

## **Data Appendix**



Data Appendix 1. Assets and Liabilities by Individual Sample Firms

Firm ID		1	1	2	2	2	3	3	3	4
Size	(mil. kyats)	71.1	157.4	150.7	257.8	466.8	960.0	1,365.0	2,655.0	368.1
Ethnicity		Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar
Year		1998	1999	1998	1999	2000	1998	1999	2000	1998
A1	Accounts & Notes Receivable	8.9%	0.1%	1.1%	0.8%	0.8%	5.2%	6.2%	3.8%	71.9%
A2	Investment and Loans to Affiliated Companies	0.0%		0.0%			78.1%	73.3%	56.5%	5.7%
A3	Premises and Equipment	65.3%	94.8%	46.2%	52.5%	74.5%	6.3%	11.0%	34.5%	20.7%
A4	Other Assets	25.9%	5.1%	52.8%	46.7%	24.7%	10.4%	9.5%	5.3%	1.7%
	<b>Total Assets (check sum)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
L1	Accounts and Notes Payable	74.1%	55.0%	6.8%	4.8%	12.2%	1.0%	1.1%	0.8%	
L2	Bank Borrowing	35.1%	50.8%	0.0%	0.0%	18.7%	10.4%	22.0%	33.9%	
L3	Borrowing from Affiliated Companies	3.1%	5.3%	0.0%	0.0%		10.4%	14.7%	22.2%	0.0%
L4	Borrowing from Owners & Managers	0.0%	0.0%	0.0%	0.0%		5.2%	7.3%	9.2%	0.0%
L5	Borrowing from Informal Lenders	0.0%	0.0%	1.2%	8.5%	4.2%	0.0%	0.0%		0.0%
L6	Other Liabilities	0.0%	0.0%	2.0%	1.5%	0.8%	5.2%	3.7%		5.5%
L7	<b>Total Liabilities</b>	<b>112.3%</b>	<b>111.2%</b>	<b>10.0%</b>	<b>14.7%</b>	<b>36.0%</b>	<b>32.3%</b>	<b>48.7%</b>	<b>66.1%</b>	<b>5.5%</b>
	Total Liabilities (check sum)	112.3%	111.2%	10.0%	14.7%	36.0%	32.3%	48.7%	66.1%	5.5%
C1	Paid-up Capital	14.1%	6.4%	8.1%	4.7%	3.2%	67.7%	51.3%	33.9%	95.1%
C2	Retained Earnings	-26.4%	-17.6%	82.0%	80.6%	60.8%		0.0%		-0.6%
C3	Additional Paid-in Capital and Others	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%		0.0%
C4	<b>Total Capital Account</b>	<b>-12.3%</b>	<b>-11.2%</b>	<b>90.0%</b>	<b>85.3%</b>	<b>64.0%</b>	<b>67.7%</b>	<b>51.3%</b>	<b>33.9%</b>	<b>94.5%</b>
	Total Capital Account (check sum)	-12.3%	-11.2%	90.0%	85.3%	64.0%	67.7%	51.3%	33.9%	94.5%
	<b>Total Capital Account &amp; Liabilities (check sum)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>





15	15	15	16	16	16	17	17	17	18	18	18	19	20
58.0	147.0	275.0	439.0	497.0	880.0	1,342.0	1,517.0	1,877.0	113.9	178.8	213.3	12.2	11.0
Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar
1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000	2000	1998
15.5%	54.4%	72.0%	44.6%	45.9%	44.4%	2.8%	9.8%	7.6%	35.5%	52.0%	46.6%	65.8%	9.1%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.3%	4.0%	3.4%	0.0%	0.0%
79.3%	35.4%	18.2%	54.2%	52.7%	55.5%	47.7%	46.9%	45.4%	45.3%	34.4%	42.1%	11.5%	72.7%
5.2%	10.2%	9.8%	1.1%	1.4%	0.1%	49.5%	43.3%	47.0%	12.9%	9.5%	7.9%	22.7%	18.2%
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
0.0%	0.0%	16.0%	3.9%	2.0%	2.8%	1.3%	5.1%	4.2%	29.5%	35.5%	28.0%	52.6%	0.0%
0.0%	33.3%	39.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.1%	12.2%	7.6%	0.0%	4.5%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.8%	31.6%	25.6%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	1.5%	2.8%	6.9%	21.7%	24.7%	0.0%	0.0%
<b>0.0%</b>	<b>33.3%</b>	<b>55.3%</b>	<b>3.9%</b>	<b>2.0%</b>	<b>2.8%</b>	<b>37.3%</b>	<b>38.2%</b>	<b>32.6%</b>	<b>60.4%</b>	<b>69.4%</b>	<b>60.3%</b>	<b>52.6%</b>	<b>4.5%</b>
0.0%	33.3%	55.3%	3.9%	2.0%	2.8%	37.3%	38.2%	32.6%	60.4%	69.4%	60.3%	52.6%	4.5%
105.2%	68.0%	36.4%	104.8%	113.7%	109.1%	70.8%	62.6%	50.6%	32.1%	24.8%	30.2%	47.4%	72.7%
-5.2%	-1.4%	8.4%	-8.7%	-15.7%	-11.9%	-8.1%	-0.8%	16.8%	7.4%	5.9%	9.5%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.7%
<b>100.0%</b>	<b>66.7%</b>	<b>44.7%</b>	<b>96.1%</b>	<b>98.0%</b>	<b>97.2%</b>	<b>62.7%</b>	<b>61.8%</b>	<b>67.4%</b>	<b>39.6%</b>	<b>30.6%</b>	<b>39.7%</b>	<b>47.4%</b>	<b>95.5%</b>
<b>100.0%</b>	<b>66.7%</b>	<b>44.7%</b>	<b>96.1%</b>	<b>98.0%</b>	<b>97.2%</b>	<b>62.7%</b>	<b>61.8%</b>	<b>67.4%</b>	<b>39.6%</b>	<b>30.6%</b>	<b>39.7%</b>	<b>47.4%</b>	<b>95.5%</b>
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

20	21	21	21	22	22	22	23	23	23	24	25	25	26
12.5	400.0	450.0	500.0	100.0	130.0	150.0	25.0	35.0	50.0	18.0	0.3	12.9	3.5
Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar
1999	1998	1999	2000	1998	1999	2000	1998	1999	2000	2000	1999	2000	2000
8.0%	0.0%	0.0%	0.0%	10.0%	23.1%	26.7%	0.0%	0.0%	0.0%		9.1%	23.3%	20.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
72.0%	62.5%	61.1%	47.0%	90.0%	76.9%	73.3%	100.0%	100.0%	100.0%		0.0%	73.6%	0.0%
20.0%	37.5%	38.9%	53.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		90.9%	3.1%	80.0%
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
0.0%	0.0%	0.0%	0.0%	72.0%	61.5%	66.7%	0.0%	0.0%	0.0%	0.0%	10.0%	3.9%	11.4%
4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	28.6%	30.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%
<b>4.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>72.0%</b>	<b>61.5%</b>	<b>66.7%</b>	<b>20.0%</b>	<b>28.6%</b>	<b>30.0%</b>	<b>0.0%</b>	<b>10.0%</b>	<b>4.4%</b>	<b>11.4%</b>
4.0%	0.0%	0.0%	0.0%	72.0%	61.5%	66.7%	20.0%	28.6%	30.0%	0.0%	10.0%	4.4%	11.4%
72.0%	100.0%	100.0%	100.0%	26.0%	23.1%	20.0%	80.0%	71.4%	60.0%	100.0%	90.9%	2.3%	85.7%
0.0%	0.0%	0.0%	0.0%	2.0%	15.4%	13.3%	0.0%		10.0%	0.0%	-0.9%	-77.5%	2.9%
24.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	170.8%	0.0%
<b>96.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>28.0%</b>	<b>38.5%</b>	<b>33.3%</b>	<b>80.0%</b>	<b>71.4%</b>	<b>70.0%</b>	<b>100.0%</b>	<b>90.0%</b>	<b>95.6%</b>	<b>88.6%</b>
<b>96.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>28.0%</b>	<b>38.5%</b>	<b>33.3%</b>	<b>80.0%</b>	<b>71.4%</b>	<b>70.0%</b>	<b>100.0%</b>	<b>90.0%</b>	<b>95.6%</b>	<b>88.6%</b>
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

27	27	27	28	28	29	30	30	30	31	31	31	32	32
4.5	5.0	7.0	115.0	116.0	59.6	36.0	38.0	63.0	102.2	182.1	268.7	26.0	28.0
Bamar	Bamar	Bamar	Shan	Shan	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar
1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999
11.1%	0.0%	0.0%	0.0%	0.0%	4.2%	2.8%	5.3%	4.8%	0.4%	0.2%	0.1%	42.3%	42.9%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
88.9%	100.0%	100.0%	13.0%	22.4%	32.7%	97.2%	94.7%	95.2%	38.1%	26.6%	17.1%	38.5%	46.4%
0.0%	0.0%	0.0%	87.0%	77.6%	63.1%	0.0%	0.0%	0.0%	61.6%	73.2%	82.8%	19.2%	10.7%
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
0.0%	0.0%	0.0%	1.7%	4.3%	0.8%	2.8%	2.6%	3.2%	0.0%	0.0%	0.1%	19.2%	19.1%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	52.2%	34.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>53.9%</b>	<b>38.8%</b>	<b>0.8%</b>	<b>2.8%</b>	<b>2.6%</b>	<b>3.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>19.2%</b>	<b>19.1%</b>
0.0%	0.0%	0.0%	53.9%	38.8%	0.8%	2.8%	2.6%	3.2%	0.0%	0.0%	0.1%	19.2%	19.1%
88.9%	90.0%	92.9%	14.8%	48.3%	95.8%	91.7%	92.1%	90.5%	0.2%	0.1%	0.1%	76.9%	75.5%
11.1%	10.0%	7.1%	31.3%	12.9%	3.4%	5.6%	5.3%	6.3%	-1.0%	-8.8%	-7.3%	3.8%	5.4%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.8%	108.7%	107.2%	0.0%	0.0%
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>46.1%</b>	<b>61.2%</b>	<b>99.2%</b>	<b>97.2%</b>	<b>97.4%</b>	<b>96.8%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.9%</b>	<b>80.8%</b>	<b>80.9%</b>
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>46.1%</b>	<b>61.2%</b>	<b>99.2%</b>	<b>97.2%</b>	<b>97.4%</b>	<b>96.8%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.9%</b>	<b>80.8%</b>	<b>80.9%</b>
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



32	33	33	34	34	34	35	35	35	36	36	36	37	37
30.0	75.2	167.8	11.0	18.0	20.0	58.0	90.0	155.0	42.2	44.2	44.7	7.4	8.0
Bamar	Indo-Myanmar	Indo-Myanmar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar
2000	1999	2000	1998	1999	2000	1998	1999	2000	1998	2000	1999	1998	1999
43.3%	23.7%	89.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	0.5%	1.1%	0.0%	0.0%
0.0%	6.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
46.7%	2.9%	10.3%	54.5%	33.3%	35.0%	31.0%	22.2%	22.6%	16.6%	18.1%	17.0%	67.6%	68.8%
10.0%	66.8%	0.0%	45.5%	66.7%	65.0%	69.0%	77.8%	77.4%	79.1%	81.4%	81.9%	32.4%	31.3%
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
19.1%	53.5%	2.7%	0.0%	16.7%	15.0%	0.0%	0.0%	0.0%	23.7%	26.9%	26.8%	1.4%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	51.7%	44.4%	29.0%	58.3%	50.9%	52.8%	0.0%	0.0%
0.0%	0.0%	18.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	36.4%	27.8%	30.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.8%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	13.1%	33.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>19.1%</b>	<b>66.6%</b>	<b>54.8%</b>	<b>36.4%</b>	<b>44.4%</b>	<b>45.0%</b>	<b>51.7%</b>	<b>44.4%</b>	<b>29.0%</b>	<b>82.0%</b>	<b>77.8%</b>	<b>79.6%</b>	<b>8.1%</b>	<b>0.0%</b>
19.1%	66.6%	54.8%	36.4%	44.4%	45.0%	51.7%	44.4%	29.0%	82.0%	77.8%	79.6%	8.1%	0.0%
74.3%	2.7%	1.2%	45.5%	33.3%	30.0%	20.7%	15.6%	12.9%	3.6%	3.4%	3.4%	90.5%	87.5%
6.7%	30.7%	44.0%	18.2%	22.2%	15.0%	27.6%	37.8%	54.2%	14.5%	18.8%	17.0%	1.4%	12.5%
0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	2.2%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>80.9%</b>	<b>33.4%</b>	<b>45.2%</b>	<b>63.6%</b>	<b>55.6%</b>	<b>55.0%</b>	<b>48.3%</b>	<b>55.6%</b>	<b>71.0%</b>	<b>18.0%</b>	<b>22.2%</b>	<b>20.4%</b>	<b>91.9%</b>	<b>100.0%</b>
<b>80.9%</b>	<b>33.4%</b>	<b>45.2%</b>	<b>63.6%</b>	<b>55.6%</b>	<b>55.0%</b>	<b>48.3%</b>	<b>55.6%</b>	<b>71.0%</b>	<b>18.0%</b>	<b>22.2%</b>	<b>20.4%</b>	<b>91.9%</b>	<b>100.0%</b>
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



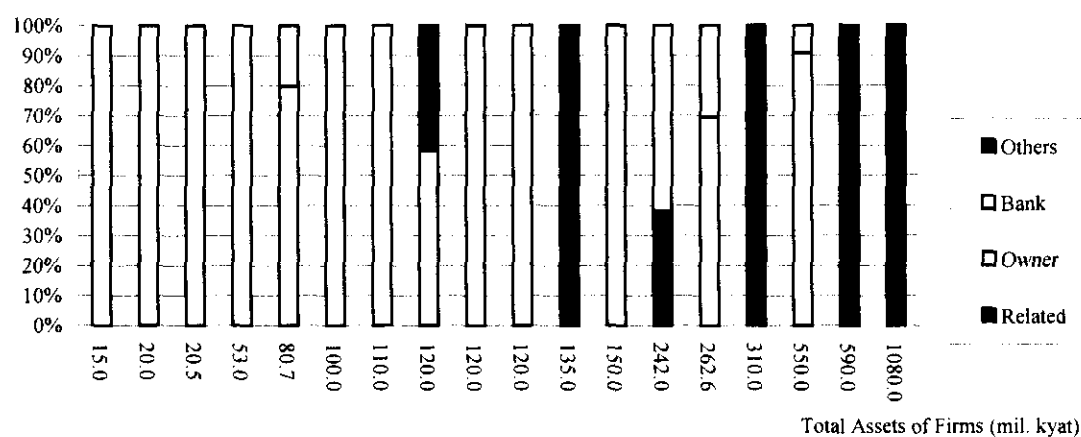
Data Appendix 2. Assets and Liabilities by Category-aggregated Sample Firms

Categories	All Samples	Year			Director's Ethnicity				
		1998	1999	2000	Bamar	Indo-Myanmar	Shan	Sino-Myanmar	Non-Bamar
Number of Samples	100	31	36	33	92	2	2	4	8
A1 Accounts & Notes Receivable	12.0%	10.1%	11.1%	14.9%	11.6%	56.7%	0.0%	5.1%	16.7%
A2 Investment and Loans to Affiliated Companies	4.4%	5.2%	5.6%	2.4%	2.8%	3.3%	0.0%	41.5%	21.6%
A3 Premises and Equipment	48.7%	49.9%	49.2%	47.1%	50.3%	6.6%	17.7%	49.7%	30.9%
<b>A4 Other Assets</b>	<b>32.0%</b>	<b>31.5%</b>	<b>31.8%</b>	<b>32.6%</b>	<b>32.1%</b>	<b>33.4%</b>	<b>82.3%</b>	<b>3.7%</b>	<b>30.8%</b>
Total Assets (check sum)	97.1%	96.8%	97.7%	97.0%	96.8%	100.0%	100.0%	100.0%	100.0%
L1 Accounts and Notes Payable	11.9%	11.9%	12.3%	11.4%	10.7%	28.1%	3.0%	36.4%	26.0%
L2 Bank Borrowing	9.7%	9.9%	10.4%	8.8%	10.2%	0.0%	0.0%	7.7%	3.9%
L3 Borrowing from Affiliated Companies	2.3%	2.6%	1.8%	2.5%	2.3%	9.5%	0.0%	0.7%	2.7%
L4 Borrowing from Owners & Managers	5.0%	3.9%	6.1%	4.8%	2.2%	0.0%	43.3%	51.2%	36.4%
L5 Borrowing from Informal Lenders	0.3%	0.1%	0.4%	0.2%	0.3%	0.0%	0.0%	0.7%	0.4%
L6 Other Liabilities	4.0%	1.2%	4.8%	5.7%	3.8%	23.2%	0.0%	0.1%	5.9%
<b>L7 Total Liabilities</b>	<b>34.7%</b>	<b>31.0%</b>	<b>37.6%</b>	<b>34.8%</b>	<b>31.1%</b>	<b>60.7%</b>	<b>46.4%</b>	<b>96.8%</b>	<b>75.2%</b>
Total Liabilities (check sum)	33.1%	29.6%	35.9%	33.4%	29.4%	60.7%	46.4%	96.8%	75.2%
C1 Paid-up Capital	48.3%	54.6%	47.6%	43.2%	50.8%	1.9%	31.5%	23.8%	20.2%
C2 Retained Earnings	10.0%	8.7%	9.5%	11.7%	10.5%	37.3%	22.1%	-20.6%	4.6%
C3 Additional Paid-in Capital and Others	6.3%	4.0%	4.9%	10.1%	6.8%	0.0%	0.0%	0.0%	0.0%
<b>C4 Total Capital Account</b>	<b>65.1%</b>	<b>68.4%</b>	<b>62.3%</b>	<b>65.2%</b>	<b>68.9%</b>	<b>39.3%</b>	<b>53.6%</b>	<b>-2.0%</b>	<b>22.2%</b>
Total Capital Account (check sum)	64.5%	67.3%	62.0%	64.9%	68.1%	39.3%	53.6%	3.2%	24.8%
<b>Total Capital Account &amp; Liabilities (check sum)</b>	<b>99.8%</b>	<b>99.4%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>94.8%</b>	<b>97.4%</b>

