

**Lao People's Democratic Republic**  
Peace Independence Democracy Unity Prosperity  
-----

**National Assembly**

**No. 05/NA**  
**Vientiane Capital, May 20, 2005**

**CUSTOMS LAW**

**PART I**

**GENERAL PRINCIPLE**

**Article 1: Objectives**

The Customs Law provides rules, principles, policies, procedures and measures on export, import, transit and circulation of commodities within the Lao People's Democratic Republic with a view to: encouraging and protecting the local production of commodities and domestic business and investments; external cooperation and export; expanding efficiently production capacity, ensuring revenue collection to state budget; and contributing to national economic development.

**Article 2: Customs duty definition**

Duty means the obligations paid to the state as specified in the customs tariff nomenclature by individual, organization and legal entities undertaking export and import, transit and circulation of commodities through customs checkpoints

### **Article 3: Governmental policy on customs**

The government issues policy on customs duty to encourage and promote production and services, aiming at implementing the promotion policies, protection of production, encouraging exports for attracting domestic and foreign investment. This is also the obligation to the state budget by individual, organization and legal entity undertaking export and import of goods through customs checkpoints, to guaranty the contribution and continuous expansion of the socio-economic development and to strengthen the state finance.

### **Article 4: Definitions**

*Customs authority* is an organization under the financial sector of government responsible for implementing Customs Law, collection of duty and other obligations connecting with export and import, transit, circulation and storage of goods.

*Customs staff* is a civil servant who is recruited and assigned duties within customs authority.

*Customs officer* is a customs staff duly assigned to work at the checkpoint, customs station, mobile unit and specific task of customs.

*Other obligations* are excise tax, turn over tax, profit tax (in case of individual importer), vehicle fees, exit-entry fees, cross border fees provided in

the law and authorized customs officers to collect them at the checkpoints at the time of exportation and importation of goods.

*Customs formalities* are all operations of declaring goods to customs officers by the goods' owner or authorized person in order to comply with Customs Law and regulations.

*Customs broker* is a person or legal person, who operates the business of arranging the customs clearance of goods and who deals directly with customs for and on behalf of another person or legal entity.

*Specified route* is any road, railway, waterway and any other route determined by customs officers to be used for the removal of goods under the control of customs officers.

*Seizure of goods* is a withholding temporary of goods pending prosecution.

*Retention* means that the owner is not allowed to sell, transfer or use goods as collateral, which are inconvenient to transport, and are kept in the owner's premises pending prosecution.

*Confiscation of goods* means a transfer of ownership of illegal goods to the state according to the court decision

*Dumping* is action of unfair competition for market shared by selling goods below costs, which impacts on production or circulation of similar goods within the country.

## **Article 5: Customs territory**

The customs territory is the area in which customs officers exercise their powers and covers the total territorial integrity of the Lao People's Democratic Republic. Customs officers can also exercise their powers outside the customs territory in accordance with international agreements, treaties or conventions entered into by the government of the Lao People's Democratic Republic.

Within the customs territory, all persons, organizations and legal entities performing the exportation and importation of goods, without discrimination of nationality, shall strictly comply with the Customs Law and regulations related to exportation and importation of goods.

**Article 6:      Changing tariff rate in case of necessity**

When considered necessary to protect the national interests and to reflect the situation of socio-economic development at that time, the government may propose to the Standing Committee of the National Assembly and request the President to issue a Presidential Decree to modify the certain duty rates or to specify special duty rates temporarily. The Standing Committee of the National Assembly shall submit the Presidential Decree to the next session of the National Assembly for enactment.

The provided duty rates stipulated in the Customs Law shall not be reduced or increased in any way by any person or organization.

**Article 7:      Goods subject to customs duty**

Universal duties and other obligations shall be paid for goods exported out of or imported into the Lao People's Democratic Republic according to the rules and principles as provided in the tariff code, except in case of goods categorized under the regime of duty suspension or exemption.

**Article 8:      Duty obligations**

All persons, organizations and legal entities that carry out export and import business shall pay customs duty as obligations to the state according to laws and regulations.

**Article 9:      International cooperation**

The government has extended and encouraged international cooperation on customs matters based on the respect of sovereignty and mutual benefits for development of Customs Administration such as the exchange of knowledge on technical matters, human resource development, exchange of information, trade

facilitation and others according to international conventions and treaties that the Lao People's Democratic Republic is signatory or a member.

## **PART II**

### **CUSTOMS DECLARATION PROCEDURES**

#### **Section 1**

##### **Classification of goods and country of origin**

###### **Article 10: Classification of goods**

All types of exported or imported goods must be classified and described to customs in accordance with the provision of the customs tariff nomenclature.

The customs tariff nomenclature of Lao People's Democratic Republic is based on the International Harmonized System (HS).

###### **Article 11: Country of origin**

The origin of products is any country where they were extracted from the soil, produced or manufactured or processed as prescribed by regulations, in accordance with customs tariff code, and the composition of components or other related trade regulations.

The country of origin of imported goods can be correctly determined only if there is a certificate of country of origin and the goods are directly delivered from the country of origin to the importing country in accordance with regulations.

The government may issue regulations regarding determination of origin of goods as well as origin of goods manufactured in a country, using raw materials or components from another country.

## **Section 2**

### **Value of goods**

#### **Article 12: Value of exported goods**

The declared export value is the actual value of goods delivered to the customs border checkpoint at the point of export based on the transaction value.

#### **Article 13: Value of imported goods**

Customs valuation for imported goods is based on the General Agreement on Tariff and Trade (GATT), 1994, of the World Trade Organization (WTO). The government shall issue detailed regulation on its implementation.

## **Section 3**

### **Restricted and prohibited goods**

#### **Article 14: Restricted goods**

Restricted goods are goods the export or import of which are restricted by any laws or regulations of the state for reasons of packaging, quality, substandard and dumping.

As necessary, the government shall issue decrees for strict control of certain goods to prevent their exportation or importation within specific time frame and under specific conditions.

Any permits for exporting or importing of restricted goods authorized by concerned state authority must be attached to the detailed customs declaration.

**Article 15: Prohibited goods**

Prohibited goods are goods that are prohibited by the state from export, import, sale, purchase, possession or consumption for any of the following reasons

1. National security and public order;
2. Protection of human, animal and plant life or health;
3. Standards of life decency and morality, national culture and tradition;
4. Conservation of national heritages;
5. Conservation of natural resources;
6. Fulfillment of obligations under the Charter of the United Nations; and
7. Compliance with the provisions of any law of the Lao People's Democratic Republic currently in force.

