

LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

The Office of the Prime Minister

No. 159/PM

**REGULATIONS ON THE MANAGEMENT
OF HOTELS AND GUESTHOUSES.**

- Pursuant to the Business Law no. 005/NA, issued on 18/07/994.
- Pursuant to the Council of Ministers' Decree No. 31/PM on the Implementation of the Business Law, issued on 01/02/1996.
- Pursuant to the Council of Ministers' Decree No. 100/PM, issued on 23/12/1992, on the Organization and the Activities of the Lao National Tourism Authority.
- Pursuant to the Council of Ministers' Decree No. 02/PM, issued on 14/02/1995, on Improvements to the Organization and Management of Tourism.
- Pursuant to proposals from the National Tourism Authority.

In order to manage tourism and the tourist industry, it is necessary to follow certain fundamental principles. These should be the same throughout the country in order to upgrade the quality of service and appropriate methods of conducting business, to maintain social order and security, to create favorable conditions and to provide security for guests within the hotels and guesthouses.

The Office of the Prime Minister hereby declares

Part I
General Provisions

Article 1: Hotels and Guesthouses are defined as those residences, which provide rooms for any persons who pay for this service.

Within the terms of this regulation a "hotel" is defined as a residence in which the rooms are in good condition and has more than 15 rooms. Any residence with less than 15 rooms is termed a "guesthouse".

This regulation also includes those boats, which have accommodation facilities for rent.

Article 2: Hotels and guesthouses are intended for the provision of accommodation for individuals on a daily, weekly or monthly basis. However, they are not intended for the provision of permanent accommodation. Hotels and guesthouses must have all the necessary facilities and must also be able to provide a basic standard of quality of service.

Article 3: Hotels and guesthouses, which are properly licensed for the conduct of their business, will receive different ratings based on their conditions and standards.

Hotels will receive a rating, which will be denoted by the award of a symbol. The symbol will be that of a star. The number of stars will be between one to five. The rating will be certified by the National Tourism Authority.

Hotels and guesthouses will be able to request an upgrading of their star rating if conditions and standards have been improved in keeping with the regulations.

Hotels and guesthouses will have their star grading reduced if it is found that conditions and standards have not been met.

Article 4: Hotels and guesthouses may provide various services, such as: restaurants, night clubs, handicraft shops, beauty parlors, barber shops and other amenities, provided these do not contravene the laws and regulations. But each of these previously mentioned service units must be registered in accordance with Business Registrations, Tax Registrations and the necessary Business Approvals independently, before they begin operation.

Article 5: Licensed hotels and guesthouses have an obligation to the National Fund in order to promote tourism as specified by the state. The responsibility for the collection of such fees is assigned to the Cabinet Office of the Municipality of Vientiane Tourism Office who must collect and transfer such monies to the account of the National Fund in order to promote tourism and the National Tourism Authority in accordance with the regulations.

Part II

Assignment of the Responsibilities for the Management of Hotels-Guesthouses

Article 6: The National Tourism Authority has the following obligations, rights and duties:

- 6.1 To impartially control, inspect and audit hotels and guesthouses throughout the country as defined in Article 6, paragraphs 6.18, 6.19, 6.20 of the Prime Minister's Decree No. 100/PM, issued on 23/12/1992, on The Organization and Activities of the National Tourism Authority.
- 6.2 To inspect, audit and award a grade to hotels and guesthouses in accordance with Article 19 and 20 of this regulation.

- 6.3 To consider proposals for both domestic and foreign investments in the hotel sector, for the establishment and conduct of a hotel business in the Lao PDR.
- 6.4 To consider the cancellation and withdrawal of hotel licenses in accordance with this regulation.

