

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF APPLIED ECONOMICS
MASTER OF PUBLIC ADMINISTRATION PROGRAMME**

**A STUDY ON AWARENESS TOWARDS
PERSONAL INCOME TAX
(CASE STUDY - KYAUKTADA TOWNSHIP)**

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MPA - 2 (21st BATCH)**

JUNE, 2024

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**A thesis submitted as the partial fulfillment of the requirements for the degree of
Master of Public Administration (MPA)**

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This is to certify that this thesis entitled “A STUDY ON AWARENESS TOWARDS PERSONAL INCOME TAX (CASE STUDY - KYAUKTADA TOWNSHIP),” submitted in partial fulfillment towards the requirements for the degree of Master of Public Administration (MPA) has been accepted by the Board of Examiners.

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ABSTRACT

Taxation is necessary for the government of Myanmar because it brings in revenue, keeps the economy stable, finances public investments. Personal Income Tax generates significant revenue which is important to the government of Myanmar. Personal Income Tax is a direct tax imposed on individuals' income. The study is to examine the personal income taxes awareness and the benefits of taxpayers in Kyauktada township. A descriptive method is used in this study. It is observed that the taxpayers have good knowledge of personal income tax and its benefits, and it is reaching a sufficient level. The results also show that increase in tax knowledge through educational initiatives, streamlining tax procedures, and encouraging openness in the use of tax income can all greatly raise compliance rates.

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LIST OF ABBREVIATIONS

PIT	=	Personal Income Tax
PAYE	=	Pay as you earn
IT	=	Income Tax
IRD	=	Internal Revenue Department
FY	=	Fiscal Year
CT	=	Commercial Tax
SGT	=	Specific Gain Tax

CHAPTER I

INTRODUCTION

The personal income tax, or PIT, is a direct tax imposed on several types of personal income, including as dividends, royalties, rental income, director's fees, and wages and salaries. Both residents and non-residents must pay PIT after they participate in taxable or revenue-generating activities within the relevant nation. The Pay As You Earn (PAYE) system for personal income tax is based on the taxpayer's total income. PIT rates can be graded or flat, indicating that the tax rate rises in proportion to taxable income, with higher earners contributing a larger share of their income to the government. The most popular method, the graded system, bases tax rates on a taxpayer's income bracket. Individuals pay taxes based on their yearly income. Payroll deductions, also known as Pay as you Earn (PAYE) in many nations, are required in the majority of formal economies. They are used to deduct taxes from salaries prior to them being paid to employees.

As long as the threshold exempts the poor, higher rates apply to higher income groups, all relevant personal income is captured by the PIT regime, compliance is maintained, and allowances and deductions do not disproportionately benefit higher earners, personal income taxes are a valuable tool for gradually increasing revenue.

Adam Smith (1776) defined taxation as a mandatory levy imposed by the government on citizens or businesses in order to fund necessary expenditures for the general benefit. Governments all throughout the world rely on taxes from their populace to provide the revenue they need to carry out their duties. Tax compliance is the essential and required completion of a taxpayer's duties with relation to filing tax returns, reporting income and deductions, and making required tax payments on time. Tax compliance is described by Jackson and Milliron (1986) as the reporting of tax liability to the appropriate authorities in accordance with applicable tax laws, regulations, and court orders. Saad (2009) found that the complexity and level of tax knowledge of taxpayers influenced their views of fairness with regard to tax compliance.

1.1 Rationale of the Study

The development of a nation is significantly influenced by its public finances. It comes from government taxes as well as the revenue of state-owned businesses and assets. In every nation, tax revenue is the primary source of funding for the majority of government administrative costs. As a result, taxes account for a large portion of government revenue. The Internal Revenue Department (IRD) is responsible for overseeing five main taxes in Myanmar: income tax, commercial tax, specified goods tax, stamp fees, and state lottery. The proportion of personal income tax revenue to the overall revenue collected by the IRD is rising annually. Dividends, royalties, rental income, director's fees, and earnings and salaries are just a few examples of the personal income that is subject to the personal income tax, or PIT, which is a direct tax. After engaging in taxable or revenue-generating activities within the applicable country, both residents and non-residents are required to pay PIT. Based on the taxpayer's total income, the personal income tax Pay As You Earn (PAYE) system operates. PIT rates can be flat or graded, meaning that the tax rate increases in direct proportion to taxable income, with higher earners giving the government a bigger piece of their earnings. The tax to GDP ratio, a performance measure for tax administration, is only about 4%, which is poor when compared to other nearby nations.

Therefore, it is important to examine the awareness of personal income tax and the benefits of personal income taxpayers in Kyauktada township. The study's findings can assist policymakers in comprehending the crucial components of tax compliance so that the necessary adjustments can be made to guarantee high compliance going forward.

Moreover, this research will be helpful in understanding the current tax environment. This study will add to an existing reservoir of knowledge regarding taxes which could serve as the foundation for the creation of tax compliance strategies.

1.2 Objectives of the Study

The objectives of the study are

1. To examine the personal income tax awareness of Myanmar's taxation system and
2. To analyze the awareness of taxpayers in Kyauktada township.

1.3 Method of Study

The study is a descriptive method based on secondary data and primary data. Secondary data obtained from the Internal Revenue Department reports and websites. Primary data is collected by surveying the companies' employees within Kyauktada township.

The structured questionnaire was used for the survey. Primary data is collected by surveying the companies' employees with sample 176 participants within Kyauktada township. The Primary data and secondary data were used to analyze the tax awareness and benefits of taxpayers in Kyauktada township. The survey is collected from companies' employees within Kyauktada township.

1.4 Scope and Limitations of the Study

The study was specific focus to analyze the tax awareness and benefits of taxpayers (companies' employees) within Kyauktada township. The study area is conducted in Kyauktada township. The sample survey was conducted only companies' employees in Kyauktada township. The survey period is from April 2024 to May 2024. Time period of study for secondary data is limited from 2019 to 2023.

1.5 Organization of the Study

The study is organized by five chapters. The first chapter include introduction which consists of rationale of the study, objective, method of study, scope and limitation and the last part is organization of the study. Chapter two is literature review which deals with definition of public finance, taxation, direct taxes and personal income tax and review on previous studies. Chapter three presents historical background of taxation in Myanmar, personal income tax in Myanmar, Myanmar tax reform and Internal Revenue Department relatively. Chapter four is survey analysis which composed with survey profile, survey analysis from companies' employees in Kyauktada township. Chapter five is conclusion which consists of findings and recommendations.

CHAPTER II

LITERATURE REVIEW

2.1 Definition of Public Finance

A subfield of economics known as "public finance" is concerned with the financial actions and choices made by governments. It explores how governments raise money through various channels, including taxes, and looks at how those revenues are distributed among various industries and initiatives, from infrastructure and defense to healthcare and education. Public Finance is the branch of economics that studies the taxing and spending activities of government. The microeconomic activities of government, including how it affects resource allocation and income distribution, are the main emphasis of contemporary public finance. Most of the time, other fields deal with the macroeconomic activities of government and how taxes, spending, and monetary policies affect the level of prices and the general rate of unemployment (Charles K. Rowley and Friedrich Schneider, 2004). Additionally, public finance examines the budgeting, borrowing, and debt management practices used by governments. It also looks at how government policies especially fiscal policies affect social welfare, economic growth, and income distribution. To put it simply, public finance sheds light on how governments handle money issues in order to accomplish larger social and economic goals.

The primary source of funding for governmental operations is public revenue, which provides the necessary funds to maintain infrastructure and public services. Its diverse character includes a large range of revenue streams, each with unique social and economic implications. The main source of income, taxes come in a variety of shapes and forms that are intended to capture wealth, income, and consumption in society. By charging higher rates to those with greater incomes, income taxes which are frequently progressive in nature seek to promote social fairness and redistribute wealth. Conversely, sales taxes disproportionately affect people with lower incomes since they are regressive and place a greater proportional burden on their necessary expenses.

Governments receive funding from a variety of sources in addition to taxes, such as service fees, fines for breaking the law, royalties from the exploitation of natural resources, and tariffs on foreign trade. Every source of income has an impact on societal dynamics, economic behavior, and consumer and company decisions as well as international trade ties.

Maintaining a delicate balance between social fairness and economic efficiency is necessary for the efficient administration of public revenue. In order to finance basic services, policymakers must minimize market inefficiencies and promote a fair distribution of the tax burden, all while generating enough money. Furthermore, in order to prevent disadvantaged communities from being disproportionately impacted, consideration must be given to the social implications of revenue-raising strategies. Therefore, the financial cornerstone of governmental operations, public revenue makes it possible to provide essential public goods and services. Governments maintain economic activity, advance social welfare, and encourage inclusive growth by carefully balancing taxation and other revenue sources. Achieving equitable development, fiscal sustainability, and societal well-being all depend on the strategic use of public money.

