**The Government of the Republic of the Union of Myanmar**

**Ministry of Planning and Finance**

**DIRECTORATE OF INVESTMENT AND COMPANY ADMINISTRATION**

**No.1, Thitsar Road, Yankin Township, Yangon**

|  |  |  |
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|  | **Guidelines to completing the Foreign Direct Investment Survey** |  |
|  |  |  |

**Section 1 to 3 of the Foreign Direct Investment Survey is self-explanatory and additional explanatory notes are included with the survey. These guidelines provide the respondents additional help in completing Section 4 and 5 of the questionnaire.**

**Section 4: Equity owned in your enterprise and dividends paid**

The example described below aims at assisting the respondent to complete Section 4 of the survey questionnaire.

Company XYZ is a company registered with DICA and MIC as a foreign direct investment enterprise. The company was initiated in 2014 with a paid up capital of 800 million Kyats as a joint venture of ‘Company ABC Ltd’ of China and Mr.Kin Thaw, a Myanmar national, with a 50% shareholding each. As of the beginning of the financial year 2016/17 the company had a retained loss of 200 million Kyats. There were no further capital added by the shareholders after the initial start-up capital and there were no accumulated reserves by the beginning of the financial year 2016/17.

During the financial year of 2016/17, with plans to expanding the company, the company decided to issue new shares amounting to 200 million Kyats of voting shares of the company at an additional share premium. Mr. Lee of Singapore purchased the new shares of the company at a share premium of 100 million Kyats. The total investment by Mr. Lee was 300 million Kyats of which 200 million was as paid up capital of voting shares and 100 million Kyats as an additional share premium. The company decided to account for the additional share premium of 100 million Kyats as technical reserves of the company.

During the financial year, Mr.Kin Thaw also sold voting shares amounting to 50 million Kyats to ‘Company PQR’ of India at an undisclosed share premium. The share premium was received by Mr. Kin Thaw, and was not added to the technical reserves of the company.

During the financial year 2016/17 the company recorded a profit after tax of 300 million Kyats. The company decided to retain 200 million Kyats as retained earnings and 100 million Kyats were distributed as dividends to existing shareholders of the company based on the share of voting shares as at end of the financial year.

The total equity transactions during the financial year 2015/16 resulted in Company ABC Ltd’ of China, ‘Mr.Kin Thaw’ of Myanmar, ‘Mr. Lee’ of Singapore and ‘Company PQR’ of India having ownership of total paid up capital amounting to 400 million, 350 million, 200 million and 50 million of Kyats as paid up capital respectively, as at the end of the financial year 2016/17.

Dividends were also paid based on the paid up capital shareholding as at the end of the financial year.

The below table illustrates how the above equity positions and transactions should be recorded in Section 4 of the questionnaire.

All data are reported in millions of Kyats.

**Step 1: Calculation of equity positions at the beginning of the financial year (Columns 1, 2, 3 and 4)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Capital paid up to 01/04/2016 | Retained earnings/losses cumulated up to 01/04/2016 | Reserve at 01/04/2016 | Total equity at 01/04/2016 (opening balance) |
|  |  |  | 1 | 2 | 3 | 4=1+2+3 |
| **4.0** | **Total:** | | 800 | -200 | 0 | 600 |
| Of which: | Type of owner/shareholder |  |  |  |  |  |
| **4.1** | D*irect investors*: | Country of residence of the direct investor |  |  |  |  |
|  | Company ABC | China | 400 | -100 | 0 | 300 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **4.2** | Other *non-residents* |  |  |  |  |  |
| **4.3** | R*esidents* |  | 400 | -100 | 0 | 300 |

Notes:

* Paid up capital amounts to the ownership of voting shares of the company, based on the company accounts, attributed to each investor.
* Direct investors, who are non-residents that individually hold more than 10% of the total voting shares of the company, are specifically stated with the country of the non-resident under Section 4.1.
* Other non-residents are non-resident voting shareholders that hold less than 10% of total voting shares of the company.
* Other non-residents and residents need not be explicitly stated. If there are more than one in each category, please included the total value.
* The country of other non-residents need not be explicitly stated as well.
* Include totals under each column in in Row 4.0.

