Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly No. 70/NA

Vientiane Capital, 15 December 2015

Unofficial Translation

Tax Law
(Amended)

Part I
General Provisions

Article 1. Purpose

This Tax Law determines the principles, regulations, methods and measures related to the management and inspection of taxation activities in order to justly redistribute income among business operators, society and all citizens, [and] to promote business operations to grow strongly, [and] to ensure the accurate and full collection of taxes for the State budget, and to contribute to national socio-economic development.

Article 2. Taxation

Taxes refers to the financial obligations of individuals, legal entities or organizations that generate income from employment, business operations, and the consumption of goods and services in the Lao PDR and foreign countries, which shall be paid according to the tax rates specified in this Law.

Article 3. (Revised) Definitions

The terms used in this Law shall have the following meanings:

1. **"Taxpayer"** refers to individuals, legal entities and organizations including Lao citizens, aliens, foreigners and stateless persons who operate businesses or make a living in the Lao PDR on a permanent or temporary basis, including persons residing or having business in the Lao PDR but carrying out their businesses abroad who are obligated to pay taxes to the State as provided in the laws and regulations.
2. **"Alien"** refers to a non-Lao national who settles and resides in the Lao PDR on a long-term basis, holds an alien identification card, holds an alien family registration book, and the government of such alien officially acknowledges that he/she is its citizen. Aliens are under the management of the Ministry of Public Security and other relevant sectors.
3. **"Foreigner"** refers to a person holding another citizenship, who resides in the Lao PDR on a permanent or temporary basis in order to fulfill certain tasks, and once those tasks are completed, may return to their home country. Foreigners are under the management of the Ministry of Foreign Affairs and other relevant sectors.
4. A **"stateless person"** refers to a person who resides in the territory of the Lao PDR but is not a Lao citizen and there is no evidence to certify their nationality. These persons are under the management of the Ministry of Public Security and other relevant sectors.
5. **"Independent jobber"** refers to the provision of any professional services or activities in which the provider is independent in terms of their physical or intellectual labor, without relying on others. This

includes activities relating to science, culture, art, education, public health, such as teachers, scientists, lawyers, engineers, medical doctors, nurses, accountants and accounting experts;

6. **"Net book value"** [remaining value of an asset] refers to the value of an asset shown in the accounting records minus the depreciation and impairment of that asset.
7. **"Tax authority"** refers to staff who is appointed to implement and perform their duties at a specific location or for a specific activity;
8. **"Sole-trader enterprise"** refers to a form of enterprise under the sole ownership of an individual. A sole-trader enterprise operates as the private business of the enterprise owner, who has an unlimited responsibility for all debts of the business;
9. **"Legal entity"** refers to an organization or entity that have been registered as an enterprise, such as partnership enterprise, state-owned enterprise, limited company [and] public company that has a name and office location, and its own assets, has rights and obligations as defined in the law;
10. **"All citizens"** refers to Lao citizens, aliens, foreigners, [and] stateless persons who reside in the Lao PDR;
11. "**Business"** refers to a business that is associated with production/ manufacturing, trading and services;
12. **"Total business turnover"** refers to income derived from the business operations of the enterprise;
13. **"Trading Right"** refers to the costs of purchasing a business from a former owner; if it is a state investment, such costs must be based on the legal document or recorded value approved by the relevant authorities;

14. **“Vehicles”** refers to a bicycle, a motorbike, a transporting truck, a train, a ship, an airplane and a movable material or invention that is not a creature and manufactured by humans;
15. **“Transporting Vehicle”** refers to all kind of transport vehicles run by motor using fuel or clean energy;
16. **“Motorcycle”** refers to a two-wheel drive or more which is run by motor using fuel or clean energy;
17. **“Small Transporting Vehicle”** refers to:

- Passenger transporting vehicle with no more than nine seats;
- Goods transporting vehicle with weight of no more than three and a half tons.

18. **“Medium Transporting Vehicle”** refers to:

- Passenger transporting vehicle with ten to fifteen seats;
- Goods transporting vehicle with weight from three and a half to fifteen tons.

19. **“Large Transporting Vehicle”** refers to:

- Passenger transporting vehicle with thirty-six or more seats;
- Goods transporting vehicle with weight more than fifteen tons.

20. **“Heavy Machinery”** refers to vehicles used in construction, mining, lifting and discharging, cement mixing, cement production, floor and road pavement, destruction, agricultural production and processing industry, public service, city cleaning and other activities;
21. **“Specific Heavy Machinery Used in Specific Sector”** refers to vehicles for mining, floor-road pavement, cement production, agricultural production and processing industry, public service (public work) and specific transporting industry such as a tractor-trailer, a water truck, a refrigerated

truck and a transporting truck of dangerous material (tank truck, gas truck, chemical truck) and other similar trucks;

22. **"General Heavy Machinery"** refers to a backhoe, an excavator, a sweeper, a bulldozer, a crane, a roller, a folk lift;
23. **"Fuel"** refers to all kind of fuel, gas and others that cause the motor to generate pressure by using liquid energy;
24. **"Clean Energy"** refers to hydroelectricity, solar energy wind power and other alternative energy that does not affect the environment and society;
25. **"Vehicles Run by Clean Energy"** refers to a specifically designed vehicle that is directly run by clean energy excluding a vehicle that is run by two system such as: fuel and other alternative energy (hybrid);
26. **"Vehicles for Public Interest"** refers to a trash dump truck, a vacuum truck, a city cleaning truck that is designed for specific purpose;
27. **"Agricultural Machinery"** refers to a tractor, a plough, a field cultivator, a harvester, an agricultural sprayer, a planter or seeder and other similar machineries (excluding transporting truck of agricultural produces);
28. **"Development of Land and Building for Sale"** refers to the operation of business activity related to the development of land from one kind to another which causes the value of land to be higher, and development of building for sale;
29. **"Mixed Business Activities"** refer to a business unit that operates two or more business activities.

Article 4. State Policies on taxation

The Government supports and promotes taxation activities by laying out policies [and] regulations, recruiting personnel, providing vehicles and equipment that are necessary to efficiently perform taxation activities [and] in order to manage tax revenue collection on a uniform basis throughout the country, to justly redistribute income, to contribute to revenue generation for the State budget aiming at supporting business operations to growth, attract domestic and foreign investments, rural development, and poverty reduction of people.

Article 5. Principles of Taxation

The implementation of taxation activities shall adhere to the following main principles:

1. Ensure the uniformity of centralized management throughout the country;
2. Ensure the support [and] promotion of business operators and investment to grow;
3. Ensure justice, transparency, promptness, accuracy, completeness and accountability [of the taxation activities];
4. Provide facilitation in many aspects for taxpayers;
5. Ensure harmonized coordination between vertical and horizontal management line.

Article 6. Tax Obligations

All citizens, legal entities and organizations that operate businesses, [and] consume goods and services in the Lao PDR and foreign countries shall comply with the obligations as stipulated in this Law.

Article 7. Exemption and Reduction of Tax Obligations

Tax obligations that are subject to exemption and reduction are as the followings:

1. The implementation of international treaties to avoid double taxation and the prevention of income tax evasion, and other treaties that the Lao PDR is a party;

2. The implementation of provisions as stipulated in the Law on Investment Promotion;
3. The implementation of Resolutions of the National Assembly with regards to projects of national importance;
4. The implementation of decisions of the Standing Committee of the National Assembly based on a proposal of the Government to define special exemption policies in the case of force majeure or natural disasters, such as storms, outbreak of diseases, floods, droughts, earthquakes, fires and other disasters that cause significant damages.

Article 8. Special Promotion Policies

The Government provides special tax incentives for certain investment sectors, certain business activities related to public utilities and public goods in the certain remote areas and backcountry of by small, medium and large-scale business to develop economic infrastructure, including education, healthcare, culture/society, rural development and poverty reduction which is not related to the exploitation of natural resources, in addition to incentives that are specified in the Law on Investment Promotion, however, these shall be proposed to the National Assembly session or Standing Committee of the National Assembly for consideration and approval.

Article 9. Scope of Application

This Tax Law applies to all [Lao] citizens, individuals, legal entities and organizations residing, working or operating businesses as stipulated in Article 2 herein.

This Law is not applicable for value added tax.

Article 10. International Cooperation

The State promotes foreign, regional and international cooperation in taxation by exchanging of technical expertise, grabbing [foreign] assistance, , developing human resources, exchanging information and others, implementing international agreements and treaties to which Lao PDR is a party.

Part II
Types of Taxes

Article 11. Types of Taxes

There are two types of taxes – indirect and direct taxes.

Article 12. Indirect Taxes

Indirect taxes are levied on consumers of general goods and services through business operators within the territory of the Lao PDR.

Indirect taxes include:

- Value Added Tax;
- Excise Tax.

Article 13. Direct Taxes

Direct taxes are levied on all citizens, individuals, legal entities and organizations that generate income or operate businesses in the Lao PDR and foreign countries.

Direct taxes include:

- Profit tax;
- Income tax;
- Lump-Sum tax;
- Environmental tax;
- Fees and administrative charges.

Part III
Indirect Taxes

Chapter 1
Value-Added Tax

Article 14. (Revised) Value-Added Tax

Value added tax is collected from consuming of goods and services domestically; and is [also] collected and contributed in several chain processes and paid by the end user.

Article 15. Regulations of Value-Added Tax

Value added tax shall be applied according to the provisions defined in the Law on Value Added Tax.

Chapter 2
Excise Tax

Article 16. Excise Tax

Excise tax is an indirect tax that is collected from the consumption of certain types of goods and services as specifically determined in this Law.

Article 17. Scope of Excise Tax

Excise tax is collected from the consumers of certain types of imported goods, domestically produced goods and services provided within the territory of the Lao PDR through business operators who charge and pay it into the State budget.

