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LAO PEOPLE’S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Vientiane Capital, dated 17 November 2016

National Assembly No. 14 /NA

LAW ON INVESTMENT PROMOTION
(Amendment)

PART I
General Provisions

Article 1 (Improved) 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, as protected by the Government, aiming 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 direction and sustainability.
Article 2 (Improved) Investment Promotion

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

Article 3 (Improved) 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 or legal entity investing in the Lao PDR;

4. **Domestic investor** refers to Lao or foreign individual, legal entity registered to do business operations under Lao PDR laws;

5. **Tangible capital asset** refers to currency, 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 borrowings from banks;

8. **Concession agreement** refers to an agreement signed between a legal entity and a Government’s delegated agency granting the rights to operate a business or to develop a project under Lao PDR laws and subject to specific terms and conditions;

9. **Memorandum of understanding** refers to a document recording the agreements between a legal entity [ies] and a Government’s delegated agency granting the rights to conduct a feasibility study of a project.

10. **Machinery/vehicles directly supporting production** refers to machinery and vehicles that are directly used for investment activities as per an import plan approved by the Investment Promotion and Supervision Committee;

11. **Direct investment** refers to an act of putting capital into a business operation which makes such investor become an owner of enterprises, manages or expands
relevant enterprises;

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

13. **Working day** refers to working day as per Lao PRD’s calendar.

14. **Zone Supervision Committee** refers to an organizational unit established by a state authority for promoting and supervising special economic zones as authorized for their establishment in different provinces and capital.

Article 4 (Improved) 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, customs and tax policies, labor, and the rights to land use; access to finance, equal treatment, promoting awareness and protecting ownership regarding use rights, usufruct rights, inheritance rights, transfer rights and other rights as provided by law.

The Government promotes the investment in all sectors, business operations and in areas throughout the country except for areas and business operations which are considered detrimental to national security, the natural environment, at present and in long-term, public health and national culture.

The Government also provides special incentives for Government’s prioritized sectors appropriately as set out in a separate regulation.

**Article 5 (Improved) Principles of investment promotion**

The investment promotion shall follow the following principles:

1. Be in line with the direction, policy, strategy, national socio-economic development plan, development plan for relevant sector, region and social-economic growth in each period of time, to improve living conditions of people in compliance with laws and regulations;

2. Be closely supported by the enhancement of the State’s supervision in a centralized and uniformed manner;

3. Ensure equality of investors before the laws of Lao PDR;

4. Protect the legitimate rights and interests of the state, collective, people and investors.

5. Ensure that the one-stop investment services will be delivered conveniently, fast, transparently, efficiently and lawfully;

6. Ensure fair business competition;

7. Ensure national security, peace and public order, develop national fine culture, protect natural resources effectively in green direction and sustainably.
Article 6 (Improved) Scope of Law Application

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 for their overseas investments.

Article 7 International cooperation

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

PART II
Incentives, Supports and Protection for Investment

CHAPTER 1
Investment Incentives

Article 8 (Improved) Investment incentives

Investment incentives are as follows:

1. Incentives by business sector;
2. Incentives by zone;
3. Tax, duty, land use-related incentives and other incentives.

Article 9 (Improved) Investment incentives by business sector

Business sector granted incentives includes:
1. High and modern technology application, scientific research, research and development, use of innovative, environmental-friendly [technology] application, and efficient use of natural resource and energy;
2. Clean, toxic-free agriculture, planting seed production, animal breeding, industrial plantation, forestry development, protection of environment and bio-diversity, activities promoting rural development and poverty reduction;
3. Environmental-friendly agricultural processing industry, national
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classical and unique handicraft processing industry;
4. Environmental-friendly and sustainable natural, cultural and historical tourism development industry;
5. Education, sports, human resource development and labor skill development, vocational training institutions or centers, production of educational and sports equipment;
6. Construction of modern hospitals, pharmaceutical and medical equipment factory, production of and treatment by traditional medicine;
7. Investment, service provision and development of public infrastructure for urban traffic congestion reduction and residence facilities, infrastructure development for agricultural and industrial production, transportation services of goods, transit services and international linkage;
8. Policy banks and micro-finance institutions, focusing on poverty reduction for people and communities who have less access to a bank;
9. Modern commercial centers promoting domestic products and world-renowned brands, exhibition centers, fairs for domestic industrial, handicraft and agricultural products.

Investment in business sector to be granted incentives under this Article shall have a value of at least two hundred million Kip; or employed at least 30 Lao skilled labor or using fifty or more Lao national employees with employment contract of at least 1 year.

Small and medium size businesses with investment capital and number of labor less than figures set in third paragraph of this Article will receive incentives in accordance to relevant laws and regulation.

The Government shall determine the detailed list of activities according to promoted sectors.

**Article 10 (Improved) Incentives by zone**

Incentives by zone are defined into three zones:
- Zone 1: poor zone, remote zone with socio-economic infrastructure unfavorable to investment;
- Zone 2: zone with socio-economic infrastructure favorable to investment;
- Zone 3: special economic zone.

The Government periodically determines the zones.

**Article 11 (Improved) Profit tax incentives by business sector and by zone**

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

Zone 1: exemption for **ten years, additional five years** for investment in sectors set out in section 2, 3, 5 and 6 of Article 9 of this Law;

Zone 2: exemption for **four years, additional three years** for investment in sectors set out in section 2, 3, 5 and 6 of Article 9 of this Law.

The above exemption periods shall be counted from the year the investing enterprise generates business revenues. Upon expiration of above exemption periods, the enterprise shall follow to the Tax Law.

