

LEGAL AND TAX DIGEST

BANGLADESH

LAOS

MYANMAR

Legislative developments – November & December 2024



BANGLADESH



Banking and Finance

SD Circular No. 01 dated 22 December 2024 issued by the Secretary's Department of the Bangladesh Bank on the "Special Regulations of the Bangladesh Bank, 2024"

The central bank has implemented special regulations to engage international consulting firms ("ICFs") to assess commercial banks and enhance their financial health through comprehensive diagnostics.

Scope of application

These regulations will apply whenever the Board (Board of Directors of Bangladesh Bank) decides that a comprehensive assessment of the concerned bank is necessary. Any orders, instructions, or guidelines issued by Bangladesh Bank under the Bangladesh Bank Order, the Bank Companies Act, or any other applicable laws in Bangladesh for the purpose of conducting a comprehensive assessment is binding on all scheduled banks.

Appointment of an ICF

The Bangladesh Bank will appoint a qualified ICF to conduct a comprehensive assessment of the concerned bank. The terms, honorarium, and payment methods will be specified in the contract.

The ICF may carry out the assessment in multiple phases, with separate terms of reference agreed for each phase. The procurement of services will follow the relevant provisions of the Public Procurement Act, with certain exceptions.

Disclosure of information

The Bangladesh Bank grants general permission to scheduled banks to provide client information to the ICF for the purpose of conducting a comprehensive assessment.

Coordination and reporting

The Bangladesh Bank will designate a specific department to coordinate the ICF's activities with the scheduled bank for a comprehensive assessment. The ICF must submit a report to the Governor of the Bangladesh Bank in accordance with the contract.

Implementation of the report

The Governor will present the report to the Board, which will take the necessary actions in accordance with the relevant laws.

*FEID Circular No. 02 dated 20 November 2024 issued by the Foreign Exchange Investment Department of the Bangladesh Bank on “**Guidelines for the Business Operations of Joint Ventures/Consortiums/Associations with Foreign Partners in Bangladesh**”*

The key points of these guidelines issued by the Bangladesh Bank (“**BB**”) are as follows:

A. Establishment and reporting

Before commencing operations, joint venture companies (“**JVCAs**”) with non-resident partners must obtain approval from the Bangladesh Investment Development Authority (“**BIDA**”). Additionally, they must inform the BB’s Foreign Exchange Investment Department (“**FEID**”) within 30 days of obtaining approval from the BIDA (or other authority),

B. Banking transactions:

- JVCAs must maintain a bank account in its name with the branch of an authorized dealer bank (“**AD**”), located where the work order is awarded. This branch will be the nominated AD.
- All inward and outward remittances must be processed through the nominated AD and reported to the BB.
- JVCAs may open local currency accounts at other branches of the same or a different bank with a no objection certificate from the nominated AD, subject to know your customer and anti-money laundering/countering the financing of terrorism compliance. Account activities, including opening, closure, or dormancy, must be reported to the FEID via the nominated AD.
- Payments related to the work order must be credited to the JVCA’s account.
- Changes in the nominated AD or local currency accounts must be reported to the FEID with a proper no objection certificate from the previous AD.
- For projects funded by foreign or international agencies, JVCAs may open foreign currency accounts per the approved government contract terms, without the prior approval of the BB. Only foreign funds received from the agencies may be deposited, and payments of project-related foreign expenses can be made from these accounts. These accounts must be closed upon project completion, and transaction reports must be submitted as per Guidelines For Foreign Exchange Transactions (“**GFET**”) guidelines.
- JVCAs may open bank accounts abroad with prior approval from the FEID in compliance with the terms of the approval.
- Encashment certificates and related documents must be retained by the JVCA and the nominated AD for future reference.

- Inward remittances via an existing branch office of any JVCA partner are not permitted.
- Deposit accounts maintained by JVCAs must not bear interest or profit.
- Upon project completion, the nominated AD must notify the FEID and submit the relevant documents for account closure. Repatriation of residual amounts must follow the procedures outlined in the Outward Remittances Section below.

