

# Ease of Doing Business in Lao PDR 2018-2019



## Comparison of score and rank of each indicator

	Score	Rank
<b>Overall</b>	<b>53.01</b> 141	<b>51.26</b> 154
① <b>Starting a business</b>	<b>72.56</b> 164	<b>60.93</b> 180
② <b>Dealing with construction permits</b>	<b>75.25</b> 40	<b>67.94</b> 99
③ <b>Getting electricity</b>	<b>52.65</b> 149	<b>52.77</b> 156
④ <b>Registering property</b>	<b>69.55</b> 65	<b>64.93</b> 85
⑤ <b>Getting credit</b>	<b>55</b> 77	<b>60</b> 73
⑥ <b>Protecting minority investors</b>	<b>31.67</b> 172	<b>31.67</b> 174
⑦ <b>Paying taxes</b>	<b>54.18</b> 156	<b>54.22</b> 155
⑧ <b>Trading across borders</b>	<b>62.98</b> 124	<b>78.12</b> 76
⑨ <b>Enforcing contracts</b>	<b>56.22</b> 97	<b>41.99</b> 162
⑩ <b>Resolving insolvency</b>	<b>168</b>	<b>168</b>

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# Overview

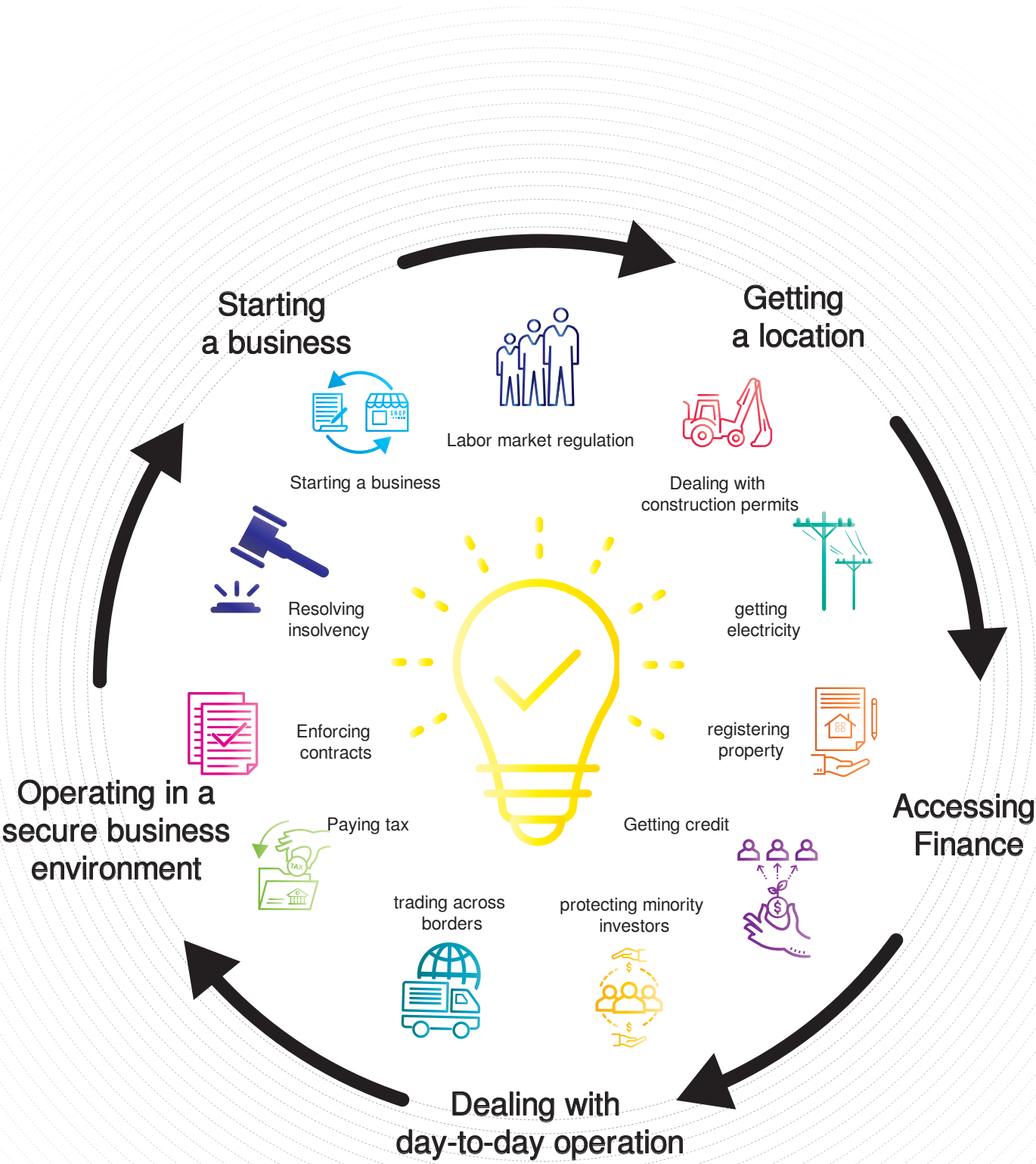
## The Ease of Doing Business report from April 2018 to June 2019

