

LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

The Office of the Prime Minister

No. 1150/PM

**REGULATIONS ON THE ESTABLISHMENT AND THE MANAGEMENT
OF TOURIST SERVICE OPERATORS**

- Pursuant to Decree no. 100/NA, issued on 23/12/93 on the Establishment and Activities of the National Tourism Authority.

In order to implement and promote effective foreign economic co-operation, and with the aim of developing the country and to gradually improve the living standards of all the ethnic minority groups.

In order to ensure that tourist business activities throughout the country operate well, to safeguard National Defense issues, to maintain social order, to preserve the excellent traditions, to protect the environment and to facilitate and guarantee the safety of tourists

The Office of the Prime Minister hereby declares

Part I
Definitions

Article 1: The Tourist Industry

The tourist industry provides services for foreign and domestic tourists within Lao PDR. By paying service fees this industry can be planned.

The tourist industry includes:

- 1.1. The tour guide business
- 1.2. The hotel tour business
- 1.3. Bars, restaurants, night clubs and tourist sites
- 1.4. The souvenir business and handicrafts for tourists
- 1.5. Sports facilities for tourists
- 1.6. Exhibitions of products as examples of the work of the various Lao ethnic groups in local or national hotels with the aim of attracting tourists.

Article 2: Tourists

A tourist is a person who is a resident in another country and travels from their place of permanent residence to other countries for the purposes of recreation, excursions, health, study tours, and others without seeking employment or earning any income.

During their travels, tourists may or may not stay in hotels-guesthouses as they wish.

Article 3: Types of Tourists

3.1 Border tourists are those tourists who are from countries sharing borders with the Lao PDR and they may be travelling on either a Border Pass (laisser passer) or a passport. This is only with the municipality of Vientiane.

For those tourists in possession of a passport for entry to the Lao PDR, they may travel to other provinces through the services of a tour company.

3.2 An International Tourist is not a Border Tourist and uses a passport for entry to the Lao PDR. They may travel to other provinces through the services of a tour company.

Article 4: Extension of Tour Programs

Those international tourists, as defined above, are able to extend their tour programs as needed. This should be done through the services of the tour company which arranged their package tour. Applications should be made to the Lao National Tourism Authority and other concerned sectors by the tour company.

Article 5: The Tourism Business

5.1 The National Tourism Authority is responsible for the implementation of the conditions contained in these regulations throughout the country. They are also responsible for ensuring compliance with these regulations by inspection. This is in accordance with the Prime Minister's Decree no. 100/PM of 23/12/93 on The Establishment and the Activities of the National Tourism Authority.

5.2 Tourism business may be 100% state owned or joint ventures, with Government being shareholders.

5.3 A Tour Company is a business unit which has been given legal approval to conduct business under the conditions in these regulations.

Article 6: The Establishment of Tour Companies

Any person or individual who is a Lao citizen and a permanent resident of the Lao PDR, may apply for permission to establish a tour company either as a single individual or as a company of various types as approved by the law.

Foreign JV only w/ state or w/ private permitted?

In the case of foreign tour companies, with shareholders either from the state or from private Lao companies, who are already established, they may continue their activities until the date of the expiry of the special agreement contracts.

Article 7: Procedures for the Establishment of Tour Service Companies and Their Business Activities.

- 7.1 Any company, which has permission for their establishment should be perfectly in accordance with those conditions specified in Articles 13, 16 and 17 and must have satisfied the inspection process in accordance with Article 20 of this regulation, before receiving a business license.
- 7.2 After receiving a business license legally, such tour service companies must register with the Enterprise Registration at the Tax Department, the Ministry of Finance, in the case of international tour companies, or with the appropriate financial sections in the case of border tour service companies. All branches of a domestic company based in Vientiane municipality must register on an individual basis and operate in accordance with the law.

Any business or individual who violates these regulations and the Prime Minister's Decree No. 46/PM dated 6 March, 1993 will be fined or warned depending on the circumstances.

Article 8: Altering the Structure of an Enterprise or Company

Any tour service company which has been running a business for some time, and who wishes to change its structure as approved by the law, should first apply to the National Tourism Authority and register with the Enterprise Registration with the appropriate authorities before it can conduct its business legally.

✓ All changes regarding changes in shareholders, contracts, owners' rights and the Board of Directors, should be formally conveyed to the National Tourism Authority and other concerned sectors.

Any such changes which are made without prior notice to the National Tourism Authority for their approval or acknowledgement, will render such a company liable to having its activities suspended and are in contravention of the regulations.

Article 9: The Duration of a Business Operations License

A Business Operators license is valid for 2 years. At the end of this time, the tour business company must apply for an extension and pay the appropriate fees, in accordance with this regulation. This procedure must be followed upon every expiry. Each application on the expiry of the Business Operators License should be accompanied by the following documents:

An application for the extension of business operations.

