

Myanmar Special Economic Zone Law, 2014
(2014, The Pyidaungsu Hluttaw Law No. 1/2014)
8th Waning of Pyatho 1375 ME
(2014, January 23)

The Pyidaungsu Hluttaw hereby enacts this Law.

Chapter I

Title, Relevance and Definition

1. This Law shall be called the **Myanmar Special Economic Zone Law, 2014**.
2. This Law is relevant to all the Special Economic Zones.
3. The following expressions contained in this Law shall have the meanings prescribed hereunder:
 - (a) **Union** means the Republic of the Union of Myanmar;
 - (b) **Union Government** means the Union Government of the Republic of the Union of Myanmar;
 - (c) **Special Economic Zone** means the zone notified and established by the Central Body as the Special Economic Zone by demarcating the boundary and issuing the notification under this Law;
 - (d) **Infrastructures** mean physical fundamental requirements connected with Special Economic Zone such as electric power supply, water supply, sewage treatment, transportation, road,

railway, port, airport and communication network and fundamental requirements that are not physical such as computer programmes management programmes which can carry out tasks in easy and effective ways;

- (e) **Developer** means company, person or organization, as the case may be, which is permitted by the Management Committee to implement care by case in the development works, construction of infrastructure, operations or maintenance works of the Special Economic Zone in accordance with the provisions of this Law and rules, regulations, notifications, orders, directives, procedures issued under to this Law;
- (f) **Investor** means citizen and foreigner who establish the joint venture business or citizen or foreigner who implements the investment business permitted by the relevant Management Committee case by case in the Special Economic Zone;
- (g) **Citizen** includes the associate citizen and naturalized citizen. In this expression the economic organization formed by the citizens shall also be included by this Law;
- (h) **Foreigner** means a person who is not the citizen. In this expression the economic organization formed by foreigners shall also be included by this Law;
- (i) **Free Zone** means the area which is deemed to be situated outside the country which is stipulated by the relevant Management Committee and the Customs Department to be entitled to the

exemption of the customs duty and other taxes relating to the goods in the Special Economic Zone and the goods imported into this zone. In this expression also includes the Free Zone business manufacturing area, transportation area and international wholesale area;

- (j) **Promotion Zone** means the internal taxation area situated within the Special Economic Zone and other activities which are not the activities of Free Zone;
- (k) **Free Zone Activity** means activities situated within the Special Economic Zone and export-oriented activity which has the same rights as the factory activities in the Free Zone which are not separately prescribed as the Free Zone or the Promotion Zone;
- (l) **Other Activity** means activity which has the same rights as factory activity in the Promotion Zone situated within the Special Economic Zone which are not separately prescribed as the Free Zone or the Promotion Zone and the activities in the Promotion Zone;
- (m) **Other Zone** means the zones stipulated by the Union Government from time to time except high-technology industrial zone, information and technology zone, export products manufacturing zone, port area zone, providing and transportation zone, science and technology research development zone, services zone, subsidiary trade zone;
- (n) **Central Body** means the Central Body relating to the Myanmar

Special Economic Zone formed by the Union Government under this Law;

- (o) **Central Working Body** means the Central Working Body relating to the Myanmar Special Economic Zone formed by the Central Body under this Law;
- (p) **Management Committee** means the Special Economic Zone Management Committee formed under this Law to carry out the management, administration and supervision works in the relevant Special Economic Zone;
- (q) **Focal Ministry** means the Union Ministry prescribed and assigned by the Union Government to take responsibility in implementing the necessary functions and duties under this Law;
- (r) **Asset** means land, building, vehicle and capital assets of the business, the shares, promisory deed and other similar deeds of agreement;
- (s) **Profit from the asset** means the profit received from selling, mortgaging, exchanging and leasing of the asset.

Chapter II

Objectives

4. The objectives of this Law are as follows:

- (a) to support the main objectives of the national economic development plan;

- (b) to affect employment for the people, to promote their living standards, to promote the export of goods with the improvement of production and to increase foreign exchange earnings;
- (c) to encourage, promote and attract being for the balanced development of the industrial, economic and social sectors in the State;
- (d) to promote cooperation in industrial, economic and commercial activities, services and financial transactions between the State and other countries, and to provide the opportunities for vocational training to the citizens;
- (e) to encourage and attract domestic and foreign investments by building good foundations for the Developers and the Investors;
- (f) to promote the flow of domestic and foreign investments in the Special Economic Zone and to establish linkages in continuity among the industries in and the Special Economic Zone with the creation of new jobs.

