

LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE      INDEPENDENCE      DEMOCRACY      UNITY      PROSPERITY

The Office of the Prime Minister

No. 159/PM

REGULATIONS ON THE MANAGEMENT  
OF HOTELS AND GUESTHOUSES.

- Pursuant to the Business Law no. 005/NA issued on 18/07/994.
- Pursuant to the Council of Ministers' Decree No. 31/PM on the Implementation of the Business Law, issued on 01/02/1996.
- Pursuant to the Council of Ministers' Decree No. 100/PM issued on 23/12/1992, on the Organization and the Activities of the Lao National Tourism Authority.
- Pursuant to the Council of Ministers' Decree No. 02/PM issued on 14/02/1995, on Improvements to the Organization and Management of Tourism.
- Pursuant to proposals from the National Tourism Authority.

In order to manage tourism and the tourist industry, it is necessary to follow certain fundamental principles. These should be the same throughout the country in order to upgrade the quality of service and appropriate measures.

This regulation also includes those boats, which have accommodation facilities for rent.

Article 2: Hotels and guesthouses are intended for the provision of accommodation for individuals on a daily, weekly or monthly basis. However, they are not intended for the provision of permanent accommodation. Hotels and guesthouses must have all the necessary facilities and must also be able to provide a basic standard of quality of service.

Article 3: Hotels and guesthouses, which are properly licensed for the conduct of their business, will receive different ratings based on their conditions and standards.

Hotels will receive a rating, which will be denoted by the award of a symbol. The symbol will be that of a star. The number of stars will be between one to five. The rating will be certified by the National Tourism Authority.

Hotels and guesthouses will be able to request an upgrading of their star rating if conditions and standards have been improved in keeping with the regulations.

Hotels and guesthouses will have their star rating reduced if it is found that conditions and standards have not been met.

Article 4: Hotels and guesthouses may provide various services, such as: restaurants, night clubs, aircraft shops, beauty parlors, barber shops and other amenities, provided these do not contravene the laws and regulations. But each of these previously mentioned service units must be registered in accordance with Business Registrations, Tax Registrations and the necessary Business Approvals independently, before they begin operation.

Article 5: Licensed hotels and guesthouses have an obligation to the National Fund in order to promote tourism as specified by the state. The responsibility for the collection of such fees is assigned to the Cabinet Office of the Municipality of Vientiane Tourism Office who must collect and transfer such monies to the account of the National Fund in order to promote tourism and the National Tourism Authority in accordance with the regulations.

## Part II

### Assignment of the Responsibilities for the Management of Hotels-Guesthouses

Article 6: The National Tourism Authority has the following obligations, rights and duties:

- 6.1 To impartially control, inspect and audit hotels and guesthouses throughout the country as defined in Article 6, paragraphs 6.18, 6.19, 6.20 of the Prime Minister's Decree No. 100/PM issued on 23/12/1992, on The Organization and Activities of the National Tourism Authority.
- 6.2 To inspect, audit and award a grade to hotels and guesthouses in accordance with Article 19 and 20 of this regulation.

- 6.3 To consider proposals for both domestic and foreign investments in the hotel sector, for the establishment and conduct of a hotel business in the Lao PDR.
- 6.4 To consider the cancellation and withdrawal of hotel licenses in accordance with this regulation.

Article 7: The Provincial-Municipal Tourism Cabinet staff will assist the province-municipality on the macro-management of the activities of hotel-guesthouse service businesses based on the state-controlled classification, and has the following rights, duties and obligations:

- 7.1 To ensure that the activities of the hotel-guesthouse service business units are properly conducted and in accordance with law enforcement and other regulations issued by either the National Tourism Authority or the Office of the Prime Minister.
- 7.2 To study and make comments on foreign investment projects within the hotel sector including recommendations on their locations by taking into account the comments of the provinces, municipalities and the National Tourism Authority in order that these may be submitted to the Management Investment Committee for approval.
- 7.3

(Unofficial Translation)

- To order the cancellation and withdrawal of the license of a hotel business on the recommendation of the National Tourism Authority and the approval of the Governor-Mayor.
- 7.7. All the activities of the management of hotel-house businesses must report regularly to the province, municipality

Article 9: Hotels-guesthouses should have their own regulations based on the concerned authority's regulations in order to manage the staff, control the service and maintain order within the hotel-guesthouse. These regulations should be displayed in the guest bedrooms and other public rooms.