- 9.1 The latest tax payments (business tax and profit tax).
- 9.2 The current company Balance Sheet.
- 9.3 A bank statement certifying the financial status of the company.

Part II

The Roles and Duties of Tour Service Companies

Article 10: Roles and Duties

Tour service companies have the following roles and duties:

- 10.1 To create tour programs under its responsibility and to inform the National Tourism Authority of the prices of each tour program.
- 10.2 To advertise and promote Lao tourism both at home and abroad.
- 10.3 To select contract partners (sub-contractors)
- 10.4 To submit their plans for the reception of tourists entering Lao PDR every year to the concerned authorities, such as the National Tourism Authority, Consular Departments, the Ministry of Foreign Affairs, Department N2 of the Ministry of the Interior, (for those tour services businesses located in the Municipality of Vientiane and registered with the Enterprise Registration to the Ministry of Finance). In addition, those tour service business companies based in the Municipality of Vientiane and enrolled with the Enterprise Registration, should inform the appropriate sections of the Vientiane Municipal Authorities of their tour programs.
- 10.5 To take care of the arrival and the departure of tourists, and to provide those previously mutually agreed tour services for their contract partners in accordance with these regulations in order to ensure good quality of service.
- 10.6 To comply with the various regulations relating to tourism activities, the arrivals and departures of tourists, taxation, finance and others.
- 10.7 To submit any existing undertakings with foreign countries to the Lao National Tourism Authority in order that these may be formally accepted and registered under the court system.
After formal court registration, the tour service company should submit one set of these documents to the Lao National Tourism Authority, the Consular Departments, the Ministry of Foreign Affairs, and Department N2 of the Ministry of the Interior.
In the case of those tour service companies based and registered in the municipality of Vientiane one set should be sent to the various sectors of the municipality involved.
- 10.8 In order to fulfill its obligation to the state and to the National Fund for the Promotion of Tourism, less than 5% of its business income (besides payment of other taxes) should be paid in accordance with the regulations and at the correct times.
- 10.9 To apply for approval for the appointment of representatives or for opening branches either within the municipality of Vientiane or abroad according to the particular needs of the international tour service company.
- 10.10 To implement a system of financial accounting which in accordance with that specified by the state.

- 10.11 To co-operate with the appropriate authorities in order to promote and develop the various forms of tourism within the municipality of Vientiane, to preserve the unique customs, be they local or national, and to create a fine atmosphere.
- 10.12 To implement all the regulations and laws strictly and correctly.
- 10.13 To facilitate the authorities involved in the execution of their duty in respect of company activities.
- 10.14 To safeguard the independence, sovereignty and the maintenance of social order of the state when entering into agreements with foreign companies.
Any agreements or contractual obligations, which are against the spirit of these ideals, will be considered as cancelled and invalid.
- 10.15 To invest in those tourist products which demonstrate the uniqueness of Lao after having conducted the business for at least two years.

Part III
The Type and Scope of the Activities of
Tourist Service Companies

Article 11: The type of tourist service

The tourist service company should be able to provide a basic standard which is fully in accordance with Articles 13, 16 and 17 before being granted a license for the conduct of business.

✓ Tourist Service Businesses are divided into the following three types:

- 11.1 International Tourism
Such companies must lodge a bond of 10,800,000 kip (ten million and eight hundred thousand kip) equivalent to US\$15,000 with the National Tourism Authority.
- 11.2 Border Tourism
Such companies must lodge a bond of 7,200,000 kip (seven million and two hundred thousand kip), equivalent to US\$10,000 with the National Tourism Authority through the particular tourist cabinet office involved.
- 11.3 International and Border Tourism
Such companies must lodge a bond of 10,800,000 kip (ten million and eight hundred thousand kip) equivalent to US\$15,000 and 7,200,000 kip (seven million and two hundred thousand kip), equivalent to US\$10,000. If there is a need to provide a provincial border service then further bonds of 7,200,000 kip must be lodged and so on.

Notice: The bonds must be either be in the form of a cash payment or by a letter of guarantee from a bank based in the Lao PDR.

These bonds will be used to pay for any damages or debts incurred by the tourism service company in favor of a third party.

In the case of previously licensed tourist service companies, if after inspection by the National Tourism Authority, it is found that they have insufficient capital to meet the specified standards and conditions required for the provision of border tourist services, then they will have a period of three months in which they can attempt to raise funds from other sources in order to meet the necessary requirements.

If the border tourism service company wishes to continue with its business operations, the company must pay its bonds as defined in Article 11.2 of this regulation.

