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LEGAL AND TAX DIGEST

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Legislative developments – **July 2026**

BANGLADESH

Banking and Finance

*FEPD-1 Circular No. 15 of 2026 dated 1 July 2026 issued by the Foreign Exchange Policy Department-1 of the Bangladesh Bank on a "**Pilot Framework for the Digital Processing of Trade Documents under Documentary Collections and Letters of Credit through Approved Trade Corridors**"*

Under this circular, the Bangladesh Bank announced the introduction of a pilot framework for the digital processing of trade documents under documentary collections and letters of credit through approved trade corridors. The initiative aims to modernize cross-border trade finance by recognizing electronic trade records as legally equivalent to paper documents, ensuring interoperability, technology neutrality, and data privacy. Authorized dealers must obtain corridor-specific approval and incorporate explicit contractual provisions for electronic issuance, transmission, and acceptance of documents such as invoices, transport documents, and bills of exchange. The framework emphasizes secure digital signatures, audit trails, and encryption standards, while maintaining a fallback to physical documents where counterpart jurisdictions lack recognition. Implementation will be done by a phased approach, with regulatory oversight at each step to assess performance and compliance.

*FEPD-1 Circular No. 16 of 2026 dated 2 July 2026 issued by the Foreign Exchange Policy Department-1 of the Bangladesh Bank on "**Forward Rate Agreements to Hedge Interest Rate Risk against Imports under Suppliers'/Buyers' Credit**"*

Under this circular, the Bangladesh Bank authorizes authorized dealers ("ADs") to enter into forward rate agreements ("FRAs") with importers to hedge interest rate risks on suppliers'/buyers' credit. The framework restricts FRAs to genuine hedging purposes, prohibits speculation, and requires back-to-back counter-hedging to avoid unmitigated market risk. Key provisions include tenor alignment with underlying borrowings, settlement in local or foreign currency based on net interest differentials, strict documentation under International Swaps and Derivatives Association or equivalent contracts, daily market valuations, and comprehensive compliance with know your client, anti-money laundering and combating the financing of terrorism, tax, and internal risk policies. ADs must maintain detailed records, ensure board-approved derivative policies, and report weekly and monthly FRA transactions to the Bangladesh Bank.

*FEPD-1 Circular No. 25 of 2026 dated 29 July 2026 issued by the Foreign Exchange Policy Department-1 of the Bangladesh Bank on "**Bank-Intermediated Cross-Border Digital Payment Framework**"*

This circular expands the bank-intermediated framework for cross-border digital payments to modernize payment infrastructure and promote financial inclusion. Authorized dealers ("ADs") may collaborate with foreign payment service providers to facilitate digital transactions through digital value accounts ("DVAs"), which must be linked to a master settlement account under the AD's control. The framework sets strict compliance requirements, including real-time integration, mirror ledgers, transaction caps, and anti-money laundering and combating the financing of terrorism ("AML/CFT") safeguards. Permissible uses include travel-related expenses, online payments (up to US$300 per transaction), IT services, visa fees, hotel bookings, and business expenditures from export retention quota and resident foreign currency deposit accounts. Exporters and e-commerce traders may repatriate proceeds via DVAs, while ADs can also support incoming foreign DVA holders for local merchant payments. All transactions must be routed through ADs, with mandatory reporting to the Bangladesh Bank and adherence to know your customer, customer due diligence, AML/CFT, and regulatory standards.

*"**Invest Bangladesh Act 2026**" Act No. 104 dated 16 July 2026*

This gazette notification sets out a comprehensive framework for industrial, commercial, and economic zones in Bangladesh, detailing classifications such as export processing areas, domestic processing areas, commercial areas, non-processing areas, renewable energy and green industrial zones, climate-resilient and disaster management areas, waste management and recycling zones, agro processing and food security areas, transport hubs, and blue economy/coastal industrial areas. It outlines rules for equity providers, assembling/value addition requirements, adherence to the Rules of Business 1996, and compliance with a number of existing laws (e.g. the Foreign Exchange Regulation Act 1947, the Building Construction Act 1952, the Public Demands Recovery Act 1913). The document also specifies financing mechanisms (technical assistance, viability gap financing, equity- or loan-based financing), procedures for unsolicited proposals, acceptance tests, governing law, arbitration, and strategic divestiture. Finally, it emphasizes the creation of a single digital platform, integration timelines, and strict adherence to best practices and standard operating procedures for transparency and accountability.