**PART III**

**DETAILED CUSTOMS DECLARATIONS, PAYMENT OF CUSTOMS DUTIES AND OTHER OBLIGATIONS**

**Section 1**

**Customs clearance procedures**

**Article 16: Summary customs declaration**

Exporters and importers passing through customs checkpoints shall observe the following regulations:

1. All goods that exported or imported by land, waterway or air shall be reported to customs checkpoints, customs stations or the nearest authorized customs offices through the specified route authorized by customs. It is forbidden to use other routes, to store goods in any premises or to fail to stop at a customs checkpoint. Any violation shall be considered as duty evasion by intent;

2. No person shall unload goods from a conveyance that has arrived at customs checkpoints until the goods or documents have been reported to customs officers for registration into a warehouse or a detailed customs declaration is submitted in accordance with Article 17 of this law, except in case of an emergency where the safety of the persons or of goods on the conveyance, any other persons, property or conveyance is at high risk ~~by~~ due to accident, fire, natural disaster or other similar circumstances, which cannot be predicted;
3. Goods and conveyance passing through customs checkpoints shall be reported to customs:
  - a. Personal belongings or goods of passengers traveling through customs checkpoints;
  - b. Goods exported and imported by post;
  - c. Private conveyances and means of transportation entering or exiting the customs checkpoint; and
  - d. Exported or imported goods in the name of the owner.
4. All persons, organizations and legal entities having goods shall:
  - a. Report the goods truthfully to customs officers; and
  - b. Provide cooperation and facilitation in accordance with regulations and requirements in cases where customs officers require information for goods inspection.
5. The Ministry of Finance may regulate the time, manner, documentation requirements or exceptions with respect to the customs clearance of exported and imported goods.

**Article 17: Detailed customs declaration**

All exported or imported goods, whether or not suspension, reduction or exemption from duty and other obligations, must be the subject of a detailed customs declaration by the owner or authorized representative, or customs broker. Detailed customs declarations must contain all information according to the specified customs regimes.

In cases where the declarant is unaware of the details of the goods to be declared he/she shall be authorized to inspect the goods at the bonded warehouse or at the place where goods are stored prior to submission of detailed customs declaration.

**Article 18: Documentation for customs declaration**

The documentation for detailed customs declaration shall follow procedures below:

1. Detailed custom declarations shall have the signature of the goods' owner or the authorized representative who shall be liable for all information on the declaration;
2. Documentation related to the goods to be submitted along with the detailed customs declaration shall consist of true and original bills of lading, invoices, permits and other relevant documents;
3. The Ministry of Finance may issue regulations and procedures concerning detailed customs declarations.

**Article 19: Time of customs declaration**

Detailed custom declarations shall be presented to customs checkpoints within 30 (thirty) days after the goods have been registered into warehouse excluding official holidays. If a detailed customs declaration is not submitted by the deadline, the goods shall be placed under customs specific management.

**Article 20: Customs brokers**

A customs broker is a professional that provides customs clearance service on behalf of the owner of the goods or transporter.

The Ministry of Finance may issue regulations with respect to qualifications, conditions, and scope of activities and operation of customs brokers.

**Article 21: Registration of the detailed customs declaration**

Detailed customs declarations are to be completed by the declarant, who shall check every detail in the customs declarations before submitting them to customs. Any detailed customs declaration that has been erased, crossed out, or contains dirty marks, is considered to be invalid. Detailed customs declaration may not be changed after registration and acceptance for payment of duty and obligations, or after any inspection is commenced.

**Section 2**

**Payment of customs duties and other obligations**

**Article 22: Computation of customs duty and other obligations**

Customs duty and other obligations must be declared and calculated in Kip based on the selling price of the applicable foreign currency exchange rate of the bank, and on the tariff rate in accordance with the Customs Tariff Nomenclature in effect on the date of registration of the detailed customs declaration.

**Article 23: Payment methods of customs duty and other obligations**

After detailed customs declaration is registered, customs duty and other obligations shall be paid in KIP and the receipts shall be given to the payers.

The government may specify the penalty to individual for any late payment and non-payment of customs duty and other obligations.

### **Section 3**

#### **Removal of goods from customs warehouse or customs checkpoint**

##### **Article 24: Inspection of goods conducted by customs officers**

After the completion of registration of detailed customs declaration, all or some of the goods are subject to physical inspection conducted by customs officers as they may deem appropriate.

The physical inspection of goods shall be in presence of the owner of the goods or authorized representative.

In case of necessity, the inspection of goods may involve opening containers and package of goods, counting the number of goods, weighing and measuring the goods, identifying and examining the information provided or using other inspection techniques.

In case of disagreement on the result of any inspection of goods, the declarant may request customs officers to re-inspect the goods.

The inspection of goods at the customs checkpoint shall be carried out at a location specified by the customs authority.

Customs officers shall make a record a result of goods inspection and sign with written name after completion of inspection.

Transportation, handling and other necessary costs incurred for the inspection of goods shall be borne by the declarant accordingly.

##### **Article 25: Removal of goods from customs warehouse or customs checkpoint**

Removal of goods from customs warehouse or customs checkpoint shall follow conditions below:

1. After any inspection as certified by customs officers, goods may be removed from customs warehouse or customs checkpoint only when customs duties and other obligations are paid;
2. In case of necessity, the customs authorities may authorize the removal of certain types of goods from a customs warehouse or customs checkpoint before payment of customs duties and other obligations, if security is provided for the payment of customs duties and other obligations in the form of cash, cheque, bank statement, guarantee by a legal person or reliable natural person in an amount equal to 120% of customs duties and other obligations due on the goods. The payment of customs duties and other obligations shall be made within 07 (seven) days and if beyond such deadline, customs officers shall include penalty payment as specified in article 23 of this law;
3. Once removal of goods is authorized according to (1) and (2), the goods must be removed immediately.

## **Section 4**

### **Management of customs documents**

#### **Article 26: Procedures for keeping customs document**

All persons who are involved in the export - import, or in-transit business shall keep documentation related to customs as follows:

1. Books of account, customs declaration with supporting documents and other information including information in electronic format;
2. Documents and other information described in paragraph 1 of this Article shall be kept for 10 (ten) years at the business premises in the Lao People's Democratic Republic;

3. At the request of customs, persons referred in this Article are obliged to make available for examination by customs, documents, registers, records and other information concerning imports and exports;
4. Where a person mentioned in this article is not available, their representative can provide documents other information to customs for inspection.

**Article 27: Temporary detention of customs documents**

In the process of investigations and inspections, the customs officers may carry out the temporary detention of all types of documents relating to detailed customs declaration, book accounts and other documents relating to exported and imported goods.

**Section 5**

**Post clearance audit (PCA) and dispute settlement**

**Article 28: Post clearance audit (PCA)**

Detailed customs declaration shall be subject to post clearance audit (PCA) by customs regarding the country of origin, tariff classification, customs value, tariff rate and other information within a 3 (three) year period starting from the date of registration of the detailed customs declaration.

Within such period, where there is evidence of fraud having an impact on duties and other obligations, customs shall issue a reassessment to the exporter-importer or representative responsible for the irregularities requiring payment of additional customs duties and other obligations including fines specified in Section 1, part IX of this law.

Detailed customs declarations for all customs regimes shall be subject for post clearance audit immediately after release of goods from warehouses or customs checkpoint.

