**Unofficial translation**

**Lao People's Democratic Republic**

**Peace Independence Democracy Unity Prosperity**

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**Ministry of Finance No.: 3227/MOF**

**Vientiane, date: 17 December 2009**

**Regulation**

***on***

**Value-Added Tax Declaration and Clearance**

* Pursuant to the Law on Value-Added Tax No. 04 / NA, dated 26 December 2006;
* Pursuant to the Prime Minister’s Decree on the Implementation of the Law on Value Added Tax No. 270 / PM, dated 18 September 2009;
* Pursuant to the Guideline of the Minister of Finance No. ... / MOF, dated ... on the Implementation of the Law on Value-Added Tax.

**Minister of Finance hereby issues a Regulation on**

**Value-Added Tax Declaration And Clearance:**

* 1. **General Provision**

1. **Objectives**

This regulation is issued to provide clarification and instruction on VAT declaration and clearance to the tax payers for conformity and harmonized implementation across the country in order to ensure effective management and data collection on the businesses of VAT payers.

1. **VAT Declaration**

VAT declaration refers to a monthly report on the movement of registered VAT payers as a tax collection party on behalf of tax authorities within any taxation period, and it also refers to report on each receipt of tax clearance bond by non-residents and non-registered.

VAT declaration document include VAT declaration form for registered VAT payers and VAT declaration form for an organization, legal entity or individual without VAT registration in Lao PDR who uses VAT included services which provided by non-residents and non-registered tax payers in Lao PDR details as below:

* 1. VAT declaration form for registered VAT payers (Form No. 01 / VAT.TA) summarizes the transactions at the point of departure where goods and services are sold, the point of entry (where goods and services are imported and acquired) and the relationship between these transactions and the value added tax (the VAT collected from customers, self-contribution, the VAT collected by suppliers from consumers and importations, and difference between the taxable amount to be submitted to the treasury, the remaining amount to be deducted or reimbursed) within any taxation period.
  2. VAT declaration form for an organization, legal entity or individual without VAT registration in Laos (Form No. 02 / VAT.TA) who uses the services which provided by non-residents and non-registered tax payers in Laos is the form that summarizes the value and amount of VAT payable incurred to each service that actually provided.

VAT declaration of an organization, legal entity or individual either with or without VAT registration who imports goods from overseas shall be conformed to the regulations related to customs.

Enterprises registered in the VAT system with branches in other localities shall make VAT declaration at the head quarter office only, which means that the head quarter office must compile and report all transactions occurred during declaration period of such enterprises onto a single VAT declaration form.

1. **Tax Clearance**

Tax clearance refers to the amount of tax submitted to the state budget which must be consistent with the content of the tax clearance form based on information declared by the tax payers or payment order or payment notice issued by tax authorities or other documents regulatory required.

In case of any business entity with branches based in other locality and making income from selling goods and services in that locality and any business entities with tax registration in one province but having their business operated in another province, such business entities shall pay VAT in that locality or province(s) at the rate of 20% of all tax amounts occurred in that locality or province(s).

In case of VAT that paid in advance at the rate of 20%, such amount is deductible from the tax payment in the next month or the next tax declaration period.

* 1. **VAT Declaration Procedure**
  2. **Targeted VAT Declarers**

Targeted VAT declarers refer to organizations, legal entities, individuals as following:

* + 1. Business operators with VAT registration as defined in Article 13 and business operators that enter in VAT system on voluntary basis as defined in Article 15 of the Law on Value Added Tax;
    2. Organizations, legal entities or individuals without VAT registration who use services provided by non-residents with VAT registration outside Lao PDR as defined in Section 4, Article 28 under the Decree on the Law on the VAT Implementation.
  1. **Registered VAT Payers** 
     1. **Completing VAT declaration form**

VAT declaration form is a type of printing for VAT payers to fill out information about their business operation during the tax declaration period with adequate information and submit it to tax authorities in their respective locality. Completing VAT declaration form can be done in writing or typing with typewriter using black or blue ink within given spaces only; taxpayers shall be responsible for all information that filled in the form; VAT declaration form is a supporting document for importation in order to confirm the rights to waive VAT at the point of entry.

In the VAT declaration package there are 2 forms as following

* + - * 1st Form:   to be filed for information and reviewing at the Division of Revenue Collection Management of the Tax Department, Provincial/Capital Tax Departments or District Tax Offices;
      * 2nd Form:  to be kept with taxpayers for evidence of VAT declaration. A VAT declaration form consists of 7 sections:
      * Section A – Taxpayer’s profile
      * Section B - Request for tax refund
      * Section C - Tax declaration and signature
      * Section D - Supply of goods and services
      * Section E - Purchasing and importation, VAT at point of entry and VAT at point of entry that are allowed / not allowed to be collected
      * Section F - Payable VAT Brought Forward for Deduction or Refund excluded Fixed Assets
      * Section G - VAT payable or the carry forward amount to be deducted after deduction of VAT on fixed assets

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| **TAX HELPS DEVELOP THE COUNTRY** | **VAT DECLARATION FORM** | Form 01/VAT.TD  Stamp |

🞎 Check this box if this form is modified from the previous declaration form

|  |  |
| --- | --- |
| Date: 🞎🞎/ 🞎🞎/ 🞎🞎🞎🞎 | [01] reporting period: 🞎🞎/ 🞎🞎🞎🞎 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Section A – Taxpayer’s profile | | | | | | | | | | | | |
| [02] Name of company | | |  | | | | | | | | | |
| [03] ID card no. | | | 🞎🞎🞎🞎🞎🞎🞎🞎🞎-🞎-🞎🞎 | | | | [04] Street: | | |  | | |
| [05] Village | |  | | | [06] District | |  | [07] Province | |  | | |
| [08] Tel | |  | | | [09] Fax | |  | [10] Email | |  | | |
| [11] 🞎 Check this box if this section is modified after the previous month | | | | | | | | | | | | |
| Section B – Request for VAT refund | | | | | | | | | | | | |
| Request for VAT refund on exportation at the point of entry [51] 🞎 Signature: | | | | | | | | | | | | |
| Section C - Tax declaration and signature | | | | | | | | | | | | |
| I acknowledged all measures identified by law, therefore, I confirm that all information provided in this form is correct, adequate and transparent. | | | | | | | Sealed by company | | For official only | | | |
| Document received: 🞎from VAT payer directly / 🞎 postal service, Tracking no.:…………./……… | | | |
| 🞎 VAT Payer 🞎 Authorized agency | | | | | | |
| Full name |  | | | | | | Date: 🞎🞎/ 🞎🞎/ 🞎🞎🞎🞎  Signature: | | | |
| Title |  | | | | | |
| Signature of VAT payer or authorized agency  Date: 🞎🞎/ 🞎🞎/ 🞎🞎🞎🞎 | | | | | | |
| Section D - Supply of goods and services | | | | | | | | | | | | |
| Goods and services supplied by the VAT payer | | | | | | | Calculation | | |  | | |
| Export of goods | | | | | | | [12] | | |  | | |
| Goods and services supplied in overseas | | | | | | | [13] | | |  | | |
| Domestic supplies with VAT exemption | | | | | | | [14] | | |  | | |
| Supply of goods that happening in Lao PDR which subject to 10% VAT | | | | | | | [15] | | | [19] | | |
| Services provided in Lao PDR which subject to 10% VAT | | | | | | | [16] | | | [20] | | |
| Total supply of goods and services (sum of #12-#16 and 19+20 | | | | | | | [17] | | | [21] | | |
| Purchase of goods, services from non-residential providers without registration in Lao PDR | | | | | | | [18] | | | [22] | | |
| Section E - Purchasing and importation | | | | | | | | | | | | |
| Imports and services received from the VAT payer during the taxation period | | | Calculation | | Total VAT at the point of entry | | Non-refundable VAT | | | Refundable VAT | | |
| Imported goods | | | [23] | | [29] | | [34] | | | [39] | | |
| Imported fixed asset | | | [24] | | [30] | | [35] | | | [40] | | |
| Other goods and services in Lao PDR | | | [25] | | [31] | | [36] | | | [41] | | |
| Fixed assets in Lao PDR | | | [26] | | [32] | | [37] | | | [42] | | |
| Goods and services which imported or purchased with VAT exemption in Lao PDR | | | [27] | |  | | | | | | | |
| Total | | | [28] | | [33] | | [38] | | | [43] | | |
| Section F - Payable VAT Brought Forward for Deduction or Refund excluded Fixed Assets | | | | | | | | | | | | |
| VAT refundable accrued in the month [(21+22)-(39+41)] | | | | [44] |  | | Credits accrued in the month [(39+41)-(21+22)] if [(39+41)>(21+22)] | | | [48] |  | |
| VAT refundable from previous period (Line 52 of previous month) | | | | [45] |  | | Credits + adjusted amount [(45±46)-44] if (45±46)>44 | | | [49] |  | |
| Adjusted amount from the declaration form of the previous period | | | | [46] |  | |  | |
| VAT payable excl. fixed assets [44-(45±46)] | | | | [47] |  | | Total credits excl. fixed assets [48+49] | | | [50] |  | |
| Ratio of export to supplies in overseas by comparing the product of [12+13] and income after tax [17-14] | | | | [53] |  | % | Request VAT refundable accrued in the month [48]x[53] | | | [51] |  | |
| Credit excl. fixed assets to be paid in the next period (50-51) | | | [52] |  | |
| Section G - VAT payable or the carry over amount after VAT on fixed assets | | | | | | | | | | | | |
| VAT payable for fixed asset [40+42] | | | | [54] |  | | Total VAT payable accrued in the month [47-(54+55±56)] if 47>(54+55±56) | | | [57] | |  |
| Carried over VAT on fixed assets (Line 58 of the previous month) | | | | [55] |  | |
| Total VAT payable on ‘fixed assets’ to be cleared in the next period [(54+55±56)-47] if (54+55±56)>47 | | | [58] | |  |
| Adjusted VAT on fixed assets (+ or -) | | | | [56] |  | |