**Step 2: Calculation of change in paid up capital during the year and paid up capital at the end of the financial year (Columns 5, 6 and 11)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Capital paid up to 01/04/2016 | Purchase of new or already issued shares (or equivalent equity for branches) during FY 2016-2017 | Sale of shares (or equivalent equity for branches) during FY 2016-2017 | Capital paid up to 31/03/2017 |  |  |  |
|  |  |  | 1 | 5 | 6 | 11 |  |  |  |
| **4.0** | **Total:** | | 800 | 250 | 50 | 1,000 |  |  |  |
| Of which: | Type of owner/shareholder |  |  |  |  |  |  |  |  |
| **4.1** | D*irect investors*: | Country of residence of the direct investor |  |  |  |  |  |  |  |
|  | Company ABC | China | 400 |  |  | 400 |  | 40.0% | Percentage of voting shares as at the end of the financial year |
| Mr.Lee | Singapore | 0 | 200 |  | 200 |  | 20.0% |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **4.2** | Other *non-residents* |  | 0 | 50 |  | 50 |  | 5.0% |
| **4.3** | R*esidents* |  | 400 |  | 50 | 350 |  | 35.0% |

Notes:

* New direct investors and other non-residents should be identified based on the percentage share of the paid up capital at the end of the financial year.
* Investment of Mr. Lee results in an increase in the total paid up capital of the company to be 1000 million Kyats.
* Consequently, Mr. Lee owns 20% of total voting shares and is considered a direct investor (more than 10% of total shareholding)
* ‘Company PQR’ of India get the ownership of 5% of total paid up capital and hence is considered as an ‘Other non-resident’.
* Purchase and sale of shares during the year is separately identified.
* Other non-residents and residents need not be explicitly stated. Hence ‘Company PQR Ltd’ of India need not be specifically stated.

**Step 3: Calculation of retained earnings, reserves and dividends attributable to each investor based on the paid up capital shareholding (Columns 7, 8 and 15)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Retained earnings/losses attributable to shareholder during FY 2016-2017 | Change in reserves attributable to shareholder during FY 2016-2017 | Dividends or remitted profits (for branches) declared during FY 2016-2017 |  |  |  |
|  |  |  | 7 | 8 | 15 |  |  |  |
| **4.0** | **Total:** | | 200 | 100 | 100 |  |  |  |
| Of which: | Type of owner/shareholder |  |  |  |  |  |  |  |
| **4.1** | D*irect investors*: | Country of residence of the direct investor |  |  |  |  |  |  |
|  | Company ABC | China | 80 | 40 | 40 |  | 40.0% | Percentage of voting shares as at the end of the financial year |
| Mr.Lee | Singapore | 40 | 20 | 20 |  | 20.0% |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **4.2** | Other *non-residents* |  | 10 | 5 | 5 |  | 5.0% |
| **4.3** | R*esidents* |  | 70 | 35 | 35 |  | 35.0% |

Notes:

* Total retained earnings of 200 million Kyats are attributed to each shareholder based on the shareholding of paid up capital at the end of the year.
* Changes in ’Reserves attributable to each shareholder’ and ‘Dividends attributable to each shareholder’ are calculated in a similar manner.

**Step 4: Verify the calculation of retained earnings and reserves at the end of the financial year based on the beginning stock position and transactions during the year (Columns 12 and 13)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | Retained earnings/losses cumulated up to 01/04/2016 | Retained earnings/losses attributable to shareholder during FY 2016-2017 | Retained earnings/losses cumulated up to 31/03/2017 |
|  |  |  | 2 | 7 | 12 |
| **4.0** | **Total:** | | -200 | 200 | 0 |
| Of which: | Type of owner/shareholder |  |  |  |  |
| **4.1** | D*irect investors*: | Country of residence of the direct investor |  |  |  |
|  | Company ABC | China | -100 | 80 | -20 |
| Mr.Lee | Singapore | 0 | 40 | 40 |
| **4.2** | Other *non-residents* |  | 0 | 10 | 10 |
| **4.3** | R*esidents* |  | -100 | 70 | -30 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | Reserve at 01/04/2016 | Change in reserves attributable to shareholder during FY 2016-2017 | Reserve at 31/03/2017 |
|  |  |  | 3 | 8 | 13 |
| **4.0** | **Total:** | | 0 | 100 | 100 |
| Of which: | Type of owner/shareholder |  |  |  |  |
| **4.1** | D*irect investors*: | Country of residence of the direct investor |  |  |  |
|  | Company ABC | China | 0 | 40 | 40 |
| Mr.Lee | Singapore | 0 | 20 | 20 |
| **4.2** | Other *non-residents* |  | 0 | 5 | 5 |
| **4.3** | R*esidents* |  | 0 | 35 | 35 |