C. Financial statements and compliance

- JVCAs must prepare separate audited financial statements comprising a balance sheet, income statement, cash flow statement, and owner's equity statement, with the proper disclosures and notes. These must comply with Bangladesh Financial Reporting Standards and international best practices. Both the JVCA entity and auditors must adhere to Financial Reporting Council regulations, and the document verification code number must be included in the financial statements.
- All income earned from local sources, whether credited to a bank account in Bangladesh or abroad must be recorded in the JVCA's accounts.
- Assets and liabilities presented in the JVCA's balance sheet must not be offset against each other.
- No transfers or adjusting entries are allowed under the "Capital and Partners' Contributions" account heading. All transactions in this category must be conducted in cash.
- Retained earnings must be shown in the balance sheet under a distinct account heading.

D. Loans

- The JVCA must comply with GFET regulations for borrowing from resident entities. With FEID approval, partner branch offices in Bangladesh may lend to the JVCA if surplus funds are available. Trade and commercial credit must follow business norms, with proper disclosure as related party transactions.
- JVCA partners can secure interest-free working capital loans from their head offices, subject to post-facto reporting to the FEID through the ADs.

E. Outward remittances

- Outward remittances of profits to foreign partners or collaborators require prior approval from the BB. Applications with the required documents attached must be submitted to the FEID by the nominated AD.
- Profit repatriation or cash lending to the Bangladesh branch of a non-resident partner is not permitted without prior approval from the BB.
- Payments for royalty, technical know-how or assistance, and franchise fees must comply with the instructions in BIDA Circular No. 03.08.2680.224.165.1479.2017/59 dated 3 March 2021, as per the notification to banks via FE Circular Letter No. 07 dated 11 April 2021.

- Outward remittances for purposes not covered under GFET regulations, circulars, the Import Policy Order, or BIDA guidelines may only be made with prior approval from the FEID.
- Repatriation of residual amounts or loans borrowed from the head office of a JVCA partner requires prior approval from the BB. The nominated AD must apply with the required documents to the FEID.

F. Other provisions

- For the import of machinery to be contributed as capital in kind, ADs must properly retain relevant documents, including the bill of entry. Such imports must comply with the prevailing Import Policy Order.
- Before making payments to foreign nationals, ADs must verify their work permits issued by the BIDA or other competent authority. Salaries and benefits paid to foreign employees must be disclosed in the notes to the audited financial statements.
- The JVCA entity is required to ensure compliance with the Workers' Profit Participation Fund provisions under the Labor Act, 2006 and its associated rules, where applicable.
- The nominated AD and the JVCA entity must comply with any additional instructions issued by the BB as required.

*FEID Circular No. 01 dated 20 November 2024 issued by the Foreign Exchange Investment Department of the BB on “**Registration of Agreements for Remittances Abroad for Services Received from International Service Providers by Local Companies Running a Star-Rated Hotel Business in Bangladesh**”*

Local companies operating star-rated hotels in Bangladesh often seek approval from the BB for foreign remittances related to services that fall outside the guidelines provided by the BIDA. To support the hotel and tourism industry, the BB has decided to simplify the process for the approval of such remittances, which are essential to hotel operations. The required documents to apply and general instructions for compliance are described below.

Required documents for the application

- Draft copies of agreements or memorandum of understanding to be signed between the local hotel management and international service providers
- Documents proving the price competitiveness of the services
- Documents or statements justifying the unavoidable necessity of obtaining the services from abroad or showing that such services cannot be provided by local service providers
- Declaration from an external auditor to the effect that the intended services are outside the purview of BIDA's guidelines