**Article 29: Dispute settlement**

The declarant has the rights to lodge an objection against customs formalities as follows:

1. In case of doubt or disagreement with the decision or result of the post clearance audit by customs having an impact on the payment of duty and obligations, the declarant may file an objection in writing to customs within 30 (thirty) days of registration of the detailed customs declaration or after the notification by Customs of a decision is received;
2. The customs authority shall make the decision on the objection, as specified in paragraph 1 above, within 30 (thirty) days after the objection is received; otherwise, the objection shall be deemed as accepted. The decision of the customs authority shall include an explanation of the reasons for the decision, and shall provide necessary information;
3. The declarant, who objects to any decision made by customs authority, may file an appeal to the immediate higher authority. If they cannot solve the problems or in cases or the declarant considers the appeal is not appropriately settled, the later may file a petition to the court.

**PART IV**

**REMOVAL OF GUARANTEED GOODS AND WAREHOUSE REGIMES**

**Section 1**

**Removal of guaranteed goods procedures**

**Article 30: Control of removal of goods**

The transportation of goods under customs control, by land, waterway and air from one place to another within the customs territory, shall be accompanied by a goods removal permit, which issued by customs officers at the entry checkpoint.

The removal of such goods without paying customs duties and other obligations must be guaranteed by appropriate security for the payment of customs duties and other obligations in accordance with the provision of article 25 of this law.

Importers or transporters shall strictly comply with all requirements contained in the removal permits of guaranteed goods. The removal of restricted goods shall be further accompanied by specific permits, which are issued by the authoritative state agencies and shall present such permits to customs officers en route.

**Article 31: Expiration of surety**

As goods are delivered to the specified point of destination as stipulated in the guaranteed goods removal permits, transporter shall immediately present removal permits and guaranteed goods to the customs office at the point of destination as well as detailed customs declaration according to customs regimes.

The inspection of goods shall proceed at the point of destination according to the rules and principles applicable. If the customs duties and others obligations remains unpaid at point of entry, the customs office at point of destination shall collect such customs duties and other obligations in totality prior to the release of the goods for local consumption, except if such goods are categorized under other customs regimes.

As customs officers at the point of destination certify that the specified conditions imposed by the customs office at the point of entry have been fully and properly met, the agreement contained in the removal permits of guaranteed goods shall be terminated. In case of cash guarantees, such guarantees shall be reimbursed to the owner.

If the owner of the goods or representative does not follow the agreement without any certifiable reasons, the later shall be prosecuted according to the provisions of this Law.

## **Section 2**

### **Procedures on in-transit goods**

#### **Article 32:   Transportation of goods through foreign territory**

In necessary cases, locally produced goods and goods on which duty and other obligations have been paid according to the rules regulations may be removed from one place to another within the Lao People's Democratic Republic through foreign territory. Such goods will be exempted from export duty, as well as from exit and entry restrictions.

Transportation of such goods shall be accompanied with guaranteed goods removal permits and follow the procedure as specified in the Article 31 above.

If such goods do not belong to the category of restricted goods, or goods prohibited from export, or exempted from export duty, normal circulation permits may authorize their transportation.

#### **Article 33:   Transportation of in-transit goods though the Lao P.D.R**

Transported commodities from abroad under transit regime through the Lao People's Democratic Republic to a third country must be accompanied by the transit goods guaranteed permits issued by customs at the office of entry and follow the procedures as specified in the Article 31 above. Transit goods shall be exempted from customs duties. Owners or transporters of transit goods shall present transit goods guarantee permits to customs officers along the routes used and the customs checkpoint at the office of exit control.

The guaranteed agreements contained in the transit goods guarantee permits shall expire only when such goods exit from the Lao People's Democratic Republic, as certified by customs officers at the office of exit. Guaranteed agreements shall be terminated only for the actual quantities and types of goods exported from the Lao P.D.R territory.

### **Section 3**

#### **Warehouses and warehouse regimes**

##### **Article 34: Warehouses**

Warehouse facility is a place located in the customs territory where goods are stored temporarily under the control of customs officers pending the completion of customs formalities.

##### **Article 35: Warehouse regimes**

The warehouse regime is a procedure for the management of goods stored in the warehouse for export and import within a specific time without paying duty and under the control of customs authority pending the payment of duty according to customs regime.

The warehouse regime includes 4 categories:

1. Bonded warehouses used for storage of general goods, which do not include any goods under warehouses described in paragraphs 2, 3, and 4 of this article.
2. Fictive warehouses used for storage of goods destined for duty free shops under contract for sale of goods to departing travelers according to specific regulations.
3. Industrial warehouses used by enterprises for the temporary storage of goods for assembly, improvement, processing or repair and then placed under a customs export or import duty regime.

4. Special warehouses used for storage of the following types of particular goods:
  - a. Live animals;
  - b. Goods under restriction of entry or under special supervision;
  - c. Goods hazardous to health, not appropriate to store in other warehouses

The Minister of Finance shall authorize the establishment and licensing of customs warehouses, outline the regulations on warehouse construction sites, organization, usage, control, storage period, and designation of goods that may be admitted to each category of warehouse according to the customs regime.

**Article 36: Procedures for Management of warehouses**

Restricted goods in transit through the Lao People's Democratic Republic may be stored in any warehouse mentioned above, but shall be re-exported within certain period of time.

Customs officers are entitled to inspect the inventory and goods stored in warehouses at any time if deemed necessary.

In case where it is proven by customs officers that stored goods are missing or do not conform to the initial declaration, the warehouse owner shall be responsible for the payment of duty and other obligations and other liabilities at the applicable rate on the day the loss is observed according to the laws and regulations, except in case of force majeure.

The removal of duty suspension goods from one warehouse to another warehouse, to customs checkpoint or re-export shall be accompanied by guaranteed goods removal permit issued by custom officers.

## **Section 4**

### **Temporary export and import procedures**

#### **Article 37: Temporary export of general goods**

Duty and other obligations on the re import of goods temporarily exported must only be paid if there is any further process, improvement, enhancement or other additions. Duty and other obligations must be paid according to regulation and based on a determination of the value of improvement, enhancement or other additions to the goods.

Travelers exiting from the country may temporarily take their non-restricted or non-prohibited personal belongings without paying export related duty or other obligations.

For temporary export, exporters shall declare such personal belongings in forms provided by customs.

#### **Article 38: Temporary export of restricted goods**

The temporary export of certain restricted goods from the Lao People's Democratic Republic must have the authorization of concerned state agencies and must have a guaranteed agreement from a third party that such goods shall be re-imported in the same quantity and conditions.

In case of not re-importing the goods, the temporary exporter is required to comply with the guaranteed agreement.

