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MYANMAR

COMBUSTION VS. ELECTRIC VEHICLES

LEGAL AND REGULATORY PATHWAYS FOR FOREIGN INVESTORS: PART I

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This article is based on our understanding of the publicly available automobile regulations in Myanmar. It may be affected by laws subsequently passed by the Myanmar government or notifications adopted by various ministries.

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FOREWORD

Myanmar's automotive industry is undergoing a major shift, with increasing policy support and investment incentives focused on electric vehicles (EVs) as part of the country's push for sustainable development.

At DFDL, we view this transition as a crucial step not only for modernising the industry but also for promoting environmental protection and fostering long-term economic growth.

This article forms part one of a two-part publication designed to help foreign investors and business stakeholders better understand the legal and regulatory framework for foreign investments and importation of both combustion and electric vehicles in Myanmar.

By outlining the key laws, investment rules, and practical challenges in each area, we aim to provide decision-makers with useful guidance for making informed investment and business choices.

Warm regards,

Nishant Choudhary
Partner & Managing Director, Myanmar

EXECUTIVE SUMMARY

Myanmar's automotive sector is changing, with growing support for electric vehicles (EVs) over traditional combustion engine vehicles. Foreign investment is generally allowed in both areas, but EV-related projects receive stronger government support through investment and environmental policies.

The EV sector benefits from full foreign ownership, tax breaks, and customs exemptions for manufacturing, assembly, and infrastructure. In contrast, rules for importing combustion vehicles are stricter, with fewer incentives.

For long-term success, investors should align their plans with Myanmar's EV strategy, which is closely tied to the country's national environmental goals and infrastructure development.

Summary of key concerns:

- Ongoing regulatory uncertainty and frequent changes in enforcement practices.
- Restrictions on combustion vehicle imports and lack of incentives for non-EV operations.
- Limited clarity on licensing procedures for EV sales and after-sales services.
- Electricity grid reliability remains a bottleneck for charging infrastructure expansion.
- Absence of a renewed automotive policy creates uncertainty on long-term planning.

Summary of potential business actions:

- Prioritize investment in EV assembly, battery manufacturing, and charging infrastructure to benefit from MIC incentives and tax exemptions.
- Avoid CBU-only models for combustion vehicles; SKD/CKD assembly models offer a more compliant route.
- Opt for full foreign ownership structures unless local joint ventures offer access advantages (e.g., land, distribution).
- Ensure compliance with UNECE/IEC technical standards to meet approval requirements.

1
FDI RULES IN THE AUTOMOTIVE SECTOR

A. FDI in the Combustion Vehicle Sector

a. Overview of current FDI laws

Foreign Direct Investment ("**FDI**") in Myanmar's combustion vehicle sector is governed by a combination of general investment legislation and sector-specific regulatory instruments. The principal legal framework consists of the Myanmar Investment Law 2016 ("**MIL**"), the Myanmar Companies Law 2017 ("**MCL**"), and the Myanmar Investment Rules 2017, supported by notifications and directives issued by relevant ministries including the Ministry of Industry ("**MOI**") and the Ministry of Commerce ("**MOC**").

The Directorate of Investment and Company Administration ("**DICA**") acts as the key regulatory body for company registration and investment administration. At the same time, the Myanmar Investment Commission ("**MIC**") is responsible for evaluating and approving significant investment proposals.

The combustion vehicle sector is an essential part of Myanmar's automotive and transportation infrastructure. This sector makes a significant contribution to employment and infrastructure development, and remains a key player in the broader investment landscape.

In the FDI legal regime, certain activities are restricted, prohibited, or require joint ventures with Myanmar citizens, as prescribed under the relevant notification from the MIC. This categorises investment activities into three groups: prohibited, restricted, and activities permitted only with local participation. The FDI legal regime encourages foreign investment by providing guarantees against nationalisation, granting long-term land use rights, allowing the repatriation of profits, and offering tax and non-tax incentives, particularly for investments in underdeveloped regions and strategic sectors.

To showcase the Government's intent to, among other things, promote and regulate foreign private investments in the automotive sector, the MOI issued the Automotive Policy 2019 ("**Automotive Policy**") which outlines several development goals intended to shape the automotive sector over a five-year period such as - achieving Complete Knocked-Down ("**CKD**") vehicle manufacturing capability when the market demand is sufficient to justify such manufacturing, promoting domestic parts manufacturing in cooperation with automotive institutes, and supporting the development of module parts under build-by-contract schemes and so on.

