VDB | Loi

LEGAL AND TAX DIGEST

BANGLADESH
LAOS
MYANMAR

Legislative developments – **August 2026**

BANGLADESH

Banking and Finance

*FEPD-1 Circular No. 27 of 2026 dated 4 August 2026 issued by the Foreign Exchange Policy Department-1 on "**Import Declaration Requirements for Intercompany Dealings**"*

The circular revises import and export declaration requirements for intercompany transactions. Importers dealing with parent companies, subsidiaries, or branch offices abroad are no longer required to declare that there is no connection with exporters under clause 1(c) of the import form (IMP Form). Instead, they must certify that transactions are conducted on an arm's length basis, reflect competitive market prices, and comply with transfer pricing rules, anti-money laundering/combating the financing of terrorism standards, and other applicable laws. Authorized dealers must obtain this declaration, verify the legitimacy of the intercompany relationships, and ensure compliance. The same framework applies, with the appropriate changes, to export transactions, modifying relevant provisions of Circular No. 26 (July 30, 2026). Other instructions remain unchanged.

*FEPD-1 Circular No. 31 of 2026 dated 27 August 2026 issued by the Foreign Exchange Policy Department-1 on "**Issuance of Bank Guarantees/SBLCs on Behalf of Resident Entities in Favor of Local Project Authorities**"*

Through this circular, the Bangladesh Bank has permitted authorized dealers ("ADs") to issue foreign currency bank guarantees and standby letters of credit ("SBLCs") on behalf of resident entities acting as strategic partners, local agents, or authorized representatives of foreign companies awarded contracts through international tenders in Bangladesh. Such issuance is subject to the existence of a bona fide contractual/commercial relationship with the foreign contractor, adequate collateral or countersecurity, and contractual provisions ensuring reimbursement of liabilities arising from the guarantee/SBLC. ADs must comply with applicable credit, risk management, and prudential requirements, including exposure limits and approval procedures. In the event of invocation, claims are to ordinarily be settled in Taka equivalent. At the same time, foreign currency settlement may be made through Real-Time Gross Settlement (RTGS) where specifically required under the relevant tender or contract documents.

Authors and Contacts

Habibullah Shakil
Legal Advisor
habibullah.shakil@vdb-loi.com

Osman Goni
Partner
osman.goni@vdb-loi.com

LAOS

Public Works and Transport

*Decision No. 17555/MPWT dated 27 July 2026 issued by the Ministry of Public Works and Transport ("**MPWT**") on "**Public Works and Transport Business Licenses**"*

This decision provides regulations and management guidelines on applying for a business license for a public works and transport-related business. This decision replaces the 2025 version, with most of the changes relating to the responsible authorities.

Some of the key changes are outlined below.

Definition

The term "highway-related business" used in the previous decision has been replaced with the term "bridge-and-road construction business," although the definition remains the same.

Controlled list applications

Under this new decision, applicants must submit their applications to the one-stop service point and the technical department responsible for the relevant business type. Each relevant department appoints its own business-specific investment service committee, coordinates with other relevant sectors, and reports the application to the Minister of the MPWT for direction.

Under the previous decision, applications were submitted to the investment unit, and the ministry-wide one-stop investment service committee coordinated the review with the relevant departments and other sectors before reporting to the Minister.

Controlled list licensing

The relevant technical department, division, or unit replaces the one-stop investment unit in receiving and doing a preliminary assessment of the application's completeness within two working days.

Following the initial assessment, the relevant technical department, division, or unit conducts a substantive review on the application, signs the license approval if all is in order, and forwards it to the Ministry Office within five working days.

After receiving the approval and comments from the relevant technical department, division, or unit, the responsible committee of the Ministry Office will review and report to the Minister for ministerial direction and approval within five working days. The relevant technical department, division, or unit will then issue the license to the applicant within three working days after the Minister approves it.

