

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

No. 267/MP

Ministry of Finance

GUIDES

on the Implementation of the Decree of the Prime Minister No. 50/PM
dated 13/3/93 on Land Tax.

To: Ministers of all Ministries, President of Committees,
Chiefs of Provinces and Mayor of Vientiane Municipality

In the middle of the year 1939, the tax and duty system of the state had been reformed which, being an important event in the last 12 years period, includes agricultural tax and land tax. Through the implementation for the last four years, it is observed that the laid-down policies are suitable to the level of socio-economic expansion in our country which have been shown by the gains obtained from the contribution in the payment of obligation by all classes of people in the society which tends to increase year after year.

However, on the basis of the economic police of our Party in the new era, it becomes necessary to, once again, make the modification of the tax and duty system which was previously laid down so as to bring it to the orientation step: "To start from the expansion of agricultural and forestry sector by tying up with the expansion of industry and service sector right from the outset."

Based on this spirit, the land tax and agricultural tax mentioned in Decree of the Council of Ministers No. 47/PCM issued on 26/6/89 were being cancelled and replaced by a new land tax system which is promulgated by the Decree of the Prime Minister No. 50/DM issued on 13/3/93.

In order to achieve good result in the implementation of the above Decree, the Ministry of the Finance gives additional guides as follows:

Land tax is a separate type of tax which, besides concession cost and land leasing charge, is collected from individual and organisation who own and use all land parcels inside the territory of Lao People's Democratic Republic.

Possession of Land: The land possession is shown in some forms as follows:

1. Possession by inheritance along the kinship line or by transfer of land with the certification by witness or by registration.
2. Possession by receiving the approval for land use officially by concerned authority.
3. Possession by long years of continued development, but there is no document to use as proving fact.

Land use: It is the aim to use as the basis for the calculating land tax, such as:

-Land for construction which is located in the town and villages which have been used differently. For example: construction of house, construction of factories and other production areas, construction of commercial and service shops and vacant location.

- Agricultural land: having irrigation or not having the irrigation.
- Farm land, plantation of industrial plants, fruits, fruits plan,
- Land for “Rai”: fixed rai, rotating rai, etc.

Other types of agricultural land which is not the rice-field, garden, Rai, such as: the land at the corner of the field, fish pond, field for feeding animals,

To sum up: any individual, organisation who own and use land in the territory of Lao PDR, in any form and for any purpose. Shall all pay land tax to the State according to the type of use and location (geographic location, conditions in communications).

-The rate calculated in the practice is shown in the table of tax rate, which is mentioned in the Decree.

Exemption of Land Tax:

The exemption of land tax is laid down for each case for the land for construction and agricultural land.

-Regarding the land for construction which is mentioned in point 3 of Article 7, the terms “temple”, “cemetery” means to cover temple and cemetery of all religions, of all races, groups, which is located anywhere, in any form, in any type of land or on the land which has not been developed. Beside, the exemption also covers other places, such as: the land for planting forest of the people which has been officially accorded by the Government and the prohibited area according to certain custom and traditional practices. For these cases, the exemption of land tax will receive a separate permit form based on the certification of (omitted) agencies and the administrative authority at the grass-root level.

-For agricultural tax (rice-field, “Rai”) shall receive tax exemption only in case of new land clearance.

Implementation:

Land tax is the policy which relates to many other sectors: state, collective, private...Hence, the implementation shall be undertaken by step, by starting from the work of educating and propagating widely and profoundly. The collection of data for each type of land: land for construction, agricultural land, other types of land. After the collection of data there is the work of calculation of tax and, thereafter, to coordinate with the owner and user of land in order to pay the obligations.

Detailed method by each step is as follows:

Step 1: Propagation on the containing of the Decree.

The propagation shall be undertaken at two different levels: for the personnel and the people in general. The personnel is a bridge for bringing the policies and guideline of the party, the policies law and regulation of the Government to propagate to the people of all ethnic throughout the country. The personnel shall receive the formation, in particular, in the matters of politics and ideology, the contents of other legal documents including the practical methods of the implementation. Hence, the propagation at this level shall concentrate on politics, economy, defence and peace and other technical works aiming at avoiding the defect in the implementation work.

For the people in general, they shall be shown of the guideline for the construction of economy in our country during the past period, the weakness, disadvantages and causes during the past. Besides, it shall be indicated the result to be received for the collective, for individual in the short and long-term which followed by the mobilisation the spirit of “ love the country” which is the main element for achieving successful result. After that, it is to explain the method of calculating the land tax for each type in amount of money, which is to be paid annually. The propagation may be undertaken in the Ministries, agencies, villages and propagation, through the media radio, newspapers or notes.

Step 2: The collection of data on land and the calculation of tax.

In order to obtain complete and viable data to be used in the calculation of tax, there shall be coordination and cooperation between all concerned sectors such as: finance, local authority of all level, all concerned agencies.

The work shall be systematically done:

-Each family shall declare each type of land that it owns and uses both in land located in town and in rural areas (provinces, districts) according to the data table issued as an example by the Technical division.

-Based on the declaration of data of the family, the rate of tax has been calculated. In case of necessity, there is also a survey on the spot in order to avoid the problem which may arise dispute relating the use right of right.

Step 3: The collection of land tax and the management of receipt.

After completing the work of step 2 (Data collection, tax calculation), the next work to be performed is the collection of taxes according to the calculation, which is made.

Method of collection or the implementation of obligation of the land-use owner:

-The owner and user of land in a district shall go to pay their obligation at the District bureau office of the concerned district.

-In case the village is located very far, the organisation has to appoint the personnel or entrust the work to village volunteers to go and collecting the tax from each family. This is a service at the place. A receipt will be issued each time the payment is made.

-After the tax payer has paid the tax for some period, the land registration personnel, in coordinating with administrative authority shall control the correctness of the land ownership and use case by case. If he is sure that the document are in due form the land declaration form shall be issued to concerned person to be used as proving fact to follow the land tax and to apply for land registration certificate.

-Regarding the collection of tax, it shall start from the place having good conditions, for example: land for construction or agricultural land located in the metropolitan area of the province and districts. For the collection of tax on these areas, there is not necessary to wait for the work in each step to be completed. After having undertaken the propagation work and training of personnel, the data collection, tax calculation and collection work shall be started.

-The collected tax money shall be deposited in the treasury every day. No individual, no organisation are permitted to keep the money.

-An individual or an organisation who do not make declaration of the land they own and use or who make declaration but do not pay the tax to the State shall be considered as giving up the ownership and use right. The state have the right of re-arrangement and divide the concerned land in accordance to the laid-down policies.

-After having received this guide, the Finance Divisions of the province, municipality are recommended to, hurriedly, summerize the receipt from agricultural tax for the harvest season of 1992-92. If a family has paid its tax according to the old land tax rate, but the amount already paid its tax. Concerning the land tax, if the land owner and user has paid according to the old land tax rate, but the amount already paid is lower that the amount calculated on the basis of the new rate, it is required that the balance shall be collected. Those persons who have not yet paid their tax, the new rate of land tax will be used for calculating the tax they have to pay.

The Minister