Internal Revenue Department's Typology Report on how the companies make tax evasion to be concealed their business income, sale proceeds and service income

Introduction

1. Internal Revenue Department (IRD) makes an efforton the underpayment of tax in accord with existing tax laws, regulations, rules and notifications.

Taking actions on the companies that make tax evasion to reduce tax

2. While IRD makes an audit from 1st march to 31st August, 2022, finds that thirteen tax evasion cases from five companies, concealed their business income, sales proceeds and servicesincome. So, IRD makes new assessmentsand penalties according to the existing laws.

Lin Win Co.,Ltd's profile, Investigations on auditing and taking actions

3. (a) Company's name – Lin Win Co.,Ltd
   (b) DICA's Registration no – 472 (21–10–1992)
   (c) TIN no. – 143637921
   (d) Address – No (89), Hninsi Gone Street, Alone Township, Yangon
   (e) Ph/Fax no. – 01–229529
   (f) Email/Website – linwin@linwinmyanmar.com
   (g) Main Type of Company – Production, Trading
   (h) Type of Company – Manufacture of Furniture
   (i) Authorized Capital – Share 1,000 x 10,000 = 10,000,000 kyats
   (j) Paid up Capital – Share 1,000 x 10,000 = 10,000,000 kyats
   (k) Share Holder
      (1) U Lin Win (Chairman) – Share 1,000 x 6,670 = 6,670,000 kyats
      (2) Daw Yi Yi Sein (MD) – Share 1,000 x 3,330 = 3,330,000 kyats
      (3) U Min Thein (Director) – No share
      (4) DawKyaw Mon Lin Win (Director)– No share
   (l) **Investigations on Auditing:** according to the auditing on 2018–2019 income tax return of Lin Win Co.,Ltdon 29th April,2022, it is investigated that the company reports seventimes export and hides one time export. Sale amountof seven times export is

493,672,186.86 kyats and the reported amount on income tax return is 490,960,760.86 kyats. So, the difference between sale amount and reported amount is 2,711,425.54 kyats. It is investigated that sale on one time export is 137,947,325.84 kyats. It is needed to report the including amount of Specific Goods Tax but the company reports the excluding amount of Specific Goods Tax on income tax return. The company reports 508,147,427.53 kyats (excluding Specific Goods Tax) instead of 694,259,035.00 kyats (including Specific Goods Tax) on income tax return. It is needed to access Specific Goods Tax 45,425,856.00 as a business income. So, it is needed toadjustthe total income, 186,111,607.00 kyats, for income tax.

(m) **The actions on investigations**: the company is made new assessment and pays the income tax, 20,566,822 kyats, on new assessment and 100% penalty,20,566,822 kyats, according to the section 47 of income tax law on 8thjuly, 2022 .

Modern Tech Trading Co.,Ltd's profile, Investigations on auditing and taking actions

4.	(a)	Company's name	–	Modern Tech TradingCo.,Ltd
	(b)	DICA's Registration no	–	428 (10–7–2018)
	(c)	TIN no.	–	152879342
	(d)	Address	–	No (3/C), U TunNyo Street, Industrial Zone–6, HlaingTownship, Yangon
	(e)	Ph/Fax no.	–	01–522489,01–522691,01–522692,01–684410
	(f)	Email/Website	–	traingmoderntech@gmail.com http://www.decolandgroup.com
	(g)	Main Type of Company	–	Trading
	(h)	Type of Company	–	Wholesale of Construction Material, Hardware, Plumping and Heating Equipment and Supplies
	(i)	Authorized Capital	–	Share 10,000 x 50,000 = 500,000,000 kyats

(j) Paid up Capital – Share 10,000 x 50,000 = 500,000,000 kyats

(k) Share Holder

(1) U kyawKhin (MD) – Share 10,000 x 25,100 = 251,000,000 kyats

(2) Daw Aye Nun(Executive Director)– Share 10,000 x 24,900 = 249,000,000 kyats

(l) **Investigations on Auditing:** according to the auditing on 2018–2019 income tax return of Modern Tech Trading Co.,Ltd on 18th April,2022, it is investigated that the company reports to offset withholding tax chalan of 43,886 kyats on 30th May, 2018 , 131,657 kyats on 8th August,2018 and 131,656 kyats on 7th March, 2019. But, the company do not report 14,628,524 kyats of sale proceeds on income tax return. So, the company needs to pay tax on the sale proceeds of 14,628,524 kyats.

