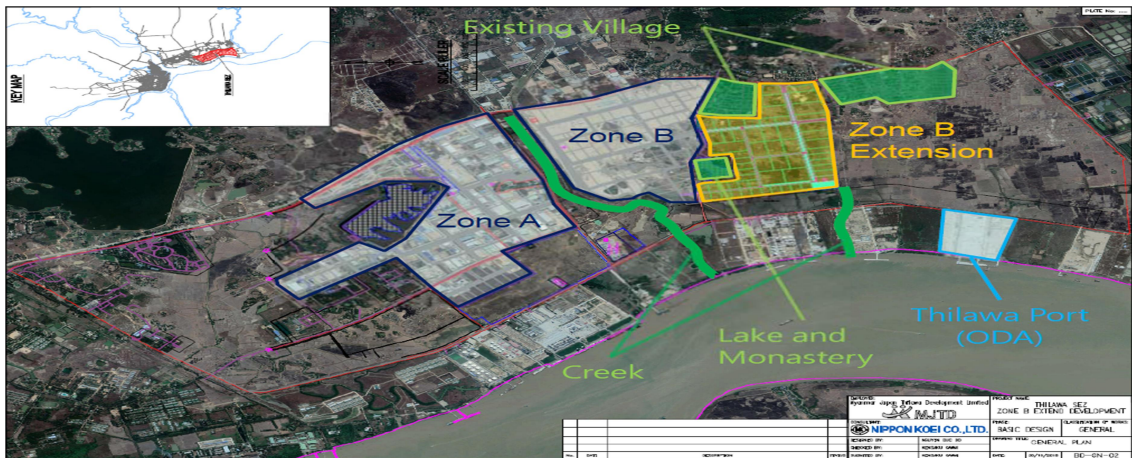
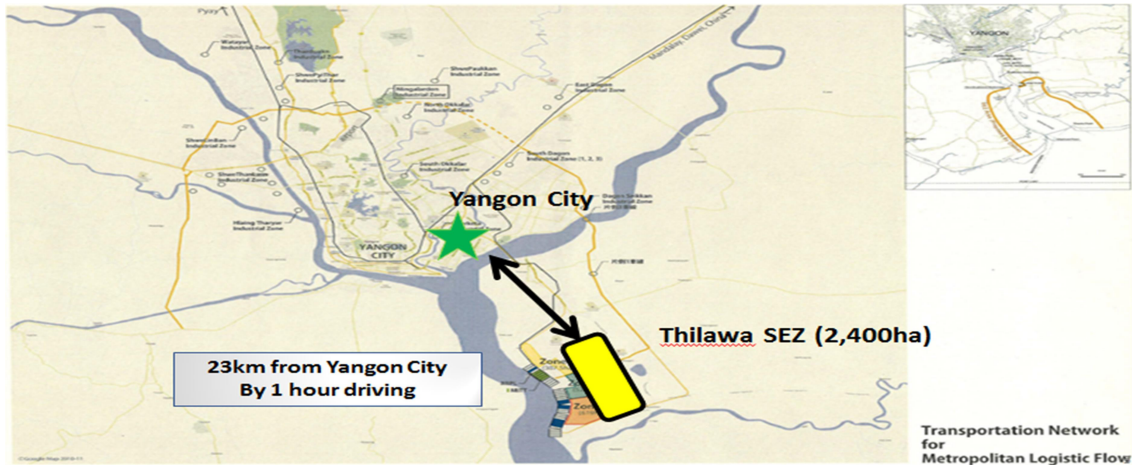


THILAWA SPECIAL ECONOMIC ZONE

About Thilawa Special Economic Zone

The Thilawa Special Economic Zone located at 14 miles (23 km) in the South-East of Yangon, which is the biggest commercial city of Myanmar. The construction of all the hard infrastructures inside the zone has commenced since November 2013. The required soft infrastructures are being built up to be in line with the international standards.

