



LAO'S PEOPLE DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

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Prime Minister's Office

No. 362/PM
Vientiane Capital, dated 19 October 2007

Decree
On The Implementation of the Customs Law

- With reference to the Law on Government of the Lao PDR No. 02/NA, dated 06 May 2003;
- With reference to the amended Custom Law No. 05/NA. Dated 20 May 2005;
- With reference to the proposition of the Minister of Finance No. 2373/MoF, dated 02/10/2007.

The Prime Minister issues a decree:

Article 1: Objective

This Decree has been issued to implement the Customs Law with respect to principles, policies, rules and measures relating to the import [and] export, transit and circulation of goods within the Lao People's Democratic Republic, particularly in the suspension of customs duties or goods that have not yet documented for customs declaration, to encourage, promote production of goods and services, implement the policies relating to the promotion, protection of domestic production of goods and domestic business operations, encouraging exports, attracting domestic and foreign investments with the aims of making national economic continually expand which is also the implementation of obligations to the State budget by individuals, legal entities and organizations uniformly in the country and in accordance with international treaties and conventions that the Lao PDR has signed or become a party to.

Article 2: Customs Territory

The customs territory is the full sovereign territory of the Lao PDR, which covers air space, water space border shared with foreign countries which is recognized by international law to determine the area in which customs officers perform their duties as stipulated in Article 5 of the Customs Law No. 05/NA, dated 20/05/2005.

In the implementation of obligations of which the government of the Lao PDR has signed the agreements on the facilitation, transportation of goods and people cross the border with countries in Mekong sub-region with respect to jointly checking goods and people at one point, one time, it authorizes the Lao PDR customs officers perform their duties outside the customs territory of the Lao PDR to perform the tasks with the customs officers of the contracting countries to the agreements and authorizes the customs officers of the contracting countries to the agreements to jointly perform the duties with the customs officers of the Lao PDR, as well as in the areas specified by both parties.

Article 3: Changing Rates of Duties in Case of Necessity

If there is an urgent need to change the duty rates, the government may propose to reduce or increase, change the duty rate specified in the Book of Tariff Rates, which collects based on the percentage of the declared value to be the collection based on unit of goods (i.e. the determination of the duty and other obligations in the amount of money per unit of goods) to the National Assembly Standing Committee as specified in Article 6 of the Customs Law No. 05/NA, dated 20/05/2005.

It is strictly prohibited for any individuals, legal entities, organizations or administrative organizations at all levels to change the duty rate as stipulated in the Book of Tariff Rates by any ways such as reduce or increase the duty rate directly, agree to exempt, reduce or increase the declared value, quantity, volume, weight of goods which is subject to pay the duty and other obligations in accordance with the laws and regulations. If it creates damage to the national interest as well as the revenues of the State budget, it will be considered as the corruption and will be subject to disciplinary measures or punishment in accordance with the laws and regulations.

Article 4: The Declared Value of Import

The determination of the declared value of imported goods as stipulated in Article 13 of the Customs Law No. 05/NA, dated 20/05/2005 is the determination of principles concerning the evaluation of the value of imported goods for the purpose of customs declaration.

The declared value of imported goods into the Lao PDR shall be determined in accordance with the following principles:

- (1) The declared value of imported goods must be the sale-purchase value which is the sale-purchase price actually paid or the price to be paid for imported goods;
- (2) If the declared value of imported goods can not be determined under paragraph (1) above, the declared value shall be the sale-purchase value of the same imported goods;
- (3) If the declared value of imported goods can not be determined under paragraph (1) and (2) above, the declared value shall be the sale-purchase value of the similar imported goods;
- (4) If the declared value of imported goods can not be determined under paragraph (1), (2) or (3) above, the declared value shall be based on the offsetting method of some expenses from the price of goods in the Lao PDR;
- (5) If the declared value of imported goods can not be determined under paragraph (1), (2), (3) or (4) above, the declared value shall be based on the method of applying the price to calculate the productions value of imported goods;
- (6) If the declared value of imported goods can not be determined based on the methods mentioned above, the declared value shall be determined by reasonable methods in accordance with the principles specified in paragraph (1), (2), (3), (4) and (5) above, based on the information available in the Lao PDR.

One of the six methods must continually and orderly be implemented from (1) to (6). The method (4) and (5) can be selected to be used before or after upon the request of the importers.

The Minister of Finance will be a person who will issue the detailed guideline on the implementation of this Article, as well as specific rules in determining minimum price for some types of goods in each period as it considers having the impact and high risk for inspection and administration.

Article 5: Calculation of Customs Duties and other Obligations

The basis of the calculation of customs duties and other obligations as stipulated in Article 22 of the Customs Law No. 05/NA, dated 20/05/2005 shall be in KIP, progressive method, by multiplied United States currency with selling rate of the bank on the day of registration of the detailed customs declaration form and multiplied with duty and other obligations rate according to the rate as stipulated in the Book of Tariff Rates and Tax Law.

