

Lao People's Democratic Republic Peace Independence Democracy Unity Prosperity

Ministry of Finance
No. 307/MOF

Additional Explanation and Instruction on the Implementation for Decree on Taxation of Land

Attn: Heads of the province prefectural department for finance and heads of provincial land.

In mid-1989 the state taxation system were revised. It was the important revision in the period of 12 years. The revisions were included the agricultural tax rate and the land since its 4 new years of using, the revised tax system are fairly suitable to the new socio economy development which enable to obtain more contributions for each annum.

Whatsoever, following the new stage there is a need to revise them such as to begin firstly from the agricultural-forestry development in connection with industry and service.

Due to this consent, the Prime Minister decree on agriculture and land taxes issued No. 47/PMO dated 26/6/1989 was cancelled and replaced by the decree No. 50/PMO dated 13/3/93.

For the unity of its implementation, thus, the Ministry of Finance would like to explain and instruct the implementation works as below:

Part I

Policy on new tax rate for Land

(see article 1.2.3. and 4 in decree on Land Taxation)

A. General Rule:

The policy on the new tax rate for land which was notified regarding to the decree No. 50/PMO dated 13/3/93 is the policy to promote the agricultural and livestock products and to cancel the old agricultural tax system which were collected by paddy rice to replace by money collection. For the construction land previously taxes were specifically collected in the city area but for the new method new taxes will be collected including in each individual village and the taxes rate depended on the types of land used.

Other types of land which were not used for construction on rice fields previously these types of land are allowed not to pay taxes but now land taxes rates of these types will be nearly equivalent to the tax of agriculture or garden.

This means the new land taxation will be used for all the land in the whole nation. The land of embassies and international agencies will be followed as the international rule but this work must have managed by the co-ordination with the Ministry for Foreign Affairs.

The land taxes is called the annual tax starting from the 1st of January to end of December and the Collection of taxes from individual person and all organisation must be done since the 1st of January to the end of March for each annum.

B. Forms of Management and Use of Land.

Land Management: Followings are forms of management:

1. Manage by the heritage successor, relatives or transfer referring to the witnesses or registration.
2. Manage by the state permission.
3. Manage by many year of subscription but have no official letter.

The Use of Land: Purpose of Land user and basic method for tax calculation.

Construction Land: In the cities and villages which types of uses are different: own houses, plants, shops, other services and the Land construction which are not used different tax rates will be collected.

Agricultural Land: Followings are different method of uses:

-Irrigated rice enables to produce two seasons or one season are allowed to pay different taxes.

Garden Land for industrial trees, fruit trees and other will be paid different taxes.

-And others, beside the rice, garden and slash and burnt cultivation Land.

C. Basic Method for Land Taxes Calculation.

New basic method for land taxes calculations are divided into 3 categories:

1. Construction Land: mean the land used for building houses plants firms where the areas are limited. If the vacant area from the construction in not more than 2000 m². The vacant area of 2000 m² is considered as other types of land regarding to the practical land use. Even if the area of the vacant land is in the fence area and the Land tax cost is not up to 100 kips, that will be considered as the construction land area.

2. Agricultural Land: The agricultural land types are:

rice fields, gardens, shift cultivation land which annual products are obtained. If the rice fields, gardens, shift, cultivation land where are abandoned and could not produce ordinary products per annum, this land will consider all other agricultural land types.

3. Other types: Taxes rates for each individual type (see article 5.6 in decree on Land Taxation). The rate for each individual land taxes are depended on the location and purposes or land uses for each as the principle of rule. This consideration is depended on the land taxes official in co-ordination with the village land tax volunteer and agricultural official. These people are the observers to classify the categories regarding to the notice or new notice of the land users. The method to calculate the land tax rate should base on the land users and the area where the users can obtain benefits it is collected from the land owner and it is not the same as the land or houses users. To provide facilities for calculation the land are divided as region, location and owners as following:

1. National Geography: 4

-I Vientiane (Prefecture) Municipality, Luang prabang, Thakhek (Khammouane) Khanthabawy (Savannakhat) Pakxe Champassak municipality areas.

-II Other capitals of provinces

-III Other districts of provinces

-IV Village besides the districts municipality.

Location: There are 3 location each location are calculated as different rates;

1. Area beside the paved road means the land beside the paved road or treatment roads.

2. Area beside other types of road means the land closer to the roads or near the communication network which can travel in the whole year.

3. Other means the land reaches by the leader roads or difficult to traffic or no road available. The definition of the land beside or near the road is depended on the use of the road type for communication. Even if that location site has no border with the roads but enable to communicate with others by used the public feeder roads or personal road or others roads which are not mote than 50 meters. These types of location are considered as the land beside the road.

