Taxes Collected by the Army

The taxes collected by the army are arbitrary and often illegal. The implementation of these taxes takes place across a variety of income generating activities. Below are five examples of areas where the military is engaged in levying illegal taxes.

Case 1: Paddy Tax

On 8th February 2007, it was reported that the Mudon Township Peace and Development Council demanded local farmers hand over paddy as rations for the military battalions. If they could not, then money was taken as a replacement.

According to Mi Ngwe Yee (not real name), a paddy farmer from Mudon Township, Mon State, on February 8, 2007, troops of the township's PDC collected money for food supplies for the Burmese Army and her family was required to pay about Kyat 5,000 instead of giving paddy this year.

Farmers didn't want to sell paddy as the production was low this year due to floods destroying the crop. A Mudon farmer said they were afraid of problems if they did not pay the amount that the authorities requested.

In Mon State, the monetary equivalent of 30,000-60,000 baskets was taken from each township. A small rice-mill owner said "they (authorities) started collecting money from farmers after some rice-mills could not pay the amount they wanted". The Ministry of Defence indicated in November 2006 that contributions for army rations will continue in 2007-2008.

Case 2: Gambling Tax

Since early 2004, some military battalions and the Veteran Tatmadaw (Burmese Army) Members Association sought funds from the civilians by making direct collections and taking betting tax from gambling venues in Mon and Karen States.

Since the beginning of February 2004, the SPDC has been unable to fully finance the remuneration of the soldiers of the Burmese Army. It instructed its commanders to raise their own finances; hence the local military battalions choose methods through which they can extract money from civilians.

In early February, 2004, one SPDC Navy battalion No. 37, based in Chaung-zon township, Mon State ordered every village headman throughout the surrounding region to officially sanction gambling. This order allowed for the collection of taxation from around 30 gambling venues at 2000 Kyat per place. Thus, the navy netted around 60000 Kyat per day.

The collection of this gambling tax has continued illegally since 2004 until now, and the SPDC officials have organized gambling dens in many villages and towns every month.

Case 3: Tax on Public Gatherings

On 31st January 2005, Burma Army while guarding Total's gas pipeline in southern Burma consistently violates human rights by forcefully collecting taxes from poor villagers.

The Second Commander of LIB No. 273, Moe San Winn, demanded Kyat 200,000 from two villages, after granting them permission to hold a Buddhist traditional festival last month, villagers from the area reported. Ohn-pin-gwin and Phaung-daw villages are in the area of the Total gas station in Yebyu Township, Tenasserim Division where the LIB No.273 is in charge of providing security to the pipeline.

According to a headman who spoke under condition of anonymity, the villagers were not allowed to celebrate annual festival and theater performance without first paying money to the BA Commander. The commander told them that he was responsible for the security of the gas pipeline and it shouldn't be interrupted because of the crowd in the festival.

Case 4: Security Tax

On 10th March 2005, The village headmen in Yepu Township, Tenasserim Division demanded illegal tax from villagers in order to provide village security.

The taxes demanded are dependant on the amount of property owned by each family. Those who have gardens and large houses pay 4500-5000 Kyat per month, while the poorer families pay 1500 Kyat per month to heads of the village in the area.

The extorted taxes are not spent on village security, but rather go to providing food and material to military battalions. A villager earns a mere 1500 Kyat per day, and no one wants to pay the taxes, but of course they fear the repercussions of not paying.

Moreover, the villagers themselves have to use homemade guns to guard their villages at night time at the behest of the local military battalion's commanders. The cost of failure to perform this duty is 1500 Kyat.

Case 5: Militia Training Tax

On 7th June 2005, military battalion in Yebyu Township of Tenasserim Division ordered villagers to attend basic military training. The villagers had to pay 100 000 Kyat each to army if they could not join the training, according to villagers.

"We were ordered to send one person per household. Army does not care if we send a youth or an elderly person or a woman. They take anyone. If we were not able attend, we had to pay 100 000 Kyat," a former village headman from the area said.

"If we were late in informing the army that a family member could not join the training we were fined by the army," he added.

The Burmese military got around 8 000 000 Kyat from fining villagers who were absent, or gave late notice for the training, according to the headmen.

C. Family List Tax

The nature of the system of taxes being levied, at least in Mon State, are at many times extremely arbitrary. The collection of these taxes is so haphazard that their legality could be called into question, as the case below illustrates.