To be easy in collecting statistic data and calculating customs duties and other obligations, the figures rounding shall be implemented as follows:

- If the figures of foreign currency have fractions, it is not allowed to round the fractions. It must keep 2 fractions;
- If the figures of declared value in KIP are fractions, it shall round the fractions: from 1 to 50, rounds to 50; from 51 to 99, round up to 100;
- The figures of customs duties and taxes shall be rounded in a hundred units: from 1 to 99, rounds up to 100.

Article 6: Methods for Paying Duties and other Obligations

After the customs officers registers the detailed customs declaration form, the customs duties and other obligations shall be immediately fully paid as stipulated in Article 23 of the Customs Law No. 05/NA, dated 20/05/2005.

In the event that customs declarant do not make payment of customs duties and other obligations on due time as mentioned above, such customs declarant must pay the fine equal to 0.01% of the customs duties and other obligations per day of delay with maximum not exceeding 7 days, not counting the public holiday. If excess that period, goods will be in the specific control of the customs officers and will be implemented according to measures as stipulated in Article 42 of the Customs Law.

Article 7: Removal of Goods from [Bonded] Warehouse or [Border] Customs Checkpoint

Removal of goods from a [bonded] warehouse or customs checkpoint as stipulated in Article 25 of the Customs Law No. 05/NA, dated 20/05/2005 must strictly be implemented as follows:

1. The importers intend to request for permission for the removal of goods from the [bonded] warehouse or [border] customs checkpoint before payment of customs duties and other obligations is made, there shall complete a secured customs declaration form accompanied by complete document in relation to the permission for the import of goods and submit to customs officers where the goods are imported for approval in accordance with the rules and deposit money in an amount equal to 120% of customs duties and other obligations payable.

For the importation in accordance with duty exemption or suspension of customs duties of State organizations, international organizations, staffs of international organizations or persons enjoying diplomatic privileges may be authorized to be secured by organizations, entities or trustworthy persons.

2. After the customs officers has considered and approved and deposit money as security, the customs officers will inspect goods in accordance with Article 24 of the Customs Law No. 05/NA, dated 20/05/2005, the importers must immediately remove goods from the [bonded] warehouse or [border] customs checkpoint.
3. Within 7 days from the date of the registration of a secured customs declaration form, not counting the public holiday, the owners of goods must complete a detailed customs declaration form (B. 40, ...) and submit to the customs officers where they import for making payment of customs duties and other obligations. In case there is a security in the form of cash, it will be reimbursed and it is deemed that the secured customs declaration form is expired. If that period is expired the customs officers will keep such security for the period of 23 days more excluding the public holiday from the expired date of the secured customs declaration form. If within 23 days, the owners of goods have completed the detailed customs declaration form for making payment the secured customs declaration form, they shall, in addition to the performance according to customs rules or making payment of customs duties and other obligations in full and in accordance with the rules, pay penalties 0.01% per day of the delay in customs duties and other obligations from the expired date as stipulated in the secured customs declaration form. If the 23 day period passes, the customs officers will immediately deposit a cash guarantee in the amount equal customs duties and other obligations to the State budget. For the remained cash guarantee, it will be calculated penalties in accordance with the regulations.

Article 8: Post Clearance Audit of Customs Declaration

All customs declaration shall be subject to post clearance audit by the customs authority as stipulated in Article 28 of the Customs Law No. 05/NA, dated 20/05/2005. The importer or exporter or [his] representative is therefore responsible for all information he have declared in the detailed customs declaration forms such as country of origin of goods, goods classification, declared value of goods for customs, [and] rates of duties and other obligations or information relating to the import-export of goods that he has signed and submitted to the customs authority for inspection and registration of detailed customs declaration forms as stipulated in Chapter 1, 2, 3 and 4, Part III of the Customs Law No. 05/NA, dated 20/05/2005. In order to make the customs declaration process of removing goods from [bonded] warehouse or [border] customs checkpoint easily and quickly, the customs officers at the import-export border customs checkpoint

will take only the first declared information as stipulated in the documents that the customs declarant has declared but it does not mean that the customs officers at the border checkpoint have approved the accuracy of the information in such detailed customs declaration forms. Therefore, all detailed customs declaration forms shall be subject to post clearance audit by the customs officers within 3 years from the date of the registration of the detailed customs declaration forms. The post clearance audit of the customs authority may be carried out the audit at the office of the import-export business operators, stock of goods, factories, retail shops of individuals or entities or customs agents, deliverers, goods owners in order to inspect the book of account, document, other related information and goods as stipulated in Article 26, 27, 28 and 67 of the Customs Law.