The Automotive Policy also encouraged investment in the production of special-purpose vehicles and the growth of related industries and services, with a forward-looking emphasis on green technologies, alternative fuels, and electric vehicles. It introduced the importance and need for:

(i) foreign investment in the form of joint ventures or 100% foreign direct investment in automotive and parts manufacturing, depending on market demand;

(ii) long-term land leasing at reasonable rates or public-private partnerships;

(iii) favourable tax structure to support the survival and competitiveness of local automotive industries.

We note that the five-year period concluded in 2024; however, there is no publicly available information about the continuation of the policy or the issuance of any new policy.

b. Permitted foreign ownership thresholds and local partnership requirements.

The foreign ownership limit permitted in a given activity is determined by its classification under the relevant MIC notification. Generally, vehicle manufacturing and assembly activities are open to full foreign ownership, particularly when focused on value-added processes such as the production of vehicle parts or final vehicle assembly.

c. MIC permit requirements and applicable conditions.

Under the MIL, there are two primary investment approval mechanisms available to foreign investors:

(i) MIC Permit

According to the MIL, certain types of investments, such as those investments that are considered essential to national strategy, involve large capital outlays, have significant environmental or social impacts, relate to state-owned land or buildings, or fall within categories designated by the Government for MIC-level scrutiny, require prior approval from the MIC through a formal proposal process.

(ii) Endorsement

Investors investing less than USD 5 million for a project may apply for an Endorsement from the relevant Regional or State Investment Committee.

An Endorsement grants an investor access to the same tax and land-use incentives available under the MIL while simplifying the approval process for smaller-scale or less sensitive investments.

However, projects involving the assembly of Semi-Knocked Down ("**SKD**") or CKD vehicles may qualify for permits and incentives, such as tax holidays, customs duty exemptions, and long-term land lease rights, especially if they involve local assembly, job creation, or technology transfer.

d. Regulatory licensing and approvals

Operating in Myanmar's automotive sector requires several licenses and approvals from various government ministries. Key licenses and approvals include:

(i) Importer/Exporter Registration Certificate

Businesses intending to import or export vehicles, vehicle parts, or machinery must first obtain an Importer/Exporter Registration Certificate ("**EI Certificate**") from the Ministry of Commerce ("**MOC**"). The EI Certificate qualifies investors to apply for an import license.

(ii) Import License

Businesses need to obtain an import license under the Non-Automated Licensing System from the MOC for each import of vehicles or vehicle parts into Myanmar.

(iii) Private Industrial Registration Certificate

Manufacturing or private industrial business operations in Myanmar require a Private Industrial Registration Certificate, issued by the Department of Industrial Supervision and Inspection under the Ministry of Industry ("**MOI**").

(iv) Environmental Compliance Certificate

Manufacturing or assembly businesses meeting certain thresholds require an Environmental Compliance Certificate ("**ECC**") from the Ministry of Natural Resources and Environmental Conservation ("**MONREC**").

(v) Certificate of Approval

Businesses that locally assemble or manufacture vehicles, including motor vehicles, two- and three-wheelers, trailers, and agricultural vehicles, must obtain a Certificate of Approval ("**CoA**") from the Vehicle Production Supervision and Inspection Team under the MOI.

This certifies that the vehicles meet Myanmar's production and safety standards.

(vi) Vehicle Type Approval and Registration

After a vehicle, whether locally produced with a CoA or imported, has been sold or transferred, it must be registered with the Road Transport Department ("**RTD**") to be legally used on public roads.

Registering a vehicle in Myanmar involves different procedures, depending on the vehicle's origin and type.

(vii) Showroom License

Businesses that intend to open a showroom can do so after obtaining permits from the relevant authorities. In terms of the process, the applicant must submit required documents to the relevant City Development Committee ("**CDC**"). These documents include, but are not limited to, approval from the Regional Government, tax clearance evidence, fire safety certificate, and a motor vehicle import and sales permit from the Motor Vehicle Import Administration Committee.

To obtain the necessary regional government approval, the applicant must first submit an application through the relevant Township or District General Administration Office. Upon receipt, the Region Government will instruct both the CDC and the Regional Motor Vehicle Sales Center Ground Inspection Team (under the MOC) to conduct necessary inspections and submit their findings. Based on the findings, cabinet approval will be sought, after which CDC will be authorized to issue the license. The applicant must then submit the required documents through the relevant CDC office for final processing.