#### **Article 39: Temporary import of general goods**

Temporary import of general goods must conform to the followings:

1. Imported goods may be classified as temporary admission when if at the time of importation clearly stated that the imported goods shall be re-exported with the same number and conditions on prescribed time, not

exceeding 2 years. The extension can be made for every 2 years term but not exceeding the expiry of project period;

2. Temporary imported goods shall be entitled to customs duty suspension and duty exemption for re-export, and shall be under the control of the customs authorities until their subsequent re-export;
3. Goods classified under the regime of temporary import include:
  - a. Imported goods destined for certain purposes such as for the usage of diplomatic missions and International Organizations residing in the Lao People's Democratic Republic;
  - b. Imported goods for the purpose of exhibition, education and experiment, are then re-exported in the same quantity and condition;
  - c. Imported goods for further processing, assembly into finished products, semi-finished products, improvement and repair then re-exporting
  - d. Imported transport vehicles, heavy tools and equipment to be used for production activities, spare parts, other associated materials and equipment to be used for specific projects or specific production activities such as international bidding project, foreign company and international aid project. Imported transport vehicles of less than 30 seats destined for indirect production activities shall pay duty and other obligations accordingly at the time of import and after the completion of activities the imported transport vehicles must be re-exported. Duty and other obligations paid during the import shall be returned;
  - e. Empty bags, empty containers, packaging materials for exported goods;

- f. Rented movies films;
  - g. Other goods according to the laws and regulations.
4. Temporary imported goods under duty suspension shall not be transferred, sold or exchanged unless approved by concerned sectors. If sold, transferred or exchanged, the duty and other obligations must be duly paid according to the law and regulations. In case of non-approval by concerned sector, measures stipulates under the provision of Article 52 of this Law must be applied.
  5. Scrap from processing, repair or finished and semi-finished products that do not meet re-exported conditions, but want to use or sell in domestic market, shall pay customs duty and other obligations according to regulations;
  6. The temporary travelers entering the Lao People's Democratic Republic with non-restricted and non-prohibited personnel belongings shall be exempted from customs duty and other obligations provided but such goods shall be re-exported within the authorized period of stay in the Lao People's Democratic Republic as provided in guaranteed goods declaration form.

**Article 40: Guaranty of temporary imported goods**

For temporary imported goods, the importer shall make a guaranteed contract with the customs authority stating that such goods shall be in original condition and quantity when re-exported within the prescribed time. In addition to the guaranteed contract, imported transport vehicles of less than 30 seats destined for indirect production activities shall pay duty and other obligations as mentioned in Article 39 of this Law.

**PART V**  
**GOODS UNDER SPECIFIC MANAGEMENT**

**Article 41: Conditions for specific management**

The following goods are subject to customs specific management:

1. Goods, which have not been declared in detail within the time limits as mentioned in Article 19 of this Law;
2. Goods which remain in customs warehouses for other reasons.

Customs officers shall record the above-mentioned goods in a specific customs register.

If such goods do not have any sale value, the customs authority may destroy them according to regulations.

Goods placed under the customs specific management, which are rapidly deteriorating, causing storage difficulties or are inappropriate for storage may be immediately sold to the public by auction according to regulations. According to this Law, any expenses, customs duty, other obligations and fines shall be deducted from the proceeds of such sale. Customs authority shall preserve the remaining amount for the goods' owner for a period of 4 (four) months from the day the goods are registered in a specific customs register.

Warehouse fees and other costs, any deterioration and loss in value of the goods are the responsibility of the goods' owner.

**Article 42: Conditions for termination of specific management**

The goods' owner may claim back the goods and amount of money from customs specific management within 4 (four) months of registration, provided the owners:

1. Pay fines of 0.01% on a daily basis computed on the total value of the goods as from the registration date on specific customs register excluding the public holidays.
2. Pay customs duty and other obligations in case of the goods' owner wishes to declare the goods for domestic consumption.
3. In case the goods' owner intends to re-export the goods, entry into a customs warehouse or into a duty free zone, the owner shall submit proper and complete detailed customs declaration.

Goods and amount of money kept under the customs specific management in excess of 4 (four) months without any claim from the goods' owner after public notice or notification shall be confiscated by the customs authority as state property.

## **PART VI**

### **EXEMPTION FROM DUTY AND OTHER OBLIGATIONS**

#### **Article 43: General exemption**

Imported goods exempted from import duty shall include:

1. Certain types of food for consumption by travelers;
2. Certain household possessions when changing residence;
3. Certain items obtained from inheritance;
4. Personnel belongings and gifts of governmental delegations returning from abroad;
5. Certain types and quantity of personal belongings (excluding motored vehicles) of Lao pupils, students, civil servants and diplomats imported after the end of studies, training or civil service abroad beyond 3 (three) months and such personnel belongings are non-commercial goods;

6. Necessary devices for education and materials imported for non-commercial experimental activities;
7. Materials and equipments for scientific research;
8. Fuel remaining in tanks of motorized vehicles;
9. Fuel for international flights by Lao and foreign airplanes on the basis of agreement or mutual compensation;
10. Non-commercial samples;
11. Gifts, assistance materials or foreign loans including debt servicing by the government;
12. Humanitarian assistance materials;
13. Specific defense and police equipment;
14. Certain types of necessary religious items based on the concerned state agency's approval.

Notwithstanding this article and in case of necessity, the government through regulations may approve additional items as exempted from customs duty.

**Article 44: Customs duty exemption and reduction for investment promotion**

All importations under investment and promotion policy shall be ~~only~~ subject to priorities, policies and conditions specified in the Law on Foreign and Domestic Investment Promotion.

**Article 45: Customs duty exemption for diplomatic missions and International Organizations**

The following goods shall be duty and other obligations exempted or suspended based on reciprocity:

1. Personal belongings of foreign diplomats and staff of the International Organizations enjoying diplomatic privileges;

2. Goods imported by embassies and International Organizations operating in the Lao People's Democratic Republic on the basis of approval from the Lao Ministry of Foreign Affairs,
3. Accompanying items of high-level foreign delegations invited by the government.

Personal belongings of foreign governmental agencies, the International Organizations or foreign non-governmental organizations shall comply with the agreements signed between the Lao government and the concerned organizations.

In case of firm suspicion, customs officers may inspect such goods in the presence of their owners or authorized representatives, representatives from the Ministry of Foreign Affairs and representatives of the concerned state.

In case of reliable information, and if it can be confirmed that diplomatic pouches contain restricted or prohibited items, customs shall immediately prepare statements and the pouch is to be sent back in coordination with representatives of the Ministry of Foreign Affairs and the relevant embassy staff.

The government may issue regulations relating to the types, categories and quantities of goods exempted or suspended from duty and other obligations.

## **PART VII**

### **CUSTOMS OPERATIONS FOR SPECIAL ECONOMIC ZONES, SPECIFIC ECONOMIC ZONES AND DUTY FREE ZONES**

**Article 46: Customs formalities for special economic zones, specific economic zones and duty free zones**

Customs duty on imports of goods into special economic zones shall be suspended, and such imports shall not be subject to regular control by customs officers.

Importation of goods into specific economic zones shall be governed by concerned laws and regulations.

The removed of goods from special economic zones and specific economic zones for domestic consumption shall be in accordance with the provision of article 7 of this Customs Law.

**Article 47: Duty free zones and duty free shops**

Customs duty on goods sold within duty free zones shall be suspended, and such goods shall not be subject to regular control by customs officers.

Customs duty on goods sold within duty free shops shall be suspended and such goods shall be subject to regular control by customs officers.

Duty and other obligations shall be paid according to regulations on goods removed from a duty free zone or a duty free shop for domestic consumption in quantities exceeding the limits established by regulation.