Zone 3: shall comply with the specific regulation.

Concession business shall comply with relevant laws or according to the agreement.

The Government shall issue regulations and detailed procedures for implementation of profit tax exemption incentives as set out by law.

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**Article 12 (Improved) Value-Added Tax and duty incentives**

In addition to profit tax incentive, investors investing in the Lao PDR will receive incentives of value-added tax and duty include:

1. Import of materials, equipment which may not be supplied or produced in the Lao PDR, to form the fixed assets, and of machinery and vehicles directly used for production will receive duty exemption and paying value-added tax at the rate of zero percent (0%); import of fuel, gas, lubricant, administrative vehicles and other materials shall comply with relevant laws; Temporary import of machinery/vehicle 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 for producing finished and semi-finished products for export shall pay value-added tax at the rate of zero percent (0%);

4. The Government shall issue the list of semi-finished products for export.

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**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 in the Lao PDR as well as overseas according to relevant laws.

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

Investors who re-invest their net profit for their additional operation or
investment activities will receive the following incentives profit tax exemption for the next accounting year for one year based on the portion of profit re-invested for their additional operation or investment activities.

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

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

**Article 15 (Improved) Exemption of rental and concession royalty of state land for investment per sector**

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

- **Zone 1:** receive exemption for ten years; for investment in sectors as specified in points 2, 3, 5 and 6 of Article 9 herein will receive additional five years of such exemption;
- **Zone 2:** receive exemption for five years; for investment in sectors as specified in points 2, 3, 5 and 6 of Article 9 herein will receive additional three years of such exemption;
- **Zone 3:** to comply with specific regulations.

**Article 16 (Improved) Land-use-related incentive**

Investors in concession businesses in the Lao PDR will receive the following land-use-related incentive:

1. Investors have the right to have a lease or concession over a state land for their investment activities and may transfer their land use rights over state land under their concession within the remaining term of concession, after having invested and completed the works at least forty-five percent (45%) of approved project development master plan, feasibility study or business plan and after fulfillment of obligations under concession agreement and approval from relevant sector authority.
2. Investors have the right to use land by lease or concession of state land outside of concession area only for office and residential construction within the term of investment subject to approval by the relevant provincial, capital administration authority.

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

**CHAPTER 2**
**Investment Supports**
Article 17 (Improved) Investment supports

Investment supports are as follows:

1. Information incentive;
2. Other supporting incentives.

Article 18 Information incentive

In order to ensure that the investors can quickly and timely receive accurate 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, information provision and exchange, especially 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 (Improved) Other supporting incentives

Investors receive other supporting incentives as follows:

1. be considered for Government’s commendation in different forms as appropriate for investor that has fulfilled its tax obligations in a full and timely manner, contributing to the development of community, society, and has paid its attention to solve environmental issues, development of Lao labour skills as certified by relevant sector and local authorities;
2. receive facilitation for obtaining a stay permit and multi-entry business visa for investors according to the relevant term of investment.
Foreign investors and their family, foreign technical staff, experts will be facilitated for their entry-exit of Lao PDR and their request for multiple-entry visa for maximum of five year per time.
3. If any additional special incentive is needed in certain sectors or zones, the Government shall propose to the Standing Committee of National Assembly or to National Assembly for consideration and approval.
The Government shall set rules on the implementation of other investment supporting incentives for investors.
Article 20 (Improved) Implementation of incentive granting

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

Article 21 (Improved) Implementation of other incentive granting mechanism

Relevant sector authorities and local administrations shall monitor and certify the contribution made by a business unit as per Article 19 point 1 of this Law so that the One-Stop Service Office may consider and propose to the Investment Promotion and Supervision Committee of their level for granting a commendation certificate or other incentive according to regulations.

CHAPTER 4
Protection of Investment

Article 22 (Improved) Protection of Investment

The State protects legitimate rights, interests and equality of all domestic and foreign parties of economy who invest under Lao PDR laws, treaties, agreements to which Lao PDR is a party.

Article 23 Forms of Investment Protection

The Government fully acknowledges and protects the lawful investment of investors against Government seizure, confiscation or nationalization by administrative means.

In the case that the Government has the needs to utilize the facilities for public interests, the investors shall be compensated with actual invested value at the prevailing market price at the time of transfer using payment methods as agreed by both sides.

Article 24 Protection of Intellectual Property

The Government acknowledges and protects the intellectual property 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 (Improved) 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 business 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 investors, and can be either a single investor or group of 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 a joint venture agreement and in the article of association of the newly established legal entity.

Foreign investors in the joint venture shall contribute at least ten percent (10%) of the total capital.
Article 29 (Improved) 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 need to establish a new legal entity or branch office in the Lao PDR. Such contract shall clearly determine rights, obligations and benefits of each of its parties mutually and towards the Government.

Domestic entity entering into a business cooperation contract shall inform the investment one-stop service office for approval and supervision according to regulations and 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 business, have co-ownership and establish a new entity under Lao PDR law.

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 business

Public-private partnership business 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 are set out in a separate regulation.

Article 32 (Improved) Types of investment

Investment consists of 2 types:

1. General business;
2. Concession investment.
CHAPTER 2
General Businesses

Article 33 (Improved) Types of general business

General business consists of the following types:
1. Business activities under controlled business list;
2. Business activities outside controlled business list.

Article 34 (New) Business activities under controlled business list

Business activities under controlled business list are businesses that are sensitive to national security, public order, national fine tradition and socio-environmental impact; to ensure socio-economic development balance, screening by relevant sector authorities is required before granting an investment license by the investment one-stop-service office and/or committee for investment promotion and supervision according to decentralized supervision.