- Certificate from an external auditor regarding the tax deducted at source and value added tax, base of calculation of source tax applicable to such services and obligatory of Tax with reference to relevant provisions of tax laws, rules and regulations
- Report on the service provider's creditworthiness and performance
- The local company's Memorandum and Articles of Association
- The local company's certificate of incorporation
- The local company's Schedule X and Form-XII
- The local company's updated trade license
- The local company's updated TIN and BIN certificates
- The local company's updated license/permission letter from the office of the Deputy Commissioner/Ministry of Civil Aviation and Tourism
- The local company's latest audited financial statements with the Document Verification Code number
- The local company's Credit Information Bureau report
- Declaration of revenue from and payments to abroad as per Annexure A of the circular
- Limited money changer license issued by the BB, if any

General instructions

- All documents must be attested to by the bank's responsible officials.
- ADs are not authorized to execute remittances for agreements that are not registered with the BB or that deviate from registered agreements.
- ADs must carefully review the registration letter issued by the BB and the approved draft agreements to ensure compliance before processing any transactions.
- The guidelines in this circular apply to all new agreements, renewals, or amendments to existing agreements after the issuance of this circular.
- Existing agreements must be submitted by 31 January 2025.

ENERGY

*SRO No. 400-Law/Income Tax-54/2024 dated 27 November 2024 issued by the National Board of Revenue on "**Renewable Energy (Amendment)**"*

This amendment, which is effective from 1 July 2025, adds a 15-year tax incentive to promote investments in renewable energy-based power facilities. It repeals S.R.O. No. 375-Act/Income Tax-50/2024 issued on 29 October 2024 on the Extension of the Tax Exemption Period for Renewable Energy-Based Power Plants.

Incentive

Under the amendment, individuals and companies involved in electricity generation or power stations using renewable energy that begin commercial production between 1 July 2025 and 30 June 2030, are eligible for a 15-year income tax incentive, subject to certain conditions, as follows:

- Exemption from income tax for the first 10 years from the date of commercial production.
- For the next three years, a 50% reduction in income tax.
- For the final two years, a 25% reduction in income tax.

Conditions to access the incentive

To access the above incentive, taxpayers must:

- Comply with all provisions of the Income Tax Act 2023.
- Obtain approval from the Electricity Department of the Ministry of Electricity, Energy, and Mineral Resources for each renewable energy-based project or power plant operated by the individual or company generating electricity from renewable energy.

*Ordinance No. 15/2024 dated 28 November 2024 issued by the President of Bangladesh repealing the **“Rapid Enhancement of the Supply of Electricity and Energy (Special Provisions) Act, 2010”***

The ordinance, which was approved by the Advisory Council, repeals the Rapid Enhancement of Supply of Electricity and Energy (Special Provisions) Act, 2010. While repealing the law does not cancel the contracts established under it, the government retains the authority to re-evaluate these agreements, if deemed necessary.

LAOS



Banking and Finance

*Decision No. 1179/BOL dated 31 October 2024 issued by the Bank of the Lao PDR on “**Credit Guarantee Companies**”*

A credit guarantee company is a financial institution that has been duly established and licensed by the Bank of the Lao PDR (“**BOL**”) to provide credit guarantee services.

The minimum registered capital to establish a credit guarantee company is LAK100 billion (approximately US\$4.8 million), of which no more than 25% can be contributed in kind. The asset must be appraised by an asset valuation company with the approval of the BOL.

Individuals or legal entities that want to operate a credit guarantee business must first file an application to register a company with the relevant enterprise registry office and then apply for a credit guarantee business license with the BOL’s Commercial Bank Supervision Department. The application must have the following attached:

Main required documents:

- Completed application for a credit guarantee business license (in the standard format provided by the BOL)
- A copy of the new company’s enterprise registration certificate
- The joint venture agreement or incorporation agreement (except if a sole limited company was established) (notarized by the Notary Public Office of the Ministry of Justice and registered by the State Assets Management Department of the Ministry of Finance)
- Resolution of the investor’s shareholders approving the economic-technical analysis/report, company’s articles of association, and the nomination of the investor’s personnel for appointment as the company’s board of directors (notarized by the Notary Public Office of the Ministry of Justice and registered by the State Assets Management Department of the Ministry of Finance)
- The new company’s economic-technical analysis/report
- The new company’s articles of association
- Documents certifying the source of capital: Certification by the financial institutions that received the capital (if contributed in the form of cash); certification by the relevant asset registration management agency (if contributed in kind in the form of tangible assets that

are registered); and the relevant purchase and sale agreements (if contributed in kind in the form of tangible assets that are not registered). Bank statements of the relevant shareholders for the past six months provided by the financial institutions holding the money, must be included in the documentation demonstrating the source of the funds to be utilized as capital.

- A consent letter allowing the BOL to investigate the source of the funds
- A report in the standard format provided by the BOL regarding the applicant's and the directors or those who will be appointed as directors of the company's criminal history, including any negative information found by a domestic or foreign agency
- Accounting, risk management, internal audit, personnel management, product management, and other operational manuals
- CVs, certificates of educational qualifications, certificates showing employment, experience, and professional qualifications in the credit guarantee business sector for the applicant and the members of the company's board of directors
- For Lao citizens, a criminal record check and copy of their identification card
- For foreigners, a copy of their passport and criminal record check or similar document certified by the relevant country's agency
- Power of attorney to the person or firm that is submitting the application

Additional documentation required for legal entity shareholders:

- Externally audited financial statements for the last three years
- Documents certifying the beneficial owners of the shares as well as the legal entity's detailed shareholding structure
- Resolution of the investor's shareholders and resolution of the investor's board of directors approving the setting up of the credit guarantee company in the Lao PDR
- Letter of authorization from the appropriate authority to establish a credit guarantee company in the Lao PDR in compliance with the foreign jurisdiction's applicable regulations and laws (for foreign legal entities)
- A certificate of compliance with the security compliance requirements for the last three years issued by a responsible authority (for financial institutions)

Additional documentation required for individual shareholders:

- Statement of financial position (in the standard form provided by the BOL)

The Commercial Bank Supervision Department will review the application and inform the applicant of its approval in principle or rejection within 30 days after receiving all required documents.

This decision is effective from 31 October 2024 onwards, and replaces Decision No. 730/BOL dated 21 December 2020.

Investment

"Amended Investment Promotion Law" No. 62/NA dated 28 June 2024 issued by the National Assembly

The law entered into effect on 1 October 2024, after it was promulgated by the President of the Lao PDR on 12 August 2024 and published in the Official Gazette on 16 December 2024.

It brings several major changes to the regulation of investments, including with regard to promoted sectors, tax incentives, land concessions, registered and imported capital requirements.

The key highlights are provided below.

Promoted sectors

Article 9 of the Amended Investment Promotion Law updates the promoted business sectors eligible for investment incentives, making slight adjustments and removing some sectors from the list in favor of different business sectors. Details of the changes are shown in the following table:

PROMOTED SECTORS UNDER THE PREVIOUS LAW	PROMOTED SECTORS UNDER THE NEW LAW
Those using high tech and new technologies, scientific research, as well as those researching, developing, and using innovative applications to provide eco-friendly and efficient solutions	Those using digital technologies, scientific research and development, and eco-friendly and sustainable innovations
Sustainable farming and rural development efforts that aim to reduce poverty	Eco-friendly and sustainable farming
Eco-friendly agro-processing and handicraft industries	Eco-friendly agro-processing, handicraft industries, manufacturing of products for export and as a substitute for imported goods
Eco, cultural, and historical tourism	Eco, cultural, and historical tourism
Education, physical sports, human resource development, and skilled labor development	Education, physical sports, human resource development, and skilled labor development
Modern hospitals, and pharmaceutical and medical equipment factories	Hospitals, and pharmaceutical and medical equipment factories