* Retained earnings / reserves at the end of the year = Retained earnings/reserves at the beginning of the year + transactions during the year
* **Step 5: Verify the calculation of ‘Other changes in volume’ (Columns 12 and 13)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Total equity at 01/04/2016 (opening balance) | Total equity transactions for FY 2016-2017 | Increase/Decrease in the value of the equity due to other changes during FY 2016-2017 | Total equity at 31/03/2017  (closing balance) |
|  |  |  | 4=1+2+3 | 9=5-6+7+8 | 10=14-4-9 | 14=11+12+13 |
| **4.0** | **Total:** | | 600 | 500 | 0 | 1,100 |
| Of which: | Type of owner/shareholder |  |  |  |  |  |
| **4.1** | D*irect investors*: | Country of residence of the direct investor |  |  |  |  |
|  | Company ABC | China | 300 | 120 | 0 | 420 |
| Mr.Lee | Singapore | 0 | 260 | 0 | 260 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **4.2** | Other *non-residents* |  | 0 | 65 | 0 | 65 |
| **4.3** | R*esidents* |  | 300 | 55 | 0 | 355 |

* Other changes in equity = Total equity at the end of the year – Transactions in equity during the year – Total equity at the beginning of the year
* Other changes in volume specifically occur if the company is publicly traded, hence resulting in different share prices at the beginning of the year and at end of the year and / or if the company’s accounts are specifically in a currency other than the reporting currency (i,e, Kyat millions).
* If your company is listed in the Myanmar Stock Exchange, the total equity value at the beginning of the year and the end of the year based on the market price of the share.
* Hence, Total equity as at the beginning of the year = Total shares of the company X Market price of the share at the beginning of the year.
* The valuation difference in the market price at the beginning and the end of the year results in ‘Other changes in volume’.
* If the company’s accounts are in any other currency than the reporting currency (Kyat millions), all values should be converted to Kyat millions based on cross currency exchange rates (please refer example for Section 5). This also results in ‘Other changes in volume’.
* In this example, as the company is not publicly listed and accounts are kept in Kyat (the reporting currency) there are no ‘Other changes in equity’.
* ‘Other changes in equity’ are automatically calculated in the Excel version of the survey form.

**Section 5: Debt instruments and interest due by your enterprise, all amounts in millionsof Kyats.**

The below table illustrates debt instruments obtained by your company should be recorded, based on loans obtained by ‘Company A’. Company A has two non- resident direct investors, ‘Company B’ of Thailand and ‘Ms. Wong’ of Singapore.

The following details of loans obtained by ‘Company A’ were available with company financial statements.

* On 30 June 2016, ‘Company A’ borrowed Singapore Dollars (SGD) 10 million from non-resident direct investor, Ms. Wong of Singapore. The loan is repayable in equal semi-annual installments (in June and December of each year) over a period of 10 years with an annual interest rate of 5.0%. No grace period was given for this loan. The first capital repayment of USD 0.5 million was done in 31 December 2016. An interest payment of SGD 0.25 million was also done on in 31 December 2016.
* During the year 2016/17, ‘Company A’ imported USD 400,000 worth raw materials on credit from ‘Company B’ of Thailand, on 30 September 2016, also a non- resident direct investor of ‘Company A’. As of the end of the fiscal year 2016/17, Company paid USD 200,000 of trade credits due to ‘Company B’ of Thailand on 31 December 2016. ‘Company A’ had credit position of US$ 100,000 with ‘Company B’ of Thailand at the beginning of the fiscal year 2016/17.
* ‘Company A’ has issued a five year bond with a face of Euro 5 million with a coupon rate of 4% paid annually which was purchased by ‘Company FGH BV’, a non-related company based in the Netherlands on 31March 2012. ‘Company A’ paid the annual coupon of Euro 0.2 million for the fiscal year 2016/17 on 31 March 2017. Further the five year bond matured in 31 March 2017.
* On 30 June 2016, ‘Company A’ borrowed Kyat 100 million from the Myanma Agricultural and Development Bank as a development loan. The loan has a grace period of 3 years and a repayment period of 10 years with an annual interest rate of 10%, paid semi-annually on December and June every year. The company also paid the semiannual interest payment of Kyat 5 million on 31December 2015. No capital payments are to be made during the grace period.

