ENTREPRENEURS’ GUIDE TO MYANMAR 2019
About CCI France Myanmar

The French Business Association in Myanmar (Association Franco-Myanmar des Affaires), was founded in 1996, making it the first Western Chamber of Commerce in Myanmar. It officially became CCI France Myanmar in 2013, two years after the country started its democratic transition, and grew from 33 to 170 Members in only 5 years, bringing together 15 nationalities (45% French, 40% Myanmar, 15% others).

During that time it developed a large scope of services, which makes it the most dynamic and diversified foreign Chamber in Myanmar, leading to two international awards in 2017 from the International Chamber of Commerce and CCI France International. CCI France Myanmar now organizes more than 40 events every year and also regularly releases publications providing business intelligence.

But what makes CCI France Myanmar truly unique is, above all, the services it provides to companies who want to enter the Myanmar market and/or operate in the country. In addition to missions, delegations and market studies, it offers wage portage services as well as office space for rent, in all-inclusive attractive packages for newcomers. After successfully developing its Business Centre in Yangon, it has even opened a second Business Centre in Mandalay, in 2018, the first Western Chamber to ever do so in the country.

In addition to that, CCI France Myanmar offers a wide range of human resources services, starting with recruitment services and training programs targeting employees and professionals who wish to improve their skills.

Finally, CCI France Myanmar is a key actor for the development of the French-Myanmar relations. It works in close partnership with Business France, with the French Embassy and with the French Foreign Trade Advisors.

About CCI France Myanmar

Young Entrepreneurs Committee

Myanmar offers many opportunities for entrepreneurs, whatever the sector in which they work. But as in any other country, entrepreneurs have to face challenges which constitute threats to their businesses, while often feeling isolated.

In this context, CCI France Myanmar has decided to create a Young Entrepreneurs Committee for its members. The main objective of this committee is to discuss the challenges faced by young entrepreneurs Members of CCI France Myanmar and identify actions and projects which could be implemented by CCI France Myanmar and its Members to tackle these issues.

This Committee has now decided to publish its first Entrepreneurs’ guide to Myanmar to provide you with insights and practical advice.

Being an entrepreneur is a challenge of every instant. It is not a career but a way of life.

For many, it means starting a company with just an idea and few resources to see this fragile seed grow it means working 24/7 on their projects, forsaking nights, weekends and holidays, family life even, without being able to perceive a salary for months. It means having to struggle, very often in isolation, to find the information, the financial or material means, the support needed to see their idea flourish. Many times, it also means failing and then starting all over again, while learning hard but useful lessons from previous mistakes, like swimming against the current. Trial and error. Work, work, work.

Some would say this is not a life. But for them, this is all their life. And they endure, persist, go on, because they believe in their ideas, because they believe in themselves, and because they believe that they can make a difference. Just like some of their role models, who started in their garages, before making their start-ups become successful international groups: Bill Gates, Steve Jobs, Elon Musk, Jack Ma, Jeff Bezos. Some of them changed the world forever, like Thomas Edison, who famously said after finally making the first light bulb work: “I have not failed. I have just found 10,000 ways that won’t work. Many of life’s failures are people who did not realize how close they were to success when they gave up”.

Because of all that, CCI France Myanmar has decided to dedicate resources to support these “Makers” who are creating the Myanmar of tomorrow, who are working against all odds to bring about a better future.

First, we have created our Young Entrepreneurs Committee, which brings together the young entrepreneurs among our Members, so that they can share information and good practices based on their experiences. This is that knowledge and these experiences that they now share with everyone in this guide.

In addition to that, we have also launched our Young Entrepreneurs Awards, which reward startups in Myanmar, which deserve a special recognition for their excellence and/or for their positive impact.

Finally, we are publishing this Entrepreneurs’ Guide to Myanmar, in partnership with MYEA (Myanmar Young Entrepreneurs Association), in order to help all the entrepreneurs operating in the country. This document aims at offering all the information they will need to create and develop their company: a summary of the legal framework, advice from those who were confronted to the same challenges, and tips on how to overcome them, based on personal experiences.

This guide is of course a work in progress and we invite all of you to join our Young Entrepreneurs Committee, so that you can share your own expertise with the community.

Finally, I would like to thank MYEA for their support and their contribution to this guide.
About MYEA

The Myanmar Young Entrepreneurs Association (MYEA) has in the last years become one of the leading organizations to foster the development of entrepreneurship in Myanmar. Established as an informal group in 2008 and formally registered in 2012, the association now has over 1800 members across the country. We are embedded in a wider network of international entrepreneurship-related organizations. MYEA is the Myanmar member of the ASEAN Young Entrepreneurs Associations (AYEA), and through its affiliation with the Global Entrepreneurship Network (GEN) in charge of carrying out the Global Entrepreneurship Week (GEW) every year in November.

Every two years, our members elect 70 members to the Executive Committee, which in return appoints 30 members to the Central Executive Committee. A Management Committee of 14 persons together with the office team runs the day to day operations of the association.

In all its activities, MYEA focuses on three key aspects: Ecosystem development, member services, empowerment of regional associations.

Through our close working relationship with the government, we provide valuable, data-backed inputs to various government agencies with the aim of improving the overall entrepreneurial ecosystem in Myanmar. MYEA identifies roadblocks and discusses with the government how to remove them to make starting and running businesses easier. The annual Myanmar Entrepreneurship Summit and GEW aim to raise awareness about entrepreneurship and inspire young people.

For our members, we provide a wide spectrum of services to meet the specific needs for any stage of an entrepreneur’s lifecycle. We offer seminars, pitching events, mentorship programs, networking parties, excursions, business matching events, etc. As an association of volunteers, our members can be both beneficiaries and active contributors of the association at the same time.

We truly believe that regional challenges are best addressed by entrepreneurs living in that region. Therefore, instead of servicing our members through a centralized structure, we set up regional young entrepreneurs associations and empower them by the transferring knowledge, formats and processes to them so that they can best assist their regional entrepreneurs in return. So far, we have established five regional associations: Yangon Region, Mandalay Region, Shan State, Ayeyarwady Region and Mon State.

MYEA strives to be the leading, recognized organization for the empowerment of young entrepreneurs in Myanmar. For anyone, who is not an entrepreneur yet, but who is planning to set up an own business, we offer an active participation in MYEA as an Associate Member. Our members can join any of our working committees where they can not only actively contribute, but also strengthen their own networks and business relationships by working together with other entrepreneurs.

With Myanmar ranking low in almost every cross-country comparison, it is one of the hardest places to start and successfully grow a business. Therefore, entrepreneurs in Myanmar count among the most adaptable and resilient business people in the world. While entrepreneurs in other countries can focus on their core business, entrepreneurs in Myanmar need to cope with a lack of human resources, overarching bureaucracy, high costs of doing business, missing access to capital, weaknesses in the supply chain and infrastructure as well as lack of access to international markets.

Improving the entrepreneurial ecosystem is one of the key mandates of MYEA. We do this by guiding entrepreneurs through different stages of their lifecycle. When CCI France Myanmar approached us with the idea to jointly develop this Entrepreneur’s Guide, we immediately loved the. This hands-on guide gives practical insights on what entrepreneurs will face when setting up their businesses. How do they find an office? What licenses are required for which types of businesses? What needs to be considered when hiring people? Every entrepreneur faces such questions when starting and even later when running a business. Why to reinvent the wheel if there are many entrepreneurs who have faced and solved issues of setting up a business? This guide was written with the contribution of entrepreneurs and passes knowledge from entrepreneurs to entrepreneurs.

I would like to thank CCI France Myanmar for their leadership in developing this guide and the volunteers of MYEA for contributing their knowledge and insights. We hope that with the help of this guide, entrepreneurs can find solutions and avoid mistakes in order to set their businesses on a strong growth trajectory.
THE PASSAGE TO SOUTH EAST ASIA

Myanmar can be considered geographically located at a crossroad between China and India, at the centre of major Asian and Asean trading routes, since it also shares borders with Thailand, Laos and Bangladesh.

In 2011, Myanmar has engaged into an irreversible path to democracy and has made several key reforms allowing the country to open itself to the world’s economy and to attract foreign investors.

Myanmar’s strengths are mainly the abundance of natural resources, such as oil & gas, minerals, hydraulic resources, agricultural products..., but also the young labour force, its geographic location and finally an ever improving business enabling environment: new investment laws, new company law, IP law, consumer protection laws...

The opportunities are therefore numerous and varied thanks to a leapfrogging economy and a very high potential in all sectors. This makes it the ideal place to start a company. Moreover, the increase of purchase power in the middle class, helps trigger consumer’s interest in foreign imported goods.