Chapter III

Formation of the Central Body and its Functions and Duties

5. The Union Government:

- (a) shall form the Central Body relating to the Myanmar Special Economic Zone, comprising a suitable person as the chairman and from the relevant Union Ministers, governmental as departments and governmental organizations as members, for enabling to

carry out the functions and duties contained in this Law in respect of establishing and operating the Special Economic Zone;

(b) may reform the Central Body formed by subsection (a) as necessary;

(c) shall determine the functions and duties of the Central Body.

6. The functions and duties of the Central Body are as follows:

(a) stipulating the policies for the successful implementation of the Special Economic Zones in accordance with the provisions under this Law and giving instructions as necessary;

(b) transforming areas in the country which have been selected and designated into the business centres of special advanced industry economy and commerce, service, tourism, agro-based industry investment, finance and export-oriented industry business center;

(c) scrutinizing and obtaining the opinion of the relevant governmental departments and governmental organizations in relation to the proposal, the appropriate place, the required land area, the extent and boundary for the establishment of the Special Economic Zone, and submitting for the approval of the Union Government;

(d) Forming the Central Working Bodies and Management Committees with the approval of the Union Government, and determining their functions and duties;

(e) laying down the projects and programmes for the development and management of the Special Economic Zone, and determining

- the work programmes and policy frameworks for the implementation and supervision;
- (f) scrutinizing and approving the development plan of Special Economic Zone submitted by the Management Committee;
 - (g) having right to determine the amount of investment and categories of business in the Special Economic Zone;
 - (h) supervising the functions of the Management Committees, carrying out inspections from time to time, and coordinating with the relevant governmental departments and governmental organizations;
 - (i) determining the taxes and revenues, rental fees and land use premiums to be levied under this Law with the approval of the Union Government and giving exemptions and reliefs thereof;
 - (j) giving extension to the period of the tax exemptions and reliefs provided under this Law with the approval of the Union Government in order to develop the whole country;
 - (k) supervising and guiding in order to carry out the office works speedily at one stop service within the Special Economic Zone;
 - (l) forming organizations with the person from the relevant governmental departments and governmental organizations to carry out the matters relating to the administration, security, management and municipality, and determining the functions and duties of the organizations;

- (m) assigning duties to the Management Committee to directly supervise the organizations formed under Subsection (l);
- (n) submitting reports on the situation of the implementation of the Special Economic Zone to the Union Government from time to time;
- (o) establishing new Special Economic Zones for the interests of the State and the Citizens, or upgrading the existing suitable industrial zones into a Special Economic Zone if it is in conformity with the stipulated prerequisites of the Special Economic Zone and approval by the Pyidaungsu Hluttaw after submitting with the agreement of the Union Government;
- (p) carrying out other functions and duties assigned by the Union Government in relation to the Special Economic Zone.

Chapter IV

Formation of the Central Working Body and its Functions and Duties

7. The Central Body with the approval of the Union Government:

- (a) shall form the Central Working Body relating to the Myanmar Special Economic Zone with persons from the stipulated governmental departments and governmental organizations to provide assistance in the implementation of the activities of the Special Economic Zone;
- (b) shall determine and assign duties of the Chairman, Vice

Chairman, Secretary and Joint Secretary when forming under sub-section (a);

- (c) may reform the Central Working Body formed by sub-section (a) as necessary.

8. The functions and duties of the Central Working Body are as follows:

- (a) submitting the suggestion to the Central Body after scrutinizing the proposals for the construction of Special Economic Zone and investment business which are submitted by the Management Committee, the developer or the investor;
- (b) scrutinizing the development project of Special Economic Zone submitted by the Management Committee for the implementation of Special Economic Zone and submitting the suggestion to the Central Body;
- (c) submitting the suggestion to the Central Body after scrutinizing the types of the zone, priorities activities, the types of business to be carried out in each zone of the Special Economic Zone;
- (d) submitting its advice to the Central Body, after observing on the matters relating to international special economic zone, in other special economic zones and sites which should be carried out in Myanmar;
- (e) coordinating with the relevant organizations in order to undertake the investment businesses which will be done in the respective

Special Economic Zone with the approval of the Central Body in accordance with the stipulations;

- (f) submitting the suggestion to the Central Body after scrutinizing the administrative, managerial, legal and other matters relating to the investment business in the Special Economic Zone;
- (g) having right to assign the duties after forming other appropriate working bodies under the Central Working Body if necessary.

Chapter V

Formation of the Management Committee and its Functions

9. The Central Body:

- (a) shall form each Management Committee for the respective Special Economic Zone with the persons from the relevant governmental departments and governmental organizations, the external persons and persons from external organizations to implement the functions and duties under this Law;
- (b) shall include a representative from relevant region or state government as a member in the respective Management Committee;
- (c) shall determine the Chairman, Vice Chairman, Secretary and Joint Secretary in forming under Subsection (a);
- (d) may reform the Management Committee formed under Subsection (a) as necessary.