Article 18. (Revised) Payment of Excise Tax

Goods that are subject to excise tax are as follows:

1. Fuel;
2. Gas used for vehicles;

3. Liquor, beer, and other alcoholic beverages;
4. Ready-made beverages, including soft drinks, soda, stimulant beverages, mineral water;
5. Fruit, vegetable juices and other similar beverages;
6. Cigarettes, including shredded tobacco, packaged cigarettes, cigars;
7. Crystal items and crystal jewelry;
8. All types of carpets with value of LAK 1,000,000 or more;
9. Furniture (sofa)set with a value of LAK 10,000,000 or more;
10. Perfumes and cosmetic products;
11. Playing cards and other gambling items if authorized by relevant sectors;
12. Rockets, fireworks, firecrackers if authorized by relevant sectors;
13. Vehicles: motorbikes and cars;
14. Vehicle spare parts and accessories;
15. Speed boats, yachts and motorized sports boats, including their spare parts and accessories;
16. Satellite receivers for television, audio-visual players, cameras, telephones, audio-visual recorders, and musical instruments, including their equipment and components;
17. Air conditioners, washing machines and vacuum cleaners;
18. Billiards, snooker tables, bowling equipment, football tables,;
19. All types of game-playing devices;

Services that are subject to excise tax are as follows:

1. Entertainment: nightclubs, discotheques and karaoke;
2. Bowling activities;
3. Beauty services;

4. Use of telephone, cable television, digital television and internet services;
5. Golfing activities;
6. Lottery activities;
7. Casino and slot machine activities.

Article 19. (Revised) Exemption of Excise Tax

Goods and services that are exempt from excise tax are as follows:

1. Goods that are subject to excise tax as stipulated in Article 18 of this Law that are exported according to certified documents of the customs authorities;
2. 90 percent proof alcohol for medical use only;
3. Goods imported, distributed or services supplied to students, researchers, authorities and diplomatic organizations of the Lao PDR and foreign countries, international organizations in the Lao PDR, and items for use in religious activities in accordance with special regulations;
4. Rockets, fireworks and firecrackers imported by State organizations for the authority celebration of important occasions;
5. Activities for disabled persons;
6. Bowling, golf and lottery activities for charity in accordance with the proposals of relevant sectors;
7. Fuel oil;
8. Traffic rescue vehicle, fire truck, vehicles for public interest;
9. Agricultural machinery;
10. Specific, general heavy machinery;
11. Vehicles distributed to foreign diplomatic organizations and international organization situated in the Lao PDR.

Article 20. (revised) Rates of Excise Tax

Excise tax rates are determined based on the types of goods and services as follows.

1. Rates of excise tax for general goods

<table>
<tr><th rowspan="2">No.</th><th rowspan="2">Types of general goods that are subject to excise tax</th><th colspan="3">Ad-valorem rates in %</th></tr>
<tr><th>2016 - 2017</th><th colspan="2">1/1/2018 onwards</th></tr>
<tr><td>1</td><td>Fuel:
- Gasoline (super)
- Gasoline (normal)
- Diesel
- Plane gasoline
- Lubricant, hydraulic oils, grease, and brake oil</td><td>
35%
30%
20%
10%
5%</td><td colspan="2">
39%
34%
24%
14%
9%</td></tr>
<tr><td>2</td><td>Compressed natural gas for vehicles</td><td colspan="3">10%</td></tr>
<tr><td>3</td><td>Liqueur or alcoholic drinks:</td><td>2016-2017</td><td>2018 - 2019</td><td>2020 onwards</td></tr>
<tr><td></td><td>- Liquor or drinks with alcoholic content 20 degree or more
- Liquor, wine and other drinks with alcoholic content under 20 degree</td><td>30%
25%</td><td>50%
45%</td><td>70%
60%</td></tr>
<tr><td>4</td><td>Beer</td><td colspan="3">50%</td></tr>
<tr><td>5</td><td>Ready-made drinks:
- Soft drinks, soda, mineral water, fruit juices, coffee and other similar drinks
- Stimulant drinks</td><td colspan="3">5%
10%</td></tr>
<tr><td rowspan="2">6</td><td>Cigarettes:</td><td>2016-2017</td><td>2018 - 2019</td><td>2020 onwards</td></tr>
<tr><td>- Cigar;
- Cigarette in packet;
- Finished tobacco;</td><td>30%
30%
15%</td><td>45%
45%
25%</td><td>60%
60%
35%</td></tr>
</table>

	- Other	30%	45%	60%
7	Crystal items or crystal adornments	20%		
8	Carpets with value of LAK 1,000,000 or more	15%		
9	Furniture sets (sofas) with the value from 10,000,000 kip or more	15%		
10	Perfume and cosmetics	20%		
11	Playing cards and gambling materials if authorized by relevant sectors	90%		
12	Traditional rockets, fireworks, crackers if authorized by relevant sectors	80%		
13	Vehicles: 1. Motorcycles: 1.1 Motorcycles using fuel - with engine volume of 110 cc and lower - with engine volume of 111 -150 cc - with engine volume of 151 -250 cc - with engine volume of 251 -500 cc - with engine volume of 501 cc or more 1.2 Motorcycles using clean energy 1.3 Components and spare parts of motorcycle 2. Transport vehicles: 2.1. Small transport vehicles using fuel: a car, a jeep, a van, a pick-up With engine volume of 1,000 cc or lower With engine volume of 1,001 – 1,600 cc With engine volume of 1,601 – 2,000 cc With engine volume of 2,001 – 2,500 cc With engine volume of 2,501 – 3,000 cc With engine volume of 3,001 – 4,000 cc With engine volume of 4,001 – 5,000 cc With engine volume of 5,001 cc or more	 20% 30% 40% 60% 80% 5% 5% 25% 30% 35% 40% 45% 70% 80% 90%		

	2.2. Small transport vehicles using clean energy: a car, a jeep, a van, a pickup truck 2.3. Small transport vehicles (a two-door pickup truck) that is longer than 50% of its total length from the middle of front wheel to rear wheel: - Using fuel; - Using clean energy. 2.4. Medium transport vehicles: - Using fuel; - Using clean energy. 2.5. Large transport vehicles: - Using fuel; - Using clean energy 3. Components and spare parts of all kind of transport vehicles	10% 10% 5% 8% 5% 5% 3% 5%
14	Accessories for vehicles	20%
15 16	Speed boats, yacht, sport engine boats including their spare parts and accessories Satellite television signal receivers, audio-video players, cameras, telephones, audio-video recorders, musical instruments including their components and accessories;	20% 20%
17	Electrical appliances including air-conditioners, washing machines, vacuum cleaners	20%
18	Billiard tables, snooker tables, bowling equipment, football playing tables	30%
19	All kinds of game players	35%

2. Rates of Excise Tax for services

No.	Services subject to Excise Tax	Rates		
1	Entertainment: Night clubs, discotheques, karaoke	2016 - 2017	2018 - 2019	2020 onwards
		10%	20%	35%
2	Bowling services	10%		
3	Beauty services	10%		
4	Use of services for mobile phones, digital television, cable television, internet	10%		
5	Golfing services	10%		
6	Lottery services	25%		
7	Casino services, poker machines	35%		

Article 21. (Revised) Method for Calculation of Excise Tax on Goods and Service

Taxable amount of excise tax for each item shall be calculated as follows:

1. For general goods that are imported for production, distribution or self-consumption [the taxable amount] is the customs declaration value [CIF] plus customs duty and other fees, if any, multiplied by the excise tax rate.
2. For goods that are domestically produced for distribution or for self-consumption, [the taxable amount] is the wholesale or retail value [excluding value added tax and excise tax] of the goods domestically manufactured multiplied by the excise tax rate.
3. For services, [the taxable amount] is the value of service consumption [excluding value added tax and excise tax] multiplied by the excise tax rate.

Article 22. (Revised) Method for Calculation of Excise Tax on Vehicles

Method for calculation of excise tax on vehicles is as follows:

1. For imported vehicles, the value of Cost, Insurance and Freight (CIF) plus import duty (if any) and multiplied by excise tax rate;
2. For domestically manufactured or assembled vehicles, the excise tax shall be collected pursuant to the purchase price of vehicles parts as follows:

2.1. For imported vehicle parts, the CIF plus import duty (if any) and multiplied by excise tax rate;

2.2. For vehicle parts purchased from domestic factory, the selling price (excluding excise tax and value-added tax) multiplied by excise tax rate;

2.3. For vehicles parts manufactured by the assembling factory itself, the cost of production of such parts multiplied by excise tax rate;

Article 23. (Revised) Filing of Excise Tax Return

Importers, manufacturers, manufacturers by contract and service providers who are liable to pay excise tax as stipulated in Articles18 of this Law are obliged to declare excise tax as follows:

- Importers of general goods shall file their excise tax returns at the same time as their customs duty declarations for all importations at customs checkpoints.
- Domestic manufacturers, manufacturers by contract and service providers shall file their monthly excise tax returns to the tax authorities where they are registered before the 15th of the following month.

Article 24. (Revised) Filing of Excise Tax Return on Vehicles

Individuals, legal entities and organizations that import, manufacture or assemble vehicles in the Lao PDR are obliged to pay excise tax as follows:

- Importer of vehicles or vehicle spare parts shall declare excise tax at the time of declaring import duty at the custom border checkpoint;
- Importer, manufacturer of vehicles or vehicle parts in the Lao PDR shall declare excise tax on a monthly basis, not later than the 15^{th} of the following month, to the tax sector under which they are supervised.

Article 25. (Revised) Exemption of Excise Tax on Vehicles

Excise tax on vehicles will be exempted in the following cases:

- Vehicles that are imported by embassies, international government and non-government organizations pursuant to terms and conditions provided in the contract, vehicles that are granted by foreign countries to the Lao PDR;
- Vehicles that are imported on a temporary basis that are used by the projects under an investment agreement;
- Imported or domestically manufactured or assembled vehicles that are used for the professional duties of the State organizations in accordance with specific regulations;
- Certain types of vehicles that are not stated in Article 3, paragraph 14 of this Law.

Part IV
Direct Taxes

Chapter 1
Profit Tax

Article 26. Profit Tax

Profit Tax a direct tax that is levied on the profit of legal entities, including independent jobbers who carry out business operations.

Article 27. Scope of Profit Tax

Profit tax is collected from domestic or foreign business operators who generate profits as stipulated in this Law.

Article 28. Taxable Profit

Taxable profit is profit that arises from all types and all levels of businesses operations.