If the result of the post clearance audit of the customs authority has the concrete information and evidence showing that the above information declared by the importer or exporter or [his] representative is not correct and this has an impact on the assessment of customs duties and other obligations, the customs authority must issue in writing a notice regarding the result of the post clearance audit and recalculate to the importer or exporter or [his] representative with the specification of time for the payment of customs duties and other obligations that is different together with a fine equal to one time the amount of customs duties and other obligations which have been avoided [or] concealed as stipulated in Article 52 of the Customs Law. If there is no impact to customs duties and other obligations it shall be fined, educated an amount from 150,000 – 5,000,000 Kip as stipulated in Article 19 of this Decree.

If the offender does not implement in accordance with the notice of the customs officers, he will be subject to supplementary measures as stipulated in Article 59, 67, 92 and 93 of the Customs Law No. 05/NA, dated 20/05/2005.

Article 9: Filing of Appeals Relating to Customs Declarations

The customs declarant has the right to file an appeal relating to customs declaration as stipulated in Article 29 of the Customs Law No. 05/NA, dated 20/05/2005 and shall implement in accordance with the following steps:

1. If there is a conflict regarding the country of origin of goods, goods classification, declared value of goods for customs or the result of the post clearance audit and the calculation of the difference and other fines done by the customs officers, the customs declarant has the right to file to the Director of the Customs Department a written appeal using the form determined by the customs authority together with related information and trustworthy evidence and propose the resolution within 30 days from the date of registration of the detailed custom declaration form or the date he receives the result of the post clearance audit or the calculation of the difference from the customs authority.
2. The Director of the Customs Department must consider and provide an answer within thirty days from the date of registration of receipt the objection. The resolution rules are pursuant to verification technique method as stipulated in the regulations. If the proposal has the correct and sufficient evidence, it will be considered and resolved. In the event that the Director of the Customs Department is unable to resolve in accordance with the proposal, he shall answer

in written and explain the detailed reasons to propose to the next higher authority.

- In the event that the customs declarant disagrees with the decision of the Director of the Customs Department, he has the right to request in writing to the Minister of Finance within 30 days from the date of receipt of the decision of the Director of the Customs Department.
3. The Minister of Finance will consider and provide an answer to that request within 30 days from the date of the registration of the request. The customs declarant who disagrees with the decision of the Minister of Finance can file a claim in court within 15 days after receipt of the notice on such decision.

Article 10: Importation for the Purposes of Exhibition, Education and Experimentation

The temporary importation of goods from overseas into the Lao PDR for the purposes of exhibition, education and experimentation as stipulated in Article 39. 3 (b) of the Customs Law No. 05/NA, dated 20/05/2005 shall implement in accordance with the following regulations:

1. Goods imported for the purposes of exhibition, education, experimentation of a non-commercial nature.

Before importing goods into the Lao PDR it must have document and security from the concerned organization and declare a list of goods in the form to declare to the customs officers for consideration. Upon the termination of the exhibition, such goods must be immediately re-exported in the original number and condition in the specified time and in the security contract.

2. Goods imported for the purposes of exhibition for sale must declare the list of goods in the form determined by the customs officers to declare to the customs officers for the inspection and calculation of customs duties and other obligations, then deposit a cash guarantee an amount equal to amount that is calculated and plus 20%. After the customs officers have inspected and approved, such goods together with the documents must be declared to the customs officers at the exhibition or at the nearest customs authority for monitoring, inspecting and managing.

Upon the termination of the exhibition if there is a distribution of goods it must make a detailed custom declaration to the customs officers at the place of exhibition or the nearest customs officer to make a full payment of customs duties and other obligations; and bring the documents together with customs and other obligations payment slip and goods in case that it is not fully distributed to the customs officers at the [border] checkpoint at the point of import to calculate the a cash guarantee to be withdrawal.

Article 11: Importation of goods for manufacturing, assembly, improvement for export

The importation of such goods as stipulated in Article 39. 3 (c) of the Customs Law No. 05/NA, dated 20/05/2005 shall implement in accordance with the following regulations:

1. The importation of raw materials into Lao PDR to produce for export in accordance with an agreement with the oversea purchaser the importer must complete a detailed customs declaration form in accordance with the temporary importation regime (B. 50) and submit to the customs officers at the [border] checkpoint at the point of import attached by plan of importation, production, production depreciation formula approved by the relevant sectors and security contract with the customs authority. Such importation is suspended from customs duties and other obligations within 6 months and under the control of the customs officers.