* + 1. Guide for completing VAT declaration form

2.1 Top section of the form, a reporting period

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| --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **TAX HELPS DEVELOP THE COUNTRY** | **VAT DECLARATION FORM** | Form 01/VAT.TD  Stamp |   🞎 Check this box if this form is modified from the previous declaration form |

2.1.1 Section under the title consists of 2 boxes to choose by marking ☑ if applicable:

* + - * Mark ☑ in the first box if this is the first time of reporting in the declaration period.
      * Mark ☑ in the second box if this form is used as updated form.

2.1.2 D**o not write anything next to** **‘date of submission’ which appears at** **the left corner of the form, above Sections A:** This is for tax official to complete, but Line [0.1] at the right corner of the form, above Section A must be filled out with month and year of the notice received using two digit system to determine the calendar month (eg 04 for April) and four digit system for years (2009, 2010 etc.). The reporting period must be the calendar month before the month you submit the declaration form.

2.2 Sections A - Information on taxpayer

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| [02] Name of company | |  | | | | |
| [03] ID card no. | | 🞎🞎🞎🞎🞎🞎🞎🞎🞎-🞎-🞎🞎 | | [04] Street: | |  |
| [05] Village |  | | [06] District |  | [07] Province |  |
| [08] Tel |  | | [09] Fax |  | [10] Email |  |
| [11] 🞎 Check this box if this section is modified after the previous month | | | | | | |

Section A identifies the VAT payers which refer to organizations, legal entities or individuals who report their business operation by using information provided in this form to complete Line 02 to Line 10 as required. Line 03 must be filled out with Tax Identification Number (TIN) that includes VAT Number too. This number can be found in the tax license. Taxpayers must inform tax authorities in case of changes made on Section A after the last declaration form was submitted by marking in Line 11. Taxpayer can post a sticker or stamp of their company which gives all information required in Section A.

2.3 Section B - Request tax refund

|  |
| --- |
| Request for VAT refund on exportation at the point of entry [51] 🞎 Signature: |

If there is a request for VAT credit refund related to exportation, please mark on appropriate box with signature based on the calculation using input amount from Section D and E; the results of which will be displayed in Line 50 (Gross tax credit) and if any taxpayers exported and / or supplied goods to overseas during the taxation period, such taxpayers can request for credit refund (partially) as in Line 51 based on export amount during the tax period.

In case of the taxpayers do not request for tax refund, they can choose to turn the amount of total credits during the declaration period that appears in Line 52 to be a credit amount in Line 45 of the next month declaration form, but do not mark nor sign in the provided space under Section B.

Note In requesting for tax refund, it must be noted that the VAT levied at point of entry on fixed assets that are purchased and imported during the taxation period are not refundable (all credits from the VAT at point of entry related to fixed assets can only turn to be taxable amount in the next period).

If the taxpayers wish to claim such tax refund, they shall follow below steps:

* + - * Calculate of value and percentage of exports and / or abroad supplies to overseas during the reporting period based on following approach:
      * Sum up the amount in Line 12 and 13 [Result (1)];
      * Calculate the total income tax for the reporting period by taking Line 17 minus Line 14 [Result (2)];
      * Calculate exports part by diving Result (1) by Result (2) then multiplied by 100.
      * Display the ratio in Line 53;
      * Calculate value and percentage of tax refund in Line 51. To avoid any inclusion of credit amount related to fixed assets that are not refundable in the refund amount, please follow below approach:
      * Take the Result (of subtraction) multiplied by the ratio of exports in the 53,
      * Differences between Lines 50 and 51 displayed in Line 52,
      * Sign and seal Section **B**.
      * The amount remain in Line 52 can be carried over.

2.4 Section C - Tax declaration and signature

|  |  |  |  |
| --- | --- | --- | --- |
| I acknowledged all measures identified by law, therefore, I confirm that all information provided in this form is correct, adequate and transparent. | | Sealed by company | For official only |
| Document received: 🞎from VAT payer directly / 🞎 postal service, Tracking no.:…………./……… |
| 🞎 VAT Payer 🞎 Authorized agency | |
| Full name |  | Date: 🞎🞎/ 🞎🞎/ 🞎🞎🞎🞎  Signature: |
| Title |  |
| Signature of VAT payer or authorized agency  Date: 🞎🞎/ 🞎🞎/ 🞎🞎🞎🞎 | |

Section C is a space for the taxpayers to fill in the date of issuance and signature for the value added tax declaration form of the reporting period. Fill in the indicative information and sign then put the date on the declaration form. This is to confirm that all information provided in the VAT declaration form is true and adequate. The VAT payer must pay the amount shown in Line 47 or 57 (if any) to the National Treasury. The person who signed VAT declaration must be fully authorized and responsible on behalf of the related enterprises, companies and other businesses to assure that the information provided are adequate and true. In short, such person shall be responsible for all information provided in VAT declaration form.

2.5 Section D - Supply of goods and services

|  |  |  |
| --- | --- | --- |
| Service supplied by the VAT payer | Calculation |  |
| Export of goods | [12] |  |
| Goods and services supplied in overseas | [13] |  |
| Domestic supplies with VAT exemption | [14] |  |
| Supply of goods that happening in Lao PDR which subject to 10% VAT | [15] | [19] |
| Services provided in Lao PDR which subject to 10% VAT | [16] | [20] |
| Total supply of goods and services (sum of #12-#16 and 19+20 | [17] | [21] |
| Purchase of goods, services from non-residential providers without registration in Lao PDR | [18] | [22] |

* + - 1. In Section D, the taxpayer must give a summary of goods and services that provided during the reporting period by breaking down into exports of goods, overseas services, goods and services provided with tax exemption and those that charged by VAT.
      2. Calculation on value addition amount and VAT on all purchases of goods and services in the country from suppliers that are non-resident without tax registration in Lao PDR must be displayed in Line 18 and 22 respectively. In fact, any one that used services in the country which provided by non-resident, without company establishment and without VAT registration in Lao PDR shall calculate and provide the VAT payable amount in the monthly VAT declaration form. However, such purchasing amount is not considered as a composition of the taxpayer’s income after deducting VAT that such VAT shall be paid to the state budget the same way as the VAT payable or VAT clearance at the point of departure in the respective taxation period. For domestic services, basic principles of calculation on VAT payable and VAT clearance amounts shall be declared in the separate Lines (Line 18 for the calculation of VAT payable and Line 22 for VAT clearance). If the VAT clearance amount is refundable, the refund can be made in VAT declaration form of the same month though the VAT have been paid (Line 25 is the section for displaying basic calculation on tax and Line 33 and / or Line 36 if there was any non-refundable VAT occurred and Line 41 is a section for VAT refund).

There are also exceptions such as if there are any purchases occurred (by foreign suppliers) inside the country that fall under exceptions described in Article 10 of the Law on the VAT, the price must be provided in appropriate Line under the VAT declaration form (Line 14).

* + - 1. The total amount that provided in Section D must coincide with grand total amount in the reporting periods. If the taxpayer did not export any goods, do not fill in any information in Line12; if there is not goods or services provided in overseas, do not fill in any information in Line 13. The information provided shall reflect actual transactions in the appropriate Lines only (services that are provided by or purchased from suppliers without company establishment and without tax registration in Lao PDR). If there are any services provided inside or outside the country or if there are any exportations during the reporting period, such information must filled out as following:
         * Line 12: Total value of goods exported by the taxpayer’s self or in the name of the taxpayer;
         * Line 13: Total value of goods and services provided abroad;
         * Line 14: Total value of all supplies provided domestically with tax exemption as described in Article 10 of the Law on Value Added Tax. Any amounts declared by taxpayers in Line 14 are not deductable VAT on point of entry realted to such exempted supplies;
         * Line 15: Total value of goods supplied domestically that subject to 10% VAT;
         * Line 16: Total value of services provided domestically that subject to 10% VAT;
         * Line 17: Sum of the figures in Line 12 to 16;
         * Line 18: Value of the domestic services purchased from the suppliers that are non-resident, without tax registration in Laos and obliged to clear VAT;
         * Line 19: Total value added tax collected from customers at the rate of 10% on sales;
         * Line 20: Total value added tax collected from customers at the rate of 10% on provided services;
         * Line 21: Sum of figures in Line 19 and 20;
         * Line 22: VAT on services provided by suppliers that are non-resident and without tax registration in Laos (see further information in Line 18).

