



Understanding the Lao Labour Law & Employment Regulations

Presenter: Lila Kadoudom

Organiser : **BIPO** | Make Life Easier.

SPEAKER



Lila Kadoudom Deputy General Manager, Laos

Passionate about people management and organizational development.

Constantly seeks better and simpler mechanisms to improve people's lives, particularly HR-related tasks.

Extensive management and HR experience. Prior roles include providing expertise and advice on **HRM** and **change management**.

- Double Diplomas in French Public Finance and Accounting and Business Administration,
- Master's degree in Management Human Resources from the University of Melbourne.



About BIPO



About BIPO

Payroll and people solutions provider to manage your global workforce needs.

- Our enterprise-ready **HR Management System (HRMS)** platform automates HR processes, simplifies workflows, and delivers actionable insights to build the best Employee Experience. Complemented by our **payroll outsourcing solutions** and **global PEO services**, we support businesses to manage today's global workforce.
- Established in 2004, and headquartered in Singapore, we are better connected to support your payroll and people solutions needs through a global network of **30+ offices**, four R&D centers, and business partners across **100+ countries**.

Belonging | **I**ntegrity | **P**rofessionalism | **O**penness

AWARDS & RECOGNITION

HR Magazine

AWARDS 2021/22

Hong Kong

- Best HR Vendor (HRIS) – **Gold**



Singapore

- Best Payroll Software – **Gold**

Hong Kong

- Best Consultancy of the Year – **Grand Prize Winner**
- Best HR Outsourcing Service Provider – **Gold**



HRM Asia Readers' Choice Awards 2021

- Best HR Tech
- HRIS – **Gold**
- Time & Attendance Management System – **Gold**

Malaysia

- Best HRMS (Enterprise) - **Gold**
- Best HRMS (SMB) - **Gold**
- Best Employer of Record Service Provider - **Gold**
- Best Payroll Software - **Silver**
- Best Innovation for HR - **Silver**



Singapore Business Review

Management Excellence Awards 2020

- COVID Management Initiative of the Year – HR Tech

Hong Kong Business

Management Excellence Awards 2020

- COVID Management Initiative of the Year – HR Tech



ISO27001

Information Security Management System
certification

Scale Up Your Business with BIPO

BIPO | Make Life Easier.

Globalisation

- Chinese Enterprises' Going-Global
- Enterprises' Global Mobility Solutions

Digitalisation

- BIPO HRMS + Workio
Cloud and mobile-based platform
- Supports the Employee Lifecycle from onboarding to off-boarding
- Payroll and Reporting
 - > Payslips
 - > Attendance & Leave Management
 - > Multi-language
 - > Multi statutory compliance

Compliance

- Employment practices and labor regulations
- Payroll, Statutory Benefits & Tax submissions
- Visa & Work Permit applications
- Data security and privacy
 - > ISO 27001 certification
 - > Hosted on AWS and Ali Cloud

About BIPO - Service As You Order, Data to Manage People

- ❖ Supported by a professional team of experienced local talents, BIPO's service network **Enterprises and SMEs** scale with ease, **with or without a local HR.**
- ❖ Our integrated, one-stop HR service model offers comprehensive solutions for businesses – from global recruitment options, outsourced HR functions, local HR legal consulting to HR compliance management. Stay compliant, achieve efficiency and simplify overseas deployment and global mobility process with cost control.

Without overseas business entity established



Professional Employment Organization (PEO)



HR Compliance Consultancy



Dedicated local support and communication



Work Permit Application

With overseas business entity established



Local salary computation



HR Compliance Consultancy



Dedicated local support and communication



Work Permit Application

Understanding the Lao Labour Law & Employment Regulations

Session covers

- Objectives
- Brief Introduction about Laos
- Employment Regulations
- Personal Income Tax
- National Social Security Fund (NSSF)
- Labour Importation Regulations

01.

Objectives

OBJECTIVES

- Participants to have an overview about the development streams in Laos
- Understand the basic Lao employment regulations
- Understand the principle of personal income tax and the implications to company
- Understand the mechanism of the NSSF and what it means for the individuals and the company
- Gain knowledge on the procedures and implication for foreign labour importation.

02.