The Ministry of Finance shall issue specific regulations on the management of duty free zones and duty free shops.

## **PART VIII**

### **THE USE OF BOATS FOR TRANSPORTATION OF PASSENGERS OR SHIPMENTS ALONG BORDER RIVERS**

**Article 48: Registration of boats along border rivers**

Any boats, the owner of which resides in the Lao People's Democratic Republic that conducts the business of transporting passengers or cargo along Border Rivers, shall be properly registered at the customs checkpoint where the boat's owner resides, according to the National Laws and regulations.

**Article 49: Customs procedures on border river transportation**

Before loading or unloading cargo, such boat shall, except in case of emergency, stop at ports where customs checkpoint or customs station are located. The owner of the boat shall present the boat registration papers, ship's log and shipping documents to customs officer for control.

During navigation or after arriving at the port, or in case of an inspection on board by customs officers, the boat's registration papers, ship's log and shipping documents shall be presented to customs officers for control whether or not the boat is carrying cargo or passengers.

In case of sale, transfer, change to the features of the boat or cessation of navigation, the boat's owner shall notify customs and relevant agencies where the boat is registered within 20 (twenty) days from such sale, transfer, and cessation of navigation or change to the features of the boat.

## **PART IX**

### **CUSTOMS OFFENSES**

#### **Section 1**

##### **Classification of customs offenses**

##### **Article 50: Categories of customs offense**

Customs offenses are classified into two categories: minor offenses and major offenses.

Minor offenses consist of three degrees as follows:

- Minor offenses at the first degree
- Minor offenses at the second degree
- Minor offenses at the third degree

Major offenses consist of three degrees as follows:

- Major offenses at the first degree
- Major offenses at the second degree
- Major offenses at the third degree

**Article 51: Minor offenses at the first degree**

Minor offenses at the first degree include:

1. Intentionally submitting an inaccurate or incomplete detailed customs declaration without any impact on customs duty and other obligations;
2. Concealment or refusal to present necessary documents to customs officers as provided under Article 76 of this law;
3. Disturbance of or hindrance to the performance of customs officers' duty;
4. Other offenses not classified under other categories.
5. Intentionally declaring an incorrect name of the freight forwarder at the point of departure or name of the actual freight consignee at the point of destination without any impact on the customs duty and other obligations.
6. Import or export of goods into or out of the Lao People's Democratic Republic at checkpoints other than checkpoints specified under a permit.

Any persons found guilty of minor offences at the first degree shall be liable for a fine of not less than 150,000 kip and not more than 5,000,000 kip.

**Article 52: Minor offenses at the second degree**

Minor offences at the second degree include:

1. Second minor offenses at the first degree;
2. Declaration of inaccurate information that affects the customs duty and other obligations such as: classification of goods, country of origin, customs and tax rates, customs value and other information that may affect to customs duty and other obligations.
3. False declaration of the actual quantity of goods and packages, or declaration of several units or packages as one unit or several types of

- goods as one type of goods to customs officers with intention of duty evasion or avoiding payment of duty and other obligations;
4. Intentional false declaration of the number of goods and packages under the regime of duty suspension, reduction or exemption;
  5. Import of goods without permits required by concerned agencies;
  6. Failure to accurately declare the quantity of goods entered into, removed from or remaining in customs warehouses;
  7. Violation of temporary import or export regime;
  8. Intentionally declaring an incorrect name of the freight forwarder at the point of departure or name of the actual freight consignee at the point of destination for the purpose of customs evasion or avoiding payment of duty and other obligations;
  9. Inaccurate declaration for customs duty exemption purposes;
  10. Vehicles or goods imported under the temporary import regime or customs duty exemption or reduction regimes, which are utilized inconsistent with their purposes or violate temporary import regime.

Any persons found guilty of minor offenses at the second degree shall be considered as responsible for customs duty evasion with the intention of reducing or avoiding payment of customs duty and other obligations, and shall pay customs duty and other obligations in totality according to the laws and regulations, together with fines equaling the evaded duty and other obligations.

Goods seized that are non-restricted, conveyances, as well as things used for concealment and transportation of such goods shall be returned to their owners after full payment of all duty, other obligations and fines.

**Article 53: Minor offenses at the third degree**

Minor offenses at the third degree include:

1. Third minor offence at the second degree;
2. Import or export of non-restricted goods into or out of the Lao People's Democratic Republic with intention to smuggle;
3. Concealment of goods by use of vehicles or in other things for duty evasion;
4. Retention, storage or possession of non-restricted and non-prohibited goods in excess the quantity required for family consumption without having any authorization as well as any lawful certified documents.

Any persons found guilty of minor offenses at the third degree shall pay duty and other obligations in totality according to the laws and regulations, together with fines equaling two times the evaded duty and other obligations. For a second offense, the fine shall be equal to three times the duty and other obligations evaded.

Goods seized that are neither prohibited nor restricted, conveyances as well as other things used for concealment and transportation of such goods shall be returned to their owners after full payment of all duty, other obligations and fines.

**Article 54: Major offenses at the first degree**

Major offenses at the first degree include the export and import, removal, possession of restricted commodities without proper authorization.

Any persons found guilty of major offenses at the first degree for the first time shall be subject to a fine equal to one times the duty and other obligations, while the restricted goods shall be confiscated in totality as State property.

**Article 55: Major offenses at the second degree**

Major offenses at the second degree include the export and import, removal,

possession of restricted goods without proper authorization for the second time.

Any persons found guilty of major offenses at the second degree shall be subject to a lawsuit and to a fine of two times the duty and other obligations, while the restricted goods shall be confiscated in totality as state property, including things and vehicles used for the offense.

**Article 56: Major offenses at the third degree**

Major offenses at the third degree include the smuggling and concealment of imported or exported goods, removal or possession of restricted goods for the third time without proper authorization.

Any persons found guilty of major offenses at the third degree shall be subject to a fine of three times the duty and other obligations, while the restricted goods shall be confiscated in totality as State property, including things and vehicles used for the offense.

**Article 57: Major offenses for prohibited goods**

When customs officers find illicit goods considered to be under general criminal case, such as weapons, opium, heroin amphetamine or other narcotics, the customs officers shall carry out a preliminary investigation, and shall then hand over the investigations file, the offender and evidence to the police for further investigation and to establish a file for presentation to the prosecutor.

**Section 2**

**Responsibilities for customs offenses**

**Article 58: Possession of goods and vehicles**

Any persons possessing or transporting illicit goods shall be considered as responsible for such goods or vehicles.

Operators of means of transport (conveyances) may have customs and criminal liabilities. However, criminal liabilities only occur if such transgressions to the Customs Law result from their own acts.

**Article 59: Responsibilities of customs declaration**

Any person entering into agreements with the customs authorities shall strictly comply with such agreements.

Customs declarants shall be responsible for irregularities in the customs declaration of goods to customs.

In case of falsification of customs declaration or related documents with the intention of duty and other obligations evasion, goods shall be seized for prosecution according the laws and regulations.

Customs brokers shall be liable for the conduct of their customs declaration business, and in case of irregularities in the performance of their duty, they may have civil or criminal liabilities depending on the nature of offences.