2.6 Section E - Importation and purchasing

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Imports and services received from the VAT payer during the taxation period | Calculation | Total VAT at the point of entry | Non-refundable VAT | Refundable VAT |
| Imported goods | [23] | [29] | [34] | [39] |
| Imported fixed asset | [24] | [30] | [35] | [40] |
| Other goods and services in Lao PDR | [25] | [31] | [36] | [41] |
| Fixed assets in Lao PDR | [26] | [32] | [37] | [42] |
| Goods and services which imported or purchased with VAT exemption in Lao PDR | [27] |  | | |
| Total | [28] | [33] | [38] | [43] |

* + - 1. In Section E, taxpayer must provide a summary of all activities happened at their point of entry by dividing into fixed assets and other goods, importation and purchasing, and activities that were charged and exempted by VAT at the point of entry. In addition, the taxpayers must also provide information on non-refundable VAT. This section of the declaration form allows taxpayers with tax registration exercise their legitimate rights toward VAT refund at the point of entry. Information on definition of VAT at point of entry, refundable and non-refundable VAT, detail on VAT refund and supporting documents required for receiving VAT refund are described in Point 2 to 12 of 2.6. All figures in Line 39-43 must link to VAT refund according to the law. Any exempt amount of supplies that declared in Line 14 will no longer valid for VAT refund at point of entry as such supply amount is already VAT exempted.

Rights toward VAT refund at point of entry and restrictions on VAT refund at point of entry

* + - 1. Registered VAT payers have the rights to claim VAT refund at the point of entry only if the assets or goods in the warehouse to be resale or used in the production or services belong to the taxpayers who have not yet incurred any tax. Therefore, the rights to claim VAT refund at point of entry are not restricted; Legislations related to VAT do not allow or restrict the refund for specified cases (see Point 7 to 11 in Section 2.6 E).
      2. The VAT at point of entry by Law on VAT refers to the VAT value which is calculated or paid for goods imported by the VAT payer, and the goods and services provided to the VAT payer in Lao PDR. In actual practice, it refers to the VAT amount that the taxpayer paid to tax authorities when there are importation of goods, it also refers to VAT amount paid when buying goods and services in Lao PDR from suppliers who have offices established in Lao PDR, and VAT refund that taxpayer receive and pay as reported in the VAT declaration form when using services inside the country which provided by suppliers who are non-resident and without tax registration in Lao PDR (see Point 2 of 2.5).
      3. VAT payer with tax registration have legitimate rights to claim VAT refund at point of entry only if such tax amount was already paid for importation of goods and services, and the services that the taxpayer paid in Lao PDR under the conditions below:
         1. Import goods, goods and services purchased in Lao PDR that are planned to be efficiently used or partially used by the taxpayer in the business operation that have been taxed by laws of VAT, which also includes the supply of goods and services that happened abroad which may be taxed if the goods and services being offered in Lao PDR;
         2. There is no list of items that described as VAT non-refundable at point of entry by laws, only goods and services described in a) are VAT refundable;
         3. Fully compliant to indicated supporting documents for tax refund.

If any one of conditions described in Point 4 are not complied, VAT refund is not allowed.

* + - 1. Conditions defined in Point 4 (a) simply intend to covey that the taxpayer can only receive VAT refund at check-in point for goods and services that they used in their businesses regardless of assets, goods for resale, goods and services used for commercial production or supply and so on.

If the taxpayer is a general person and purchases goods and services in any kinds for personal use or if the taxpayer is a company and purchases goods and services in any kinds for its owner, director and other individuals of the company to serve their personal purposes, such purchases are not permitted to claim VAT refund at check-in point.

Conditions defined in Point 4 (b) refer to goods and services that are not allowed to claim VAT refund by laws, unless respective businesses are suppliers of such goods and services in particular. Goods and services excluded from the refund are defined in Point 7 under 2.6 of Section E.

Conditions defined in Point 4 (c) refer to the conditions that the VAT payers who claim VAT refund at check-in point using the monthly VAT declaration form must be able to confirm at any time that they fully comply with the conditions regarding required supporting documents. Point 1.2 of 2.6 in Section E provided information on the documents required to certify the rights to receive VAT refund at check-in point. These documents will not be required to attach with the VAT declaration form but will be filed and provided to tax officers anytime upon request.

* + - 1. VAT payers that register VAT when the VAT is taken into effect in Lao PDR are allowed to claim turnover tax refund that they have already paid for inventory in the warehouse, purchasing of services and fixed assets which are being operated at the time of registration (do not include turnover tax related to fixed assets that were purchased and listed as fixed assets before the registration is effective), and will be used for the business that subject to VAT as reported in the first monthly VAT declaration form. The procedures mentioned are also applied to the VAT payers that recently registered VAT after VAT is fully implemented for the inventory in the warehouse once the VAT registration is effective.
      2. In contrast, VAT payers will not be allowed to receive VAT refund at check-in point (or turnover tax refund) in the following cases:
         1. In the case of business offers exempt goods and services;
         2. In the case of the goods and services that imported and / or purchased by VAT payers are food, accommodation, tour service, entertainment and recreation services, except the business of a taxpayer offers these goods and services. The mentioned goods and services refer to food and beverages, restaurants , bars , clubs and other similar places; services that offer food and drinks, hotel, and all types of tour services, recreation and entertainment services regardless of location and whether to use them for personal purposes or linked to business purposes;
         3. In the case of import commodities and purchased goods and services for relief services or in-kind donations or for personal use; imports or purchases for personal use occurs when the VAT payer takes the goods out of warehouse and use them to serve all purposes that unrelated to the business operation. For example, taxpayer takes out their goods from the warehouse for the purposes of giveaway, free services; in the case of taxpayers allow their employees to use the assets that belong to their business for personal use without any charges, and so on.
         4. In the case of importation and purchasing of goods and services which are fuel and lubricant oil as inputs for business operation, production and services whether they are subject to VAT payment or exemption, except the case of the business of the taxpayer offers these goods and uses them as the main business inputs that are already taxed;
         5. In the case of importation and purchased goods and services which are relevant to telecommunication, water supply and electricity, except the case of the business of the taxpayer offers these goods and uses them as the main business inputs that are already taxed;
         6. In the case of provided services are concerning rental services of equipment, luxury cars or properties; except the case of the business of the taxpayer offers and uses these services as the main business inputs that are already taxed;
         7. In the case of imported or purchased goods are the luxury cars including assemblies and spare parts, except the case that the taxpayer’s business offers sale and rental services of these cars, assemblies and spare parts for repair and maintenance or provide services on goods and passenger transportation or similar services. Luxury car refers to "a vehicle" on the road that identified based on the design and the car equipment which is used specifically for the passenger transport and has less than nine seats including a driver seat;
         8. In the case of the taxpayer is a concessioner of logging or natural resource exploitation and according to legislation on VAT, natural resources exploitation is subject to be taxed whether it is undertaken by the taxpayer or other taxpayers and is not allowed to get tax refund.

The value added tax on check-in point which is not refundable as specified in Point 7 is allowed to be recorded as expenditure.

**Rights to receive VAT refund at check-in point for "mixed" VAT payers**

* + - 1. Conditions for obtaining VAT refund at the check-in point described in Point 4 under 2.6 in Section E and restrictions on the rights to obtain VAT refund described in Point 7 (a) under 2.6 in Section E define how much 'mixed VAT payers' can obtain VAT refund. A VAT payer will be considered as 'A mixed VAT payer' if their businesses include sale of goods and services within the country which subject to VAT at the rate of 10%, that in some events there are sale of goods and services abroad and sale of exempt goods and / or services.

Mixed VAT payers must follow the rules below to calculate the VAT value at check-in point which is refundable upon submission of the VAT declaration form within identified reporting period.

* + - * 1. Any mixed VAT payers import and purchase goods and services at any time with VAT included and plans to use (and actually use) such goods and services for the purpose of resale which allowed to obtain VAT refund (see Point 4 and 7.a under 2.6 in Section E), such taxpayers can obtain full VAT refund at the check-in point on import and purchase of these goods and services, except the case of the imported goods or purchased goods or services are identified as non-refundable VAT (see Point 7 under 2.6).
        2. Any mixed VAT payers import and purchase goods or services of any kind with VAT included and plans to use such goods and services for the purpose of resale which not allowed to obtain VAT refund according to the Law on VAT (see Point 7.a under 2.6 in Section E), such taxpayers cannot obtain VAT refund at the check-in point on import and purchase of these goods and services.
        3. Any mixed VAT payers import and purchase goods or services of any kind with VAT included and at the time of import or purchase, the taxpayers do not know the origin of such goods and services or are not able to identify the quantity of goods and services to be used neither for the purpose of resale with VAT refundable nor non-refundable at the check-in point, such taxpayers can partially obtain VAT refund at the check-in point on import and purchase of these goods and services as following:
        + In case of the taxpayer can determine which goods and service items were actually used, the taxpayer must be able to determine tax payable based on estimated "figures" that must be adjusted immediately to actual destination of the goods and services once the actual destination is recognized.
        + If it is not possible to clearly identify which part of the taxpayer’s business that actually uses goods and services, the mixed VAT payer must agree with tax authority to adopt the estimated 'figures' which can be used to determine VAT payable at check-in point which is refundable through monthly declaration process.