Note the above is the standard operation procedures of the Yangon City Development Committee. Similar procedures may apply in cities outside of Yangon, subject to the actions of the relevant CDC or regional authorities.

e. Restrictions on manufacturing, assembling, or selling combustion vehicles.

In Myanmar, the manufacturing, assembly, and sale of combustion engine vehicles are facing increasing restrictions due to policy shifts favouring EVs.

Since 2022, the MOC has applied stricter import regulations for combustion vehicles through model year limits, left-hand drive mandates and so on. Under the relevant notification of the MOC, the import of non-commercial combustion vehicles is restricted to models from 2024 and 2025, while public service and commercial vehicles must be from 2021 or later. Specialised vehicles such as fire trucks and ambulances are permitted if manufactured in 2016 or later.

B. FDI in the EV Sector

a. Scope of activities

According to the relevant MIC notification in 2023, the Government has identified and promoted various EV-related activities as priority sectors for investment. Some of the key activities that have been listed as promoted sectors eligible for investment incentives are:

(i) Manufacturing and installation services for electric vehicles using CKD and SKD systems. Eligible vehicle types span hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs), and fuel cell electric vehicles (FCEVs).

(ii) Manufacture of EV bodies, components, and spare parts;

(iii) Production of electric two-wheeled and three-wheeled vehicles and their parts;

(iv) Manufacturing of electric and diesel-electric locomotives;

(v) Manufacture of air-conditioning units, electronic audio-video devices, measurement and control systems, and other general-purpose machinery for EVs.

These activities are eligible for a range of tax and non-tax incentives under the MIL, including exemptions on customs duties and commercial tax for imported machinery and construction materials during the project's preparatory phase.

Since October 2022, the Government has also provided tax exemptions for battery electric vehicles ("**BEVs**") and their batteries, covering commercial tax, special goods tax, and customs duties, as outlined in the Union Taxation Law and updated through the relevant notification issued by the Ministry of Planning and Finance.

To support implementation, the Government established the National Electric Vehicle and Related Industries Development Steering Committee ("**EVSC**") in 2022, which oversees policy execution and encourages public-private collaboration. As part of its long-term strategy, Myanmar aims to commence local EV assembly under the SKD system by 2026.

The EV policy, guided by the EVSC, outlines a broad scope of activities including CKD/SKD assembly, electric bus development, EV charging, EV supportive infrastructure such as EVSE (Electric Vehicle Supply Equipment) infrastructure, and after-sales services, supported by MIC endorsements and sector-specific incentives, all aligned with the national goal of full local EV production by 2050.

b. Applicable MIC guidelines or sectoral policies promoting EV investment

To promote EV adoption and related industries, Myanmar reduced customs tariffs on BEVs imported as CBU, CKD, or SKD units to zero per cent, following a directive from the Union Government. Eligible BEVs include road tractors, buses, personal vehicles, three-wheelers, motorcycles, bicycles, ambulances, prison vans, and hearses.

EV spare parts, such as charging equipment, can be imported with approvals from the Ministry of Electricity and Energy ("**MOEE**") and the MOI. As a promoted sector, covered activities include EV installation, manufacturing, charging services, battery production, electric public transport, and R&D. Businesses may obtain MIC permits to benefit from tariff relief, tax exemptions under the MIL, and duty-free importation of machinery and construction materials not available locally.

EVs are currently being imported via sea and border trade routes, according to the MOC.

c. *Preferential treatment or incentives*

Myanmar offers various incentives to encourage investment in the EV sector, particularly under the MIL. Key incentives include income tax holidays, customs duty exemptions, and favourable land lease terms.

Investors engaged in MIC-promoted EV activities such as vehicle assembly, battery production, and charging infrastructure development may qualify for income tax holidays ranging from 3 to 7 years. The duration depends on the geographic zone indicated under the investment laws.

Eligible EV investors can apply for exemptions on customs duties for imported capital goods, machinery, and raw materials required for EV-related projects. Land use rights for up to 50 years are available, with the possibility of two 10-year extensions, subject to MIC approval.

d. *Role of national policies*

National policies like the Myanmar Sustainable Development Plan ("**MSDP**") 2018–2030 play a key role in supporting the EV sector by promoting sustainable economic growth, environmental protection, and infrastructure modernisation.