Upon the completion of 6 month period the importer can not process the finished product for export, he can extend the term but not exceeding 3 months and must deposit a cash guarantee with the customs officers and must implement in accordance with the following regulations:

- It must declare to the customs authority to deposit a cash guarantee according to an amount of money calculated in the detailed custom declaration form (B. 50) at the time of import, the customs authority will keep the amount of money in suspense account;
 - If delay declaration it must be fined 0.01% per day of the customs duties and other obligations that is calculated in the detailed custom declaration form (B. 50); the fines will be transferred to the State budget according to the regulations;
 - If within 3 months there is exportation of finished products, a cash guarantee will be refunded according to the actual quantity of export to the owners. If the 3 month period is completed, there is no exportation that money will be immediately transferred to the State budget;
 - If the importer does not declare or there is sale-purchase or use not conforming to the purpose, in addition to pay the customs duties and other obligations it shall pay the fines one time of the customs duties and other obligations for the violation of the temporary importation regime as stipulated in Article 52 of the Customs Law No. 05/NA, dated 20/05/2005.
2. The importation of goods into the Lao PDR for assembly into finished products and then re- exported, the importer shall complete the detailed custom declaration form according to temporary importation regime (B. 50) and submit to the customs authority at the import [border] checkpoint attached with the plan of importation, production, list of spare parts to be assembled into one unit of finished product in accordance with the specification of the relevant sectors and security contract with the customs authority. Such importation is suspended from the customs duties and other obligations within 60 days and under the control of the customs authority.

Upon the completion of 60 day period the importer cannot assemble into the finished products and re-exported, he can extend the term but not exceeding 30 days but it must deposit a cash guarantee with the customs authority and must implement in accordance with the following regulations:

- It must declare to the customs authority to deposit the a cash guarantee according to an amount calculated in the detailed custom declaration form at the time of importation, the customs authority must keep such money in the suspense account;
- If delay declaration, it shall be fined 0.01% per day of the customs duties and other obligations that is calculated in the detailed customs declaration form (B. 50); the fines will be immediately transferred to the State budget;
- If within 30 day period there is exportation of finished products, a cash guarantee will be refunded according to the actual quantity of export to the owners. If the 30 day period is completed, there is no exportation that money will be immediately transferred to the State budget;
- If the importer does not declare or there is sale-purchase or use not conforming to the purpose, in addition to pay the customs duties and other obligations, it must pay the fines one time of the customs duties and other obligations for the violation of the temporary importation regime as stipulated in Article 52 of the Customs Law No. 05/NA, dated 20/05/2005.

3. The importation of goods for improvement or repair and then re-exported must have an approval from the relevant sectors and must have a security contract with the customs authority to be authorized to import in accordance with the temporary importation regime which has the period of 45 days with the suspension of customs duties and other obligations and under the control of the customs authority.

Upon the completion of such period the importer cannot improve or repair and then re-exported he can extend the term but not exceeding 30 days and must deposit a cash guarantee to the customs authority and must implement in accordance with the following regulations:

- It must declare to the customs authority to deposit a cash guarantee according to an amount calculated in the detailed custom declaration form of the temporary importation regime at the time of importation, the customs authority must keep such money in the suspense account;
- If delay declaration, it shall be fined 0.01% per day of the customs duties and other obligations that is calculated in the detailed customs declaration form (B. 50); the fines will be transferred to the State budget according to regulations;
- If within 30 day period there is exportation of finished products, a cash guarantee will be refunded according to the actual quantity of export to the owners. If the 30 day period is completed, there is no exportation that money will be immediately transferred to the State budget;
- If the importer does not declare or there is sale-purchase or use not conforming to the purpose, in addition to pay the customs duties and other obligations it must pay the fines one time of the customs duties and other

obligations for the violation of the temporary importation regime as stipulated in Article 52 of the Customs Law No. 05/NA, dated 20/05/2005.

Article 12: Temporary Importation of heavy machinery

The temporary importation of heavy machinery as stipulated in Article 39. 3 (d) of the Customs Law No. 05/NA, dated 20/05/2005 shall be persons who meet the conditions such as:

Companies that receive international bidding projects funded by donations, loans or foreign companies that have an agreement with the government of the Lao PDR for concession, exploration, design, construction or development of the projects can temporarily import the heavy machineries such as bulldozer, grader, forklift, crane, excavator, skid steer, steam roller, damp, tanker, trailer, and other professional vehicles into the Lao PDR according to the term of the agreement signed with the government of the Lao PDR, project master plan, size of capital, work volume of the project, agreement with the relevant sectors provided that there is specific period, which, according to the laws, does not exceed 2 years in such agreement's period [and] it will be suspended from customs duties and other obligations but must implement in accordance with the following regulations:

- Importers shall complete the permission document above.
- shall make security contract with the customs authority stating that it will be used in the authorized project and re-exported within the period in the original number and condition.
- shall complete the detailed customs declaration form (B. 50) and submit to the customs authority at the [border] checkpoint for consideration and approval.

Before the expiration of the security contract, the importers who intend to extend the term of the security contract, shall submit a written request attached by the acceptance from the relevant sectors to the customs officers for consideration. If the customs officers permit to extend, the importers have to deposit a cash guarantee according to regulations but will be calculated by deducting deduction rate according to the temporary import term; the basis for the calculation of the reduction rate is based on the total customs duties and other obligations as calculated in the detailed customs declaration form (B. 50) at the time of importation. The customs authority will keep an amount of cash guarantee in the suspense account according to the authorized period and will be recalculated at the time of re-exportation. If the submission of application for extension the term of the security contract is delay, it will be fined 0.01% per day of the delay customs duties and other obligations. The fines will be transferred to the State budget in accordance with the regulations.