2.2 Taxation

The purpose of taxation is to differentiate between resource allocation, income redistribution, and economic stability. The first purpose, resource allocation, is aided by tax policy that does not interfere with market-determined allocations, while the second target, income redistribution, seeks to reduce inequities in income and wealth distribution. Governments impose a complicated system of charges on people, corporations, and transactions that take place within their borders, which is known as taxes. In order to finance public expenditures for everything from national defense and infrastructure development to basic services like healthcare and education, it is vital. The identification of taxable entities, the establishment of tax bases and rates, the collection of taxes, and the enforcement of tax laws are some of the essential steps in the taxation process. Aspects of economic activity such as wealth, transactions, income, and consumption are all subject to taxes. Sales taxes are applied to the purchase of goods and services, whereas income taxes are imposed on the earnings of people and businesses. In addition, taxing serves two other, more contentious purposes that are still frequently used by contemporary states. In order to lessen the unequal distribution of wealth and income that arises from a market-based economy's regular operations, taxes

may have a redistributive effect. The purpose of taxes has been controversially debated throughout history, and its legality can be supported or refuted by a variety of distributive justice ideas. Although it is debatable to what extent taxes were or can be useful in redistribution, it is undeniable that many industrialised nations have attempted to employ them for this purpose (Richard M. Bird & Eric M. Zolt, 2005).

Tariffs are levied on imports and exports, whereas property taxes are assessed based on the value of real estate and other assets. In addition to giving governments the money they need to fund infrastructure and public services; taxes help advance larger social and economic goals. Governments can encourage certain behaviors, like saving and investing, or discourage others, like excessive consumption or pollution, by enacting tax policies. Additionally, taxes are a major factor in income redistribution because progressive tax laws are designed to take a bigger portion of income from higher-earners and use that money to fund social welfare programmes and other help for lower-income people. The complex process of taxation is essential to social welfare, economic policy, and government funding. It includes a vast range of taxes imposed on various economic entities and activities, and it is essential in determining the behavior of individuals as well as the overall socioeconomic results in society. Taxes are a critical source of funding for essential government initiatives like the provision of public goods (Avi-Yonah, Reuven S, 2006).

The two main types of taxes are direct tax and indirect tax. Direct taxes provide a clear way for governments to raise money and allocate it to individuals or organizations. They give citizens and the government a direct line of communication, which makes it easier to comprehend the tax burden and how it affects various income levels. Additionally, progressive tax rates that compel higher incomes to contribute a larger percentage of their income can be used to direct taxes in order to promote social objectives like supporting social welfare programmes or reducing income disparity. Conversely, indirect taxes may be simpler to manage and less vulnerable to tax evasion despite being less apparent. They are a wide-ranging source of money for governments because they are frequently imposed consistently to all consumers, regardless of economic level. But as indirect taxes are often regressive, lower-income people who spend a bigger percentage of their income on taxable products and services are disproportionately affected. This has the potential to worsen wealth disparity and

unfairly punish those who can least afford it. In the end, a number of variables, such as public preferences, administrative concerns, and government policy goals, will determine whether direct or indirect taxes is preferred. For the purpose of striking a balance between revenue generation, economic efficiency, and equity, many tax systems combine the two forms of taxes.

2.3 Direct Taxes

As a way to directly access the income, earnings, or wealth of people and organizations, direct taxes are an essential part of government revenue systems. Direct taxes are apparent and require taxpayers to report their income, profits, or assets and pay the applicable tax directly to the government. In contrast to indirect taxes, which can be concealed within the cost of goods and services, direct taxes are obvious. For example, income taxes are normally computed using the total income of the taxpayer, deducted from various sources, and then used to determine the taxable income. Corporate taxes, on the other hand, are based on the profits that companies make, which has an immediate effect on their bottom line. Property taxes determine the worth of real estate that is owned by people or companies, giving local governments the money, they need to finance infrastructure and public services. Although they are less prevalent, wealth taxes target the net worth and total assets of individuals or families in an effort to reduce wealth disparity by taxing high-value assets including personal property, financial investments, and real estate. Progressively, or the idea that tax rates rise in proportion to growth in the taxable base, is one of the main characteristics of direct taxes. Because of its progressive design, direct taxes can assist reduce the gap between high- and low-income people or organizations by redistributing income and wealth throughout society. Many research and discussions about the impact of direct taxes on economic growth have been carried out throughout the years. Numerous studies suggest that high direct tax rates could impede economic growth by deterring savings, investment, and labour. This can be attributed to the fact that high tax rates deter people and businesses from working harder and making larger investments, which ultimately slows economic growth (Gupta,2014).

Furthermore, in order to take into account shifting societal demands, tax policy goals, and economic situations, direct taxes frequently go through periodic revisions and adjustments. Governments may also put policies in place to guarantee tax compliance and prevent tax evasion. These policies may include tax incentives, credits, or deductions to promote specific behaviors, such as investing in renewable energy or R&D. In government finance systems, direct taxes are essential because they offer a clear and visible way to raise money while simultaneously promoting more general economic and social goals including wealth equality, income redistribution, and economic growth.

Modern taxation systems are fundamentally based on income taxation, which gives governments a consistent flow of income to fund infrastructure and public services. Its importance goes beyond just raising money because income tax laws frequently represent the goals, values, and social compact that unites the people and the government of a country. Fundamentally, income tax is based on the equity concept, which seeks to equitably divide the tax burden among taxpayers according to their financial capacity. The application of progressive taxation, in which tax rates rise in proportion to income levels, is common to realize this idea. Income tax systems aim to reduce income disparity and foster social cohesion by levying higher tax rates on individuals with higher incomes. Additionally, income taxes allow governments to control behavior and economic activity through the fiscal policy mechanism.

Policymakers can encourage savings, investment, entrepreneurship, and other behaviors that are thought to be helpful for economic growth and societal well-being by offering targeted tax credits, deductions, and incentives. A complex web of laws, rules, enforcement tactics, and compliance procedures interact to administer income tax. To preserve the integrity of the tax system, tax authorities are entrusted with monitoring taxpayer compliance, identifying instances of tax evasion, and enforcing tax rules. Furthermore, by offering a distinct and obvious source of funding, income tax promotes accountability and openness in government finances.

Taxpayers frequently have a strong sense of responsibility for their taxes and anticipate that their money will be well allocated to support public services like infrastructure, healthcare, education, and social safety nets. The income tax is a fundamental component of contemporary governance, supporting social progress, economic growth, and fiscal sustainability. Its complex function goes beyond tax

collecting to include accountability, efficiency, and equity concepts, greatly influencing how people interact with their governments.

2.4 Personal Income Tax

Government taxes on individuals' income are known as personal income taxes, as the name implies. As a major source of funding for public services and programmes, it makes up a sizeable amount of government revenue. The personal income tax has a broad application that covers a variety of income sources, such as capital gains, commissions, bonuses, tips, wages, salaries, and income from investments and rentals. This all-inclusive strategy guarantees that everyone contributes to the tax base in accordance with their wages and financial activity. The progressive nature of the personal income tax is one of its distinguishing characteristics. For personal taxes, the progressive tax rate is frequently applied; the higher the income, the higher the tax, which promotes income redistribution (Zhang, 2017). With progressive taxation, tax rates climb in tandem with rising income levels. In order to ensure that individuals with higher incomes pay a bigger proportion of their earnings in taxes compared to those with lower incomes, this progressive structure strives to more fairly spread the tax burden. Furthermore, a variety of credits, exemptions, and deductions are frequently included in personal income tax systems with the aim of lowering taxpayers' overall tax obligations. Certain costs, including those related to healthcare, education, mortgage interest, charitable giving, and retirement savings, may be the focus of these provisions. Through the provision of deductions and credits to offset taxable income, governments can encourage specific behaviors and offer assistance to individuals and families that are struggling financially.

Individuals must ensure that their personal income tax duties are fulfilled, as noncompliance can lead to penalties, fines, and legal ramifications. Individuals must accurately record their income and pay the applicable taxes. Annual tax returns are normally filed by taxpayers, who reveal to the tax authorities their income, credits, and deductions. To further ensure compliance with tax requirements, employers may choose to withhold income taxes from employees' wages at certain points during the year.

Economic policy, social welfare, and government finances are all significantly impacted by personal income taxation. In addition to promoting justice and equity and supporting the delivery of necessary public services and programmes, it reflects the values and priorities of society. In contemporary countries, being financially responsible and being a good citizen require understanding personal income tax and paying taxes.

