

# Navigating Business Expansion in Laos & Cambodia

Presented by Eddy Herbert



# Introduction

- Overview of Laos and Cambodia
- Setting up a business in Laos and Cambodia
- Navigating Regulatory Compliance
  - Company Regulations
  - Tax Compliance
  - Visa and Work Permit
  - HR Overview
- How we can support

## Overview of Laos and Cambodia

### Laos Business Landscape

- Key sectors for investors
- Government initiatives
- Strategic position



### Cambodia Business Landscape

- Key sectors for investors
- Government initiatives
- Evolution of Cambodia's business environment



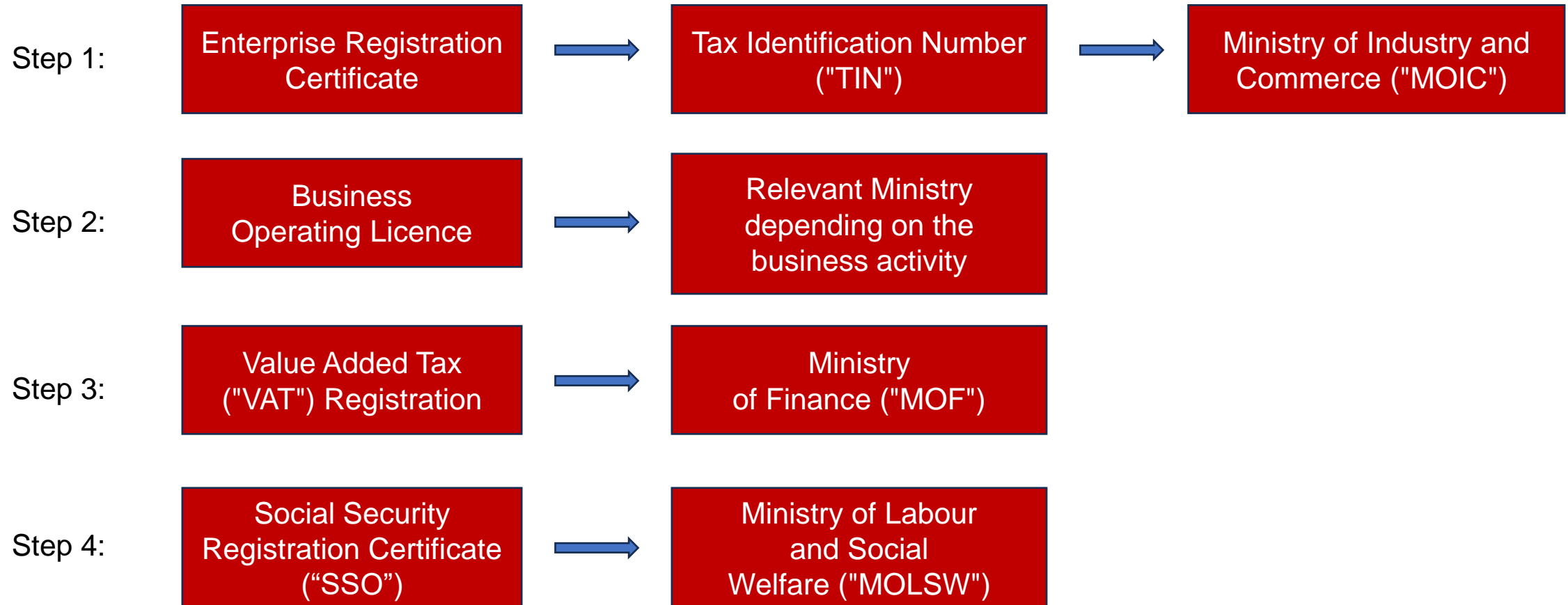
