



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

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President's Office

No. 05/PO

**DECREE**  
*of the*  
**PRESIDENT**  
*of the*

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**On the Promulgation of the Amended Labour Law**

Pursuant to Chapter 6, Article 67, point 1 of the Constitution of the Lao People's Democratic Republic;

Pursuant to Resolution No. 06/NA, dated 27<sup>th</sup> December 2006, of the National Assembly on the adoption of the Amended Labour Law; and

Pursuant to Proposal No. 05/NASC, dated 10 January 2007, of the National Assembly Standing Committee.

**The President of the Lao People's Democratic Republic  
Decrees That:**

**Article 1.** The Amended Labour Law is hereby promulgated.

**Article 2.** This decree is effective from the date it is signed.

Vientiane, 16 January 2007

President of the Lao People's  
Democratic Republic

*[Seal and Signature]*

Choumaly XAYASONE



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

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National Assembly

No. 06/NA  
27 December 2006

**LABOUR LAW**  
**(Amended)**

**Chapter 1**  
**General Provisions**

**Article 1. Objectives**

The objectives of the Labour Law are to determine principles, regulations and measures on labour<sup>1</sup>, building and development of worker skills, job placement<sup>2</sup>, use of labour, adjustment of labour relationships, and administration of labour in order to increase the quality and productivity of the workforce in the society to ensure the transformation to modern industry, contributing to national socio-economic development and regional and international integration to improve the living conditions of the multi-ethnic people.

**Article 2. Interpretation of Terms**

The terms used in this law shall have the following meanings:

1. Labour means the physical and intellectual abilities, and skilful expertise of human beings;
2. Building of labour skills means providing the basic professional training to workers who have not previously been trained to build their capacity for work;
3. Development of labour skills means the professional upgrading of workers who already have basic labour skills to supply the demands of the labour market that are expanding in each period;

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<sup>1</sup> In Lao, this law uses a single root word for “work” and its related ideas “those who perform work” and “those who use others’ work”. The translators have translated that word according to context. For example, in the context of an employment relationship, the translators have used the words “employee” and “employment”. Other variants include “work” and “labour”. Readers should note that these English words are all translations of the same Lao root word.

<sup>2</sup> The literal translation of this term is “arrangement of jobs, work and employment”.

4. Employee means a person working under the supervision of an employer while receiving compensation for work through salary or wages, benefits or other policies as regulated by laws, regulations and the employment contract;
5. Employer means a person or organisation using employees for its activities by paying salary or wages, and providing benefits and other policies to the employees as regulated by laws, regulations and the employment contract;
6. Using labour by force means the use of labour where the employee does not voluntarily accept the work assigned, which is inconsistent with the employment contract;
7. Labour unit means the production, business or service units of the economic and social sectors;
8. Labour market means the demand and supply of labour in the society.

### **Article 3. Principles Relating to Labour**

Principles relating to labour are as follow:

1. Work must be conducted under an employment contract between the employee and the employer;
2. Work shall ensure that the employer and employees receive mutual benefit, without discrimination as to race, nationality, gender, age, religion, beliefs, and socio-economic status;
3. Employers must use labour in accordance with the abilities of employees;
4. Employers must ensure safe labour conditions, payment of salary or fair compensation and implement social security for employees;
5. Employers must use Lao workers[;] if it is necessary to use foreign workers, approval from the labour administration authority must be obtained;
6. Employers must acknowledge and facilitate employees to participate as members of lawful mass organisations, and other social organisations within its labour unit;
7. Employees that wish to go abroad shall receive training in the necessary general knowledge and obtain permission from the labour administration authority;
8. Employees shall observe rules of work and strictly comply with labour regulations;
9. Labour disputes between employees and employer shall ensure fairness in accordance with the employment contract, laws and regulations;
10. It is prohibited to use the labour by any form of force;
11. The use of labour shall simultaneously build and develop labour skills;
12. Building and development of labor skills shall be consistent with the socio-economic plan and the demands of the labour market.

