

# Client Update: Lao PDR

## 2020 APRIL

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General – COVID -19

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

## Introduction

The COVID-19 pandemic continues to worsen and to combat the rising outbreak in the country, the Prime Minister of the Lao People's Democratic Republic issued an order relating to enhanced prevention and control measures for the COVID-19 outbreak on 29 March 2020 ("Order") and a decision on policies and measures to reduce the impact from COVID-19 on 2 April 2020 ("Decision"). The Ministry of Finance issued a notification on 10 April 2020 to implement certain provisions relating to tax contained in the Decision ("Notification"). The Order takes effect from **30 March 2020 to 19 April 2020**. On 15 April 2020, the Laos Government announced an extension of the duration of the Order for an additional two weeks (ending **3 May 2020**). If necessary, the Government will notify of a further extension.

This Update outlines the enhanced measures in the Order and the policies to reduce the impact on businesses caused by COVID-19 in the Decision.

## Policies to reduce impact of COVID-19 outbreak on businesses

For a concerted response, various ministries and agencies are tasked with evaluating and proposing mitigating policies in respect of their respective scopes of authority, and will be promulgating regulations and guidance in due course. Generally, the policies are aimed at assisting businesses affected by the COVID-19 pandemic and movement control measures from 30 March 2020 to 19 April 2020 (see below). The support measures include:

- **Tax Exemptions:** Micro enterprises (as defined in the Law on Income Tax) are exempted from income tax collection. Exemptions will also apply to custom-tax and related fees for importing products to combat COVID-19 and tax from tourism business. While the Notification expanded on the tax exemptions for persons earning income of less than LAK 5 million per month and for micro enterprises, persons who have agreed to pay a fixed rate of tax pursuant to a concession agreement will not enjoy any exemption.
- **Extension of date for submission of financial reports** of enterprises in 2019 from 31 March 2020 to 30 April 2020.



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- **Loan policies to help businesses:** Bank of Lao PDR will be authorised to implement loan policies to help businesses cope with COVID-19 such as deferring principal payment and interest, adjusting interest, providing new loan to businesses, debt restructure and debt reclassification.
- **Defer payment for social security:** This will apply to businesses affected by COVID-19 for three months from April 2020 to June 2020.

Macroeconomic policies and fiscal policies will also be adjusted and implemented in order to complement the above support measures, by the various ministries and agencies and led by the Ministry of Planning and Investment. For instance:

- **Large-scale investment projects to continue as planned:** The Ministry of Planning and Investment, the Ministry of Finance, the Ministry of Industry and Commerce, the Bank of Laos and other relevant parties shall increase its control over macro-economic stability, with priority on prices of commodities, the currency exchange, public revenues and debts. Large-scale investment projects will be encouraged to continue their operations so as to increase private investment.
- **Control expense and redirect budgets:** The Ministry of Finance, ministries with revenues and local authorities shall strictly control and decrease their expenses in less critical areas such as seminars and welcoming foreign guests. Savings shall be directed to the government's efforts to combat COVID-19. New public investment projects in 2020 that have been approved by the National Assembly (only infrastructure projects) shall be postponed to 2021. Projects with overly large valuations and limited effectiveness shall be reassessed and be suspended or renegotiated.

The policies also include forward-looking ones aimed at preparing for post-outbreak, such as:

- **Recommendations for tourism:** There will be a focus on increasing internal tourism and to prepare to attract foreign tourist during peak seasons in the last three months of 2020.
- **Prepare production and negotiation relating to imports from China and other countries:** This is to prepare for national industrial production when the same is normalised. Companies will also be encouraged to pay their taxes and customs to the government.
- **Lao Airlines state enterprise business plan:** There will be a focus on the study and proposal on how to adapt the business plan for the Lao Airlines state enterprise to be ready after the COVID-19 crisis is over.

### Restrictions under the Order

The Order sets out enhanced restrictions on various aspects:

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- Businesses/services and work
- Movement and gatherings
- Travel and borders closure
- Others relating to circulation of news and essential goods.