3. Land Uses: There are 4 types of land uses:

- 1. Houses
- 2. Plant, Firms, production unit-stores.
- 3. Trade and services
- 4. Vacant land

Details of each land use, please see method in the stage 4.

b. Agricultural Land: Agricultural land is classified as two one a flat (omitted) and second the highland or difficult areas. And there are 3 types of land user such as the rice field are classified as 3 types of uses such as irrigated rice for two seasons and one season or others. For each zone and types have different rates of calculation for taxes.

Garden Land: There are 3 types of garden lands such as, beside the village, near the road – other and 3 types of uses such as the garden land used to plant the long term industrial trees, the long term fruit trees and others.

Shift Cultivation: There are 3 types of shift cultivation land stable, unstable and others.

Others: There are 3 other types of Land such as beside the road, close to the road and other. The classification of the agricultural land must be followed the geographical term and its location some villages are in flat terrain but there are mountains or difficult areas to make the farms, shift cultivation-gardens. These areas should be considered and classified as the mountainous areas and the tax rate will be calculated regarding to the difference of location and land uses.

Part III

The exemption of Land Taxation (see article 7 in decree on land taxation)

The person who need to apply to exempt from new land taxation should prepare request latter to the head of the Land taxation of the district to consider and submit it to the provincial department for approval.

For the damage of rice field or shift cultivation, percentage of loss must be checked and certified by the agricultural official and the volunteer for taxes collection in that area for approval. The permission will be exempted within that year or will reduce for taxes in the following year.

For the exemption of taxes from the industrial trees or fruit trees, check and certification must be managed by the district agricultural department and the district department for land taxes to submit the request to the province. The province can give permission only for 2-5 years after the plantation but not count from the day of new decree for land taxation imposed. The plantation is in the business characteristic area and more than 0,5 will be exempted from taxes.

The limitations of the exemption of taxes period must be based on the first year of the products given.

Example: Coffee garden. Coffee can offer products when it is 3 years. This can be exempted in 3 years or the trees which lately given the products. These types can be exempted only 5 years.

For other request for taxes exemption, the provincial department for land taxes must prepare the request letter to the Minister of Finance to consider regarding to each individual case.

Part IV

Implementation (see articles 8.9.10.11.14 of decree on Land taxation).

Due to the new taxation to replace the old, so the method and the rate of each individual taxes are difficult to understand, so following 6 tasks will be concurrently implemented by the provincial departments for finance, land taxation including the districts.

Task 1. Publicize the officials and people to acknowledge the land policy and the new land tax.

Task 2. Completely collect the 1992-93 agricultural taxes then classify the new types of land use for 1993-94 for taxes collection.

Task 3. Organize to collect the old tax, survey and classify the new types of Land and calculate the tax for construction land to collect taxes in the year 1993.

Task 4. Notify the new land area to collect taxes in 1993.

Task 5. Make the new land census for collect taxes in the next fiscal year.

Task 6. Summary of new land taxes collection.

Description for each individual task:

Task 1: The Publication of the decree on the Land taxation.

The implementation on the collection of new Land taxation is a new change for the farmers who used to pay (omitted) rice as taxes and now pay by cash by using the cultivated area for taxes calculation and lower rate but the vacant area remaining from rice plantation will be also included to pay taxes. For the construction land and other types the land owner must pay taxes for each individual area. Do the notify of the decree on the new taxes rate is considered as the important and main task to be manage before taxes collection. Documents to be publicized, must be related to the decree on land tax and this additional instruction for the officials, organizers who will carry out this task. To the people, there will used various forms such as by newspapers, radio, television, speakers, notice and face to face notice to the villages concerned before taxes collection. If possible, distribution of document should be handed out.

The phase for propaganda:

Phase 1: The provincial office for land registration in co-ordination with the province organization organize a meeting on the propaganda for new taxes to the provincial official and must be completed by the end of May 1993.

Phase 2: The districtal office for land registration in co-ordination with the district organization organize a meeting on new taxes to the official within the district and chief of villages and volunteers and must be completed in mid of June 1993.

Phase 3: In each village where the investigation and the classification of land will be evaluated for the new land taxation, the land taxes official and the chief of the village concerned have to notice the people in that village or areas since June and the calculation and the collection of taxes should be done concurrently.

Task 2: The collection of Agriculture Taxes for 1992-3.