**Article 4. Policy Towards Labour**

The State has a policy to promote research, the use of science and technology, the building and development of labour skills, innovation, competitive labour skills, and the supply of labour information to increase the capacity and discipline of workers, aiming to promote jobs for employees, to supply labour to the local market and abroad, and to increase the methods for the management and protection of legitimate interests of employees and employers.

**Article 5. Role of Trade Unions**

The trade unions have the role as workers' representatives and have the duties to[:] promote solidarity, educate, train and encourage workers to have labour discipline, and to successfully perform work in accordance with production plans; to protect and promote legitimate interests of workers; to encourage the employer and employees to implement the Labour Law and employment contract correctly and to participate in the settlement of labour disputes.

A trade union shall be established in all labour units. Where there is no trade union, workers' representatives<sup>3</sup> shall be established.

The employers shall properly facilitate the trade unions or worker's representatives to enable them to carry out their activities in accordance with their roles.

**Article 6. Scope of Application of Labour Law**

This Labour Law applies to all employees and employers who carry out activities in the labour units.

This law shall also apply to persons working under written contracts for employment of three months or more.

This Labour Law shall not apply to civil servants, military and police personnel employed in Party or State organisations, the Lao Front for National Construction and mass organisations.

**Article 7. International Cooperation**

The State widely promotes international cooperation at various levels and forms in the labour sector, such as: building and development of labour skills, job placement, administration of labour, implementation of international conventions relating to labour, exchange, assistance and other cooperation.

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<sup>3</sup> The term “workers representatives” has the connotation of a committee or group of persons representing the workers rather than an individual.

## **Chapter 2**

### **Building and Development of Labour Skills**

#### **Article 8. Form of Building and Development of Labour Skills**

The building and development of labour skills are conducted in various forms: learning in the schools, training in labour skills development centres, on-the-job training, study tours, exchanging lessons and other activities in the promotion of labour skills.

#### **Article 9. The Agency Responsible for Building and Development of Labour Skills**

The labour administration agency has the responsibility to build and develop labour skills while encouraging and coordinating with different concerned sectors, including State and private sectors throughout society, in the building and development of labour skills.

#### **Article 10. Obligations Relating to Building and Development of Labour Skills**

Employers have the direct obligation<sup>4</sup> to train, upgrade the professional qualifications and skills of workers under their responsibility in order that they gradually become skilled workers and workers with specialised skills, and, at the same time, workers also have the responsibility to learn and to develop their work skills in order to upgrade their capacities and professional skills.

All labour units shall establish and implement a plan under which they set aside an annual dedicated fund of 1% from the annual salary or wages reserve fund of the employees to cover expenses for training and upgrading of professional qualifications both within the country and abroad for workers under their responsibility. In the event that a labour unit cannot itself implement the building and development of labour skills, such labour unit shall transfer such fund to the national fund for the building and development of labour skills.

#### **Article 11. National Fund for Building and Development of Labour Skills**

The State has a policy to create a fund for the building and development of labour skills. The sources of such fund are:

- The State budget, by deducting 1.5% of the annual salary tax of the employees;
- Funds of labour units that are not able to build and develop labour skills by themselves[;] such labour units shall contribute 1% of the annual salary or wages reserve fund of the employees[;] such fund

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<sup>4</sup> This connotes that the duty is not delegable.

is a direct fund of the labour unit and shall not be deducted from the salary or wages of the employees;

- Other funds mobilised from domestic and foreign sources.

The management and use of such fund for building and development of labour skills is determined by specific regulations.

#### **Article 12. Standard of Labour Skills**

The standard of labour skills refers to the [level of] quality determined, tested and adopted in the building and development of labour skills, and to the level of skills of employees in each professional sector.<sup>5</sup>

The State shall determine the standard of labour skills by assigning the responsibility to the committee on the standard of labour skills.

The employer shall acknowledge the level of labour skills that has been tested and certified by relevant State organisations in determining the position, salary or wages of the employees.