Article 29. (Revised) Rates of Profit Tax

Profit tax rates are determined as follows:

1. The profit tax rate of 24% applies to domestic and foreign enterprises that have legal entity status, except companies that are listed in the stock exchange that will receive incentive for profit tax reduction of 5% of the normal rate for four years from the date of registration on the stock exchange. After that, the rate stipulated in this Law will be applied;
2. The profit tax rate of 26% applies to enterprises that have legal entity status that produce, import and distribute tobacco products, in which 2% [of profit tax] will be contributed to the Tobacco Control Fund as stipulated in Article 46 of the Law on Tobacco Control;
3. The profit tax rates that apply to sole-trader enterprises and independent jobbers are progressive rates from 0% to 24% in accordance with the following table:

(Unit in Kip)

Level	Annual Profit Base	Taxable Amount	Rate	Tax at Each Level	Total
1	From 3,600,000 and lower	3,600,000	0%	0	0
2	From 3,600,001-8,000,000	4,400,000	5%	220,000	220,000
3	From 8,000,001-15,000,000	7,000,000	10%	700,000	920,000
4	From 15,000,001-25,000,000	10,000,000	15%	1,500,000	2,420,000
5	From 25,000,001-40,000,000	15,000,000	20%	3,000,000	5,420,000
6	From 40,000,001 upward	....	24%	....	....

Sole-trader enterprises that manufacture, import and sell tobacco products shall additionally pay 2% excise tax of the enterprises' profit to the Tobacco Control Fund as stipulated in Article 46 of the Law on Tobacco Control;

Article 30. (Revised) Methods for Calculating Profit Tax based on Accounting Year

The calculation of profit within an accounting year for sole-trader enterprises, legal entities and independent jobbers that maintain accounts according to accounting standards are as follows:

1. Profit from annual closing accounts in the balance sheet is the difference between the remaining assets in the balance sheet at the close of the year minus liabilities, registered capital, reserves, provisions, differences from the revaluation of assets and retained earnings;
2. The profit from annual closing accounts in the income statement is the difference between total business income and all business expenditure.

Article 31. (Revised) Methods for Calculating Taxable Profit and Profit Tax within a Year

he calculation of taxable profit and profit tax for the year shall be applied as follows:

1. The calculation of taxable profit is the accounting profit plus any non-deductible expenses as specified in point b of Article 34 of this Law;
2. The calculation of profit tax for the [accounting] year is taxable profit multiplied by the applicable profit tax rate as specified in Article 29 of this Law.

Article 32. Calculation of Compulsory Profit Tax

Individual enterprises, legal entities and independent jobbers who are under tax payments in accordance with accounting systems, excluding lump-sum taxpayers who do not maintain complete accounting system are subject to calculation of compulsory profit tax.

The calculation of compulsory profit tax shall be based on annual profit by taking total annual business turnover multiplied by gross profit rate for each type of activity, and then multiplied by the profit tax rate as stipulated in Article 29 of this Law.

In the event that individual enterprise, legal entity or independent jobber cannot determine their total annual business turnover, the tax authorities shall collaborate with relevant authorities based on the agreement with the taxpayer to determine total annual business turnover of such enterprise based on actual data and facts.

Article 33. (New) Determination of Gross Profit Rate of Each Business Activity

The gross profit rate of each business activity for the calculation of compulsory profit tax as provided in Article 32 of this Law is as follows:

a. Production activity (agricultural and industrial products)	3%;
b. Commercial activity	5%;
c. Services:	
1. Goods and passenger transportation	5%;
2. Construction and repairs	10%;

3. Exploitation and trading of trees, wood, minerals and other forest products 20%;
4. Tree plantation and exploitation 5%;
5. Black and red soil, sand and rock extraction, land filling activities 15%;
6. Entertainment activities 25%;
7. Legal, engineering, architecture and consultancy activities 10%;
8. Broker or agents 20%;
9. Development of land and buildings for sale 20%;

d. Other service 10%;

For mixed business activities, the compulsory profit tax shall be calculated based upon the gross profit rate of the business activity that generates the most profit.

For individuals that import goods into the Lao PDR, the compulsory profit tax shall be calculated by using the 10% gross profit rate of goods price (including import duty, excise tax (if any) but excluding value-added tax).

The profit tax rate for individuals importing goods into the Lao PDR is 24%.

Article 34. (Revised) List of Item that is not Considered as Income and Expense for Tax Calculation

a. List of item that is not considered as income for annual tax calculation is as follows:

1. Income from dividends that the enterprise receives from its investment in other enterprises that are already taxable;
2. Recovery of all types of reserve that have been subject to profit tax;
3. Reversible debts with supporting evidence and [with] its tax paid in the previous year;
4. Income from deferred tax;
5. Gains on exchange rate derived from the revaluation of assets and liabilities in foreign currencies on the closing date;

b. List of item that is not considered as expense for annual tax calculation is as follows:

1. Profit tax;
2. Value added tax related to the purchase of fixed assets used directly for the business operation;
3. Irreversible debts without supporting evidence from the relevant authorities;
4. Depreciation of fixed assets that is deducted in accordance with accounting standards;
5. Certain types of expenses and depreciation of fixed assets that are not registered as the enterprise's assets;
6. Salaries that a partnership enterprise pays to its partners who are not managers or employees of such partnership[,] and the salary of the owner of a sole-trader enterprise;
7. Interest paid on loans taken out by a partner/s in order to pay for the capital investment;
8. Interest paid on loans taken outside the banking system and paid to the partner/s;
9. Interest paid on loans that are not related to the business operations;
10. Expenses that are not directly related to business operations, including: golfing, dancing, entertainment, gifts and prizes;
11. Personal expenses of the owner or partner/s of an enterprise that are not allowed to be deducted in the accounting year;
12. Expenses related to business operations but without invoices or with invalid invoices or any expenses that are higher than reality;
13. Expenses paid to third persons without any contract or certified documents;
14. Certain types of reserves made based on accounting standards;

15. Provisions for the impairment of assets made based on accounting standards (e.g. impairment of fixed assets, inventories, doubtful debts and others);
16. Losses from revaluation of assets and liabilities in foreign currencies on the closing date.
17. Deferred tax expenses;
18. All penalties.
19. Donations [and] support payments that are stipulated in the Memorandum of Understanding (MOU) signed between the investors and the Government.
20. Loss on exchange rate derived from the revaluation of assets and liabilities in foreign currencies on the closing date.

Article 35. (Revised) Deductible Expenses

Deductible expenses before the calculation of annual profit tax are as follows:

1. Expenses related to business operations that are not specified in Article 34 of this Law;
2. Certain types of deductible expenses that are allowed to deduct only on ratios as follows:
   - Travel expenses for administrative activities are deductible up to 0.60% of total annual business turnover;
   - Expenses for the reception [and] telephone charges are allowed to deduct for each item at the ratio of 0.40% of total annual business turnover;
   - Donations[and] support payments are allowed to deduct up to 0.30% of total annual business turnover;
   - Advertising costs are allowed to deduct up to 0.50% of total annual business turnover.
3. Depreciation of fixed assets calculated for tax purposes.

Article 36. (Revised) Depreciation of Fixed Assets

A depreciation of fixed assets [refers to] a deduction taken to reflect the reduction in the value of a fixed asset due to the passage of time or because its technical [capacity] has changed, in order to accrue funds to purchase a new asset in the future to replace the old one.

The depreciation of fixed assets may be calculated by straight-line, double-declining and activity-based methods.

Depreciation shall start from the date the enterprise acquires the fixed asset as its own.

For assets written off during the year, depreciation shall be calculated from the beginning of the year until the write-off date.

When the value of the accumulated depreciation equals the book value, depreciation will cease until the fixed asset is removed from the accounts of the enterprise.

Fixed assets consist of tangible and intangible assets; they shall be depreciated based on their useful life as specified in the table below:

Fixed Assets of the Enterprise that can be depreciated are:	**Useful life**	**Annual Rate of Deduction**
1. Intangible fixed assets:		
• Costs for designing and establishing of an enterprise	2 years	50%
• Costs for searching, mineral exploration, economic-technical feasibility studies	5 years	20%
• Software used in a certain profession	2 years	50%
2. Tangible fixed assets:		
- Buildings for industrial purposes:		
+ With a useful life of 20 years and lower………………………	20 years	5%
+ With a useful life from 21 years and over………………..	-	2%
- Buildings for commercial and living purposes:		

+ Permanent type ……………………….	20 years	5%
+ Semi-permanent type…………………..	10 years	10%
- Machinery, vehicles for extraction, clearing, draught for industrial, agriculture, handicraft and other contractions…..	5 years	20%
- Land and water transport vehicles ……………	5 years	20%
- Equipment or completed set of tools for doing a certain profession or work……………	5 years	20%
- Materials and office supplies………………………	5 years	20%
- Ships, cruises, ferries and other similar boats	10 years	10%
- Passenger airplanes and cargo…………………	-	Flight hour basis

1. Costs that are allowed for depreciation:
   - Costs related to the design and establishment of an enterprise [refer to] costs incurred before or after establishment, and that are related to intangible assets, including certificates of invention, licenses, concession licenses, permission for the use of technology, manufacturing process and similar rights, and other intangible assets with a useful life that can be determined;
   - Costs related to exploration, surveys and technical feasibility studies that are certified by the relevant authorities and acknowledged by the tax authorities are costs related to mineral exploration and research, and business expansion, incurred before and after establishment.
2. Intangible assets with a useful life that cannot be determined are not allowed for depreciation, including land use rights, rights to operate a business [transfer cost], certificate of capitalization:
   - Fixed assets that are not registered as assets of the enterprise;
   - Fixed assets that have been fully depreciated according to their useful life are not allowed to be depreciated further, but they can continue to be

used and revalued for the capitalization of another business, for the transfer of the usage right and others;

Article 37. (Revised) Filing Profit Tax Return

Profit taxpayers who are practicing accounting regime according to accounting standards shall declare and pay profit tax in accordance with their actual income.

Sole-trader enterprises, legal entities and independent jobbers that do not maintain an accounting system or maintain an improper accounting system that is not in accordance with accounting standards shall file and pay profit tax compulsory method based on total annual business turnover that is assessed by the tax and other relevant authorities based on actual information as stipulated in Article 32 of this Law.

