

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Prime Minister's Office

No. 362/PM
Vientiane, 19 October 2007

CUSTOMS LAW
IMPLEMENTING DECREE

- Referring to Law 02/NA of 6 May 2003 on the Government of Lao PDR,
- Referring to the improved Customs Law 05/NA dated 20 May 2005,
- Referring to the letter of proposal 2373/MOF dated 2 October 2007 of the Minister of Finance,

The Prime Minister issues the following Decree:

Article 1 Objectives

This Decree sets the Customs Law's implementation with regards to principles, policies, regulations and detailed measures governing import and export, transit and circulation of goods and merchandise within the Lao People's Democratic Republic, and more specifically goods and merchandises under duty suspension or awaiting customs clearance, with the view of encouraging and promoting manufacturing, services and applying promoting policies, protecting domestic manufacturing and businesses, encouraging exports, attracting domestic and foreign investments for steady national economic growth and nationwide unified performance of obligations towards the national budget by individuals, juristic entities and organizations consistently with international conventions and agreements adhered to by the Lao PDR.

Article 2 Customs Territory

The customs territory covers the territory of Lao PDR, including its air, water space and border with foreign countries recognized through international laws for the performance of customs officers' duties as described under Article 5 of the Customs Law 05/NA of 20 May 2005.

In fulfilling the commitments taken by the Government of Lao PDR through its adherence to agreements regarding facilitations, freight and passenger transport with the Greater Mekong Sub-region's countries for joint inspection of goods, merchandises and passengers at a single site and time, the customs officers of Lao PDR are authorized to perform their duties outside the Lao PDR's customs territory in order to exercise joint activities with customs officers from other member countries of such agreements and customs officers of other member countries of such agreements are similarly authorized to enter and jointly work with customs officers of Lao PDR at the mutually agreed site.

Article 3 Modifications to Customs Tariffs in Necessary Cases

In necessary and urgent circumstances requiring modifications to the customs tariffs, the Government may propose the National Assembly Standing Committee to reduce or increase customs tariffs, modify customs rates set out in the customs tariffs in the form of percentage of the declared values into fixed rates (setting customs and other charges per unit of goods and merchandise) as stipulated in Article 6 of the Customs Law 05/NA dated 20 May 2005.

Tariffs set out in the customs tariffs may not be modified by individuals, juristic entities, organizations or administrative authorities at any level in any manner, such as through direct reduction or increase, exemption, reduced or increased declared values, quantity, volume or weight to impose goods and merchandises and other statutory charges. Any detriment to national interest and revenues of the national budget from such acts will be considered as acts of corruption and will entail strict disciplinary measures or legal actions.

Article 4 Declared Value for Assessment of Import Duties

The declared value of imported goods and merchandise as stipulated in Article 13 of the Customs Law 05/NA dated 20 May 2005 is based on the principles regarding the valuation of imported goods and merchandises for the purpose of customs clearance.

The declared value of goods and merchandises imported to Lao PDR is determined on the basis of the following procedures:

(1). The declared value of imported goods and merchandises is the transaction value actually paid or price to be paid for the imported goods and merchandises.

(2). If the imported goods and merchandises may not be valued under item (1) above, the declared value must be the declared value of similar goods and merchandises.

(3). If the imported goods and merchandises may not be valued under (1) and (2) above, the declared value will be the transaction value of similar imported goods and merchandises.

(4). If the imported goods and merchandises may not be valued according to (1), (2) or (3) above, their valuation will be made by deducing certain costs from prices of the goods of merchandises applied in Lao PDR.

(5). If imported goods and merchandises may not be valued according to (1), (2), (3) or (4) above, customs valuation will be based on the production value of the imported goods and merchandises.

(6). If imported goods and merchandises may not be valued based on the different methods described above, customs valuation will be carried out through rational methods consistent with the various principles outlined in items (1), (2), (3), (4) and (5) above based on information available in Lao PDR.

1. The 6 methods will be applied consecutively from (1) to (6), with the possibility of changing the order of application between method (4) and (5) at the importer's request.

The Minister of Finance will issue detailed recommendations on the implementation of this Article and separate rules from time to time on minimum valuation of certain goods and merchandises with high impacts and risk to inspection and management.

Article 5 Assessment of Customs Duties and other Charges

Customs duties and other charges as stipulated in Article 22 of the Customs Law 05/NA dated 20/05/2005 must be denominated in Kip and assessed ad valorem on the basis of the US Dollar multiplied by the selling rate posted by the banks on the

date of detailed customs declaration multiplied by the customs and other charge rates set out in the customs rate nomenclature and the Tax Law.

