



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Finance

No.1559/MOF

Vientiane Capital, dated 24 May 2016

Guidance of Minister of Finance on the Implementation of the Customs Law

- Pursuant to the Customs Law No.04/NA, dated 20 December 2011 and the Customs Law (Revised Version of certain articles) No.57/Na, dated 24 December 2014;
- Pursuant to the Prime Minister Decree No.80/PM, dated 28 February 2007 on the role of Ministry of Finance;
- Pursuant to the request from the Customs Department No. 03343/CD, dated 3 February 2016.

Deputy Prime Minister, Minister of Finance issues Guidance:

Article 1: Objectives

This Guidance provides principles, policies, regulations, methods and measures on implementing the contents of certain articles of the Law on Customs to ensure that individuals, legal entities or organisations running business on import and export, transit, movement of goods into Lao PDR, implement the Law on Customs effectively, strictly, and uniformly across the country.

Article 2: Customs Territory

Customs territory as prescribed in Article 7 of the Law on Customs are the total land of Lao PDR, which covers the sky, water, areas bordered with foreign countries according to the memorandum of understanding of international recognition in order to determine the working area for customs authority.

Customs authority are allowed to perform their functions outside customs territory and customs authority of member countries are allowed to perform their functions together with the customs authority of Lao PDR in accordance with the Greater Mekong Sub-Region Cross Border Transport Agreement on single inspection that the Government of Lao PDR has signed.

Article 3: Customs Control

Customs Control as prescribed in Article 8 of the Law on Customs is the implementation of the procedures, methods, regulations, and measures by the customs administration in order to control the import, export, transit and movement of goods as followings:

3.1 Customs Declaration Procedures: shall follow the regulations and customs declaration procedures as prescribed in Part II of the Law on Customs. The procedures for import consist of four steps such as: Transport Documentation Declaration Procedure, Detailed Customs Declaration Procedure, Customs Inspection and Control Procedure, and Goods Release from customs checkpoints

or warehouse Procedures. For export, there are three steps: 1) Detailed Customs Declaration Documentation Procedure, 2) Detailed Customs Declaration Procedure, and 3) Customs Inspection and Control Procedures for releasing the goods from the customs checkpoint or warehouse.

Upon receiving documents, customs authority shall check the information in the customs declaration system by comparing with the actual presented documents. The Automated System for Customs Data (ASYCUDA) will analyse the risk management on the detailed customs declaration with three levels: 1) first level (green), 2) second level (yellow), and 3) third level (red). Customs Declaration Procedure shall be improved periodically in order to be concise, simplified, and complied with international regulations.

3.2 Methods: Customs Declarant shall declare information on goods correctly in the detailed Customs Declaration form following the specified regulations completely. In the case of taking the goods, items out of customs checkpoint or warehouse, customs declarant shall make a request letter for a security with the customs administration. The security can be cash or a guarantee letter from a legal entity or bank.

3.3 Regulations and measures for customs control: Upon the completion of the procedures and methods in 3.1 and 3.2 above, there is a requirement for control of goods subject to management and prohibition, warehouse, movement of goods in the warehouse system, temporary import-export, duty-tax exemption and other obligations, transit, goods subject to the movement control, and all type of conveyance must be under the customs control.

In case that customs declarant does not follow the procedures, methods, regulations and measures on the management of import-export, transit, movement of goods, they shall be prosecuted customs case proceeding, re-inspect customs declaration, and/or during the customs prosecution duration, Director General of Customs Department shall have the right to issue an order on temporary termination or suspension of the import-export, transit or movement of goods.

Customs Department shall issue a detailed technical guidance on the implementation.

Article 4: Classification of Goods

Classification of goods as specified in Article 10 of the Law on Customs is the responsibility of the Customs declarant to declare correctly the HS code of each goods that are specified in the HS classification Tariff Nomenclature of Lao PDR that has been revised periodically. Even though the imported goods are the same goods with the same HS code, it shall be declared in sub-HS code to be used for calculating the duties-taxes correctly in compliance with the specified regulations.

Customs Department shall be responsible for issuing a detailed technical guidance on the rules on classifying the HS code for goods.

