



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Government

No. 188 /GoL

Vientiane capital, dated 07 June 2018

Decree
on Special Economic Zone

- Pursuant to the Law on the Government (amended), No 04/NA, dated 8 November 2016;
- Pursuant to the Law on Promotion of Investment No 14/NA, dated 17 November 2016;
- Pursuant to the proposal No. 0950/MPI, dated 30 May 2018 of the Ministry of Planning and Investment.

The Government decrees that:

Part I
General Provisions

Article 1. Objectives

This Decree determines the principles, regulations, measures regarding the establishment and operations of the special economic zone to compliment the implementation of the Law on Investment Promotion, with the aim of attracting investments through the formulation of special promotion policies in order to enable convenient, fast, proper, and transparent investments, ensure the rights and benefits of the State, people, Zone Developers and Investors, enable regional and international integration, and contribute to the continuous and sustainable national socio-economic development.

Article 2. Special Economic Zone

Special Economic Zone, abbreviated as “SEZ”, written in English language as Special Economic Zone “SEZ”, is the area that has specific administration and management mechanism to create favourable conditions to attract investments using high technology, innovation in the production of agricultural products, and clean production using less natural resources and energy

for sustainable and environmentally friendly development.

A Special Economic Zone may consist of industrial estates, agricultural development zones, industrial processing for exporting, technology and information developments, services, trades, and tourisms.

Article 3. Interpretation of the Terms

Terms used in this Decree shall have the following meaning:

1. **Production Industry** refers to the processing using machines, modern technology and labourers in the factories, for the production, transformation of raw materials or semi-manufactured materials from their original state into new products, including the assembly of spare parts into new value-added products;
2. **Services** refer to the development of natural, cultural and historical tourism development industry; public health, education and sport and physical activity, hotel and entertainment, real estate, modern trade centre, transportation, banking and financial services;
3. **Zone Developer** refers to legal entity that receives authorization from the Government of the Lao PDR to invest in infrastructure development in the Special Economic Zone;
4. **Investor** refers to an individual, or legal entity that receives authorization in accordance with the law to invest in production, trade and service businesses in the Special Economic Zones;
5. **Investment Promotion and Supervision Committee** refers to the organization established by the Government having the role in promoting and supervising the investment as stated in the Law on Investment Promotion;
6. **Special Economic Zone Authority (SEZA)** refers to an authorized unit established for promoting and supervising the Special Economic Zone at provincial and capital levels;
7. **One-Stop Investment Service Unit** refers to an organization established to provide supports to promote rapid, transparent and efficient business operations in production, trade and services within Special Economic Zones.

Article 4. State Policies on Special Economic Zone

The State encourages individuals, legal entities and all economic sectors, both domestic and foreign, to invest in the development of Special Economic Zones.

The State formulates special policies on investment, business operation, production, service, revenue-expenses, management and administration with one-stop service mechanism in Special Economic Zones, especially in remote and isolated areas to attract the investment into State's prioritized sectors in each period, with an aim to benefit from technology, business management know-how, human resource development, capacity building of administrative staff, mitigation of employment problems and development gaps among the multi-ethnic people, and creation source of revenue for the State Budget

Article 5. Special Economic Zone Operations Principles

Special Economic Zone shall operate in accordance to the following principles:

1. Respect and comply with the laws, the development agreement and the promotion policy in accordance with this Decree;
2. Ensure the sustainable development, environmental protection, and promote and conserve national fine culture;
3. Supervise and manage according to the one-stop service mechanism;
4. Ensure national security, peace, safety in the Special Economic Zone, and provinces or the capital where the Special Economic Zone is located.

Article 6. Protection of Investment of Developers and Investors

Zone Developers and Investors in the Special Economic Zones are entitled to receive the protection of their rights and benefits from the Government in accordance with the provisions specified in this Decree and the Law on Investment Promotion.

Article 7. Scope of Application

This Decree applies to the management and development of Special Economic Zones in Lao PDR

Article 8. International Cooperation

The State promotes foreign, regional and international cooperation in the development and management of Special Economic Zones, through the exchange of lessons, information, technology, experience in the promotion and management of investment, marketing, trading, labour, source of fund, compliance with international treaties and agreements in which Lao PDR is a party.

Part II
Determining and Establishment of Special Economic Zone

Article 9. Determining the Special Economic Zone

Local authorities shall determine and propose Special Economic Zones in their area by collaborating with the Investment Promotion and Supervision Committee at the central level.