An accurate method of calculation on VAT value that is refundable in the month when goods or services are imported or purchased shall perform as following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Monthly VAT payable amount which is refundable | = | Total income excluded VAT from the sale of VAT refundable goods and services | x | Total monthly VAT payable at check-in point |
| Gross income excluded VAT from the sale of all goods and services |

Exercise of the rights on VAT refund at check-in point

* + - 1. When the VAT is refundable at check-in point according to the regulations defined in Point 2 to 7 under 2.6 in Section E, VAT payers with registration can exercise their rights very simply by taking the sum of all VAT refundable amounts at check-in point (based on types of purchase as specified in the VAT declaration form) during the taxation period to fill in Section E accrued in the monthly VAT declaration form (see Point 1 under 2.6 in Section E).
      2. In any reasons, if the VAT refund at check-in point is not included in VAT declaration form within the respective period, such VAT refund amount can be claimed in the VAT declaration form within the next five taxation periods (5 consecutive months), the taxpayer can add such VAT refund into the amount of VAT refund that will be claimed in the next taxation period. In this case, basic calculation on VAT is displayed in Lines 23 to 26 in the declaration form dependent on types of activities that happened at check-in point, also, there is a need to take into account basic calculation of VAT refund in the past period. In the case of VAT refund at check-in point has not been claimed within 6 months from the first day that VAT refund is still valid, the VAT payer can report to the tax authority for consideration on the VAT refund as a special case and provide reasons why the refund cannot be obtained in the previous period. If the reasons provided are adequate and accepted by the tax authority, the refund will be considered.
      3. To exercise the rights of the taxpayer on the turnover tax refund that included in the inventory as a VAT payer with VAT registration (see Point 6 under 2.6 in Section E above), the VAT payer must add the total amount of turnover tax paid at the point of origin (excluding the turnover tax on fixed assets that were purchased and listed as fixed assets before the effective day of VAT registration) into the VAT payable by types of related purchased items that is refundable within the first taxation period through the VAT system. Then, the VAT payer must enter the sum (turnover tax + VAT on each type of the purchased items) in Section E of the VAT declaration form for the first taxation period.

However, this right can be applied to refund the turnover tax only if the VAT payer attach together a list of goods in respect to paid turnover tax, the list must illustrate types of goods that are imported or purchased as well as related details including quantity, accurate price, turnover tax payable or paid turnover tax that must coincide with the information provided in the invoice or import document. The list must reflect the information that actually happened on 31 December 2009 (or the last day accrued in the month before VAT registration is effective) and must be signed by the person who signed the VAT declaration form.

**Supporting documents necessary for VAT refund at check-in point**

* + - 1. To use the rights on VAT refund at check-in point, the VAT payer must have and can show following proof and records at any time of request by the tax authority (these documents are not required to attached along with the VAT declaration form):
         1. VAT refund at the check-in point in the case of importation:
         * Import documents or similar from suppliers abroad which contains the information required as determined in legislation of Lao PDR and states the taxpayer is the importer;
         * Import documents that are certified by tax authority as defined in the law on tax which state that the taxpayer is the importer and provide the VAT value paid on importation;
         * Documents that certify receipt of tax payment by the National Treasury (receipts);
         * Records on VAT paid at the check-in point on importations.

B. For the VAT at the point of entry on domestic goods purchases and services from the VAT Payers who are registered in Lao PDR:

* Correct invoices as determined in the Article 35 of the Law on VAT;
* Tax payers’ accounting records related to domestic purchases.

C. For the VAT at the point of entry on domestic goods purchases and services from the business operators who are not established and not registered for tax in Lao PDR:

* Correct invoices or similar documents from the business operators who are not established and registered for tax in Lao PDR, containing information as determined in Lao PDR’s legal instruments and stipulating that the tax Payers are the real services purchasers.
* The tax payers’ accounting records related to the purchase of these services.

13. The total amount filled in the Section F must be equal to the gross amount for the declaration. If the tax payers do not have imported any fixed asset or other goods during the tax period, should not fill information in the lines 23, 24, 29, 30, 34, 25, 29 or 40’ if there have not been any fixed asset purchases in Lao PDR during the tax period then should not fill anything in the lines 26, 32, or 32 and others, should fill only in the lines requiring information on the type of operation activities (such as imports or purchases) that the tax payers have actually carried out, information filling as follows:

* Line 23: Gross amount from the VAT base calculation, which consist of VAT amount calculated from the import of non-fixed asset goods. Fixed assets are goods used for the tax payers business but are not for reselling for instance machineries, computers and others;
* Line 24: Gross amount from the VAT base calculation, which consist of VAT amount calculated for collection from imported fixed assets;
* Line 25: Gross amount from the VAT base calculation, for non-fixed asset goods and services purchased in Lao PDR;
* Line 26: Gross amount from the VAT base calculation, for fixed assets purchased in Lao PDR;
* Line 27: Gross amount of goods or services which have been exempted as per laws and regulations;
* Line 28: The Sum of the lines 23-27;
* Line 29: Gross VAT at the point of entry amount paid at the time of non-fixed asset goods import;
* Line 30: Gross VAT at the point of entry amount paid at the time of imported fixed asset;
* Line 31: Gross VAT at the point of entry amount paid to the suppliers or paid in the same declaration as non-fixed asset goods and services purchased within Lao PDR;
* Line 32: Gross VAT at the point of entry amount paid at to the supplier or paid in the same declaration as that of the fixed asset domestically purchased in Lao PDR;
* Line 33: Sum result of the VAT at the point of entry amounts which have been filled in the line 29-32;
* Line 34-37: Total VAT at the point of entry amount which could not deduct due to unauthorized deduction of the VAT at the point of entry for fixed assets, goods and services imported or purchased (see section 5 of 2.6 in of the Section E) or due to the fact that these imported or purchased goods and services are not used for the business purposes (see section 5 and 6 of 2.6 again).
* Line 38: Sum result of VAT amounts which have not been permitted to fill in the Line 34 – 37;
* Lines 39-42: Rightly deductible VAT at the point of entry amount for fixed assets, goods and services imported, purchased in each line.
* Line 43: Gross amounts input to the Lines 39-42.

**2.7 Section F – Payable VAT amount brought forward for deduction or refund.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| VAT refundable accrued in the month [(21+22)-(39+41)] | [44] |  | | Credits accrued in the month [(39+41)-(21+22)] if [(39+41)>(21+22)] | [48] |  |
| VAT refundable from previous period (Line 52 of previous month) | [45] |  | | Credits + adjusted amount [(45±46)-44] if (45±46)>44 | [49] |  |
| Adjusted amount from the declaration form of the previous period | [46] |  | |  |
| VAT payable excl. fixed assets [44-(45±46)] | [47] |  | | Total credits excl. fixed assets [48+49] | [50] |  |
| Ratio of export to supplies in overseas by comparing the product of [12+13] and income after tax [17-14] | [53] |  | % | Request VAT refundable accrued in the month [48]x[53] | [51] |  |
| Credit excl. fixed assets to be paid in the next period (50-51) | [52] |  |

2.7.1 In the Section F, the Tax payers must seek the discrepancy portion between their gross sale and purchase amounts for goods and services except the fixed assets during the tax period. In this this group, it has been mentioning only non-fixed asset goods and services in particular, so as to calculate how much the tax remittance to the Budget would be during the declaration period or how much credits are available at the end of the period, apart from these, we should further see how much the remaining credits have been brought forwards from the VAT declaration form’s Line 52, pertaining in the past period.