Article 38. Summary for Filling Profit Tax Return

Sole-traders, legal entities and independent jobber, including their branches and agents, shall close their accounts by consolidating with their parent companies [head offices] in one place in order to calculate, file and pay annual profit tax.

Article 39. (Revised) Payment of Profit Tax

Sole-traders, legal entities and independent jobbers shall pay annual profit tax on a quarterly basis, based on the profit tax payment of the previous year, the actual profit of each quarter, or the estimated profit tax in accordance with the annual tax payment plan. The actual annual profit tax payable shall be re-calculated for all quarters based on final closed accounts for the year.

Profit tax payments shall be made in four quarters as follows:

1. First quarter: by the 10th of April;
2. Second quarter: by the 10th of July;

3. Third quarter: by the 10^{th} of October;

4. Fourth quarter: by the 10^{th} of January of the following year.

Profit tax paid at each quarter is considered as advance tax payment. After closing accounts for the year, annual profit tax shall be paid based on financial statements by recalculating the amount payable against the amount of profit tax paid quarterly. In the event that the actual annual profit tax payable exceeds the profit tax paid quarterly, the excess profit tax shall be paid, or in the event that [actual profit tax] is less than the [advance] profit tax paid, the excess profit tax shall be carried forward to the following payment.

The financial statements, trial balance and other accounts as stipulated in the accounting regulations and necessary taxation documents including the minutes of the partners' or shareholders' meetings regarding the application or distribution of dividends, shall be filed with the tax authorities before the first of March every year. In the event of failing to file or hold a partners' meeting, the tax authorities will calculate the dividend tax based on the payable dividend.

Parent companies or groups of companies conducting business in different sectors shall file a separate financial statement of each group company and consolidated financial statement of parent companies or groups of companies to the tax authorities where they are registered.

For individuals, legal entities and organizations conducting businesses in the Lao PDR, before making payments to individuals or legal entities who are registered in foreign countries but carry out business activities and generate income [in the Lao PDR], the project owners or enterprises shall withhold profit tax in order to pay it to the State budget based on calculation methods as stipulated under Articles 32, 34, 35 and 36 of this Law.

The profit tax that was withheld by project owners or enterprises from individuals or legal entities registered in foreign countries shall be filed in a separate tax return form and submitted to the tax authorities within 10 [ten] days from the date of withholding.

Article 40. (Revised) Carry Forward of Annual Losses

Sole-traders, legal entities and independent jobbers paying profit tax based on the accounting systems, which have annual losses which are certified by the audit authority or an independent audit firm and acknowledged by the tax authorities, are eligible to carry forward such losses to offset their profit tax of the following year for a period of three consecutive years. Once this period expires, any remaining losses are no longer allowed to deduct from the profit.

Article 41. Payment of Actual Profit Tax According to Accounting System

If profit taxpayers who pay tax under lump-sum tax regime qualifying to pay taxes as those under the accounting system wish to pay profit tax based on actual tax, they are eligible to request the tax administration where they are registered to change their method of profit tax payment, where the tax authorities will collaborate to collect information in order to support and facilitate entering into the accounting system provided that the accounting standard requirements shall be fulfilled for at least one year before consideration.

Taxpayers under lump-sum tax payment contract may shift to pay actual profit tax at least sixty days before the expiry of the contract.

Article 42. (Revised) Closing of Accounts

Sole-traders, legal entities and independent jobbers who pay profit tax based on the accounting system shall close their accounts on 31 December of each year, except in the case of a cessation, sale, [or] transfer of business activities to another person during the year.

Companies newly incorporated within the accounting year that implement account pursuant to calendar year must close their accounts on 31 December of the year, or the companies that are allowed to implement account not pursuant to calendar year must close their accounts within the 12-month cycle as stated in the Law on Accounting.

Contractors for specific projects who are likely to conduct project's work for a number of years shall close their accounts on 31 December of each year until the project is finished.

Article 43. Closure, Sale, Handing Over or Transfer of Business Activities

When there is a cessation, sale, assignment, merger, separation or transfer of business activities, in whole or in part to others, the person, sole trader, legal entity or independent jobber shall close their accounts and notify the tax administration where that person is registered for tax purposes within ten days from the date of such cessation, sale, assignment, merger, separation or transfer of business activities in whole or in part, in order to fully pay any outstanding taxes, as well as to provide details of the name, surname and address of the buyer or assignee or transferee.

In the event that the owner of the sole-trader enterprise and independent jobber dies, the heir has the duty to provide necessary information to the tax administration within ninety days from the date the heir received by the inheritance in order to pay any outstanding tax on behalf of the deceased person in accordance with the laws.

Chapter 2
Income Tax

Article 44. Income Tax

Income tax [refers to] a direct tax imposed on incomes of individuals [and] legal entities who generate incomes in the Lao PDR as provided in this Law.

Article 45. Scope and Obligations of Paying Income Tax

All Lao citizens who generate incomes in accordance with the provisions of Article 46 of this Law shall pay income tax.

Individuals who reside in the Lao PDR but work and earn income abroad shall pay income tax in the Lao PDR if their incomes are exempted from profit tax in abroad.

Lao authorities working in embassies, consular offices or international organizations abroad but earn incomes in Lao PDR shall file and pay income tax in the Lao PDR.

Foreigners working in the Lao PDR and receiving salaries in the Lao PDR or abroad shall pay income tax in the Lao PDR, unless otherwise determined in a specific agreement on double taxation and anti-income tax evasion between countries and an investment agreement between the Government and investors that is approved by the National Assembly.

Article 46. (Revised) Taxable Incomes

Taxable incomes are as follows:

1. Income from salaries, [general labor] wages, overtime, position and title honoraria, annual bonuses, meeting allowances of executive directors and board of directors and other benefits received in cash or in kind;
2. Income from dividends or the distribution of dividends or other benefits to partners or shareholders;
3. Profit from the sale of shares of individuals and legal entities;
4. Income from loan interest, brokerage or commission income of individuals, legal entities, guarantee fees received in accordance with a contract or other binding obligation;

5. Income from [the] non-commercial activities of State organizations, the Lao Front for National Construction, mass organizations and civil society;
6. Income from prizes, lotteries in cash or valuable objects in an amount from five million Kip or over;
7. Income from rent such as land, houses, building structures, vehicles, machinery or other property;
8. Income from intellectual property such as patents, copyrights, trademarks or other rights of individuals or legal entities;
9. Income from the transactions and transfers of land use rights, buildings or land with buildings.

Article 47. Non-Taxable Income

Non-taxable incomes are as follows:

1. Income from salaries from one million Kip and lower;

2. Salaries of diplomats and employees of international organizations and foreign experts working in the Lao PDR, as defined in the agreements between the Government of the Lao PDR and the relevant parties, and based on the regulations of the Ministry of Foreign Affairs;

3. Profit derived from the sales of shares on the stock exchange of individuals or legal entities;

4. Allowances for spouse and children under 18 years of age, maternity, sickness, occupational accident, one-time allowances, pensions, per diems for students as provided in the law;

5. Dividends distributed to partners or shareholders of a company that is registered on the stock exchange, unless specified in separate regulations;

6. Income of securities [stock] companies from the issuance of bonds and debentures in order to mobilize [raise] capital, whether or not such security companies are registered on the stock exchange, upon the authorization from relevant authorities;

7. Wages for disabled persons with certification from the relevant organizations;
8. Prizes and lottery winnings in cash or in kind with the value of one million kip and lower;
9. Income from the rental of an asset [property] of a business operator that pays taxes under accounting system;
10. State and enterprise social security funds;
11. Income from activities to raise funds for the public interest, such as artistic activities, sports and other activities that have been authorized by relevant organizations;
12. Interest on deposits, interests from government bonds or debentures;
13. Premiums for life and property insurance of individuals or organizations;
14. Allowances that are rewards or prizes paid by an authority to those with a good record of monitoring, seeking out, defending against, combating against and preventing wrongful acts that violate the laws and regulations of the country;
15. Allowances to those who performed well or died or were disabled during the national revolutionary fight, and allowances for National Assembly members;
16. Prizes [received] for achievements in relation to scientific research and inventions;
17. Per diems, travel costs, cash advances and accommodation costs for civil servants who carry out professional activities using State budget or donor funds, in accordance with the budget plan;
18. Income from the transactions and transfer of land use rights, buildings, or land with buildings, which have been recorded in the balance sheet of a business unit that pays taxes in accordance with the accounting system, and as an inheritance

between [from] a vertical line relative, such as a father, mother, husband, wife and child.

Article 48. (Revised) Income Tax Rates

The income tax rates are as follows:

1. Income from salaries, [general labor] wages, [bonuses], overtime, position and title honoraria, annual allowances, allowances relating to directors and board of directors meetings or executive council meetings and other benefits received in cash or in kind are subject to uniform progressive tax rates ranging from 0% to 24%, as provided in the table below:

(Unit in kip)

Level	Annual Profit Base	Taxable Amount	Rates	Tax at EachLevel	Total
1	From 1,000,000 and lower	1,000,000	0%	0	0
2	From 1,000,001 - 3,000,000	2,000,000	5%	100,000	100,000
3	From 3,000,001- 6,000,000	3,000,000	10%	300,000	400,000
4	From 6,000,001- 12,000,000	6,000,000	12%	720,000	1,120,000
5	From 12,000,001- 24,000,000	12,000,000	15%	1,800,000	2,920,000
6	From 24,000,001 - 40,000,000	16,000,000	20%	3,200,000	6,120,000
7	From 40,000,001 or over	………...	24%	……….....	…………..

2. Income from dividends, or the distribution of dividends or other benefits to partners or shareholders …………………10%;
3. Profit from the sale of shares of individuals and legal entities as stipulated in point 3 of Article 46 of this Law:

- 10% of the difference between purchase and selling prices if relevant supporting evidence can be provided;
- 2% of the sales value if no relevant supporting evidence can be provided.