Article 5: Customs value for exported and imported goods

Customs Value for exported and imported goods as prescribed in Article 12, 13 of the Law on Customs is the actual value of goods including transportation costs and/or insurance for goods delivered to the customs border checkpoint of export or import. Wherever the goods, items are being delivered or received, the value of the goods shall be the actual buying or selling value or the price that shall be paid based on the buying or selling or the price being paid through the bank system.

5.1 Customs Value of Exported Goods as specified in Article 12 of the Law on Customs is the actual value of goods including the transportation costs delivered to the customs border checkpoint of export. [(FOB) = ex-work price or price at custom border checkpoint plus insurance plus transportation costs (if any, because transportation costs or insurance costs will occur subject to the agreement between buyer and seller only)];

5.2 Customs Value of Imported Goods as specified in Article 13 of the Law on Customs shall be implemented according to the Guidance of Minister of Finance no. 1537/MOF, dated 4 June 2012 on Customs Valuation of Imported Goods.

Article 6: Customs Risk Management

Risk management as prescribed in Article 16, 17 of the Law on Customs is to mainly facilitate the import-export, transit, movement, goods inspection by using the risk management system to analyse the information on the origin of goods, HS code, Customs value, multiple goods declarations, goods with high duties-taxes, declaration of goods registered with Intellectual Property Right and previous customs misconduct or others that are considered as a risk. The risk management system has three different levels as followings:

- First level (Green) means the information on the detailed customs declaration of goods has a low risk;
- Second level (Yellow) means the information on the detailed customs declaration of goods has a middle risk;
- Third level (Red) means the information on the detailed customs declaration of goods has a high risk.

Customs authority that is responsible for the work on customs declaration procedures at customs border checkpoint shall not have the right to adjust the risk management system database. According to the principles of customs risk management, customs authority that is responsible for looking after the customs information management system shall revise the database for every six months following the authorisation of Customs Department.

Article 7: Methods for Declaration of Manifest and Conveyance Papers

When goods arrives the customs border checkpoint of export-import, customs declarant or goods consigner shall make the declaration of manifest and conveyance papers for submitting to custom authority within 24 hours as stipulated in Article 19 of the Law on Customs.

Customs declarant or goods consigner shall responsible for all the information provided in the manifest paper about the goods such as: transport by air, road, and sea that is declared to the customs authority at customs border checkpoint. Where customs declarant or goods consigner does not comply with the specified regulations, it shall consider that they have the intension to avoid paying duties and shall be punished based on the measures specified in the Law on Customs.

Article 8: Declaration of mailed Goods and items by Post

Declaration of mailed goods by post as prescribed in Article 21 of the Law on Customs states that domestic and foreign individual and legal entity that export-import or transit parcel and mail post shall make a declaration to customs authority based on the following procedures:

- Domestic and foreign individual and legal entity that export-import parcel and mail post with commercial purpose to the foreign country shall make a detailed customs declaration to customs authority at border checkpoint of export-import in order to conduct customs formality prior to receive a release permission from custom border checkpoint or post office;
- Domestic and foreign individual and legal entity that export-import parcel and mail post with commercial purpose to the foreign country shall make a detailed customs declaration to customs authority at border checkpoint of export-import in order to inspect, certify, pay off duties-taxes and other obligations in accordance with the specified regulations;
- Transit of parcel and mail post shall be under control of customs authority. In case there is a reporting information source and reliable information, customs authority shall have the right to conduct inspection face to face with the legal entity running a business on as a freight forwarder and dispatching parcel and mail and related governmental officials in accordance with the laws and regulation.

Article 9: Measures of Customs Declaration of imported goods for government projects

Customs declarant shall declare the goods in details within 15 working days from the date the customs authority has recorded the goods based on the manifest paper. In the case that the declaration is not done within the deadline as specified in Article 24 of the Law on Customs, the following measures shall be carried out:

- Custom declarant shall make a detailed customs declaration within 45 working days if there is a confirmation from government sector that the owner of the goods is eligible for the duties-taxes exemption or temporary import where there shall be no fines. In the case that there is an official letter form Customs Department, the customs declarant or the government sector that is the project owner shall make a detailed customs declaration in order to suspend the temporary security system within 15 working days. The measures under the law and regulations shall apply if it does exceed the specified deadline;
- If it does exceed 45 days, the head of the international customs border checkpoint shall issue an invitation to the customs declarant or the government sector to clarify the reasons within 21 working days. Otherwise, there shall be no further facilitation for the next export-import;
- If it does exceed 21 days, customs administration shall apply the administrative measures to the budget division of the project through a fine or a request to the higher management committee to cut the expenditure budget of that sector and there shall be no further facilitation for the next export-import.