# Overview of Laos and Cambodia

## Electricity Rate Comparison: Laos vs. Cambodia

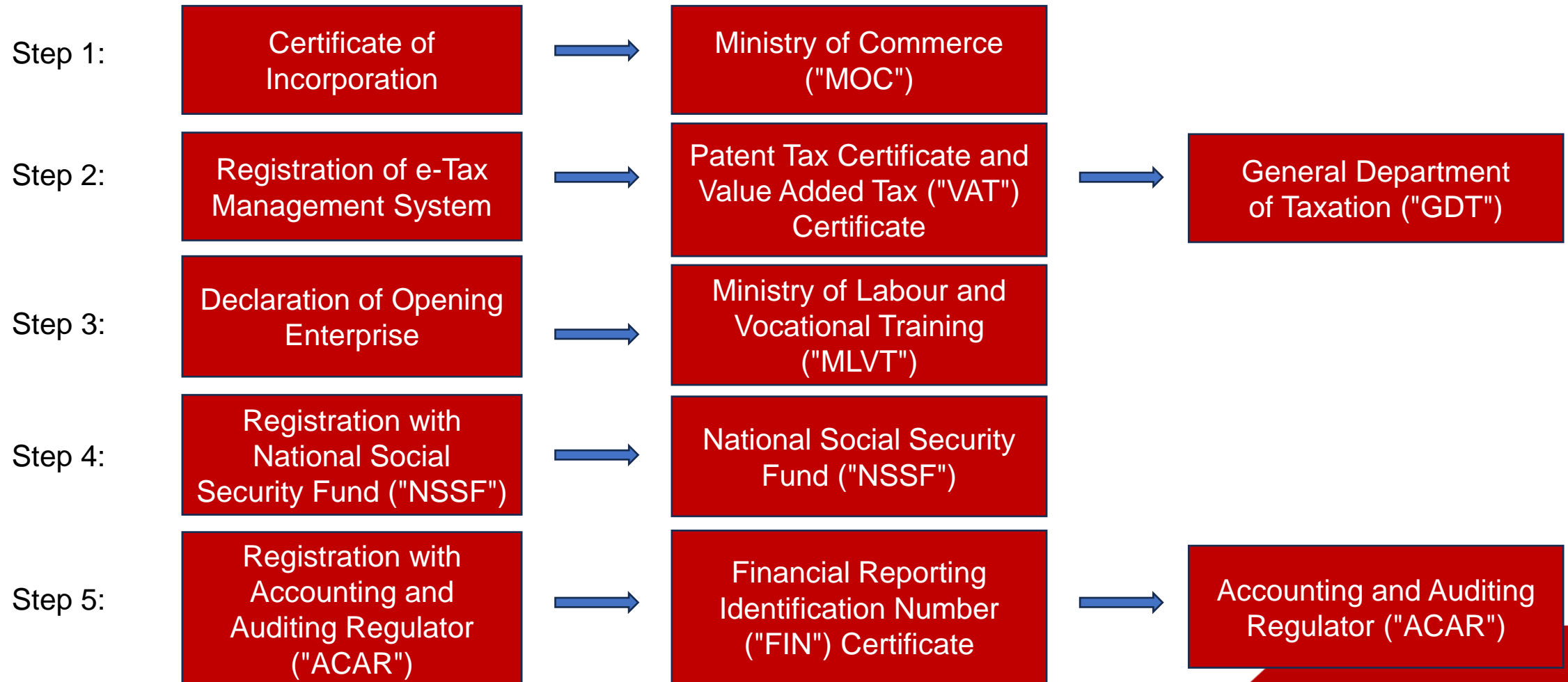
Laos - Electricity Rate		
Voltage Section	Domestic	Commercial
	USD / kW	USD / kW
0 ~ > 500 kW	0.017 ~ 0.048	-
0 ~ < 0.4 kW	-	0.051 ~ 0.104
22 kW section	-	0.044 ~ 0.092
115 kW section	-	0.057 ~ 0.072
<b>NOTE: 10% VAT is applicable</b>		

Cambodia - Electricity Rate		
Voltage Section	Domestic	Commercial
	USD / kW	USD / kW
0 ~ > 200 kW	0.095 ~ 0.185	-
Small Enterprise	-	0.185
Medium / Large Enterprise (Industry)	-	0.1470 ~ 0.1609
Medium / Large Enterprise (Commercial & Administrative)	-	0.1590 ~ 0.1734
<b>NOTE: No VAT</b>		

