Investors learn about tax changes

Times Reporters

DFDL Mekong, an international tax adviser operating in Laos, has explained to businesses the government's proposed amendments to the country's taxation system to prepare them for the changes.

The tax and legal consultancy firm - which has offices in Laos, Singapore, Myanmar, Vietnam, and Thailand - held the seminar in Vientiane on Monday after learning that the government intends to adjust taxation laws to address the current social and economic situation.

Yesterday, former Minister of Finance and now Minister of Planning and Cooperation Somdy Duangdy suggested that the National Assembly (NA) consider and approve the proposed changes, which will increase tax rates for foreign investors from 20 percent to 28 percent and lower the taxes on domestic investors from 35 percent to 28 percent.

The changes are intended to create a favourable and fair business environment for local and foreign investors operating the same type of business.

National Assembly members are reviewing the amendments and hope to vote on whether to approve the modified law at the end of the ongoing session.

According to Mr Somdy, foreign investors who have already received permission from the government to invest in Laos will continue to be charged the current 20 percent tax rate until the investment agreement has expired.

Nearly 100 representatives of local and foreign firms attended the seminar and learnt about the new tax system and rates, which are to be put into practice in October this year if the National Assembly approves the new law.

Participants were also shown how to prepare proper documentation for audits by the tax department, how taxes are calculated, and were told about free trade agreements (FTAs) which are important because Laos – as a member of Asean – is party to a number of such agreements.

Because FTAs provide advantages in international trade and investment, it is beneficial for foreign investors to learn what opportunities exist and how the agreements work.

Another topic addressed was the taxation of cross border fees for technical services, as many companies import services from abroad to help with projects in Laos.

The lecturers also shared information on tax agreements with a number of foreign countries. These agreements, called Double Tax Avoidance (DTA), stimulate international investment by eliminating double taxation. The experts also explained how companies can apply for DTAs for their business transactions.

The speakers at the seminar were Edwin Vanderbruggen, Jean Loi and Jack Sheehan - a specialist from Ireland who has worked in the tax and advisory sector in Laos for over three years.

A lecturer explains possible changes in tax rates to business representatives.