The Government shall set the controlled business list for each period of time.

Article 35 (New) Business activities outside controlled business list

Business activities outside controlled business list are businesses opened for general businesses and which may be file for enterprise registration and shall be authorized for operation according to the Enterprise Law and relevant regulations.

CHAPTER 3
Investment Procedures for General business

Article 36 (Improved) Application for business activities under controlled business list

Investors wishing to invest in general businesses included in the controlled business list shall submit an application through the investment one-stop service office of central or provincial level which shall coordinate with relevant sector authorities and then submit the request to the committee

1 This word may also be translated as “general investment”
for investment promotion and supervision for approval as per the decentralized supervision authority as set out in relevant regulations.

Article 37 (Improved) Timeframes for admission consideration for investment in businesses under controlled business list

Timeframes for admission consideration for investment in businesses under controlled business list shall be as follows:

1. Investors receive their investment license and enterprise registration certificate within twenty-five working days from the date of the investment one-stop-service office’s receipt of complete application;
2. The investment one-stop-service office shall send the application documents to relevant sector authorities and local administration for their opinion within two working days for consideration and returning with their opinion in writing within eight working days; no response within such time frame shall imply their implicit approval.
3. After receiving opinions from such authorities, the investment one-stop-service office shall consider and propose the IPSC for consideration within ten working days issue the enterprise registration certificate within five 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 rejection of 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 (Improved) Application for business activities outside controlled business list

Investors wishing to invest in general business not included in the controlled business list shall submit an application to industry and commerce sector authority for enterprise registration as set out in the Enterprise Law and other relevant regulations.

For business activities outside controlled business list in promoted sectors, upon enterprise registration, their investors may submit request to the investment one-stop service office for an incentive card.

Article 39 Consideration of enterprise registration for business activities outside controlled business list

Procedures and timeframes for consideration of enterprise registration for a business outside controlled business list require the issuance of enterprise
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registration certificate within ten working days from the date of receiving the application for enterprise registration.

Article 40 Term of Investment for general businesses

The investment in general businesses has unlimited term of investment except for businesses of which the term of investment has been limited by regulations of relevant sector authority.

CHAPTER 4
Concession Businesses

Article 41 (Improved) Concession businesses

Concession business is an investment for which the investor is authorized by the Government according to regulation 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 businesses.

Article 42 (Improved) Term of Investment

The term of investment in concession business depends on the type, size, investment value, conditions, and feasibility study report of the business in compliance with relevant laws; but shall not exceed fifty years.

The concession investment term may be extended with the approval of Government or the National Assembly or provincial level assembly as set out by relevant laws.

CHAPTER 5
Investment Conditions and Procedures for Concession Businesses

Article 43 (New) Investor conditions for concession businesses

Investor conditions for concession business:
1. Being legal entities;
2. Having experience and success in business as certified by relevant

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2 This word may also be translated as “concession investment”
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) Application and documentation for investment
Application and documentation for investment are as follows:
1. Application for investment;
2. CV and experiences of investor or company, ID card, criminal record, copy of passport, copy of enterprise certificate in case of entity;
3. Joint-venture agreement;
4. Letter of authorization for representative of shareholders or company, in case that person is not in the top position of the company;
5. Feasibility study or business plan with following main content: purpose of investment, estimated value of investment, project location, operation timelines, project effectiveness, labour need, need for a state land lease or concession; financial, technical-economic feasibility, projected benefit sharing, plan and procedures for operation, document certifying funding support, request for investment incentives;
6. Report of environmental, social and natural impact assessment;
7. Certificate of financial status or supporting document from a financial institution or bank, certified financial statement of the last two years;
8. Articles of association as per the standard form;

Article 45 (Improved) Application submission for investment in a concession business
Investors wishing to invest in a concession business or in the development of a special economic zone and industrial processing zone for export shall submit an application and all supporting documents to the investment one-stop service office of central or local level according to the supervision decentralization as set out in relevant regulations, for consideration and recommendation to the Investment Promotion and Supervision Committee for consideration.
Details of supporting documents are set out in a separate regulation.

Article 46 (Improved) Timeframes for admission consideration for investment in concession business
Timeframes for admission consideration for investment in concession businesses shall be as follows:
1. Investors receive their investment license within sixty-five working days
from the date of the investment one-stop-service office’s receipt of complete application;

2. The investment one-stop-service office shall send the application documents to relevant sector authorities and local administration for their opinion within two working days for consideration and returning with their opinion in writing within thirty working days; no response within such time frame shall imply their implicit approval.

3. Upon receiving comments from such authorities, the investment one-stop-service office shall consider to make recommendation to the IPSC for consideration and approval in principle within thirty working days;

4. Upon the IPSC’s approval in principle, the investment one-stop-service office shall hold negotiation meeting on the MoU or agreement with the investor with the participation of relevant sector and local administration and then report to the IPSC for approval to sign such MoU or agreement with the investor for which the planning and investment sector authority shall be the authorized signatory for the Government.

After signing of the MoU or agreement, the investor 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 according to regulations;

In case of approval, the investment one-stop-service office shall notify in writing within three working days to the investor 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; within thirty working days from notice by the investment one-stop-service office. The failure to do so by the investor shall be the 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 rejection for investment license, 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 (Improved) Changes in concession investment**

Investment may be changed in various forms such as change of objective of business operation, shareholders, legal representative, registered capital and others upon request by the investor subject to the licensing authority’s consideration.