## Understanding and navigating company incorporation processes in Laos



## Understanding and navigating company incorporation processes in Cambodia



# Company Regulations - Laos

<p><b>What are the most common types of legal entities in Laos?</b></p>	<ul style="list-style-type: none"> <li>• Limited Liability Company (including foreign-owned company and joint venture company)</li> <li>• Branch and Representative Office</li> </ul>
<p><b>What is the minimum paid-up share capital requirement?</b></p>	<p>Minimum registered capital requirements are abolished for foreign investors seeking to register a company in Laos, with the exception of business activities that are governed by other existing laws or regulations that may still require minimum registered capital.</p>
<p><b>Is it allowed for foreign investors to have 100% ownership of businesses under Laos law?</b></p>	<p>Foreign investors can have 100% ownership of businesses in Laos, except for specific activities reserved for Lao nationals or those requiring approvals or licenses from relevant authorities.</p>

## Company Regulations - Laos

<b>Is a virtual office address acceptable as the Registered Office Address?</b>	Yes. An address provided by a virtual office is acceptable as the Registered Office Address.
<b>Is it mandatory to appoint a resident director?</b>	No
<b>Is the company's director required to be physically present for the bank account setup?</b>	A bank account can be opened remotely with several banks in Laos, but the process is much smoother if the director is present in Laos.



# Company Regulations - Laos

<p><b>What is the timeline for capital importation in general business?</b></p>	<p>At least thirty percent (30%) of the total registered capital must be imported within ninety (90) days of obtaining the relevant investment license, with the remainder adhering to Enterprise Law or other pertinent regulations, accompanied by supporting documents certified by the Bank of the Lao PDR as per relevant laws and regulations.</p>
<p><b>What is the timeline to setup a legal entity?</b></p>	<p><b>10 working days</b> from the submission of the complete application form and other supporting documents to the Department of Enterprise Registration and Management.</p>
<p><b>What are other mandatory Annual Compliance requirements?</b></p>	<ul style="list-style-type: none"> <li>• Renewal of annual business operation license (if necessary)</li> <li>• Preparation and filing of annual accounts</li> <li>• Submission of annual tax return</li> <li>• Renewal of annual VAT certificate</li> </ul>

# Company Regulations - Cambodia

<p><b>What are the most common types of legal entities in Cambodia?</b></p>	<ul style="list-style-type: none"> <li>• Limited Liability Company (including Private Limited Company, Public Limited Company and Single-member Private Limited Company)</li> <li>• Foreign business entities (including Representative Office, Foreign Branch Office and Subsidiary)</li> </ul>
<p><b>What is the minimum paid-up share capital requirement?</b></p>	<p>The legal minimum capital requirement is USD1,000. However, it is important to note that this is just the minimum requirement. The amount of capital that a company actually needs will depend on the nature of its business and its expected expenses.</p>
<p><b>Is it allowed for foreign investors to have 100% ownership of businesses under Cambodia law?</b></p>	<p>Foreign investors can have 100% ownership of businesses in Cambodia, except for specific activities reserved for Cambodia nationals or those requiring approvals or licenses from relevant authorities.</p>

# Company Regulations – Cambodia

<p><b>Is a virtual office address acceptable as the Registered Office Address?</b></p>	<p>No. All companies and representative offices must have a physical office. The GDT will visit to take photos as part of the registration procedure.</p>
<p><b>Is it mandatory to appoint a resident director?</b></p>	<p>At least one director for a private company (does not need to be resident) and a Company Secretary who must be a natural person and a resident in Cambodia.</p>
<p><b>Is the company's director required to be physically present for the bank account setup?</b></p>	<p>While remote bank account opening is possible with various banks in Cambodia, having the director present in the country streamlines the process. However, the GDT mandates that a director must visit Cambodia for an interview, fingerprinting, and photography; this cannot be conducted online.</p>

# Company Regulations – Cambodia

<p><b>What is the timeline for capital importation in general business?</b></p>	<p>The initial capital specified in the Memorandum and Articles of Association must be deposited upon opening the bank account. A bank statement confirming the capital deposit must be submitted for online registration within fifteen (15) days of receiving the certificate of incorporation.</p>
<p><b>What is the timeline to setup a legal entity?</b></p>	<p><b>4 to 5 weeks</b> from the submission of the complete application form and other supporting documents to the relevant ministries.</p>
<p><b>What are other mandatory Annual Compliance requirements?</b></p>	<ul style="list-style-type: none"> <li>• Annual Declaration of Commercial Enterprise</li> <li>• Preparation and filing of annual accounts</li> <li>• Submission of annual tax return</li> <li>• Renewal of annual tax patent</li> </ul>