2.5 Review on Previous Studies

According to Song and Yarbrough (1978), tax compliance as taxpayers' ability and willingness to comply with tax laws which are determined by ethics, legal environment and other situational factors at a particular time and place. McKerchar (1995), who researched Australian small business taxpayers, made this hypothesis. She made the argument that small business taxpayers may engage in inadvertent non-compliance activity because they are unaware of their ignorance of taxes. According to research by Kasippilai (2000), having knowledge about taxes will increase compliance rates. A voluntary compliance tax system requires tax knowledge as a necessary component (Kasippilai, 2000). Numerous previous research (Kasippilai & Jabbar, 2003) that showed having tax knowledge would result in higher compliance rates empirically support this. In a similar vein, taxpayers may consciously or inadvertently engage in non-compliance conduct due to a lack of tax awareness. According to McKerchar (2005), tax agents in Australia wanted a much simpler tax code with fewer regulatory requirements and because they were unhappy with the growing complexity of the tax code. According to Richardson (2006), the primary factor influencing non-compliance was complexity. Research conducted in Malaysia (Loo, E.C. 2006) suggested that the most important element influencing taxpayer compliance under the self-assessment system is tax knowledge. Cox and Eger (2006) who focused on the State Road Funds in the US State of Kentucky. The authors found that procedural tax complexity contributes to an increase in tax non-compliance.

According to Hoelzl, Kirchler, and Wahl (2007), tax knowledge, tax rate, and fairness in tax law are important factors to consider when attempting to comprehend both voluntary and enforced tax compliance. According to (Kirchler, 2007), a variety of factors can affect a taxpayer's attitude toward compliance, which in turn can affect

the taxpayer's behavior. The variables that impact tax compliance or non-compliance behaviors vary among nations and also amongst individuals. Recent research conducted in Malaysia (Loo et al., 2008; 2009) has likewise indicated that taxpayers' compliance behavior under the self-assessment system is mostly determined by their tax expertise. Loo, McKerracher and Hansford (2009) supported statements of Canada Revenue Authority (2009) as their findings reveal that gaining tax knowledge has a significant impact on Malaysian's compliance level when the self-assessment system had introduced.

Htet Aung (2010) examined the role of large taxpayer unit in tax administration of Myanmar in order to identify the ways which can able to support the more efficient fiscal system in tax administration of Myanmar. The paper used descriptive which based on secondary data from Internal Revenue Department (IRD). The paper studied that tax administration department of Yangon Division having collected the concerned taxes from private companies are important and which are mainly involved in tax administration of Myanmar.

Myo Thura (2013) analyzed the income tax and the obtained results based on the income tax administration system in Myanmar. The paper used descriptive which based on secondary data from Internal Revenue Department (IRD) of Ministry of Finance and Revenue. The paper suggested that tax educational article should be mentioned in Journals, Magazines, newspaper, tax seminar and animation to be able to learn by the taxpayers and that will help improve the taxpayers' knowledge and also taxpayers should be given tax education and full services to transform them into compliance taxpayers.

Tin Myo Myo Win (2019) investigated in levying tax on customer services in Myanmar. The survey questionnaire was distributed to the respondents among personal contact and collected 146 responses and is mainly made on Yangon University of Economics. The paper found out that in order to ensure efficient implementation of service tax, the government should come out with a proper guideline to the society on the procedures for the implementation of service tax and the government must ensure a good management of the income collected from tax on customer services and the benefit from the collection must be returned to the people as enshrined in the concept of the government of Union of Myanmar.

Tin Aung Moe (2022) examined the improving of tax administrative efficiency in Myanmar through strengthening the withholding tax system. A qualitative approach was applied in this paper and suggested that several kinds of services to taxpayers such as tax education, public relations activities, necessary guidance and some other similar services should be provided in order to gain their understanding and trust.

CHAPTER III

TAX ADMINISTRATION AND PERSONAL INCOME TAX

IN MYANMAR

3.1 Historical Background of Taxation in Myanmar

The Union of Myanmar's administration system was a somewhat altered colonial administration system. It did not significantly benefit the nation or its citizens. Because of this, it became necessary to construct a new administration system. To that end, on March 15, 1972, the Revolutionary Council issued Notification No. 97, which established new guidelines for reorganizing administration systems.

The Ministry of Planning and Finance merged the Profit Tax Department, Commercial Tax Department, Excise Department, State Lottery Department, Stamp Duty Department, the Revenue Section of the General Administration Department, and the Office of the Financial Commissioner, which existed separately, in order to implement a new administrative system. On October 10, 1972, the Internal Revenue Department was established to administer all tax assessments. This information is stated in Notification No. 97.

There were 271 offices at first, including the Internal Revenue Department's headquarters, six directorates, fourteen region/state offices, and 250 township offices. Headquarters were located in Yangon. Chairman was the title of the department head at the time. It was then modified to Director General. The State lottery tax, stamp duty, income tax, profit tax, commercial tax, excise tax, land tax, water tax, embankment tax, fisheries tax, and mineral tax (crops tax in Shan State) were among the ten types of taxes and duties that were managed by the Internal Revenue Department.

Prior to 1988, the Socialist Economic System was in place, and during the Military Government Era that followed, the Market Economy System was implemented. The IRD administered five different types of taxes and duties, which were moved to other relevant departments in order to ensure a more efficient tax collection system. On 1-4-1989, the General Administration Department received land, water, and embankment taxes, excise taxes, and mineral taxes, while the Fisheries Department received fisheries taxes.

The eight Union Ministries and the Nay Pyi Taw Council collect 22 different forms of taxes, which are broken down into the following 4 tax groups, for the Union Treasury Fund of the Republic of the Republic of Myanmar:

- (a) A tax imposed on the public's consumption of locally grown produce
- (b) Income and property taxes
- (c) Customs
- (d) A tax levied on the exploitation of state resources

The Union's tax law has determined the rates for these six taxes: income tax and commercial tax have been collected since 2014, special commodity tax rates have been collected since 2016 and jewelry tax rates have been accepted since 2019. The Union's tax law has been enacted annually since 2019.

The Internal Revenue Department has modified tax laws to conform to the administrative framework of various governments, historical periods, and economic systems. Prior to the establishment of the Internal Revenue Department, tax laws were passed and taxes were collected. In accordance with the administrative systems during the following periods: the Myanmar monarchy, the Colonial and Japanese eras, the Revolutionary Council era, the Socialism era, the State Law and Order Restoration Council era, and the State Peace and Development era and Union Government era. The following is the law pertaining to these taxes, along with the law number and enforcement date:

Table (3.1) Categories of Taxes by Historical Period from Myanmar King Dynasty to Before Independence

Sr	Period	Types of Tax	Tax Law and Year Enacted
1	Myanmar King Dynasty (849-1885)	1.Salt Tax 2.Palm Tax 3.Fisheries and Irrigation Tax	
2	Colonial Era (1885-1948)	1.Capitation Tax 2.Property Tax 3.Court Fees 4.Land Tax	The Court Fees Act (1870) Land and Revenue Act (1876) The Lower Burma Land and Revenue Act The Lower Burma Town and Village Lands Act

		5.Custom Duties 6.Stamp Duty 7.Forest Tax 8.Fisheries Tax 9.Excise Tax 10.Profit Tax 11.Cigarettes Duty 12.Matches Tax 13.Aerated water and beverages Tax	The Upper Burma Land and Revenue Regulations Sees Customs Act (1878) Custom Duties Law (1924) The Burma Stamp Act (1899) Forest Tax (1902) The Fisheries Act (1905) The Burma Excise Tax (1917) The Indian Income Tax Act (1922) The Cigarettes Duty Act (1931) The Matches Act (1934)
3	Japanese Occupation (1942-1945)	Due to inflation, rather than tax collection in crops, the existing taxes were remained unchanged.	
4	After World War II , before Independence (1945-1948)	1.Entertainment Tax 2.Profit Tax	The Entertainment Tax Act (1947) was continued in effect by Government of Burma (Adaptation of Laws) Order, 1937

Source: Internal Revenue Department

As shown in table (3.1) , salt tax, palm tax, fisheries and irrigation tax were collected in Myanmar King Dynasty. In Colonial Era, thirteen types of taxes were collected. But in Japanese occupation, taxes were collected in crops due to inflation and the existing taxes were remained unchanged. After World War II , entertainment tax and profit tax were collected.

