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LEGAL AND TAX DIGEST

BANGLADESH
LAOS

Legislative developments – **June 2026**

BANGLADESH

Banking and Finance

*FEPD-1 Circular No.12 of 2026 dated 15 June 2026 issued by the Foreign Exchange Policy Department-1 on "**Business-to-Consumer ("B2C") Exportation through Online Marketplaces/Platforms**"*

This circular expands the scope for Bangladeshi exporters to sell directly to foreign buyers through online marketplaces for small-value shipments of up to US$5,000 and eases documentation requirements by waiving the use of export forms for transactions under US$1,000 if proceeds are prepaid. Export proceeds must be repatriated via banking or digital channels within the stipulated time, while marketplace fees and commissions must comply with existing limits. Refunds to buyers are permitted from exporters' retention quotas or Taka accounts, and exporters may remit up to US$5,000 in service fees for marketplace subscriptions annually as long as there are the proper invoices and tax compliance. Authorized dealers must ensure compliance with anti-money laundering/countering the financing of terrorism rules, maintain audit trails, and report exporters using online platforms to the Bangladesh Bank within seven days.

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NGOs

*Decree No. 126 dated 25 May 2026 issued by the Government of the Lao PDR on "**International Non-Governmental Organizations ("INGOs")**"*

This decree, which enters into effect on 15 July 2026, provides regulations and guidelines on the management of INGOs in the Lao PDR. It replaces the 2010 version and its implementing instruction.

Some of the key changes are outlined below.

Operation permit

- The period for the Ministry of Foreign Affairs ("**MOFA**") to consider an application for an operation permit has been reduced from 60 days to 10 days.
- The validity of an operation permit has been extended from one year to two years and may be renewed, provided that the operational project remains ongoing and the renewal application is submitted at least 30 days before the expiry date.
- An operation permit may now be amended by submitting an amendment application to the MOFA, which will consider the application within 10 days of receiving a complete submission.

Project approval

- INGOs holding an operation permit that wish to implement a project must obtain approval from the MOFA through their head office or representative office.
- Some of the key changes to the project approval requirements are as follows:
    - At least 70% of the total project budget must be allocated to project implementation, with the remainder used for project management, replacing the previous requirement that the "majority of funds" be allocated to project implementation.
    - There must be a reasonable number of experts (not specifically defined) on the project, a requirement that was not included in the 2010 decree.
    - In addition to the operation permit, project proposal, draft memorandum of understanding, and letters of agreement from stakeholders, the application must now include a donor confirmation letter and/or financial status documentation.

- The MOFA's consideration period for project approval has been reduced from 60 working days to 15 days.
- INGOs wishing to support or cooperate with organizations and/or foundations in the Lao PDR must obtain prior approval from the MOFA.

Activity approval

- INGOs, whether or not they hold an operation permit, may apply to the MOFA for approval to conduct short-term activities for the purpose of providing assistance in the Lao PDR.
- Compared to the 2010 decree, the requirements for activity approval have been simplified and now primarily require:
  - A clear activity plan prepared in accordance with the official MOFA form; and
  - Confirmation from the relevant donors and stakeholders.
- MOFA's consideration period for activity approval has also been reduced from 60 working days to 15 days.

Staff

- The validity of work permits for foreign staff assigned by an INGO's head office to work in the Lao PDR remains unchanged at one year and may be renewed. However, the decree limits renewals to a maximum of five times.
- The validity of work permits for foreign project coordinators has been reduced from one year to three months, but are still renewable.
- The validity of work permits issued to project directors remains unchanged at one year, and they are renewable.
- A country representative's work permit is now valid for one year or for the duration of the employment agreement, as applicable, a change from the previous decree, which only prescribed a one-year validity period.
- The employment of local staff must comply with the applicable laws and regulations, including the Decree on Local Employees Working with International Organizations in the Lao PDR No. 12/GOL dated 5 February 2026.
- Employment agreements between foreign staff and the INGO's head office or country representative office are now required as supporting documents when applying for a work permit with the MOFA.
- The visa category for foreign staff and their family members has been changed from B2 to E-B2.

Equipment and vehicles

- INGOs may import equipment and vehicles only where such equipment and vehicles are necessary for their operations and cannot be procured in the Lao PDR, subject to the consideration and approval of the MOFA.

- INGOs may import a certain number of tax-exempt motor vehicles with a cylinder capacity not exceeding 2,800 cc (an increase from 2,500 cc)—up to three vehicles for management and operational purposes, and one additional vehicle for each country representative for official and personal use during their period of employment in the Lao PDR.

