

Unofficial translation



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No 1950/MOIC.ITD

Vientiane Capital, Dated 22 SEP 2015

Decision

On Shopping Centers and Department Stores

- Pursuant to the Law on Enterprises, No. 46/NA, dated 26 December 2013;
- Pursuant to the Law on Investment Promotion, No. 02/NA, dated 8 July 2009; and
- Pursuant to the Decree of the Prime Minister on the Establishment and Operations of the Ministry of Industry and Commerce, No. 553/PM, dated 23 December 2011.

The Minister of Industry and Commerce hereby issued a Decision:

Part 1

General Provision

Article 1 Objective

This Decision determines the principles, regulations and measures on the establishment, operations, and management of shopping centers and department stores in order to ensure that the operation of shopping centers and department stores businesses is consistent with the relevant laws and regulations with the aim of guaranteeing the fair interests of the government, business units and consumers and contributing to the development of the national socio-economy.

Article 2 Shopping Centers and Department Stores

Shopping centers and department stores are premises where goods are distributed and services are provided which are engineering designed and constructed consistent with the construction regulations provided by the Public Works and Transport Sector and the allocation of goods is in accordance with their categories, providing modern and swift services, diversified services and goods.

Article 3 Definitions

The meanings of the terms that are used in this Decision are as follows:

1. Shopping center refers to a premise where goods are distributed and services are provided, which comprise of department stores, booth rental, conference halls, restaurants, etc., in a single center in accordance with standards and conditions provided in Article 6 of this Decision;

2. Department store refers to a premise where goods are distributed and services are provided comprising shops, restaurants and service provider premises and may be established in shopping centers or independently in many forms, such as: hyper markets, super centers, super markets and super stores;

2.1 Hyper markets established in accordance with the standards and conditions determined in Article 7 of this Decision, distribute whole cycle of goods, such as: clothing, electrical items, household goods, apparel, fresh-food shops, etc., including restaurants and beverages;

2.2 Super centers established in accordance with the standards and conditions determined in Article 7 of this Decision, sell consumption goods used in daily life, such as: clothing, electrical items, household goods, apparel, fresh-food shops, etc., including restaurants and beverages;

2.3 Super markets and super stores established in accordance with the standards and conditions determined in Article 7 of this Decision sell consumption goods used in daily life, such as: fresh-food, fruit, vegetables and consumer goods;

3. Service area refers to area in a building, such as: sales booths, service provider premises and car parks; and

4. Manager refers to sales business operators, renting booths and service premises in shopping centers and department stores having rights assigned by establishment investors or establishment investors themselves.

Article 4 Basic Principles on the Establishment of Shopping Centers and Department Stores

The establishment of shopping centers and department stores is based on the following principles:

1. Consistent with urban planning and socio-economic development plans;
2. Ensure sustainability and contribute to the development of the socio-economy;
3. Ensure construction standards, safety and has no negative impacts on society and the environment;
4. Undertake social and environmental impacts assessment studies in accordance with relevant laws and regulations.

Article 5 Scope of Application

This decision applies to domestic and foreign individuals, juridical persons and organizations that conduct businesses relating to shopping centers and department stores in the Lao PDR.

Part 2

Standards and Conditions of Shopping Centers and Department Stores

Article 6 Standards and Conditions of Shopping Centers

Shopping centers comprise of standards and conditions as below:

1. Premises located in accordance with urban planning;
2. Service area from 50,001 square meters or more;
3. Buildings constructed in accordance with engineering standards, beautifully decorated, with modern technical equipment, safety systems, fire prevention systems, hygienic, environment and consumer and business operator facilitation;
4. Have areas allocated for wholesale and retail, restaurants and service premises, such as market, trade and trade fairs, conference halls, and financial services premises;
5. Have car parks in accordance with regulations provided by relevant line ministries;
6. Have passed environmental and social impacts assessment studies in accordance with the standards provided by relevant line ministries;
7. Have administration offices for management committee on shopping center and department store.