Introduction to Laos

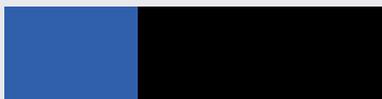
LAO PEOPLE'S DEMOCRATIC REPUBLIC



Population: 7.5mil
35.7% living in urban
Total Land: 236,800 Km2

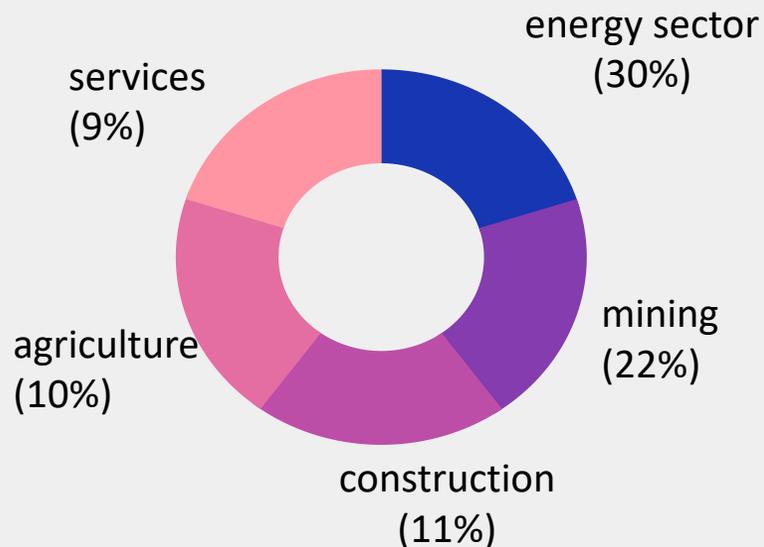


GDP: Growth rate per capital 1.8%
GNI Per capita: \$2,520



FDI: \$1.320 billion (2018)
74% of it from China
15% ASEAN
4% Japan
2% Korea

FDI per sector



Source: World bank, investlaos.gov.la

03.

Employment Regulations

LABOUR LAW

- Lao labour law provides **minimum standards** of operation for organizations to establish their system of governance, monitoring, recruitment, evaluation and labour protection.
- It is a **guideline** for **both employer and employee relations** under the specific employment as it tailored to fit the organizational purposes.

EMPLOYMENT CONTRACT

- An employment contract must be in writing between the employer and employee.
- The contract can either be for a fixed term or an indefinite period.
 - ✓ A fixed term contract can be extended **no more than 3 years**,
 - ✓ Once the extension is exhausted, the contract will be deemed to be an **indefinite employment** contract.
- The notification of extension must be made **no later than 15 days before** its **expiry**, with the extension commencing within 60 days of the date of expiration of the contract.

EMPLOYMENT CONTRACT - CONTENTS

The content of employment contracts must include the following:

- Name and surname of the employer and employee;
- Scope of work, rights, obligations, responsibilities and occupational duties of the employee;
- Salary or wages of the employee;
- Duration of the employment contract, date of commencement and expiry of the contract;
- Address of the employer and employee;
- Form of payment for salary or wages;
- Duration of trial period for employees;
- Welfare and other policies for employees;
- Working days, rest days and holidays;
- Benefits the employee will receive at the expiration of the employment contract;
- Other matters that both parties deem necessary in accordance with the law.



EXAMPLES OF MANDATORY EMPLOYEE INFORMATION

Employee's Responsibility	Employer's Responsibility
Copied National ID Card or Passport	Copied Social Security Card
Copied Driver's License	Copied Individual TIN
Copied Household/Family Book (Lao National Only)	Copied Work Visa
Confirmation Letter of Residence	Copied Work Permit
Copied Bank Details	Copied Stay Permit
Criminal Clearance Record	
Disability Registration Letter (For tax exemption purposes)	

PROBATIONARY PERIOD

- The employer has the right to impose a probationary period on the employee:
 - ✓ For **unskilled labour**, the period will **not exceed 30 days**.
 - ✓ For **specialised skills**, the period will **not exceed 60 days**.
- During the period of probation, each party has the right to terminate employment. **3 days' notice** is required for **unskilled labour** and **5 days' notice** is required for **specialized fields**.
- If the employment is terminated **during probation**, the employee is entitled to receive salary or wages and other entitlements under the law, calculated from when the date employee began to work to the last working day.
- The employer shall inform the employee **7 days before** the end of the probationary period in writing whether or not his or her employment will be confirmed.

