

Legislative developments – **August 2023**

# BANGLADESH

## Banking and Finance

### Circular No. 02 dated 30 August 2023 issued by the Sustainable Finance Department of the Bangladesh Bank on “**Refinancing Scheme for Environmentally-Friendly Products, Projects, and Initiatives**”

Aiming to increase environmentally-friendly initiatives, the Bangladesh Bank has announced a refinancing scheme formed for eco-friendly products, projects, and initiatives.

With funding of BDT **4,00,00,00,000**, affordable loans will now be available for pre-certified green industries, green buildings, and buildings featuring green initiatives. Customers must have first obtained final certification before being eligible to apply for such a loan. The Bangladesh Bank will charge banks 1% interest for use of the funding with customers paying 5% interest on all term loans (except for those designated as a government priority sector).

Government priority sectors, such as solar irrigation pump products for the agricultural sector, will bear interest of a maximum of 3%. Customers will get BDT70 for an investment of BDT100.

The loan period for products will be from 3-10 years, with affordable green housing loans available for 20 years at 5% interest.

State-owned banks will be able to give loans under the refinancing scheme without any conditions. However, for commercial banks to participate, their non-performing loans must be below 10%.

The circular specifies 70 eco-friendly products, projects, or initiatives for which loans are available.

### Circular No. 13 dated 24 August 2023 issued by the Foreign Exchange Policy Department of the Bangladesh Bank on “**Export Subsidies/Cash Incentives** **for the Financial Year 2023-24**”

To enhance the country’s export trade, the government has taken the initiative to offer export incentives or cash assistance for the export of 43 specific products during the current financial year 2023-24 (1 July 2023 to 30 June 2024).

Exporters will be eligible to receive cash incentives ranging from 1% to 20%, similar to what they received the previous financial year. Like the prior year, the process for applying for the export incentives will involve audits conducted by firms authorized by the Bangladesh Bank and appointed by the respective banks.

However, in cases where additional audit firms are deemed necessary to expedite the audit procedures, exporters can submit an application for this purpose to the Bangladesh Bank. The application should clearly specify the required number of audit firms, along with a justification and essential details supporting this decision.

### Circular No. 10 dated 20 August 2023 issued by the Department of Financial Institutions and Markets of the Bangladesh Bank on “**Loan Rescheduling for the Shipbuilding Industry**”

In a concerted effort to recover bad debts and alleviate the burden of classified loans, the Bangladesh Bank has taken measures to ease the loan rescheduling process for the country’s shipbuilding industry. This initiative is aimed at facilitating smoother repayment processes.

Under the newly relaxed policy, non-bank financial institutions will now have the option to reschedule defaulted loans for borrowers in the shipbuilding industry for a duration of 10 years, which includes a two-year grace period. To access this rescheduling facility, financial institutions are required to collect a down payment equivalent to 2.50% of the defaulted loan amount. Loans obtained through fraudulent means or irregularities will not be eligible for this rescheduling opportunity.

Presently, Bangladesh boasts an impressive number of over 200 shipbuilding companies, with significant concentrations in key areas like Dhaka, Chattogram, Narayanganj, Barisal, and Khulna. According to a recent study conducted by the Bangladesh Investment Development Authority (BIDA), the shipbuilding industry contributes approximately Tk 15,000 crore to the country's annual revenue.

### Circular No. 05 dated 10 August 2023 issued by the Foreign Exchange Investment Department of the Bangladesh Bank on “**Opening and Operation of Non-Resident Investors’ Taka Accounts for Non-Resident Bangladeshis through Authorized Dealers’ Online Interactive Web Platforms**”

The circular urges authorized dealers (“**ADs**”) in foreign exchange to establish an online platform for the convenience of non-resident Bangladeshis (“**NRBs**”) to open and manage non-resident investor taka accounts (“**NITAs**”).

The circular underscores the significance of boosting foreign investment in Bangladesh and provides clear directives to ADs on creating a user-friendly digital interface to streamline the NITA opening process for NRBs. The new guidelines mandate ADs to offer comprehensive instructions on their websites for NRBs to initiate NITA openings through the online platform. This includes providing electronic account opening forms with the capability to upload the necessary documents.

Furthermore, ADs are instructed to verify the information and documents submitted by applicants and assist them with the deposit remittance process. They are also required to accept deposits from NRBs via international cards, which necessitates the establishment of technical arrangements for seamless fund transfers. Additionally, thorough verification of deposits made through traditional banking channels is mandated to ensure their authenticity.