Article 10: Methods of calculation of duties-taxes and other obligations

10.1 Duties-taxes shall be calculated in multiple on the date recording information into the detailed customs declaration system in which the declared customs value will be multiplied by duty rate, tax rate as specified in the Law on Customs, Law on Taxation, and Law on Valued Added Tax.

The basic calculation of duties-taxes is the actual declared customs value of goods that is in foreign currency shall be firstly calculated in US currency, then multiply by the exchange rate of the bank in

order to convert into Lao currency. For a correct calculation of duty-tax, it is recommend to use the round number.

10.2 Basic calculation of other obligations

Other obligations which consist of fees and other service fees shall be calculated and collected in a substantial rate or comparative rate as specified in a specific regulation. In case that other obligation fee is determined in comparative rate, it shall follow the method specified in 10.1 above.

Article 11: Goods Inspection Methods

Methods for inspecting goods shall be proceed strictly in compliance with Article 26 of the Law on Custom.

For each time of inspection, customs authority is allowed to inspect all the goods or half of it depending on certain circumstances by using methods of inspecting the risk management system or techniques, and modern tools on other inspection accurately and clearly.

If the result of inspection of goods, items is not consistent with the information on the detailed customs declaration and accompanied documents such as: number of packages, type of goods, total gross and net weight, production country, HS code or customs value, customs authority who does the inspection shall make immediately the recording letter on customs prosecution with an acknowledged signatures from owner of the goods or the shipping person as evidence for prosecution specified in the regulations. Upon completing the process, it shall be permitted to release the goods from customs border checkpoint or warehouse.

In the case that customs border checkpoint does not have an X-Ray equipment or warehouse, it shall allow to use the method on inspecting the actual goods based on techniques through opening cards or goods container for counting the total or half of it depending on circumstance in order to guarantee the accuracy and preciseness.

For a customs border checkpoint that has an X-Ray equipment, custom authority shall use it for an initial inspection by having a clear analysis according to principles of customs risk management.

Costs associated with inspection of goods, items such as: transportation fee, loading fee, and other fees shall be all born by a customs declarant.

Article 12: Management and Measures on Security

Security as specified in Article 27 of the Law on Customs shall proceed as followings:

1. Management of Security in Cash

In the case that customs declarant has deposited security in cash, customs authority shall take money to be deposited with the waiting list account of Customs department that has been opened at the bank. It shall allow to keep the money at any customs administration levels.

2. Management of Security in Cheque or a Guarantee letter from a financial institute or bank.

Prior to accepting security in Cheque or a Guarantee letter from a financial institute or bank, Customs authority shall coordinate with relevant financial institutes or banks in order to check and confirm the

accuracy before accepting the Cheque or the Guarantee letter. In addition, there shall be a detailed monitoring record in order to follow the payment as specified in the security contract.

3. Management of Security by a Guarantee letter from individual, legal entity or organisation

In case that security is a Guarantee letter from individual, legal entity or organisation, customs authority shall do a detailed monitoring record in order to follow the payment of security regime following the deadline specified in the security contract.

4. Measures

- For security in cash or a Guarantee letter from bank or financial institute, if it does exceed the deadline specified in the regulations or security contract the fine shall be charged as specified in the Law on Customs. The head of the customs border checkpoint or the head of custom inspection division to claim once, and then they shall report to Customs Department in order to issue an order to transfer the deposited money to the State Budget.
- For security of goods that follows the investment promotion policies in which the goods is imported with the exemption of duties, import temporary with security in Cash or a Guarantee letter from Bank, individual or legal entity, if the duration of the security does exceed the specified deadline, Customs border checkpoint or head of customs inspection division shall make a claim once. Otherwise, they shall report to Customs Department in order to issue an order on transferring the deposited money to the State Budget and resolve case by case in accordance with the regulations.