To facilitate the compilation of statistics and assessment of duties and other charges, any adjustments or rounding of figures will be applied as follows:

- Decimals in prices denominated in foreign currencies should be kept up to 2 digits.
- Prices in Kip with decimals should be rounded upwards, such as from 1 to 50 up to 50 and from 51 to 99 to 100.
- Assessed duties and taxes are rounded upwards from 1 to 99 to 100.

Article 6 Payment of Duties and other Charges

Upon detailed recording by customs officers of detailed customs declarations, duties and other levies become payable at once as stipulated in Article 23 of the Customs Law 05/NA dated 20 May 2005.

In the event duties and other levies are not paid at the time described above, a fine equal to 0.01% of the payable duties and levies will be charged per day of delay for no more than seven days excluding official holidays. Beyond this timeframe, goods and merchandises will fall under the specific supervision of customs officers and measures described in Article 42 of the Customs Law will apply.

Article 7 Removal of Goods and Merchandises from Warehouses or Customs Posts

Removal of goods and merchandises from warehouses or customs posts as stipulated in paragraph 2, Article 25 of the Customs Law 05/NA dated 20.05.2005 will strictly comply with the following:

1. Importers may remove goods and merchandises from warehouses or customs posts prior to the remittance of duties and other levies, provided a customs guarantee is given together with complete permit for import of goods and merchandises to the customs authorities in charge of the point of import for approval in accordance with the rules and provide a deposit equal to one hundred and twenty percent of the payable duties and other levies.

- Imports under duty exemption or holiday by government organizations, international organizations, staff of international organizations or persons enjoying diplomatic privileges may be authorized to be given guarantees from trustworthy organizations, entities or persons.

2. Upon due approval from the customs authorities and deposit, customs officers will inspect goods and merchandises as stipulated in Article 24 of the Customs Law 05/NA dated 20 May 2005. Importers are required to remove their goods and merchandises from warehouses or customs posts at once.

3. Within seven days from the recording of customs guarantee excluding official holidays, owners of goods and merchandises are required to submit detailed customs declarations (D40) to customs officers of the point of entry for payment of duties and other levies. Any monetary deposit will be reimbursed and the customs guarantee will be terminated. Beyond this timeframe, the customs authorities will keep the deposit for another twenty three days excluding official holidays from the guarantee's termination. If, within twenty three days, owners of goods and merchandises submit detailed customs declarations for the retrieval of guarantees, in addition to compliance with customs rules or payment of duties and other levies in full as required by the regulations, they will also be required to pay fines equal to 0.01% of the payable duties and levies per day of delay from the date of termination of the guarantee. Beyond the period of twenty three days, the customs authorities will remit

a sum equal to duties and other levies from the deposit to the national budget at once. The remainder of the deposit will be applied towards the payment of fines in accordance with the regulations.

Article 8 Examination of Customs Declarations

All customs declarations are subject to re-examination by the customs authorities as stipulated in Article 28 of the Customs Law 05/NA dated 20 May 2005. Therefore, importers, exporters or their agents assigned in writing will be directly liable for any information, such as origins, codes of goods, declared value, import duty rates and tax rates, duties and other levies or information on exported and imported goods provided in detailed customs declarations they have certified and signed and submitted to the customs officers for inspection and detailed recording as stipulated in Sections 1, 2, 3 and 4, Part III of the Customs Law 05/NA dated 20 May 2005. To expedite and simplify customs clearance and removal of goods from warehouses or customs posts, customs officers at points of import/export will accept initial declarations according to documentations provided by the customs clearing persons, which does not infer that customs officers at border cross-points recognize the accuracy of information provided in detailed declarations. Therefore, all detailed customs declarations will be re-examined by the customs authorities within three years from recording. Re-examination by customs officers may be carried out at the offices of import/export businesses, storage premises, factories and plants, outlet shops held by persons, juristic entities or customs clearance service providers, transporters, owners of goods in order to review accounts, documents, other relevant information and goods as stipulated in Articles 26, 27, 28 and 67 of the Customs Law.

If the review by the customs authorities yields firm evidence of incorrect information provided by importers/exporters or their agents affecting duties and other levies, the customs authorities will notify the review's results and re-assessment to importers/exporters or their agents in writing by setting a timeline for the payment of outstanding duties and other levies, as well as a fine equal to the avoided and concealed duties and other levies as stipulated in Article 52 of the Customs Law. Where duties and other levies are not affected, a fine of 150,000 – 5,000,000 kips will be charged as warning as stipulated in Article 19 of this Decree.