Article 7 Standards and Conditions of Department Stores

Department stores comprise of standards and conditions as below:

1. Service areas for each category are as follows:
 - 1.1 Hypermarkets shall have an area from 20,001 to 50,000 m²;
 - 1.2 Supercenters shall have an area from 10,001 to 20,000 m²;
 - 1.3 Supermarkets shall have an area from 5,001 to 10,000 m².
2. Buildings and shops shall be designed and constructed in accordance with engineering standards, beautifully decorated, with modern technical equipment, have safety and fire prevention systems, hygienic, environment and consumer and business operator facilitation;
3. Areas allocation for wholesale and retail areas, restaurants and service premises, such as market, trade and trade shows, conference halls, and financial services premises, banks, insurance, post offices, telecoms and communications services, etc.;
4. Shops can be located in shopping centers or department stores or be established independently;
5. Have car parks in accordance with the laws and regulations provided by relevant line ministries (in cases where established independently);
6. Have passed environmental and social impacts assessment studies in accordance with the standards of the relevant sectors; and
7. Have administration offices for management committee on shopping center and department store.

Part 3

Establishment of Shopping Centers and Department Stores

Article 8 Investment in the Establishment of Shopping Centers and Department Stores

Investment in the establishment of shopping centers and department stores is the investment in the construction of premises that distribute goods and provide services in accordance with the standards and conditions of each category of shopping center and department store as provided in this Decision and relevant laws and regulations.

Domestic and foreign individuals and legal entities may invest in the establishment of shopping centers and department stores consistent with the relevant laws and regulations of the Lao PDR.

Article 9 Investment in the Establishment of Shopping Centers and Department Stores by Foreign Investors

Foreign investors can invest in the establishment of shopping centers and department stores in accordance with the following conditions:

1. Have a 100% foreign equity for investment projects with a total value of 160 Billion Kip or more;
2. Have up to 70% foreign equity for investment projects with a total value of 80 Billion to less than 160 Billion Kip;
3. Have up to 51% foreign equity for investment projects with a total value of 08 Billion to less than 80 Billion Kip.

For investment projects with a value of less than 08 Billion Kip, including shops, and sundry shops established independently and various forms of wholesale-retail outlets are reserved for Lao citizens.

Article 10 Joint Venture Establishment Investments between Foreign and Domestic Investors

Joint venture investments for the establishment of shopping centers and department stores between foreign and domestic investors shall implemented in accordance with this Decision and relevant laws and regulations.

Where it is discovered the capital in the establishment and operations is a collusion between Lao and foreign investors and the relevant parties have not contributed the capital as determined ratio or not participate in such businesses, it shall be deemed that the authorization is void and the establishment license shall be immediately withdrawn. Furthermore, [violators] shall be dealt with measures in accordance with relevant laws and regulations as follows:

- Be responsible in front of the law for providing false information.
- Be responsible for all actions of the enterprise towards outside individuals such as debts.

Article 11 Applications for the Establishment of Shopping Centers and Department Stores

Any individuals who intend to establish a shopping center or department store shall submit application documents to the Shopping Center and Department Store Management Authority as below:

1. An application form determined provided by the Shopping Center and Department Store Management Authority;
2. Project proposal certified by local authorities at the location where the shopping center or department store is to be located;
3. Land use rights certification, such as land title deeds, State Land Use Rights Certificate, lease agreements, concession agreements;
4. Building construction license;
5. Environmental-social impacts assessment certificate.

Article 12 Consideration on Establishment of Shopping Centers and Department Stores

Upon receipt of the documents provided in Article 11 of this Decision, the Shopping Center and Department Store Supervisory Authority in collaboration with the relevant authorities, such as: the Natural Resources and Environment Sector, the Public Works and Transport Sector, other relevant authorities and local authorities make consideration based on supervisory levels as following:

1. The establishment of shopping centers and department stores with service areas from 20,001 m² and more shall be considered by the Minister of Industry and Commerce;
2. The establishment of shopping centers and department stores with service areas from 1,001 m² to 20,000 m² shall be considered by the Provincial Governor or city mayor;
3. The establishment of shopping centers and department stores with service areas less than 1,000 m² shall be considered by the Provincial Division of Industry and Commerce, Vientiane Capital.

Part 4

Sale and Lease of Sales Booths and Service Premises in Shopping Centers and Department Stores

Article 13 Sale and Lease of Booths and Service Premises

Investors establishing shopping centers and department stores or other individuals who have been assigned the rights by the investors, shall, prior to the sale, lease sales booths and service premises in shopping centers and department stores, register the enterprise in accordance with the Law on Enterprises in order to undertake lease-purchase the using rights of sales booths and service premises.

