

# LEGAL DIGEST

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Legislative developments – December 2023



# BANGLADESH



## Banking and Finance

*FEID Circular Letter No. 07 dated 28 December 2023 issued by the Foreign Exchange Investment Department of the Bangladesh Bank on **Placement of Funds from Offshore Banking Operations (OBOs) to Domestic Banking Units (DBUs)***

Aiming to maintain the granted flexibility for external transactions, the Bangladesh Bank has extended the validity of the circular letter that was published on 9 April 2023 on the same subject matter until 30 June 2024. All other directives outlined in the circular letter will remain unaltered.

The main points of the 9 April 2023 circular specify that:

- OBOs can place funds in their DBUs with a limit of 25% of the bank's total regulatory capital. This allows the settlement of import payments related to capital machinery, industrial raw materials, and government imports. This provision was originally valid only until 30 June 2023 but has been extended as above.
- To enhance flexibility for external transactions, DBUs may receive funds from OBOs of up to 40% of their total regulatory capital. This can be used to settle permissible payment obligations in accordance with foreign exchange rules and regulations. This relaxation was originally in effect until 31 December 2023 but has been extended as above.

# CAMBODIA



## Labor

*Instruction No. 110/23 dated 28 December 2023 issued by the Ministry of Labor and Vocational Training on “**Rules on Work Permits for Foreign Employers**”*

This instruction sets out new requirements on work permits for foreigners who are employers in Cambodia.

A foreign employer whose name is on the patent tax certificate is required to obtain a foreign work permit from the MLVT. Foreign work permits can be applied for via the MLVT’s online system at <https://fwcms.mlvt.gov.kh> with the following supporting documents:

- Valid passport
- Latest patent tax certificate
- Health check certificate
- 4cm x 6cm photo

A foreign employee whose name is on the patent tax certificate or a foreigner who is self-employed must obtain both a foreign work permit and a foreign employment card via the MLVT’s online system.

A foreign shareholder or foreign member of the board of directors whose name is in the articles of incorporation but has no stay permit for Cambodia is not required to have a foreign work permit.

## Public Holidays

*Sub-Decree No. 01 AnKr.BK dated 1 January 2024 issued by the Royal Government of Cambodia on “**Peace Day in Cambodia**”*

The Sub-Decree establishes a new public holiday, 29 December, as annual Peace Day in Cambodia to encourage and promote an understanding and culture of peace in Cambodia and to:

- Commemorate the end of war, and the peace and unity brought to Cambodia under the Win Win Policy on 29 December 1998.

- Commemorate the country's greatest heroes and their sacrifices, who fought and persevered in all areas—battlefields, diplomacy, politics—to achieve unity and peace for the nation.
- Ensure present and future generations always remember the catastrophes and adversities faced by Cambodia because of wars and conflicts.

# LAOS



## Corporate law

*Instruction No. 2406/IC dated 22 December 2023 issued by the Minister of Industry and Commerce on “Implementation of Enterprise Registration”*

The instruction covers how to register an enterprise — how to apply for enterprise registration with the appropriate enterprise registry office, including electronically, and what documents are needed—and how to go about starting a business after enterprise registration.

The main change is the introduction of online registration; there are only minor changes to the other procedures.

The instruction enters into effect on 5 February 2024 and enterprises that registered prior to the implementation of this instruction are still required to follow the previous implementation. However, those enterprises are required to follow the rules under this instruction if their registered enterprise information changes.

## Real Estate

*Decree No. 352/G dated 14 November 2024 issued by the Prime Minister of the Lao PDR on “Condominiums”*

The decree specifies the required documentation and application process to obtain a license to develop and operate a condominium for those who are interested in operating a condominium business.

Below is an overview of the required formalities and the responsible government agencies for each type of investment:

**Condominium operation business:** To operate a condominium business, individuals, legal entities, and organizations must:

1. Apply for enterprise registration with the enterprise registry office;
2. Then apply for a license to operate a condominium with the natural resources and environment sector;
3. Then apply for a construction permit for a condominium with the public works and transport sector; and

4. Lastly, request registration of the condominium construction land with the national resources and environment sector at the provincial level.