Failure to comply with notices from the customs authorities will entail additional measures as stipulated in Articles 59, 67, 92 and 93 of the Customs Law 05/NA dated 20 May 2005.

Article 9 Resubmission of Customs Declarations

Customs declarations may be re-submitted as stipulated in Article 29 of the Customs Law 05/NA dated 20 May 2005 as follows:

1. Any contention relating to the origin, codes of goods and duties or results of inspection and assessment of discrepancies including other fines by customs officers may be submitted in writing to the Director-General of the Customs Department in the form provided by the customs authorities accompanied with all relevant information and reliable evidence and proposed solution within thirty days from receiving detailed customs records or notice of inspection results or assessment of discrepancy from the customs authorities.

2. The Director-General of the Customs Department will consider and make decisions within no more than thirty days from the recording of the applications' receipt into the register. Rules on resolutions are based on technical verification of information and evidence as stipulated in regulations. If properly and sufficiently

justified, applications will be settled. If proposed solutions may not be applied, the Director-General of the Customs Department will submit written responses with detailed explanations of the reasons to immediate higher authorities.

- If the decision made by the Director-General of the Customs Department is not accepted, a written application may be made to the Minister of Finance within thirty days from receiving the Customs Department Director-General's answer.

3. The Minister of Finance will consider and issue a decision on such applications within thirty days from registering the application. If the decision of the Minister of Finance is not deemed satisfactory, a plaint may be filed with the court within fifteen days from receiving such answer.

Article 10 Imports for Exhibition, Educational and Experimental Purposes

Temporary imports of goods into the Lao PDR for exhibition, educational and experimental purposes as stipulated in paragraph 3.(b), Article 39 of the Customs Law 05/NA dated 20 May 2005 are subject to the following rules:

1. Goods imported for non-commercial exhibition, educational and experimental purposes:

Before importing such goods into the Lao PDR, certifying documents and guarantees from the relevant organizations, list of goods in the required form must be submitted to the customs officers for consideration. Following the end of exhibitions, goods must be re-exported at once in their original quantity and condition at the determined time and as stipulated in the agreement of guarantee.

2. Goods imported for sale at exhibitions must be described in the form provided by the customs authorities and submitted to inspection and assessment of duties and other levies by the customs officers, in order to make a deposit equal to the assessed sum with an additional 20%. Upon inspection and approval by customs officers, the goods and documents must be brought to customs officers stationed at exhibition sites or to the closest customs authorities for monitoring, control and management.

At the end of exhibitions, if goods were sold, details will be declared to the customs officers stationed at the exhibition site or nearest customs office for payment of duties and other levies in full; documents and evidence of payment of duties and other levies with any remaining goods are then brought to customs officers of the point of entry for the reimbursement of deposits.

Article 11 Imports for the Manufacturing, Assembly and Modification of Export Goods

Imports of such items as stipulated in paragraph 3.(c), Article 39 of the Customs Law 05/NA dated 20.05.2005 are subject to the following rules:

1. Imports of raw materials to Lao PDR for the export-oriented manufacturing under contracts with overseas buyers require the submission by importers of detailed temporary import declarations (D.50) to customs officers at the point of entry with import master plans, production plan, production costs calculation formula approved by the relevant sectoral authorities and agreement of guarantee with the customs authorities attached. Such imports will benefit from a six-month duty and other levy holiday and remain under the supervision of customs officers.

If, upon the expiry of the six-month period, importers are unable to process products for export, an extension of no more than three months may be requested provided a deposit is made with the customs authorities and the following rules are applied:

- The customs authorities must be approached to deposit the sum assessed in the detailed customs declaration (D.50) at import. The deposit will be kept by the customs authorities in an escrow account;

- Any delay in doing so will entail a fine equal to 0.01% of the duties and other levies assessed in the detailed customs declarations (D.50) per day. Fines will be remitted to the national budget in accordance with the regulations;

- If, within three months, products are exported, the deposit will be reimbursed according to the actual export volume to the owners. If, within three months, no export is made, the deposit will be remitted in full to the national budget at once;

- In the failure to notify or improper transaction or use, in addition to payment of duties and other levies, fines equal to one fold the payable duties and other levies will be charged on the basis of breach to temporary import rules as stipulated in Article 52 of the Customs Law 05/NA dated 20 May 2005.

