



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

Prime Minister

No. 31 /PM  
Vientiane Capital, dated 29 March 2020

**Decision  
on Policies and Measures to Mitigate the Impact  
of COVID-19 on Lao Economy**

- Pursuant to Law on Government (Amended), No. 04/NA, dated 8 November 2016.
- Pursuant to Law on Tax Administration (Amended), No. 66/NA, dated 17 June 2019.
- Pursuant to Law on Income Tax, No. 67/NA, dated 18 June 2019.
- Pursuant to Law on Customs (Amended), No. 04, dated 20 December 2011.
- Pursuant to Law on Bank of Lao PDR (Amended), No. 47/NA, 19 June 2018.
- Pursuant to unanimous resolution of the Government General Meeting on 19-20 March 2020.
- Pursuant to Prime Minister's Order, No. 06/PM, dated 29 March 2020, on reinforcement measures on containment, prevention, restriction of and preparation to COVID-19.

Prime Minister hereby decides:

**Article 01:** Concur on the implementation of policies and measures to mitigate the impact of COVID-19 on Lao Economy as follows:

**1.1 Policies:**

- 1) Implementation of policy on payroll tax exemptions for all employees, both of the public and private sector, with a monthly income of less than 5 million kip for a period of 3 months (April, May and June 2020);
- 2) Implementation of policy on corporate tax exemptions for micro-enterprises as defined in Article 29(2) of Law on Income Tax, No. 67/NA, dated 18 June 2019 for a period of 3 months (April, May and June 2020);

- 3) Exemptions on custom duties, taxes and other charges for importation of goods used in the containment, prevention of and preparation to COVID-19, such as surgical masks, liquid soap and medical equipment. The Ministry of Industry and Commerce is tasked to liaise with the Ministry of Public Health to develop a list of goods eligible to receive such benefits in detail, before sending it to the Ministry of Finance for record for implementation;
- 4) Deferral of tax payments for tourism business operators for a period of 3 months, starting from April 2020 onwards. The Ministry of Information, Culture and Tourism is tasked as the focal point in liaising with the relevant sectors to develop a detailed list of businesses eligible to benefit from such tax relief;
- 5) Deadline extension for the submission of 2019 [year-end] financial statements and balance sheet for enterprises, from 31 March 2020 to 30 April 2020;
- 6) Deferral of road tax payment, from 31 March 2020 to 30 June 2020;
- 7) Research on the possibilities of reducing and deferring electricity and water bill payments for residential and commercial customers;
- 8) Concur with the Bank of Lao PDR on cutting Bank of Lao PDR's base interest rate, and reducing commercial banks' deposit reserve requirements as deemed appropriate from time to time;
- 9) Concur with the Bank of Lao PDR's policy requiring commercial banks to implement policies on loan to tackle the impact of COVID-19, such as [the consideration of] principal and interest loan repayment deferral, interest rates on loans reduction, new line of credit extension for businesses, loan restructuring, loan reclassifications and others as defined in the [Bank of Lao PDR's] Decision No. 038/BoL, dated 26 March 2020; [and]
- 10) Deferral of compulsory social security contribution payments for affected businesses for a period of 3 months (April, May and June 2020).

## **1.2 Measures**

- 1) The Ministry of Planning and Investment is to as the focal point in liaising with the relevant sectors to continue researching on the adjustment of GDP growth rate and other key economic indicators for 2020 to reflect reality, and continue researching and assessing the impact [of COVID-19] from now until the opening of VIII National Assembly's 9<sup>th</sup> General Meeting;
- 2) The Ministry of Planning and Investment, the Ministry of Industry and Commerce, and the Bank of Lao PDR and other relevant sectors are to ensure the maintenance of macroeconomic stability, including price stability, exchange rate, revenue collection and debt service, and ensuring megaprojects adhere to timeline by ensuring smooth facilitation to attract increased private investment;

- 3) The Ministry of Finance, revenue-collecting ministries and local administrative organizations are to diligently collect revenue, from as much sources as possible, targeting businesses with liquidity that are not directly affected by COVID-19;
- 4) The Ministry of Finance, revenue-collecting ministries and local administrative organizations are to tighten its annual budget spending by reducing at least 10% its normal administrative expenses in order to allocate those funds to the ministries, public agencies at central and local levels that needed them more.

Further, public agencies are to be more mindful in reducing expenses, such as: seminar workshop expenses, welcoming foreign delegation related expenses, scientific think-tank contribution fund, fixed-asset expenses and other expenses. Funds that are saved through these means are to be reallocated into the government relief fund to tackle COVID-19.

The financing of new 2020 public investment projects that have been approved by the National Assembly (specifically infrastructure projects) are to be deferred to 2021. [In addition, relevant public agencies are to] continue assessing public investment projects whose costs exceeds its real value and are deemed ineffective, for the consideration of suspension or adjusting its value accordingly;

- 5) Expedite the development of measures to promote commercial production, especially expediting the utilization of small and medium enterprises (SME) promotion fund into realization.
- 6) Develop a plan to establish and improve ground work to attract tourism following the recovery from COVID-19 outbreak, especially on the promotion of domestic tourism as well as the preparation to attract foreign travelers during the last 3 months of 2020 peak season. Further, information on the impact is to be disseminated through all parts of society in order to encourage mutual cooperation to mitigate the crisis.
- 7) Prepare for the production of minerals, and negotiate talks to export minerals with mineral importers of China and other countries in order to do so, in time when trading partners announce to ramp up commercial production again. Further, [public agencies are to] encourage businesses to continue fulfilling their tax obligations to the government.
- 8) Pay attention to the monitoring, medical examination and management of Lao expatriate workers in order to ensure that they adhere to the 14-day self-quarantine requirement, and issue them with necessary papers certifying that they have completed their quarantine process before they can go find work elsewhere.

- 9) Focus on operational improvement of Lao Airline State Enterprise in preparation for resumption of business operations after the pandemic has subsided.

**Article 02: Implementation:**

- 2.1 The Ministry of Planning and Investment, the Ministry of Finance, the Ministry of Information, Culture and Tourism, the Ministry of Agriculture and Forestry, the Ministry of Industry and Commerce, the Ministry of Energy and Mines, the Ministry of Public Works and Transportation, the Ministry of Labor and Social Welfare, the Ministry of Foreign Affairs, the Ministry of Public Health, and other relevant public agencies are to make legislations to implement the aforementioned policies and measures in detail as per their scope of authority, duties and rights of their respective sector.
- 2.2 The Ministry of Planning and Investment is tasked as a focal point to liaise with the Ministry of Finance, the Ministry of Industry and Commerce, Bank of Lao PDR and the relevant sectors to promote, monitor and track the implementation of the policies and measures as defined in this Decision into realization, ensuring transparency and accountability. Progress report of such implementation is to be periodically summarized and reported to the Prime Minister.
- 2.3 In the event that the policies and measures could not be implemented due to practical circumstances, the Ministry of Planning and Investment shall liaise with the relevant sectors to periodically develop improved ones.

**Article 03:** Ministries, public agencies of central and local levels, as well as all [other] relevant sectors shall acknowledge and cooperate in order to effectively implement this Decision.

**Article 04:** This Decision shall come into force upon the date of signature.

Prime Minister

Thongloun Sisoulith