Myanmar Investment Commission ("MIC") introduces a 35% Minimum Cash Requirement for Tax Incentives

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KEY TAKEAWAY

Investors seeking MIC income tax exemptions or reliefs can no longer rely primarily on machinery, equipment, or other in-kind assets. Under Notification No. 1/2026, at least 35% of the proposed investment must be contributed in cash, together with stricter evidence requirements for foreign loan financing.

Notification	Notification No.1/ 2026
Issued by	Myanmar Investment Commission ("MIC")
Issued on	March 16, 2026
Legal Basis	Section 100 (b) of Myanmar Investment Law ("MIL")
Who is affected?	Investors applying for MIC tax exemptions or reliefs
Main change	Minimum 35% cash contribution requirement and enhanced proof of foreign funding

WHY THIS MATTER

For many years, investors could structure MIC projects by contributing a significant portion of their investment through imported machinery, equipment, or other business assets.

Notification No. 1/2026 changes that approach.

While MIL continues to recognize both cash and non-cash assets as forms of investment, investors seeking MIC tax exemptions or reliefs must now satisfy an additional requirement under Notification No. 1/2026 by contributing at least 35% of the proposed investment amount in cash.

For investors seeking tax incentives under MIL, this means that projects relying heavily on machinery, equipment, or other in-kind contributions may require adjustments to their funding structure in order to satisfy the new cash contribution requirement.

BROAD DEFINITION OF "INVESTMENT"

Under Section 2(q) and Section 40 of MIL, "investment" is defined broadly and may include various forms of assets owned or controlled by an investor. These include:

- cash;
- movable property;
- immovable property rights;
- machinery and equipment; and
- other eligible assets.

Accordingly, investors have historically been able to satisfy a significant portion of their proposed investment through machinery, equipment and other non-cash ("in-kind") contributions.

PREVIOUS POSITION UNDER THE MYANMAR INVESTMENT RULES ("MIR")

Rule 82 of MIR permits an investor to submit an application for income tax exemptions together with its investment proposal. Where tax incentives are sought, Rule 84(a) of MIR requires the investor to provide a list of machinery, equipment, spare parts, construction materials and other assets to be used in the investment. Notably, neither the MIL nor the MIR previously prescribed a minimum percentage of cash that an investor was required to contribute in order to qualify for income tax exemptions or reliefs.

BEFORE AND AFTER NOTIFICATION NO. 1/ 2026

	Previous Position	Current Position
Definition of investment	Investment could comprise cash and non-cash assets, including machinery and equipment.	No change. Cash and non-cash assets remain recognized forms of investment.
Investment contribution	Cash and in-kind assets broadly accepted.	At least 35% must be contributed in cash.
Machinery & equipment	Could constitute a substantial portion of the investment.	Still recognized as investment, but cannot replace the minimum cash requirement for tax incentives.
Foreign loan	CBM approval generally required.	CBM approval plus repayment schedule plus proof that funds were actually received through an authorized dealer licensed bank (“AD Bank”).
Evidence	Regulatory approval was generally the key document.	Authorities now expect evidence of the actual flow of funds.

WHAT EXACTLY CHANGED?

(1) Minimum Cash Contribution

Notification No. 1/2026 requires investors seeking income tax exemptions or reliefs to demonstrate that they can contribute at least 35% of the proposed investment amount in cash.

This requirement is separate from the broader definition of “investment” under the Myanmar Investment Law.

(2) Foreign Loans: Beyond CBM Approval

Where an investment is financed through overseas borrowing, investors must submit:

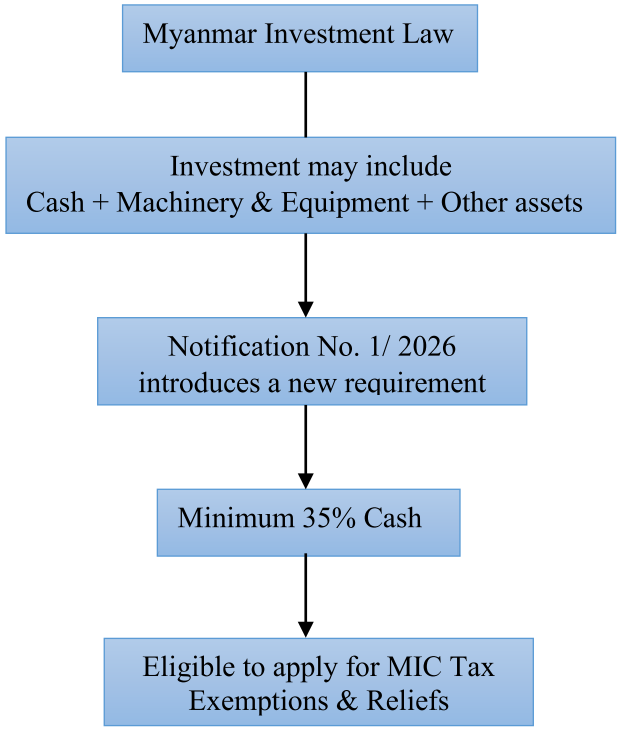
- CBM loan approval
- loan repayment schedule
- evidence showing the loan proceeds were received through an AD Bank

The notification therefore links regulatory approval with verification of actual fund transfers.

(3) Increased Importance of Investment Planning

Projects designed around substantial imports of machinery or equipment should now be reviewed at an early stage to ensure that the required cash contribution can be demonstrated before seeking tax incentives.

HOW THE LEGAL FRAMEWORK FITS TOGETHER?



Due to the current restrictions on foreign exchange transactions and remittances, including limitations on loan repayments, the investor has been experiencing funding challenges. Consequently, the 35% cash contribution requirement would place an additional financial burden on the investor and may adversely affect its investment plans. Accordingly, investors intending to avail themselves of the tax incentives under the MIL should undertake adequate advance planning of their investment and funding arrangements, including a clear strategy for meeting the 35% cash contribution requirement in a timely manner, taking into consideration prevailing foreign exchange and remittance restrictions.

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