

**Small and Medium Enterprise Development Law**  
**(Pyidaungsu Hluttaw Law No. 23 of 2015)**

1376 6th day after Tagu full moon

(April 9, 2015)

The Pyidaungsu Hluttaw enacted this law.

Chapter 1

Name and description

1. This shall be called the Small and Medium Enterprise Development Law .
2. The following expressions contained in this Law shall have the meanings given herein:
  - (a) **Small business** means the following businesses which do not include land value in the capital:
    - (i) if the business is mainly engaged in the manufacturing business, a business with a permanent staff of not more than 50 or a capital of not more than 500 million kyats;
    - (ii) if the business is mainly based on labor-intensive production or handicraft business, the business shall not have a permanent staff of not more than 300 or a capital of not more than 500 million kyats;
    - (iii) if the business is mainly engaged in the wholesale business, the business shall not exceed 30 permanent employees or the annual income of not more than 100 million kyats of the previous year;

- (iv) if the business is mainly engaged in retail business, the business should not have more than 30 permanent employees or the annual income of not more than 50 million kyats last year.
- (v) if the business is mainly engaged in the service business, the business does not have more than 30 permanent employees or the annual income of not more than 100 million kyats in the previous year;
- (vi) Sub-section 1 above, 2, 3 In case of any business other than 4 and 5, the business does not have more than 30 permanent employees or last year's annual income of not more than 50 million kyats.

(b) **Medium-sized business** means the following businesses which do not include land value in the capital:

- (i) if the business is mainly engaged in manufacturing business, the business shall not exceed 300 permanent employees or the capital shall not exceed 500 million kyats but not more than 1000 million kyats.
- (ii) if the business is mainly engaged in labor-intensive manufacturing or handicraft business, the business shall not exceed 600 permanent employees or the capital shall not exceed 500 million kyats to 1,000 million kyats;
- (iii) if the business is mainly engaged in the wholesale business, the business does not have more than 60 permanent employees or the annual income of more than 100 million kyats from last year is not more than 300 million kyats;
- (iv) if the business is mainly engaged in retail business, the business should not have more than 60 permanent employees or the

annual income of 50 million kyats or more than 100 million kyats last year.

- (v) if the business is mainly engaged in the service business, the business does not have more than 100 permanent employees or the annual income of more than 100 million kyats from last year is not more than 200 million kyats;
  - (vi) Sub-section 1 above, 2, 3 In the case of a business other than 4 and 5, the business does not have more than 60 permanent employees or last year's annual income of more than 50 million kyats and not more than 100 million kyats.
- (c) **Entrepreneur** means a person who is a 100% citizen business entity or business organization engaged in both small and medium business or small and medium enterprise.
  - (d) **Business association** means a non-profit association formed by the operators in accordance with the existing laws; Organizations working with them; An intermediary organization or sub-organization.
  - (e) **Central Committee** means the Central Committee for Small and Medium Enterprise Development.
  - (f) **Working Committee** means the Working Committee for the Development of Small and Medium Enterprises.
  - (g) **Agency** means the Small and Medium Enterprise Development Agency.
  - (h) **Agency branch** means the branch office opened in the relevant Region or State and the Self-Administered Division or Self-Administered Area or the Union Territory with the permission of the Central Committee and the Working Committee.
  - (i) **One-stop service team** means the relevant Region or State; One-stop registration for small and medium enterprises in the Self-Administered

Divisions or Self-Administered Areas and the Union Territory; The body formed by the local governing body to provide services when applying for permits and to carry out the duties under this law.

- (j) **Fund** means the fund for the development of small and medium enterprises established under this Law.
- (k) **Fund Management Body** means the body that manages the Small and Medium Enterprise Development Fund.
- (l) **Ministry in charge** means the Ministry assigned by the Union Government to take the main responsibility for the implementation of the development of small and medium enterprises.
- (m) **Relevant Ministries** means the Ministries involved in the implementation for the development of small and medium enterprises.
- (n) **Bank** means a commercial bank in Myanmar, a company licensed by the Central Bank to operate a development bank. The term also includes licensed foreign banks.
- (o) **Entrepreneurship** means more marketable technology; Products Innovation in manufacturing and services.
- (p) **Permission to register** means that the agency permits the registration of small and medium enterprises in accordance with the stipulations in order to enjoy the rights under this Law.
- (q) **Credit Information Department** means the department established with the permission of the Central Bank of the Republic of the Union of Myanmar to gather information relevant to the loan information or other relevant information to assess the creditworthiness of the lender and liaison with the financial institution.