Article 7: The Provincial-Municipal Tourism Cabinet staff will assist the province-municipality on the macro-management of the activities of hotel-guesthouse service businesses based on the state-controlled classification, and has the following rights, duties and obligations:

- 7.1 To ensure that the activities of the hotel-guesthouse service business units are properly conducted and in accordance with law enforcement and other regulations issued by either the National Tourism Authority or the Office of the Prime Minister.
- 7.2 To study and make comments on foreign investment projects within the hotel sector including recommendations of their locations by taking into account the comments of the provinces, municipality and the National Tourism Authority in order that these may be submitted the Management Investment Committee for approval.
- 7.3 To study both proposals for the establishment of, and proposals for conducting a hotel business, and submit these to the Governors and Mayors for their approval, together with the comments of the National Tourism Authority. In the case of guesthouses these may be submitted directly to the Governor or mayor for approval.
- 7.4 To regularly conduct inspections and to collect information on the activities of hotel-guesthouse business units located within the provinces or the municipality. To evaluate and solve any problems correctly and reasonably in accordance with its obligations and duties, and to co-ordinate with the sectors involved if necessary, with the aim of improving the quality of services and guaranteeing social order.
- 7.5 In the event of an inspection and audit of any hotel-guesthouse service provider being necessary, first an application to the Governor –Mayor must be made with the request to appoint a special committee (temporary) with members from the sectors concerned, to perform its duty in accordance with the regulations.
- 7.6 To implement the various measures on hotel-guesthouse service business units, thus any breach or violation of the regulations and laws of the Lao PDR will be dealt with as follows:
- To be able to give an immediate warning, to order cancellation, to withdraw the license of a guesthouse business approved by the Governor-Mayor.

- To order the cancellation and withdrawal of the license of a hotel business on the recommendation of the National Tourism Authority and the approval of the Governor-Mayor.
- 7.7. All the activities of the management of hotel-guesthouse businesses must report regularly to the province, municipality and the National Tourism Authority in order to immediately control, follow up and correct any situations, which arise in an appropriate way in accordance with the correct guidelines.

Part III

The Roles, Rights and Duties of the Hotel-Guesthouse Business Service Units

Article 8: Hotels-guesthouses have the following roles, rights and duties:

- 8.1 To implement these regulations correctly and strictly.
- 8.2 To provide good service for guests staying in the hotels-guesthouses and respond to all complaints about the weak points of any hotel-guesthouse.
- 8.3 To guarantee the safety of any guests staying in the hotel-guesthouse by providing such systems as: fire safety precautions, emergency exits, anti-theft protection, safe electrical installations and so on.
- 8.4 To write down and record information about the guests staying in the hotel-guesthouse. For each guest the record should show: the name and surname, the date of birth, their nationality, their occupation, the number of their passport, their border pass or their Identity Card, the purpose of their visit, the date of their arrival, the date of their departure, the name of the border checkpoint through which they entered, their room number and any other information which the hotel-guesthouse thinks is necessary. The guest should sign such records.

These guest statistics should be collected together each month and sent to the Cabinet Office of the provincial-municipal authorities and to the district of provincial-municipal security section of the particular area in which the hotel-guesthouse is located in order to further facilitate the co-ordination between the concerned authorities.

- 8.5 To co-operate with the concerned authorities in order to conduct inspections and checking of the hotel-guesthouse.
- 8.6 To install such equipment and materials which are suitable for the grade and the type of hotel-guesthouse.
- 8.7 To protect the environment by installing a system of wastewater recycling and of rubbish collection. These are applicable to hotels of more than 50 rooms. In the case of hotels or guesthouses, which have less than 50 rooms, then there must be a system for the drainage of wastewater and rubbish disposal. If the hotel-guesthouse has a nightclub then there should be a good soundproofing system.

Article 9: Hotels-guesthouses should have their own regulations based the concerned authority's regulations in order to manage the staff, control the service and maintain order within the hotel-guesthouse. These regulations should be displayed in the guest bedrooms and other public rooms.

Article 10: Hotels-guesthouses must charge room rates in keeping with those approved by the authorities concerned, the standard and grade of the hotel-guesthouse.

- The room charges should be clearly displayed for the guests at the reception desk or defined clearly in any brochures.
- If the room charges are altered so that they are higher than those approved by the concerned authorities, then those authorities must be notified in advance.

Article 11: Hotels-guesthouses must maintain an accounting system which should be used to satisfy their obligations to the state correctly and properly. The financial records already mentioned must be closed at the defined period and the concerned authorities informed.

Article 12: The hotel-guesthouse service must be provided by staff who have received proper training or who are graduates of Management and Hotel Service either within Lao PDR or abroad.