It is the first international standard SEZ of Myanmar and is developed by a Myanmar-Japan joint venture company with the name of Myanmar Japan Thilawa Development Limited, 10% stakes through the Japan International Cooperation Agency (JICA), Myanmar private consortium has 41% stakes through the Myanmar Thilawa SEZ Holdings Public Limited, and Japanese private consortium has 39% stakes through MMS Thilawa Development Co., Ltd. Myanmar-Japan Thilawa Development Limited signed the Anti-Corruption Agreement for the Thilawa SEZ in 2014.



Why Thilawa SEZ

Thilawa SEZ offers many economic benefits for investors. As Myanmar's SEZ right on the outskirts of Yangon, this Zone has been set up to provide its investors with a streamlined and easy investment and operation process, while also providing the advantages of special concessions and the services which come as part of its proximity to Myanmar's major economic center. There are many different reasons to choose Thilawa, all of which make it a superior investment choice. The SEZ has already received investments from many firms, including those from Japan, Korea, Taiwan, Hongkong, Thailand, Vietnam, Brunei Darussalam, China, UAE, Malaysia, Singapore, Australia, Denmark, Netherland, Austria, France, Switzerland, British Virgin Islands, Cayman Island and Panama.



Geographic Advantage

10 percent of Myanmar's total population is accommodated in Yangon. Hence, the human resources that widely range from high quality management staff to skilled and semi-skilled workers are readily available.

As Yangon is the main gateway to international markets through seaports and airports, it is a strategic location for investors to have easy access to international markets. The Thilawa SEZ itself is located next to one of the main ports called Myanmar International Terminals Thilawa (MITT). The Yangon International Airport is just about 30 kilometers from the Thilawa SEZ.

It is also easily accessible by public transportations such as buses and trains. Every part of the country is able to reach Thilawa SEZ through the major transport network. Therefore, both industries that focus on export markets and domestic market find it easy for expanding their distribution network.

Physical Advantage

Unlike other industrial zones around Yangon, all necessary infrastructures for investors are made available in the Thilawa SEZ. Once the location in the Thilawa SEZ is confirmed and the investment permit is issued, electricity, telecommunications including the internet access, and purified water supply will be connected. Services for liquid waste, solid waste and industrial waste management are also readily available.

International logistics centers are also located in the Thilawa SEZ that makes investors easy for domestic and international logistic arrangements, imports and exports.

As one of the main ports is just next to the Thilawa SEZ, transportation time of cargos for exports and imports can tremendously be shortened. As the airport is located around 30 kilometers away from the Thilawa SEZ, it is convenient for investors traveling frequently and also for the transportation of air cargos.

The commercial and residential area is also located in the Thilawa SEZ. In that area, villas and condominiums, office and residential apartments, banks, shopping centers, medical center, hotel, school, recreation centers, green areas and workers' dormitories are located. Hence, investors and workers find it easily accessible to everything inside the Thilawa SEZ.





Laws and Regulations

Investors located in the Special Economic Zones are governed by the Myanmar Special Economic Zone Law and Rules. TSMC stipulates the matters related to Thilawa SEZ by issuing notifications, orders, directives and procedures in accordance with the SEZ Law and Rules. There are also national laws and regulations which investors must comply with.

Types of Business Allowed in the SEZ

As the Thilawa SEZ is a Special Economic Zone which is different from industrial zone or estate, any kind of businesses can be located except those that are prohibited. These business may include those that hold the goods on account of the foreign supplier for dispatches as per the owner's instruction and for trading with or without labeling, packing or re-packing without any processing, and also the businesses that undertake the refrigeration for the purpose of storage and assembly of Complete Knocked Down or Semi Knocked Down kits.

For the sake of clarity, the businesses that are located in the Thilawa SEZ may include the following.