Prohibited act

- INGOs and their staff are prohibited from soliciting funds in any form from the public in the Lao PDR.

Taxation

> *Law No. 88/NA on "**Income Tax**" issued by the National Assembly on 25 June 2025 and published on the Lao Official Gazette's website on 19 June 2026*

This law, which entered into effect on 1 July 2026, sets out the principles, standards, regulations, and procedures applicable to the management and monitoring of affairs relating to the calculation, declaration, and collection of income tax. It replaces the 2019 version and Section 3 of the Amendment of the Tax Law No. 01/NA dated 7 August 2021.

Some of the key changes are outlined below.

Defined terms

The law introduces the following new defined terms:

- "Multinational enterprise" refers to a large-scale company that has branches or controls companies in at least one foreign country and invests in the Lao PDR or other countries through a joint venture or wholly-owned investment, including by establishing a subsidiary, acquiring a local company, or forming a joint venture company.
- "Market price" refers to a price that a product or service would ordinarily command in the open market at a specific time and location, based on prevailing market conditions.
- "Minimum corporate income tax" refers to an additional tax levied on a legal entity that is a member of a multinational enterprise's group to ensure that the entity is subject to an effective corporate income tax ("**CIT**") rate of at least 15% in the Lao PDR.
- "Net interest" refers to the difference between the interest income receivable and the interest expense payable by a business during a fiscal year.
- "Permanent establishment" refers to the business presence, including a dependent representative, of a non-resident operating in the Lao PDR.
- "Related parties" refer to the following:
    - Individuals, legal entities, or organizations that, directly or indirectly, participate in the management, control, or investment of an enterprise or its affiliated enterprises.

- Entities that are directly or indirectly managed, controlled, or invested in by the same individual, legal entity, or organization.
- Individuals, legal entities, or organizations that are partners or parties to a partnership arrangement.
- Individuals who are directly related to one another.

▪ "Transfer pricing" refers to the prices applied to transactions involving goods, services, or other benefits between related parties, regardless of whether such prices are consistent with the prevailing market price.

Rules for CIT payers

▪ A legal entity in the Lao PDR that is a member of a multinational enterprise's group with annual revenue meeting the threshold prescribed by the Organization for Economic Co-operation and Development is subject to minimum CIT in the Lao PDR.

▪ Business operators maintaining incorrect accounting records under the applicable accounting standards, failing to cooperate with the tax authorities, or failing to provide information relating to their business operations are subject to the compulsory gross CIT.

▪ Entities, project owners, business operators, or any person making payments to a non-resident individual or legal entity are required to calculate, withhold, and pay the applicable CIT in accordance with the applicable laws and regulations.

▪ A multinational enterprise with a permanent establishment must calculate and pay CIT as if it were an independent enterprise carrying out the same or similar activities under the same or similar conditions, taking into account the functions performed, assets used, and risks assumed by the permanent establishment.

▪ Where related parties engage in business or financial transactions on terms or conditions that differ from those agreed between independent parties under comparable circumstances, the tax authority may adjust the taxable profits and assess CIT as if the transactions had been conducted between independent parties, in accordance with the applicable laws and regulations.

▪ If related parties engage in business or financial transactions on terms or in a manner that would not ordinarily occur between independent parties under reasonable commercial and financial circumstances, the tax authority may adjust the pricing or terms of such transactions, or disregard the transactions for tax purposes, in accordance with the applicable laws and regulations.

CIT rate and calculation

▪ If a legal entity that is a member of a multinational enterprise's group is subject to an effective tax rate of less than 15% under the applicable international rules, it must pay the minimum CIT in the Lao PDR to bring its effective tax rate up to the required 15%.

▪ Tax rate changes:

- **Alcohol businesses**: The CIT rate for entities producing, importing, or selling alcoholic beverages has increased from 20% to 22%, of which 2% is allocated to the Health Insurance Fund.
- **Casino businesses**: The CIT rate for casino business operators has increased from 20% to 30%.
- **Mining businesses**: The 35% CIT rate for mining concessionaires now also includes mineral exporters.
- **Listed companies**: Companies listed on the stock exchange are now eligible for a reduced CIT rate of 10% for a period of 10 years from the date of listing (compared to the previous 13% for a four-year period). After such period, the standard CIT rate prescribed by law will apply (currently 20%).