On 28th February 2007, the village authorities have been collecting money from villagers while checking the lists (known as Pone Zan-Tha Zae, form No.10) of family members in Mon State, southern Burma. According to a villager in Kamawet village group, Mudon Township, the villagers had to pay Kyat 200 per house to the Villages Peace and Development Council.

Kamawet village group has 5 sub-divisions — Sein-taung, Thein-gone, Gone-nyin-tan, Khaung-kay, and Kamawet, comprising about 10,000 households. While authorities in this village group collected money, inexplicably, most of the other villages in Mudon Township were spared.

Although the authorities of Mudon Town yesterday checked each house in the town, “The quarter authorities just investigated the family list, but did not take money,” a Mudon resident said.

D. Check Point Taxation

A typical example of corruption/arbitrary taxation practices in Burma can be seen on the motor roads where the military sets up check points. Good examples are to be found on the Myawady to Moulmein highway and the road from Thanbyuzyat to Three Pagoda Pass, on the Thai-Burma border.

Case 1: Border Crossing Tax

A Mon human rights worker from HURFOM traveled on these roads last year in December 2006 to Myawady Township. After showing his ID the Army demanded 2,500 Kyat. He was told that this was for crossing the Thai-Burma border.

There are seventeen check points on the road. Most check points are set up at the entrance of bridges where the army has bases. On some bridges, the army has set up check points at both ends of the bridge in order to be able to collect two separate taxes.

There are different branches of authority running the check points (i.e. Immigration, Police, Traffic Police and the Army) which are called *Sat Ton Lon*. Some people have their personal possessions taken as tax if they cannot produce ID.

The imposition of travel taxes is not limited to cases where civilians are traveling long distances. People who simply wish to travel around their villages and get to their farms or plantations for everyday work are also extorted by the army and local authorities as the case below illustrates.



A Government's check point on Moulmein-Ye Highway

Case: 2 Village Restrictions

On 30th June 2006, the SPDC LIB No. 587 based in La-mine village, sent about 50 troops, led by Commander Aung Kyit, to Sin-gu village, southern Ye township and ordered all villagers to register their family members with the village PDC. Then the Commander told them that they would require a village pass from the PDC and the battalion if they wanted to go outside their villages or sleep in their farms and plantations.

“In order to get this the card, what they called “village exit permission”, we villagers had to pay 300 kyat each if we wanted to sleep in our farms. Most villagers are betel nut owners and their farms are located outside the village. In 2003/4, the Burmese troops also used to restrict travel like this and at that time, the Burmese soldiers cultivated our betel nuts and sold it to the markets,” said Mi Ei Yee (not her real name) who owns three acres of betel nut plantation in Sin-Gu, southern Ye township, Mon State.

E. Taxes in Lieu of Forced Labor

SPDC are aware that civilians are unwilling to provide free labour for the regime and as such they have given workers a choice. If they are not willing to work, then there is a tax that must be paid instead. Some do not wish to work; others are unable to work through old age or illness. In this case the government is able to raise revenue easily by collecting the fines from those unable to provide labour for government projects.

Besides people not getting pay for their work, they also have to bring their own food and equipment. If they don't go to work, they will be punished with fines of 2,500 kyat per day by the Army in Southern Mon State.

Case: 1

On 27th June 2005, Town residents in Pegu town, about 50 miles from Rangoon, have been forced to launch security patrols in the town instead of soldiers and militias, according to the residents.

“The SPDC Township authorities force us at least once per month to patrol. Some times, we were forced three or four times to patrol in the town quarter”, a resident said.

If he doesn't want to patrol, he hires a substitute for 500 Kyat. “We paid 50 Kyat to Township Peace and Development Council officer every month as a security fee,” another woman resident added.

Even though the Township Peace and Development Council is responsible for providing security, they have forced the local residents to perform their duties for over one year.

Although International Labour Organization (ILO) is instructing and assisting the regime, SPDC, to eradicate the use of forced labour, Pegu Township authorities still forced the civilians to perform duties on behalf of the government servants.

Case: 2

On 28th August 2005, the members of a Mon family who recently arrived at a Mon Refugees camp on the border related the ways in which they have been forced into labour. “We must porter three or four times per month, or pay 3000 Kyat for a replacement if we cannot go at that time.”

Nai Win, who last week arrived at the camp with his family, said that he was forced to walk ahead of the Burmese soldiers and carry ammunition and other supplies. His wife Mi Deah Wut was also used as forced labour was made to guard their village against rebels at night time with other women.