Article 14 Conditions for the Sale of Sales Booths and Service Premises

The sale of sales booths and service premises in shopping centers and department stores can be undertaken after completing 70% of the construction according to plan

certified by the relevant authorities and shall establish a special committee to monitor finance from the sale of sales booths and service premises. Establishment investors shall use 80% of such finance to complete the construction.

The initial and subsequent sale and lease of sales booths and service premises shall be subjected to income tax in accordance with relevant laws and regulations.

Individuals or juridical persons that purchase or rent booths shall perform in accordance with the Decision On Wholesale and Retail Businesses, No. 1005/IC.ITD, dated 22 May 2015.

The specific committee established shall comprise of representatives from public sector, such as the Industry and Commerce Sector, Finance Sector, Public Works and Transport Sector and establishment investor representatives or investors in the sale and lease of sales booths and service premises, which are appointed by the Shopping Center and Department Stores Supervisory Authority. The specific committee shall be dissolved upon completion of the construction.

Article 15 Registration of Sales Booths, Lease Booths and Service Premises

Upon signing sales booths and service premises sales or lease agreements, such agreements shall be submitted to the Shopping Center and Department Store Management Board to consider registration of sales booths, leased booths and service premises to be certified as evidence.

The registration shall record the date of the sale, the value of the sale or lease, details of the sales booth and service premises so sold or leased, such as: the area, size, location and details of the purchaser and seller.

Part 5

Rights and Duties of Establishment Investors and Managers in Shopping Centers and Department Stores

Article 16 Rights and Duties of Establishment Investors in Shopping Centers and Department Stores

Upon completing 70% of shopping centers and department stores construction, establishment investors of shopping centers and department stores can transfer or sell to other individuals that meet all or any of the conditions consistent with this Decision, or being a seller themselves, lease of sales booths and self-service premises, but the enterprise shall be registered as provided in Article 13 of this Decision.

Establishment investors of shopping centers and department stores may operate goods import businesses for wholesale to retailers and can engage in retail by themselves at the rate of less than 30% of the sales area in shopping centers or department stores, but the enterprise shall be registered as a wholesale and retail business.

Article 17 Rights and Duties of Managers in Shopping Centers and Department Stores

Managers in shopping centers and department stores have the rights and duties as follows:

1. Provide services for lease, sale, use or transfer use rights of sales booths and service premises in their shopping centers and department stores;
2. Apply to the Shopping Center and Department Stores Supervisory Authority and relevant line ministries in order to improve or repair, restore and raise the level of shopping centers and department stores;
3. Issue regulations in order to manage order within shopping centers and department stores, which certified by the Shopping Center and Department Stores Supervisory Authority;
4. Pay tax obligation to the Government in accordance with issued laws and regulations;
5. Allocate areas in shopping centers or department stores to preserve order, have safety and fire prevention systems, protect environment and hygienic, and etc.

Part 6

Wholesale and Retail Business Operation, Services Provide in Shopping Centers and Department Stores

Article 18 Wholesale and Retail Business Operation, Services Provide in Shopping Centers and Department Stores

Wholesale and retail business operators and the services provide in shopping centers and department stores shall register their enterprises in accordance with the Law on Enterprises, implement the Decision on Wholesale and Retail Businesses, and other relevant laws and regulations.

Business operators shall undertake their businesses as provided in the Enterprise Registration Certificate and operate their business in accordance with issued shopping centers and department stores regulations, relevant laws and other regulations.

Article 19 Rights of Wholesale and Retail Business Operators, Service Providers in Shopping Centers and Department Stores

Wholesale and retail business operators and service providers in shopping centers and department stores have the following rights:

1. Lease or purchase sales booths and service premises from investors and service operators;
2. Trade legal goods in accordance with laws and regulations;
3. Transfer use rights to others to sublease or purchase sales booths and service premises in the event that agreements are still effective, whereby new purchasers or leaseholders shall strictly perform in accordance with Articles 18 and 20 of this Decision;

4. Apply to extend or terminate sales booths and service premises sale or lease agreements;

5. Apply to the Shopping Center and Department Stores Supervisory Authority in order to protect public and personal interests in the operation of businesses; and

6. Request or petition where it is deemed that wrongful actions have been committed in the performance of duties by State employees, the Shopping Center and Department Store Management Board and investors and service operators.