Article 10. Conditions for the Determination of Special Economic Zone

The determination of Special Economic Zone shall be subject to the following conditions:

1. Have clear development objective of the Special Economic Zone;
2. Have suitable geographical location, with clear determination of areas and boundaries of the zones;
3. Comply with the National Socio-Economic Development Plan;
4. Comply with the National Land Strategic Plan and SEZ Strategic Development Plan.

Article 11. Establishment of the Special Economic Zone

The Government considers and approves the establishment of Special Economic Zone according to the research and proposal from the Investment Promotion and Supervision Committee at the central level.

After the Government decides to establish the Special Economic Zone, the form of investment and selection of developer shall be determined.

Article 12. Conditions for the Establishment of Special Economic Zone

In the establishment of a Special Economic Zone, in addition to the conditions specified in the Article 10 of this Decree, the following additional conditions shall be complied with:

1. Determines clear development term;
2. Defines clear benefits of the State, people, Zone Developers and Investors;
3. Defines clear policies on incentives;
4. Have been through the Initial Technical and Economic Assessment and Environmental and Social Impact Assessment;
5. Be under the supervision of the Government or the provincial administrative authority.

Article 13. Forms of Investment in Developing Special Economic Zone

There are three forms of development investment in the Special Economic Zone:

1. State investment;
2. Joint investment between the State and domestic or foreign private sector;
3. Private investor.

Article 14. Conditions for Zone Developer

Zone Developer shall fully meet the following conditions:

1. Having a legal entity status;
2. Having sound financial status as duly inspected and certified by reliable domestic or foreign financial institution;
3. Having experience and been successful in business operation as certified by relevant authorities;
4. Having never been declared bankrupt by any court and never been sentenced to jail from willfully violation of the law.

Article 15. Application for Development

Any person wishing to invest in a development of Special Economic Zone shall submit an application form together with supporting documents to the one-stop investment service office at the central level.

If there are more than two persons wishing to develop the same Special Economic Zone, a selection process shall be done in accordance with the Law on Investment Promotion.

The person who wishes to invest in the development of Special Economic Zone shall be considered through two stages which include the signing of Memorandum of Understanding (MoU), and signing of development agreement.

Article 16. Required Documents for Application for MoU Signing

Documents required for application for MoU signing consist of:

1. Application form;
2. Certification of legal entity status;
3. Certification of financial status;

4. Project land area sketch;
5. Other supporting documents as specified in the application form.

Article 17. Consideration on MoU Signing

After receiving accurate and complete application documents, Special Economic Zone Promotion and Management Office (SEZO) reviews the application, coordinates with relevant sectors and local authorities, and then reports to the Investment Promotion and Supervision Committee at the central level for consideration.

In case of approval by the Investment Promotion and Supervision Committee at central level, the Ministry of Planning and Investment signs the MoU for the commencement of area survey, data analysis and document submission within eighteen months.

Article 18. Required Documents for Application for the Signing of the Development Agreement

The application for the signing of the Development Agreement consists of:

1. Application form for development;
2. Certificate of project land area issued by local authority and relevant sectors;
3. Project development master plan and preliminary construction plan;
4. Technical and economic feasibility study report;
5. Environmental and Social Impact Assessment Report;
6. Draft Special Economic Zone development agreement;
7. Other documents as specified in the application form for the development.

Article 19. Consideration on Development Agreement Signing

Upon the completion of data analysis, submission of accurate and complete documentation, and approval of the meeting of the sectorial and local technical committees, Special Economic Zone Promotion and Management Office (SEZO) reports to the Investment Promotion and Supervision Committee at central level, and, after receiving approval from the committee, the Ministry of Planning and Investment proposes to the Government for approval to sign the development agreement with the Zone Developer and to officially issue the development investment license.

The application for Special Economic Zone development for business operation or other sector, that is not stipulated in the Article 2 Paragraph 2 of this Decree, but is considered important to the socio-economic development, shall be reported by the Government to the National Assembly for approval.

Article 20. Rights of Zone Developers

Zone Developers have the following rights:

1. Receive special incentives and facilitation for the development of Special Economic Zone as provided in the laws;
2. Receive the protection for investment including the legitimate rights and benefits generated from their investment;
3. Receive benefits from the lease or development which are in compliance with laws and regulations of Lao PDR;
4. Use land according to the term of the development agreement, in compliance with relevant laws and regulations;
5. Take ownership of their own property such as: building, facility or other structure in the concession land, and to transfer the ownership to domestic or foreign individuals in accordance with laws and regulations;
6. Open bank accounts in Kip or foreign currency at banks located in Lao PDR;
7. Receive other rights as provided in laws and regulations.

