COVID-19
BENEFIT AND RELIEF MEASURES IN MYANMAR
COVID-19 Economic Relief Plan (CERP)

On April 27, the Myanmar Government published the COVID-19 economic relief plan. The CERP consists of seven goals, ten strategies, 36 action plans and 76 actions which cover a broad range of fiscal measures, combined with a set of human-focused and commonsense policy responses. Here, we have listed selected COVID-19 benefit and relief measures which we want to highlight:

**Interest rate**

The Central Bank of Myanmar has reduced its bank rate from 8.5% to 7%. Also, the interest rates have been changed; the Minimum Bank Deposit Rate has been reduced from 8% to 5%. The Maximum Bank Lending Rate, for collaterals loans has been lowered from 13% to 10% and for unsecured loans has been reduced from 16% to 14.5%. These rates have been effective since March 1, 2020.

To provide the monetary stimulus, the CBM allowed to set deposit and lending rates by themselves (within the band) based on their risk management.

**Responsible Entity:** Central Bank of Myanmar  
**Responsible Institutions:** Central Bank of Myanmar  
**Eligibility Beneficiaries:** SMEs

**Loans and Funds**

The Ministry of Planning, Finance and Industry (MoPFI) has provided MMK 100 billion one-year capital loans at an 1% interest rate per annum to improve the working capital of affected MSMEs in the CMP and hotel & tourism sector.

The ministry ensures that all Microfinance Institutions have full access to the low-cost funding and therefore will lend the amount as soon as practicable. Moreover, the ministry plans to increase the funds to MMK 200 - 500 billion depending on the market response before the end of 2020.

**Responsible Entity:** The Budget & Financial Regulatory Department of Ministry of Planning, Finance and Industry (MoPFI) and Taskforce  
**Responsible Institutions:** Microfinance Institutions  
**Eligibility Beneficiaries:** Private SMEs in the CMP, hotel and tourism sector

The Government guarantees a 50% of any new loans made by banks to Myanmar enterprises (up to a turnover < MMK 1 billion) for the working capital and for the maintenance or re-employment of their staff on 1 February 2020 by deferring the Corporate Income Tax. In addition, the Credits Guarantee Insurance started to extent guarantees to existing or new firms in selected high-growth sectors whose progress have been impacted by the COVID-19 pandemic.

**Responsible Entity:** MoPFI  
**Responsible Institutions:** Microfinance Institutions  
**Eligibility Beneficiaries:** Myanmar enterprises, particularly existing or new firms in selected high-growth sectors
Deferral of tax

The Corporate Income Tax will be deferred up to 30 September 2020 therefore, payments of Q2 are expired on 31 March and payments of Q3 are expiring on 30 June. Also, the Commercial Tax is deferred up to the end of the year and has to be payed every three months up to 30 September 2020.

**Responsible Entity:** MoPFI and the Internal Revenue Department (IRD)

**Responsible Institutions:** MoPFI and the Internal Revenue Department (IRD)

**Eligibility Beneficiaries:** all enterprises

Waive of tax and fees

The Internal Revenue Department initiated a 2% waive of the Withholding Tax on exports up to the end of 2020. The Specific Goods Tax and the Custom Duties and Commercial Tax related to the importation of critical medical products and supplies related to the prevention, control and treatment of COVID-19 are waived up to the year end.

**Responsible Entity:** The Internal Revenue Department, Ministry of Hotels and Tourism (MoHT), the Customs Department

**Responsible Institutions:** MoPFI, MoHT and Customs Department

**Eligibility Beneficiaries:** Entities of the hotel and tourism sector and entities producing critical medical supplies and products sector

Exemption of lease fees

Lease and rental fees charged to affected firms are exempted for three to six months, particularly for entities that have leased state-owned factories for manufacturing, have made progress in their line of business and have made regular payments in the past three months.

**Responsible Institutions:** MoPFI

**Eligibility Beneficiaries:** Firms that have leased state-owned factories for manufacturing

Tax credits

10% non-refundable tax credits on the incremental wage bill and incremental investments on capital equipment and a deduction equal to 125% of paid wages and an one-time increase in depreciation equal to 125% of the depreciation for the current year are being considered.

**Responsible Institutions:** MoPFI and IRD

Relief for the banking sector

A flexibility of policies regarding capital requirements, large exposure and NLPs up to three years was built to support the banking sector. Also, the establishment of an Asset Management Company is planned through which potential NPLs, held by banks, could be set aside for five to seven years and would allow banks some breathing space and contribute towards credit growth.

**Responsible Entity:** Central Bank of Myanmar

**Responsible Institutions:** MoPFI

**Eligibility Beneficiaries:** Banks
Promotion of investment

The investment approval process is accelerated especially for the approval and disclosure of large private pipeline investments proposed and committed by reputable international firms that are currently experiencing delays. The aim is to approve at least five big investments. Additionally, a simplified procurement process will be established for investments in manufacture key COVID-19 and/or medical-related products created in currently vacant state-owned factories. The aim is to start at least five projects before the end of 2020.

**Responsible Institutions:** MoPFI

**Eligibility Beneficiaries:** international investing firms and manufacturing firm of key COVID-19 and/or medical-related products

Promotion of international trade

To promote the trade financing of any products a fund of MMK 100 billion will be established to designated commercial banks before the end of 2020. A new SOP is produced to expedite and facilitate the process for the importation of medical-related products for COVID-19 prevention, control and treatment (including but not limited to masks, PPE, drugs, ventilators, ICU equipment, cardiovascular support tools, etc., from well-known suppliers (having no negative track record)). Lastly, import licensing and FDA requirements will be waived, as long as the products are FDA approved in another country.

**Responsible Institutions:** MoPFI, Taskforce, the Ministry of Commerce (MoCOM), the Customs Department and the Ministry of Health and Sports (MoHS)

**Eligibility Beneficiaries:** Commercial banks

Promotion of exportation processes

To facilitate the exportation processes all export applications licenses and permits are reviewed and those that are not required to maintain market access or to protect health, safety and security are removed. Therefore, a new SOP is produced to fast-track the export process.

**Responsible Institutions:** the MoCOM

Promotion of innovative Products

Especially the use of available mobile payment services (including, but not limited to KBZ Pay, CB Pay, Wave Money, M Pitsean, OK Dollar, etc.) are promoted. Therefore, merchants provid discounts to consumers that pay by mobile financial services before the year-end. The government itself will use mobile payments whenever it is feasible.

Also, retail businesses are encouraged to make use of existing local/ overseas e-commerce or social-commerce websites where they can post their products and sell online.

Delivery and logistic firms are encouraged to provide delivery services to online customers.

**Responsible Entity:** CBM

**Responsible Institutions:** MoCOM, Ministry of Transport and Communication (MOTC)