The Doing Business of the World Bank Group provides standard measures of business and their enforcement across 190 countries.

Doing Business has shown the business climate through gathering and analyzing comprehensive quantitative data to compare business regulation environments with other countries.

The report also encourages these countries including Laos to compete towards more efficient and standard business regulation.

# The 11 areas of business regulation measured by Doing Business affect firms throughout their life cycle



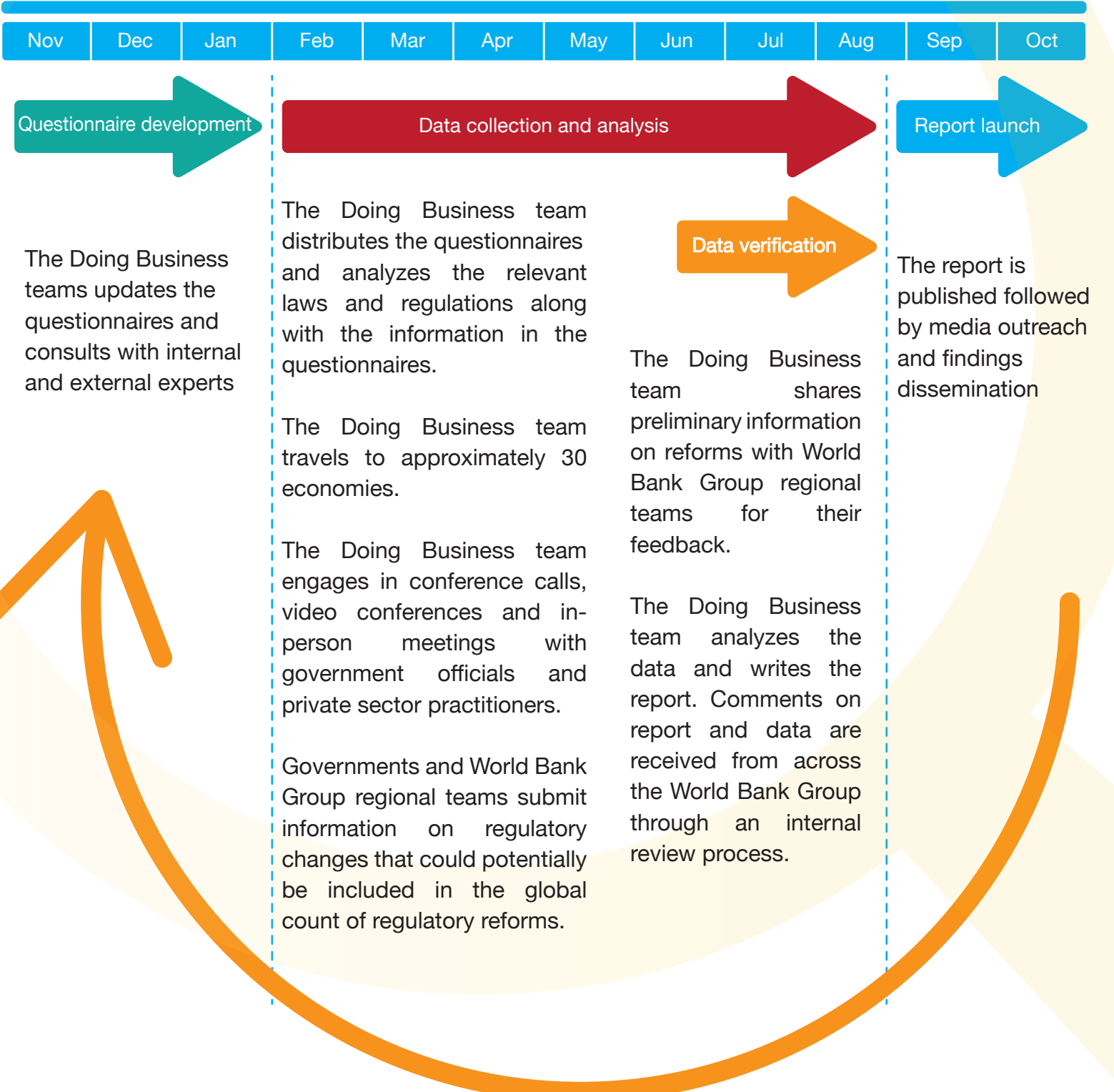
# What does Doing Business measure?