Table (3.2) Categories of Taxes by Historical Periods After Independence

Sr	Period	Types of Tax	Tax Law and Year Enacted
1	After Independence (1948-1962)	1.Business Profit Tax 2.Sales Tax 3.Business Premise Tax 4.Hotel and Restaurant Tax 5.Entertainment Tax	1948 Business Profit Tax Act Sales Tax Act of 1952 1956 Business Premise Tax Act Hotel and Restaurant Tax of 1949 The Entertainment Tax Act of 1947
2	Revolutionary Council Era (1962-1974)	1.Income Tax	Income Tax Law (1974)
3	Socialist Era (1974-1988)	1.Profit Tax 2.Goods and Service Tax	Profit Tax Law (1976) Goods and Service Tax Law (1976)
4	The State Law and Order Restoration Council and The State Peace and Development Council Era (1988-2010)	1.Commercial Tax (CT)	Commercial Tax Law (1990)
5	Union Government (2010 – present)	1.Specific Goods Tax (SGT)	Specific Goods Tax Law (2016)

Source: Internal Revenue Department

As shown in table (3.2) , business profit tax, sales tax, business premise tax, hotel and restaurant tax, entertainment tax were collected after independence. Income tax was collected in Revolutionary Council Era. Profit tax , goods and service tax were also collected in Socialist Era. Commercial tax was collected in the State Law and Order Restoration Council and the State Peace and Development Council Era. Specific good tax was collected in Union Government Era.

3.2 Personal Income Tax in Myanmar

The Income Tax Law in Myanmar was enacted from the assessment year 1974-1975. Assessment year means the year following the income year. The types of income that are subject to income tax are as above.

- (a) Salary income
- (b) Income from livelihood education business
- (c) Income from business
- (d) Property rental income
- (e) Profit from capital goods
- (f) Income exempt from taxation and
- (g) Income from other sources

Income tax is not levied on individual (e.g., companies' employee) who earns less to 48,000,000 kyats from salary in one year. If you request proof of salary income that is not subject to such taxation, it will be issued by the Department of Internal Revenue. However, if a person earns more than 48,000,000 kyats in a year, she or he must pay income tax on the accumulated salary. In order to promote the recovery of businesses and investments affected by the Covid-19 pandemic, if a person earns more than 48,000,000 kyats from salary in one year, or livelihood education business, it has been announced that anyone who receives income from business and other means must pay tax according to the tax rates to be levied on the remaining income after deducting the benefits according to Sections 6 and 6-A of the Income Tax Law. Myanmar is enacting the Union Taxation Law every year. Section 19 of the Union Taxation Law of 2023; Under subsection (c), the income tax rates are as follows.

Table (3.3) Taxable Income Range and Income Tax Rate

No.	Taxable Income Range		Income tax rate
	From (MMK)	To (MMK)	
1	1	2,000,000	0%
2	2,000,001	10,000,000	5%
3	10,000,001	30,000,000	10%
4	30,000,001	50,000,000	15%
5	50,000,001	70,000,000	20%
6	70,000,001 and above		25%

Source: 2023 Union Taxation Law

According to the 2023 Union Taxation Law, if a person earns less to 48,000,000 kyats of income in one year, she or he does not have to pay income tax. If the annual gross salary exceeds 48,000,000 kyats, the benefits of the gross income are deducted according to Sections 6 and 6-A of the Income Tax Law, and the remaining income must be calculated according to the income tax rates.

Under the income tax law, the two types of foreigners are classified resident foreigner and non-resident foreigner. Resident foreigner is an individual who lives in Myanmar for not less than 183 days during the income year and in the case of a company which formed under the Myanmar Companies Act or any other existing Myanmar Laws, wholly or partly with foreign shareholders. For an association of persons other than a company, an association formed wholly or partly with foreigners and where control, management and decision making of its activities is situated and exercised wholly in Myanmar. Non-resident foreigner is a foreigner who is not a resident foreigner in Myanmar.

If you are a domestic citizen and a domestic foreigner, you will have to pay income tax according to the income tax rates included in the table, even the allowances benefits are allowed. If you are a foreign national, you will not be allowed to deduct allowances benefits, but you will have to pay income tax based on the income tax rates included in the table, and you will have to pay it according to the type of income received.

On September 12th 2023, Myanmar Government amended and enacted the 2023 Taxation Law with Law No. 55/2023. In the past, expatriate Myanmar citizens were exempted from the salary income earned abroad from 1-1-2012. Now, the income tax of the foreign nationals earned abroad with the lower of the two methods list below must be levied with the type of foreign income received.

- (1) Deduct reliefs under Section 6 of the Income Tax Law and calculate and levy the tax at the tax rate in Section 19 Subsection (c) of this Law in accordance with the provisions of the Income Tax Rules and Regulations.
- (2) According to Sections 6 and 6-A of the Income Tax Act, tax is calculated at two percent without deducting allowances.

When filing the salary income tax return, the person responsible for paying the salary must deduct the salary income tax due at the time of the salary payment and remit it in monthly installments. The payroll officer must estimate the salary income tax due for the year. Every time a salary is paid, monthly installments must be deducted from

the salary income tax due for the year. The salary and income tax form with the salary deductions must be submitted to the tax office of the township where the office is located, and the tax must be remitted to the relevant township Myanmar Business Bank. If it is a state-owned business organization, it must pay tax on the amount deducted on that day and if it is another organization, including the company, it must be submitted within 15 days from the date of payment. Due to the difficulty of submitting the withheld tax within the specified date, it is required to extend the time to pay the tax beyond the specified date, it is necessary to the approval of extension from the Internal Revenue Department. If the tax is not paid within the specified date, according to Section (74) of the Tax Administration Law, 10% of the amount of failure to pay must be paid as a penalty for late payment. The annual salary statement must be sent within (3) months after the end of the year.

According to Article 6 of the Income Tax Act, which allows deductions in the calculation of income tax, the exemptions are as follows.

- (a) Basic relief (20 percent of total income, maximum 10,000,000 kyats)
- (b) Relief for joint parents (Ten thousand kyats each)
- (c) Relief for one spouse only (ten thousand kyats), domestic partner means a person who lives with him or is supported by him at any time during that year. She/he must be a non-income earner who himself is eligible for income tax in that income year.
- (d) Relief for children (five hundred thousand kyats each); For children, at any time during that year, it means biological children, husband, wife's children, and children who are adopted according to any law. However, those children are not married, those who do not have income that is eligible for income tax, it means those who are at least 18 years of age and are in full-time education, or those who are doing an apprenticeship in order to complete their qualifications in the vocational education industry.
- (e) Premium paid for life insurance (for taxpayer and spouse);
- (f) Contribution to Social Security Fund (for taxpayers only).

When purchasing, building, or otherwise acquiring basic property, you can also submit a proof of salary income tax deduction and payment certificate PaTaKha (Wa

Nga)-15(A), which can be download at IRD website (www.ird.gov.mm) and like the tax payment record book that was previously used to present the source of income.

Section 6-A of the Income Tax Law provides relief contributory Income - up to 25% of the taxpayer's cumulative income. Donation means donations to any religious or meritorious organization sponsored by the state organization or the Ministry of Planning and Finance issued an order and recognized, or to any fund related to them.

According to Section 6, Section (A), Subsection (1) and (2) of the Income Tax Law, the amount of basic relief allowed must be equal to 20 percent of each type of income. However, the amount allowed for conditional relief for a year cannot exceed 100,000 kyats.

The calculation is as shown below.

Taxable income = accumulated salary income – benefits

If the income to be taxed exceeds 20 million kyats, only the amount exceeding 20 million kyats will have to be calculated and paid a percentage tax.

3.3 Myanmar Tax Reform

The government has a duty to citizens and organizations in relation to tax collection and there are many difficulties in allocating the tax money to the required areas. This fact has many implications for the government in properly managing the country. Reforming the tax system is necessary to increase the number of taxpayers. It means an increase in the number of tax payers from different businesses. Modernizing antiquated tax laws and systems is important to ensure equal opportunities for all citizens. Improving public knowledge related to taxes is also necessary as a confidence-building process for the government to increase the country's tax revenues.

An important change during this period was the shift from a government self-assessment tax system to a taxpayer self-assessment system. In self-assessment system, a taxpayer declare income and determine the amount of tax to be paid. Organizations are now required to calculate their own tax payments and submit income statements. These records will be audited in the future to ensure that organizations are in compliance with the law. As part of the reform, new tax offices were opened to provide detailed tax services based on tax payer strata. As a result, the Large Taxpayer Tax Offices and the Medium Taxpayer Tax Offices were established. Taxpayer self-assessment process was started in fiscal year 2015-2016 through LTO for large taxpayers and for medium taxpayers, it started in FY 2016-2017 through MTO1. Tax reform is not only about improving government tax revenue, but also about how citizens value the tax system. The following is the reform activities of the Internal Revenue Department.

