

Myanmar

1. Government requirements

Registration requirements

Payroll withholding tax

Myanmar's Internal Revenue Department (MIRD) requires every employer to withhold income tax payable from taxable remuneration paid to its employee. A General Index Registration number will be automatically provided to the employees once the first filing and payment has been made by the employer with the MIRD.

Social security contribution

Companies having five or more employees are required to register for the social security scheme with Social Security Board (SSB) under the Ministry of Labor, Immigration and Population. SSB provides benefits for maternity, paternity, accidents, illness, child welfare, old age, death and physical disability

Employment contracts

The employer is required to enter into written contract with its employee within 30 days from date of employment. The employment contract must be in a prescribed form. A company with five or more employees is required to register the employment contract with the Township Labor Office. Employment contracts not registered may be declared void. In cases where there are some changes in the prescribed form of employment contract, an approval from the Labor Office is required.

On-going compliance requirements

Monthly payroll withholding tax

The employer has the obligation to calculate and deduct monthly payroll withholding tax according to progressive tax rates. The deadline for filing of the statement of monthly deduction of income tax (Wa Nga 15) and payment of related tax liability is within 15 days from the date of salary payment. This applies to all resident citizens, resident foreigners, nonresident citizens and nonresident foreigners.

Monthly social security contributions

The employer is required to deduct social security contribution from the employee's salary and remit to the Township Social Security Office along with its share in the contribution within 15 days after the end of relevant month. However, effective 20 March 2020, according to COVID-19 Economic Relief Plan, the payment deadline for social security contribution is extended to within three months after the end of relevant month.

Contribution rates:

- Employee contribution: 2% of the total monthly salary (capped at maximum basic salary mmk300,000) (i.e., mmk6,000)
- Employer contribution: 3% of the total monthly salary (capped at a maximum basic salary mmk300,000 (i.e., mmk9,000)

Year-end payroll tax compliance

Within three months i.e., 31 December, after the end of the fiscal year ending 30 September, the employer is required to file an annual salary statement (Wa Nga 16) as prescribed by the Regulations.

2. Pension requirements

There is no law/regulation introduced for pension in Myanmar yet.

3. Employment obligations

Minimum wage

Minimum Wage Law was adopted in Myanmar in 2013. Effective from May 2018, the minimum wage of employees is at MMK4,800 per day or MMK600 per hour.

Working Hours

Working hours are 8 hours per day and not more than 44 to 48 hours per week depending on the industry sector.

Public holidays

All employees will need to be paid for all official national holidays and public holidays. If required to perform work during this time, the employer needs to pay using the rate guided by the Laws and Regulations.

Leave entitlement

Casual leave

Employees are entitled to six days of paid casual leave per year. Casual leave may not be taken for more than three consecutive days at a time, except in cases of religious or compulsory events, and unutilized leave credits may not be carried over to subsequent year.

Earned leave (annual leave)

Employees will be given 10 days of paid annual leave per year provided that the employee has worked for 12 consecutive months with a minimum of 20 working days per month. Earned leave may be taken consecutively or separately.

Medical leave

Employees are entitled to 30 days of medical leave per year provided that they have completed the 6 months of service. Paid medical leave is available for employees who are unable to perform their task due to sickness or injuries. Medical certificate will be needed for those who need longer sick leave.

Other paid leave

Maternity and paternity leaves will be given to employees according to 2012 Social Security Law or the 1951 Leave and Holidays Act.

4. Payroll requirements

Payment of wages can be made in local currency or foreign currencies using the Central Bank of Myanmar exchange rate with the agreement between the employer and the worker.

The employer shall pay wages at the end of the work performance or at the time agreed to pay to the worker for hourly, daily, weekly or other part-time work, or temporary piece work

For permanent employees, payment of wages should be made on a monthly basis at month end or 5 to 10 days before month end, depending on the number of employees as stipulated in the Payment of Wages Law 2016.

In the case of termination, wages should be paid within two working days from the date of termination. In the case of voluntary resignation by sending written notice of resignation in advance, wages should be paid at the end of the period for payment of wages.

If a worker is deceased, the employer shall pay due wages to a legal heir within two working days after the worker's death.

5. Banking requirements related to payroll

Payroll payments can be paid in cash, check or deposit into the bank account of the worker with the agreement between the employer and the worker.