10. The Chairman of the Management Committee shall be responsible to the President through the Central Body.
11. The functions and duties of the Management Committee are as follows:
 - (a) obtaining the approval after submitting the development project for the implementation of the Special Economic Zone to the Central Body through the Central Working Body;
 - (b) making arrangement to enable the investment business in accordance with the stipulations;
 - (c) issuing the permit of allowing investment business within 30 days from the application date if the application of the intending investor under section 30 is completed with the requirements;
 - (d) supervising and carrying out inspection on the development matters of the Special Economic Zone such as implementation of the investment and development projects, land use, environmental conservation, education, health, finance, taxation, municipality, transportation, communication, security, electricity, energy and water supply, and coordinating with the relevant governmental departments and governmental organization;
 - (e) coordinating with the relevant governmental departments and governmental organizations as may be necessary to protect the properties, profits and other rights of the investors in conformity with the existing laws;

- (f) stipulating the matters which are to be abided by the investors by issuing notifications, orders, directives and procedures;
- (g) coordinating with the relevant governmental departments and governmental organizations, as may be necessary, for enabling to obtain the entry visa and residency for foreign investors and their employees, technicians, staff and family members if they are foreigners working in the Special Economic Zone;
- (h) coordinating as may be necessary to facilitate implementation of financial management by the Central Bank in the Special Economic Zone, and exchanging of foreign currency for the investors, supervising the financial matters and communicating and operating with the banks which are authorized to carry out foreign banking businesses in Myanmar;
- (i) giving permission in accordance with the stipulations in the Special Economic Zone to the developers, investors and the companies, and supervising their activities;
- (j) supplementing, amending and repealing, from time to time, the stipulations relating to the registered investment business in the Special Economic Zone without affecting the registered investment business;
- (k) determining the contagious zones and areas in the Special Economic Zone;
- (l) establishing one-stop services centre the approval for investment, company registration, issue of the entry visa relating to the

business, issue of the certificate of origin, collection of taxation, approval of employment permit and permission, giving permission for factory construction and other investment and economic business licenses and permits can be provided;

- (m) managing the departments formed by sub-section (l) directly and under its purview;
- (n) determining to ensure that the construction work and designs of the Special Economic Zone are in conformity with the main project or not;
- (o) determining the types of businesses, the minimum investment amount which must be invested for each type of investment, the minimum number of citizen employees to be employed, standardization of advanced technology and matters which have to be abided by in the Free Zone and the Promotion Zone;
- (p) supervising and ensuring compliance with the existing laws relating to the conservation and protection of natural environment, scrutinizing the industrial waste disposal system from the factory, ensuring in conformity with the stipulations to the developer or investor in the Special Economic Zone;
- (q) forming a supporting body if necessary with the representatives from the relevant governmental departments and governmental organizations, the representatives of the developer and investor and other suitable persons and persons from organizations;
- (r) directing to improve the investment business and changing

management pattern based on the advice of the supporting body relating to the construction, operation, repair and maintenance of the investment projects in the Special Economic Zone;

- (s) issuing rules and regulations to carry out the business operation and management in the respective Special Economic Zones in accordance with the stipulations;
- (t) allowing the exemptions and reliefs to the investor or developer in accordance with Myanmar Special Economic Zone Law;
- (u) carrying out the functions and duties specifically assigned by the Union Government and the Central Body.

Chapter VI

The establishment of Special Economic Zone

12. The Central Body may establish the Special Economic Zone by the approval of Pyidaungsu Hluttaw with the agreement of the Union Government in the suitable place or area for the development of State economy based on the following criteria:

- (a) having international gateways such as port, airport, or can transport easily to international border or domestic markets;
- (b) being the area designated for regional development by the Union Government;
- (c) having the infrastructural pre-requisites or having the prospect for the implementation;

- (d) availability of the water resource and electric power;
- (e) having sufficient land area to establish the industries and the investment business;
- (f) availability of the skilled workers, semi-skilled workers and trainable workers;
- (g) able to arrange the training courses for the recruitment of required skilled workers;
- (h) being the strategic area or land in the condition of transportation or linkage to the market in the country.

13. Notwithstanding the non-conformity of any of the criteria in section 12 , the Central Body may establish the Special Economic Zone by the approval of the Pyidaungsu Hluttaw with the agreement of the Union Government, if it considers that the establishment of the Special Economic Zone would be beneficial for the State and its people.

14. The Central Body may:

- (a) select the developer by calling tender according to the international procedures;
- (b) select the developer, as another way of selection, by giving priority to those who have managerial experience in the Special Economic Zone, considering on the benefits for the State and the citizens, favourable conditions for speedy implementation of the project, participation of the people and transparency.

15. Foreigner may carry out any other business approved by the relevant Management Committee, either as one hundred per cent foreign investment or a joint venture with the citizen.

