

# Lao People's Democratic Republic

## LAW ON INVESTMENT PROMOTION (2016)

*Unofficial translation*

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The year indicated in brackets after the title of the law refers to the year of publication in the Official Gazette or, when this is not available, the year of adoption of the law.

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## PART I General Provisions

### Article 1 (Amended) Objectives

This Law defines principles, regulations and measures regarding the domestic and foreign investment promotion and administration in order to enable convenient, expeditious, transparent and proper investments, and protected by the Government to ensure the rights and benefits of investors, the state, collective and people, enabling the regional and international integration, contributing to the continuous growth of national socio-economic development in line with green growth and sustainability.

### Article 2 (Amended) Investment Promotion

Investment promotion is the formulation of promotion policies and the creation of a favorable investment climate to enable investors to conduct their business in a convenient, expeditious, transparent, fair and lawful manner.

### Article 3 (Amended) Definitions

Terms used in this Law shall have the following meanings:

1. Investment refers to capital, tangible and intangible assets that put into business operations in Lao PDR;
2. Investor refers to a natural person or a legal entity, both domestic and foreign, lawfully investing in the Lao PDR or in a foreign country;
3. Foreign investor refers to a foreign natural person or a legal entity investing in the Lao PDR;
4. Domestic investor refers to Lao or foreign natural person, Lao or foreign legal entity registered for

operating business under the Lao PDR Laws;

5. Tangible capital asset refers to money, moveable property and real estate property;

6. Intangible capital asset refers to intellectual property, future revenue, rental rights, commercial rights and concession value;

7. Investor's assets refer to tangible and intangible assets owned by an investor, which may be used as collateral for borrowing from banks;

8. Concession agreement refers to an agreement signed between a legal entity(ies) and a designated Government agency to grant the rights to operate a business or to develop a project under Lao PDR laws and subject to specific terms and conditions of the agreement;

9. Memorandum of understanding refers to the agreements between a legal entity(ies) and a designated Government agency to grant the rights to conduct a feasibility study of a project.

10. Machinery and heavy duty vehicles are directly served for production refers to machinery and heavy duty vehicles that are directly used for investment activities listed in the import master list approved by the Committee for Investment Promotion and Management

11. Direct investment refers to an act of bringing capital into a business operation which makes such investor become an owner of the enterprise, and has the rights to manage or expand the enterprise

12. Overseas investment by a domestic investor refers to an export of capital and assets for overseas investment by an investor who is lawfully registered in the Lao PDR.

13. Working days refer to working days as per Lao PDR's calendar.

14. SEZ Management Committee refers to an organizational unit established by a state authority for promoting and supervising special economic zones as authorized for establishing in provinces and capital.

#### **Article 4 (Amended) Government policies on investment promotion**

The Government promotes investment in all economic sectors, both domestic and foreign, by formulating policies to create a favorable investment climate, including construction of infrastructure, providing necessary information, granting incentives in terms of custom duty, tax, import of foreign labor, and the land use rights ;access to finance,. Government provides equal treatment, and acknowledges ownership rights, usufruct rights, inheritance rights, transfer rights and other rights as provided by law. The Government promotes investment in all sectors, business operations and in areas throughout the country except for the areas and business operations which are detrimental to national security, natural environment, at present and in long-term, public health and fine national cultures.

The Government also provides special incentives for priority sectors as set out in a separate regulation.

#### **Article 5 (Amended) Principles of investment promotion**

The investment promotion shall follow the following principles:

1. Be in line with the direction, policies, strategies, national socio-economic development plans, sectoral and geographical development plans , zones and social-economic development plan growth in each period , to improve living conditions of people, and in compliance with laws and regulations;
2. Unify the enhancement of centralized Government management across the country
3. Protect the legitimate rights and interests of the state, collective, people and investors.
4. Ensure that the one-stop investment service are delivered in a convenient, expeditious, transparent, efficient and lawful manner;
5. Ensure fair business competition;
6. Ensure national security, peace and public order, enhancing the Lao fine national culture, protecting and utilizing natural resources effectively in compliance with the policy of green growth and sustainability.

#### **Article 6 (Amended) Scope of Law**

This Law applies to investment of domestic and foreign natural persons and legal entities investing and doing business in the Lao PDR and domestic investors who invest abroad.

#### **Article 7 (Amended) International cooperation**

The Government promotes foreign, regional and international cooperation in investment promotion by sharing lessons, information, technology and experiences in investment promotion and management, marketing, commerce, finance, in compliance with treaties and international agreements to which Lao PDR is a party of.

## **PART II Incentives, Support and Protection for Investment**

### **CHAPTER 1 Investment Incentives**

#### **Article 8 (Amended) Investment incentives**

Investment incentives are as follows:

1. Incentives by business sector;
2. Incentives by zone;

2. Incentives by zone;
3. Incentives on duty, tax, incentives related to land use and other incentives.

#### **Article 9 (Amended) Investment incentives by business sector**

Business sectors that are entitled to incentives include:

1. Using high and modern technology, scientific research, research and development, using the innovation, environmental friendly, and efficient use of natural resources and energy;
2. Clean agriculture, toxic-free agriculture, seed production, animal breeding, industrial crops and plants plantation, forestry development, environment and biodiversity protection, activities promoting rural development and poverty reduction;
3. Environmentally friendly agroprocessing industry, handicraft industry specializing in national traditional and uniquely handicrafts.;;
4. Development of environmentally friendly and sustainable ecotourism, cultural and historical tourism industry;
5. Education, physical sports , human resource development and skills labor development, vocational training institution or center, production of educational and sports equipment;
6. Development of modern hospitals, pharmaceutical and medical equipment factory, traditional medicine production and treatment;
7. Investment in, service provision for and development of public infrastructure solving urban traffic congestion and over populated residential area issues; development of infrastructure supporting agriculture and industry, cargo transportation, transit and international linkage services;
8. Policy banks and micro-finance institutions focusing on poverty reduction and community with limited access to finance;
9. Modern commercial centers promoting domestic products and worldrenowned brands, exhibition centers and fairs for domestic industrial, handicrafts and agricultural products.

An investment in any business sector entitled to incentives under this Article shall have a minimum investment capital of 1,200,000,000 (one billion and two hundred million) kips; or shall employ at least 30 (thirty) Lao technical staffs or use 50 (fifty) or more Lao workers with an employment contract of at least 1 year.

Small and medium size businesses with less investment capital and number of workers than the figures set in the second paragraph of this Article shall receive incentives as defined in relevant laws and regulations.

The Government shall define detailed list of activities which are entitled to incentives.

#### **Article 10 (Amended) Incentives by zone**

Incentives by zone are divided into three zones:

- Zone 1: Poor and remote areas with socio-economic infrastructure unfavorable to investment;
- Zone 2: Areas with socio-economic infrastructure favorable to investment;
- Zone 3: Special economic zones.

The Government periodically defines the zones.

#### **Article 11 (Amended) Profit tax incentives for each business sector and zone**

Investors investing in sectors and zones defined in Articles 9 and 10 of this Law shall receive the following profit tax exemptions:

Zone 1: Exemption for ten years, with additional five years for investments in sectors set out in sections 2, 3, 5 and 6 of Article 9 of this Law;

Zone 2: Exemption for four years, with additional three years for investments in sectors set out in sections 2, 3, 5 and 6 of Article 9 of this Law.

The above exemption periods shall be counted from the year the investing enterprises start to generate business revenues. Upon expiration of the above exemption periods, the enterprises shall follow the Taxation Law.

Zone 3: Shall comply with the specific regulations.

Concession investmentes shall comply with relevant laws or agreements.

The Government defines detailed regulations and procedures for the implementation of profit tax exemption incentives as set out by the Law.

#### **Article 12 (Amended) Customs Duty and Value-Added Tax Incentives**

In addition to profit tax incentives, investors investing in the Lao PDR shall receive incentives on customs duty and value-added as follows:

1. Import of materials and equipment, which cannot be supplied or produced in Lao PDR, to form the company's fixed assets and import of machinery and vehicles directly used for production will receive duty exemption and pay value-added tax at the rate of zero percent (0%); while import of fuel, gas, lubricant, vehicles for administrative purposes and other materials shall comply with relevant laws; Temporary import of machinery and vehicles directly used for production shall comply with Tax Law.