#### **Article 13. Information on Labour**

The labour administration agency, labour units and other concerned sectors have the duty to exchange information on labour.

Labour units shall regularly report information on labour to the labour administration agency.

The labour administration agency shall provide information on labour to the employees.

Persons<sup>6</sup> requiring work shall register with the labour administration agency or with lawfully approved job placement enterprises.

#### **Article 14. Labour Market**

The State and relevant sectors shall pay attention to conducting research on the labour market within the country and abroad to build and develop labour skills that are consistent with the requirements of the labour market in each period.

The State and society shall from time to time widely expand the labour market by increasing investment in production, business and services to create work for employees, and to build and develop better labour skills.

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<sup>5</sup> The translators are unable to definitively resolve whether the standard is defined here as an aspirational standard to be attained by employees generally or as the actual level of achievement of specific employees.

<sup>6</sup> The literal translation is “employees”.

Sending Lao labour to work abroad and importing foreign labour shall be selective, comply with regulations relating to labour and be authorised by the labour administration agency.

The operations of job placement enterprises to supply labour to the domestic and foreign labour market shall be authorised by the labour administration agency.

### **Chapter 3**

#### **Rules of Work**

#### **Article 15. Contents of Rules of Work**

The rules of work are legal documents<sup>7</sup> binding on employees and employers. The contents of the rules of work consist of the rights and obligations of employees and employers as specified under the internal regulations of the labour unit and the employment contract.

The internal regulations of a labour unit must be in conformity with the Labour Law of the Lao PDR and must first be approved by the labour administration agency before taking effect.

The internal regulations of a labour unit must be disseminated to all workers and posted openly so that everybody is informed.

The employees and employers have the obligation to strictly implement the rules of work.

#### **Article 16. Hours of Work**

The hours of work of an employee in any labour unit shall be six days per week. Work should not exceed eight hours per day or forty-eight hours per week, irrespective of the type of salary or wages paid.

Hours of work must not exceed six hours per day or thirty-six hours per week in respect of employees whose occupations are in sectors that involve:

- Direct exposure to radiation or to dangerous communicable diseases;
- Direct exposure to vapour [or] smoke which is dangerous to health;
- Direct exposure to dangerous chemicals, such as explosives;
- Working in pits, or in underground tunnels, under water or in the air;

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<sup>7</sup> The Lao word translated here as “legal documents” is the same word as that translated in other contexts as “legislative acts”. In this case, because the primary labour units are from the State sector, the law may have used this word to describe documents issued by them even though such documents are not legislative statutes in the more technical sense.

- Working in an abnormally hot or cold place;
- Working directly with constantly vibrating equipment.

**Article 17. Time Counted as Hours of Work**

The following types of time lost shall be calculated as part of daily hours worked:

- Time spent on technical preparation at the start and end of work;
- Hourly breaks not exceeding 15 minutes, in certain sectors in which work is divided into different periods for different tasks or which operate on the basis of shifts;
- A 45-minute meal break per shift in respect of shift workers.

The employer must establish an appropriate production schedule so as to enable workers to rest at least for five to ten minutes after having worked for two hours. Should a necessity arise for any technical or mechanical reason, work by rotation must be organised so that workers can rest appropriately.

Time lost that is counted as daily hours of work should be specified in the internal regulations of work of the labour unit.

**Article 18. Overtime**

An employer may request employees to work overtime if necessary, subject to the prior consent of the trade union or worker's representatives and of the employees.

Overtime shall not exceed forty-five hours per month or three hours per day, but it is prohibited to work overtime continuously every day, except in the case of an emergency such as combating natural disaster or an accident that would cause great damage to its labour unit.

When necessary, before the employer gets the employees to work overtime, the employer must, in each case, first consult the trade union or worker's representatives and notify the employees in the labour unit concerned explaining the necessity of overtime work, and shall fully pay them fair compensation for overtime as provided by laws and regulations.

