

Investment Types, Investment Activities and Application Process in Lao PDR

Before, mention of the application process of investment in Laos, this is important to give clear about the investment types and investment activities first. In Lao PDR, according to the Law on Investment Promotion of the year 2009, provides the investment types into three types and investment activities as following.

1. Investment type and activities

1.1 Investment types

There are three types of investment, namely:

1. 100% investment (solely investment of domestic or foreign);
2. Join investment between domestic and foreign (foreigner must hold stock not less than 10% of registered capital stock);
3. Business investment base on contract, which is investment between legal entities in Lao PDR with foreign legal entities as provided in contract but did not establish new legal entities or branch in Lao PDR.

2. Investment activities

There are 3 types:

1. Concession activity;
2. General activity;
3. Development activity in special and specific economic zones.

2.1 Investment in concession activities and strategy activities

- Concession activities means the activities which is approved by state to use the right in the property and other rights of the state base on development regulation and operate certain business such as land concession, mineral, hydropower, strategy activities: airplane, telecommunication, insurance and finance institution.

- Planning and investment sections and will be considered of concession activities based on investment promotion law.

- The procedure for consideration of concession activities are base on the activities that shown in the list of investment or not appear in the list.

- Proposal should be only legal entities.

- Concession registers form, which includes investment license, investment promotion policy, business code, and identity code of taxpayer.

2.2 Investment in general activities

- General activities are investing in general business, which includes activities in the negative list and non-negative list, but those activities are not concession.

- The sector of industry and commerce will be considered to issues the enterprise register license base on the procedure, which provided in the Enterprise Law;

- The investment activities, which are not in the negative list, can issue enterprise register license within 10 official days;

- The investment activities, which are in the non-negative list can issue enterprise register license within 13 official days;

- The enterprise register license, which covers the investment approval, investment policy, and identification of taxpayer.

2.3 Special and Specific Economic Zones (SSEZ).

- Government is identified and approval of special and specific economic zones and application for investment must be in the following targets:

- Special and Specific zones are including:

- Industrial estate zone;
- Production for exporting zone;
- Tourism zone;
- Trading zone/ border trading zone;
- Duty free zone;
- IT development zone.

Remark: Application for investment in SSEZ has 2 characteristics as below:

1. Zone developer: can apply for investment with the secretary office, Laos National Committee for Management of Special and Specific Zones, which must has following documents:

1. Master Plan for development the zone
2. Report of the analysis of economic and technique
3. Report of environmental impact assessment
4. Draft of the agreement contract
5. Financial status.

2. Investor in zone: this is investment in SSEZ which some activities are available; investor can apply for investment with the director of SSEZ, which investor can easily invest in the zone that he/she wanted.

3. Term of investment

- Investment in general activities is not limited term, except some activation with fix term in the specific law and regulation of relevant sector (Article 20 of Investment Promotion Law, 2009).

- The term of investment in concession is base on type, size, amount, condition of concession activities and bases on the specific law and regulation of relevant sector, but not over than 99 years old, and can be extended base on the approval of government or provincial authority, for example in case of investor did well the project and making highest benefit to nation, efficiency implantation of contract and make effort for local development distribution (Article 28 of Investment Promotion Law, 2009).

- The term of investment in development activities in SSEZ bases on type, size, condition in each SSEZ not more that 99 years old, and can renewable depending on investor did well the project and making highest benefit to nation, efficiency implantation of contract and make effort for local development distribution (Article 42 of Investment Promotion Law, 2009).

4. Application of investment and regulation of investment

Ministry of Investment and Planning

Department of Investment Promotion/Provincial Division of Investment and Planing

Concession activities and establishment of representative office

concession license, investment license, and establishment of representative office license

Ministry of Industry and Commercial

Department of register and enterprise management/Provincial Department of Induty and Commerical

General activities (Nagative list) (Non-negative list)

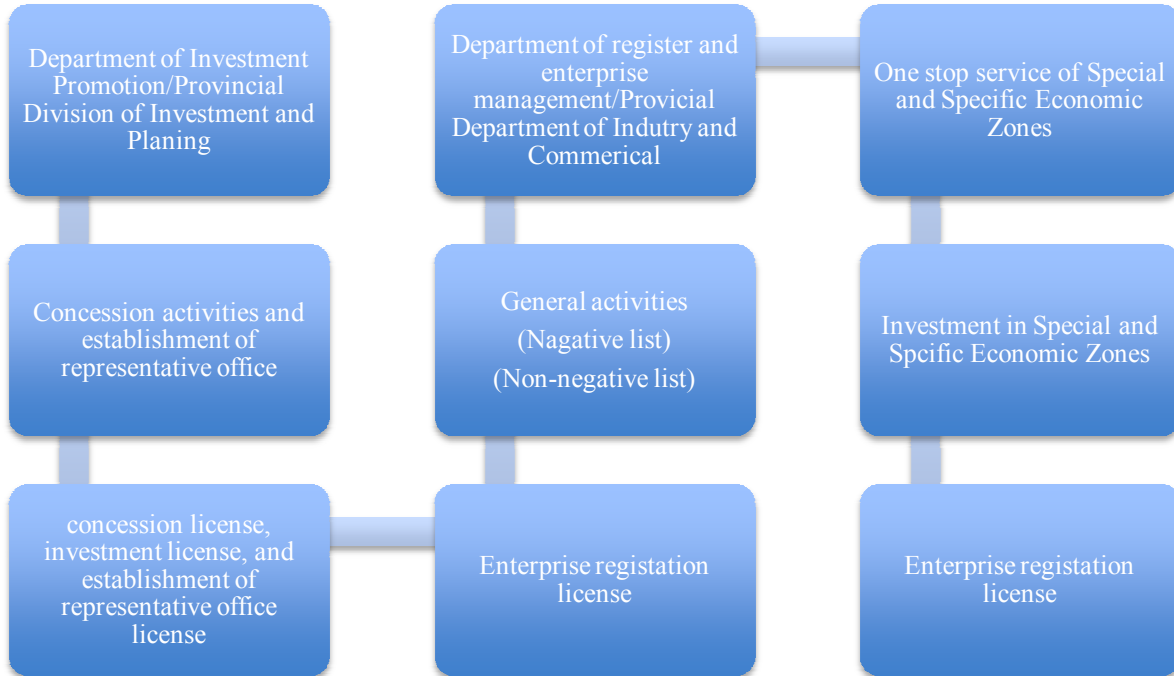
Enterprise registration license

Special and Specific Economic Zones

One stop service of Special and Specific Economic Zones

Investment in Special and Spcific Economic Zones

Enterprise registration license



Reference

Ministry of Planning and Investment, Investment Promotion Department, 2010. Guide for
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National Assembly of Laos, Law of Investment Promotion in Lao PDR, Amended 2000.

National Assembly of Laos, 2005. Law on business

www.investlaos.gov.la

www.ero.gov.lao

www.sncsez.gov.la