2. Import of raw materials, equipment and parts to be used in the production for export shall be exempted from duty payment at the time of import and granted duty exemption at the time of export and

pay value-added tax at the rate of zero percent (0%);

3. Use of domestic raw materials which are not natural resources to produce finished and semi-finished products for export shall pay value-added tax at the rate of zero percent (0%);

The Government defines the list of semi-finished products for export.

#### **Article 13 Access-to-finance incentive**

Investors shall receive access-to-finance incentives by being allowed to borrow from commercial banks and other financial institutions operating in the Lao PDR as well as overseas in accordance with relevant laws.

#### **Article 14 (New) Incentives for investment expansion and other customs duty and tax incentives**

Investors who re-invest their net profit by adding business activities or expanding their business sizes shall receive one year profit tax exemption in the following accounting year based on the portion of their re-invested net profit.

Investors suffering losses from business operation may carry such losses in the year to be deducted against the profit of three following years subject to verification by the tax authority. Upon the end of such period the remaining losses will not be allowed for deduction from the profit.

Expansion of investment and/or operation by investing additional capital shall also receive incentives under this Law.

#### **Article 15 (Amended) Exemption of rental and concession royalty of state land**

Investors investing in sectors as specified in Article 9 of this Law will receive exemption from rental fee or concession fee of state land as follows:

Zone 1: Receive exemption for ten years; with additional five years for investment in sectors as specified in points 2, 3, 5 and 6 of Article 9;

Zone 2: Receive exemption for five years; with additional three years for investment in sectors as specified in points 2, 3, 5 and 6 of Article 9;

Zone 3: To comply with specific regulations.

#### **Article 16 (Amended) Land-use-related incentives**

Investors in concession investmantes in the Lao PDR will receive the following land-use-related incentives:

1. Investors have the right to lease or have concession over a state land to conduct their investment activities and may transfer the land use rights within the remaining term of concession after having invested and completed at least forty-five percent (45%) of the approved project development master plan, feasibility study or after their business plan has been approved and after fulfillment of obligations under the concession agreement and approval from relevant sector authority.

2. Investors have the right to lease or have a concession of a state land outside of the concession area for their offices and residential construction within the term of investment subject to approval by the relevant provincial, capital administering authority.

The Government shall set rules on the implementation of land-use-related incentives.

## **CHAPTER 2 Investment Support**

#### **Article 17 (Amended) Investment support**

Support for investments includes the following:

1. Information incentives;
2. Other supporting incentives.

#### **Article 18 Information Incentives**

In order to ensure that the investors can quickly and timely receive consistent and complete information on investment for investment decision making, it is required to establish investment information centers in all concerned one-stop-service offices.

The investment information centers collect and compile data on investment in order to build information networks, provide and exchange information, for example through websites, investment guide books, newsletters, brochures and other formats to interested people, embassies, Lao consular offices or Lao trade representative offices based in foreign countries.

#### **Article 19 (Amended) Other Supporting Incentives**

Investors receive other supporting incentives as follows:

1. be considered for Government's commendation in different forms as deemed appropriate for investors who have fulfilled their tax obligations in a timely manner, contributed to the development of community, society, and focus on solving environmental issues, development of Lao labour skills as certified by relevant government agencies and local authorities;
2. receive facilitation for obtaining a residence permit and a multientry business visa for foreign investors according to the term of investment. Foreign investors and their family, foreign technical staff and experts will be facilitated for their entry-exit of Lao PDR and their request for multiple-entry visa for the maximum of five years per time.
3. If any additional special incentives are deemed needed in the certain sector or the zone, the Government shall propose to the Standing Committee of the National Assembly or to the National

Government shall propose to the Standing Committee of the National Assembly or to the National Assembly for consideration and approval.

The Government shall set rules on the implementation of other investment supporting incentives for investors.

#### **Article 20 (Amended) Implementation of Granting Incentives.**

Entities eligible for incentives and investment support as set out in this Law may file their request to the One-Stop Service Office to obtain an investment incentive certificate.

#### **Article 21 (Amended) Implementation of Granting Mechanism for Other Incentives**

Relevant government agencies and local administrations shall monitor and certify contributions made by a business unit as stipulated in Article 19 point 1 of this Law, in order for the One-Stop Service Office to consider and propose to the Investment Promotion and Supervision Committee of their level to grant a commendation certificate or other incentives in accordance to regulations.

### **CHAPTER 3 Investment Protection**

#### **Article 22 (Amended) Investment Protection**

The State protects legitimate rights, interests and equality of all economic sectors including domestic and foreign that make investment under laws of Lao PDR, treaties and agreements to which Lao PDR is a party.

#### **Article 23 Forms of Investment Protection**

The Government fully recognizes and protects any lawful investments of investor(s) against Government seizure, confiscation or nationalization by administrative means.

In case the Government has the needs to take over the business for public interests, the investor(s) shall be compensated with actual invested value at the prevailing market price at the time of transfer using mutually agreed payment methods.

#### **Article 24 Protection of Intellectual Property**

The Government recognizes and protects intellectual properties of investors registered under the Law on Intellectual Property Rights of the Lao PDR, international treaties and agreements to which the Lao PDR is a party.

## **PART III Investment Activities**

#### **Article 25 (New) Investment Activities**

Investment activities refer to investment operation according to the forms, types of business, requirements, procedures, registered capital and capital importation.

### **CHAPTER 1 Forms of Investment**

#### **Article 26 (Amended) Forms of Investment**

Investment consists of the following forms:

1. A wholly domestic or foreign-owned investment;
2. A joint venture between domestic and foreign investors;
3. A business cooperation by contract;
4. A joint venture between a state-owned enterprise and a private enterprise;
5. A public-private partnership (PPP).

The Government may participate in the equity of any concession investment on a case-by-case basis as set out in relevant laws.

#### **Article 27 Wholly Domestic or Foreign-Owned Investment**

A wholly domestic or foreign-owned investment is an investment entirely owned by either domestic or foreign investor(s), and can be either a single investor or several investors in the enterprise or project in the Lao PDR.

#### **Article 28 Joint Venture between Domestic and Foreign Investors**

A joint venture between domestic and foreign investors is a joint investment between domestic and foreign investors who conduct business operations, share ownership and establish a new legal entity under the laws of Lao PDR.

The organization and activities, management, rights and obligations of investors of the joint venture are defined in their joint venture agreement and in the article of association of the newly established legal entity.

Foreign investor(s) in the joint venture shall contribute at least ten percent (10%) of the total capital.

#### **Article 29 (Amended) Business Cooperation by Contract**

Business Cooperation by Contract is a joint business arrangement between domestic and foreign legal entities including public and private parties through a business cooperation contract according Lao PDR laws and regulations for a certain period of time without a requirement to establish a new legal entity or a branch office in the Lao PDR. Such contract shall clearly define rights, benefits and obligations of one party to another and to the Government.

Domestic entity entering into a business cooperation contract shall inform the investment one-stop service office for approval and supervision according to relevant regulations and shall subject to

service office for approval and supervision according to relevant regulations and shall subject to notarization by the relevant notary public of Lao PDR where the contract is performed.

#### **Article 30 (New) Joint Venture between a State-Owned Enterprise and a Private Enterprise**

Joint venture between a state-owned enterprise and a private enterprise is a partnership between a state-owned enterprise and a private enterprise in order to operate a business, have a co-ownership and establish a new entity under Lao PDR laws.

The organization, operation, management, rights and obligations of investors in such partnership shall be specified in the relevant joint venture agreement and articles of association of such new entity.

#### **Article 31 (New) Public-Private Partnership Investment**

Public-private partnership investment is a joint-venture investment between public authority and a private party under a joint-venture contract to implement a project of new construction, improvement of infrastructure or to provide a service to the public.

Sectors, conditions and procedures for public-private partnership investment are set out in a separate regulation.

#### **Article 32 (Amended) Types of investment**

Investment consists of 2 types:

1. General investment;
2. Concession investment.

## **CHAPTER 2 General Investment**

#### **Article 33 (Amended) General investment categories**

General investment can be categorized as follows:

1. Business activities under the controlled business list;
2. Business activities not under the controlled business list.

#### **Article 34 (New) Business Activities under the Controlled Business List**

Business activities under the controlled business list are businesses that have an impact to the stability of national security, public order, national fine tradition and environment, society and nature. To ensure the balance of socioeconomic development, those business activities shall be determined by relevant sector authorities prior granting investment license by the investment one-stop-service office and/or the committee for investment promotion and supervision in according to the level of administration. The Government shall periodically set the controlled business list.