A task force committee ("Task Force Committee") has also been set up to lead, coordinate, monitor and evaluate the measures and efforts of all ministries and agencies, for instance, increase number of training for medical personnels and relevant officials, develop systems to detect and manage infections, procure medical equipment, improve venues for quarantine and treatment, prepare budgets for the implementation of these measures.

The Order provides that all individuals and organisations are expected to strictly adhere to the stipulations therein.

For further information and the latest updates, please refer to the detailed guidance issued by the Task Force Committee through official media outlets and on the official website ([www.COVID19.gov.la](http://www.COVID19.gov.la)).

#### ***Restrictions relating to businesses/services and work***

- **Work from home:** Public servants (state workers) and employees in the private sector are required to work from home from 1 April 2020 to 11 April 2020. From 12 April 2020 to 19 April 2020, they will be on holiday leave for the Lao New Year. To "ensure smooth and effective coordination of any important matters and security for office premises", some officers are permitted to work at offices.
- **Authorised individuals to remain at work:** Military and police officers, firefighters, staff of water and electrical (utilities) companies, media personnel, doctors and nurses, emergency volunteers at hospitals and fire departments, and other individuals that have been authorised remain at work to combat the spread of the disease.
- **Specified businesses/Services to remain open:** Banks, financial institutions, stock market, stock brokerages, hospitals, medical clinics, pharmacies, rescue teams (emergency accidents), post offices, telecommunications providers, utilities (electricity and water companies), waste disposal services, agricultural markets, convenience stores, supermarkets, fuel stations, restaurants, and cafés remain open. Hotels and resorts may operate only for purposes of accommodation and food services. The abovementioned businesses must adhere strictly to the guidelines set by the Task Force Committee, including limiting and rotating personnel to lower the chance of infection.
- **Closure of other businesses/services:** All entertainment venues, massage and spa parlors, karaoke and beer gardens, sports and fitness gyms, and night markets must remain closed. All factories, for instance garment factories and other large manufacturing plants and projects must be

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closed. Owners of these factories must ensure that the workers remain at home or their domiciles according to the general restrictions on movement (see below) and provide welfare (according to the Law on Labour) to their workers during the period of closure. Factories that are permitted to stay open are factories that produce consumable items, medicines and medical equipment, subject to strict adherence to procedures stipulated by the Task Force Committee.

#### ***Restrictions on movement and gatherings***

- **Restrictions on leaving homes/domiciles:** All persons (Lao citizens, expatriates, stateless individuals and foreigners) are prohibited from leaving their homes or domiciles except to buy essential goods, visit hospitals and other permitted tasks. Village administrations must strictly monitor the implementation of these new regulations and monitor the number of people outside at any given time.
- **Restrictions on gatherings/events:** All gatherings/events of any sort of more than ten people are prohibited. Cultural events, Lao New Year festivities, religious gatherings, weddings, and other recreational activities are prohibited. In the case of permitted events of more than ten persons, such as funerals and related processions, the host of such permitted events must strictly adhere to standards set by Task Force Committee.

#### ***Restrictions on travel and borders closure***

- **Restrictions on travel:** All persons are prohibited to travel to other provinces or areas where there are known infected cases or at-risk areas except to transport commercial goods and to visit hospitals. All passenger transportation services are to be temporarily suspended.
- **Borders closure:** International and interprovincial and traditional borders must remain closed to all persons, except for vehicles that have explicit authorisation to transport commercial goods.

#### ***Other general prohibitions***

- **Essential Goods:** Hoarding or increasing the prices of essential goods (such as face masks, sanitisers, rice and water) that are necessary for virus prevention is prohibited. Fines and other lawful penalties will be imposed on offenders.
- **False News:** Disseminating news and information that are false, misleading, or which cause societal panic is prohibited.