Specifically, MSDP's Goals 3 ("*Job Creation and Private Sector-Led Growth*") and 5 ("*Natural Resource & Environmental Management for Sustainability*") support low-emission transport strategies, such as EV adoption. The EV policy also aligns with Pillar 3 of the MSDP (People and Planet), which emphasises green growth and low-carbon transport, as well as Myanmar's National Environmental Policy (2019) and National Transport Master Plan.

Together, these frameworks promote the use of clean energy, reduce reliance on fossil fuel imports, and guide MIC's EV investment promotion, tax incentives, and infrastructure development toward achieving long-term sustainability and mobility goals.

e. *Requirements for foreign joint ventures or local equity participation.*

Foreign investment in Myanmar's EV sector is generally liberalised, with 100% foreign ownership permitted in key areas such as EV manufacturing, importation, and charging infrastructure, without mandatory local equity participation, as per EV policy. Projects seeking MIC endorsement must submit detailed investment proposals and may partner with local firms to facilitate access to land, utilities, and local distribution networks.

f. *Permits from Authorities for EV Charging Service Providers*

EV charging infrastructure service providers must assess the applicable regulatory licensing requirements before establishing charging stations.

Notably, the Electricity Law 2015 defines 'electricity-related business' broadly to include a wide range of activities requiring a license or permit from the relevant authority under the law. The activities include, among others, the 'utilization' of electricity. Accordingly, EV charging service providers must assess the requirement for a prior permit to enable them to resell the electricity to end users.

In addition to regulatory and licensing requirements, EV manufacturers must give due attention to environmental compliance obligations under Myanmar law.

Under current environmental regulations, certain small-scale projects or businesses that are:

(i) not specifically identified by MONREC,

(ii) potentially capable of impacting environmental quality, and

(iii) not included in the official IEE/EIA project list,

are required to obtain a recommendation from the Environmental Conservation Department ("**ECD**"). This recommendation will determine whether the proposed activity has environmental impacts and will specify any terms and conditions that must be followed. Importantly, this step must be completed before seeking a permit or license from any other relevant authority.

Given the nature of EV manufacturing activities, the sector is likely to fall within the scope of the above criteria. As such, a recommendation from the ECD may be required prior to applying for operational licenses or permits from other governmental bodies.

g. Showroom License

The requirements for EV showroom operators are set out in the pilot project notification that have been issued in 2024 and in 2025. The 2025 notification remain largely consistent with the one from 2024. Key conditions include:

(i) **Corporate Structure:** The operator must be a company registered with DICA, either as a wholly Myanmar-owned entity or as a joint venture with foreign shareholders.

(ii) **Authorised Representation:** The company must be officially appointed as a distributor or dealer by the foreign parent company or its regional office for each EV brand intended to be imported.

(iii) **Regulatory Approvals:** The company must obtain approval from the relevant State or Regional Government, as well as a valid business license from the appropriate municipal authority.

(iv) **Tax Compliance:** A valid tax clearance certificate issued by the Internal Revenue Department must be submitted.

(v) **Facility Standards:** The showroom site, building, and warehouse must meet the standards periodically issued by the MOC.

(vi) **Minimum Space Requirements:** Both the showroom and warehouse must meet the minimum size thresholds prescribed by applicable regulations.

(vii) **Geographic Limitations:** The showroom and warehouse must be located within the same state or region.

While the core regulatory framework and physical standards remain unchanged, there has been a notable revision in the renewal process for showroom registration certificates. Under the 2024 notification, registration certificates for showrooms and business agents could be renewed within 90 days prior to expiry, provided a valid tax clearance certificate was submitted. This renewal mechanism has been omitted under the current notification, although no explanation for the change has been provided.