*Note:* The calculations require the conversion of different currencies to Kyats by using cross currency exchange rates. Currency exchange rates for all major currencies with respect to Kyats can be found in the Central Bank of Myanmar (CBM) website. Use the link <http://forex.cbm.gov.mm/index.php/fxrate> to find the currency exchange rate for the date of the transaction by selecting the required date from the webpage. Currency exchange rates applicable to the above examples based on the CBM website are detailed below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Currency exchange rates with respect to Kyats | | |
|  | Singapore Dollars | US dollars | Euro |
|  | (Kyat/SGD) | (Kyat/USD) | (Kyat/Euro) |
| 31 March, 2016 | 900.31 | 1216.0 | 1378.4 |
| 30 June, 2016 | 877.19 | 1181.0 | 1313.4 |
| 30 September, 2016 | 918.81 | 1255.0 | 1407.7 |
| 31 December, 2016 | 943.95 | 1365.0 | 1440.8 |
| 31 March, 2017 | 974.49 | 1362.0 | 1455.4 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | |  | | | Debt instruments as at 01/04/2015(opening balance) | New debt incurred during FY 2015/16 | Debt extinguished during FY 2015/16 | Increase/Decrease in the debt due to other changes during FY 2016-2017 | Debt instruments as at 31/03/2016 (closing balance) | Interest incurred to this partner during FY 2015/16 |
|  | |  | | 1 | 2 | 3 | 4=5+3-2-1 | 5=1+2-3 | 6 |
|  | Type of creditors | |  | |  |  |  |  |  |  |  |  |
| **5.1** | D*irect investors*: | | Country of residence of the direct investor | | Type of debt instrument (ex: loan, trade credit, bond, etc) | Currency of debt, in millions (ex: Kyat millions. US$ millions, Euro millions, etc) |  |  |  |  |  |  |
|  | **Ms. Wong** | | **Singapore** | | **Loan** | **SGD. millions** | **-** | **10.0** | **0.5** |  | **9.5** | **0.25** |
| **Company B** | | **Thailand** | | **Trade Credit** | **US$. millions** | **0.1** | **0.4** | **0.2** |  | **0.3** | **-** |
|  |  | |  | |  |  |  |  |  |  |  |  |
| **5.2** | Other *non-residents* | |  | |  |  |  |  |  |  |  |  |
|  | **Company FGH BV** | | **Netherlands** | | **Bond** | **Euro. millions** | **5.0** | **-** | **5.0** |  | **-** | **0.2** |
|  |  | |  | |  |  |  |  |  |  |  |  |
| **5.3** | R*esidents*: | |  | |  |  |  |  |  |  |  |  |
|  | **Myanma Agricultural and Development Bank** | | **Myanmar** | | **Loan** | **Kyat. millions** | **-** | **100** | **-** |  | **100** | **5** |

Note: The Survey Questionnaire requires you to respond in millions of Kyats. When the debt instrument is denominated in a currency other than Kyats, as in the first three examples above, it is necessary to convert the position and transactions data to Kyats. Unlike in the example under Section 4 of the questionnaire, this results in other changes in debt due to changes in the exchange rate. It is recommended to do the conversion in two steps, as illustrated below.

**Step 1:** Detail each position and transactions in the original currency of the debt using a table similar to the below table.

Note: A new column is added to indicate the currency of denomination for your reference. All debt positions (column 1 and column 4) and transactions during the year (column 2 and column 3) are then recorded in the original currency of the debt. Column 4: ‘Other changes in debt’ of the table in Section 5 is omitted in this step as reporting in the original currency does not result in ‘Other changes in debt’.

**Step 2:** Detail each position and transactions in the original currency of the debt using a table similar to the below table.