The details of the calculation table of the reduction rate for deposit of cash guarantee and the calculation to be refunded at the time of re-exportation are as follows:

a. calculation table of the reduction rate for deposit of cash guarantee

Term of temporary importation	Percentage of Reduction
03 months or less	40%
Exceeding 03 months to 06 months	35%
Exceeding 06 months to 01 year	25%
Exceeding 01 year to 01 year and 6 months	15%
Exceeding 01 year and 6 months to 02 years	10%
Exceeding 02 years or more	No reduction

b. calculation table of the cash guarantee to be refunded at the time of re-exportation

Extension period	Calculation rate of refund
03 months or less	90%
Exceeding 03 months to 06 months	80%
Exceeding 06 months to 01 year	70%
Exceeding 01 year to 01 year and 06 months	65%
Exceeding 01 year and 06 months to 02 years	55%
Exceeding 02 years to 03 years	45%
Exceeding 03 years to 04 years	35%
Exceeding 04 years to 05 years	25%
Exceeding 05 years or more	No refund of customs duties and other obligations

Before the expiration of the security contract the importer has new project which has an agreement with the government and intends to transfer the heavy machinery from the old project to use in the new project, he shall request in writing to the customs authority for the consideration in accordance with the following regulations:

1. in case that there is a cash guarantee, it must firstly calculate the cash guarantee according to table b.
2. pay fines in accordance with Article 51 of the Customs Law.
3. make a security contract with the customs authority stating that [the machinery] will be used in the authorized project and will be re-exported within the term in the original number and condition.
4. deposit a cash guarantee in accordance with table above.
5. [obtain] authorized document from the relevant sectors.
6. customs authority will consider and issue the authorized document in accordance with the regulations.

Article 13: Temporary importation of vehicles with less than 30 seats

Temporary importation of vehicles with less than 30 seats as stipulated in Article 39 3 (b) of the Customs Law No. 05/NA, dated 20/05/2005 shall be persons with the following conditions:

Companies that receive international bidding projects funded by donations, loans or foreign companies that have agreement with the government of the Lao PDR for the concession, exploration, construction or development of the projects which are granted authorization to import vehicles to be used indirectly in production or for administration such as sedan, jeep, pick up truck, van, bus and other types in accordance with the temporary importation regulations with specific term as provided for in the laws shall not exceed 2 years; in case of long term project, it may consider to be used more than such term pursuant to the project term. The temporary importation of such vehicles shall be implemented in accordance with the following regulations:

- the importer shall completely supply the authorized documents from the relevant sectors.
- make security contract with the customs authority stating that it will use in the authorized project and re-exported within the term in the original number and condition.
- Complete the detailed customs declaration form and submit to the customs authority at the [border] to pay the customs duties and other obligations as provided for in the regulations.

Before the termination of a security contract, the importer must bring the vehicles and relevant documents to the customs [border] checkpoint to complete the detailed custom declaration form and submit to the custom authority at the custom [border] checkpoint for consideration of authorization of re-exportation; after the customs authority has registered the result of the inspection and certified that such vehicles have been re-exported from the territory of the Lao PDR and then the importer can submit such documents to the customs authority at the competent custom [border] checkpoint to calculate and withdraw the customs duties and other obligations within 21 days according to calculation rate of refund as provided for in the following table:

a. importation of 100% new vehicles

Period of use in the Lao PDR	Calculation rate of refund
Period of 06 months or less (183 days)	90% of the customs duties and other obligations
Period exceeding 06 month to 01 year	80% -''-
Period exceeding 01 year to 02 year	70% -''-
Period exceeding 02 year to 03 years	55% -''-
Period exceeding 03 years to 04 years	45% -''-
Period exceeding 04 years to 05 years	35% -''-
Period exceeding 4 years to 5 years	25% -''-
Period exceeding 05 years or more	No refund of customs duties and other obligations

b. importation of used vehicles

Period of use in the Lao PDR	Calculation rate of refund
Period of 06 months or less (183 days)	50% of the customs duties and other obligations
Period exceeding 06 month to 01 year	40% -''-
Period exceeding 01 years to 02 years	30% -''-
Period exceeding 02 years to 03 years	20% -''-
Period exceeding 03 years or more	No refund of customs duties and other obligations

After the customs authority has refunded the customs duties and other obligations to the importer, the security contract will be expired.