## **Chapter (2)**

### **The Objectives**

3. The objectives of this law are as follows:
  - (a) To obtain easily to technical assistance and financial support and business-related information for small and medium enterprises;
  - (b) To enable small and medium enterprises to have access to domestic and foreign markets and increase their competitiveness;
  - (c) To increase people's income with new job opportunities through the development of small and medium enterprises;
  - (d) To reduce business difficulties and barriers in carrying out small and medium enterprises.

## **Chapter 3**

### **Principles**

4. The basic principles of this Law are as follows:
  - (a) Providing the necessary financial support to alleviate the difficulties of businesses, providing legal advice and management policies for the development of small and medium enterprises;
  - (b) Enhancing competitiveness and market access to be able to compete with services for small and medium enterprises with quality products that meet international standards not only in the domestic market but also in foreign markets;
  - (c) Encouraging unregistered small and medium enterprises to register in accordance with the law;
  - (d) Providing access to technology and financial capital by providing information to new and existing small and medium enterprises;

- (e) Enabling small and medium enterprises to achieve sustainable development of natural resources with minimal impact on the environment and socio-economic environment.
- (f) Improving the production and innovation of innovative products and services for small and medium enterprises, productivity development and encouraging the adaptive use of modern technology and assistive devices in manufacturing and distribution;
- (g) promoting job opportunities and human resource development and arranging for the development of on-the-job training;
- (h) Promoting private-government and international cooperation for the development of small and medium enterprises;

## Chapter 4

### Establishment and duties of the Central Committee

5. (a) The Union Government shall form the Central Committee for the Development of Small and Medium Enterprises to perform the duties under this Law for the further development of SMEs as follows:
- |     |   |               |
|-----|---|---------------|
| (1) | The President of the State  | Chairman      |
| (2) | Vice Presidents of the State  | Vice-Chairmen |
| (3) | Union Minister from relevant ministries   | Members       |
| (4) | Appropriate representatives and Economists from business associations, Intellectual Professionals | Members       |
| (5) | Union Minister of Ministry in charge  | Secretary     |
- (b) The Joint Secretary shall be assigned and assigned from among the members formed under sub-section (a);

- (c) The formation of the Central Committee shall be announced by the President;
6. The functions of the Central Committee are as follows:
- (a) formulating policies and providing guidance for the development of small and medium enterprises in accordance with the principles of this Law;
  - (b) promoting the development of small and medium enterprises, which make up the largest proportion of the national economic forces;
  - (c) providing guidance to coordinate with local and foreign organizations for financial and technical assistance;
  - (d) promoting the development of small and medium enterprises from the rural areas;
  - (e) arranging for the regular development of market linkages for domestic and foreign investment businesses;
  - (f) encouraging the training and development of human resources necessary for the development of small and medium enterprises;
  - (g) providing guidance on the use of environmentally friendly technologies for energy production and energy efficiency;
  - (h) providing and coordinating guidance for the use of technology and equipment for the production of value-added products and support for the development of entrepreneurship;
  - (i) coordinating with private entrepreneurs, government organizations, local authorities and relevant department to provide adequate infrastructure and facilities for small and medium enterprises;

- (j) forming working committee and assigning duties and responsibilities;
- (k) directing the formation of Agency and assignment of the fund management team and other necessary bodies.

## Chapter (5)

### Establishment of Working Committee and Responsibilities

7. (a) The Central Committee shall form the Working Committee as follows:
  - (1) A Vice President Chairman
  - (2) Union Minister in charge Vice Chairman
  - (3) Union Minister or Deputy Minister from  
the relevant Union Ministry Member
  - (4) The Chief Minister of the relevant Region  
or State, Chairman of Nay Pyi Taw Council Member
  - (5) Individuals from government departments  
and government organizations Member
  - (6) Appropriate individuals from associations;  
Economist Intellectual Professionals Member
- (b) Secretary and the Joint Secretaries shall be assigned from among the members by the Central Committee formed under sub-section (a);.
8. The responsibilities of the Small and Medium Enterprise Development Committee are as follows:
  - (a) collecting and reviewing the necessary information to the Central Committee for the promotion of small and medium enterprises;
  - (b) assisting in overcoming obstacles in small and medium enterprises;
  - (c) supporting wide connectivity with domestic and foreign business markets for market expansion;