PROMOTED SECTORS UNDER THE PREVIOUS LAW	PROMOTED SECTORS UNDER THE NEW LAW
Public infrastructure	Public infrastructure development, such as construction of highways and rail systems, water supply management
Policy banks and microfinance institutions	Infrastructure development for promoting investment opportunities in special and specific economic zones
Modern commercial centers and exhibition centers	Logistics, dry-port operation, state-to-state transit, and passenger transportation
Rural area development and poverty-reduction-related sectors	

According to the table above, the following sectors have been completely removed from the promoted list:

- Rural area development and poverty-reduction-related sectors
- Policy banks and microfinance institutions
- Modern commercial centers and exhibition centers

New tax incentives

Article 12 of the law offers additional tax incentives, as shown below:

PROFIT TAX	A continuous profit tax exemption for investments made in the educational sector throughout the duration of the investment.
INCOME TAX	A reduced personal income tax rate of 5% for experts who work in promoted sectors.
CUSTOMS DUTY	Importations of raw materials, equipment, and components meant for producing products for the local market that serve as substitutes for imported goods are exempt from customs duty.
	Exportations of local agricultural products, processed industrial products, and handicraft products are exempt from customs duty, except for certain items that may be updated periodically in specific regulations.

Land concessions

Article 16 of the law stipulates that investors are required develop their projects to at least 50% completion before they can transfer the state land-use or concession rights granted under land lease/concession agreements—an increase from the previous threshold of 45%.

Registered and imported capital

Concession businesses

Articles 52 and 54 of the law updates the minimum required registered capital and imported capital for investments in concession businesses, as follows:

TOTAL INVESTMENT VALUE (US\$)	MINIMUM REQUIRED REGISTERED CAPITAL	MINIMUM REQUIRED IMPORTED CAPITAL FOR FOREIGN INVESTORS (WITHIN 90 DAYS AFTER THE CONCESSION AGREEMENT TAKES EFFECT)
Less than 50 million	30% of the total investment value	3% of the registered capital
From 50 million to 100 million	20% of the total investment value but not less than US\$15 million	2% of the registered capital
From 100 million to 500 million	5% of the total investment value but not less than US\$20 million	1.5% of registered capital
More than 500 million	2% of total capital but not less than US\$25 million	1% of registered capital

General businesses

Article 53 of the law requires foreign investors who invest in a general business to import 30% of the total registered capital within 90 days after the date the enterprise registration is issued, with the remaining registered capital to be fully contributed within one year, unless otherwise specified by other applicable laws.

MYANMAR



Taxation

Notification No. 75/2024 dated 13 November 2024 issued by the Ministry of Planning and Finance ("MOPF") on the "Customs Procedure for the Cut-Make-Package ("CMP") System"

The customs procedure issued by the MOPF specifies the required documents for the importation of raw materials and packaging materials on a CMP basis and the re-exportation of finished products on a CMP basis.

As per the procedure, the time limit for the re-exportation of finished products is one year from the submission date of the import declaration of raw materials and packaging materials for those finished products. A request to extend the re-exportation time limit stating the reason for such a request can be submitted to the Director General of the Customs Department.

Those who fail to re-export finished products to other countries or those who re-import finished products to Myanmar because of rejection by their customers will be required to pay customs duties and other taxes on raw materials and packaging materials as well as the penalties as specified.

This notification entered into force on 1 December 2024.

Notification No. 77/2024 dated 13 November 2024 issued by the MOPF on the "Customs Duty Exemption on Raw Materials and Packaging Materials imported on a CMP Basis"

As per Section 23 of the Sea Customs Act and Section 7 of the Tariff Law, the MOPF grants an exemption from all customs duty imposed on raw materials and packaging materials imported on a CMP basis.

*Notification No. 90/2024 dated 27 December 2024 issued by the MOPF on “**Change of the Foreign Exchange Rate for Customs Purposes**”*

The Customs Department’s practice has been to use the weekly exchange rate that is based on the daily reference rate (i.e. US\$1 = MMK2,100) announced by the Central Bank of Myanmar in imposing taxes on exports and imports.