However, the country also suffers from weaknesses. Indeed, there is lack of proper infrastructures, mainly due to the too rapid growth of the economy, and there is still a dire need to improve professional skills. The fragility of the banking sector and a large illicit trade are also a problem in the country.

Finally, the main threats to Myanmar are natural disasters (cyclones, earthquakes), and political instability in some parts of the country.

In 2011, after decades of isolation, Myanmar has decided to open up its economy to attract foreign investments. Since then, the country has experienced an unprecedented growth. In 2018, the growth rate is estimated at 6.8%, higher than the average rate of other ASEAN countries.

- Actual budget deficit has decreased to 2.7% in 2017/2018.
- Public debt stands reasonably at 34.2% of GDP (mostly due to the Paris Club Agreement that has cancelled most of the debts in 2013).
- Account deficit is narrowing to $1.7 billion in 2017/2018.
- A high volatility of the foreign exchange rate remains.

In just a few years, after removal of EU and US sanctions, the economic and legal environment has dramatically improved: the government has initiated reforms which are still ongoing. In 2016, the Foreign Investment Law and the Myanmar Citizens Investment Law have merged to form the Myanmar New Investment Law (MNIL).

The economic growth continues to be strong: the economy grew at 7.8% in 2015/2016 and 7.6% in 2016/2017. In 2018, the growth rate is estimated at 6.8%, higher than the average rate of other ASEAN countries.

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In December 2017, the New Myanmar Companies Law was passed by Parliament allowing foreign investors to take up to 35% of shares in local companies. The most recent move in 2018 is the Online Registration process for companies that has been implemented on August 1st. Overall, the regulatory framework has become more compliant with international standards and ensures an investment friendly climate. State Owned Businesses are also undergoing reforms since 2013 and are in process of privatization.

In 2018, the NLD-led government has launched the Myanmar Sustainable Development Plan (MSDP) to revamp the economy and to ensure a unique and global economic strategy for the country. The MSDP is implemented through 2 main agencies: DACU (Development Assistance Coordination Unit) and NECC (National Economic Coordination Committee).

Although Myanmar has to face strong challenges with the ongoing crisis in Rakhine State, the economy remains robust and shows resilience.
TRANSPORT NETWORK

Being the second-largest country by area in SEA with a relatively wide road network that just 20% are paved, the country has vast investment opportunities in road network modernisation, construction of expanded roadways, such as elevated highways, improving access to the city via bridges to the South, East and West. Improvement of regional airports has been an important part of the government’s plans in developing both the tourism and transport. Urban transport infrastructures in major cities, whether in local/commuter rail, road, bridges and alternative transport options, are a priority as well.

ROADS

Road and Highway network
- Asian Highway Routes - 4 in Myanmar: 2,907 kms
- ASEAN Highway Routes - 7 in Myanmar: 4,528 kms
- Transport Corridors of Greater Mekong Subregion — 5 Routes in Myanmar: North-South Corridor, East -West Corridor, Southern Corridor, Northern Corridor, Western Corridor

RAILWAYS

Railways network
- Total Route length 5,992.13kms
- Single Track 5,286.934 kms (88.23%) / Double Track 705.196kms (11.76%)
- Bridges 11,818 Nos
- Tunnels 12 Nos
- Railway Stations 946 Nos

Trans-Asian Railways Network
- Yangon – Mandalay
- Mandalay - Lashio [Muse (border station) - Ruili (China)]
- Kalay - Tamu (border station) - Jiribam (India)
- Bago - Thanpyuzayat (Thailand)
- Thanpyuzayat – Ye
- Yangon (maritime connection)

Proposed Projects in Myanmar Railways
- Yangon – Mandalay modernization work (617kms)
- Yangon city urban modernization and restoration works (124.5 km)
- Mandalay - Myitkyina track (552 kms)
- Bago - Dawei track upgrading (507 kms)
- Tamu – Kalay – Segyi – Monywa – Mandalay line project (501 kms)
- Yangon – Pyay upgrading track (259 kms)
- National Railways Strategic Plan

Furthermore there is a project of repowering of locomotives.

AIRPORTS

3 International airports: Yangon, Mandalay, Naypyidaw
3 CIQ airports: Bagan/Nyaung U – Heho – Dawei
27 Domestic airports

Airport development projects
- Yangon International Airport — Accommodation improvement.
- Mandalay International Airport — Development of the airport as major logistic hub.
- Bagan-Nyaung U Airport — Terminal Building upgrading as well as the safety operation standard landing aids.
- Heho Airport — Terminal Building upgrading as well as the safety operation standard landing aids.
- Thandwe Airport — Terminal Building upgrading.
- Dawei Airport — Upgrading domestic airport to international airport.

SEAPORTS, DRYPORTS & TERMINALS

Ports in Myanmar
- Yangon Region > Yangon Ports
- Rakhine State > Sittwe Port / Kyaukphu Port / Thandwe Port
- Ayeayarwady Region > Pathein Port
- Mon State > Mawlamyine Port
- Tanintharyi Region > Kawthaung Port / Myeik Port / Dawei Port

Deep Sea Port Projects
Potential areas to be developed as Deep Sea Ports:
- Dawei Special Economic Zone together with Deep Sea Port at Tanintharyi Region in the South Coast.
- Kyaukpyu Deep Sea Port at Rakhine State in the West Coast.
- Kalagauk Deep Sea Port, between Mawlamyine and Ye Region at the South Coast.
- Westport Deep Sea Port at Ngayoke Bay, Ayeyarwaddy Region.

BUSINESS DEVELOPMENT ZONES

There are three Special Economic Zones (SEZ) in development:
- Kyauk Phyu in Rakhine State
  The project initially began as a joint venture between the Chinese and Burmese governments, but has since transitioned to private developers. Kyauk Phyu SEZ will be accessible to the Shwe gas field in the Bay of Bengal. The oil and gas terminal was financed by the China National Petroleum Corporation.
- Dawei in the Tanintharyi Region
  The government has been exploring ways to restart development of the US$8 billion Dawei SEZ, which has been suspended since 2013 after developer Italian-Thai Development Company withdrew from a 2008 agreement due to financial constraints. Negotiations are being made with Japan to get them involved in the project.
- Thilawa in Yangon Region
  The Thilawa SEZ is located on 23 km southeast of Yangon. It is the very first large-scale SEZ in Myanmar. The Zone, which totals 2,400-acre, is being developed in phases under Myanmar-Japan Thilawa Development Ltd.

TELECOMMUNICATIONS

There has been a telecoms boom that has dramatically changed the physical and technological landscape of the country since the sector was opened to foreign competition in 2014. Myanmar’s mobile market has experienced very rapid growth from 2013 to 2018, driven by the entry of three new competitors in the market, increasing the number of operators from only one to four. This has dramatically increased market competition. The mobile broadband market is driven by increasingly faster speeds as mobile operators roll out 4G and eventually 5G networks.

ENERGY

Myanmar has an installed capacity of 5.5 GW, which is a very low ratio. 60% of power generation comes from hydraulic resources (the hydro power potential is considered to be near 1000 GW) and the rest comes mainly from gas power plants. In 2018, approximately 40% of the population have access to electricity. Additional installed capacity is planned in the next few years.

In January 2018, a few Notice to Proceed (NTP) will bring 3000 MW of additional power to the country, mainly through the production of LNG and some rehabilitation of existing plants. Regarding renewables, more than 500 MW of solar power will be injected by 2021. The Ministry of Energy and Electricity has committed that by 2030, 12% of the energy mix will come from renewables (mainly solar).

In September 2018, ADB announced a USD300 million loan to expand Myanmar’s national electricity grid in seven regions and states: Yangon, Ayeayarwady, Bago and Tanintharyi regions and Mon, Kayin and Rakhine states.

Electricity tariff remains a real issue to be solved as current tariffs do not reflect the real cost of production.

Regarding the Oil & Gas sector, the national oil & gas company MOGE (Myanmar Oil & Gas Enterprise) produces Oil & Gas on shore and is a partner of the foreign companies operating in Myanmar. It also acts as the regulator of the sector under the guidance of the Ministry of Electricity and Energy (MOEE).

Although Myanmar is one of the oldest oil producers in the world with the production of the onshore Yenangyaung field by the Burmah Oil Co in 1886, Myanmar has shifted to being mainly a gas producer today. Gas is mainly produced offshore from 4 main ‘historical’ fields. Yadana, Yetagun, Zawtika and Shwe. 80% of gas production is exported to Thailand and China. The Yadana field, operated by Total E&P Myanmar, is the main gas field in Myanmar, producing around 800 Misc/d or 8 Bcm/year. It supplies around half of the gas consumed in Myanmar and 15% of the gas consumed in Thailand, where ¾ of its production is exported. Zawtika is operated by PTT E&P (Thailand) and Shwe field is operated by Daewoo (Korea). The fourth foreign operator is Petronas (Malaysia).