In the event that the importer does not implement in accordance with the contract signed with the customs authority without re-exporting the vehicles according to the term which determines that the customs duties and other obligations already paid at the time of importation will be immediately transferred to the State budget and will also be prosecuted on the violation regulations for temporary importation together with a fine an amount equal to one time of customs duties and other obligations already paid at the time of importation; such regulations are provided for in Article 52 of the Customs Law No. 05/NA, dated 20/05/2005 or other measures as determined in the laws.

Article 14: Temporary Importation of machinery, equipment, spare parts, office equipment

The temporary importations of machinery, equipment, spare parts, office equipment as stipulated in Article 39 3 (d) of the Customs Law No. 05/NA, dated 20/05/2005 shall be implemented as follows:

1. The importations of machinery, tools, equipments for production, exploration and design, construction or development of the project shall be authorized only materials that have the use life equal to the period of the project and can only be re-exported in the original number and condition according to the security contract such as experimental equipment, generator, water pump, mechanical tools, storage battery, water tank, oil tank, boil tank, wind pump, steel cutter, saw, polish machine, mother steel, structural steel, etc.

For materials, equipment used for construction and repair [they] are not authorized to import in the temporary importation regime and must pay customs duties and other obligations according to the regulations because the utilization in that project is expired or depreciated from the original condition and cannot inspect and certify according to the original number and condition for re-exportation such as steel, cement, incense stick, grindstone, all kind of lubricant oil, inflammable fuel, etc.

2. The importation of spare parts for change:

Spare parts for change are authorized to import only spare parts that have a long use life and no depreciation from the original condition such as foos of bulldozer, excavator, skid steer, vehicle's engine for changing damaged vehicle's engine, grader's blade, bulldozer's blade, disc plough, digging bucket, and external spare parts that can only be inspected and certified at the time of re-exportation.

For the spare parts that are completely used or fully depreciated from the original condition and can not be re-exported in the original number and condition at the time of importation because of the utilization in that project such as tire, spare parts for changing inside of the machine, tools, and etc are not authorized to import according to the temporary importation regime and must pay the customs duties and other obligations as provided for in the regulations.

3. The importation of office and household equipment:

The importation of office and household equipment shall be authorized to import according to the temporary importation regime only materials that have long use life and can be re-exported in the original number and condition such as:

- Office equipment: computer, copy machine, typing machine, fax machine, cabinet.
- Household equipment: wardrobe, table, chair, bed made of steel or wood, air conditioner, refrigerator or freezers, fan, oven, gas cooker, washing machine, and etc.

For the materials that are completely used or fully depreciated from the original condition and can not be re-exported in the original number and condition at the time of importation are not be authorized to import according to temporary importation regime and must pay the customs duties and other obligations in accordance with the regulations.

In the event that the importer does not implement in accordance with the contract signed with the customs authority such as he does not re-export machinery, tools, spare parts, office equipment according to period determined in the security contract he must fully pay customs duties and other obligations in accordance with the regulations for the violation of the temporary importation regime together with a fine equal to one time the amount of customs duties and other obligations as stipulated in Article 52 of the Customs Law No. 05/NA, dated 20/05/2005 or other measures as provided for in the laws.

Article 15: Importation of vehicle for the purpose of traveling and visiting

Persons temporarily entering the Lao PDR as stipulated in Article 39 (6) of the Customs Law No. 05/NA, dated 20/05/2005 with vehicle for the purpose of traveling, visiting or business in the Lao PDR shall be suspended from customs duties and other obligations and must import only at the international border checkpoint and pay fees and other obligations in accordance with the following regulations and conditions:

- Must have authorized international transportation book
- Must declare details into the form determined by the customs authority.

Attached by necessary documents (such as insurance, technical inspection, car registration paper) and submit to the customs authority for consideration and approval:

- + For driver who hold the passport he can use vehicle in the Lao PDR not exceeding 30 days; if necessary and sufficient reason he can extend the term but not exceeding 30 days and must re-export only at the international border checkpoint.
- + For driver who hold the border pass he can use vehicle in the Lao PDR not exceeding 7 days; if necessary and sufficient reason he can extend the term but not exceeding 7 days with the limitation of use as provided for by the government and must re-export only at the international border checkpoint in the province which it is imported.
- In the event that there is a request for extension of authorization the driver shall bring the vehicle and customs declaration form for the importation of vehicle to request to the customs [border] checkpoint at the point of importation, customs office at the area and any other nearest customs checkpoint or customs department but it must have a security from the organizations, entities or trusted persons for consideration.

If it passes the authorized period as stipulated in the customs declaration form for the imported vehicle but the driver can not re-export the vehicle on time within the authorized period without an intension of violation with the trusted certification he will pay additional other obligations an amount equal to 5 United State Dollars per day from the passed date to the declared date except in case of force major; if he intends to violate he must be fined 10 United State Dollars per day.