'Last month, myself and some other women were forced to guard the village at night time because there were not enough men in the village,' she said. Most of the men in her village, consisting of about 100 households, had gone on to Thailand fearing they would be forced to porter by the soldiers or be killed for not doing it. She added that villagers were forced to guard the village at night about five times per month.

The SPDC local Battalion LIB No. 31 led by Captain Myint Kyaw collects taxes of 2-3000 Kyat per month from every household if they are not able to perform designated duties.

F. Tax on Gas-pipeline

Case: 1

On 25th January 2005, the villagers in southern Thanbyuzayat Township, Mon State, are forced to pay about 5 million Kyat per month for the Kanbauk-Myaingkalay gas-pipeline as a security fee to soldiers and they also forced to fence the gas pipeline for security reasons, according to Villages Peace and Development Council (VPDC) in the area.

Each month military officers from Burmese Army's Infantry Battalion No.62 based in Thanpyuzayat collected 2000 Kyat per house from 7 villages in the area, according to VPDC.

Case: 2

On 1st August 2006, the Burmese Army battalions based near Kwan-hlar village continue to force local inhabitants including women and young children to patrol the Kanbauk-Myaingkalay gas pipeline in Mudon Township, Mon State, according to a local source.

"They (the SPDC soldiers) did not specify men, women or children. They said they want everybody to take responsibility in guarding the Gas pipeline," said Nai Zaw Tun (not real name) from Hnee-pa-daw village, Mudon Township, Mon State. The villagers in Kwan-Hlar village, Hnee-pa-daw village, Kalort-tort village, Yaung-daung village and the villages along the gas pipeline in Mudon Township are being forced to send five villagers from each quarter of those villages for day/night patrol on a rotating basis, the source added.

Patrolmen, including children as young as 13, are forced to pay 2000 Kyat if they fail to provide security services. After the last gas pipeline explosion in February near Kwan-hlar village, Mudon Township, the authorities collected Kyat 4,000 from each household and said that they would not ask villagers to patrol the gas pipeline anymore. But three months later the battalion has begun forcing the villagers to patrol the pipeline again, said Nai Zaw Tun.

G. Castor Oil Tree Taxes

Many acres of land in Mon villages have been taken by SPDC for castor oil tree programs. SPDC also used forced labour in the implementation of the program which the SPDC have justified by proclaiming that physic nuts can produce castor oil, which will benefit the country in the future. Here are some of the cases of how people were forced to grow castor oil trees.

Case: 1

On 5th January 2006, since the start of May 2006, inhabitants in Mudon and Thanbyuzayat Townships have been forced to plant physic nuts (castor oil plants) along both sides of the main road in Mudon and Thanbyuzayat Townships. Each household situated along the main road was ordered to plant at least five to seven trees in front of their house, according to the residents who live in Kwan Tar village, Mudon Township, Mon State.

“My family was ordered to plant seven castor oil trees. The Township Peace and Development Council (TPDC) said that it is a new national development project. If we fail to plant the trees, we will be arrested by the authorities,” said a 35 year old man, who lives on the Mudon-Thanyuzayat-Ye motor road.

Meanwhile rubber plantation owners in Kama-wet, Taw-Gu, Tha-Gun-Taing, Naing Hlone villages, Mudon Township have been forced to plant approximately 800 seeds. The cost of a castor oil tree varies between 150 to 250 kyat while one Pyi costs about 5,000 Kyat.

Villages along the main road were forced to plant them in front of their homes. The local authorities collected money for the plants even from villages far away from the main road. “My mum’s house is on the main part of the Thanbyuzayat-Ye Main road. Her household had to plant seven physic nut trees in front of the fence. But my house is two blocks from the main road and I still needed to pay 1050 kyat to the Village Peace and Development Council for the cost of seven trees. It is not fair.” Claimed Nai Aung Sein, a 32 year old living in Phoung-Sein village near Thanbyuzayat Town, Mon State.

For the cost of planting the physic nuts, the authorities collected 1,500 Kyat per family from Kalawthut village, Mudon Township. The Village Peace and Development Council used the family members list (like a family birth certificate) to make it easier to get the money from each household. If the villagers refused to pay they would not be able to use their family’s list (which is needed to prove citizenship), according to a Kalawthut villager.