**State land lease for the construction of a condominium:** Legal entities or organizations that want to lease concession land from the state to operate a condominium business must file a request for investment to the planning and investment sector for consideration before applying for permission to conduct a condominium operation business as described above.

**Apartment owners who wish to operate a condominium business:** Individuals, legal entities, and organizations that own apartments and wish to sell a set of rooms must apply for approval to conduct a condominium operation business as described above.

The decree was published in the Lao Official Gazette on 7 December 2023 and enters into effect on 1 February 2024.

## Civil Aviation

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*Decree No. 354/G dated 20 November 2023 issued by the Prime Minister of the Lao PDR on “**Fines and Other Measures for Violators of Civil Aviation Laws and Regulations**”*

The decree, which applies to both domestic and foreign individuals, legal entities, and organizations that violate civil aviation laws and regulations in the Lao PDR, determines the severity of fines and other measures for those who do so.

The decree was published in the Lao Official Gazette on 11 December 2023 and enters into effect on 19 January 2024.

## Banking

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*Decision No. 1170/BOL dated 28 November 2023 issued by the Bank of the Lao PDR on “**Deposit Protection Coverage**”*

The decision, which is effective from the date of signing, increases the maximum amount of deposit protection coverage from LAK50 million to LAK100 million per depositor per banking institution, and replaces the Decision on Deposit Protection Coverage No. 1197/BOL dated 31 December 2019.

The deposit payout will be paid in Lao Kip according to the exchange rate set by the Bank of the Lao PDR on the final business day of the insolvent banking institution.

## Foreign Exchange Controls

*Decision No. 1225/BOL dated 21 December 2023 issued by the Bank of the Lao PDR on “Foreign Exchange Management Related to Foreign Direct Investment”*

The decision is effective from the date of signing, and replaces Articles 2, 5, and 7 of the Decision on Capital Importation and Offshore Lending or Borrowing and Commercial Credit No. 453/BOL dated 30 May 2019.

### Bank account opening

- Any foreign investor wishing to make investments in the Lao PDR can open a bank account with any commercial bank prior to obtaining an investment license and/or an enterprise registration certificate and transfer the funds to such bank account to be used for paying for expenses incurred in the Lao PDR, such as travel, lodging, office, and car rentals, as well as official fees and charges, and consulting service fees related to applying for an investment license, incorporating an enterprise, and obtaining a business operation license. The following documents must be submitted in order to open a bank account:
  - Evidence of filing a letter of intent to invest or register an enterprise with the appropriate sector
  - A copy of the investor’s certificate of incorporation
  - Power of attorney to the person or representative that is submitting the application to open the bank account
  - A copy of the passport ID page of the investor or its representative
  - Other supporting documents as required by the commercial bank
- If the foreign investor does not initially open a bank account as mentioned above, they must open a specific foreign direct investment-related bank account with a commercial bank in Lao Kip and foreign currency within 15 business days from the date of obtaining an investment license and/or enterprise registration certificate. All financial transactions, including the import of capital into the Lao PDR, the transfer of profits and dividends, and the payment of principal and interest on loans to overseas, must exclusively be made through the opened bank account. The following documents must be submitted in order to open a bank account:
  - Application in the template form provided by the commercial bank
  - A copy of the investment license and/or enterprise registration certificate
  - A copy of the business operation license
  - Other supporting documents as required by the commercial bank
- Foreign investors who have used general deposit accounts for transactions related to foreign direct investment prior to this decision coming into effect must request the commercial bank to transform such deposit accounts into a specific foreign direct investment-related bank account.
- When a foreign investor moves their specific foreign direct investment-related bank account to a new commercial bank, they must transfer all of the funds to the new account, close the old bank account, and notify the Foreign Exchange Management Department (“FEMD”) of the Bank of the Lao PDR (“BOL”) within 10 business days of when the new bank account was opened.