2.1 For the rice field and shift cultivation which used to pay for agricultural taxes.

This task must be regarded to the old census for agricultural taxes for the 1992-93 harvesting season. The tax collection must be paddy rice or cash regarding to the local market price without any debts. Summary for total taxes collection and remaining must be reported by the end of June 1993. The remaining should be continuously collected. If the figures of remaining are being remained, that figure must plus with the new taxes for 1994. The remaining amount must be recorded to request the chief of the district for cancellation approval.

While carrying out the new survey on the tax of land No. 01 and note down to the new agricultural tax census. This is to prepare to collect taxes in the first to the fourth month of the fiscal budget for 1993-94. For the area which are not use for rice plantation, the new tax rate must be evaluate and collected within the year 1993.

Task 3: The old tax collection and the survey for new types classification.

In 1993, if any village has already surveyed, the old census for Land taxes must be collected as the old figures, even if that village area is divided into many villages. In accordance to the old documents the new survey for classification and the new taxes rate must be collected. If any person didn't pay taxes for 1992, both old and new taxes must be collected. In the event if there are persons who didn't pay the taxes in the noticed area the old rate in decree 47 must be used to collect and fine of 5% per month of the delay. For 1993, there is no need to ask permission from the provincial administration the district or the areas concerned are responsible for tax calculation and collection. A summary on tax collection must be reported by the end of September 1993. This must be definitely concluded. And then continue to collection the remaining or transfer to the 1994 census, which are approved to collect from the districts and provinces.

Task 4: Notice for the Land for new land taxes in new areas.

In the areas where land taxes were not collected, the chief of the district must notice and publicize the people by using the new form sheet of Land taxation No. 01. The land owners have to notice their own individual land. The calculation and the collection of taxes must be carried out at the mean time. The notice of new land must be done for each village area. Each land site must be noticed to that village concerned without noticing the land owners live in other village.

Land site: Means the only one owner owns on the border of 4 sides by having no any natural performance to be separated. In that land site there will be land for construction and rice field but other land types must be decided for each types of land uses.

The definition of land uses for each type

To classify the new rate for taxation only the land that the owner can obtain benefit will be considered for its calculation. In the event that one area of land is used for many purposes, firstly one type must be classified then make details for each type as below:

A Land for Construction: 4 types are classified as below:

A.1: For living in the area of less than 2000 m² is imposed as land for living. The more than 2000m² will be described as other construction land even if the land is in the same area. If the remaining area is calculated for tax is less than 100 kip, that piece of land is called the land

or living. The land for construction: means the land where the owner constructs the house for living not for any income.

House where the owner live or relatives without rental charge or no more construction by the owners.

Land for apartments in the commercial area which are not used for trade or any additional incomes. This is called that the land for living.

On the other hand, if the owner construct the villa to live but leases to other people. Even though the tenants do not operate any business but the owner receives the rental fee this types of house is considered as the land of house for trade and business.

Land which the owner houses for other people construct the houses or to be the stone. This type of land is considered as the land for trade and service because the owner can collect the rental charges.

A.2: Land for plant construction in the production site.

The permanent and temporary building for production of goods that each year are leased by others for trade and service in called the land for trade and service. If the plant is closed is considered as the land for house living.

A.3: Land for trade and service.

Land for trade and service are land for markets, shops, bars, restaurants, workshops, woods, hotels, department stores, leased houses and land service places. If the house is used for both living and trading is considered at trading house.

If vacant land: Land which used for trade and service where the area was not roofing such as Tennis court, swimming pool, and land to collect the materials outside golf field and tourism site is called land to be leased.

A.4: Land for construction which is not used yet.

Mean the land in the city or village which are not used or temporary use or fruit trees are planted but not for business or land which remained from 2000 m² which taxes calculated not more than 100 kips.

In the event of land user are classified as many types for living, factories, trade, service or vacant site. This should be classified. If this could not be classified, consideration for the most of use must be classified at that type.

If there is a use of public land without permanent or daily lease for trade and service in day and night time, the tax rate collection must be daily collected for each individual area, but this is not recorded in the census of land taxation. These are the land sites beside the Mekong river, roads, and other public sites to do daily and nightly business.

For example: A uses the public land for his permanent or daily business to sale food or mobile drinks, the taxes collection will be calculated 10 kip/1 meter per day at that site.

B. Rice Field: Rice field which used and obtained ordinary amount of product is called amount of product is called land for agricultural taxes. If that land are abandoned or used as the fish pond others - these will considered as other types of land. Rice fields are classified into 2 type lowland and highland, but these are classified as 3 types regarding to productivity and 3 types regarding to the uses.

