

LEGAL DIGEST

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Legislative developments – April 2024



BANGLADESH



Banking and Finance

*SMESPD Circular No. 01 dated 16 April 2024 issued by the SME and Special Programs Department of the Bangladesh Bank on “**Re-fixing Interest Rates on Pre-finance Facilities under SREUP**”*

The Bangladesh Bank has adjusted the interest rates for pre-finance facilities within the framework of the support safety retrofits and environmental upgrades program (“**SREUP**”). For all new sub-loans under SREUP, the interest rate for pre-financing facilities has been capped at 7% per annum, while the interest rate for previously approved sub-loans will remain fixed at 5% per annum. According to the circular, the interest rate to be paid by participating financial institutions to the Bangladesh Bank for new on-lending loans under the program has been revised to 4.5% per annum, with a 2.5% margin for the financial institutions. Investment grants will be allocated on a first-come, first-served basis. All other instructions outlined in previous circulars regarding this program will remain unchanged.

*DFIM Circular No. 14 dated 25 April 2024 issued by the Financial Institutions and Markets Department of the Bangladesh Bank on “**Obtaining No-Objection Certificates from the Concerned Authorities of Electricity and Gas Suppliers for Loan Disbursements**”*

The circular states that industrial establishments planned outside designated economic or industrial zones may not receive electricity and gas connections. Furthermore, non-bank financial institutions are barred from providing loans to new industrial establishments unless they have obtained no-objection certificates from the relevant authorities of their respective electricity and gas providers. It is advised to obtain clearance from the concerned electricity and gas suppliers before extending loans, leases, or investment facilities to new industrial establishments.

*SRO No. 100 - Law/Income Tax - 29/2024 dated 22 April 2024 issued by the National Board of Revenue, Bangladesh on “**Offshore Banking Operations in Bangladesh**”*

In an effort to enhance the foreign currency reserves of the country, the government's revenue board has decided to exempt from tax any interest or profits earned from offshore banking units in Bangladesh by depositors or non-resident lenders. This tax exemption aligns with the provisions outlined in the Offshore Banking Law of 2024.

CAMBODIA



Taxation

Instruction No. 13804 dated 8 April 2024 issued by the General Department of Taxation ("GDT") on "Minimum Tax Exemption for Enterprises Registered as Qualified Investment Projects (QIPs)"

This instruction aims to clarify the qualification criteria for QIP enterprises to be eligible for the tax exemptions outlined in Article 24 of the Law on Taxation dated 16 May 2023 and the tax incentive measures specified under the framework of the 19th Government-Private Sector Forum held on 13 November 2023.

The conditions are outlined below:

- The enterprise must have an independently audited financial report and maintain proper accounting records.
- Newly-registered QIP enterprises are exempt from tax in their first year without the obligation to submit an audited financial report to the GDT. However, they are required to submit their audited financial report to the GDT by the end of June each subsequent year.

Natural Resources

Decision No. 72 dated 8 April 2024 issued by the Royal Government of Cambodia on "Determination of the Principles for Managing and Exploiting Sand Resources"

This decision aims to introduce a framework for utilization of sand resources. It supersedes Decision No. 20 dated 20 March 2015 on Policy Setting for Sand Exploitation.

Per the decision, the Ministry of Mines and Energy ("**MME**") is fully responsible for issuing licenses and overseeing all types of sand resource exploitation. Mining licenses for the exploitation of sand resources are valid for a period of two years.

An environmental impact assessment will be conducted by the Ministry of Environment in collaboration with the MME, the Ministry of Economy and Finance, the Ministry of Public Works and Transport, and the Ministry of Water Resources and Meteorology on each proposed project. It will be conducted in accordance with environmental evaluation technical standards and will determine the maximum period of services and appropriate service fees.

The Ministry of Water Resources and Meteorology and the MME have classified sand resource areas as follows:

- Areas authorized for exploitation
- Areas requiring approval upon a special request
- Areas prohibited from exploitation

In response to illegal sand dredging, the MME has set up information-sharing mechanisms and a rapid response mechanism where individuals and other relevant authorities, including the Sand Resource Management Committee, has the ability to make report to MEE and take action according to the law.

Advertisement

*Prakas No. 095 dated 12 April 2024 issued by the Ministry of Commerce on “**Unfair Practices Related to Advertising and Sales Promotion**”*

This Prakas aims to further regulate certain business activities concerning advertising and sale promotions that are not covered by the existing Consumer Protection Law No. NS/RKM/1119/016 dated 12 November 2019.

The following are prohibited activities that are considered unfair practices in respect of rewards, and advertising and sales promotions:

- Failing to deliver rewards as promised
- Falsifying the winner’s identity
- Withholding necessary information
- Involving minors in rewards related to alcoholic or energy beverages that are contrary to the law
- Failing to use Khmer lettering on product advertisements
- Forcing or using individuals for advertising without their voluntary consent
- Providing misleading or false product advertisements

When conducting sales, clearance sales, special discounts, and lucky draws, businesses must disclose all relevant information in order to ensure a transparent and fair process for consumers. In addition, businesses must provide the relevant advertising documents to the General Department of Consumer Protection for the purpose of verifying the credibility of the product advertisements prior the publicize the advertisement.

Businesses violating the provisions of this regulation will be subject to the penalties set out in Articles 44 and 45 of the Consumer Protection Law.

LAOS



Enterprise

*Notice No. 0151/ERD dated 8 April 2024 issued by the Enterprise Registration Department of the Ministry of Industry and Commerce on **"Using the Newly Modified Enterprise Registration Certificate and Other Standard Forms in connection with Enterprise Registration"***

To simplify and facilitate the enterprise registration, dissolution, amendment of registered information, and enterprise information request processes, as well as to comply with Article 18 (*Content of the Enterprise Registration*) of the Amended Enterprise Law 2022 and other provisions stated in the Instruction on Implementation of Enterprise Registration, the enterprise registry office will begin using the recently modified enterprise registration certificate and other standard forms in connection with enterprise registration. The newly modified enterprise registration certificate as well as other standard forms can be viewed and downloaded by scanning the QR code below. This is effective from 29 April 2024.