Article 21. Obligations of Zone Developers

Zone Developers have the following obligations:

1. Establish a company to operate the project in accordance with the development agreement;
2. Implement the development agreement, the development master plan, technical and economic feasibility study, the Environmental and Social Impact Assessment;
3. Pay the full amount of taxes, duties, fees and charges according to the development agreement, laws and regulations;

4. Cooperate with local authorities, promote the participation of the population in the development where the Special Economic Zone is located, and contribute to the local development;
5. Request for approval from the Special Economic Zone Authority (SEZA) to invest in any business activity in SEZ in accordance with the rules and regulations;
6. Practice the accounting according to Law on Accounting of Lao PDR, in case of necessity, the international accounting system can be applied subject to the grant of approval by the financial sector of the Lao PDR;
7. Promote the employment of Lao labour, especially female and ethnic labours, pay attention to the development of labour skills, professional upgrading and transfer of the technology to the Lao labours;
8. Contribute the budget to support the monitoring and inspection over investment projects;
9. Summarise and report their business operation on quarterly, six months and annual basis to the one-stop investment service office and relevant sector;
10. To perform other obligations as set out laws and regulations.

Part 3

Investment in Special Economic Zone

Article 22. Business Investment

Business investment in Special Economic Zone comprises of:

1. Business activities that requires the Special Economic Zone Authority (SEZA) to seek approval;
2. Business activities that the Special Economic Zone Authority (SEZA) can give approval.

The list of business activities that the Special Economic Zone Authority (SEZA) shall seek approval and business activities that the Special Economic Zone Authority (SEZA) can give approval is attached to this Decree.

Article 23. Business Activities that the Special Economic Zone Authority (SEZA) Shall Seek Approval

Business activities that the Zone Supervising Authority shall seek approval consist of: business activities that require approval from the Investment Promotion and Supervision Committee at central level as proposed through Special Economic Zone Promotion and Management Office (SEZO).

Article 24. Consideration of Business Activities that Require Approval from the Investment Promotion and Supervision Committee at Central Level

The Investment Promotion and Supervision Committee at central level consider the investment proposal that requires approval in accordance with the proposal of Special Economic Zone Promotion and Management Office (SEZO).

Article 25. Business Activities that the Special Economic Zone Authority (SEZA) Can Give Approval

Business activities that the Special Economic Zone Authority (SEZA) can approve shall be the business activities which are not included in the list of business activities that need approval from the Investment Promotion and Supervision Committee at central level.

There are two types of business activities that the Special Economic Zone Authority (SEZA) can approve:

1. Business activities that need considerations and comments from relevant sectors in which the relevant sectors shall be responded within ten working days after receiving application form and supporting documents from the Special Economic Zone Authority (SEZA). If there is no response within ten days, implicit approval shall be implied;
2. Business activities that do not need considerations and comments from relevant sectors. The Special Economic Zone Authority (SEZA) can give promptly approval.

Article 26. Consideration on the Business Activities that the Special Economic Zone Authority (SEZA) Can Give Approval

The Special Economic Zone Authority (SEZA) shall consider the issuance of Enterprise Registration Certificate and Investment Promotion Certificate (for promoted activities) no later than three working days from the date of the submission of application with accurate and complete supporting documents.

Article 27. Investment Application

Domestic and foreign individuals, legal entities wishing to invest in a Special Economic Zone may submit their application form to the Special Economic Zone Authority (SEZA) for consideration in accordance with the one-stop service mechanism.

Article 28. Required Documents for Investment Application

The application for investment in Special Economic Zone consists of the following supporting documents:

1. Application form for investment;
2. Technical and economic feasibility study or business operation plan (if necessary);
3. Initial Social and Environmental Impacts Assessment Report (if necessary);
4. Enterprise incorporation contract (for joint investment);
5. Company's Article of Association;
6. Certification of financial status;
7. Land Use Right Certificate;
8. Certification of individual identification or legal entity status;
9. Other documents stated in the application form for investment.

Article 29. Rights and Obligations of the Investors in Special Economic Zone

Investors in Special Economic Zones have the rights to receive special incentives, and shall fulfill obligations according to this Decree.