In 2013 – 2014, additional onshore and offshore blocks were allocated to foreign and JV companies, attracting more investment in this sector. Total E&P has been awarded Block A6 that has been since 2017 under production. Unlike the Yadana field, most of the gas supply will be used for the domestic market. The MOGE is planning to launch another series of tenders on additional blocks in the beginning of 2019.
Visa and permits

In general, foreigners wishing to enter Myanmar must obtain a visa. Exceptions apply for tourist who are citizens of Brunei, Cambodia, Indonesia, Laos, Malaysia, the Philippines and Vietnam. Visas may be applied for at Myanmar’s foreign embassies and consulates. Citizens of certain countries may further apply for visas-on-arrival or e-visas.

Every foreigner wishing to reside in Myanmar on a long-term basis (i.e. more than 90 days) is required by law to apply for a Foreigner Registration Certificate.

Foreigner Registration Certificates are primarily applied for by foreigners requiring a Long-Term Stay Permit or working for enterprises established under the Investment Law, who have to apply for a labour card. In combination with a valid visa, a Long-Term Stay Permit allows foreigners to stay in Myanmar for the full term of their visa (i.e. up to twelve months.)

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Main types of visa

<table>
<thead>
<tr>
<th>VISA</th>
<th>Length of stay</th>
<th>How to apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist Visa</td>
<td>28 days</td>
<td>Online (<a href="https://evisa.moip.gov.mm">https://evisa.moip.gov.mm</a>) Myanmar Embassy On arrival</td>
</tr>
<tr>
<td>Business Visa (single entry)</td>
<td>70 days</td>
<td>Online (<a href="https://evisa.moip.gov.mm">https://evisa.moip.gov.mm</a>) Myanmar Embassy On arrival</td>
</tr>
<tr>
<td>Business Visa (multi-entries for 3 months / 6 months / 1 year)</td>
<td>Duration of the visa</td>
<td>Myanmar Embassy Myanmar Diplomatic mission for renewal</td>
</tr>
<tr>
<td>Education Visa (single entry)</td>
<td>70 days</td>
<td>Myanmar Embassy Myanmar Diplomatic mission for renewal</td>
</tr>
<tr>
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<td>Duration of the visa</td>
<td>Myanmar Embassy Myanmar Diplomatic mission for renewal</td>
</tr>
<tr>
<td>Employment Visa</td>
<td>70 days (can apply for extension)</td>
<td>Myanmar Embassy Myanmar Diplomatic mission for renewal</td>
</tr>
</tbody>
</table>

Visa and permits

Documents I need for a Business Visa

- Duly-filled and signed application form;
- Original invitation letter from a company registered in Myanmar stating business activities and involvement of applicant with invited company;
- Copies of certificate of incorporation and company extract issued by Directorate of Investment and Company Administration (DICCA) or copies of business license / evidence of permission to do business issued by the ministries concerned;
- Original recommendation letter from a company registered abroad (e.g. France) or a recommendation letter or personal letter stating the reasonable facts why the applicants need a visa;
- Two recent photos of 1 ½ x 2 inches with white color background;
- Original passport with at least six months validity & two full empty pages;
- Applicant’s business card;
- Copy of passport information and applicant’s photo page; and
- Tax bill.

Since January 2016 and the notification relating to visa published by the Ministry of Labour, Immigration and Population, the multiple entries Business Visas allow foreigners to stay in Myanmar for the duration of the visa. They do not need to exit and return after a stay of 70 days by extending their stay period in the department of Immigration, as they would under the previous notification.

LABOUR CARD

Companies registered under the Myanmar Investment Law or under the Myanmar Special Economic Zone Law (MSEZL) can apply for labour cards for foreigners in managerial or supervisory roles, or for those with technical skills. Together with a Stay Permit and a Multiple Journey Special Re-entry Visa, it provides for the possibility to stay in Myanmar beyond 70 days and to exit and re-enter the country on the same visa.

Note that since January 2016 the multiple entries business visa allows foreigners to stay in Myanmar beyond the 70 days to the entire duration of the visa.

Disclaimer

The content of this article is intended only as a general overview of the matters referenced and is not intended to be considered as legal advice. CCI France Myanmar has attempted to ensure that the information provided is accurate, but we provide no guarantee of accuracy. As every individual’s requirements may vary by circumstance, you should seek Myanmar Embassy, immigration services or other professional advice before acting or relying on any of the information contained herein.

In theory, a foreigner may apply for an employment visa. Based on the practice of the authorities, any application for an employment visa shall be supported by an invitation letter or appointment letter from the employer, as well as the applicant’s labour card from the Ministry of Labour, Immigration and Population. Due to the restrictive issuance of labour cards to foreigners, most people working in Myanmar do not apply for an employment visa, but simply hold a business visa. A multiple entry business visa is usually issued if the applicant has already had at least two single entry Business Visas and has not violated any immigration laws.

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RESIDENCE PERMIT

(Permanent Residence)

It should now be possible to apply for Permanent Residency in Myanmar. However, permanent Residency status is at the moment mainly issued to repatriates. According to The Myanmar Times at that time, “the vice president said the system would enable scholars, experts, intellectuals and investors from other countries, as well as former Myanmar citizens, to contribute to national development.” Before 2014, foreign investors, experts and former citizens could stay in Myanmar only with a limited duration visa.

In order to be able to apply for permanent residency in Myanmar, applicants must have lived a minimum of three consecutive years in Myanmar and must justify their position of "High Skilled potential". Once obtained, a Permanent Residence Permit is valid for five years and shall be renewed upon expiry. Holders of a Permanent Residence Permit shall not be required to obtain a visa (except in the event of more than 24 consecutive months abroad) to enter Myanmar.

What should I know before coming in Myanmar?

In general, foreigners wishing to enter Myanmar must obtain a visa. Exceptions apply for tourist who are citizens of Brunei, Cambodia, Indonesia, Laos, Malaysia, the Philippines and Vietnam. Visas may be applied for at Myanmar’s foreign embassies and consulates. Citizens of certain countries may further apply for visas-on-arrival or e-visas.

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As Myanmar is organized as a Union of 15 States and Divisions, decision making is centralized in Nay Pyi Taw: President’s Office, the Cabinet, Parliament and Union Ministries.

On regional levels, Regional Government are operating with its own State Parliament and Regional Ministers. The Regional Government is headed by the Chief Minister and can decide on its own for investment that represent less than 5 million USD in value. Any entrepreneur, or any company that wishes to start a business in Myanmar will have to work with the following administrations.

Directorate of Investment and Companies Administration (DICA)

DICA is an entity under the Ministry of Investment and Foreign Economic Relations. Registration is the first step a businessperson will be required to undertake to carry out activities in Myanmar. The company name availability will have to be checked and company registration form has to be duly filled. As of August 1st 2018, all procedures can be done online through DICA’s MyCo Online procedure. From August 1st to August 31st 2018, more than 10 000 existing companies re-registered online free of charge. These companies are required to do so until January 31st 2019.

Although no minimum capital is longer required under this new framework, companies are advised to put an amount that is relevant to the type of business they wish to carry out.

Pursuant to the New Myanmar Companies Law 2013, a company may be registered under the following categories:

- Private Company Limited by Shares
- Public Company Limited by Shares
- Company Limited by Guarantee
- Unlimited Company
- Business Association
- Public Company Limited by Shares under the Special Company Act 1950
- Private Company Limited by Shares under the Special Company Act 1950
- Overseas Corporation

The necessary payments relating to registration can be made either online by credit card or on site at the cashier of DICA Office.

Source: https://www.dica.gov.mm/en/

Myanmar Investment Commission (MIC)

The MIC was set up in 2012 to approve investment projects in Myanmar. Several options are possible for foreign companies to establish their business:

- Joint-venture with a local company
- Joint-venture with the government
- Subsidiary or branch in Myanmar
- Registering a company as a foreign company

In the framework of the New Myanmar Investment Law 2016, a MIC Permit is mandatory only for the following sectors:

- Investment businesses essential to the Union strategy
- Large capital-intensive investment projects
- Projects likely to cause a large impact on the environment and the local community
- Investments using state-owned land and building
- Investments designated by the government to require the submission of a proposal to the Commission

Union Ministries

Depending on their activities, companies may have to apply for license to the concerned Ministries (import license, distribution license, extraction license, insurance license, ...). Rules applying to the obtention of licenses vary from one Ministry to another and depends on the type of license. These rules may include criteria concerning the minimum capital of the company, the number of shares owned by foreign investors, and so on.