Article 20 Duties of Wholesale and Retail Business Operators, Service Providers in Shopping Centers and Department Stores

Wholesale and retail business operators and service providers in shopping centers and department stores have the following duties:

1. Register the enterprise in accordance with laws and regulations;
2. Keep accounts in accordance with the laws and regulations of the Lao PDR;
3. Pay tax obligations to the State in accordance with laws and regulations;
4. Display goods in accordance with allocation plans;
5. Perform strictly in accordance with regulations of the shopping center and department store;
6. Display prices in Kip;
7. Use only Lao sales persons and workers except where laws and regulations determine otherwise;
8. Sell goods manufactured domestically where appropriate in order to promote domestic manufacturing; and
9. Perform other duties in accordance with laws and regulations.

Part 7

The Management Board of Shopping Centers and Department Stores

Article 21 The Management Board of Shopping Centers and Department Stores

The Management Board of Shopping centers and Department Stores is an organization and secretariat of the Shopping Center and Department Store Supervisory Authority in the management and operations of shopping centers and department stores and appointed by the Minister of Industry and Commerce at the proposal of the Internal Commerce Department for the ministerial level and appointed by the Director of the Division of Industry and Trade in Provinces, Vientiane Capital as proposed by the Internal Trade for the provincial, Vientiane Capital and district levels.

Article 22 Personnel Structure of the Management Board of Shopping Centers and Department Stores

The Management Board of Shopping Centers and Department Stores comprises of a chairman, deputy chairman and a number of members depending on the size of the shopping center and department store, comprising representatives of the Industry and Commerce Sector and necessary relevant sectors and representatives of service operators of the shopping center and department store.

Article 23 Rights and Duties of the Shopping Center and Department Store Management Board

The Management Board of Shopping Centers and Department Stores has the rights and duties as follows:

1. Manage the operation of business within shopping centers and department stores in an orderly manner in accordance with laws and regulations;
2. Issue regulations to manage order in shopping centers and department stores;
3. Disseminate and advise on laws and regulations relating to shopping centers and department stores to wholesale and retail operators and service providers in shopping centers and department stores;
4. Be responsible for the mediation of preliminary disputes within shopping centers or department stores;
5. Summarize annual reports on the state of business operations of shopping centers and department stores and submit them to the Shopping Center and Department Store Management Authority; and
6. Perform other duties in accordance with laws and regulations.

Part 8 Prohibitions

Article 24 Prohibitions on Establishment Investors of Shopping Centers and Department Stores

Establishment Investors of shopping centers and department stores are prohibited from the following:

1. Proceed with construction prior to receiving authorization from the Shopping Center and Department Management Authorization or undertake constructions that were not authorized in accordance with authorized construction plans by the Public Works and Transport Sector;
2. Have received authorization for establishment, but failed to commence construction within two years;

3. Transfer to other individuals without the authorization of the Shopping Center and Department Store Management Authority;
4. Provide sales booths and service premises leasing or sales services without such businesses being registered; and
5. Perform other actions to violate laws and regulations.

Article 25 Prohibitions for Managers

Managers are prohibited from the following:

1. Make building and premise extension without the authorization of the Shopping Center and Department Store Supervisory Authority;
2. Facilitate, recommend or entice business operators within the shopping center or department store and to provide prohibited services;
3. Use shopping centers and department stores for entertainment or all types of gambling;
4. Permit the use of the Enterprise Registration Certificate by other parties; and
5. Perform other actions to violate laws and regulations.

Article 26 Prohibitions on Wholesale and Retail Business Operators, Service Providers in Shopping Centers and Department Stores

Wholesale and retail business operators, service providers in shopping centers and department stores are prohibited from the following:

1. Sell prohibited goods and services determined in laws and regulations;
2. Use foreign labor as sales personnel or workers, except where provided otherwise in laws and regulations;
3. Permit the use of the Enterprise Registration Certificate by other parties;
4. Violate regulations of the shopping center or department store; and
5. Perform other actions to violate laws and regulations.

Article 27 Prohibitions for Officers and Government Employees

Officers and government employees are prohibited from the following:

1. Perform duties unfairly and in violation of laws and regulations;
2. Use ones position, authority and duties from personal gain, and accept bribes;
3. Falsify documents, use false documents, reveal confidential information, delay documents or destroy documents relating to shopping centers and department stores; and
4. Perform other actions to violate laws and regulations.