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LAOS

Fines

*Decree No. 112 dated 30 April 2026 issued by the Government of the Lao PDR on "**Fines and Other Measures for Violations Relating to State Assets**"*

This decree, which entered into effect on 16 June 2026, provides regulatory fines and other measures for violations relating to the unauthorized use, unlawful disposal, damage, and misappropriation of state assets.

Some of the key highlights are outlined below.

Fines for failure to pay state land lease and concession fees

If the land lease or concession agreement does not specify a penalty for late or non-payment, the following fines apply to the outstanding amount:

- First violation: 10% per month of the outstanding payment
- Second violation: 20% per month of the outstanding payment
- Third and subsequent violations: 30% per month of the outstanding payment

Fines for failure to pay royalties on the use of natural resources

The applicable penalties vary depending on the type of resource involved, as seen below:

- **Mineral resource royalties, including those relating to construction activities:**
  - First violation: 10% per month of the unpaid royalty
  - Second violation: 20% per month of the unpaid royalty
  - Third and subsequent violations: 30% per month of the unpaid royalty
- **Forestry resource royalties, including those relating to forestry activities and non-timber forest products**
  - First violation: 200% of the unpaid royalty
  - Second violation: 300% of the unpaid royalty
  - Third and subsequent violations: 400% of the unpaid royalty
- **Natural water resource royalties (manufacturing and service activities)**
  - First violation: 200% of the unpaid royalty
  - Second violation: 300% of the unpaid royalty
  - Third and subsequent violations: 400% of the unpaid royalty

Incorrect royalty declarations

The decree imposes penalties where a person incorrectly declares royalty information, including about the amount, quantity, quality, category, or type of natural resource used. The fines are calculated based on the amount of royalties affected by the incorrect declaration, as follows:

- First violation: 200% of the affected royalty amount
- Second violation: 300% of the affected royalty amount
- Third and subsequent violations: 400% of the affected royalty amount

Unauthorized use of state assets

Unauthorized use of state assets that causes damage is subject to the following fines:

- First violation: 100% of the value of the damage
- Second and subsequent violations: 200% of the value of the damage

Misappropriation of state assets

Individuals, legal entities, and organizations entrusted with the management or use of state assets that treat such assets as their own, or transfer, exchange, assign, contribute them as capital, or use them as collateral for their own benefit or the benefit of others, are subject to the following fines:

- First violation: 100% of the asset value
- Second and subsequent violations: 200% of the asset value

Unlawful disposal of state assets

The unlawful buying, selling, or transfer of state assets is subject to the following fines:

- **Equipment and vehicles**
  - First violation: 20% of the asset value
  - Second and subsequent violations: 30% of the asset value
- **Natural resources and state lands**
  - First violation: 100% of the asset value
  - Second and subsequent violations: 200% of the asset value

Damage to state assets

Causing damage to state assets, including buildings, structures, vehicles, equipment, and natural resources, is subject to the following fines:

- First violation: 100% of the value of the damage
- Second and subsequent violations: 200% of the value of the damage

Other measures

In addition to administrative fines, the decree sets out other enforcement measures, which depend on the nature and seriousness of the violation. These include disciplinary measures, warnings, the requirement to adhere to a memorandum of compliance, and in serious cases, seizure of the assets used in the commission of the violation, suspension or revocation of business licenses, and the termination of state land lease or concession agreements.

Labor

*Decision No. 2309 dated 11 June 2026 issued by the Ministry of Labor and Social Welfare on the "**Management of Agricultural Labor**"*

This decision sets out rules governing labor in the agricultural sector, including for crop cultivation, animal husbandry, forestry, irrigation, fisheries, and the processing of agricultural and forestry products.

It adopts many provisions already set out in the Labor Law No.43 dated 24 December 2013, while also introducing several sector-specific rules for agricultural workers, particularly regarding employment categories, verbal employment contracts, termination, wage payment, and social security participation. These provisions better reflect the practical workforce arrangements commonly adopted and practiced in the agricultural sector.

Some of the key highlights are summarized below.

Categories of agricultural labor

In addition to permanent and seasonal employees recognized under the Labor Law, the decision recognizes the following categories of agricultural workers:

- **Daily labor:** Workers engaged on a daily basis and paid daily wages. Where a daily worker is continuously employed for more than 90 days, the employment is deemed to be permanent.
- **Piece-based labor:** Workers paid based on the quantity of products manufactured or produced.
- **Subcontracted labor:** Workers engaged to complete a specific task within an agreed period for an agreed payment.

Verbal employment contracts

A verbal employment contract is permitted where employment is for a period of less than one month at a wage that is less than the statutory minimum wage.