### Circular No. 03 dated 9 August 2023 issued by the Foreign Exchange Operation Department of the Bangladesh Bank on the “**Generation of the Forms “Information on freight charges on a prepaid basis against exports” and “Information on freight charges against FOB (or similar term) imports” by using the Bangladesh Bank’s Online Export Monitoring System and its Online Import Monitoring System**”

In a concerted effort to enhance the efficiency and precision of reporting freight charges for both exports and imports, the Bangladesh Bank has issued a circular mandating a shift towards a digital approach for this process.

The directive applies to all ADs, airlines, shipping companies, licensed freight forwarders, and general sales agents operating within Bangladesh. They are now obliged to accept freight charges in the local currency and issue certificates supporting such digitally.

Traditionally, these certificates were manually issued by ADs. To streamline and modernize this procedure, the Bangladesh Bank is now enforcing a digital approach. ADs must now generate two specific forms: “Information of freight charges on a prepaid basis against exports” and “Information of freight charges against FOB (or similar term) for imports.”

To accomplish this, they are mandated to utilize the Bangladesh Bank Online Export Monitoring System (“OEMS) for export-related charges and the Bangladesh Bank Online Import Monitoring System (OIMS) for import-related charges. Detailed instructions for generating these forms can be found in the user manuals located within the “Documents” section of OEMS and OIMS.

Exporters and importers must also provide the corresponding Form FF to freight forwarders, airlines, and shipping companies as proof of having paid the freight charges in the local currency. These forms have been introduced to facilitate the accurate reporting and tracking of freight charges throughout the export and import processes.

Furthermore, freight forwarders, airlines, and shipping companies are mandated to collect Form FF from the relevant exporter or importer as confirmation of the receipt of local currency freight charges. These completed forms must be submitted to the designated ADs when remitting surplus earnings or freight charges to their respective head offices, principals, or counterpart freight forwarders abroad.

Per the circular, all other instructions outlined in Paragraph-1 (viii) (a) and (b) of Chapter 10 of GFET remain unaltered.

### Circular No. 03 dated 07 August 2023 issued by the Department of Financial Institutions and Markets of the Bangladesh Bank on “**Taking Thumbprints on Loan-Related Charge Documents**”

Aiming to address emerging legal complexities in loan recovery procedures, the Bangladesh Bank has published a new circular that makes it compulsory for banks to take thumbprints to ensure the proper recovery of depositors’ money.

Individuals seeking loans from banks will now be obligated to furnish specific charge documents, contingent upon their borrower status, loan category, and collateral provided. These essential charge documents are in the Guidelines on Credit Risk Management” provided by the Bangladesh Bank and must be submitted in the prescribed format.

The necessity for this directive arose following an observation by the High Court, which revealed that many recipients of loans and their guarantors were failing to affix their signatures on the pertinent charge documents linked to loan disbursement and guarantee issuance. The absence of these signatures posed significant legal hurdles in the loan recovery process.

To resolve this issue, the Bangladesh Bank has directed banks to ensure that these charge documents are read aloud to borrowers, guarantors, and other relevant parties. Concurrently, banks are required to obtain signatures on them, accompanied by the thumbprints of both the borrower and guarantor. Banks are also mandated to validate these thumbprints by cross-referencing them with the national identification number database.

# CAMBODIA

## Construction

### Announcement No. 019 dated 17 August 2023 issued by the Ministry of Land Management, Urban Planning, and Construction on “**Eurocode Construction Standards Guide Cambodian Construction Regulations, Promoting Geological Techniques and Construction Standards**”

The Ministry of Land Management, Urban Planning, and Construction is studying and researching construction technical regulations for Cambodia. The General Secretariat of the National Council for Construction Technical Regulations is drafting them for future use. The ministry has designated the European Union’s Eurocodes as the construction technical standards to guide the development of these Cambodian construction regulations.

## Commerce

### Royal Decree No. NS/RKM/0723/011 dated 11 August 2023 issued by the Ministry of Commerce on the “**Law on the Rules of Origin**”

This law is meant to encourage commerce through preferential and non-preferential methods while also preventing origin fraud by defining origin principles and regulations for exported and imported items. It addresses both preferential and non-preferential trade systems. The law's goal is to ensure fair and efficient trade practices. It applies to:

* Product manufacturers, exporters, and importers who must specify the country-of-origin label on their items.
* The General Department of Trade Services, which is the entity authorized by the Ministry of Commerce to issue certificates of origin for export goods.
* The Customs Administration, which is the entity authorized to certify the origin of imported goods.
* Companies and organizations engaged in commercial activity for which they must declare the origin of their products.

