



Lao PDR

Corporate - Withholding taxes

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WHT is applied to various types of payments made to domestic and foreign recipients.



Payment	WHT rate (%)
Dividends and profit from sale of shares	10
Interest from lending activities, commission, and guarantee fees	10
Income from non-business activities of the State Organizations, Lao Front for National Construction, Mass Organization, and Civil Society	10
Prizes and lottery prizes	10
Intellectual property (IP) royalty	5
Sale or transfer of real property	5

Lao PDR has DTTs with the following countries, and WHT rates under the treaties are as follows:



Recipient	Dividends (%)	Interest (%)	Royalties (%)
Belarus	5/10	8	5
Brunei	-	-	-
China	5	5	5
Kuwait (not in force)	-	-	-
Luxembourg	5/15	10	5
Malaysia	5	10	10*
Myanmar	-	-	-
North Korea	5	10	5
Russia	10	10	0
South Korea	-	-	-
Thailand	10	10	5
Vietnam	10	10	5

* The rate stipulated under Lao PDR law is lower than the limit provided in the DTT.

Foreign contractor withholding tax (FCWHT)

An FCWHT on payments to foreign contractors applies where a Lao PDR contracting party contracts with a foreign party that does not have a licence to do business in Lao PDR (regardless of whether the services are provided in Lao PDR or

outside Lao PDR). The FCWHT comprises both a PT and VAT element and is the final tax on the foreign company. The FCWHT withholding and filing obligation rests with the Lao PDR customer.

For foreign contractors, PT must be withheld at a deemed percentage of taxable turnover. The deemed rates are determined according to the nature of the contract or activity.



Activity	Deemed profit margin (% of business revenue)	Deemed PT rate (%)
Commerce	5	1.2
Production	8	1.92
Transportation and construction	10	2.4
Service	20	4.8

The above rates are under Article 21 of Instruction No. 2137/MOF on Implementation of the Tax Law 2005. According to the Tax Department, these rates are applicable until the relevant supporting regulations of the Tax Law 2011 are issued.

These PT rates are then added to the VAT at 10% to determine the total FCWHT. For example, a foreign service charge of LAK 1,000 would result in LAK 48 of PT and LAK 100 of VAT for a total FCWHT of LAK 148. Payments to overseas entities are subject to PT WHT and VAT WHT, while payments for goods are subject to PT WHT as VAT is paid before the goods enter Lao PDR.

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◀ Corporate – Tax credits and incentives

Corporate – Tax administration ▶

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