Table (3.4) Tax Reform Activities of Internal Revenue Department

Year	Tax Reform Activities
2012	Myanmar introduced comprehensive tax reform initiatives. It was to maximize the amount of tax collected by the government, to increase the tax base, to improve people's compliance to pay taxes according to government laws and to modernize tax administration.
	State Lottery Department increased the amount of lottery award to 1,500 lakhs mmk as a special award from Draw No. 277 onwards.

2013	Established Taxpayer Service Units in Yangon Region and in Mandalay Region in order to provide answers to the questions raised by the people with regards to tax matters; to assist in submitting the complaints relating to tax matters; to settle the complaints and to provide tax information to the foreign investors
2014	As a policy reform of Internal Revenue Department, Large Taxpayer Office (LTO) was established in order to change to the self-assessment system (SAS) from the previous practice of the official assessment system (OAS).
	In order to collect the actual tax from restaurants, Tax Label Project was initiated (Affixing tax labels equivalent to the amount of commercial tax on the receipts to the customers) as a pilot project in Yangon Development Council area.
2015	Tax Label Project continued in the whole country to have tax labels affixed on the receipts issued by restaurants and hotels.
	Hold Tax Reform Program Steering Committee meeting once a month.
2017	The Internal Revenue Department received financial and technical support from international organizations such as the IMF, the World Bank and the United States Treasury Department to carry out this reform. Initial work on this change was completed in 2017. It aimed to improve the tax administration system, which was the main problem of difficulties.
	The self-assessment system (SAS) is also practiced in Medium Taxpayer Office 1.
	State Lottery Directorate of the Internal Revenue Department started selling 500-kyat lottery tickets.

Source: Internal Revenue Department

3.4 Internal Revenue Department

On October 1, 1972, the Internal Revenue Department (IRD) was established in accordance with the new administrative framework. The Internal Revenue Department, also known as IRD, was created by combining the functions of the Income Tax, Commercial Taxes, Stamp Revenue, State Lottery, Excise, Salt Revenue, Excise Section of the General Administration Department, and Office of the Financial Commissioner. The objectives of Internal Revenue Department were as follow:

- Improve integrity, transparency and accountability
- Update our tax laws
- Improve the structure of IRD for better management
- Improve our communication and change management processes
- Development our people and recruit qualified staff
- Modernize our processes and procedures
- Improve the services we provide to taxpayers and take strong enforcement action on those who do not comply
- Introduce a modern, world-standard information technology system
- Progressively introduce self-assessment into the Myanmar tax system

Internal Revenue Department sets 8 policies and 5 missions in order to ensure full tax collection, to reform the tax administration system to be in line with Market Economy System and to regulate money circulation and inflation with the tax administration system. The eight policies are as follow:

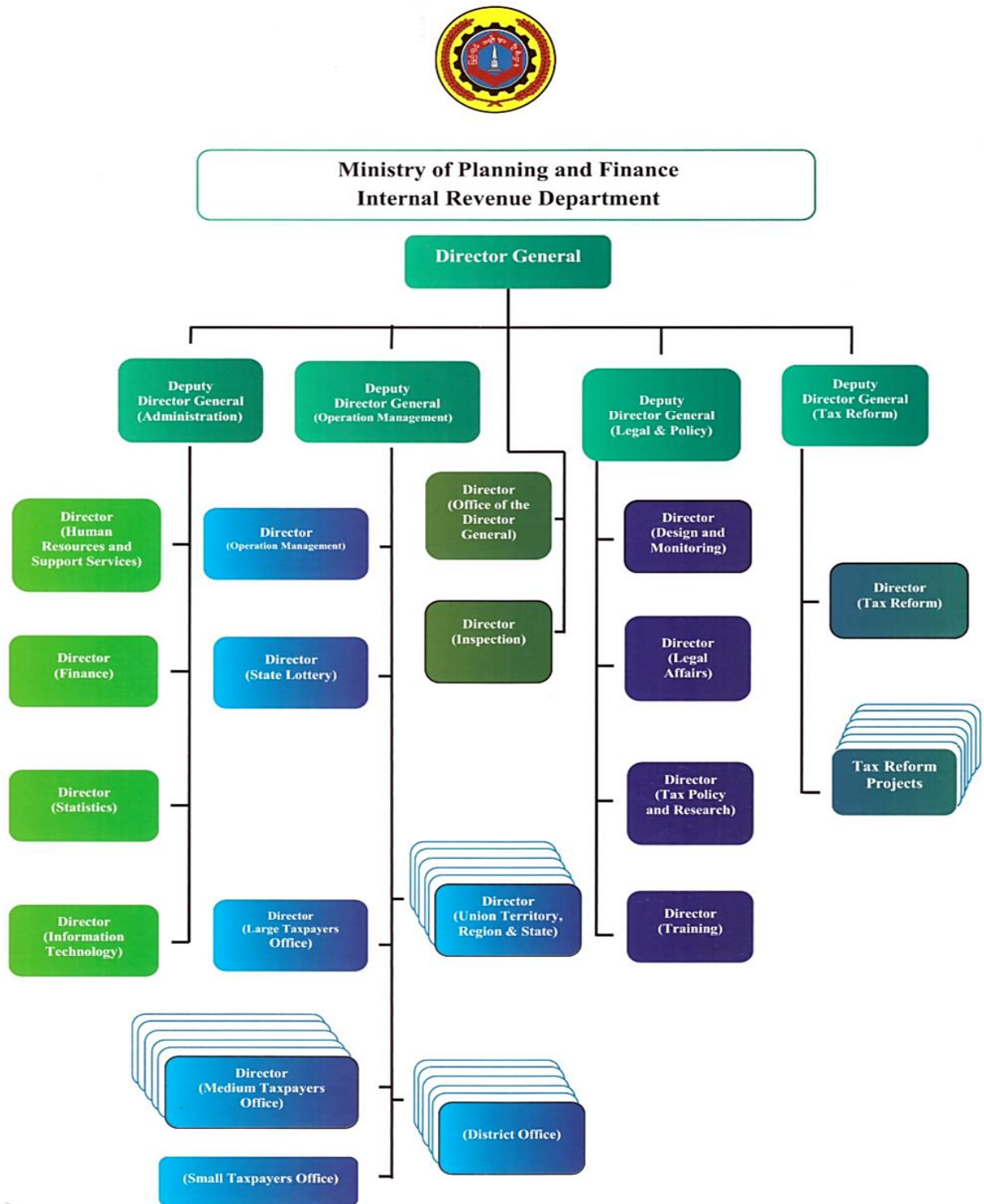
1. To establish a firm legal framework which enables the Internal Revenue Department to work on the processes effectively
2. Re-organize the Internal Revenue Department to be in line with the new administration procedures
3. To modernize tax assessment processes
4. To utilize technology fully in order to simplify and organize processes and procedures
5. To utilize Service and Enforcement programs in order to manage risks
6. To develop the staff in order to enable them to use their capability and capacity to the full extent
7. To develop leadership and governance programs
8. To increase transparency and accountability in all aspects of administration

The five missions are established by the Internal Revenue Department with the aim of ensuring complete revenue collection and reforming the tax administration system. The following are the five missions:

1. To facilitate the socio-economic development of the country and the people by strengthening tax assessment in line with the laws in order to ensure full tax collection
2. To assist the taxpayers with taxpayer education programs and other services to increase voluntary compliance and to change to self-assessment system
3. To build trust by doing tax assessment accurately and truthfully in accordance with the tax laws
4. To upgrade the tax offices to enable the use of modern technologies and to work effectively and systematically
5. To provide staff with training opportunities to consistently develop skills, experience and knowledge

Under the Ministry of Planning and Finance, the Internal Revenue Department (IRD) is a significant revenue department that is made up of the Head Office, State and Divisional Revenue Offices, District Revenue Office and Township Revenue Office. The Director General's office, which serves as the department head's workspace, handles general management and overall supervision. The corresponding directorates are responsible for carrying out the policies, plans and programmes established by the head office. Under its jurisdiction, the Township Revenue officers' operations are overseen by State and Divisional Revenue officers. The following is the organization of the Internal Revenue Department (2023).

Figure (3.1) The Organization of the Internal Revenue Department (2023)



Source: Internal Revenue Department Annual Report for 2022-2023 FY

The assessment and revenue collection responsibilities of these departments were merged into those of the newly created Department. The following ten categories of taxes and duties were collected by the Internal Revenue Department between October 1, 1972, and March 31, 1989.