Note: A new column is added to indicate the currency of denomination for your reference. All debt positions (column 1 and column 4) and

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | | |  | | Debt instruments as at 01/04/2015(opening balance) | New debt incurred during FY 2015/16 | Debt extinguished during FY 2015/16 | Increase/Decrease in the debt due to other changes during FY 2015-16 | Debt instruments as at 31/03/2016 (closing balance) | Interest incurred to this partner during FY 2015/16 |
|  | |  | | | 1 | 2 | 3 | 4=5+3-2-1 | 5 | 6 |
|  | Type of creditors | |  |  | |  |  |  |  |  |  |  |
| **5.1** | D*irect investors*: | | Country of residence of the direct investor | Type of debt instrument | | Currency of debt, in millions |  |  |  |  |  |  |
|  | **Ms. Wong** | | **Singapore** | **Loan** | | **SGD. millions** | **-** | **10.0** | **0.5** | **0** | **9.5** | **0.25** |

Values of all columns indicated by the arrows are converted (except column 4) using the currency exchange rates prevailing at the specific dates.

Column 2: 30 June, 2016

Column 3: 31 December, 2016

Column 5: 31 March, 2017

Column 6: 31 December, 2016

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | |  | | | Debt instruments as at 01/04/2015(opening balance) | New debt incurred during FY 2015/16 | Debt extinguished during FY 2015/16 | Increase/Decrease in the debt due to other changes during FY 2016-2017 | Debt instruments as at 31/03/2016 (closing balance) | Interest incurred to this partner during FY 2015/16 |
|  | |  | | 1 | 2 | 3 | 4=5+3-2-1 | 5 | 6 |
|  | Type of creditors | |  | |  |  |  |  |  |  |  |  |
| **5.1** | D*irect investors*: | | Country of residence of the direct investor | | Type of debt instrument | Currency of debt, in millions (ex: Kyat millions. US$ millions, Euro millions, etc) |  |  |  |  |  |  |
|  | **Ms. Wong** | | **Singapore** | | **Loan** | **Kyat. millions** | **-** | **8,772** | **472** | **14** | **9,258** | **236** |

Value of ‘Column 4: Other changes’ is calculated last as below. [Column 4 = Column 5+ Column 3 - Column2 - Column1]

This value is automatically calculated when other columns are completed in the Excel worksheet

Details of all debt instruments can be calculated in a similar method as detailed above, and illustrated the final values that should be reported under Section 5 is illustrated below. The currency of the debt column is additionally added in the example for illustrative purposes.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | |  | | | Debt instruments as at 01/04/2015(opening balance) | New debt incurred during FY 2015/16 | Debt extinguished during FY 2015/16 | Increase/Decrease in the debt due to other changes during FY 2016-2017 | Debt instruments as at 31/03/2016 (closing balance) | Interest incurred to this partner during FY 2015/16 |
|  | |  | | 1 | 2 | 3 | 4=5-(2-3)-1 | 5=1+2-3 | 6 |
|  | Type of creditors | |  | |  |  |  |  |  |  |  |  |
| **5.1** | D*irect investors*: | | Country of residence of the direct investor | | Type of debt instrument (ex: loan, trade credit, bond, etc) | Currency of debt, in millions (ex: Kyat millions. US$ millions, Euro millions, etc) |  |  |  |  |  |  |
|  | **Ms. Wong** | | **Singapore** | | **Loan** | **Kyat. millions** | **-** | **8,772** | **472** | **14** | **9,258** | **236** |
| **Company B** | | **Thailand** | | **Trade Credit** | **Kyat. millions** | **122** | **502** | **273** | **58** | **409** |  |
|  |  | |  | |  |  |  |  |  |  |  |  |
| **5.2** | Other *non-residents* | |  | |  |  |  |  |  |  |  |  |
|  | **Company FGH BV** | | **Netherlands** | | **Bond** | **Kyat. millions** | **6892** | **-** | **7277** | **385** | **0** | **291** |
|  |  | |  | |  |  |  |  |  |  |  |  |
| **5.3** | R*esidents*: | |  | |  |  |  |  |  |  |  |  |
|  | **Myanma Agricultural and Development Bank** | | **Myanmar** | | **Loan** | **Kyat. millions** | **-** | **100** | **-** |  | **100** | **5** |