C. Similarities and Differences in the Two Regimes

Aspect	EV	Combustion
Comparison of sector-specific restrictions and allowances	▪ Recognised as a promoted industry by the MIC, benefiting from various tax exemptions and investment incentives. ▪ Government support to EV businesses with policies that include customs duty and commercial tax exemptions, streamlined licensing, and investment promotion. In contrast, the combustion vehicles sector faces comparatively more restrictions and fewer incentives.	▪ Since 2022, Myanmar has imposed significant restrictions on the importation of new gasoline-powered vehicles to conserve foreign currency reserves. ▪ While not an absolute ban, these measures effectively limit the import of new combustion engine passenger cars, particularly for private non-commercial use, with certain exceptions for commercial and emergency vehicles. ▪ Additionally, high import duties and taxes continue to apply to combustion engine vehicles, further discouraging their importation and supporting the Government's efforts to promote the adoption of electric vehicles and reduce reliance on fossil fuels.
Regulatory incentives and barriers	▪ Enjoys significant regulatory incentives, including exemptions from customs duties and commercial taxes on EVs and related charging equipment, tax holidays for EV manufacturing and infrastructure, and streamlined procedures via the EVSC.	▪ This segment faces more regulatory barriers, including high import duties, stricter licensing controls, and limited promotional support. ▪ Additionally, environmental regulations and trade policies are increasingly restricting the use of combustion vehicles to ensure the country's alignment with broader sustainability goals.
Policy alignment with environmental and sustainable goals	▪ Myanmar's policies for the EV sector are aligned with the country's national environmental and sustainable transportation goals. ▪ The Government, through the EVSC, has introduced tax incentives, import relaxations, and infrastructure support to encourage EV adoption as part of its broader commitments to reduce carbon emissions and reliance on fossil fuels.	▪ The sector remains primarily governed by traditional trade and import controls. ▪ Rising disincentives, such as higher duties and stricter environmental requirements.