Taxation

Notice No. 1360/MOF dated 23 April 2024 issued by the Minister of Finance on "Implementation of the Presidential Edict on Adjustment of the VAT Rate No. 003/P dated 19 March 2024"

The notice specifies that effective from 1 May 2024, the 10% value added tax ("VAT") rate will be implemented.

The key highlights are as follows:

VAT-taxable activities

- Importation of goods from overseas and special economic zones.
- Supplies of goods and services in the country by individuals, entities, and organizations registered in the VAT system.
- Purchasing/receiving of goods and services from non-registered entities in the Lao PDR.

VAT calculation

Any invoices for goods and services issued in May 2024 and onwards should include VAT calculated at 10%, regardless of the date of the relevant contract, except for water, electricity, and telephone bills issued in May 2024, which will have VAT calculated at the old rate of 7% because they cover consumption in April 2024.

VAT invoices

VAT invoice booklets that have the 7% VAT rate written on them – These can be used by crossing out the 7% and writing 10%. Otherwise, users can apply to the Tax Department for a new booklet.

Computerized VAT invoices – These can be updated accordingly.

Early 10% VAT application

If 10% VAT was used by mistake before 1 May 2024, it will be treated as follows:

- For output VAT, 3% must be adjusted in block 21 as excess VAT collected.
- For input VAT, 3% must be adjusted in block 20 as excess VAT paid.

7% input VAT carried forward from periods before May 2024

Any input VAT paid at 7% will be continually carried forward, offset, or refunded in accordance with the VAT Law.

MYANMAR



Taxation

*Notification 8/2024 dated 5 April 2024 issued by the Myanmar Investment Commission on "**Revocation of Notification 87/2017**"*

The Myanmar Investment Commission has revoked Notification 87/2017, which entitled export-oriented investors engaged in the exportation of finished or semi-finished goods that are locally manufactured, but not distributed in the local market to seek customs duty exemptions or relief under Section 77(b) of the Myanmar Investment Law.

Banking and Finance

*Directive 4/2024 dated 30 April 2024 issued by the Central Bank of Myanmar ("**CBM**") on "**Amendment to the Minimum Reserve Requirement Ratio and Interest on Excess Reserve**"*

The CBM has increased the minimum reserve requirement ratio for all public banks, private banks, and foreign bank subsidiaries in Myanmar from 3.5% to 3.75%. Banks are now required to ensure that 3% is held as a current account balance at the CBM and 0.75% is held as cash at the bank.

The interest rate on a bank's average excess reserve has also been increased, from 3.60% to 3.80%, which applies only to banks having an average excess reserve of at least MMK7 billion. The maximum average excess reserve is limited to MMK50 billion.

Banks that fail to comply with these requirements will be fined as per the CBM's Directive 12/2016 on penalties.

This directive entered into effect from 3 May 2023.

The CBM's Directive 9/2023 dated 5 April 2023 and Instruction dated 5 April 2023 are revoked by this directive.

VIETNAM



Energy

*Decision 338/QD-TTG dated 24 April 2024 issued by the Prime Minister on “**Approval of the Plan to Implement the National Energy Master Plan for the Period 2021 - 2030, with a Vision to 2050**”*

This decision marks the official approval for executing the national energy master plan from 2021 to 2030, with a forward-looking vision to 2050. It delineates a comprehensive framework covering vital sectors such as oil and gas, coal, electricity, and renewable energy sources. Notable highlights of the master plan are as follows:

- The plan elaborates on specific initiatives within each subsector. For instance, within the oil and gas domain, it highlights endeavors such as exploration, exploitation, processing, and the transportation and distribution of petroleum products.
- It underscores the importance of advancing new and renewable energy sources, encompassing wind, solar, biomass, and other emerging technologies. It emphasizes the development of alternative energy sources, such as offshore wind power in conjunction with other renewables, such as hydrogen and green ammonia, catering to both domestic consumption and export demands.
- Renewable energy sources are given precedence, permitting unhindered development to meet domestic and export requirements, all while ensuring national defense, energy security, and economic efficacy.
- Finally, the decision endorses the anticipated land-use and investment capital requirements for facilitating the development of infrastructure and energy projects in line with the master plan.

*Decision No. 270/QD-TTG, dated 2 April 2024 issued by the Prime Minister on “**Approval of the List of Important National Programs, Works, and Projects in the Energy Sector**”*

Several projects were added to the list as below:

- Section 1 covers 12 power source projects.
- Section 2 comprises 28 power grid projects, encompassing initiatives such as fortifying the connection of the North-Central power grid, boosting transmission capacity to serve

significant load areas, synchronizing power grids, relieving capacity strain on power sources, alleviating pressure on northern hydroelectric plants, and augmenting electricity procurement from China and Laos.

- The list also encompasses gas-to-power projects such as Block B and Ca Voi Xanh, LNG storage and power plants, and upgrades to the Dung Quat Oil Refinery and Long Son Petrochemical Complex.
- The National Program for Economical and Efficient Energy Use spanning 2019 to 2030, the power supply initiative targeting rural, mountainous, and island regions from 2021 to 2025, and a pilot project aimed at offshore wind power development were also incorporated into the list.

The decision tasks the Ministry of Industry and Trade with the responsibility for reviewing and proposing necessary amendments to the list, while the Prime Minister holds the authority to approve these adjustments during the implementation phase.

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