4. Income from loan interest, brokerage or commission income, guarantee fees received in accordance with a contract or other binding obligation……………………………………10%;
5. Income from [the] non-commercial activities of State organizations, the Lao Front for National Construction, mass organizations, and civil society ………………10%;
6. Income from prizes or lotteries in cash or in kind in an amount of 5 million Kip or more ……………5%;
7. Rental income such as for land, houses, buildings, vehicles, machinery or other property……..… 10%;
8. Income from intellectual property, such as patents, copyrights, trademarks or other rights of individuals or legal entities……………………..…………...….. 5%;
9. Income from the transaction and transfer of land use rights, buildings or land with buildings, which is not provided for in Article 47, point 18 of this Law:
- 5% of the difference between purchase and selling prices if relevant supporting evidence can be provided;
- 2% of the sales value if no relevant supporting evidence can be provided

Article 49. Taxable Amount for Income Tax

The taxable amount for income tax is as follows:

1. Income from salaries, [general labor] wages, [bonuses], overtime, position and title honoraria, annual allowances, allowances relating to directors and board of directors meetings or executive council meetings and other benefits received in cash or in kind, [the basis] is the amount of cash received plus the value of all material benefits received under the contract;
2. For income from dividends or the distribution of dividends or other benefits to partners or

shareholders, and profit from the sale of shares of individuals and legal entities, [the basis] is:

- The surplus from the sale of shares;
- For income from dividends or other benefits distributed to partners or shareholders, [the taxable amount] is the dividends or other benefits received by the partners or shareholders in accordance with the company's regulations or based on a resolution of a meeting of the shareholders, the executive council or the board of directors;

3. For income from loan interest, income from fees for being the broker or representative of individuals or legal entities, and income from guarantee fees received in accordance with a contract or other binding obligation, [the basis] is the amount of interest or fees received under the contract or other binding obligation;
4. For income from [the] commercial activities of State organizations, the Lao Front for National Construction, mass organizations and civil society, [the taxable amount] is all income received;
5. For income from prizes, lotteries in cash or in kind, the taxable amount is the amount of cash or value of material received; for prizes that received in kind shall be included in prizes received in cash by separating the value of materials in monetary term and payable income tax;
6. For rental income, [the basis] is the amount of the rental fee or the value of other benefits received in kind under the contract or other binding obligation;
7. For income from intellectual property, such as patents, copyrights, trademarks or other rights of individuals or legal entities, [the basis] is all income received under the contract or other binding obligation;

8. For income from the transaction and transfer of land use rights, buildings or land with buildings, [the basis] is all the income received by individuals who are not business operators that pay taxes under the accounting system.

Article 50. Calculation of Income Tax

Income tax is calculated and paid on a monthly and annual basis or paid in accordance with the agreement, [and is] based on the total of all types of income multiplied by the tax rates provided in Article 48 of this Law.

Before calculating the income tax, income in foreign currencies shall be converted into Kip at the bank exchange rate on the date of calculation.

Income tax from salaries shall be calculated and withheld by individuals, legal entities and organizations on a monthly basis when making the payment in order to pay to the State budget.

Income tax from the rental and transaction of land shall be calculated on the basis of standard price in each area and each period as provided in the specific regulations by the Ministry of Finance and other relevant ministries based on the facts.

In addition to incomes defined in paragraphs 3 and 4 above, before paying salaries to income earners, individuals, legal entities and organizations shall calculate and withhold such income tax in each period as provided in the contract and once having the income in order to pay into the State budget.

Article 51. Filing [and Paying] Income Tax from Salaries

Sole-traders, legal entities and organizations who pay salaries to employees, civil servants, workers, and other persons on the basis of a contract or other binding obligation are obliged to calculate and withhold income tax from salaries each month before making payment, and file a tax return [and pay] such tax to the Tax Administration where they are registered before the fifteenth of the following month.

Article 52. Filing [and Paying] Income Tax from Rent

Persons who receive income from rent shall file [and pay] tax to the Tax Administration where such taxpayer is registered within ten days from the date of receipt of the such income in order to calculate and issue an assessment notice.

Filing of income tax from rent shall be based on the rental agreement in accordance with the defined standard and regulations.

In the event that the rental fee as specified in the contract is lower than the standard price or does not reflect the actual market rates, the tax authorities have the right to inspect and recalculate the rental fee based on the defined standard price, in order to calculate the correct tax according to the facts.

Article 53. Filing [and Paying] Income Tax from Other Sources

Before making payment either in cash or in kind to income earners as specified in Article 46,except for items 1 and 6 of this Law, individuals, legal entities and organizations are obliged to withhold, file and pay income tax to the tax administration where are registered within ten days from the date of payment of such income.

Income from intellectual property is subject to income tax where through the payer of such income shall withhold [and] file such tax to the tax administration and pay to the State budget through the National Treasury within ten days from the date of payment of such income, unless specified otherwise in the contract.

Income from prizes [and] lotteries in cash or in kind, the beneficiaries are subject to pay income tax via a mechanism whereby the payer shall withhold and declare such tax to the tax administration in order to pay it to the

State budget through the National Treasury within ten days from the date of payment of such income. The remaining amount shall be given to the prize winner in cash or in kind.

Income from the transaction or transfer of land use rights, the income tax shall be paid by the person who generates income (the seller or the person who generates income from the transfer of land), whereby the buyer or the transferee of the land has the duty to withhold income tax and to submit a tax return to the tax administration in order to pay tax to the State budget through the National Treasury within ten days from the date of payment of such income, except if otherwise provided in the contract on income tax payment signed between the buyer and seller or transferor and transferee, based upon the method of calculation specified in Article 50 of this law.

In the event that the declaration of the value of the transaction or ownership transfer does not reflect actual market rates, the tax authorities have the right to inspect and recalculate the income tax based on the actual situation and to reflect the average rate for similar property in the same area.

Article 54. Payment through the Bank

Individuals, legal entities and organizations that operate businesses in the Lao PDR and earn income from trading, providing services and have other income as provided in Article 46 of this Law shall make tax payment through banking system of the Lao PDR, unless the value of income is less than one million Kip.

Chapter 3
Lump Sum Tax

Article 55. (Revised) Lump Sum Tax

Lump sum tax is a direct tax which is collected from individuals [and] legal entities operating small-sized businesses that are not registered under the Value Added Tax System, who pay it in accordance with a contract signed between the tax administration and the taxpayer, excluding the income tax specified in Article 46 of this Law.

Article 56. Calculation of Lump Sum Tax

The calculation of lump sum tax [is] the annual total business turnover multiplied by the lump sum tax rate. Before the calculation, the business operator shall calculate total business turnover of the previous year and estimated total business turnover of the current year for the establishment of taxable income. In the event that such information is inconsistent with the facts, the tax administration, in collaboration with the relevant sectors shall conduct an assessment of the turnover of the business in order to ensure that it reflects the situation and actual transactions at the business site.

Article 57. (Revised) Lump Sum Tax Rates

Small-sized businesses that generate total annual business turnover of less than 50 million Kip shall apply the following rates:

- 12 million Kip and lower, is exempted from the lump sum tax; from 12,000,001 to 50,000,000 Kip, lump sum tax shall be imposed on each business activity at the absolute rate of not more than 600,000 Kip per year in accordance with the Government's decision to correspond with the scope and size of the business and characteristics of each area.
- For small-sized businesses that generate total annual business turnover from 50,000,001 to 400,000,000 Kip, shall comply with the following lump sum tax rates:

Annual business turnover used as Lump-sum taxable amount(In Kip)	Lump-Sum Tax Rate For Each Sector		
	Production/ Manufacturing	Trade	Service
50,000,001 - 120,000,000	3%	4%	5%
120,000,001 - 240,000,000	4%	5%	6%
240,000,001 – 400,000,000	5%	6%	7%

The lump sum tax shall be paid on a monthly, quarterly, semi-annual or annual basis as provided in the contract. In the event that a taxpayer generates annual total business revenue that is different from the amount defined in the contract, the tax authorities, in collaboration with the taxpayer or relevant sectors shall re-calculate tax to reflect the facts, recall under reported tax prior to this assessment and shall make a new lump sum tax payment contract for the purpose of tax payment in the future.

Chapter 4
Environmental Tax

Article 58. Environmental Tax

Environmental tax is a direct tax imposed on individuals, legal entities and organizations authorized to operate businesses, or import or use natural resources in the Lao PDR that cause pollution to the environment, [or] damages the health and lives of people, animals [or] plants, and disrupts the balance of the ecosystem.

Article 59. Scope of Environmental Tax

Individuals, legal entities and organizations including Lao citizens, aliens, foreigners, stateless persons, authorized to operate businesses,[or] import or use natural resources that will pollute the environment in the Lao PDR are obliged to pay environmental tax in order to [generate fund] to treat, remediate or clean up the pollution and waste to restore the land so it is suitable and safe for people to live there.

The list of activities subject to or exempt from environmental tax, the objectives of the tax, taxable amount and the tax rates are defined in a separate regulation.

Chapter 5
Fees and Administrative Charges

Article 60. Fees and Administrative Charges

Fees are direct obligations paid to the State by individuals, legal entities or organizations for the right to carry on certain economic and social activities through government authorities in the forms of issuing certificates and permits.

Administrative charges are direct obligations paid to cover the administrative technical service cost provided by the government authorities for non-profit activities and for the purpose of supporting the public expenditure.

Article 61. Fee and Administrative Charge Rates

The fee and administrative charge rates including the collection and payment procedures shall be complied with the Presidential Ordinance on Fees and Administrative Charges and other relevant regulations promulgated in each period.

Part V
Rights [and] Obligations of Taxpayers, relevant Individuals and Organizations

Article 62. Rights and Obligations of Taxpayers

1. Taxpayers have the following rights:

- To receive information, data, clarification, explanation and advice on policies, tax payment

regulations, including on the determination of the tax liabilities of taxpayers;
- To be assured that their confidential information will be protected;
- To receive tax reductions and exemptions according to the laws and regulations;
- To deduct any tax that has been overpaid according to the laws and regulations;
- To propose [or] file a complaint [or] an appeal regarding the actions of the tax authorities [and] tax staffs that are incorrect or inconsistent with this Law and other relevant laws.

