

Lao Business Forum

Progress Report

By: LBF secretariat team

Progress Update

- LBF Report sent to the PMO to issue a notification letter on following up the LBF issues.
- The 11th Lao Business Forum Meeting Minutes is on the LNCCI website:

<http://lncci.la/lbf/lbf-11th/>

Priority Issues

- 19 priority issues under Public-Private Dialogue through the Lao Business Forum:
 1. Value-added tax on banking services
 2. Value-added tax on transit transports
 3. Classification of the printing business
 4. Fees for registering loans backed by land title rights
 5. Access to labor market information
 6. Trade facilitation and logistics
 7. Issues related to the export of planted woods and export procedure
 8. Access to import and export data
 9. Procedures for business registration and business operating licenses

Priority Issues (Cont)

19 priority issues under Public-Private Dialogue through the Lao Business Forum:

10. Access to finance
11. Access to information on government procurement plans
12. Value-added tax on service sector
13. VAT refund for export producers
14. Internet excise tax
15. Informal business operations and businesses without proper licenses
16. Barrier to tourism development
17. Fees related to trademark registration
18. Fees related to product registration of food and drugs are high
19. Government policy to support startups

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1. Value-added tax on banking services
 2. Value-added tax on transit transports
 3. Classification of the printing business
 4. Fees for registering loans backed by land title rights
- Solved**

5. Access to labor market information

6. Trade facilitation and logistics (4 sub issues here) **LBF11**

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The 11th Lao Business Forum

The 11th LBF : 05 July 2018

Business
Taxes

Trade facilitation
and logistics

Barriers to
tourism
development

Business Taxes

1. Value-added tax refund for export-oriented manufacturing sector
 - Public-Private Consultative meeting on the draft VAT law
 - Commenting on the draft VAT Implementation Instruction

2. Excise Tax on Internet service charges
 - Public-Private Consultative meeting on the draft Excise Tax law: agreed to reduce the internet excise tax from 10% to 5%.

Trade facilitation and logistics (1)

1. Lengthy and time-consuming process of importing and exporting goods and materials for production, exempted from import duty under Investment Promotion Law.
 - MPI sent a notification letter to the MoF to cancel the Instruction no 3578/MoF, dated 19 December 2012, issued by Minister of Finance on the implementation of Customs-Tax Policy in accordance with Investment Promotion Policy.
 - LNCCI and MPI organized a public-private consultative meeting for acquiring comments from the private sector on the draft implementation instruction on Investment Promotion for Master-list.
 - Customs department has completed installation of and started to implement the electronic monitoring system for the control and clearance of goods imported under Master List at every major international customs border as well as customs management outlets across the country.

2. Lack of enforcement of regulations on local traditional customs check points.
 - MoF will work with local authorities to reassess the effectiveness of the implementation of the Announcement No. 4115/MoF, and will make amendments to this announcement so that it will comply with actual practices. (No further update)

Trade facilitation and logistics (2)

3. High cost of domestic and international transport.
 - Customs Dept issued a notification on fees collected on transit vehicles, and vehicles entering and exiting Lao PDR, dated 27 September 2018
 - However the notification is still unclear on some cases, thus has not been implemented

4. Restrictions of lists of goods and borders for goods in transit.
 - Agreement between the clients of logistics firms and their trading partners is no longer required
 - Restriction on transit goods are still imposed

Barriers to tourism development

- No further updates

Other Priority Issues-updates

- ❖ Procedures for business registration and business operating licenses
 - MoIC Completed and implemented the Instruction on starting a business (individual or legal entity) No. 0537/MOIC, dated 4 May 2018,
 - Issued a notice on business registration (individual or legal entity) No. 1120/MOIC.ERM, dated 15 May 2018, as well as organized a consultation meeting with line agencies at the central level.
 - Coordinated with the Ministry of Finance on the new business registration system by which the investors will be able to receive tax identification

- ❖ Access to information on government procurement plans
 - Law on government procurement is enforced yet implementation instruction has not been released.

- ❖ Government policy to support startups
 - Regulators and Innovative Entrepreneurship Workshop

Other Activities

- Study of Banking Regulations
 - Interest rate caps
 - Taxation of unrealized foreign exchange gains or losses
- Business Issue Bulletins
 1. Internet excise tax, and why it should be abolished
 2. Transport and logistics costs
 3. Loan registration fees backed by land title rights
 4. Procedures for business registration and business operating licenses
 5. Value added tax refund for exporters, a major challenge for export producers
- Perception Survey
 - 52% Think that LBF is Very effective
 - 34% said Government responses at the forum and government actions on solving the issues after the forum need improvement.
 - 96% of the participants would like to attend the next LBF

Key Activities toward LBF 12

- Private Sector Working Group Meetings (November 2018)
- Public-Private Consultative Meetings
- Follow up meetings with related line ministries (Jan 2018)
- LBF Steering Committee Meeting (March 2018)
- 12th Lao Business Forum (May 2019)

Conclusions and Recommendations

- Strong commitments from public sector and private sector
 - However, a lot challenges remain...
- Concerted efforts from all stakeholders at both central and local levels are required to improve transparency and predictable business environment, especially consistent implementation of prevailing laws and regulations throughout the country
- For this both technical and financial support from development partners is crucial...

Thank You