The businesses that may be located in the Thilawa Special Economic Zone –

- (a) Trading;
- (b) Real estate development including housing, hotels, shopping malls;
- (c) Engineering and design;
- (d) Warehousing and logistics services;
- (e) Research and development services;
- (f) Computer software services;
- (g) Information enabled services such as back-office operations, call centers, content development or data processing, human resource services, insurance claim processing,

legal data bases, medical transcription, payroll, remote maintenance, revenue accounting support centers and website services, animation or graphic information system services;

- (h) Distribution services including wholesale and retail services;
- (i) Financial services;
- (j) Professional services excluding legal and account services;
- (k) Long term/short term rental/leasing services;
- (l) Other business services including consultation;
- (m) Construction and related services;
- (n) Educational services;
- (o) Environmental protection services;
- (p) Hospital and other human health services;
- (q) Tourism and travel related services;
- (r) Recreational and entertainment;
- (s) Cultural and sporting services;
- (t) Transport services and services auxiliary to all mode of transport.

Types of Business Not Allowed or Approved in SEZ

In the Special Economic Zone, the following types of Business shall not be allowed –

- (a) Production, processing of munitions including arms, weapons, explosives for military use, etc. and services rendering for military-related purposes;
- (b) Production, processing or services hazardous to the environment and ecology;
- (c) Recycling industries that will render the waste management services to the industries outside Myanmar;
- (d) Production, processing of psychoactive substances and narcotic substances;
- (e) Importation or production, processing of poisonous chemicals, agriculture pesticide, insecticide and other goods by using chemical substances, prohibited by international regulations or by the World Health Organization, that affect the public health and environment;
- (f) Business utilizing the industrial waste imported from abroad;
- (g) Production, processing of prohibited substances which may destroy ozone layer;
- (h) Production, processing and sale of the good made of asbestos;
- (i) Production, processing of polluted substances hazardous to the human health and environment

The proposal for the following business activities shall not be approved:

- (a) Recycling of plastic scrap or solid waste if the proposed project does not comply with the international standard of recycling and waste management systems;
- (b) Reprocessing of garments or used clothing or secondary textiles materials and other recyclable textile materials into clipping or rags or industrial wipers or shoddy wool or yam or blankets of shawls;
- (c) Reconditioning, repairing and re-engineering of import of other used goods for recycling;
- (d) Export of special chemicals, organisms, materials, equipment and technologies unless it fulfills the conditions indicated in the existing laws and regulations of the Union.

Setting Up a Business in SEZ

Investors wanting to locate in the Thilawa SEZ need to set up a new business (i.e. a new company incorporation) at the One Stop Service Center of Thilawa SEZ because the incentives and privileges that a business in the SEZ may be different from those outside the SEZ.

However, investors need to go through the following process in sequence.

1. Reserve the land with the Developer (i.e. Myanmar Japan Thilawa Development Co., Ltd. - MJTD)
2. Apply for investment approval to the Regulator (i.e. Thilawa SEZ Management Committee)
3. Get the new company incorporated at the One Stop Service Center of the Thilawa SEZ. The incorporation of a new company takes only 1 day; however, the proposed company shall be incorporated only after the investment is approved.
4. After the investment approval and the company incorporation is done, investors need to go through additional process for the application of Environmental Conservation and Protection Plan (ECP), building permit, fire safety certificate, etc.

Investment Approval Criteria

The investment approval for investors (locators) in Thilawa Special Economic Zone is granted by the Thilawa SEZ Management Committee while investment approval for investors outside Thilawa SEZ is granted by the Myanmar Investment Commission (MIC).

In order to grant the investment approval, the Thilawa SEZ Management Committee makes quantitative and qualitative assessment/evaluation on each investment proposal.

The main criteria included in the quantitative assessment include investment amount, number of staff/workers to be employed, exportation status, application of new technology, production of new products or product development, reputation and transparency of proposed investor, investment amount per hector, number of staff/workers per hector, water and

electricity consumption. For instance, the investment proposals that contain higher amount of investment, number workers, high investment per hectare and more number of workers per hectare get more points.