Chapter VII

Stipulations of Free Zone and Promotion Zone

16. The relevant Management Committee in a Special Economic Zone:
- (a) may stipulate any specific demarcation as Free Zone or Promotion Zone as may be necessary;
 - (b) may stipulate other zones according to the market demand in addition to the Free Zone and Promotion Zone;
 - (c) may stipulate any export oriented activities as Free Zone Business on each activity if there is no specific stipulations as Free Zone or Promotion Zone.
17. The Free Zone business stipulated by Section 16 Subsection (c) may obtain the privileges of the businesses located in the Free Zone, and other activities which are not stipulated as the Free Zone businesses in the Special Economic Zone may obtain the privileges of the businesses located in the Promotion Zone.
18. The Customs Department:
- (a) shall protect the imported goods from overseas and the manufactured products of the Free Zone so as not to enter the domestic market or into the Promotion Zone without respective

clearance of customs duties;

- (b) shall specify the entries and exits of the Free Zone and the ways to be applied in order to secure for the safety of the Free Zone boundary;
- (c) shall carry out the matters of customs duty clearance in the Special Economic Zone in accordance with international norms which is clear and comprehensible customs duty procedures. If it is necessary, the Custom Department may carry out the actual inspection at the place where the investor's business is situated;
- (d) may take action according to the relevant customs duty procedures in examining under sub-section (c), if it finds any non-conformity with the stipulations.

19. The Customs Department and the relevant department shall stipulate the procedures relating to customs duty clearance for the transportation of manufactured products of the Free Zone to the domestic market or to the Promotion Zone.

20. It shall be deemed that the goods transported from the Free Zone to the domestic or to the Promotion Zone as imported goods from overseas, and the transportation of raw materials from overseas to the Free Zone which are then manufactured in the Free Zone as finished or partly finished products and then transported to the domestic or to the Promotion Zone as importation to the domestic;

21. If there is no other provisions relating to the goods under section 20, the customs duties and other related taxation shall be paid

according to the existing laws.

22. The goods transported from the domestic region or the Promotion Zone to the Free Zone shall be deemed as the export products of the State.
23. The manufacturing business located in the Free Zone or Free Zone businesses shall mainly be export oriented manufacturing business. Such supporting business and export oriented business in the Special Economic Zone where there is no specific stipulation on Free Zone and Promotion Zone may be determined as Free Zone business.
24. A hundred percent citizen investment or a hundred percent foreign investment or joint venture between citizen and foreigner can be carried out in the Free Zone.
25. The maximum percentage of the amount of goods manufactured in the Free Zone which may be delivered and sold to the domestic market or to the Promotion Zone may be prescribed by the Rules.
26. In the transportation of goods from the Special Economic Zone to other country, if passing the outside areas of the Special Economic Zone, shall be transported by the sealed containers.
27. A hundred percent citizen investment, or a hundred percent foreign investment or joint venture between citizen and foreigner can be carried out in the Promotion Zone.
28. (a) The Promotion Zone is the location of the business which is

based on the domestic market or the market in the Special Economic Zone and it is also the place where the business such as manufacturing business based on the domestic market, housing, departmental store, banking business, insurance business, school, hospital and recreational places can be invested.

- (b) The manufacturing business in the Promotion Zone are mainly based on the domestic market , and they can be exported directly from such business and delivered to the Free Zone businesses.
- (c) Other businesses situated in Special Economic Zone where there is no specific stipulation of Free Zone or Promotion Zone which are not the Free Zone business shall be specified as the business invested in the Promotion Zone.

Chapter VIII

Types of Investment Business, the Duties and the Exemptions of the Investor

29. The investor is entitled to carry out the following investment business in the Special Economic Zones in accordance with the stipulations:
- (a) manufacturing finished products from raw materials, processing goods warehousing, transportation and providing services;
 - (b) transporting and importing raw materials, packaging materials, machinery instruments and equipment, and fuel oils to be used in the investment business from the domestic or overseas to the Special Economic Zone;

- (c) trading the manufactured products from the investment business to the domestic and overseas in accordance with the stipulations;
 - (d) establishing and operating the offices for investment business and overseas service works at the stipulated place in the Special Economic Zone with the permission of the Management Committee;
 - (e) carrying out other economic business which are not prohibited by the State, with the permission of the Management Committee.
30. The person intending to invest in the Special Economic Zone shall apply to the Management Committee to obtain the investment permission in accordance with the rules and regulations stipulated under this Law
31. The investor shall complete the investment construction in the stipulated period and operate profitably the investment business. If the investment business is unable to be completed during the stipulated period, the investor shall submit the justification reason to the Management Committee in advance. If delay is found without any justification reason, the Management Committee may revoke the investment permission in accordance with the rules and regulations.
32. The investor is entitled to the following income tax exemption and reliefs:
- (a) for investment business in the Free Zone or the Free Zone business, there shall be income tax exemption for the first seven years from the commencement of the commercial operation;