- In case of violation of such temporary importation regulation and the customs authority discovers that there is a sale, exchange, pledge or transfer to other persons to use for rent, passenger transportation, goods transportation and etc, such vehicle will be seized to prosecute for the exportation of vehicle outside the country; if it cannot be exported outside the country, such vehicle will belong to the State and will be auctioned in accordance with the regulation as stipulated in Article 41 and 42 of the Customs Law No. 05/NA, dated 20/05/2005.

Article 16: Exemptions from customs duties and other obligations

General exemptions are determined in Article 43 of the Customs Law No. 05/NA, dated 20/05/2005 which determines details of goods that will be granted incentives regarding the exemptions of customs duties and other obligations as follows:

- For certain types of food for travelers, tourists, they must be within volume and quantity necessary for 3 living days of each person and must be food without bacteria;
- Decoration objects of the passengers;
- Not more than 1 liter of alcohol and not more than 2 liters of wine;
- One pack (200 pieces) of tobacco or 50 pieces of cigar or 250 g of tobacco leaf;
- One of each perfume essence and perfume;
- One used camera or video camera with 10 boxes of film;
- Not more than 2 strollers of used baby strollers;
- 1 used personal computer;
- Not more than 2 used mobile phone;
- Goods that are non-commercial nature and have value not exceeding 50 United State Dollars;
- Objects obtained from the inheritance that are imported into the Lao PDR which have certificate of transfer of ownership from the owner of heritage with the official certificate from the relevant authority of the country in which he is a residence will be considered to be exempt from customs duties and other obligations; For the importation of motor vehicles such as motorbike, sedan, jeep, pick-up truck, van, transport vehicle and others, they must pay customs duties and other obligations in accordance with the regulations;
- Not more than 200 liters of fuel remaining in the tank of transport vehicle; not more than 80 liters per vehicle and per time passenger vehicle from abroad, personal vehicle or similar vehicle;
- One of each Certain types and quantities of personal belongings (excluding motor vehicles) of students, civil servants and Lao diplomats imported [into the Lao PDR] after completion of studies [or] training or after performing official duties abroad [such personal belongings] will be exempt from customs duties and other obligations excluding motor vehicles such as motorbike, sedan, jeep, pick-up truck, van, transport vehicle and others which must pay customs duties and other obligations in accordance with regulations;
- Humanitarian assistances with approval from the relevant sectors;
- Gifts, grants or loans or payment of debt from a foreign country to the government of the Lao PDR;
- Equipment and professional vehicles to be used in the national defense and public security professions;
- Certain types of necessary items necessary for religion not contradicting to the governmental policy and impacting to economy and society of the nation but they must be authorized from the relevant sectors; Ministry of Finance will determine the list of goods that are exempted from customs duties in detail from time to time;

Article 17: Exemption or suspension of Customs Duties for Diplomatic Missions and International Organisations

Equipments, items used by the embassies and international organization as stipulated in Article 45 of the Customs Law No. 05/NA, dated 20/05/2005 will be exempted and suspended from customs duties and other obligations on the basis of approval from the Ministry of Foreign Affairs of the Lao PDR in accordance with Vienna

Convention on Diplomatic Relationship dated 18/04/1961 and agreement signed between the government of the Lao PDR and international organization such as items, vehicles used by embassies and international organizations, personal belongings of the diplomats, staffs of international organizations, foreign experts or their family members including household items used in the settlement.

Article 18: Exemption and Reduction of Customs Duties to Promote Investment

The importation under foreign and domestic investment promotion policy as stipulated in Article 44 of the Customs Law No. 05/NA, dated 20/05/2005, the issuance of exemption or reduction shall be pursuant to the laws and regulations on the promotion of domestic and foreign investment and under the control of the customs officer.

Goods imported under the exemption or reduction policy to promote the investment are prohibited to sell and purchase, transfer, exchange, pledge except approval from the relevant sectors but it must fully pay the customs duties and other obligations in accordance with regulations. If there is sale-purchase, transfer, exchange, pledge without approval it must fully pay customs duties and other obligations together with a fine equal to one time the amount of customs duties and other obligations as stipulated in Article 52 of the Customs Law No. 05/NA, dated 20/05/2005.

Article 19: Minor Offences at the First Degree

Intentionally customs offences do not impact on the assessment of customs duties and other obligations as stipulated in Article 51 of the Customs Law No. 05/NA, dated 20/05/2005 will be re-educated and given a warning together with a fine according to the sum of all customs duties and other obligations for one case in accordance with the amount determined as follows:

1. fine for general goods:
 - Sum of customs duties and other obligations of 10,000,000 Kip and below, the fine is 150,000 Kip.
 - Sum of customs duties and other obligations from 10,000,000 Kip to 20,000,000 Kip, the fine is 200,000 Kip.
 - Sum of customs duties and other obligations from 20,000,000 Kip to 30,000,000 Kip, the fine is 300,000 Kip.
 - Sum of customs duties and other obligations from 30,000,000 Kip to 40,000,000 Kip, the fine is 400,000 Kip.
 - Sum of customs duties and other obligations from 40,000,000 Kip to 50,000,000 Kip, the fine is 500,000 Kip.
 - Sum of customs duties and other obligations from 50,000,000 Kip to 60,000,000 Kip, the fine is 600,000 Kip.
 - Sum of customs duties and other obligations from 60,000,000 Kip to 70,000,000 Kip, the fine is 700,000 Kip.
 - Sum of customs duties and other obligations from 70,000,000 Kip to 80,000,000 Kip, the fine is 800,000 Kip.
 - Sum of customs duties and other obligations from 80,000,000 Kip to 90,000,000 Kip, the fine is 900,000 Kip.