Focus on regulations relevant to the life cycle of a small to medium-size domestic business

Are built on standardized case scenarios

Are measured for the largest business city in each economy and the second largest business city in countries with more than 100 million inhabitants

# How Doing Business collects and verifies the data?



The Doing Business teams update the questionnaires and consult with internal and external experts

The Doing Business team distributes the questionnaires and analyzes the relevant laws and regulations along with the information in the questionnaires.

The Doing Business team travels to approximately 30 economies.

The Doing Business team engages in conference calls, video conferences and in-person meetings with government officials and private sector practitioners.

Governments and World Bank Group regional teams submit information on regulatory changes that could potentially be included in the global count of regulatory reforms.

**Data verification**

The Doing Business team shares preliminary information on reforms with World Bank Group regional teams for their feedback.

The Doing Business team analyzes the data and writes the report. Comments on report and data are received from across the World Bank Group through an internal review process.

The report is published followed by media outreach and findings dissemination

# 1.



## Starting a business

Ministry of Industry and Commerce has coordinated with related sectors to improve indicator 1 “Starting a business” in accordance with the Order 02/PM. As of today, there are four instead of ten procedures to complete (1. Enterprise registration; 2. Carving company seal; 3. Social security registration and 4. Value added tax registration). Starting a business takes no more than 40 days instead of 174 days

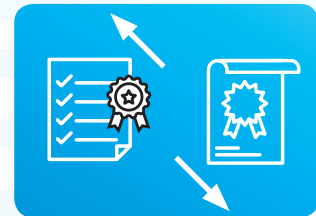
### 1.1



Issued Enterprise Registration Certificate and Tax Identification Number (TIN) at the same time at the Industry and Commerce sector through the integration of enterprise registration system and Tax Revenue Information System (TaxRis). The system has been implemented since mid-October 2018. The new Enterprise Registration Certificate including TIN can be issued in 18 Provincial and Vientiane Capital Department of Industry and Commerce and 108 District Office of Industry and Commerce nationwide.

(Pursuant to the Notification of Department of Enterprise Registration and Management, No. 1756, Dated 12 December 2018 regarding the application of the new “Enterprise Registration Certificate” and the Notification of Ministry of Finance No. 0489, dated 5 March 2019 regarding Issuance of Tax Identification Number)

### 1.2



Separated approval for business operating license from enterprise registration procedures which has been effective from 1st February 2019. An enterprise can operate once received business operating license and/or investment license approved by relevant sectors. Registration of Article of Association and company asset has been removed to be a post-procedure after business is in operation.