- (b) for investment business in the Promotion Zone or other business in the boundary of the Special Economic Zone, there shall be income tax exemption for the first five years from the commencement of the commercial operation;
 - (c) for the investment business within the Free Zone and the Promotion Zone, there shall be fifty percent relief on the income tax rate stipulated under the existing law for the second five years;
 - (d) for the investment business within the Free Zone and the Promotion Zone there shall be fifty percent relief of the income tax rate stipulated by the existing law for the third five years on the profit which is obtained from the business if it is reinvested within one year in the business as a reserve fund.
33. After the expiry of the tax exemption and relief period under Section 32, if the tax exemption and relief under this Law are not permitted again, the investor shall pay the income tax at the rate stipulated by the existing law.
34. The investor shall:
- (a) register the business, company, organizations to be operated in the Special Economic Zone in accordance with the stipulations at the Branch Office of Directorate of Investment and Companies Administration which is opened jointly with the Office of Management Committee within the Special Economic Zone;
 - (b) report the situation of the implementation on the investment

business to the Management Committee in accordance with the stipulations;

(c) compile and keep the business statistics, accounts and records accurately in accordance with the international standards;

(d) destroy the perished, unusable or sub-standard medicines and food stuffs of the investment business in accordance with the stipulations of the Management Committee at the stipulated place.

35. The investor shall not only abide by the environmental standards described in the Myanmar Environmental Conservation Law and international standards, but also carry out them in accordance with the existing laws in order not to have undesirable health and social impact.

36. The investor who has intention of terminating or liquidating the business or company or organization shall carry out in accordance with the stipulations after giving prior notice to the Management Committee.

37. The investor may re-register the transfer of part or whole of the shares of the business or company or organization after giving prior notice to the Management Committee.

Chapter IX

Development Business, Duties and Exemptions of Developer

38. Development business may be carried out as follows:

(a) it may be carried out as a developer by the private, or by the

government, or by incorporation of private and the government;

- (b) Establishment of the Special Economic Zone may be carried out as a developer by a one hundred per cent citizen investment, or a one hundred per cent foreigner investment, or a joint venture investment of the citizen and the foreigner or intergovernmental investment.

39. The developer:

- (a) may, after entering into a leasing contract with the relevant Management Committee, carry out the implementation of business in the Special Economic Zone, sub-leasing the land to the investors and making maintenance in the Special Economic Zone under the supervision of the Management Committee;
- (b) may, if it is the Union Government, or Divisional or State Government, carry out the activities such as construction, management and maintenance in the Special Economic Zone, whether directly or by contracting out the work to other organizations in transparency;
- (c) shall complete each of development in project the stipulated period. If it cannot be completed in the stipulated period, he shall submit sufficient justification in advance to the Management Committee. If finding of being delayed without sufficient justifications, the contract of land lease between the Management Committee and the developer shall be null and void;
- (d) may carry out the infrastructures in the Special Economic Zone

by him self or by contracting out to other organizations;

- (e) may develop by forming specific organizations to construct any of the infrastructures with the agreement of the Central Body , in developing infrastructures related to the Special Economic Zone which are located outside the Special Economic Zone. These organizations shall have separate accounts. The developer of the related infrastructure may be entitled to the privileges of the developer of the Special Economic Zone. The development of related infrastructures such as road, railway, bridge and water supply which will take longer time to recoup the costs of investment may be granted more privileges with the agreement of the Central Body.
- (f) shall, if a related infrastructure renders its services not only within the Special Economic Zone but also outside the Special Economic Zone, enter into contracts in respect of each sector with the relevant governmental organizations in relation to its services to outside the Special Economic Zone.

40. The developer is entitled the following income tax exemptions and reliefs:

- (a) income tax exemption for the first eight years from the commencement of business operation;
- (b) fifty per cent relief of the income tax rate stipulated by the existing law for the second five years; and
- (c) fifty per cent relief of the income tax rate stipulated by the existing law for the third five years on the profit which is

obtained from the business if it is reinvested within one year in the business as a reserve fund.

41. The developer shall, after the expiry of the tax exemption and relief period under Section 40, if the tax exemption and relief under this Law are not permitted again, pay the income tax rate stipulated by the existing law.
42. If the developer who carries out the business operation by himself in the Special Economic Zone, he may sublease the land and buildings in the Special Economic Zone to the investors during the permitted period or during the period of land lease to operate the business by the Management Committee.
43. The developer shall pay the payable fees for the right to use land or the right to operate business activities either in one lump sum or regular instalment to the relevant department in accordance with the land agreement with the relevant Management Committee.