It is therefore vital to contact the concerned Ministries before registering a company at DICA, in order to prepare the Constitution, the legal structure, the partnership of capital, and so on, according to the rules related to the license that the company will have to obtain to be allowed to operate in Myanmar.

Since these rules are not always published or communicated by the Ministries, it is recommended to contact a law firm operating in Myanmar, in order to obtain the proper information, to prepare the registration documents accordingly, and to ensure that registration process goes smoothly and in compliance with Myanmar laws and regulations.

Source: https://www.dica.gov.mm/en/

List of the 13 members of the MIC as of June 2018

<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
<th>Institution</th>
<th>Role</th>
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</thead>
<tbody>
<tr>
<td>H.E. U Thaung Tun</td>
<td>Union Minister</td>
<td>Ministry of Investment and Foreign Economic Relations</td>
<td>Chairman</td>
</tr>
<tr>
<td>H.E. Dr. Than</td>
<td>Union Minister</td>
<td>Ministry of Commerce</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>H.E. U Tun Tun Oo</td>
<td>Union Attorney General</td>
<td>Union Attorney General Office</td>
<td>Member</td>
</tr>
<tr>
<td>U Set Aung</td>
<td>Deputy Minister</td>
<td>Ministry of Planning and Finance</td>
<td>Member</td>
</tr>
<tr>
<td>Daw Nilar Kyaw</td>
<td>Minister</td>
<td>Yangon Regional Government</td>
<td>Member</td>
</tr>
<tr>
<td>Dr. Aung Tun Thet</td>
<td>Economist</td>
<td></td>
<td>Member</td>
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<tr>
<td>U Khin Maung Yee</td>
<td>Permanent Secretary</td>
<td>Ministry of Natural Resources and Environmental Conservation</td>
<td>Member</td>
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<tr>
<td>U Toe Aung Myint</td>
<td>Permanent Secretary</td>
<td>Ministry of Commerce</td>
<td>Member</td>
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<tr>
<td>U Htein Lwin</td>
<td>Permanent Secretary</td>
<td>Ministry of Electricity and Energy</td>
<td>Member</td>
</tr>
<tr>
<td>U Htay Chun</td>
<td>Deputy Director General (Retired)</td>
<td>Directorate of Investment and Company Administration</td>
<td>Member</td>
</tr>
<tr>
<td>U Aye Lwin</td>
<td>Central Executive Committee Member</td>
<td>Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry</td>
<td>Member</td>
</tr>
<tr>
<td>Daw Mya Thuzza</td>
<td>Deputy Director General (Retired)</td>
<td>Directorate of Investment and Company Administration</td>
<td>Secretary</td>
</tr>
</tbody>
</table>

Source: https://www.dica.gov.mm/en/

After incorporation/registration and the start of operations in Myanmar, entrepreneurs or enterprises usually have to register with the following authorities:

Labour Office

Employers with five (5) or more employees have to register their employment contracts with the relevant Labour Office of their Township. Employment contracts have to follow the official template provided by the government. Employers are under the supervision of the Ministry of Labour, Immigration and Population. Unless exempted, any employer with five (5) or more employees shall register with the relevant Township Office of the Social Security Fund. The contribution is of 5% of the gross salary (2% for the employee capped at MMK 6,000 per month and 3% for the employer, capped at MMK 9,000 per month).

Source: http://www.lrdmyanmar.gov.mm/

Internal Revenue Department

Payments of Commercial Tax and Corporate Income Tax have to be made to the Internal Revenue Department.

Commercial tax is usually of 5% for services companies. Since there is no VAT in Myanmar, the commercial tax can be considered the equivalent of VAT.

Payment of the Personal Income Tax must be done by the employer.

Source: http://www.irmdanmar.gov.mm/
HOW TO SET UP A COMPANY?

LEADING SECTORS IN MYANMAR

It depends on the government policy to improve a business sector and the budget allocated to this policy (i.e. Pyidaungsu Hluttaw Law n°44/2014 (Electricity Law)).

More information on these websites below:

Yet, some specific sectors present an interesting potential. The current liberalisation process in the insurance and banking sector should lead to new opportunities.

In the same way, the need for skilled labour, and the decision from the government to increase spending in the education and the health sectors have already given way to a growth in the education and health services.

Moreover, the retail, garment and telecom sectors confirm to be three strong pillars of the growth of Myanmar. They should continue to play a strategic part in the sustainable development of Myanmar, unless new unforeseen challenges arise (suppression of GSP by EU, new regulations on import, new barriers at the market entry, for example).

Finally, the need for an increase in the power production, the discoveries of new gas pockets and the notifications to proceed given to several projects should confirm the energy sector to be one of the leading sectors in the country.

LIMITATIONS & REGULATIONS DEPENDING ON THE ACTIVITY

The Myanmar Investment Commission issued the notification No. 15/2017 on the List of Restricted Investment Activities, with the approval of the Union Government, on 10th April 2017.

This list contains all activities restricted, activities allowed or certain activities allowed only in the form of joint-venture. Although the Myanmar Companies facilitated the access of companies to business by suppression of the permit to trade, there are still some activities that need to be carried out with the approval of the relevant ministries.

BUSINESS PLAN & STRATEGY

When drafting the Business Plan, the Entrepreneur should be focused on the operational risks (Business and evolution of supply risks, Human and organisational risks, financial risks...).

Need to know business investment environment such as special economic zone, Bilateral Investment treaties, GSP with EU...

Need to check what corporate form fits the best to your activity. Indeed, as mentioned above, some activities are closed to foreign companies or to Myanmar companies with a certain quantity of shares owned by foreign investors.

Need to choose your right corporate partner (screening of the OFAC records for persons who’s got assets and interest in US, screening of Consolidated list of persons, groups and entities subject to EU financial sanctions, etc.).

Check the competition level by requesting information to Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) or to CCI France Myanmar.

Know how to comply with Myanmar laws, rules & regulations.

Choose suitable office location (check place with good electricity supply, efficient power inverter, reliable and fast internet provider). Check the conditions offered by landlords, since some of them request the payment of 1 year of rent in advance. Myanmar law now authorise long-term lease, which give some negotiation power on rates.

Be realistic when preparing the P&L and expect delays and obstacles. It is usually recommended to have one year of advance cash flow.

Look on how you can protect your intellectual property.

Choose right Counsel. Make sure that you are 100% compliant with Myanmar laws, to avoid any future setback.

Pay attention on how to hire personnel.
**What status and how to register?**

**MYANMAR COMPANIES LAW AND MYANMAR INVESTMENT LAW**

In general, foreigners and foreign corporations are not allowed to carry out activities in Myanmar without having registered a legal presence in the country. The relevant legal restrictions can be found in Myanmar Investment Law (2016) and in the Myanmar Companies Law (2017), which contain a number of registration requirements.

Under the New Myanmar Companies Law, a Company Limited by Shares can now be set-up with one shareholder and one director (residing in Myanmar) only. There are no minimum capital requirements anymore (obtaining business licences may however still require a certain capital). Further, companies with a foreign shareholding of 35% less shall still be considered as a ‘local’ company, which may offer a number of benefits (e.g. with regard to the acquisition/leasing of land or business activities).

The following types of business activities require an additional registration with the Myanmar Investment Commission under the Myanmar Investment Law (2016):

(i) investments that are strategic for the Union of Myanmar; investment upper than $1 million in border or in conflict areas or across national borders;

(ii) large capital incentive investments;

(iii) investments that have a large potential impact on the environment and the local community;

(iv) investment which use state-owned land and buildings; and/or

(v) designated investments by the government.

Other enterprises may register voluntarily under this law, which may provide for a number of tax and duty incentives as well as the possibility to enter into long-term lease agreements.

Please contact CCI France Myanmar, the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), or local legal and audit companies for more information.

**FINDING / TAKING A PARTNER**

It is possible to benefit from services offered by CCI France Myanmar or the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI). Depending on the size of the company, the financial capacity, the trust and the corporate governance of the local company should be taken into account.

Proper due diligence before choosing a partner is highly recommended.

**FORMS OF ENTERPRISES / WHICH STATUS TO CHOOSE?**

The Directorate of Investment and Company Administration (DICA) recognizes 3 different types of companies that can be registered under the Myanmar Companies Law:

- A company limited by shares (public or private)
- An unlimited company
- A company limited by guarantee

The type of vehicle most suitable for the investor should be chosen based on the type of business activities that will be performed in Myanmar. Investors shall keep in mind that some business activities may require setting up a joint venture with a local partner.