(Pursuant to the Decision of Ministry of Industry and Commerce, No. 0023, Dated 09 January 2019 regarding Enterprise Registration and the Notification of Ministry of Finance No. 1618, dated 30 May 2019 regarding Improving coordinating procedure and mechanism between document registration by the State Asset Department and tax registration)



# 1.3



Eliminated approval of content on the company signage. Enterprise can make company signage directly with a sign production company after receiving the Enterprise Registration Certificate.

(Pursuant to the Notification of Ministry of Industry and Commerce No 2823/, dated 26 November 2018 on Company Seal Production and Signage)

# 1.4



Eliminated company seal production approval by Industry and Commerce sector. After obtaining the Enterprise Registration Certificate, the enterprise can go directly to Public Security sector to produce company seal and register a use of company seal at the same time.

(Pursuant to the Decision of Ministry of Public Security No. 1748, dated 02 October 2018 regarding Company Seal Management and Production and the Notification of the Ministry of Industry and Commerce No 2823, dated 26 November 2018 regarding Company Seal Production and Signage)

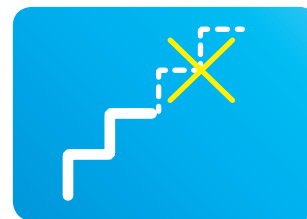
# 1.5



Eliminated Company Location Certificate

(Pursuant to the Notification of Ministry of Industry and Commerce No. 1596, dated 15 November 2018 regarding Elimination of Form for Location Certificate of Company or Branch and Enterprise Registration for Banking Businesses).

# 1.6



Tax orientation meeting is no longer compulsory but being basic tax knowledge session. The Ministry of Finance issued a notification that if any enterprise does not attend the orientation meeting within 30 days since receiving the Enterprise Registration Certificate, the enterprise is acknowledged and understood its tax obligations under laws and regulations.

(Pursuant to the Notification of Ministry of Finance No 0489, dated 05 March 2019 regarding Issuance of Tax Identification Number)

# 1.7



Simplified registration of social security for workers and spent only 1-2 days.

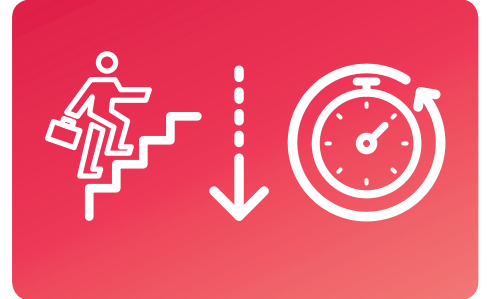
(Pursuant to the Instruction of Ministry of Labor and Social Welfare No 1206, Dated 23 April 2019 regarding Implementation of Law on Social Security (amended))

# 2.



## Dealing with construction permits

Ministry of Public Works and Transport has revised construction management regulations which are enacted in January 2019. These regulations shortened number of procedures and eliminated some irrelevant and repetitive documents for getting construction permits. The regulations will also impose time limits for dealing with construction permits.



### 2.1

Published regulation, brochure and poster for providing information for those apply for construction permits in April 2019.

(Pursuant to the agreement of Minister on construction management, No 2241/mpwt, dated 31 January 2019)

### 2.2

11-7

From 11 to 7 Procedures, No more than 30 days

Shortened procedures for obtaining construction permits from 11 to 7 and spent time no more than 30 days

### 2.3

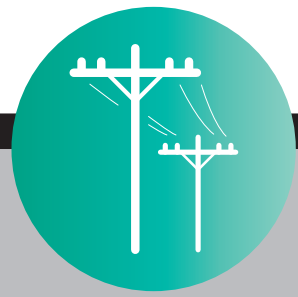


Application forms for Construction Permits can be downloaded from

<https://www.mpwt.gov.la>



# 3.



## Getting electricity

**6-3** From 6 to 3 procedures

### 3.1



**35** No more than 35 working days

3. EDL had reduced number of service procedures for installing an electrical meter transformers and distribution network construction for 22k/ 0.4KV nationwide from 6 to 3.