## Environment

### Royal Decree No. NS/RKM/0623/001 dated 29 June 2023 issued by the Ministry of Environment on the “**Law on the Environment and Natural Resources”**

The law outlines measures to enhance environmental protection, conservation, and restoration of natural resources, biodiversity, and ecosystem functions in Cambodia. It also addresses activities related to the environment, natural resources, and heritage, as well as those affecting them, both within and outside the country.

This law is made up of several major sections as listed below:

1. Environmental management and sustainable mechanisms – outlines methods to manage, prevent, or reduce disasters and repair damage and impacts in Cambodia.
2. Environmental protection – outlines methods to improve waste management, prevent pollution, and ensure public health through clear principles and measures.
3. Water pollution control – outlines the implementation of pollution prevention methods to preserve the environment, biodiversity, and public health.
4. Responsibility for environmental and natural resource damage – specifies that Cambodian project owners and operators are obligated to address environmental impacts.
5. Education, research, science, technology, innovation, and environmental awareness – outlines the promotion of education, research, innovation, and environmental consciousness for sustainable development.
6. Economic rules, finance, fees, and environmental funds – outlines Cambodia's environmental and social fund laws, techniques, and management for environmental, resource, society, and cultural benefits.
7. Environmental and natural resource dispute resolution – outlines dispute resolution mechanisms for environmental and natural resource disputes, including compensation, resource restoration, pollution prevention, and adverse effects.

## Taxation

### Instruction 017 MEF.GDT dated 25 July 2023 issued by the Ministry of Economy and Finance on the “**Implementation of Value Added Tax on Imported Cigarettes**”

This instruction was issued to advise all entities involved in cigarette importation or the distribution of imported cigarettes on the implementation of value added tax (“**VAT**”), as outlined below:

* For cigarettes imported for the purpose of domestic sales only, entities must apply VAT like other taxable imported goods. This means that they must collect VAT at a rate of 10% for all cigarette supplies in the Kingdom of Cambodia. VAT that was incurred on importation or from local purchases in the country can be claimed as an input VAT credit and is deductible from output VAT.
* For cigarettes imported for the purpose of export, entities are required to pay VAT only once, at the time of importation, as in the past.
* Entities must file declarations and pay VAT in accordance with the laws and regulations in force.

### Notification No. 28271 GDT dated 15 August 2023 on “**Adjustment of the Specific Tax Rate on Locally Manufactured Non-alcoholic Beverage Products**”

The Specific Tax rate for non-alcoholic beverages produced and supplied locally will be adjusted and determined as follows, effective 1 September 2023:

1. 15% on all types of energy drinks
2. 5% on the following non-alcoholic beverages:

* UHT milk supplement drinks
* Soy milk
* Coconut-based drinks
* Coffee-based beverages and coffee-flavored beverages
* Non-carbonated beverages that are ready for consumption without dilution

1. 10% on all other non-alcoholic beverages except those specified in (1) and (2) above.

Separately, the Specific Tax base must be implemented as it is being done currently in accordance with the contents of Prakas No. 012 MEF.PrK dated 14 January 2020 for the Adjustment of Determining the Specific Tax Base on Certain Domestically-Produced goods.

# Laos

## Employment

### Notification No. 1502/PMO dated 16 August 2023 issued by the Prime Minister’s Office on the “**Proposal to Increase the Minimum Wage for Employees in the Lao PDR in 2023**”

The Prime Minister’s Office has approved raising the monthly minimum wage in the country from LAK1,300,000 to LAK1,600,000 starting in October 2023.

## Import-Export

### Notification No. 1224/IC dated 9 June 2023 issued by the Ministry of Industry and Commerce on “**Importer and Exporter Registration**”

Entities that carry out import and export activities for the products listed in the notification must register the goods with the Import and Export Department (“**IED**”) of the Ministry of Industry and Commerce by 31 August 2023.

To register the goods, importers and exporters can submit an application form and other supporting documents to the IED directly, submit them via email to imexdiv@laomoic.org, or contact an official in charge by calling +856 20 9699 6565 or +856 20 5551 0038.

Entities cannot import or export goods if they have not registered them with the IED.

## Taxation

### Notification No. 0924/TD.VTE dated 8 August 2023 issued by the Tax Office of Vientiane Capital on “**Implementation of the Tax Authorities’ Obligations to Collect Taxes**”

The notification specifies that tax payments must be paid through the banking system and via the online Tax Revenue Information System (TaxRIS) platform of the Lao PDR. The tax authorities and volunteers will no longer be permitted to collect tax payments in cash from individuals, legal entities, and organizations.