2. Imports of materials to Lao PDR to assemble export-oriented products require importers to submit detailed customs declarations under the temporary import regime (D.50) to customs officers at the point of entry with import master plan, production plan, quantity of parts used to assemble one product unit as determined by the relevant sectoral authorities and agreement of guarantee entered with the customs authorities attached. Such imports will benefit from a sixty-day duty and other levy holiday and remain under the supervision of customs officers.

If, at the expiry of the sixty-day period, importers are unable to assemble export products, an extension of no more than thirty days may be requested provided a deposit is made with the customs authorities beforehand and the following rules are applied:

- The customs authorities must be approached to deposit the sum assessed in the detailed customs declarations at import. Such deposit will be kept by the customs authorities in an escrow account;

- Any delay in doing so will entail a fine equal to 0.01% per day of delay of the duties and other levies assessed in the detailed customs declarations (D.50). Fines will be remitted to the national budget in accordance with the regulations;

- If, within thirty days, products are exported, deposits will be reimbursed proportionately with the actual volume of export to their owners. If, within thirty days, no export is made, the deposit will be remitted to the national budget in full at once;

- Failure to notify or improper transaction or use, in addition to payment of duties and other levies, will entail a fine equal to one fold the payable duties and other levies on the basis of breach to the temporary import rules as stipulated in Article 52 of the Customs Law 05/NA dated 20 May 2005.

3. Imports of materials for modifications or repair and re-export require authorizations from the relevant sectoral authorities and agreements of guarantee be entered with the customs authorities to permit temporary import for forty five days under duty and other levy holiday and customs officers' supervision.

If, upon expiry of such timeframe, importers are unable to make the required modifications or repairs for re-export, an extension or no more than thirty days may be requested provided a deposit is made beforehand with the customs authorities and the following rules are applied:

- The customs authorities must be approached and a deposit equal to the sum assessed in the detailed temporary import declarations at import. The deposit will be kept by the customs authorities in an escrow account;

- Any delay in doing so will entail a fine equal to 0.01% of the duties and other levies assessed in the detailed customs declarations (D.50) per day of delay. Fines will be remitted to the national budget in accordance with the regulations;
- If, within thirty days, products are exported, the deposit will be reimbursed proportionately with the actual volume of export. If, within thirty days, no export is made, the deposit will be remitted to the national budget at once.
- Failure to notify or improper transaction or use will entail, in addition to duties and other levies, a fine of one fold the duties and other levies on the basis of breach to the temporary import rules as stipulated in Article 52 of the Customs Law 05/NA dated 20 May 2005.

Article 12 Temporary Import of Heavy Plants

Temporary import of heavy plants as stipulated in paragraph 3.(d), Article 39 of the Customs Law 05/NA dated 20 May 2005 is authorized under the following conditions for eligibility, such as:

Companies awarded contracts for the execution of assistance grant and loan financed projects through international tenders or foreign companies that are parties to agreements with the Government of Lao PDR regarding concessions, survey and designs, constructions or project developments, may bring heavy plants, such as bulldozers, excavators, cranes, rollers, tanks, trailers and other professional vehicles to Lao PDR on a temporary basis within the period of effectiveness of agreements entered with the Government, project master plan, capital, work volume of the project, agreements with the relevant sectoral authorities for a determined period of time which, according to the laws, may not exceed 2 years during the term of effectiveness and during which time a duty and other levy holiday will be granted under the following rules and regulations:

- Importers are required to obtain all above-mentioned permits and authorizations in full.
- An agreement of guarantee is entered with the customs authorities for use in the approved projects and re-exports within a determined period of time in their original numbers and conditions.
- Detailed customs declarations (D.50) are submitted to customs officers at the point of entry for consideration and approval.

If, prior to the expiry of the agreement of guarantee, importers intend to request an extension to agreements of guarantee, a written application with approval from the relevant sectoral authorities attached will be submitted to the customs authorities for consideration. If consent is given by the customs authorities to such extension, importers are required to make deposits according to the rules and regulations, such deposit to be discounted proportionately with the period of temporary import; The discount's assessment base is the total duties and other levies assessed in detailed customs declarations (D.50) at import. Deposits will be kept by the customs authorities in escrow accounts for the authorized period of time and will be reimbursed proportionately at re-export. Any delay in applying for an extension of agreements of guarantee will entail a fine equal to 0.01% per day of delay of assessed duties and other levies. Fines will be remitted to the national budget in accordance with the regulations.