- Sum of customs duties and other obligations from 90,000,000 Kip to 100,000,000 Kip, the fine is 1,000,000 Kip.
- Sum of customs duties and other obligations from 100,000,000 Kip to 150,000,000 Kip, the fine is 1,500,000 Kip.
- Sum of customs duties and other obligations from 150,000,000 Kip to 200,000,000 Kip, the fine is 2,000,000 Kip.
- Sum of customs duties and other obligations from 200,000,000 Kip to 250,000,000 Kip, the fine is 2,500,000 Kip.
- Sum of customs duties and other obligations from 250,000,000 Kip to 300,000,000 Kip, the fine is 3,000,000 Kip.
- Sum of customs duties and other obligations from 350,000,000 Kip to 400,000,000 Kip, the fine is 3,500,000 Kip.
- Sum of customs duties and other obligations from 400,000,000 Kip to 450,000,000 Kip, the fine is 4,000,000 Kip.
- Sum of customs duties and other obligations from 450,000,000 Kip to 500,000,000 Kip, the fine is 4,500,000 Kip.
- Sum of customs duties and other obligations more than 500,000,000 Kip, the fine is 5,000,000 Kip.

2. fine for vehicles:

Type of imported vehicle in CKD and CBU	Monetary amount
All kinds of motorcycles	150,000 Kip/unit
3 wheels and 4 wheels motors	200,000 Kip/unit
Lorries	600,000 Kip/unit
Heavy vehicles	400,000 Kip/unit
Vans	800,000 Kip/unit
Buses 24 seats or less	1,000,000 Kip/unit
Buses more than 24 seats	1,200,000 Kip/unit
Pick-up trucks	1,100,000 Kip/unit
Jeeps	1,200,000 Kip/unit
Sedans	1,500,000 Kip/unit

Article 20: Penalties for vehicles carrying illegal goods

Type of vehicle that carries illegal goods against the Customs Law as stipulated in Article 52, 53 and 54 will be subject to fine in accordance with the following case:

- In case of cooperation with the customs officers, it will be fined in the monetary amount of 500,000 Kip/unit.
- In case of annoying, creating a difficulty or not cooperating with the customs officers, it will be fined in the monetary amount of 1,500,000 Kip/car.
- In case of offences as stipulated in Article 54 of the Customs Law, it will be fined 5,000,000 Kip/car.
- In case of repeated offences, it will be fined in accordance with progressive offences.

Article 21: Organization of Customs

The Customs Authority is an organization under the Ministry of Finance which has an organizational structure from central to the provincial level and has organizational structure as follows:

- At the Central: Customs Department;
- At the provincial level under the Customs Department consisting of custom offices at the zone, border customs checkpoints, mobile customs units, customs stations.

The composition and appointment of personnel at each position are based on the Law on Government, Law on Local Administration, Regulations on Governmental officers of Lao PDR and other relevant regulations.

Article 22: Policies to Persons with Outstanding Performance

Policies to persons with outstanding performance as stipulated in Article 89 of Customs Law No. 05/NA, dated 20/05/2005. The customs officers, civil servants, [members of the] military men, police officers and the people who have contributed to the prevention of smuggling and evasion of customs duties, illegal trades by the provision of information, contributed directly or indirectly to the arrest relating to the violation of laws and regulations relating to customs will receive the compensation in the form of lump sum payment or other objects or rewards from the relevant organization of the State at each level such as: rewards, facilitations, victory medal, medal, promotion, or allowances in case of handicap or death in performing the duty.

Amount of money received from the penalties and sales of seized goods is allowed to deduct 40% for allowance reserve and it will be allocated in accordance with regulations, the 60% is fully transferred to the State budget.

The Ministry of Finance will determine the detailed implementation.

Article 23: Implementation

The Ministry of Finance and all relevant sectors have the duty to strictly implement this decree in accordance with their respective duties.

Article 24: Effectiveness

This decree replaces decree on the implementation of the Customs Law No. 01/PM, dated 01 January 1995 and becomes effective after thirty days from the date of signature; all provisions and regulations conflicting to this decree are hereby cancelled.

The Prime Minister of the Lao PDR

[seal and signature]

Bouasone Bouphavanh