



DFDL TAX ALERT

New Instruction on Digital Goods
and Services, Digital Platforms,
and E-Commerce in Laos

27th February 2024



New Instruction on the VAT Obligations of Non-Resident Suppliers of Digital Goods and Services, Digital Platforms, and E-Commerce Activities to Users in Laos

The Ministry of Finance in Laos has issued a new instruction, numbered 0558/MOF and released on 14th February 2024, concerning the VAT obligations for foreign suppliers of digital goods and services, digital platforms, and e-commerce to users in Laos.

The instruction will apply to transactions from 1st August 2024. Registration on the DTax system will open on 1st March 2024.

1. Summary

- Instruction 0558/MOF outlines the VAT obligations for foreign suppliers who provide digital goods and services, digital platform services, or e-commerce activities to users in Laos. This applies to foreign suppliers who are not residents of Laos and are not registered as enterprises in Laos but earn income from these activities in Laos.
- The instruction has been signed by the Minister of Finance. For the instruction to be effective, it must be published in the official gazette.
- Starting from 1st March 2024, non-resident suppliers of digital goods and services, digital platforms, and e-commerce providers must register for VAT through the DTax System.
- The new rules will apply to transactions from 1st August 2024.
- The new instruction replaces the non-resident VAT obligations section of the Notification on the Implementation of the Tax Obligations of the E-Commerce and Digital Platform (No 0541/MOF, 24th February 2022).
- E-invoices and payments can be in USD, EUR, or CNY currencies.
- If digital goods and digital services are provided through a digital platform, the digital platform operator is considered the supplier and is responsible for calculating and collecting VAT for digital goods and

services supplied on behalf of foreign and domestic suppliers in Laos.

- The digital platform operator must declare and pay VAT to the tax authorities in Laos.
- The parties involved in digital platform operations include:
 - Those who dictate the terms and conditions for digital goods and services, whether directly or indirectly.
 - Those who are involved in processing payments for digital goods and services, whether directly or indirectly.





- Those who are involved in delivering digital goods and services, whether directly or indirectly.
- Those who provide customer support services for the use of digital goods and services.

2. VAT Rates

The VAT rate for non-resident suppliers of digital goods, digital platform services, or e-commerce activities will be the rate applicable at the time of the supply. VAT must be calculated and collected at the time of the supply of the aforementioned products or services to users in Laos. The basis for calculating VAT will be the total value of the actual supply of the products or services. The current VAT rate is 7%. There is discussion of the VAT rate increasing to the pre-Covid rate of 10%.

3. VAT Filing and Payments Dates

Non-resident suppliers are required to file quarterly VAT returns. The deadlines are as follows:

- 1st (January to April): to be filed by the end of May
- 2nd (May to August): to be filed by the end of September
- 3rd (September to December): to be filed by the end of January of the following year.

To register, file, and pay VAT, taxpayers will use the DTax System by visiting [TaxRIS HomePage\[prod\] \(mof.gov.la\)](#)

VAT payments must be made to the National Treasury bank accounts in US Dollars (USD), Euro (EUR), Yuan (CNY), or other currencies as notified by the Tax Department. To make VAT payments, taxpayers can use the payment gateway that supports debit card and credit card payment networks of Visa, Mastercard, JCB, Amex, and Union Pay. Alternatively, taxpayers can make wire transfers.

4. Invoice Requirements

Please note the following information regarding invoice requirements:

For foreign suppliers of digital goods and services, digital platforms, or E-commerce to individual consumers (B2C) in Laos, there is no need to issue VAT e-invoices or report invoice information in the quarterly VAT filings. However, if requested by the tax authorities, they must provide the invoice information to the tax authorities.