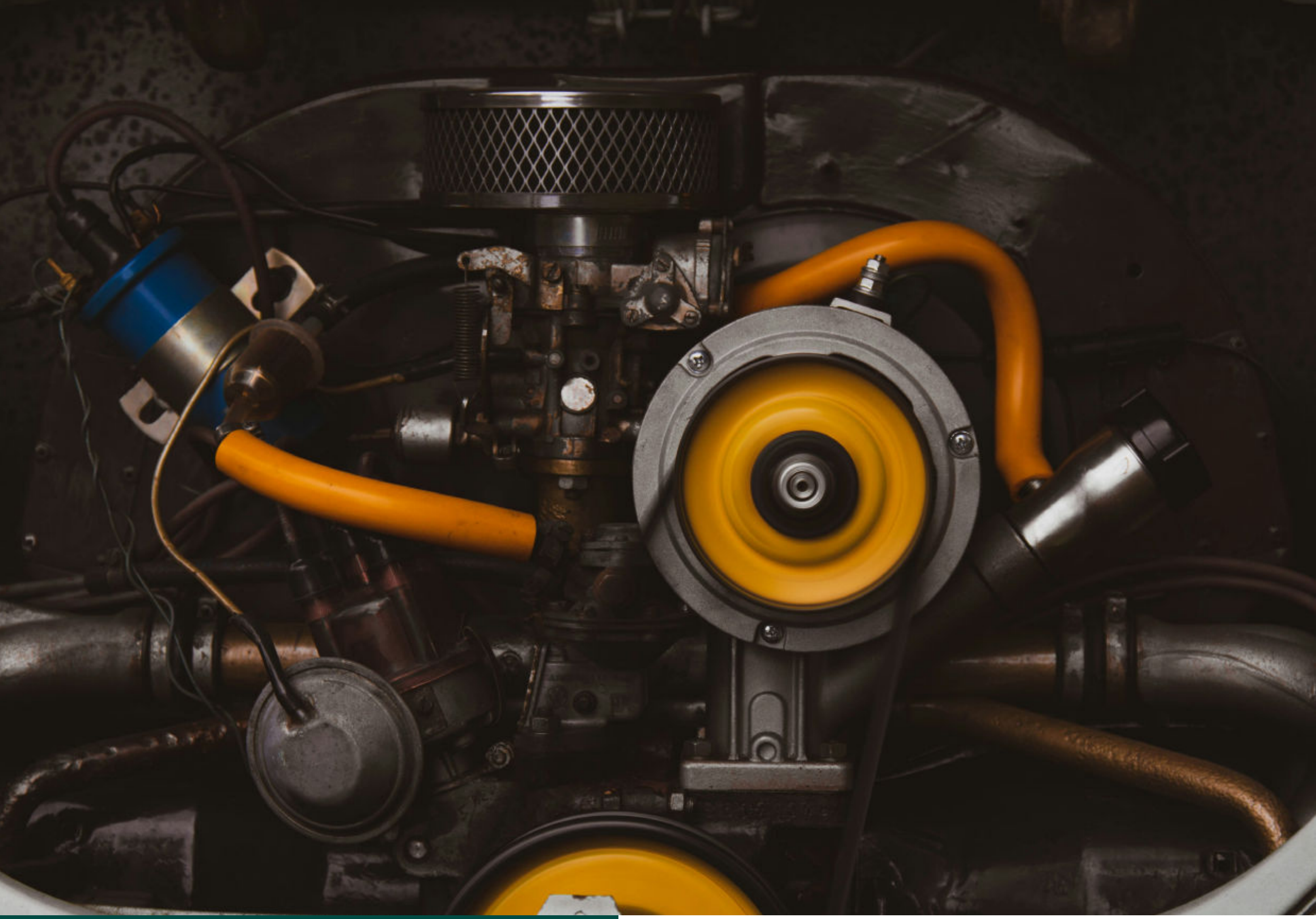
SECTION 1 KEY TAKEAWAYS AND POTENTIAL BUSINESS ACTIONS

Key takeaways

- Combustion vehicle manufacturing is still allowed, but policy focus is shifting toward EVs.
- 100% foreign ownership is generally permitted in both combustion and EV sectors.
- CBU combustion vehicle imports are discouraged and rarely qualify for MIC permits.
- EV sector benefits from tax breaks, customs exemptions, and zone-based tax holidays.
- ECC and COA are required for manufacturing in both sectors.
- EV investments align with national sustainability and environmental policies.
- Combustion vehicle imports face tighter controls, including model year limits.
- Regulatory uncertainty persists, especially in policy enforcement and continuity.

Potential business actions

- Prioritize EVs for long-term strategy; short-term combustion assembly or parts manufacturing remains viable.
- Opt for full foreign ownership unless local JV offers strategic advantages (e.g., land, partnerships).
- Avoid CBU-only models; consider SKD/CKD assembly for combustion vehicles.
- Target EV assembly, batteries, and charging infrastructure to access incentives.
- Plan for licensing and compliance costs; engage MONREC and MOI early.
- Align with national green mobility goals to support MIC approval.
- Focus combustion vehicle business on commercial use.



2 IMPORTATION AND DISTRIBUTION REGIMES

A. Combustion Vehicles

a. Import licensing framework (Ministry of Commerce notifications).

In Myanmar, the MOC regulates importation of combustion engine vehicles . Importers must obtain a non-automatic import license from the Department of Trade (DoT).

The MOC sets the permissible manufacturing years for imports, allowing non-commercial vehicles manufactured in 2024 or 2025, and commercial vehicles (e.g., trucks and buses) manufactured between 2021 and 2025.

b. Customs clearance requirements and documentation.

Importing combustion vehicles into Myanmar requires compliance with both the MOC and the Customs Department. Importers must provide key documents, including a valid import license, commercial invoice, bill of lading, packing list, vehicle specifications, certificate of origin, and Import Declaration (ID), submitted through the Myanmar Automated Cargo Clearance System. Customs authorities will review these documents for clearance purposes.

Applicable customs duties, commercial tax, and special goods tax must be paid before clearance. Failure to meet emission standards can result in fines, confiscation, or denial of import clearance.

c. *Distribution licensing and dealership regulations.*

Operating a combustion vehicle dealership in Myanmar requires compliance with various licensing and regulatory requirements issued primarily by the MOC and related authorities. These regulations apply to both local and foreign investors. The requirements for engaging in the distribution and dealership of imported vehicles in Myanmar were set out by the MOC in 2021 and are still in force.

B. EVs (including Charging Infrastructure)

a. Special import policies or exemptions for EVs

Myanmar has introduced special import policies and exemptions to promote EVs and support the development of charging infrastructure as part of its clean energy and sustainable transportation strategy.

These policies are primarily guided by the EVCS and enforced through various MOC notifications and provisions of the Union Tax Law.

Key import policies and exemptions for EVs:

(i) Under the relevant MOC order, importers must obtain prior approval from the EVSC and comply with the MOC import licensing procedures. EVs are generally exempt from non-automatic import licenses.

(ii) Under relevant notification from the Ministry of Planning and Finance, customs tariffs on Battery Electric Vehicles (BEVs) and their key components, whether imported as CBU, CKD, or SKD, are reduced to zero per cent.

(iii) Under the Union Tax Law, BEVs, their batteries, and related equipment are exempt from commercial tax and special goods tax. These exemptions apply until March 31, 2025.

b. *Designated ports or procedures for EV importation*

EVs are imported through several designated ports and dry ports, including the Myanmar Industrial Port, Asia World Port Terminal, and Dry Ports at Yangon and Myitnge. The MOC and the EVSC oversee the importation process. Importers must obtain approval from these bodies and comply with specific requirements.