Where overtime is necessary for more than forty-five hours in any one month, the employer must first request authorisation from the labour administration agency which is responsible for its labour unit and approval from the trade union or workers' representatives in its labour unit.



**Article 19. Weekly Rest and Public Holidays**

Workers have the right to at least one day's rest within a week, which may be Sunday or any other day as agreed between the workers and the employer.

Public holidays shall be determined by the government.

**Article 20. Sick Leave**

Upon presentation of a medical certificate, workers that are remunerated on a monthly basis shall be entitled to sick leave with full pay for not more than thirty days per year. For the workers who work on a daily or hourly paid basis, per unit of production basis or on the basis of specific work contracts, they will be entitled to payment during sick leave in accordance with the social security policy only if they have worked for more than ninety days.

The provisions<sup>8</sup> of this article shall not apply to labour accidents or occupational diseases.

**Article 21. Annual Leave**

Workers employed under an employment contract made for an indefinite period or for a period of more than one year who have worked for one full year shall be entitled to fifteen days of annual leave. Workers in sectors involving heavy work or work which is hazardous to their health, as specified in Article 16 of this Labour Law, shall be entitled to eighteen days of annual leave with full pay at the normal rate.

Weekly rest days and public holidays shall not be counted in annual leave.

**Article 22. Violation of Rules of Work**

The main violations of rules of work are:

- Ruining<sup>9</sup> [the labour unit], destroying property of the labour unit;
- Theft, fraud or embezzlement of assets of the labour unit;
- Recklessness, negligence or carelessness towards one's duties;
- Non-compliance with the internal regulations of the labour unit and the employment contract.

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<sup>8</sup> The literal translation is "contents".

<sup>9</sup> Both Lao words have the connotation of "destroy". The first, however, is not restricted to physical damage whereas the second is.

## **Chapter 4**

### **Employment Contracts and Termination of Employment Contracts**

#### **Article 23. Employment Contracts**

An employment contract is an agreement made between employee and employer or their representatives. Employees and employers must strictly comply with employment-related contractual obligations: employees must perform their duties according to their specialisation and experience, employers must assign employees to work or positions that are stipulated in the employment contract, pay them salary or wages, and ensure their legitimate interests in accordance with the employment contract and the laws.

The employment contract must stipulate the work place, the work to be performed, the level of wages and other policies that the employees should receive.

#### **Article 24. Form and Duration of Employment Contracts**

Employment contracts must be made in writing between the employer and the employees in accordance with laws and regulations, based on the principles of equality and consensus.

An employment contract may be made either for a fixed term or for an indefinite period depending on the agreement between the employer and the employee concerned.

#### **Article 25. Acceptance of Employees to Work**

The labour unit has the right to accept such employee as it requires but shall give priority to Lao citizens, especially persons who are targets under poverty alleviation programmes.

In the case of necessity, the labour unit may accept foreign employees but they must be a select [group] and be approved by the labour administration agency[. Such acceptance] shall be in the following proportion:

- For physical labourers, it is permitted to accept not more than 10% of the number of total employees in that labour unit;
- For workers having intellectual expertise to work, it is permitted to accept not more than 20% of the number of total employees in that labour unit.

In the case of necessity, the import of foreign labour may exceed the proportions mentioned above, but approval from the government must be obtained.

Foreign workers shall only be permitted to enter and work in Laos for a restricted period and have the obligation to transfer expertise to Lao workers.

The State will not allow foreign workers to work or engage in professions that are reserved for Lao citizens.

The list of reserved professions is defined in separate regulations.

**Article 26. Acceptance of Handicapped or Disabled Persons to Work**

Labour units shall give priority to disabled or handicapped persons to work in their units in accordance with their abilities and skills, and shall give them suitable positions with regular salary or wages as other general workers.

**Article 27. Probation<sup>10</sup> and Test of Employees**

An employer has the right to take on workers on a probationary basis in order to ascertain whether they are able to perform that work or not. If it is satisfied that the employees can perform that work, the employer has, in addition, the right to test them in practical work.