The tax authorities must be appointed by the Head of the Tax Office of Vientiane Capital or the district tax offices before they can begin performing tasks related to the collection of taxes.

When the tax authorities go to collect taxes from individuals, legal entities, and organizations, they must have the tax calculation certified by the Head of the Tax Office of Vientiane Capital or the district tax offices.

# MYANMAR

## Banking and Finance

### Directive No. 11/2023 dated 14 August 2023 issued by the Central Bank of Myanmar on “Allowing **Thai Baht to be Used for International Payment and Clearance**”

Through this directive, the Central Bank of Myanmar (“**CBM**”) announced that to facilitate the international payment and clearance process, the Thai Baht currency is now allowed to be used.

### Announcement dated 21 August 2023 issued by the Central Bank of Myanmar on “**Consequences of Holding Foreign Currency without Permission or a License**”

In this announcement, the CBM states that a resident can possess, for up to six months from the date of receipt, US$10,000 or other types of foreign currency in an equivalent amount, if obtained legally as per paragraph 15 of the Foreign Exchange Management Rules No. 7/2014.

If the foreign currency remains unused for a period exceeding six months, it must either be sold to a licensed foreign exchange dealer at the prevailing market rate or deposited into a bank account.

The announcement additionally stipulates that according to Section 9 of the Foreign Exchange Management Law, transactions involving the purchase and sale of foreign exchange, whether in cash or traveler's cheques, can only be conducted by individuals or entities possessing a valid foreign exchange dealer license.

## Trade

### Announcement issued in August 2023 by the Department of Trade on the “**Application for Relief from Customs Duty and Approved Exporter Registration under the Regional Comprehensive Economic Partnership – RCEP)**”

The Department of Trade announced that the Regional Comprehensive Economic Partnership (“**RCEP”**) became effective on 1 January 2022. Therefore, the application RCEP CO Form, which covers relief from customs duty, can be submitted starting from 1 August 2023 as per the stipulated procedures. Moreover, exporters who would like to apply to be an approved exporter as per the RCEP can apply via the Online CO Application System at https://onlineco.myanmartradenet.com/ starting from 1 August 2023.

# VIETNAM

## Banking and Finance

### Circular No. 10/2023/TT-NHNN dated 23 August 2023 issued by the State Bank of Vietnam on “**Termination of the Effectiveness of Paragraphs 8, 9, and 10 of Article 8 of Circular No. 39/2016/TT-NHNN**”

On June 28, 2023, the State Bank of Vietnam (SBV) issued Circular No. 06/2023/TT-NHNN, which takes effect from September 1, 2023. The circular expanded the restrictions on lending by financial institutions. Among other things, it restricted loans to be used to make deposits, to make certain types of share acquisitions, and for investments in certain projects that are not yet operational.

However, in order to promote economic growth, the SBV issued this latest circular, No. 10/2023/TT-NHNN, to suspend certain of the restrictions imposed until such time as the SBV issues new legislation to lift the suspension.

Specifically, the loan restrictions under the following paragraphs of Article 8 of Circular No. 06/2023/TT-NHNN have been suspended:

*“….8. Loans used for making capital contributions to, or buying or receiving a transfer of a stake in a limited liability company or partnership, or shares of a joint-stock company that is not yet listed on the securities market or registered for trading on the Upcom system.*

*9. Loans used for making capital contributions under capital contribution contracts, investment cooperation contracts, or business cooperation contracts for executing investment projects that are ineligible for sale or for business operation as prescribed by the law when the credit institution issues its lending decision.*

*10. Loans used for financial offsetting purposes, except for those meeting the following conditions:*

*a) The customer has used its own funds for paying the costs incurred from its business project for a period of less than 12 months by the time of the granting of the lending decision by the credit institution;*

*b) Costs paid using the customer’s funds for executing a business project are costs to be covered using funds borrowed from the credit institution under the plan to use borrowed funds submitted to the credit institution when applying for a medium-term or long-term loan for executing that business project.”*

## Renewable energy

### **Draft** circular issued by the Ministry of Industry and Trade on “**Pricing for Renewable Energy Projects following the Approved PDP VIII**”

The draft circular stipulates the method of building the price brackets for electricity generation of solar (ground, floating) and wind power plants (on land, coastal, offshore) and has been circulated for public comment.