ISIS				Size			Legal Status				
1	2	3	4	Large	Medium	Small	Private Limited	Partnership	Co-operative Limited	Sole Proprietorship	Family Owned
43	45	10	2	34	33	33	58	10	6	10	16
8.3%	14.6%	5.9%	62.9%	14.9%	12.0%	9.0%	10.5%	14.6%	23.3%	15.3%	9.7%
0.4%	8.8%	0.1%	5.7%	9.7%	3.5%	0.0%	4.1%	17.7%	2.3%	0.0%	0.4%
50.6%	45.5%	58.8%	29.8%	43.8%	46.5%	56.2%	56.0%	26.2%	28.9%	32.3%	54.3%
33.6%	31.1%	35.2%	1.7%	32.3%	29.0%	34.7%	29.6%	11.4%	45.5%	52.5%	35.6%
<b>92.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.6%</b>	<b>91.0%</b>	<b>100.0%</b>	<b>100.2%</b>	<b>70.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
12.8%	10.0%	17.4%	0.0%	5.6%	20.4%	9.6%	11.5%	16.7%	28.4%	10.7%	5.0%
3.2%	15.1%	14.5%	0.0%	12.0%	13.5%	3.6%	10.2%	3.4%	34.3%	0.0%	8.4%
15.0%	3.3%	11.9%	1.1%	0.2%	2.3%	0.0%	3.6%	0.3%	0.0%	0.0%	1.2%
5.0%	4.2%	9.4%	0.0%	0.7%	3.5%	10.7%	5.4%	0.7%	0.0%	18.1%	0.0%
0.5%	0.0%	0.3%	0.0%	0.7%	0.0%	0.1%	0.5%	0.0%	0.0%	0.0%	0.0%
5.9%	2.9%	0.2%	5.0%	3.4%	5.3%	3.2%	5.0%	1.0%	8.9%	0.0%	2.9%
<b>33.1%</b>	<b>35.6%</b>	<b>42.7%</b>	<b>5.0%</b>	<b>27.5%</b>	<b>49.4%</b>	<b>27.3%</b>	<b>35.9%</b>	<b>38.9%</b>	<b>71.6%</b>	<b>28.8%</b>	<b>17.4%</b>
42.6%	35.4%	53.8%	6.1%	22.6%	45.1%	27.3%	36.1%	22.1%	71.6%	28.8%	17.4%
50.5%	43.9%	49.9%	94.5%	59.3%	30.3%	55.1%	48.0%	58.0%	16.2%	58.0%	49.3%
11.8%	10.5%	1.7%	0.5%	9.1%	10.5%	10.2%	5.0%	3.0%	12.2%	12.2%	29.3%
4.8%	8.1%	5.7%	0.0%	3.5%	7.3%	8.0%	9.9%	0.0%	0.0%	1.0%	4.0%
<b>66.9%</b>	<b>63.9%</b>	<b>57.3%</b>	<b>95.0%</b>	<b>71.9%</b>	<b>50.5%</b>	<b>72.7%</b>	<b>64.1%</b>	<b>59.0%</b>	<b>28.4%</b>	<b>71.2%</b>	<b>82.6%</b>
67.1%	62.5%	57.3%	95.0%	71.9%	48.1%	73.3%	62.9%	61.1%	28.4%	71.2%	82.6%
<b>100.0%</b>	<b>99.5%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.4%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>97.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Previous Business					Owner's Education				Owner's Ethnicity							
Government Servant	SOE	Trader	Family Business	Student	Degree	High School	Diploma Holder	Others	Bamar	Non Bamar	Chinese	Sino-Myanmar	Indo-Myanmar	Kachin	Korean	Shan
10	36	26	13	15	71	18	3	8	61	39	11	15	2	2	3	6
27.2%	8.1%	12.3%	12.1%	10.5%	12.8%	8.4%	47.3%	0.1%	12.3%	11.6%	8.0%	6.1%	56.7%	0.1%	1.7%	25.9%
0.7%	5.9%	0.5%	16.3%	0.9%	3.1%	12.6%	0.0%	0.0%	0.7%	9.8%	18.9%	11.1%	3.3%	0.0%	0.0%	0.0%
59.1%	48.1%	51.9%	46.8%	39.4%	51.7%	46.2%	44.3%	30.0%	54.2%	40.3%	55.9%	26.7%	6.6%	9.8%	73.6%	50.4%
13.0%	29.3%	35.4%	27.3%	49.1%	32.6%	16.8%	8.4%	69.9%	32.9%	30.7%	17.3%	36.2%	33.4%	90.1%	24.8%	23.7%
<b>100.1%</b>	<b>91.4%</b>	<b>100.0%</b>	<b>102.5%</b>	<b>100.0%</b>	<b>100.1%</b>	<b>84.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>92.3%</b>	<b>100.0%</b>	<b>80.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
7.2%	5.9%	18.4%	20.2%	11.3%	12.4%	14.0%	5.3%	4.7%	8.6%	16.9%	19.8%	13.3%	28.1%	27.9%	37.0%	3.2%
23.4%	2.6%	11.4%	10.8%	13.9%	10.5%	8.5%	24.2%	0.0%	12.3%	5.7%	6.0%	10.4%	0.0%	0.0%	0.0%	0.0%
1.9%	3.9%	0.3%	0.2%	3.8%	2.2%	4.1%	0.0%	0.0%	1.1%	4.2%	4.3%	0.2%	9.5%	0.0%	0.0%	15.5%
0.0%	5.2%	3.9%	17.1%	0.0%	3.0%	5.6%	0.0%	22.6%	3.0%	8.0%	9.9%	13.6%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.1%	1.8%	0.0%	0.4%	0.0%	0.0%	0.0%	0.4%	0.1%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
4.6%	0.4%	8.3%	8.9%	0.0%	2.0%	14.5%	0.0%	0.0%	2.3%	6.6%	0.9%	0.0%	23.2%	95.7%	0.0%	0.8%
<b>37.1%</b>	<b>23.2%</b>	<b>41.4%</b>	<b>57.6%</b>	<b>29.0%</b>	<b>30.2%</b>	<b>56.4%</b>	<b>29.5%</b>	<b>27.3%</b>	<b>27.3%</b>	<b>46.1%</b>	<b>40.8%</b>	<b>50.3%</b>	<b>60.7%</b>	<b>123.6%</b>	<b>37.0%</b>	<b>19.5%</b>
37.1%	18.0%	42.5%	59.0%	29.0%	30.6%	46.7%	29.5%	27.3%	27.7%	41.5%	40.9%	37.7%	60.7%	123.6%	37.0%	19.5%
35.8%	62.2%	49.6%	19.5%	46.1%	52.7%	39.4%	69.9%	21.5%	54.7%	38.3%	50.8%	21.7%	1.9%	4.9%	28.6%	85.3%
7.6%	5.5%	1.9%	22.8%	24.2%	11.4%	5.0%	0.6%	10.3%	11.9%	6.9%	10.2%	6.5%	37.3%	-28.5%	25.4%	-4.7%
4.7%	10.1%	8.1%	0.0%	0.7%	3.8%	0.0%	0.0%	40.8%	4.2%	9.5%	0.0%	21.5%	0.0%	0.0%	9.1%	0.0%
<b>62.9%</b>	<b>76.8%</b>	<b>58.6%</b>	<b>40.8%</b>	<b>71.0%</b>	<b>69.5%</b>	<b>43.6%</b>	<b>70.5%</b>	<b>72.7%</b>	<b>72.7%</b>	<b>53.3%</b>	<b>59.2%</b>	<b>48.3%</b>	<b>39.3%</b>	<b>-23.6%</b>	<b>63.0%</b>	<b>80.5%</b>
48.1%	77.8%	59.6%	42.4%	71.0%	67.9%	44.4%	70.5%	72.7%	70.7%	54.7%	61.1%	49.7%	39.3%	-23.6%	63.0%	80.5%
<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>98.4%</b>	<b>100.0%</b>	<b>99.7%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.5%</b>	<b>100.0%</b>	<b>98.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Appendix 3. Fund Raising for Equipment Investment



Firm ID	Total asset	Year	Related	Owner	Bank	Others	Borrowing Bank	Interest Rate	Duration	Purpose
1	310.0	1997	0.0%	0.0%	0.0%	100.0%				To Start Transformer Production
2	150.0	2001	0.0%	0.0%	100.0%	0.0%	YOB	15	36	New Biscuits Factory
3	590.0	2000	100.0%	0.0%	0.0%	0.0%				Detergent Powder Plant
5	100.0	2000	0.0%	0.0%	100.0%	0.0%	YOB	13	36	To Buy New Machinery
7	242.0	1999	37.6%	0.4%	62.0%	0.0%	AWB	13	60	To Expend Business
10	120.0	1998	0.0%	0.0%	58.3%	41.7%	AWB	15	36	New Machinery
12	120.0	1998	0.0%	100.0%	0.0%	0.0%				Establishment of Flavouring Powder Repacking Plant
14	550.0	1999	0.0%	90.9%	9.1%	0.0%	MICB	16	12	Production of Palm Crude Oil
16	20.0	1999	0.0%	100.0%	0.0%	0.0%				Export Product
17	120.0	2000	0.0%	100.0%	0.0%	0.0%				Expending Production
18	20.5	1996	0.0%	100.0%	0.0%	0.0%				To Produce Import Substitute Products
40	262.6	2001	0.0%	69.5%	30.5%	0.0%	YOB	15	36	To Increase Productivity
1	1,080.0	1999	0.0%	0.0%	0.0%	100.0%	MCB, AVA	15	12	To Start Thermal Cut-Off Production
3	135.0	2000	100.0%	0.0%	0.0%	0.0%				Edible Oil Refinery Plant
12	53.0	2000	0.0%	100.0%	0.0%	0.0%	AWB	15		Establishment of Dehydration Processing Plant & Flavor Oil Production Plant
16	15.0	2001	0.0%	100.0%	0.0%	0.0%				New Machinery Installation
17	110.0	2001	0.0%	100.0%	0.0%	0.0%				New Machinery Installation
18	80.7	2001	0.0%	79.8%	20.2%	0.0%	MYB	16	12	To Produce Import Substitute Products

## Data Appendix 3. Orinignal Questionnaires and Adjusted Data Set Form in “Sample Survey on Large scale Private Manufacturers in Myanmar”

### Annex 1.

#### Questionnaires

#### 1 Profile of Firms

1	Name of Company	
2	Address of Head Office	
3	Type of Business, Main Products	
4	Year and Month of Establishment	
5	Amount of Capital	Million Kyat
6	Total Assets	Million Kyat
7	Number of Employees	
8	Total Annual Sales in 1999	Million Kyat
9	Total Annual Sales in 2000	Million Kyat
#	Is the company affiliated to particular business group?	Yes / No
	If yes, the name of group	

#### 2 Ownership

1	Occupation or Business before their Establishing the Companies	
2	Their Ethnicity	
3	Number of Companies They Own	
4	If they are also owner of private bank, please describe their share of stock	%

#### 3 Fund Raising at Firms Establishment (in Kyat or Share in Total)

1	Self-finance	Million Kyat or	%
2	Bank Borrowing	Million Kyat or	%
3	Investment from Banks	Million Kyat or	%
4	Others (Free Description)		
		Million Kyat or	%

#### 4 Summery of Balance Sheet

For the End of 1999

1 Assets			
A1	Accounts and Notes Receivable	Million Kyat	
A2	Investment and Loans to Affiliated Companies	Million Kyat	
A3	Premise and Equipment	Million Kyat	
A4	Other Assets	Million Kyat	
A5	Total Assets	Million Kyat	
2 Liabilities and Capital			
L1	Accounts and Notes Payable	Million Kyat	
L2	Bank Borrowing	Million Kyat	
L3	Borrowing from Affiliated Companies	Million Kyat	
L4	Borrowing from Owners and Managers	Million Kyat	

L5	Borrowing from Informal Lenders	_____	Million Kyat
L6	Other Liabilities	_____	Million Kyat
L7	Total Liabilities	_____	Million Kyat
C1	Paid-up Capital	_____	Million Kyat
C2	Retained Earnings	_____	Million Kyat
C3	Additional Paid-in Capital and others	_____	Million Kyat
C4	Total Capital Account	_____	Million Kyat
LC	Total Liabilities and Capital Account	_____	Million Kyat

Note:  $A5=LC$ ,  $A5=A1+A2+A3+A4$ ,  $L7=L1+L2+L3+L4+L5+L6$ ,  $C4=C1+C2+C3$

For the End of 2000

1 Assets

A1	Accounts and Notes Receivable	_____	Million Kyat
A2	Investment and Loans to Affiliated Companies	_____	Million Kyat
A3	Premise and Equipment	_____	Million Kyat
A4	Other Assets	_____	Million Kyat
A5	Total Assets	_____	Million Kyat

2 Liabilities and Capital

L1	Accounts and Notes Payable	_____	Million Kyat
L2	Bank Borrowing	_____	Million Kyat
L3	Borrowing from Affiliated Companies	_____	Million Kyat
L4	Borrowing from Owners and Managers	_____	Million Kyat
L5	Borrowing from Informal Lenders	_____	Million Kyat
L6	Other Liabilities	_____	Million Kyat
L7	Total Liabilities	_____	Million Kyat
C1	Paid-up Capital	_____	Million Kyat
C2	Retained Earnings	_____	Million Kyat
C3	Additional Paid-in Capital and others	_____	Million Kyat
C4	Total Capital Account	_____	Million Kyat
LC	Total Liabilities and Capital Account	_____	Million Kyat

Note:  $A5=LC$ ,  $A5=A1+A2+A3+A4$ ,  $L7=L1+L2+L3+L4+L5+L6$ ,  $C4=C1+C2+C3$

For the End of 2001 (If possible)

1 Assets

A1	Accounts and Notes Receivable	_____	Million Kyat
A2	Investment and Loans to Affiliated Companies	_____	Million Kyat
A3	Premise and Equipment	_____	Million Kyat
A4	Other Assets	_____	Million Kyat
A5	Total Assets	_____	Million Kyat

2 Liabilities and Capital

L1	Accounts and Notes Payable	_____	Million Kyat
L2	Bank Borrowing	_____	Million Kyat
L3	Borrowing from Affiliated Companies	_____	Million Kyat
L4	Borrowing from Owners and Managers	_____	Million Kyat
L5	Borrowing from Informal Lenders	_____	Million Kyat



L6	Other Liabilities	_____	Million Kyat
L7	Total Liabilities	_____	Million Kyat
C1	Paid-up Capital	_____	Million Kyat
C2	Retained Earnings	_____	Million Kyat
C3	Additional Paid-in Capital and others	_____	Million Kyat
C4	Total Capital Account	_____	Million Kyat
LC	Total Liabilities and Capital Account	_____	Million Kyat

Note: A5=LC, A5=A1+A2+A3+A4, L7=L1+L2+L3+L4+L5+L6, C4=C1+C2+C3

**5 Fund Raising in Recent Equipment Investment**

1 Have you implemented large sized equipment investment such as new factories' establishment or large expansion in these last 5 years? If yes, How many times?

2 Concerning the most major 2 cases, please fill follows

For the First Case

- 1 Purpose \_\_\_\_\_
- 2 Year and Month \_\_\_\_\_
- 3 The method of Fund Raising (In Kyat or Share in Total)
  - 1 Self-finance - Investment from Related Companies \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
  - 2 Self-finance \_ Investment from Owners \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
  - 3 Bank Borrowings \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
  - 4 Others (No need to be specified) \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
- 4 On Bank Borrowings
  - 1 Name of Banks for Borrowings \_\_\_\_\_
  - 2 Interest Rate \_\_\_\_\_ % per Year
  - 3 Duration \_\_\_\_\_ Month / Year
  - 4 Impression at borrowing (please select)
    1. We borrowed funds for just we need.
    2. Bank loans were not enough for our fund needs.
    3. Bank loans were rather excessive for our fund needs

\_\_\_\_\_ 1 2 3

For the Second Case

- 1 Purpose \_\_\_\_\_
- 2 Year and Month \_\_\_\_\_
- 3 The method of Fund Raising (In Kyat or share in Total)
  - 1 Self-finance - Investment from Related Companies \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
  - 2 Self-finance \_ Investment from Owners \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
  - 3 Bank Borrowings \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
  - 4 Others (No need to be specified) \_\_\_\_\_ Million Kyat or \_\_\_\_\_ %
- 4 On Bank Borrowings
  - 1 Name of Banks for Borrowings \_\_\_\_\_
  - 2 Interest Rate \_\_\_\_\_ % per Year
  - 3 Duration \_\_\_\_\_ Month / Year
  - 4 Impression at borrowing (Please select)
    1. We borrowed funds for just we need.
    2. Bank loans were not enough for our fund needs.
    3. Bank loans were rather excessive for our fund needs

\_\_\_\_\_ 1 2 3

ID				1	2	3	4
1		Questionnaire 1 D		1201	1202	0501	0801
2	1	Sex (Male=1, Female=2)	1, 2	2	1	1	2
3	2	Age	Years	34	46	55	55
4	3	Responsibility (Designation)		Director	Managing Director	Director	Manager
5	4	Race		Bamar	Bamar	Bamar	Bamar
6	5	Citizenship (Citizen=1, Associate Citizen=2, Foreigner=3)	1, 2, 3, 4	1	1	1	1
7	3	Type of Business - Ownership (Single choice) [Public Limited=1, Private Limited=2, Partnership=3, Co-operative Limited=4, Sole Proprietorship=5, Family owned=6, Others=7]	1, 2, 3, 4, 5, 6, 7	2	2	2	3
8	1	Main Product (1)	ISIC (4 Digit)	3190	1543	2424	4100
9	2	Main Product (2)	ISIC (4 Digit)	3190	1543	2424	1551
10	3	Main Product (3)	ISIC (4 Digit)	3190	1543	1543	1551
11	5	Year and Month of Establishment	Year - Month	1995-04	1992-04	1993-01	1993-06
12	6	Amount of Initial Capital	Million Kyat	10.00	10.19	100.00	30.00
13			US\$ (000)	-	-	-	-
14	1	Land	Million Kyat	-	22.93	300.00	28.19
15			US\$ (000)	-	-	-	-
16	2	Building	Million Kyat	124.03	123.00	285.00	37.12
17			US\$ (000)	-	-	-	-
18	3	Machinery & Equipment	Million Kyat	-	165.01	330.00	85.39
19			US\$ (000)	1.51	-	-	-
20	4	Others	Million Kyat	27.37	36.63	-	-
21			US\$ (000)	-	-	-	-
22		Total Fixed Assets	Million Kyat	151.40	347.57	915.00	150.70
23			US\$ (000)	1.51	-	-	-
24	8	Number of Employees at the time of establishment	Number	60	70	70	11
25		Male	Number	22	40	45	11
26		Female	Number	38	30	25	-
27	1	Regular Employees (including family workers)	Number	60	70	20	11
28		Male	Number	22	40	15	11
29		Female	Number	38	30	5	-
30	2	Seasonal Employees (including family workers)	Number	-	-	50	-
31		Male	Number	-	-	30	-
32		Female	Number	-	-	20	-
33	9	Current number of Employees	Number	1,101	280	950	383
34		Male	Number	212	170	800	162
35		Female	Number	889	110	150	221
36	1	Regular Employees (including family workers)	Number	1,101	280	400	383
37		Male	Number	212	170	350	162
38		Female	Number	889	110	50	221
39	2	Seasonal Employees (including family workers)	Number	-	-	550	-
40		Male	Number	-	-	450	-
41		Female	Number	-	-	100	-
42	1	MIC	1	1	-	1	-
43	2	DICA	2	-	2	2	2
44	3	DISI	3	-	-	-	-
45	4	DT	4	-	-	4	-
46	5	YCDC	5	-	-	-	-
47	6	Others	6	-	-	-	-
48	1	Occupation/business before the Establishment of the company (Single choice) [Government servant=1, State-owned enterprises=2, Trader=3, Private enterprise=4, Foreign firms in Myanmar=5, Stayed overseas=6, Worked at family business=7, Student=8, Others=9]	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	4	7	3	4
49	1	Male / Female	1, 2	2	2	1	1
50	2	Age	Years	48	46	56	43
51	3	Ethnicity		Bamar	Bamar	Chinese	Bamar
52	4	Citizenship [Citizen=1, Associate Citizen=2, Foreigner=3]	1, 2, 3	1	1	1	1
53	5	Education (Single choice) [Degree holder=1, High-school graduate=2, Middle-school graduate=3, Elementary-school graduate=4, Technical Certificate/diploma holder=5, Others=6]	1, 2, 3, 4, 5, 6	2	1	2	1
54	3	Number of Companies Owned (Single Choice)	1, 2, 3	3	3	3	1
55	4	If he or she is an owner of private bank, please describe his/her share of stock in percentage	%	-	-	-	-
III Fund raising at Firms Establishment (in Kyat or share in Total)							
56	1	Self-finance	Million Kyat	-	12.13	1,500.00	30.00
57			US\$ (000)	-	-	-	-
58	2	Bank Borrowing	Million Kyat	105.00	-	500.00	-
59			US\$ (000)	-	-	-	-
60	3	Investment from Bank	Million Kyat	-	-	-	-
61			US\$ (000)	-	-	-	-
62	4	Others (Free Description)	Million Kyat	-	-	-	-
63			US\$ (000)	-	-	-	-
64	1	Have you implemented large sized equipment investment such as new factories' establishment or large expansion last 5 years?	Y / N	Y	Y	Y	N
65		If yes, How many times?	Number	3	1	4	-