Details of the deposit discount and reimbursement at re-export are shown in the following table:

a. Deposit discount table

Temporary import term	Discount %
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Up to 3 months	40%
From 3 to 6 months	35%
From 6 months to 1 year	25%
From 1 year to 1 year and 6 months	15%
From 1 year and 6 months to 2 years	10%
Over 2 years	No discount

b. Deposit reimbursement at export table

Permit extension term	Reimbursement rate
Permit period up to 3 months	90%
Permit period exceeding 3 to 6 months	80%
6 months to 1 year exceeding permit period	70%
1 year to 1 year and 6 months exceeding permit period	65%
1 year and 6 months to 2 years exceeding permit period	55%
2 to 3 years exceeding permit period	45%
3 to 4 years exceeding permit period	35%
4 to 5 years exceeding permit period	25%
Over 5 years beyond permit period	Duties and other levies are not reimbursed

If, prior to the expiry of agreements of guarantee, importers are awarded new projects under agreements with the Government and intend to transfer heavy plants from previous to new projects, written applications must be submitted to the customs authorities for consideration under the following rules:

1. In case deposits are required, reimbursements are first calculated and paid according to Table B.
2. Payment of fines according to Article 51 of the Customs Law.
3. Agreements of guarantee are entered with the customs authorities on use in authorized projects and re-export within the determined timeframe in original numbers and conditions.
4. Deposits are made according to Table A above.
5. Approvals and permits from the relevant sectoral authorities.
6. The customs authorities will consider issuing permits in accordance with the regulations.

Article 13 Temporary Import of Vehicles with up to 30 Seats

Temporary import of vehicles with up to 30 seats as stipulated in paragraph 3.(d), Article 39 of the Customs Law 05/NA dated 20 May 2005 is subject to the following conditions:

Companies awarded assistance grant and loan financed projects through international tenders or foreign companies entering agreements with the Government of Lao PDR regarding concessions, surveys, constructions or project developments and authorized to bring vehicles as indirect production or service inputs, such as sedans, jeeps, pick-ups, minibuses, buses and others under the temporary import rules for a determined period of time which, according to the law, may not exceed 2 years. However, in the case of long-term projects, their use beyond the stipulated timeframe may be permitted based on the projects' term of contract. The temporary use of such vehicles is subject to the application of the following rules:

- Importers are required to obtain permits and authorizations from the relevant authorities in full.
- Agreements of guarantee are entered with the customs authorities on use in authorized projects and re-export within determined timeframe in original numbers and conditions.
- Detailed customs declarations are submitted to customs officers at points of entry for the payment of duties and other levies in accordance with rules and regulations.

Prior to the expiry dates of agreements of guarantee, importers are required to bring vehicles and relevant documentations to the customs posts to submit detailed customs declarations to customs officers for their re-export. Following recording by customs officers of inspection results and certification of such vehicles' re-export from the territory of Lao PDR, importers may submit such documents to the customs authorities supervising the post for the reimbursement of duties and other levies within twenty one days based on the rates shown in the following table:

a. Import of vehicles in 100% new technical conditions

Period of use in Lao PDR	Reimbursement rates
Up to 6 months (183 days)	90% of paid duties and other levies
From 6 months to 1 year	80% -"-
From 1 year to 2 years	70% -"-
From 2 years to 3 years	55% -"-
From 3 years to 4 years	45% -"-
From 4 years to 5 years	35% -"-
Over 5 years	No reimbursement of duties and other levies

b. Import of used vehicles

Period of use in Lao PDR	Reimbursement rates
Less than 6 months (183 days)	80% of paid duties and other levies
From 6 months to 1 year	40% -"-
From 1 to 2 years	30% -"-
From 2 to 3 years	20% -"-
Over 3 years	No reimbursement of duties and other levies

Agreements of guarantee will expire upon due reimbursement of duties and other levies to importers by the customs authorities.

If importers fail to perform by agreements signed with the customs authorities by failing to re-export vehicles within the determined timeframe, duties and other levies paid at import will be remitted to the national budget at once and action will be induced for breaching the temporary import regulations and a fine equal to one fold the duties and other levies paid at import will be charged in accordance with the regulations set out in Article 52 of the Customs Law 05/NA dated 20 May 2005 or other measures applied as provided by the law.