Overall, the process will take 15 working days from the date the relevant authority receives a complete application. If the application is rejected at any stage, the applicant will be notified in writing of the reason within three working days of the rejection date.

Non-controlled list applications and licensing

Under this new decision, applicants must submit their applications to the one-stop service point and the relevant department or responsible unit at the central, provincial, or district level. Following review by its technical committee, the relevant authority may issue the license without approval from the ministry-wide one-stop investment service committee.

Under the previous decision, applications were submitted to the one-stop investment unit at the central, provincial, or district level, and licenses were issued following consideration by the ministry-wide one-stop investment service committee.

Management, inspection, and institutional responsibilities

The authorities responsible for management and inspection under this decision are the Ministry Office, relevant ministry departments, provincial and Vientiane Capital Departments of Public Works and Transport, and district, municipal, and city Offices of Public Works and Transport.

Relevant technical departments now lead the substantive review, administration, and enforcement of licenses, with sanctions subject to the Minister's approval. The Ministry Office verifies the correctness and completeness of application documents, comments on applications, participates in sanction decisions, consolidates licensing data, and acts as the one-stop coordination point for incoming and outgoing documents.

This replaces the 2025 framework, under which these central functions were primarily assigned to the Department of Planning and Finance of the MPWT and the ministry-wide one-stop investment service committee.

Commerce

> *Decision No. 2378 dated 27 July 2026 issued by the Ministry of Industry and Commerce ("**MOIC**") on "**Industrial Machinery**"*

This decision sets out rules governing the importation, installation, use, registration, maintenance, mortgaging, transfer, and relocation of industrial machinery used in factories in the Lao PDR. It applies to domestic and foreign individuals, legal entities, and organizations operating all types of industrial factories under the Processing Industry Law.

Some of the key highlights are summarized below.

Importation of industrial machinery

Industrial machinery may be imported temporarily or permanently. Temporary importation is permitted for factory production for up to 180 days. After that, the machinery must be reexported, unless an extension is approved or the machinery is converted to permanent importation. An extension may be granted for 180 days at a time upon submission of written reasons to the industry and commerce authority.

Machinery imported for use in a factory must:

- Correspond to the production objectives stated in the factory's economic and technical feasibility study or factory operation certificate;
- Be new or, if used, be in good operating condition and have operating instructions and a machinery identification number; and
- Be included in the factory's annual operating plan approved by the industry and commerce authority.

Usage of industrial machinery

Industrial machinery must be installed in accordance with the machinery installation layout designed for the factory's production system, the applicable technical standards, and the layout contained in the factory's economic and technical feasibility study, and used consistently with the production objectives for which the industrial factory was authorized.

Registration of industrial machinery

Although this decision describes machinery registration as voluntary so that the machinery may be used as collateral or ownership may be certified for another purpose, it separately requires processing industry factories authorized to operate before this decision to apply for registration of their industrial machinery.

To qualify for registration:

- The machinery must have been permanently imported;
- Its installation must have been completed, or the factory must have been authorized to operate; and
- The applicant must own the machinery.

Upon receipt of a complete application, the industry and commerce authority will inspect the machinery within 15 days and publish a notice seeking objections within 15 days after the inspection. If no objection is filed, the authority will affix registration plates to the machinery and issue the machinery registration certificate within 10 working days. The certificate is valid for five years and may be renewed.

Mortgage and transfer

Registered industrial machinery may be mortgaged to a commercial bank or other financial institution, subject to the conditions imposed by that institution. The owner must notify the industry and commerce authority after the mortgage is created.

Before amending or cancelling the registration certificate of mortgaged machinery, or leasing, hire-purchasing, transferring, or selling it, the owner must obtain the mortgagee's prior written consent. A hire-purchase, transfer, or sale also requires a new registration application.

Maintenance, reporting, and relocation

Industrial factories must prepare an annual machinery maintenance, repair, and inspection plan and maintain a dedicated machinery management and maintenance unit with specialized technical personnel stationed at the factory.