5	6	7	8	9	10	11	12	13
1203	0502	0503	0504	0505	0802	0601	1101	1001
1	1	2	1	2	1	1	1	2
52	56	32	41	32	52	35	26	58
Managing Director	Manager	Chief Accountant	Managing Director	Senior Admin Clerk	Managing Director	Director	Managing Director	General Manager
Bamar	Bamar	Barmar	Sino-Myanmar	Bamar	Bamar	Sino-Myanmar	Bamar	Bamar
1	1	1	1	1	1	1	1	1
2	3	2	3	2	2	2	2	2
2520	1520	1920	2520	1810	3140	1810	1544	1810
-	1520	1920	-	-	3140	-	-	1810
-	1520	1920	-	-	2520	-	-	-
1998-04	1995-05	1997-03	1996-07	1998-05	1996-07	1999-07	1997-04	1999-08
30 00	10 00	50 00	15 00	1 60	78 00	20 00	60 00	-
-	-	-	-	-	-	-	-	3,000 00
40 00	30 00	6 76	8 60	-	16 00	-	10 75	-
-	-	-	-	-	-	-	-	-
40 00	10 00	42 00	28 20	-	18 00	15 00	89 51	28 83
-	-	-	-	-	-	-	-	-
100 00	10 00	66 24	130 40	2 79	150 00	0 30	-	33 74
-	-	-	-	-	-	-	781 00	-
20 00	-	-	4 10	0 35	-	-	19 53	4 31
-	-	-	-	-	-	-	-	-
200 00	50 00	115 00	171 30	3 14	184 00	15 30	119 79	66 87
-	-	-	-	-	-	-	781 00	-
40	20	115	40	150	60	125	65	800
30	10	77	18	50	50	33	34	100
10	10	38	22	100	10	92	31	700
40	20	115	40	100	60	125	65	800
30	10	77	18	30	50	33	34	100
10	10	38	22	70	10	92	31	700
-	-	-	-	50	-	-	-	-
-	-	-	-	20	-	-	-	-
-	-	-	-	30	-	-	-	-
105	20	364	51	415	142	129	149	1,673
80	12	243	25	100	115	34	75	112
25	8	121	26	315	27	95	74	1,561
105	20	364	51	270	142	129	149	1,673
80	12	243	25	70	115	34	75	112
25	8	121	26	200	27	95	74	1,561
-	-	-	-	145	-	-	-	-
-	-	-	-	30	-	-	-	-
-	-	-	-	115	-	-	-	-
-	-	1	-	1	1	1	1	1
-	-	2	-	-	2	-	2	2
3	3	-	3	-	3	-	3	3
4	-	4	-	-	-	-	4	4
5	5	5	5	-	-	-	5	5
-	-	-	-	-	-	-	-	-
1	3	8	7	4	4	7	7	3
1	1	1	1	1	1	1	1	1
52	59	49	41	52	52	25	26	49
Bamar	Sino-Myanmar	Barmar	Sino-Myanmar	Kachin	Bamar	Sino-Myanmar	Bamar	Korean
1	1	1	1	1	1	1	1	3
1	2	1	1	2	1	1	1	1
2	1	1	1	1	3	2	3	1
-	-	-	-	-	-	-	-	-
30 00	-	50 00	77 00	1 60	245 00	-	60 00	-
-	-	-	41 00	-	-	-	-	3,000 00
100 00	15 00	-	-	-	50 00	20 00	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	4 00	-	-	-
-	-	-	-	-	-	-	-	-
Y	N	Y	NA	N	Y	N	Y	N
1	-	1	NA	-	1	-	2	-

14	15	16	17	18	19	20	21	22
0701	0803	0804	0805	0806	1002	0301	0702	0506
1	1	1	1	1	2	1	1	2
76	47	54	54	51	28	45	43	32
General Manager	Manager	Vice Managing Director	Vice Managing Director	Chairman	Managing Director	Production Manager	Director	Account-Ant
Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar
1	1	1	1	1	1	1	1	1
2	2	2	2	4	2	6	2	2
1514	2022	2520	2424	2520	1810	3320	1514	1721
2424	2022	-	2424	2424	-	-	2424	-
1514	-	-	-	-	-	-	1514	-
1990-01	1997-02	1997-07	1997-05	1977-04	2000-02	1996-01	1993-03	1998-08
400 00	41 00	440 00	300 00	0 10	12 16	19 00	350 00	90 00
-	-	500 00	813 00	-	-	-	-	-
60 00	3 00	-	33 00	13 20	-	2 00	70 00	-
-	-	-	-	-	-	-	-	-
100 00	40 00	2 00	267 00	12 00	-	1 50	80 00	-
-	-	-	-	-	-	-	-	-
200 00	7 00	479 00	449 00	60 00	1 40	0 40	140 00	80 00
-	-	-	-	-	-	-	-	-
140 00	-	7 00	103 00	4 70	-	0 10	140 00	30 00
-	-	-	-	-	-	-	-	-
500 00	50 00	488 00	852 00	89 90	1 40	4 00	430 00	110 00
-	-	-	-	-	-	-	-	-
1,600	17	130	120	25	350	2	250	25
1,600	16	60	40	20	25	2	250	5
-	1	70	80	5	325	-	-	20
600	17	130	120	10	350	2	125	25
600	16	60	40	8	25	2	125	5
-	1	70	80	2	325	-	-	20
1,000	49	-	-	15	-	-	125	-
1,000	44	-	-	12	-	-	125	-
-	5	-	-	3	-	-	-	-
1,800	49	130	380	280	300	14	250	40
1,800	44	60	130	210	20	6	250	10
-	5	70	250	70	280	8	-	30
550	-	130	380	120	300	14	150	40
550	-	60	130	90	20	6	150	10
-	-	70	250	30	280	8	-	30
1,250	-	-	-	160	-	-	100	-
1,250	-	-	-	120	-	-	100	-
-	-	-	-	40	-	-	-	-
-	1	-	-	1	1	-	-	1
2	2	2	2	2	2	-	2	-
3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	-	4	-
5	5	5	5	5	5	5	5	5
-	-	-	6	6	-	6	-	-
3	1	3	3	7	3	1	3	4
1	1	1	1	1	2	1	2	1
48	48	50	50	51	28	45	45	36
Bamar	Bamar	Shan	Shan	Bamar	Sino-Myanmar	Bamar	Bamar	Chinese
1	1	1	1	1	1	1	1	1
1	5	1	1	1	1	1	1	1
3	2	3	3	2	1	1	3	1
-	-	-	-	-	-	-	-	-
200 00	41 00	440 00	300 00	0 10	12 16	-	200 00	90 00
-	-	500 00	813 00	-	-	-	-	-
50 00	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
Y	N	Y	Y	Y	N	Y	N	N
1	-	2	2	2	-	1	-	-

23	24	25	26	27	28	29	30	31
0507	0508	0509	0510	0511	0512	0513	0514	0201
2	2	2	1	1	1	1	1	2
31	31	43	33	40	52	35	32	37
Manager	Manager	Managing Director	Supervisor	Admin Officer	Manager	Admin Manager	General Manager	Account-Ant
Bamar	Bamar	Bamar	Bamar	Bamar	Shan	Bamar	Bamar	Bamar
1	1	1	1	1	1	1	1	1
2	2	2	5	6	5	5	6	2
2520	1810	1810	1810	1520	2811	1549	2520	2520
2710	1810	-	1810	-	-	-	2520	-
2520	1810	-	-	-	-	-	3610	-
1996-09	2000-08	2000-01	2000-03	1998-07	1995-10	2000-04	1997-01	1998-04
5 00	10 00	0 30	3 00	4 00	10 00	57 10	30 00	1000 00
-	-	-	-	-	10 00	67 00	-	-
25 00	-	-	-	4 50	20 00	4 50	15 00	9 00
-	-	-	-	-	-	-	-	-
15 00	-	-	-	2 00	6 00	15 00	10 00	10 76
-	-	-	-	-	-	-	-	-
10 00	8 00	8 70	-	0 50	-	-	35 00	26 06
-	34 10	-	-	-	12 00	67 00	-	-
-	10 00	0 80	-	-	-	-	-	222 84
-	-	-	-	-	-	-	-	-
50 00	18 00	9 50	-	7 00	26 00	19 50	60 00	268 06
-	34 10	-	-	-	12 00	67 00	-	-
17	105	63	93	2	20	18	57	64
11	20	10	7	2	11	18	17	56
6	85	53	86	-	9	-	40	8
17	105	4	93	2	20	18	57	32
11	20	-	7	2	11	18	17	28
6	85	4	86	-	9	-	40	4
-	-	59	-	-	-	-	-	32
-	-	10	-	-	-	-	-	28
-	-	49	-	-	-	-	-	4
145	125	229	135	2	30	25	104	74
115	12	25	26	2	30	25	41	66
30	113	204	109	-	-	-	63	8
145	125	8	135	2	22	25	96	37
115	12	-	26	2	22	25	41	33
30	113	8	109	-	-	-	55	4
-	-	221	-	-	8	-	8	37
-	-	25	-	-	8	-	-	33
-	-	196	-	-	-	-	8	4
-	1	1	-	-	1	1	-	-
-	-	-	-	-	2	-	-	-
3	3	-	3	3	3	3	3	-
4	4	-	-	-	-	-	-	4
-	5	-	5	5	5	5	5	-
-	-	-	-	-	-	-	-	-
3	3	4	3	8	3	3	3	3
1	1	2	2	2	1	2	1	1
40	44	43	28	45	48	45	40	39
Bamar	Bamar	Bamar	Bamar	Bamar	Chinese	Sino-Myanmar	Chinese	Sino-Myanmar
1	1	1	1	1	1	1	2	1
2	1	1	1	1	6	1	2	6
2	2	1	1	1	2	1	1	2
-	-	-	-	-	-	-	-	-
5 00	10 00	0 20	3 00	4 00	10 00	57 10	30 00	288 00
-	-	-	-	-	10 00	67 00	-	-
-	-	-	-	-	-	-	-	185 00
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
N	N	N	N	N	N	N	N	N
-	-	-	-	-	-	-	-	-

32	33	34	35	36	37	38	39	40
0302	0807	0808	0809	0810	0811	1204	0202	0203
1	1	1	1	2	2	1	1	1
48	57	37	36	42	42	36	54	54
Managing Director	Managing Director	Manager	Manager	Secretary	Managing Director	Director	Director	Director
Bamar	Indo-Myanmar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar	Bamar
1	1	1	1	1	1	1	1	1
5	6	5	6	4	3	6	2	2
1810	2421	3140	2101	2891	1541	2424	2102	2520
-	-	-	-	2891	-	-	2102	2520
-	-	-	-	2893	-	-	2102	-
1996-03	1996-03	1995-01	1996-06	1993-05	1999-10	1978-03	1996-09	2000-07
20.00	2.00	6.00	15.00	34.00	7.30	0.05	168.5	182.55
-	54.00	-	-	-	-	-	-	-
1.50	-	4.00	10.00	0.40	2.50	-	20.64	31.357
-	-	-	-	-	-	-	-	-
3.50	-	2.00	10.00	5.30	2.00	2.50	37.29	67.398
-	-	-	-	-	-	-	-	-
7.50	17.31	1.00	15.00	1.00	1.50	-	80.11	152.44
-	-	-	-	-	-	-	-	-
1.50	-	-	-	1.30	-	-	4.57	6.712
-	-	-	-	-	-	-	-	-
14.00	17.31	7.00	35.00	8.00	6.00	2.50	142.62	257.91
-	-	-	-	-	-	-	-	-
40	50	25	6	105	30	10	170	140
5	30	10	6	93	10	-	140	75
35	20	15	-	12	20	10	30	65
40	50	25	6	105	10	10	170	140
5	30	10	6	93	10	-	140	75
35	20	15	-	12	-	10	30	65
-	-	-	-	-	20	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	20	-	-	-
30	150	50	25	75	30	15	190	225
2	90	35	25	65	10	3	160	115
28	60	15	-	10	20	12	30	110
30	150	50	25	75	10	15	190	225
2	90	35	25	65	10	3	160	115
28	60	15	-	10	-	12	30	110
-	-	-	-	-	20	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	20	-	-	-
-	2	-	-	-	-	-	1	2
3	3	3	3	3	3	3	3	3
-	-	-	-	-	-	-	4	4
5	5	5	5	5	5	5	5	5
-	-	6	6	6	-	-	-	-
8	1	4	4	8	4	8	4	4
1	1	1	1	1	2	1	1	1
48	57	60	28	52	42	36	44	44
Bamar	Indo-Myanmar	Bamar	Sino-Myanmar	Bamar	Bamar	Bamar	Bamar	Bamar
1	1	1	1	1	1	1	1	1
1	2	6	1	1	1	1	1	1
1	3	1	1	1	1	1	3	3
-	-	-	-	-	-	-	-	-
20.00	2.00	6.00	-	34.00	7.30	0.05	168.5	182.55
-	54.00	-	-	-	-	-	-	-
-	-	-	15.00	-	-	-	-	80.00
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
N	N	N	N	N	N	N	N	Y
-	-	-	-	-	-	-	-	-

ID				1	2	3	4	5	6	7	8	9	10	11
Year				1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998
		Assets												
A	A1	Accounts & Notes Receivable	Million Kyat	6.31	1.59	50.00	264.55	-	-	28.00	35.00	-	17.00	-
B	A2	Investment and Loans to Affiliated Co.	Million Kyat	-	-	750.00	21.00	-	-	-	144.00	-	-	-
C	A3	Premises and Equipment	Million Kyat	46.43	69.55	60.00	76.16	50.00	-	87.00	-	-	131.00	-
D		Premises and Equipment	US\$ (000)											
E	A4	Other Assets	Million Kyat	18.39	79.54	100.00	6.42	-	-	213.00	22.00	-	109.00	-
F	A5	Total Assets	Million Kyat	71.13	150.68	960.00	368.13	50.00	77.20	328.00	201.00	-	257.00	-
G		Total Assets	US\$ (000)											
H		1.Fixed Assets	Million Kyat	46.43	69.55	-	82.58	50.00	-	235.00	144.00	-	140.00	-
I		2.Current Assets	Million Kyat	24.70	81.13	-	285.55	-	-	93.00	57.00	-	117.00	-
		Liabilities and Capital												
J	L1	Accounts and Notes Payable	Million Kyat	52.72	10.29	10.00	-	-	-	30.00	121.00	-	5.00	-
K	L2	Bank Borrowing	Million Kyat	25.00	-	100.00	-	20.00	-	-	41.00	-	50.00	-
L	L3	Borrowing from Affiliated Companies	Million Kyat	2.18	-	100.00	-	-	-	106.00	-	-	-	-
M	L4	Borrowing from Owners & Managers	Million Kyat	-	-	50.00	-	-	-	-	-	-	-	-
N	L5	Borrowing from Informal Lenders	Million Kyat	-	1.80	-	-	-	-	-	-	-	2.00	-
O	L6	Other Liabilities	Million Kyat	-	2.95	50.00	20.37	-	-	-	-	-	3.00	-
P	L7	Total Liabilities	Million Kyat	79.90	15.04	310.00	20.37	20.00	49.20	136.00	162.00	-	60.00	-
Q		1.Fixed Liabilities	Million Kyat	27.18	1.80	NA	-	-	-	106.00	NA	-	52.00	-
R		2.Current Liabilities	Million Kyat	52.72	13.24	NA	20.37	20.00	-	30.00	NA	-	8.00	-
S	C1	Paid-up Capital	Million Kyat	10.00	12.13	650.00	350.00	-	10.00	159.00	77.00	-	197.00	-
T	C2	Retained Earnings	Million Kyat	(18.77)	123.51	-	(2.24)	-	18.00	33.00	(38.00)	-	-	-
U	C3	Additional Paid-in Capital and Others	Million Kyat	-	-	-	-	-	-	-	-	-	-	-
V	C4	Total Capital Account	Million Kyat	(8.77)	135.64	650.00	347.76	30.00	28.00	192.00	-	-	197.00	-
W	LC	Total Liabilities and Capital Account	Million Kyat	71.13	150.68	960.00	368.13	50.00	77.20	328.00	201.00	-	257.00	-