The duration of the probationary period is based on the nature of the work, as follows:

- In respect of work that primarily uses physical labour and that requires testing, the duration of the probation shall not exceed thirty days;
- In respect of work requiring specialised skills, the duration of the probation shall not exceed sixty days.

Where the worker fails to undertake the test resulting from sickness or other reason of necessity, the duration of such absence shall not be counted as part of the probationary period.

Where the worker continues to lack the skills for the work, the probationary period may be extended for thirty days or the employer may not employ the worker.

During the probationary period, each party has the right to terminate the probation at any time, but must give the other party at least three days' advance notice for non-skilled work and five days' advance notice for skilled work.

During the probationary period, workers shall receive salary or wages of not less than ninety percent of the salary or wages for such work.

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<sup>10</sup> The literal translation of this term is "trial of competence of workers".

In such termination of probation, the worker has the right to receive salary or wages and other policies provided under the laws from the beginning of the probation to the date of stopping such work.

Seven days before the end of the probationary period, the employer shall inform the worker in writing whether or not his employment will be confirmed.

#### **Article 28. Termination and Expiration of Employment Contract**

An employment contract may be terminated by agreement between both parties.

An employment contract made for an indefinite period may be terminated by either party, provided that the other party is given at least thirty days' notice in respect of work that is primarily physical and forty-five days' [notice] for specific skilled work.

The parties to a fixed-term employment contract shall notify each other at least 15 days prior to the expiry of such contract. Where they wish to continue to work [together], they shall sign a new employment contract.

An employment contract that is based on the volume of work may expire only upon the completion of such work.

An employment contract shall expire on the death of the worker, but the employer shall pay compensation in accordance with the volume of work performed and other policies as regulated by the laws and regulations.

#### **Article 29. Termination of Employment Contract by Dismissal**

An employment contract may be terminated by dismissal in the following cases:

- The worker lacks specialised skills or is not in good health and thus cannot continue to work;
- The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

Where the employer finds that workers lack skills or are in poor health, the employer shall first consider assigning suitable work according to their ability and health conditions. If there is no suitable work or [the employee] is not able to perform new tasks, the employment contract may be terminated in accordance with the time periods specified in Article 28 of this law. During the period of notice, the worker shall have the right to take at least one day of leave per week to seek new work while still receiving his normal salary or wages.

Where a labour unit considers that it is necessary to reduce the number of workers in order to improve internal work, the employer shall draw up a list

of reduction of workers in consultation with the trade union or workers' representatives and report to the labour administration agency[;] at the same time, the employer shall give the dismissed persons the [relevant]<sup>11</sup> period of advance notice and an explanation as to the reasons for the reduction.

An employee who has worked for twelve months or more shall have the right to terminate the contract before the end of the contract term if there are sufficient grounds, such as: poor health, the employer has not complied with the employment contract and other benefits specified in the rules of work[;] however, advance notice must be given to the employer in accordance with Article 28 of this law.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work for the worker who has worked for less than three years. For workers who have worked for more than three years, the basis of calculation shall be 15%.

For employees who are paid per unit of production or whose wages are not clearly fixed, the calculation of the termination allowance is based on the average salary or wages that the workers received during the last three months prior to termination.

### **Article 30. Restrictions on Employers in the Termination of Employment Contracts**

The employer shall not have the right to terminate an employment contract or force an employee to stop work in the following cases:

- The employee is sick and undergoing medical treatment or is convalescing after medical treatment on the certification of a doctor, or is facing disasters such as: [his] house has been destroyed by fire or flood;
- A female employee, who is pregnant or who has given birth less than one year ago;
- The employee is on annual leave or on leave approved by the employer;
- The employee is still performing work in another workplace as assigned by the employer;
- The employee is in the process of filing a complaint or lawsuit against the employer or cooperating with any government authority in relation to the implementation of the Labour Law, and in relation to labour disputes within his labour unit;

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<sup>11</sup> The literal translation is “such” – which might be a reference to notice periods earlier set out.