Article 10: Hotels-guesthouses must set room rates in keeping with those approved by the authorities concerned, the standard and grade of the hotel-guesthouse.

- The room charges should be clearly displayed for the guests at the reception desk or defined clearly in any brochures.
- If the room charges are altered so that they are higher than those approved by the concerned authorities, then those authorities must be notified in advance.

Article 11: Hotels-guesthouses must maintain an accounting system which should be used to satisfy their obligations to the state correctly and properly. The financial records already mentioned must be closed at the defined period and the concerned authorities informed.

Article 12: The hotel-guesthouse service must be provided by staff who have received proper training who are graduates of Management and Hotel Service either within Lao PDR or abroad.

Hotels-guesthouses must maintain lists of employees. Each employee must be in possession of a Health Certificate. Health Certificates must be renewed each year and report any findings to the authorities concerned.

#### Chapter IV Hotel-Guesthouse Business Operations

Article 13: Individuals or groups of individuals who propose to run a hotel-guesthouse business in the Lao PDR must satisfy the following conditions:

- 13.1 To have the ability to conduct business activities properly in accordance with the laws of the Lao PDR.
- 13.2 The individuals or groups of individuals must have no criminal records and have never been sentenced by a court for any wrong doings, such as: corrupt practices, failure to pay state taxes, bankruptcy, trafficking in women for prostitution or drugs and others.
- 13.3 In the case of foreign investors (either individuals or groups of individuals), the foreign investor must provide details of their biography and background prior to investment in the Lao PDR. This should include details of their technical abilities, their financial status, their activities abroad and other.
- 13.4 Only those individuals who are Lao citizens will be given approval to conduct hotel-guesthouse operations.



- 16.1 Hotel-Guesthouse Business Operations Proposal Form.
- 16.2 House Lease (if the property is owned by another person).
- 16.3 Construction Approval Document (if it is a new hotel) or the Renovation Approval Document (if it is an old building, which is being altered to be a hotel-guesthouse) issued by the authorities concerned.
- 16.4 Hotel-Guesthouse Insurance Document.

- 18.7 The Approval for the Hotel-Guesthouse Business Operation.
- 18.8 The Joint Venture Contract and the regulations on such a business unit (if it is a joint venture).
- 18.9 A copy of the Identity Card, a detailed biography, Health Certificate, and Residency Permit of the owner or director (manager) of the business.

## Part VI Hotel-Guesthouse Inspection and Checking

Article 19: The issue of a Hotel-guesthouse Business Operations Approval by the concerned authorities will depend on an inspection showing that all conditions and standards defined in the regulations have been met.

Article 20: An inspection of a hotel-guesthouse can be made in the following cases:

- 20.1 At the request of the owner of the hotel-guest house.
- 20.2 On the orders of the Office of the Prime Minister or the Governor-Mayor.
- 20.3 On the occurrence of certain events or violence within the hotel-guesthouse.
- 20.4 In order to change the rating of the hotel-guesthouse.

Article 21: There are two levels of hotel-guesthouse inspections: central and local. The Inspection Committees at both levels shall comprise representative from the following

- The National Tourism Authority or the Tourist Cabinet Office of the province or municipality
- The Ministry of the Interior or the provincial-municipal headquarters

The Committee is able to call on other representatives according to their needs.