1. Excise taxes,
2. Commercial taxes,
3. Stamp duties,
4. Income taxes,
5. Profit taxes,
6. Land revenue taxes,
7. Water and embankment taxes,
8. Fishery taxes and
9. Mineral extraction taxes

Beginning on April 1st, 1989, the collection responsibilities for some tax kinds were moved to other departments in an effort to establish an efficient tax collecting system. As of April 15, 1989, the Internal Revenue Department only handled five different forms of taxes. Thus, it is evident how important IRD is to the process of funding government revenue. However, on September 29, 2011, the Internal Revenue Service eliminated the profit tax.

IRD currently only handles four different kinds of taxes. 2016 on January 18, 2016, the Special Commodity Tax Law As of 1-4-2016, the Internal Revenue Department is responsible for collecting five different types of taxes, as stipulated by Union Huttaw Law No. 11. As of right now, the Union Tax Law of 2019, Union Hluttaw Law No. (30) of 2019, and Article 38 of the Myanmar Gems Law, which was passed by Union Hluttaw Law No. (4) of 2019, are receiving the transfer of the collected jewel tax to the appropriate bank account of the Internal Revenue Department and are striving to meet the collection target. The following table shows the collection of taxes from 2019 financial year to 2022-2023 financial year in kyat billion.

Table (3.5) Tax Revenue collected by Internal Revenue Department

Tax Type	Tax Revenue (Billion Kyats)									
	2019 (6 months)		2019-2020		2020-2021		2021-2022 (6 months)		2022-2023	
	Tax	Percent	Tax	Percent	Tax	Percent	Tax	Percent	Tax	Percent
Income Tax	1,479	41%	3,516	48%	2,082	44%	1,425	46%	3,616	47%
Commercial Tax	1,222	34%	2,221	30%	1,668	35%	998	33%	2,663	34%
Specific Goods Tax	765	21%	1,271	17%	822	17%	575	19%	1,292	17%
Stamp Duty	30	1%	117	2%	84	2%	53	2%	130	2%
State Lottery	76	2%	160	2%	85	2%	11	0.4%	14	0.2%
Gemstone Tax	-	-	12	0.2%	3	0.1%	7	0.2%	46	0.6%
Total	3,572	100%	7,297	100%	4,744	100%	3,069	100%	7,761	100%

Source: Internal Revenue Department Annual Report for 2022-2023 FY

According to the Table (3.3) Internal Revenue Department Annual Report for 2022-2023 Financial Year, income tax (IT) is the most important tax and the main source of tax revenue, accounting for 47 percent of total collection and collection amounted to 3,615.8 billion kyats in fiscal year (FY) 2023. Commercial tax and specific goods tax amounted for 34 percent and 17 percent of IRD collection respectively while collections of commercial tax amounted to 2,663.5 billion kyats and specific goods tax amounted to 1,292.1 billion kyats. Stamp duty on documents amounted to 129.6 billion kyats and accounted for 2 percent of IRD's collection. The tax from state lottery and gemstone tax collections amounted to 13.6 billion kyats and 45.8 billion kyats respectively, contributing 0.18 per cent and 0.59 per cent of collection in 2022-2023.

CHAPTER IV

SURVEY ANALYSIS

4.1 Survey Profile

Large Taxpayer Office was established at 1st April 2014. It is especially collected tax on the big business group which is mostly private sectors. Nowadays, Large Taxpayer Office is divided into two offices which is Large Taxpayer Office -1 and Large Taxpayer Office-2. Both offices are located at Kyauktada Township. A total of 176 questionnaires were filled and returned from companies' employees which are taxpayers from Kyauktada Township, 106 were females and 70 were males respectively.

4.2 Survey Design

The study design provides inform about the personal income tax awareness and the benefits of taxpayers in Kyauktada township. Both primary and secondary data to adopt both qualitative and quantitative methods and utilize a range of data collection techniques. The survey questionnaires were divided into two major groups, personal demographic details and the personal income tax awareness and the benefits of taxpayers in Kyauktada township,

4.3 Survey Result

The data collected from the questionnaire for the study have been presented and analyzed. The purpose is to present the characteristics of the respondents and the result.

(a) Demographic Characteristics of the Respondents

It was important to find out from the respondents their gender, age, academic qualifications, income level and current employer respectively.

Table (4.1) Demographic Characteristics of the Respondents

Sr.	Demographic Characteristics	Categories of Variable	No of Respondents	Percent
1	Gender of the Respondents	Male	70	39.8%
		Female	106	60.2%
		Total	176	100%
2	Age Group of the Respondents	23 to 33	97	55.1%
		33 to 43	75	42.6%
		43 and above	4	2.3%
		Total	176	100%
3	Academic Qualifications of the Respondents	Bachelors	146	83%
		Masters	30	17%
		Masters and above	-	-
		Total	176	100%
4	Income level of the Respondents	≤ 400,000	-	-
		400,001 to 500,000	25	14.2%
		500,001 to 700,000	84	47.7%
		700,001 to 2,000,000	55	31.3%
		≥ 2,000,001	12	6.8%
		Total	176	100%
5	Current employer of the Respondents	Government	-	-
		Self employed	-	-
		Private/Public Company	174	98.9%
		Others	2	1.1%
		Total	176	100%

Source: Survey Data, 2024

Majority of the respondents are female taxpayers as the gender distribution for them was 60.2 % and the male taxpayers were only consisting 39.8% of the total population. It is indicated that aged between 23 to 33 years old were 97 persons, 75 persons were between the age of 33 to 43 years old and finally 4 persons were between 43 and above years old. The majority of the respondents 83% were Bachelor’s level and 17% were Masters level. It is indicated that 14.2% have an income of 400,001 to 500,000, 47.7% have an income of 500,001 to 700,000, 31.3% have an income of 700,001 to 2,000,000 and 6.8% have an income of 2,000,001 and above respectively. The majority of the respondents 98.9% were from Private and Public Companies and 2% were from others.

(b) Taxpayers Awareness Towards the Personal Income Tax

In the table (4.2), strongly agree is 5 , agree is 4 , neutral is 3 , disagree is 2 and strongly disagree is 1 respectively. Highest value of taxpayers attitude is 5.00 and lowest value of taxpayers attitude is 1.00. Average mean value of taxpayers attitude is 3.00.

Table (4.2) Taxpayers’ Awareness of Tax Knowledge

Sr.	Item	5	4	3	2	1	Mean	Std. Deviation
1	Tax collection is administered by the government organization known as Internal Revenue Department.	7	159	10	-	-	4.10	0.30
2	The government receives almost all of its revenue from income tax.	3	145	21	7	-	3.82	0.51
3	I have to refer people to others most of the time for help with my tax-related issues.	30	100	28	16	2	3.80	0.87

Source: Survey Data, 2024

As can be seen in table (4.2), the awareness of taxpayers towards tax knowledge are all positive since all the mean value of “Tax collection is administered by the government organization known as Internal Revenue Department.” is 4.10 with a standard deviation of 0.30 , the mean value of “ The government receives almost all of its revenue from income tax ”is 3.82 with a standard deviation of 0.51 and the mean value of “I have to refer people to others most of the time for help with my tax-related issues.” is 3.80 with a standard deviation of 0.87 respectively.

(c) Taxpayers Awareness Towards the Income Tax Law

In the table (4.3), strongly agree is 5 , agree is 4 , neutral is 3 , disagree is 2 and strongly disagree is 1 respectively. Highest value of taxpayers attitude is 5.00 and lowest value of taxpayers attitude is 1.00. Average mean value of taxpayers attitude is 3.00.

