

**AUTHENTIC IN LAO ONLY**



**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
**Peace Independence Democracy Unity Prosperity**

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Ministry of Finance

No. 0491/MOF  
Vientiane Capital, 12 March 2009

**Guidance of the Ministry of Finance**  
**on the Implementation of the Customs Law No. 05/NA, dated 20 May 2005**

- Pursuant to the Customs Law No. 05/NA dated 20 May 2005;
- Pursuant to the Decree No. 362/PMO dated 19 October 2007 implementing the Customs Law;
- Pursuant to the Decree No. 80/PMO dated 28 February 2007 on roles of the Ministry of Finance;
- Pursuant to consensus of Minister and Vice Ministers of Finance.

To elaborate and guide the implementation of the Customs Law No. 05/NA dated 20 May 2005 and Decree No. 362/PMO dated 19 October 2007 implementing the Customs Law to ensure uniformity throughout the country.

**Minister of Finance issues guidance:**

**Article 1. Objective**

This guidance elaborates certain Articles of the Customs Law No. 05/NA, dated 20 May 2005, and Decree No. 362/PMO, dated 19 October 2007, implementing the Custom Law, for persons, legal entities and organizations undertaking export and export through customs border checkpoint and circulation of goods in Lao PDR to adhere to the Customs Law strictly and uniformly throughout the country.

**Article 2. Summary customs declaration**

Regulation, procedure and timeframe on summary customs declaration as provided for in Article 16 of the Customs Law No. 05/NA, dated 20 May 2005, shall be adhered to procedures and customs formalities as follows:

1. Goods arriving at customs border checkpoint requiring summary customs declaration.

Personal belongings of passengers, all vehicles that export and import goods through customs border checkpoint shall be declared in temporary declaration form to file to customs officer at relevant customs border checkpoint in order to record the temporary declaration in goods registration book.

1.1 Goods exported-imported by land transport shall be based on information in accompanying Bill of lading;

1.2 Goods exported-imported by waterway transport shall be based on information in accompanying Manifest with signature of person responsible for transport to certify;

1.3 Goods exported-imported by air transport shall be based on information in Airway Bill with signature of person responsible for air transport to certify;

1.4 In case without documents accompanying transport as mentioned above, exporter-importer shall file summary customs declaration in a form specified by the customs authority which shall be declared in writing by the transporter or goods owner or authorized representative (in writing) or customs broker;

1.5 All types of vehicles shall be based on International Transport Permit, or otherwise permit issued by relevant authorities;

1.6 Passengers who cross customs border checkpoint with goods in the amount and value exceeding those provided for in Article 16 of Decree No. 362/PMO, dated 19 October 2007, shall declare to customs officer at the customs checkpoint in a form specified by the customs authority;

1.7 For goods exported or imported by post, persons, legal entities or organizations wishing to export or import goods by post shall declare to customs officer at customs checkpoint in a form specified by the customs authority;

2. Persons, legal entities or organizations are prohibited from unloading goods from transport vehicle [conveyance] arriving at the customs checkpoint without authorization from customs officer until the goods or transport documents have been temporarily declared to customs officer, except for emergency case of safety for persons or property on the conveyance with risk of accident such as: fire, natural disaster or other dangerous circumstances that cannot be predicted.

3. Goods owner or authorized representative or customs broker shall be liable for all information declared in the summary customs declaration and held accountable for the Customs Law and regulations.

4. Temporary declaration of goods (summary customs declaration) specified by the customs authority consists of necessary information as follows:

- Number of Bill of lading with registration date;
- Mode of transport;
- Full name of transporter, number of vehicle registration [plate] or flight number or ship number;
- Type, brand, symbol and number of packages;
- Total weight of goods;
- Name and address of importer and exporter;
- Location of delivery [consignment].

5. Before recording temporary declaration, customs officer responsible for summary customs declaration shall inspect the goods in accordance with laws and regulations on summary customs declaration.

6. Timeframe for summary customs declaration for export-import when arrived at the border customs checkpoint shall be promptly declared to customs officer. In case that summary customs declaration cannot be done due to some reasons, the declaration shall be made to customs officer within 24 hours.

7. After customs officer recorded temporary declaration, the goods owner or authorized representative or customs broker shall file detailed customs declaration within 30 (thirty) days from the date goods registered in temporary declaration as provided for in Article 3 of this Guidance.

### **Article 3. Documentation and detailed customs declaration**

After temporary declaration was recorded, the goods owner or authorized representative or customs broker shall file detailed customs declaration within 30 (thirty) days as provided for in Articles 17, 18, 19 and 21 of the Customs Law, No. 05/NA, dated 20 May 2005, which shall adhere to the following regulations:

#### 1. Goods requiring detailed customs declaration

All goods exported and imported to Lao PDR whether or not authorized for suspension, reduction or exemption of customs duties and other obligations shall be declared in detailed customs declaration by the goods owner or authorized representative with customs officer according the following customs regimes:

- Export;
- Import for domestic consumption in Lao PDR;
- Temporary import, customs duty suspension;
- Transit transport.

#### 2. Preparing detailed customs declaration

##### 2.1. Goods for export

Goods owner or authorized representative or customs broker shall print information of goods in detailed customs declaration according to customs regimes accompanied with full supporting documents such as: Invoice, Packing list, Selling-buying contract, phytosanitary certificate (if agriculture goods), vaccination certificate (if animal) and export license issued by relevant sectors (if goods requiring export licensing). Detailed customs declaration and all supporting documents shall be the true and original (not copy) and accompanied with relevant documents:

- Business registration (valid);
- Tax registration (valid);
- Certificate of origin of goods.
- Or other related documents.

## 2.2. Goods for import:

Goods owner or authorized representative or customs broker shall print information of goods on detailed customs declaration according to customs regimes accompanied with full supporting documents such as: Invoice, Packing list, Selling-buying contract, Phytosanitary certificate (if agriculture goods), vaccination certificate (if animal) and import license issued by relevant sectors (if goods requiring import licensing). Detailed customs declaration and all supporting documents shall be the true and original (not copy) and accompanied with relevant documents:

- Business registration (valid);
- Tax registration (valid);
- Certificate of origin of goods;
- or other related documents.