(m) **The actions on investigations:**

(1) The company is made new assessment for 2018–2019 assessment year and pays the commercial tax 731,425 kyats on new assessment and 100% penalty 731,425 kyats according to the commercial tax law section 22, sub–section (a) on 12thMay, 2022 for the concealed income to reduce tax.

(2) The company is made new assessment for 2018–2019 assessment year and pays the income tax 5,894,223 kyats on new assessment and 100% penalty 5,894,223 kyats according to the section 47 of income tax law on 12th May, 2022 for the concealed income to reduce tax.

Phyo Enterprise Ltd's profile, Investigations on auditing and taking actions

5. (a) Company's name – Phyo Enterprise Ltd

(b) DICA's Registration no – 258 (19–5–1997)

(c) TIN no. – 154541357

(d) Address – No (67/C–1), Pho Sein, Bo Cho (2) Street, BahanTownship, Yangon

(e) Ph/Fax no. – 01–209010

(f) Email/Website – mgmg67@gmail.com

(g) Main Type of Company – Trading

(h) Type of Company – Sale of Motor Vehicle Parts and Accessories

(i) Authorized Capital – Share 1,000 x ,1000,000 = ,1000,000,000 kyats

(j) Paid up Capital – Share 1,000 x 5,000 = 5,000,000 kyats

(k) Share Holder

(1) U MaungMyint (MD) – Share 1,000 x 3,680 = 3,680,000 kyats

(2) DawHlaingHlaingTin(Director)– Share 1,000 x 1,320 = 1,320,000 kyats

(l) **Investigations on Auditing**: according to the auditing on 2018–2019 income tax return of Phyo Enterprise Ltd on 22th March,2022, it is investigated that the company imports and sells ninevehiclewith the price USD– 236974 on 2018–2019 income year and also imports Construction Materials. According to the investigation of the documents of import ID, Cash Book, Ledger, Voucher and information from Customs Department, the company does not report an imported vehicle (ID–100062815160) of price USD–26930. When the tax office sends the request form no. (777–4) to the company, the company reports the rest amount. So, the company needs to pay tax on the sale proceeds of 64,500,000 kyats.

(m) **The actions on investigations**:

(1) The company is made new assessment for 2018–2019 assessment year and pays the income tax 3,215,717 kyats on new assessment and 100% penalty 3,215,717 kyats according to the income tax law section 47 on 12th May, 2022 for the concealed income to reduce tax.

(2) The company is made new assessment for 2018–2019 assessment year and pays the commercial tax 3,225,000 kyats on new assessment and 100% penalty 3,225,000 kyats according to the commercial tax law section 22, sun–section (a) on 12th May, 2022 for the concealed income to reduce tax.

M&M GANO Trading Co.,Ltd's profile, Investigations on auditing and actions

6. (a) Company's name – M&M GANO Trading Co.,Ltd

(b) DICA's Registration no – 263 (10–6–1998)