(Pursuant to the Regulation on Improving service procedures for installing electrical meter, transformers and distribution network construction, No 3578/EDL, dated 7 September 2018)

Not more than 35 working days for installing an electrical meter and constructing 22KV medium voltage distribution network with length of less than 2.0km long and installing transformer and constructing 0.4KV low voltage distribution network with length of less than 500m

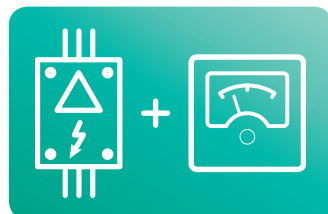
### 3.2



**7** No More than 7 working Days

Less than 7 working days to install only an electrical meter without distribution network construction

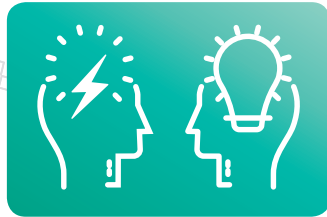
### 3.3



**15** No More than 15 working Days

Less than 15 working days to install an electrical meter with transformer installation

## 3.4



EDL has consulted with number of electrical installation companies with a purpose to improve installation service to customers to be faster. Such consultation will be continued to find out the best solution together.

## 3.5



You can contact us for obtaining application form for electricity installation and installation fee payment at all 6 branch offices of EDL and the Vientiane Capital Center for Electricity Bill Payment or download them from EDL's website at: [www.edl.lao.com](http://www.edl.lao.com).

## 3.6



Call Centre available for emergency electrical repairs service center. Just dial 1199 (Call Center) and Smart Meter Project (a modern electrical meter collect and transfer electrical usage information automatically).

# 4.



## Registering Property

The Ministry of Natural Resources and Environment developed a plan to improve regulations related to land management and services as following:

### 4.1



Developed modernized land administration, particularly the electronic database system throughout the country by applying digital system, called Lao Land Reg for land registration and land-related legal document registration. The land administration by Lao Land Reg program can also be linked to modern land measurement camera or GNSS

RTK. Presently,, there are 103 sets of GNSS RTK across the country which can link with Satellite (Core) Station that was already installed in 17 provincial stations. In 2029, 21 more stations will be built.

### 4.2



All regulations, laws, and information on standard services, land and construction value evaluation, method for fee calculation, compliant, Land Buy and Sale form. Other information are uploaded on the ministry's website Registration

([www.monre.gov.la](http://www.monre.gov.la))

### 4.3



Land service centers have established in 3 provinces with 6 locations for running one stop service and encouraging payment through banking system. The Centers in two provinces (Vientiane Capital and Xayabouly) are expected to be in operation soon.

# 5.



## Getting Credit

### 5.1



Bank of Lao PDR has developed reform action plan to improve getting credit/access to credit as follows:

- Within 1-2 years, working with ministry of justice to improve legislatives such as Law on Secured Transaction and Law on Bankruptcy
- Upgrading the database on credits along with the use of public utility data (electricity, water and telephone) for creating credit information materials

### 5.2



Registry Office for Security Interests in Movable Property, Ministry of Finance has provided services across the country as the following:

- Utilizing online registration through [https://www.mof.gov.la/str/en\\_index.html](https://www.mof.gov.la/str/en_index.html)
- Providing credit security service by using movable asset as collateral has started since 2013. The main entities registered for this are banks, leasing firms and microfinance institutions. The accepted credit security can be vehicles, machines and factoring account. Now, asset credits is worth more than 30 trillions USD.

# 6.



## Protecting Minority Investors

The Lao Securities Commission, Bank of Lao PDR has successfully developed and amended legislations relating to protecting minority investors in the area of capital market. These include the formulation of Corporate Governance Guideline for listed companies, revision of Decision on Reporting and Information Disclosure, Decision on Board of Directors, Instruction on Organization of Shareholders' Meeting and the Law on Securities is under amending process and [lanned to propose to the National Assembly at the end of 2019.

