



LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Ministry of Finance No. 0541/MOF

Vientiane capital, dated 24 February 2022

Notification

To: Individual, legal entity and organization who is operating E-commerce business

Topic: The implementation of tax payment from E-commerce and digital platforms in Lao PDR.

- Pursuant to Law on Tax Management No.66/NA, dated 17 June 2019.
- Pursuant to Law on Value Added Tax (Revised) No.48/NA, dated 20 June 2018.
- Pursuant to Law on Income Tax No.67/NA, dated 18 June 2019.
- Pursuant to Law on the Revision of Some Articles on Tax Law No.01/NA, dated 7 August 2021.
- Pursuant to Decree on Tax Identification Number No.354/PM, dated 5 October 2007.
- Pursuant to Decree on the Management of Internet Information No.327/GOV, dated 16 September 2014.
- Pursuant to Decree on E-commerce No.296/GOV, dated 12 April 2021.
- Pursuant to Decree on the Organisation and Implementation of Ministry of Finance No.600/PM, date 14 October 2021.

The purpose is to extent the contents of Decree on E-commerce No.269/GOV, dated 12 April 2021 in order to manage, monitor, investigate, encorage and promote goods consumption and services via electronic to be extendly unity as well as to implement the tax payment of E-commerce and digital platform sevice operator in Lao PDR.

Minister of Finance issued the notification:

1. Internal Legal Entity

1. Legal entity who performs or operates business via self E-commerce platform, E-commerce market and electronic service market in accordance with Part II, Article 6 E-commerce forms under Decree on E-commerce No.296/GOV, dated 12 April 2021 such as Droppin X, Olaa, Sokxay All (for defining the details of E-commerce unit shall be implementd according to

Industry and Commerce sector). The business which gains income more than 400 million kip shall be registered to value added tax system and pay tax as prescribed by Laws and relevant regulations.

2. Shall provide Tax Identification Number (TIN) when promoting to sell goods and services via self E-commerce platform, E-commerce market and electronic service market (In case if do not have the TIN, shall register the TIN as prescribed by Laws and relevant regulations.
3. All E-commerce and digital service platforms shall issue tax invoice everytime in accordance to the types and forms as defined under Decree on tax invoice.
4. Notify to pay value added tax and income (income tax) by yourself via taxservice.mof.gov.la as the forms prescribed on system.
5. Has a duty to calculate, collect and deduct the income from individual who has the address or does not have the address in Lao PDR from salary, wage, as well as income of independent worker who does not register the business licence such as the agent fee, consultation fee, service fee, sport activity fee, performance or other individuals who support, activity which promotes marketing, advertisement and transportation via E-commerce and digital platform in accordance with Category 10 of Law on income tax. Then, notify to pay tax via taxservice.mof.gov.la as forms on the system to state budget as defined by Law.
6. Provide the information of electronic and digital service platform, as well as link the personal information of E-commerce with TaxRIS as requested by Tax sector.

2. Foreign Legal Entity

1. Legal entity who does not establish or register the business licence in Lao PDR, but provide the service of electronic market and digital platform to domestic consumers (Lao PDR market) as below:
 - Service movies, online songs, games and all applications such as Youtube, JOOX, TikTok, Humble, Zoom, CODASHOP.
 - Service streaming such as NETFLIX, Apple TV+, Disney+.
 - Service uploading advertisement, advertising media such as Facebook, Google.
 - Service hotel booking, accommodation, travel such as Agoda, Booking.com, Airbnb.
 - Service as the middle person for buyer and seller such as Shopee, Lazada.
2. Receive income from domestic consumers more than 400 million kip per year shall register to value added tax system as prescribed by Law on value added tax.

3. Register value added tax Identification 12 number officially via website: taxservice.mof.gov.la in term of electronic service in Lao PDR (Completed the documents and guideline as defined on website).
4. Calculate and collect value added tax with the selling price of goods and services via electronic platform from the consumers in Lao PDR as prescribed, then notify to pay VAT output via taxservice.mof.gov.la as the forms prescribed on system without deducting VAT input.
5. Calculate profit tax which occurs in Lao PDR in accordance with OECD regulation on E-commerce and digital service tax which have been endorsed during period of time, then notify to pay the profit tax via taxservice.mof.gov.la as the forms prescribed on system.
6. Has the obligation to calculate and deduct withholding tax before paying fees to individual who does not have the address in Lao PDR from the income which receive through the business of electronic and digital service platform. Then, notify to pay tax via taxservice.mof.gov.la by attaching the transaction information as the forms prescribed on the system.
7. The period of notifying tax payment point 4,5,6 as mentioned above shall be notified two times a year as before 20 July and before 20 January each year (the method of tax payment notification is described on taxservice.mof.gov.la).
8. Provide the information of E-commerce and digital service platform, as well as link the personal information of E-commerce with TaxRIS as requested by Tax sector.

3. Individual Who Has Address and Does Not Have Address Which Not Register The Business Licence

1. Individual who has the address and does not have the address, which not register the business license. If receiving the income from E-commerce and digital service platform in Lao PDR shall apply for Individual tax identification number at tax sector or PTIN application in order to use for notifying the tax payment.
2. Income which receives from online business or income from individual who has the address via E-commerce, E-commerce market, and E-service market shall be paid tax 2% of total income (do not allow to deduct the capital cost or any other cost before tax calculation) in accordance with Article 34 point 3, Article 39 point 3 of Law on income tax No.67/NA, dated 18 June 2019.
3. Notification of tax payment
 - For normal operator of E-commerce shall notify to pay income tax before 20th of next month according to Article 25 of Law on Tax Management No.66/NA, dated 17 June 2019.

- For occasional operator of E-commerce shall notify to pay income tax within 15 working days after receiving the income according to Article 32 of Law on tax management No.66/NA, dated 17 June 2019.

4. Rights and Duties of Tax Sector for Each Level

- Facilitate the issue of tax identification number and complete the information of individual, legal entity or organisation who is operating E-commerce business to TaxRIS.
- Disseminate Decree on E-commerce and relevant tax regulations that related to the implementation of tax payment from trade and income via electronic.
- Coordinate with relevant agencies, Lao National Chamber of Commerce and Industry, E-commerce association and other relevant sectors to implement Decree on E-commerce and tax regulations.
- Manage, monitor and investigate the implementation of tax which is under TaxRIS, business operation, sale promotion, sale advertisement of goods by individual, legal entity via electronic digital service platform or report to the next high level in case of need any comments for implementation.
- Coordinate to access the transaction information via bank system with the domestic payment service providers, representative of government in term of exchange the information tax payer between country which has the bilateral and multilateral agreement as prescribed by Laws and agreement. Using the information for implementing the revenue management.

2. Measures to Violator

Measures to violator who does not comply to tax payment or other obligations as prescribed by Law on tax as below:

1. Educate, warn, fine and proceed the case in accordance with Law.
2. Suspend or terminate the certificate of E-commerce technical standard.
3. Suspend or terminate the payment platform of service provider.
4. Suspend or terminate all advertisement and E-commerce and digital service platform.
5. Suspend or terminate the business license and the acknowledge certificate of E-commerce.

6. Effectiveness

Unofficial translation

This notification shall be effective from the date of signature until there will have more detailed legislation.

Minister

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