**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 other investors subject to fulfillment of the following conditions:

1. having obtained approval from the Government or provincial, capital administration;
2. Having fulfilled requirements under Article 16 point 1 of this Law, financial and other obligations as per the agreement and laws and regulations;
3. Being not in the mediation, lawsuit or judicial proceedings;
4. Being not bankrupted or declared bankrupted by the court;

Concession business in mining, energy, land, agriculture-forestry sectors shall comply with relevant laws and regulations.

Upon approval, the agreement of transfer of rights or shares according to a contract from relevant sector authority, such shall be notified to the investment one-stop-service office for approval and supervision and shall be notarized with the Lao PDR Notary Office subject to clearance of all taxes, fees and service charges as required by laws and regulations.

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

The National Assembly has the power to approve the following investments:

1. State equity participation for a value of more than twenty million 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 national reserved forest and protection forest;
6. Business having serious impact on environment, nature and society especially diversion of natural water flow, resettlement of five hundred families or more and concession of land of ten thousand hectares or more and other projects as required under relevant laws;
7. Projects requiring special incentives.

Investment in other than the above projects or issues 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 49 (New) Approval powers of Provincial Assemblies**

The provincial assemblies have the power to approve the following investments:

1. conversion of one hundred hectares or less degraded forest land that may not be self-rehabilitated upon request by the provincial, capital administration;
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2. conversion of complete deforested land from thirty to two hundred hectares per business operation upon request by the provincial, capital administration;
3. lease or concession of degraded forest land that may not be self-rehabilitated of one hundred fifty hectares or less per business operation with the maximum term of lease or concession of thirty years upon request by the provincial, capital administration;
4. business operation that have impact on environment, nature and society at the provincial, capital level.

For operation involving the 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 businesses
Registered capital of enterprises operating general businesses shall comply with the Enterprise Law and laws and regulations of relevant sector authority.

Article 52 (Improved) Registered capital for concession business
Registered capital for concession business shall not be less than thirty (30%) percent of total capital.
Registered capital for concession business shall be clearly expressed in assets and the asset value during the operation shall not be less than the registered capital.

Article 53 (New) Capital importation for general business
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 cash and/or in kind capital shall bring supporting documents to be certified by the Bank of the Lao PDR according to relevant laws and regulations.

Article 54 (New) Registered capital importation for concession business
Investors investing in concession shall import the registered capital according to the following minimum rates:
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
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value from ten million to five hundred million US dollars;
3. one point five 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 receiving the relevant investment license and the remaining amount 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 on behalf of their parent companies in the survey for investment opportunities and coordination with relevant public and private parties in the Lao PDR.

Article 56 (Improved) Application for establishing a representative office

A foreign legal entity wishing to establish its representative office in the Lao PDR shall submit the application to the investment one-stop service office for consideration and for issuance of a license for establishment of a representative office within fifteen (15) working days after receipt of the application from the company.

The representative office license acknowledges the lawful rights of the representative office to carry out activities in accordance with its terms of reference, rights and obligations, particularly in collecting information on investment for its parent company serving as a basis for consideration of the future investment decision in the Lao PDR without the rights to undertake 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 (Improved) Development of special economic zones

Special economic zones are zones that have their specific administrative mechanism to create favorable conditions to attract investment which uses
high, innovation for production of agricultural products, clean production using less natural resources and energy for sustainable and environmental-friendly development.

Special economic zones are established by the Government’s decision and consist of industrial zones, processing industry for export, development of technology and information, services, trade, tourism.

Special economic zone is abbreviated as “SEZ”.

Article 58 (New) Establishment of special economic zones

The Government decides on the establishment of special economic zones upon recommendation by the Central Investment Promotion and Supervision Committee in coordination with relevant local administrations.

After the Government’s decision establishing a special economic zone, it shall be determined on the form of investment and selection of developers.

Article 59 (Improved) Conditions for establishing special economic zones

Special economic zones shall be established according to the following main conditions:

1. Clearly define the objective of the special economic zones;
2. The geographic areas shall be suitable to the objectives of each special economic zone with clear determination of the areas and boundaries of the zones;
3. Clearly define the term of zone concession;
4. Clearly define the benefits to the state, developers and people;
5. Clearly define investment incentives;
6. Have been through the initial economic-technical assessment and environmental-social impact assessment;
7. Be under the supervision of the Government or provincial, capital administration and fall within the development plan of the Government or province, capital;
8. Ensure the national security, peace, safety, public order in the special economic zone and province, capital where the zone is located;
9. Ensure sustainable development, environment protection, promotion and conservation of national fine culture.

Article 60 (Improved) Principles of activities of the special economic zones

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

1. Observe and comply with the Constitution, laws, concession
agreement and special incentives according to 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 the national security, peace, safety in the special economic zone and province, capital where the zone is located

Article 61 (Improved) Concession term for developing special economic zones

The concession term for developing special economic zones depends on the type, size, investment value, conditions, feasibility study report of the business in compliance with relevant laws and regulations; but shall not exceed fifty years.

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

Article 62 (New) Tax, duty and other incentives

Developers and investors of special economic zones will receive special incentives in specific areas of tax, duty and other incentives according to 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 (Improved) Supervisory authorities of special economic zones

The Government supervises special economic zones in a centralized and uniformed manner nationwide by assigning the Ministry of Planning and Investment to be directly responsible and to actively coordinate with other relevant sector authorities and local administration.