The MOC sets out requirements for the importation of EVs under its pilot project notifications on an annual basis. Please see our article for more information in this respect.

c. *Licensing for EV sales and after-sales service centres*

The MOC regulates the operation of EV sales and after-sales service centres in coordination with the EVCS.

While there is no standalone directive or detailed guideline specifically outlining the licensing procedures for these centres, investors are generally required to obtain prior approval from both the MOC and EVSC before commencing such activities.

Regarding the forum for the sale of EVs in Myanmar, the EVSC has issued an official announcement addressing improper sales practices among EV importers, based on meetings held in April and June 2023. The following restrictions were emphasised:

(i) EVs may not be sold at a profit margin exceeding 20% of the CIF (Cost, Insurance, and Freight) value.

(ii) Advertising and selling EVs on social media platforms is prohibited.

(iii) Pre-order sales are not permitted unless the EVs have already arrived in-country.

Non-compliance with these restrictions may result in administrative penalties, including revocation of the importer-exporter registration license, and may trigger legal action under the Consumer Protection Law 2019. To date, the above restrictions have not been withdrawn by EVSC.

d. Regulations for EV charging station importation, setup, and operation

In Myanmar, the importation, setup, and operation of EV charging stations are regulated and incentivised by the EVSC. Companies must obtain approval from the EVSC to import or install EV chargers, which are exempt from customs duties as part of the Government's push to promote green mobility.

Charging station projects, particularly those under pilot initiatives in cities such as Yangon and Mandalay, and along expressways, are prioritised. Investors must also register with the DICA and may apply for MIC permits to receive tax exemptions and tariff relief under the MIL.

e. Standards for charging connectors, safety, and compatibility

To safeguard public safety and ensure product reliability, the EVSC mandates compliance with internationally recognised standards.

The National Standards Council ("NSC") has adopted UNECE Regulations and IEC Standards as Myanmar national standards. These apply to battery electric vehicles (BEVs) and electric vehicle supply equipment (EVSE), covering technical, safety, and performance requirements.

All importers, assemblers, manufacturers, distributors, and sellers of EVs and related equipment must:

(i) Adhere to the adopted national standards, and

(ii) Submit certificates and test reports from the original manufacturer as part of the licensing or permit application process, demonstrating compliance with these standards.

f. Involvement of the Ministry of Electric Power or ESE

The Ministry of Electric Power ("MOEP") and its sub-department, the Electricity Supply Enterprise ("ESE"), play pivotal roles in Myanmar's EV infrastructure development. In August 2022, the MOEP initiated a pilot project to construct five EV charging stations along the Yangon-Mandalay Expressway, each capable of simultaneously charging 50 vehicles, aiming to address the scarcity of charging facilities outside urban centres.

Furthermore, the MOEP has expressed intentions to power these stations primarily through solar energy, aligning with the country's broader renewable energy goals. Despite these efforts, challenges persist, including limited operational charging stations and an unreliable electricity grid, which hinder the widespread adoption of EVs.

The ESE's involvement is crucial in ensuring the integration of EV charging infrastructure with the national grid, facilitating the transition towards sustainable transportation in Myanmar.

C. Similarities and Differences in the Two Regimes

The table below summarises the main similarities and differences between the two regimes:

Aspect	EV Regime	Combustion Vehicle Regime
Import Licensing Authority	MOC and EVSC approval required	MOC only
Entity Registration	Registered with DICA	Registered with DICA
Tax/Duty Incentives	Customs duty and commercial tax exemptions granted	No exemptions
Technical Compliance	Mandatory UNECE & IEC standards certificates required	No mandatory technical certification
Import Restrictions	Exempt from certain restrictions (e.g., model year)	Standard import restrictions apply
Sales and Advertising	Restricted profit margins; no social media pre-order sales allowed	No specific restrictions on sales/ advertising
Customs Clearance	Standard clearance plus EVSC fast-track procedures	Standard customs clearance
Treatment of used vs. new vehicles	New EVs are eligible for customs and tax exemptions, streamlined licensing, and no import age limits under MOC and EVSC policies. Imports must meet national safety standards aligned with UNECE and IEC norms, promoting clean transport and infrastructure growth.	Import of used combustion vehicles is tightly restricted, with strict age limits and mandatory non-automatic import licenses. Right-hand drive models are banned to comply with road safety regulations.