12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998
-	-	-	9.00	196.00	38.00	40.46	-	1.00	-	10.00	-	-	-	-	0.50	-
-	-	-	-	-	-	7.18	-	-	-	-	-	-	-	-	-	-
103.00	0.17	300.00	46.00	238.00	640.00	51.55	-	8.00	250.00	90.00	25.00	-	-	-	4.00	15.00
141.00	0.49	150.00	3.00	5.00	664.00	14.72	-	2.00	150.00	-	-	-	-	-	-	100.00
244.00	0.65	450.00	58.00	439.00	1,342.00	113.91	-	11.00	400.00	100.00	25.00	-	-	-	4.50	115.00
104.00	0.17	250.00	46.00	243.00	640.00	51.55	-	8.00	200.00	NA	NA	-	-	-	NA	NA
140.00	0.49	200.00	12.00	196.00	702.00	62.36	-	3.00	200.00	NA	NA	-	-	-	NA	NA
-	0.26	-	-	17.00	17.00	33.58	-	-	-	72.00	-	-	-	-	-	2.00
50.00	-	50.00	-	-	-	27.43	-	0.50	-	-	-	-	-	-	-	-
-	-	-	-	-	480.00	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	5.00	-	-	-	-	60.00
6.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26.00	-	-	-	-	4.00	7.83	-	-	-	-	-	-	-	-	-	-
82.00	0.26	50.00	-	17.00	501.00	68.84	-	0.50	-	72.00	5.00	-	-	-	-	62.00
-	-	-	-	-	480.00	-	-	-	-	NA	NA	-	-	-	-	NA
82.00	0.26	50.00	-	17.00	21.00	68.84	-	0.50	-	NA	NA	-	-	-	-	NA
60.00	0.50	400.00	61.00	460.00	950.00	36.62	-	8.00	400.00	26.00	20.00	-	-	-	4.00	17.00
102.00	(0.11)	-	(3.00)	(38.00)	(109.00)	8.45	-	-	-	2.00	-	-	-	-	0.50	36.00
-	-	-	-	-	-	-	-	2.50	-	-	-	-	-	-	-	-
162.00	0.39	400.00	58.00	422.00	841.00	45.07	-	10.50	400.00	28.00	20.00	-	-	-	4.50	53.00
244.00	0.65	450.00	58.00	439.00	1,342.00	113.91	-	11.00	400.00	100.00	25.00	-	-	-	4.50	115.00



29	30	31	32	33	34	35	36	37	38	39	40	1	2	3	4	5
1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1999	1999	1999	1999	1999
-	1.00	0.36	11.00	-	-	-	1.80	-	-	26.22	-	0.13	2.13	85.00	200.98	-
-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	1,000.00	21.00	-
-	35.00	38.91	10.00	-	6.00	18.00	7.00	5.00	1.50	130.91	-	149.31	135.25	150.00	144.66	80.00
-	-	62.89	5.00	-	5.00	40.00	33.40	2.40	7.40	3.57	-	7.98	120.43	130.00	6.04	-
-	36.00	102.16	26.00	-	11.00	58.00	42.20	7.40	8.90	160.71	-	157.42	257.81	1,365.00	372.68	80.00
-	NA	53.06	10.00	-	6.00	58.00	40.40	7.40	1.50	130.91	-	149.31	135.25	NA	150.70	80.00
-	NA	49.10	16.00	-	5.00	-	1.80	-	7.40	29.80	-	8.11	122.56	NA	221.98	-
-	1.00	-	5.00	-	-	-	10.00	0.10	0.50	2.91	-	86.65	12.37	15.00	-	-
-	-	-	-	-	-	30.00	24.60	-	-	-	-	80.00	-	300.00	-	50.00
-	-	-	-	-	-	-	-	-	-	-	-	8.42	-	200.00	-	-
-	-	-	-	-	4.00	-	-	0.50	-	-	-	-	-	100.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	21.80	-	-	-
-	-	-	-	-	-	-	-	-	-	10.91	-	-	3.78	50.00	16.95	-
-	1.00	-	5.00	-	4.00	30.00	34.60	0.60	0.50	13.82	-	175.07	37.95	665.00	16.95	50.00
-	NA	-	-	-	4.00	30.00	24.60	0.50	-	NA	-	88.42	21.80	NA	-	-
-	NA	-	5.00	-	-	#REF!	10.00	0.10	0.50	NA	-	86.65	16.15	NA	16.95	50.00
-	33.00	0.20	20.00	-	5.00	12.00	1.50	6.70	1.20	168.5	-	10.00	12.13	700.00	350.00	-
-	2.00	(1.04)	1.00	-	2.00	16.00	6.10	0.10	7.20	(21.61)	-	(27.65)	207.73	-	5.73	-
-	-	103.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	35.00	102.16	21.00	-	7.00	28.00	7.60	6.80	8.40	146.89	-	(17.65)	219.86	700.00	355.73	30.00
-	36.00	102.16	26.00	-	11.00	58.00	42.20	7.40	8.90	160.71	-	157.42	257.81	1,365.00	372.68	80.00

6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999
-	11.00	4.00	0.07	33.00	-	-	0.33	15.00	80.00	228.00	148.00	93.04	-	1.00	-	30.00
-	-	134.00	-	-	-	-	-	-	-	-	-	7.18	-	-	-	-
-	101.00	-	3.25	171.00	15.30	112.00	38.58	315.00	52.00	262.00	712.00	61.55	-	9.00	275.00	100.00
-	473.00	4.00	21.38	95.00	0.10	191.00	-	175.00	15.00	7.00	657.00	17.06	-	2.50	175.00	-
79.30	585.00	142.00	24.70	299.00	15.40	303.00	38.91	505.00	147.00	497.00	1,517.00	178.83	-	12.50	450.00	130.00
-	372.00	134.00	3.25	180.00	15.30	112.00	38.58	290.00	52.00	269.00	712.00	61.55	-	9.00	200.00	NA
-	213.00	8.00	21.45	119.00	0.10	191.00	0.33	215.00	95.00	228.00	805.00	117.28	-	3.50	250.00	NA
-	58.00	121.00	1.91	7.00	-	-	10.64	-	-	10.00	77.00	63.41	-	-	-	80.00
-	150.00	15.00	-	50.00	-	19.00	-	50.00	49.00	-	-	21.90	-	0.50	-	-
-	68.50	4.00	-	-	-	-	-	-	-	-	480.00	-	-	-	-	-
-	-	-	-	-	18.70	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	4.00	0.34	12.00	-	-	-	-	-	-	-	-	-	-
-	-	-	26.04	1.00	0.03	43.00	-	-	-	-	22.00	38.76	-	-	-	-
50.30	276.50	140.00	27.95	62.00	19.07	74.00	10.64	50.00	49.00	10.00	579.00	124.07	-	0.50	-	80.00
-	218.50	NA	26.04	54.00	0.30	-	-	-	NA	-	480.00	-	-	-	-	NA
-	58.00	NA	1.91	8.00	18.77	74.00	10.64	50.00	NA	10.00	99.00	124.07	-	0.50	-	NA
10.00	243.00	77.00	1.60	237.00	0.20	60.00	2.27	455.00	100.00	565.00	950.00	44.27	-	9.00	450.00	30.00
19.00	65.50	(75.00)	(4.85)	-	(3.78)	169.00	19.18	-	(2.00)	(78.00)	(12.00)	10.49	-	-	-	20.00
-	-	-	-	-	-	-	6.82	-	-	-	-	-	-	3.00	-	-
29.00	308.50	-	(3.25)	237.00	(3.58)	229.00	28.27	455.00	98.00	487.00	938.00	54.76	-	12.00	450.00	50.00
79.30	585.00	142.00	24.70	299.00	15.49	303.00	38.91	505.00	147.00	497.00	1,517.00	178.83	-	12.50	450.00	130.00

23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999
-	-	0.03	-	-	-	-	2.00	0.30	12.00	17.83	-	-	0.50	-	-	36.67
-	-	-	-	-	-	-	-	-	-	4.96	-	-	-	-	-	-
35.00	-	-	-	5.00	26.00	-	36.00	48.54	13.00	2.17	6.00	20.00	7.60	5.50	2.00	124.79
-	-	0.30	-	-	90.00	-	-	133.30	3.00	50.21	12.00	70.00	36.60	2.50	7.60	3.17
35.00	-	0.33	-	5.00	116.00	-	38.00	182.14	28.00	75.17	18.00	90.00	44.70	8.00	9.60	164.63
NA	-	-	-	NA	NA	-	NA	61.28	13.00	52.38	6.00	90.00	44.20	8.00	2.00	124.79
NA	-	0.33	-	NA	NA	-	NA	120.86	15.00	22.79	12.00	-	0.50	-	7.60	39.84
-	-	0.033	-	-	5.00	-	1.00	-	5.35	40.23	3.00	-	12.00	-	0.30	2.01
-	-	-	-	-	-	-	-	-	-	-	-	40.00	23.60	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.00	-	-	-	-	40.00	-	-	-	-	-	5.00	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	9.87	-	-	-	-	-	6.11
10.00	-	0.033	-	-	45.00	-	1.00	-	5.35	50.10	8.00	40.00	35.60	-	0.30	8.11
NA	-	0.033	-	-	NA	-	NA	-	-	9.87	5.00	40.00	23.60	-	-	NA
NA	-	-	-	-	NA	-	NA	-	5.35	40.23	3.00	-	12.00	-	0.30	NA
25.00	-	0.30	-	4.50	56.00	-	35.00	0.20	21.15	2.00	6.00	14.00	1.50	7.00	1.20	168.50
-	-	(0.003)	-	0.50	15.00	-	2.00	(16.06)	1.50	23.07	4.00	34.00	7.60	1.00	7.10	(11.98)
-	-	-	-	-	-	-	-	198.00	-	-	-	2.00	-	-	1.00	-
25.00	-	0.30	-	5.00	71.00	-	37.00	182.14	22.65	25.07	10.00	50.00	9.10	8.00	9.30	156.52
35.00	-	0.33	-	5.00	116.00	-	38.00	182.14	28.00	75.17	18.00	90.00	44.70	8.00	9.60	164.63

40	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
68.26	NA	3.93	100.00	NA	-	-	15.00	NA	-	54.00	-	-	2.90	15.00	198.00	391.00
-	NA	-	1,500.00	NA	-	-	101.00	NA	-	2.00	-	-	-	-	-	-
251.20	NA	347.57	915.00	NA	200.00	-	115.00	NA	3.14	184.00	16.37	181.00	66.87	500.00	50.00	488.00
-	NA	-	-	NA	-	-	-	NA	-	-	-	-	-	-	-	-
6.71	NA	115.25	140.00	NA	-	-	488.00	NA	45.82	113.00	0.07	335.00	-	335.00	27.00	1.00
326.17	NA	466.75	2,655.00	NA	200.00	84.10	719.00	NA	48.96	353.00	16.44	516.00	69.77	850.00	275.00	880.00
-	NA	-	-	NA	-	-	-	NA	-	-	-	-	-	-	-	-
251.20	NA	347.57	NA	NA	180.00	-	517.00	NA	3.14	198.00	16.37	181.00	66.87	500.00	50.00	489.00
74.97	NA	119.18	NA	NA	20.00	-	202.00	NA	45.82	155.00	0.07	335.00	2.90	350.00	225.00	391.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27.03	NA	57.14	20.00	NA	-	-	4.00	NA	23.55	33.00	-	-	30.13	-	44.00	25.00
80.00	NA	87.50	900.00	NA	100.00	-	150.00	NA	-	50.00	-	100.00	-	50.00	108.00	-
-	NA	-	590.00	NA	-	-	91.00	NA	-	-	-	-	-	-	-	-
-	NA	-	245.00	NA	-	-	1.00	NA	-	-	13.80	-	-	-	-	-
-	NA	19.41	-	NA	-	-	-	NA	-	4.00	0.10	3.00	-	-	-	-
6.80	NA	3.85	-	NA	-	-	-	NA	42.11	-	0.06	172.00	-	-	-	-
113.83	NA	167.90	1,755.00	NA	100.00	51.70	246.00	NA	65.66	87.00	13.96	275.00	30.13	50.00	152.00	25.00
NA	NA	106.91	NA	NA	-	-	4.00	NA	42.11	54.00	0.10	-	-	-	108.00	-
NA	NA	60.99	NA	NA	100.00	-	242.00	NA	23.55	33.00	13.86	275.00	30.13	50.00	44.00	25.00
182.55	NA	15.13	900.00	NA	-	10.00	345.00	NA	1.60	245.00	0.20	60.00	2.27	800.00	100.00	960.00
29.79	NA	283.72	-	NA	-	22.40	128.00	NA	(18.30)	21.00	2.28	181.00	30.56	-	23.00	(105.00)
-	NA	-	-	NA	-	-	-	NA	NA	-	-	-	6.82	-	-	-
212.34	NA	298.85	900.00	NA	100.00	32.40	473.00	NA	(16.70)	266.00	2.48	241.00	39.64	800.00	123.00	855.00
326.17	NA	466.75	2,655.00	NA	200.00	84.10	719.00	NA	48.96	353.00	16.44	516.00	69.77	850.00	275.00	880.00

17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
142.00	99.40	8.00	-	-	40.00	-	NA	3.00	0.70	-	* NA	2.50	3.00	0.30	13.00	150.46
-	7.16	-	-	-	-	-	NA	-	-	-	NA	-	-	-	-	-
852.00	89.90	1.40	-	235.00	110.00	50.00	NA	9.50	-	7.00	NA	19.50	60.00	45.82	14.00	17.31
						-						67.00	-	-	-	-
883.00	16.86	2.76	-	265.00	-	-	NA	0.40	2.80	-	NA	37.60	-	222.54	3.00	-
1,877.00	213.32	12.16	-	500.00	150.00	50.00	18.00	12.90	3.50	7.00	NA	59.60	63.00	268.66	30.00	167.77
				-	-	-	-	-	-	-		67.00	-	-	-	-
852.00	89.90	1.40	-	235.00	NA	NA	8.00	9.50	NA	NA	NA	NA	NA	57.14	14.00	17.31
1,025.00	123.42	10.76	-	265.00	NA	NA	10.00	3.40	NA	NA	NA	NA	NA	211.51	16.00	150.46
79.00	59.75	6.40	-	-	100.00	-	-	0.50	0.40	-	NA	0.50	2.00	0.14	5.72	4.59
-	16.29	-	-	-	-	-	-	-	-	-	NA	-	-	-	-	-
480.00	-	-	-	-	-	-	-	-	-	-	NA	-	-	-	-	31.77
-	-	-	-	-	-	15.00	-	-	-	-	NA	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	NA	-	-	-	-	-
52.00	52.65	-	-	-	-	-	-	0.07	-	-	NA	-	-	-	-	55.66
611.00	128.69	6.40	-	-	100.00	15.00	-	0.57	0.40	-	NA	0.50	2.00	0.14	5.72	92.02
480.00	-	NA	-	-	NA	NA	-	-	NA	-	NA	NA	NA	NA	-	55.66
131.00	128.69	NA	-	-	NA	NA	-	0.57	NA	-	NA	NA	NA	NA	5.72	36.36
950.00	64.39	5.76	-	500.00	30.00	30.00	18.00	0.30	3.00	6.50	NA	57.10	57.00	0.20	22.28	2.00
316.00	20.24	-	-	-	20.00	5.00	-	(10.00)	0.10	0.50	NA	2.00	4.00	(19.68)	2.00	73.75
-	-	-	-	-	-	-	-	22.03	-	-	NA	-	-	288.00	-	-
1,266.00	84.63	5.76	-	500.00	50.00	35.00	18.00	12.33	3.10	7.00	NA	59.10	61.00	268.52	24.28	75.75
1,877.00	213.32	12.16	-	500.00	150.00	50.00	18.00	12.90	3.50	7.00	NA	59.60	63.00	268.66	30.00	167.77

34	35	36	37	38	39	40
2000	2000	2000	2000	2000	2000	2000
-	-	0.20	-	-	NA	NA
-	-	-	-	-	NA	NA
7.00	35.00	8.00	6.00	2.50	NA	NA
-	-	-	-	-	NA	NA
13.00	120.00	36.00	3.00	8.90	NA	NA
20.00	155.00	44.20	9.00	11.40	NA	NA
-	-	-	-	-	NA	NA
7.00	155.00	44.00	9.00	2.50	NA	NA
13.00	-	0.20	-	8.90	NA	NA
3.00	-	11.90	0.30	0.70	NA	NA
-	45.00	22.50	-	-	NA	NA
-	-	-	-	-	NA	NA
6.00	-	-	-	-	NA	NA
-	-	-	-	-	NA	NA
-	-	-	-	-	NA	NA
9.00	45.00	34.40	0.30	0.70	NA	NA
6.00	45.00	22.50	-	-	NA	NA
3.00	-	11.90	0.30	0.70	NA	NA
6.00	20.00	1.50	7.50	2.20	NA	NA
3.00	84.00	8.30	1.20	8.50	NA	NA
2.00	6.00	-	-	-	NA	NA
11.00	110.00	9.80	8.70	10.70	NA	NA
20.00	155.00	44.20	9.00	11.40	NA	NA

ID				1	2	3	5
A1		First / Second		1	1	1	1
A2	1	Purpose		To Start Transformer Production	New Biscuits Factory	Detergent Powder Plant	To Buy New Machinery
A3	2	Year and month	Year-Month	1997-12	2001-03	2000-01	2000-NA
A4	3	The method of Fund Raising (in Kyat or share in total)	Million Kyat	-	150.00	590.00	100.00
A5			US\$(000)	310.00	-	-	-
A6	1	Self-finance-investment from Related Co.	Million Kyat	-	-	590.00	-
A7			US\$(000)	-	-	-	-
A8	2	Self-finance-investment from Owners	Million Kyat	-	-	-	-
A9			US\$(000)	-	-	-	-
A10	3	Bank-borrowings	Million Kyat	-	150.00	-	100.00
A11			US\$(000)	-	-	-	-
A12	4	Others (No need to be specified)	Million Kyat	-	-	-	-
A13			US\$(000)	310.00	-	-	-
A14	4	On Bank Borrowings					
A15	1	Name of banks for borrowing		-	YOB	-	YOB
A16	2	Interest Rate - % per year	%	-	15	-	13
A17	3	Duration - month	Month	-	36	-	36
A18	4	Impression at borrowing [We borrowed funds for just we need=1, Bank loans were not enough for our fund needs=2, Bank loans were rather excessive for our fund needs=3 ]	1, 2, 3	-	1	2	-

7	8	10	12	14	16	17	18
I	I	I	I	I	I	I	I
To Expand Business	NA	New Machinery	Establishment Of Flavouring Powder Repacking Plant	Production Of Palm Crude Oil	Export Product	Expanding Production	To Produce Import Substitute Products
1999-04	NA	1998-12	1998-06	1999-02	1999-07	2000-08	1996-03
242.00	NA	120.00	-	550.00	20.00	-	20.50
-	NA	-	120.00	-	100.00	120.00	-
91.00	NA	-	-	-	-	-	-
-	NA	-	-	-	-	-	-
1.00	NA	-	-	500.00	20.00	-	20.50
-	NA	-	120.00	-	100.00	120.00	-
150.00	NA	70.00	-	50.00	-	-	-
-	NA	-	-	-	-	-	-
-	NA	50.00	-	-	-	-	-
-	NA	-	-	-	-	-	-
AWB	NA	AWB	-	MICB	-	-	-
13	NA	15	-	16	-	-	-
60	NA	36	-	12	-	-	-
-	NA	2	-	-	-	-	-



20	40	1	3	12	16	17	18
1	1	2	2	2	2	2	2
Expansion of Production	To Increase Productivity	To Start Thermal Cut-off Production	Edible Oil Refinery Plant	Establishment of Dehydration Processing Plant & Flavor Oil Production Plant	New Machinery Installation	New Machinery Installation	To Produce Import Substitute Products
1998-10	2001-11	1999-07	2000-09	2000-09	2001-08	2001-02	2001-03
-	262.55	-	135.00	53.00	15.00	110.00	80.68
-	-	1,080.00	-	120.00	150.00	-	-
-	-	-	135.00	-	-	-	-
-	-	-	-	-	-	-	-
-	182.55	-	-	53.00	15.00	110.00	64.39
-	-	-	-	120.00	150.00	-	-
0.50	80.00	-	-	-	-	-	16.29
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,080.00	-	-	-	-	-
AWB	YOB	MCB,AVA	-	AWB	-	-	MYB
17	15	15	-	15	-	-	16
12	36	12	-	OVERDRAFT	-	-	12
2	1	-	-	1	-	-	2



## **V. Tax System and Administration in Myanmar**



## **I. Tax System in Myanmar**

### **1. Outline of the Tax System**

There are 15 tax items in Myanmar, including customs duties and some local taxes. Major national tax revenue derives from: 1. income tax, 2. profit tax, 3. commercial tax, 4. stamp duty, and 5. a state lottery, all managed by the Internal Revenue Department of the Ministry of Finance and Revenue. Others are managed by the State Peace and Development Council, the Ministry of Forestry, etc., although, according to the Internal Revenue Department, they are of minor importance. Roughly 90% of revenue comes from the 5 items of tax mentioned about.