Table (4.3) Taxpayers’ Awareness Towards the Income Tax Law

Sr.	Item	5	4	3	2	1	Mean	Std. Deviation
1	Regarding Income Tax, I am familiar with the majority of the rules and laws.	1	90	32	49	4	3.20	0.93
2	I am aware that according to the amendment to the 2023 Union Tax Law, starting from 1-10-2023, foreign nationals will have to pay income tax in foreign currency on the salary earned abroad in foreign currency.	1	130	35	9	1	3.69	0.60
3	To the best of my understanding, Section 9 of the Income Tax Law stipulates that anyone who receives or is to receive from an employer must pay tax under the title of salary for any salary, wages, annuity, bonus, reward, salary and wages or additional fees and commissions received from the employer.	2	167	6	1	-	3.97	0.26
4	To the best of my understanding, Article 16 of the Income Tax Law In respect of any money covered by subsection (a) under the title of salary, the person responsible for disbursing the money shall deduct the tax due from the money disbursed at the time of disbursement.	2	170	3	1	-	3.98	0.23
5	I understand that the Income Tax Act 18 states that an employer must submit a salary statement annually as prescribed by regulations within three months of the end of the income year.	4	162	7	3	-	3.95	0.36

Source: Survey Data, 2024

As can be seen in table (4.3), the awareness of taxpayers towards the personal income tax are all positive since all the mean value of “Regarding Income Tax, I am familiar with the majority of the rules and laws.” is 3.20 with a standard deviation of 0.93 , the mean value of “I am aware that according to the amendment to the 2023 Union Tax Law, starting from 1-10-2023, foreign nationals will have to pay income tax in foreign currency on the salary earned abroad in foreign currency.” is 3.69 with a standard deviation of 0.60 and the mean value of “To the best of my understanding, Article 6 of the Income Tax Act allows me to deduct my allowance from my personal income tax.” is 4.01 with a standard deviation of 0.27249. and the mean value of “To the best of my understanding, Section 9 of the Income Tax Law stipulates that anyone who receives or is to receive from an employer must pay tax under the title of salary for any salary, wages, annuity, bonus, reward, salary and wages or additional fees and commissions received from the employer.” is 3.97 with a standard deviation of 0.26 and the mean value of “To the best of my understanding, Article 16 of the Income Tax Law In respect of any money covered by subsection (a) under the title of salary, the person responsible for disbursing the money shall deduct the tax due from the money disbursed at the time of disbursement.” is 3.98 with a standard deviation of 0.23 and the mean value of “I understand that the Income Tax Act 18 states that an employer must submit a salary statement annually as prescribed by regulations within three months of the end of the income year.” is 3.95 with a standard deviation of 0.36 respectively.

Table (4.3) describes the taxpayers’ awareness towards the income tax law. There are five components in exploring the taxpayer’s awareness towards the income tax law. The level of taxpayers’ awareness is measured based on the mean value of each variable. Since the average mean value of taxpayers’ awareness is 3.00, it can be assumed that the taxpayers have the positive level towards the awareness of income tax law.

(d) Taxpayers Awareness Towards the Personal Income Tax Allowance

In the table (4.4), strongly agree is 5 , agree is 4, neutral is 3 , disagree is 2 and strongly disagree is 1 respectively. Highest value of taxpayers attitude is 5.00 and lowest value of taxpayers attitude is 1.00. Average mean value of taxpayers attitude is 3.00.

Table (4.4) Taxpayers’ Awareness Towards the Personal Income Tax Allowance

Sr.	Item	5	4	3	2	1	Mean	Std. Deviation
1	I am aware that personal income tax must be paid by anyone making more than 4,800,000 kyats annually.	6	167	2	1	-	4.01	0.26
2	To the best of my understanding, Article 6 of the Income Tax Act allows me to deduct my allowance from my personal income tax.	6	166	3	1	-	4.01	0.27
3	I understand that in calculating salary income tax, regarding the life insurance premium payment, the life insurance premium actually paid in the income year will be allowed to be deducted.	2	157	16	1	-	3.91	0.34

Source: Survey Data, 2024

As can be seen in table (4.4), the awareness of taxpayers towards the personal income tax allowance are all positive since all the mean value of “I am aware that personal income tax must be paid by anyone making more than 48,000,000 kyats annually.” is 4.01 with a standard deviation of 0.26 , the mean value of “ To the best of my understanding, Article 6 of the Income Tax Act allows me to deduct my allowance from my personal income tax.” is 4.01 with a standard deviation of 0.27 and the mean value of “I understand that in calculating salary income tax, regarding the life insurance premium payment, the life insurance premium actually paid in the income year will be allowed to be deducted.” is 3.91 with a standard deviation of 0.34 respectively.

(e) Taxpayers Awareness Towards the Personal Income Tax Allowance

In the table (4.5), strongly agree is 5 , agree is 4, neutral is 3 , disagree is 2 and strongly disagree is 1 respectively. Highest value of taxpayers attitude is 5.00 and lowest value of taxpayers attitude is 1.00. Average mean value of taxpayers attitude is 3.00.

Table (4.5) Taxpayers' Low Level of Tax Awareness

Sr.	Item	5	4	3	2	1	Mean	Std. Deviation
1	I am aware that seamen's salary income tax is exempted for the period of possession before 1-10-2023, and if the income is earned for the period after 1-10-2023, the salary income tax is payable.	-	26	70	76	4	2.67	0.75
2	I am aware that the immediate payment of accommodation allowances by the employer to the workers in cash and additional allowances as rent allowances will be required to be taken into account in calculating the employee's income tax.	1	63	42	68	2	2.96	0.90

Source: Survey Data, 2024

As can be seen in table (4.5), the awareness of taxpayers are at low level since “I am aware that seamen's salary income tax is exempted for the period of possession before 1-10-2023, and if the income is earned for the period after 1-10-2023, the salary income tax is payable.” is 2.67 with a standard deviation of 0.75 and “ I am aware that the immediate payment of accommodation allowances by the employer to the workers in cash and additional allowances as rent allowances will be required to be taken into account in calculating the employee's income tax.” is 2.96 with a standard deviation of 0.90 respectively.

The level of taxpayers' awareness is measured based on the mean value of each variable. Since the average mean value of taxpayers' awareness is 3.00. It can be assumed that the taxpayers have the positive level towards the personal income tax awareness, if the mean value is above 3.00 and it can be assumed that the taxpayers have the low level towards the personal income tax awareness, if the mean value is below 3.00.

As can be seen in table (4.2), the awareness of taxpayers towards tax knowledge are all positive since all the mean value are above 3.00. In table (4.3), the awareness of taxpayers towards the personal income tax are all positive since all the mean value are above 3.00. In table (4.4), the awareness of taxpayers towards the personal income tax allowance are all positive since all the mean value are above 3.00. In table (4.5), the awareness of taxpayers are at low level since all the mean value are below 3.00 and the government should create more tax educational programs.

(f) Understanding of Taxpayers' Benefits

There are nine components in determining on awareness of taxpayers' benefits.

Table (4.6) Understanding of Taxpayers' Benefits

Sr.	Particulars	Categories of Variable	Percent
1	I understand that when purchasing, building, or otherwise acquiring basic property, you can also submit a proof of salary income tax deduction and payment certificate PaTaKha (Wa Nga)-15(A), like the tax payment record book that was previously used to present the source of income.	Yes	88.6%
2	To the best of my understanding, in order to take relief for his/her spouse in calculating salary income tax, that spouse must be with him/her at any time during the income year or must be supported by him/her, and this spouse must not have any income eligible for income tax during his/her own income year.	Yes	84.6%
3	I am aware that in calculating the income to be taxed, group of peoples and individuals are entitled to a basic relief allowance equal to 20 percent of each type of income (not to exceed 10,000,000 kyats).	Yes	97.7%
4	I understand that for individual taxpayers, 1,000,000 kyats per parent which has no taxable income, 1,000,000 kyats for a spouse only, 500,000 kyats per child, life insurance premiums of taxpayers and spouses, and social security contributions are calculated as relief.	Yes	97.2%
5	I understand that in calculating salary income tax, in order to take relief for the living parent, the living parent must be a parent or in-law who lives with him/her or has to support him/her in the income year, and the parent or in-law must not have income that is eligible for income tax in that income year.	Yes	72.2%
6	I am aware that in calculating salary income tax, in order to take relief for his/her children, those children must be unmarried, those who do not have an income that is eligible for income tax, must be under 18 years of age and those who are 18 years old must still in education.	Yes	73.9%

Source: Survey Data, 2024

As can be seen in table (4.6), respondents's understanding show that 88.6% said yes that understand how to present the source of income while 11.4% of the respondents were not aware. Data form the survey indicated that 84.6% of the respondents understand the relief for spouse but 15.4% were not aware. Data from the survey showed that 97.7% of the respondents understand the basic relief allowance while 2.3% of the respondents were not aware. Data from the survey indicated that 97.2% of the respondents were aware of individual taxpayers' allowance but 2.8% of the respondents were not aware. Data from the survey showed that 72.2% of the respondents were aware of parent allowance but 27.8% of the respondents were not aware. Data from the survey indicated that 73.9% of the respondents were aware of children allowance but 26.1% of the respondents were not aware.

Table (4.7) Low Level of Awareness in Taxpayers' Benefits

Sr.	Particulars	Categories of Variable	Percent
1	I am aware that the provision of accommodation by the employer to the employee in a fixed asset list owned by the employer, and the renting of the accommodation building (such as a house, apartment or hotel for long-term residence) by the employer and allowing the employees to live in the building for free, do not need to be taken into account in the calculation of salary income tax.	No	70.5%
2	I am aware that according to the Income Tax Law, income donated to any religious or charitable organization sponsored by the state organization or recognized by the Ministry of Planning and Finance of the Union Government (not exceeding 25% of the total income of the taxpayer) is deducted as relief.	No	73.3%
3	I am aware that in relation to granting relief for children, if his (taxpayer's) spouse earns an income eligible for income tax in that income year, only he (taxpayer) or his spouse must deduct relief.	No	60.2%

Source: Survey Data, 2024

As can be seen in table (4.6), it was seen that 29.5% understand the calculation of salary income tax while 70.5% were not understand. Data from the survey indicated that 26.7% of the respondents were aware of donations deducted as relief but 73.3% of the respondents were not aware. Data from the survey showed that 39.8% of the respondents were aware of granting relief for children while 60.2% of the respondents were not aware.