Evidence of the verbal agreement must be retained, including video recordings, audio recordings, text messages, witness statements, or other supporting evidence.

Termination of employment

For daily and seasonal workers, either party may terminate the employment contract before or on the wage payment date, provided that the employer pays all outstanding wages, overtime pay, holiday pay, and other benefits due to the worker.

For subcontracted workers, either party may terminate the employment contract by giving at least five days' prior notice before completion of the work. The employer must pay for work completed in accordance with the employment contract.

Wage payment

The wages of daily workers, piece-based workers, and subcontracted workers are determined by mutual agreement, taking into account the nature of the work and prevailing wage levels.

The decision also provides that:

- Monthly wages must be paid no later than the seventh day of the following month.
- Daily workers may be paid daily, weekly, twice monthly, or on an hourly basis for partial-day work.
- Wages may only be paid in cash with the employee's consent.

Social security participation

Employers are required to encourage daily workers, piece-based workers, and subcontracted workers engaged for more than one month to participate in the National Social Security Scheme on a voluntary basis.

Commerce

> *Decision No. 2315 dated 16 July 2026 issued by the Ministry of Industry and Commerce ("**MOIC**") on "**Distribution of Fuel by Mobile Vehicle**"*

This decision regulates the retail sale of fuel, including diesel, gasoline, and biofuel, from a mobile fuel vehicle directly to customers at approved locations, including sites where fixed fuel station access may not be available. The decision applies to legal entities engaged in the import-export, wholesale, or retail distribution of fuel that hold the relevant business operation license in the Lao PDR.

Eligibility and operating preconditions

An applicant must be a legal entity that already holds a business operation license for the relevant fuel activity. Before mobile distribution may be undertaken, the operator must satisfy the following conditions:

- Hold the relevant fuel import-export or domestic fuel distribution business operation license;
- Use more than 10 mobile fuel vehicles that meet the applicable technical standards;
- Install GPS and a fuel quantity management, monitoring, and recording system capable of connecting with the MOIC's system;
- Have a fuel purchase and sale agreement with the customer; and
- Use a sales location that has been certified by the competent fire prevention and firefighting authority in accordance with the applicable sector requirements.

Requirements for the sales location

The mobile fuel sales location must meet all of the following conditions:

- **Area that is away from ignition risks**: The area must be adequately ventilated and at least 30 meters away from sources of flame, fire, or heat.
- **Safe siting**: The location must not be in a congested or residential area or within a residential building. It must be away from public traffic routes and situated in an open parking area.
- **Controlled sales area**: The sales point must have a clearly defined boundary and warning signage.
- **Fire response equipment**: Appropriate fire prevention and suppression equipment, including fire extinguishers, must be available at the sales point.
- **Environmental safeguards**: A system must be in place to prevent pollution from fuel spills, in accordance with natural resource and environmental requirements.

Application for a mobile fuel distribution permit

A fuel importer-exporter or distributor wishing to undertake mobile fuel distribution must submit an application to the Department of Internal Trade of the MOIC ("**DIT**"). The application file should comprise:

- A completed application form
- A copy of the entity's enterprise registration certificate
- A copy of the business operation license for fuel import-export or domestic fuel distribution
- A copy of the certificate confirming the mobile fuel vehicle's compliance with technical and safety standards;
- A copy of the certificate confirming the mobile fuel vehicle's compliance with fire prevention and firefighting standards
- A copy of the certificate for the applicable dispensing and measurement standards and equipment
- A copy of the certificate confirming installation of GPS and a fuel quantity management, monitoring, and recording system that is able to connect to the MOIC's system
- A fuel purchase and sale agreement identifying the customer or relevant operating site, such as a factory, project, construction site, or agricultural production area, together with the proposed supply schedule

Review and approval process

Upon receipt of a complete application package, the DIT will review and issue the mobile fuel distribution permit within 10 working days. If the application file is incomplete or incorrect, the authority will notify the applicant within three working days so the deficiencies can be corrected.

If the DIT determines it issue a permit, it will notify the applicant in writing of the reasons for the denial within five working days from the application receipt date.

Permit and validity

The mobile fuel distribution permit is valid for three years and is renewable. The permit is separate from the operator’s underlying business operation license for fuel activities.

A renewal application must be submitted at least 30 days prior to the expiry date.

Notification before sales and changes of location

Before commencing mobile fuel distribution at an approved sales location, the operator must provide written notice to the relevant provincial or Vientiane Capital Department of Industry and Commerce at least three working days before commencing sales.