These major tax items stem from the past system under British colonial rule. Income tax and profit tax, for example, are similar to those of the British tax system and the commercial tax is similar to European-type V.A.T. The tax system in Myanmar is not so different from those in advanced countries as mentioned above, and presumably the system itself has been developed to a certain extent. An outline of the 5 items of tax is given below.

#### **(1) Income tax**

Income tax is levied on individuals and corporations. The current Income Tax Law of 1974 originates from the Burma Income Tax Law of 1929 based on British income tax law, and has been amended every year.

##### **i) Tax base and rate**

As there is no detailed definition of “income” as a base for taxation, income normally means accounting income (income and expenses) and the extent of expenses is not clearly defined in the tax law. Individuals’ income is subject to income tax just like corporate income. As there is no provision for deduction from employment income, the exact amount of earnings are regarded as income.

The tax rates are extremely complex depending on the kinds of income used as the tax base. The tax rate on corporate income, for example, is 30%, but a reduced tax rate may be applied to income from a national project. Foreign companies (the range of which is not clearly defined) are subject to a tax rate of 35% or a progressive tax rate of 5-40%, the calculated tax amount being whichever is greater. They are eventually paying 35% or more in tax.

A progressive rate of between 3% and 30% is applicable to employment income, and foreigners

(non-residents) are uniformly levied upon at 35%. A person living in Myanmar for 183 days or more becomes a resident in terms of taxation, and is subject to the same tax rates as those levied on Myanmar nationals. It is, however, doubtful whether residents and non-residents are clearly distinguished in the practice of tax administration.

Basic deductions and dependents' deductions are available for individual's income tax.

## **ii) Filing procedure**

Final tax returns must be submitted within 3 months after a fiscal year by a corporation or an individual. As the tax year is from April to March for all corporations and individuals, the tax return must be submitted by June 30. After receiving the tax return, the tax authority delivers a notice of assessment and decision. The resulting tax amount reflects information obtained by the authority and the results of any investigation (hearing). The resultant tax payment must be made within 21 days after receipt of the notice of assessment and decision, but deferred payment may be available.

## **(2) Profit tax**

Profit tax is levied on the income of a Myanmar national and resident not subject to the income tax law, i.e. individual business income and the agriculture income of an unincorporated individual. The tax is applied to small restaurants, retail stores, etc.

The tax rate is progressive, between 3.3% and 50%.

The tax return for profit tax, like income tax, should be submitted by June 30, and the notice of assessment and decision is delivered thereafter. Payment must be made within 21 days after receipt of the notice.

## **(3) Commercial tax**

This is an added value tax levied on the consideration of asset transfer and service, and based on a multi-stage invoice method. Before introduction of the commercial tax (Commercial Tax Law of 1990), separate indirect taxes were levied under the Sales Tax Law of 1949, the Hotel/Restaurant Law of 1947, and the Amusement Tax Law of 1947. The commercial tax law integrates these various laws and covers all products and services, including export items.

One of the main characteristics of the commercial tax is very complex tax rates. Like the Japanese

commodity tax for separate items, the tax rates apply to each transferred asset (the rates range from 5% to 300% depending on the commodity items or industries). As the commercial tax, unlike the commodity tax, applies to all items, it is difficult to judge which “taxable item” a particular asset is classified into, and which tax rate applies to it (it is assumed that the judgment is in practice made flexibly).

The commercial tax is paid by all businesses, monthly. The sales must be reported every 3 months, and the annual tax return should be submitted within 3 months after a tax year (i.e. by the end of June) for settlement of the tax amount.

#### (4) Withholding income tax

Withholding tax as part of income tax is levied as follows.

	Residents	Non-residents
Interest	15%	20%
Royalty	15%	20%
Payment concerning government contracts	3%	3.5%
Payment to foreign subcontractors	2.5%	3%

Dividend is not subject to the withholding tax, which may be an advantage in attracting foreign capital. Government contracts, and payment to foreign business, are levied on the gross. When a public contract is awarded, for example, the contract amount, not the income, is always taxed uniquely, which may in a sense discourage foreign investment. These points imply lack of clear political intention, or consistency therein.

## 2. Outline of Tax Revenue

The table below shows the structure of the 5 major taxes.

(In million kyats)

Tax	FY 2000	FY 2001	Change
Commercial tax	33,209.09	32,709.32	▲ 499.77
Income tax	20,220.38	21,512.48	1,292.10
Profit tax	6,336.92	8,375.61	2,038.69
Stamp duty	6,379.60	6,905.40	525.8
Lottery	1,392.86	2,303.72	910.86
Total	67,538.85	71,806.53	4,267.68

The data does not show the share of the total tax revenue, but, according to the Internal Revenue Department, these 5 items account for roughly 90% of all tax revenue (of which duty accounts for 5%).

In terms of revenue structure, the direct to indirect tax ratio, i.e. the income tax (direct tax) to the profit tax/commercial tax (indirect tax), is considered on the whole to be well-balanced. On the other hand, some problems can be pointed out that are not highlighted by the data.

First, the tax revenue from salary is extremely small. Salary is subject to income tax, and of the total of the 5 tax items noted above it accounted for 1.1% in the fiscal year 2000 and 2.2% in the fiscal year 2001. The low tax revenue may be explained, in spite of withholding salaries and potentially efficient collection, by the high tax exemption limit as compared to the level of salaries (or the low amount identified as salaries). This would require further analysis and improvement.

Second, there is virtually no tax revenue from the agricultural sector. Agriculture is assumed to have a substantially large share in the gross domestic product of Myanmar, which seems not to be reflected in tax revenue. Agricultural income is subject to profit tax, but the statistics of the profit tax show no taxation on agriculture. Presumably, tax returns are not made at all due to farmers' ignorance of taxes, or because such taxation is not implemented as a matter of policy. *The Internal Revenue Department is concerned about the problem, and prompt improvement will be required.*

Third, the commercial tax is largely dependent on the export-related sector. Of all commercial tax revenue, export of products accounted for 64.7% in the fiscal year 2000, and 48.8% in the fiscal year 2001. *The commercial tax in this country is in the same position as consumption tax in Japan and V.A.T. in Europe, and has a system similar to them.* An indirect tax as such should be exempted to promote exports but, instead, taxation on exports is important in Myanmar. This would be a substantial negative factor in developing export industries.

### **3. Preferential Treatment to Introduce Foreign Capital**

Some privilege tax measures have already been introduced for attracting foreign capital. A company which acquires a license for establishment under the Union of Myanmar Foreign Investment Law is exempt from income tax for 3 years after start of the business (or establishment). Further, with the approval of the Myanmar Investment Commission (MIC) which has the authority



to permit establishment, the company may enjoy extension of the exemption period and other preferential treatment (special depreciation, reduced tax rates, etc.).

A company needs to register itself at the Companies Registration Office after gaining a license for establishment. According to the Internal Revenue Department, a license for establishment under the Foreign Investment Law is given within 1 month after the application for establishment. All the information of a registered company, i.e. a licensed company, is provided to the tax authority to avoid any trouble with the registration office. The preferential treatment of foreign investment seems to be functioning smoothly in this regard.

The Foreign Investment Law was enacted in 1988, but not under the jurisdiction of the Ministry of Finance and Revenue. The MIC is one of the governmental agencies composed of related ministers as members. Preferential treatment is, therefore, completely separate from the tax policy from the viewpoint of the Internal Revenue Department. While MIC's functions are being down-sized, the intentions of the Internal Revenue Department as the tax authority are not considered or reflected in the policymaking at the MIC.

#### **4. Tax Administration Organisation**

The organisation of the Myanmar tax authority is led by the Internal Revenue Department of the Ministry of Finance and Revenue. The headquarters of the Internal Revenue Department is composed of i) Income Tax & Profit Tax Directorate, ii) Stamp Duty & Commercial Tax Directorate, iii) Lottery Directorate, iv) Personnel Directorate, v) Inspection, Training & Legal Affairs Directorate, and vi) Statistics & General Services Directorate. The Internal Revenue Department has 14 local revenue bureaus (equivalent to regional taxation bureaus) in total in all states, which in turn have Township Offices under them. The Township Offices are classified into 3 grades according to the size of revenue, and the number of staff is determined accordingly. Under the system, only the Township Offices directly deal with taxpayers in practice, including tax investigation, and the other organisations are engaged in policymaking and the management of tax operations (see II for details).

#### **5. Treatment of Objections**

Under the official tax assessment system, any taxpayer who cannot agree with the contents of a notice of assessment and decision can submit an objection to the tax court. There are the First Tribunal and the Second Appellate Tribunal as tax courts, and the Supreme Court for a final examination.

The First Tribunal, to which taxpayers file suit first, is an internal body of the Internal Revenue Department, and each regional taxation bureau constitutes one separate tribunal. A taxation bureau has only 20-30 staff and the First Tribunal has only a few staff. Because it is part of the Internal Revenue Department and has only a few staff (including judges), it seems difficult for the tribunal to conduct a substantial examination. It is pointed out that taxpayers' assertions are rarely accepted.

Any dissatisfaction with a decision of the First Tribunal is heard in the Second Appellate Tribunal, which is independent of the Ministry of Finance and Revenue. The decision of the Second Appellate Tribunal is final in substance, but it may be examined at the Supreme Court if the case questions the appropriateness of the law itself.

The following table shows the latest number of objections submitted to the First Tribunal, and the processed cases. Because the Internal Revenue Department has compiled such statistical material, the department to a certain extent recognises the importance of the objection system.

The Position of Appeal Cases Performance (2001)

Cases at 1-4-01	Additional cases to 31-3-02	Total	Performance	Balance
420	28	448	73	375

## 6. Taxpayer Management

### (1) Identification of taxpayers

Currently, a Township Office manages taxpayers based on handwritten ledgers, which is very inefficient.

A file has been prepared for each existing taxpayer, but the ledgers to uniformly manage them only list addresses, names and types of business, and the order of listing is not consistent. It is only because the total number of taxpayers managed by a Township Office is not very many that the current method is functioning to some extent. The Internal Revenue Office fully recognises this present problem, and is promoting computerisation of the data. However, the number of PCs for data recording is totally insufficient.

In identifying new taxpayers, the Companies Registration Office provides the information of registered corporations to the Internal Revenue Department, but it is unknown whether or not

the system is functioning. A system and method for identifying individual taxpayers are not established, and this, together with a lack among the people of tax awareness and knowledge, is a great problem. To identify new taxpayers is one of the most important objectives for the Internal Revenue Department.

## **(2) Establishment of Companies Circle Tax Office**

While all taxpayers are in principle managed by Township Offices, the special Companies Circle Tax Office (CCTO) entirely manages large-scale taxpayers. CCTO, like a Township Office, manages, investigates and assesses taxpayers and is equivalent to a regional tax bureau.

The CCTO was established in 1990, according to a recommendation of the IMP, for the efficient management of large corporations (substantial taxpayers). In the fiscal year 2001, the CCTO collected 11% of all the tax revenue under the control of the Internal Revenue Office, rendering itself an organisation of some considerable importance. The CCTO, however, employs the same method of taxpayer management as that of Township Offices, and they should promptly be given more PCs to improve efficiency.

## **(3) Raising the tax awareness of taxpayers**

The tax awareness and knowledge of the people of Myanmar is very low. Apart from non-compliance with the tax laws, people seem to recognise no obligation for tax. While all taxpayers (income earners) should submit tax returns under the system by May 31, the Internal Revenue Department told us that most of the people do not know this.

The Internal Revenue Department has taken several measures to solve such problems. One of them is making a “Tax Calendar”. The calendar is designed fairly well, with outline descriptions of taxes, but its effect is limited as it is sold only at Township Offices. The Internal Revenue Department strongly recognises the importance of tax education, and urgent advice on appropriate measures is necessary.

## **7. Decision-making Process of Taxation Policy**

### **(1) Tax policy authority**

All tax policies are proposed by the Internal Revenue Department, which has the same functions as those held by the Japanese National Tax Administration and Tax Bureau, similar to the British Bureau of Inland Revenue.

It can formally propose tax policies such as revision of the tax system based on information and requests from various ministries, but it seems that it only has authority to change tax rates based on the statistics of tax revenue. For example, preferential treatment of foreign investment falls under the authority of MIC, and it is said that a proposal of taxation on the agricultural sector from the Internal Revenue Department would not obtain the agreement of the entire government. The department is responsible for applying taxation, as well as for the preparation and proposal of tax policies, but it has not been able to address enforcement problems in those policies. Its human resources, information, and authority, are in fact insufficient in all respects for this purpose.

The Internal Revenue Department is responsible for negotiation of tax treaties, and one of the director-generals is in charge of it.

### **(2) Process of revising the tax system**

The head office of the Internal Revenue Department is alone responsible for preparation and proposal of tax revision, and bureaus of the department draft the proposed amendment. Staffing is desperately short in this regard. There is no organisation like the Japanese Cabinet Legislation Bureau, and they cannot check compatibility with other laws and systems. Elaborate legislation techniques may not be immediately necessary, but some expert staff and organisation may be necessary in the near future. Any proposed amendment would, under the current regime, be enacted with the approval of the SPDC without discussion.

What is even more problematic is that there is no exact way to inform taxpayers, or people in general, of the amendments. People are simply not interested in any revision of the tax system due to their low-level tax awareness, but the Internal Revenue Department has to increase people's tax awareness by fully publicising the revision. As part of tax education, any tax revision should be fully publicised in timely manner throughout the establishment.

### **(3) Tax treaties**

Myanmar has 6 tax treaties, including one with the U.K. which was concluded in 1955 relating to the former colonial rule, but the other 5 treaties were concluded in the past 3 or 4 years.

First of all, Myanmar should improve the system and enforcement of domestic taxes, but it needs to improve international taxation arrangements in general, in addition to special preferential treatment, for promoting foreign investment. Conclusion of tax treaties will be a promise of, and announcement of, a stable investment environment for firms to make investments in Myanmar.

Conclusion of tax treaties may be based on certain achievements in economic exchange, but they are also an incentive for foreign investment.

The 6 tax treaties are as follows:

U.K. (1955)

Malaysia (signed in March 1998)

Singapore (signed in February 1999)

Vietnam (signed in May 2000)

Thailand (signed in January 2002)

ROK (signed in January 2002)

## **8. Other Related Matters**

### **(1) Response to misconduct of staff**

According to a leading accounting office in Yangon, misconduct of tax staff (bribes, etc) is prevalent at Township Offices. A hearing on assessment (i.e. an investigation in Myanmar) held at a Township Office involves a request for a certain amount of money from the officer in charge. The level of salary of tax officers and the system of assessment (negotiation with the officer in charge is an important factor) are causes of this practice.

The tax laws have penal provisions for misconduct of staff, and according to the Internal Revenue Department, 5-6 persons are punished every year.

### **(2) Procedure of establishing a corporation**

There seems to be no great restriction on establishing a corporation in Myanmar. There is no limit in practice on the minimum capital (with an extremely small amount) and the registration cost is very small. There is no regulation of foreign capital, and a foreign investor can establish a wholly owned subsidiary.

License for establishment is obtained from the Ministry of National Planning and Economic Development, based on the company law. The licensed company should register itself at the Companies Registration Office, and the information is passed to the tax authority (as mentioned above). Separate approval from the MIC is necessary to obtain preferential treatment under the Foreign Investment Law. According to the Internal Revenue Department, the procedure requires 2-3 weeks and prompt investment is possible.

### **(3) Collection and analysis of tax statistics**

The Internal Revenue Department has a dedicated tax statistics bureau, and the information on actual tax revenue at Township Offices is gathered at the department. Each Township Office has staff for data collection. Such statistical data is reliable to a certain extent as the information necessary for proposing tax policies. The Internal Revenue Department considers the data is important for establishing an annual revenue target.

On the other hand, too much emphasis on data collection has resulted in excessive personnel expenses.

### **(4) Lack of tax infrastructure: improvement of levels of accounting knowledge**

Not only tax officers but people in general have a poor knowledge of tax laws and tax affairs. However, what is more important is the lack of a tax infrastructure.

First, the lack of any accounting system and knowledge can be pointed out. While income as a tax base should be calculated on an appropriate accounting, the number of taxpayers with accounting knowledge is quite limited. In the extreme, most people as taxpayers think that, “we do not calculate tax - the tax office does”.

It is pointed out that it is not customary to keep books and to record transactions. People fail to do so, presumably because a tax office would not check books. A developed tax system is meaningless under the circumstances.

The same thing is true about the commercial tax. The commercial tax is a value added tax using the multi-stage invoice method. The society of Myanmar seems to have no system of invoicing, delivering or recording. Therefore, the actual tax amount is decided through negotiation.

### **(5) Salary of staff**

The Internal Revenue Department gave us formal data on the salary of tax staff (Exhibit 1). The data shows that the salary is extremely low. It is doubtful whether they can live on this level of remuneration.

