

## LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE      INDEPENDENCE      DEMOCRACY      UNITY      PROSPERITY

Ministry of Communication, Transport,  
Post and Construction

No. 1413/49/MCTPC

### REGULATIONS

On the establishment of businesses of transportation, shipping and repair services by the State, State-private collectives, and private individuals

- Referring to Law on Business No. 03/94/NA, 18/7/94, and Customs Law No. 4/94/NA 18/7 94 and
- Referring to the Law on Business Enterprise accounting No.12/90/PSA, dated 29/11/90,

The Ministry of Communication, Transport, Post and Construction, issues these REGULATIONS on the license to undertake transportation businesses by the State, collectives, with the following details:

#### Section I General Principles

##### Article 1      Scope of Application of Regulations

This regulation document is applicable to all commercial units: transportation, shipping, repair, technical examination, mechanical vehicles, of the State, collectives, State- private partnerships and individuals, together with agencies of foreign transportation and shipping companies in Lao PDR.

##### Article 2      Application for Business Operation Permission

Persons or organisations (including Lao nationals, foreigners residing in, or foreign companies operating in Lao PDR, and Lao nationals in foreign countries) that intend to run transportation, shipping, transportation vehicle repair businesses in Lao PDR, all have to apply for a license to run the business from the MCTPC or from a State organisation authorised by the MCTPC.

##### Article 3      Registration

After having obtained the proper license to run the business from the MCTPC or the authorised State organisation, it is imperative to register the enterprise and pay the fees of enterprise registration at the taxes organisation of the Ministry of Finance or of the provincial or municipality finance section no later than 60 days as of the date of obtaining the licence If beyond that deadline it is assumed that it is invalid, it is compulsory to reapply for the licence and then go to and register.

Article 4      Targets of the Issuance of Business Operation Permission

Issuance of a licence for transportation business operation targets those units of production operating businesses in the profession of transportation, shipping and transportation vehicle repair as follows:

4.1.1 All of the companies, enterprises, surface goods and passenger transportation associations on regular routes and non-regular routes, including those of the State, of collectives, of State-private partnerships, of private enterprises and individuals which are characteristically professional.

4.2 All of the transportation vehicles repair companies and services (automobiles, boats, other transportation vehicles) including those of the State, of collectives, of State-private partnerships, of private enterprises and individuals, which are characteristically professional.

4.3 All of the servicing companies doing international shipping dispatches, international transportation and other services, in-transit warehousing, loading/unloading, river-port, seaports, vehicle stations, packing, etc...) including those of the State, of the State-private ownership, which are professional.

4.4 All of the agencies of foreign companies in the business of international shipping and transporting registered and having offices stationed in the Lao PDR, which are professional.

Article 5      Persons Entitled to Obtain Business Operating Licence

The person who has the right to obtain a licence to run the business of transporting, shipping and repair servicing for transportation vehicles is the company director or the owner of the enterprise, or the person authorised by the transportation unit specified in ARTICLE 4 above, who is undertaking business activities with planning; he/she shall abide by the regulations set by State, and is subject to the control/management and inspection according to the laws and regulations of the Lao PDR.

Article 6      Parties Excluded from Licence Issuance

All parties that are doing transportation or drawing, towing or carrying as semi-professional activities, personal transportation, transportation with local vehicles, e.g., elephants, hand-drawn carts, ox-carts, oxen, buffaloes and others beasts of burden. But it is compulsory to record the numbers of carts, ox-carts, and buffalo-carts with the village chief.

Section II

Condition Reapplication for Permission to Establish Businesses in Transportation,  
Shipping and Repair Services and Documentation

Article 7      Speciality Level

The company, enterprise, association, and repair shop must have the technical specialities at least to the secondary/middle level, have been through practical work and experience for at least 2 years, at least 2 persons including the director or the manager – depending on the size of the company in order to make the company efficient and to work properly with technical regulations.

Article 8 Investment and Business Transaction Aspects

The person who has the intention to run business in this field must have funds in money with account(s) of deposited money in bank(s) or have properties in the form of real estate/immovable/fixed properties, transportation vehicles, equipment, and other utilities/instruments/tools appropriate to the size of her/his activities and must have money to guarantee the licence amounting to 3% of the registered capital. This amount, the owner of the company is entitled to withdraw provides that the company has been doing its business well throughout a duration of 3 years.

Article 9 Location or Office

The person who has intention to run business in this profession must have location/space, office suitable to the size of her/his activities, not hindering traffic or affecting public community. Additionally, she/he must strictly give environmental assurance.

Article 10 Keeping Account and Tax Payment to the State

1. In order to make the financial status of the company transparent, the company must open a deposited money account in bank(s) and keep books/ledgers according to the law(s) on enterprise book keeping/accounting currently enforced by the State.
2. Re the payment of tax to the State, the company must strictly follow the regulation and tax law(s) currently enforced by the State.

