



Laos

WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	No
Is the preparation of TP documentation advisable, e.g. to avoid penalties?	Yes
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	No. In practice, TP policies of MNC can be a great support in terms of documentation and explanation for intragroup service pricing justification. Yet, to date, the Tax Authority does not have the capacity to read and manage such high-level detailed documentation and only few parts of it might reveal usable during tax audits. No reference to OECD guidelines is made in internal tax regulations.
Does your country apply the arm's length standard?	Yes
Which TP methods may be applied?	comparable method
Are any TP methods preferred over others?	comparable method
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
2. Master File (MF)	
Not implemented	
3. Local File (LF)	
Not implemented	
4. Country-by-Country Reporting	
Not implemented	
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
5. TP disclosure in tax return or transfer pricing specific returns	
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 transfer pricing, 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 provide sanctions varying from re-education, fine and imprisonment for advisor/auditor/accountant/administrator in case of infringement of accounting regulation, and in particular in case of misstatements in financial reporting.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments	
Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	Yes. Tax Law requests taxpayers to proceed to adjustment of their financial reporting when computing their corporate income tax liability. In that extent, any intragroup transaction (financial and operation) shall be adjusted for tax calculation on the basis of guidance given by Tax Law (rates, threshold admission) or on arm's length principle basis.

8. Transfer Pricing 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

Your contact person:

Ms. Daodeuane Duangdara
 daodeuane.duangdara@vdb-loi.com
 T: +856 21 454 679