

Snubbing of Chinese Vaccines by Cambodia?

- Sanjana Dhar

Cambodia has been relatively successful at managing the COVID-19 pandemic, and the government is now gearing up to get vaccines for its citizens. In this regard, Prime Minister Hun Sen addressed the nation and stated that the country would only be using vaccines which are approved by the World Health Organization (WHO). This has led to speculations over Cambodia snubbing China and Chinese made vaccines such as Sinovac. There are various opinions which have emerged analyzing Hun Sen's speech.

Some opinions point to the fact that the Cambodian prime minister meant exactly what he said and made it very clear that only WHO-approved vaccines would be used in the country and nothing else, indicating that Chinese vaccines are not necessarily off the table, if approved by the WHO.

This can also be explained by the fact that due to the successful containment of the virus by the government, allowing any virus might be counter-productive to the manner in which the country has managed the pandemic. Therefore, agreeing to use vaccines approved only by the international health organization also shows a step toward securing the country's interests, in terms of containment.

There are some viewpoints which also suggest that this is a direct indication that Phnom Penh has repudiated China, its main foreign partner. Such an act is being seen as an attempt by Cambodia to warm up to the West and also a restructuring of diplomatic ties, by signalling that Cambodia is not a complete China flatterer. As relations with the US turning sour in the past few weeks due to the demolition of a US-built facility at a naval base in Cambodia, the lack of mention or association with a Chinese vaccine in Hun Sen's speech is being viewed largely as a conscious attempt by Cambodia to disassociate with, and not be seen as a country dependent on China.

However, it must be noted that Cambodia is one of the major proponents of China and its Belt and Road Initiative projects. From an economic aspect, Cambodia and China are tied to each other strongly, and as long as Cambodia receives money from Beijing for development, a snub at the Chinese vaccine does not seem to affect much of the narrative. Moreover, if any of the China-developed vaccines get approved by WHO, then this would also lay to rest the argument that the Cambodian government does not want to use Chinese vaccines for its citizens.



Picture Courtesy: Ya Libnan

Myanmar's Tax Relief Measures

- Harsh Mahaseth

The government of Myanmar has issued tax relief measures for businesses in the form of tax credits due to the economic losses caused by the COVID-19 pandemic, under notification 65/2020. The measures come in the form of tax credits and also deductible tax expenses for the current financial year.

The country's economy is suffering from the pandemic, and growth is expected to remain subdued at two percent for 2020, down from 6.8 percent in the previous year. Furthermore, the poverty rate could increase to 27 percent in 2021, a rise from 22.4 percent at the beginning of this year (2020). The tax relief is part of the government's COVID-19 Economic Relief Plan, which comprises seven goals and ten strategies covering a range of social and fiscal measures. These include providing low-interest loans worth over US\$73 millions to Micro, Small and Medium Enterprises in the hotel and tourism sector, in addition to deferment of corporate income tax (CIT), and social security contributions.

Some of the tax reliefs are as follow:

- Business income tax: The ministry of planning, finance and industry had also announced assistance to small and medium-sized enterprises, hotels and tourism and cut-make-pack companies.
- Export taxes: The government had announced that the advance income tax would be waived until the end of the fiscal year.
- Tax credit: The government also announced a 10 percent non-refundable tax credit with regard to incremental wage bills and 10 percent non-refundable tax credit for incremental investment in capital goods.

What are the tax relief measures?

The government has allowed taxpayers to claim 10 percent of incremental salaries as a tax credit for CIT purposes. The tax credit will not be refundable, and so any excess in CIT payments after deducting the 10 percent tax credit will not be allowed as a refund. Taxpayers can claim 125 percent of incremental wages (incurred during fiscal year 2019-2020) as deductible tax expenses for the current fiscal year. This special deduction is available to all corporate taxpayers regardless of whether they are in a profit or loss position.