Rights and obligations of the Investors shall be exercised according to the Law on Investment Promotion and other relevant laws.

Part 4

Establishment of Special Economic Zone Authority (SEZA)

Article 30. Special Economic Zone Authority (SEZA)

The Special Economic Zone Authority (SEZA) is an organization under the Ministry of Planning and Investment, having a status equivalent to a provincial division, and consists of sectors, units and some technical staffs.

Provinces, and capital which have been approved to establish a Special Economic Zone shall have a Special Economic Zone Authority (SEZA) to manage and supervise the Special Economic Zone as the centre in coordinating and facilitating for the development and investment in the zone.

Article 31. Appointment of Special Economic Zone Authority (SEZA)

The Special Economic Zone Authority (SEZA) consists of a Director General and a number of Deputy Directors.

The Director General of the Special Economic Zone Authority (SEZA) has official position equivalent to a provincial divisional director, and shall be appointed, reassigned or demoted by the Minister of Planning and Investment upon the approval of the provincial or capital people's assembly in coordination and uniformity with the provincial governor, capital mayor where the Special Economic Zone is located.

The Deputy Director of the Special Economic Zone Authority (SEZA) shall be appointed, reassigned or demoted by the Minister of Planning and Investment in consultation with the provincial governor, Capital Mayor where the Special Economic Zone is located.

The technical, budget, human resource aspects of the Special Economic Zone Authority (SEZA) shall be subject to the Ministry of Planning and Investment.

Part 5

The Supervision of the Special Economic Zone by the Special Economic Zone Authority (SEZA)

Article 32 One-Stop Investment Service

The Special Economic Zone Authority (SEZA) establishes a One-Stop Investment Service Unit to coordinate with relevant sectors, facilitate domestic and foreign investments within the scope of its rights and obligations, including:

1. Certify the land and real estate use right;
2. Issue the Enterprise Registration Certificate and Tax Identification Number Certificate;
3. Approve the seal engraving, import-export;
4. Manage labour, and the movement of Zone Developers and Investors to and from Lao PDR;

5. Notify tax payment and custom, and collect fees and service charges according to the laws and regulations;
6. Issue Certificate of Origin;
7. Issue Construction Permit, and Environmental and Social Impact Assessment Certificate;
8. Issue other approvals related to investment;
9. Provide other services as assigned in the laws and regulations.

Article 33. Maintenance of Security

The Special Economic Zone Authority (SEZA) coordinates with local authorities where the Special Economic Zone is located to ensure the security and public order both within and around the Special Economic Zone, in accordance with the laws and regulations

For any specific Special Economic Zone that needs to establish a security protection unit, the Special Economic Zone Authority (SEZA) shall report to the provincial governor or capital mayor to make a proposal to the Minister of Public Security for consideration.

Article 34. Statistics Collection

The Special Economic Zone Authority (SEZA) shall have the monitoring and data collection systems for the development, investment, business operation including other important statistical data to ensure the proper and timely report provided to relevant sectors.

Article 35. Revenue Collection

The Special Economic Zone Authority (SEZA) coordinates with financial sectors to facilitate the accuracy, timeliness and transparency of the revenue collection to be remitted to the State Budget and shall report the result of revenue collection, in each period, to relevant sectors on a regular basis.

Article 36. Skills Development

Zone Developers and Investors shall have plans for local and surrounding community labour skill development at all levels, especially in the increase of administrative staff, skilled labours, technicians, engineers in each period.

The Special Economic Zone Authority (SEZA) in cooperation with Zone Developers and Investors shall collect the need of labour in each period; coordinate with the labour and social

welfare sector, the education and sport sector, and others concerned sectors, develop labour skills, and supply adequate labours to the Special Economic Zone according to the needs in each period.

Article 37. Labour Management and Protection

The Special Economic Zone Authority (SEZA) shall be in charge of cooperating with Zone Developers and Investors for the collection of labour statistics in Special Economic Zones in each period to supervise, protect and train the local labourers and the surrounding community as specified in the relevant laws.

Article 38. Environmental, Cultural and Social Protection

The Special Economic Zone Authority (SEZA) shall monitor, inspect and encourage Zone Developers and Investors for the protection and preservation of the environment, society, and national fine culture and tradition as specified in the development agreement, technical and economic feasibility study, Environmental and Social Impact Assessment Report, and laws and regulations.