#### **Article 35 (New) Business activities outside controlled business list**

Business activities not included in the controlled business list are businesses opened for general investment which may be filed for enterprise registration and applied for a business license according to the Enterprise Law and relevant regulations.

## **CHAPTER 3 Investment Procedures for General Investment**

#### **Article 36 (Amended) Application for business activities under the controlled business list**

Investors wishing to invest in general investments included in the controlled business list shall submit their applications to the investment onestop service office at the central or provincial levels who shall coordinate with relevant sector authorities for consideration and then submit the request to the committee for investment promotion and management for approval in accordance with the level of management set out in relevant regulations.

#### **Article 37 (Amended) Timeframes for consideration and approval of investment applications under the controlled business list**

Timeframes for consideration and approval of investment applications under the controlled business list shall be as follows:

1. Investors shall receive their investment license and enterprise registration certificate within twenty-five working days starting from the date a complete set of their investment application is submitted to the investment one-stop-service office;
2. Within two working days of receiving an application the investment one-stop-service office shall send the application documents to relevant sector authorities and local administration who shall consider and respond in writing within eight working days; no response within such timeframe shall imply their implicit approval.
3. Upon receiving comments from relevant sector authorities and local administration, the investment one-stop-service office shall consider and propose the case to the IPSC for consideration and approval within 10 working days.
4. After that, the investment one-stop-service office shall issue the investment license and enterprise registration certificate within five working days.

In case of a rejection of an application, the investment one-stop-service office shall inform the applicant in writing within three working days from the date of rejection decision.

#### **Article 38 (Amended) Application process for investments not included in the controlled business list**

Investors wishing to invest in general investments not included in the controlled business list shall

submit their investment application to the investment one-stop-service office for consideration and approval.

submit their application to industry and commerce sector authority for enterprise registration as set out in the Enterprise Law and other relevant regulations.

For investments in promoted sectors, which are not included in the controlled business list, upon receiving enterprise registration, investors may submit a request to the investment one-stop service office for an incentive card.

#### **Article 39 Consideration of enterprise registration for business activities not included in the controlled business list**

Procedures and timeframes for approval of enterprise registration for an investment not included in the controlled business list shall take no longer than ten working days from the date of receiving the application for enterprise registration.

#### **Article 40 Term of Investment for general investment**

Investment in general investments has no term limit except for those activities of which term limits have been specified by regulations of relevant sector authority.

### **CHAPTER 4 Concession investments**

#### **Article 41 (Amended) Concession investments**

Concession investment is an investment for which an investor is authorized by the Government in accordance with relevant laws and regulations to develop and operate a business notably concession of land, development of special economic zones, zones for industrial processing for export, mining, electric energy development, aviation and telecommunication. The Government shall determine the list of concession investments.

#### **Article 42 (Amended) Term of Investment**

The term of investment in a concession investment depends on the type, size, investment value, conditions, and feasibility study of the business in compliance with relevant laws; but shall not exceed fifty years. The concession investment term may be extended with an approval of the Government or the National Assembly or a provincial level assembly as set out by relevant laws.

### **CHAPTER 5 Conditions and Procedures for Concession Investments**

#### **Article 43 (New) Investor conditions for concession investments**

Investor conditions for concession investment:

1. Being legal entity(ies);
2. Having experience and success in business as certified by relevant authorities;
3. Being financially sound or having funding sources as certified by domestic or foreign financial institutions;
4. Meeting other conditions as set out in relevant laws.

#### **Article 44 (New) Investment applications and supporting documents**

Investment application and supporting documents include:

1. An investment application;
2. A CV and experiences of an investor(s) or a company(ies), identification card, criminal record, copy of passport, copy of enterprise certificate in case of entity;
3. A joint-venture agreement;
4. A letter of authorization to represent shareholders or company, in case the person who applies is not the head of the company;
5. A feasibility study or a business plan containing subject matters, namely: purpose of investment, estimated value of investment, project location, operation timelines, project effectiveness, manpower requirements, needs for a state land leasing or concession; financial and technical-economic feasibility, projected benefit sharing, operation plan and procedures, document certifying funding support, request for investment incentives;
6. A report on environmental, social and natural impact assessment;
7. A certificate of financial status or a supporting document(s) from a financial institution(a) or a bank(s), a certified financial statement of the last two years;
8. A copy of the company(s) articles of association as per the standard form.

#### **Article 45 (Amended) Application process for concession investments**

Investors wishing to apply for a concession investment or to develop a special economic zone and/or an industrial processing zone for export shall submit an application along with a complete set of supporting documents to the central or local investment one-stop service office in accordance with the management level as set out in relevant regulations, for consideration and recommendation to the Committee for Investment Promotion and Management for consideration. Details of supporting documents are set out in a separate regulation.

#### **Article 46 (Amended) Timeframes for consideration and approval of applications for concession investments**

Timeframes for consideration and approval of application for concession investment shall be as follows:



1. Investors shall receive their investment license within sixty-five working days starting from the date a complete set of their investment application is submitted to the investment one-stop-service;
  2. Within two working days of receiving a completed application, the investment one-stop-service office shall send the application to relevant sector authorities and local administration who shall consider and respond in writing within thirty working days; no response within such timeframe shall imply their implicit approval.
  3. Upon receiving positive comments from such authorities, the investment one-stop-service office shall report to the CIPM for consideration and approval in principle within thirty working days;
  4. After the CIPM's approval in principle, the investment one-stop-service office shall hold a negotiation meeting on an MoU or an agreement with the investor(s) with the participation of relevant sector and local administration, the results of which shall be reported to the IPSC for approval to sign such MoU or agreement with the investor(s) for which the planning and investment sector authority shall be the authorized signatory on behalf of the Government;
- After the MoU or agreement signing, the investor(s) shall make a deposit as stipulated in the MoU or agreement and then shall conduct the data collection, feasibility study and natural-socio-environmental impact assessment in accordance with relevant laws and regulations;
- In case of approval, the investment one-stop-service office shall notify in writing within three working days to the investor(s) who then shall respond in writing within ten working days upon being notified by the investment one-stop-service office regarding the date of negotiation on the MoU or agreement. Failure to respond by the investor within thirty working days of receiving the notice from the investment one-stop-service office shall constitute an implicit renunciation of his/her right to invest.
- After signing the concession agreement, the investment one-stop-service office shall issue an investment license within three working days.
- In case of a rejection, the investment one-stop-service office shall notify in writing to the investor within three working days from the decision of such rejection.

#### **Article 47 (Amended) Changes in concession investment**

Investment may be changed in various forms such as change of objective of business operation, shareholders, registered capital and others depending on the investor's request and subject to approval(s) of the licensing authority(ies) in accordance with scopes of rights set out in relevant laws and regulations .

#### **Article 48 (New) Assignment of rights or transfer of business according to a concession agreement**

Concession investors may assign their rights or transfer their business in part or in whole to another investor(s) subject to fulfillment of the following conditions:

1. The concession investors have obtained approval from the Government or provincial, or capital administration;
  2. The concession investors have fulfilled requirements under Article 16 point 1 of this Law, fulfilled financial and other obligations as per the agreement and relevant laws and regulations;
  3. The concession investors are not in the mediation, lawsuit or judicial proceedings;
  4. The concession investors are not bankrupted or declared bankrupted by the court;
- Concession investments in mining, energy, land, agriculture-forestry sectors shall comply with relevant laws and regulations

In case an approval is received from relevant sector authority allowing the investors to transfer rights or shares as specified in the agreement, such approval shall be notified to the investment one-stop-service office for acknowledgement and management. The approval document shall be notarized with the Lao PDR Notary Office subject to clearance of all taxes, fees and service charges as required by relevant laws and regulations.

#### **Article 49 (New) Approval powers of the National Assembly**

The National Assembly has the power to approve investments in:

1. State equity participation for a value of more than twenty billion Kip in a public-private partnership;
2. Construction project of a nuclear power plant;
3. Casino business and casino gambling business;
4. Extension of concession term of a special economic zone;
5. Business involving the conversion of a national reserved forest and protected forest;
6. Business having serious impact on environment, nature and society, for instance, a diversion of a natural water flow, a resettlement of five hundred families or more, a concession of land of ten thousand hectares or more and other projects as specified in relevant laws;
7. Projects requiring special incentives.