Security of goods for domestic consumption shall be approved by Customs Department. Customs border checkpoint shall not be allowed to issue a security letter by individual, legal entity or organisations.

Article 13: Management of Goods Imported for Export

Import for export is the imports of goods into Lao PDR for improving, packing, changing the goods to be loaded into the conveyance, and others in order to wait for the export process to another country in which the process is under the control of customs administration. It shall require to have a proper place or warehouse that is approved by the customs administration for keeping the goods temporarily and to implement the specified deadline for export. When export, the transportation shall follow certain routes and via the international customs border checkpoint only.

Goods that is allowed to import for export shall provide all the obligations to the State Budget as specified the regulations.

Article 14: Management of Transportation of Goods through international border checkpoints

14.1 Criteria for operating a freight forwarder business through international border checkpoint

- Freight forwarder shall have a license on the operation of freight forwarder business registered in the member country that Lao PDR is a party or signed the agreement and shall implement the Laws of Lao PDR and follow all the criteria specified in the agreement or transportation rules;

- Shall do a Security Contract with customs administration or comply with the contents of the signed contract between Customs Department and the National Freight Forwarder Association on the goods, conveyance, containers, and shall implement the Law on Customs and related regulations;
- It shall not permit to import or transit goods into Lao PDR particularly the prohibited goods, goods that violates the Intellectual Property, goods under the list of Convention of International Trade of Endanger Species (CITES), Industrial waste that can affect the environment or under the environment management list subject to a license from government sector and those other goods that are not allowed to trade under the international and regional rules.

14.2 Customs Formalities, Inspection and Monitoring.

- Goods under the international transit regime shall be listed under tariff exemption regime when it is transited into Lao PDR with a requirement that the packaging shall meet the standards or shall be carried in the goods containers in compliance with the specified criteria;
- Detailed customs declaration under the Security Regime for the transited goods shall proceed at customs border checkpoint of import of goods, items;
- Payment of service fee for customs declaration of transited goods at international border checkpoint shall be done when completing detailed customs declaration form at the customs border checkpoint of import of goods;
- Customs authority at customs border checkpoint of import shall inspect the risk management, container tightening, and record the result of inspection according to the regulations;
- When goods arrive international customs border checkpoint of the final export, the freight forwarder or customs declarant shall bring the completed detailed customs declaration form that is done at the first customs checkpoint for submitting to the customs authority who is responsible for inspecting the goods at the international customs checkpoint of export in order to proceed the inspection according to the regulations. This process shall be considered as a completed implementation in accordance with the criteria specified in security contract of transit transportation;
- In case that the label of the goods container is abnormal or there is a reliable information source about the goods is defective, customs authority shall have the right to inspect the transited goods by face to face with the freight forwarder or the authorised person;
- The operator running a business on freight forwarder shall not only do a security for goods, but also the security for goods containers with customs authority at customs border checkpoint of import where the goods container shall be re-exported within 30 days. If the containers are requested for domestic consumption, the Law on the Customs shall be implemented strictly.

14.3 Management of transit transport vehicle via road and sea

- Shall use International Transport Permit and shall have a valid insurance ;
- In case there is no International Transport Permit, it shall require to use a temporary in and out declaring document and shall base on the document declaring the departure from authority at the

final passing country where it is required to have a technical inspection certificate and a valid insurance;

- Transshipment of goods from a transport vehicle in the land of Lao PDR shall not exceed one time;
- All ships operating the transportation of goods that transit along bordering rivers shall operate document declaration on the ship to customs authority at specified customs border in checkpoint for inspection according to regulations;
- For transit ship, it shall be allowed to tranship the goods from the ship;
- Payment of service fee for document declaring international transited goods shall be made when the ship reach the port of the customs border checkpoint where then customs administration specifies;
- Transportation of goods transited by road and by sea when there is an accident or unexpected situation, it is required to declare to the nearest customs authority in order to control the transshipment of goods. In case there is a violation to the Law on Customs and other regulations of Lao PDR such as: the transport vehicle did not follow the specified route, tightening or threading containers, taking the goods in and out from transport vehicle without a permission from customs authority, shall be prosecuted based on the law and regulations.