Article 39. Contribution to the Community Development

The Special Economic Zone Authority (SEZA) shall encourage Zone Developers and Investors to contribute to the local community development, such as in agriculture and animal husbandry, handicraft and others.

Part 6

Incentives for Zone Developers

Article 40. Tax and Custom Incentive

Zone Developers in Special Economic Zones are entitled the following tax and custom incentives:

1. Tax and custom incentives for import and export shall be as specified in the Law on Investment Promotion;

2. Production industry, services on tourism industry development, services in public health, education, sport and physical activity, and real estate development shall receive profit tax incentives according to zones as follows: Zone 1 exempted from profit tax for sixteen years, and Zone 2 exempted from profit tax for eight years; Upon the expiration of the exemption period, Zone Developers shall pay profit tax at thirty-five percent (35%) of profit tax rate as specified in the Tax Law for the five years, and thereafter pay according to the rates set in the Tax Law;
3. Construction of road, electricity system, water supply, waste water treatment and waste disposal system shall be exempted from value added tax, while construction of other infrastructures shall pay value added tax at fifty percent (50%) of the value added tax rate as specified in the Law on Value Added Tax.

Article 41. Land Use Promotion Incentives

Zone Developers are entitled to land use rights in Special Economic Zones and shall have the right to sub-lease, handover, transfer to Investors during the term of the development agreement, after having completed at least forty-five percent (45%) of the development plan in each period, as specified in the development master plan, subject to the approval of the Special Economic Zone Authority (SEZA) .

Article 42. Other Incentives

Zone Developers receive investment supports as specified in the Law on Investment Promotion. Zone Developers shall receive additional incentives based on the negotiation and terms of agreement according to conditions, locations, characteristics, such as investment in remote areas, and in business activity that the government gives priority to.

Part 7

Incentives for Investors

Article 43. Tax and Custom Incentives

Investors in Special Economic Zone are entitled the following tax and custom incentives:

1. Tax and custom incentives for import and export shall be as specified in the Law on Investment Promotion;
2. Investment in sectors specified in the Article 9 of Law on Investment Promotion shall be exempted from profit tax for additional two years from the profit tax exemption period as stipulated in the Article 11 Paragraphs 2 and 3 of the Law on Investment Promotion. In addition, investments in business activities as specified in the Article 9 Points 3, 4, 5 and 6 of the Law on Investment Promotion, upon the expiration of the profit tax exemption period, shall pay the profit tax at thirty-five percent (35%) of the profit tax rate specified in the Tax Law for the five years and thereafter pay the profit tax in accordance with the Tax Law;
3. Factory construction for hundred percent (100%) production for export shall be exempted from the value added tax and receive incentives for the use of electricity and water in the production by paying the value added tax at fifty percent (50%) of the value added tax rate specified in the Value Added Tax Law;
4. For the construction and development of infrastructures to support business operations of the investors in sectors that are not hundred percent production for export, investors shall pay fifty percent (50%) of the value added tax rate as specified in the Value Added Tax Law;
5. Import of raw material, equipment and spare parts for production, processing or assembling in Special Economic Zones for domestic sales, shall follow the laws and regulations on tax and custom;

In addition, Investors shall be entitled to other tax incentives specified in the Law on Investment Promotion.

Article 44. Land Use and Real Estate Incentive

Investors are entitled to use their leased land, and have the right to sub-lease or hand over, or transfer to other investors during the term of lease which may not exceed the remaining term of the development agreement subject to the approval of the Special Economic Zone Authority (SEZA).

Any person, who has acquired ownership in real estate in the SEZ, can hold the ownership for the term of real estate, and shall be entitled to sell, hand over, transfer or inherit the real estate; the land where the real estate is located shall be transferred to be a State property after the expiration of the development agreement And the owner of that real estate may lease the land from the State or by other means in accordance with law and regulations.

Foreigners, who acquire ownership of real estate (building structure in the zone) from making actual payment of more than USD 100,000, together with the wife or husband and children, shall receive a renewable multi-entry visa for an initial period of ten years. In addition, foreigners shall receive other facilitations according to the government's decision in each period.

Foreigners, who have entered into real estate rental agreement (building for resident in the zone) with the owner and have planned to stay in Lao PDR for more than three months, shall receive multi-entry visa.

Article 45. Other Incentives

Investors receive investment incentives as specified in the Law on Investment Promotion.