**HOW TO REGISTER MY COMPANY?**

Under the new Myanmar Companies Law, a business can now be registered online by using the DICA dedicated website: [www.myco.dica.gov.mm](http://www.myco.dica.gov.mm)

Official registration fees vary from 150,000 MMK ($165) to 2,500,000 MMK ($1,630), depending on the form of the business. A physical registration at Directorate of Investment and Company Administration’s office is also possible (subject to higher fees).

The registration process with DICA now usually takes a few hours or days. Yet, the issuance of the necessary licences from Ministries can take months, in some cases, thus delaying the date when the company can actually start operating. This delay needs to be taken into account in the business plan.

**Licences and how to get them?**

For instance and in order to create a private limited company, you need to provide a copy of your National Registration Card and/or Passport copy of the directors and shareholders. Those requirements may change depending on the type of company and investors.

It is recommended to use the services of a law firm to register your company and to obtain licences.

**WHAT TYPE OF LICENCES?**

The Myanmar Investment Commission issued Notification No. 15/2017 with a list of Investment activities that are prohibited for foreign investors, or that require the approval of a designated Ministry.

The restriction is not the same depending on the size of company and type of activity. The service company registered under private company limited by share can start to operate business immediately without any licence.

Investors need to pay attention because some other approvals may be required from different levels. The activities relating to food, drug and cosmetic and medical devices will require the FDA Approval prior to any distribution of products within Myanmar.

For instance, a recent notification No. 01/2018 adopted by Central Consumer Protection Committee, has been adopted concerning the use of Burmese language for products’ labelling.

**HOW TO GET LICENCES?**

We recommend investor to contact to local legal company in order to know what type of licence is needed to carry their business. Investors may have to obtain also township or city council approval. You can find some information on the different website of the ministries concerned. Unfortunately, the information is not always clearly indicated or translated. You can also hire some agents & proxies that will help to get such licences.

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**Documents for the customs clearance: Shipping documents (AWB/BL, Invoice, PL) plus insurance certificate, CO certificate.**

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**Example of the Import Licence**

The following documents are required to apply for an import licence.

1. IR issued by MM FDA for required items (Without having FDA approval letter, we are not allowed to apply for an import license).
2. Sales contract
3. Pro forma invoice
4. Company documents copy (Company registration certificate, Import/Export registration)
5. Cover letter
6. Price confirmation letter
7. Usage of the product in Myanmar language

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**DOS & DON’TS**

- Do set a shareholder agreement using a lawyer having experience in Myanmar
- Maintain double signature system
- Do not give full access to bank accounts

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The content of this article is intended only as a general overview of the matters referenced and is not intended to be considered as legal advice.
HOW TO SETTLE DOWN?

YANGON REAL ESTATE MARKET

Nowadays, there are more affordable options in Yangon in terms of real estate, which means in terms of offices as well, partly because of the increase in the offer in office spaces.

The rent has continuously decreased to reach as low as $23 per sqm in lower-grade buildings to $50 per sqm in high-end office building located in the city centre, with an average monthly rent of $42 per sqm in mid-2018 (source: Colliers International).

In Myanmar, converting an apartment in a regular building into an office still prevails. A main particularity in real estate rental is that the rents are due upfront. Most of the time you need to pay 6 months to 1 year upfront.

So, the advantage of rent an office or a desk in a business centre or office building is the possibility to pay your rent monthly (important in terms of management of cashflow when starting a business).

When you want to set up an office in Yangon as a young entrepreneur, you have the choice between:

- Converting your living room into a workplace for a few months (The real estate cost being high, it can be very costly to rent both your home and your office when you have a limited budget of a start-up).
- Rent an office in a regular apartment (many kind of choices in term of facility with car parking and backup generators, or normal apartment).
- Rent an office space in a Serviced Office Building like the co-working space in the Business Centre of CCI France Myanmar.
- Rent and share an office space with other companies (more and more options since recently).

KEY ELEMENTS

The key things to consider when it comes to choosing your office:

- What is the right location for your company (where are your clients/suppliers located in town, which township do you go the most...)?
- Is there a backup generator supplying my office when power shortage?
- Is there a lift and a parking area?
- Is my office easy to find for my visitors and easy access for my employees (bus lines)?
- Is there a broadband internet or optic fibre connected to my building?
- It is also very important to choose right location and easy access by bus for your employees as well. As most of your employees will not take taxi nor drive themselves.
- Due to bad traffic conditions, the time we spend blocked in traffic between meetings matters. As such, it is very important to choose the right location. Some people would say downtown is a must and some other now go more and more to Yankin township (where is Myanmar Plaza mall).

DOCUMENTS I NEED

- A lease contract, that has to stamped and registered (if needed) with the relevant authorities.
- Copy of your passport and visa.
- Some landlords / ladies might ask for your company’s licence (but not always).

CCI FRANCE MYANMAR
BUSINESS CENTRE

CCI France Myanmar proposes all-included ready-to-use offices for rent in their 2 business centres, in Yangon and in Mandalay, from 1-person desks in an open space to 2-person, 3-person, and 4-person closed offices.

Information: www.ccifrance-myanmar.org
Find an office space

DOS
- Do use several brokers (not only one).
- Do get along with your landlord (very important).
- Do ask for electricity price per kW (not all buildings charge the same).
- Do bargain to pay rent upfront by 3 or 6 months max (not 12 months).

&

DON'TS
- Do not forget to go tax office and pay the stamp duty (Up to 3 years - 0.5% of total rent money / Over 3 years - 2% of total rent money).
- Do not accept to pay 1 month commission to broker. They should charge landlord.
- Do not pay the rent until you have cleared all pending topics and signed the contract.

Patrick Hochster
Director of Parkside One

Thurane Aung
CEO of Dagon International Ltd.

There are not much differences from any other countries on how to find an office in Myanmar. Each way works, but as a foreign company setting up a new business here, I would suggest to go with a professional broker to be guided. Today, rental price of office space ranges from $20 to $45 per sqm per month. In Mandalay and Nay Pyi Taw, rents are on average 20% to 30% cheaper.

Your choice will depend on your needs and budget but definitively you have to consider a building with a good structure, no leaks, with good backup generators for electricity and high-speed internet installation! Here at Parkside One, we seek to make life easier for our tenants by offering them all these services as well as professional management with a friendly environment.

Most of the financial sector and institutional entities are located in downtown and the rest of the other businesses are settling in mid-town levels... The main problem of day to day life is the traffic, so if you have to go to the airport from your office, you might have also to consider a location in mid-town level, for example near golden valley.

The office rental market has recently seen some fresh supply of office space with construction of further office buildings still ongoing. In the recent years, prices have been on a downward trend, however, rental rates are still high compared to neighboring countries.

Of course, if the Myanmar economy should rapidly pick up again, there could be a shortage of office supply in the future. Particularly, the banking, finance and insurance sectors are expected to soon open up. This could increase demand.

Generally, there is still limited supply for quality office space. For large companies, it may be difficult to find enough office space in a single building. Developers, such as Dagon International, can assist in building suitable offices on the land banks within its network across Yangon City, Thilawa SEZ and Nay Pyi Taw.

For manufacturing and warehousing, the Thilawa SEZ should be considered. The zone offers international standard infrastructure. Rental rates for factories and warehouses in Yangon range from $3 to $6 per sqm per month, depending on facilities. If you are looking to buy industrial land in Yangon, prices lie between $65 to $100 per sqm.

Connectivity

MYANMAR TELECOM MARKET

Communication became much easier after the introduction of new telecom operators in Myanmar such as Telenor, Ooredoo, MPT and Mytel. They all offer 4G coverage, but you need to make sure that your mobile phone is unlocked. You will find local SIM cards which are readily available in every mobile shop in Yangon, Mandalay, as well as at Yangon Airport and other major tourist sites.

SIM cards cost as low as 1USD/card. Cards work on a top-up basis, with $1,000, $3,000, $5,000 and $10,000 cards available. To buy a SIM card, you will need to have a photocopy of your passport, and your Myanmar Visa and one passport photo. For locals, you will need to present a NRC Card.

INTERNET IN MYANMAR

Mobile 3G/4G

Nowadays, it is very easy to get online using your mobile 3G/4G network connection. Depending on your chosen telecom operator such as Telenor or Ooredoo, MPT and Mytel offer different Internet packages. Coverage of different regions of Myanmar may differ from one operator to another but most of the country is now connected to one network or another.