### **Foreign currency exchange**

To pay for goods, services, debts, dividends, salaries, wages and other expenses within the Lao PDR, foreign investors wishing to use the funds in their foreign currency bank account related to their foreign direct investment must exchange their foreign currency into Lao Kip via the banking system, and documentation of the exchange must be kept on file for monitoring.

### **Capital importation**

Foreign investors or shareholders are required to remit and contribute their portion of registered capital into the Lao PDR in full, as per the amount stated in the company's articles of association. Additionally, each time a foreign investor or shareholder makes a transfer into the Lao PDR, the company must apply for a capital importation certificate (“**CIC**”) from the FEMD within 30 days of the date of the money being transferred.

An application for a CIC must have the following documents attached:

- Capital utilization plan in the template form provided by the BOL
- A copy of the transfer slip or a bank statement showing that the remitted money has been received
- A copy of the company's enterprise registration certificate, investment license, and/or business operation license



# VIETNAM



## Taxation

*Decree No. 94/2023/ND-CP dated 29 November 2023 issued by the Government of Vietnam on the “Value Added Tax Reduction Policy following Resolution No. 110/2023/QH15 dated 29 November 2023 of the National Assembly”*

The decree continues the value added tax (“VAT”) rate policy previously ratified by the Government under Resolution No. 110/ 2023/QH15. It is in effect from 1 January to 30 June 2024.

Accordingly, the reduction in VAT from 10% to 8% has been extended for the period 1 January to 30 June 2024. The goods and services eligible for the reduced VAT rate will remain the same as under the previous policy with the exception of the following products and services:

- Telecommunications, financial activities, banking, securities, insurance, real estate business, metals and fabricated metal products, mining products (excluding coal mining), coke, oil refineries, and chemical products
- Goods and services subject to special consumption tax
- Information technology according to the Law on Information Technology

The reduction of VAT applies uniformly at all stages of import, production, processing, and commercial business.

In addition, regarding the coal mining activity, sales of mined coal products are also beneficiaries of this VAT reduction. However, other coal products listed in Appendix I of this decree enjoy the 8% VAT only at the mining and selling stage.

## Telecommunications

*Amended Telecommunications Law, No. 24/2023/QH15 dated 24 November 2023 issued by the Vietnam National Assembly*

The Amended Telecommunications Law is expected to enter into force on 1 July 2024 and replaces the current Law on Telecommunications No. 41/2009/QH12.

It establishes legal regimes in line with international telecom and IT practices, fostering Vietnam's digital infrastructure growth. It addresses former implementation and State management challenges to accelerate the development of the industry.

**Some of the notable changes are as below:**

▪ **Addition of three new telecommunication services and incentives for investors.**

Data centers, cloud computing services, and internet-based primary telecommunications services are officially introduced and stipulated in the law.

Moreover, investors in such services are entitled to the following incentives:

- Exemption from regulations on foreign ownership restrictions; and
- Fewer obligations compared to traditional telecommunications services (e.g. no requirement to pay public telecommunications service funds, telecommunications operating rights fees, etc).

▪ **Addition of several favorable regulations for the development of telecommunications infrastructure.**

- Enterprises are allowed to build and install telecommunications infrastructure on public property.
- New initiatives to promote enhanced multidisciplinary infrastructure sharing and utilization across telecoms and other technical infrastructure.
- The responsibilities of People's Committees at all levels and of the relevant state agencies in protecting the safety of telecommunications infrastructure, specifically handling acts that obstruct legal construction, acts of sabotage, and infringement of telecommunications infrastructure, have been supplemented and expanded.

▪ **Mandatory article governing the right to wholesale supplies in order to promote industry-wide competition.**

Market-dominant telecommunications entities and consortiums are now required to provide wholesale supplies to other businesses upon request as follows:

- Must commit to offer services at prices and conditions that are equitable, reasonable, and non-discriminatory.
- Must provide transparent information about prices, standards, telecommunications technical regulations, network quality, and telecommunications services.
- Must refrain from offering telecom services for less than their cost except for promotions as prescribed by law.

▪ **Stricter regulations on ensuring information confidentiality and the protection of users' data, as well as a commitment to the service quality of telecommunications businesses.**

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