(c) TIN no. – 146011195

(d) Address – No (3/4), 2–Layer, Thein GyiZay (C), Ba Bae Tan Township, Yangon

(e) Ph/Fax no. – 01–308552, Fax: 01–386655

(f) Email/Website – Gemnns@gmail.com

(g) Main Type of Company – Trading

(h) Type of Company – Wholesale of food, Beverages and Tobaco

(i) Authorized Capital – Share 10,000 x 20,000 = 200,000,000 kyats

(j) Paid up Capital – Share 10,000 x 1,000 = 10,000,000 kyats

(k) Share Holder

(1) U New NewSoe (MD) – Share 10,000 x 700 = 7,000,000 kyats

(2) DawSoe Ye (Director) – Share 10,000 x 300 = 3,000,000 kyats

(l) According to the information Investigated by Bureau of Special Investigation, the investigation is made on the information presented by M&M GANO Trading Co.,Ltd, operating their business as a Multi Level marketing (MLM) System during three years form 2014–2015 financial year to 2016–2017 financial year, has total business income 16,272,106,680 kyats, total interest 9,189,499,742 kyats and gives bonus of 1,504,390,862 kyats to thirty Crown Diamond and above members including U Htin Win.

(m) Information of Share Holders

No	Name	ID number	Address	Phone no:
1	DawNweNweSoe	7/Ya Ta Na (N) 013568	7 layer, A NawYa Thar Street,Yangon	09–5106790
2	DawSoe Yi	7/Ya Ta Na (N) 011840	7 layer, A NawYa Thar Street,Yangon	09–5106646

(n) Thirty Crown Diamond and above members including U Htin Win

No	Name	Phone no:	Address
1	U Win Htin	09–5121416	No (9), Kaya Street, Dagon University Yeik Moon, UyinMyo Taw,110 quarter, East Dagon, Yangon
2	U San Maung	09–5130805	Room 22 , Building 3387, Nyar Na Theikthi Quarter, Nay Pyi Taw
3	U Zin Bo Bo Lin + DawShweThi	09–49229337	No (41), 3 layer, KyatMyune, Zay street, Tahmwe, Yangon
4	Daw Yi YiPyone	09–5150465	N0 (510), Myoma Housing, Taunggyi

No	Name	Phone no:	Address
5	U KanTun	09–49335744	N0 (1183), Nyan Pin Thar Street, (11) Quarter, Yankin, Yangon
6	U Zar Ni Min Htut	09–43084230	62(a), 3 layer, 6 street, Insein, Yangon
7	Daw Aye Aye Tin	09–73101781	No (234), Set Par Taw village, Mawbi, Yangon
8	Daw Sein Mya Tin + U MyatKyaw	09–798499132	No (14), U Aung Min Street, Mayangone, Yangon
9	Daw Than Win	09–421062186	34 Department Street, Alone, Yangon
10	DawNwayNway Aung	09–796896020	Building (15), Room (19), Tawin Housing (41), North Dagon, Yangon
11	Daw Pa Pa Thein	09421114924	Building (15), Room(401), Yuzana Garden Housing, Yangon
12	DawKhin Mar Kyu	09–5201740	No(15), Bali Kyar Street, Pathein
13	DawKhin Mar Kyi	09–5164677	No (125), Room (2), Ruby Narrow Street, Yenathar Street, Thuwana, Yangon
14	Daw Aye Sein	09–974088173	No (102), Parami (6) Quarter, Hlaing, Yangon
15	U Thet U	0949229336	No (892), Aung Thitsar (1) Street, (4) Quarter, Tharkayta, Yangon
16	U Kyaw Thu Aung	0943109676	No (277), Dhamayone Street,Natharkone, Insein, Yangon
17	U Kyaw Moe	098585140	No (78), KhaingSapal Street, Ma Au Pin
18	DawHlaHla Nu + U Than Ohwn	09250544095	No (1542 a) , Ba Park (4), Phoyazar Street, ShwePyi Thar, Hlwarkar, Yangon
19	Daw Thin ThinNew	09798394776	No (183), Kuan Chan Street, Tatkyeekone Village, Mawbi,