The supervisory authorities of special economic zones consist of:
1. Ministry of Planning and Investment;
2. Provincial, capital administration;
3. Office for promotion and supervision of special economic zones;
4. Zone supervision committee.

Powers and duties of Supervisory authorities of special economic zones are set out in a separate regulation.
PART V
Overseas Investment

Article 64 (New) Application for Overseas Investment by Domestic Investors

Domestic investors wishing to invest overseas shall submit application to the investment one-stop service office for licensing consideration.

Article 65 (New) Conditions for Overseas Investment

Domestic investors going to invest overseas shall fulfill the following conditions:

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. Bring money and assets to invest overseas and bring them back to the home country after fulfilling their obligations under laws and regulations of host country.
2. Bring the profits and other incomes generated by their business operation to the home country.
3. Obtain facilitation and incentives as per laws and regulations of Lao PDR.
4. Employ Lao labor in their overseas-invested enterprise in compliance with Lao PDR laws and regulations and those of the host country.

Domestic investors investing overseas shall also have the following obligations:

1. Comply with laws and regulations of the host country.
2. Perform reporting regime on financial aspect and operation 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 investor may bring back capital and assets to the home country according to relevant laws and
PART VI
Rights and Obligations of Investors

CHAPTER 1
Rights of Investors

Article 67 (Improved) Rights of investors

Investors have 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 propose for a concession to development of a particular project to the Government or local authorities on the case-by-case basis;
4. To propose for a concession 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 a change in investment objectives or activities in the case that the business operations have been affected by change in Government policies, and regulations and laws;
7. To be protected of the rights and legitimate interests of their investment by the government;
8. To receive support from the Government in various aspects of their investment;
9. To receive benefits from land lease or concession in accordance with laws and regulations of Lao PDR;
10. A land leaseholder or concessionaire has the rights to use the land according to the period of leasing contract or concession agreement,
11. own their assets including buildings, facilities and other structures on the concession land and transfer such ownership to nationals or foreigners in accordance with laws and regulations;

12. To open the accounts in Kip or foreign currencies at the banks located in the Lao PDR;

13. To submit the complaints to the concerned organization in case they have found themselves in disadvantage condition in their investments;

14. To receive other rights as provided in the laws and regulation.

Article 68 (Improved) Rights on Administration and Management of Investment Businesses

Rights to administrate and manage investment business are as follows:
1. To formulate investment plan;

2. To procure and use materials, equipment, vehicles, machineries and technologies for investment operations;

3. To access to domestic and overseas markets;

4. To manage labor force ensuring order, safety and facilitation of business activities;

5. To convene meetings discussing investment related matters;

6. To assign or transfer shares to others;

7. Reduce or increase capital of investment;

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 on Hiring Labor

Rights on hiring labor are as follows:
1. To sign employment contracts with technicians and experts who will work for the enterprise. In case the enterprise requires to import numbers of physical laborers and technical personnel exceeding the allowed quota as described in the Labor Law, the investor has the rights to request the investment one-stop-service office for consideration and recommendation to the IPSC for approval as it deems appropriate;

2. To allocate and assign workers for various job positions as required by the enterprise;

3. To provide 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 on Residence in the Lao PDR

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

Article 71 (Improved) Rights of Foreign Investors to Repatriate Capital, Assets and Income

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.

Transfer of assets being capital and/or money includes:
1. Certified capital of the Bank of the Lao PDR;
2. Profit, dividend, royalty fee for copyright or other intellectual property, technical service fee, interest and other income generated by the investment;
3. Proceed from the sale of business, operation, dissolution in whole or in part,
4. Amount received from a contractual payment including loan agreement, amount received from the result of decision made on any dispute resolution or decision made by court that may or may not be related to investment;
5. Compensation amount or other amounts received prior to
confiscation or expropriation;
6. Income and remuneration of foreign staff legally hired.

CHAPTER 2
Obligations of Investors

Article 72 (Improved) Obligations towards the State
Investors have the following main obligations:
1. Pay taxes, duties, fees, charges in full and timely according to relevant laws and regulations;
2. Hold accounting as per Accounting Law of Lao PDR, in case of necessity, international accounting system may be used subject to approval by the finance authority of Lao PDR;
3. Cooperate and coordinate well with local authorities in business activities;
4. promote employment of Lao labor especially women and ethnic people; pay attention to the development of labor skills, upgrade the level of specialty and transfer technology to Lao employees;
5. Contribute the budget to support tasks of monitoring, inspection over investment projects.
6. Summarize and report their business operation on a quarterly, semi-annually and annual basis to the investment one-stop-service office and relevant sector authorities.
7. Perform other obligations as set out in laws and regulations.

Article 73 (Improved) Social Obligations
Investors have social obligations as follows:
1. Implement insurance and social security regimes for employees of their enterprises in compliance with laws and regulations,
2. Facilitate the organization and activities of mass organizations in their enterprises especially trade union;
3. Observe and respect local fine tradition, custom and culture;
4. Compensate those who have been affected by their business operation;
5. Contribute, support and promote domestic businesses and poverty reduction of people and develop locality where their investment projects are located;
6. Contribute budget in the social development work as per the Decree implementing this Law.
7. Perform other obligations as set out in laws and regulations.
Article 74 (Improved) Environmental Obligations
Investors have the following environmental obligations:
1. Strictly comply with environmental obligations, promote the green development and growth, give importance to the protection of environment as per laws and regulations.
2. In case of an environmental issue arising, the investor has the obligation to take necessary measures to redress the issue in a timely and lawful manner;
3. Fulfill environmental obligations according to international treaties and agreements to which Lao PDR is a party.
4. Contribute budget in the environmental work as per the Decree implementing this Law.
5. Perform other obligations as set out in laws and regulations.