Chapter X

The Exemptions and Reliefs on the Import Revenue of the Developer and the Investor

44. The entitlement to the exemptions and reliefs on the import taxation shall be as follows:
 - (a) for the developer, the exemptions of customs duties and other relevant taxation on the import of the construction materials for the infrastructures and own offices; machine instruments; machinery; motor vehicles for work and work materials;

- (b) for the investor of the Free Zone, the exemptions of customs duties and other relevant taxation for the import of raw materials for production, machinery instrument and necessary spare parts for production; construction materials and motor vehicles for building factory, warehouse and own office;
- (c) for the investor of the Free Zone, the exemptions of customs duties and other relevant taxation on the import of trading goods, consignment goods, motor vehicles and other materials which are essential for the business for free-tax wholesale trading, export trading and services of provision and transportation;
- (d) for the investor of the Promotion Zone, the exemptions of customs duties and other relevant taxation for five years from the business commencement on the import of equipment and instrument not for sales and their required spare parts, the construction materials for factory, warehouse and own office, the motor vehicles and other materials which are essential for the business, and fifty percent relief of the custom duties and other taxation for the consecutive five years.

45. The investor of the Promotion Zone:

- (a) shall regularly pay the customs and other taxation upon the importation of raw materials and other goods for production;
- (b) may apply to refund of the customs duties and other taxation paid at the time of importing those materials for the finished or semi-finished goods produced by the materials imported under

sub-section (a) are exported abroad or into the Free Zone.

46. The developer and investor:

(a) shall not sell and transfer the imported machinery, equipment, instruments and motor vehicles to the outside of the Special Economic Zone;

(b) shall repay the exemptions or relief which were enjoyed at the time of import if the materials were sold and transferred under sub-section (a) as a special case.

47. The developer and investor shall take the decision of the relevant Management Committee regarding the provisional period of import permission in relation to the import of large machinery and equipment in the short period for use in the initial of construction work.

48. The developer and the investor of the Special Economic Zone shall be permitted to manage to retrieve the losses for five years after the year of losses incurred.

49. In relating to commercial tax or value-added tax:

(a) The investor of the Free Zones may be given exemption of the commercial tax or valued-added tax;

(b) The investor of the Promotion Zone may be given exemption and relief of the commercial tax and value-added tax during the period of relief provided in this Law. After the end of the period of relief, the commercial tax and value-added tax shall be paid in

accordance with the relevant law.

(c) The investor may apply for the exemption of commercial tax or value-added tax for manufactured goods which will be exported.

(d) The investor of the Free Zone may apply the exemption for import tax or value-added tax for the goods imported from the local or Promotion Zone to the Free Zone.

50. Except for goods which are prohibited and restricted by the Union Government, the goods exported directly or indirectly or re-exported from the Special Economic Zone are entitled to exemption of taxes and other assessments.

51. The developers and investors may apply the exemption of income tax for the dividends distributed to each shareholders based on the profits accrued locally for which tax has been paid.

52. The actual expenses of conducting local training by the investor of the Free Zone to the skilled worker or semi-skilled worker or the staff of the management sector and providing the business research and development are deductible from the taxable income.

Chapter XI

The Settlement of Disputes

53. If any dispute arises in respect of the investment business, it shall be settled amicably between the disputing parties.

54. If it cannot be settled under Section 53:

- (a) it shall be dealt with in accordance with the dispute settlement mechanism if it is stipulated in the relevant agreement;
- (b) it shall be dealt with in accordance with the existing laws of the Union if the disputes settlement mechanism is not stipulated in the relevant agreement.

Chapter XII

Withholding Tax from the Source

55. If the non-resident foreigner has no business established in Myanmar but has the right to carry out business related to the Special Economic Zone under any property and intellectual property right:

- (a) the payer shall deduct the withholding tax from the source of the royalty, interest and payments for the business services in accordance with the income tax rate prescribed under the Income Tax Law and pay it to the relevant authority;
- (b) the payer shall deduct the withholding tax from the source of rental fee and other similar income in accordance with the income tax rate prescribed under the Income Tax Law and pay it to the relevant authority.

56. The respective investor shall collect and pay the income tax of local and foreign staff and workers employed in the Special Economic Zone from their salaries and incomes in accordance with the income tax rate prescribed under the existing law in the currency determined by the Central Body.

Chapter XIII

Bank and Finance Management and Insurance Business

57. The business which is operated in foreign currency in the Special Economic Zone shall have the right to open foreign currency account with any bank of foreign banking in Myanmar and carry out the matters of receipt and payment with the foreign currency in accordance with the stipulations.
58. The developer and the investor are entitled to exchange and remit their own foreign currency within the Special Economic Zone or abroad in accordance with the stipulations.
59. Insurance companies owned by the citizen, the foreigner, or jointly owned by the citizen and the foreigner are entitled to operate their agency offices and insurance business within the Special Economic Zone.