### 3. Responsibilities of person of detailed customs declaration

Goods owner or authorized representative or customs broker shall print information on a form specified by customs authority and held accountable for the Customs Law and regulations. Detailed customs declaration shall bear the signature of the goods owner or authorized representative or customs broker and be liable for all information declared in the detailed customs declaration.

Detailed customs declaration shall be prepared by the goods owner or authorized representative or customs broker. Before filing to customs officer, the declarant shall fully check all information declared in the detailed customs declaration. Detailed customs declaration that is erased, crossed out or with dirty mark shall not be valid and customs officer will not consider. Detailed customs declaration which has been recorded with registration number, dated and signed by customs officer in charge shall not be changed with respect to information in the detailed customs declaration.

### 4. Timeframe for detailed customs declaration

Detailed customs declaration shall be filed to customs checkpoint within 30 days not counting official holidays from the date goods registered in the warehouse. If exceeded such 30 days deadline, customs officer will record in a specific control book and proceed according to procedures as provided for in Articles 41 and 42 of the Customs Law No. 05/NA, dated 20 May 2005.

## **Article 4. Inspection of goods by customs officer**

Before goods are cleared out of the warehouse or customs checkpoint as provided for in Article 24 of the Customs Law No. 05/NA dated 20 May 2005, they shall be undergone inspection of document and physical inspection of goods and be certificated of the inspection result in accordance with the following regulations:

- Inspection of goods in accordance with risk management system by using automatic customs clearance system;
- Physical inspection of goods by customs officer or by x-ray system;
- Inspection of goods by customs officer shall be conducted in the presence of the goods owner or authorized representative or customs broker, and inspected at a warehouse or customs checkpoint or place specified by the customs authority;
- Inspection of goods by customs officer according to information filled by the declarant in detailed customs declaration for each good, customs officer can inspect all or part of the information and packages depending on the case, whereby the inspection shall comply with technical requirements of inspection: opening, counting, weighing, measuring of container and packages of goods, and proofing of information, or using any other inspection techniques;
- In case of dispute on inspection result, goods owner or authorized representative or customs broker can request for reinspection before the inspection result is recorded;
- In recording the inspection result of goods, customs officer shall thoroughly record the result of inspection corresponding to factual findings and then sign and write full name.

When the inspection of goods completes and found to be correct, customs officer responsible for the inspection shall record the inspection result on the back of the detailed customs declaration. The recording shall certify the inspection result corresponding to factual findings, with signature and full name, and then the goods can be released from the warehouse or customs checkpoint.

In case the actual [physical] inspection result does not correspond to the information contained in detailed customs declaration and supporting documents, customs officer responsible for the inspection shall promptly prepare a report to record the case and cosign with the goods owner or authorized representative or customs broker as evidence for legal proceedings in accordance with laws and regulations, and certify the inspection result on the back of detailed customs declaration and then the goods that are correctly certified can be released from the warehouse or customs checkpoint.

## **Article 5. Customs broker**

Customs broker, as provided for in Article 20 of the Customs Law no. 05/NA, dated 20 May 2005, means a person authorized to provide professional service for general customs clearance on import-export, transit or domestic circulation of goods on behalf of goods owner subject to criteria, conditions, and scope of activities as follows:

### **1. Criteria and conditions**

#### **1.1 Person**

- Lao national or person with permanent residence in Lao PDR;
- Age 18 years old or over;
- Having sufficient financial status;
- Having criminal record certificate issued by court;

- Having certification on customs training issued by the Customs Department.

## 1.2 Legal entity

- Having enterprise registration issued by the industry and commerce sector;
- Having certification for sufficient financial status in operating business;
- Having good record on fulfilling finance [customs, tax] obligations;
- Having tax registration issued by the tax sector;
- Staff of company shall fulfill the criteria as specified in 1.1 above.

## 2. Scope of activities and responsibilities of customs broker

### 2.1. Customs broker shall adhere to the following requirements

- Conduct business within their authorized scope;
- Coordinate with relevant customs authority or customs officer in declaring goods, filing customs document, filling detailed customs declaration, paying customs duties and other obligations, clearing goods out of warehouse or customs checkpoint on behalf of goods owner;
- Sign on detailed customs declaration and other customs documents on behalf of goods owner as per authorized;
- Held accountable to customs authority on customs duties and other obligations in terms of mistakes due to violation of Customs Law and regulations either on civil or criminal crimes depending on the offenses as provided for in Article 59 of the Customs Law no.05/NA, dated 20 May 2005;
- Authorized customs broker shall keep record of all documents related to customs as provided for in Article 26 of the Customs Law no.05/NA, dated 20 May 2005;
- Ensure that their staff carry badge issued by the customs authority while dealing with customs officer;
- After completing customs clearance, customs broker shall forward copy of documents on customs clearance to importer and exporter every time;
- Authorized customs broker shall send letter in writing which authorizes customs broker to act on behalf of importer, exporter or goods owner to the customs authority. The authorization letter shall specify the timeframe and place where customs broker will undertake customs declaration and may also specify other additional conditions;
- Staff of authorized customs broker company shall notify to customs authority of the authorization letter in writing with signature specimen.

### 2.2. Person or legal entity wishing to be customs broker shall file application accompanied with the following supporting documents and be approved by the General Director of Customs Department and relevant authorities:

- Application form;
- Domicile certification;
- Guarantee letter in case of person;

Certifying criteria as provided for in 1.1 above, in case of legal entity:

- Application form;
- Investment license in Lao PDR;

- Business license as customs broker issued by the Customs Department;
- Enterprise registration issued by the industry and commerce sector;
- Tax registration issued by the tax sector.

### 2.3. Termination of customs broker activities

The customs broker shall be terminated or cancelled of their activities in the following circumstances:

- Proposing to terminate in accordance with laws and regulations;
- Business activities are inconsistent with the Business [Enterprise] Law;
- Violating Customs and other relevant laws and regulations;
- Company is declared bankrupt in accordance with laws and regulations.

The Customs Department shall develop detailed regulations, procedures, document requirements, timeframe, [and] fees for issuing certification, badge for customs broker as per circumstances in each period.

