

# Laos Transfer Pricing Guide 2024

wts global

# Laos

## 1. Legal Basis

### **Is there a legal requirement to prepare TP documentation?**

No, but If the Taxpayer is part of a group that has a TP policy, this documentation should be maintained, even if not required by law, to explain and provide supporting evidence for the pricing used in transactions between the Lao entity and its related parties.

### **Since when does a TP documentation requirement exist in your country?**

Not applicable.

### **Adoption of the OECD or UN legislation in your country?**

Not applicable.

### **Is your country a member of the OECD, Inclusive Framework, or other OECD groups (e.g. BEPS)?**

Not applicable.

### **Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?**

No, but if the Taxpayer is part of an MNE group with a TP policy that supports the arm's length returns for intercompany transactions in line with OECD TP Guidelines, this documentation should be maintained, even if not required by law to justify the pricing used in transactions between the Lao entity and its related parties. The Laos Tax Authority may refer to the policy during tax audits.

### **Which TP methods may be applied? Is there a stated preference for any particular TP methods?**

Comparable Method.

### **Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?**

Not applicable.

### **Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status**

Not applicable.

### **Is there any statute of limitation period?**

Three accounting years.

### **Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.**

The current practice of some tax auditors is to use point 11 of Article 18 of the Amendment of the Tax Laws No. 01/NA dated 7 August 2021 to reject any expense that is "higher than reality".

## 2. Master File (MF)

### **What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?**

Not applicable.

### **Euro Equivalent**

Not applicable.

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**From which year does this obligation exist?**

Not applicable.

**When does the MF need to be available?**

Not applicable.

**When does it need to be submitted?**

Not applicable.

**Does the MF have to be prepared in the relevant local language?**

Not applicable.

**Is documentation in English permissible?**

Not applicable.

**What are the possible consequences of not having the MF available?**

**Penalties?**

Not applicable.

**Imprisonment?**

Not applicable.

**Shifting of the burden of proof?**

Not applicable.

**Other?**

Not applicable.

**To what extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?**

Not applicable.

### **3. Local File (LF)**

**What is the threshold requirement for the obligation to prepare a LF?**

Not applicable.

**Euro Equivalent**

Not applicable.

**From which year does this obligation exist?**

Not applicable.

**When does the LF need to be available?**

Not applicable.

**When does the LF need to be submitted?**

Not applicable.

**Does the LF have to be prepared in the relevant local language?**

Not applicable.

**Or is documentation in English permissible?**

Not applicable.

**What are the possible consequences of not having the LF available?**

**Penalties?**

Not applicable.

**Imprisonment?**

Not applicable.

**Shifting of the burden of proof?**

Not applicable.

**Other?**

Not applicable.

**To what extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?**

Not applicable.

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## 4. Country-by-Country Reporting (CbCR)

**What is the threshold requirement for the obligation to prepare Country-by-Country Reporting?**

Not applicable.

**Euro Equivalent**

Not applicable.

**From which year does this CbCR obligation exist?**

Not applicable.

**Are Taxpayers required to notify of CbCR filing in your country?**

Not applicable.

**If yes, when and how do the tax authorities need to be notified?**

Not applicable.

**If the reporting entity (ultimate parent or surrogate parent) is in your country, what is the CbCR submission deadline?**

Not applicable.

**Are there any deviating submission deadlines for the secondary mechanism?**

Not applicable.

**Does your country have a requirement that the financial figures of the group need to be aligned?**

Not applicable.

**Where is the CbCR to be submitted?**

Not applicable.

**How is the CbCR to be submitted, specifically, is there any prescribed standard?**

Not applicable.

**What are the possible consequences of not having the CbCR available?**

**Penalties?**

Not applicable.

**Imprisonment?**

Not applicable.

**Shifting of the burden of proof?**

Not applicable.

**Other?**

Not applicable.

**To what extent do your local rules differ from the OECD standard regarding the content requirements for the CbCR as shown in the 2017 OECD TP Guidelines?**

Not applicable.

**Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbCR ("CbCR MCAA")?**

No.

**Did your country enter into other information exchange agreements, such as on a bilateral basis?**

Yes.

**Can a Taxpayer in your country fulfil his CbCR requirement by referring to the reporting entity in the same or another country?**

Not applicable.

## 5. TP disclosure in tax return or TP specific returns

**Is there a threshold for Related Party Transactions?**

No.

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**Does a Taxpayer need to disclose information regarding TP documentation in his tax return?**

No.

**When a Taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect TP, what could be the legal consequences?**

Penalty for underreporting taxable result (20 to 60% of tax due).

**What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/ accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?**

Tax Law does not provide sanctions against advisor/accountant/administrator. Accounting Law provides sanctions varying from re-education, fine and imprisonment of the advisor/auditor/accountant/administrator in case of infringement of accounting regulation, and in particular, in cases of misstatements in financial reporting.

**Does a Taxpayer need to file TP specific returns?**

No.

**Please state the filing form number and name.**

Not applicable.

**What would be the filing deadline?**

Not applicable.

## **6. Benchmarking**

**Is there any local guidance or requirement with regard to the preparation of a benchmark study?**

No.

**Is there any stated preference for local benchmarks?**

No.

**Are there any materiality thresholds that apply to the requirement to have a benchmark study available?**

No.

## **7. Year-end, secondary, and corresponding adjustments**

**Are year-end/ secondary/ corresponding adjustments permissible?**

Yes.

**Does the Taxpayer have to comply with any specific features or guidance?**

Yes, Tax Law request Taxpayers to proceed to adjustments of their financial reporting when computing their corporate income tax liability.

To that extent, any intragroup transaction (financial and operational) shall be adjusted for tax calculation on the basis of guidance given by Tax Law (rates, threshold admission) or on arm's length principles basis.

## **8. TP Audit and Dispute Resolution Mechanisms**

**What are currently the main TP areas of scrutiny by the tax authorities in your country?**

Intragroup financing and service/good supplies.

**Based on your experience, are joint or multilateral audits initiated and carried out?**

No.

**Does the Taxpayer have the option to apply for bilateral or multilateral APAs?**

No.

**Are there any restrictions?**

No.

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