

LEGAL AND TAX DIGEST

BANGLADESH

LAOS

MYANMAR

Legislative developments – January 2025



BANGLADESH



Banking and Finance

FEPD Circular No. 11 dated 30 January 2025 issued by the Foreign Exchange Policy Department of the Bangladesh Bank on “Guidelines for the Offshore Banking Business of Scheduled Commercial Banks in Bangladesh”

Under the authority granted by the Offshore Banking Act, 2024, the Bangladesh Bank has established a set of guidelines for conducting offshore banking activities in Bangladesh, as detailed below.

Only scheduled banks operating in Bangladesh with a valid license from the Bangladesh Bank are permitted to engage in offshore banking activities.

Offshore banking operations must be conducted through an offshore banking unit (“**OBU**”) of a scheduled bank. Any scheduled commercial bank intending to operate offshore banking activities in Bangladesh must obtain an OBU license from the Bangladesh Bank.

Upon receiving the license, the head office or principal office of the scheduled commercial bank must provide written notification of the commencement of OBU operations to a number of different departments within the Bangladesh Bank within seven days of starting operations.

OBUs are permitted to conduct transactions in freely convertible currencies as declared by the Bangladesh Bank under Article 18 of the Bangladesh Bank Order, 1972 (President’s Order No. 127 of 1972).

FEID Circular No. 01 dated 27 January 2025 issued by the Foreign Exchange Investment Department of the Bangladesh Bank on the “Issuance to Non-Residents of Ordinary Shares of Private/Public Limited Companies Not Listed on Stock Exchanges”

As per Paragraph 2(A), Chapter 9 of the Guidelines for Foreign Exchange Transactions 2018 (“**GFET-2018**”), Volume 1, any issuance of shares in favor of non-residents against freely convertible foreign exchange remitted through the banking channel must be reported to the Foreign Exchange Investment Department (“**FEID**”) of the Bangladesh Bank within 14 days.

To further facilitate foreign direct investment, authorized dealers (“**ADs**”) will now be responsible for scrutinizing the relevant documents for share issuances amounting to up to BDT 1 million in a resident company against cash consideration. Upon completion of the review, the ADs should submit a declaration letter in the format prescribed in Annexure A within 14 days of such issuance to the FEID.

ADs must comply with the provisions outlined in Paragraphs 2(A) and 2(C), Chapter 9, Volume-1 of the GFET-2018, as well as any subsequent circulars. They should pay particular attention to the following:

- a. The foreign exchange must be remitted from abroad before shares are issued.
- b. Shares may only be issued against foreign exchange received through the banking channel.
- c. ADs must verify, using relevant documents, that the remittance is intended for equity investment.
- d. ADs and clients must retain the encashment certificate in the format of Appendix 5/39 or 5/40, with the Foreign Exchange Transaction Reporting ID generated through the Bangladesh Bank Online Inward Remittance Monitoring System duly inscribed.
- e. The residence status of shareholders and the source country of funds must be confirmed through appropriate documentation.

The issuance of shares must be reported to the FEID in accordance with Paragraph 2(A), Chapter 9 of the GFET-2018 when the cumulative value of shares issued to a non-resident shareholder and/or all non-resident shareholders exceeds BDT 1 million. For shares issued against imported capital machinery, ADs are required to submit the application to the Bangladesh Bank.

*FEPD Circular No. 09 dated 26 January 2025 issued by the Foreign Exchange Policy Department of the Bangladesh Bank on “**Forward Sales and Purchases in Foreign Currency**”*

To ensure orderly discipline in the foreign exchange market, it has been decided that authorized dealers (“ADs”) may apply a forward premium not exceeding the policy rates of the respective currencies (e.g. US dollar: federal funds rate; euro: main refinancing rate; British pound: bank rate; Japanese yen: overnight call rate; Chinese yuan: loan prime rate, etc.). These rates will be for that of the banking day immediately preceding the first day of the deal period for forward transactions with customers and/or relevant counterparties.

The specified forward premium will be applied alongside the declared spot rates for both forward sales and purchases. In the case of early settlement of forward contracts, the premium must be adjusted according to the actual tenure.

As a result, FE Circular No. 16 dated 24 September 2023 and FE Circular Letter No. 12 dated 26 September 2023 are hereby repealed.

ADs are instructed to ensure strict compliance with these directives across all of their AD branches and central processing centers. Any non-compliance will be subject to punitive actions, including financial penalties, under the relevant regulations, such as the Foreign Exchange Regulation Act, 1947 and the Bank Company Act, 1991.

BRPD Circular No. 01 dated 2 January 2025 issued by the Banking Regulation and Policy Department of the Bangladesh Bank on the “L/C Margin for Importing Cars”

To improve the city's air quality, the Bangladesh Bank is encouraging the use of electric and hybrid vehicles due to their fuel efficiency and environmental advantages. In light of improved foreign exchange reserves and dollar inflows, the central bank has reduced the cash margin requirement for opening letters of credit (“LCs”) to import such vehicles.