## **Article 6. Calculation of customs duties and other obligations**

The basis for calculating customs duties and other obligations, in accordance with Article 22 of the Customs Law no. 05/NA, dated 20 May 2005, shall be based on actual transaction value, freight charge, insurance premium and other charges... (customs declared value) as a basis for calculating customs duties and other obligations which shall be in KIP and calculated by using the actual transaction value, freight charge, insurance premium and others... (customs declared value) in dollar [foreign] currency multiplied by foreign exchange selling rate posted by banks on the date recording detailed customs declaration, and multiplied by the rate of customs duties and other obligation according to the methods below:

### 1. Import of goods by legal entities and other international organizations

#### a. Method 1, with excise tax:

- + Customs declared value X tariff rate = customs duties payable;
- + (Customs declared value + customs duties payable) X excise tax rate = excise tax payable;
- + (Customs declared value + customs duties payable + excise tax payable) X turnover tax rate (Value added tax rate) = turnover tax payable (value added tax payable);
- Customs duties payable + excise tax payable + turnover tax payable (value added tax payable) = customs duties and other obligations payable.

#### b. Method 2, without excise tax:

- + Customs declared value X tariff rate = customs duties payable;
- + (Customs declared value + customs duties payable) X turnover tax rate (value added tax rate) = turnover tax payable (value added tax payable);
- Customs duties payable + turnover tax payable (value added tax payable) = customs duties and other obligations payable.

## 2. Import of goods by person

Import of goods by person who does not have import-export business registration shall be subject to profit tax during importation, the basis for calculating profit tax will be customs declared value + customs duties payable x gross profit base of 20% and multiplied by profit tax rate in accordance with reference table as provided for in Article 40 of the Tax Law no.04/NA dated 19 May 2005 according to the methods below:

### a. Method 1, with excise tax

- + Customs declared value x tariff rate = customs duties payable;
- + (Customs declared value + customs duties payable) x excise tax rate = excise tax payable;
- + (Customs declared value + customs duties payable+ excise tax payable) x gross profit rate 20% = gross profit base;
- + (customs declared value + customs duties payable+ excise tax payable + gross profit base) x turnover tax rate (value added tax rate)= turnover tax payable (value added tax payable) + Gross profit base x profit tax rate 35% = profit tax payable.
- Customs duties payable + excise tax payable + turnover tax payable (value added tax payable) + profit tax payable = customs duties and other obligations payable.

### b. Method 2, without excise tax

- + Customs declared value x tariff rate = customs duties payable.
- + (Customs declared value + customs duties payable) x gross profit rate 20% = gross profit base.
- + (Customs declared value + customs duties payable + gross profit calculating base) x turnover tax rate (value added tax rate) = turnover tax payable (value added tax payable).

Gross profit base x profit tax rate 35% = profit tax payable

- Customs duties payable + turnover tax payable (value added tax payable) + gross profit tax payable = customs duties and other obligations payable.

### c. Calculation of customs duties and other obligations under tariff reduction.

Import of goods under tariff [customs duties] reduction program under AFTA, bilateral agreements or multilateral agreements with reciprocal preferences, the base for calculating customs duties and other obligations shall be in accordance with above mentioned paragraphs a) and b).

## **Article 7. Regulation on record keeping of documents related to customs**

To comply with Article 26 paragraphs 1-4 of the Customs Law no. 05/NA, dated 20 May 2005, import-export and transit business operator shall keep record of documents related to customs as follows:

### 1. Supporting documents for detailed customs declaration:

- Detailed customs declaration that records registration number, date and inspection result by customs officer in original copy and supporting documents;
- Bill of lading for road, air and maritime transport;
- Contract, terms of buying-selling;
- Insurance policy for goods;
- Letter on goods transfer [of ownership];
- Expenses on imported goods such as broker fees, customs duties and other obligations, landing fees, fees and other expenses;
- Packing list;
- List of goods;
- Information on products;



- Record of goods inspection;
  - Invoice, pro forma invoice;
  - The agreement broker fees.
2. Documents required for goods production and reselling include:
- Record of incoming [input] goods;
  - Inventory of existing goods;
  - Information on selling;
  - Account on daily receipt;
  - Costs;
  - Information on production.
3. Information on banking and financial accounting include:
- Letter of credit, request for Letter of Credit, bank draft;
  - Payment settlement certification;
  - Receipt, cash record books;
  - Transaction through credit card;
  - Payment through electronic transfer;
  - Payment from outside country;
  - Cheque record;
  - Evidence on payment settlements, including information providing detail on buying and selling and no return of payment.
4. Accounting chart and accounting related documents (including electronic book keeping) In case information contained or kept in electronic machine or other information storing devices, business operator shall run or operate the machine to display the information as requested by customs officer.

## **Article 8. Transport of transit goods in Lao PDR**

Transport of transit goods through the territory of Lao PDR as provided for in Article 33 of the Customs Law no.05/NA, dated 20 May 2005, means to the transport of goods from one to another country through the territory of Lao PDR which shall adhere to the following regulations:

8.1. Transport operator of international transit goods shall fulfill the following criteria:

- Having investment license for transport;
- Having business license issued by the public work and transport sector;
- Having enterprise registration issued by the industry and commerce sector;
- Having tax registration issued by the tax sector;
- Having contract on transport of transit goods issued by the Customs Department;
- Having reliable financial status, deposit guarantee for 120% of customs duties and other obligations [on goods] as provided for in relevant regulations;
- Pay fees and charges as required by laws and regulations;
- Be aware of and understand Customs and other relevant laws and regulations to ensure implementation of laws and regulations;
- Vehicle for international transit shall comply with mode and criteria in accordance with regulations of relevant authorities and comply with international practices to ensure that goods at the origin are the same as those in the final destination.