Article 15: Regulation on establishing warehouse for goods,

15.1 Principles on establishing the warehouse

- Individual, legal entity that has a purpose to establish warehouse system for storing the goods in compliance with the content specified in Article 37, 38 of the Law on Customs shall request for the approval from the Ministry of Finance;
- The location that will establish warehouse shall be in the international customs checkpoint area in which it shall have sufficient area and facilities on storing, loading, and weighting the goods that will be imported-exported including the safety guard system and other facilities;
- Building of warehouse shall have sufficient area for storing the goods temporarily and to guarantee that the management is complied with the warehouse systems that has 4 types. In addition, it shall have workplace to facilitate the working of customs authority. For building the warehouse, it shall be certified by the related sector on technical standards.

15.2 Criteria for establishing warehouse system

- A person who has the purpose to establish warehouse system shall submit the request letter to the Ministry of Finance for an approval principally on the establishment of the warehouse together with the accompanied documents such as: the technical economic feasibility study and others documents that are seen as necessary for operating the business in accordance with laws and regulations;
- The place of warehouse system shall be located at actual required location of the customs administration, not at the international customs checkpoint, which participates in the implementation of Greater Mekong Sub-Region Cross Border Transport Agreement on Single Inspection;

- Establishing warehouse system shall guarantee the efficiency, not to increase the costs for the operator running import-export business, focusing on trade facilitation;
- The person who receives an approval from the Ministry of Finance to operate the warehouse system business shall make the security contract with the Customs Department in order to proceed the service according to the regulations.

15.3 Management of warehouse of goods

- Customs administration shall be responsible for managing the warehouse system according to the Law on Customs has specified;
- The open and closing hours service shall follow the official hour of the customs administration in which it shall have 2 keys, one for the customs authority and another one for the warehouse authority;
- Collection of service fees within the warehouse shall follow the specified regulation where it is not allowed to increase or reduce the fee without a permission;
- Accounting keeping shall be implemented in compliance with the Law on Accounting and specified regulations;
- In the case that goods is expired, spoiled or missing by accident or unexpected event in the time of temporary storing and that has been proved and certified in written from the related authority showing that it can not be used or appropriate for consumption, it shall require to make a record face to face with the owner of the goods or its representatives as an evidence prior to take out the goods for destroying.

15.4 Responsibilities of warehouse owner

- Warehouse owner has direct responsibility toward the specified law and regulations on operating the service inside the warehouse, storing the goods systematically, ensuring that the goods is not damaged, loss and responsible for incurred duty-tax and other obligations;
- Has the duty on arranging the goods to be stored in the warehouse as appropriate based on each type of goods and monitor, inspect the goods in the warehouse including summarising the list of goods stored in the warehouse daily;
- Shall have a comprehensive account, report on the statistics of goods imported-exported from the warehouse daily, weekly, monthly, quarterly, and yearly following the form the customs administration has specified for the customs authority;
- Movement of goods inside the warehouse regime shall require a permission from the custom authority;
- Arrange the location to store the goods inside the warehouse regime which has been under a specific control of customs administration;
- Manage his or her own officers and workers including to guarantee the safety inside the warehouse regime;
- The warehouse manager shall not be allowed to change the ownership of the goods inside the warehouse without a permission from customs administration;
- Shall follow the security contract with customs administration strictly.

Article 16: Management of Materials imported for Manufacturing, Processing, Assembling, Modifying or Repairing

In order to comply with Article 43 of the Law on Customs Exemption of duty, business operator shall strictly follow regulations and shall proceed as followings:

- Shall make a security contract with customs administration for each level to ensure that articles including containers and packaging materials for manufacturing, processing, assembling, modifying or repairing imported based on the production plan are re-exported as specified time;
- Duration of temporary import shall not exceed one year and can be extended from three to six months while a security contract with customs administration is required;
- In the case that the re-export cannot be done as specified time, owner of the goods shall make a request to customs administration and related sectors on the reasons for not being able to re-export in order to proceed according to the law and regulations;
- In the case that items including container, and packaging materials are missing from the initial import plan or there is a buying-selling without a permission from customs authority, owner of the goods shall take responsibility according to the specified law and regulations;
- If it is need for domestic consumption, it is required to pay duty-tax and other obligation correctly, fully and timely;
- Shall prepare document for movement with customs administration where there is a movement of production location from one to a new location and it is required that owner of goods or authorised person shall have production contract with each other;
- Owner of goods shall be prosecuted customs case proceeding if the security contract is expired without a notification to extend the security contract with customs administration.