The main criteria in the qualitative assessment include how the investment could be beneficial for the country, how it could be complementary with other industries, how it could fulfill the needs of Thilawa SEZ, etc.

The Management Committee shall decide to approve or approve with modification or reject a proposal placed before it within thirty (30) days of its receipt. When the Management Committee approves a proposal with modifications or it rejects a proposal, it shall record the reasons in writing and shall inform such reasons to the person making the proposal.

The Management Committee shall issue a Letter of Approval in Form-2 on approval of a proposal. The Letter of Approval shall include the regulations specified by the Management Committee including the items of manufacture or particulars of service activity, and trading or warehousing, limitations on sale of finished goods in Domestic Tariff Area.

Investment Application Procedures

First of all, investors wanting to locate in the Thilawa SEZ are to discuss with the Developer (i.e. Myanmar Japan Thilawa Development Ltd. - MJTD) for land reservation. The developer will communicate with the Regulator (i.e. Thilawa SEZ Management Committee) regarding the permissible type of business. If the type of business is permissible, and the required land can be available and reserved, sign the Reservation Agreement with the Developer. However, the Reservation Agreement is not the approval of investment. If the investment is not approved, reservation agreement will be terminated and reservation fee will be returned by the MJTD. The overview of investment application process is as follows.

1. Pre-application: Before the application is made (or when the application is sent online but not yet officially accepted), investors need to answer the questionnaires and send to the Thilawa SEZ Management Committee either by email or by online submission. The questions in the questionnaire are main factors taken into consideration in the quantitative assessment for investment approval. The answers to the questions will be assessed quantitatively if the application should be officially accepted.
2. Investment Application: Apply to the Thilawa SEZ Management Committee with the Application Form. And send one copy of the Investment Application Form to the Developer, MJTD. Provide the following information when the application is submitted.
 - Location of the land in the SEZ, and location of the factory
 - Water supply plan
 - Electricity supply plan
 - Building/factory construction plan
 - Plan for installation of machinery and equipment
 - Environmental management plan
 - Investment Application Form (Form-1) and its Cover letter

3. Investment Approval: The Thilawa SEZ Management Committee will permit (by issuing the Form-2 as the Investment Permit), or permit with conditions (i.e. to permit when prescribed conditions are met), or reject within 30 days from the submission of application.
4. After receiving the Investment Permit, sign the Land Lease Agreement with the Developer. Send a copy of the Land Lease Agreement to the Thilawa SEZ Management Committee within six months after issuance of the Investment Permit.
5. Company Registration: Apply for registration of the new company at the One-Stop-Service-Center of the Thilawa SEZ Management Company. This Application for company incorporation can be made at the time the application for investment permit is submitted. The new company's registration will be given only when the investment permit is granted.
6. Building Permit and Fire Safety Certificate: Apply for building permit and fire safety certificate. This application can also be made together with investment application or when the investment is approved as per the investor's convenience. It will take 30 days for the Thilawa SEZ Management Committee to review. Application for building permit and fire safety is to be reviewed by the developer of SEZ, MJTD, to check if the standards are in compliance with their regulation and after that the SEZ Management Committee is to check further compliance.
7. ECPP: Submit the Environmental Conservation and Prevention Plan (ECPP). It can be submitted together with investment application or after the investment is approved as per the investor's convenience. It will take 30 days for the Thilawa SEZ Management Committee to review. If the proposed industry is included in the list of IFC's Environmental, Health and Safety Guidelines (which can be seen here); or if it has a large scaled furnace facility with gas emission; or if it has a large volume waste water discharge (i.e. more than 50m³ per day) with treatment system for hazardous substance and other pollutants; or if it generates substances with odor (e.g. manure, organic fertilizer, ammonia, wastes, etc.); or if it uses/disposes hazardous substance, the Initial Environmental Evaluation (IEE) report or Environmental Impact Assessment (EIA) report, depending on type of industry, must be submitted. It will take 30 days to approve IEE or EIA. If the proposed industry is not included in the aforementioned lists, just ECPP is enough. In summary, everybody needs to submit the ECPP. However, depending on different industry, the Thilawa SEZ Management Committee shall instruct whether IEE or EIA needs to be submitted. The Environmental Management Plan (EMP) shall be submitted together with the IEE or EIA.
8. Start the construction of the factory