- The employee is carrying out activities for trade unions or workers' representatives as approved by the employer, except if engaging in any wrongful act as prescribed by Article 32 of this law.

**Article 31. Rights of Employees during the Period of Advance Notice**

During the period of advance notice of termination of employment contract, if the employee suffers from a labour accident or is sick and cannot perform the work, the period of treatment shall not be counted in the period of advance notice. During the period of advance notice, the employee shall be given work and receive his regular wages or salary.

**Article 32. Termination of Employment Contract due to the Fault of the Employee**

The employer has the right to terminate an employment contract without payment of a termination allowance but must give at least three days' notice, where the employee has committed any of the following faults:

- Intentionally causing serious damage to the employer, as proved by sufficient evidence;
- Violating rules of work despite previous warnings from the employer;
- Abandoning work for four consecutive days without reason;
- [Has been sentenced] to imprisonment for commission of an intentional wrongful act.

**Article 33. Unjustified Termination of Employment Contract**

Termination of an employment contract is unjustified where:

- The employer terminates the employment contract without a valid reason;
- The employer terminates the employment contract by abusing its power, or directly or indirectly forces the worker to terminate the contract;
- The employer breaches fundamental rights of employees;
- The employer breaches contractual obligations despite previous protest from the employee.

An employee whose employment contract has been terminated without justification has the right to request reinstatement to his former post or to be assigned to other appropriate work.

In the event that the employer does not reinstate the employee or the employee has stopped work, the employer shall pay an allowance to that employee calculated based on the duration of his work, where he shall be paid 15 percent of his basic monthly salary received before termination for each month of work, for the employee who has been employed less than three

years, and 20% for the employee who has been employed for more than three years.

**Article 34. Temporary Transfer of Employees to other Work**

The employer may transfer an employee to perform another task in the same labour unit for a period not exceeding three months, if such transfer results from a temporary cessation of business, from disciplinary sanction against the employee, is for the prevention of possible damage to its business, or is for the prevention of natural disaster. If the three-month period is exceeded, the employer and employee must consider renewing<sup>12</sup> the employment contract.

During the period of temporary transfer, if the new salary or wages for the work are higher and the employee is able to perform the task in accordance with the standard, the employee shall receive the new salary or wages. On the contrary, if the salary or wages payable for the new task are lower than that payable for the old task, the salary or wages for the old task must be maintained.

In the event that the employee has been transferred to a new lower task due to disciplinary sanction, salary or wages shall be paid in accordance with the new task.

When he returns to his old task, the salary or wages shall be based on his old position.

In the case of a transfer of an employee to another task as mentioned above for any reasons or in any circumstances, the conditions under which the new task is to be performed must not be different from the old conditions or must be very similar to the previous task.

**Article 35. Measures Used for Termination of an Employment Contract**

An employer has the right to terminate an employment contract but must give prior warning to the employee who has committed a fault. If there is no change, [the employer] can consider terminating the employment contract. However, before terminating all types of employment contract for any reason, the employer has the duty to notify the trade union or worker's representatives in that labour unit and report the reason to the competent labour administration agency to which it belongs for the consideration of the termination of the employment contract. Such organisation shall respond within fifteen days from the date of receiving such report. If there is no response, the employer can terminate such employment contract.<sup>13</sup>

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<sup>12</sup> The connotation is of revising the contract to reflect the new conditions.

<sup>13</sup> For readability, this paragraph (which was originally one sentence) has been broken up into several sentences.

Unilateral termination of an employment contract or dismissal of an employee is prohibited without the [prior] approval of the labour administration agency or without prior notification to the trade union or the workers' representatives in the relevant labour unit.

Termination of employment contracts in all cases must be made in writing by the employer, must indicate clearly the reason for such termination, and must be accompanied by payment to the employee of all amounts he is entitled to receive prior to the termination of the employment contract and other allowances according to regulations.