Part 8

Incentive Implementation Mechanism

Article 46. Implementation of Incentives for Zone Developers

Incentives for the Zone Developer shall be provided in the Investment License.

The implementation of tax and custom incentives shall be as follows:

1. The financial sector shall implement tax and custom incentives as set out in the Investment License;
2. Tax and custom exemption for import of raw material, equipment and vehicles to be used directly in the production of Zone Developers shall be proposed through import plan submitted to Special Economic Zone Promotion and Management Office (SEZO) in order to coordinate with relevant sectors in the consideration and grant of approval;

3. For the actual import, the tax and custom sector shall be responsible for the implementation of the approved import plan. If there is requirement to necessarily increase and decrease import, Zone Developers shall propose to Special Economic Zone Promotion and Management Office (SEZO).

Article 47. Implementation of Incentives for Investors

Incentives for the Investors shall be provided in the Investment License.

The implementation of tax and custom incentives shall be as follows:

1. The financial sector shall implement tax and custom incentives as set out in the Investment License;
2. Tax and custom exemption for import of raw material, equipment and vehicle to be used directly in the production of Investors shall be proposed through the Annual Import Plan submitted to the Special Economic Zone Authority (SEZA) for coordination with relevant sectors in the consideration and the grant of approval;
3. For the actual import, the tax and custom sector shall be responsible in the implementation of the approved import plan. If there is requirement to necessarily increase or decrease import, Investors shall propose to the Special Economic Zone Authority (SEZA) for consideration.

Article 48. Implementation of Other Incentives

The Zone Supervising Authority is centre for the coordination between relevant sectors and local authorities in the evaluation of the contribution of Zone Developers and Investors to be reported to the Investment Promotion and Supervision Committee at provincial level for the consideration of the grant of incentives, award of appreciation or reduction of tax and custom rates according to regulations.

Part 9

Special Economic Zone Land

Article 49. Determination of Special Economic Zone Land

The State shall allocate a specific land surface, which does not include any asset and natural resource, either on or under the land surface, for the establishment of a Special Economic Zone in accordance with the National Land Allocation Plan.

Article 50. Boundary Marking for Concession Area

After the signing of the Special Economic Zone development agreement, the Ministry of Natural Resources and Environment, in coordination with relevant sectors, local authorities and Zone Developers, undertakes the boundary marking in accordance with the approval of the Government.

Article 51. Issuance of Land Use Right Certificate

The Ministry of Natural Resources and Environment issues Land Use Right Certificate to Zone Developers.

The Special Economic Zone Authority (SEZA) shall be in charge with the issuance of Land Use Right Certificate within Special Economic Zones for Investors.

Article 52. The Use of Land

Zone Developers and Investors shall use no more than eighty percent (80%) of land for direct business purpose, the rest of the land shall be developed for public purposes such as: public parks and green areas.

Article 53. Compensation for Damages

If the allocation of land for the establishment of a Special Economic Zone includes land which the State has granted the land use rights to individuals, legal entities or other incorporated bodies, compensation shall be made for the damages in accordance with the development agreement, laws and regulations

The local authorities where the Special Economic Zone is located is in charge of allocating, surveying, resolving and evaluating issues relating to land in order to compensate people affected by the project.

Part 10

Supervision and Inspection

Article 54. Supervisory Authorities of Special Economic Zones

The Government supervise Special Economic Zones in a centralized and uniformed manner nationwide by assigning the Ministry of Planning and Investment to be directly responsible and to actively coordinate with other relevant sectors and concerned local authorities.

The supervisory authorities of Special Economic Zone consist of:

1. Ministry of Planning and Investment;
2. Special Economic Zone Promotion and Management Office (SEZO);
3. Special Economic Zone Authority (SEZA);
4. Provincial and capital administration;
5. Other sectors.