Under the new policy, banks can facilitate the import of fully electric and hybrid cars with an LC margin determined by the bank-client relationship. However, for other vehicles, including sedans, SUVs, and MPVs that are not fully electric or hybrid, a 50 percent cash margin will be required. This directive will take effect on 1 February 2025.

LAOS



Foreign Currency

Decision No. 11/BOL dated 3 January 2025 issued by the Bank of the Lao PDR on the “Use of Foreign Currency in the Lao PDR”

This decision provides further guidelines on the use of foreign currency as regulated under the Law on Foreign Currency Management No. 15/NA dated 7 July 2022 and the Order on Implementing Foreign Currency Management No. 10/PM dated 17 July 2023.

TYPE OF FOREIGN CURRENCY UTILIZATION

The decision outlines three types of foreign currency use in the Lao PDR, as follows:

1. The pricing, labeling, and advertising of fees for goods and services, and other fees. However, Lao Kip (“**LAK**”) should be featured as the primary currency, with foreign currency provided as a secondary currency.
2. The paying or receiving of fees relating to goods, services, and others fees in the Lao PDR, including, but not limited to:
 - a. fees relating to goods and services supplied to exporters having revenue in foreign currency – this is referred to as the “global supply chain.”
 - b. visa fees or other payment obligations in connection with the entry into and exit out of the Lao PDR.
 - c. cross-border activities relating to transportation, insurance, and warehousing.
 - d. loan interest, fees, and other expenses in connection with commercial bank services.
 - e. dry-port, hotel, tourism, and casino service fees.
 - f. payment obligations with the government of the Lao PDR.
 - g. grant-in-aid.
 - h. other fees that are approved by the Bank of the Lao PDR.
3. The pricing structure for imported goods and services can be based on foreign currency, but local products and services that do not use any means of production imported from overseas must be priced under a pricing structure based solely on LAK

APPROVAL TO USE FOREIGN CURRENCY

The decision specifies that the target group permitted to use foreign currency are entities that conduct international business or organizations that participate in international operations.

The decision also classifies the above target group into two categories: those that require approval to use foreign currency in the Lao PDR from the Foreign Currency Management Department (“FCMD”) of the Bank of the Lao PDR and those that do not require approval.

The group that requires approval from the FCMD to use foreign currency, includes, but is not limited to:

- Exporters or concessionaires and lessees who have payment obligations with the government of the Lao PDR in foreign currency (only paying).
- Cross-border business operators (pricing, labeling, advertising, and receiving).
- Entities that have obligations to make payments to overseas and to provide goods and services to exporters that have export revenue in foreign currency (pricing and receiving).
- Insurance business operators offering coverage internationally, such as travel insurance and reinsurance (pricing and receiving).
- Tourism business operators (pricing, advertising, and receiving).
- Casino business operators (only receiving).

The group that is exempt from requiring approval from the FCMD to use foreign currency in the Lao PDR includes:

- Governmental authorities on the issuance of monetary policy instruments.
- Governmental authorities or organizations, state enterprises, and embassies or consulates for fees relating to visa fees, payment obligations in connection with the entry into and exit out of the Lao PDR, and grant-in-aid (pricing, labeling, advertising, granting, paying, and receiving).
- Commercial banks (pricing, labeling, advertising, paying, and receiving).
- Lodging services, such as hotels, resorts, or inns (pricing, labeling, advertising, and receiving).
- International bidding projects (pricing, paying, and receiving).

APPLICATION

The application for approval of the use of foreign currency issued by the FCMD must include the following information:

- Request letter explaining the reasons for using the foreign currency
- Copies of the following corporate certificates and licenses:
 - Enterprise registration certificate
 - Investment license or business operation license
 - Tax payment certificate from the previous year
 - Annual plan of revenue and expenses in LAK and foreign currency and the estimated level of foreign currency that will be exchanged with commercial banks in the Lao PDR
- Other documents that might be requested by the FCMD on a case-by-case basis

The approval is valid for 12 months from the date of issuance and is renewable 30 days prior to its expiry date. The approval will be issued within 10 working days—special circumstances (urgent requests) can be considered if reasonable grounds are provided. The issued approval must be collected within 10 working days, or it will be cancelled.

The application for the renewal must include the following documents:

- Request letter explaining the reasons for using foreign currency
- Copies of the following corporate certificates and licenses:
 - Tax payment certificate from the previous year
 - Annual plan of revenue and expenses in LAK and foreign currency and the estimated level of foreign currency that will be exchanged with commercial banks in the Lao PDR
 - Evidence of money exchanged with the commercial banks in the previous year
 - Bank statements for the foreign currency bank account for the previous year
- Other documents that might be requested by the FCMD on a case-by-case basis.