Projects or subject matters not covered above shall comply with applicable laws and regulations of relevant sector authorities.

The Provincial Assemblies consider approving investment in projects of local level according to their jurisdiction as set out in relevant laws.

#### **Article 50 (New) Approval powers of Provincial Assemblies**

The provincial assemblies have the power to approve investments in:

1. conversion of one hundred hectares or less of degraded forest lands which may not be self-rehabilitated upon request by their relevant provincial or capital administration;
2. conversion of bare lands caused by deforestation from thirty to two hundred hectares per business operation upon request by their relevant provincial or capital administration;
3. leasing or concession of degraded forest lands which may not be self-rehabilitated, the size of one hundred fifty hectares or less per business operation with the maximum leasing or concession term of thirty years upon request by their relevant provincial or capital administration;
4. business operation which may have impact on environment, nature and society at the provincial or capital level.

For operations involving a concession of land, electric power and mining, relevant laws and regulations shall apply.

## **CHAPTER 6 Registered Capital and Capital Importation**

### **Article 51 Registered capital for general investments**

Registered capital of enterprises operating general investment shall comply with the Enterprise Law and laws and regulations of relevant sector authorities.

### **Article 52 (Amended) Registered capital for concession investments**

Registered capital for concession investment shall not be less than thirty(30%) percent of total capital. Registered capital for concession investment shall be clearly expressed in assets, and throughout the investment operation period the asset value shall not be less than the registered capital.

### **Article 53 (New) Capital importation for general investments**

Foreign investors investing in general businesses shall import their capital for at least thirty percent of the total registered capital within ninety days from the date of obtaining the relevant investment license.

The remaining capital shall comply with the Enterprise Law or other relevant laws.

The capital may be imported in cash and/or in kind in compliance with relevant laws and regulations.

The importation of capital in cash and/or in kind requires supporting documents to be certified by the Bank of the Lao PDR in accordance with relevant laws and regulations.

### **Article 54 (New) Registered capital importation for concession investments**

The minimum imported capitals for concession investments are as follows:

1. three percent (3%) of registered capital for projects with investment value of less than ten million US dollars;
2. two percent (2%) of registered capital for projects with investment value from ten million to five hundred million US dollars;
3. one and a half percent (1.5%) of registered capital for projects with investment value from five hundred million to one billion US dollars;
4. one percent (1%) of registered capital for projects with investment value of more than one billion US dollars;

Such portion of capital shall be imported within ninety days from the date of the relevant investment license issuance, while the remaining amount shall be imported within two years.

Such registered capital may be used for developing projects as set out in specific regulations.

## **CHAPTER 7 Representative Offices**

### **Article 55 (New) Representative offices of foreign legal entities**

Representative offices of foreign legal entities are liaison offices acting on behalf of their parent companies in surveying for investment opportunities and coordinating with relevant public and private parties in the Lao PDR.

### **Article 56 (Amended) Application for establishing a representative office**

A foreign legal entity wishing to establish its representative office in the Lao PDR shall submit an application to the investment one-stop service office who in return shall consider and issue a license for the establishment of the representative office to the company within fifteen (15) working days after receiving such application.

A representative office license acknowledges lawful rights of a representative office to carry out activities in accordance with its terms of reference, rights and obligations, namely to collect information on investment opportunities, based on which its parent company may decide whether or not to invest in the Lao PDR. Representative offices are not allowed to conduct commercial activities.

Rules for the establishment, term and establishment capital of representative offices are set out in a separate regulation.

## **PART IV Development of Special Economic Zones**

### **Article 57 (Amended) Special economic zones**

Special economic zones refer to zones operating under specific administrative mechanisms to create favorable conditions to attract investments which apply high, innovative technologies to produce

commercial agricultural products, clean products, while conserving natural resources and energy in a sustainable manner and are environmentally friendly.

Special economic zones are established by the Government's decision. They can either be industrial zones, zones for processing industry for export, technology and information development, services, trade, or tourism. The term "special economic zone" is abbreviated as "SEZ".

#### **Article 58 (New) Establishment of special economic zones**

The Government may decide to establish a special economic zone upon receiving a recommendation by the Committee for Investment Promotion and Management at the central level in coordination with relevant local administrations.

Once the Government has made a decision to establish a special economic zone, its form of investment developers may be determined.

#### **Article 59 (Amended) Conditions for establishing a special economic zone**

A special economic zone shall be established by complying with principal conditions listed below:

1. Objectives of the special economic zone shall be clearly defined;
2. The zone's location(s) shall be suitable for its business activities, with the area(s) and boundaries clearly determined;
3. The zone's concession term shall be determined clearly;
4. Benefits to the state, developer(s) and the people shall be determined clearly;
5. Investment incentives shall be stated clearly;
6. An economic-technical assessment and a socio-environmental impact assessment have been conducted with positive results;
7. The zone shall be either under the supervision of the central Government, of a provincial or the capital administration and fall within a development plan of the Government, a province or of the capital;
8. Security, peace, safety, public order within the special economic zone and province, capital where the zone is located must be secured;
9. Sustainable development, environment protection, promotion and conservation of national fine culture shall be ensured.

#### **Article 60 (Amended) Operation principles for special economic zones**

Special economic zones shall carry out their activities in accordance with the following basic principles:

1. Observe and comply with the Constitution, laws, relevant concession agreement and special incentives in accordance with relevant laws;
2. Ensure sustainable development, environment protection, promotion and conservation of national fine culture;
3. Supervise and manage according to quick and transparent investment one-stop service mechanism;
4. Ensure security, peace, safety within the special economic zone and in the province or the capital wherever the zone is located.

#### **Article 61 (Amended) Land concession term for developing a special economic zone**

The land concession term for a special economic zone development depends on the type, size, investment value, conditions, economic and technical feasibility studies of the business in compliance with relevant laws and regulations; but shall not exceed fifty years.

The land concession term for developing a special economic zone may be extended with approval of the National Assembly upon request by the Government, provided that the investor(s) has implemented the concession agreement effectively and has brought benefits to the society.

#### **Article 62 (New) Tax, duty and other incentives**

Developers and investors operating within special economic zones shall receive certain special incentives in term of tax, duty and other incentives as specified in relevant regulations.

Developers and investors of special economic zones may apply policies as provided by laws, regulations or concession agreement as signed with the Government.

#### **Article 63 (Amended) Supervisory authorities of special economic zones**

The Government oversees special economic zones nationwide in a centralized and uniformed manner by assigning the Ministry of Planning and Investment to administer and take ownership in coordinating with other relevant sector authorities and local administrations.

The supervisory authorities of special economic zones consist of:

1. Ministry of Planning and Investment;
2. Provincial, capital administrations;
3. Office for promotion and management of the special economic zone;
4. Zone management committee.

Rights and responsibilities of the supervisory authorities of special economic zones are set out in a separate set of regulations.

## **PART V Overseas Investment**

**Article 64 (New) Procedures for Overseas Investment Establishment by Domestic Investors**

Domestic investors wishing to establish investments overseas shall submit applications to the investment one-stop service office for consideration and approval.

**Article 65 (New) Requirements for Overseas Investment**

Domestic investors planning to establish investments overseas shall meet the following requirements:

1. Have investment target overseas.
2. Have the financial reports for the last two financial years as certified by financial authority or independent audit firm;
3. Have fulfilled financial obligations due to the Government of Lao PDR in compliance with laws;
4. Be in compliance with regulations of the Bank of the Lao PDR, other relevant laws and regulations of Lao PDR.

**Article 66 (New) Rights and Obligations of Domestic Investors Investing Overseas**

Domestic investors investing overseas shall have the following rights:

1. To take money and assets to invest overseas and bring them back to the home country after fulfilling their obligations under laws and regulations of the host country(ies).
2. To bring profits and other incomes generated by their business operation to the home country.
3. To receive facilitation and incentives as per laws and regulations of Lao PDR.
4. To employ Lao labor in their overseas-invested enterprises in compliance with Lao PDR laws and regulations and those of the host country(ies).

Domestic investors investing overseas shall also have the following obligations:

1. To comply with laws and regulations of the host country(ies).
2. To perform reporting regime on financial aspects and operations to the investment one-stop-service office in order to inform the Ministry of Finance and Bank of the Lao PDR.

After the end of their overseas investment, the investors may bring back capitals and assets to the home country according to relevant laws and regulations.