2. Taxpayers have the following obligations:
- To properly, fully and timely calculate, declare and pay tax;
- To be responsible for clear and accurate tax declaration, calculation, deduction, reduction and exemption;
- To summarize and prepare annual tax payment plans;
- To disclose their bank accounts, and their accounts with the treasury and other financial institutions to the tax administration;
- To maintain an accounting system and use invoices in accordance with the laws and regulations;
- To provide accounting documents, invoices, bank certificate and other documents relating to tax calculation to the tax administration at its request;
- To implement decisions, ordinances, instructions and notices of the tax authorities for the payment of tax arrears and penalties; if the taxpayers fail to comply and do not cooperate with the tax authorities, they shall consent to the confiscation or seizure of assets with the equivalent value of the tax arrears;

- To keep and record accounting documents according to the laws and regulations;
- To apply other obligations as defined in the laws and regulations.

Article 63. Rights and Obligations of Relevant Individuals and Organizations

Relevant individuals and organizations have the following rights and duties:

1. To monitor, inspect [and] provide information [and] data relating to taxpayers and to provide assistance to the tax administration pursuant to their roles;
2. To notify and report on tax violations to the tax administration; where such informants shall be protected and secrecy maintained according to the laws.

Part VI
Tax Compliance

Article 64. Tax Payment Plan

Each year, business operators shall calculate and submit a tax payment plan for each type of tax to the tax administration where they are registered. After receiving such plan, the tax administration shall compare and analyze it with actual information. If it is found that the plan is inaccurate, the business operator is required to recalculate it and then submit the plan to the tax administration by March of each year.

Article 65. (Revised) Holding Accounts

Sole-traders, legal entities and independent jobbers shall hold accounts as determined in the Law on Accounting of the Lao PDR.

The used accounting documents shall be kept for ten years and shall be available at all times for the tax administration.

A computerized accounting system shall be registered in accordance with the accounting regulations and standards.

Article 66. Using Invoices

Every time when sole-traders, legal entities and organizations sell goods and prove services, they shall issue invoices in accordance with the laws and regulations.

The Ministry of Finance shall determine the design, printing, distribution, management and use of invoices in specific and general formats in accordance with the laws and regulations.

Article 67. Adjustment of Taxes

In calculating the taxes, fees and technical service charges payable, if the amount of taxes calculated yields a number with a fraction, such figure shall be rounded up or down to get a whole number.

Article 68. Payment of Taxes, Fees and Administrative Service Charges

Taxes, fees, administrative service charges and fines that are determined in Kip or in foreign currencies must be collected in such currencies in the form of either cash, check or bond, and shall be remitted to the State budget through the banking system of the Lao PDR or through the national treasury in accordance with the payment receipt of taxes or fees and technical service charges.

For remote areas where banking services are not available, remittance can be made in cash to the treasury or the district taxation office.

For the payment of taxes, fees, administrative service charges and fines in foreign currencies by taxpayers, the receipt of such money should be done through the bank and be entered into the national treasury account in the original currency and recorded in the Kip currency account, in accordance with the demand notice issued by the tax staffs based on the bank exchange rate promulgated in each period.

Article 69. Tax Refund

In the event of an incorrect tax calculation caused by wrong information provided by business operators or tax staffs, such as double payments, payments made based on incorrect rates, and there is an overpayment of tax and thus some tax to refund, the tax administration shall consider [and] resolve such problems with [high] responsibility in order to return such amount to the taxpayer. However, if it cannot be refunded, such amount shall be offset with the same tax or other taxes that shall be paid in the following month, quarter or year.

Article 70. Tax Arrears Enforcement

The tax administration has the right to audit the calculation and payment of taxes by taxpayers within three accounting years. In the event of an incorrect tax calculation and in complete tax payment, the tax administration has the right to demand the underpaid tax amount and impose penalties, as stipulated in Article 74 of this Law.

Article 71. Writing Off of the Uncollectable Tax

The tax administration has the duty to compile demand notices in which taxes have not been paid in the previous periods. If the taxpayer has been disappeared or died without any remaining assets, [the tax administration] shall coordinate with local administration and other relevant sectors to find a consensus before reporting to the Minister of Finance for consideration to issue a decision on writing off such taxes.

Article 72. Submission of Complaints

Taxpayers who believe that they have paid tax incorrectly have the right to file a request to the tax administration where they are registered within thirty days from the date they have declared the tax payment. A request filed after such period of time shall not be considered.

Article 73. Processing of Complains

The tax administration has the duty to consider and give responses to taxpayer requests in writing within thirty days from the date the request is received. If it is found that the taxpayer's request is justified, the tax administration shall re-calculate and return the excess tax amount to the taxpayer as stipulated in Article 69 of this Law.

In the event that the taxpayer has not received consideration or the consideration is not in accordance with the laws and regulations, the taxpayer has the right to appeal to the immediate higher level (district [and] municipal finance office, provincial finance office and the Ministry of Finance) or the taxpayer can sue to the court to initiate court proceedings.

Article 74. Penalties/Fines

Taxpayers who violate the regulations on declaration and payment of taxes provided in this Law shall be fined according to each specific case as follows:

1. Late tax filing and payment shall be fined at zero point one percent (0.1%) of the amount of tax payable per day. In any event, such fine shall not exceed the amount of the tax payable;
2. Underreporting income, underpaying taxes, selling goods or supplying services without issuing invoices or issuing false invoices shall be fined as the followings:

First Offense:

- Recalculating and paying taxes in full amount;
- Subject to pay fine at twenty percent (20%) of the recalculated amount;

- Subject to pay fines according to the accounting and other relevant regulations.

Second Offense:

- Recalculating and paying taxes in full amount;
- Subject to pay fine at forty percent (40%) of the recalculated amount;
- Subject to pay fines according to the accounting and other relevant regulations.

Third Offense:

- Recalculating and paying taxes in full amount;
- Subject to pay fine at twenty percent (60%) of the recalculated amount;
- Subject to pay fines according to the accounting and other relevant regulations.
- Permanent closure of business operations and publicize on the mass media;
- Subject to prosecution under the law, depending on each case.

3. In the event that the taxpayer does not maintain accounts, does not declare income and a tax return, refuses to allow tax staffs to conduct inspection, does not submit annual accounting documents as provided for in this Law, or does not timely provide evidence, explanations, data [and] information regarding the tax calculation to the tax shall be fined as the followings:

First Offense:

- Pay compulsory taxes in accordance with the provisions of Article 32 of this Law;
- Pay additional tax of thirty percent (30%) of the recalculated amount;
- Subject to pay fines according to the accounting and other relevant regulations.

Second Offense:

- Pay compulsory taxes in accordance with the provisions of Article 32 of this Law;

- Pay additional tax of sixty percent (60%) of the recalculated amount;
- Subject to pay fines according to the accounting and other relevant regulations.

Third Offense:

- Pay compulsory taxes in accordance with the provisions of Article 32 of this Law;
- Pay additional tax of one hundred percent (100%) of the recalculated amount;
- Permanent closure of business operations and publicize on the mass media;
- Subject to prosecution under the law, depending on each case.

4. With respect to tax arrears, the taxpayer shall be fined three percent (3%) of the amount of payable per notice after receiving the tax assessment notice, starting from the first day after 15 days as specified in the assessment notice, six percent (6%) for the second notice and ten percent (10%) for the third notice.

For each notice, the payment shall be made within fifteen days from the date that taxpayer received an enforcement notice.

Part VII
Structure of Taxation

Chapter 1
Tax Administration

Article 75. Location and Roles

The Tax Administration is an organization under the Ministry of Finance which has the roles on administering tax activities on vertical line of reporting, being a chief of staff to the Minister of Finance with regards to macro management, internal inspection, implementation of tax calculation, monitoring and supporting tax payment to the State budget on a centralized and uniform manner in accordance with the laws and regulations.

Article 76. Organizational Structure

The Tax Administration has the organizational structure on a vertical line [in term of reporting] as follows:

1. The Tax Department is an organization under the Ministry of Finance which has the roles to administer taxation activities on vertical line [in term of reporting], being a chief of staff to the Minister of Finance with regard to the macro management, development of revenue collection plan, internal control, implementation of tax calculation, monitoring and supporting of the tax payment to the State budget on a centralized and uniform manner throughout the country in accordance with the laws and regulations;
2. The Provincial [and] Capital Tax Divisions are organizations under the Tax Department which have the roles in administering tax activities, being a chief of staff to the Director General of the tax Department with regard to the development of revenue collection plan, internal control, implementation of tax calculation, monitoring and supporting of the tax payment to the State budget on a centralized and uniform manner under its jurisdictions;
3. The District [and] Municipal Tax Offices are organizations under the Provincial [and] Capital Tax Divisions which have the roles to administer tax activities, being a chief of staff to the Director of the Provincial [and] Capital Tax Divisions with regard to tax revenue collection planning, internal control, implementation of tax calculation, monitoring and supporting of tax payment to the State budget on a

centralized and uniform manner under their jurisdictions.

Article 77. Personnel Structure

The Tax Administration has the personnel structure as follows:

- Director General, Deputy Director Generals of the Department;
- Director, Deputy Directors if of the Division;
- Head, Deputy Heads of the Office;
- Tax authorities and staffs;
- Some assistants.

With respect to the determination of position, appointment, reshuffle, dismissal, complement [for good-performers] and measures against the tax authorities and staffs shall be applied according to the relevant laws and regulations.

Article 78. Criteria for the Tax Staffs and Authorities

Tax authority and staffs shall meet the following criteria:

1. Being a Lao citizen;
2. Being at least eighteen years old;
3. Has a good personality, ethicality and honesty and loyalty;
4. Having general education from at least higher secondary school, being competent and having financial, accounting or law experience and other relevant professional knowledge;
5. Good at any foreign language;
6. Have never been taken disciplinary actions or conducted any financial offense on purpose;
7. Being healthy.

Article 79. Confidentiality

Tax staffs and authorities shall strictly keep the State and authority secrets in accordance with the prohibitions as stipulated in Article 82 of this Law.