Chapter XIV

Management and Inspection of Goods by the Customs Department

60. The investor in the Free Zone or the Free Zone Business shall abide by this Law and rules, bye-laws, regulations, notifications, orders and directives issued by this Law, and the investors in the Promotion Zone or other business shall abide by the provisions of the existing customs duty law and related rules and regulations.
61. The Customs Department, in reducing the procedures and control of customs duty in the Free Zone, shall ensure the realization of economic and social security, the prevention of illegal trading and the

observance of international conventions, but shall not exercise excessive control.

62. The Customs Department shall make customs declaration, scrutinizing the documents and if necessary, examining the goods only once in accordance with international norm when raw material and machinery which are transported for manufacturing export products into the Free Zone or when export products are sent overseas.

63. The Customs Department shall, when inspecting the goods having risk imported into the Free Zone by using the way of customs inspection in accordance with customs procedures, inspect those goods not more than necessary measure.

64. If it is necessary for the Customs Department to conduct field inspection on the goods, although it has to inspect at the Investor's site, it shall reduce the customs procedures in order to expedite the inspection on goods. The customs officer, if necessary, may seal to avoid losses when transporting the inspected goods.

65. The Customs Department shall, after taking the goods causing the customs clearance work smoothly and quickly, have the right to use Post Clearance Audit system which allow inspection for book keeping, records, business system and commercial information maintained by persons who import or export and companies involved directly or indirectly at international trading until the satisfaction of Customs Department.

66. The matters regarding trading goods of designated trading area in the Free Zone or goods displayed at exhibition which showed manufactured products shall be carried out under the procedures of the Customs Department.
67. The Customs Department may monitor and inspect the matters regarding the transportation of goods used in the process of the manufacturing in the Free Zone according to the procedures.
68. The investors of the Free Zone may directly purchase raw materials, accessories, parts, equipment, packaging materials and semi-finished goods which need to produce export products or needed to use for export business from the local or the Promotion Zone. When such goods are transported to the Free Zone, the customs clearance procedures shall be abided by.

Chapter XV

Quarantine Inspection and Confinement so as not to spread Contagious Disease

69. The responsible person from the Quarantine Prevention Department of the Department of Health:
- (a) shall carry out quarantine inspection and confinement as necessary not to spread contagious disease in transporting goods, vehicles, containers, animals and plants which are to be directly imported to the Special Economic Zone or directly transported from the Special Economic Zone to the outside, between the

- ports, airports, railway stations and the Special Economic Zone;
- (b) shall, carry out quarantine inspection and confinement so as not to spread contagious disease, as may be necessary, relating to the export, import items or investment business within the Specific Economic Zone.

Chapter XVI

Matters relating to Labour

70. The Management Committee for the matters relating to labour in the Special Economic Zone:
- (a) shall supervise to ensure that the employment agreement is made in accordance with the stipulations;
- (b) shall coordinate in determining the rights and duties of the employer and employee or terms and conditions relating to employment contained in the employment agreements for enjoying the rights in accordance with the existing labour laws including minimum wages, salary, leave, holiday, overtime charges, compensation for dismissal from work and workmen's compensation;
- (c) shall inspect and supervise so as not to diminish or lose the rights and entitlements of the employees, technicians and staffs;
- (d) may determine the minimum wages of employee and staff.
71. The investor may recruit freely from the Work and Labour Recruitment Office in the Special Economic Zone, or from local labour recruitment agents, or by his own arrangement relating to

labour recruitment.

72. In employing citizens skilled workers, technicians and staff in relation to the employment, the employment agreement shall be signed by the employer and employee and shall be employed in accordance with the existing Labour Laws and Rules.
73. The investor shall arrange the training and course relating to the relevant subjects by the type of business for the improvement of the skill of the citizen staff.
74. The investor shall employ only the citizens in the work where high technology and skill are not required.
75. The investor shall, in employing citizen skilled workers, technicians and staff who are required of high technology and skills, have appointed the citizens at least 25 percent the first two years from the commencing year of operation, at least 50 percent in the second two years, at least 75 percent in the third two years.
76. (a) The relevant Management Committee shall negotiate and mediate the disputes arising between the employer and the employee, the technician or the staff in the Special Economic Zone.

(b) If no settlement has been reached although negotiation and mediation were made by the relevant Management Committee under sub-section (a), such disputes shall be dealt with pursuant to the Trade Dispute Act.

77. The work permit for foreign employees working in the Special Economic Zone shall be issued by the representative office of labour department opened in operating as one stop services department in the Special Economic Zone.
78. The investor, if it is required to appoint more foreign employees than stipulated numbers based on the condition of his investment business, may appoint by the permission of the relevant Management Committee.

