



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of finance  
Department of Custom

Ref.no. 02518/CD  
Vientiane Capital, Date 21 May 2017

**RECOMMENDATION LETTER  
ON CONTROLLING THE IMPORTATION OF MATERIAL, MACHINERY,  
VEHICLE, FUEL AND OTHER WHICH IS EXEMPTION, REDUCING RATE OR  
FREE DUTY**

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- Whereas, The Law on Custom, ref.no. 04/NA, Date 20 December 2011; and revised some article ref.no 57/NA, Date 24 December 2014.
  - Whereas, The Law on the Investment promotion ( Revised) Ref.no 14/NA, Date 17 November 2016
  - Whereas, the minister's agreement Ref.no 2826/MOF, Date 22 August 2017, on Duty and Responsibility of the Department of Customs.
  - Whereas, The recommendation of Minister of finance Ref.no 2560/MOF, Date 9 August 2016 on the implementation of tax-custom duty policy for the importation material, equipment and vehicles of program/project which the loan and granted project from abroad.

**Department of custom has issued a recommendation as follow:**

**I. Objective**

This recommendation to defines the principle, procedure and methodology to control the importation process on material, machinery, vehicle, fuel and other which include in exempt list, free of duty or reducing rate, to cross-cutting process to avoid the duplicate process within the authorized custom by define the right and duties among the department of custom, custom unit, provincial custom unit and international checkpoint along the border under the controlling, evaluation, inspecting on document, import-export and domestic movement uniformly in countrywide.

**II. Principle**

This recommendation letter has defined the principle, and scope of right and duties of authorized customs in each level on controlling, evaluation review and participate on study and issue the policy on custom duty – tax of projects those are investment promotion in central and local level, the investment activities in special economic zone, state investment project, loan – granted project from abroad, embassies – international organizations and etc. to implementation in central level that is subjected to department of customs (Exemption and

Reduce duty rate Division) who is responsible, for the investment is made in local level that is assigned the responsibility to custom unit, provincial custom unit to responsible, to international checkpoint at the border to implement correspondence to regulation.

### **III. Filing document for requesting exemption, duty-free or reducing duty rate**

Importation of material, machinery, vehicle, fuel and etc. those are provided under exemption, duty free or reducing duty rate that is under controlled by authorized custom where specifies in the Customs Law No 04/NA, Dated 30 November 2011, the actual implementation that must be comply with specific the regulations and the laws for instance, The law on Investment Promotion, The law on taxation, the law on Value Add Tax, Prime Minister's Decree on investment promotion policy in special economic zone or other zones, the regulation on foreign Loan – Grant fund , and in case of government allow to have exempt policy that is needed to deal in each cases, as follow:

#### **3.1. Importation of goods and service accords to investment promotion policy as follow:**

importing of goods and service accords to investment promotion policy must submit the document to the authorized customs office to consider, include as below:

- Request letter from investing enterprise to submit to authorized custom in each level ( Department of custom, custom unit, provincial custom unit) to declare the amount products, equipment prior import at a checkpoint, project's location, transportation route, warehouse of the project and purpose of use;
- Feasibility study ( submit altogether);
- Concessional contract (if any, submit altogether);
- Enterprise Registration Certificate;
- Annual Certification for tax payment;
- Other licenses are related to establishment ( factory license, certificate on environment impaction, etc.);
- The approval of annual import plans ( master list) from The Committee for Investment Promotion (CIP) at central level ( Ministry of Planning and investment) or approved by CIP at the local level ( Governor) who is authorized person to approved accords to the law.

#### **3.2. Special economic zone or other zone accord the government's approved**

Importing of goods and service accords to investment promotion policy in special economic zone or another zone, they must submit the document to authorized custom office to consider, such as:

+ Import the material, equipment, vehicles, machinery to utilize in the project which becomes the fixed asset as documentation as follow:

- Request letter from investing enterprise to submit to authorized custom in each level ( Department of custom, custom unit, provincial custom unit) to declare the amount products, equipment prior import at the checkpoint, project's location, transportation

- route, warehouse of the project and purpose of use;
  - Feasibility study ( submit altogether);
  - Concessional contract ( if any, submit altogether);
  - Enterprise Registration Certificate;
  - Annual Certification for tax payment;
  - Other licenses are related to establishment ( factory license, certificate on environment impactation, etc.);
  - Certify letter from special economic zone office (SEZ) or other zones;
  - Certificate and request letter from the council of Special Economic Zone office for annual importing plan;
  - A permit from relevant sectors ( If any)
  - Assignment letter ( if any).
- + Import the material, equipment, to utilize within Special Economic Zone (SEZ) :
- Request letter from investing enterprise to submit to authorized custom in each level ( Department of custom, custom unit, provincial custom unit) to declare the amount products, equipment prior import at checkpoint, project's location, transportation route, warehouse of the project and purpose of use;
  - Feasibility study ( submit altogether);
  - Concessional contract ( if any, submit altogether);
  - Enterprise Registration Certificate;
  - Annual Certification for tax payment;
  - Certify letter from special economic zone office (SEZ) or other zones;
  - Certificate and request letter from council of Special Economic Zone office for annual importing plan;
  - The permit from relevant sectors ( If any);
  - Assignment letter ( if any)