# Tax Regulations

Laos	Cambodia
<ul style="list-style-type: none"><li>• Fiscal Year – 1 January to 31 December</li><li>• Corporate Income Tax ("CIT")</li><li>• Withholding Tax ("WHT")</li><li>• Value-Added Tax ("VAT")</li><li>• Employee Personal Income Tax ("PIT")</li></ul>	<ul style="list-style-type: none"><li>• Fiscal Year – 1 January to 31 December</li><li>• Tax on Income ("ToI")</li><li>• Withholding Tax ("WHT")</li><li>• Purchase and Sale Journal Tax/ Value-Added Tax ("VAT")</li><li>• VAT Reverse Charge ("VRC")</li><li>• Tax on Salary and Fringe Benefit Tax ("ToS/FBT")</li></ul>

# Tax Rates

Laos	Cambodia
<ul style="list-style-type: none"> <li>• Standard CIT rate: 20% for general businesses activities</li> <li>• WHT rate: From 1.4% to 3% of the total revenue</li> <li>• VAT rate: 10%</li> <li>• PIT rate: Progressive rates from 0% to 25% of the total salary income of the employee</li> </ul>	<ul style="list-style-type: none"> <li>• Tol rate: From 5% to 20% depending on the company income</li> <li>• WHT rate: From 10% to 14%</li> <li>• VAT rate: 10%</li> <li>• VRC rate: 10%</li> <li>• ToS/ FBT rate: Progressive rates from 0% to 20% of the total salary income of the employee</li> </ul>

# Tax Compliance - Laos

Description	Deadline	Penalty	Statutory Authority
Annual Tax Financial Statement	No later than 31st March of the following year	Fine of 0.1% per day of delay based on the tax payable	MOF
Personal Income Tax payment ("PIT") (Monthly)	No later than 20th of the following month	0.1% per day for delay notification	MOF
Corporate Income Tax payment ("CIT") (Quarterly)	- 20th July of the year - 20th January of the following year	0.1% per day for delay notification	MOF
Value Added Tax ("VAT")	No later than 20th of the following month	0.1% per day for delay notification	MOF
Withholding Tax ("WHT")	No later than 15 days after the payment	0.1% per day for delay notification	MOF

## Other Compliance - Laos

Description	Deadline	Penalty	Statutory Authority
Annual Submission of Financial Statements	<b>For Non-Audited / Audited Enterprise:</b>  Within 3 months after the end of the fiscal year	For late submission: <b>LAK 20,000,000</b>	Accounting Regulation Department, MOF



# Tax Compliance - Cambodia

Description	Deadline	Penalty	Statutory Authority
Annual Tax on Income ("Tol")	Within 3 months after the end of the fiscal year	<ul style="list-style-type: none"> <li>- 10%, 25% or 40%</li> <li>- An interest penalty of GDT 1.5% per month on the late and underpaid taxes</li> </ul>	GDT
Annual Tax on Patent	31st March of the year	<ul style="list-style-type: none"> <li>- 10%, 25% or 40%</li> <li>- An interest penalty of GDT 1.5% per month on the late and underpaid taxes</li> </ul>	GDT
<ul style="list-style-type: none"> <li>- Monthly Tax on Salary ("ToS")</li> <li>- Fringe Benefits Tax ("FBT")</li> <li>- Monthly Withholding Tax ("WHT")</li> <li>- Monthly Value Added Tax ("VAT")</li> <li>- Monthly Prepayment Tax on Company ("Ptol")</li> <li>- VAT Reverse Charge ("VRC")</li> </ul>	Due date on 25th of the following month	<ul style="list-style-type: none"> <li>- 10%, 25% or 40%</li> <li>- An interest penalty of 1.5% per month on the late and underpaid taxes</li> <li>- <b>Note: Failure to meet the VAT requirement can result in the temporary closure of the taxpayer's business.</b></li> </ul>	GDT