H. Orchard Tax

Fruit or orchard taxes are just normal taxes for people in Southern Ye. Every season when fruits are produced in the gardens, civilians are forced to give a certain amount of fruit to the Burmese Army battalions as tax. If they refuse, the farmers are not allowed to re-enter the orchards.

In December 2006, the local battalion of Burmese Army in southern Ye Township demanded taxes of 1,500 betel nuts for each garden owner. This occurred during the fruit harvest in Toe-tat-ywa-thit village, which is close to Kaw Zar Sub-town.

This type of tax collection is for the purpose of raising a battalion fund in the area. The military collected and stored betel-nuts in the battalion camps and sold them at markets. Of the money received, some is used for general camp expenses and some is simply for personal expenditures. Most money garnered through illegal taxation is not reported or disclosed.

The farmers work at orchard gardens and earn the majority of their income in this manner. Consequently, when the Burmese army’s soldiers take all or part of their fruit yield, they cannot earn enough money. This poses serious difficulties regarding the support of their families.

V. Bribery

It is typical of underpaid police officers and army personnel to demand bribes in what are otherwise commonplace situations, as the two cases below illustrate.

Nay Ri, age 27 from Chak Toa village, Mudon township, Mon state was beaten by a Burmese Army soldier while on his way back to his village from fishing at about 8 p.m. He was charged with grabbing the soldier’s gun. The BA requested Kyat 20 000 to have the charges dropped. His parents immediately paid the drunken soldier Htun Aung, to avoid further threats and charges by the BA.

Ms Mi Kye Kye Mon, age 2 from Kwan Hlar village, Mudon Township, Mon state died in the hospital after she accidentally fell into a canal near her house. Her parents had to bribe the local police to stop their accusations that the parents had failed in their duty of looking after the child. The parents were forced to pay Kyat 20,000 to have the charges against them dropped.

▪ Continued on Page No.12

APPENDIX

Government Legal tax on Foreign Investment and Overseas Workers

Taxation

Myanmar has 15 types of taxes and duties in four categories:

1) taxes on domestic production and public consumption; 2) taxes on income and ownership; 3) customs duties; and 4) taxes on the utility of state-owned property. The relevant tax legislation derives from several laws and related acts, namely the Income Tax Law (1974), the Profit Tax Law (1976), the Commercial Tax Law (1990) and its amendment in 1991, the Myanmar Stamp Act (1935), and the Court Fee Act (1937). The Internal Revenue Department under the Ministry of Finance and Revenue administers the tax legislation. The fiscal year begins on April 1 and ends on March 31 of the following year.

(i) Personal income tax

Income tax on salaries for foreigners range from 3 to 50 percent, but tax on foreigners employed on government projects receive a rate of 20 percent. For the rates, see Table 1. The employer must deduct the income tax from the salaries and send it to the Township Revenue Office.

Table 1. Tax rates on income

Income Level (in kyat)	Tax Rate (percent)
1 - 5,000	3
5,001 - 10,000	10
10,001 - 15,000	15
15,001 - 20,000	20
20,001 - 30,000	25
30,001 - 40,000	30
40,001 - 50,000	35
50,001 - 70,000	40
70,001 - 100,000	45
100,001 - 150,000	48
Over 150,001	50

Source: UMFCFI, 1999 Myanmar Business Directory

Table 2. Withholding tax rates

Type of Income	For Resident Foreigners	For Non-Resident Foreigner
Interest	15%	20%
Royalties for use of license, trade-mark, patents, copy right	15%	20%
Payment on contracts with state agencies	3%	3.5%
Payment on work done for foreign contractors	2.5%	3%

Source: UMFCFI, 1999 Myanmar Business Directory

Allowances are given for a spouse (2,500 kyat) and for children according to their age, with the latter rates ranging from 500 kyat to 1,000 kyat. The basic allowance is 20 percent of total income but maximum basic allowance is 6000 kyat. Several ex

Information on HURFOM and Invitation for Feedbacks from Readers

Dear Readers,

Human Rights Foundation of Monland (HURFOM) was founded in 1995, by a group of young Mon people. The main objectives of HURFOM are:

- To monitor human rights situations in Mon territory and other areas southern part of Burma,
- To protect and promote internationally recognized human rights in Burma,

In order to implement these objectives, HURFOM has produced "The Mon Forum" newsletters monthly and sometimes it has been delayed because we wait to confirm some information. We apologize for the delay.