### 3.3. Foreign loan and Grant fund project

The importation of materials, to use in foreign loan and granted fund project that must documentation, and submits to department of customs to determine, as follow:

- Request letter from project to the department of custom, to declare the number of products, equipment prior import at checkpoint, project's location, transportation route, warehouse of the project and purpose of use;
- Minister of finance's Agreement to approve for exemption or free duty or reducing custom rate of import products;
- Assignment letter ( if any);

### 3.4. Embassy and International

The importation, to the material to use in diplomatic and international organization that must documentation, and submits to department of customs to determine, such as:

- Request letter from Embassy and International to Department of custom, to declare the amount products, to import at the checkpoint;
- Note from Ministry of foreign affair ( for vehicle and fuel that must be approved by minister of foreign affair, to other goods and service that can be approved by department of diplomacy to determine accords to the regulation and laws);
- The import license from relevant sectors ( Vehicle, petroleum);
- Assignment letter ( if any)

### 3.5. In event that government gives exempt policy

Importation of goods and service, products are subject to exempt, free of customs duty or reducing rate where derives from government's approval in some case that must submit to department of customs to determine, include the document as follow:

- The request letter from importer need to submit to Department of custom, for declaring the amount products, which checkpoint is willing to import;
- The notification from prime minister office, through the minister of finance;
- The import license from the relevant sector(if any)
- Assignment letter (if any).

## **IV. Implementation Process**

### 4.1. Department of Custom (Division of Exemption and Free Duty)

The project subject to the investment promotion policy in central level (import to be fix asset), governmental invest project, foreign loan and grant fund project, embassy and international organization, received the exempt policy from government that must be processed as follow:

- An importer must submit the import plan (master list) with relevant documents to Division of exemption and free customs duty to review document whether it is correct and completed;
- The importer must entry data of master list ( Import plans) my themselves into system, if they can't be able to do so, then let authorized custom officer assist;
- Division of exemption and Free Custom Duty must issue the certificate for data registry into the system for importer, to use its detail once customs clearance at the checkpoint at the importing time, also keep the copy as per evidence for review.

### 4.2. Custom unit or Provincial Custom Unit

The project subject to the investment promotion policy at the local level (import to raw material, equipment to utilize on producing within zone) that must be processed as follow:

- The importer must submit master list (Import plans) with relevant documents to Custom Unit or Provincial Custom Unit to review its correct, and complete;
- The importer must entry data of master list ( Import plans) my themselves into system, if they can't be able to do so, then let authorized custom officer assist;

- Custom Unit or Provincial Custom Unit must issue the certificate for data registry into the system for importer, to use its detail once customs clearance at the checkpoint at the importing time, also keep the copy as per evidence for review.

## **V. Responsibility of Authorized Custom in each Level**

### 5.1. Division of exemption and Free Custom Duty:

- Responsible for a liaison to Director of Custom on research, control, tracking, review and summary report in general or electronic report (Import plan information management system) of material, equipment, machinery, vehicle, freight and other those subject to exempt, free custom duty or reducing custom rate of projects which is underlying into investment promotion policy in central and local level, the investment in Special Economic Zone (SEZ), Governmental project, Foreign Load and Granted fund projects, Embassy and international Organization and other.
- Check master list of goods and services that received the exempt, free custom duty or reducing custom rate accords to the regulation, to control the import plan into system, issue the certificate on data registry into the system: 03 copies, (01 copy for achieved, 01 copy for importer, 01 copy for importing checkpoint), sending the note to importing checkpoint to take any action;
- The investment at the local level and import the raw material, equipment to utilize in the producing in Special Economic Zones (SEZs), So division of exemption and Free Custom Reduce responsible to monitor and inspect the movement of custom unit, provincial custom unit, and checkpoint along the border.
- In event there is import plan that custom unit, provincial custom unit has inputted into system, and found that it is not correspondence to the regulation and the law, Division of exempt and Free custom duty must call to cancel the temporary importation immediately and it must be reported to Department of custom immediately to find the solution. After that, let's remove that import plan (master list) out from system then process the report as per procedure.
- To control, review the master list of import that custom unit and provincial custom unit have entered data into the system as per approval by Committee for Investment Promotion "CIP" in Local level from one province to another, and the process to request to change for import in another checkpoint must comply with regulation;
- Controlling, review the request for importing of vehicle and freight in the exemption, free custom duty or reducing custom rate from head of department of custom to issue the import permit accords to the regulation.