Article 14 Temporary Import of Machinery, Equipment, Parts, Office Supplies

Temporary imports of machinery, equipment, parts and office supplies as stipulated in paragraph 3.(d), Article 39 of the Customs Law dated 20 May 2005 are processed as follows:

1. Imports of machinery, tools, equipment used in production, survey and design, construction or project development will be authorized specifically with

regards to items within their effective life of use throughout the life of the project and which may be re-exported in their original numbers and conditions under agreements of guarantee, such as laboratory equipment, generators, pumps, mechanic tools, electricity tools, water tanks, fuel tanks, asphalt boiling tanks, air pumps, welders, saws, grinding wheels, iron frame structures, iron benches and others.

Materials and equipment for construction and repairs may not be imported on a temporary basis and will be subject to the payment of statutory duties and other levies due to their full use or depreciation in the project's implementation from their original conditions which does not allow inspecting and certifying re-export in their original numbers and conditions, such as: iron bars, cement, welding bars, grinding blocks, all types of grease, fuel and others.

2. Imports of parts for replacement:

Parts for replacement may be imported specifically for parts with long-term life of use and remaining value from depreciation, such as caterpillar tracks for bulldozers, excavators, front-loaders, external engines that may be verified and certified at re-export only.

Fully used or depreciated parts from their original conditions that may not be re-exported in their original numbers and conditions at import from their use in projects, such as tires, internal parts of engines, equipment and others may not be imported on a temporary basis and are subject to payment of statutory duties and other levies.

3. Imports of office and household supplies:

Imports of office and household supplies under temporary import regime may be authorized specifically only for items with long term life of use that may be re-exported in their original numbers and conditions, such as:

- Office supplies: computers, photocopiers, typewriters, facsimiles, filing boards.

- Household supplies: wardrobes, tables, chairs, beds made in iron or wood, air conditioning sets, refrigerators or freezers, fans, electric ovens, gas cookers, washing machines and others.

Items fully used or depreciated from their original conditions that may not be re-exported in their original numbers and conditions when imported may not be brought under the temporary import regime and are subject to payment of statutory duties and levies.

Where importers fail to perform by agreements entered with the customs authorities by failing to re-export machinery, equipment, parts, office supplies within the timeframe determined in the agreements of guarantee, duties and other levies will become payable in accordance with the rules and regulations on the basis of breach to the temporary import rules and a fine of one fold the duties and other levies will be charged as stipulated in Article 52 of the Customs Law 05/NA dated 20.05.2005 or other measures stipulated by the law will be applied.

Article 15 Imports of Vehicles for Touring Purposes

Travelers entering temporarily the Lao PDR as stipulated in paragraph 6, Article 39 of the Customs Law 05/NA dated 20 May 2005 with vehicles for touring, visit or work purposes in Lao PDR will benefit from duty and other levy holiday. Vehicles may be brought through international border cross points only subject to payment of statutory fees and charges under the following conditions:

- Possession of a cross-border transport vehicle permit.
- Details filed onto forms provided by the customs authorities.

With attached necessary documents (such as: insurance policies, technical inspection of vehicles, vehicle license...) for submission to customs officers:

- + Drivers with passports may use the vehicles in Lao PDR during no more than thirty days. If necessary and sufficiently justified, an extension of no more than thirty days may be requested and vehicles must be re-exported through international border cross-points only.

- + Drivers with border passes may use the vehicles in Lao PDR for no more than seven days. If necessary and sufficiently justified, an extension of no more than seven days may be requested within the limitations of use set by the Government and vehicles must be re-exported through the international border cross-point of the province where they were brought in.

- If an extension is requested, drivers are required to bring the vehicle and vehicle import declaration for submission to the customs post of the point of entry, closest regional customs office and customs post or the Customs Department with a letter of guarantee from reliable organizations, entities or persons for consideration.

If the permitted period of time mentioned in the customs declaration expired but drivers fail to re-export vehicles in due time without intention of breach as certified by reliable documents, additional levies equal to US\$5 per day will be charged for each day of excess until the date of re-export, except in case of force majeure. In case of intentional breach, a fine of US\$10 will be charged per day.

- In case of breach to these temporary import rules, when discovered by customs officers, such as illicit sale, barter, pledge or transfer for use in services and rent, transport of passengers, freight transport and others, vehicles will be seized and action taken to re-export them. If re-export is not feasible, the vehicles will be appropriated by the Government and auctioned in accordance with the rules stipulated in Articles 41 and 42 of the Customs Law 05/NA dated 20 May 2005.

