

F & B Sector Legal Considerations



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F & B Sector - Legal Matters

- Introduction to investment in F&B in Myanmar
- Potential forms of investment & corporate licensing
- Operational licensing requirements
- Alcoholic beverage permits
- Relations with Union and local level authorities
- Relevant import procedures pertaining to F&B
- Practical issues



F & B Sector - Legal Consideration points

- **Introduction to investment in F&B in Myanmar**
 - Two forms of companies Comparison of New Investment Law and Old Investment Law in Myanmar
 - New investment law and applicable regulations have not yet been released
- **Potential forms of investment & corporate licensing**
 - Two forms of companies incorporation in Myanmar (MIC and DICA)
 - Basic capital requirement of corporate licensing
 - US\$ 50,000 minimum investment capital is required to register. Half of the amount needs to be invested before the final approval license. The rest of the amount needs to be invested within five years of incorporation.
 - Standard form of Memorandum of Article, appointment list of Directors etc.
 - Incorporation fees are relatively inexpensive and the process is easy.

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- **Restaurant licensing requirements**

- Obtaining a restaurant license is simple and straight forward, at least compared to neighbouring countries
- It typically takes three to six weeks to obtain a license
- The regional government is responsible for ensuring that neighbours do not object to the presence of a restaurant; but it's always best to confirm there are no neighbourhood issues prior to investing
- Lease contracts need to be strong to protect your investment and minimize risk
- Franchise licensing is some of the easiest in the region with minimal complication
- Company set up registration and restaurant license from respective township are required to operate
- For signage of restaurants, Yangon City Development Committee has an authority to set up and renew annual signage



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- **Alcoholic beverage permits**
 - From a legal standpoint, obtaining an alcohol permit is ambiguous as townships no longer issue new alcohol permits. Outstanding permits can be obtained via transfer from a current permit holder, but anecdotal evidence also suggests easier options.
 - Different operators have had different experiences for obtaining permits
 - Permit fees range from US\$7,000 to US\$10,000
 - According to the law, foreign companies are not allowed to hold a liquor license.
- **Relations with Union and local level authorities**
 - Don'ts for local authorities
 - Don't pay tea money even though small amount to government staff, especially customs department



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- **Other relevant import procedures pertaining to restaurants**
 - Food and equipment are often the common items requiring importation licenses and encounter various degrees of difficulties
 - Obtaining an import permit is simple and available to obtain online
 - Import exemptions for certain products do not require registration. Only few import exemption exist for certain equipment
 - Sale practices of food products in Myanmar
 - Foreign companies who want to sell food in Myanmar need to register their products with Food and Drug Administration (FDA) prior to market operations.
 - Certain foods have acquired food import exemptions, which are available at the customs department.
 - Food items not listed on allowable import permit need to obtain a special import permit.

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- **Practical issues**
 - Cash transfers in Myanmar
 - The biggest problem companies sometimes face is transferring money into Myanmar. The process can take anywhere from two to four weeks to complete a transfer between an overseas office and a local branch.
 - As a Singaporean entity operating in Myanmar, ICBC and OCBC are the bank options for transferring cash into Myanmar.
 - Introduction to tax practises in Myanmar
 - General introduction of tax such as corporate income tax, withholding tax, etc.
 - Withholding tax collection practice in Myanmar such as 2% of the products amount when purchased