If the low remuneration is a cause of employee misconduct, it should be urgently improved.

### **(6) Professionals to be trained**

Accountants are publicly certified in Myanmar by the government, based on certain academic

degrees. However, such qualification is not required for taxation or audit under the laws currently in practice. They have no system for tax practitioners like that of Japan.

Under these circumstances, it is doubtful whether such professionals are necessary. In a situation where, as mentioned previously, the system and practices of income calculation, tax return and tax payment is not well established, such qualification may be meaningless. Unless taxpayers rely on such professionals, the qualification and the system will be without merit.

However, the establishment of professional qualification may contribute to the general enlightenment of society. The qualification and system of professionals will require its own playing field and source of revenue. A taxation environment requiring professionals will be developed, and we can expect that a taxpaying environment based on an established system will be developed.

#### **(7) Customs duties**

Myanmar's duties are imposed on almost all import items, with the exception of exemption and reimbursement of the import duties in cases of contracted manufacturing. The tax base is the CIF price plus 0.5%. MIC's approval is necessary for exempting contracted manufacturing for which materials are imported for processing and re-exported after processing within a short period of time, but a service fee of 2% is imposed instead of duty exemption.

The current tariff table has not been revised since 1996. The rate of duty was reduced to 1/10 in June 1996 but the exchange rate for the kyat as applied to taxation was depreciated to \$1 = 100 kyats from \$1 = 6 kyats, resulting in a substantial tax increase. The rate was further depreciated to \$1 = 150 kyats. 1997.

The Customs Department of the Ministry of Finance and Revenue controls duties, and has 7 bureaus as follows:

1. Export/import Bureau (71 persons)
2. Misconduct Prevention Bureau (248 persons)
3. Local Management Bureau (247 persons)
4. Investigation Bureau (68 persons)
5. General Affairs Bureau (31 persons)
6. Accounting Bureau (19 persons)

7. Asset Management Bureau (43 persons)

There are 30 local offices (customs) under the Local Management Bureau.



## **II. Enforcement of the Tax System in Myanmar**

### **1. Tax Operating Structure**

#### **(1) Organisation of Internal Revenue Department**

At present, 3,726 persons work as regular staff at the Internal Revenue Department.

The department is composed of a head office and the following six directorates.

- Stamp Duty & Commercial Tax Directorate
- Income Tax & Profit tax Directorate
- State Lottery Directorate
- Personnel Affairs Directorate
- Inspection, Training & Legal Affairs Directorate
- Accounts, Statistics & General Services Directorate

Under these organisations there are local revenue departments (equivalent to national tax bureaus) as substructures, in 14 states and divisions, and under the national tax bureaus there are 259 Township Offices (tax offices).

Assessments for levying and collection of taxes are conducted solely by a township office, and township offices are classified as Grade A, Grade B or Grade C according to the number of staff and the amount of tax collected. (See Exhibit 2 for the number of township offices by state and divisions.)

The head office and the six directorates are responsible for the following tasks.

- Formulation of policies, plans and programmes for taxation, as ordered by the director general of the Internal Revenue Department
- Supervision of local revenue departments in states and divisions, and implementation of plans
- Allocation by the Internal Revenue Department of budgets, according to collection levels

## **(2) Changes in operating structure and other matters**

The following taxation reforms have been enacted in Myanmar since 1989, to cope with market economy.

- a. Expansion of the tax base and reduction of tax rates
- b. Provision of tax privileges to foreign investors under the foreign investment law
- c. Tax exemption for local businessmen, to promote capital investment
- d. Reduction of the commercial tax rate for imports from foreign countries
- e. Conclusion of tax treaties with foreign investing countries, aiming at improving the international investment environment and promoting a free flow of investment from foreign countries

## **(3) Position of the Internal Revenue Department**

The Internal Revenue Department of Myanmar plays the same roles as the Japanese National Tax Administration Agency and Tax Bureau, which focus on taxation policies, taxpayer education, and the formulation and implementation of relevant training. The Internal Revenue Department is responsible for collection of more than 86% of the entire tax revenue. Moreover, the department is operated under the direction of the financial revenue agency and is responsible for implementing government taxation policies.

The Internal Revenue Department works as a central function of the tax mechanism, and is positively involved in the government's tax administration, including tax investigation and tax collection.

## **(4) Internal Revenue Department under the socialist regime**

Under the socialist regime of the past, hearings on taxes, investigations and statements of objection were conducted by a separate organisation consisting of selected members of the people's congress.

At present, the authority for investigation has been transferred to revenue officers, and the amount of tax revenue has been increasing substantially.

## **(5) Outline of organisation for municipal tax**

Municipal tax accounts for less than 5% of the total tax revenue.

## **(6) Personnel of the Internal Revenue Department**

The composition by occupation of personnel at the Internal Revenue Department is as given in Exhibit 1, which describes the personnel and salaries of the Department.

## **(7) Recruitment**

Generally, tax-office staff are employed by recruiting an eligible person for a particular post or by transferring such a person from other divisions, while managerial officers are recruited through PSSTB (the national personnel authority).

Paper tests and interviewing are held as an examination for employment.

Only university graduates or those with a similar qualification can apply for the examination for managerial officers. Also, a specific qualification is required for other posts.

## **(8) Salary level**

Please see Exhibit 1 "Staff and Salaries at the Internal Revenue Department."

While the amounts in the table are calculated based on the official rate (\$1 = 6 kyats), the salary level is remarkably low if they are calculated based on the market price (\$1 = 1200 kyats as of September 2002; \$1 = 600 kyats in 2001).

## **(9) Turnover rate of staff**

Of the establishment number of 4,282, there are currently 3,726 persons working. While there are few vacancies for managerial officers, many vacancies remain for other posts. We can assume that many managerial officers with a high academic background, such as university graduates or those who returned from study abroad, had no other choice than to take their present position as a government employee, since there are not enough employment opportunities for them due to the lack of large private companies.

It is planned that the limit on numbers will be increased from the present 4,282 to 4,999.

## **(10) Retirement age**

The retirement age is 60 years old.

### **(11) Retirement allowance and pension**

The retirees can enjoy a bounty (retirement allowance) and a monthly annuity.

Bounty amount: The last salary amount x the years of service/2

Monthly annuity: The last salary amount x the years of service/70

### **(12) Welfare**

While they are engaged in public service the employees have the use of free housing, but they pay utility charges.

Though there are few advantages, other than the free housing, compared with private companies, employees are supplied with rationed rice at prices far cheaper than market prices. Thus, the minimum standard of living is assured for government employees. In general, such a privilege is not offered to employees in the private sector.

### **(13) Present circumstances of computerisation**

The Internal Revenue Department possess 34 PCs nationwide, and all of them are of the desk-top type. There is no budget for LAN, WAN or a mainframe computer.

The PCs are installed at the following offices.

Head office and the Department: 6

Local revenue departments: 15

Township offices: 13

PCs are being used for statistical data, editing, and recording monthly tax calculations. The use of PCs at township offices is only at the initial stage.

## **2. Circumstances Related to Tax Investigation**

Decisions on tax level and levying assessment are conducted solely at township office level. CCTO (a tax office for large-scale taxpayers) is on a similar level to a township office in this regard.

### **(1) Number of tax investigators**

The number of revenue officers is 845 nationwide.

(a) Currently, revenue officers are responsible for both tax investigation and assessment

for levying (determination of tax liabilities). That is, they have the dual function of an investigator who also determines the levying. The total of 845 revenue officers are working as tax administrative investigators.

- (b) Tax investigation is conducted on private businesses, cooperatives, joint ventures and corporations.
- (c) The income tax law prescribes a method for investigation, and specifies the investigation of account statements and financial reports submitted by taxpayers.

## **(2) Circumstances of tax investigation**

Unlike Japan, which is adopting a system of self-assessment of tax, and return and payment by taxpayers, “investigation” has a different meaning in Myanmar where an assessment and imposition system is applied. Under such circumstances, collection of relevant data and information, as well as hearing by interviewing prior to a levy decision, are deemed to be the practice of investigation.

Revenue officers deal with 10 to 20 cases a day, each taking about 15 minutes at the longest, for investigation (an interview) of a taxpayer.

## **(3) Increased tax revenue as a result of investigation**

The following is the collected amount of profit tax and income tax for the past three years.

(Unit: million kyats)

	Income tax	Profit tax
1999-2000	17,141	4,467
2000-2001	20,220	6,336
2001-2002	21,512	8,375

## **(4) Taxpayers to be investigated, differences between urban and rural districts, and between those engaged in agriculture and commerce/industry**

It was pointed out as being a problem that tax is not imposed on income from agricultural activities, and also that taxes imposed on wage earnings are low.

The profit tax is applied to those on whom income tax is not imposed. It is also applied to earnings from agriculture, but when there is no income applicable to the profit tax, levy is not decided and those people are deemed to have no taxable income.

The tax imposition on wage earnings is hampered by overwhelmingly low wage levels, a lack of bookkeeping practices, and the not yet popular practice of withholding at source.

#### **(5) Investigation method**

Tax investigation is conducted into the following items.

- Investigation of income, received amount and sales
- Investigation of expenses and payment for export costs (whether the purchase value is too large or not)
- Investigation of importation sales (whether sales amount is too large or not)
- Distinction between capital expenditure and expenditure to gain income
- Treatment of allowances
- Amount claimed as accumulated depreciation (which should be charged on the basis of the institutional rate)
- Whether any report concerning dollar-based ROI is correct or not
- Calculation for foreign-affiliated companies: Foreign currency-based transactions should be calculated in the foreign currency, and taxes are paid in the foreign currency. There is no particular problem if transactions are carried out entirely in foreign currencies. However, if transactions in kyats are involved, a proportional division is required and the ratio of the division is decided by a revenue officer.

#### **(6) Average number of days for investigation per case**

Tax investigation usually continues for one or two months, although this depends on the scale of a business.

If a taxpayer's accounts do not reflect the actual situation of the business, a revenue officer takes into account the past period of the business's operation, its goodwill, its relationships with any third party such as a supplier or bank, and its advertising activities.

Tax investigation in Myanmar implies that a prior surface investigation is regularly conducted. It does not mean that thorough day-long investigations, such as are conducted by Japanese regional taxation bureaus, continues for one to two months.

#### **(7) Number of investigation cases**

During the 2000-2001 fiscal year, CCTO (Companies Circle Tax Office) investigated 8,930

cases — 8,289 cases for income tax and 641 cases for commercial tax.

**(8) CCTO (tax office for large-scale taxpayers)**

A special section called CCTO was organised as an independent unit for large-scale taxpayers. CCTO is responsible for determining the tax liabilities of multinational companies, corporations under the FIC law, joint ventures established under the Myanmar company law, branch corporations, and other corporations.

**(9) Section specialised in foreign capital (foreign-affiliated companies)**

This section is included within CCTO.

Taxpayers under the competence of CCTO are obliged to keep books, and a prior reporting of data or self-assessment should be made based on the books. Accordingly, revenue officers are required to acquire professional knowledge about bookkeeping and financial statements, but such qualified personnel are few.

Therefore, although data reporting and a provisional tax payment may have been concluded, some companies have to wait for two to three years until the final levy determination.

As in other areas, work processing at CCTO has not been computerised, and almost all data is processed manually, presumably at low efficiency.

**(10) Investigation experience and background of revenue officers**

Revenue officers are university graduates who have studied economics, commerce and accounting. Apart from qualification gained at a university, they are required to be well informed of the actual revenue law.

Through interviewing that investigation based on books is carried out solely at CCTO.

**(11) Problems which hamper efficient investigation**

The problems faced in tax investigation are given below.

- Investigation is not completed in a short period of time.
- Taxpayers do not observe laws and regulations.
- Taxpayers do not pay prepaid tax or ordinary tax within the prescribed period.
- Tax evasion and concealment

### **(12) Tax management system (using computers)**

At present, the Internal Revenue Department is not using computers to manage taxpayers. In addition, there is no tax payment system using computers.

Taxpayers are managed at a township office based on handwritten ledgers, and these are kept through a general index register according to order of entry. The past history (of reporting, assessment and levying, and investigation) are maintained in files for individual taxpayers.

To date, the Internal Revenue Department has no centralised system to control nation-wide taxpayer information. Several township offices which have introduced a PC are trying to accumulate taxpayer information on an experimental basis.

### **(13) Collection of reference information**

Taxpayer information is recorded manually through a general index register. Since computers and a TIN (nationwide taxpayer number system) are absent, information is processed by hand. At present, PCs are installed at only a few township offices.

Third-party information via governmental agencies is collected concerning potential taxpayers. These offices have succeeded in acquiring information from bidding winners lists, through advertisements in the media, from intellectual information sources, and from information on land- and water-course- transportation.

There is no statutory information system, and financial institutions are not obliged to provide relevant information.

## **3. Training System**

### **(1) Outline**

It is well recognised at the Internal Revenue Department that training of staff is very important. Although improvement of training contents is being attempted, there remain various problems such as the limited budgets and other limitations.

The Internal Revenue Department admits that training tax officers to acquire skills and ability is the way to improve the tax administration. Human resources development is an important standard, and the Training & Legal Affairs Directorate is engaged in formulating as well as implementing



training plans.

## **(2) Contents of study**

For the content of courses for staff, government accounting and rules for the civil services are being considered, while revenue law, DTA, and international items are being discussed for courses for tax officers.

In the human resources development programme, staffs are requested to attend a public service training course (periodical training courses for managerial staff) to study government accounting and investigation.

In addition, a tax system course and a re-training course implemented by the Internal Revenue Department is provided for tax investigators.

In 2001, some investigators attended a basic course on computers which was held twice, at which they studied word-processing, Excel, Page-Maker and a general introduction to computers.

Training courses in foreign countries include seminars, workshops, and general courses. Main donors are JICA, IMF, UNDP ADB and the World Bank. There are some officers who have attended a masters course on economics and financial policies.

## **(3) Training facilities**

While AV equipment (TVs, videos, etc.) are prepared for training courses, projectors, computers and multi-media equipment and communication devices are required to implement more efficient training.

## **(4) Instructors for training**

Internal personnel act as instructors for training courses held by the Internal Revenue Department, and these are mostly assistant director level officers with experience of overseas study or investigation.

## **(5) Trainees**

Trainees are selected by supervisors at township offices, the tax administration agency, and the Internal Revenue Department. About 200 training courses are provided annually.

#### **(6) Period of training**

Courses for staff last for one month, workshops for two months, and masters courses in foreign countries for one to two years.

#### **(7) Curriculum contents**

The curriculum includes: i) government accounting (public finance law), ii) auditing, iii) rules for civil services, iv) rules for pensions, v) revenue law, and vi) international taxation.

#### **(8) Future prospects**

It is recognised that tax administration officers should be sufficiently trained from the outset, and if possible facilities such as a tax administration school are desirable to provide practical training for staff in relation to their work. It is also essential that training is provided for tax office staff at an early stage. New high-school graduates are selected for training at such facilities for a period of four years. Those completing the training are selected to be tax staff.

International assistance is necessary to implement these programmes, and a structural assistance programme is desirable.

### **4. Others**

#### **(1) Tax-related education (education at a university or graduate school concerning taxes and finance)**

Regarding tax-related education, the principles of taxation and finance are taught in the high-school curriculum.

If children are taught at an early stage of their schooling they will be brought up to be aware of the tax obligations of citizens and to observe revenue law.

However, it is doubtful whether this education has been successful.

#### **(2) Tax counseling**

Although there is no particular section for tax counseling, a taxpayer who wants counseling on tax can seek the advice of a tax investigating officer at the directorate or a township office. As a point of contact, establishment of a PR or IR section is being discussed. Direct contact with such personnel will be made available.

### **(3) Public relations**

Due to budget restrictions, publicity activities through the media have not been undertaken, although a calendar giving information on taxes has been printed to be sold to taxpayers at township offices.

### **(4) Grievance procedure**

Overpaid taxes will be refunded if reclaimed within one year. A tax office will return taxes if the claim satisfies the necessary requirement (Article 37 (a) (b) of the Income Tax Law).

### **(5) Prevention of misdeeds by public service personnel**

A law has been enacted to prosecute and punish any public employees who receive bribes and are found guilty.

### **(6) Conditions for the introduction of VAT**

Bookkeeping practice is one of the internationally recognised accounting rules. Financial institutions similar to the Ministry of Finance play a decisive role in collecting tax revenue.

However, since the general public of Myanmar lack the practice of bookkeeping as well as awareness of tax obligations, VAT may not function satisfactorily if it is introduced too soon.

### **(7) Problem fields at the Internal Revenue Department concerning taxes and customs**

The following are problems at the Internal Revenue Department

i) Many evaders of tax, ii) delay in introducing computers, iii) establishment of a TIN system (management of all citizens according to the general index register), iv) little effect of tax-related education, v) low level of compliance with tax, vi) few joint operations with other divisions, vii) too many tax privileges or incentives, viii) establishment of a tax investigation technique for new businesses, ix) training opportunities for taxation staff are too low-quality and too few, x) establishment of appropriate measures to retain staff, and xi) insufficient government assistance to the Internal Revenue Department.

### **(8) Contents of the assistance requested by the government of Myanmar in the field of taxes and customs**

The Internal Revenue Department desires assistance in the following fields.

- *Training of tax office employees*
- Establishment of a tax administration school
- Value-added tax
- International cooperation in the field of taxation
- Increased availability of computers

### **III. Comments**

Based on the results of the recent survey and research, the author herein presents comments, issues, and advice, as well as proposals (hereinafter termed “Comments”).

#### **1. Premise for Comments**

##### **(1) General considerations**

###### **i) Roles of taxation, and decisive factors for a taxation system**

For any country, taxation plays two roles: firstly “procurement of funds”, and secondly “a means to realise policies”. Ultimately, both of these are directed to the realisation of policies, whether directly or indirectly. The actual contents of a taxation system depend upon various aspects of the nation concerned, such as politics, economy, society, culture and national traits, and additionally upon the current stage of development and upon planning of development priorities according to national targets.

In short, necessary policies are selected based on the realities of the country, such as its current stage of development, how the people perceive the government and its taxation system, and also in pursuit of national targets. Through these processes, the necessary amount of public funds (tax revenues) is determined. In other words, these processes are a procedure to determine the contents of the taxation system (taxation policy). In the meantime, the term taxation system is used with somewhat different implications depending on the context. For instance, “taxation system” implies direct economic or financial means in cases such as tax privileges, or of incentives accorded to foreign capital or to specific industries for the purpose of directly stimulating their development.

###### **ii) Specific concepts of formation of a taxation system (in relation to politics, economy, society, culture, etc.)**

###### **(a) Perception of the actual circumstances**

Let’s assume a country in the following circumstances. Though it is a capitalist economy, the country is still at an early stage of economic development; the primary industry, agricultural production in particular, dominates almost all of the country’s GNP; GNP per capita is very low; people’s property formation is mostly immature; and the country lacks the domestic technology

and capital to utilise its resources. Additionally, the country has a historical and cultural background in which people have a weak perception of the benefits or favours provided by government, and the literacy rate is not high.