# **PART VI Rights and Obligations of Investors**

## **CHAPTER 1 Rights of Investors**

**Article 67 (Amended) Rights of investors**

Investors have the rights to invest as follows:

1. To invest in all investment sectors and areas which are not prohibited by the laws of the Lao PDR;
2. To invest according to the types and forms of investments in accordance with laws and regulations;
3. To apply for concession rights from the Government or from relevant provincial authorities, pending on specific conditions, to develop a project(s) ;
4. To apply for concession rights to establish a special economic zone from the Government;
5. To establish a representative office or a branch in the Lao PDR;
6. To propose for amendment of investment objectives or activities in case their business operations have been affected by changes in Government policies, regulations and or relevant laws;
7. To have their rights and legitimate interests deriving from their investment be protected by the government;
8. To receive support from the Government in various aspects of their investment;
9. To receive benefits from leasing or concession activities in accordance with laws and regulations of Lao PDR;
10. A land leaseholder or a concessionaire has the rights to use the land according to the period of leasing contract or concession agreement. Such rights shall be transferable within the term of the leasing contract in accordance with relevant laws and regulations.
11. To have ownership over their assets, including buildings, facilities and other structures on the concession land; and have the rights to transfer such ownership to Lao nationals or foreigners in accordance with laws and regulations;
12. To open accounts in Kip or in other foreign currencies at any banks located in the Lao PDR;
13. To submit grievances to any concerned organizations in case they find themselves in a disadvantaged condition in their investments;
14. To receive other rights as provided in the laws and regulation.

**Article 68 (Amended) Rights to Manage and Administer Own Investments**

Rights to manage and administer own investments are as follows:

1. To formulate investment plan;
2. To procure and use materials, equipment, vehicles, machineries and technologies in investment operations;
3. To access domestic and overseas markets;
4. To manage labor force, ensuring order, safety and smoothness of business activities;
5. To convene meetings on investment related matters;

6. To assign or transfer shares to other investors;
7. Reduce or increase investment capital;
8. To request concerned authorities to consider the merger, suspension, dissolution or transformation of the enterprise into other forms of enterprise;
9. To perform other rights as set forth in the laws and regulations.

#### **Article 69 Rights to Hire Labor**

Rights to hire labor are as follows:

1. To enter into employment contracts with specialists and experts allowing them to work for the enterprise. In case the enterprise needs to import manual laborers and knowledge-intensive workers more than the allowed quota as described in the Labor Law, the investor has the rights to request the investment onestop-service office to consider its case and recommend to the CIPM for approval as deemed appropriate;
2. To move and assign employees to different job positions as required by the nature of the enterprise;
3. To apply lawful treatment policies and measures to all workers;
4. To exercise other rights as set forth in relevant laws and regulations of Lao PDR.

#### **Article 70 Rights of Foreign Investors to Reside in the Lao PDR**

Foreign investors and their families have the rights to reside within the territory of the Lao P.D.R. in accordance with the terms of investment. Foreign specialists and experts have rights to reside in the territory of the Lao P.D.R. according to their employment contracts.

#### **Article 71 (Amended) Rights of Foreign Investors to Repatriate Capital, Assets and Incomes**

Foreign investors have the rights to repatriate capital, assets and income, such as profits from investment, personal cash and assets, or assets of the enterprise through banks located in the Lao P.D.R. after full payment of duties, taxes and other fees in accordance with laws and regulations.

Asset transfer in the form of capital and/or money includes:

1. Capital certified by the Bank of the Lao PDR;
2. Profits, dividends, royalty fees deriving from copyrights or other intellectual properties, technical service fees, interests and other incomes generated by the investment;
3. Proceeds from the sale of business or enterprise, dissolution of the enterprise in whole or in part,
4. Proceeds deriving from contractual payments including loan agreements, proceeds received from the result of decision made on any dispute resolution or decision made by court that may or may not be related to the investment;
5. Compensation or other payments received prior to confiscation or expropriation;
6. Incomes and remunerations of foreign staff legally hired.

## **CHAPTER 2 Obligations of Investors**

#### **Article 72 (Amended) Obligations towards the State**

Investors have the following main obligations:

1. Paying taxes, duties, fees, charges in full and timely according to relevant laws and regulations;
2. Following accounting practices as per Accounting Law of Lao PDR, in case of necessity, an international accounting system may be used subject to approval by the finance authority of Lao PDR;
3. Cooperating and coordinating well with local authorities in business activities;
4. promoting employment of Lao labor, especially women and ethnic people; focusing on labor skills development, upgrading professional education and technology transferring to Lao employees;
5. Allocating budgets for investment monitoring and evaluation.
6. Reporting their business operations to the investment onestop-service office and relevant sector authorities on a quarterly, semi-annually and annual basis
7. Performing other obligations as set out in laws and regulations.

#### **Article 73 (Amended) Social Obligations**

Investors have social obligations as follows:

1. Implementing insurance and social security regimes for employees of their enterprises in compliance with laws and regulations,
2. Facilitating the formation and operation of mass organizations within their enterprises, especially labor unions;
3. Respecting and observing local fine traditions, customs and cultures;
4. Compensating those who are affected by their business operation;
5. Promoting domestic businesses and contributing to poverty reduction for the people and developing localities where their investment projects are located;
6. Contributing financially to social development in general;
7. Performing other obligations as set out in laws and regulations.

#### **Article 74 (Amended) Environmental Obligations**

Investors have the following environmental obligations:

1. Strictly complying with environmental obligations; promoting the Green Development and Growth; giving importance to the protection of environment as per laws and regulations

giving importance to the protection of environment as per laws and regulations.

2. In case an environmental issue arises, concerned investor(s) is obligated to take necessary measures to redress the issue in a timely and lawful manner;

3. Fulfilling environmental obligations according to international treaties and agreements to which Lao PDR is a party.

4. Contributing financially to environmental work in general.

5. Performing other obligations as set out in laws and regulations.

# **PART VII Committee for Investment Promotion and Management and One-Stop Service for Investment**

## **CHAPTER 1 Committee for Investment Promotion and Management**

### **Article 75 (New) Committee for Investment Promotion and Management**

The Committee for Investment Promotion and Management is a committee established by the Government with a mandate to promote and manage investment with its acronym as “CIPM”.

The Committee consists of two levels as follows:

1. Committee for Investment Promotion and Management at central level, with acronym as “CCIPM”.

2. Committee for Investment Promotion and Management at provincial level, with acronym as “PCIPM”.

### **Article 76 (New) Central Committee for Investment Promotion and Management**

The Central Committee for Investment Promotion and Management consists of:

1. Deputy Prime Minister as chair;

2. Minister to the Ministry of Planning and Investment as deputy chair and standing member;

3. Minister to the Ministry of Industry and Commerce as deputy chair;

4. Deputy Minister to the Ministry of Planning and Investment as standing member;

5. Deputy Minister to the Ministry of Finance as member;

6. Deputy Minister to the Ministry of Natural Resources and Environment as member;

7. Deputy Minister to the Ministry of Energy and Mines as member;

8. Deputy Minister to the Ministry of Agriculture and Forestry as member;

9. Deputy Minister to the Ministry of Labor and Social Welfare as member;

10. Deputy Minister to the Ministry of Public Works and Transport as member;

11. Deputy Minister to the Ministry of Information, Culture and Tourism as member;

12. Deputy Minister to the Ministry of Public Security as member;

The Central Committee for Investment Promotion and Management holds its meeting at least twice a month.

### **Article 77 (New) Rights and duties of the Central Committee for Investment Promotion and Management**

The Central Committee for Investment Promotion and Management shall have the following rights and duties as follows:

1. To consider and approve as deemed appropriate any investments in the controlled business list, concession investments and special economic zone development projects,

2. To supervise the implementation of one-stop service, ensuring effectiveness and efficiency of investment promotion and attraction;

3. To supervise the operation of Provincial Committees for Investment Promotion and Management and relevant sector authorities;

4. To supervise and monitor the implementation of relevant laws and regulations and investment-related agreements under its jurisdiction;

5. To amend, suspend or terminate as deemed appropriate any investments falling within the controlled business list, concession investments and special economic zone development projects as set out in Articles 47, 86 and 88 of this Law.

6. To interact with other countries in the region and worldwide regarding investment promotion matters as assigned;

7. To summarize and report its work to the Government on a regular manner;

8. To exercise other rights and perform other obligations as set out by laws and regulations.

The Government shall issue the list of businesses to be under the jurisdiction of the Central CIPM.

