

LEGAL
ALERT

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Abolished minimum registered capital requirement in Lao PDR's amended Investment Promotion Law: Boon or bane?

Laos amended its Investment Promotion Law No. 14/NA on 17 November 2016 ("IPL") as part of their ongoing efforts to meet the international community's growing interest in the country's investment opportunities. The IPL, which took effect in April 2017, offers a variety of new incentives to business operators and simplifies the process of setting up businesses in Laos.

While many have applauded the changes introduced by the amended IPL, the IPL of today is still flawed. For example, in today's iteration of the minimum registered capital requirements applicable to the general business activities of overseas investors, reference is made to the minimum capital requirement in the amended Enterprise Law. However, the amended Enterprise Law does not contain a minimum registered capital requirement. Hence, the question on everyone's mind is simply this: **what now?**

The MOIC – the government office responsible for company registrations in Laos – recently acknowledged the abolishment of the minimum registered capital requirement subject to the explicit provisions of any existing laws in accordance with Notice No. 2633/MOIC dated 7 November 2017.

That said, while the theory of an abolished minimum registered capital requirement sounds like an attractive option to potential investors, it may still be relevant for foreign investors to apply the minimum registered capital requirement of the IPL's predecessor – a requirement of LAK1 billion (approximately USD125,000) – for general investment purposes in order to benefit from the promoted business activity incentives under the amended IPL. This is because only investors that possess a minimum registered capital of LAK1.2 billion (approximately USD150,000) are able to reap the tax and non-tax benefits offered to promoted business activities in Laos.

Hence, while the changes to the IPL are progressive, foreign investors should be diligent in administering the changes within their own companies. The law is still very much unrefined at this point, and as such, investors should seek legal advice prior to making any big decisions.

If you have any questions or require any additional information, you may contact [Aparat Sanpibul](#) or the ZICO Law partner you usually deal with.

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