Article 17: Management of Import of vehicles for Tourism and Visits

Any person wishing to import vehicles for tourism, visits or business purpose shall strictly follow Article 45 of the Law on Customs and shall follow the requirements below:

- Temporary Import of vehicles for tourism and visits shall be under the control of customs authority;
- The duration of import of the said vehicle shall base on the permission of the immigration police given to the driver;
- The driver shall depart with the vehicle according to the specified time of customs authority; the driver shall not be allowed to depart without that vehicle. Otherwise, they shall be prosecuted in accordance with the laws of the Lao PDR;
- In the case that there is a letter from related sectors certifying the extension of a stay longer than the deadline permitted by customs official, a fee of 5 USD per day shall be charged. Otherwise, the fee shall be 10 USD per day;
- Extension of stay shall be allowed only once with reasons where the vehicle and related documents shall be presented to customs authority at customs border checkpoint, the nearest

customs inspection unit for a consideration to permit and collect additional fee as specified in the regulations;

- In the case that individual, legal entity or organisation does not take the vehicle out as specified deadline, they will be prosecuted customs case proceeding according to related laws and regulations. In addition, customs administration shall not grant any further permission to import the vehicle into the country.

Article 18: Import of Goods, Materials for Exhibition, Education and Experiment

Import of goods for exhibition, education, and experiment shall follow Article 47, 48 of the Law on Customs and shall proceed customs declaration as followings:

18.1 Exhibitions for Education and Experiment

- Related sectors shall have certified documents for importing materials for education and experiment in order to do a detailed customs declaration;
- Materials imported for exhibition for education and experiment shall not have commercial nature and the quantity of import shall comply with the exhibition and experiment and shall be re-exported with the same quantity after deadline;
- Materials imported with high quantity shall require a security in equivalent to duties-taxes and other obligations plus 20% additional and shall be re-exported by the deadline. Otherwise, the security of duties-taxes and other obligations shall be transferred to the national budget as specified in the regulations;
- In the case of the need for domestic consumption or buying-selling, the payment of duties-taxed and other obligations shall be made correctly, fully, and timely.

18.2 Exhibition of General goods for Advertisement and Distribution

- Shall have the certified documents or guarantee from related sectors;
- The person who is responsible for the exhibition shall make a security letter with customs administration;
- Shall have the document certifying the list of people attending the exhibition;
- Shall specify clearly the type of the goods imported for exhibition;
- Upon completion of exhibition, owner of the goods or the person who is responsible for the exhibition shall summarise the account by comparing between the imported quantities with the remained quantity in order to submit to customs authority. The imported goods for exhibition shall be re-exported with the same quantity and condition. In the case of the need for domestic consumption or there is a buying-selling, the payment of duties-taxes and other obligations shall be made correctly, fully, and timely.

Article 19: Exemption of duties-taxes and other obligations

Exemption of duties-taxes and other obligations shall follow the Article 54 of the Law on Customs and the exemption of duties-taxes shall be granted for the following cases:

- Foods for travellers, tourists for a certain quantity necessary for consumption for passengers and the foods shall be foods with no diseases;
- Used accessories of the passengers, cameras, video camera, computer one for each;

- Items with its value does not exceed 50 USD per person or sample goods that has not commercial feature;
- Petrol in the tank of the transport vehicle, bus from foreign country that does not exceed 80 litres per vehicle per one trip.

Article 20: Exemption or Suspension of Customs Duties for Diplomatic Missions and International Organisations

Equipment, goods of all embassy and international organisations as prescribed in the Article 50, 51 of the Law on Customs shall receive an exemption of customs duties and suspension of duty-tax and other obligations following the approval of Ministry of Foreign Affair of Lao PDR in accordance with Vienna Convention on Diplomatic Relations of 18 April 1961 and agreements that Lao PDR has signed with international organisations of foreign countries such as: goods, vehicles used for diplomatic work and international organisations, the belongings of ambassadors, international organisation officers, international consultants or family members including the household items

According to the rule, suspension of customs duties has duration up to two years with extendable subject to an approval from Ministry of Foreign Affair. After duration is expired or completion of mission in Lao PDR, the goods or vehicles must be re-exported with same quantity and conditions. All transfer and changing ownership shall require permission from Ministry of Foreign Affair and follow the rules of related sectors. For selling and transfer to an individual, the payment of duty-tax and other obligations shall be made according to specified regulations.