**(b) Concept of the taxation system to be adopted**

A country in the circumstances described in (a), above, is not likely to introduce the type of income tax and value-added tax adopted by advanced market economies, because the application of such taxes requires conditions in which the majority of citizens are gaining an income exceeding the minimum standard of living and in which book-keeping ability and the practice of issuing invoices are well-rooted. Moreover, the accumulation of wealth among many individuals is required in order to impose any property tax. Accordingly, a commodity tax which is applied to individual goods and sales, or a business tax which is applied to individual businesses, will be easier to implement and to include in the selection of possible tax types. If a country attempts to develop domestic industry and infrastructure, while to some extent borrowing foreign capital, local industries will be nurtured gradually, people's income level will be raised, and income tax and sales tax, shifting from an initial single-stage type to a multiple-stage type, can be introduced as the numbers of wealthy people increase. Thus, the taxation system will be based on a national policy which aims at protection of domestic industries and the introduction of foreign capital by offering tax privileges. These are so-called general considerations. The next issue is that of discussing the specific matters pertaining to the country of Myanmar.

**2. Comments on the National Targets of Myanmar**

Myanmar's national targets include: four political targets, four economic targets, and four social targets. Here, the four economic targets should be addressed: i) development of agriculture as the base and all-round development of other sectors of the economy as well , ii) proper evolution of a market-oriented economic system , iii) development of the economy inviting participation in terms of technical know-how and investments from sources inside the country and abroad , iv) the initiative to shape the national economy must be kept in the hands of the State and the national peoples. Meanwhile, one of the four political targets is "Building of a new modern developed nation in accord with the new State constitution". This target mentions a development stage of the economy and closely relates to the economic targets. Concerning the first three economic targets, it is so far unknown whether detailed and specific objectives have been prepared. Therefore it is necessary to identify their existence and the actual contents of the targets, if any, since specific and actual targets are indispensable to determining both i) the period required to attain the ideal state of the nation and ii) the amount of funds (tax revenues) necessary for the

purpose.

### **3. Present Circumstances of Myanmar, and Comments**

#### **(1) State of economic and social development (from a macroscopic viewpoint)**

##### **i) Present circumstances**

Agriculture accounts for 52% of the country's GNP (the figure is the provisional figure for 1997; the same applies to other figures in the present paper). The primary industry accounts for 60% of GNP; farm workers account for 63% of the working population, those working in commerce and industry account for 18%, while it is still underway to raise the industrial level. Also, Myanmar is one of the Least-Less Developed Countries (LLDC), and GNP per capita in fiscal year 1999 is assumed to be a very low 72 dollars (if, however, the official rate is used, 3,697 dollars is obtained as the GNP per capita). According to these figures, it is estimated that the base on which income or value-added tax could be imposed is small. In addition, Myanmar is one of the Heavily Indebted Poor Countries (HIPCs) according to the publications of IMF and the World Bank.

A major characteristic emerged when we discussed the tax revenue in relation to the national budget. This was the fact that the percentage of tax revenue in the total national revenue is extremely small. More specifically, among the original budget of 602,350 million kyat for the fiscal year 2001, tax revenue accounted for 17%, and other revenues (mainly income from state-owned enterprises) accounted for 70%, while the fiscal deficit reached 13%(provisional estimate). It is true that state-owned enterprises are being gradually privatised, but the dominance of state-owned enterprises remains undeniably very strong. We believe that privatisation of state-owned enterprises, an increase in private companies, and the sound development of those companies, will decide the future of Myanmar's economy. Accordingly, the tax system and its practical application will face a critical juncture when the country enters the stage at which tax revenue accounts for the majority of the national revenue.

In the meantime, we could not sufficiently confirm the reliability of the statistical figures which are cited in this paper. What was confirmed to some extent was the fact that figures were compiled without adjusting a considerable gap between the official and market rates of the currency. Although macroscopic statistical figures are not directly relevant to the tax system, they form the basis for judgment in formulating a taxation policy. Therefore, accurate statistics are important and they must in future be well prepared.

Additionally, the readiness of a so-called social infrastructure, in particular telephones and electric power, has not reached an adequate level. Regarding electricity, planned suspensions of electric power supply cannot be avoided. Telephones and electric power are important and are indispensable to establishing networks for electronic data processing. This is a matter that the Myanmar government should promptly address.

## **ii) Comments**

At this point, we can consider that such types of taxes as sales tax and individual commodity tax may be applicable to the country's economy. The modernisation of Myanmar requires enhanced investment and improved production capacity, and to this end the current high inflation rate and the currency value must be stabilised. This is indispensable as the prerequisite basis for the levying and collection of taxes. Measures required from a macroscopic viewpoint are given below.

### **(a) Assurance of consistency in economic policies**

A position of export tax; re-consideration of import restrictions.

### **(b) Fulfillment and expansion of financial functions**

Financial institutions should function as agencies for transactions, and such a practice should become prevalent.

### **(c) Assurance of consistency in policies for the introduction of foreign capital**

Consistency with policies other than taxation policy; assurance of transparency of tax privileges.

## **(2) Taxation sovereignty and the people (mainly in relation to taxpayers' rights)**

### **i) Present circumstances**

Among the various political systems, there is a difference between advanced capitalist countries such as Japan and the present situation in Myanmar in terms of the relationship between taxation right and the taxpayers. In Japan, for example, those on whom taxation is imposed (citizens or taxpayers) are subject to a tax payment procedure based upon a particular rule (taxation law and regulations) which has been determined by representatives elected by the taxpayers. In Myanmar, the SPDC (State Peace and Development Council) has the authority to determine taxation regulations. This means that there is no procedure based, as in Japan, upon a taxation law enacted at a national diet.



## **ii) Comments**

Judging from the present states mentioned above, it may be said that the rights of taxpayers should be respected. More specifically, we thought that information concerning laws and the revision of notifications should be more thoroughly publicised.

## **(3) From the viewpoint of taxation**

The individual problems, based on the present state of the taxation system and its operation in Myanmar, which have been described in chapters I and II, are summarised below (see i) Long-term problems, below).

Short-term problems (see ii) Short-term problems, below) are also pointed out, and measures which will become necessary in the near future are discussed.

### **i) Long-term problems**

#### **(a) Sources of taxes and the practical basis of taxation**

For the following reasons, there are some questions concerning appropriate sources of taxes. Tax collection from agriculture needs further discussion of the political aspect, and also of its feasibility. The enactment of legislation should be re-examined from the viewpoint of “equity” as a doctrine of taxation.

- a. There is almost no tax revenue from agriculture.
- b. Tax revenues from salaries and wages are extremely small.

It is useless to attempt to formulate an appropriate taxation system, including income tax or multiple-stage-type value-added tax, if the system is not feasible or practicable to implement. For commercial tax (multiple-stage-type value-added tax), transaction prices at each distribution stage of the goods must be proved by original records such as an invoice. However, Myanmar is “a cash settlement society” and there are almost no records associated with distribution of goods. In other words, a prerequisite for introducing taxes and the requirements for their implementation (hereinafter referred to as “taxation infrastructure”) is missing. Therefore, appropriate measures to prepare a taxation infrastructure are required in Myanmar. Specifically, direct measures under tax law are necessary to place traders under an obligation to submit bills, issue receipts, and to keep relevant records. It is, however, fundamentally desirable that such business practices and accounting practices be established for reasons other than taxation.

**(b) Industrial policies (and/or taxation policies)**

We learned that among commercial tax in general there is a high proportion of export tax, that there are opinions that export taxation is heavy, and that there is restriction on importation depending on the value of exports. Therefore, detailed discussion is needed to determine whether neutrality can be secured for taxes on industries and exports and, if not, what economic and industrial policies are required.

Particularly, further research should be conducted as to whether there is an integral relationship between general economic and industrial policies and individual taxation policies which aim at the direct effects of taxes. Such investigation is necessary before submitting a fully-fledged policy proposal.

**(c) Administration of taxation**

**a. Management of taxpayers**

Personal computers are needed because there are almost none in the country. There are only 34 PCs in the entire country, but they are not networked and do not perform the true functions of PCs. This is due to budget deficiencies and problems of social infrastructure such as telephones and electricity.

**b. Publicity**

Further investigation is necessary to identify matters to be improved in relation to taxpayers' rights.

**c. Preparation of infrastructure for tax administration**

A long-term study is necessary concerning the practices of submitting bills, book-keeping, keeping original records, and extending the use of financial institutions, etc.

**d. Investigation into tax administration**

The collection rate of commercial tax is low due to problems regarding the quality and the number of investigation officials. Tax-related investigation based on account-books is not available (problems regarding accounting practice, book-keeping ability, and general education). The number of staff who have professional knowledge/experience are few (problems of training and recruitment), and cooperation from international organisations and foreign countries will be necessary for providing practical training. It is said that there are many people who do not pay

tax (problems that include citizens' lack of awareness of tax liability, plus their education, history and culture).

There is no official information return system (necessity of tax laws and of legislation which legally binds other fields).

**e. Human resources**

By clarifying what their wages, the salaries of public service personnel in particular, are worth to people, it becomes possible to understand the causes (if any) of bribery, to analyse means for resolution of the problem and to propose the correct measures. Also, the reasons for vacancies in tax officer positions should be investigated and measures for their solution should be analysed.

The recent survey has only revealed that Myanmar is a society where original records such as bills and receipts are not commonly used. If the actual situation of the "cash settlement society" is investigated in detail in the future, and the appropriateness of a tax investigation is examined, a more useful proposal or recommendation may be possible.

**f. Training**

To raise the level of tax officers, it is important for them to acquire professional knowledge and the moral ethics of public employees. Therefore, comprehensive training is necessary from the very start. The facilities and curriculum of a tax administration school (hereinafter referred to as "a tax college"), as in Japan, are necessary, and training assistance from foreign governments is required.

**ii) Short-term problems (necessity of urgent assistance)**

**(a) Computers (mainly hardware)**

Assistance is required at the earliest possible opportunity. Also for software.

**(b) Training (training for instructors)**

To address the urgency of the situation, training programmes in Japan should be discussed.

**(c) The desires of the Myanmar authorities**

Establishment of a tax college, introduction of value-added tax, and international cooperation.

## **Conclusion**

### **1. Regarding the Tax System and its Operation in General**

Concerning the tax system, a framework and certain items of taxes have already been introduced. A serious problem is that the objectives of the tax system have not been attained through the application of the system. By implementing actions to ensure sufficient security during tax collection, the tax system will become efficient in line with the reality of the country. Specifically, there are many issues to be carefully and thoroughly addressed, including accounting practice, financing functions, and people's awareness of taxes, together with direct assistance from foreign countries.

### **2. Regarding the Tax System**

By formulating economic policies which correspond to the national targets, and by constructing a consistent taxation policy, a more neutral taxation system will be created. Then, the new system *will promote industrial development more effectively than under the current taxation system.*

### **3. Operation of the Taxation System**

While we conducted our research, we met quite a few tax officials who had adequate basic qualities. As far as they continue to play a central role in tax collection, the future tax administration of Myanmar seems hopeful. Therefore, extensive training should be provided to nurture them to acquire higher-level ability as tax officers, in addition to their adequate basic qualities. To this end, it is suggested that the establishment of educational institutions such as a tax college, as in Japan, should be discussed. Moreover, computers and network construction are indispensable for everyday working, particularly for taxpayer management and administration and for investigations relating to taxation. Technology transfer of software and expertise for the purpose of taxpayer management is therefore required, under cooperation with a foreign government. It is anticipated that more efficient tax administration will be achieved by comprehensively implementing these measures.

Finally, the author would like to raise an issue. That is, it is considered that discussions based on analysis, proposals and cooperation regarding the relationship between the government and people in terms of awareness of liability to pay tax and of taxpayer rights are necessary, because these *are factors which ultimately influence the taxation system and taxation policies.* Also, in Myanmar where most of the national revenues are from the income of state-owned enterprises, the development of a market economy (which is a national target), or the creation of steady progress

toward the realisation of a market economy, will provide the basis for introducing a modern taxation system.

## Reference Materials

### Exhibits 1-4

#### Exhibits

	Item	Comment
Exhibit 1	Personnel and salary of the Internal Revenue Department, Ministry of Finance and Revenue	Composition of personnel of the Internal Revenue Department, and the level of their salaries
Exhibit 2	Number of tax offices by local revenue bureau	Number of tax offices in Myanmar by local revenue bureau and by grade of office
Exhibit 3	Representative offices of foreign banks	List of foreign banks licensed as representative offices in Myanmar
Exhibit 4	Breakdown of private banks in Myanmar	List of licensed private banks in Myanmar

Exhibit 1. Personnel and salary of the Myanmar Internal Revenue Department

	Ranking	Fixed number	Actual number	Salary (kyats)
1	Director General	1	1	15,000-16,000
2	Deputy Director General	1	1	13,000-14,000
3	Director	7	7	11,500-12,500
4	Deputy Director	18	18	10,000-11,000
5	Assistant Director	36	36	8,700-9,700
6	Staff Officer	372	335	7,500-8,500
	Total of executives	435	398	
7	Junior Revenue officer	513	509	5,400-5,900
8	Assistant Revenue Staff	282	205	4,800-5,300
9	Superintendent	11	10	6,000-6,500
10	Branch Clerk	80	38	5,400-5,900
11	Senior Clerk	778	759	4,800-5,300
12	Junior Clerk	828	781	4,200-4,700
13	Stenographer	22	4	5,400-5,900
14	Typist(senior)	47	36	4,800-5,300
15	Typist(junior)	36	24	4,200-4,700
16	Inspector-(4)	70	30	4,200-4,700
17	Peon/Helper in-charge	59	29	3,600-4,100
18	Copier Helper	48	8	3,600-4,100
19	Driver -(5)	39	16	3,600-4,100
20	Laborer in-charge	55	27	3,600-4,100
21	Peon	979	833	3,000-3,500
	Total of other employees	3,847	3,309	
	Total	4,282	3,707	

The salary for an executive increases by 200 kyats every two years. The salary for other employees increases by 100 kyats every two years.

Exhibit 2. Number of tax offices by local revenue bureau

	State/Division	Grade A	Grade B	Grade C	Total
1	Kachin State	1	4	4	9
2	Kayah State	-	2	1	3
3	Kayin State	2	1	3	6
4	Chin State	-	2	3	5
5	Mon State	1	6	3	10
6	Shan State	6	13	12	31
7	Yakhine State	1	4	9	14
8	Ayeyawady Division	5	14	7	26
9	Mandalay Division	8	15	8	31
10	Magway Division	2	7	9	18
11	Sagaing Division	3	6	22	31
12	Taninthayi Division	3	4	3	10
13	Bago Division	3	16	8	27
14	Yangon Division	20	7	11	38
	Total	55	101	103	259



Exhibit 3. Representative offices of foreign banks

Foreign bank	Date of license acquisition	Start of activity
The Development Bank of Singapore Ltd.	1993.11.10	1994.3.29
United Overseas Bank Ltd.	1993.11.10	1994.8.2
Oversea-Chinese Banking Corporation Ltd.	1994.2.8	1994.11.15
Malayan Banking Berhad (MAYBANK), Malaysia	1994.8.12	1995.4.11
Global Commercial Bank, Phnom Penh	1994.10.24	1995.6.20
Bangkok Bank Public Company Ltd.	1994.10.24	1995.8.18
Arab, Bangladesh Bank Ltd.	1994.11.22	1995.8.1
Standard Chartered Bank (UK)	1995.2.23	1995.4.27
Societe Generale (France)	1995.5.9	1995.11.29
National Bank Ltd.	1995.7.6	1996.7.16
Brunei Investment Bank (BIB)	1995.9.18	1996.7.1
ING Bank	1995.11.24	1996.3.1
Deutsche Bank Aktiengesellschaft	1996.4.5	1996.5.28
First Overseas Bank Ltd.	1996.4.30	1996.5.15
The Tokai Bank, Ltd.	1996.5.14	1996.6.5
CREDIT LYONNAIS	1996.7.4	1997.1.15
The Bank of Tokyo-Mitsubishi, Ltd. (New license after merger)	1997.9.17	1995.9.19
First Commercial Bank, Singapore Branch	1997.11.20	1998.5.5
Credit Agricole Indosuez (New license after relocation)	1998.1.1	1995.1.19
Bumiputra-Commerce Bank Berhad (New license after merger)	1999.12.1	1995.6.12
Sumitomo Mitsui Banking Corporation (New license after merger)	2001.4.18	1996.6.19
Natexis Bannques Populaires (New license after merger)	2001.5.15	1995.11.17
Mizuho Corporate Bank, Ltd. (New license after merger)	2002.8.12	1996.10.4

Exhibit 4. Private banks in Myanmar

Private bank	Date of license acquisition	Start of activity
Myanmar Citizens Bank Ltd.	1992.5.25	1992.6.2
Co-operative Bank Ltd.	1992.8.3	1992.8.21
Yadonabon Bank Ltd. (Mandalay)	1992.8.27	1992.9.11
First Private Bank Ltd.	1992.5.25	1992.10.6
Yangon City Bank Ltd.	1993.1.1	1993.1.4
Yoma Bank Ltd.	1993.3.19	1993.4.1
Myanmar Oriental Bank Ltd.	1993.7.26	1993.8.14
Myanmar Mayflower Bank Ltd.	1994.3.17	1994.6.9
Tun Foundation Bank Ltd.	1994.6.8	1994.6.14
Kanbawza Bank Ltd.	1994.6.8	1994.7.1
Asian Yangon Bank Ltd.	1994.3.17	1994.10.18
Myanmar Universal Bank Ltd.	1994.11.21	1995.1.24
Asia Wealth Bank Ltd.	1994.11.21	1995.4.30
Myanmar Industrial Development Bank Ltd.	1996.1.12	1996.2.15
Myanma Livestok and Fisheries Development Bank Ltd.	1996.2.9	1996.2.15
Co-operative Promoters Bank Ltd.	1996.3.22	1996.7.6
Co-operative Farmers Bank Ltd.	1996.3.22	1996.7.6
Sibin Tharyar Yay Bank Ltd.	1996.6.26	1996.7.4
Innwa Bank Ltd.	1997.5.15	1997.11.28

## **VI. The Fiscal and Monetary Developments in Myanmar**



## **1. Introduction**

1.1 Since late 1988, Myanmar has been practicing a 'Market Oriented Economic System' with a reformed programme package covering economic, trade and finance sectors. Having restored law and order and economic stability, the short-term plans have been formulated with the objectives of revitalising the economy in line with the system, stabilising the economy in short term and accelerating its growth in long term. In pursuit of the all-round economic development programme, the government facilitates the larger public functions and provides wider public services, facilities and infrastructure.