Hotels-guesthouses must maintain lists of employees. Each employee must be in possession of a Health Certificate. Health Certificates must be renewed each year and report any findings to the authorities concerned.

Chapter IV

Hotel-Guesthouse Business Operations

Article 13: Individuals or groups of individuals who propose to run a hotel-guesthouse business in the Lao PDR should satisfy the following conditions:

- 13.1 To have the ability to conduct business activities properly in accordance with the laws of the Lao PDR.
- 13.2 The individuals or groups of individuals must have no criminal records and have never been sentenced by a court for any wrong doings, such as: corrupt practices, failure to pay state taxes, bankruptcy, trafficking in women for prostitution or drugs and others.
- 13.3 In the case of foreign investors (either individuals or groups of individuals), the foreign investor must provide details of their biography and background prior to investment in the Lao PDR. This should include details of their technical abilities, their financial status, their activities abroad and other.
- 13.4 Only those individuals who are Lao citizens will be given approval to conduct hotel-guesthouse operations.

Part V

Regulations on the Establishment of Hotel-Guesthouse Business Operations

Article 14: Any person or individual, proposing to establish and run a hotel-guesthouse business operation should follow the procedures detailed below:

- 14.1 Apply for an Establishment and Business Registration at the Provincial-Municipal Trade Division.
- 14.2 After receiving the correct Business Registration, they must apply for tax documents at the Provincial-Municipal Finance Division.
- 14.3 Apply to the Cabinet Office of the Municipality Tourism Authority or the province concerned for permission to conduct hotel-guesthouse business operations.

Article 15: Applicants for the establishment of a hotel-guesthouse business operation should include the following documents:

- 15.1 The Establishment of a Hotel-Guesthouse Business Operations Form.
- 15.2 A copy of their Identity Card, biographical details, Health Certificate, Certificate of Residence for the project owner or director (for both aliens and Lao citizens).
- 15.3 The Investment Approval Form issued by the authorities concerned, a copy of their passport, and an approval for their stay in the Lao PDR (for foreigners).
- 15.4 Criminal Record Form No. 3.
- 15.5 Hotel-Guesthouse Plan (general and detailed).
- 15.6 An Economic Feasibility Study.
- 15.7 The Joint Venture Contract (if it is a joint venture) including the regulations on its administration.
- 15.8 Eight 3x4 photographs.

In the case of individuals the following additional documents should be supplied:

- 15.9 The Business Approval issued by the authorities concerned.
- 15.10 Their most recent tax payment form.
- 15.11 The contract between the owner of the hotel and the hotel manager in the event that the owner of the hotel will not be the manager.

Article 16: In order to obtain approval for a hotel-guesthouse operations the following documents should be provided:

- 16.1 Hotel-Guesthouse Business Operations Proposal Form.
- 16.2 House Lease (if the property is owned by another person).
- 16.3 Construction Approval Document (if it is a new hotel) or the Renovation Approval Document (if it is an old building, which is being altered to be a hotel-guesthouse) issued by the authorities concerned.
- 16.4 Hotel-Guesthouse Insurance Document.
- 16.5 The Final Statement of the Business (capital investment, bank statements, and others)
- 16.6 The Business Regulations.
- 16.7 A copy of the Business Registration.
- 16.8 A copy of tax payments.
- 16.9 Two 3x4 photographs.

Article 17: All foreign investment projects, which have received full approval, must submit their proposals for the establishment and the conduct of a hotel-guesthouse business operation in accordance with the regulations and with the authorities concerned as provided for under Articles 13, 14, 15 and 16 above.

Article 18: The Hotel-Guesthouse Business Operations Approval will only retain its validity if it is re-certified annually by the authorities concerned, in order to continue the business.

If an individual wishes to continue in the operation of a hotel-guesthouse business each year they must submit the following documents:

- 18.1 A proposal to request the continuation of the hotel-guesthouse business operations.
- 18.2 The most recent tax payment
- 18.3 The annual profit and loss statement.

Any hotel-guesthouse, which began business operations prior to these regulations should provide the following documents:

- 18.4 The Hotel-Guesthouse Insurance Document
- 18.5 A Hotel-Guesthouse Inspection Report issued by the authorities concerned.
- 18.6 The Approval of the Construction or Renovation, which was previously granted.