WORK HOURS

Work Time (Start & End)	Max. Hours of Work (Normal Condition)	Max. Hours of Work (Dangerous Work Conditions)	Hours of Rest
Employer's discretion based on the market served	<ul style="list-style-type: none"> • 8 hours per day • 48 hours per week or 6 days per week 	<ul style="list-style-type: none"> • 6 hours per day • 36 hours per week 	<ul style="list-style-type: none"> • Min. 60 minutes for full time workers • Min. 45 minutes for shift workers

OVERTIME

- Subject to the nature of the work, overtime worked must receive prior agreement from line manager.
- Overtime shall not be over 3 hours per day or 45 hours per month.
- Overtime cannot be worked for more than 4 consecutive days (except in the case of natural disaster).
- Night shift shall be paid no less than 15% of the regular pay rate.

Overtime Calculation	Regular working days	<ul style="list-style-type: none"> • 150% for OT worked from 17:00 to 22:00 • and 200% OT worked from 22:00 to 06:00
	Weekend & Public holiday	<ul style="list-style-type: none"> • 250% for OT worked during regular hours • 300% for OT work after regular hours until 06:00 • 350% for OT worked during Public Holidays

STATUTORY COMPENSATION & BENEFITS

- Salary (**Minimum wage LAK 1,100,000**)
- Higher duties/Acting-up allowance
- Applicable allowances (e.g., telephone, petrol, etc.)
- Overtime and night shift
- Medical claims
- Severance pay
- Per diem (Traveling allowances)

04.

Leave

LEAVE ENTITLEMENT

Annual Leave

Employee is entitled to 15 working days prorated annual leave or 18 days for the dangerous sectors.

Medical Leave

Full-time employee is entitled to 30 days of sick leave excluding sick leave for the accident at work

Maternity Leave

105 calendar days for single born and 120 days for twins. with 42 days must be taken after giving birth.

Compassionate Leave

Employee is eligible for 3 working days leave for marriage, death, and unprecedented circumstances.

Public Holiday

The Government will announce dates for public holidays annually which is expected to be followed by all organisations

EXAMPLES OF PUBLIC HOLIDAYS

There are 7 mandatory public holidays in Laos in 2022. Employees are permitted to attend customary ceremonies at managers' discretion. Date changes are annually announced by the Government.

Date	Description	Type	Remark
01/01/2022	International New Year	Mandatory	Public holiday in lieu 03/01/2022
08/03/2022	International Women's Day	Mandatory	
14/04/2022	Lao New Year	Mandatory	
15/04/2022	Lao New Year	Mandatory	
16/04/2022	Lao New Year	Mandatory	Public holiday in lieu 13/04/2022
01/05/2022	International Labour Day	Mandatory	Public holiday in lieu 02/05/2022
10/10/2022	End of Buddhist Lent	Customary	
11/10/2022	Boat Racing Festival	Customary	
08/11/2022	That Luang Festival	Customary	
02/12/2022	National Day (Lao national only)	Mandatory	
	National Day (Expat only)	Mandatory	

05.

Health Insurance

MEDICAL COVERAGE

Entitlement	Employee's Responsibility	Employer's Responsibility
<ul style="list-style-type: none"> Annual Health Check Medical claims 	<ul style="list-style-type: none"> Attend annual medical check as required Inform employer upon sick leave. If unable, ensure family members can inform the employer on the employee's behalf Provide medical certificate for any sick leave requested as per company's policy 	<ul style="list-style-type: none"> Provide or arrange annual medical check-up for staff Provide medical insurance scheme at workplace. <p>Common practices:</p> <ul style="list-style-type: none"> Register employees in third-party health insurance Provide in-house medical insurance

06.

Termination of Employment Contract

CANCELLATION OF EMPLOYMENT CONTRACT

Cancellation by Employer

- Causing deliberate damages to the employer
- Violating internal regulations
- Neglecting duties for four consecutive days
- Employee sentences to imprisonment
- Violating the right of the other employee
- Employees lack specialised skills
- Employees not in good health
- Business decision to reduce the number of employees after consulting trade union or relevant parties

Cancellation by Employee

- Employees not fit for work (medical conditions)
- Lack of resolution towards employer's and employee's disputes
- Unable to perform work due to a work relocation
- Any molestation, harassment, or sexual harassment

TERMINATION AND COMPENSATION

Notice Period	Compensation	Severance Pay
<ul style="list-style-type: none">• 30 days for unskilled worker• 45 days for skilled worker	<ul style="list-style-type: none">• Remaining salary• Remaining entitlement• Severance Pay	<ul style="list-style-type: none">• 10% for justified termination• 15% for unjustified termination

07.