Article 12: The Scope of the Activities

The scope of the tourism service companies is as follows:

- 12.1 International tourist service companies are able to operate throughout the country, open branches, and appoint agents in the municipality of Vientiane and in the provinces provided they have received prior approval from the National Tourism Authority. However, such branches have no right to provide border tourist services within Vientiane municipality and other provinces, but must service its guests through its main company.
- 12.2 Border tourism service companies are able to conduct business activities only in the provinces. They have no right to establish branches or appoint agents in the municipality of Vientiane or other provinces.
This regulation allows for the approval in the special case of those companies conducting business of providing tourist guide services in both Vientiane province and municipality.
- 12.3 International and border tourist service companies are able to conduct activities as specified in Articles 12.1 and 12.2.

Part IV

The Conditions Governing Tourism Businesses and the Tourist Industry

Article 13: Acceptable Behavior

- 13.1 A person or individual can behave in ways such as those defined in Article 7 of the law on contractual obligations No. 02/90/PCM dated 27/11/1990 and be able to conduct and operate their tourist service business in accordance with the regulations.
- 13.2 Any person of Lao nationality and who has resettled in the Lao PDR is able to run a tourist service business and work as a guide in accordance with the regulations.

Article 14: Prohibitions

- 14.1 Certain persons are prohibited from conducting a tourist service business. These include those persons who are incapable of satisfying the specified laws, whether through reasons of incapacity or mental illness, or have spent up to 3 months in jail for various crimes (corruption, theft and so on), or are in the process of being prosecuted, or are waiting for sentencing by a judge. This also includes any person who is guilty of financial crimes, for example evasion of taxes, bankruptcy, license withdrawal and others.
- 14.2 Any person who does not have the necessary approvals is prohibited from running tourist service businesses or engaging in the tourist industry.

Article 15: Exclusions

- 15.1 Any state employee is not permitted to run a tourist service company or to engage in the tourism industry except with special permission.
- 15.2 Any family members, husbands, wives or children, of employees or agents of the National Tourism Authority are not permitted to conduct tourism businesses or to be shareholders in such enterprises.

Article 16: Qualifications of Employees in Tourist Service Companies and the Tourist Industry

- 16.1 Any employee of a service company must be well-versed in social and political ideology, both in theory and practice. Two thirds of the employees should be able to speak at least one foreign language.
- 16.2 The director or manager of a tourist service company should be experienced in running such a business and be able to speak and write at least two foreign languages, one of which should be English.
- 16.3 The tour guides of the company should satisfy the following criteria:
- have graduated from high school
 - be able to speak and write at least one foreign language (either French or English)
 - have completed a tourist guide training course either domestically or abroad, and be in possession of a training certificate
 - be able to satisfy all those conditions stated in Article 13 of this regulation.
- Tourist guides must register with the National Tourism Authority and obtain a license in accordance with the law.
- While acting as a tourist guide, the guide must display a Tourist Guide Card on his/her chest.
- 16.4 The tourist service company should submit a list of all its employees and its representatives, both local and foreign, to the national Tourism Authority.

Part V

Conditions for the Establishment of a Tourist Service Company

Article 17: Tourist Business Company

- 17.1. A tourist business company must have a capital of one hundred and forty two million kip (142,000,000 kip) or its equivalent; two hundred thousand dollars US (US\$200,000). A company will be given time in which to raise the necessary capital.
- 17.1.1. Have premises, either owned or rented
- 17.1.2. Have appropriate communications equipment
- two or more telephones
 - one or more fax or telex
- 17.1.3. Have at least two vehicles of the following capacities:
- 12 – 17 passengers
 - up to 17 passengers

- 17.1.4 All vehicles (including boats) used for tourist purposes must be roadworthy and fully insured. This insurance should cover loss of life, theft of property and accident.
- 17.1.5 Have submitted a plan, in accordance with Article 10 and 15 of this regulation, of the promotion of the uniqueness of Lao PDR. This must be implemented after two years of operation.
- 17.1.6 Have five officially approved tour programs in accordance with its range of responsibilities.
- 17.1.7 The cost of these programs should be reasonable and internationally competitive.

Part VI

Concerning the regulations on the establishment of a Tourist Business Company

Article 18: The Application Documents for a Tourist Service Company

Any person or individual wishing to run a tourist business company in accordance with the conditions stated in Articles 13 and 16 of these regulations should submit the following documents:

- 18.1. An application for the establishment of a tourist business company
- 18.2. The company regulations and the shareholders' agreement
- 18.3. A list of staff including for each member:
 - 18.3.1. A biography. This should be certified by the Chief of the Village and not be older than 3 months.
 - 18.3.2. A Certificate of Health issued by a state hospital (Board of Directors).
 - 18.3.3. A valid identity card (copy)
 - 18.3.4. In the case of the owner or director, a certificate of no criminal record.
 - 18.3.5. Certificates of training undertaken by tourist guides.
- 18.4. A three to five year feasibility study
- 18.5. An insurance certificate insuring against civil damages, either from a local or foreign insurance company.
- 18.6. A list of at least five tour programs including their costs.
*These programs should be unique and not similar to those offered by other companies.
- 18.7. Initial agreements with hotels providing tourist accommodation.
- 18.8. An outline of the project for promoting the uniqueness of Lao PDR detailing the investment and plans.
- 18.9. A certified financial statement showing the assets of the company.