Low land and High land or difficult sites are depended on the geographical term and location such as a village near the mountain. The land located on the foot of the mountain is considered at the high land rice field because they want to be close to the flat terrain garden and shift cultivation. The flat terrains are classified into 2 types such as irrigated and none-

irrigated land. The irrigated fields are classified into 2 types such as the two seasons and one season. Each type is collected different rated of taxes.

B.1: Irrigated field for one season means land in irrigated area which are not produced for the whole year. This will be used for only main rice season not for the irrigated rice season, or not plant for any business or producing the irrigated rice season not for the main rice season.

B.2: Irrigated field for two seasons means land is used for both rice season or one season for rice production and other for other crops. These areas even if there are no irrigation network but taxation must be collected because of the lowest taxes rates are already imposed. If there is a use of 1/3 of the whole land it will be considered as the two seasons of production, such as the piece of land is beside the lake and in the dry season 1/3 of the area beside the lake are used, it will considered to use the land for two seasons, or the whole land used for main rice and 1/3 use for irrigated rice season or for rice production and dry season for tobacco, beans, maize or other production. These are all called the fields for two season of production.

B-C: One season rice field: Each type of production in rainy or dry season is considered as one season rice field production.

The fish pond which covers the area not more than 100 m² is considered as other type of agricultural land.

The natural fish pond in the rice field which is contained water throughout the whole year. If the area in the rainy season is more that 0,5 ha will be considered as other type of land if the owners preserves his own property of rights.

The rocky land as uneven surface which could not be used if this site is included in the land to pay taxes, other types of land should be defined.

The beauty of land: The beauty of land is one category to classify its types for taxes. At the beginning it should be classified regarding to the previous taxes calculation. If there is no compliance, beauty comprise should be related with other rice field the near by area for types classified.

For the following year, calculation must be corresponded to the production and use the volume of the common year production to calculation the annual production/year. The comprise must be operated in the co-operation of the village, area of tax official farmer group chief of the village or refer to the investigation of the agricultural official if any.

C. Garden land: To calculate the garden land for taxes collection, types of whole year and long term of production season and whole year must be based on.

Garden land beside the rivers and islands which are considered as seasonal garden land. The garden land are classified regarding to the flat terrain, high land and others such as:

1. in the village
2. close to the road where enables to communicate
3. other sits which have no access roads.

The uses of garden land are also classified.

C-1: For industry: the garden place which obtain the long term products, coffee, cardamom, tea, sugar cane cashier, jute and others which give products more than 3 years.

C-2: Long term fruit trees: coconuts, sapota, orange, banana and other fruit trees.

C-3: Other gardens: means gardens cultivated many things along the rivers, island, only dry season or land or rice field which are not able to produce.

D. Shift cultivation land means land enable to produce in the rainy season by many or specific products.

E. Other types of land: means the land which is not considered as rice field, garden and shift cultivation which are preserved but not yet produce anything, or not ordinary used or the abandoned rice field or garden.

Method of notice: The notice of land for taxation is considered as the first census for land in the village, then authorize to each district administration to implement in each village. The area of land are the land link to each other by 4 sides. All land areas are under the management of the village for tax collection. The chief of the village will give the signature even if the owners live in other village. For the rice field should be organized in a specified area for easily followed up and mapping.

1. The organization for the responsible team.

At the initiative year the provincial and the districtual administration must organize the responsible committee. The committee has directed the activities in the district and village. The committee are involved by official, agricultural official village land volunteer, chief of the village concerned in order to notice the owner of each land by having briefly calculation for each owner of land about 10 m² at the beginning.

2. Notice: Each individual person who owns all types of land must notice his responsible land to the village land responsible team. The notice is the real owner of the land without any conflict. In the event of conflict, names of two persons should be written by note or specified only the name of the person who managed the real land but the note is remarked to bar for two persons to own one land taxes paid for a price of land by many people.

3. Number of notice: Each land number should be itemized as the turn of notice or organize for each area group by number to number. Number of land must put on the fence or in front of land for easier observation.

4. Measure: If possible, within this or following year, mobilize for volunteers for students to assist the measure of land for land letter. The charges for measure operation should be collected regarding to the rule and technical procedures.

5. Area allowed to notice:

- Land for construction which surrounded by fence and also agreed by the neighbours.
- Land for agriculture is land close to the forests or other types. This must be notice regarding to the area preserved and by the committee approval.
- Land in remote area is not valuable the notice could be done only for the using area.

Task 5. The preparation of the land census for each annual tax collection.

The preparation of land census is the list of the land owner who will pay taxes for each area or village including the types and tax amount to be paid.

The preparation of land census in the municipality must be done for each individual village or area along the roads. In the rural area each individual village or area should be individually prepared. This is for the follow up facilities and easy to make drawings for land census.