- x The Office of the Prime Minister has the authority to appoint members to the Inspection Committee at the central level in accordance with proposals from the National Tourism Authority
- x The Mayor or Governor has the authority to appoint members to the Inspection Committee at the local level in accordance with proposals from the Cabinet Office of Tourism of the province-municipality.
- x Inspections should have certain objectives and targets related to safety, management, environmental and sanitation issues.



Part VII

Article 24: An official warning letter will be sent to the hotel-guesthouse in the event of it being incorrectly managed and administered, that is to say, if the management and administration are not in accordance with the principles and management systems of hotels-guesthouses. This warning may result from a lack of attention to the sanitation or the safety considerations, or the offering of immoral services.

The hotel-guesthouse must take steps to resolve any difficulties within a specified period of time. The time allowed will be stated by the authorities concerned, and shown in the warning letter.

Article 25: Hotels-guesthouses will receive a warning, fine and suspension of business operations in the event that:

- 25.1 They ignore the first official warning letter and do not comply within the specified period. The fine will be not more than 50,000 kip equivalent to US\$50.
- 25.2 They fail to honor their obligations to the National Fund for the Promotion of Tourism in keeping with the regulations and in the time specified by the authorities concerned. If the failure to honor the obligation is delayed for more than one month, the hotel-guesthouse will be fined 10% of the amount of its outstanding obligation. The amount of the fine will increase by 10% each month, but the maximum fine will not exceed 50%. If the fine reaches this percentage then the business operations of the hotel-guesthouse will be suspended.
- 25.3 If the hotel-guesthouse allows or permits other people to use its premises for gambling, prostitution, smuggling, production and distribution of pornographic videos then the fine will be 25% of the value of the property or the materials confiscated or of the money which the hotel-guesthouse made from the conduct of such activities. Simultaneously the license to operate the business will be cancelled.
- 25.4 If the Certificate of the Approval to conduct a Hotel-Guesthouse Business Operation is handed-over, transferred or sold without permission from the authorities concerned, such a hotel-guesthouse will be fined 15% of the total value of the final balance sheet including debts of the previous year. This will apply to hotels-guesthouses, which have been operating for more than or less than one year.

Article 26: If after at least one warning and two fines a hotel-guesthouse still fails to comply with the regulations and solve the problems, it will be ordered to cease doing business.

Article 27: The period of suspension of business for each fine will not be longer than 3 months. If, after this period of time, there is still no improvement in their conduct, then the period of suspension may be extended for a further two months.

If after the second extension, the hotel-guesthouse has still failed to solve the weak points, the authorities concerned shall order the closure of the business. If at a later stage the hotel-guesthouse wishes to re-open than it must submit a new application in accordance with the procedures and conditions of these regulations.

Article 28: A hotel-guesthouse will have its license withdrawn in the following circumstances:

28.1 On the voluntary termination of business operations or on the issue of a suspension order under Article 27.

28.2 On a court decision to withdraw the license of the hotel-guesthouse.

28.3 On its failure to honor its obligations to the State, as well as to the National Fund for the Promotion of Tourism over a one year period.

Article 29: A hotel-guesthouse will be prosecuted in the courts for the following offences:

29.1 Refusal to pay the damages resulting from its offence.

29.2 Failure to honor its obligations to the State, as well as to the National Fund for the Promotion of Tourism over a one year period.

Article 30: Any monies arising from the payment of the various fines will be transferred to the National Fund for the Promotion of Tourism in accordance with the regulations.

Article 31: Any hotel-guesthouse which conducts its business legally and correctly in compliance with the regulations, provides a good quality of service and generates fame for the Lao PDR, will receive appropriate congratulations from the authorities concerned.

## Part VII Final Provisions

Article 35: This regulation supersedes the Regulation of the Ministry of Commerce and Tourism No. 219/MOCT issued on 5/5/92 on the Management of Hotel-Guesthouse Businesses.

Article 36: Hotels-guesthouses which opened business prior to the issue of these regulations have a duty to improve and adapt their status in accordance with the conditions and principles contained in these regulations within six months of the date of promulgation.