

Lao People's Democratic Republic

Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No 1950/MOIC.DTD

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 issues the following Decision:

Part 1

General Provisions

Article 1 Objectives

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 State, business units and consumers and to contribute 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 building regulations of the Public Works and Transport Sector and the allocation of goods in accordance with their categories, providing modern and swift services, diversified services and goods.

Article 3 Definitions

The terms used in this Decision have the following meanings:

1. Shopping center means a premises 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 means a premises 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 as, super centers, super markets and super stores;

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

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

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

3. Service area means the building area, such as: sales booths, service provider premises and car parks; and
4. Manager means sales business operators, booth rental and service premises in shopping centers and department stores having rights assigned by establishment investors or construction investors.

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 town planning and socio-economic development plans;
2. Ensure sustainability and contribute to the development of the socio-economy;
3. Ensure construction standards, safety and not affect society and the environment; and
4. Undertake social and environmental impacts assessment studies in accordance with relevant laws and regulations.

Article 5 Application

This Decision applies to individuals, legal entities, domestic and international organizations established and operating 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 the following standards and conditions:

1. A premises located in accordance with town planning;
2. A service area from 50,000 square meters or more;

3. Buildings constructed in accordance with engineering standards, beautifully decorated, comprising modern techniques, safety systems, fire prevention systems, hygienic, environment protection measures and consumer and business unit facilities;
4. Wholesale and retail areas, restaurants and service premises, such as market, trade and trade fairs, conference halls, and financial services premises;
5. Car parks in accordance with the regulations of the relevant sectors;
6. Have passed environmental and social impacts assessment studies in accordance with the standards of the relevant sectors; and
7. Have shopping center and department store administration offices.

Article 7 Standards and Conditions of Department Stores

Department stores comprise the following standards and conditions:

1. Service areas for each category as follows:
 - 1.1 Hypermarkets shall have an area of 20,000 to 50,000 square meters;
 - 1.2 Supercenters shall have an area of 10,000 to 20,000 square meters; and
 - 1.3 Supermarkets shall have an area of 5,001 to 10,000 square meters.
2. Buildings and shops shall be designed and constructed in accordance with engineering standards, be beautifully decorated, comprise modern technical equipment, have safety and fire prevention systems, be hygienic, have environmental protection measures and provide facilities to consumers and business units;
3. 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 may be established in shopping centers or department stores or be established independently;
5. Shall have car parks in accordance with the laws and regulations determined by the relevant sectors (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 shopping center and department store administration offices.

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 may invest in the establishment of shopping centers and department stores in accordance with the following conditions:

1. Have a 100% shareholding for establishment investment projects with a total value of 160 Billion Kip or more;
2. Have a shareholding not exceeding 70% for establishment investment projects with a total value of between 80 Billion to 160 Billion Kip; and
3. Have a shareholding not exceeding 51% for establishment investment projects with a total value of between 08 Billion to 80 Billion Kip.

Construction 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 store establishment between foreign and domestic investors shall be performed 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 at the rates determined or own 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 in accordance with laws and regulations as follows:

- Be responsible before the law for providing false information; and
- 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 person who wishes to establish a shopping center or department store shall submit the following application documents to the Shopping Center and Department Store Management Authority:

1. Standard application form determined by the Shopping Center and Department Store Management Authority;
2. Project proposal certified by the 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; and
5. Environmental-social impacts assessment certificate.

Article 12 Consideration of Shopping Centers and Department Store Establishment [Applications]

Upon receipt of the documents provided in Article 11 of this Decision, the Shopping Center and Department Store Management Authority in coordination with the relevant authorities, such as: the Natural Resources and Environment Sector, the Public Works and Transport Sector, other relevant authorities and local authorities for consideration under the following management levels:

1. The establishment of shopping centers and department stores with service areas exceeding 20,001 square meters shall be considered by the Minister of Industry and Commerce;
2. The establishment of shopping centers and department stores with service areas of 1,001 to 20,000 square meters shall be considered by the Provincial Governor or city mayor; and
3. The establishment of shopping centers and department stores with service areas less than 1,000 square meters shall be considered by the Provincial and City Industry and Commerce Sectors.

Part 4

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

Article 13 Sale and Lease of Sales Booths and Service Premises

Investors in the establishment of shopping centers and department stores or other individuals who have been assigned rights by the investors, shall, prior to the sale, lease of sales booths and service premises within shopping centers and department stores, register the enterprise in accordance with the Law on Enterprises in order to undertake hire-purchase, use 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 may be undertaken after 70% of the construction is completed in accordance with plans and certified by the relevant authorities and establish a special committee to monitor finances [generated] through the sale of sales booths and service premises. Establishment investors shall use 80% of such finances to complete the construction.