Those documents detailed in 18.3, 18.5, 18.8, and 18.9 may be submitted after receipt of the official approval or during an inspection.

Article 19: Office of Approvals

All applications for the establishment of a tourist service business, both international and border, must be submitted to the office of the National Tourism Authority for its consideration. A reply will be given within three months.

In the case of border tourist companies the application must be in a step-by-step process, with provincial or municipal approvals being received first.

Article 20: Final Regulations

- 20.1 Before beginning operations, a tourist service company should have passed the inspection as specified in Article 3 of this regulation. The inspection should be by the Audit-Inspection Committee of the National Tourism Authority.
- 20.2 The fore-mentioned committee has the authority to issue an Inspection Certificate.
- 20.3 If on inspection it is found that the company has failed to meet the necessary standards and basic requirements, then the company will be ordered to cease, and strictly prohibited from conducting any business. The company will be granted three months, in which to raise the necessary funds. If after this time they are still unable to comply, then the license will be withdrawn.

Part VII
Implementation Measures

Article 21: Types of measures

Any person or individual who violates the laws, regulations and this regulation will suffer a penalty. The penalty will reflect the severity of the violation.

- 21.1. A warning and fine
- 21.2. A fine and the suspension of business
- 21.3. A fine and the withdrawal of the business license.
- 21.4. A fine and a complaint to the courts.

Article 22: A warning and a fine will be applied in the following instances: Firstly, allowing tourists to go anywhere they wish and encountering various situations, for example, taking photographs of prohibited areas, consorting with prostitutes, drunkenness, damaging property. This will be for first time offences.

And secondly, if a tourist company sells visas to tourists without the parallel sale of services, and allows tourists to go wherever they wish.

Article 23: A fine and suspension of business will be applied in the following instances:

- 23.1. Violating the conditions as defined in the regulations of the Prime Minister's Office.
- 23.2. Conducting other businesses outside of those approved.
- 23.3. Guiding tourists to prohibited areas.

- 23.4. First time offenders may be warned and fined, but persistent offenders will face severe penalties.
- 23.5. Violating the laws of the country
- 23.6. Procuring prostitutes for the tourists (either within the country or abroad).
- 23.7. Providing counterfeit or fraudulent documents for tourists
- 23.8. Failing to pay state taxes and fees on time.

These companies will be warned and fined twice or will be ordered to suspend its business for 3 months. In which time they must solve their problems and bring their operations into line with the regulations.

Article 24: A fine or withdrawal of license will be applied in the following instances:

- 24.1 The company fails to renew its license and continues its operation.
- 24.2 For two offences there will be a warning and fine or a one time suspension of business. The persistent offenders will have their license withdrawn.
- 24.3 The company is involved in smuggling, maintaining fraudulent accounts or for exporting money illegally.
- 24.4 The company is involved in assisting tourists in smuggling protected, valuable artifacts out of the country. This contravenes the laws of the Lao PDR. Such companies will be fined or have their licenses completely withdrawn.

Article 25:

Those who operate a tourism business without a license with international or border tourists, will be fined.

Article 26: A fine and a complaint made to the courts will be applied in the following instances:

In the event that any person or individual with official approval to run a tourist service company refuses to admit to any offences or violations, and refuses to attempt to settle these, then they will be prosecuted.

Article 27. The Amount of the Fine

The amount of the fine will be fixed in accordance with the regulations.

Part VIII The Implementation of this Regulation

Article 28: For the whole Country

This regulation will be effective and implemented for the whole country.

Article 29: Backdating of Enforcement

The enforcement of this regulation will be backdated for Tourist Business Companies established prior to the issue of this regulation. These Tourist Business Companies must adapt their status in accordance with the conditions of this regulation within three months of the date of promulgation.

If any companies fail to comply with this regulation within such period, companies concerned will have their licenses withdrawn and will be ordered to suspend their services.

Article 30:

All concerned must comply with this regulation strictly, including management sectors (Macro level).

Article 31:

This regulation supersedes and replaces the regulations and principles contradictory to this regulation.

This regulation is effective from the date of issue of the Government Gazette.

Vientiane, 25 October 1993

Minister Head of Prime Minister's Office
Phao Bounnaphol