The speed also varies according to the day and the location of your usage. Previous government internet restrictions have now been lifted, so people are free to access most websites.

ISP

If you are setting up internet usage for your business, and you want to have unlimited data plan as well as a faster internet connection, there are business internet packages with dedicated internet access (DIA) from respective telecom operators with different prices. They offer additional services such as A2P Messaging, IPVPN (Internet Protocol Virtual Private Network) & DPLC (Domestic Private Leased Circuit), IPLC (International Private Leased Circuit) & IEPL (International Ethernet Private Line), Session Initiation Protocol.

If you have a team of 5-10 people with your daily tasks involving sending/checking emails, doing online research and less connectivity to your customers, it is recommended to set up from less expensive ISPs such as MyanmarNet, Ananda, SBB, YadanaBon Teleport, Fortune International Co. It’s worth checking them out too.

Finally, optic fiber prices have decreased dramatically, making it more affordable and competitive for small businesses.

How to settle down?

INTERNET IN MYANMAR

Connectivity

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How to settle down?
FINDING THE RIGHT EQUIPMENT

If every business is different and may need some specific equipment, everyone needs at the very least a desk, a chair and some essential items to run the operations. Where to find them? How and when to buy them?

For the furniture, if you want to get new items, you will find a significant range of products: from the very cheap chair made in China to the top-notch ergonomic one, certified cradle-to-cradle. The real challenge is to find not only the retailer or distributor, but to make sure that the customer service will be flawless. You should ask your peers who are supplying their furniture. If you want to order your furniture, it is also an option. Myanmar has a lot of skilled carpenters: they can craft and design all the furniture you wish, using reclaimed wood or upcycling old materials into stunning pieces. It is easy, affordable, and will support the local economy.

You may also want to buy second-hand items. In that case, go on Facebook, and browse the groups like Yangon Connection. If you want to be more adventurous, you will find some dealers here and there: explore around Yankin Street, for example. Again, depending on your budget and tastes, you will be able to find some very basic pieces to antiques and beautiful ones. The choice will be yours.

For IT, before buying any equipment, keep in mind that the power stability in Yangon is not a given. The voltage variance can be significant: therefore, you should protect your equipment and buy some surge protectors and/or an uninterruptible power source (UPS) to be able to work during power outages.

If you buy computers in a local shop with pre-installed software, make sure that it is appropriately set-up: Myanmar fonts and keyboard can be complicated to set up, and many installed software are actually very often illegal copies, which can lead to compatibility or updating problems.

Yet, finding the right suppliers will not be difficult. Moreover, the best one will be able to support you customising your IT equipment. You can buy a cheap computer and upgrade its memory or space easily. Opting for an SSD instead of the regular hard-drive can be a very important investment. To find the shops, you can go downtown (in the Pansodan area, in La Pyi Wun Plaza, Myanmar Plaza). Here again, buying second-hand equipment can be a smart choice, if you know how to check the state of the equipment.

As timing is everything, try to buy during the Thingyan (April) or Thadingyut (October) festivals. You will be able to enjoy better deals, especially with IT. If you are looking for second-hand equipment on Facebook, wait for the right seasons, when people working for INGO are leaving the country and when they are selling their equipment.

1 Do not hesitate to contact CCI France Myanmar if you want to have a list of potential suppliers.
2 See: https://www.facebook.com/groups/yangonconnection/
NEED A TEAM?

General overview

HR IN MYANMAR

The lack of training and access to education, along high turnover, has made Human Resources in Myanmar a serious matter to address.

How to recruit, train and retain employees is a daily challenge for any company in Myanmar.

KEY ELEMENTS

To understand the Human Capital and the Working Culture, you should first spend some time reading about Myanmar history of the last 60 years; so you can understand what was and what is today the situation regarding education, labour force skills, health system, productivity, ... all those elements shaping the Myanmar human capital as it is today.

You should also get advised about the Labour Law and Labour Office procedures in order to learn everything you need to know and how to be compliant with Myanmar laws and regulations.

DOCUMENTS I NEED

You need to use the general employment contract template from the Labour Office. Your employee needs to sign the Myanmar version and then if you have five (5) or more employees, you need to have the contract approved and stamped by the Labour Office of your township.

You need to declare your employee’s income and pay their Personal Income Tax (PIT) every month. Make sure to keep copies of the tax slips and have the employee tax booklet (blue) updated by the tax office every 3 months.

ALL THE INFORMATION YOU NEED

To learn all you need to know about Human Resources in Myanmar, Labour Laws, regulations, and so on, download the “Human Resources Guide to Myanmar” provided for free by CCI France Myanmar, here on their website:


Jérémy Damloup
Co-Founder & COO of Akhuka Productions

“Like for any company in Myanmar, finding skilled staff and retain them is very challenging. Akhuka is a family business run like a family. We care professionally and personally of all our employees. We always make sure everybody feels good with everyone and enjoy the working atmosphere. We are very selective with people we hire and expect a lot from everyone. In return, we provide nice and comfortable spacious office (TV, hammock, plants, free flow drinks and snacks, 24/7 high speed internet and electricity, good location), in-house and outsourced trainings (soft skills, excel, film industry,...); surprise team bonus several times a year (we give same amount to everyone no matter of the position); frequent team dinners and activities (bowling, yoga class, sky diving, indoor climbing, etc.)”

Yadanar Zaw
Executive Director of Edify Myanmar Co., Ltd

“I believe that a streamlined and effective management of human capital within organizations should be a high priority and is an essential for 21st century companies in Myanmar. With the country having a young population that is eager to learn, human resources development is the key to organizational excellence and change management. Only by combining a deep understanding and knowledge of Myanmar culture with international best practices, companies can unlock their true potential. Companies, such as Edify assist organizations in achieving their ultimate goals by developing HR best practices, which not only have the core interests of the business at heart, but recognize the value of employees, and the importance of a happy working environment.”
RECRUITMENT IN MYANMAR

There are many recruitment sites available for finding a correct team. These recruitment sites will either charge on a monthly/yearly basis for posting and access to database or will charge a percentage of the annual salary of the hired candidate.

As Facebook is widely used in Myanmar, free recruitment service can also be done through Facebook recruitment groups.

WHERE TO GO?

The main recruitment sites in Myanmar are:

- https://myjobs.com.mm
- https://www.jobnet.com.mm/
- https://www.myworld.com.mm/
- http://jobbank.com.mm/
- http://www.myanmarjoblink.com/

There are also many recruitment groups for Myanmar on Facebook and LinkedIn.

DOCUMENTS THAT YOU NEED

A long job offer is not necessary and can be counterproductive, as it may scare away candidates or make your company unattractive.

Yet, when launching a recruitment process, a few basic documents are necessary:

- A job description, briefly introducing the company, the position, the conditions of the job (salary, location, hours, and so on), the missions, and the required skills (diploma, years of experience, profile of candidate, languages, and so on).
- An offer letter that you post, share, send by email.

It is important for your company to look attractive, in order to attract many candidates, but it is also important to be precise, in order to receive only relevant CVs.

JOB INTERVIEW

As a recruiter you need to prepare the job interview as much as the candidates. Prepare your questions in advance to make sure that they will help you get the information that you need: do the candidates know your company, products or services? Are they motivated? Are they exaggerating their skills or experiences? Do they have the right attitude and mindset?

You also need to make sure that you and your company look at your best to attract the best candidates.

DOS & DON'TS

- ✓ Do not limit yourself to few candidates.
- ✓ Do anticipate many candidates will not show at the interview or that they will show late.
- ✓ Do make sure that you have a replacement/refund clause in your contract if you work with a recruitment company charging a percentage of annual salary, as it is frequent a candidate will resign after few months.
- ✓ Do ask and keep copy of NRC card and household Registration of your employees.

- ❌ Do not focus on the resume only, especially on diplomas when you interview (personality and attitude should prevail).
- ❌ Do not wait to have a need to interview candidates (always have a back-up plan).
- ❌ Do pamper your key employees to make sure they feel good working with you and do not decide to leave.
- ❌ Do focus on the employee’s personality and way of thinking out of the box.
- ❌ Do not limit your HR management strategy to salary only. Appreciation, valuation of the work and of the employee, opportunities of training and promotion, ... are also key factors in retaining your employees and limit your turnover.

CCI France Myanmar’s Human Resources Committee conducted an anonymous salary survey in Myanmar, covering all main sectors and main positions, to help entrepreneurs and companies in general to assess how much it would cost them to recruit a team.