The decision also requires factory operators and machinery owners to:

- Maintain an inventory and provide reports covering both registered and unregistered industrial machinery;
- Notify the registering authority within 30 days when registered machinery reaches the end of its useful life, deteriorates, is damaged or destroyed, or becomes unusable;
- Obtain approval for permanent relocation of machinery; and
- Notify the authority of a temporary relocation, which may last for up to 180 days, or when machinery is taken elsewhere in the Lao PDR or abroad for repair.

Banking and Finance

> *Decision No. 707 dated 5 August 2026 issued by the Bank of Lao PDR ("**BOL**") on "**Management of Cross-Border Loans**"*

This decision provides principles, rules, measures, and penalties concerning direct and indirect cross-border loans between individuals and legal entities in the Lao PDR and persons who are not domiciled in the Lao PDR.

Key highlights are outlined below.

Scope of application

This decision does not apply to cross-border borrowing or lending by regulated financial institutions such as commercial banks or non-bank financial institutions.

Approvals for direct loans

Individuals and legal entities resident in the Lao PDR must obtain approval from the BOL's Foreign Exchange Management Department ("**FEMD**") before receiving or providing a direct offshore loan. Commercial banks must see the approval before crediting incoming proceeds or processing an outward loan transfer or repayment.

Approval conditions are shown in the table below.

Applicant or issue	Borrower: receiving funds from abroad	Lender: providing funds abroad
Individual	**Amount:** Maximum of US$300,000 (or equivalent). **Interest rate**: Must be consistent with, or close to, the international market reference rate for the same tenor. (Note	**Funds:** Must be the lender's own foreign currency funds with a definite source; no borrowed funds allowed for on-lending. **Relationship:** The offshore borrower must be a legal entity with a direct business relationship to the lender, such as a parent, subsidiary, or group company, authorized

APPLICANT OR ISSUE	BORROWER: RECEIVING FUNDS FROM ABROAD	LENDER: PROVIDING FUNDS ABROAD
	that this decision does not specify which rate this is).	to invest abroad. (Although the meaning of "direct business relationship" is unclear, this decision may be referring to a legal entity in which the individual lender is a shareholder, investor, or beneficial owner). **Amount:** Maximum of US$200,000 (or equivalent).
Legal entity	**Capital:** Registered capital must be fully paid up. **Amount:** Maximum 75% of the total capital if revenue is in foreign currency, or 50% if revenue is in LAK. **Hedging:** If the loan will exceed the applicable capital limit above, it must obtain specific approval from the BOL to do so. In that case, hedging is required. **Interest rate:** Must be consistent with, or close to, the international market reference rate for the same tenor. **Currency:** The borrowing and repayment currencies must be the same.	**Funds:** Must be the lender's own foreign currency funds with a definite source; no borrowed funds allowed for on-lending. **Operating history:** At least three years. **Capital:** Registered capital must be fully paid up. **Bank activity evidence:** Account activity with a Lao commercial bank for the previous six months; the balance for each of the last two months must be at least twice the proposed loan amount.
Additional thresholds/ approvals	**US$100m exposure:** If existing outstanding debt plus the new tranche is at least US$100 million, accounts must be audited by an internationally-recognized external auditor. **State-owned enterprises:** Ministry of Finance approval is also required for a non-government-guarantee offshore loan.	**US$50m loan:** No additional substantive condition is stated, but there is additional three-year financial evidence required in the application package (see the supporting documents table below).

Supporting documents for direct loans

The required supporting documents to apply for approval from the FEMD are provided in the table below.