- (d) training and job creation to meet the needs of skilled workers;
- (e) liaising with various local and foreign organizations for technical needs;
- (f) liaising with banks, relevant government or private financial institutions and investment organizations for obtaining domestic and foreign financial assistance;
- (g) supporting the operation of the relevant banks and the development of microfinance for the development of small and medium enterprises;
- (h) cooperating with local and foreign small and medium enterprises to obtain and disseminate technical and business advice.
- (i) coordinating with technical research institutes in government ministries and non-governmental organizations;
- (j) establishing a fund management team and a performance review report and assigning responsibilities of Agency with the approval of the Central Committee;
- (k) submitting business reports and other necessary reports to the Central Committee;
- (l) coordinating to get the necessary allocation from the Union budget for the development of small and medium enterprises;
- (m) carrying out duties for the development of small and medium enterprises as assigned from time to time by the Central Committee.
- (n) organizing the interconnection of production and trade sectors in different regions.

## Chapter (6)

### Establishment of Business Review Reporting Team and Responsibilities

9. The Working Committee, with the approval of the Central Committee, shall form the Business Review Reporting Committee with appropriate persons in accordance with the stipulations. A member assigned by the Central Committee shall act as the Chairman of the VO.
10. The responsibilities of the Business Review Reporting Team are as follows:
  - (a) assessing needs and difficulties of the actual situation of small and medium enterprises;
  - (b) evaluating the performance of the agency and its branch offices;
  - (c) reviewing the performance of financial institutions services and training schools that support the development of small and medium enterprises;
  - (d) assessing the environmental and socio-economic impacts of small and medium enterprises;
  - (e) assessing the development situation of the region and the world and the State to support the needs of small and medium enterprises in their country;
  - (f) Reviewing exports and imports sector development of small and medium enterprises by participation in the value of the country's gross domestic product;
  - (g) reviewing investments and employment opportunities for job creation, minimum wage, investments and products by type of business of small and medium enterprises;
  - (h) submitting reports related to the business evaluation to the Central Committee through the Working Committee and announcing to the public from time to time.

## Chapter 7

### Establishment and responsibilities of agencies and agency offices

11. An agency consisting of representatives from the Working Committee, heads of departments from government agencies and appropriate associations experts must be formed with the approval of the Central Committee.
12. The person assigned by the approval of the Central Committee shall act as the Chairman of the Agency. The Chairman of the Agency shall be deemed to be a Deputy Minister.
13. The Director General of the Ministry in charge shall act as the Secretary of the Agency.
14. The responsibilities of the agency are as follows:
  - (a) implementing the policy for the development of small and medium enterprises;
  - (b) submitting the annual progress report to the Central Committee through the Working Committee on activities to promote the development of small and medium enterprises;
  - (c) supporting the needs and to reduce difficulties encountered by the nature of business of small and medium enterprises;
  - (d) coordinating the establishment of regional agency offices and one-stop service units to provide necessary services to small and medium enterprises;
  - (e) carrying out legal education related to small and medium enterprises;
  - (f) providing necessary advice for the development of small and medium enterprises and conducting workshops and trainings;
  - (g) coordinating with government agencies and relevant government department to establish small and medium enterprises;

- (h) collaborating with relevant Ministry, organizations, companies with banks to provide non-financial services to increase financing for small and medium enterprises;
  - (i) establishing business networks with small and medium enterprises and local and foreign businesses.
  - (j) encouraging small and medium enterprises to compete with each other to promote innovation and market expansion and holding trade fairs and technology fairs;
  - (k) advising on disputes related to small and medium enterprises and assisting in mediation and arbitration;
  - (l) assisting in the establishment of business start-up consulting services for Small and Medium Business Law Consulting Organizations;
  - (m) compiling documentation and use as required statistical data by doing Step-by-step inspection related to small and medium enterprises;
  - (n) determining the registration period and arranging for the registration of small and medium enterprises in accordance with the stipulations;
  - (o) liaising with local and international NGOs, international financial institutions, international development agencies and business associations to develop small and medium enterprises;
  - (p) coordinating closely and getting advice with financial institutions for the implementation and development of small and medium enterprises;
  - (q) maintaining the status of small and medium enterprise for up to 3 years after the transition from small and medium enterprise type.
15. The agency offices that will carry out the functions of the agency locally shall be responsible for the operations of the service providers in one place in the respective area.