Under this notification, effective 1 January 2025, the Customs Department will instead use the weekly exchange rate that is based on the market trading rate (which fluctuates around US\$1 = MMK3,550) in calculating the customs duty, commercial tax, specific goods tax, and 2% advance income tax on exports and imports .

Note that the Customs Department publishes the weekly foreign exchange rate for customs purposes on its website.

Litigation

*“**Evidence Retention and Disposition Law**” No. 72/2024 dated 28 December 2024 issued by the State Administration Council*

This is a procedural law that regulates how the evidence retention and disposition committees deal with evidence seized by law enforcement authorities for: offenses punishable under the Anti-Money Laundering Law; those relating to transnational crimes; and other offenses as specified by the Union Government.

Prior to the enactment of this law, the retention and disposition of evidence seized for criminal offenses was conducted by the relevant authorities as per the Code of Criminal Procedure and other related notifications and directives.

The following evidence retention and disposition committees will be formed to implement the law:

- The Central Committee
- State/Regional/Union Territory Committees
- District Committees
- Committees of the Self-Administered Division and Self-Administered Zones

Evidence retention offices will be established by the Ministry of Home Affairs in each district, self-administered zone and the Self-Administered Division.

Below is a summary of the evidence retention and disposition process under this law.

Evidence retention before legal proceedings

- (1) Law enforcement authorities hand over the evidence seized to the relevant evidence retention office.

- (2) Different types of evidence are retained by different authorities (low-value items at the relevant police station; movable property at the relevant evidence retention office; and financial documents, gold, silver, jewelry, and valuable items at the relevant branch of the Myanma Economic Bank).
- (3) Immovable property is retained by the receiver appointed under this law.

Evidence disposition

- (1) When a court or other authority issues a confiscation order for movable property seized, the relevant Regional/State/Union Territory Committee sells the property by auction or hands it over to the relevant authority for disposition.
- (2) When a court or other authority issues a confiscation order for immovable property seized, the Central Committee disposes of the property with the approval of the Union Government.
- (3) Money derived from disposition by a Regional/State Committee must be transferred to the Fund of that Region/State, and money derived from disposition by the Union Territory Committee is transferred to the Union Fund.

Commerce

*Notification No. 93/2024 dated 17 December 2024 issued by the Ministry of Commerce ("MOC") on "**Allowing Foreign Companies to Export Eight Product Categories**"*

Foreign companies in Myanmar are allowed to export the following categories of products that may have been produced by those foreign companies or purchased from other producers:

- Processed meat and fish
- Processed crops
- Pulp and paper
- Seeds
- Refined ore
- Semi-finished or finished products of fruits and vegetables
- Wood-based furniture
- Eco-friendly items

Before exporting these products, foreign companies are required to obtain an export license from the Department of Trade and other documents specified for each product category.

Notification No. 100/2024 dated 23 December 2024 issued by the MOC on the "Specification of Model Years for Vehicle Importation in 2025"

This annual notification specifies the vehicle model years that are allowed to be imported in the next year (in this case, for 2025).

- Non-commercial vehicles (2024-2025 model years)
- Commercial vehicles (trucks and buses) (2021-2025 model years)
- Fire engines/trucks and ambulances (2016-2025 model years)
- Machinery (2016-2025 model years)

The model year of the following types of industrial equipment must be from 2012 on:

- Asphalt finishers
- Boom lifts
- Bridge cranes
- Bulldozers
- Clamp loaders
- Crawler drills/Cranes
- Excavators
- Forklifts
- Gantry cranes
- Mobile cranes
- Motor graders
- Overhead travelling cranes
- Pilling machines
- Road roller compactors
- Rough-terrain cranes
- Tower cranes
- Vibratory rollers
- Wheel loaders

The existing policy regarding vehicle importation remains unchanged.

* * *

Information included in this document does not represent legal, tax, or other advice. This document is not intended to represent a comprehensive list of all new laws and regulations issued or published in the relevant jurisdictions.