8.2. Responsibilities of transporter of transit goods

When goods are transported to border customs checkpoint (checkpoint of entry), the transporter of transit goods shall file detailed customs declaration to guarantee accompanied with other relevant

documents as provided for in 8.1 above and file to customs officer in accordance with customs formalities at customs border checkpoint (checkpoint of entry) and with copies of the following documents:

- + Letter authorizing transport of goods issued by buyer or seller;
- + Copy of documents issued by customs officer in originated or exporting countries;
- + Invoice, packing list and transport documents;
- + License by relevant authorities (for goods requiring import/export licensing and prohibition by government);
- + In case goods transported through many countries, there shall be copy of customs declaration of transit goods in final transiting country.
- Pay fees and charges as required by laws and regulations
- In case transit goods are unloaded to a new vehicle, authorization shall be obtained from customs authority and under the inspection of customs officer
- In case transit goods are unloaded to any warehouse, prior authorization shall be obtained from customs authority, warehouse or temporary storage facility, and under the inspection of customs officer.

In addition, transporter of transit goods with transport vehicle registered abroad shall declare their license for international transport, vehicle license (valid), and insurance policy for third party in Lao PDR.

- In case transit goods are damaged during transportation due to accident and force majeure, the transporter shall promptly report the case to customs officer at the nearest customs station, customs mobile unit or police. Such officer will then investigate the case (prepare investigation record) and if found with reasonable causes that the damage is irreversible, customs authority shall cancel the guarantee, not requiring payment of customs duties and other obligations or fines, and in case of cash guarantee it shall be returned.

- In exporting transit goods, the transporter shall file detailed customs declaration and supporting documents at customs checkpoint of departure to inspect and record the certification of inspection during transportation. If customs lead seal on the lock of container or truck cover is broken by whatever reasons, customs officer at the customs checkpoint of departure shall reinspect the transit goods against the bill of lading of guaranteed transit good. If found to be accurate, certify and pressing of lead seal shall be made again with a note message on the bill of lading of the guaranteed transit goods. On the contrary, if transit goods are in short or excess [of original amount], legal proceedings shall be invoked in accordance with the Customs Law and regulations; and any violation of rules on transport of international transit goods shall subject to legal proceedings as provided for in Chapter IX of the Customs Law no. 05/NA, dated 20 May 2005.

Every transport of goods that fails to fulfill the above criteria shall not be considered as transport of international transit goods and shall be subject to payments of customs duties and other obligations in full as provided for in the Customs Law no. 05/NA, dated 20 May 2005, and the tariff nomenclature.

- Once goods are exported from the territory of Lao PDR and certified by customs officer at the customs checkpoint of departure, the guarantee of transit goods shall complete, and in case of guarantee it shall be returned [reimbursed] to the owner.
- Transporter of international transit goods shall be accountable for civil and criminal proceedings in case of violation of the Customs and other relevant laws and regulations.

### 8.3. Regulation on guarantee [surety]

A transporter wishing to operate transport business of international transit goods shall apply for guarantee letter with the Customs Department in a form of guarantee contract or credit by financial institute or by cash to guarantee for payment of customs duties and other obligations for 120% of customs duties and other obligations [on goods] in accordance with laws and regulations for each shipment at the customs checkpoint where goods are imported to ensure strict implementation of guarantee contract.

- Guarantee contract on transport of transit goods with the Customs Department can be made “continuously or regularly” or for each shipment.
- Transporter registered in contracting countries where Lao PDR is a party and accedes to shall strictly adhere to laws and regulations of Lao PDR, rules on international transport, and the terms stipulated in the contract.

### 8.4. Responsibilities of customs officer

- Customs officer at the customs checkpoint shall facilitate according to procedures as provided for in laws and regulations and customs formalities to enable timely, transparent and modernized service, aiming at ensuring transport of transit goods to meet international standard;
- Customs officer shall inspect documents accompanying transport of international transit goods, including inspection of transport vehicle. In case customs lead seal is broken or removed or having reliable source of information to believe that there is violation of the Customs Law and regulations, customs officer can inspect goods loaded on transport vehicle [conveyance], and then certify the inspection result as actually found. After the inspection, customs officer shall press the lead seal again and record on the number of lead seal on the guaranteed customs declaration;
- In case customs lead seal from exporting country remains in the same number and [good] condition, without any suspicious risks, customs officer at border checkpoint where goods are imported may accept such seal but shall press additional lead seal to the vehicle and container. The number of lead seal additionally pressed shall be noted on the guaranteed detailed customs declaration.
- In general, only vehicle specializing in goods transport and containers with lead seal shall be allowed for transiting. In case goods loaded cannot be pressed with lead seal such as: heavy machine or huge goods unable to load in container, customs officer shall have additional control measure such as: record detailed information of goods including serial number, packing label, or press lead seal on each item.

If such measure is found to be insufficient, customs officer may use other measures [e.g.] to accompany the goods transported to the final destination [checkpoint of departure]. Expenses related to accompanying by customs officer shall be born by the operator.

- Customs officer shall specify transport details on detailed customs declaration such as: routes authorized for transit, timeframe for transit from customs checkpoint of entry to customs checkpoint of departure, location for stopover, location for temporary stopover en route, declaring at customs stations and checkpoints to be exported, and other necessary control measures;
- In case of transport by transport operator residing in contracting countries that Lao PDR accedes to, if goods are found to be lost [damaged] during transport of transit goods or there is violation of the Customs Law and other regulations or failure to adhere to the requirements of transport document of transit goods, customs officer will investigate the case and calculate the amount of fines in accordance with laws and regulations. The transit transport license of the operator can be ordered to revoke or cancel under the consideration of the Customs Department;
- In exporting international transit goods, transport operator shall file detailed customs declaration issued by customs checkpoint of entry accompanying with relevant supporting documents to customs officer at customs checkpoint of departure where goods are exported for inspection, recording and certifying;
- In case the customs lead seal from exporting country or originated customs checkpoint remains in the same quantity and [good] conditions, customs officer at customs checkpoint of departure shall sign on the guaranteed detailed customs declaration for releasing the goods.

In case customs officer has reliable source of information or finds irregularity in lead seal or transport vehicle or containers, customs officer shall reinspect the transit goods in accordance with laws and regulations in order to certify the accuracy, and press lead seal again.

- Customs checkpoint of departure of transit goods shall promptly forward guaranteed detailed customs declaration with supporting documents, certify inspection result to the customs checkpoint of entry where goods are imported in order to cancel guaranteed detailed customs declaration and guarantee contract in accordance with procedures as provided for in the Customs Law;
- In case transport vehicle of international transit goods fails to arrive at customs checkpoint of departure within the authorized timeframe, the customs checkpoint of departure shall notify the customs checkpoint of entry, customs station, and customs mobile unit to monitor and inspection.