Chapter XVII

Land Use

79. The Management Committee may, after causing payment of fees to be made by the developer or the investor for the right to land lease or land use, permit for 50 years. If the investor is desirous of continuing to operate after the expiry of the permitted term, it may renew for 25 years.
80. The developer or the investors:
- (a) shall bear the expenses of relocating and paying compensation in accordance with the agreements if houses, buildings, farms and gardens, orchards and fields, plantation on land permitted for land lease or land use are required to be relocated;
 - (b) shall, to relocate the persons so as not to lower their original standard of living, to fulfill the fundamental needs and for facilitating such works, coordinate and carry out with the relevant Management Committee as may be necessary;

- (c) shall use the land which is entitled to lease or use in accordance with the prescribed terms and conditions;
- (d) shall not modify or alter significantly, without permission of the relevant Management Committee, the topography or the contour of the land for which he obtained land lease or land use;
- (e) shall report immediately to the Management Committee if natural mineral resources or antiques or treasure or mine not relating to the permitted enterprise which are not included in the original agreement are found above or under the land which he is entitled to lease or use. If the Management Committee permits, he may continue to operate on such land. If not, he shall move to the substituted arranged area;
- (f) may sell, mortgage, lease, exchange or gift land lease, land use and buildings to a third party or other organizations enabling to operate the work within the approved term in accordance with the rules and regulations and with the agreement of the relevant Management Committee.

81. If the developer or the investor dissolves or winds up his investment, the permission to land lease or land use shall be revoked and the land must be returned back; if necessary, the developer or the investor shall remove the buildings on the land.

82. The Ministry of Home Affairs, shall carry out the take over or transfer of the lands in the region intended as Special Economic Zone by the Central Body in accordance with the existing laws.

Chapter XVIII

Miscellaneous

83. The assets, profits and other rights owned by the developer or investor shall be recognized and protected in accordance with the existing laws.
84. The prices of products, services or exported products manufactured from the Free Zone or the Promotion Zone shall not be restricted and controlled.
85. The developer or the investor and their workers, technicians, employees and family members who reside in the Special Economic Zone shall abide by other existing laws of the Republic of the Union of Myanmar in addition to the provisions of this Law.
86. It is guaranteed that the investment business in the Special Economic Zone shall not be nationalized during the permitted period.
87. The relevant Union Ministries and the Region or State Ministries shall implement the works relating to them contained in this Law.
88. The person who is assigned duty by the relevant Union Ministry and the Region or State government shall levy in accordance with the existing tax and revenue laws from the defaulter who was failed to pay taxes and fines recoverable under this Law.
89. Notwithstanding anything contained in any existing law, the matters relating to any provision of this Law shall be carried out in accordance with this Law.

90. The focal Ministry shall undertake to carry out the office works of the Central Body and bear the expenses.

91. The Union Government:

(a) may assign the duty to the focal Ministry or any other Union Ministry to carry out the office works of the Management Committee and to bear the expenses;

(b) may, by notification, if it is necessary to carry out the functions and duties of the Central Body for the Special Economic Zone, form any special committee with the suitable persons;

(c) may, by notification, form any management committee with the suitable persons to carry out the works of management and supervision;

(d) may stipulate the functions and duties of the committees contained in subsection (b) and (c).

92. The Central Body, the Central Working Body and the Management Committee relating to the Myanmar Special Economic Zone formed by the Myanmar Special Economic Zone Law (The State Peace and Development Council Law No. 8/2011) repealed by this Law shall be accepted as formed by this Law until the formation of the Central Body, the Central Working Body and the Management Committee under this Law.

93. The notifications, orders, directives and procedures issued by the Myanmar Special Economic Zone Law (The State Peace and

Development Council Law No. 8/2011) repealed by this Law shall have the right to exercise in so far as they are not contrary to this Law.

94. The notifications, orders, directives and procedures issued by the Central Body, the Central Working Body and the relevant Special Economic Zone Management Committee shall not affect the business registered to invest in the Special Economic Zone before issuing them.

95. In implementing the provisions of this Law:

(a) the responsible Union Ministry may issue rules, regulations and by-laws with the approval of the Union Government if necessary;

(b) the Central Body, the Central Working Body and the Management Committee may issue notifications, orders, directives and procedures as may be necessary.

96. The Myanmar Special Economic Zone Law (The State Peace and Development Council Law No. 8/2011) and The Dawei Special Economic Zone Law (The State Peace and Development Council Law No. 17/2011) are hereby repealed by this Law.

I hereby sign under the Constitution of the Republic of the Union of Myanmar.

sd/ Thein Sein

President

Republic of the Union of Myanmar