This survey will be conducted every year, in order to update gathered information on a regular basis, and its results will be shared freely with all companies in Myanmar.

Download our Salary Survey for free on www.ccifrance-myanmar.org
COMPLIANCE

GENERAL INFORMATION

Myanmar fiscal year for companies runs from 1st October to 30th September.
In general, companies are required to have their accounts audited on a yearly basis. Exemptions shall apply to small companies (as defined under the Myanmar Companies Law).
The following taxes are applicable for registered companies in Myanmar:

COMMERCIAL TAX

The Commercial Tax is applicable for any trading, production or service in Myanmar having an annual turnover of more than MMK 50,000,000. It is also charged on imports. The commercial tax mostly amounts 5% of the trading value (some exceptions for electricity, building sale and jewellery). Prior to the payment of commercial tax, Form 31 must be obtained from the local tax office where the company is registered. For each relevant transaction, one (1) original and two (2) copies must be prepared. The original form shall be handed to the buyer, one copy to the seller and one copy to the tax office. Commercial Tax must be paid every month, within the first ten (10) days of the following month.

STAMP DUTY

The Stamp Duty is a form of tax charged on legal instruments such as lease agreements, which requires the affixation of physical stamps on the instrument in question. The payment and affixation of the stamps is generally due before or at the time of execution of the instrument, unless the relevant instrument has been executed outside of Myanmar. Stamp duty is charged as follows:
- For an Agreement Contract – MMK 300;
- For a Lease Agreement—0.5% - 2% of the annual rent;
- For a Service Agreement: the stamp duty shall be of 1% of the value of the agreement capped at MMK 150,000.

Do note further that a fine equal to ten (10) times the payable stamp duty may be imposed if stamp duty:
- Has not been fully paid;
- Has not been paid within the prescribed period following the execution of the deed;
- Has not been paid on the former deed, although novation/renewal/extension is being carried out; or
- Has been under-paid.

CORPORATE INCOME TAX

The Corporate Income Tax is payable on all profits of companies incorporated in Myanmar and Branch Offices. Since 2015, capital gains are taxed at 10%, while all other profits are taxed at 25%. Income tax must be paid monthly in advance (in practice, the tax authorities accept quarterly payments). Income tax returns must be filed within three (3) months from the end of the income year. Failure to pay the income tax after 21 days of issuance by the tax officer will incur a 10% penalty.

KEY ELEMENTS

The key things to consider when it comes to taxes in Myanmar:
- Delay in commercial tax payment will incur a 10% fine, delay in stamp duty tax payment will incur a 10-times the amount fine.
- Tax payments must be made at the Myanmar Economic Bank.
- The Myanmar Taxation Law identifies a list of 30 services and goods that are exempted from commercial tax.
- Only companies having a turnover of more than 50,000,000 are entitled to the payment of commercial tax.
- Only companies generating benefits are entitled to the payment of income tax.

DOCUMENTS I NEED

- Ka Tha Ka 1
- Ka Tha Ka 2
- Ka Tha Ka 3
- Registration of the company
- Form VI
- Form XXVI
- Form E
- Financial Statements (Audited Tax Reports)
- Tax Clearance Documents

DOS & DON’TS

- ✔ Do request a receipt showing that you went to file your declaration when going to the Tax Department, even if they are too busy to accept it and request you to come back later.
- ❌ Avoid waiting for the 10th of the month to pay your commercial tax, it is likely that the tax office and the MEB will be overcrowded.
EMPLOYMENT CONTRACTS

Employment contracts are regulated by the Labour Law. Employment contracts must be drafted using the official template in Myanmar language approved by the government.

An English version of the contract can also be signed between the Employer and the Employee, knowing that the Myanmar version will be the only official copy recognised by the authorities in case of conflict.

As a complement of information, employers can also request their employees to sign Annexes, Employee Handbooks, Internal Rules & Regulations, as long as these documents are mentioned in the employment contract, and as long as they do not interfere, contradict or conflict with the Myanmar Labour Laws, the Myanmar legal framework or the employment contract itself.

All employees and employment contracts need to be registered at the local Labour Office of the township in which the company is registered. This process may take several weeks, but should not prevent the employee from starting to work in the company while the employment contract is being registered with the Labour Office.

WAGES & TAXES FOR EMPLOYEES

The Myanmar Labour law covers minimum wage (4,800 MMK per day), working hours, holidays, but also social security, maternity, funeral expenses, and so on.

It also covers the Personal Income Tax (PIT) that is calculated as followed:

- It is calculated on the base of the annual gross salary received by the employee. When paid monthly by the company, the PIT will be re-evaluated after the closing of the fiscal year. For salaries paid in US Dollars, the exchange rate used will be the daily official exchange rate of the Central Bank, on the date of payment of each salary.
- The declared amount of income needs to include allowances or other receipts with a commercial value paid by the employer for the employee (bonuses, medical insurance, school fees for children, air tickets, and so on).
- Various allowances can be deducted from the taxable amount (1,000,000 for each parent, 500,000 for children under 18 and students, 20% of personal relief, and 100,000 for spouse).
- From the annual taxable amount, the following tax rate is applied:
  - 0% for the first 2,000,000 MMK
  - 5% for the tranche 2,000,001 MMK to 5,000,000 MMK
  - 10% for the tranche 5,000,001 MMK to 10,000,000 MMK
  - 15% for the tranche 10,000,001 MMK to 20,000,000 MMK
  - 20% for the tranche 20,000,001 MMK to 30,000,000 MMK
  - 25% for above 30,000,001 MMK

KEY ELEMENTS

The key things to consider when it comes to labour taxes in Myanmar:

- Workers are entitled to Social Security since 2014, 2% being paid by the worker and 3% being paid by the employer, the percentage being calculated on a maximum of MMK 300,000.
- Only employees earning more than MMK 4,800,000 MMK are subject to personal income tax.

DOCUMENTS I NEED TO KEEP

- Employment contracts
- Payslips
- Declaration of household, copies of NRC or passport of family when requesting deductions for parents, children, spouses.
- Proof of expenses, claims, leaves, attendance, when this can have an impact on declared incomes, deductions, leaves without pay, and so on.
- All these documents must be up to date, and signed by both the employee and the employer.

The content of this article is intended only as a general overview of the matters referenced and is not intended to be considered as legal advice.
DOING BUSINESS
IN MYANMAR

GENERAL OVERVIEW
Starting and developing a business is challenging, all around the world. Doing it in Myanmar is no exception. Of course, venturing in Myanmar is unique, and everyone should be aware of its specificities. But, they should also be aware that they may already have the most useful tool that they will need to be successful here: common sense. If when in Roma, do as the Romans do, in Yangon, do as the Yangonites do: in other words, it is all about respect and the “Golden rule”.

If you are not a Myanmar national, you can start reading the interesting guide which was published by the Ministry of Tourism about the Dos and Don’ts when visiting Myanmar. It will provide you with some basic and fundamental tips about the etiquette in Myanmar.

THE BUSINESS ETIQUETTE
Here are some of the basic rules that you should follow when doing business in Myanmar:

- Dare to speak Myanmar a bit: your Myanmar counterpart will not expect you to be fluent. However, being able to greet them and to introduce yourself is a very efficient icebreaker. Keep in mind that you should use “U” to address your male counterpart and “Daw” to your female counterpart when you are writing to them officially, especially to request a formal meeting.
- Speak slowly, especially if you are a native English speaker: it is not easy to understand a language which is not your mother tongue. Ideally, for an important meeting, come with a colleague who may be able to translate and facilitate the discussion: it will help you to understand the potential roadblocks and focus on the issues to address. It will help you not to be lost in translation.
- Observe Myanmar people when you are going to a meeting: if they take off their shoes, do the same, unless you are explicitly invited to keep them.
- Make it personal: do not hesitate to share a meal with your business partners. It will be an excellent opportunity to learn more about them, their business and their family. Demonstrate genuine interest, and share your experience. Relationships are essential because they will help you building and expanding your network.
- Dress smartly, and choose your attire wisely. Like in your country, people may judge you by how you dress. Moreover, do not underestimate the climate, especially during the rainy season. If you are not expected to attend meetings in full business attire, do choose an appropriate attire (which can be, during the rainy season, to wear flip-flops if you expect to take off your shoes before the meeting).
- Be on time, which can be a challenge given the traffic in Yangon. Better arrive early than late, and being just on time is too late. It will show your counterpart, that you managed to be on time, and that you know how to tackle Yangon’s heat, which is a good start.
- Do your homework before any meeting, but do not expect to find a lot of information on Myanmar companies’ websites. Instead, go on Facebook, and do not hesitate to follow and send friends’ requests to people you want to meet. Call them, or better, engage with them directly through social media. Finally, when you meet them, share your business cards with them, starting with the most experienced people. Make sure the key documents you will use during the meeting are in English, and ideally, translated. This will demonstrate your willingness to engage with them.
- Embrace the difference: deals can be made because the astrologer says so. You have to be ready to invest time to make things happen, and, more importantly, to build trust with your different stakeholders. While Myanmar people tend not to trust outsiders, if you manage to develop sound relationships with them, and especially with the person in charge, you will have a competitive advantage over your peers.
- Be patient. Power may be out, unexpected events may occur: “ya ba de” (“It’s ok”). Get ready, and embrace this adversity with a smile. It will help you to keep your face and not to make others lose theirs. Therefore, be careful when you disagree with someone, explain clearly why, and do not impose your views. It will help you avoid making your Myanmar partners “ah nah de” (uncomfortable).
- Smile, you are venturing in Myanmar, a frontier market, full of potential. After all, you decided to come here right? So, explore the country, and discover its fascinating heritage and potential.
How to prospect?