Article 16 General Exemptions of Duties and other Levies

General exemptions are set out in Article 43 of the Customs Law 05/NA dated 20 May 2005. Detailed goods benefiting from duty and other levy exemption policy are:

- Certain types of food brought by passengers and tourists within the necessary volume and quantity to sustain each person during three days only and provided such food is safe from virus;

- Jewels on passengers;

- No more than one liter of alcohol and no more than two liters of wine;

- One carton of cigarettes (200 cigarettes) or 50 cigars or 250 grams of tobacco;

- One essence and one perfume each;

- One used camera or video recorder and 10 film rolls;

- No more than 2 used baby carts;

- One used personal computer;

- No more than two used mobile phones;

- Non-commercial goods and items not exceeding US\$50 in value;

- Heirlooms brought into Lao PDR with testator's deed officially certified by the relevant authorities of the concerned person's country of residence will be considered for exemption of duties and other levies. However motored vehicles, such as motorcycles, sedans, jeeps, pick-ups, minibuses, transport vehicles and others are subject to payment of statutory duties and other levies;

- No more than 200 liters of fuel contained in fuel tanks of transport vehicles arriving from abroad and no more than 80 liters of fuel in fuel tanks of private or similar cars per vehicle and per trip;

- One of each type of certain personal belongings in certain amounts (except motored vehicles) of Lao students, civil servants and diplomats brought after completion of studies and mission overseas will be exempted from duties and other levies except motored vehicles such as motorcycles, sedans, jeeps, pick-ups, minibuses, transport vehicles and others which are subject to the payment of statutory duties and other levies.
- Humanitarian assistance with certifications from the relevant authorities;
- Presents, aids, loans or debt repayments from overseas to the Government of Lao PDR;
- Materials and professional vehicles used in national defense and security;
- Certain necessary religious items not contravening the Government's policies and not affecting the national economy and society but requiring approval from the relevant authorities; the Ministry of Finance will outline details of goods under duty exemption from time to time.

Article 17 Duty Exemption or Holiday for Diplomatic Missions and International Organizations

Materials, equipment and goods used by diplomatic missions and international organizations as stipulated in Article 45 of the Customs Law 05/NA dated 20 May 2005 will be exempted from duties and other levies as approved by the Ministry of Foreign Affairs of Lao PDR consistently with the Vienna Convention on Diplomatic Relations of 18 April 1961 and the agreements entered between the Government of Lao PDR and foreign organizations, such as: objects and vehicles used in the official activities of diplomatic missions and international organizations, items for personal use by diplomats and staff of international organizations, foreign experts or their dependents, including household items.

Duty holidays by law may not exceed 2 years, but may be extended for and other term of 2 years each with approval from the Ministry of Foreign Affairs. Upon expiry of such period of time or completion of mission in Lao PDR, all items must be re-exported in their original numbers and conditions. Any transfer or change in ownership will require approval from the Ministry of Foreign Affairs of Lao PDR and processed in accordance with the relevant authorities' rules and regulations. Any transaction and transfer to other persons will be subject to the payment of duties and other levies based on the remaining value of vehicles and items at the duty and other levy rates applied on the date of recording by customs officers of detailed declarations.

Article 18 Exemption or Reduction under Investment Promotion Policies

For imports of goods under domestic and foreign investment promotion policies as stipulated in Article 44 of the Customs Law 05/NA dated 20 May 2005, exemption or reduction permits will be issued on the basis of the domestic and foreign investments promotion law and regulations under the supervision of customs officers.

Goods and materials imported under exemption or reduction policies to promote investments may not be transacted, transferred, exchanged, pledged unless authorized by the relevant authorities and provided duties and other levies are paid in full in accordance with the regulations. Any transaction, transfer, exchange or pledge without proper approval will entail full payment of duties and other levies in accordance with the regulations and a fine of one fold the duties and other levies as stipulated in Article 52 of the Customs Law 05/NA dated 20 May 2005.

Article 19 Fines for Minor or First Degree Violations

Intentional customs violations but without affecting duties and other levies as stipulated in Article 51 of the Customs Law 05/NA dated 20 May 2005, will entail education and warnings and fines based on the total value of duties and other levies per violation as follows:

