



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity
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Ministry of Finance
Customs Department

No.0573/CD
Vientiane Capital, dated on 22 December 2009

Notification

To: All Divisions, Five Regional Customs Offices and International Customs Checkpoints throughout the country.

Subject: Duty Exemption on the importation of petroleum for governmental project.

- Pursuant to the Customs Law No. 05/NA, dated 25 May 2005
- Pursuant to the notification of MOF No. 1566/MOF, dated 8 July 2009 on the control and management of the importation of petroleum under governmental projects

It has been noticed by the Customs Department, that various projects have purchased imported petroleum from the Lao Fuel Company for projects usage. After the approval on duty exemption is given by related governmental agencies, the projects are allowed to import petroleum with duty exemption for themselves. However, imported petroleum with duty exemption is mixed with colour in order to prevent illegal sale in the domestic market. Petroleum imported by projects with duty exemption cannot be compensated to the Lao Fuel Company due to the mixing of colour. Therefore, the projects have made a request to Customs for permission to import petroleum without colour mixed in. Customs has drafted this regulation to address this request concerning these difficulties.

The Customs Department issues this notification:

1. *Retroactive Duty exemption on imported petroleum* means that the imported petroleum with duty exemption shall not use any mixture of color processing in accordance with the Finance Minister's Instruction, No. 1566/MOF which specified the criteria and other related conditions as follows:
 - Construction Projects and the Lao Fuel Company shall, in writing, make a proposal to the Customs Department with details of the usage of the petroleum, together with submission of supporting documents required by law such as sale contract, projects' documents
 - For the imported petroleum Customs duties and other internal related taxes as specified in the laws shall be levied.
 - Lao Fuel Company shall have delivery statement of the petroleum including the delivery statement number, date of issuance, name of buyer, type of petroleum, truck registration plate number, name of driver, place of unloading of the petroleum, the statement by a Customs officer on the mixed colour petroleum, date of transport (movement) and others in accordance to the procedure and regulations. In the case that the project is located very far, the company shall complete a Customs declaration form under Customs regime 80 for the movement of the goods.

- The Customs Department shall consider the Customs duty exemption retroactively only for imported petroleum for which duty and internal taxes were paid and supplied to the projects within 30 days from the date that a Customs officer signed the delivery statement or Customs regime 80 (internal transit). If it is over the period of time designated by Customs, retroactive duty exemption of petroleum shall not be permitted.
2. *The process of duty exemption*, the Lao Fuel Company and projects shall, in writing, submit a request together with other supporting documents to Customs for retroactive duty exemption of imported petroleum as followings:
- Customs declaration form (Regime 85) with the quantity to be compensated to Lao Fuel Company. For instance, Lao Fuel Company supplied 10,000 liters of diesel to the projects, the Customs Department will consider the duty exemption retroactively on 10,000 liters of imported petroleum. The duty exemption shall be based on the liters Lao Fuel Company supplied to the projects.
 - The delivery statement signed by a Customs officer and with the consignee’s signature or Customs declaration form (Regime 80).
 - The summary of sale of petroleum approved by the Lao Fuel Company (Supplier), Construction company and the owner of projects.
 - The permits on import exemption from other relevant governmental agencies are still in use. For example, the permits from Ministry of Planning and Investment, Ministry of Industry and Commerce, governmental notification (if any).
3. *The responsibilities of each concerned sector to control and manage duty exempted petroleum:*
- 3.1 *Lao Fuel Company (Supplier) and Projects*
- To make a plan of importations of petroleum to submit to Customs, to cooperate with Customs closely as well as provide necessary information for examination when required by Customs.
 - After the importation of petroleum and delivery to the site of the projects, a copy of the delivery statement approved or signed by the Construction company shall be sent to Customs officers at the frontline office and Import-Export Control Division at Customs Headquarters for reference.
 - The summary of sale of petroleum which was approved by the Lao Fuel Company (Supplier), Construction company and the owner of projects.
 - To write off Customs regime especially regime 85 for the importation of petroleum. Customs regime 85 shall clearly identify the importation of petroleum under Customs duty exemption to compensate the projects.
 - After approval for duty exemption has been given, a Customs declaration form under regime 85 shall be completed in accordance with regulations.
- 3.2 *Import and Export Control Division (Customs Headquarters)*
- Study and provide comments on the proposal made by the Lao Fuel Company and Projects prior reporting to the Director-General of Customs for his consideration.
 - Manage and monitor the supply of petroleum to the projects and the duty exemption of each importation.
 - Monitor and examine all related supporting documents for retroactive duty exemption to be consistent with criteria and other conditions as specified in this notification.

3.3 *Entry Customs Checkpoints*

- Monitor and examine the delivery of duty paid petroleum of Lao Fuel Company to related projects as permitted by Customs. Before issuing the approval, the statement shall provide necessary information on the mixture of color of the petroleum, quantity of petroleum (liters), truck registration plate number and others. At the same time, the information is also provided to Anti-Smuggling Division or Anti-Smuggling Unit on the movement of petroleum for effective monitoring and control.
- Report weekly the remaining duty paid petroleum of the Lao Fuel Company that is subject to be delivered to related projects under regime 85 to Import-Export Control Division (Customs Headquarters).

3.4 *Anti-Smuggling Division or Unit*

- Monitor and control the movement of petroleum, in the case of a suspicious situation occurring, they shall immediately report to Customs Headquarters and measures shall also be applied.

4. Place of Mixture of Colour

4.1 Regional Customs Office V: the mixture of colour shall take place at designated location such as:

- (1) Inchi Logistic Special Petroleum Warehouse located at Fangheng Village, Nasaithong District, Vientiane Capital and Customs officers at Dansi Customs Posts to monitor, control and sign for approval.
- (2) Special Petroleum Warehouse of Chansavanh Company located at Dongphosy Village, Hatsaifong District, Vientiane Capital and Customs officers at Lao-Thai Friendship Bridge I to monitor, control and sign for approval.

4.2 At regional Customs Offices I, II, III, and IV special petroleum warehouses are under construction, therefore monitoring or inspection of petroleum shall be carried out by the company petroleum warehouses and shall be in compliance with Customs laws.

5. The issuance of Customs regime 80

- In the case where entry Customs checkpoint and projects located in the same Regional Customs Office, for instance imported petroleum and duty paid at Lao-Thai Friendship Bridge I and delivered to the projects located at Vientiane Province, the delivery statement (bill) of the company shall be used as documentary attachment.
- In the case that the entry Customs checkpoint and projects are not located in the same Regional Customs Office, for instance, imported petroleum and duty paid at Lao-Thai Friendship Bridge I and delivered to projects located in Laungprabang, Regional Customs Office II, the Lao Fuel Company (Supplier) shall enter a Customs Declaration Form under Regime 80 to accompany the movement of petroleum. When the petroleum arrives at the destination of the project, concerned persons shall present the Customs Declaration Form to a Customs officer at Regional Customs Office II to approve that the petroleum arrived at the destination in the same quantity.

6. Assign related divisions of Customs, Regional Customs Offices and Customs checkpoints throughout the country to implement this Customs notification and also disseminate this notification to all related traders to understand. Any difficulties or inconvenience found in the actual implementation, shall be reported immediately to Customs for resolution.

7. This notification shall be effective from the date of signature.

**Deputy Director-General of Customs
Bounchom OUBONPASEUTH**

Cc:

1. Fuel and Gas Association (to report)
2. All Fuel Companies (to inform and implement)
3. All Special Petroleum Warehouses (to inform and implement)
4. File copy