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REGIONAL  
ROUND-UP  
2020:  
LAO PDR



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# Introduction



Throughout the year, we have been keeping you up to date on noteworthy developments across the region with our Regional Round-up Publications. As we enter 2021, we are pleased to share with you our inaugural year-in-review edition of the Regional Round-up for our Regional Offices in the Rajah & Tann Asia network.

In each jurisdiction, we recount the milestones in the path that has been travelled in 2020, as well as consider the terrain of the road that lies ahead in 2021. In the "Looking Back: 2020" section, we take stock of the past year and highlight the key legal and regulatory developments affecting each jurisdiction in 2020. In the "Gazing Into: 2021" section, we look ahead to some key areas of development that you should take note of in the year to come, referencing the legal and business trends shaping up potential legislative and regulatory changes in each jurisdiction.

We hope that this year-in-review edition of the Regional Round-up provide some perspective and insight into the legal landscape of the jurisdictions across the region. As always, please feel free to contact our lawyers in our Regional Offices if you have any queries or for further discussions.

Please click on the links below to access the full collection of our country-specific Regional Round-up 2020:

- [Cambodia](#)
- [China](#)
- [Indonesia](#)
- [Laos](#)
- [Malaysia](#)
- [Myanmar](#)
- [Philippines](#)
- [Singapore](#)
- [Thailand](#)
- [Vietnam](#)

## Looking Back: 2020

*In 2020, in order to reduce the impact of the **COVID-19 pandemic** on businesses, various legal and regulatory changes have been introduced. 2020 has also seen foreign nationals being permitted to **own condominiums**, and the **Lao Civil Code 2020** and the amended **Law in Insurance** coming into operation.*



*In addition, Laos' **Tax** Law has been repealed and replaced by the Law on Tax Administration, the Law on Income Tax, and the Law on Consumption Tax to enhance tax administration in Laos.*

*Summaries of these key developments are provided below.*

### **COVID-19 – Support and Enhanced Control Measures and Policies for COVID-19 Outbreak**

In March 2020, the Lao Government put in place enhanced measures, restrictions and policies to reduce the impact of the COVID-19 pandemic on businesses. These include tax exemptions, extension of date for submission of financial reports, loan policies to help businesses, deferment of payment of social security obligations, restrictions relating to businesses/services and work, restrictions on movement and gatherings, and closure of borders. Click [here](#) for more information.

The Government has since been updating its policies to contain the COVID-19 pandemic in the country.

### **Foreign Nationals Now Permitted to Own Condominiums**

Foreigners are now allowed to purchase suites or units in condominiums with the same term as the lifespan of the building or condominium. They can also have land use rights under land leases and concession agreements with Lao citizens and the Government. The land use rights on the land on which the condominium is built still belongs to the legal entity that owns the land. Click [here](#) for more information.

### **Lao Civil Code 2020 Comes into Operation on 26 May 2020**

On 26 May 2020, the Lao Civil Code came into force. It is a comprehensive piece of legislation comprising 630 articles. It replaces and repeals civil and commercial laws

containing similar provisions, including the Law on Contract and Tort, the Law on Property, the Law on Secured Transactions and other laws with respect to civil matters. Click [here](#) for more information.

### **Amended Law on Insurance Comes into Operation on 15 April 2020**

On 15 April 2020, the amended Law on Insurance came into force ("**Amended Law**"). The Amended Law addresses insurance activity in Laos, insurers' daily operations, and the termination and liquidation of insurance companies. Click [here](#) for more information.

### **The Repeal of the Tax Law**

On 16 January 2020, the Tax Law was repealed and replaced by the Law on Tax Administration, the Law on Income Tax, and the Law on Consumption Tax.

**Law on Tax Administration:** The law sets out the principles, regulations, and measures to ensure that individuals and entities or organisations comply with their tax obligations and that taxes are collected efficiently.

**Law on Income Tax:** The law encourages individuals to pay their income taxes effectively. The taxes covered in the Law include enterprise income tax, profit tax, micro-enterprise income tax, individual income tax for residents and individual income tax for non-residents.

**Law on Consumption Tax:** The law aims to regulate the collection of taxes on goods and services. The taxes collected will be used to improve health care and environmental care, as well as enhance the socio-economic condition of the country on the national and international level.

## Gazing Into: 2021

Laos' economy moving forward will see startups as drivers for economic growth. This can be gleaned from stories of emerging entrepreneurs finding success in **e-commerce**, such as Food Panda, the largest food order app in Laos, or Food Panda – Local Food & Grocery Delivery, the newest on-demand e-commerce service for grocery shopping. Meanwhile, bank services are increasingly shifting as demand for e-commerce grows locally, helping to shape a regulatory environment and payments system that can support online merchants.