PART VII
Investment Promotion and Supervision Committee and One-Stop Service for Investment

CHAPTER 1
Investment Promotion and Supervision Committee

Article 75 (New) Investment Promotion and Supervision Committee

The Investment Promotion and Supervision Committee is a committee established by the Government with a mandate to promote and supervise investment with its acronym as “IPSC”.

The Committee consists of two levels being:
1. Investment Promotion and Supervision Committee of central level with acronym as “CIPSC”.
2. Investment Promotion and Supervision Committee of central level with acronym as “PIPSC”.

Article 76 (New) Central Investment Promotion and Supervision Committee

The Central Investment Promotion and Supervision Committee consists of:
1. Deputy Prime Minister as chair;
2. Minister of Planning and Investment as deputy chair and standing

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3 Translator’s note: For better understanding, the English acronym uses first letter of the committee’s name while the Lao version acronym only uses three letters which probably stand for “Supervision”, two letters for “Investment”.

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member;
3. Minister of Industry and Commerce as deputy chair;
4. Deputy Minister of Planning and Investment as standing member;
5. Deputy Minister of Finance as member;
6. Deputy Minister of Natural Resources and Environment as member;
7. Deputy Minister of Energy and Mines as member;
8. Deputy Minister of Agriculture and Forestry as member;
9. Deputy Minister of Labor and Social Welfare as member;
10. Deputy Minister of Public Works and Transport as member;
11. Deputy Minister of Information, Culture and Tourism as member;
12. Deputy Minister of Public Security as member;

The Central Investment Promotion and Supervision Committee hold its meeting at least twice a month.

Article 77 (New) Rights and duties of the Central Investment Promotion and Supervision Committee

The Central Investment Promotion and Supervision Committee shall have the following rights and duties in supervising investment promotion:
1. Consider to approve any investment in controlled businesses, businesses under specific supervision, concession businesses, in the development of special economic zones,
2. Direct the implementation of one-stop service in the promotion and attraction for investment for it to be effective and efficient;
3. Direct the operation of the Provincial, Capital Investment Promotion and Supervision Committees and relevant sector authorities;
4. Direct and monitor the implementation of relevant laws and regulations and investment-related agreements under its jurisdiction;
5. Amend, suspend or terminate an investment in controlled businesses, businesses, concession businesses, in the development of special economic zones as set out in Articles 47, 86 and 88 of this Law.
6. Build international and regional relationship and cooperation in all aspects regarding investment promotion matters as assigned;
7. Summarize and report its work to the Government on a regular manner;
8. 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 IPSC.

Article 78 (New) Provincial Investment Promotion and Supervision Committees

Each of Provincial Investment Promotion and Supervision Committees consists of:
1. Provincial Governor, Capital Mayor as chair;
2. Deputy 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;
   13. The Provincial, Capital Investment Promotion and Supervision Committees hold their meeting at least twice a month.

**Article 79 (New) Rights and duties of Provincial Investment Promotion and Supervision Committees**

The provincial investment promotion and supervision committees shall have the following rights and duties in supervising investment promotion:

1. Consider to approve investment in controlled businesses, concession businesses according to supervisory decentralization;
2. Direct the implementation of one-stop service in the promotion and attraction for investment for it to be effective and efficient;
3. Direct and monitor the implementation of relevant laws and regulations and investment-related agreements under their jurisdiction;
4. Amend, suspend or terminate an investment in in controlled businesses, concession businesses under their jurisdiction and as set out in Articles 47, 86 and 88 of this Law.
5. Direct the operation of the zone administration committee and relevant sector authorities of provincial level in a regular manner;
6. Build international and regional relationship and cooperation in all aspects regarding investment promotion matters as assigned;
7. Summarize and report their work to the Central IPSC in a regular manner;
8. 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 for the Investment Promotion and Supervision Committee to provide its investment one-stop service to investors, to exercise its rights and perform its duties set out in Article 84 of this Law. The investment one-stop service office consists of two levels being:
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


Each ministry, ministry-equivalent body has duty to establish its coordination unit for one-stop service under the supervision of the minister or deputy minister of relevant ministry being part of the Investment Promotion and Supervision Committee.

The Government shall determine rules on the organization 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, Capital investment one-stop service office is located at the provincial, capital Department of Planning and Investment having a working team in charge which 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; Department of Public Security.

Each department has duty to establish its coordination unit for one-stop service under the supervision of director general of relevant department being part of the Investment Promotion and Supervision Committee of provincial level.
Article 83 (Improved) Principles of investment one-stop-service

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

1. serve as the center of services for investors investing in general and concession businesses and development of special economic zones in a simplified, quick, transparent and timely manner.

2. Actively coordinate with relevant sector authorities in compliance with regulations of relevant sector authorities;

3. Centralize data collection, monitor the implementation and evaluate the outcomes of investment situation and private investment projects.