DOCUMENT CATEGORY	BORROWER: RECEIVING FUNDS FROM ABROAD	LENDER: PROVIDING FUNDS ABROAD
Main filing	Application form and draft loan agreement **Corporate approval (for legal entities):** Shareholder or board resolution **Applicant records:** Enterprise registration certificate and relevant business operating license, investment license, and/or concession agreement (if any)	
Transaction plans	**Funds-in plan:** Plan for bringing the loan into the Lao PDR **Use and repayment:** Use-of-proceeds and repayment plan **Cash flow:** Borrower income and expenditure plan	**Remittance:** Outward remittance plan **Repayment:** Plan for receipt of repayments
Financial/ bank evidence	**US$100m exposure:** Audited accounts by an internationally-recognized external auditor, where existing outstanding debt plus the new tranche reaches this threshold.	**Bank statements:** Previous six months. **US$50m loan:** Audited financial statements from an internationally-recognized external auditor for the previous three years.
Project/ relationship evidence	**Nationally important project**: National Assembly Standing Committee resolution for a project value of at least US$100 million.	**Business relationship:** Evidence of the direct relationship between the lender and the offshore borrower.
Other conditional documents	**Foreign investment:** Latest capital importation certificate **Previous approval:** Prior direct borrowing approvals and attachments **Representative filing:** Power of attorney	**Foreign investment:** Latest capital importation certificate **Previous approval:** Prior direct lending approvals and attachments **Representative filing:** Power of attorney

Application review timeline and fees for direct loans

ITEM	TIMING/AMOUNT	REMARKS
Standard review	15 working days	Is counted from the date of receipt of a correct and complete submission.
Loan of at least US$50 million	15 working days, potentially extended by up to 30 days	Extension may apply if more information or an on-site inspection is needed.

ITEM	TIMING/AMOUNT	REMARKS
Project awaiting National Assembly concession approval	In-principle letter within 15 days; final approval within 10 days after receipt of the concession agreement	Applies to projects where the concession agreement still requires National Assembly approval.
Application review charge	LAK2 million standard; LAK10 million for expedited	Expedited review is within seven working days.
Approval issuance fee	0.01% of the loan amount, capped at US$10,000 (or equivalent)	Payable when the approval letter is collected.

The FEMD may request further documents or explanations. It may reject an application if the conditions are not met, the annual private sector external debt ceiling would be exceeded, or the loan could create domestic monetary pressure or affect monetary stability.

Direct loan amendments and cancellations

ITEM	REQUIREMENT/DOCUMENT	TIMING/FEES
Application for amendment	**Application:** FEMD amendment application form and the approval letter to be amended **Updated documents:** Copy of the newly agreed loan agreement and an updated loan activity plan covering funds-in, outward remittances, and repayments	**Filing deadline:** Within five working days from the date of the change
Plan changes	Amendments to the funds-in, outward remittance, or repayment plan	**FEMD review:** Five working days **Fee:** LAK1 million
Changes to the loan agreement or other changes	Amendments to the loan agreement or other matters prescribed by the FEMD	**FEMD review:** 15 working days **Fee:** LAK2 million for an amendment to the loan agreement terms
Cancellation by request	The approved person/entity applies based on the lender's consent or a shareholder or board resolution, as applicable. All obligations connected with the loan must be fully performed before cancellation.	No specific review period or cancellation fee is stated.
Cancellation by loan-to-equity conversion	A shareholder or board resolution approves conversion of the loan into equity.	

Post-approval obligations for direct loans

- **Borrower obligations:**
  - **Signed agreement:** Submit a copy to the FEMD within 10 working days after signing.

- **Funds-in and conversion:** Bring in the full proceeds through the approved account, identify the purpose as cross-border borrowing, and on arrival, exchange at least 10% with the receiving bank. The conversion does not apply to debt restructuring loans.
- **Repayment route:** Repay principal and interest through the deposit account used to receive the loan.
- **Monthly reporting:** Report monthly disbursements, incoming funds, and repayments within the first 10 working days of the following month, using the FEMD form.
- **Annual reporting:** Submit annual financial statements with the FEMD until the loan agreement terminates. We note that unlike the lender requirement, this decision does not specify that the financial statements need to be audited. This may change if further clarifications are issued.