Enacted legislations relating to protecting minority investors in the area of capital market include:

### 6.1



Law on Securities No. 21/NA, dated 10 December 2012

### 6.2

Decision on Related Party Transactions No. 0023/LSC, dated 26 October 2016

### 6.3

Decision on Reporting and Information Disclosure No 04/LSC, dated 28 January 2019

### 6.4

Decision on Board of Directors No 10/ LSC, dated 26 April 2019

### 6.5

Instruction on Organization of Shareholders' Meeting of Listed Companies No. 0001/LSC, dated 30 April 2019

### 6.6

Guideline on Corporate Governance for Listed Companies, dated 24 April 2019

Related legislations can be found at: [www.lsc.gov.la](http://www.lsc.gov.la)





# 7.



## Paying tax

The Ministry of Finance has improved tax payment more convenient, transparent and faster as follows:

### 7.1



Issue Taxpayer Identification number at the same time as the enterprise registration certificate through the Tax Revenue Information System or TaxRIS

### 7.2



File and paytaxes online through <http://taxservice.mof.gov.la>

~~58~~  
26

From 58  
to 26  
entries

### 7.3



Modernize tax payment by Easy Tax Application through banking channels, such as counter service, mobile banking, internet banking, SMS and ATM

### 7.4



Simplified VAT filing form by shortening the number of entries from 58 to 26

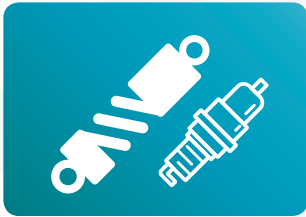
# 8.



## Trading across border

National Trade Facilitation Committee has streamlined procedures and times for dealing with import and export documents in particular, related to products stated in the Trading Across Border indicator, that are the import of vehicle parts and the export of minerals:

### 8.1



Issued a single import license for vehicle spare parts for assembly or producing at factory at the Department of Industry and Handicraft, Ministry of Industry and Trade, taking only 3 days.

(Pursuant to Order No 0535/MOIC.DIMEX, dated 10 April 2017)(Pursuant to Order No 0535/MOIC.DIMEX, dated 10 April 2017)

### 8.2



One time issuance of Customs Letter to Customs Checkpoints regarding mineral export (less frequency of issuing Customs Letter from every shipment to one lifetime) until a change in terms of Concession Agreement (CA). The procedure takes only three days.

(Notification on No.01616/CD, dated 02 April 2018)

### 8.3



VAT exemption for mineral export

(Pursuant to (Revised) Law on VAT No. 48/NA)

### 8.4



Shortened document processing of concerned ministries especially the Ministry of Energy and Mines to reduce time from 3 to 1 day (related to mineral distribution and export)

(Pursuant on Notification No 0011/DMM, dated 4 January 2019)

From 3 to 1 day

## 8.5



Ministry of Industry and Commerce developed Service Charter for import and export by aiming to reduce 50% of procedures, time and required document in 2019 and turn the service to automation.

**(Notification on the Implementation of Service Charter of Department of Import and Export No.4186/DIMEX, dated 12 September 2018)**



## Enforcing contract

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According to Plan for law formulation and revision in 2019 approved by the National Assembly, Ministry of Justice in collaboration with the People's Supreme Court and other related agencies will worked on revising Law on Civil Procedure, Law on Court Fees, Law on Contract, Law on Judgment Enforcement, Court Decision and formulate sub-legislations needed to close implementation gap for enforcing contract and and court proceeding procedures

# 10.



## Resolving Insolvency

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According to Plan for law formulation and revision in 2019 approved by the National Assembly, Ministry of Justice in collaboration with the People's Supreme Court and other related agencies will work on revising the Law on Bankruptcy which is expected to be endorsed by the National Assembly in 2019.

## **Ministry of Planning and Investment**

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For more information:



Doing Business Reforms in Laos