**Article 60: Civil and criminal responsibilities**

In case of irregularities, the goods' owners shall have civil liabilities on behalf of their staff performing activities on their orders regarding customs declarations, payments of duty and other obligations according to the laws and regulations, including for the seized goods.

Guarantors shall be responsible for the payment of customs duty and other obligations according to the laws and regulations for which the guaranteed person is liable.

Persons convicted for cooperating in committing customs offenses shall be held responsible for criminal offence according to the nature of the offense, and shall be held jointly responsible for the payments of customs duty and other obligations and fines and for the confiscated goods according to the laws and regulations.

## **PART X**

### **CUSTOMS OFFENSES PROSECUTION**

#### **Section 1**

#### **Investigation procedures**

##### **Article 61: Investigation**

As violations to the Customs Law and regulations are ascertained, customs officers are entitled to seize goods and vehicles, including relevant documents for investigation and as evidence for prosecution.

In case of flagrant customs offences, customs officers are authorized to arrest offenders including goods and vehicles used for offences as stipulated in the Criminal Law Procedures.

In case of flagrant customs offense, other officials are entitled to arrest offenders and detain goods and must then immediately hand over the offenders to customs officers for investigation. In the case of offenses mentioned in the provision of articles 55 and 56 of this law, customs officers shall hand over the offenders including evidence to the Prosecutor for prosecution after investigation and preparation of a statement.

If the offender is charged with a criminal offense as mentioned in article 57 of this law, the customs officers shall hand over the offender including evidence to the police for prosecution.

##### **Article 62: Cooperation**

When requested, civilian, military and police authorities, and citizen are required immediately to assist the customs officers in carrying out their duty such as the pursuit and seizing of goods.

**Article 63: Establishment of statement**

In cases described in Article 61, at least two customs officers shall immediately prepare a statement.

The statement shall be prepared in the presence of and read by the offender. In case the offender cannot read, a third person shall read the statement to the offender. The offender shall sign or appose a thumbprint on the statement together with the customs officers. If the offender refuses to sign or appose a thumbprint on the statement, it shall be noted. The statement is made in 3 (three) copies. A copy of the statement shall be enclosed with the case file, a copy shall be provided to the offender and another copy retained for archive.

In case no offender can be found, the established statement shall be displayed at a customs office, customs station or at public place for at least 24 (twenty-four) hours to notify the goods' owner to make a claim for his/her goods within 21 (twenty-one) days from the day of such notification. If such period is exceeded, the goods shall be considered abandoned and confiscated as state property.

The statements of customs offenses shall be valid until proof of the contrary. The court may consider the statements invalid when there is established inconsistency with the laws and regulations.

**Article 64: Preservation of evidences**

Customs officers shall preserve goods and vehicles seized as evidence. The preserving party according to the law shall not make use of evidence, shall take responsibility for any damage or loss to such evidence, and shall not replace such evidence or subject it to transgression.

Customs officers, in accordance with regulations as provided under Article 41 of this Law shall sell putrefied and rapidly degradable goods or goods not suitable for storage. Customs officers shall retain the proceeds from any sale until any lawsuit is expired

In the case of non-restricted goods, customs officers may authorize the goods' owners to take possession of seized goods and vehicles on a temporary basis pending the procedure's conclusion, if sufficient security has been provided as set out in regulations.

In the case of prohibited goods, customs authorities shall immediately hand over the evidence to the police for prosecution.

## **Section 2**

### **Settlement of cases**

#### **Article 65: Consent**

Customs officers may reach settlement by consent with individuals prosecuted for customs violations.

In cases where the offender agrees to pay duty, other obligations and fines as provided in the customs statement, customs officers shall establish a settlement statement that clearly sets out contents and terms of the offender's settlement.

Duty, other obligations and fines shall be immediately payable. In case immediate payment is not feasible, payment shall be made within 15 (fifteen) days at the latest from the day the settlement statement is made. After payment, non-restricted goods, transport vehicles and things used for commission of offenses shall be returned to the goods' owner, except as provided in Articles 54, 55, 56 and 57 of this Law.

#### **Article 66: Appeal against customs authorities**

Any claim against the customs authorities regarding payment of duty and other obligations as well as fines, any review of documents or request for case review, must be made within 3 (three) months from the day goods were seized and registration of the lawsuit or the day of payment of duty and other obligations.

**Section 3**  
**Prosecution**

**Article 67: Rights of prosecution**

Customs officers shall be entitled to commence proceedings to the court against Customs violators in the following cases

1. Failure to pay duty, other obligations and fines;
2. Failure to comply with the settlement agreement;
3. Failure to cooperate with, insult, threaten, obstruct and physically abuse customs officers;
4. Failure to comply with a contract or an agreement of guaranty;
5. Failure to comply with the Custom Law; and
6. Criminal offenses.

**Article 68: Procedures of lawsuit**

To commence the lawsuit, customs officer shall present a case file to the People's Prosecutor or to the court. Such file shall be presented in the form of an application providing a summary of the offenses, accusations, violated articles and purpose of the lawsuit to which the investigation statement and other necessary documents shall be attached.

The conduct of a Customs Lawsuit or proceedings shall comply with the Criminal Law or Civil Law Procedures.

**Article 69: Withdrawal of lawsuit**

In case where the case is settled by consent, customs authorities shall be entitled to withdraw their lawsuit before the court's final decision.

## **PART XI**

### **ORGANIZATION AND ACTIVITIES OF CUSTOMS AUTHORITIES**

#### **Section 1**

##### **Customs Organization**

###### **Article 70: Location and roles**

The Customs authority is an organization under the management of the Ministry of Finance and has the roles of controlling and monitoring customs sectors on a unanimous vertical administration throughout the country in order to collect revenue and other obligations for the state budget in a centralized manner.

###### **Article 71: Organizational structure**

The organizational structure of customs authority is as follow:

- Customs Department;
- Provincial Customs Offices, Capital Customs Office and Special Zone Customs Office;
- Border Customs Checkpoints;
- Mobile Customs Units; and
- Custom Stations.

###### **Article 72: Rights and duties of customs authority**

The Customs authority has the following rights and duties:

###### **1. Customs Department, Headquarter:**

- Being as chief-of-staff for the Ministry of Finance as customs policy maker and propose to the government for consideration;
- Implementing and disseminate Customs Law, decisions, instructions and policies pertaining to customs to increase knowledge and awareness of laws and regulations thus enabling all people and organizations in the society, especially importers and exporters to understand the true nature and broad benefit of the law and to then actively cooperate with customs activities;

- Guiding and supervising, monitoring and controlling the implementation of customs policies, Customs Law, regulations and procedures on import-export and circulation of goods; carrying out anti-smuggling activities and deterring prohibited goods;
- Administering and controlling the performance of customs duty and customs officers;
- Studying and making decisions on appeals submitted by exporters and importers;
- Prosecuting and resolving customs offenses;
- Collecting and providing statistic data on export and import; summarizing and reporting customs activities to the Ministry of Finance;
- Proposing and establishing program for training, recruiting, planning, appointment, transferring, staffing, rotation, promotion, removal of staff within the Customs Department, Directors and deputy directors of divisions, Chiefs and deputy chiefs of provincial customs offices, Chiefs of international checkpoints upon coordination with concerned local authorities;
- Coordinating and cooperating with various sectors at central and local levels;
- Coordinating and cooperating with the international organizations upon assignment; and
- Implementing rights and duty as stipulated in the Laws and regulations.