### **Article 78 (New) Provincial Committees for Investment Promotion and Management**

Each of Provincial Committee for Investment Promotion and Management consists of:

1. Provincial Governor, Capital Mayor as chair;

2. Vice Governor, Deputy Mayor as deputy chair;

3. Director General of Department of Planning and Investment as standing member;

4. Director General of Department of Industry and Commerce as member;

5. Director General of Department of Finance,

6. Director General of Department of natural resources and environment,

7. Director General of Department of Energy and Mines as member;
8. Director General of Department of Agriculture and Forestry as member;
9. Director General of Department of Labor and Social Welfare as member;
10. Director General of Department of Public Works and Transport as member;
11. Director General of Department of Information, Culture and Tourism as member;
12. Director General of Department of Public Security as member.

The Provincial and Capital Committees for Investment Promotion and Management hold their meeting at least twice a month.

#### **Article 79 (New) Rights and duties of Provincial Committees for Investment Promotion and Management**

The provincial committees for investment promotion and management shall have rights and duties within their jurisdiction as follows:

1. To consider and approve as deemed appropriate investments under the controlled business list and concession investment in accordance with the level of management as specified by the relevant sector authorities;
2. To supervise the implementation of one-stop service, ensuring effectiveness and efficiency of investment promotion and attraction;
3. To supervise and monitor the implementation of relevant laws and regulations and investment-related agreements within their jurisdiction;
4. To amend, suspend or terminate investments under the controlled business list and concession investments under their jurisdiction as set out in Articles 47, 86 and 88 of this Law.
5. To supervise the operation of zone administration committee and relevant sector authorities at the provincial level in a regular manner;
6. To interact with other countries in the region and worldwide regarding investment promotion matters as assigned;
7. To report their work to the Central CIPM in a regular manner;
8. To exercise other rights and perform other obligations as set out by laws and regulations.

## **CHAPTER 2 One-Stop Service for Investment**

#### **Article 80 (New) Investment One-Stop Service Office**

The investment one-stop service office, abbreviated as “OSO”, is the permanent office of the Committee for Investment Promotion and Management where investment one-stop service is provided to investors. The office exercises its rights and performs its duties as set out in Article 84 of this Law.

The investment one-stop service office consists of two levels as follows:

1. central investment one-stop service office, abbreviated as “COSO”; and
2. provincial investment one-stop service office, abbreviated as “POSO”.

#### **Article 81 (New) Central Investment One-Stop Service Office**

The Central Investment One-Stop Service Office is located at the Ministry of Planning and Investment. It is an assembly of representatives from Ministry of Planning and Investment, Ministry of industry and Commerce, Ministry of Finance, Ministry of Natural Resources and Environment, Ministry of Energy and Mines, Ministry of Agriculture and Forestry, Ministry of Labor and Social Welfare, Ministry of Public Works and Transport, Ministry of Information, Culture and Tourism and Ministry of Public Security. Each ministry, ministry-equivalent body has a duty to establish a coordinating unit for one-stop service under the supervision of its minister or deputy minister who is a member the Committee for Investment Promotion and Management.

The Government shall determine rules on the formation and operation of such one-stop-service units at the central and local levels.

#### **Article 82 (New) Provincial investment one-stop service offices**

A provincial investment one-stop service office is located at the Department of Planning and Investment of the relevant province. Its working team is composed of representatives from Department of Planning and Investment, Department of Industry and Commerce, Department of Finance, Department of Natural Resources and Environment, Department of Energy and Mines, Department of Agriculture and Forestry, Department of Labor and Social Welfare, Department of Public Works and Transport; Department of Information, Culture and Tourism and Department of Public Security of that province. Each provincial department has a duty to establish its coordinating unit for one-stop service under the supervision of director general of the relevant department who is a member the Provincial Committee for Investment Promotion and Management.

#### **Article 83 (Amended) Principles of investment one-stop-service**

The principles for one-stop-service are as follows:

1. To serve as the center of services for investors investing in general investments, concession investment and in special economic zone development projects in a simplified, quick, transparent and timely manner.

2. To actively coordinate with relevant sector authorities in compliance with regulations of the relevant sector authorities;
3. To centralize database, monitor and evaluate investment environment and private investment projects.

#### **Article 84 (New) Rights and duties of the investment one-stop-service offices**

The investment one-stop-service offices shall have the following rights and duties:

1. To explain investment-related laws and regulations to investors;
2. To accept applications for investments under the controlled business list and concession projects;
3. To forward the applications to relevant sectors and local authorities for comments;
4. To study investment applications and report to the CIPM for consideration and approval as deemed appropriate;
5. To hold weekly technical meetings to consider investment applications;
6. To coordinate with other relevant sector authorities to issue enterprise registration certificates, tax registration certificates, business operating licenses and other permits according to laws and regulations upon receiving the CIPM's approval for relevant applications;
7. To facilitate documentation, provide information related to investment to investors in coordination with relevant sector authorities;
8. To explain and advice on the completion of standard forms and other documents related to investment matters;
9. To accept and examine requests for amendment of a concession agreement, investment license, amendment of enterprise registration certificate involving the increase or decrease of businesses under the controlled business list;
10. To take in and provide services on applications for business visas, work permits and residence cards for foreign investors and their family, foreign staff and workers;
11. To accept complaints, reports on investor's disputes, and coordinate with relevant sector and local authorities to resolve such issues;
12. To provide initial assistance in solving investment-related problems or requests in coordination with relevant sector and local authorities;
13. To provide other investment-related services to investors in compliance with laws and regulations;
14. To monitor and evaluate investments under own jurisdiction and report to the CIPM periodically;
15. To collect fees and service charges according to regulations;
16. To exercise and perform other rights and duties as assigned by the Central and Provincial CIPM.

## **PART VIII Suspension, Cancellation and Termination of Investment**

#### **Article 85 (Amended) Investment suspension**

An investment will be temporarily suspended by the licensing authority and the enterprise registration authority as follows:

1. upon request by the investor;
2. based on a request from concerned sectors due to non-compliance with relevant investment objectives, or a breach of agreement or a violation of laws and regulations .

#### **Article 86 (Amended) Procedures for investment suspension**

Suspension based on investor's request: licensing and enterprise registration authorities shall coordinate with relevant sector authorities to conduct audit and evaluation before consideration and approval of the suspension request.

Suspension based on request from relevant sector authorities: licensing and enterprise registration authorities shall consult with each other and issue a warning notice to the investor(s) giving a time frame for corrective actions the failure of which would lead to suspension of the relevant investment. In case the problems cannot be resolved within the given time, such investment will be suspended.

#### **Article 87 (Amended) Investment termination**

An investment may be terminated due to the following reasons:

1. A request made by the investor(s) or by any of contracting parties due to a breach of contractual commitments or a violation of laws and regulations;
2. Failure resolve the problem(s) as stated under Article 86 second paragraph of this Law;
3. Non-payment of tax, duty and other financial obligations as required by relevant laws and regulations;
4. Final court's decision to terminate the investment;
5. Bankruptcy as per the law;

Termination of an investment shall not release its investor(s) from his/her obligations and liabilities owed to individuals, entities and State.

#### **Article 88 (Amended) Steps for investment termination**



Steps for investment termination are as follows:

1. The licensing authority issues an investment termination notice;
2. The Investor(s) fulfil its obligations to the State and repayment of debts to creditors in full.

#### **Article 89 (Amended) End of investment**

An investment shall be ended due to the following cases:

1. The term of investment as described in the investment license expires or the investment project is completed;
2. The investment license is withdrawn or terminated as described under Article 87 of this Law;
3. Enterprise dissolution is proceeded according to procedures under the Enterprise Law;
4. The investment is dissolved based on a request made by investor(s) or a contracting party to the agreement as certified by concerned sector authorities;
5. Final court decision ordering the enterprise dissolution or investment operation termination.

## **PART IX Prohibitions**

#### **Article 90 General Prohibitions**

Natural persons, legal entities and organizations are prohibited from the following actions:

1. Authorizing or conducting any prohibited or illegal business operations;
2. Undertaking any forms of impediments to the investment promotion in the Lao PDR;
3. Conducting any other activities which are in violation of laws and regulations.