Chapter 2
Rights and Duties of the Tax Staffs and Authorities

Article 80. Rights of Tax Staffs and Authorities

Tax staffs and authorities have the following rights:

1. To receive assistance and facilitation from organizations in all sectors, local administration at all levels, armed forces and other persons when needed or requested by the tax administration;
2. To gather information relating to taxation activities from individuals, legal entities and relevant organizations;
3. To demand individuals, legal entities and relevant organizations who are obliged to comply with obligations to present accounting documents [and] other information;
4. To perform desk audits, field audits and quick audits at the offices of individuals, legal entities and relevant organizations and to perform audits without advance notification;
5. To audit the use of invoices and other documents relating to the movement of goods in the inventories, stores, markets and others;
6. To temporary confiscate and seize assets of taxpayers in the event that they do not pay tax arrears and penalties as stipulated in Article 74 item 4 and Article 97 item 2 of this Law;
7. To exercise other rights as assigned by higher level and as defined in the regulations.

Article 81. Duties of Staff and Tax Authorities

Tax staffs and authorities have the following duties:

1. To disseminate laws and regulations related to taxation to individuals, legal entities and organizations aiming at increasing knowledge and understanding and voluntary compliance on the declaration and payment of taxes;

2. To strictly implement the laws, Presidential Ordinances, ordinances and other regulations to ensure the management of the payments of taxes, fees and technical service charges into State budget in full, correct amount and on a timely basis;
3. To inspect the calculations, declarations, exemptions, reductions, and payments of taxes, fees and technical service charges, and to demand payment of tax arrears;
4. To safeguard documents, vehicles, materials and State and authority secrets;
5. To support and monitor tax payments through banking system and report to the bank to deduct money from the bank accounts of taxpayers who have long-standing tax arrears to pay to the State budget;
6. To disclose details of assets and liabilities to their organizations ahead of being a tax staff or in the course of employment as a tax staff [and] authorities according to the laws and regulations.
7. To perform other duties as assigned by higher level and as defined in the laws and regulations.

Part VIII
Prohibitions

Article 82. Prohibitions for Tax Staff and Authorities

Tax staff and authorities are prohibited from any of the following acts:

1. Disclosing confidential State, official and taxpayer information, delaying –[and] falsifying documents, being negligent in the performance of their duties, abandoning their duties and irresponsible for the assigned duties;
2. Abusing their positions, using violence, threatening, requesting, asking or taking bribes which cause

damages to the interests of individuals, collective, the State and organizations;

3. Protecting or colluding with a business operators who has violated the laws and regulations;
4. Falsifying invoices, receipts or other documents;
5. Collecting tax revenue without authorization from organizations;
6. Using the collected taxes for personal use instead of transferring [such money] to the State budget.
7. Other acts that violate laws and regulations.

Article 83. Prohibitions for Taxpayers

Taxpayers are prohibited from any of the following acts:

1. Destroying evidence, falsifying documents, concealing income and offences related to tax payments;
2. Offering bribes or prizes, colluding to steal the State money;
3. Falsifying invoices, receipts or other documents;
4. Slandering, threatening, hurting tax staff and authorities.

Article 84. Prohibitions for Individuals, Legal Entities and Other Organizations

Individuals, legal entities and other organizations are prohibited from any of the following acts:

1. Refusing to provide information, colluding to conceal and encouraging offenses related to the tax payment of business operators;
2. Offering or taking bribes, prizes, colluding to steal the State money;
3. Slandering, threatening and hurting tax staff and authorities.
4. Other actions that violate the laws and regulations.

Part IX
Management and Inspection

Chapter 1
Management Authority

Article 85. Tax Management Authority

The Government is responsible for tax administration in a centralized and uniform manner throughout the country by designating the Ministry of Finance to play a central role for coordination with other ministries and relevant local administrations.

The Tax Management Authority includes:

- Ministry of Finance;
- Tax Department;
- Provincial [and] Capital Tax Division;
- District [and] Municipal Tax Office.

Article 86. Rights and Duties of the Ministry of Finance

For the management of taxation activities, the Ministry of Finance has the following rights and duties:

1. To research [and] develop strategic plans, policy plans, and laws and regulations on taxation in order to submit to the government for consideration;
2. To implement the strategic plans and policy plans into detailed plans, programs and projects of the financial sector;
3. To disseminate laws and other legislation related to taxation throughout the country;
4. To supervise and monitor the implementation of the laws and other legislation related to taxation activities;
5. To manage and monitor the accurate and strict tax calculation of tax staff and taxpayers;
6. To manage and train personnel, and to appoint, reshuffle, dismiss, implement incentive policies or

take disciplinary actions against, tax staff; to provide regular budget for expenses, vehicles and modern technical equipment to support tax administration;

7. To coordinate with other ministries, local administrations and other organizations that are related to taxation;
8. To be responsible for the government for the management and monitoring of the implementation of technical activities by tax staff and authorities throughout the country;
9. To maintain foreign, regional and international relations and cooperation with regard to taxation activities;
10. To summarize and report to the government on the implementation of taxation activities in each period.
11. To exercise other rights and perform other duties as required by laws and regulations.

Article 87. Rights and Duties of the Tax Department

For the purpose of taxation management, the Tax Department has the rights and duties:

1. To study and amend strategic plans, policies, laws and regulations, development plans and management mechanisms related to taxation activities in order to submit to the Minister of Finance for consideration;
2. To disseminate and implement laws and regulations, orders and other legislation on taxation to raise awareness to comply with legislation by individuals, legal entities and organizations;
3. To conduct regular supervision and monitoring on the implementation of relevant laws and regulations in a uniform manner throughout the country;
4. To implement the state accounting regime [Balance of Payment] to record all tax revenue in accordance

with the State budgetary lines, and to coordinate with the national treasury in order to report on and analyze the tax revenue;

5. To manage and follow up the calculation of taxes by the tax authorities and taxpayers to ensure that it is done accurately and strictly in accordance with their responsibilities;
6. To manage and use technology and information, and to modernize taxation activities throughout the country;
7. To manage and use of budget and bonuses, vehicles, equipment and materials for tax administration throughout the country;
8. To propose to the Ministry of Finance for the consideration of appointment, dismissal, reward, and take disciplinary actions against tax staff and authorities;
9. To appoint, rotate tax staff and authorities within its jurisdiction;
10. To liaise and cooperate with other relevant local administration in developing capacity building plan, and managing, allocating, implementing incentives or taking disciplinary actions against staff responsible for taxation activities;
11. To liaise and cooperate with line departments within the Ministry, local administrations and other relevant sectors on taxation activities as assigned;
12. To monitor and support the implementation of technical duties throughout the country;
13. To liaise and cooperate with international and other organizations regarding taxation activities as assigned;
14. To summarize, evaluate and report to the Ministry of Finance on the implementation of taxation activities throughout the country;
15. To exercise other rights and duties as stipulated in

the laws and regulations and as assigned by higher level.

Article 88. Rights and Duties of Provincial and Capital Tax Divisions

For the management of taxation activities, the Provincial [and] Capital Tax Division has the following rights and duties:

1. To implement strategic plans, policies, laws and regulations, development plans and management mechanisms relating to the administration of taxation activities;
2. To disseminate laws and regulations, orders and other legislation relating to taxation activities in order to raise awareness for the compliance of such legislation by individuals, legal entities and organizations within their area of responsibility;
3. To supervise and monitor the implementation of relevant laws and regulations on a regular and uniform basis within their area of responsibility to ensure accurate and full tax revenue management and on timely basis.;
4. To implement state accounting regime in order to record all tax revenue, fees and service charges collected into the correct budgetary line of the State budget, and to coordinate with the national treasury in the province, capital in order to report on and analyze the amount of tax collected;
5. To manage and follow up on the calculation of taxes by the tax authorities and taxpayers in order to ensure it is done accurately and strictly in accordance with their responsibilities;
6. To appoint [and] rotate tax staff and authorities within their area of responsibility;
7. To liaise and cooperate with relevant sectors, provincial [or] Capital administration in developing

capacity building plan, and managing, allocating, implementing incentives or taking disciplinary actions against staff responsible for taxation activities;

8. To propose to the provincial or Capital governor to propose to the Ministry of Finance for the consideration of assignment, rotation, or dismissal of staff, the implementation of incentive policies to good performers or taking of disciplinary action against violators that are under their jurisdiction;
9. To manage and use technology and information, and to modernize taxation activities under their jurisdiction;
10. To manage and use budget and bonuses, vehicles and materials for taxation activities within their responsibility;
11. To collaborate with the provincial or municipal finance department, line departments and provincial or capital administration in the implementation of taxation activities under their responsibility.
12. To monitor and support the implementation of technical duties under their responsibility;
13. To liaise [and] cooperate with foreign countries and other organizations regarding taxation as assigned by a higher authority;
14. To summarize, evaluate and report to the Tax Department of the Ministry of Finance, the Provincial or Capital Finance Department, the Provincial or Capital governor on the implementation of taxation activities under their responsibility on a regular basis;
15. To exercise other rights and duties as stipulated in the laws and regulations as assigned by a higher level.

Article 89. Rights and Duties of District and Municipal Tax Offices

For the management of taxation activities, the District [and] Municipal Tax Offices has the following rights and duties:

1. To implement strategic plans, policies, laws and regulations, development plans and mechanisms for the administration of taxation activities effectively;
2. To disseminate laws and regulations, orders and other legislation related to taxation activities in order to increase knowledge and awareness on the compliance with such legislation by individuals, legal entities and organizations under their jurisdiction;
3. To supervise and monitor the implementation of relevant laws and regulations on a regular and uniform basis within the scope of their responsibility in order to ensure the accurate, full and timely tax collection;
4. To implement the state accounting regimes to record all tax revenue into the correct budgetary lines of the State budget, and to coordinate with the national treasury at the district and municipality to create reports and analyze the tax revenue;
5. To manage and follow up the calculation of taxes by the tax administration and taxpayers to ensure that it is done accurately and strictly in accordance with their area of responsibility;
6. To manage and use technology and information, and to modernize taxation activities under their jurisdiction;
7. To manage and use budget and bonuses, vehicles and materials for taxation activities within their responsibility;
8. To propose to the District Chief, Municipal Major to appoint, rotate, dismiss, reward, take disciplinary

actions against tax staff and authorities under their responsibility;

9. To rotate tax staff and authorities under their responsibility;
10. To collaborate with the district or municipal line sectors and district administration in developing capacity building plan, managing, allocating [and] implementing incentive policies to or taking disciplinary actions against staff who are responsible for taxation activities;
11. To coordinate with district finance office, other offices and district [and] municipal administration regarding taxation;
12. To monitor [and] support the implementation of technical duties under their responsibility;
13. To summarize, evaluate and report to the Provincial [and] Capital Tax Division, the district [and] municipal finance office and district [or] municipal chief on the implementation of taxation activities under their responsibility on a regular basis;
14. To exercise other rights and duties as stipulated in the laws and regulations as assigned by a higher level.