Article 11 Annual Reporting

All companies, enterprises, associations, garages and other services authorised to run business by the Ministry CTPC, or the provincial or municipality CTPC sections, must write regularly their monthly, periodic, annual reports, send them to the Transportation Department, MCTPC, or to the provincial or municipal CTPC section or other offices concerned in due course of time.

Article 12 Documentation

Any person or organisation having all condition according to the requirement of Article 9,10,11 who has the intention to run business may file the documents below:

1. An application asking for the establishment of a company
2. Address confirmation sheet (for Lao); Alien card issued by the Ministry of Interior (for alien).
3. Economic feasibility study.
4. International regulation of the company.
5. Biographies of the director and the specialist(s).
6. Certificate/diplomas of the company head and the specialist(s) re professional business branch.
7. List of the company's fixed properties (according to the form(s)).
8. Money confirmation sheet, financial status confirmation from bank(s).
9. Ownership confirmation sheet and vehicle quality confirmation sheets.
10. Confirmation sheets of payment of taxes (has run business).
11. Conclusion sheets of annual plans fulfilment (if has run business).
12. Four (4) photographs of the director, 3 x 4.
13. List of shareholders.
14. Annual business operation plan (for the year of establishment) in case of the passenger transportation company this should include details on route planning and passenger fares.

Section III  
On the Rights to Issue and Make Use of Licences  
To Run Business of Transportation,  
Shipping and Transportation Vehicle Repair Services

Article 13      Persons with the Right to Issue Business Operation Licences

The issuance of licences to undertake the business of transportation, shipping and transportation vehicle repair services is divided into two levels and has the same purpose, which depends upon the size of the enterprise and the scope of business production activities.

- A.      MCTPC Ministerial level issuance.
1.      State and private companies to invest 50 million kip or more.
  2.      Companies, partnership enterprises, collectives, private enterprises, joint ventures with foreign countries, 100% foreign country ventures that intend to run business, both domestic and foreign.
- B.      Provincial/Municipality level issuance.
- Companies of the State, State partnerships, collectives, private enterprise and individuals that intend to run transportation business within the provinces or the municipalities, and amongst their own provinces, their own districts.

Article 14      The Rights in Making Use of Licences to Run Businesses

1.      Licences to run businesses specified in the above Article 13 can be used only by the person authorised; transfer or assignment to another to run businesses on one's behalf is absolutely prohibited.
2.      In case the licence is lost, it is imperative to urgently inform the issuing organisation or one's superiors in order to replace it with a copy.
3.      All changes in form of business activities/transactions, e.g., the goals/targets and scopes of activities, transportation fares or service fares and others, which are beyond what are authorised in the economic analysis at the time of the establishment, must be submitted to the superior or the issuance organisation to study, amend and agree/approve before being put into practice.

Article 15      Term of Business Operation Licence

The validity term of the business operation licence is 1 year. Three months before the date of expiry of the business operation licence, the company is suggested to submit an application to renew the licence; during the period awaiting the response the company is licensed to operate its normal activities. As for any companies that have been previously authorised before the enforcement of these present REGULATIONS, they are advised to submit a new application asking for a replacement with a new business operation licence within 90 days, otherwise the business operation licence shall lose its validity in transaction.

Section IV  
On Enforcement Organisation

Article 16 Right of the MCTPC and Provincial or Municipality CTPC Sections

The Transportation Department, MCTPC, or the provincial and municipality CTPC sections have the rights, duties to control, to follow, to pursue, to direct and to organise the enforcement of this REGULATION integrally, correctly and completely in complying with the principles, technical measures, rules, regulations and laws set forth by the State. Additionally, they also have the right to send their specialists to inspect, collect the conditions of business operation/activities, to educate/train or warn/reprimand the companies authorised at any time.

Article 17 Measures Against the Violation of This Regulation

1. Companies, enterprises, associations that have obtained licences, once established must run their businesses according to the targets defined, strictly abide by the rules, regulations, laws, and management, controls and inspections of the State. All activities/movements that breach and do not accord with the present REGULATIONS, shall be warned/reprimanded, educated/trained/corrected and fined and the business operation licence revoked according to gravity or lightness of the situation- according to the rules of law – from the State authority sector concerned.
2. Various companies specified in Article 4 above are forbidden to operate before obtaining licences to run businesses: in the event of engaging in activities before (gaining licence) they shall be fined severely according to the rules of law set out by the State.
3. Other than companies, enterprises and various associations specified in ARTICLE 4 above, other persons and entities engaged in business operations in transportation, shipping and repair services are absolutely prohibited. If violated, there shall be warning/reprimand, re-education and fine corresponding to the gravity or lightness of the situation according to the rules of law of the land.

Article 18 Validity in Enforcement or Organisation

The present REGULATION is valid and can be applied as of the date of signing. All rules and regulations, previously set out, that are against the spirit and the text of the present REGULATION are all repealed.

Vientiane, 22 June 1996  
Minister of Communication, Transportation Post and Construction.

(Sealed and signed)  
Phao Bounnaphonh