In order to gather the information to be correctly filled in the Section F’s Lines, the VAT Payers should:

* Add the amount in the Line 21 to that of the Line 22 in the Section D and sum up the Line 39 with the Line 41 in the Section E. If (39+41) is higher than (21+22), fill the Line 48 with the discrepancy. Do not fill both Lines 44 and 48 with the discrepancy except when (21+22) is equal to (39+41). In this case, put 0 in both Lines 44 and 48;
* Copy the declared amount in the Line 52 from the past month’s declaration form, to the Line 45 in this month’s declaration form;
* Declare the adjusted figure from error location or incompletely declared VAT amount for non-fixed asset goods and services in the previous declaration form’s Line 46 (see 4 adjustments as per section 4.1 for VAT declaration sheets);
* If the amount filled in the Line 44 is greater than (45±46), the Line 47 should be filled with the payable VAT’s discrepancy which has not been deducted from the fixed assets; if there is no input in the Lines 54, 55 or 56 (see below), the amount in the Line 47 must be remitted to the National Treasury at the latest 15 days after the declaration period ends or the same date as that of the declaration form;
* If the amount in the Line 44 is lower than (45±46) it should be filled in the Line 49, then the sum result of the Lines 48 and 49 will be entered in the Line 50 yielding the total Credit excluding Fixed Assets;
* If the Line 50 has been entered but the VAT Payers have not carried out exports or supplies abroad during the declaration period, enter 0 (zero) in the Line 51 and then copy the amount in the Line 50 to the Line 52 for non-fixed asset to bring forward to continue the deduction;
* If you have filled an amount in the Line 50 and you have conducted exports and/or supplies abroad during the declaration period. In case you don’t want refund you can enter the said amount in the Line 52 and bring forward the amount as per determination in the section point six;
* You can apply for refund particularly the VAT at the point of entry portion which could not be deducted due to the fact that it is linked to your exports and/or supplies abroad. In order to apply for refund request, the VAT Payers should:

1. Calculate the ratio of exports and/or supplies abroad as follow:

* Add the Line 12 to the Line 13 (the result being A);
* Determine the total business revenue subject to tax during the report period by subtracting the amount in Line 14 from the amount in the Line 17 (the result being B) ;
* Calculate the exports proportion: the result being A divided by the result B then multiplied by 100;
* If the ratio is decimal figure, keep 2 digits after point.

1. Enter (declare) the ratio obtained from the calculation in the column [53];
2. Calculate refunded amount by multiplying the amount in the Line 48 by the ratio in the column [53];
3. Enter the refunded amount in the Line 51;
4. Enter the discrepancy between the Lines 50 and 51 in the Line 52;
5. Mark in the column in the Section B (refund application) and sign in the column (apart from the signature in the Section C);
6. It has been determined that the remaining credits amount declared in the Line 52 (once the refundable part already declared in the Line 51) could be brought to the Line 45 of the next VAT declaration form, to deduct from the payable VAT till it finishes but not later than 6 months. If it is dragged longer than that, the VAT Payers must submit the application to the Tax Sector.

**2.7.2 Application for Tax Refund**

1. During the tax period, if the tax Payers carry out goods export or supply goods and services abroad, they could request the Tax Sector to deliver certain portions of credits or all of them in the Line 48, by entering information in the related Lines within the Section F and mark the given column and sign in the Section F of the VAT declaration form (apart from this, see the section 2.3 Section B of the VAT refund application). The tax Payers do not need to attach any document to the declaration form but they are capable of certifying that the refund request is correct and can submit those documents when the Tax Sector requests them (see section 2.7.3 on the VAT refund application criteria).

2. The amount which could be requested for refund is the part of the portion of the value of the exports and goods and services supply abroad, which have been calculated in accordance with the gross credits ratio entered in the Line 48 of the declaration, the VAT at the point of entry of the fixed assets purchased or imported during the period, could not be refunded (all the credits obtained from the VAT at the point of entry deduction from the fixed sets could only be brought forwards, for continuing to be deducted).

3. Examples of the calculation of the VAT refund request ratio:

* Sum of the amounts in the Lines 12 and 13 of the declaration sheet, yielding the result as (1);
* Subtract the amount in the Line 14 from the amount in the Line 17: yielding the result as (2);
* Divide (1) by (2) then multiply by 100; this is the ratio to be refunded;

Example (see the Section B in the declaration, written below):

* Line 12 + Line 13 = 330,000,000 +5,000,000 = 335,000,000 (1)
* Line7 – Line 14 = 800,000,000 – 15,000,000 = 785,000,000 (2)
* [(1)/(2)] x 100 = (335,000,000/875,000,000) x 100 = 42.67%
* 42.67% must be written on the column 53in the Section F (if it is a decimal figure take 2 digits after the point)
* The refund requested is 42.67% of the amount to be calculated in the Line 48
* [(Line 48 x Line 53) – 74,000,000] x 42.67% = 31,575,800
* Enter the calculated result in the Line 51
* Then the VAT Payers enters the discrepancy between the Line 51 and 52

The amount in the Line 52 can be brought forward for further deduction in the next declaration form (see 2.7.1 of section 2.7 of the Section F)

* The refund could only be done under the condition that the tax remitter has a documentary evidence stating that he has the rights to receive the refund (see the requirement for tax refund request in section 2.7.3).

**Section D: Goods and Services Supplied**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Goods and services supplied by the VAT payer | Calculation | |  | |
| Export of goods | [12] | 330,000,000 |  | |
| Goods and services supplied in overseas | [13] | 5,000,000 |  | |
| Domestic supplies with VAT exemption | [14] | 15,000,000 | VAT collected | |
| Supply of goods that happening in Lao PDR which subject to 10% VAT | [15] | 270,000,000 | [19] | 27,000,000 |
| Services provided in Lao PDR which subject to 10% VAT | [16] | 180,000,000 | [20] | 18,000,000 |
| Total supply of goods and services (sum of #12-#16 and 19+20 | [17] | 800,000,000 | [21] | 45,000,000 |
| Purchase of goods, services from non-residential providers without registration in Lao PDR | [18] | 10,000,000 | [22] | 1,000,000 |

**Section E: Imports and Purchases**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Imports and services received from the VAT payer during the taxation period | Calculation | | Total VAT at the point of entry | | Non-refundable VAT | | Refundable VAT | | |
| Imported goods | [23] | 100,000,000 | [29] | 10,000,000 | [34] | 10,000,000 | [39] | 10,000,000 | |
| Imported fixed asset | [24] | 50,000,000 | [30] | 5,000,000 | [35] |  | [40] | 5,000,000 | |
| Other goods and services in Lao PDR | [25] | 900,000,000 | [31] | 90,000,000 | [36] |  | [41] | 80,000,000 | |
| Fixed assets in Lao PDR | [26] | 250,000,000 | [32] | 25,000,000 | [37] |  | [42] |  | |
| Goods and services which imported or purchased with VAT exemption in Lao PDR | [27] |  |  |  | | | | | |
| Total | [28] | 1,300,000,000 | [33] | 130,000,000 | [38] |  | [43] | | 120,000,000 |

Section F: Payable VAT brought forward for deduction or refund excluded fixed assets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| VAT refundable accrued in the month [(21+22)-(39+41)] | [44] |  | | Credits accrued in the month [(39+41)-(21+22)] if [(39+41)>(21+22)] | [48] | 44,000,000 |
| VAT refundable from previous period (Line 52 of previous month) | [45] |  | | Credits + adjusted amount [(45±46)-44] if (45±46)>44 | [49] |  |
| Adjusted amount from the declaration form of the previous period | [46] |  | |  |
| VAT payable excl. fixed assets [44-(45±46)] | [47] |  | | Total credits excl. fixed assets [48+49] | [50] | 44,000,000 |
| Ratio of export to supplies in overseas by comparing the product of [12+13] and income after tax [17-14] | [53] |  | % | Request VAT refundable accrued in the month [48]x[53] | [51] | 18,774,800 |
| Credit excl. fixed assets to be paid in the next period (50-51) | [52] | 25,225,200 |

Section G: VAT payable or the carry over amount after VAT on fixed assets

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| VAT payable for fixed asset [40+42] | [54] | 30,000,000 | Total VAT payable accrued in the month [47-(54+55±56)] if 47>(54+55±56) | [57] |  |
| Carried over VAT on fixed assets (Line 58 of the previous month) | [55] |  |
| Total VAT payable on ‘fixed assets’ to be cleared in the next period [(54+55±56)-47] if (54+55±56)>47 | [58] | 30,000,000 |
| Adjusted VAT on fixed assets (+ or -) | [56] |  |

4. If the VAT Payers are the concessions takers for Natural Resources Exploration and the export Goods are natural timber products and minerals preserved by the Government, could not be refunded.

2.7.3 VAT Refund Request Application Criteria

2.7.3.1 If there are request for VAT refund the VAT Payers should be responsible vis-à-vis the law concerning the correctness and completeness of the application and should be able to submit predetermined documentary evidences to the Tax Sector to certify that the quest its rights. Apart from this the VAT Payers should be always prepared to supply additional information in general about their activities to the Tax Sector, whenever requested.

2.7.3.2 The legal instrument on VAT has defined that if the VAT Payers apply for tax refund, they should be able to certify during the Tax Sector request for information meaning that the refund criteria has been observed at the time of the request. The certification as per laws and regulations, should be comprised with particular documents and records, clearly and precisely demonstrated, as to the VAT Remitters’ has proposed the refund request as follows:

A. The VAT Payers Should correctly and completely declare the VAT at the point of entry allowed for deduction and gross tax payment in the VAT declaration sheet;

B. The Goods and serviced declared as having been exported or actually exported in compliance with the law of VAT and the supply of goods and services declared as having really accrued abroad, and have been carried out using the imported goods or the goods and services purchased in Lao PDR.

C. The payment for exported goods has been carried out through banking system and other procedures such as goods and services exchange. The payment in other particular forms as determined in the Law and Regulations on VAT.