## **2. The Present Financial System**

2.1 With the enactment of new banking laws<sup>1</sup> in 1990, the government of the Union of Myanmar restructured the financial system, transforming it from a centrally planned mechanism into a market-oriented one. Accordingly, the structure of the financial system has been reorganised with an extensive inclusion of the private sector and with a better accommodation of the state-owned financial entities. The present financial system includes the banking sector, fiscal sector and insurance.

2.2 Banking sector is the main stream, currently. All the responsibilities and authorities concerning the financial matters are vested in the Ministry of Finance and Revenue (MOFR). Under the purview of the MOFR, the banking sector is supervised and regulated by the Central Bank of Myanmar, which is the monetary authority of the economy. The banking system includes the Central Bank of Myanmar (CBM), four state-owned banks, twenty private banks and twenty-three foreign bank representative offices. The state-owned banks, namely, Myanma Economic Bank (MEB), Myanma Foreign Trade Bank (MFTB), Myanma Investment and Commercial Bank (MICB), Myanma Agricultural Development Bank (MADB) were formed with the promulgation of the new banking laws. Basically, all the state-owned banks and private banks do traditional commercial banking business. Four types of financial services, known as commercial banking, development banking, and finance company business and credit society activities can be operated in the economy. Currently, most of the financial institutions are commercial banks, while a few numbers of banks engage in the other types of financial activities.

### **3. Financial Developments in Myanmar**

#### **3.1 Tax Laws**

The government has also made fiscal reforms starting from 1989, reform measures include the tax base broadening, relaxing and adjusting tax rates, simplifying and relaxing tax procedures, strengthening tax administration and promoting international cooperation in the tax and custom areas. In February 1989, a tax amnesty programme was introduced, granting relief under the Profit Tax Law (PTL) on income voluntarily declared during the specific period. In March 1990, the Commercial Tax Law (CTL) was promulgated replacing the Commodities and Services Tax Law (CSTL). In March 1991, further amendments were made in the Income Tax Law, the Profit Tax Law and the Commercial Tax Law. The Internal Revenue Department (IRD) exercises tax administration with its offices at three levels-Head Offices, State & Divisional Offices, and Township Offices.

#### **3.2 Tariff Law**

The Tariff Law was enacted on 12 March 1992 with a view to facilitating external trade. Classification of imported goods and assessment of duties have been modernised and standardised, in line with international practice. The Harmonized Commodity Description and Coding System were introduced in April 1992. The Myanmar Customs became the 109th member of World Customs Organization on March 25, 1991 and also became a contracting party to the International Convention on the Harmonized Commodities Description and Coding System in November 1994. Upon Myanmar's access to ASEAN, Myanmar joined the ASEAN Agreement on Customs Cooperation. Myanmar has been implementing the ASEAN Common Effective Preferential Tariff Scheme (CEPT).

#### **3.3 Money Laundering Law**

The Control of Money Laundering Law was enacted in June 2002. Myanmar follows the forty recommendations of the FATF on anti-money laundering. Up to now, there has been no money laundering cases in Myanmar. Regarding the FATF, special eight recommendations on combating terrorist financing in accordance with the IMF Articles of Agreement, the Central Bank of Myanmar under the guidance of the Ministry of Finance & Revenue has instructed all banks and financial institutions in Myanmar to find out whether there are accounts opened by any terrorists and terrorist organisations. So far, no such accounts have been opened in the banks.

### **3.4 A New Financial Management System of State Economic Enterprises**

In 1989, a new financial management system namely the State Fund Account system was adopted. The new financial management allows the State Economic Enterprises (SEEs) financial and operational autonomy, so as to promote the SEEs' efficiency through a realistic and flexible management.

### **3.5 Foreign Investment Law**

The Foreign Investment Law was introduced in November 1988 to induce inflow of the FDI, which was sluggish at the beginning but started to pick up and increased significantly during 1994-95 to 1996-97. In 1996-97, more than a four-fold increase in pledged FDI was recorded over the previous year amounting to US\$ 2.8 billion. Approved FDI as of 31 March 2001 reached a total of 355 projects from 25 countries and stands at US\$ 7.4 billion in 11 sectors of economy.

### **3.6 Promotion of Investment & Privatisation**

National Companies & Associations in the private sector are encouraged and granted rights to develop flooded areas, deep water areas and existing fallow, waste and virgin land for the extensive cultivation of seasonal crops, plantations, orchards, etc. The land areas for commercial scale of 3000 to 5000 acres each have been leased for 30 years to the private investors. They are also allowed to export 50 per cent of their agricultural produce including rice and rice products. With the aim of promoting industrial development, the government has established 18 industrial zones in nine states and divisions, and altogether 4,496 factories and plants have been set up in those industrial zones.

As regards the privatisation, the Government of the Union of Myanmar has taken the necessary measures such as establishing joint ventures, hiring public enterprises to private entrepreneurs on contract basis, and leasing public owned land/building to foreign private entrepreneurs.

Privatisation in the form of complete divestiture of ownership has not yet been widely carried out in Myanmar. Privatisation may bring about higher and quicker economic development in line with market-oriented economy. However, private sector in Myanmar has been subjected to extensive restriction and prohibition for nearly three decades, so it lacks entrepreneurship, experience, expertise, motivation and financing. The Government of the Union of Myanmar has taken the following measures as regards the privatisation of enterprises.

- (a) Joint venture are being setup with public and private sector share capital.

- (b) Hiring of public enterprises by private sector on contract basis.
- (c) *Leasing the land/building owned by public enterprises to foreign private entrepreneurs to build up hotels and factories.*

The private sector in Myanmar is now participating increasingly in the process of national economic development. It is apparent that greater opportunity has been given to the private sector to carry out the various business activities. So private sector participation in the development of country's economy plays a vital role and their contribution towards the economic development is substantial. As the Government has recognised the private sector as important role it will be no doubt that the Government will be endeavour to encourage and foster the active participation of private sector in the development of the national economy of Myanmar.

### **3.7 Foreign Exchange Management**

The CBM has resumed foreign exchange management, since 1992. In the past, foreign exchange earnings by Myanmar nationals were surrendered at the MFTB at the official exchange rate. However, the surrender system was stopped and the Myanmar nationals were allowed to open foreign currency accounts at the MFTB and MICB, starting from 1992. The 100 percent retention of foreign exchange earning from export proceeds is allowed to foreign investors and Myanmar citizens at state-owned FE Banks. Interest payment on foreign currency fixed deposits was introduced.

### **3.8 Steps towards Capital Market Development**

As an early step of establishing a capital market, the Myanmar Securities Exchange Centre Co. Ltd. (MSEC), a 50-50% joint ventures firm of the MEB and the Daiwa Institute of Research Ltd. Japan, was set up in 1996. Plan has been made for the development of a Myanmar securities market at an appropriate time in the future. Forest Products Joint Venture Corporation (FPJVC) became the first public company to issue its shares to the general public through OTC market. *The Corporation is a joint venture company organised in 1993 by the Forest Department of the Ministry of Forestry, Myanmar Timber Enterprise and the Private Sector.* In December 1996, FPJVC issued new shares to the public through the MSEC. MSEC also buys and sells treasury bonds as an agent of the CBM, through the OTC market. For systematic emergence of a securities market in Myanmar, MSEC has prepared a draft Securities & Exchange Law. The law will be enforced when it is considered by the Government at as an opportune time.



### **3.9 Macro-economic Policy**

Regarding the unification of local currency, the authorities fully realised the need for unifying the current exchange rate of the kyat as considered and discussed extensively in previous workshops and seminars. However, what it comes to implementation, favourable economic environment is essential in terms of social safety net, adequate level of reserves, and resumption of financial assistance by international financial institutions and other major donor countries. In the present context, it seems that Myanmar may still need to abide its time until a favourable climate of the like is well in place.

To fulfill one of the monetary objectives the Central Bank of Myanmar (CBM) has emphasised on encouraging the commercial Banks to lend at preferential interest rates to local entrepreneurs for such necessary investment. The Central Bank rate has been unchanged at 10% in 2001-2002. At the same time, the Ministry of Finance & Revenue has already given policy guidelines to the departments concerned for the implementation of macro-economic environment stability in the country.

### **3.10 Foreign Trade**

Regarding foreign trade, Myanmar is increasingly exporting her products and it has reached \$ 1965 million in the fiscal year 2000-2001. Myanmar's major trading countries are Asian and about 61 percent of export flows to them. On the other side, the imports are also increasing at a higher rate than that of export, thereby, resulting a trade deficit in each year. In 2000-2001 the imports amounted to \$ 2388 million. Again, Asian countries took about 91 percent of total import value. Moreover, the ASEAN member countries are our major trade partners holding approximately 40 percent of our trade in terms of both export and import. Myanmar's direction of external trade is mainly with Asian Countries. At present, Myanmar is increasingly exporting products together with the increasing imports. The Government is now paying full attention to a significant decline in trade deficit.

### **3.11 Fiscal Policy**

The Government is exerting all efforts for economic and social infrastructure development such as constructions of irrigation dams, power generation plants, roads, bridges, railways, schools, universities, hospitals and other offices and commercial buildings. Since heavy capital expenditures are incurred, the budget deficits occur persistently. Currently, the main objective of the fiscal policy is to help maintain macroeconomic stability. Reduction in public sector budget deficit has been at the core of Government strategy. In order to reduce the budget deficit, the

fiscal spending has been thoroughly scrutinised and curbed distinctly, especially for the capital expenditure, which are of non-productive nature. It is accordingly expected that Myanmar will be able to achieve a balanced budget by the year 2005-06.

### **3.12 Tourism Industry & Real Estate Development**

Presently, Myanmar's tourist trade constitutes one of the major growth areas with potential for further expansion. The development of Myanmar's tourism industry, however, is still in its initial stage, accounting for a very significant share of GDP and total employment. Accordingly, there has also been a significant growth in accommodation capacity after 1991 reflecting the rapid expansion in the private owned hotel industry.

As regards the real estate development, there has been a notable expansion in housing and real estate development activities, which have not been met for three decades. For the construction projects of union highways and seaports, private business entrepreneurs have been allowed to participate in the essential infrastructure development of the country by providing necessary assistance.

## **4. Microfinance Environment in Myanmar**

4.1 Microfinance encourages the empowerment and capacity building of women in particular and other poor in general. Microfinance helps the poor families improve their daily diet, send their children regularly to school, increase their spending more on health care, and alleviate poverty. Generally, microfinance is one of the best tools for poverty alleviation and rural / community development. In this context, various microfinancial service providers are operating various programmes in Myanmar.

4.2 Provision of agricultural credit to the peasants is the main responsibility of MADB. It provides seasonal crops production loan, term loans and area development loans. The seasonal loan covers nine major crops. MADB also provides a portfolio for term loans. They are for farm investment and farm development. Under the programme for development of border area and national races, loans at a concessionary interest rate have been provided with special fund allotted by the Government to five selected regions.

4.3 Under the umbrella of 10 UNDP-funded Human Development Initiative Microfinance project with three INGOs affiliates PACT, GRET and Grameen has been operating in 11 townships in

Dry Zones, Delta and Southern Shan State of Myanmar, by the name of Sustainable Livelihoods through Microfinance for the poor. The pilot project of Centre on Integrated Rural Development for Asia & Pacific (CIRDAP), funded by Japanese Government has been operating since 1999. The project is now successful in 3 villages. Community Development in Remote Townships Project (CDRT) is being operated by GRET in Chin Hills and other border areas.

4.4 There are 1721 cooperative societies with 430,000 members enjoying the total accumulative loan volume of over k. 6 billions. The state-owned pawnshop, small loan enterprise and private pawnshops are providing loans to the people at low-income brackets against gold collateral. The clients are mostly rural farmers borrowing for buying agricultural inputs as well as consumers goods. National NGOs such as YMCA, YWCA, MMCWA and MWEA are also dealing with microfinance activities on pilot basis. The achievement of MMCWA is very outstanding in 150 townships.

## **5. Human Resource Development in Myanmar Banking Sector**

5.1 At present, training courses are being conducted for executive level staff of the banks, covering the subjects such as customer service, credit analysis, financial management and project management. Accordingly, human resource management, leadership skill and English language are the subjects focused for middle level staff, while basis banking, English, bookkeeping and accountancy are the major subjects for beginners.

5.2 Myanmar Bankers' Association (MBA) was established in 1 April 1999, to facilitate the process of policy implementation with the objectives of stabilising the value of Myanmar Kyat, to uplift the cooperation among banks and to cultivate banking habits among the general public. In 16 August 2002 basic banking course No.1 was inaugurated with 38 participants covering (17) theoretical subjects relevant to banking.

5.3 Now, MADB is providing the accounting and bookkeeping training courses to staff, the group leaders and members of the loan supervision committee casually. Advocacy meetings for borrowers and clients are usually made at the time of loan disbursement and loan collection.

5.4 In case of NGOs and LNGOs, there are two levels of training for staff and clients. As regards the subjects, there are basic knowledge on microfinance, bookkeeping and accountancy, financial and personal management, reporting, monitoring and evaluation for staff training courses.

For the clienteles and borrowers, basic knowledge on microfinance, vocational training, meeting minute writing and recording, bookkeeping and record keeping and leadership training are specific subjects.

5.5 As regards the cooperatives, special attention has been given education and training from time to time in carrying out the cooperative movement. Under the Ministry of Cooperatives, one-degree college (CDC), one central college (CCC) and two regional colleges (CRC) were opened in order to produce qualified students in accountancy, computer application and various aspects of management. Four Cooperative Training Schools and three Commercial Training Schools were also opened to give education and training services. For outsiders four certificate courses in bookkeeping and accountancy, business accounting and computer studies, and computerised accounting courses are provided. For departmental staffs and BOD members, workshops and on job training modules are applied and certificates are awarded for their respective courses. Advanced accountancy, principles and functions of management, marketing management, financial management, personal management, production management, auditing and cost accounting subjects are provided for departmental societies' staffs and BOD members.

## **6. Consideration for the Establishment of Myanmar National Credit Council (MNCC)**

6.1 In Myanmar, there are several service providers for micro-credit. Microfinance movement in Myanmar is very similar to that in the Philippines. However, the Philippines has about seven thousand micro-credit outlets well organised under National Credit Council under the Ministry of Finance. However, Myanmar has one state-owned bank, one state-owned small loan enterprise, cooperative banks, cooperative societies, INGOs & LNGOs that have been financing micro-credits to the poor all over the country. If they are united under one roof of Myanmar National Credit Council in the Government like NCC of the Philippines, they can do their functions in uniform in terms of fundamental standards and aspects of MFIs. In the establishment of MNCC, the followings are to be taken into consideration:

- Development of MFIs is to reach the objectives of to provide microfinancial services to small-scale borrowers, to raise the average loan size and to expand the target clienteles' outreach in terms of scale and depth or the level of poverty.
- Micro-credit programmes are to be financially sustainable, covering its own operational costs through its operational revenue.
- To complement the efforts on sustaining of MFIs by allowing them to adopt cost-recovery

based or market based interest rates, and the supports of capacity building of MFIs.

- Formulation and adoption of alternative mechanism for the delivery of credit services, and the establishment of an appropriate regulatory and supervisory environment.

6.2 The establishment of Myanmar National Credit Council is to be taken into consideration as a main body for credit policy-making, coordination, and creation of market oriented financial and credit policies under the close supervision of the Ministry of Finance as it is done in many countries including the Philippines. It will also monitor the development process - coalition of microfinance agencies and evaluation of each agency according to Myanmar microfinancial standards. In the composition of MNCC, the following Ministries & Organizations are to be taken into consideration:

- (1) Representative of the Ministry of Finance and Revenue
- (2) Representative of the Ministry of Planning & Economic Development
- (3) Representative of the Ministry of Cooperatives
- (4) Representative of the Ministry of Home Affairs
- (5) Representative of the Ministry of Border Area Development
- (6) Representative of the Ministry of Agriculture & Irrigation
- (7) Representative of the Central Bank of Myanmar
- (8) Representative of Bankers' Association
- (9) Representative of Central Law office
- (10) Director General of the Cooperatives

## **7. Comments on the Recent Microfinance Developments**

7.1 Regarding the poverty incidence all over the world as well as countries in Asia, about 1.2 billion of the world populations are living under poverty line. Two third of the world poor population or about 800 million were living in Asia and the Pacific. Most of them are not employed or under employed. For lack of capital, they do not generally have access to financial services even though they have considerable effective demand for such services.

7.2 During 1970s to 1980s, more emphasis has been made for the establishment of MFIs enabling to reach the poor on more sustainable basis in Asia and Pacific. Compare with the potential demand, the MF outreach remains very small during 1980s to 1990s. Thus, the region continues to face a major challenge in expanding the outreach of MF services. In this connection, the

Central Banks (CBs) have a potentially important role to play in development of sustainable MF and the integration of MF into the broad mainstream financial sector. It is generally accepted that CB should take the leading role in the matter of dealing with legal and regulatory framework and supervision of licensed banks. But in addition to this traditional function, CB should also undertake promotional activities to support microfinance. With the strong support of CB, institutionalisation of MFIs in Asia will be in progress in the near future.

7.3 MF study tour to the Philippines which was arranged by JICA was very useful and learnt a lot of MF experiences. The incidence of poverty in the country is closely associated with high volume of underemployment in the rural area. The rate of underemployment is too high because most of the poor households in this rural area are outside the frontier of financial services. In the year 2000, the General Banking Act was amended by the Bangko Sentral ng Philipinas for the recognition of non-traditional characteristics of MF. Under the medium term economic development plan (1991-98), Philippine Government has adopted a new Credit Policy for the formulation of the National Strategy of MF to alleviate poverty. Since then, the Government of the Philippines has been aggressively working for the establishment and the growth of sustainable MFIs.

7.4 It is interesting to note from the Philippines' experience that the strong support to facilitate MF services of the Central Bank is an issue of three circulars such as the adaptation of market-oriented financial and credit policies, the encouragement on private sector's involvement in the provision of MF service, and the creation of reliable and sustainable environment for MFIs.

7.5 Regarding Myanmar MF development, total population of Myanmar is about 51 million and about three quarters of the population and about two third of the labour force are living in the rural area. According to 1990 labour force survey, about one third of the total labour force is underemployed. It could be estimated that about 5 million labour force in rural area is underemployed. They are willing to work because they have work opportunity such as agro-based cottage industries and micro-enterprises. Since, they are living outside the frontier of formal microfinancial services, they are unable to get the working capital. So they are not fully employed or underemployed for lack of sufficient working capital. MF services allows the poor and low-income households access to formal financial services, they're by ending their financial exclusive. Therefore MFS play a vital role in poverty alleviation and economic development of rural area in Myanmar.

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