Chapter 2
Inspection Authority

Article 90. Tax Inspection Authority

The Tax Inspection Authority includes:

1. The internal inspection authority which is the same as the tax management authority as stipulated in Article 85 of this Law;
2. The external inspection authority includes:

- National assembly;
- Government Audit and Anti-Corruption Authority;
- State Audit Organization;

- Local administrations, the Lao Front for National Construction, mass organizations, civil society, mass media and other relevant sectors that are obliged to involved in the inspection of the implementation of taxation activities in accordance with their roles.

Article 91. Rights and Duties of the Internal Inspection Authority

The internal inspection authority has the following rights and duties:

1. To inspect the implementation of duties and responsibilities of tax staff and authorities at each level for their compliance with the laws and regulations, orders and other legislation, technical working procedures in order to ensure efficient and productive management of taxation activities;

2. To audit taxpayers regarding to their planning, calculation, collection, declaration, and payment of taxes, fees and technical service charges including VAT deductions and refunds, in accordance with the laws and regulations through an agreement and procedures including the audit of enterprise accounts of the taxpayer as follows:

- **Developing an audit plan:**

The Tax Department shall determine annual audit plan which shall specify general targets in terms of quantity and types of audits to be carried out by the provinces and municipalities during the year. The audit shall identify targeted enterprises that will be audited in each period and shall develop a monthly, quarterly and annual plan based on data collected. The development of the annual audit plan shall be completed before June of the fiscal year in order to submit it to the Director General of the Tax Department for consideration and approval.

- **Decision on Audit:**

The Director General of the Tax Department, the head of the provincial [or] municipal tax division, the head of the district [or] tax office will issue a decision to appoint tax authorities to carry out actual audit at the taxpayers' offices, such as enterprises and state organizations, according to the audit plan that has been officially approved.

In case the audit comprises of representatives from other sectors, the Minister of Finance, the provincial or municipal governor, the district [or] municipal chief shall issue a decision on appointing the tax auditors.

- **Audit process:**

- Audit of the taxpayer's accounting documents related to each tax;
- Accounting documents to calculate profit tax including the annual trial balance of previous year and after stocktaking, income statement (income, expense, profit), balance sheet (assets, liabilities), schedule of depreciation, provisions, amortization, reserves and others;
- Documents certifying accounting entries, such as valid invoices related to the revenue and expense of the business;
- Daily transactions, journal entries, general ledger;
- Actual stock count of fixed assets, inventories of raw materials, products, goods, assets on hand (cash, valuable objects, deposits, asset certificates and others).

- **Summary of Audit Work:**

Each audit shall be summarized and followed by making an audit memo on mutual consent between the tax authorities and the accountant of the enterprise through the certification and acknowledgement of the owner or director of the enterprise, the head of the Audit Division and the Director General of the Tax Department, the head of Audit Office and the head of the Provincial or Capital Tax Division, the head of the Audit Unit and head of the District or Municipal Tax Office where the enterprise is registered.

In the event that the certification of people involved in the audit is inconsistent with the laws and regulations or there is information from outside, a new audit shall be done in accordance with the agreement of immediate higher level. If it is found that there is any violation, the authority shall take civil [and] criminal measures in accordance with the provisions as stipulated in Article 97 of this Law.

If a taxpayer disagrees with the audit results made by the tax authorities, the taxpayer can appeal to the tax administration at immediate higher level for consideration and resolve a problem. If the problem is not resolved by such administration, the taxpayer has the right to appeal to an external audit authority and relevant local administration to resolve it. If the problem is still not resolved, the taxpayer still has the right to appeal to the People's Prosecutor and the People's Court for consideration.

Article 92. Rights and Duties of External Audit Authority

External inspection authorities have the rights and duties according to the relevant laws with regard to the inspection of the implementation of the roles, rights, duties, and responsibilities of the tax authorities at each level strictly regarding the development and implementation of the plan, the implementation of rights, obligations and violations of prohibitions by the tax authorities which caused complaints from the public and claims from taxpayers, individuals, legal entities and other organizations in order to ensure the efficiency, transparency and fairness of taxation activities.

In case the external information is used to verify audit results by the external organization which found that the audit is inconsistent with the laws and regulations, the audit shall be carried out again based on the agreement of an immediate higher level. If it is proved that there is any violation, civil and criminal measures as stipulated in Article 97 of this Law shall be applied.

Article 93. Forms of Audits

Audits by the tax authorities include the following forms:

- Regular audit;
- Audit with advance notice;
- Urgent audit.

A regular audit is an audit that is conducted according to the targets and plans after closing annual accounts of the enterprise at the office on a regular basis.

An audit with advance notice refers to an unplanned audit that is undertaken on the premises of the enterprise when it is deemed necessary where the audited taxpayer shall be notified in advance.

An urgent audit refers to an emergency audit which is conducted out of the plans and done at the premises of the enterprise or any target whey the taxpayer is not given advance notice.

Part X
Budget, Uniform, Logo and Seal Stamp

Article 94. Budget

The Tax Administration uses its budget under the Ministry of Finance in accordance with the Law on State Budget for the expenditure on its administrative activities.

Article 95. Uniform, Logo and Seal Stamp

The tax administration has its uniform and logo authorized by the government. Tax staff and authorities shall wear their uniforms, put duty badge and special logo when carrying out official duties.

The tax administration at each level has its own seal for official use.

Part XI
Policies for Good Performers and Measures Against Violators

Article 96. Policies for Good Performers

Tax staff [and] authorities, individuals, legal entities or other organizations who have participated in the audit, monitoring, search for, and provision of information that results in detection of tax evasion, the collection of underreported taxes, including fining the offenders, will be rewarded or will be [entitled] to other benefits in accordance with the laws and regulations.

Taxpayers who have properly, completely, and timely complied with their obligations as stipulated in this Law shall be rewarded and shall be entitled to receive facilitation in their business activities as deemed appropriate.

Article 97. Measures against Violators

Violators of the laws and regulations on taxation shall be subject to re-education, penalties, civil compensation or criminal measures depending on the seriousness of the case:

1. Violations by tax staff and authorities:

- In the case of a minor violation which does not affect the revenue and reputation of the Tax Administration, such as not performing duties as assigned without sufficient reason shall be re-educated, given a warning or disciplinary actions according to the laws and regulations.
- In case a criminal offense, such as abuse of position, use violation, intimidation, demanding for, asking for or taking bribes which cause damages to the interests of individuals, collectives, the State and organizations; protecting or colluding with business operators who carry out illegal businesses or falsify invoices, receipts or other documents; collecting

taxes or fees without authorization; using the taxes or fees collected for their personal use without remitting them to the state budget, shall face criminal prosecution. If such acts cause damages to other persons or organizations, the violator is required to compensate for the damages caused.

2. Taxpayers

- In the case of minor violation, such as no submission of a tax return, no tax payment, not maintaining accounts, not using invoices, not affixing tax stamps; not using tax identification number shall be re-educated, given a warning and recommended for strict compliance.
- In the case of an offense that causes damage to state budget, the taxpayer shall pay taxes in full amount and is subject to a penalty depending on cases as stipulated in Article 74 of this Law.
- In the case where the enforcement period is expired and the taxpayer has not paid the tax arrears, the tax authorities shall take the following measures:
  + Request the bank to deduct money from the bank account of the taxpayer as stated in Article 81, item 5 of this Law;
  + Request the relevant sectors to temporarily suspend business operations for one month.
  + Issue an order to confiscate or seize assets, including bank deposits within fifteen days, if that period expires, the business operations shall be suspended for one month and then request the relevant sectors to revoke the business license, concession permit and other permits;
  + Put announcement on the sale of the assets to pay tax arrears in full amount, if proceeds above such amount remain, these will be given to the owner. If the sale proceeds are not enough to cover the tax arrears, the taxpayer shall continue to pay until

the debt is paid in full amount, except if the court issues a decision that the taxpayer is bankrupt;

In the case of a criminal offense, such as destroying evidence, falsifying documents, concealing revenue, concealing wrongdoings related to tax payments, offering or taking bribes, colluding to steal State money, falsifying invoices, receipts, or others documents, slandering, threatening, hurting tax staff and authorities, the taxpayer shall take prosecution and shall pay full compensation for any damage caused.

3. Violations by individuals and other organizations

If any violation against the laws and regulations on taxation is detected, [the individual and other organization] shall be subject to measures such as re-education, fines, payment of compensation for damages, or criminal prosecution, depending on the severity of the case such as rejecting to provide information, participating in concealing and supporting wrongdoings related to tax payment of business operators, offering or taking bribes, commissions, rewards; conspiring to steal State money, other acts that are violating of the laws and regulations on taxation; slandering, threatening and hurting tax staff and authorities or taxpayers.

Part XII
Final Provisions

Article 98: Amendment of Tax Rates

In case it is necessary and urgent to change tax rate/s in order to be in line with socio-economic development growth in each period, the government is allowed to consider and propose to the Standing Committee of the National Assembly for consideration before proposing to the President of the Republic to issue an interim Presidential Promulgation Decree. After that, the Standing Committee of the National

Assembly shall report to the nest National Assembly session to consider and approve it as a law.

Other individuals, entities or organizations are not allowed to change the tax rates as stipulated in this Law.

Article 99. Implementation

The government of the Lao People's Democratic Republic shall implement this Law.

Article 100. Effectiveness

This Law enters into force and effect from the date that the President of the Lao People's Democratic Republic issued the Presidential Decree on the Promulgation of the Law and 15 days after its publication on the official gazette.

This Law supersede the Tax Law No. 05/NA, dated 20 December 2011.

This Law has no retroactive effect on any tax policy or other financial policies that the government or other relevant government sectors have granted to investors according to an agreement before this Law came into force.

President of the National Assembly

pany YATHOTOU