Laos also intends to strengthen the rule of law in the country by amending its **Law on Judgment Enforcement**.



In addition, the following key trends and/or developments are to be noted:

- promoting the development of small and medium-sized enterprises (**SMEs**);
- opportunity and **challenge of digital system** toward the socio-economic development in Laos;
- Official Launch of Transmission Lines Connecting **Laos to Cambodia**; and
- Lao Visits Laos (Lao Thiao Lao) - While the tourism industry in Laos has been affected by the loss of international visitor arrivals, a domestic tourism campaign called "Lao Visits Laos" ("**Lao Thiao Lao**") is beginning to take shape. The Lao Thiao Lao Marketing Campaign kicked off recently to promote **domestic tourism**.

Summaries of some of the 2020 developments leading to the trends highlighted above are provided below.

### Draft Decree on Electronic Commerce

The Draft Decree on Electronic Commerce ("**E-commerce Decree Draft**") was published in the Electronic Official Gazette on 21 February 2020 and is awaiting endorsement. The E-commerce Decree Draft aims to regulate electronic commerce in Laos to, among others, protect the rights and interests of users and electronic merchants.

### Amendments to Law on Judgment Enforcement

The amendments to the Law on Judgment Enforcement 2008 were published in the Electronic Official Gazette on 18 March 2020 and are awaiting endorsement. The amendments set out principles, rules, procedures, methods and measures in relation to the enforcement of penalties for fines, confiscation of property or things, and penalties for impunity without imprisonment. The

amendments also aim to: (i) further strengthen State authority and the rule of law; (ii) protect the State and the collectives as well as the legitimate rights and interests of the collectives, citizens and organisations; and (iii) enhance social security, public order and justice. Click [here](#) for the published draft of the amendment in Lao language. (The English translation is not available).

## KEY CONTACTS



**Lee Hock Chye**  
Managing Partner

T +603 2273 1919

[hock.chye.lee@christopherleeong.com](mailto:hock.chye.lee@christopherleeong.com)

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**Desmond Wee**  
Director

T +65 6232 0474

[desmond.wee@rajahtann.com](mailto:desmond.wee@rajahtann.com)

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**Khanti Syackhaphom**  
Legal Advisor

T +856 21 454 239

[khanti.syackhaphom@rajahtann.com](mailto:khanti.syackhaphom@rajahtann.com)

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## OUR REGIONAL CONTACTS

### RAJAH & TANN | *Singapore*

#### Rajah & Tann Singapore LLP

T +65 6535 3600  
F +65 6225 9630  
sg.rajahtannasia.com

### R&T SOK & HENG | *Cambodia*

#### R&T Sok & Heng Law Office

T +855 23 963 112 / 113  
F +855 23 963 116  
kh.rajahtannasia.com

### RAJAH & TANN 立杰上海

#### SHANGHAI REPRESENTATIVE OFFICE | *China*

#### Rajah & Tann Singapore LLP Shanghai Representative Office

T +86 21 6120 8818  
F +86 21 6120 8820  
cn.rajahtannasia.com

### ASSEGAF HAMZAH & PARTNERS | *Indonesia*

#### Assegaf Hamzah & Partners

##### Jakarta Office

T +62 21 2555 7800  
F +62 21 2555 7899

##### Surabaya Office

T +62 31 5116 4550  
F +62 31 5116 4560  
www.ahp.id

### RAJAH & TANN | *Lao PDR*

#### Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

### CHRISTOPHER & LEE ONG | *Malaysia*

#### Christopher & Lee Ong

T +60 3 2273 1919  
F +60 3 2273 8310  
www.christopherleeong.com

### RAJAH & TANN | *Myanmar*

#### Rajah & Tann Myanmar Company Limited

T +951 9345 343 / +951 9345 346  
F +951 9345 348  
mm.rajahtannasia.com

### GATMAYTAN YAP PATACSIL

#### GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

#### Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79/ +632 8894 4931 to 32  
/ +632 8552-1977 to 78  
F +632 552 1978  
www.cagatlaw.com

### RAJAH & TANN | *Thailand*

#### R&T Asia (Thailand) Limited

T +66 2 656 1991  
F +66 2 656 0833  
th.rajahtannasia.com

### RAJAH & TANN LCT LAWYERS | *Vietnam*

#### Rajah & Tann LCT Lawyers

##### Ho Chi Minh City Office

T +84 28 3821 2382  
F +84 28 3520 8206

##### Hanoi Office

T +84 24 3267 6127  
F +84 24 3267 6128  
www.rajahtannlct.com

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