## **Article 9. Warehouse**

Warehouse established in the customs territory as provided for in Article 34 of the Customs Law No.05/NA, dated 20 May 2005, shall adhere to the following regulations:

### **A. Warehouse standards**

- Warehouse is a place in the customs territory where goods are temporarily stored and pending the filing of detailed customs declaration and under the control of customs officers, which hereafter is called: ‘warehouse’.
- Location of the warehouse is a place authorized by the customs authority which has adequate space and facilities for storing, loading, and weighting goods to be imported and exported, and is equipped with security and fire protection systems and others.
- Warehouse building and office for customs officer shall be designed in accordance with the standard of each warehouse regime and technically certified by relevant authorities.
- There shall be chief and deputies, [and] sufficient staff and workers in the warehouse to serve exporting and importing goods.

#### B. Criteria of applicant to establish warehouse

Any person wishing to establish a warehouse shall file application and supporting documents as required by laws and regulations to the Customs Department with details below:

- Application form or request;
- Domicile declaration;
- Criminal record certificate (No. 3);
- Location/address to establish the warehouse;
- Blueprint of warehouse building certified by relevant authorities;
- Economic and technical feasibility study on establishment and service of the warehouse;
- Domestic or foreign investment license, business license (issued by customs authority), tax registration, [and] enterprise registration;
- Financial statement.

#### C. Responsibilities of warehouse owner

- Each warehouse shall have a separate registration book called: ‘Registration book for incoming and outgoing goods’ which consists of the following information:
  - + Registration number;
  - + Date of registration;
  - + Name and address of export or importer;
  - + Amount, description, mark and number of package of goods;
  - + Gross weight of goods;
  - + Country of supply, exporting or importing;
  - + Registration number of bill of lading or summary customs declaration.
- Warehouse owner who is legally authorized to establish and operate the warehouse is liable for customs duties and other obligations. For goods stored in such warehouse, the owner shall sign a guarantee contract and deposit bond with the Customs Department in the amount of 120% of the total amount of payable customs duties and other obligations to guarantee the payment of customs duties and other obligations.

- In case the goods are expired, rotten, or damaged by accidents or force majeure during warehousing which have been examined and certified in writing by the authorities concerned, customs officer shall value customs duties and other obligations on the basis of their conditions before such goods are cleared out for disposal; whereby other valued customs duties and other obligations shall be abolished.

For disposing such goods, customs officer, relevant authorities, and owner or representative of the goods shall prepare a disposal report as evidence of proof.

- All expenses during warehousing, including guarding, loading, and maintenance shall be liable by the owner or operator.
- All kinds of goods can be stored in the warehouse, except the following goods:
  - + Prohibited goods as provided for in Article 15 of the Customs Law No.05/NA, dated 20 May 2005.
  - + Goods that are detrimental to health of human and animal, or the environment or that may affect other goods or that need special storage facility. Such goods shall obtain approval to be stored in the facility for temporary storage with special equipment for storage.
- Warehouse owner shall sign on the manifest or summary customs declaration or bill of lading which means the owner is liable for the goods stored in the warehouse.
- Warehouse owner shall keep records of the manifest or summary customs declaration or bill of lading in the registration book when the goods are stored in the warehouse.
- Detailed customs declaration for goods stored in the warehouse shall be filed to customs authority within 30 working days from the date that goods are registered in the warehouse. Failure to meet such deadline, goods shall be automatically placed under specific customs management in accordance with Article 41 of the Customs Law No 05/NA, dated 20 May 2005, and shall be kept in a separate and secure area under customs custody.
- Goods owner can reclaim goods under specific management of customs within 04 months and subject to Article 42 of the Customs Law No 05/NA, dated 20 May 2005.

#### D. Responsibilities of customs officer in charge of warehouse

Customs officer in charge of warehouse shall be responsible for goods brought into the warehouse pending the filing of detailed customs declaration under all customs regimes.

- Goods stored in the warehouse are subject to customs control and customs regulations as follows:
  - + Goods waiting for documents necessary for detailed customs declaration;
  - + Goods pending unloading from container;
  - + Goods pending decision by customs authority to be placed any warehouse regime.
- While waiting for completion of full commercial transactions, goods will be released from the warehouse only after the customs declarant completes the detailed customs declaration and after the customs officer inspects and certifies the accuracy.

- After goods arrive at the warehouse, customs officer in charge of the warehouse shall keep records of goods in the registration book to wait detailed customs declaration, with the following detail:
  - + Name of consigner or company;
  - + Address of consigner or company;
  - + Name of consignee or company;
  - + Address of consignee or company;
  - + Number and date of bill of lading;
  - + Description of goods.
- Create a registration book to keep records of incoming and outgoing goods from the warehouse.
- Customs officer in charge of the warehouse shall issue, verify and sign on notification of goods entering in the warehouse which will be used as supporting documents to detailed customs declaration.
- In case customs officer finds that goods stored in the warehouse are lost or in short from the inventory as initially declared, the warehouse owner shall be liable for customs duties and other obligations of the lost goods in accordance with Article 36 of the Customs Law No. 05/NA, dated 20 May 2005.
- Assist customs staff at border checkpoint unit in inspecting and monitoring goods when to be released from the warehouse which they are in charge.
- Monitor and report goods stored in the warehouse over 30 working days as provided for in Article 19 of the Customs Law No. 05/NA, dated 20 May 2005.
- Prepare daily, weekly, monthly, quarterly and annually report on incoming-outgoing goods from the warehouse.