▪ **Lender obligations:**
- **Signed agreement:** Submit a copy to the FEMD within 10 working days after signing.
- **Transfer route:** Remit the loan funds and receive repayments through the account named in the approval, following the approved remittance and repayment receipt plan, and identify the transfer purpose as cross-border borrowing.
- **Repatriation:** Bring all outstanding principal and interest back into the Lao PDR within 30 days after the agreement's maturity date.
- **Monthly reporting:** Report monthly disbursements, outward remittances, and repayments received within the first five working days of the following month using the FEMD form.
- **Annual reporting:** Submit audited annual financial statements to the FEMD until the loan agreement terminates.

Indirect loans: bonds, trade credit, and guarantees

An individual or legal entity resident in the Lao PDR must obtain FEMD approval before issuing and selling bonds abroad, issuing a guarantee instrument, or providing or receiving trade credit with a term exceeding one year. Unlike direct loans, this decision does not prescribe separate financial or eligibility conditions for indirect loans.

Supporting documents for indirect loans

The required supporting documents to apply for indirect loan approval are provided in the table below.

DOCUMENT CATEGORY	REQUIRED DOCUMENTS	APPLIES TO
Main filing	Application form **Applicant records:** Enterprise registration certificate and relevant business operating license, investment license, and/or concession agreement (if any)	All indirect loan applications
Project/ investment evidence	**Nationally important project:** National Assembly Standing Committee resolution for a project value of at least US$100 million **Foreign investment:** Latest capital importation certificate	Where applicable

Document category	Required documents	Applies to
Prior approval/ representative	**Previous approval:** Prior indirect borrowing approval and attachments (if any) **Representative filing:** Power of attorney	Previously approved applicants and representative filings
Overseas bonds	**Securities approval:** Approval notice and certificate acknowledging the bond issuance and sale, issued by the Securities Commission Office **Transaction plans:** Bond issuance and sale plan, proceeds utilization plan, and principal and interest repayment plan	Issuance and sale of bonds abroad
Guarantees	**Agreement:** Draft guarantee agreement **Fee plan:** Plan for payment of the guarantee fee	Issuance of guarantees
Trade credit	**Agreement:** Draft trade credit agreement **Transaction plans:** Export or import plan for the relevant goods or services and plan for receipt or payment of the trade credit	Trade credit with a term exceeding one year

Application review timeline and fees for indirect loans

Item	Timing/Amount	Remarks
Review period	**Overseas bonds:** Five working days **Guarantees or trade credit:** 10 working days	Counted from receipt of a correct and complete submission. The FEMD may request further documents or explanations.
Application review charge	**Overseas bonds:** LAK10 million **Guarantee:** LAK1 million **Trade credit:** LAK1 million	Payable when the application is submitted.
Approval issuance fee	LAK1 million	Payable when the indirect borrowing approval letter is collected.
Amendment fee	LAK2 million for amendments to the transaction terms or instrument; LAK1 million for amendments to the funds-in, repayment, or outward-remittance plan	The amendment procedures and review periods for direct loans also apply for indirect loans.
Cancellation	Same framework as for direct loans.	

Post-approval obligations for indirect loans

- **Bond proceeds:** Bring the full amount raised into the Lao PDR in accordance with the approved plan and through the approved account, identifying the transfer purpose as cross-border borrowing.
- **Bond repayment route:** Repay each bond installment through the same account used to bring in the proceeds.
- **Bond reporting:** Report disbursements, incoming funds, and bond repayments within the first five working days of the following month using the FEMD form.
- **Trade credit and guarantees:** Make related payments through the approved account and report disbursements, incoming funds, payments, and performance of the agreement within the first five working days of the following month using the FEMD form.