#### **Article 91 (Amended) Prohibitions for Government Staff**

Government officials are prohibited from the following actions:

1. Abusing power, duties and positions for personal gains;
2. Co-conspiring with or facilitating investors to gain unlawful benefits;
3. Accepting bribes from investors or any persons seeking gains from an investment;
4. Disclosing confidential documents of the nation, the Government and investors;
5. Holding back or hindering investment documents consideration process
6. Behaving in other forms which are in violation of laws and regulations.

#### **Article 92 (Amended) Prohibitions for Investors**

Investors are prohibited from the following actions:

1. Giving bribes to officers and Government staff whose responsibilities are relevant to investment;
2. Co-conspiring with government officials to gain unlawful benefits;
3. Buying-selling land, in case of foreign investors. Foreign investors may lease a piece of land from private owner(s) or from the state. They may also enter into a land concession agreement with the Government.
4. Avoiding to fulfil obligations, concealing or hiding incomes, profits and covering up any tax and customs related offences;
5. Slandering or discrediting Government organizations and Government employees;
6. Acting in such a way that may cause adversely affects to national traditions, customs and cultures, public order and security of the society and the nation;
7. Behaving in other ways that are in violation of laws and regulations.

## **PART X Dispute Resolution**

#### **Article 93 (Amended) Dispute Resolution Methods**

Investment dispute resolution can be carried out through one of the following methods:

1. Compromising approach;
2. Administrative dispute resolution;
3. Dispute resolution by the Office for Economic Dispute Resolution in the Lao PDR or any international organizations to which Lao PDR is a party;
4. Filing of a claim or litigation to a domestic court or an international court to which Lao PDR is a party.

#### **Article 94 (Amended) Compromising approach**

In case a dispute arises in relation to an investment, parties involved shall make effort to resolve the dispute in an amicable manner through mutual compromise, or via an intermediary in a fair and reasonable for mutual benefits.

#### **Article 95 (Amended) Administrative Dispute Resolution**

Whenever an investment-related dispute occurs, either party thereto may bring the issue to the attention of the investment one-stop-service office who in turn shall report to the CIPM to seek solutions for the dispute in accordance with laws.

#### **Article 96 (Amended) Dispute Resolution by the Office for Economic Dispute Resolution in the Lao PDR or any international organizations to which Lao PDR is a party**

Whenever an investment-related dispute occurs, either party thereto may seek a resolution from the Office for Economic Dispute Resolution of Lao PDR or from any international organizations as agreed by the parties of the dispute.

Lao PDR recognizes and enforces awards granted by foreign or international arbitrations subject to certification by the People's Court of Lao PDR.

The People's Court of Lao PDR will certify an award granted by a foreign or international arbitration only if the following conditions have been fulfilled:

1. The parties to the dispute shall be citizens of a country party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards;
  2. An award shall not be incompatible with the Constitution, laws and regulations related to the national security, public order and environment;
  3. The debtor party has assets, business operation, shares, deposits or other assets in the Lao PDR.
- After such recognition and certification by the People's Court of Lao PDR, the award shall be enforced according to the Lao PDR's Law on Court Judgment Enforcement.

For any dispute arising from an agreement signed with the Government, the resolution thereof shall be as agreed by both parties in such agreement.

**Article 97 (Amended) Filing of a Claim or Litigation to the Court of Lao PDR or an international court to which Lao PDR is a party**

Whenever an investment-related dispute occurs, either party thereto shall have the rights to bring the dispute to the People's Court in accordance with Lao PDR's laws or an international court to which Lao PDR is a party. The final court decision shall be binding against the parties.

## **PART XI Investment Management**

### **CHAPTER 1 Investment Management**

**Article 98 (Amended) Management Authorities**

The Government manages investment promotion in a centralized and uniformed manner throughout the country by assigning the planning and investment sector authority to be directly responsible for the task and to take ownership in coordinating with industry and commerce sector authority, relevant sector authorities and local administrative authorities.

**Article 99 (New) Rights and duties of the planning and investment sector authority**

By managing investment promotion, the planning and investment sector authority shall have the rights and duties according to the management levels as follows:

A. Rights and duties of the Ministry of Planning and Investment include:

1. Research, develop and disseminate strategies, policies, laws, regulations on the promotion and management of investment in the Lao PDR and overseas investment by domestic investors;
2. Develop and issue various forms related to application documents for investment in the Lao PDR and overseas investment by domestic investors;
3. Serve as the focal point for coordination with relevant sector authorities in research, negotiation of concession agreement and represent the Government to sign such agreement as assigned by the Government;
4. Consider and propose the suspension, amendment or termination of a project or operation of investment which fails to comply with investment objectives or agreement or relevant laws and regulations;
5. Establish and manage information system, provide information on investment incentives to attract investment and for overseas investment;
6. Monitor and audit the implementation of laws and their sublegislation regarding investment promotion across the country;
7. Encourage, promote and coordinate with relevant sector authorities and local administrations in the evaluation of projects, operations and solve problems arising from such projects, operations across the country including supervision of domestic investors investing overseas.
8. Direct and facilitate the operation of investment one-stop-service offices to provide quick, transparent, fair and effective services;
9. Build, train and upgrade staff on investment promotion;
10. Cooperate with foreign countries on investment promotion;
11. Manage special economic zones;
12. Summarize and report on investment promotion to the Government on a regular basis;
13. Exercise other rights and perform other duties as required by laws and regulations.

B. Rights and duties of the Provincial, Capital Departments of Planning and Investment include:

1. Implement and disseminate strategies, policies, laws, regulations on the promotion of investment;
2. Establish and manage information system, provide information on investment incentives to attract investment under their jurisdiction;
3. Serve as the focal point for coordination with relevant sector authorities in research, negotiation of concession agreement and represent the province to sign such agreement as assigned;
4. Encourage, monitor, audit and evaluate the implementation of projects, operations including laws

and regulations regarding investment promotion;

5. Coordinate with relevant sector authorities of local level in the supervision and resolution of problems arising from projects, operations in their locality.

6. Consider and propose the suspension, amendment or termination of a project or operation of investment which fails to comply with investment objectives or agreement or relevant laws and regulations;

7. Facilitate the operation of investment one-stop-service offices to provide quick, transparent, fair and effective services;

8. Relate and cooperate with foreign countries on investment promotion as assigned by higher authority;

9. Build, train and upgrade staff on investment promotion;

10. Summarize and report on investment promotion to the higher authority on a regular basis;

11. Exercise other rights and perform other duties as required by laws and regulations.

C. Rights and duties of the District, Municipal Offices of Planning and Investment include:

1. Implement and disseminate strategies, policies, laws, regulations on the promotion of investment under their jurisdiction;

2. Establish and manage information system, provide information on investment incentives to attract investment under their jurisdiction;

3. Encourage, monitor and evaluate the implementation of projects, operations including laws and regulations regarding investment promotion under their jurisdiction;

4. Coordinate with relevant sector authorities of their level in the supervision and resolution of problems arising from projects, operations.

5. Facilitate and support the operation of investment one-stop-service offices to provide quick, transparent, fair and effective services under their jurisdiction;

6. Collect data on investment and investment operations in their locality;

7. Request for building, training and upgrading of staff on investment promotion;

8. Summarize and report on investment promotion to the higher authority on a regular basis;

9. Exercise other rights and perform other duties as required by laws and regulations.

#### **Article 100 (New) Rights and duties of the industry and commerce sector authority**

In managing investment promotion, the industry and commerce sector authority shall have the rights and duties according to the supervision decentralization as follows:

A. Rights and duties of the Ministry of Industry and Commerce include:

1. Research on the direction, policy for development and promotion of enterprises and take ownership of implementing such policy across the country;

2. Manage the existence and establishment of all types of enterprises under its jurisdiction from the stage of establishment until dissolution or bankruptcy as set out in the Enterprise Law;

3. Coordinate with relevant sector authorities to supervise and apply measures against enterprises violating laws and regulations;

4. Provide enterprise registration service for all businesses;

5. Accept applications for enterprise registration for businesses outside the controlled business list and branches of foreign enterprises;

6. Accept requests for change in the content of enterprise registration certificates, except for the increase or decrease of business activities as set out in Article 47 of this Law;

7. Support and direct development and promotion of enterprises in their locality;

8. Collect, keep and provide information on enterprises to the higher authority and public;

9. Call in enterprises for explanation or warning regarding business operation;

10. Order the temporary or permanent suspension of enterprises under its jurisdiction as set out in the Enterprise Law;

11. Withdraw enterprise registration certificates or delete enterprise names from the register for enterprises under its jurisdiction as set out in the Enterprise Law;