## **2. Provincial Customs Offices, Capital Customs Office and Special Zone Customs Office:**

Provincial Customs office, Capital Customs office and Special Zone Customs office shall be set up for areas having customs border checkpoints only. The Ministry of Finance may approve the combining of Provincial Customs office, Capital Customs office and Special Zone Customs office at locations having no Customs border checkpoint.

- Act as chief-to-staff for Customs Department to implement strictly strategies, policies and Customs management in their localities according to Customs Law and other related laws and regulations;
- Direct, manage, set up plan, compute and collect duty and other obligations within their jurisdiction with accuracy, in full and on time;
- Study and make decisions on appeals submitted by exporters and importers;
- Prosecute and resolve customs offenses;
- Administer and control the performance of duty under their responsibilities;
- Disseminate policies, Customs Law, regulations related to customs;
- Coordinate with other concerned sectors in performance of their duty;
- Propose and set program for recruiting, training, planning, appointment, transferring, staffing, rotation, promotion, removal of staff under their responsibility, Chief and deputy chiefs of unit of customs offices, Deputy chief of international checkpoints, Chiefs and deputy chiefs of local checkpoints upon coordination with concerned local authorities;
- Monitor, control, evaluate and report to the governor, mayor or Chief of Special Zone and the Ministry of Finance and Provincial Finance Division regarding the implementation of customs activities in their localities; and
- Exercise rights and duty as stipulated in the Laws and regulations.

### **3. Customs Border Checkpoints:**

- Implement work plan, policies and laws and regulations particularly Customs Law within their checkpoints;

- Collect duty and other obligations with accuracy, in full and on time;
- Provide fast services and facilitate export and import with transparency and in line with laws and regulations;
- Administer, monitor and control the exported and imported goods passing through their checkpoints;
- Carry out anti-smuggling and repression activities in any forms to curve illegal activities occurred at the checkpoint and prosecute violators;
- Coordinate with other concerned sectors within the checkpoints and local authorities to ensure consistent performance of duty; and
- Implement the other tasks as may be assigned by customs authority.

#### **4. Customs Mobile Units:**

- Implement strictly Customs Law and regulations and other related laws;
- Regularly conduct patrols to prevent and enforce the anti-smuggling activities and illegal trafficking within the authorized customs radius;
- Seize goods and vehicles used in violation as evidence for investigation and expand results for prosecution and report to related organizations;
- Identify and gather information on smuggling goods and illegal trafficking;
- Coordinate with concerned sectors and local authority during their performance of duty; and
- Implement rights and duty as stipulated in the Laws and regulations.

#### **5. Customs Stations**

- Implement strictly Customs Law and regulations and other related laws;
- Monitor and build foundation for data gathering and information sources;
- Conduct patrols within customs radius under their responsibilities;
- Seize goods and vehicles used in customs violations as evidence for investigation and report to related organizations;
- Coordinate with concerned sectors and local authority during their performance of duty; and
- Exercise rights and duty as stipulated in the Laws and regulations.

**Article 73: Personnel structure**

Personnel structure of Customs Organization consists of:

- Director General, Deputy Director General, Director of Division, Deputy Director of Division, Chief and Deputy Chief of Unit in the Division;
- Director and Deputy Director of Provincial Customs Offices, Capital Customs Office, and Special Zone Customs Office, Chief and Deputy Chief of Unit in the offices;
- Chief and Deputy Chief of Customs Checkpoints;
- Chief and Deputy Chief of Customs Stations;
- Chief and Deputy Chief of Customs Mobile Units; and
- Technical staff and assistants.

The appointment and removal of staff shall follow the Law on Government, Law on Local Administration and other regulations issued by the Government.

**Article 74: Customs officer qualifications**

All customs officers shall have a clean personal history; be fidelity and unanimous with Party policies, laws and regulations of the state; be qualified, honest, transparent and pure; have no record of embezzlement, corruption or money misappropriation; be organizationally conscientious and disciplined; have a good sense of solidarity; be impartial and laborious; have a high sense of responsibility and caring for self-research; be in good health, skilled and capable in Customs specialties and profession, and have adequate knowledge in related laws and regulations.

**Article 75: Confidentiality**

In carrying out their duty or assignment, customs officer must keep all official affairs strictly confidential.

**Section 2**

**Rights and duties of customs officers**

**Article 76: Rights of Customs officers**

Customs officers have the following rights:

1. Physical search, physical inspection of goods, vehicles, identity cards or travel permits of individuals whether during the daytime or at nighttime in case of suspicion of customs violations;
2. Order drivers of vehicles to stop for search in case of suspicion of customs violations;
3. Use appropriate methods and necessary tools provided by the authorities to forcibly stop vehicles in case drivers refuse to comply;

4. Enter business premises and warehouses to inspect goods and documents relating to exported and imported goods with a search warrant from the People's Prosecutor.
5. Monitor and observe the transferring of goods as may deem necessary;
6. Inspect parcels post in the presence of post officers in accordance with the laws and regulations of the Lao People's Democratic Republic and the provisions of the Universal Postal Union Convention;
7. Search buildings for smuggled goods in case of hot pursuit;
8. Carry and use weapons, devices and vehicles as provided in specific regulations;
9. Request and receive cooperation and assistance from concerned sectors, administrative authorities, armed forces and citizens during the performance of their duty;
10. Inspect and seize goods that violate the intellectual property rights and convention for prohibition of sale endangered varieties and species (Convention on the International Trafficking of Endangered Species – CITES) in accordance with the law.
11. Coordinate with other relevant sectors during the performance of their duty
12. Execute other rights according to the law and regulations.

**Article 77: Duties of customs officers**

Customs officers have the following duties:

1. Strictly implement instructions, customs regulations and law and other relevant laws;
2. Collect duty and other charges with accuracy completely and on time;

3. Promulgate, disseminate, and provide recommendations to society, particularly exporters and importers to increase their conscience, participation and assistance on collection of duty and other obligations;
4. Outline measures to restrict and repress smuggling activities in any form;
5. Preserve professional and official confidentiality;
6. Execute other duties as assigned.

**Article 78: Performance of duty within customs radius (customs zone)**

The customs radius is the customs control area that extends 30 (thirty) kilometers inland from the border into the customs territory, and within a 10 (ten) kilometers radius around inland customs offices in case where customs offices are located outside the customs radius.

In order to facilitate the prevention and repression of smuggling, illegal trafficking and fraud, the Ministry of Finance may by regulation extend the customs Radius to up to 50 (fifty) kilometers from the border and up to 20 kilometers radius around inland customs offices at specific locations and for specific periods of time.