However, we also invite your feedbacks on the information we described in each newsletter and if you know anyone who would like to receive the newsletter, please send name and address to our address or e-mail as below:

HURFOM, P. O. Box 2237, General Post Office
Bangkok 10501, THAILAND
E-mail: hurfomcontact@yahoo.com
Website: <http://www.rehmonnya.org>

With regards,

Director
Human Rights Foundation of Monland

emptions are available for foreign firms. The following items are among the most common exemptions, but investors should consult with the MIC for additional categories and for the ones for which they qualify: 1. Minimum three consecutive years tax holiday, starting from commencement of production or services 2. Exemption or relief on half of profits put back into the company within one year 3. Depreciation of capital assets 4. 50 percent relief on income tax on profits from export of goods produced by the firm 5. Allowances for research and development 6. Carry forward and offset losses for up to three consecutive years from first year of loss 7. Deduct income tax paid to the state on behalf of foreign employee from the assessable income of the enterprise 8. Exemption or relief on customs duties on machinery, components, spare parts, and other items imported during the construction period 9.

Exemption or relief on raw materials imported during first three of production after completion of construction

Exemptions on income and allowable expenses include: 1. Dividends received and share profits 2. Expenses incurred in the production of income 3. Statutory contributions to the provident fund recognized by the Myanmar Income Tax Act Other exemptions include donations to religious or charitable organizations but not exceeding 25 percent of the income and depreciation and amortization of capital assets.

(ii) Business taxes

The Commercial Tax Law 1990 and its amendment in 1991 apply to the turnover of goods and services produced within Myanmar or imported from abroad. The commercial tax is an ad valorem tax on the point of sale except for the tax paid on imported goods, which is collected by the Customs Department. The tax levels vary from 0 to 200 percent and are listed in the various tax schedules contained in the legislation. Myanmar also has a commercial tax of 10 percent on hotel and restaurant services and for goods and services that go to the government.

(iii) Capital gains tax

The capital gains tax is determined by deducting the following items from the full value of the sales proceed of capital good: 1. The net remaining after deducting the total depreciation allowed under the Myanmar Income Tax Act from the total of the original cost to the assessee and any expenditure of a capital nature incurred for making any additions 2. Expenditures incurred in procuring the asset and in its sale, exchange, or transfer 3. Application of a flat rate of 10 percent on capital gains for resident foreign companies, but 40 percent for non-resident foreign companies 4. No tax is applied to the capital gains if the amount is less 50,000 kyat within one year.

VII. Conclusion

The taxation system in Burma has created increasing confusion among Burma's population. Although there are established taxation laws, these laws are rarely enforced. Instead, the regime has let its departments collect taxes and levies without any oversight. The free reign given to various government authorities has opened yet another window for the Burmese people to be exploited. The government has failed to abide by its own rules and has even begun to broach international agreements as well, as the example of DTA in Singapore shows.

Although the regime makes constant overtures in order to placate the international community regarding its push toward democratic government, the taxation system in Burma is a glaring example of the regime's failings and lack of political will.

Hallmarks of democratic societies include transparency in government's fiscal/monetary dealings and lack of corruption. Presently, there are no methods by which transparency can be achieved when taxes are collected randomly, sometimes extorted from villagers or paid for in rice. How are these transactions to be recorded? How are these transactions to be measured by a universal standard? Corruption within government departments cannot be fought whilst there are no clear records of the taxes collected.

Whilst border guards, the military and others become wealthy off charging exorbitant illegal taxes, everyday Burmese continue to suffer under a taxation system that is often illegal and changes daily.



A Motorbike parking fine from Mergue Township, Southern Burma

News on Page No.2
That evening the motor cycle was returned but it was damaged and the boy's family was afraid of asking for compensation from the soldier.

Before he arrived in Yin-ye village he pointed his gun at a petrol outlet owner to fill up the tank. The motor cycle he was riding originally was also forcibly taken from Ka-bya village in Khaw-za.

"All the motorbikes in the area are taken by Burmese soldiers and the police. They take two motorbikes a day," villagers said.

That is the reason residents from Khaw-za bought two motor cycles for soldiers and the police.

"Now both authorities can drive motorbikes very well even if they couldn't drive it in the past," he added. <source:IMNA>

HURFOM
P. O. Box 2237
General Post Office
Bangkok 10501, THAILAND
E-mail: hurfomcontact@yahoo.com
http://www.rehmonnya.org

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