2.7.3.3 In actual practice to prove that the refund application is correct, the VAT Payers should have related documents and/or other similar documents which in some cases, are usable in lieu of these) which could demonstrate or submit to the Tax Sector as per the following proposals:

* Correct invoice issued for each good and service supply which has been carried out by the VAT Payers between tax periods of refund application;
* The documents and records they should prove their rights for VAT deduction, consisting of (see further in section 12):
* For Imports: the import request or equivalent document from the suppliers abroad, containing information as to they are the ones who purchased the imported goods, as stipulated by the law and regulations as well as import documents certified by the Tax Sector in accordance with the Law on Tax indicating that they are the importers and defining the import VAT at the point of entry amount or indicate how the amount can be calculated ;
* Correct bills legible under the Article 35 of the Law on VAT, for the goods and services supplied to the Lao PDR’s VAT Payers by other VAT Payers who have been established and registered in Lao PDR;
* For the services delivered by foreign business operators who have not been established and not registered for VAT in Lao PDR: correct invoices containing legally defined information such as: the name and address of the supplier and have been supplied..;
* The records of the imported goods and services, should indicate that the VAT Payers account holding as per the Article 14 and 34 of the Law on VAT;
* For imported goods, sale contracts or similar sale documents, the documents linked to transport showing that the goods have been transported by the VAT Payers or representatives, from one location in Lao PDR to another location outside Lao PDR or to Customs warehouse or similar destination in Lao PDR;

The payment documents showing that: the supplied goods have been paid abroad through banking system or other procedures (if usable) as defined in the Law on VAT Article 22 section 4 and the correct concerned Customs declaration for exports or for Customs warehouse entry or in other locations as determined by concerned sectors having similar functions;

* For the goods and services declared as being supplied abroad: -the documents showing that the Lao PDR VAT Payers truly have their branches abroad (or came in to participate in goods exhibition fair or other similar functions) who sell goods and/or services using goods and/or services purchased or imported in Lao PDR or in similar venues; -the transport and Customs documents showing that the goods have been sold or used for services abroad, have been transported from the business venue in Lao PDR; -for goods and services purchase contracts or similar documents, invoices issued abroad or other type of similar documents showing that the supply of goods and services has in fact used the goods from the VAT Payers in Lao PDR, and has been carried out in according to the Articles 9 and 10 of the Decree on implementation of the Law on VAT and; - the document showing that the goods and services supplied abroad are composed of goods and/or services that the VAT Payers have purchased in or imported into Lao PDR.

**2.8 Section G – Fixed asset VAT payable amount and credits brought forward for further deduction**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| VAT payable for fixed asset [40+42] | [54] |  | Total VAT payable accrued in the month [47-(54+55±56)] if 47>(54+55±56) | [57] |  |
| Carried over VAT on fixed assets (Line 58 of the previous month) | [55] |  |
| Total VAT payable on ‘fixed assets’ to be cleared in the next period [(54+55±56)-47] if (54+55±56)>47 | [58] |  |
| Adjusted VAT on fixed assets (+ or -) | [56] |  |

In the Section G, VAT Payers have to assess the balance between the gross sale and gross purchase linked to the fixed assets for the tax period. In this Section the VAT Payers calculate only what is linked to fixed assets, while, at the end of reporting period to see: how much remaining credits they have and how much to remit to the National Treasury in the period for the total available goods and services (including fixed assets) considering both cases, from the past periods’ reported VAT declarations’ Line 58, estimate the remaining credits brought forward for further deduction. Certainly if the VAT Payers have not bought or imported fixed assets in between the reporting periods, nor have remaining credits to be brought forward from these past tax declarations, they should not fill anything in this Section G.

1. In order to correctly fill the Section G with information, the VAT Payers should:

* Add the figure in the Line 40 to the amount in the Line 42 in the Section E then enter the sum result in the Line 54;
* If the figure has been entered in the Line 58 in the previous month declaration, copy the same figure in the Line 55 in this month declaration;
* If you have adjusted the error or the amount incompletely declared for the fixed assets in the past declaration or must pay the VAT previously deducted as in the explanation in 4.2 of section 4’s on VAT declaration adjustment, enter the amount in the Line 56;
* Then sum the Lines 54,55 and 56.
* Having entered the amount in the Line 47 if the addition result of (54+55+56) is less than the mount in the Line 47, the difference must be entered in the Line 57 which is the payable amount to the National Treasury at the latest after the end of declaration;
* If not having entered the amount in the Line 47 or the amount in the Line 47 is less than the addition result of (54+55+56), then the discrepancy must be entered 58; the amount is the gross credit linked to the fixed assets amassed so far by the VAT Remitters;
* The Line 58 credit amount could be brought forward for further deduction in the next tax declarations (Line 55) until all the amount are deducted.

Note: Filling of information regarding records in the VAT declaration form should be carried out as follows:

* The calculation units should be in Kip currency; if the amount is calculated to fill in the declaration form based on documents linked to imports, exports or goods and services supplied abroad or supplied by the suppliers established abroad, are in foreign currencies, then they should be converted into Kip currency based on the exchange rates (buying) from the Bank of Lao PDR on the date of VAT declaration submission;
* If the calculation result of payable VAT amount is ended with units of 100, adjust the digits to the units of thousands at the nearest.

3. **VAT Declarations Procedures**

After entering the information and signed the VAT declaration for the declaration period, the VAT Payers should submit the declaration form to the Tax Sector under which they are subject. If the filled declaration form show amounts in the Line 47 or 57, then the tax Payers should pay the amount to the National Treasury as per the predetermined printing form, the tax amount remittance should precisely stated the payable tax period, to avoid missing the timely periodic remittances according to notices. In any case, the declaration submission and the tax amount remittance for the month should be at the latest 15 days in the next month. For example the declaration of the VAT Payer for January 2009 must be submitted and the obligation is remitted as shown in the Line 47 of the declaration form and not later than 15 if February 2009. The legal instrument on VAT has \determined that the Tax Sector penalize the late VAT declarations or the remittance is done after the 15 of the month as per the law and regulations. Example: the VAT amount shown in the Line 47 of January declaration would be fined at 5 % of the late remitted amount and 10% if it is remitted after 15 of March 2009.

The VAT Payers must submit monthly declaration and not later than the 15 of the next month even if there are no VAT at the point of entry and exit VAT or not example: for the tax period of January the VAT Payer must submit the VAT declaration at the latest by the 15 of February and if delayed, they would be subject to measures in the same way as stipulated in the first paragraph of this section.

The VAT declaration should be submitted to the revenue collection and management units or working groups for preliminary information inspection to ensure the VAT Payers or the authorized representatives or the delivery staff know that the information is complete before they leave the Tax Sector office.

In case there is a payable VAT amount shown in the declaration sheet’s Line 47, the VAT Payers should supply related information and on the amount to be remitted in the printing form already defined for remittance execution to the National Treasury.

If the preliminary inspection has found some error the tax staff should return the declaration form to the VAT Payers for adjustment.

The preliminary inspection has found VAT declaration completely filled with information, the tax officer must officially register entry and seal to accept the declaration on the submission date, one copy of the declaration is returned (the second one). The declaration shall not be sent to the National Treasury.

Then after the acceptance and return a copy to the delivery person, it will be inspected in details by the inspection unit separating the following up document in two cases as follows:

1. The follow up form having the refund request in the declaration;
2. The follow up form having no refund request.

The VAT Refund operation has been defined in the special regulations.

4.  **VAT Declaration Adjustment**

If the VAT Payers found errors or changes occurred after the declaration submission before the declaration has been returned (for instance the declaration has been submitted on the 8 of the month and errors have been found on the 12 of the month) they could send the adjust notice having once improved the information to make it correct to replace the previously submitted declaration.