#### **Article 10. Warehouse regime**

Warehouse regime as provided for in Article 35 of the Customs Law No. 05/NA, dated 20 May 2005, is the regulation on bringing goods import or export purpose to store in the warehouse within a specified period with customs suspension and under customs control pending completion of declaration under customs regimes, which to adhere to the following regulations:

1. Imported goods stored in the warehouse at border checkpoint shall be subject to detailed customs declaration at the point of importation. Domestic goods to be exported can also be stored in such warehouse but with written license issued by relevant authorities and record of inspection by relevant authorities at the point of origin in accordance with regulations before filing detailed customs declaration to export.
2. Imported or exported goods stored in the warehouse are suspended from customs duties and other obligations until such goods have been released from the warehouse for either domestic consumption or for exportation.
3. There are four categories of warehouses:

- 3.1. Bonded warehouse is the warehouse for storing general goods pending detailed customs declaration in any customs regimes according to the purpose of the goods owner such as: for export or re-export to a third country, import for domestic consumption. Such warehouse can be used by government entities, international organizations, persons and legal entities.
- 3.2. Fictive warehouse is the warehouse for storing goods for duty-free shops which are exempted from customs duties and other obligations, to be sold for outbound passengers, travelers or diplomatic representatives as provided for in Article 14 of this Guidance. Such warehouse can be operated by authorized persons or legal entities.
- 3.3. Industrial warehouse is the warehouse for storing temporary imported goods for a specified period such as: import for assembly, improvement, processing or repairing which are suspended from customs duties and other obligations and under customs control. After the assembly, improvement, processing or repairing, detailed customs declaration shall be filed for re-export.

In case goods are not re-exported and destined for domestic consumption, whether or not such goods meet the standard, all customs duties and other obligations shall be paid based on value of the raw materials imported for assembly, improvement, processing or repairing in accordance with the rates of customs duties and other obligations as provided for in the tariff nomenclature and relevant laws and regulations.

Part of residue of raw materials used in the assembly, improvement, processing or repairing which is in usable conditions and if to be for domestic consumption shall be subject to customs duties and other obligations in accordance with the rate of customs duties and other obligations as provided for in the tariff nomenclature and relevant laws and regulations. If any part of the residue of is unusable, customs officer shall coordinate with relevant authorities to inspect and report of the disposal in accordance with regulations.

3.4. Special warehouses is used for storing some goods as follows:

- 1) Live animals;
  - 2) Goods under regulations on prohibition or special control such as: petroleum, chemicals, explosives and other prohibited items which are licensed to import by relevant sectors;
  - 3) Goods detrimental to health that are not appropriate for storing in other warehouses;
  - 4) Goods that fail to meet standard or quality on public health or detrimental to the environment.
4. Goods owner or representative or warehouse operator shall file summary customs declaration to customs authority in order to store certain goods in the warehouse.

Timeframe for storing goods in each type of warehouse is as follows:

- Bonded warehouse. Goods may be stored up to two years commencing from the registration date of summary customs declaration and may be extended for one year maximum.



- Fictive warehouse. Goods may be stored up to one year commencing from the registration date of the summary customs declaration and may be extended for one year maximum.
- Industrial warehouse. Goods may be stored in accordance with Article 11 of Decree of the Prime Minister No. 362/PM dated 19 October 2007 implementing the Customs Law.
- Special warehouse. Goods may be stored up to one year commencing from the registration date of summary customs declaration and may be extended for one year maximum.

In case the goods owner or representative or warehouse owner wishes to extend the timeframe of storing their goods in the warehouse under any warehouse regime, he/she shall submit their request in writing to customs authority where warehouse belongs to 30 days not counting official holidays before the expiry date.

5. While stored in the warehouse, the goods can be sold or transferred of ownership but not for retailing purpose whereby the importer or goods owner shall notify customs officer in writing with respect to the transfer of ownership.

Goods stored in the warehouse can be transferred from one authorized warehouse to another under customs control. All documents related to the transfer of ownership of goods shall be filed to customs authority.

6. In bringing goods out of the warehouse for exportation, detailed customs declaration shall be supplied. Goods imported for re-export shall be not be subject to customs duties and other obligations when export and no export royalty. The export of domestic goods shall be subject to export regulations.

Goods that are brought out of the warehouse for domestic consumption shall be subject to customs duties and other obligations as provided for in Article 22 of the Customs Law.

7. Customs officer will allow the owners of goods stored in the warehouse to check and collect sample of their goods. The collection of sample shall be reported to customs officer, and customs duties and other obligations shall be paid if the sample is for commercial purpose or of high value.

Customs officer will allow the goods owner to rearrange the goods without substantially changing the nature of the goods, including: smoking, drying, cleaning, testing and normal management practices (unpacking from big container, repackaging, rearranging and categorizing, marking, labeling or any other markings).

8. In case customs officer find that goods stored in the warehouse are damaged or do not conform to the originally declared inventory of goods, the goods owner or warehouse owner shall be liable for customs duties and other obligations as provided for in Article 36 of Customs Law no. 05/NA, dated 20 May 2005.

In case customs officers find that goods are damaged due to force majeure or any other causes from the nature of goods such as: perishing, breaking, being unfit for consumption

or use. After customs officer in charge of the warehouse issues a report of the damage, customs authority will approve the exemption of customs duties and other obligations of such damaged goods.

Customs authority may allow for disposing imported goods that are perished, expired and rotten during storing in the warehouse, whereas the rest of goods that are not perished, expired and rotten shall be subject to customs duties and other obligations in accordance with laws and regulations.

#### **Article 11. Temporary export of general and licensing goods**

To export goods that are general and under licensing as provided for Articles 37 and 38 of the Customs Law No. 05/NA, dated 20 May 2009, is the regulation on temporary export of goods when the goods are re-imported if they are modified, changed or added extra parts, these additional value of the modification, change, or addition of extra parts shall be subject to customs duties and other obligations which shall adhere to the following regulations:

1. Temporarily exported goods are under control of the customs authority and shall be re-imported to Lao PDR within a certain period;
2. Goods that are lawfully imported, if for temporary export purpose, export documentations shall be filed to customs authority.
3. General goods exported from Lao PDR when to re-import may be exempted for customs duties and other obligations if they have not been modified, changed or added any extra parts outside the country.
4. Regulations on temporary exportation of goods.
  - 4.1. To temporarily export any goods, they shall be general goods which are not prohibited [for export]. If the goods are licensed [for export], approval shall be obtained from relevant sectors.
  - 4.2. If temporarily exported goods are in large quantity, when re-imported through several lots until adding up to the quantity [originally] exported, but such goods shall be in the same condition as when exported and within the period specified by customs authority.
  - 4.3. Temporarily exported goods shall be re-imported in the same conditions as when exported whether the re-importer may be the one who exported or not.
  - 4.4. Temporarily exported goods shall be allowed to re-import even though they may be or broken or worn out while outside the country.
  - 4.5. Temporarily exported goods can be processed, repaired abroad in order to repair or maintain if that does not change the value of the goods.
  - 4.6. Materials of package, container or pallet of temporarily exported goods shall not be declared for paying customs duties and other obligations, if the goods are in the same condition as when exported.
5. Regulations on re-importation of goods.
  - 5.1. If temporarily exported goods that are not modified, processed, changed or repaired outside the country, when they are re-imported shall be subject to customs

duties and other obligations and shall be re-imported within the period specified by customs authority.