**Article 79: Performance of duty outside customs radius**

In case of hot pursuit where goods are suspected and ascertained from smuggling, customs officers are authorized to carry out their duties throughout the customs territory as defined in Articles 5 and 78 of this Law.

**Article 80: Customs uniforms and insignia**

Customs authority has uniforms and specific insignias. During the performance of duty, customs officers must wear uniforms, specific insignias, assignment cards, which are officially authorized by the government.

In certain necessary cases, customs officers may perform their duty undercover, but shall present assignment card to the searched persons.

## **PART XII**

### **CUSTOMS CONTROL AND AUDIT**

#### **Section 1**

##### **Customs Control Organizations**

###### **Article 81: Customs control organizations**

Customs control organizations consist of:

- Ministry of Finance;
- Provincial Finance Division; and
- District Finance Office.

###### **Article 82: Rights and duties of the Ministry of Finance**

To control customs activities the Ministry of Finance has the following rights and duties:

- Define strategies, policies, laws, regulations and development plans of customs activities and submit to the government for consideration;
- Issue regulations, decisions, orders, instructions, recommendations and notifications;
- Direct, monitor and control the implementation of duty collection throughout the country;
- Disseminate policies, Customs Law and regulations and other relevant laws;

- Coordinate with sectors at central and local levels, direct, monitor, control and persuade the implementation of Customs Law;
- Summarize and report customs activities to the government and the National Assembly;
- Praise individuals having outstanding performance and apply disciplinary sanctions against violators; and
- Exercise other rights and duty as mentioned in the Laws.

**Article 83: Rights and duties of the Provincial Finance Division**

Provincial Finance Division has the following rights and duties:

- Direct and advise customs offices and customs officers at the province, city and special zone; organize, manage and collect duty and other charges for state budget in a unanimous manner with complete accuracy and on time according to the law and regulations;
- Disseminate policies, customs law and regulations and other relevant laws;
- Control the staff in the performance of duty as outlined by the law and regulations;
- Advise on the procedures on accounting system, statistics and revenue report;
- Summary, assess and report the implementation of Customs activities in their own localities to local authority and the Ministry of Finance; and
- Exercise other rights and duty as mentioned in the Laws.

**Article 84: Rights and duties of the District Finance Office**

District Finance Office has the following rights and duties:

- Disseminate policies, customs law and regulations and other relevant laws;
- Monitor, control, assess and report on the implementation of customs activities in their own localities to district authority or municipality and provincial finance division; and
- Exercise other rights and duty as mentioned in the Laws.

**Section 2**

**Customs audit**

**Article 85: Customs audit organizations**

Customs Audit Organizations consist of Internal Audit Organizations and External Audit Organizations:

1. Internal Audit Organizations consist of:

- Ministry of Finance, Customs Department, Financial Inspection Department;
- Finance Division, Customs Office, Financial Inspection Office at the provincial level; and
- Financial Office at district level.

2. External Audit Organizations consist of:

- State Control Organization; and
- State Accounting Audit Organization

In addition to the mentioned organizations above, local authority at every level, National Edification Front, Mass Organizations, Communal Organizations, Mass Medias and other concerned sectors shall all participate in the inspection and control according to their respective roles.

**Article 86: Rights and duties of Internal Audit Organizations**

Internal Audit Organizations have rights and duties to audit the implementation of law and regulations, the performance of duties and responsibilities of customs officers at each level under their authorities especially the elaboration of plans, computation and collection of duty and other obligations with complete accuracy and on prescribed time.

The government shall regulate in details the rights and duty of Internal Audit Organizations.

**Article 87: Rights and Duties of External Audit Organizations**

External Audit Organizations are entitled to audit the performance of roles, duties, rights and responsibilities of the Customs Administration of each level according to their respective responsibility aiming at having the customs be efficient, transparent and impartial.

**Article 88: Forms of auditing**

Customs auditing consists of three methods:

- Regular Audit
- By Notice Audit
- Urgent Audit

Regular audit is carried out according to a set plan in a prescribed time.

By Notice Audit is conducted outside a set plan when necessary but the recipient shall be notified in advance.

Urgent Audit is carried out immediately without notifying the recipient.

During the auditing process, the auditor shall strictly observe law and regulations.

## **PART XIII**

### **INCENTIVE POLICIES FOR OUTSTANDING PERFORMANCE AND SANCTIONS AGAINST VIOLATORS**

#### **Section 1**

##### **Incentives for policies for outstanding performance**

###### **Article 89:   **Congratulations****

Customs officers, civilians, military forces, police officers and citizens having participated in customs activities by providing information leading to direct or indirect seizure of customs violators shall be congratulated or subject to incentives policy according to regulations determined by the government.

###### **Article 90:   **Policies toward the payers of duty and other obligations****

Any exporters and importers who are honest, regularly and fully paid duty and other obligations on prescribed time according to law and regulations shall be praised and granted facilities in respect of their export and import activities.

#### **Section 2**

##### **Measures against violators**

###### **Article 91:   **Measures against customs officers****

In the case of violations by customs officers that do not affect customs regulations and revenues, such violators shall be educated and warned.

Customs officers who intentionally commit violation of this law and regulations that cause no serious impact on duty and other obligations shall be liable to disciplinary sanctions and payment of damages and loss.

Customs officers who commit violation of this law that cause severe damages to the State, communal or individual interests such as abuse of power for personal interests, over-use of power, falsification of documents and bribery shall be subject to prosecution according to the nature of the case provided under the laws and regulations.

**Article 92: Measures against exporter and importer**

An individual or a legal entity carrying out export and import activities who violates this Law shall be subject to measures such as education, warning, payment of damages or subject to criminal sanctions according to the nature of the case.

**Article 93: Other measures**

In addition to the principal offenses as mentioned in Article 51 to 57 inclusive of this law, goods shall be confiscated in the following cases:

1. Substituted goods or goods to be substituted under the duty suspension regime;
2. Replacement or withdrawal of goods in transit;
3. Replacement or removal of goods placed under the customs control.

If the court decides to assess penalties on a charge of transgression of the customs duty suspension regime, the offender shall not be authorized to temporarily export and import goods, to perform in-transit goods transportation or to store goods in customs warehouses.

Persons who allow offenders to use their names as mentioned in the second paragraph above to escape penalties shall be liable to pay equal penalty.

With respect to goods liable to confiscation, that cannot be seized but where there is sufficient proof, the customs authority may request the court to decide confiscation cash instead of the goods.

In case of several offenses, whether minor or major offenses, appropriate penalties shall be levied for each offense according to the law, including the suspension of export and import activities or termination of business license.

## **PART XIV**

### **FINAL PROVISIONS**

#### **Article 94: Implementation**

The government of the Lao People's Democratic Republic shall issue a decree on the implementation of this Law.

#### **Article 95: Effectiveness**

This Law enters into force 90 (ninety) days following its promulgation by the President of the Lao People's Democratic Republic.

Subsequently, this Customs Law supersedes the Custom Law No. 04/94-NA, dated July 18, 1994.

Regulations and procedures in contradiction with this Law shall be all abolished.

The President of National Assembly