## Chapter (8)

### The Role of Business Associations

16. Business associations, such as the Central Committee, Work closely with other related organizations.
17. Business associations are committed to the growth and development of small and medium enterprises. Working together shall be carried out for the development and improvement of their economic status.

## Chapter 9

### Duties and Rights of the Operator

18. The duties and rights of the operator are as follows:
  - (a) registering small and medium enterprises in accordance with the stipulations in order to enjoy the rights under this Law;
  - (b) freely adapting management style and advanced technologies to respond to economic or social changes and to develop the business;
  - (c) capital which is applicable to small and medium enterprises under this Law, if the number of employees does not meet any of the annual income figures for the previous year, the operator reports to the agency for change of registration within the permit period and re-submission of registration certificate;
  - (d) maintaining and getting tested as needed for the statistical records of the business in accordance with the stipulations;
  - (e) having the right to report grievances to the agency through the agency branch office;
  - (f) liaising with local and foreign organizations and agencies, government and non-governmental technical research institutes for energy

- production and efficient use of the environment for the production and use of value-added products and equipment;
- (g) attending local and foreign trade fairs, workshops; lectures trainings and competitions organized by the agency;
  - (h) applying through an agency for funding and other services sponsored by government Ministries, government agencies and private organizations;
  - (i) be able to apply to the agency for obtaining loans according to business plans for the development of small and medium enterprises;
  - (j) participation in local and foreign business networks under the agency program.

## **Chapter (10)**

### **Establishment and responsibilities of the Fund Management Team**

19. The Working Committee, with the approval of the Central Committee, shall form the Fund Management Committee with appropriate persons in accordance with the stipulations. A member assigned by the Central Committee shall act as the Chairman of the VO.
20. The responsibilities of the Fund Management Team are as follows:
  - (a) submitting calculations to the working committee to include in the annual budget estimates for the provision of low-interest loans for the development of small and medium enterprises;
  - (b) proposing a grant to the Central Committee through the Working Committee for use in the development assistance of small and medium enterprises;

- (c) proposing the State-funded development fund for small and medium enterprises, assistance from local and foreign financial institutions, and donors set up donations with the proceeds of their services;
- (d) coordinating with foreign organizations to cooperate with registered small and medium enterprises in accordance with the existing laws.
- (e) arranging to obtain a special loan set by the Union Government for the development of small and medium enterprises and link directly with and local and foreign banks, financial institutions, interest-free loans available from investment institutions, low interest loans, small and medium enterprises registered through the SME Development Bank and related banks;
- (f) proposing the expenditure for the development of small and medium enterprises;
- (g) establishing a credit information center to assist in obtaining non-refundable assistance, ordinary loans, low interest loans and interest-free loans to the small and medium enterprises;
- (h) coordinating with credit insurance corporations authorized by the Ministry of Finance to prevent losses in lending to small and medium enterprises.

21 The Fund Management Team, under the supervision of the Working Committee, is responsible for the effective implementation of financial matters to be done in consultation with the Central Bank of Myanmar.

## **Chapter 11**

### **One-stop service system**

22. Relevant Ministries should empower staff capable of implementing a one-stop-shop system for the development of small and medium-sized enterprises and jointly oversee the One-Stop Service Providers.
23. Employees implementing a one-stop service system must cooperate with agency offices.

## **Chapter 12**

### **Data collection, retention and publication**

24. The agency collects information related to small and medium enterprises; Keeping records in order to carry out the use as required, the following shall be provided by the relevant department; Coordinate with organizations:
  - (a) providing technology, market and investment information through networking and publishing through the media;
  - (b) coordinating the establishment and opening of local and international marketing consulting centers;
  - (c) coordinating with relevant departments to develop online trading system for local and foreign buyers and sellers.