PROSPECTING

Good prospection starts with good information. Learn a maximum of information about your targeted area, read the news, talk to the maximum of people you can reach. It is easy to set up meeting with prospects in Myanmar, since people are really open to exchange and always very curious about your activity. Therefore, take advantage of this positive environment.

HOW TO BUILD AND EXTEND BUSINESS NETWORK

Be visible, in your business world, but also when you have free time. Instead of working from your office desk go to a coffee shop, hotel lobby bars, create the opportunity to see prospects randomly and create the opportunity to be seen. Attend conventions and exhibitions, have dinner in different restaurants, join networking events, even on week-ends go to concert or any social activities, give people the feeling you are everywhere.

When you arrive in Myanmar for the first time, talk to everyone, your neighbours, waiters and bartenders at your hotel and restaurants, taxi drivers… If you are the first employee from your company in the country, it is important to join maximum of public events.

CCI France Myanmar, the Myanmar Young Entrepreneurs Association (MYEAA) and other Chambers of Commerce in Myanmar organise regular information and networking events. They offer the best opportunities to meet with CEOs and top managers, without having to setup an official appointment or to have to overcome the blockade of their assistants. In addition, business people are usually less stressed out and more available during these convivial and friendly events. Finally, one meeting leading to another, they can also easily introduce you to other interesting contacts participating in the same gathering.

The best way to be informed of these events is to request the Chambers of Commerce and MYEAA to add you to their mailing list, to visit their websites, and to check the calendars of events taking place in Yangon published on Facebook and on the following websites: www.ccifrance-myanmar.org www.mya.org.mm www.myanmore.com www.yangonlife.com.mm www.myanpwal.com

How to manage daily life?

Managing daily life

ACCOUNTING

Under the Myanmar Companies Law, companies must maintain proper accounting books, which have to be kept at the company’s registered office.

The financial statements must be prepared in accordance with Myanmar Accounting Standards (MAS) and the fiscal year runs from October 1 to September 30 and cannot be changed.

Then, companies must submit financial statements to the tax authorities each year within 3 months of the financial year.

Accounting in Myanmar is one of the priorities if you want to control your daily cash flow and be able to analyze your business. Unfortunately, this is not the easiest thing in Myanmar because until now most financial transactions have been made in cash and handwritten. Payment by bank transfer has started to be used more in the last few years, but they are still more limited than in other ASEAN countries.

Most companies still use a cash book to register debit and credit transactions, and report profits and losses to the tax authorities. The Tax Officer will agree or disagree on the P&L and income tax will be paid at that time.

MANAGING TIME / MEETING / HR WITH EFFICIENCY

The issue of Human Resources is one of the major problems in Myanmar. The turnover of employees in Myanmar remains very high. HR management therefore requires an iron hand in a velvet glove.

Most entrepreneurs could tell you stories about one of their employees who never came back to work without notice or any information.

Unfortunately, this can have an impact on your business activities, which is why it is important to have a strong HR department, managed by someone with a deep knowledge of Myanmar culture, and preferably Myanmar language, since problems, challenges, conflicts at work sometimes arise from a simple misunderstanding, which could have been avoided or solved easily and quickly. Good communication is indeed vital when managing a team.

The most important thing is to have a reliable heads of departments and/or middle managers, in order to continue to provide the best service to your customer when one of your employees leaves.

How to invoice?

If registered for Commercial Tax, every invoice must show the 5% Commercial Tax and the Company’s tax number attributed by the Tax Officer.

Previously cash down payment or short credit with cash payment made most of the payments.

As of today, most companies have Myanmar bank accounts and payment can be made by bank transfers. Yet, bank transfers from one bank to another or to a bank outside of Myanmar can still be time consuming and may require to provide additional documents to the banks for approval and process.

RECOVERY OF UNPAID INVOICES

Myanmar doesn’t have precise regulations concerning the unpaid invoice. The most important is to create a good business-partnership with your customer and always keep an eye on their account.

Most of the time credit term starts with a cash down payment then 1 week to 1-month credit term. Re-questing a payment in advance, when possible, is the best way to avoid bad surprises.

CASH FLOW

Cash flow indicates the immediate health of a company; it is an important factor that helps to determine a company’s ability to pay its expenses, including operating expenses like labor costs, rental fees and payment of debts.

Most businesses in Myanmar face the same issue every year when they have to pay the yearly rental fee, which is often 1 year of rental fees upfront. And, the rent in Myanmar is quite high compared to other countries. Therefore several business close down after 1 year when they have to repay the rental fee as they didn’t save enough for it.

Cash flow is the main issue in Myanmar, Many entrepreneurs think that it is easy to operate a business in Myanmar as there is not too much tax. Actually the market is hard to understand and to enter. Indeed, it might take more time than foreseen to start making profit. Always make sure to have a higher cash flow than forecast in order not to fall short on cash a few months later.

Managing daily life

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HOW TO FIND INVESTORS?

It is possible to get services from local Chambers of Commerce, like CCI France Myanmar, from the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), or from local business associations, like the Myanmar Young Entrepreneurs Association (MYEA). Depending on the size of the company and the financial capacity, the reputation and the corporate governance of the local company should be taken into account.

HOW TO ATTRACT INVESTORS?

A transparent, clear and reliable corporate governance is the best way to attract investors. This is why all companies operating in Myanmar should apply to some local program such as Pwint Thit Sa Project that assess information disclosure on the corporate websites of around two hundred and fifty (250) large Myanmar companies and state-operated enterprises.

This initiative implemented by the Myanmar Centre for Responsible Business and Yever, encourages responsible business activities throughout Myanmar and help companies in Myanmar raise to international standards.

Following the principles of the Myanmar Institute of Directors (MIoD) can be also a way to attract investors. This organization is a newly established, independent organization promoting corporate governance standards and best practices in Myanmar.

In most cases, investors are looking for transparency, honesty and a clear strategy. Do not lie to a potential investor, since trust is vital in partnerships and since they will probably find it out during their process of due diligence. Instead, provide them with documentation, audits, accounts, which will help them identify what they can bring to you and how they can support your development.

CREATING HOLDINGS / SUBSIDIARIES OUTSIDE OF MYANMAR

Lots of possibilities, holdings of course can be settled almost anywhere, and has to be established following the strategy of your group of companies. You should be careful when settling subsidiaries of a Myanmar Company outside the country, especially for banking issues. Probably the best solution is to settle a Regional Headquarter, most common would be Singapore but Thailand and Malaysia are offering also good solutions.

Yann Bary
President of Acteus Group

“...Myanmar has been quite kind to us as customers have been supporting us and trusting us. Looking back at our presence in Myanmar, the key elements for our growth have been: local presence, importance to maintain international standards, transparency in our operating mode. In spite of some current set-backs in Myanmar, it is important to keep in mind that the business community is also playing a role in the development of the country. Lowering standards is therefore not an acceptable option.”

Phyo Wai Khaing
Co-Chair of Access to Finance Committee - MYEA

“We have seen much interest from foreign investors across all sectors. In recent years, many financial groups have established a presence in Myanmar and have been actively engaged in investing in local businesses. With the recent change of the Myanmar Companies Law, local companies can sell up to 35% shares, while maintaining the status of a local company. This means such companies continue to enjoy privileges of local companies, such as receiving an import permit or holding immovable assets.

One of the key challenge of local companies seeking investments, is the lack of proper accounting and documentation. Many businesses have been operating within the family, where the company’s and personal finances have been mixed. We have seen a lot of improvement in the last years and hope to see a growing number of deals in future.”
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