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

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

The specific committees so established shall comprise of representatives of the public sector, such as the Industry and Commerce Sector, the Finance Sector, the Public Works and Transport Sector and representatives of establishment investors or investors in the sale and lease of sales booths and service

premises, appointed by the Shopping Center and Department Stores Management Authority. The specific committee shall be dissolved upon completion of construction.

Article 15 Registration of Sales Booths, Rented 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 Investors and Service [Operators] within Shopping Centers and Department Stores

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

Upon completion of 70% of construction of shopping centers and department stores, investors in the establishment of shopping centers and department stores may transfer or sell [such] to other individuals that meet all or any of the conditions consistent with this Decision, to sell and lease sales booths and service premises themselves, but the enterprise shall be registered as provided in Article 13 of this Decision.

Investors in the establishment of shopping centers and department stores may operate goods import businesses for wholesale to retailers and may also sell at retail at the rate of not exceeding 30% of the sales area of shopping centers or department stores, but the enterprise shall be registered as a wholesale retail business enterprise.

Article 17 Rights and Duties of Service Providers in Shopping Centers and Department Stores

Service providers in shopping centers and department stores have the following rights and duties:

1. Provide services for the lease, sale, use or transfer use rights in sales booths and service premises in shopping centers and department stores;
2. Apply to the Shopping Center and Department Stores Management Authority and relevant sectors in order to make improvements or repairs, restoration and raise the level of shopping centers and department stores;
3. Issue regulations in order to manage order within shopping centers and department stores being certified by the Shopping Center and Department Stores Management Authority;
4. Pay tax obligations to the State in accordance with laws and regulations; and

5. Allocate areas within shopping centers or department stores to preserve order, have safety and fire prevention systems and environment and hygiene protection measures, etc.

Part 6

Operation of Wholesale and Retail Businesses, Provision of Services in Shopping Centers and Department Stores

Article 18 Operation of Wholesale and Retail Businesses, Provision of Services in Shopping Centers and Department Stores

Wholesale and retail business operators and the providers of services 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 management regulations determined by shopping center and department store and other relevant laws and 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. Rent 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 Management 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. Other duties in accordance with laws and regulations.

Part 7

The Shopping Center and Department Store Management Board

Article 21 The Shopping Center and Department Store Management Board

The Shopping center and Department Store Management Board is an organization and secretariat of the Shopping Center and Department Store Management 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 Provincial and City Industry and Trade Divisions at the proposal of the Internal Commerce Sector for the provincial, city and district levels.

Article 22 Personnel Structure of the Shopping Center and Department Store Management Board

The Shopping Center and Department Store Management Board comprises 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 Shopping Center and Department Store Management Board has the following rights and duties:

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 Investors in the Establishment of Shopping Centers and Department Stores

Investors in the establishment 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 booth and service premises leasing or sales services without such businesses being registered; and
5. Other actions in violation of laws and regulations.

Article 25 Prohibitions on Service Operators

Service operators are prohibited from the following:

1. Make extensions to buildings and premises without the authorization of the Shopping Center and Department Store Management 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. Other actions in violation of 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. Other behavior in violation of laws and regulations.

Article 27 Prohibitions on Officers and Employees of the State

Officers and employees of the State 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. Other actions in violation of laws and regulations.

Part 9

Shopping Center and Department Store Management Authorities

Article 28 Shopping Center and Department Store Management Authorities

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

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

1. Ministerial level, the Internal Commerce Department;
2. Provincial level, the Provincial and City Industry and Commerce Sectors; and
3. District level, District Industry and Commerce Offices.

Article 30 Rights and Duties of the Internal Commerce Division

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. Other rights and duties as provided in laws and regulations.

Article 30 Rights and Duties of Provincial and City Industry and Commerce Sectors

Provincial and City Industry and Commerce Divisions 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. Other rights and duties as provided in laws and regulations.

Article 31 Rights and Duties of District Industry and Commerce Offices

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. Other rights and duties as provided in laws and regulations.

Part 10

Incentives for Good Performance and Measures Against Violators

Article 32 Incentives for Good Performance

Individuals, legal entities and organizations that implement this Decision well, will be commended or receive other incentives in accordance with laws and regulations.

Article 33 Measures Against Violators

Domestic and foreign individuals, legal entities and organizations that violate this Decision shall be subject to attitude adjustment, disciplined, fined, civil or criminal procedures depending on the severity of the case.

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 fall into compliance in accordance with 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 after publication in the Government Gazette.

Minister of Industry and Commerce

[signature and seal]
Khaenmanee PHONSAMA

UNOFFICIAL TRANSLATION