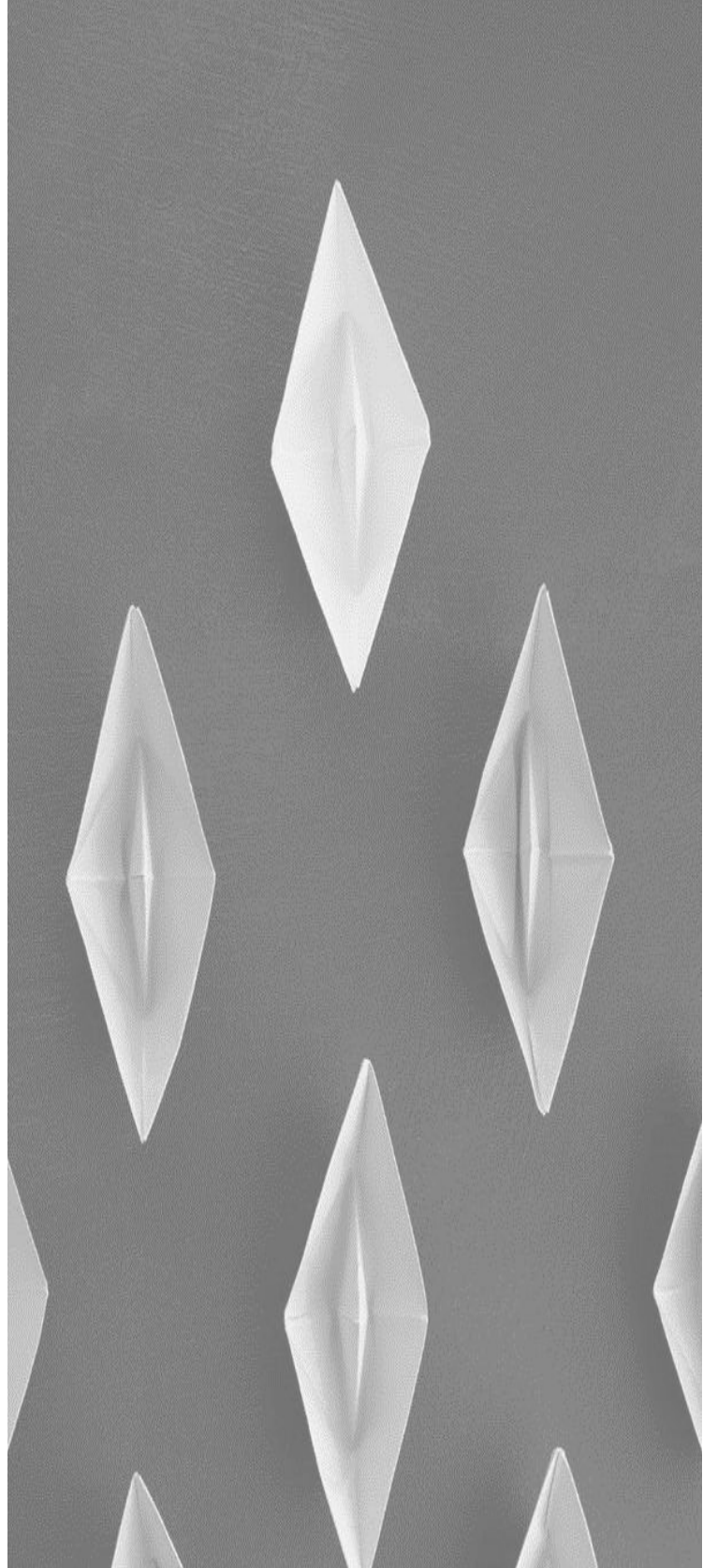
For supplies to legal entities registered in the VAT system (B2B) in Laos, it is mandatory to issue VAT e-invoices and report the invoice information in the quarterly VAT filings. Before using VAT e-invoices, taxpayers must submit the format to the Tax Department for approval.

The Invoice currency can be in USD, EUR, or CNY.

Information and documents must be kept for ten years. If requested by the tax authorities, the information or documents must be provided in an electronically readable format within 30 days.

5. VAT Deductions and Refunds

Foreign suppliers of digital goods and services, digital platform services, or electronic marketplace services cannot deduct input VAT. VAT deductions are only



applicable in commercial cases, such as cancellation orders for digital goods and services, excessive invoicing due to system errors, and others.

VAT refunds will be in the form of a VAT credit that can be subtracted from the VAT

in the following quarter. Taxpayers need to provide proof or evidence of returning funds to users through the banking system.

VAT credits must be used within 183 days.

6. Penalties for Non-compliance

Please note that the following fines and penalties apply:

- A penalty of USD 800 per quarter for late VAT filing.
- Late interest of 0.1% per day for outstanding VAT payments.
- Fines are as follows:
 - 30% of the VAT payable for the 1st demand for payment.
 - 60% of the VAT payable for the 2nd demand for payment.
 - 100% of the VAT payable for the 3rd demand for payment.
- The tax authorities can propose to temporarily suspend or terminate the channels for digital trade and digital services for violators of the Instruction.
- The tax authorities can propose to suspend or cancel the payment channels of service providers.

7. Effectiveness

This new Instruction is pending publication in the official gazette. The instruction will apply to transactions from 1st August 2024. Registration on the DTax system will open on 1st March 2024.

Contacts

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