Unlike the obligations for direct loans, the decision does not expressly require indirect borrowers to submit the signed transaction agreement or annual financial statements. Applicants should nevertheless follow any additional conditions stated in the approval letter.

Approval letter particulars

Both direct and indirect loan approval letters must state:

- The names of the lender and borrower;
- The loan amount, interest rate, agreement term, borrowing approval code, and borrowing purpose;
- Whether the funds are being brought into or remitted out of the Lao PDR;
- The repayment or repayment-receipt plan;
- The validity period based on the agreement term; and
- The commercial bank and transaction account number.

Penalties

- Borrowing or lending without FEMD approval may attract a fine equal to 10% of the loan agreement value.
- Other breaches may attract a LAK2 million fine, increasing to LAK10 million if the breach continues.
- For direct loans, failure to report for three consecutive months triggers a warning. A repeat can lead to a fine of 0.1% of the agreement value (capped at US$10,000 or equivalent) and denial of approval for the next application.

Commercial banks are subject to a fine of LAK20 million per transaction for processing unapproved cross-border loans, deviating from BOL-approved payment plans, or supplying customers with foreign currency for lending abroad.

Authors and Contacts

Khammanh Vathanaphone
Legal Associate
khammanh.vathanaphone@vdb-loi.com

Sornpheth Douangdy
Senior Counsel
sornpheth.douangdy@vdb-loi.com

MYANMAR

Construction

*Notification No. 118/2026 dated 27 August 2026 issued by the President's Office on "**Enforcement of the Construction Sector Development Law**"*

This notification announces the entry into force of the Construction Sector Development Law (the National Defense and Security Council's Law No. 5/2026) on 27 August 2026.

For more details on the provisions of this law, please refer to the February 2026 legal and tax digest at February-2026-Bangladesh_Laos_Myanmar_Legislative-Developments-Digest.pdf.

Investment

*Notification No. 5/2026 dated 19 August 2026 issued by the Myanmar Investment Commission ("**MIC**") on the "**New Investment Scrutiny Procedure Adopted by the Region and State Investment Committees**"*

This notification repeals the procedure issued under MIC Notification No. 26/2021 dated 15 June 2021. The new procedure sets out a more systematic mechanism for the scrutinizing of investments in Regions and States by the relevant Region or State Investment Committee. The new procedure entered into effect on the notification issuance date (19 August 2026).

Notable changes that investors should be aware of are summarized below.

Approval to amend endorsements

Region and State Investment Committees are now expressly empowered to approve any changes to endorsements, except for:

- Employment matters
- Tax exemptions and reliefs
- More than two extensions of the construction period
- Transfer of majority ownership or control of investors
- Transfer of more than 50% of investors' assets
- Approval for use of restricted or prohibited raw materials under any existing laws

For the matters described above, MIC approval must still be obtained.

Specific procedure for suspension or early termination of investments

For requests to suspend investments on which an endorsement has been issued, the relevant Region or State Investment Committee will review whether:

- The suspension period is one year or less; and
- The investor undertakes to pay wages to the employees during the suspension period.

For requests to terminate investments on which an endorsement has been issued, the relevant Region or State Investment Committee will review whether the investor has repaid the taxes for which the tax exemptions or reliefs have been granted under the Myanmar Investment Law.

Specific procedure for increasing the investment amount

If the investment amount increase does not exceed the permitted threshold, the relevant Region or State Investment Committee may approve the increase in the investment amount but must send a copy of such approval to the MIC.

If the investment amount increase exceeds the permitted threshold, the relevant Region or State Investment Committee must scrutinize the request and present it to the MIC for approval.

The current permitted threshold is US$5 million or MMK6 billion, as specified under MIC Notification No. 11/2017 dated 3 March 2017.

Authors and Contacts


Nu Htet Htet Lwin
Translation Manager
nuhtethtet.lwin@vdb-loi.com


Loi Jin Choo
Managing Partner
jean@vdb-loi.com

* * *

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.