### **Specific Regulations to be Issued**

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The Order and Decision are intended to provide the overarching frameworks for detailed measures/legislation which are (or to be) promulgated. Please refer to the relevant legislation, regulations and/or instructions by the respective ministries/agencies for details.

### Reference Materials

For more information on the development, please visit the following links:

- [The Prime Minister's Order on reinforcement measures on containment, prevention and full response to the COVID-19 pandemic in Laos Language](#)
- [The Prime Minister's Order on reinforcement measures on containment, prevention and full response to the COVID-19 pandemic in English Language](#)
- [Prime Minister's Decision on Policies and Measures in Laos Language](#)

### Further Information

If you have any queries or wish to know what steps your business should take in response to above development, please feel free to contact our team below who will be happy to assist.

For more articles and updates from our teams across the region on COVID-19 and related legal issues, please visit [Rajah & Tann Asia COVID-19 Resource Centre](#).

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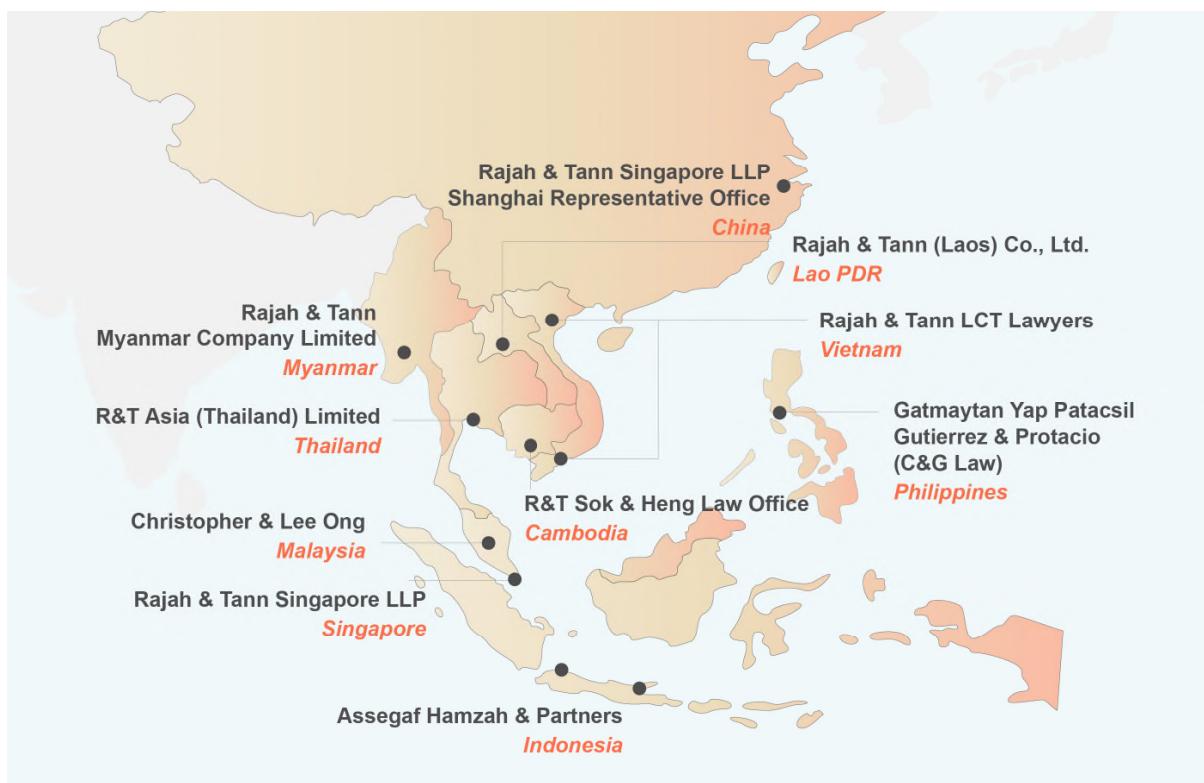
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