Employee Representatives

EMPLOYEE REPRESENTATIVE/ TRADE UNION

Organisation shall establish an internal Employee Representatives if:

- The entity comprised **10 – 15 employees** shall have **one (1) employee representative**
- The entity with **15 – 100 employees** shall have **two (2)** and **one (1) more for extra 100 employees**
- An individual will be appointed by the employees as their representative if no existing grassroots trade union representative in the entity

08.

Personal Income Tax

PERSONAL INCOME TAX



Applicable for both **Lao national** and **expatriate**



Foreigners who receive salary abroad but reside in Laos for **more than 183 days** must pay income tax in Laos

TAX EXEMPTION

- Income tax from farmers
- **Salary** income **below 1,300,000**
- Income from disabled person
- Salary of foreign experts implementing aid projects
- Salaries of diplomats and other international NGOs located in Laos
- Money withheld for pension funds, welfare funds, spousal or child support
- One-off allowances, pension, per diem
- Social Security
- Allowances which are rewarded prizes

PERSONAL INCOME TAX CALCULATION

Tax Scale	Min.	Max.	Diff	Tax Withhold	Monthly salary of 18,000,000
0%	0	1,300,000.00	1,300,000.00	-	
5%	1,300,000.00	5,000,000.00	3,700,000.00	185,000.00	185,000.00
10%	5,000,000.00	15,000,000.00	10,000,000.00	1,000,000.00	1,000,000.00
15%	15,000,000.00	25,000,000.00	10,000,000.00	1,500,000.00	450,000.00
20%	25,000,000.00	65,000,000.00	40,000,000.00	8,000,000.00	
25%	65,000,000.00				
				Total	1,635,000.00

$$18,000,000 - (1,300,000 + 3,700,000 + 10,000,000) = 3,000,000 * 15\%$$

09.

National Social Security Fund

NATIONAL SOCIAL SECURITY FUND

Compulsory Scheme

Full Time Employment

- Lao National
- Expatriate

Contributions

- Employer (6%)
- Worker (5.5%)
- **Max. Threshold:**
LAK 4,500,000
- **Min. Threshold:**
LAK 1,100,000

Employer's Responsibilities

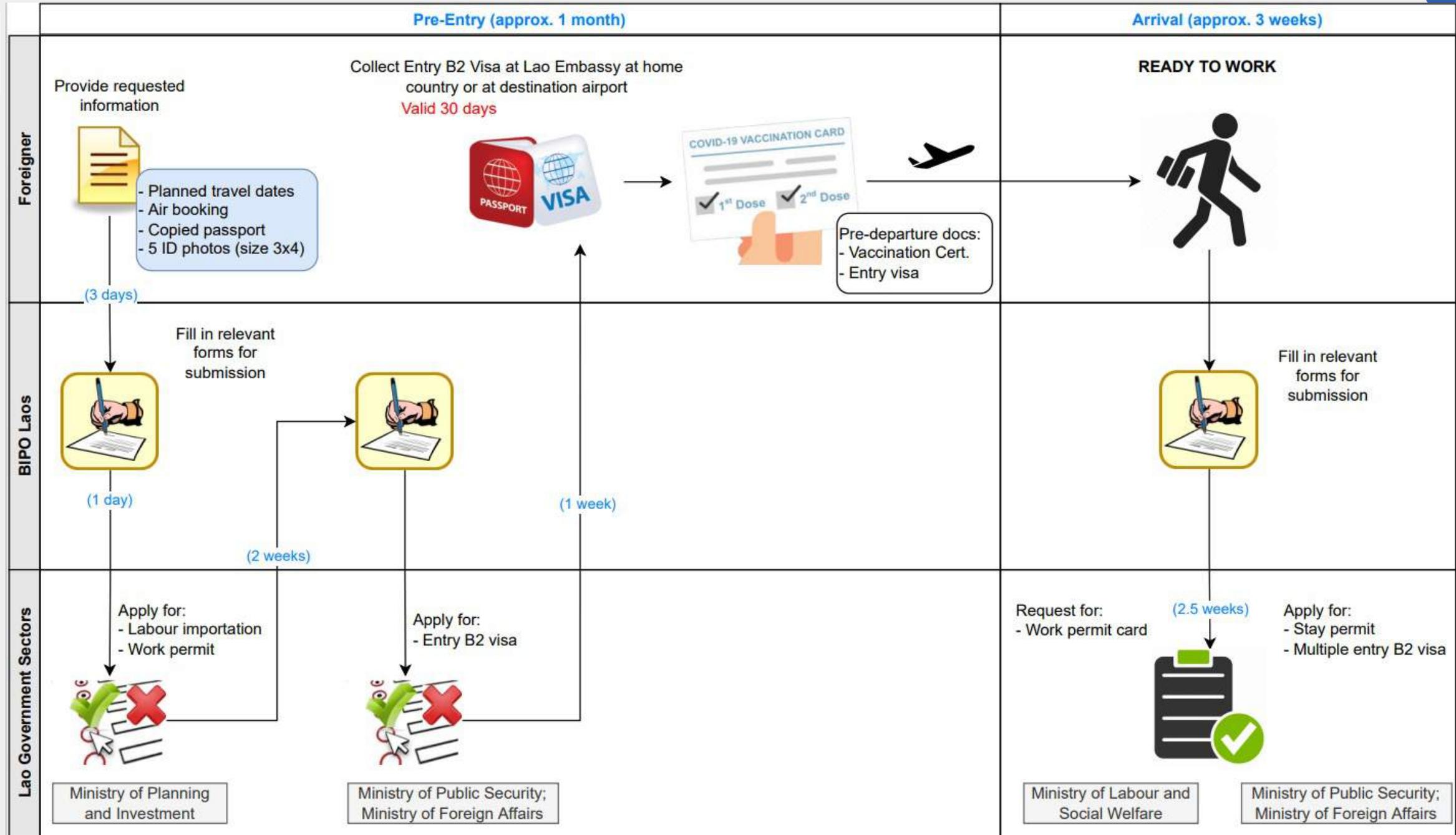
- Register workers with NSSF
- Compensate any medical claims for workers who are not with NSSF
- Declare NSSF contributions on behalf of workers