Article 84 (New) Rights and duties of the investment one-stop-service office

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

1. Provide legal explanation to investors regarding investment matters;
2. Receive applications for investment in controlled and concession businesses;
3. Send the application to obtain opinion of relevant sector and local authorities;
4. Examine investment applications to make recommendations to the IPSC;
5. Hold weekly technical meeting to consider investment applications;
6. 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 IPSC’s approval for relevant applications;
7. Facilitate documentation, provide information related to investment to investors in coordination with relevant sector authorities;
8. Explain and advice on the completion of standard forms and other documents related to investment matters;
9. Receive 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. Receive and provide service on the application for business visa, work permit and residence card for foreign investors and their family, foreign staff and workers;
11. Receive complaints, requests regarding investor’s disputes and coordinate with relevant sector and local authorities to solve such issues;
12. Provide initial assistance in the solution of an issue or request related in coordination with relevant sector and local authorities;
13. Provide other services in connection with investment to investors in compliance with laws and regulations;
14. Monitor-inspect investment under its jurisdiction and then report to the IPSC periodically;
15. Collect fees and service charges according to regulations;
16. Exercise and perform other rights and duties as assigned by the Central and Provincial IPSC.

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PART VIII
Suspension, Withdrawal, Cancellation and Termination of Investment

Article 85 (Improved) Suspension of investment

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

1. based on the proposal of the investor;

2. based on the proposal of the concerned sectors due to non-compliance with relevant investment objectives, or agreement or laws and regulations .

Article 86 (Improved) Procedures for suspension of investment

Suspension upon investor’s request: licensing and enterprise registration authorities shall coordinate with relevant sector authorities to conduct inspection and evaluation before considering the requested suspension.

Suspension upon request from relevant sector authority: licensing and enterprise registration authorities shall consult with each other and issue a warning notice giving time for corrective action the failure of which would lead to suspension of the relevant investment.
Article 87 (Improved) Termination of investment

The investment will be terminated in the following cases:

1. based on request of the investor or any of contracting parties in case the other party has breached the commitment as set out in a contract or laws and regulations;
2. failure of corrective action as required 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 terminating the investment;
5. bankruptcy as per the law;

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

Article 88 (Improved) Steps for investment termination

Steps for consideration of investment termination are as follows:

1. the licensing authority shall issue an investment termination notice;
2. demand for payment of obligations to the State and repayment of debts to creditors in full.
3. .

Article 86 (Improved) End of investment

The investment shall be ended in 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 termination of investment under Article 87 of this Law;
3. Enterprise dissolution is proceeded according to procedures under the Enterprise Law;
4. The investment is dissolved upon the proposal of investors or a contracting party to the agreement which is certified by concerned sectors;
5. Final court decision requiring the enterprise dissolution or
Article 90 General Prohibitions

Natural persons, legal entities and organizations are prohibited from the following behaviors:
1. Authorize or conduct prohibited or illegal business operations;
2. Undertake any forms of impediments to the investment promotion in the Lao PDR;
3. Have other behaviors in violation of laws and regulations.

Article 91 (Improved) Prohibitions for Government Staff

Government officials are prohibited from the following behaviors:
1. Abuse power, duties and positions for the purpose of gaining personal benefits;
2. Conspire with or facilitate investors to gain unlawful benefits;
3. Receive bribes from investors or any persons seeking for interests from the investment;
4. Disclose confidential documents of the nation, Government and investors;
5. Create unreasonable delay or in the consideration of documents or retain investors’ documents;
6. Have other behaviors in violation of laws and regulations.

Article 92 (Improved) Prohibitions for Investors

Investors are prohibited to perform the following behaviors:
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1. Give bribes to officers and Government staff, who are responsible for the concerned tasks;

2. Conspire with government officials to gain unlawful benefits;
3. Foreign investor is prohibited from buying-selling land, except for state land lease or concession;
4. Escape from fulfilling obligations, conceal or hide income, profit and conceal any tax-related offences;
5. Slander or discredit the Government organization and Government employees;
6. Act or mobilize in such a way that adversely affects national tradition, custom and culture, public order and security of the society and the nation;

7. Have other behaviors in violation of laws and regulations.

PART X
Dispute Resolution

Article 93 (Improved) Forms of Dispute Resolution

Investment dispute resolution related to investment can be carried out through the following forms:

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

Article 94 (Improved) Amicable Negotiation

In the case of investment dispute arises, the parties shall make effort to solve the dispute in amicable manner through an intermediary with mutual concessions in order to reach a reasonable and fair outcome for mutual benefits.
Article 95 (Improved) Administrative Dispute Resolution

When there is an investment-related dispute, either party thereto shall have the rights to request through the investment one-stop-service office in order to request the IPSC to resolve the dispute in accordance with laws.

Article 96 (Improved) Dispute Resolution by the Office for Economic Dispute Resolution in the Lao PDR or international organization to which Lao PDR is a party

When there is an investment-related dispute, either party thereto shall have the rights to request the Office for Economic Dispute Resolution for resolution of Lao PDR or abroad as agreed by the parties of the dispute.

Lao PDR recognizes and enforces the award of foreign or international arbitration subject to certification by people’s court of Lao PDR.

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 hold the nationality of a country party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards;
2. Award shall not be incompatible with the Constitution, laws and regulations related to 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 (Improved) Filing of a Claim or Litigation to the Court of Lao PDR or an international court to which Lao PDR is a party

When there is an investment-related dispute, 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 court decision which becomes final shall be binding against the parties.
PART XI
Supervision and Inspection of Investment Promotion

CHAPTER 1
Supervision of Investment Promotion

Article 98 (Improved) Supervision Authorities

The Government supervises investments promotion in a centralized and uniformed manner throughout the country by assigning the planning and investment sector authority to be directly responsible for the supervision and for 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

In supervising investment promotion, the planning and investment sector authority shall have the rights and duties according to the supervision decentralization as follows:

A. Rights and duties of the Ministry of Planning and Investment
1. Research, develop and disseminate strategies, policies, laws, regulations on the promotion and supervision of investment in the Lao PDR and overseas investment by domestic investors;
2. Develop and issue various forms related to application documentation for investment in the Lao PDR and overseas investment by domestic investors;
3. Be 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 inspect the implementation of laws and their sub-legislation 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. Relate and cooperate with foreign countries on investment promotion;
11. Supervise work related to 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
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. Be 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, inspect 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
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 supervising 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**

1. Research on the direction, policy for development and promotion of enterprises and take ownership of implementing such policy across the country;
2. Control 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. Receive applications for enterprise registration for businesses outside the controlled business list and branches of foreign enterprises;
6. Receive 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

1. Take ownership of implementing direction, policy for development and promotion of enterprises;
2. Control 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. Receive applications for enterprise registration for businesses outside the controlled business list;
6. Receive 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

1. Take ownership of implementing direction, policy for development and promotion of enterprises;
2. Control 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. Receive applications for enterprise registration for businesses outside the controlled business list;
6. Receive 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 101 (New) Rights and duties of the finance sector authority

In supervising investment promotion, the finance sector authority shall have the rights and duties according to the supervision decentralization as follows:

A. Rights and duties of the Ministry of Finance
1. Research and develop policies, strategies, laws and regulations on financial sector in relation to investment promotion;
2. Consider, provide comments on application for investment, extension of agreement and amendment of agreement;
3. Encourage, advise, disseminate, monitor the implementation of laws and sub-legislation of finance sector related to investment promotion to investors and other relevant parties;
4. Encourage, promote, facilitate the implementation of projects, operations and monitor and supervise tax and duty incentives according to laws and regulations;
5. Coordinate with the Ministry of Planning and Investment, other ministries and agencies and local administrations on the resolution of problems arising from projects, operations across the country;
6. Propose relevant authorities to order the suspension, amendment or termination of a project or operation of investment which fails to comply with investment objectives or agreement or payment of tax and other obligations according to laws and regulations;
7. Build, train and upgrade staff on investment matters;
8. Relate and cooperate with foreign countries, regional and international bodies on finance matters related to investment promotion in the Lao PDR;
9. Implement incentives as provided by laws and regulations;
10. Summarize and report on investment promotion and supervision to the higher authority on a regular basis;
11. Exercise other rights and perform other duties as required by laws and regulations.

B. Rights and duties of the Provincial, Capital Departments of Finance
1. Implement and disseminate policies, strategies, laws and regulations on financial sector in relation to investment promotion;
2. Consider, provide comments on application for investment, extension of agreement and amendment of agreement;
3. Encourage, advise, disseminate, monitor the implementation of laws and sub-legislation of finance sector related to investment promotion to investors and other relevant parties;
4. Encourage, promote, facilitate the implementation of projects, operations and monitor and supervise tax and duty incentives according to laws and regulations;
5. Coordinate with the Department of Planning and Investment, other departments and agencies and local administrations on the resolution of problems arising from projects, operations across the country;
6. Propose relevant authorities to order the suspension, amendment or termination of a project or operation of investment which fails to comply with investment objectives or agreement or payment of tax and other obligations according to laws and regulations;
7. Build, train and upgrade staff on investment matters;
8. Relate and cooperate with foreign countries, regional and international bodies on finance matters related to investment promotion in the Lao PDR as assigned by the higher authority;
9. Implement incentives as provided by laws and regulations;
10. Summarize and report on investment promotion and supervision 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 Finance
1. Implement plans, policies, strategies, laws and regulations on
financial sector in relation to investment promotion;
2. Advise, disseminate policies, laws and regulations of finance sector related to investment promotion;
3. Encourage, promote, facilitate the implementation of projects, operations and monitor and supervise tax and duty incentives according to laws and regulations;
4. Coordinate with other district, municipal authorities on the resolution of problems arising from projects, operations across the country;
5. Propose relevant authorities to order the suspension, amendment or termination of a project or operation of investment which fails to comply with investment objectives or agreement or payment of tax and other obligations according to laws and regulations;
6. Request for building, training and upgrading of staff on investment matters;
7. Implement incentives as provided by laws and regulations;
8. Summarize and report on investment promotion and supervision to the higher authority on a regular basis;
9. 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;
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
Inspection of Investment Promotion

Article 103 (Improved) Inspection Authorities
Inspection authorities of investment promotion consist of:
1. Internal inspection authority which is the same as the supervision authority of investment promotion as defined in Article 98 of this Law;
2. External inspection authority which is the National Assembly, Provincial Assemblies, State Inspection Authority, State Audit Authority as per their respective mandates set out by laws.
Unofficial translated

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 Content of Monitoring-Inspection**

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

The contents of inspection are as follows:

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

The inspection 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 supervision.

**Article 105 (Improved) Forms of Inspection**

There are three forms of inspection as follows:

1. Regular inspection;
2. Inspection with prior notice (irregular inspection);
3. Emergency inspection.

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

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

Emergency inspection is an inspection that is conducted when there is an urgent need without giving prior notice to the inspected projects.

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

**PART XII**

**Awards for Good Performance and Sanctions against Violations**

**Article 106 Awards for Good Performance**

Natural persons or organizations who have had outstanding achievements in implementing this law, particularly in contributing to investment-related activities, national socio-economic development and to investment promotion shall receive recognition and other incentives as deemed reasonable or according to the regulations.

**Article 107 Sanctions against Violations**

Natural persons or legal entities who violate relevant laws, agreement and regulations 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 implement this law.

**Article 109 (Improved) Entry into Force**
Unofficial translated

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, it shall have the rights to request from 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.

President of the National Assembly