SECTION 2 KEY TAKEAWAYS AND POTENTIAL BUSINESS ACTIONS

Key takeaways

Combustion Vehicles:

- Import requires non-automatic MOC licenses and strict manufacturing year limits.
- Customs clearance requires full documentation and tax payment; failure to meet emission standards risks penalties.
- Distribution regulated by MOC; foreign and local investors need dealership approvals.

EVs and Charging Infrastructure:

- EV imports benefit from customs, commercial tax, and special goods tax exemptions.
- No import age restrictions; fast-track clearance available.
- Licensing for EV sales/service centers requires MOC and EVSC approvals; profit cap and advertising limits apply.
- Charging stations are duty-exempt; approval from EVSC needed; DICA registration and MIC permit recommended for incentives.
- EV and equipment standards must align with UNECE/IEC; documentation proving compliance is mandatory.

Infrastructure Development:

- MOEP and ESE are central to EV infrastructure plans, with solar-powered pilot stations on key highways.
- Grid instability and few operational stations remain key adoption challenges.

3 CONCLUSION

Myanmar's EV sector presents clear investment potential, supported by favourable ownership rules, customs, and tax incentives, as well as alignment with national sustainability goals.

However, the regulatory framework is evolving, with several key legal and institutional gaps that could affect investor confidence.

Key Legal and Regulatory Gaps and Opportunities:

- The EV regime currently lacks a comprehensive, consolidated legal framework governing EV licensing, after-sales services, and infrastructure development.

- Approval procedures involving multiple agencies (EVSC, MOC, DICA, MOEP) may be opaque and procedurally inconsistent.
- While import-related incentives are robust, long-term clarity on operational licensing and distribution remains limited.
- Possible opportunity to use full foreign ownership rights in key EV-related activities such as assembly, battery manufacturing, and charging station operations.

Implications for Foreign Investors and Local Stakeholders:

- Foreign investors may benefit from early-mover advantages in EV infrastructure, but must brace for procedural delays and interpretative inconsistencies.
- The lack of clarity around post-importation compliance and distribution controls poses commercial risk, especially in retail models.
- Local stakeholders, including joint venture partners and service providers, will play a vital role in navigating regulatory bottlenecks and ensuring operational feasibility.

AWARDS & RANKINGS

DFDL is honored to have received recent awards from leading industry publications recognizing our achievements, including the following:

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Practice Area
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Recommended – Labour and Employment/ Restructuring and Insolvency
Notable – Capital markets

Vietnam
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Tier 2 – General Corporate Tax – Thailand & Vietnam
Tier 2 – Customs – Vietnam
Tier 3 – Transfer Pricing – Thailand & Vietnam

ABOUT DFDL

Pioneers in frontier markets of Asia

DFDL was established in 1994 and founded on a unique vision: to create an integrated legal and tax advisory firm, with in-depth knowledge of the developing jurisdictions in which we are based.

Our dedicated professionals exhibit the acumen and insight necessary to assist you in navigating the legal complexities and challenges. Drawing on a wide-ranging industry experience and finely tuned local knowledge in countries we operate in, we strive to provide concise, commercially focused and innovative advice.

DFDL has 12 offices, including collaborating firms, in Bangladesh, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

DFDL collaborated with the following local firms:

- Sarin & Associates, Cambodia
- Nusantara DFDL Partnership, Indonesia
- Robin Lynn Lee, Malaysia
- Ocampo and Suralvo Law Offices, Philippines

DFDL in Singapore is qualified as a foreign law practice and is not licensed to practice Singapore law.

OUR SOLUTIONS

We are constantly adapting in fast-changing environments. As a full-service and fully integrated legal and tax firm, we remain focused on our fundamental mission: to bring you successful solutions and add value to your projects across Southeast and South Asia. We are committed to our clients' success and to providing them with commercially focused legal solutions that help them overcome their business challenges.

- Anti-Trust and Competition
- Aviation and Logistics
- Banking and Finance
- Compliance and Investigations
- Corporate Advisory
- Corporate, Mergers and Acquisitions
- Dispute Resolution
- Employment
- Energy, Natural Resources, and Infrastructure
- Investment Funds
- Real Estate and Hospitality
- Restructuring
- Tax and Transfer Pricing
- Technology, Media, and Telecoms

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DFDL Myanmar Limited

DFDL Myanmar Limited provides a full range of legal and tax services to foreign and local investors operating in Myanmar. Our team of experienced local lawyers and foreign legal advisers provide efficient, effective, and practical legal services at an international standard, coupled with a high-level personal in-depth knowledge of the local environment.

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*DFDL collaborating firms