Note: Commercial operations must be commenced within three years after the issuance of the Investment Permit. If that's not possible, a proposal (with sound reasons) can be submitted to the Thilawa SEZ Management Committee within 30 days before the expiry.

Investment Incentive

Applicable Law	Myanmar Special Economic Zone Law (2014)
Regulator / Service Provider	Thilawa SEZ Management Committee (TSMC) One-Stop Service Centre (OSSC)

Corporate Income Tax			
Zone/ Status of Business	100% Exemption	Relief	
		50% Reduction	50% Reduction for re-investment within 1 year
Developer	8 years	Next 5 years	Following 5 years
Free Zone/ Free Zone Business	7 years	Next 5 years	Following 5 years
Promotion Zone/ Business in PZ	5 years	Next 5 years	Following 5 years

Zone/ Status of Business	Name of Duty	Production Facilities	Construction Materials	Raw Materials
Developer	Import Duty	Exempted	Exempted	N.A.
	Commercial Tax	Exempted	Exempted	Non Exempted
Free Zone/ Free Zone Business	Import Duty	Exempted	Exempted	Exempted
	Commercial Tax	Exempted	Exempted	Exempted
Promotion Zone/ Business in PZ	Import Duty	Exempted (5 Years) 50% Reduction (Next 5 Years)	Exempted (5 Years) 50% Reduction (Next 5 Years)	Non Exempted
	Commercial Tax	Exempted (5 Years) 50% Reduction (Next 5 Years)	Exempted (5 Years) 50% Reduction (Next 5 Years)	Non Exempted

One Stop Service Center

Thilawa SEZ Management Committee established the One Stop Service Center (OSSC) as per the Section 11 (L) of the Myanmar SEZ Law. It is the single window for investors in the Thilawa SEZ where they can get all the necessary services and approvals that range from company incorporation to visa application, labor registration, customs clearance, etc. Currently, government officers from 12 relative Departments are sitting in the One Stop Service Center and 6 Departments are working by on call system.



Business Tax Payer Identification Number, Online Payment & E-Filing Service

In order to make it easily for taxpayers to pay their taxes, starting from 1st October 2021, they will only use Electronic Payments System that are easier, faster and more secure than paying in cash/cheque to the State. Taxpayers (only company) can report to Internal Revenue Department their Tax Returns (Income Tax Return, Commercial Tax Return, Special Goods Tax Return and Capital Gain Tax Return) by E-Filing Service Log-in through website, www.ird.gov.mm.

VISA/Stay Permit

Investor shall apply for (i) Stay Permit, (ii) Foreign Registration Certificate, and (iii) Multiple Journey Special Re-entry VISA (MJSRV) or Single Re-entry VISA (SRV) through the Front Office of OSSC after completion of company registration. If application is done before noon time, each procedure will be completed in the same day, while if application is done after noon time, procedure will be completed on the next day. Investor shall only need to wait at Thilawa SEZ, OSSC (Immigration Section).

Customs Clearance

The importation or exportation of products that are already included in the registered Master List or Material List will not require import/export license. The developer or investors need to submit the import or export declaration, as the case may be, to the Customs Section of OSSC at the Thilawa Logistic Center of before importation or exportation.

Banks

There are 8 local banks and 1 foreign bank in the Thilawa SEZ.

Certificate of Origin (CO)

The investors can apply to issue the Certificate of Origin (CO) at the OSSC.

Thilawa Special Economic Zone Management Committee

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