- 18.7 The Approval for the Hotel-Guesthouse Business Operation.
- 18.8 The Joint Venture Contract and the regulations on such a business unit (if it is a joint venture).
- 18.9 A copy of the Identity Card, a detailed biography, Health Certificate, and Residency Permit of the owner or the director (manager) of the business.

Part VI
Hotel-Guesthouse Inspection and Checking

Article 19: The issue of a Hotel-guesthouse Business Operations Approval by the concerned authorities will depend on an inspection showing that all conditions and standards defined in the regulations have been met.

Article 20: An inspection of a hotel-guesthouse can be made in the following cases:

- 20.1 At the request of the owner of the hotel-guest house.
- 20.2 On the orders of the Office of the Prime Minister or the Governor-Mayor.
- 20.3 On the occurrence of certain events or violence within the hotel-guesthouse.
- 20.4 In order to change the rating of the hotel-guesthouse.

Article 21: There are two levels of hotel-guesthouse inspections: central and local. The Inspection Committees at both levels shall comprise representative from the following

- The National Tourism Authority or the Tourist Cabinet Office of the province or municipality
- The Ministry of the Interior or the provincial-municipal headquarters

The Committee is able to call on other representatives according to their needs.

- The Office of the Prime Minister has the authority to appoint members to the Inspection Committee at the central level in accordance with proposals from the National Tourism Authority
- The Mayor or Governor has the authority to appoint members to the Inspection Committee at the local level in accordance with proposals from the Cabinet Office of Tourism of the province-municipality.
- Inspections should have certain set objectives and targets related to safety, management, environmental and sanitation issues.

Part VII
Prohibitions and the Implementation of Measures

Article 22: Prohibitions

- 22.1 It is prohibited for any hotel-guesthouse to permit any individuals or groups of people to use its premises for illegal activities such as:
- 22.1.1 Smuggling, dealing in banned goods, non-payment of taxes, drug dealing and others
 - 22.1.2 Dealing in pornographic materials: films, videos, slides, CD ROMs and any other material.
 - 22.1.3 Gambling and all types of drug addictions.
 - 22.1.4 Organizing meetings or movements to act against the best interests of the state in affairs of national defense and security.
- 22.2 It is strictly prohibited for the hotel-guesthouse to allow any persons or groups of people to bring any weapons, firearms, ammunition, explosive materials or other dangerous items onto the premises.
- 22.3 It is strictly prohibited for a hotel-guesthouse which has not been properly inspected in accordance with the regulations to open for business.
- 22.4 It is prohibited for the owner of the hotel-guesthouse to hand-over, transfer or sell the Hotel-Guesthouse Approval Certificate to any other person without prior approval from the authorities concerned
- Such a recipient, legatee or seller of the Approval Certificate will not be recognized as legal and will be cancelled.
- 22.5 It is prohibited for any person or individual to conduct a hotel-guesthouse business without prior approval of the authorities concerned.

Article 24: Implementation Measures

Any person or individual, who is the owner of a hotel-guesthouse, and who contravenes the law and these regulations will have the following measures taken against them:

- 23.1 An official letter giving a warning.
- 23.2 A warning and a fine.
- 23.3 A fine and the suspension of the business operation.
- 23.4 A fine and the permanent withdrawal of the Business Operation Approval certificate.
- 23.5 A fine and a complaint made to the court.

Article 24: An official warning letter will be sent to the hotel-guesthouse in the event of it being incorrectly managed and administered, that is to say, if the management and administration are not in accordance with the principles and management systems of hotels-guesthouses. This warning may result from a lack of attention to the sanitation or the safety considerations, or the offering of immoral services.

The hotel-guesthouse must take steps to resolve any difficulties within a specified period of time. The time allowed will be stated by the authorities concerned, and shown in the warning letter.