Article 55. Rights and Obligations of the Ministry of Planning and Investment

In the supervision of Special Economic Zones, the Ministry of Planning and Investment has the following rights and obligations:

1. Research and formulate policies, strategic plans, laws and regulations relating to Special Economic Zones, and propose to the Government for consideration;
2. Create a plan, and issue decisions, orders and instructions relating to the activities of Special Economic Zones;
3. Promote and disseminate policies, strategic plans, laws and regulations relating to the

activities of Special Economic Zones nationwide;

4. Research on the establishment or dissolution of Special Economic Zones across the country to report to the Investment Promotion and Supervision Committee at central level and the Government for consideration;
5. Research and propose the appointment, reassignment, and demotion of the Director General of Special Economic Zone Promotion and Management Office (SEZO);
6. Research and consider the request of individuals, legal entities or incorporate bodies in relation to action or decision that violates the law relating to Special Economic Zone;
7. Research and propose measures, and solutions for the violations of law in relation to the administration of Special Economic Zones, to ensure transparency and compliance with the laws and regulations;
8. Direct, encourage, monitor, inspect and coordinate with other sectors and local authorities in the implementation of laws and regulations regarding Special Economic Zones;
9. Coordinate and cooperate with foreign countries, regional and international community regarding Special Economic Zones;
10. Summarize, gather, evaluate and report the performance of Special Economic Zones to the Government on a regular basis;
11. Exercise other rights and perform other obligations as set out in the laws, regulations and as assigned by the Government.

Article 56. Rights and Obligations of Special Economic Zone Promotion and Management Office (SEZO)

Special Economic Zone Promotion and Management Office (SEZO) has a status equivalent to a department of the Ministry of Planning and Investment, and shall be directed by the Minister or Vice-Minister as assigned.

Special Economic Zone Promotion and Management Office (SEZO) has the following rights and obligations:

1. Act as a secretariat for the Ministry of Planning and Investment in researching and formulating policies, strategic plans, laws and regulations relating to Special Economic Zone;

2. Research and issue technical decisions, orders, instructions for the implementation of Special Economic Zone works;
3. Interpret, promulgate, and disseminate policies, strategic plans, laws and regulations regarding Special Economic Zone and direct the implementation within its jurisdiction;
4. Research on the establishment or dissolution of SEZ across the country to report to the Ministry of Planning and Investment for consideration;
5. Research on the grant of approval and cancellation of business activities under the controlled list that not under jurisdiction of SEZA, and propose to the Investment Promotion and Supervision Committee at central level for consideration;
6. Research and comment on the proposal for the appointment, reassignment or demotion of Director General, Deputy Director General of Special Economic Zone Authority (SEZA);
7. Research and propose measures and solutions for the violation of laws relation to the administration of Special Economic Zones to ensure transparency and compliance with the laws and regulations to the Ministry of Planning and Investment for consideration;
8. Coordinate with other relevant sectors and local authorities to encourage, monitor and inspect the implementation of works regarding Special Economic Zones;
9. Coordinate and cooperate with foreign countries regarding Special Economic Zones in accordance with the authorization by higher authorities;
10. Receive complaint and request of Zone Developers and Investors regarding the difficulties in operating business, and coordinate with relevant sectors for solutions;
11. Organise a joint meeting on six-month and annual basis with the Zone Supervision Committee and Zone Developers;
12. Summarize, collect, evaluate and report the performance of Special Economic Zones to the Ministry of Planning and Investment on a regular basis;
13. Exercise other rights and perform other obligations as set out in the laws, regulations and as assigned by higher authorities.

Article 57. Rights and Obligations of the Special Economic Zone Authority (SEZA)

In the supervision of Special Economic Zones, the Special Economic Zone Authority (SEZA) has the following rights and obligations:

1. Monitor, inspect and encourage the implementation of development agreements, Zone development master plan, and investment plan and projects in each period.
2. Consider and grant approval for the investments in Special Economic Zone in accordance with their roles and responsibilities; issue the certificate on land use right, real estate, building structures within the zone, documents regarding import-export of goods, materials for production, construction of infrastructure; issue the certificate of origins; collect fees and service charges according to the regulation;
3. Promote and attract the development or investment in Special Economic Zones including the dissemination of laws and regulations, information regarding SEZ;
4. Coordinate with local authorities where the Special Economic Zone is located to ensure public security and order, and to protect residents and labours in the zone;
5. Coordinate with relevant sectors to request for authorization in consideration and issuance of the Tax Identification Number and Tax Collection Certificates, Construction Permits, certificates on Environment, Social and Natural Impact Assessment, work permits, Stay Permit and other documents to ensure timely implementation of works in the Special Economic Zone;
6. Coordinate with Zone Developers, Investors and local authorities in the creation of development project that involves public participation, and infrastructure project in surrounding areas to improve standard of living of people;
7. Monitor the compliance of contractual obligations, revenue- expenses of Special Economic Zone according to the scope of rights as specified in this Decree;
8. Determine environment protection measures, and ensure sustainable developments;
9. Manage, allocate and use land, building construction in accordance with regulations;
10. Organize a meeting on monthly basis to discuss and resolve issues related to its work;
11. Summarize, and report work progresses on a weekly, monthly, quarterly, six months, annual basis, and summarize the list of approved investments in the Special Economic Zone to report to the Ministry of Planning and Investment, provincial authorities, and Investment Promotion and Supervision Committees at provincial and central levels; exercise other rights and perform other obligations as set out in laws and regulations.