In case that errors are pertain to the non-fixed asset goods and services or have in someway changes in the VAT declaration, have to be adjusted in the next following month, the adjustment should be carried out as follows:

1. If the VAT Payers found errors or changes occurred after the declaration has been submitted but before the declaration has been returned (for instance the declaration has been submitted on the 8 of the month and errors have been found on the 12 of the month) they could send the adjust notice having once improved with correct information by replacing the previously submitted declaration with the adjusted one. In that case if you submit the new (adjusted) declaration, please remember that the Tax Sector has already known The VAT Payer has submitted the declaration of the same tax period which must be cancelled. In accordance with the adjustment notice, the additional VAT amount should be paid to the National Treasury. In that case this tax amount should be remitted as fast as possible.
2. If the VAT Payers found errors or included incomplete amount in certain section or many sections in the tax period declaration previously submitted to the Tax Sector, they should adjust the errors or the incomplete amounts as follows:

* They should determine each error or each incomplete amount that they have no purchase or import fixed asset, the discrepancy between the correct VAT amount to be entered and the incorrect VAT amount which has been entered in the declaration;
* The discrepancy could be positive or negative example:
* In the past declarations, the VAT Payer have declared 320,000,000 Kip in Line 19 where he forgot to declare that his supplies have been calculated 10,000,000 Kip. Line 19 of the past declarations should be 330,000,000 kip. The difference is 10,000,000 kip, where he should inform in the Line 46 of the submitted declaration in the tax period but he forgot. In that case the discrepancy is the payable additional VAT amount and therefore it should be declared as positive amount;
* In the past declarations, the VAT Payers have declared 120,000,000 kip in the Line 41, (the VAT at the point of entry could be deducted for the purchase of goods or services linked to the fixed assets). They forgot to add the VAT at the point of entry of 5,000,000 kip, in fact the Line 41 of the past declarations should be 125,000,000 kip. Therefore the discrepancy of 5,000,000 kip should be declared in the Line 46 of the tax period declaration, then they see the incomplete declared amount. In this case the discrepancy is the amount to be further deducted and entered as negative amount;
* In May 2010, the VAT Payer has received the return of goods supplied to a customer in March. The customer has not registered as VAT Remitter, the VAT amount of 150,000,000 kip has been collected from the supply in March declared in the Line 19 of the declaration of the month of March. As part of goods have been returned in May the VAT Payer must return the money of 20% the VAT amount initially paid (150,000,000 x20% 30,000,000kip), therefore he can request the turn of VAT of the same amount by declare the amount in the Line 46 of his monthly declaration. Regarding this case the discrepancy of VAT previously paid 30,000,000 kip that the National Treasury has to refund. Therefore the amount should be declared as negative figure;
* In reality, it is not only VAT figure adjustment has to be paid to the customer or proposed to deduct back the VAT amount already declared in the Line 46 but this would include the calculation base adjustment as well.
* If the cases 1 and 3 occur in the same month the amount to be declared in the Line 46 are the discrepancies between the two cases; in this case the discrepancy of -20,000,000 kip; the concerned person has to remit 10,000,000 kip due to incomplete declaration in 1, he could receive 30,000,000 kip because of goods return (columns in page 3);
* In case you are a mixed VAT Payer between the sale of goods and services subject to VAT and the sale of goods and services that are exempted as per the Article 10 of the Law on VAT, have deducted VAT of 50,000,000 in March 2010 declaration for the purchase of goods intended to be used in the business operation under tax. However in July 2010 the Remitter has used those goods in the VAT exempted business, therefore he should return 50,000,000 kip VAT previously deducted by entering -50,000,000 in the Line 46 of the declaration in the month of July. This is the amount of money to be returned to the State for VAT amount previously deducted. Therefore it is declared as a positive payable amount.
* In case you are a mixed VAT Payer between the sale of goods and services subject to VAT and the sale of goods and services that are exempted as per the Article 10 of the Law on VAT, but you could not pre-determine the portion of goods and services purchased or imported that is used in business operation subject to tax. The VAT at the point of entry amount linked to the supply under tax should be calculated according to the proportion of actual taxed supply in the month; in case the VAT Payer or the Tax Officer found error after the VAT declaration has been submitted, the Line 46 of the month declaration found to contain error has to be adjusted.
* Then the VAT must declare the adjusted amount in the Line 46 of the VAT declaration he has submitted and found the error or incomplete amount or in the period of changes occur. If the adjustment has a positive amount that amount should be declared with a positive sign + (plus); if the amount is negative it should be declared with a sign – (minus).
* The VAT Payer should ensure that the amount declared in the Line 47 must have a + (plus) or - (minus) sign.
* The VAT should also indicate by marking in the concerned column above the declaration printing form stating that the declaration contain adjustment.

1. Please observe from the submission of VAT declaration that for the registered VAT Remitters’ activities if there are certain changes occurred in the factors used to determine the taxed or deducted VAT amount (such as cancellation of purchases) all the adjustments or changes must be carried as defined in the Article 30.2 A and B columns 1 and 2 of the VAT implementation instructions. It means that the adjustments in these cases must be done by new invoices issued by the suppliers or purchasers (depending on the particular characteristics of the cases) and therefore the changes in related VAT amount would be included in the VAT declaration submitted during the period where the changes occur and new invoices issuance. These changes should not be entered in the Line 46 (or 56) of the VAT declaration.

4.2 While entering information in the declaration if errors or incomplete amount occur in the VAT declaration and the amount is related to fixed assets, the adjustments should be carried out as defined in the sections 4.1 of the VAT adjustment, it should be declared in the Line 56 of the declaration (instead of Line 46).

In the period where the fixed assets depreciation provision as determined in the Article 37 of section 2 in the Law on VAT (see table below), if the VAT Payer continue to use the fixed assets regardless the reasons, there should be an adjustment in the amount of VAT at the point of entry previously deducted, for instance: damaged, non-repairable and absolute fixed assets which could no longer be used in the production process and so on, where new equipment are replaced to render the production process more efficient.

|  |  |  |
| --- | --- | --- |
| Depreciation Deductible Fixed Assets | Depreciation Deduction Period | Ratio of Refundable Deducted VAT (Remaining for Further Deduction) |
| Expenditures in Establishing the Enterprises;  Buildings to serve industries   * Aged less than 20 years; * Aged 21 to 40 years .   Commercial and Residence Buildings;  -Long lasting  - Semi-Long Lasting  Machineries & Equipment for Excavation, Vehicles for Construction Deployment and Pay Loading to serve Industries, Agriculture, Handicraft and Other Construction Purposes;  In Land Transport Vehicles;  Complete Sets of Materials and Tools Serving Professions and Other Certain Works;  Office Materials and Stationaries;  Installations, Improvements and Decorations;  Voyaging Ships and Airplanes | 2 years  20 years  40 years  20 years  10 years  5 years  5 years  5 years  10 years  10 years  20 years | 50%  5%  2.5%  5%  10%  20%  20%  20%  10%  10%  5% |

In the above mentioned case, the VAT Payer must return the VAT in the deducted portion at the time of purchasing the fixed assets. The part of VAT at the point of entry portion initially deducted which has to be returned is the portion part according the amount in the calendar year that remains when changes occurred till the end of depreciation period. For the purpose in the calculation of remaining number of years considering the date, month and year of the fixed assets purchase is the initial start of depreciation provision period where the changes occur regardless of the month of import or purchase.

Example a machinery is purchased at 80,000,000 kip in 2009; the depreciation period is 5 years (from 2009 to 2013); at the time of purchase VAT amount of 8,000,000 kip has been remitted and there was further a VAT deduction of 8,000,000 kip in the month of March 2012 but the machine broke down and not repairable. The VAT Payer must make an adjustment particularly he should return part of the previously deducted portion from the VAT at the point of entry amount of 8 million kip. In this case the portion to be returned is two on five or equivalent to 40% of the VAT at the point of entry amounting to 8,000,000 x 40% = 3,200,000 kip. In fact there are two remaining years, 2012 and 2013 the return in each year is 20%. In this case the adjustment or improvement of the amount is always positive and has to carry out by declaring the returnable amount in the Line 56 in the declaration form of the month when the use of fixed assets ends example; when the amount of money 3,200,000 kip has to be returned, in this case the VAT Payer has to declare 3,200,000 in the Line 56 for the month of March 2012.

4.3 All the same, there would be no adjustment or additional collection of VAT at the point of entry initially deducted if;

A. The VAT Payer has stopped using the fixed asset after the depreciation period ends;

B. The VAT Payer has no longer used the fixed asset into the business operation but he sells the fixed asset and calculates the VAT collection from the supply or export the fixed asset (in this case the rate is zero);

C. The VAT Payer should be able to certify the reason of not using the fixed asset or good any longer; in case the good or fixed asset have been destroyed, lost or stolen, there should be an official record from the police, an insurance document or others justifying that they are truly destroyed, lost or stolen; if not then there should be adjustment to be made.

D. **For an organization, corporate or individual operating a business which is not in the VAT system in Lao PDR, receiving supplies from the people who are not registered for VAT nor have any domicile in Lao PDR.**

For an organization, corporate or individual operating a business which is not in the VAT system in Lao PDR, receiving supplies from the people who are not registered for VAT nor have any domicile in Lao PDR, a VAT amount has to be deducted and remitted tom the National Treasury within 30 days counting from the day the supplies have been paid in a special form of VAT declaration.

A special form of VAT declaration (Printing Form No. 02 /VAT) is a type of printing form particularly used for an organization, corporate or individual who have not been tegistered for VAT in Lao PDR, who have received supplies abroad must fully fill in the information relating to each supply activities, in the special declaration then submit to the nearest tax officers.

Th declaration filling could be writtrn or printed by type writer sould not exeed the defined range and must be responsible form the information entered in the declaration.

One set of special forms of declaration is comprised of 2 sheets:

* 1rst Form is kept for file and for review, in the Tax Revenue Management and Collection Section, Capital and Provincial Tax Department, or District Tax Office;
* 2nd Form given to the VAT Payers for be kept as VAT declaration evidences.