# Other Compliance - Cambodia

Description	Deadline	Penalty	Statutory Authority
Billboard/ Signboard Tax	Within 3 months after the end of the fiscal year		GDT
Annual Declaration of Commercial Enterprise	Deadline is based on MOC (MOC will send the deadline announcement to the company email)	KHR 2,000,000	MOC
Annual Submission of Financial Statements	<p><b>Non-Audited Enterprise:</b> Within 3 months and 15 days after the end of the fiscal year (from 1st Jan – 15th April)</p> <p><b>Audited Enterprise:</b> Within 6 months and 15 days after the end of the fiscal year (from 1st Jan – 15th July)</p>	<p>For large tax: From KHR 2,000,000 – 20,000,000 (imposed by ACAR)</p> <p>For medium tax: From KHR 1,500,000 – 16,000,000 (imposed by ACAR)</p>	ACAR

# Visa and Work Permit - Laos

Types of visa and work permit:

- Business visa for foreign investors (NI – B2 or I – B2) (1 month Single Entry)
- Business visa for foreign investors (NI – B2 or I – B2) (3 months, 6 months, 12 months Multiple Entries)
- Labour visa for foreign employee (LA – B2) (1 month Single Entry)
- Labour visa for foreign employee (LA – B2) (3 months, 6 months, 12 months Multiple Entries)
- Work permit (3 months, 6 months, 12 months)
- Stay permit (3 months, 6 months, 12 months)

Description	Eligibility	Deadline	Statutory Authority
Annual Quota	12 months (valid up to 31st of December every year)	-	Ministry of Labour and Social Welfare

# Visa and Work Permit - Cambodia

Types of visa and work permit:

- E-visa (1 month Single Entry)
- EB Visa (6 months Multiple Entries)
- EB Visa (12 months Multiple Entries)
- Work permit (12 months)
  - *Note: renewable by 31st March of the following year*

Description	Eligibility	Deadline	Statutory Authority
Annual Quota (Cambodia)	12 months (valid up to 31st of December every year)	Estimated: 1st Sep to 30th Nov (The deadline announcement is issued by the MLVT for every year)	MLVT

# HR Overview

- Laos Social Security ("SSO") and Cambodia National Social Security Funds Payment ("NSSF")

Laos	Cambodia
<ul style="list-style-type: none"> <li>• SSO rate: 6% by the employer and 5.5% by the employee (capped at LAK 4,500,000)</li> <li>• Payment: monthly</li> <li>• Deadline: No later than 15th of the following month</li> <li>• Penalty: 5% of interest charge of the actual amount of monthly contribution</li> </ul>	<ul style="list-style-type: none"> <li>• NSSF rate: 0.8% of the monthly average wage of an employee to be paid by the employer (capped at KHR 1,200,000)</li> <li>• Payment: monthly</li> <li>• Deadline: No later than 15th of the following month</li> <li>• Penalty: 2% of interest charge of the actual amount of monthly contribution</li> </ul>

# HR Overview

- Employment Contract

Similarities	Differences
<p>Two (2) Types of Employment Contracts:</p> <ul style="list-style-type: none"> <li>• Fixed Duration Contract ("FDC")</li> <li>• Unspecified Duration Contract ("UDC")/ Indefinite Employment Contract</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed Term Contract in Laos can only extend up to 3 years</li> <li>• After the 3 years extension of Fixed Contract, it will be automatically notice as an Indefinite Employment Contract in Laos</li> </ul>

- Employment Contract Registration Cambodia – Ministry of Labour and Vocational Training ("MLVT")  
Department of Occupation and Workforce
- Employment Contract Registration Laos – Ministry of Labour and Social Welfare ("MOLSW")

# How we can support

Our regional expertise team can support you with:

- Company Registration Services
- Corporate Secretarial Services
- Accounting & Bookkeeping Services
- Audit and Tax Compliance Services
- Licence & Permit Services
- Legal Services
- Offshore Accounting Services
- Staffing Services
- Serviced Office Facilities Services

# Thank You

**DFK FocusCore Myanmar**

Mobile: +95 9 777 007 330

Email: [yingying.aye@focuscorecs.com](mailto:yingying.aye@focuscorecs.com)

Website:

[myanmarcs.focuscoregroup.com](http://myanmarcs.focuscoregroup.com)

[cambodiacs.focuscoregroup.com](http://cambodiacs.focuscoregroup.com)

[laoscs.focuscoregroup.com](http://laoscs.focuscoregroup.com)

