

INPATRIATES

Laos

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Residency

Lao taxpayers are any individuals, legal entities or organizations (including Lao citizens, aliens, foreigners and stateless persons) who operate businesses or make a living in Laos on a permanent or temporary basis. This also includes persons residing or having a business in Laos but carrying-out their business abroad. All Lao taxpayers are obligated to pay taxes to the State as provided in the laws and regulations.

Tax Rates

A standard 25% rate applies to domestic and foreign permanent staff that have legal entity status. Progressive rates of from 0% to 25% apply for permanent staff (local and foreigner). Freelancer (freelance personal income tax) is 5%.

Computation

The annual accounting profit is both:

- Balance Sheet - the difference between total assets and total liabilities.
- Income Statement - the difference between total business income and total business expenditures.

Deductible Expenses

Generally, expenses are deductible if:

- paid or incurred during the tax year
- expended for business purposes
- a “reasonable” amount
- invoiced and legally documented

INCOME TAX RATES

| Description | Rate |
|-------------|--|
| Exempt | 0 LAK to 1,300,000 LAK |
| 5% | From amount 1,300,001 to 5,000,000 LAK |
| 10% | From amount 5,000,001 to 15,000,000 LAK |
| 15% | From amount 15,000,001 to 25,000,000 LAK |
| 20% | From amount 25,000,001 to 65,000,000 LAK |
| 25% | Over 65,000,001 LAK |

SOCIAL SECURITY CONTRIBUTIONS

Social Security is a set of benefits guaranteed to insured person provided by the National Social Security Fund in case of health care, maternity or miscarriage, employment injury, occupational diseases, invalidity, sickness, pension, death, survivor's benefit and unemployment.

According to the implemented agreement of law on social security contribution No. 54/NA dated 27 June 2018 and agreement No.1740/MOLSW on the limitation of salary lower and high-test to compute the social security contribution:

- I. Ratio of Lao National Social Security contribution (SSC/SSO)
 1. Ratio of Social Security contribution
 - i. Article 74 Social Security contribution in unit of civil servant, Soldier, and Police.
 - Each ministry's sector under the government must contribute 16.5% of the total salary for civil servant, Soldier, and Police while the government is responsible for 8.5%.
 - Civil servant, Soldier and Police employee must contribute 8% of total salary per month.
 - ii. Private Sector Unit
 - Each month, the employer must contribute social security in the amount of 11.5% of the employee's salary (which the government has limited to salary contributions not exceeding more than 4,500,000 LAK). The 11.5% is separated into 2 parts of which employers must be pay 6% and employees must pay 5.5%.

Example Calculation of SSO:

Mr. Pong receives a basic salary of 5,000,000 LAK Company or Employer is required to pay 11,5% of 4,500,000 LAK (Determined rate)
 $4,500,000 \times 11,5\% = 517,500$ LAK which is Separated into Two parts

- Company 6%: $4,500,000 \times 6\% = 270,000$ LAK
- Employee 5,5%: $4,500,000 \times 5,5\% = 247,000$ LAK

Note: If the salary not later than 4,500,000 LAK please calculate total salary and contribute to SSO

*Reference:

"Social security contribution No. 54/NA" date 27 June 2018
"Agreement No. 1740/MOLSW" "Tax Law No. 70/NA"
"Law on income tax No.67/NA 18 June 2019

For further information and to register for future updates contact expat@bdo.global

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