Operators must provide written notification to the relevant provincial or Vientiane Capital Department of Industry and Commerce of any proposed change or relocation of an approved sales location at least five working days before the proposed change or relocation. Without such notification, operators are prohibited from going forward with the change or relocation.

Operators’ obligations following approval

Once permitted, operators must comply with the conditions of their permit and the approved sales location. The decision also requires operators to:

- Maintain the permits and certificates required for the activity and present them for inspection.
- Sell only at the location and during the period covered by the approval and customer agreement.
- Comply with fuel pricing requirements and display the retail fuel price clearly.
- Ensure the quality and quantity of fuel supplied to customers.
- Maintain the vehicle, dispensing equipment, measuring devices, GPS, and monitoring systems in good working condition.
- Use trained personnel and provide occupational safety equipment and fire safety equipment to workers.
- Maintain records and report the mobile fuel distribution activity to the DIT as required.
- Facilitate inspection by the competent authorities.

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Import-Export

> Notification No. 115/2026 dated 6 July 2026 issued by the Ministry of Finance and Revenue on the "**Export and Import Compliance Procedure**"

This notification adopts a consolidated compliance mechanism for both exports and imports by revoking the compliance procedure for the importation of goods (2017) and three amendments to that procedure (2023, 2025, and 2026).

Regulations Applicable to Exports and Imports

Prohibited goods and restricted goods

Prohibited goods are not allowed to be exported or imported. Restricted goods and other exportable or importable goods can be exported or imported only with approval per the applicable export and import laws.

Exportation of goods

To export goods, all required documentation, such as export licenses, permits and declarations, must be provided and the goods must be in line with the description and specified quantity and quality of that documentation (the "**Export Documentation**").

The table below provides the main penalties imposed for exporting goods without Export Documentation or that do not match the Export Documentation.

No.	Offense	Penalty	Remark
1	Misrepresentation of country of origin for general goods	1/48 of the goods' assessable value	Re-exportation is permitted after the monetary fine has been paid.
2	Misrepresentation of country of origin for cut-make-pack products	1/360 of the goods' assessable value	The re-exportation is permitted after the monetary fine has been paid.
3	Quality and measurement inconsistencies	1/180 of the goods' assessable value	Re-exportation is permitted after the monetary fine has been paid and the

No.	Offense	Penalty	Remark
			inconsistencies have been rectified.
4	Exportation without Export Documentation	Confiscation	-

Importation of goods

Importers are required to ensure compliance with the following provisions:

- **Trademark and country of origin**: Goods imported must bear a duly registered trademark and country of origin statement.
- **Required import documentation**: Goods must be imported with all required documentation, such as import licenses, permits, and declarations, and be in line with the description and specified quantity and quality of that documentation (the "**Import Documentation**").
- **Timing requirements**: Goods imported must not arrive before the import licenses and permits have been issued or after the import licenses and permits have expired.
- **Vehicles and machinery**: The model years for vehicles and machinery must be in accordance with those specified by the Ministry of Commerce.

The table below provides the main penalties imposed for goods that are imported in violation of the importation regulations.

No.	Offense	Penalty
1	Importation without registered trademarks	▪ For vehicles and machinery, confiscation. ▪ For goods, 100% of the goods' assessable value *Note: If the trademark is verifiable based on the supporting documents, the monetary fine will not be applicable.*
2	Importation without a country of origin description	▪ For vehicles and machinery, confiscation. ▪ For goods, 50% of the goods' assessable value *Note: If the country of origin is verifiable based on the supporting documents, the monetary fine will not be applicable.*
3	Importation without the Import Documentation	▪ For commercial vehicles, trailers and private vehicles, confiscation. ▪ For electronic goods, 300% of the goods' assessable value ▪ For vapes, cigarettes, and beer, confiscation

No.	Offense	Penalty
4	The model years of vehicles and machinery are not in accordance with those specified by the Ministry of Commerce	Penalties ranging from a monetary fine of 1/24 of the assessable value to confiscation.
5	Arrival before the import licenses and permits have been issued	▪ For the first 15 days – the goods will be held by customs. ▪ If the issue continues, in addition to the hold, graduated fines will be imposed up to the 60th day. ▪ After 60 days, the goods will be confiscated.
6	Arrival after the import licenses and permits have expired	▪ For the first 7 days – the goods will be held by customs. ▪ If the issue continues, in addition to the hold, graduated fines will be imposed up to the 30th day. ▪ After 30 days, the goods will be confiscated.

An appeal may be filed under the Sea Customs Act or the Revenue Appellate Tribunal Law by anyone who is dissatisfied with the decisions or orders made by the Customs Department.

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