At the initiative phase to transform the old to the new method of land taxation, the land census should be included in one sheet for land construction, agriculture rice field garden, shift

cultivation and other types. After all types of land are collected, all must be noted in the village or the area for land census (taxes of land No.03) in the only one book, for annual taxes collection and then copy to the land taxation census for the organizer to collect taxes relating to the census number.

Each annum starting from October to December, the volunteers for taxes collection in each own responsible area must check the change of land user for each type to re-calculate the tax and recorded in the land census No. 03 and submit to the area land taxation on team for investigation.

The districtual office for land taxes is responsible to conclude the village or area for taxation within the district and submit to the province for approval (land tax form sheet 04).

The provincial office for land taxes conclude (all land taxes sheet 04) from each district and report to the department to make plan for next annual revenue.

The department of land conclude all provincial taxes to the whole nation of land taxes for annual revenue (land taxes sheet 05 to report the Minister).

The organization of tax collection: In 1993, the area where taxes are enabled to collect throughout the whole year implementation of work should be carried out.

For the following year, taxes collected could be started from January till the district officials for land to be responsible for each area, sub-district or 2-3 villages where number of taxes payer more than 1000 to 2000 people for one guide official.

The collection of taxes in the city municipality is to ask the land owners come to pay in the office for land taxes but to collect the taxes from the villages outside, the district land official in co-operation with the volunteers will be responsible for taxes collection and give the taxes revenue to the district taxes collection unit. In the remote area or no business transaction the chief of the district is allowed to collect taxes by rice or other materials but price by each must be evaluated regarding to each individual market price, when the materials collected are sole the list of revenue could be recorded. All officials and volunteers will receive 10% of the annual land taxes revenue as their wags. This will be allowed for the 10% of average collection. The amount of 10 % is included the total expenses for taxes collection in the village concerned.

Each time for land taxes collection mark on (follow up sheet No. 02) should be done and reception sheet No. 14 should be given to the tax payer for evidence. There will be absolutely to collect money without receipt given.

For 1993-94 and next following year, notice for taxes collection must be declared in the village concerned and the collection must be completely done by the end of April of each annum. If there will be a delay, 5% will be fined per month.

Task 6. Summary for 1992-93.

By the end of June 1993, each individual province has to report the figures of collected and remaining amount of land taxes.

By the end of July, each individual province has to make plan for land tax revenue for 1993-94 to the department to prepare the program for national revenue.

By the end of September 1993, new report on remaining figures are newly collected by the provinces must be submitted.

Fiscal Budget for 1993-94 and next following years.

By the end of April, each individual unit must conclude the collection figures to the district.

In the mid May, the district office must conclude the collection figures to the province and make new plan for provincial revenue for the next year.

By the end of June, the provincial office must conclude the collection figures to the department for land registration and make new plan for next year national revenue.

By the end of September, the province has summary the absolutely revenue of the whole province to the land registration department.

Ordinary Report

From January to April is the period for tax collection.

Each week, report from each unit must be submitted to the head of area and the area forwarded to the district.

On the 25th of each month the district must report to the province.

Each individual end of the month the province must report to the department.

Before the 5th of each month, the department must summarize all provincial revenue to the Minister to report to the government.

Part V.

Disciplines for rule breakers. (see article 12-13 for decree for land taxes).

To make all the land owner to notice their land used the continues of propagand must be done for 120 days. If there will be a person who does not come to notice, that person may be warned by the chief of village or taxes official.

If warning is done and the reason for (omitted), the note must be written and transfer the land to other owner and also responsible to pay taxes.

If the person concerned does not compliance to notice and not to pay taxes for more than 3 years, the state will confiscate the land regarding to the state rule.

The period of time limited for the delay of taxes payer is imposed since the fifth month of the second year.

Part VI.

Additional instructions.

The use of the new taxes rate is the abolish the 3% and 5% of agricultural taxes from the industrial and (omitted) trees including the animal distribution which outlined in decree No. 44 (PMO dated 26/6/1989.)

Part VII.
Conclusion.

The department for land registration appointed to direct and check regarding to this instruction, particularly to disposal their officials to follow up and implement the work in each individual province.

The provincial department for finance is responsible to assist the provincial and district official to implement this work.

If any rule or instruction is not fairly suitable, the unit should promptly report for on-time modify.

The instruction No. 371/ dated 9/8/1989 and No. 971/ dated 9/4/1990 of the Ministry of Economy Planning and Finance on the old land taxes are all cancelled.

1/6/1993
Vice-Minister of Finance

Unofficial translation