Article 58. Rights and Obligation of Provincial and Capital Administrations

In the supervision of Special Economic Zones, provincial and capital administrations, where a

Special Economic Zone is located, have the following rights and obligations:

1. Promote, and disseminate the Special Economic Zone development policies to increase understanding and support from people;
2. Direct, encourage, monitor and facilitate the Special Economic Zone within their province or capital to work on the development of Special Economic Zone ;
3. Direct the implementation of the national defence and public security protection, social and cultural development, project development and investment plan for the construction of infrastructures required for accommodating, supporting or connecting of the Special Economic Zone in their jurisdiction;
4. Develop activities that are related to the development of the Special Economic Zone for the common benefit of people such as: business activities related to production and supply of raw material, products, food supply and others;
5. Allocate, survey, resolve and evaluate land issues in order to compensate people affected by the project;
6. Coordinate with the Special Economic Zone Authority (SEZA) to resolve issues, and facilitate the development of the Special Economic Zone;
7. Exercise other rights and perform other obligations as set out in the laws and regulations.

Article 59. Rights and Obligations of Other Sectors

Other relevant sectors shall have the responsibility according to their roles and responsibilities in cooperation with, coordination with, and the provision of support to the Special Economic Zone Authority (SEZA) in implementing the investment incentives in the Special Economic Zone as specified in this Decree and other relevant laws through the assignment of staff to work in the One-Stop Investment Service Unit in the zone.

Article 60. Inspection

In principle, the inspection on the work of Special Economic Zone shall be implemented in accordance with the provisions of the Law on Investment Promotion.

The internal inspection authorities are the same authority as the Special Economic Zone

supervisory authorities as stated in this Decree.

Part 11

Award for Persons Having Excellent Achievements and Sanctions for Offenders

Article 61. Award for Persons Having Excellent Achievements

Any individual and legal person having excellent achievements in the implementation of this Decree, such as in contributing to the development, supervision and investment in the Special Economic Zone, that improve efficiency, are important to the socio-economic development, and attracting investment encouraging the development or investment in Special Economic Zone, shall receive the recognition and other incentives in accordance with regulations.

Article 62. Sanctions for Offenders

In addition to the measures specified in the Law on Investment Promotion, individuals or legal entities, who violate this Decree, shall be subjected to additional measures, depending on the severity of the violation.

Offenses relating to the non-payment of tax and duties, violation of the concession agreement, unauthorised construction of building and other offenses, shall be subject to relevant laws.

Part 12

Final Provisions

Article 63. Implementation

The Ministry of Planning and Investment is the centre for coordination with other relevant ministries, governmental authorities with status equivalent to a ministry, local authorities for the efficient implementation of this Decree.

Ministries, governmental authorities with status equivalent to a ministry, local authorities and other State and private sectors shall acknowledge and strictly comply with this Decree.

Article 64. Effectiveness

This Decree shall enter into force from the date of its signature and after fifteen days from its publication date on the Official Gazette.

This Decree shall replace the Decree on Special Economic Zone and Specific Economic Zone No 443/PM, dated 26 October 2010 and the Prime Minister's Decision on the Additional Investment Incentives for That Luang Specific Economic Zone and SEZs across the country No. 73/PM, dated 28 September 2015.

The Special Economic Zones that have received approval and benefited from the previous legislations regarding Special Economic Zone, and agreements that has previously been signed with the Government shall not be subject to any changes until the expiration of the agreements, except in relation to Articles 95 and 96 of the Decree on Special Economic Zone and Specific Economic Zone No. 443/PM, dated 26 October 2010 and Article 13 of the Prime Minister's Decision No. 73/PM, dated 26 September 2015 on the Additional Investment Incentives for That Luang Specific Economic Zone and SEZs across the country which shall be subject to this Decree.

Government of the Lao PDR

Prime Minister

(Signed and Sealed)

Thongloun Sisoulith