## **Chapter 13**

### **Human resource development and technical support**

25. The agency provides the followings to coordinate with organizations, departments and agencies to increase the productivity and competitiveness of small and medium enterprises.:
  - (a) identifying and transferring appropriate technologies;



- (b) providing technical advice on production and training in the use of modern equipment;
- (c) encouraging and cooperating with the establishment of laboratories to test the quality of products;
- (d) supporting technical exchanges between organizations and the private sector;
- (e) arranging for deserving awards according to performance to increase creativity;
- (f) providing support for commercialization of new technologies derived from research activities at a pilot stage;
- (g) implementing capacity building programs for small and medium enterprises and assisting in human resource development activities.

## **Chapter (14)**

### **Marketing linking**

26. The agency provides the following to the marketing of small and medium enterprises: Coordinate with organizations:
- (a) encouraging export-oriented activities;
  - (b) familiarizing the operators with the ethics and rules of international markets;
  - (c) facilitating market penetration and market share;
  - (d) establishing standards to facilitate trade in the international market and facilitating trade;
  - (e) facilitating to the operators with customs and trade procedures and obtaining appropriate remedies.

## **Chapter (15)**

### **Tax coordination**

27. The agency, in accordance with the guidance of the Working Committee, shall implement the tax deduction and exemption in respect of the following matters in order to develop and make SMEs more competitive. Recommend to organizations:
- (a) doing research and developing new products;
  - (b) conducting priority for small and medium enterprises (SMEs) in areas where economic development is lagging behind;
  - (c) carrying out production activities using by-products and waste products;
  - (d) reforming in the workshop for energy production and efficient use and reuse;
  - (e) carrying out rehabilitation work for small and medium enterprises which are damaged by the natural disasters.

## **Chapter (16)**

### **Supporting entrepreneurship and start-ups**

28. The agency, under the guidance of the Working Committee, encourages entrepreneurs to invest more in small and medium enterprises: Coordinate with organizations:
- (a) providing tax exemption;
  - (b) leasing land or business space at a cheaper rate for the establishment of factories;
  - (c) establishing business establishment consulting services and advising on problems;

- (d) assisting to establish joint ventures.

## Chapter (17)

### Registration

- 29. The agency is:
  - (a) registration must be granted if permission or registration certificate can be submitted by the small and medium enterprises having the relevant licenses;
  - (b) if the business does not need to be licensed or registered, the registration shall be permitted if it meets the following conditions for the small and medium enterprises which are having license:
    - (i) if it does not affect the health of the people living in the area;
    - (ii) minimal impact on the environment and socio-economic environment; To be able to carry out restoration work in accordance with the stipulations;
    - (3) fire safety;
    - (4) no occupational hazards and no health hazards.
- 30. Small and medium-sized enterprises (SMEs) are required to register with their respective one-stop service providers to apply for a business license and apply for the necessary recommendations.
- 31. The agency shall revoke the registration upon any of the following:
  - (a) handing over the registration certificate by the operator;
  - (b) termination of business under any existing law;
  - (c) transformation of business beyond the definition of small and medium enterprises which are over the limitation of three years.

## Chapter (18)

### General

32. The Central Committee shall inherit the duties of the Central Committee for the Development of Small and Medium Enterprises formed before the enactment of this Law and act in accordance with this Law.
33. The Working Committee shall continue in accordance with the duties of the Working Committee for the Development of Small and Medium Enterprises formed before the enactment of this Law.
34. In order to implement the provisions of this law, the responsible Ministry shall form the Central Committee, Working Committee, Agency, Fund management team, Business Review Reporting Team, for taking responsibilities for the office work of the agency branch and the one-stop service team and will bear the costs.
35. The responsible person from the Ministry is a member of the Central Committee who is not a civil servant. Member of Working Committee, Agency member's remuneration and expenses shall be paid by the Fund Management Committee and the Audit Reporting Committee shall be determined with the approval of the Union Government.
36. The term of office of Union level persons in this Law is usually the same as that of the President.
37. In implementing the provisions of this law:
  - (a) the responsible Ministry shall issue the necessary rules and regulations. Rules and regulations may be issued with the approval of the Union Government.
  - (b) Central Committee, the working committee and the responsible ministry shall issue the required notification, orders, directives and procedures, if necessary;

(c) the agency may issue necessary orders and directives with the approval of the Working Committee.

I sign in accordance with the Constitution of the Republic of the Union of Myanmar.

(Sd/-)

Thein Sein

President

The Republic of the Union of Myanmar