The circular applies to Electricity of Vietnam (“**EVN**”) and the organizations and individuals participating in the investment and construction of wind and solar power plants (except for the transitional solar and wind power plants specified under Circular No. 15/2022/TT-BCT).

In principle, the pricing mechanism for wind and solar power plants is the range of values from the minimum value (VND0/kWh) to the maximum value that is established and issued annually. The electricity generation price of a standard wind or solar power plant is calculated by taking the average fixed price plus the fixed operating and maintenance costs.

The price calculation formula is based on relevant parameters, such as investment costs, operating costs, fixed maintenance costs, interest rates, electricity delivery costs.

The steps to establish the electricity generation price brackets for the year are as follows:

* Before 1 November annually, EVN will calculate (or hire a consultant to calculate) the electricity generation price brackets by selecting a set of standard parameters for wind and solar power plants and calculating the prices according to the regulations.
* Within 20 working days from the date of receipt of the dossier from EVN, the Electricity Regulatory Authority of Vietnam (“**ERAV**”) will organize an appraisal of the electricity generation price brackets submitted by EVN.
* Not later than 15 working days from the date of the appraisal, the ERAV will submit the electricity generation price brackets for ground-based solar power plants, floating solar power plants, inland wind power plants, coastal wind power plants, and offshore wind power plants for the next year to the Minister of Industry and Trade for approval, which will be published on the ERAV’s website.
* If the electricity generation price brackets for the following year have not been announced, the most recent effective electricity generation price brackets will be allowed to temporarily continue to be used.

## Taxation

### Official Letter No. 8915/BTC-TCT to the Ministry of Justice dated 21 August 2023 issued by the Ministry of Finance on “**The Issuance for Public Consultation of** **the** **Draft Resolution on the Global Minimum Tax Policy**”

The Ministry of Finance is seeking opinions on the National Assembly’s draft resolution on the application of additional corporate income tax according to the regulations to prevent global tax base erosion. Specifically, under the OECD’s BEPS Pillar 2 model, each multinational company falling within the scope should pay a minimum effective tax rate of 15% on profits in each of the jurisdictions where they operate. The effective date of the resolution is proposed to be 1 January 2024.

## Insurance

### Decree No. 46/2023/ND-CP dated 1 July 2023 (“**Decree 46**”) promulgated by the Government of Vietnam on “**Implementation of Several Sections of the Law on Insurance Business 2022**”

This decree takes effect from the date of issuance and replaces Decree 73/2016/ND-CP dated 1 July 2016 (“**Decree 73**”), as well as other amending and supplementing decrees. The notable changes are described below.

**Expansion of regulated entities**

Decree 46 expanded the scope of who is regulated compared to Decree 73 by expressly adding both organizations and individuals. Decree 46 now also contains more detailed rules about these participants in the insurance market.

**Enumeration of the scope of non-life insurance businesses**

Decree 46 provides a regime for additional new types of non-life insurance, including guarantee insurance (performance bond insurance/contractual liability insurance). Generally guarantee insurance is where an insurance enterprise or foreign branch assumes the insured’s risks to carry out their duties in the event of the insured’s inability or failure to perform such duties for a certain period in exchange for a fee.

**Information on the use of idle money from the Fund for Protection of the Insured**

Decree 46 provides more details on the use of the fund’s idle money, in particular:

* + - It must be used to invest in buying government bonds in Vietnam.
    - Three years from the effective date of the Law on Insurance Business 2022, which is 1 January 2023, the entire balance of the fund is allowed to be invested in Vietnamese government bonds.

**Specification of education requirements for individuals involved in the insurance business**

Individuals who directly carry out insurance consulting activities and insurance underwriting must meet the qualifications specified in Decree 46.

**Changes to cross-border insurance services**

Decree 46 now allows all foreign-invested business entities to use cross-border insurance services, regardless of their foreign investment percentage. Previously, Decree 73 restricted businesses eligible to use cross-border insurance products to Vietnamese enterprises with more than 49% foreign investment and foreigners operating in Vietnam. The decree also removes the clause about life insurance and health insurance not being subject to regulations on the provision and use of cross-border insurance services.

**Increased requirements for minimum charter capital**

Decree 46 increases the minimum charter capital or minimum allocated capital compared to Decree 73 for all types of insurance businesses.

Decree 46 requires that insurance companies that were established and operating before 1 July 2023, but do not satisfy the new minimum requirements for charter capital or allocated, must supplement their capital to meet the new requirements before 1 January 2028.

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