

LEGAL ALERT

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New Excise Tax Rates

Recently, the Tax Department of the Ministry of Finance in Lao PDR has issued a new regulation No. 0169/TD dated 11 January 2018 on the application of new excise tax rates on certain types of goods, including fuel and tobacco products and services for 2018 and 2019 in Lao PDR.

It has been speculated that the increase in the tax rates could be part of the government efforts to collect additional revenue to meet set targets. According to a government report for 2017, the government planned to collect LAK23.94 trillion in revenue, however only LAK10.36 trillion (amounting to 43.29% of the annual plan) has been collected in the first 6 months of 2017. For 2018, the government plans to collect revenues of LAK26,618 billion. The government view fuel as a steady stream of revenue due to increase use on consumption, which has seen increases averaging 7–10% a year, and the increase in the excise tax had already forced fuel distributors to adjust their prices.

The details of the regulations are as follows:

Excise Tax on Goods

General Goods		New Rate (%)	Old Rate (%)
1	Fuels: <ul style="list-style-type: none"> • Super • Gasoline • Diesel • Kerosene • Lubricant, hydraulic, grease, brake oil 	January 2018 onwards: <ul style="list-style-type: none"> • 39% • 34% • 24% • 14% • 9% 	2016-2017 <ul style="list-style-type: none"> • 35% • 30% • 20% • 10% • 5%
2	Alcohol or alcoholic beverage: <ul style="list-style-type: none"> • Alcohol or alcoholic beverage containing 20° of alcohol and more • Alcohol or alcoholic beverage containing less than 20° of alcohol 	2018-2019 <ul style="list-style-type: none"> • 50% • 45% 	2016-2017 <ul style="list-style-type: none"> • 30% • 25%
3	Tobacco: <ul style="list-style-type: none"> • Cigar • Cigarette or pack of cigarette • Instant tobacco • Other types of tobacco 	2018-2019 <ul style="list-style-type: none"> • 45% • 45% • 25% • 45% 	2016-2017 <ul style="list-style-type: none"> • 30% • 30% • 15% • 30%

Excise Tax on Services

	Services	New Rate (%)	Old Rate (%)
1	Entertainment: <ul style="list-style-type: none">• Dancing hall• Discotheque• Karaoke	January 2018 onwards: <ul style="list-style-type: none">• 20%	2016-2017 <ul style="list-style-type: none">• 10%

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

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