1. Fines regarding general goods:
 - Total duties and other levies amounting to 10,000,000 kips and less: 150,000 kips of fine.
 - Total duties and other levies ranging from 10,000,000 to 20,000,000 kips: 200,000 kips of fine.
 - Total duties and other levies ranging from 20,000,000 to 30,000,000 kips: 300,000 kips of fine.
 - Total duties and other levies ranging from 30,000,000 to 40,000,000 kips: 400,000 kips of fine.
 - Total duties and other levies ranging from 40,000,000 to 50,000,000 kips: 500,000 kips of fine.
 - Total duties and other levies ranging from 50,000,000 to 60,000,000 kips: 600,000 kips of fine.
 - Total duties and other levies ranging from 60,000,000 to 70,000,000 kips: 700,000 kips of fine.
 - Total duties and other levies ranging from 70,000,000 to 80,000,000 kips: 800,000 kips of fine.
 - Total duties and other levies ranging from 80,000,000 to 90,000,000 kips: 900,000 kips of fine.
 - Total duties and other levies ranging from 90,000,000 to 100,000,000 kips: 1,000,000 kips of fine.
 - Total duties and other levies ranging from 100,000,000 to 150,000,000 kips: 1,500,000 kips of fine.
 - Total duties and other levies ranging from 150,000,000 to 200,000,000 kips: 2,000,000 kips of fine.
 - Total duties and other levies ranging from 200,000,000 to 250,000,000 kips: 2,500,000 kips of fine.
 - Total duties and other levies ranging from 250,000,000 to 300,000,000 kips: 3,000,000 kips of fine.
 - Total duties and other levies ranging from 350,000,000 to 400,000,000 kips: 3,500,000 kips of fine.
 - Total duties and other levies ranging from 400,000,000 to 450,000,000 kips: 4,000,000 kips of fine.
 - Total duties and other levies ranging from 450,000,000 to 500,000,000 kips: 4,500,000 kips of fine.
 - Total duties and other levies from 500,000,000 kips and over: 5,000,000 kips of fine.

2. Fines relating to vehicles:

CKD and CBU vehicles imported	Amount
All types of motorcycles	150,000 kips/unit
Three and four-wheeled vehicles	200,000 kips/unit
Trucks	600,000 kips/unit
Heavy machinery	400,000 kips/unit
Minibuses	800,000 kips/unit
Buses with 24 seats and under	1,000,000 kips/unit
Buses with over 24 seats	1,200,000 kips/unit

Pick-ups	1,100,000 kips/unit
Jeeps	1,200,000 kips/unit
Sedan	1,500,000 kips/unit

Article 20 Fines for Vehicles Transporting Illicit Goods

Vehicles transporting goods in contravention with the Customs Law as stipulated in its Articles 52, 53 and 54 will be fined as the case may be as follows:

- If cooperation is extended to customs officers, 500,000 kips of fine per vehicle.
- In case of disturbance, difficulties caused to or refusal to cooperate with customs officers, 1,500,000 kips of fine per vehicle.
- In case of violations stipulated in Article 54 of the Customs Law, 5,000,000 kips of fine per vehicle.
- In case of repeated violation, a fine at ad valorem rate of the violation.

Article 21 Organizational Structures of the Customs Administration

The Customs Administration is an organization under the Ministry of Finance with organizational structures extending from the central to the local levels and composed of:

- At the central level: the Customs Department;
- Local levels under the Customs Department include: regional customs, border customs, mobile customs units and customs posts.

Staffing and appointment of personnel to each position is based on the Law on the Government, the Local Administration Law, Rules of Civil Services in Lao PDR and other relevant regulations.

Article 22 Awards

Treatments for merits as stipulated in Article 89 of the Customs Law 05/NA dated 20.05.2005 will be applied towards customs officers, civil servants, military and security officers, and people contributing at their own risk in the restriction and containment of illicit and customs duty evaded trafficking of goods through the supply of information, direct or indirect participation to arrests in cases of violations of the Customs Law will be compensated in the form of bonuses or other award in kind or praises from the relevant government organizations of different levels, such as certificate of congratulations, praises, medal of victory, medal of honor, promotion, or allowances in case of loss of limb or death in the performance of their duties.

Sums obtained from fines and sale of seized goods may be retained within the proportion of 40% for appropriation into the bonus fund and for further allocations in accordance with the regulations. The remaining 60% will be remitted in full to the national budget.

The Ministry of Finance is entrusted to issue detailed regulations for implementation.

Article 23 Implementation

The Ministry of Finance and all parties concerned have the duty to strictly implement this Decree in accordance with their respective duties.

Article 24 Effectiveness

This Decree replaces Decree 01/PM dated 1 January 1995 on the implementation of the Customs Law and enters into force and effect within thirty days from the date

it is signed; any decisions and regulations inconsistent with this Decree are superseded.

Prime Minister of Lao PDR

[Signed]

Bouasone BOUPHAVANH