- 5.2. Temporarily exported goods if are modified, processed, changed or repaired outside the country, when re-imported they are subject to customs duties and other obligations based on the additional value of modification, processing, change or repairing.
- 5.3. Goods temporarily exported for modifying, processing, changing or repairing within warrantee period when re-imported shall not be subject to customs duties and other obligations, but the importer shall present the warrantee document of the goods to customs officer.
6. Temporary exportation of personal belongings of passengers.

Personal belongings of travelers or passengers if are not prohibited or required license for export shall not be subject to customs export duties or export detailed customs declaration.

In case outbound travelers or passengers wish to declare their belongings for the purpose of certifying when re-importing, they may fill a form specified by customs authority.

## **Article 12. Exemption of general customs duties and other obligations**

The exemption of general customs duties and other obligations as provided for in Article 43 of the Customs Law No. 05/NA, dated 20 May 2009 and Article 16 of the Prime Minister's Decree No. 362/PM dated 19 October 2007 on the implementation of Customs Law shall adhere to the following regulations:

1. Inbound passengers to Lao PDR for the purpose of tourism, visiting, official or graduating and completing duties abroad who import goods more than the quantity and value allowed for the exemption of customs duties and other obligations as provided for in Article 16 of the Prime Minister's Decree No. 362/PM dated 19 October 2007 on the implementation of the Customs Law shall declare to customs officer at the border checkpoints in a form as detailed below:
  - General goods for commercial purpose or with the value exceeding USD 50 (fifty US dollars);
  - Other precious items: foreign currency, jewelry (gold, diamond,...) of value exceeding USD 5,000 (five thousand US dollars) or exceeding the value specified by the Bank of Lao PDR;
  - Liquors or alcohol drink of all kinds with the volume exceeding 2 liters;
  - All kinds of tobacco more than 2 cartons (200 cigarettes), 50 cigars or tobacco leaves more than 250 grams;
  - Perfume or perfume extract each more than one;
  - Camera, video camera each more than one, photo film more than 10 rolls, memory cards more than two;
  - More than one laptop/notebook;

- More than two mobile phones;
- 2. Special equipment and vehicles for national defense and security purposes (other than general vehicles for administrative purposes shall be approved by the government), in actual implementation, relevant ministries shall request to the Ministry of Finance for approval, and then the Customs Department shall administer and issue an exemption letter accordingly.
- 3. Personal belongings of diplomatic corps, government officials and graduated students.
  - Lao diplomatic corps returning from posting overseas shall be eligible for exemption of customs duties and other obligations for importing personal belongings one item each and such exemption is valid for one time throughout the entire posting overseas period.
  - Government officials assigned to attend study tour, training, study for three months or more shall be eligible for exemption of customs duties and other obligations for importing personal belongings for three items (one each) and the exemption is valid once a year;
  - Students returning from studying abroad shall be eligible for exemption of customs duties and other obligations for importing some personal belongings for three items (one each) and the exemption is valid after the completion of their study.
- 4. Materials for education and equipment for scientific research and experiment imported for non-commercial purpose such as: experimental tools, chemicals for experimental purpose, manuals or textbooks, magazines and others for research and experimental purpose;
- 5. Fuel for international aviation for Lao and foreign aircrafts based on agreement or mutual reciprocity.
- 6. Fuel in built-in tanks not exceeding 200 liters of inbound passenger buse (one trip), or not exceeding 80 liters for personal vehicles (one trip);
- 7. Samples with no commercial value, one item each;
- 8. Some accessories for religious purpose imported by monks or priests such as: clothes for monks or priests, accessories for religious ceremony. Materials or equipment imported for the construction of religious premises shall be requested to customs authority for approval and accompanied with certification from relevant sectors such as: local authorities, Lao Front for National Construction, Buddhism organizations at every level. For [importing] Buddha images and other religious symbols, approval shall be sought from the culture and information sector and other relevant sectors.
- 9. Gifts, granted goods (including humanitarian aid items) or foreign loans to the government of Lao PDR shall be accompanied by certification from relevant organizations or governments, and accompanied by certification from the Ministry of Foreign Affairs or the Ministry of Planning and Investment and relevant sectors.
- 10. Any exemption of customs duties and other obligations that are not provided for in Articles 43, 44 and 45 of the Customs Law No. 05/NA dated 20 May 2009 and Article 16 of the Prime Minister's Decree No. 362/PM, dated 19 October 2007 on the implementation of Customs Law shall follow government policy on a case by case basis.

### **Article 13. Customs formalities for Special Economic Zones and Specific Economic Zones**

Customs formalities for special economic zones, specific economic zones and duty free zones as provided for in Article 46 of the Customs Law No. 05/NA dated 20 May 2009 shall adhere to the following regulations:

1. Customs formalities for special economic zones
  - Special economic zones are areas allocated by the government for domestic and foreign investors to invest in building infrastructure and operating business on production, industry, commerce and services. All activities in such areas shall be promoted, and administered by specific laws and policies;
  - Goods brought into special economic zones shall be subject to summary customs declaration at the customs checkpoint of importation, and detailed customs declaration can be done at the customs unit in such special economic zones;
  - Goods brought into special economic zones are exempted from customs duties and other obligations;
  - Goods brought into special economic zones shall not be subject to regular control of customs officer; however, customs officer can undertake inspection to ensure whether all activities within the zones are lawfully conducted and conformed with government approval;
  - In pursuant to Article 46, goods brought out of special economic zones for domestic consumption shall adhere to Article 7 of the Customs Law No. 05/NA dated 20 May 2009;
2. Customs formalities for specific economic zones
  - Specific economic zones are areas specified by the government for special purpose of economic development in remote areas along borders. The government shall define the provisions and criteria for the administration and operation of such zones.
  - Goods brought into specific economic zones shall be subject to detailed customs declaration at the customs checkpoint of importation;
  - Goods brought into specific economic zones shall adhere to relevant laws and regulations and government policies specifically provided for the zones in accordance with Article 46 of the Customs Law No. 05/NA dated 20 May 2009. Goods brought out of specific economic zones for domestic consumption shall adhere to Article 7 of the Customs Law No. 05/NA dated 20 May 2009.