Article 21: Management of Import of Materials, Equipment, and Goods for Special Economic Zones and Specific Economic Zone

Import of Materials, Equipment, and goods in order to develop the special economic zones and specific economic zone in accordance with the investment promotion policies as prescribed in Article 61 of the Law on Customs shall proceed as followings:

21.1 Import of Materials, Equipment, and Goods for Special Economic Zone

- The official designated management committee of special economic zone shall create the Master list of the required imported materials, equipment for using in the creation of infrastructure based on the annual technical feasibility study and development plan of the zone in accordance with the Law on Investment Promotion and regulations of the central special economic zone management committee and to propose to the customs administration at each level in order to facilitate the import to be complied with prescribed laws and regulations;
- Even though the import of materials, equipment within the special economic zone will receive the exception, suspension, or reduction of duty-tax and other obligations, it shall be under the controlling, monitoring, inspection of customs authority.
- Import of vehicles for a direct production for developing the special economic zone shall require an import license from the central special economic zone management committee prior to the import.

21.2 Import of Materials, Equipment, and Goods for Specific Economic Zone

- The official designated management committee of specific economic zone shall create the Master list of the required imported materials, equipment for using in the creation of infrastructure based on the annual technical feasibility study and development plan of the zone in accordance with the Law on investment promotion and regulations of the central specific economic zone management committee and to propose to the customs administration at each level in order to facilitate the import to be complied with prescribed laws and regulations;
- Even though the import of materials, equipment within the specific economic zone will receive the exception, suspension, or reduction of duty-tax and other obligations, it shall be under the controlling, monitoring, inspection of the customs authority;
- Import of materials, equipment and goods for the specific economic zone shall comply with the Law on investment promotion and the contract signed with the Government.

Article 22: Allocation of Fines or Sale of Confiscated Goods

Allocation of money from fines or sale of confiscated goods as prescribed in Article 108 of Law on Customs once the customs case is completed and after deduction of all expenses, shall be divided as followings:

- 60 percent of the total money from fines or sale of confiscated goods shall be allocated to the State Budget;
- 40 percent of the total money from fines or sale of the confiscated goods shall be allocated to the technical budget for the maintenance of the customs administration and shall be divided into different expenses on rewarding for contribution to prevent and regress against Customs Law offense , illegal trade, information source providing, seizing , and case filing directly and indirectly, creating basic information source, officers and customs authority support, maintenance of modern equipment and vehicles for official mission, office maintenance, human resource development and the technical task performance.

Division of expenses of 40 percent is as followings:

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|---|-----|
| - The person proving source information | 25% |
| - Information manager | 5% |
| - The person seizing, detecting the goods, filing case directly or indirectly | 35% |
| - Maintenance of customs administration | 35% |
- In the case that other sector or authority taking customs smuggled goods to the customs administration for filing case, the money from fines or sale of seized goods after 60 percent is allocated to the State Budget, the 40 percent shall be re-divided such as: 20 percent is for technical budget of customs administration, and 80 percent the sectors seizing the goods;
 - For benefits from selling seized wood products and minerals is not subject to dividend and shall be allocated to revenues of customs administration.

Article 23: Implementation

Customs Department is responsible for issuing a detailed regulation on the implementation of this Instruction and disseminate to the officers, customs authority, individual, legal entity, governmental

organisations and the society in order to raise the awareness and conscience on implementing this Instruction effectively.

The line ministries, ministry equivalent agencies, local governance organisations, all departments of Ministry of Finance, Financial division at province, capital across the country and all relevant sectors shall be informed, cooperate, and implement this Guidance according to their roles and functions strictly.

Article 24: Effectiveness

This Guidance shall replace the Guidance of Minister of Finance no. 0491/MOF, dated 12 March 2009 and shall become effective from the signed date.

Deputy Prime Minister

Minister of Finance

Somdy Duangdee