



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of Finance

No. 1626/MOF
Vientiane, date 30 May 2019

Notification

To: Customs Sectors, Tax Sectors, Business Units Across the Country.
Subject: Warehouse Management of Goods, Petroleum and Gas.

- Pursuant to Law on Tax no. 70/NA, dated 15 December 2015 and Law on Value Added Tax no. 48/NA, dated 20 June 2018;
- Pursuant to Law on Customs no. 04/NA, dated 20 December 2011 and Law on Customs (Amended Some Articles) no. 57/NA, dated 24 December 2014;
- Pursuant to the Law on Accounting no. 47/NA, dated 26 December 2013;
- Pursuant to Decree on Organization and Operation of Ministry of Finance no. 114/PM, dated 08 May 2017;
- Pursuant to Decree no. 331/PM, dated 27 October 2017 on Petroleum Business;
- Pursuant to Notification of Ministry of Finance no. 3463/MOF, dated 29 October 2018 on the Use of Self-Monitoring Document for Petroleum Movement (Customs duties and taxes paid) Form 88;
- Pursuant to the Review and Request of Tax Department no. 2075/TD, dated 28 May 2019.

To make the warehouse management, monitoring and inspection of goods, petroleum and gas in compliance with laws and regulations, and the facilitated conditions for doing business, customs duties and taxes collections into budget in accurate, complete, timely manner according to the stipulated laws.

Ministry of Finance instructs:

1. Business units that operate the import and export business in the country which import goods, petroleum and gas for distribution, wholesale and retail as well as the business units that operate the processing and manufacturing shall have their own warehouse systems. For the goods shall be counted regularly and shall hold the warehouse account with manual record system or electronic system that able to inspect every time. Details for implementation are as follows:
 - 1.1 In the time of releasing goods, petroleum and gas from where incoming customs checkpoint or warehouse is shall have the detailed customs declaration document with attachment of relevant documents, and shall be passed the inspection of customs officers before release from the customs checkpoint in multiple forms as stipulated in article 26 of Customs Law although such goods are customs duties and taxes exempted or duties suspended.
 - 1.2 Every movement of goods, petroleum and gas shall specify clearly the target warehouse to be stored in with the following movement documents:

- **Petroleum and Gas:**

- Movement for non-sale, movement from warehouse to warehouse, province to province, province to district, district to district or district to province shall have the self-movement document (Form 88), warehouse exit invoice, receipt and other relevant documents;
- Importing petroleum for sale and movement shall have the copy of incoming customs declaration document with attachment of Form 88 every time. In case the petroleum that buy and sell in the country for domestic movement shall have the value added tax receipt and sales contract (if any) with attachment of Form 88 every time.

- **Consumer Goods and Other Goods:**

- Goods movement for non-sale which every time move from warehouse to warehouse, province to province, province to district, district to district or district to province shall have the copy of incoming customs declaration document with attachment of the movement form as stipulated by the Tax sector; In case the goods that buy in the country to move for reselling shall have the value added tax receipt with attachment of the movement form as stipulated by the Tax sector.
- Importing goods for re-export to third country (Trade in transit of goods) shall be stored in the border customs warehouse for inspection. After the customs officer completed the inspection and customs declaration issuance, the goods could transport to third country directly which is unnecessary to store such goods in the domestic warehouse again. But there shall be the management of Customs sector according to the laws and regulations. In case the distribution of re-export goods in the country is found, the tax officer will carry out post-calculation and post-collection of duties as well as the penalty according to laws and regulations;

1.3 Goods which import and buy in the country shall be stored in the company warehouse first. Goods, petroleum and gas is not allowed to distribute directly to customer without passing the warehouse system. If it is found, it shall be subjected to prosecution according to the laws.

1.4 Any business unit does not have its own warehouse system is not allowed to import and export goods, petroleum and gas. For the warehouse standard shall comply with the conditions of activities which relevant sectors allow.

1.5 Storing goods, petroleum and gas in the warehouse every time, the company shall notify the tax officer where it depends on or where the warehouse is located with the attachment of documents related to such import for inspection of accuracy.

1.6 Importing company of goods, petroleum and gas shall report the warehouse account (with the copied documents related to goods in warehouse) monthly to the Tax sector where it depends on and where the warehouse is located no longer than date 15th of next month for post-monitoring and post-inspection.

1.7 In case there is the request for deduction or refund of value added tax on import or there may be the value added tax carried forward for deduction, shall have the inspection of warehouse and have the certification note on warehouse inspection and counting from the tax officer, therefore it is allowed to carry forward for deduction or refund.