**Article 36. Responsibilities of the New Employer**

If an employment contract is terminated resulting from a breach of the employment contract by the employee and he applies for new work, the new employer must be responsible for any damage caused to the former employer in the following cases:

- If there is evidence that the new employer was involved in the termination of the employment contract by the employee;
- If the new employer employed the employee knowing that the employee was still bound by the employment contract with the former employer.

**Article 37. Issuance of Work Certificate for Employee Ceasing Work**

The employer shall issue a work certificate to the employee within seven days from the date the employee ceases work. Such certificate must indicate the starting date and date of cessation of work and his professional position only, unless the employee has requested certification of his work compensation and observations on the performance of his work.

**Chapter 5  
Employment of Women and Children**

**Article 38. Employment of Women**

It is prohibited to employ a woman during pregnancy or during the period she is caring for her newborn child to perform the following work:

- Lifting or carrying heavy loads;
- Work which entails standing continuously for long periods;
- Other work specified in Article 16 of this law.

In such circumstances the employer shall assign the worker to other temporary work.

While performing other temporary work, the worker shall continue to receive her normal salary or wages for not more than three months; if the



three-month period is exceeded, she shall receive salary or wages according to her new assignment.

It is prohibited to employ a pregnant woman or a woman with a newborn child under twelve months of age to work overtime, or during a holiday.

#### **Article 39. Maternity Leave Before and After Giving Birth**

Before and after giving birth, women workers shall be entitled to at least ninety days of maternity leave but at least forty-two days of such leave shall be taken after giving birth. During such period, they shall receive full payment at the normal salary or wages as when they were working from their employers or from the social security fund, if contributions have been fully paid to this fund.

In the event that as a result of giving birth a woman worker is ill, which is certified by a doctor, such worker shall be authorised to take additional leave of at least thirty days with payment of fifty percent of her salary or wages.

During the one-year period after giving birth, the worker has the right to one hour per day of rest in order to feed or take care of her child if she brings her child to a nursery and to take her child to immunisation in accordance with regulations.

In the event that the woman worker suffers a miscarriage, she is entitled to take leave for a certain period as determined by a doctor, and to receive normal payment of salary or wages.

#### **Article 40. Maternity Support**

A woman worker shall, upon giving birth, be entitled to an allowance of at least sixty percent of the minimum wages to be paid by the employer or by the social security fund, if contributions to the social security fund have been fully paid. Where she gives birth to two or more children at the same time, [she] will receive an additional allowance of fifty percent of the maternity allowance. In the case of a miscarriage which is certified by a doctor, [she] is also entitled to this allowance.<sup>14</sup>

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<sup>14</sup> The reference appears to be to normal maternity allowance although placement of the words in the original Lao is slightly ambiguous.

#### **Article 41. Employment of Child Labour**

An employer may employ children who are at least fourteen years of age and less than eighteen years of age, provided that they do not work for more than eight hours a day and are not employed in sectors involving the performance of heavy work or that are dangerous to their health, as follows:

- All types of mining;
- Production activities that use chemicals, explosives or toxic substances;
- Work involving the handling of human corpses;
- Overtime time;
- Work in environment with excessive noise;
- Work in places serving alcohol or with gambling;
- Work at night from 10 p.m. to 5 a.m. of the next day;
- Work specified in Article 16 of this law.

### **Chapter 6 Labour Protection**

#### **Article 42. Protective Measures for Labour and Working Conditions**

Labour protection refers to the creation of conditions and environment enabling employees to work efficiently, including various measures to ensure workers' safety

The employer shall be responsible for ensuring that the workplace, machinery, equipment, and production process, including the use of chemical substances under its supervision, are safe and not dangerous to the health of workers.

The employer must establish internal regulations concerning labour and health protection, including the use of necessary measures to protect machinery, and the installation of various safety equipment in consultation with the trade union or workers' representatives in its labour unit. These regulations must be disseminated to workers and must be posted openly where everyone can read [them].

