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# Introduction



Throughout 2022, we have been keeping you up to date on noteworthy developments across the region with our Regional Round-up Publications. As we start 2023, we are pleased to share with you our *2022 year-in-review of the Regional Round-up* for our Offices in the Rajah & Tann Asia network.

In each jurisdiction, we recount the key milestones along the path in 2022, as well as consider the terrain of the road that lies ahead in 2023. In the "**Looking Back: 2022**" section, we highlight the key legal and regulatory developments affecting each jurisdiction in 2022. In the "**Gazing Into: 2023**" 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 the potential legislative and regulatory changes in each jurisdiction.

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

Please click on the links below to access the full collection of our country-specific *2022 year-in-review of the Regional Round-up*.

- [Cambodia](#)
- China
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## Looking Back: 2022

In 2022, while Laos faced the pandemic's economic consequences, the Lao Government reinforced key elements of its economic strategy, and hinted that the pandemic had encouraged a shift in its economic emphasis. The Government released various legal and regulatory issuances to enhance the socio-economic status of the country. 2022 saw the issuance of (i) the Notice on **Modifying the Country's Minimum Monthly Wage**; (ii) the Decision on the **Exchange Services of Commercial Banks and Representative Exchange Shops**; and (iii) the Decree on **Technology Account**.



In addition, the Government has also collaborated with the private sector to promote and develop a **tax payment system** through the **M-Money mobile phone system** in order to strengthen the country's digital economy, reducing the use of cash in the collection of tax revenues and the expenditures of the Ministry of Finance.

The Bank of Lao PDR ("**BOL**") also issued a notice to BOL's authorities in all departments nationwide, public commercial banks, joint commercial banks, private banks and branches of foreign commercial banks to announce the implementation of the **Amended Law on Foreign Exchange Management** in their respective work fields.

Summaries of these key developments are provided below.

### Foreign Investment – Notice from PMO on Modifying the Country's Minimum Monthly Wage

On 13 June 2022, Laos' Prime Minister's Office ("**PMO**") issued Notice No. 829/PMO modifying the country's minimum monthly wage. This is pursuant to the instruction of the Prime Minister of Lao PDR to the Minister of Labour and Social Welfare and the President of the Lao Federation of Trade Unions (LFTU) in relation to the proposal of the Ministry of Labour and Social Welfare. Click [here](#) for more information.

### Banking & Finance – Decision on the Exchange Services of Commercial Banks and Representative Exchange Shops

On 14 June 2022, BOL issued Decision on the Exchange Services of Commercial Banks and Representative Exchange Shops No. 449/BOL ("**Decision**"). The Decision was officially announced to the public on 20 June 2022 by the Monetary Policy Department of the Bank of Lao PDR (**BOL**), and replaces Decision on the Trading of Currency with the Public of the Commercial Bank and Currency Exchange Shops No.109/BOL dated 1 February 2019.



The Decision states that Commercial Banks and Representative Exchange Shops can sell foreign currencies to individuals capped at LAK15 million per person per day, and the customer must clearly state the purpose of such foreign exchange. It also stipulates that representative exchange shops can only sell foreign currencies to individuals, and not to legal entities. Click [here](#) for more information.

### Banking & Finance – Amendment of Law on Foreign Exchange Management

On 29 November 2022, the Bank of Lao PDR ("BOL") issued Notice No. 349/BOL on the announcement of using Amended Law on Foreign Exchange Management No. 15/NA dated 7 July 2022 ("**Amended Law**") to BOL's authorities in all departments nationwide, public commercial banks, joint commercial banks, private banks and branches of foreign commercial banks, which must be implemented in their respective work fields. The Amended Law has replaced Law on Foreign Exchange Management No.55/NA dated 22 December 2014 with effect from 1 October 2022 after its publication in the Official Gazette.

The Amended Law consists of nine parts and 60 articles. It allows foreign exchange businesses in Lao PDR to be managed in a more systematic manner in line with current economic conditions.

The key changes introduced in the Amended Law are as follows:

- (a) **External Loan Payment.** Residents and non-residents of Lao PDR may use foreign currencies for transaction operation targets in connection with external trades and services, incomes and grant-aids, direct investments, investments in securities, loans, external deposits and bringing cash in and out of Lao PDR, by making payments through the banking systems or international payment service providers.
- (b) **External Trade and Services.** The importers of goods and services shall make payment for goods and services through specific deposit accounts with the commercial banks located in Lao PDR. They are given the priority to buy foreign currencies from the commercial banks where they have opened such specific deposit accounts.
- (c) **External Incomes and Grant-Aids.** External incomes such as grant-aids and incomes of employees, and other external incomes of individuals, legal entities, and organisations (mainly insurance incomes, gifts and rewards) shall be transferred in and out of Lao PDR through payment service providers.  
  
Foreign employees who have legally entered into and are working in Lao PDR may transfer their incomes abroad through payment service providers as determined by BOL. Lao employees who have departed from Lao PDR and are working abroad shall transfer their incomes into Lao PDR through payment service providers that have opened deposit accounts with the commercial banks located in Lao PDR.
- (d) **External Trade Credits.** The granting or receiving of trade credits with terms of less than one year shall be directly carried out at commercial banks located in Lao PDR in accordance with the regulations issued by BOL. Trade credits with terms of more than one year require prior authorisation from BOL through commercial banks. Commercial banks shall report to BOL from time to time on their operations relating to external trade credits.
- (e) **Foreign Currency Transfer Services.** Only payment service providers authorised by BOL can provide domestic and international foreign currency transfer services.
- (f) **Foreign Currency Exchange Services.** Only commercial banks located in Lao PDR may provide foreign currency exchange services in compliance with the regulations issued by BOL. Conversions from one currency to another must first be made in Lao Kip (LAK).
- (g) **Manipulation of Exchange Rates.** Individuals, legal entities, and organisations that manipulate the exchange rates shall be punished with imprisonment with a term that ranges from one year to five years, and a fine from LAK50 million to LAK100 million.