2. Duties and Responsibilities of Customs Sector as follows:

2.1 Inspect the conditions for business unit that operates the import and export of goods, petroleum and gas which shall perform as follows:

- Business operational license that could import and export according to the permitted business type;
- Tax payment certificate or annual tax registration certificate;
- For the business unit of petroleum and gas shall have the location inspection note of warehouse certified from relevant sectors. Vehicle for movement of petroleum and gas shall obtain the standard and permit from relevant sectors;
- When issue the customs declaration document every time shall determine the warehouse of destination and notify details on importing goods, petroleum and gas of each company to the tax officer for monitoring and inspection of warehouse entry, shall comply with obligations in accurate and complete manner as the stipulated laws.

2.2 Perform other duties according to the laws and regulations, and assigned by the management.

3. Duties and Responsibilities of Tax Sector as follows:

Tax sector carries out the monitoring and inspection of the general warehouse, petroleum and gas warehouse in the country as well as the movement of goods, petroleum and gas from checkpoints to warehouses, from one warehouse to another warehouse, from warehouse in one province to another province and carry out the warehouse inspection of business unit regularly. Each inspection shall have the joint note in details including inspection by the risk to have the goods smuggling to avoid customs duties and taxes payment as assessed in timely manner with the following inspection forms:

3.1 Regular inspection is notified in advance which carries out the warehouse inspection as once a month plan and each actual activity.

3.2 Sudden inspection is not notified in advance which carries out the urgent and out of plan inspection in the warehouse or on the route between the goods movement place or certain target location. When it is necessary to inspect due to the suspicion of hidden total or part quantity of goods and other things that will cause the avoiding of duties payment which the business unit owner is not notified in advance;

3.3 The Tax Department is assigned to make coordination system and assign the duty and responsibility for the central and local tax officer clearly to make this activity is implemented effectively and report the result of the implementation to Minister of Finance for acknowledgment in each quarter, six months and year.

3.4 The Tax Offices in Capital and Provinces are assigned to conclude and report the result of management and inspection of goods, petroleum and gas to the Tax Department regularly;

3.5 The Tax Offices in Districts are assigned to continue monitor, inspect and note down the meter number of fuel dispenser at each gas station located in their own districts monthly for calculating the income tax or value added tax according to the price structure in each period as well as calculating the taxes from other activities (Reserve activities) in the gas station. Then conclude and report to the Tax Offices in Capital and Provinces to conclude and report to the Tax Department by dividing into each company and each product type in details monthly and regularly for post-comparison and post-inspection (according to the stipulated form).

4. Collaboration between Customs Sector and Tax Sector:

4.1 For the importing goods which could not inspect at the border customs checkpoint due to the quality and quantity risk, shall inspect in the domestic warehouse by officer of both sectors carry out the joint collaboration and inspection. Form and methodology of inspection shall reduce the inspection along the road by turning to carry out the inspection of entrepreneur warehouse.

4.2 In case the goods have passed the inspection and the issuance of customs declaration document shall transfer to the Tax sector to carry out inspection. If there is inconsistent data

or unlike data, or the customs officer calculate the duties inaccurately and other things, both sectors shall be in collaboration to carry out the post-calculation of duties.

4.3 Both sectors are assigned to appoint the central and local coordinating committee for exchanging technical aspect, providing information each other regularly.

5. Measures Against Violators:

5.1 In case it is found the goods, petroleum and gas that the business unit does not have accurate certification document, avoid the hiding of goods quantity, and if the counting of goods in warehouse found the actual quantity is not line with the account concluded and reported to the Tax sector, there will be the post-calculation of duties, as well as the penalty in compliance with measures of Tax Law, Value Added Tax Law, Customs Law, Accounting Law and other relevant regulations.

5.2 If the importing company of goods, petroleum and gas does not have its own warehouse that operated the business previously, the company shall be temporary suspended the import within three months from the date of issuance of this Notification. If completed the due time, the company still has no warehouse as determined, it could be extended to another three months for improvement. If completed second due time but the company still has no warehouse, the company shall be cancelled the import permit unless it could have its own warehouse. Then, the company could request for the import permit according to the regulations;

6. The Customs sector, Tax sector and relevant sectors are assigned to collaborate and exchange the information each other regularly, and carry out the monitoring and inspection according to the roles of relevant sectors.

Therefore, this is notified for acknowledgement and implementation according to the contents of this Notification strictly.

Minister of Finance

Somdy Douangdy

cc:

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| - Prime Minister Office | 01 copy |
| - Minister of Planning and Investment | 01 copy |
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