

Consultation Workshop:  
The Progress of Streamlining Business Startup in  
Lao PDR

Venue: The Economic Research Institute for Industry and Trade

Date: ..... February 2020

## Issues to be presented

- A. Starting a Business – prior to the PM's Order No. 02/PM
- B. Starting a Business – Post-the PM's Order No. 02/PM
- C. Future Plan
- D. Some implementing issues + Requests

## A. Starting a Business – Prior to PM’s Order No. 02/PM

- Starting a Business – subject to the business registration system:
  - Business registration system – controlled or Ex Ante –?
  - Business registration system – facilitating or Ex Post –?
  - Mixed registration system = Ex Post + Ex Ante - ?
  
- Business registration system of Lao PDR – Prior to the PM’s Order No. 02/PM:
  - Business registration system – controlled or Ex Ante –?

## A. Starting a Business – Prior to PM’s Order No. 02/PM

- Step 1: Obtaining Business Location Confirmation from the Village Chief Authority – 1 day (2-5 hundred thousand kips);
- Step 2: Enterprise registration + business operating license 2-3 months (In accordance with 03/POL);
- Step 3: Registering Articles of Association and Company’s assets – 1 week (40.000-50.000 kips);
- Step 4: Applying for the Tax Identification Number – 1 month (125.000 Kips);
- Step 5: Attending Tax Orientation meeting and obtain Tax Identification Number – 1 month (0 kips);
- Step 6: Carving a company seal – 2 weeks (120.000 – 125.000 kips);
- Step 7: Registering company seal – (1-2 weeks) (0 kips);
- Step 8: Obtaining Approval of Content on the Company Signage (about 1-2 weeks) – 10.000 kips;
- Step 9: Registering social security (1 week) – 0 kip;
- Step 10: Registering value-added tax (3 weeks) – 0 kip;

Note – Checking profile of foreign investors

## A. Starting a Business – Prior to PM's Order No. 02/PM

- many steps – unnecessary with creation of heavy burdens
- In addition, it includes the business operating license, such as, business operating license of relevant agencies
- One business startup:
  - At least 10 steps/procedures and agencies
  - 228 days or on average 178 days
  - With a lot of payments (in accordance with law) and out-law payment
- Create a significant impact on doing business:
  - Business people ratio is low
  - Economic development – jobs / incomes ...

## B. Starting a Business – Post-the PM’s Order No. 02/PM

- Enterprise Registration System of Lao PDR after the PM’s Order No. 02/PM
  - enterprise registration system – facilitating or Ex Post
  
- Item 1.2/1.2.1/(1) – The PM’s Order No. 02/PM:
  - (1) “To improve regulations, measures related to the enterprise registration (individual or legal entity) to be facilitating, simple and quick. After the business registration of individual or legal entity, prior to operating any business, it shall apply for the business operating license from the relevant agencies”
  
- To separate the business operating license out of the enterprise registration:
  - enterprise registration certificate – as “birth” certificate
  - business operating license – as “approval” for working / Diploma

## B. Starting a Business – Post-the PM’s Order No. 02/PM

- Step 1: Obtaining Business Location Confirmation from the Village Chief Authority – *cancelled*;
- Step 2: Enterprise registration (procedures to issue business operating license is separated);
- Step 3: Registering Articles of Association and Company’s assets – *ex-post*;
- Step 4: Applying for the Tax Identification Number – *issuing simultaneously with the Enterprise Registration Certificate*;
- Step 5: Attending Tax Orientation meeting and obtain Tax Identification Number – *ex-post*;
- Step 6: Carving a company seal – *not more than 5 working days*;
- Step 7: Registering company seal – *issuing with company seal*;
- Step 8: Obtaining Approval of Content on the Company Signage – *cancelled*;
- Step 9: Registering social security – *not more than 2 working days*;
- Step 10: Registering value-added tax – *cancelled and move to automatic system*;

Note: Checking profile of foreign investors

## B. Starting a Business – Post-the PM's Order No. 02/PM

- Starting a Business – reduced from 10 steps to 3 steps (excluding business operating license);
  - enterprise registration + checking profile
  - Carving a company seal;
  - Registering Social Security ;
- From 228 days or on average 178 days remaining not more than 30 days (reduced about 7 times)
- Decrease in payments (in accordance with legislations many million kips)
- To positively impact on doing business and economy
- Notification\*\*\*



## C. Future Plan

- Cooperate with businesses – to examine the implementation – report to the higher level;
- To improve 3 steps to be more facilitating and speedy:
  - To integrate the system (with other relevant agencies)
  - To harmonize in one code/number
- To improve the enterprise registration system (Walk-in) at local level:
- To create infrastructure for the online business registration (start at DERM)

## D. Some implementing issues & Asking for cooperation

- Changing to the new system vs. familiarized system
- The implementation is not following the legislations (some agencies + some local authorities)
- Still not meet fully requirements; however, there are a lot of intentions and efforts:
  - The 12<sup>th</sup> Lao Business Forum in 2019
- Business - tried to understanding the new changes;
- Help to make the business startup environment with new change
- Thank you