PENALTIES

The decision outlines penalties for violations, as follows:

- Educated (for a first offense), if the violation continues, a fine of between LAK10 million and LAK20 million for a violation where the value cannot be determined or the value is lower than LAK100 million or equivalent.
- Educated (for a first offense), if the violation continues, a fine of 5% of the value of the violation, but not less than LAK20 million, for violations having a value of more than LAK100 million or equivalent.
- First violation with a value of LAK100 million or more will be fined 3% of the value of the violation, but not less than LAK15 million.
- For repeat violations, the fine will be double the last fine.
- In the event of a second violation, the approval of the use of foreign currency will be cancelled and it will be published in the media.

MYANMAR



Cybersecurity

Law No. 1/2025 dated 1 January 2025 enacted by the State Administration Council (“SAC”) on “Cybersecurity Law”

Following the adoption of the Cybersecurity Policy by the Ministry of Transport and Communications in March 2023, the Cybersecurity Law was enacted by the SAC in January 2025 to protect the nation’s critical infrastructure and online activities against cyber threats and ensure a secure environment for the development of the digital economy. The law will enter into effect on the date that the President of Myanmar determines by official notification.

The law expressly provides for two types of jurisdiction, as below:

- **Territorial jurisdiction** over offenses punishable under this law that are committed by any person:
 - (i) in Myanmar, or on board a vessel or aircraft registered under the existing laws of Myanmar; and
 - (ii) within the nation’s cyberspace or other cyberspaces connecting to the nation’s cyberspace.
- **Extraterritorial jurisdiction** over offenses punishable under this law that are committed by Myanmar citizens in a foreign country.

The key points of the law are provided below:

Regulatory authorities

A hierarchical level of committees will be formed to regulate cybersecurity activities that fall under the scope of this law.

The ministries and departments that are mainly responsible to implement the provisions of the law have not yet been specified. However, it mentions that the relevant ministries and organizations are the Ministry of Defence, Ministry of Home Affairs, the Central Bank of Myanmar, and other Union ministries or organizations as designated by the Union Government.

Licensing for cybersecurity service providers

Cybersecurity service providers must be registered under the Myanmar Companies Law and obtain a cybersecurity service license from the to-be-specified responsible government department.

The validity period of a cybersecurity service license will range from 3 to 10 years, depending on the decision of the issuing department.

Registration of digital platform service providers

Digital platform service providers that have 100,000 or more users in Myanmar must be registered under the Myanmar Companies Law and obtain a digital platform service registration certificate from the to-be-specified responsible government department.

The validity period of a digital platform service registration certificate will also range from 3 to 10 years depending on the decision of the issuing department.

Requirement for provision of a virtual private network

The law requires that any person that wishes to establish a virtual private network (“VPN”) or provide VPN services in the national cyberspace obtain the approval of the to-be-specified ministry.

Investigative mechanism against cybercrimes, cyberattacks, cybersecurity threats and cyber misuses

With the technological assistance of digital forensics laboratories established by the relevant authorities, the investigation unit formed under this law will conduct intensive investigations into cybercrimes, cyberattacks, cybersecurity threats, and cyber misuses.

The report and opinion of the digital forensics laboratory will be considered expert evidence in legal proceedings regarding cybercrimes.

If any dispute arises from the admissibility of electronic evidence, the evidence in question must be sent to the National Digital Forensics Laboratory. In this case, the report and opinions of the National Digital Forensics Laboratory is final and conclusive.

Penalties

There are various penalty provisions in the law, including the following:

- **For cybercrimes relating to national critical information infrastructure:** Imprisonment for a term of from six months to three years, or a fine ranging from MMK5 million to MMK20 million, or both.
- **For cyberfraud:** Imprisonment for a term of from two to seven years and a fine.
- **For the unapproved establishment of online gambling:**
 - If the offender is an individual, imprisonment for a term of from six months to one year, or a fine ranging from MMK5 million to MMK20 million, or both, and confiscation of the assets used for such violation.

- If the offender is an entity, a fine of not less than MMK20 million and confiscation of the assets used for such violation.
- **For the provision of unlicensed cybersecurity services:** A fine of not less than MMK10 million and confiscation of the assets used for such violation.
- **For provision of unregistered digital platform services by a digital platform service provider that has 100,000 users in Myanmar:** A fine of not less than MMK100 million and confiscation of the assets used for such violation.
- **For the unauthorized establishment of a VPN:**
 - If the offender is an individual, imprisonment for a term of from one to six months, or a fine ranging from MMK1 million to MMK10 million, or both, and confiscation of the assets used for such violation.
 - If the offender is an entity, a fine of not less than MMK10 million and confiscation of the assets used for such violation.

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