### Corporate Commercial – Decree on Technology Account

On 19 May 2022, Decree on Technology Account No. 540/GOV dated 16 August 2021 ("**Decree**") was published on the Electronic Official Gazette ("**e-Gazette**"). The Decree took effect on 3 June 2022, 15 days from the

date of its publication in the e-Gazette. The Decree has been issued to implement the Law on Technology Transfer which reflects the Government policy on technology transfer. The law aims to promote technology transfer that is accurate, clear and appropriate for use in Lao PDR. Click [here](#) for more information.

### **Tax –Development of Tax Payment System through M-Money Mobile Phone System**

On 14 March 2022, the Ministry of Finance ("**MOF**") held a meeting featuring a presentation on the development of a tax payment system through the M-Money mobile phone system ("**M-Money**").

The Department of Tax and MOF, in collaboration with the Department of Financial Information Technology, the Department of Customs and the National Treasury, are working with Lao Mobile Money Sole Company Limited ("**LMM**") (as the developer company) to monitor the development of M-Money to connect to MOF's Easy Tax, Tax Revenue Information System ("**TaxRIS**") and Real Time Information System (RTIS). Currently, LMM has completed (i) the development of the connection to Easy Tax and TaxRIS, and (ii) the reports and display dashboard according to the requirements of the Department of Tax. Click [here](#) for more information.

## Gazing Into: 2023

The position of Lao PDR as a landlocked country has prompted the Government to turn the country into a "**land-linked**" nation. This is achieved by the introduction of significant rail infrastructure and routes connecting Lao PDR to southwest China, as well as Vietnam and Thailand. Consequently, light manufacturing zones are springing up and the **tourism industry** is booming.

In order to make the **currency exchange service** effective and balance the demand and the supply of foreign currencies in the country, the Bank of Lao PDR issued the **Decision on Currency Exchange Services** to set out the principles and regulations relating to currency exchange services of commercial banks, which aims to foster the ability to adapt to the economic situation in each period and help in maintaining the stability of the national currency.



With the strong growth and development of digital technologies such as big data, the development of digital government, digital economy and digital society, Lao PDR also intends to strengthen and promote its digital system with the recent publication of the **Draft Amendment of the Law on Electronic Transactions** in the Official Gazette for public comments.

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

- With **inflation surging** to 34% in Lao PDR, many households are struggling to pay for their basic necessities, and some government employees are taking second jobs or quitting their government jobs to earn more in the private sector. Amidst this development, the Lao Government has issued **regulations** from time to time to control inflation and stabilise and centralise the national currency;
- The Lao Government has announced a **full reopening of tourism**, allowing persons to enter the country without the need to test for COVID-19, in accordance with Notice of Prime Minister's Office No.1914/PMO dated 23 December 2022 ("**Notice**"). The Notice eliminates the requirements to: (i) present vaccination certificates when entering the country; and (ii) test for COVID-19 with a rapid test kit (i.e. ATK or Antigen Test Kit) within 48 hours before leaving the country of origin for Lao citizens, foreigners, and stateless persons who will travel to Lao PDR; and
- Deputy Prime Minister Sonexay Siphandone has been elected as the **new Prime Minister**, succeeding Phankham Viphavanh. Sonexay, the 9<sup>th</sup> Prime Minister of Lao PDR, garnered the most votes at the 4<sup>th</sup> Ordinary Session of the National Assembly.

*Summaries of some of the 2022 developments leading to the trends highlighted above are provided below.*

### **Banking & Finance – Decision on Currency Exchange Services**

On 28 December 2022, Decision on Currency Exchange Services No. 1026/BOL ("**Decision**") was issued by the Bank of Lao PDR (BOL), replacing Decision on Currency Exchange Business No. 393/BOL dated 2 July 2022 and Decision on Currency Exchange Services of Commercial Banks and Currency Exchange Agent No. 449/BOL dated 14 June 2022. Under the Decision, Currency Exchange Services are defined as currency business activities of commercial banks that buy and/or sell foreign currencies in accordance with relevant regulations. In instances where Currency Exchange Services are not available in their localities, commercial banks can establish their respective currency exchange units in accordance with the relevant statutory requirements. Click [here](#) for the full text of the Decision in Lao language (English translation not available).

### **Corporate Governance / Technology – Draft Amendment of Law on Electronic Transactions**

The Draft Amendment of Law on Electronic Transactions ("**Draft Amended Law**") was published in the e-Gazette on 19 September 2022 and is awaiting endorsement. The key features of the Draft Amended Law include: (i) the scope of its application, consisting of the individuals, legal entities and organisations, both domestic and foreign, that are active in electronic transactions in Lao PDR; (ii) electronic time stamp; (iii) electronic contract; (iv) recognition and use of electronic signatures; (v) electronic documents; (vi) electronic transaction system; (vii) proof and authentication of digital identity; and (viii) businesses about electronic transactions. Click [here](#) for the published draft Law in Lao language (English translation not available).



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