The Special Form of Declaration are divieded in 3 groups:

1. Section A- Information on the VAT Remitter
2. Section B - The Calculation of Payable VAT Amount
3. Section C – Tax Declaration and Signature

(Printing Form of the special VAT Declaration for services in the next page)

Form No.02/VAT. TD

 **Special Form** **of the VAT Declaration for**

**TAX HELPS DEVELOP THE** **COUNTRY**

**Services**

|  |
| --- |
| This Printing Form should be filled in by an oaganizaion, corporate entity or individual established or having a residence in Lao PDR but not registered for VAT in Lao PDR, receiving services supplied from the people who are not registered for VAT nor have any domicile in Lao PDR. |

Date, Month, Year of declaration submission / /

Section A: Information on the VAT Payer

[01] The VAT Payer Ideentity Number: - -

|  |  |
| --- | --- |
| [02] Name (organization, corporate, individual) |  |
| [03] Street: |  |
| [04] Village : |  |
| [05] District : |  |
| [06] Province : |  |
| [07] Telephone No.: |  |
| [08] Telefax No. : |  |
| [09] Email: |  |

Section B: Calcualtion of Payable VAT

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of Supplier Abroad:  The Supplier’s Country : |  | | | | | | | |  |  |  |  |  |
|  | | | | | | | |  |  |  |  |  |
| Content of the Service Recived: |  | | | | | | | | | | | | |
| Invoice No. |  |  | Date, month, year |  |  | / |  |  | / |  |  |  |  |
| Amount: |  | | | | | | | | | | | | |
| Payable VAT |

Section C: Declaration Form and Signature

|  |  |  |
| --- | --- | --- |
| If hereby certify that I have received the taxable service as stated above and all the details as declared in the declaration form are all correct and complete. | | Company Seal |
| Full Name: |  |
| Position : |  |
| Signature | Date, Month, Year / / |

For Offical Use

Received from Postage

Submitted in the Office Signature: Date, Month, Year

/ /

Do not write anything on the side corner of declaration on the date of submission, in the left side corner of the the Section A It is for theb Tax Officer to fill in.

1. **Section A**

**Section A – Information on the Tax payer**

|  |  |  |
| --- | --- | --- |
| The Tax Payer Identity No. (if any): | - | - |
| [02] Name (orgamization, corporate, individual) |  | |
| [03] Street: |  | |
| [04] Village : |  | |
| [05] District : |  | |
| [06] Province : |  | |
| [07] Telephone No.: |  | |
| [08] Telefax No. : |  | |
| [09] Email: |  | |

The Section A indicate that the Tax payer who is an organization, corporate or individual operating a business which is not in the VAT system in Lao PDR, receiving supplies abroad by using this declaration to fill in the Line 01 (if any) to Line 09 as defined. In the Line 01, the Tax Payer’s identity if received services supply abroad if any identity is available.

|  |  |  |
| --- | --- | --- |
| Name of Supplier Abroad:  The Supplier’s Country : |  | |
| Content of the Service Recived: |  | |
| Invoice No. |  | Date, Month, Year / / |
| Amount:  Payable VAT |  |  |
|  |  |

1. **Section B**

The Section B the Tax payer should report each time there is a VAT deduction from services supply abroad, the information should filled in as follows:

* In the Line 10: the Name of Country of the foreign supplier should be entered here
* In the Line 11: what are the services the foreign supplier has delivered to you
* In the Line 12: The date, Month and Year you issue the invoice to the foreign supplier
* In the Line 13: Total Amount of services supplied received at the time
* In the Line 14: Total VAT amount to be paid to the National Treasury

1. **Section C**:

Section C- the Tax Declaration and Signature

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| If hereby certify that I have received the taxable service as stated above and all the details as declared in the declaration form are all correct and complete. | | | | Company Seal |
| Full Name: | |  | |
| Position : | |  | |
| Signature | Date, Month, Year / / | |  | |
|  | | For Official Use | |  |
| Received  by Mail  Delivery  in the office | | Signature date month year / /    r | | |

The Section C is the place where the Tax Payer writes the date and signs the VAT declaration for the period he receives the supply. The information filling, the date and signature as defined is to certify that all the information given by the Tax Payer in the VAT declaration is correct and complete and it should be remitted in the amount as stated in the Line 14, to the National Treasury in accordance with the determined Printing Form for tax payment.

**III. The Tax Remittance Operation**

The tax remittence is the payment of the amount of money as per declaration of the VAT Payer who have been registered or the payment of tax to the National Budget or under the TAX Sector’s order as per the Printing Form predetermined fot tax payment , for receiving the services supply from those who do not have residence and not registered in Lao PDR.

The tax payment for is a type of printing form where the VAT Payer who has been registered or those who receive the supply of services from the people having no residence and not registered in Lao PDR, should completely fill in the information as defined and remit in thepayable amount based on his own declaration or under theTax Sector’s order to pay. Then the tax amount would be paid to the National Treasury in the Central or at Local Office.

**IV. Measures on Declaration and Remittence**

1. The Tax Sector must use measures against the business operators who must remit VAT amount according to the Article 52 of the Law on VAT by category as follows:
2. In case there are some delay in tax declaration submission and payment the VAT Payers is subject to a penalty of 5% per month, of the VAT amount they should remit and should pay in official working days from the day that the Tax Sector has ordered to pay, onwards.
3. In case the VAT Payer do not obey the order to pay in the clause (A) of this Article, the Tax Officer has to issue a first claim by ordering the VAT Payer to pay the VAT and the penalty amounts as per the order to pay in (A) and pay 5% of the VAT and the penalty amounts for the first claim and should pay within 10 offcial days from the date the Tax Sector has issued the first claim onwards.
4. If the business operator who must pay the VAT, does not obey the second claim, the Tax Officer has to issue the second claim by ordering the business operator to remit the VAT and the penalty amount as per the first claim as defined in (B) of this Article and pay the penalty of 10% of the VAT and the penalty amount in the first claim and pay within 10 offcial days from the date the Tax Sector has issued the second claim onwards.
5. If the business operator who should the VAT, still does not obey the second claim, then the third claim has to issued by ordering the business operator to remit the VAT and the penalty amount as per the second claim in C of this Artcicle and pay 15% of the VAT and the penalty amounts in the second and assign the limit of 10 offcial days from the date the Tax Sector has issued the third claim onwards.
6. After the limit of the third claim has ended if the busines operator who should pay VAT still does not remit the tax and penalty amounts as determined in the third claim, he must be order to postpone his business operation, the business reqgistration and the tax registration are withdrawn for one month. After one month period of postponement, if the business operator does not pay tax and penalty amounts, the business opeartor is ordered to permanently close his business and the Tax Officers would proceed with the law suit and submit the allegation application to the court.
7. In case there is no submission of the declaration or not retmitted the VAT or incomplete remittance according to the regulations defined in the Article 28 section 2 and 3 of the Decree regarding the implementation of Law on VAT after 30 days starting from the 16 next month (of the month defining the declaration submission and tax remittance) it is to comply with the Arcticle 52 section 4 of the Law on VAT.
8. Through the inspection, audit or other procedures by the Tax Sector, if it is found that the VAT payable Business Operator has incompletely declared the VAT at the point of entry and/or has deducted the VAT at the point of entry in the amount exceeding the permitted amount, the Article 52 section of the Law on VAT has to be observed.

VI**. Function of the National Treasury**

The National Treasury Officers are responsible for receiving the tax remittance form and the tax payment from the Tax Payers, in the Tax Remittance Form which clearly stipulate the payment amount in numbers and in words.

Once the National Treasury Officers have recived the tax remittanceb form and the tax amount of money, the National Treasury Officers inspect the actually paid amount of money reconciled with the amount of money written in the tax remittance sheet, record the No. of amount receipt and the date, month, year and sign the tax remittance to the National Treasury and should daily send the tax payment form to the Tax Sector Officers.

One set of tax clearance document comprised of 3 papers:

1. A copy is kept in the National Treasury
2. Return to the Tax Payer
3. Delivered to the Tax Sector Officers

In the evening of every official day, the National Treasury should close the daily accounts and compile all the tax remittance sheets of that day, then prepare the documents following up the tax remittance sheets in groups, one Section contain 25 sheets, as well as indicating the actual amount of money. In case that day the number of tax remittance sheets can not treach 25 sheets, they should be liumped in one batch or in case the number exceeds 25, the exceeding portion which can not reach the full number of one group, they should be made another group. The document compiling the tax remittance sheets in each Section should be made in 2 copies, the National Treasury keeps 1 copy and another copy should be sent to the Tax Sector Officers every evening of the official day.

**VII. Functions of the Tax Officers**

Tax Officers must record the information in all the tax remittance sheets received from the National Treasury in a computerized system in ordrer to compare with the information in the tax declaration form from the Tax payers, already recorded; the computerized system will function as follows:

1. Recheck the tax calculations of the tax payers to see whether they are correct and complete or not;
2. Recheck the tax deduction if it is correct or not;
3. Calcualte the penalty amount in case of late tax remittances.

**VIII. Implementation**

This Regulation is from 01 January 2010. All the regulations that contradict with this regulation shall be cancelled.

**Minister of Finance**

***[Signature and seal]***

**Somdy DOUANGDY**