Article 25: Hotels-guesthouses will receive a warning, fine and suspension of business operations in the event that:

- 25.1 They ignore the first official warning letter and do not comply within the specified period. The fine will be not more than 50,000 kip equivalent to US\$50.
- 25.2 They fail to honor their obligations to the National Fund for the Promotion of Tourism in keeping with the regulations and in the time specified by the authorities concerned. If the failure to honor the obligation is delayed for more than one month, the hotel-guesthouse will be fined 10% of the amount of its outstanding obligation. The amount of the fine will increase by 10% each month, but the maximum fine will not exceed 50%. If the fine reaches this percentage then the business operations of the hotel-guesthouse will be suspended.
- 25.3 If the hotel-guesthouse allows or permits other people to use its premises for gambling, prostitution, smuggling, production and distribution of pornographic videos then the fine will be 25% of the value of the property or the materials confiscated or of the money which the hotel-guesthouse made from the conduct of such activities. Simultaneously the license to operate the business will be cancelled.
- 25.4 If the Certificate of the Approval to conduct a Hotel-Guesthouse Business Operation is handed-over, transferred or sold without permission from the authorities concerned, such a hotel-guesthouse will be fined 15% of the total value of the final balance sheet including the debts of the previous year. This will apply to hotels-guesthouses, which have been operating for more than or less than one year.

Article 26: If after at least one warning and two fines, a hotel-guesthouse still fails to comply with the regulations and solve their problems, it will be ordered to cease doing business.

Article 27: The period of suspension of business for each fine will not be longer than 3 months. If, after this period of time, there is still no improvement in their conduct, then the period of suspension may be extended for a further two months.

If after the second extension, the hotel-guesthouse has still failed to solve the weak points, the authorities concerned shall order the closure of the business. If at a later stage the hotel-guesthouse wishes to re-open than it must submit a new application in accordance with the procedures and conditions of these regulations.

Article 28: A hotel-guesthouse will have its license withdrawn in the following circumstances:

- 28.1 On the voluntary termination of business operations or on the issue of a suspension order under Article 27.
- 28.2 On a court decision to withdraw the license of the hotel-guesthouse.
- 28.3 On its failure to honor its obligations to the state, as well as to the National Fund for the Promotion of Tourism over a one year period.

Article 29: A hotel-guesthouse will be prosecuted in the courts for the following offences:

- 29.1 Refusal to pay the damages resulting from its offence.
- 29.2 Failure to honor its obligations to the state, as well as to the National Fund for the Promotion of Tourism over a one year period.

Article 30: Any monies arising from the payment of the various fines will be transferred to the National Fund for the Promotion of Tourism in accordance with the regulations.

Article 31: Any hotel-guesthouse, which conducts its business legally and correctly in compliance with the regulations, provides a good quality of service and generates fame for the Lao PDR, will receive appropriate congratulations from the authorities concerned.

Part VII Final Provisions

Article 32: This regulation is effective throughout the country.

Article 33: All those trading activities carried out within a hotel-guesthouse, such as restaurants, bars, night clubs, traditional massage parlors, beauty shops, souvenirs shops, gymnasium, are under the control of the National Tourism Authority and the Tourist Cabinet Office of the province-municipality, and can be inspected by these authorities. The professional and technical expertise aspects are the responsibility of the concerned sectors.

Article 34: The National Tourism Authority is responsible for the issue of notices on the organization and implementation of these regulations and for the co-ordination between the various local authorities and other sectors, in order that the regulations are propagated throughout the country.

Article 35: This regulation supersedes the Regulation of the Ministry of Commerce and Tourism No. 219/MOCT issued on 5/5/92 on the Management of Hotel-Guesthouse Businesses.

Article 36: Hotels-guesthouses which opened for business prior to the issue of these regulations have a duty to improve and adapt their status in accordance with the conditions and principles contained in these regulations within six months of the date of promulgation.

If any hotel-guesthouse fails to comply with these regulations within the time allowed, then it will receive an official warning and appropriate measures will be taken depending upon the particular case.

In the event that a hotel-guesthouse encounters difficulties in compliance with these regulations within the time allowed, then the owner or manager of the hotel-guesthouse should make an application stating the reasons for non-compliance.

Article 37: This regulation becomes effective from the date of signing.

Vientiane, dated 30/7/1997
Deputy Minister
The Head of the Prime Minister's Office

Mr. Cheuang Sombounkhan

The Director of the Lao National Tourism Authority

Mr. Phonesouk