

| Lao People's Democratic Republic |  |
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| Policy responses                 |  |
| Containment                      | <ul style="list-style-type: none"> <li>On April 15, the Government extended the earlier lockdown measures imposed in Lao PDR on 29 March to May 3. On May 4, the lockdown was partially lifted. The new loosened measures allow the reopening of public offices and some private sector businesses and is expected to last until May 17. Travel and public transport within each province are now permitted but inter-provincial travel and public transport including air transport and large gatherings are still suspended and banned.</li> <li>On May 18, the lockdown was again partially lifted. Interprovincial travel was permitted and some businesses could reopen.</li> <li>The lockdown was further partially lifted on 29 May, allowing more businesses to open, as well as restaurants, night markets, cinemas, construction, factories, and sporting events without spectators.</li> <li>From July 1<sup>st</sup>, sports competitions with spectators, casinos, and some social gatherings were allowed to resume</li> <li>Schools and offices were closed since 29 March. Schools were partially opened on 18 May and further opened on 2 June.</li> <li>On Aug 1<sup>st</sup>, Government announced it would continue to implement Covid-19 prevention measures through August, including the closure of entertainment venues and border crossings and the suspension of the issuance of tourist and visitor visas. Shuttle flights have also been suspended.</li> <li>2 Nov. Entertainment venues, such as karaoke bars and nightclubs, allowed to reopen.</li> <li>2 Nov. Travel restrictions extended until 31 Dec.</li> <li>3 Feb 21. Officials extended nationwide restrictions until 31 Mar 21. Most businesses must operate with strict hygiene and social distancing measures.</li> <li>15 Mar 21. More than 40,700 people in Lao PDR had received the first shot of COVID-19 vaccine. The inoculation drive prioritises people with high risks of infection, including those who are working in the frontline, health workers and staff at immigration offices and border gates. The country is preparing for the second phase of the campaign starting from mid-March to early April,</li> <li>16 Mar 21. The Lao authorities are advising foreign airlines to provide passengers flying to Lao PDR with "out-smart" bracelets that monitor their temperature, as part of continuing efforts to prevent the spread of Covid-19. The committee is also requiring all foreign citizens entering Lao PDR to buy Covid-19 insurance through the Lao Ministry of Health.</li> </ul> |
| Fiscal                           | <ul style="list-style-type: none"> <li>On March 20, a preliminary 13-part stimulus package was approved during the cabinet's monthly meeting. About \$11 million (less than 1 percent of GDP) has been allocated for prevention and control.</li> <li>The Government has launched a fundraising campaign from the public (as of May 6, 15.5 billion kip (\$1.73 million) in cash and 52 billion kip (\$5.79 million) in kind have been raised).</li> </ul>   |

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|   | <ul style="list-style-type: none"> <li>On April 7, The World Bank Group approved \$18 million in assistance to Lao PDR to help the country strengthen its health system and response capacity</li> <li>On April 10, 2020, the Lao PDR government issued tax relief measures to counter the impact of the COVID-19 outbreak.</li> <li>These measures relate to the exemption of personal income tax (PIT) for micro-enterprises and certain employees</li> <li>Micro enterprises are exempted from paying income tax for three months for April-June. Micro enterprises are classified as businesses with one to three employees with micro and small businesses (MSMEs) playing an important role in Lao PDR's economy. Businesses that have already made prepayments of income tax for those stated months can carry the payments forward to be used as deductions for the following months.</li> <li>Employees, whether in the public or private sector, earning 5 million kip (\$559) or below will also be exempt from paying personal income tax (PIT) for three months (April, May, June). Employees earning this threshold will have the first 5 million kip (\$559) exempted and will be taxed at the progressive rates of 10-15%.</li> <li>The government has agreed to an allowance of 500,000 kip (\$55) per worker who currently participates in the Social Security Scheme. Of the 170,000 members, close to 80,000 will benefit from this scheme through June.</li> <li>24 Aug 20. The Lao Government has estimated that the budget deficit will rise from 6.69 trillion kip (\$700 million), equal to 3.7 percent of the country's GDP, to 10.3 trillion kip (\$1.1 billion), or 5.7 percent of GDP in 2020.</li> </ul> |
| Monetary/financial                                      | <ul style="list-style-type: none"> <li>On March 30, cut policy rates– (7 day-term) 4 → 3 percent, (7 – 14 day-term) 5 → 4 percent, (14 – 364 day-term) 10 → 9 percent.</li> <li>Bank of the Lao PDR (BOL) reduced its base interest rate and reserve requirements (from 10 percent to 8 percent on foreign exchange, and from 5 percent to 4 percent on local currency) for the banks and financial institutions under BOL's supervision.</li> <li>Approval for the BOL to instruct the commercial banks to implement loan-related measures, such as extending the loan payment period, restructuring existing loan arrangements, and issuing targeted credits to businesses that are adversely affected by COVID-19.</li> </ul>   |
| Trade measures <sup>1</sup>                             | <p><b>Restrictive:</b> N/A</p> <p><b>Liberalizing:</b></p> <ul style="list-style-type: none"> <li>Exempt import duties, taxes and other charges for importation of products, materials, equipment needed to fight the pandemic such as masks, soaps, other medical equipment.</li> </ul>   |
| SME measures <sup>2</sup> (last update 22 January 2021) | <p><b>Tax exemption:</b></p> <ul style="list-style-type: none"> <li>MSMEs with an annual income of LAK 50 - 400 million can be</li> </ul>  |