No	Name	Phone no:	Address
			Yangon
20	DawMyintMyint Win	095138129	No (49), (9) Street, Lanmataw, Yangon
21	DawKhin Wai Myint		Yangon
22	U Min Soe Than+ DawKhinThida	097781339	Kyanebonaywin Street, Than PhyuZayat
23	DawKyinYone	0973118846	Thingankyune, Yangon
24	Daw Mar MarSwe	0973027026	No(22), 125 Street, Tarmwe, Yangon
25	U KyawThuya Min		Yangon
26	DawThweThweNyar	09–5280739	Mya PaLaung Restaurant, Kalaw
27	DawHlaKathi	09420270811	No (237), Sakawar Street, Nwe Aye Quarter, Dawpone, Yangon
28	U Sein Tun+ DawSandar	095190939	No (20), 105 street, 4 Quarter, HantharYeikmon, Kamaryouk, Yangon
29	Daw Tin Tin	09421039951	No (254), Pho Kyar Street, 15 quarter, ShwePaukKan, Yangon
30	DawOhwn Mar Aye	09254047697	No(27), Room (403), HlaingMyint Mo Street, Hlaing, Yangon

(o) The following actions are made on investigations:

(1) New assessment is made for 2015–2016 assessment year and the company needs to pay the commercial tax, 193,401,573 kyats,for new assessment and 100% penalty 193,401,573 kyatsaccording to the commercial tax law section 22, sun–section (a) for the concealment of their income to reduce tax, as additional tax payable and penalties. But, no charged tax and penalty is paid up to now.

(2) New assessment is made for 2015–2016 assessment year and the company needs to pay the income tax, 337,127,810 kyats,for new assessment and 50% penalty 168,563,905 kyats according to the income tax law section 47 for the

undisclosed income to reduce tax, as additional tax payable and penalties. But, no charged tax and penalty is paid up to now.

(3) New assessment is made for 2016–2017 assessment year and the company need to pay the commercial tax, 184,405,151 kyats,for new assessment and 100% penalty 184,405,151 kyats according to the commercial tax law section 22, sun–section (a) for the concealment of their income to reduce tax, as additional tax payable and penalties. But, no charged tax and penalty is paid up to now.

(4) New assessment is made for 2016–2017 assessment year and the company needs to pay the income tax of new assessment on 225,886,281 and 50% penalty 112,943,140 kyats according to the income tax law section 47 for the concealment of their income to reduce tax. But, no charged tax and penalty is paid up to now.

(5) New assessment is made for 2017–2018 assessment year and the company need to pay the commercial tax, 205,090,878 kyats, for new assessment and 100% penalty 205,090,878 kyats according to the commercial tax law section 22, sun–section (a) for the concealment of their income to reduce tax, as additional tax payable and penalties. But, no charged tax and penalty is paid up to now.

(6) New assessment is made for 2017–2018 assessment year and the company needs to pay the income tax 184,637,310 kyats, for new assessment and 100% penalty 184,637,310 kyats according to the income tax law section 47 for the concealment of their income to reduce tax as additional tax payable and penalties. But, no charged tax and penalty is paid up to now.

Grand Cherry Xeno Trading Co., Ltd's profile, Investigations on auditing and actions

7. (a) Company's name – Grand Cherry Xeno Trading Co., Ltd
   (b) DICA's Registration no – 1109105017 (9–9–2013)
   (c) TIN no. – 110910517
   (d) Address – No (83), Thein Phyu Street, BothataungTownshipTownship, Yangon

(e) Ph/Fax no. – 01–201655,01–299130,09–73086008, 09–979505848

(f) Email/Website – gcxtcho6268@gmail.com

(g) Main Type of Company –

(h) Type of Company – Wholesale Trade, Except of Motor Vehicles And Morocycles, Retain Trade, Except of Motor Vehicles and Motorcycles

(i) Authorized Capital – Share 10,000 x 5,200 = 52,000,000 kyats

(j) Paid up Capital – Share 10,000 x 5,200 = 52,000,000 kyats

(k) Share Holder

(1) U Kyaw Thein (Director) – Share 10,000 x 3,000 = 30,000,000 kyats

(2) Daw Cho Cho Win (Director) – Share 10,000 x 1,000 = 10,000,000 kyats

(3) DawYaminPhyu (Director) – Share 10,000 x 2,000 = 2,000,000 kyats

(4) DawMyo Min (Director) – Share 10,000 x 1,000 = 1,000,000 kyats

(l) **Investigations on Auditing**: according to the auditing on 2017–2018 income tax return of Grand Cherry Xeno Trading Co., Ltd on 2nd May, 2022, it is investigated that the company does not report nine letters of Pathakha (kathakha)–31, sale proceeds of 383,754,273 kyats for buying goods and services carried out in the country.