12. Order amendment, suspension or revocation of enterprise registration certificates unlawfully issued by local enterprise registrars;

13. Summarize and report on investment promotion and supervision under its jurisdiction to the Government on a regular basis;

14. Exercise other rights and perform other duties as required by laws and regulations.

B. Rights and duties of the Provincial, Capital Departments of Industry and Commerce include:

1. Take ownership of implementing direction, policy for development and promotion of enterprises;

2. Manage the existence and establishment of all types of enterprises under its jurisdiction from the stage of establishment until dissolution or bankruptcy as set out in the Enterprise Law;

3. Coordinate with relevant sector authorities to supervise and apply measures against enterprises violating laws and regulations;

4. Provide enterprise registration service for all businesses;

5. Accept applications for enterprise registration for businesses outside the controlled business list;
  6. Accept requests for change in the content of enterprise registration certificates;
  7. Support and direct development and promotion of enterprises in their locality;
  8. Collect, keep and provide information on enterprises to the higher authority and public;
  9. Call in enterprises for explanation or warning regarding business operation;
  10. Order the temporary or permanent suspension of enterprises under their jurisdiction as set out in the Enterprise Law;
  11. Withdraw enterprise registration certificates or delete enterprise names from the register for enterprises under their jurisdiction as set out in the Enterprise Law;
  12. Order amendment, suspension or revocation of enterprise registration certificates unlawfully issued by district enterprise registrars;
  13. Summarize and report on investment promotion and supervision to the higher authority on a regular basis;
  14. Exercise other rights and perform other duties as required by laws and regulations.
- C. Rights and duties of the District, Municipal Offices of Industry and Commerce include:
1. Take ownership of implementing direction, policy for development and promotion of enterprises;
  2. Manage the existence and establishment of all types of enterprises under its jurisdiction from the stage of establishment until dissolution or bankruptcy as set out in the Enterprise Law;
  3. Coordinate with relevant sector authorities to supervise and apply measures against enterprises violating laws and regulations;
  4. Provide enterprise registration service for all businesses;
  5. Accept applications for enterprise registration for businesses outside the controlled business list;
  6. Accept requests for change in the content of enterprise registration certificates;
  7. Collect, keep and provide information on enterprises to the higher authority and public;
  8. Call in enterprises for explanation or warning regarding business operation;
  9. Order the temporary or permanent suspension of enterprises under their jurisdiction as set out in the Enterprise Law;
  10. Withdraw enterprise registration certificates or delete enterprise names from the register for enterprises under their jurisdiction as set out in the Enterprise Law;
  11. Order amendment, suspension or revocation of enterprise registration certificates unlawfully issued by district enterprise registrars;
  12. Summarize and report on investment promotion and supervision to the higher authority on a regular basis;
  13. Exercise other rights and perform other duties as required by laws and regulations.

**Article 102 (New) Rights and duties of the other sector authorities and other parties**

Agriculture and forestry, energy and mines, public works and transport, natural resources and environment and other relevant sector authorities shall have the rights and duties according to the supervision decentralization as follows:

**A. Ministerial level**

1. Research, develop and disseminate policies, strategies, laws and regulations on investment promotion under their sector;
2. Coordinate with the planning and investment, industry and commerce and finance sector authorities in the development of investment attraction plan within their sector;
3. Direct and facilitate the operation of investment one-stop-service offices to provide quick, transparent, fair and effective services;
4. Take ownership of coordinating with other relevant sector authorities in the development and improvement of laws, regulations, forms, standards, procedures, techniques and issue forms and instructions thereof within their jurisdiction for uniformed implementation. Monitor and inspect the implementation of laws and sub-legislation and investment agreement for projects approved by them;
5. Encourage, promote and coordinate with other relevant sector authorities of central and local levels in the supervision of investment, evaluation of the project and operation implementation including resolution of disputes, requests and other problems arising from projects, operations across the country;
6. Consider and provide comments on investment that relates to their sector as set out by laws and regulations;
7. Build, train and upgrade staff of their sector on investment matters;
8. Relate and cooperate with foreign countries on investment matters;
9. Summarize and report on investment promotion and supervision to the Ministry of Planning and Investment on a regular basis;
10. Exercise other rights and perform other duties as required by laws and regulations.

**B. Provincial and district levels**

1. Disseminate policies, strategies, laws and regulations under their jurisdiction;

1. Disseminate policies, strategies, laws and regulations under their jurisdiction;
2. Coordinate with the planning and investment, industry and commerce and finance sector authorities in the development of investment attraction plan within their sector;
3. Facilitate the operation of investment one-stop-service offices to provide quick, transparent, fair and effective services;
4. Coordinate with other relevant sector authorities of local levels in the supervision of investment, evaluation of the project and operation implementation including resolution of obstacles and other problems arising from projects, operations in their locality;
5. Consider and provide comments on investment that relates to their sector as set out by laws and regulations;
6. Build, train and upgrade staff of their sector on investment matters;
7. Relate and cooperate with foreign countries on investment matters as assigned by the higher authority;
8. Summarize and report on investment promotion and supervision to the planning and investment sector authority on a regular basis;
12. Exercise other rights and perform other duties as required by laws and regulations.

## **CHAPTER 2 Investment Audit**

### **Article 103 (Amended) Audit Authorities**

Audit authorities of investment promotion consist of:

1. Internal audit authority which is the same as the supervision authority of investment promotion as defined in Article 98 of this Law;
2. External audit authority which is the National Assembly, Provincial Assemblies, State Audit Authority, State Audit Authority as per their respective mandates set out by laws.

The Investment Promotion and Supervision Committee shall take ownership of coordinating with other relevant authorities at central and local levels to monitor and inspect investment as set out in this Law.

### **Article 104 Audit Matters**

All activities of enterprises shall be managed, monitored and audited by the audit authority of investment promotion as set out in Article 103 of this Law.

The audit matters are as follows:

1. the implementation of investment agreements;
2. the implementation of investment procedures as described in the feasibility studies;
3. environmental protection based on the environmental impact assessment, including assets of the people, the Government and the investors;
4. the implementation of relevant laws and regulations;
5. the implementation of occupational safety measures for workers.

The audit authorities have the rights to propose solutions to relevant authorities for their consideration if they find any violations of the laws and regulations related to investment promotion and management.

### **Article 105 (Amended) Types of Audit**

There are three types of audit as follows:

1. Regular audit;
2. Audit with prior notice (irregular audit);
3. Emergency audit.

A regular audit is a normal audit which is planned within a certain timeframe and conducted at least once a year with the investment one-stop-service office as the focal point of audit coordination.

An audit with prior notice is an unplanned audit that is conducted only when there is a necessity. The project to be audited shall be notified twenty four (24) hours in advance.

Emergency audit is an audit that is conducted when there is an urgent need without giving prior notice to the projects to be audited.

The audit can be conducted in the form of audit of documents and actual operations at the workplace.

## **PART XII Rewards for Good Performers and Measures against Violators**

### **Article 106 Rewards for Good Performers**

Natural persons, legal entities or organizations with outstanding achievements in implementing this law, namely whose investments are highly productive, contributing largely in the socio-economic development and to investment promotion shall receive recognition and other incentives according to the regulations.

### **Article 107 Measures against Violators**

Natural persons, legal entities or organizations who violate laws, regulations, agreements and rules shall be subject to measures depending on the seriousness of the violation in the form of education and training, punishment, penalties, payment of civil compensation or subject to prosecution for criminal

offence depending on the seriousness thereof.

## **PART XIII Final Provisions**

### **Article 108 Implementation**

The Government of the Lao PDR shall lead the implementation of this law.

### **Article 109 (Amended) Entry into Force**

This law shall enter into force from the date of the promulgating decree issued by the President of Lao P.D.R and after fifteen days of its publication on the official gazette.

This law shall replace the Law on the Promotion of Investment No.02/NA, dated 08 July 2009.

Benefits obtained by enterprises under the old law and agreements previously signed with the Government shall remain unchanged until the termination of the agreements.

Investors, developers and enterprises wishing to obtain investment incentives under this Law shall have the rights to propose to the relevant authority within one hundred twenty days. The relevant authority shall then inform the investor for implementation. Any provisions in conflict with this Law are hereby repealed.