Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Finance | Ref. No. 3411/MOF
Vientiane capital, date 23 October 2018

**Notification**

**To: Business units operating in the fuel and gas import and distribution**
**Subject: Calculation, declaration of VAT and profit tax from fuel and gas import and distribution within the country.**

- Pursuant to the Law on Tax (Amended) Ref. No. 70/NA, dated 05 May 2017;
- Pursuant to the Value Added Tax (Amended) Ref. No. 52/NA, dated 23 July 2014;
- Pursuant to the Decree on the Organization and Activities of Ministry of Finance Ref. No. 144/PM, dated 08 May 2017;
- Pursuant to the Guideline on the implementation of the Value Added Tax Ref. No. 0077/MOF, dated 11 January 2017;
- Pursuant to the notification of the Ministry of Industry and Commerce on the periodic adjustment of fuel and gas prices throughout the country.
- Pursuant to the report of the Tax Department Ref. No. 5427/MOF.DT, dated 12 October 2018.

In order to ensure the management, collection and declaration of different types of taxes from the import and distribution of fuel and gas in compliance with the periodic adjustment of the price instruction stated by the government and in a consensus basis.

**Ministry of Finance issues the Notification:**

1. VAT and Profit Tax

Imports from abroad into the territory of Lao PDR to sall declare to pay taxes and fees in accordance to the legal regulations (the pricing structure in each period) on customs border live fully, wholesalers within the calculated tax charge of providing goods and services (non-moving) the pricing structure in each period and retailers to calculate tax revenue as a which is set periodically by operating check numbers of meter of the pump that it has sold out each month, to inform the tax sector before the 15th of the next.

- For importing and distributing of fuel with a fixed price structure, the calculation of the value added tax shall be given to the amount of gasoline (liters) sold to be added to the VAT periodically and submit the tax to the budget as prescribed by the law;
- Fuel and gas, which has not yet pricing structure set to backup including fuel structural price to buy domestic calculating VAT to give follow mechanical law of value added



(Unofficial translation)

tax like the VAT output minus the VAT input as stated in the document verification purchase - actual sales and price correct with truth case, notification rates are consistent pricing structure set, tax officers will examine the question and recalculate and measures under Article 63 of the Law of Value Added Tax No. 52 / NA, dated 23 July 2014;

- In case of inspection of gasoline without any hidden amount of fuel and gas, including backup activities do not allow the importation of VAT with a deduction of VAT and calculation of VAT to the amount of goods inspected in addition to the fixed rate or tariff of 10%.

To calculate the VAT from importing and distributing fuel and gas which are not domestic shipment, follow the above, the VAT portion shall be added according to the price structure in each period to be 100% of the value added tax.

**2. Profit Tax**

Profit tax is a direct tax that is calculated by the business operator directly calculating the profit tax on the import and distribution of fuel and gas with a fixed price structure, no pricing structure, including other backup activities, to comply with accounting rules and to be compliant with the tax code. 70 / NA, dated December 15, 2015.

- In case a business entity holds a false account and inspections are found to be compliant with Articles 32 and 33 of the Tax Law;
- In case of non-accounting entities (with no annual accounting summary), the profit tax calculation shall be calculated on a periodic basis, multiplied by a fixed price structure, multiplied by a 24% profit tax rate.

**3. Value Added Taxes on property, trade discounts, discounts, and evaporated gasoline.**

Pursuant to the VAT Law No. 52/NA, dated 23rd July 2014, Articles 20, 21, 22 and the Value Added Tax Implementation Notification No. 0077/MOF, dated 11 January 2017, bullet point 7.1 and in some cases the following:

- The value added tax associated with the acquisition of the enterprise assets is not allowed to be deducted from the value added tax on the sale of gasoline and other subsidiaries to be deducted as depreciation in accordance with the laws and regulations, since the oil is the strategic commodity of the government during the trading period;
- Value added tax associated with freight at the time of purchase is not allowed to be added to the cost of goods which is included in the Customs Tariff (CIF), while the freight costs at the time of sale are not allowed to be deducted from the business expense;
- The difference between the import-out and the residual balance, the depletion content does not allow the business to deduct the amount of the distilled and vaporized oil because the price structure has already identified such risk;
- Trade discounts and monetary discounts are not allowed to be expended (unrecognized) because fuel is a strategic commodity that the government regulates periodically which does not allow for discounted sales over time;

- For businesses that have used debt consolidation in the past, that amount is not allowed to be paid out and not allowed to be used;

4. For the business unit conduct operations audit annually (see the calculation) completed a certificate upon record inspection signed case unit business any pending audit accounts annually (see the calculation) is followed in this notification, because the government structures price of fuel and gas long enough and set the purchase-sale prices and obligations clearly;

In case of moving goods from one province to another province which does not provide for each transaction, the Customs Department must notify the Customs authorities to issue a copy of its customs clearance on Form 88 and send it to the Customs Department at the export premise and the destination.

1. Imported fuel and gas, must always be stored in its warehouse first, not allowed to transport the imported fuel directly to the customer or their own gas station;
2. When providing goods and services to customers or self-deposit (non-moving), shall issue tax invoices as well as charge periodic VAT and submit to the budget in accordance with the laws and regulations;
3. The transfer of fuel and gas from one province to another must be included in the application for the transfer of Form 88 to the Customs Department and annexed IM 4 declaration form for imported fuel, tax receipts and invoices shall be filed at all times.

Therefore, you are hereby notified and strictly adhered to the contents of this notification.

Vice Minister of Finance

[Seal and signature]

Bounchom OUBONPASEUTH