### 5.2. Custom unit and provincial custom unit:

- Responsible for a liaison to Director of Custom on research, control, tracking, review and summary report in general or electronic report (Import plan information management system) of material, equipment, machinery, vehicle, freight and other those subject to exempt, free custom duty or reducing custom rate of projects which is underlying into investment promotion policy in central and local level, the investment

in Special Economic Zones (SEZs);

- Responsible for controlling, review and monitor the implementation of the custom unit at checkpoint;
- Check annual import plan (master list) of goods and services that is approval by ‘CIP’ to input into the system, issue the certificate on data registry into the system: 03 copies, (01 copy for achieved, 01 copy for importer, 01 copy for importing checkpoint), sending the note to importing checkpoint to take any action;
- To the checkpoint along the border where is not install the system yet that is assigned to a custom unit or provincial custom unit to respond to deduct the import plan (Master list) and issue the official letter to inform to checkpoint for taking action;
- In event that, there is the issue the import plan (master list) by CIP in local level or council of SEZs, found that isn’t correspondence with regulations and laws that must report to department of custom to find the resolution;
- Investment projects that CIP in local level or council of Special Economic Zones have approved for the master list for import in another checkpoint of change import port in another province where checkpoint is not territory of custom control by custom unit, so that it may assign to custom unit or provincial custom unit at that province to elaborate , and documentation with attach the certificate on data entry into system and other documents then submit to custom or provincial custom unit where the goods and service will be import as per procedure.

### 5.3. Checkpoint and import port

Assign to the custom checkpoint to implement the role and responsibility are specified on Department of custom’s agreement No. 1179/CD, dated 15 March 2018 on Duty and Implementation of custom sector, provincial custom unit and Custom unit at checkpoint along the border; Guidance of Department of custom No 0097/CD, dated 06 Jan 2017 on Electronic Custom Declaration; Guidance No. 3849/CD, dated 13 June 2017 on the use of the import plans management system of goods and service, for exemption, free custom duty or reducing custom duty rate, strictly implement.

### 5.4. Dispute Resolution

The review of information and documentation of exemption, Fee custom duty and reducing rate of Department, Custom unit and Provincial Custom Unit, If there is found that document is not committed to the regulation and laws, suspicious found and etc. There is not allow inputting illegal data into the import plans management system and it is needed to report to director of department of custom to find the solution accords to regulations and the laws.

## **VI. Temporary import – Export of vehicle and Machinery**

1. Temporary import of vehicle and heavy machinery Department of Custom (Division of exemption and free customs duty) who is controlling the import plans management system, issue the certificate of data entry, approved the guarantee contract for temporary import to be documentation with custom declaration documents at

international checkpoint at the imported port.

To revoke the use of the passport book of temporarily imported vehicle by use The guarantee contracts of temporary import instead to reduce the process on the document;

2. To renewal of the temporary used of vehicle and heavy machinery the custom duty clearance need to bring all original documents to attachment along with temporary license for request to renew the license for temporary import from relevant sectors then submit for exemption, Free custom duty and reducing custom duty rate , to submit director of custom to determine accords to the regulation and laws;
3. Export the temporary import of vehicle and heavy machine that is assigned to checkpoint where is exit port to recheck the vehicle on-site, to remove the information of temporary import list and process the report in detail for export the vehicles accords to regulations;

The list of document that is a reference to considerate for export as below follow:

- Profile of documents for temporary import;
  - Approval letter for export or agreement of CIP in the central or local level, transfer noted from ministry of foreign affair (import by embassy and international organization);
  - Permit letter to export the vehicle from the Department of Transportation, Ministry of Public Work and Transportation.
4. For temporary import and export of goods and services, general materials, the raw material for manufacture, process product for industrial or other that assigns to the checkpoint who control and implement accords to the law and regulation.

In event that the actual implementation that is found with issue or difficulty That assigns to the checkpoint at the border to report to department of custom or provincial custom unit to find the solution accords to the regulations.

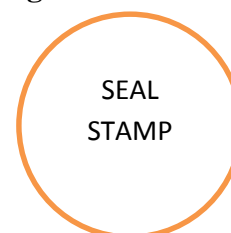
## **VII. Implementation**

Assign to departments associate with department of custom, custom unit, provincial custom unit and international checkpoint along the border in countrywide to elaborate, interrelation, to ensure its implementation of this recommendation to achieve its purpose, all together to disseminate this recommendation to entrepreneur to acknowledge and understand, all together to implement effectively.

### **12. Effectiveness**

This recommendation will be affected since the signatory date.

**Acting General Director**



**Bounphasert SIKHOUNLABOUTH**

**Copy to:**

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| 1. Vice prime minister, minister of finance  | 1 copy (reporting to acknowledge)      |
| 2. Vice minister of finance                  | 1 copy each (reporting to acknowledge) |
| 3. Head of Chief cabinet office              | 1 copy (reporting to acknowledge)      |
| 4. Deputy Director of Department of Customs  | 1 copy (reporting to acknowledge)      |
| 5. Relevant department of customs Department | 1 copy (reporting to acknowledge)      |
| 6. Custom unit and checkpoint along border   | 1 copy (reporting to acknowledge)      |
| 7. Keep as copy                              | 1 copy                                 |