### **Article 14. Duty free zones and duty free shops**

Regulations on duty-free zones and duty-free shops in accordance with Article 47 of the Customs Law No. 05/NA dated 20 May 2009 shall be as follows:

1. Establishment of duty-free zones:

- Duty-free zones are areas approved by the government to be established within the customs territory for domestic and foreign investors to operate and serve duty-free business in accordance with specific regulations.
- Goods brought for distribution in duty-free zones shall be exempted from customs duties and other obligations and shall not be subject to normal customs control; In case of need, customs officer can inspect to ensure that activities within duty free zones are lawfully conducted and conformed to government approval.
- Goods brought into duty-free zones shall be subject to customs formalities at the customs checkpoint of importation under customs duty exemption regime, and with documents issued and escorted by customs officers for the movement of goods from border checkpoints to duty-free zones;
- Goods brought out of duty-free zones for domestic consumption exceeding the amount specified in Article 12 of this Guidance shall be subject to customs duties and other obligations in accordance with general regulations through detailed customs declaration to customs officer in charge of duty-free zones.

## 2. Establishment of duty-free shops:

- Duty-free shops can be established in international airports and other international checkpoints or other specific areas authorized by the Minister of Finance to serve outbound passengers or diplomatic corps, expatriates and international organizations in Lao PDR;
- The construction and lease of building for the establishment of duty-free shops shall be according to the blueprint technically certified by relevant sectors and approved by the Ministry of Finance.
- Goods sold in duty-free shops shall be exempted from customs duties and other obligations are under regular control of customs officer;

### 2.1. Criteria for duty-free shop operator

- Possessing domestic or foreign investment license;
- Possessing business registration;
- Possessing tax registration;
- Exhibiting sufficient financial status to ensure facilities, equipment, personnel and service necessarily to operate duty free shops.

### 2.2. Request to establish duty-free shops

Any persons wishing to establish duty-free shop shall file an application accompanied by documents specified in 2.1 above and together with documents listed below to the Customs Department and seek approval from the Minister of Finance:

- Economic and technical feasibility study for operating duty free shop;
- Certificate or inspection result issued by customs officer and relevant sectors on the standard of duty free shop, location, warehouse system and security system;
- Draft of guarantee letter for operating business to customs authority.

### 2.3. Responsibilities of duty-free shop operator

- Shall adhere to the Customs Law and regulations and laws and regulations of relevant sectors.
- Goods brought into duty-free shops shall be subject to detailed customs declaration at the customs checkpoint of importation according to customs declaration regime as specified by customs authority and under the customs control for the movement goods from the checkpoint of importation to duty free shop.
- If for domestic consumption, customs duties and other obligations shall be paid.
- All items of goods placed for selling in duty free shop and stored in warehouse shall be stamped or dispatched with duty-free shop labels and duty-free stamps.
- Each selling of goods shall be issued with the receipt of tax authority with information of buyer's name in accordance with the regulations of customs authority in order to monitor and settle customs declaration at the time of importation.
- Shall have accounting system to monitor goods to ensure the administration and business transactions and to make report on daily, weekly, monthly and annually basis.
- Warehouse of duty-free shop shall be locked with two locks, one kept with the warehouse owner, and another with customs officer in charge, and the warehouse opening or closing are to be present by both parties. Goods other than those authorized by the customs authority are prohibited from selling.
- If goods from duty free warehouse or shop are found be sold in domestic market, it is the violation of the Customs Law, which shall be subject to customs duties and other obligations in full and subject to fines two time of the customs duties and other obligations, and business operator shall be subject to warning and recorded of violation. For second time offense, customs authority shall follow the customs laws and regulations, the Enterprise Law and other relevant laws and regulations depending on severity of the case.
- In case goods stored in duty free warehouse or shop are damaged due to force majeure or due to quality of the goods itself such as: expiration, rottenness, out of order, breaking, etc, they shall be reported to customs officer in charge in order to coordinate with relevant authorities to examine and verify for customs authority to settle from the accounting system or dispose or re-export the goods.
- Duty-free shop operator shall be responsible for expenses for operation, repairing and maintenance of duty-free shop. He/she shall also be responsible for expenses in facilitating in terms of location, equipment for inspection of customs officers, including the location to inspect the goods.

#### 2.4. Responsibilities of customs officers:

- Regularly control, administer and inspect goods stored in duty free warehouse and shop.
- Accept declaration and keep record in registration book of goods brought into duty free warehouse and shop.
- Accept declaration and keep record in registration book of goods sold out of duty free warehouse and shop.
- Be responsible for lock of warehouse, and opening and closing of duty-free warehouse.

- Summarize and report incoming and outgoing goods into/out of warehouse on daily, weekly, monthly, quarterly and annually basis.
- Settle accounting system of selling and detailed customs declaration at the time of importation.

#### **Article 15. Implementation**

The Customs Department is obliged to issue detailed regulations on the implementation of this Guidance and disseminate to customs officers, persons, legal entities, governmental organizations and the public in order to raise awareness and conscience to effectively implement this Guidance.

All ministries and other government authorities, provinces, Vientiane Capital, all departments of the Ministry of Finance, Customs Department, provincial finance divisions, regional customs offices, Customs checkpoints, shall be informed, cooperate and implement this Guidance according to their roles and functions.

#### **Article 16. Effectiveness**

This Guidance enters into force on the date it is signed. All regulations and procedures in contradiction with this Guidance shall be all annulled.

**Minister of Finance**  
**[Signed and sealed]**