<sup>1</sup> <https://www.macmap.org/covid19>

<sup>2</sup> [http://www.vientianetimes.org.la/freeContent/FreeContent\\_Govt60.php](http://www.vientianetimes.org.la/freeContent/FreeContent_Govt60.php)

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|  | <p>exempted from the profit tax for three months.<sup>3</sup></p> <ul style="list-style-type: none"> <li>• Micro-enterprises and employees are exempted from paying income tax for three months (from April to June 2020).<sup>4</sup></li> </ul> <p><b>Deferral of tax payment:</b></p> <ul style="list-style-type: none"> <li>• Businesses related to the tourism sector can defer tax payments for three months, from April 2020 onwards.<sup>5</sup></li> <li>• Affected enterprises' road taxes and social security contributions can be deferred by three months, and the submissions of the 2019 financial reports can be delayed by one month.</li> </ul> <p><b>Other fiscal support:</b></p> <ul style="list-style-type: none"> <li>• The government granted penalty exemptions on untimely fulfillment of taxes for business units which have not declared and submitted their tax obligations to Tax authority, from April to June 2020.<sup>6</sup></li> </ul> <p><b>Loan support:</b></p> <ul style="list-style-type: none"> <li>• The Small and Medium Enterprises Promotion Fund established by the Lao government provided 3 per cent long-term low-interest loans to SMEs. The fund has a total of LAK 100 billion and can be lent through Lao Development Bank, Sacombank Lao, LaoVietBank and Maruhan Japan Bank Laos. The long-term low-interest loan will firstly be used for four main sectors of priority development, including agricultural product processing industry, handicrafts, crop planting and animal husbandry, and tourism to support business expansion in these industries.</li> <li>• Bank of Lao P.D.R has made available LAK 200 billion for low interest rate SMEs loans through commercial banks.</li> <li>• Bank of Lao P.D.R is preparing to allocate LAK 1,800 billion as low interest bank loans for post-COVID-19 economic and business recovery.</li> </ul> <p><b>Deferral of loan repayment:<sup>7</sup></b></p> <ul style="list-style-type: none"> <li>• New credit policy: banks and financial institutions that implement debt restructuring and new loan provisions for businesses will benefit from regulatory forbearance on loan classification and provisioning.</li> </ul> <p><b>Other financial support:<sup>8</sup></b></p> <ul style="list-style-type: none"> <li>• Business cost reduction: A new electricity tariff, to ensure supply of electricity, in effect from May 1, 2020 through December 31, 2025, has been approved.</li> </ul> <p><b>Employment support:</b></p> <ul style="list-style-type: none"> <li>• In April 2020, the government decided to exempt employees from</li> </ul> |
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<sup>3</sup> <https://home.kpmg/xx/en/home/insights/2020/04/lao-pdr-tax-developments-in-response-to-covid-19.html>

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> <https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>

<sup>8</sup> Ibid.

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|                       | <p>paying income tax for three months (from April to June 2020). Employees earning LAK 5 million or less have been fully exempted. Employees earning above this threshold have had the first LAK 5 million exempted and have been taxed at the progressive rates of 10-15 per cent.<sup>9</sup></p> <ul style="list-style-type: none"> <li>• The government has agreed to an allowance of LAK 500,000 per worker who currently participates in the Social Security Scheme.</li> </ul>   |
| Other policy measures | <ul style="list-style-type: none"> <li>• Tax collection for tourism business operators has been delayed for a period of three months from April 2020.</li> <li>• National Social Security Fund Office will delay social security contribution payment period for businesses affected by COVID-19 for a period of three months – from April to June.</li> <li>• Average tariff for low electricity consumption households (0 to 150 Kwh) was lowered by 7 percent, while the average for higher consumption households (above 150 Kwh) was reduced by 22 percent. Commercial users and business establishments will have tariffs reduced by an average of 13 percent; industrial users will have tariffs reduced by 11 percent.</li> </ul> |

## References

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<sup>9</sup> <https://www.aseanbriefing.com/news/laos-issues-tax-relief-measures-mitigate-covid-19-impact/>