(m) **The actions on investigations**:

(1) The company is made new assessment for 2017–2018 assessment year and pays the commercial tax 14,868,512 kyats on new assessment and 100% penalty 14,868,512 kyats according to section 22, sun–section (a) of the commercial tax law on 23th May, 2022 for the concealment of their income to reduce tax.

(2) The company is made new assessment for 2017–2018 assessment year and pays the income tax of new assessment on 6,289,777 kyats and 100% penalty 6,289,777 kyats according to section 47 of the income tax law on 23th May, 2022 for the concealment of their income to reduce tax.

Findings

8. The following facts are found when the Internal Revenue Department makes new assessments on the above five companies for concealment of their business income, sales proceeds and service income to make tax evasion to reduce tax:

a. Lin Win Co.,Ltd, Modern Tech Trading Co.,Ltd, Phyo Enterprise Ltd and Grand Cherry Xeno Trading Co.,Ltd only commit one time for undisclosed their business income, sale proceeds and service income to make tax evasion to reduce tax and it is also found that they paid their new assessed tax amount and penalties.
b. Although the authorized capital of M & M GANO Trading Co.,Ltdis 200,000,000 kyats and the paid up capital of the two members of share holders is 10,000,000, this company has total business income 16,272,106,680 kyats, total interest 9,189,499,742 kyats and gives bonus of 1,504,390,862 kyats to thirty Crown Diamond and above members including U Htin Win. So, it is found that there are many gaps between this company's capital, business income and interest and this company also commits three times for undisclosed their business income, sales proceeds and service income to make tax evasion to reduce tax and it is also found that this company do not pay its new assessed tax amount and penalties up to now.

Appraisal

9. Among the Internal Revenue Department's Typology Report on how the above five companies make tax evasion to reduce tax on undisclosed their business income, sale proceeds and service income, M & M GEAO TradingCo.,Ltdis suspected Money laundering risks according to the following facts:

a. Main Share holders may be relatives because they live in the same place.
b. Although the company's capital is 10,000,000, the Cash flow of company is 16,272,106,680 kyats. So, it is found that this company has higher level of Cash flow.
c. The company is related with many people as special members and there aremany cash flow among these members.

10. The information of M & M GANO Trading Co.,Ltd is sent to FIU because IRD suspected that the company imposed penalties according to tax laws may also commit

any criminal related with money laundering and it is needed to continue investigation on this company under the Anti Money Laundering Law.

Taking Action by issuing Public Ruling

11. While Internal Revenue Department is investigating the tax evasion, as it is found that the suspected case for Money Laundering, Internal Revenue Department issues a public ruling to define the words: tax avoidance, underpayment of tax, false or misleading tax information and tax evasion and how to take actions to make these matters for the clearance of the taxpayers to prevent tax avoidance on 16th November 2022. (Attached Myanmar–English version)

12. In this Public Ruling, it is clearly stated that the defined matters including in the tax avoidance, the negligent of fraudulent underpayment and the false or misleading information and the situations and the actions that are defined for the liable of tax evasion.

13. A person who commits tax evasion may impose not only the existing tax laws but also the Anti – Money Laundering Law. So, it is educated that which actions are the criminal for tax evasion on the State owns Newspapers for the awareness of the People as a Public Indicator.

Conclusion

14. Internal Revenue Department will continue investigation of tax evasion according to the existing tax laws as tax evasion is a predicate offence of money laundering and combating the financing of Terrorism and IRD will also make a collaborative effort on the investigation of this company under the Anti – Money Laundering Law.

Internal Revenue Department

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