BENEFITS

1. Health care subsidiaries;
2. Allowances for accidents, occupational diseases, etc.;
3. Maternity benefits;
4. Medical benefits;
5. Loss of labor benefits;
6. Pension benefits;
7. Death benefits;
8. Subsidiary to family members;
9. Unemployment benefits

10.

Labour Importation Regulations



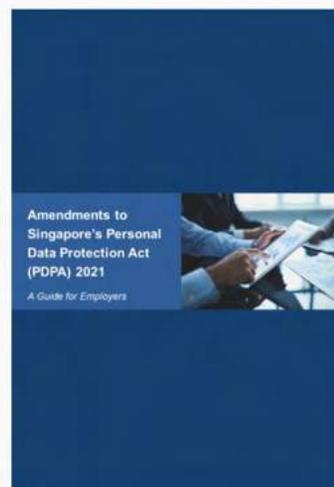
MANDATORY REQUIREMENTS FOR EXPATRIATE EMPLOYEES IN LAOS

- 01 Annual renewal of Work Permit, Stay Permit, Multiple-entry Visa (Employment contract over 1 year)
- 02 Lao National Social Security Contributions
- 03 Local Income Tax Payment (Reside over 183 days)
- 04 Complying with local laws and regulations

BIPO RESOURCE HUB



Amendments to Singapore's PDPA



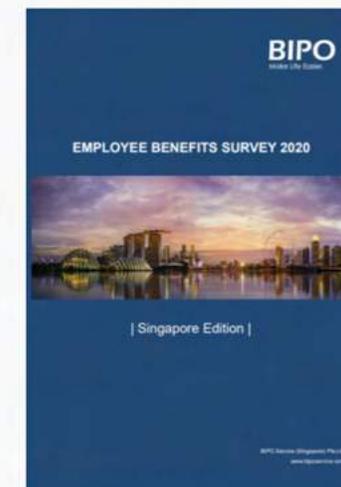
2021 HR Checklist



Payroll Health Check Guide for Your Business in 2021

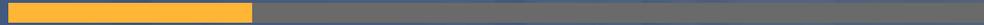


Employee Benefits Survey 2020 - Singapore Edition



BIPO Times
Labour Laws & Employment Regulations

Business Continuity
Blog, Trends and Checklists for the HR community



Q&A Session





THANKS

Lila Kadoudom

Deputy General Manager, BIPO Laos

Email: lila.kadoudom@biposervice.com



www.biposervice.com



bipo-svc



Biposvc



Upcoming Webinar

Understanding Sri Lanka's Labour Law & Employment Regulations

21 June, Tuesday | 3pm (GMT+8)

Fill in the form

We will be sending the webinar deck by email. Fill in the form to confirm your details and register for our upcoming webinars



<https://bit.ly/bipowebinarfeedback2022>