Tax revenue and expense

- The following items have been added to the non-taxable revenue list:
  - Dividends that have already been subject to both CIT and dividend tax
  - Financial discount income
- The following items have been added to the non-deductible expense list:
  - Capitalized fixed asset acquisition costs
  - Depreciation of fixed assets acquired under a hire-purchase arrangement, deducted in accordance with the applicable accounting standards, except for rental expenses
  - Depreciation of vehicles used for administrative purposes that exceeds LAK1 billion per vehicle
  - Net interest expense exceeding 20% of earnings before interest, depreciation, amortization, and taxes
  - Financial discount expenses
  - Domestic expenses exceeding LAK1 million per invoice, and overseas expenses in any amount that are not paid through the entity's bank account maintained with a commercial bank in the Lao PDR

Declaration and payment date

The declaration and payment of CIT is still done twice annually. The deadline for the first payment remains the same—20 July of the relevant tax year—while the deadline for the second payment has been changed from 20 January of the following year to 31 December of the relevant tax year.

Microenterprises

The law revises the CIT regime applicable to microenterprises.

- Under the new regime, CIT is calculated based on the net profit derived from the difference between income and expenses arising from ordinary business activities during the relevant tax year.
- A uniform CIT rate of 5% now applies to all types of business activities, replacing the previous regime under which different tax rates applied depending on the nature of the business activity.
- If a microenterprise fails to: maintain accounting records in accordance with the applicable accounting standards; submit annual financial reports; cooperate with the tax authorities; or provide the required information, it will be subject to the compulsory gross CIT.

Income tax

- The taxable income list has been amended as follows:
  - Changes to taxable thresholds:
    - Lottery winnings, whether in cash or in kind, are now taxable only where the value exceeds LAK10 million. Previously, no minimum threshold applied.
    - Gifts and awards, whether in cash or in kind, are now taxable only where the value exceeds LAK5 million. Previously, the exemption threshold was LAK1.3 million.
  - New taxable income items:
    - Income derived from the sale of carbon credits by individuals and organizations at a rate of 10%;
    - Income derived from the sale of agricultural products and handicrafts, and other goods and services by individuals with annual revenue exceeding LAK100 million at a rate of 2%;
    - Income derived from the sale of forestry products by authorized individuals at a rate of 10%; and
    - Any other income as may be prescribed by the government from time to time.
- The following changes have been made to the tax-exempt income list:
  - Salary and wages up to the regulatory minimum wage, replacing the previous exemption threshold of LAK1.3 million;
  - Overtime payments received by individuals with a base salary not exceeding LAK3 million (an increase from the previous threshold of LAK 2 million);
  - Inheritances received by the government; these were previously not included in the list of tax-exempt inheritances; and
  - Any other income as may be prescribed by the government from time to time.

- The monthly income thresholds for income tax calculation have been amended, as shown in the table below.

Tax Bracket	Monthly income threshold (LAK)	Tax calculation base (LAK)	Rate	Tax per Bracket (LAK)	Cumulative tax (LAK)
1	2.5 million or less	2.5 million	0%	0	0
2	Over 2.5 million to 5million	2.5 million	5%	125,000	125,000
3	Over 5 million to 15 million	10 million	10%	1 million	1.125 million
4	Over 15 million to 25 million	10 million	15%	1.5 million	2.625 million
5	Over 25 million to 65 million	40 million	20%	8 million	10.625 million
6	Over 65 million	-	25%	-	-

- The 5% income tax rate has been expanded to cover:
  - Income from construction and repair services; an increase from the previous 2% rate; and
  - Income from sports and performing arts where the payment exceeds the minimum wage; a reduction of the previous 10% rate.
- The 10% income tax rate has been expanded to cover:
  - Income from online sales (e-commerce); an increase from the previous 2% rate;
  - Commissions, consultancy fees, and other service fees; an increase from the previous 5% rate;
  - Income from the sale of carbon credits; and
  - Income from the sale of forestry products by authorized individuals.
- The annual income bases for the annual income tax reconciliation have been amended, as shown in the table below:

TAX BRACKET	ANNUAL INCOME BASE (LAK)	TAX CALCULATION BASE (LAK)	RATE	TAX PER BRACKET	CUMULATIVE TAX
1	30 million or less	30 million	0%	0	0
2	Over 30 million to 60 million	30 million	5%	1.5 million	1.5 million
3	Over 60 million to 180 million	120 million	10%	12 million	13.5 million
4	Over 180 million to 300 million	120 million	15%	18 million	31.5 million
5	Over 300 million to 780 million	480 million	20%	96 million	127.5 million
6	Over 780 million	-	25%	-	-

The deadline for declaring and paying income tax, including withholding tax where applicable, has been changed from 15 working days to 15 days from the date of receipt or payment.

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