Part 9

Shopping Center and Department Store Supervisory Authorities

Article 28 Shopping Center and Department Store Supervisory Authorities

The Ministry of Industry and Commerce is responsible for the shopping centers and department stores supervisory in a unified manner in coordination with relevant sectors and local authorities in accordance with their rights and roles.

Shopping center and department store Supervisory authorities are divided into three levels as follows:

- At central level: the Internal Trade Department
- At provincial level: Division of Industry and Commerce of provinces and Vientiane Capital.
- At district level: Industry and Commerce Office of districts.

Article 29 Rights and Duties of the Internal Trade Department

The Internal Commerce Division has the following rights and duties:

1. Study the formulation of policies, legislations and shopping center and department store development plans for consideration by the higher authorities;
2. Disseminate and provide advice on policies, legislations and regulations of shopping centers and department stores;
3. Study and propose to the Minister of Industry and Commerce to consider the establishment, suspension or cancellation of the construction or operations of shopping centers and department stores in accordance with the management levels provided in Item 1 of Article 12 of this Decision;
4. Direct, monitor and inspect the operations of the Management Board and the business operations of investors, service operators and wholesale and retail business operators and service providers in shopping centers and department stores;
5. Promote and support business operators to sell domestic goods in shopping centers and department stores;
6. Be responsible for coordination between relevant sectors for the resolution of disputes and in shopping centers and department stores;
7. Report on the implementation of works relating to shopping centers and department stores to the higher authorities; and
8. Perform other rights and duties as provided in laws and regulations.

Article 30 Rights and Duties of Division of Industry and Commerce of provinces and Vientiane Capital.

Divisions of Industry and Commerce of provinces and Vientiane Capital have the following rights and duties:

1. Disseminate and provide advice on policies, legislations and regulations of shopping centers and department stores within their provinces;

2. Study and propose to the Provincial Governor or City Mayor to consider the establishment, suspension or cancellation of the construction or operations of shopping centers and department stores in accordance with the management levels provided in Item 2 of Article 12 of this Decision;

3. Monitor and inspect the operations of the Management Board and the business operations of investors, service operators and wholesale and retail business operators and service providers in shopping centers and department stores at their management level;

4. Promote and support business operators to sell domestic goods in shopping centers and department stores in accordance with their rights and roles;

5. Be responsible for coordination between relevant sectors for the resolution of disputes and in shopping centers and department stores in accordance with their rights and roles;

6. Report on the implementation of works relating to shopping centers and department stores to the higher authorities periodically; and

7. Perform other rights and duties as provided in laws and regulations.

Article 31 Right and Duties of Industry and Commerce Office of Districts

District Industry and Commerce Offices have the following rights and duties:

1. Disseminate and provide advice on policies, legislations and regulations of shopping centers and department stores within their districts;

2. Study and propose to the directors of Provincial and City Industry and Commerce Divisions to consider the establishment, suspension or cancellation of the construction or operations of shopping centers and department stores in accordance with the management levels provided in Item 3 of Article 12 of this Decision;

3. Monitor and inspect the business operations of investors, service operators and wholesale and retail business operators and service providers in shopping centers and department stores in their districts;

4. Promote and support business operators to sell domestic goods in shopping centers and department stores in accordance with their rights and roles;

5. Report on the implementation of works relating to shopping centers and department stores to the higher authorities periodically; and

6. Perform other rights and duties as provided in laws and regulations.

Part 10

Awards and Sanctions

Article 32 Awards for Good Performance

Individuals, juridical persons and organizations with outstanding performance in implementing this Decision will receive compliments, awards or other appropriate policy.

Article 33 Sanctions for Violation

Individuals, juridical persons and organization that violate this Decision shall receive measures of warning, education, punishment, fine, payment for civil damages or criminal punishment depending on seriousness of the violation.

Part 11

Final Provisions

Article 34 Implementation

The Internal Commerce Department, Provincial and City Industry and Commerce Divisions and District Industry and Commerce Offices in coordination with relevant sectors are strictly responsible for the implementation of this Decision.

All shopping centers and department stores already established and operating prior to this Decision shall continue their operations, but shall improve to be compliant to each category of shopping center and department store.

New projects or constructions shall meet the conditions provided in this Decision prior to undertaking sales or leases.

Article 35 Effectiveness

This Decision is effective from the date of signature and 15 days from the date of publication on Official Gazette.

Minister of Industry and Commerce

(Signature and Seal)

Khemmani Pholsena