Table (4.6) and (4.7) describe the awareness of taxpayers' benefits . There are total nine components in determining the awareness of the taxpayers' benefits. From table (4.6), results were the questionnaires of factors relating taxpayers' benefits, most of the respondents answered that they understand the benefits of tax but from table (4.7), most of the respondents answered that they do not understand and said "No". The government should make more public education to spread knowledge about tax benefits through local media in order to increase the taxpayers' awareness.

Based on the survey, it is observed that taxpayers have good knowledge towards personal income tax and it's benefits. Therefore, the level of awareness towards personal income tax and taxpayers' benefit is reaches a sufficient level.

CHAPTER V

CONCLUSION

Although Myanmar's personal income tax system has improved significantly, there are still issues that need to be resolved. Through increasing tax knowledge and encouraging a compliance culture, Myanmar may more effectively utilize its own resources to achieve its development objectives and increase the standard of public services.

5.1 Findings

This study is to investigate the personal income tax awareness and the benefits of taxpayers in Kyauktada township. Survey questionnaire was distributed to the respondents and collected 176 responses. This study is mainly made on taxpayers of Kyauktada township.

It shows that taxpayers have good knowledge towards personal income tax. As a result, there is enough knowledge about the personal income tax and the benefits for taxpayers. Furthermore, the level of understanding among Kyauktada township taxpayers on personal income tax and its benefits has reached a satisfactory level. However, a few respondents indicated that they did not comprehend. For this reason, in order to raise taxpayer awareness, the government should strengthen public education efforts to disseminate information on tax benefits through local media. Respondents were very willing and actively participated in the survey. Taxpayer understanding of taxes in Myanmar is crucial for boosting public services, supporting economic development in the nation, and improving compliance.

5.2 Recommendations

From this study, it can be concluded that in order to increase more tax awareness among taxpayers in Myanmar, suggestion is needed to increase the understanding of personal income tax of taxpayers in Kyauktada township.

On the basis of the findings, the following suggestion for tax administration emerge. In order to foster a culture of tax compliance, the government should create an educational program with a variety of subjects. Internal Revenue Department should consistently endeavor to increase taxpayer awareness and tax knowledge by providing sufficient tax training and instruction because tax awareness and taxpayer perceptions of the tax system play a crucial role in voluntary tax compliance decisions. Furthermore, it's critical to raise public understanding of taxes, how taxes are used by the government, and the total amount of money received from taxes by clearly revealing to the public the government's budget, spending, and total income. By treating every taxpayer equally while levying taxes, registering, collecting money, and other processes, IRD should be able to maintain tax equity. IRD should work to simplify the tax system so that taxpayers can calculate and file their returns as easily as possible.

It is essential to streamline tax procedures and improve accessibility by creating easily navigable, multilingual tax guides and online tools and starting extensive public education initiatives to spread knowledge about tax duties and benefits through workshops, seminars, and local media. Establishing feedback channels for taxpayers and providing frequent updates on the use of tax income are essential to fostering openness and confidence in the tax system. In order to increase public engagement, tax authorities must participate in ongoing training programmes. Lastly, the government may greatly increase people' awareness of personal income tax and its benefits in Yangon by putting in place thorough public education campaigns, streamlining tax laws, and offering incentives for compliance and it will also seek to promote a compliance culture, which will enhance promoting Yangon's economic growth and stability.

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APPENDICES

A. Questionnaire

Part I: Respondent's Profile

Please put a tick mark (✓) in the box in an appropriate option for each of the following.

1. Gender

Male Female Others

2. Age Group (in years)

i) 23 to 33

ii) 33 to 43

iii) 43 and above

3. Academic Qualifications

i) Bachelors

ii) Masters

iii) Masters and above

4. Income Level (in Kyats)

i) $\leq 400,000$

ii) 400,001 to 500,000

iii) 500,001 to 700,000

iv) 700,001 to 2,000,000

v) $\geq 2,000,001$

5. Who is your current employer?

i) Government

ii) Self employed

iii) Private/Partner

iv) Others

Part II: Core Questions

Please put a tick mark (✓) in the box in an appropriate option for each of the following.

Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

No.	Statements	5	4	3	2	1
Tax Awareness						
1	Tax collection is administered by the government organization known as Internal Revenue Department.					
2	Regarding Income Tax, I am familiar with the majority of the rules and laws.					
3	The government receives almost all of its revenue from income tax.					
4	I am aware that personal income tax must be paid by anyone making more than 4,800,000 kyats annually.					
5	To the best of my understanding, Article 6 of the Income Tax Act allows me to deduct my allowance from my personal income tax.					
6	I have to refer people to others most of the time for help with my tax-related issues.					
7	I am aware that according to the amendment to the 2023 Union Tax Law, starting from 1-10-2023, foreign nationals will have to pay income tax in foreign currency on the salary earned abroad in foreign currency.					
8	I understand that in calculating salary income tax, regarding the life insurance premium payment, the life insurance premium actually paid in the income year will be allowed to be deducted.					

9	I am aware that seamen's salary income tax is exempted for the period of possession before 1-10-2023, and if the income is earned for the period after 1-10-2023, the salary income tax is payable.					
10	To the best of my understanding, Section 9 of the Income Tax Law stipulates that anyone who receives or is to receive from an employer must pay tax under the title of salary for any salary, wages, annuity, bonus, reward, salary and wages or additional fees and commissions received from the employer.					
11	To the best of my understanding, Article 16 of the Income Tax Law In respect of any money covered by subsection (a) under the title of salary, the person responsible for disbursing the money shall deduct the tax due from the money disbursed at the time of disbursement.					
12	I am aware that the immediate payment of accommodation allowances by the employer to the workers in cash and additional allowances as rent allowances will be required to be taken into account in calculating the employee's income tax.					
13	I understand that the Income Tax Act 18 states that an employer must submit a salary statement annually as prescribed by regulations within three months of the end of the income year.					

Please put a tick mark (✓) in the box in an appropriate option for each of the following.

Yes	No
1	2

No.	Statements	1	2
Taxpayer's benefits			
1	I understand that when purchasing, building, or otherwise acquiring basic property, you can also submit a proof of salary income tax deduction and payment certificate PaTaKha (Wa Nga)-15(A), like the tax payment record book that was previously used to present the source of income.		
2	I am aware that the provision of accommodation by the employer to the employee in a fixed asset list owned by the employer, and the renting of the accommodation building (such as a house, apartment or hotel for long-term residence) by the employer and allowing the employees to live in the building for free, do not need to be taken into account in the calculation of salary income tax.		
3	To the best of my understanding, in order to take relief for his/her spouse in calculating salary income tax, that spouse must be with him/her at any time during the income year or must be supported by him/her, and this spouse must not have any income eligible for income tax during his/her own income year.		
4	I am aware that in calculating the income to be taxed, group of peoples and individuals are entitled to a basic relief allowance equal to 20 percent of each type of income (not to exceed 10,000,000 kyats).		
5	I understand that for individual taxpayers, 1,000,000 kyats per parent which has no taxable income, 1,000,000 kyats for a spouse only, 500,000 kyats per child, life insurance premiums of taxpayers and spouses, and social security contributions are calculated as relief.		

6	I am aware that according to the Income Tax Law, income donated to any religious or charitable organization sponsored by the state organization or recognized by the Ministry of Planning and Finance of the Union Government (not exceeding 25% of the total income of the taxpayer) is deducted as relief.		
7	I understand that in calculating salary income tax, in order to take relief for the living parent, the living parent must be a parent or in-law who lives with him/her or has to support him/her in the income year, and the parent or in-law must not have income that is eligible for income tax in that income year.		
8	I am aware that in calculating salary income tax, in order to take relief for his/her children, those children must be unmarried, those who do not have an income that is eligible for income tax, must be under 18 years of age and those who are 18 years old must still in education.		
9	I am aware that in relation to granting relief for children, if his (taxpayer's) spouse earns an income eligible for income tax in that income year, only he (taxpayer) or his spouse must deduct relief.		

End of questions!

Do you have any other comments or suggestions?

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