Necessary measures to ensure labour safety and hygiene at the workplace include:

- Installing appropriate lights or sufficient natural light, limitation of excessive noise, [and] ventilation for air, dust and odours which are dangerous to health;
- A supply of clean drinking-water and use water, showers, toilets, a cafeteria, and changing room for workers;
- A storage room where toxic substances can be kept safely without risk of leakage;

- The provision, free of charge, in a sector where necessary, of personal safety equipment and clothing required by workers engaged in production;
- The installation of safety equipment or fencing around any dangerous machinery or at other dangerous places, and other measures such as devices that warn against or prevent electric shocks, [and] fire and others, as necessary.

The employer shall furthermore ensure that workers acquire sufficient knowledge of the rules relating to their own safety and health and shall organise training courses on those issues. The measures mentioned above shall be free of charge to workers.

All workers shall attentively and strictly implement tasks relating to the safety and health of themselves and other people. They shall cooperate with the employer in the implementation of all measures relating to their safety and health.

The employer is prohibited from using narcotics or substances dangerous to the health of workers in the labour unit.

#### **Article 43. Medical Examination and Health Care for Workers**

Each labour unit may require a medical certificate from workers who apply for work to ensure that they do not suffer from an occupational or serious communicable disease prior to employment. Where the applicant has an occupational or serious communicable disease, the employer may reject his application for employment.

An employer must arrange for the workers to undergo a medical examination at least once a year, particularly those engaged in heavy work or [work] which is dangerous to their health, as stipulated in Article 16 of this law. If the doctor finds that a worker has an occupational disease derived from such workplace, the employer must be responsible for payment of his medical treatment in accordance with regulations. In the case of a contagious occupational disease, [the employer] must give the worker leave to undertake treatment until [he] fully recovers and will thereafter reinstate him to his usual tasks. All expenses for medical examination and treatment of occupational diseases shall be born by the employer or social security organisation for the worker who is member of such organisation.

All labour units shall be equipped with a first-aid kit. [Labour] units employing fifty or more workers should have a permanent medical staff to take care of and treat the health of the workers.

## **Chapter 7**

### **Salary or Wages and Income Tax**

#### **Article 44. Salary or Wages**

Salary or wages are income that has a monetary value that the employer must pay to the employee. Employees' salary or wages may be paid at the beginning, middle or at the end of the month, before or after the completion of the work.

#### **Article 45. Equal Right in Receiving Salary or Wages**

Employees who perform equal quantity, quality, and value of work are entitled to receive equal salary, wages or other policies<sup>15</sup> without any discrimination as to race, nationality, gender, age, religion, belief, or social-economic status.

#### **Article 46. Determination of the Level of Salary or Wages**

The government is entitled to determine the minimum level of salary or wages in each period for each area of work.

The determination of the minimum level of salary or wages is aimed at securing the basic minimum living standard of the employees consistent with the level of the change in the cost of living in each period.

The employer has no right to set the level of salary or wages of his employees at a level lower than that declared by the State.

The minimum salary or wages in each period of all labour units shall be under the inspection of the labour administration agency.

The employer has the right to set the level of salary or wages of its employees higher than that declared by the State based on the following conditions:

- To achieve balance with the level of capacity and knowledge of different groups in the society or the level of payment of salary or wages in other labour units;
- The value of work performed;
- The material and moral needs of life of the employees;
- The cost of living and changes to it from time to time;
- Social welfare and social security benefits for workers.

The workers, the trade unions or workers' representatives shall also have the right to negotiate with the employer in respect of their salary or wages levels.

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<sup>15</sup> Here, "policies" is used as an indirect way of referring to "incentives".

**Article 47. Forms and Regulations on Payment of Salary or Wages**

The employer shall pay salary or wages to the employees based on time worked, such as: hourly, daily, monthly or on the basis of a specific work contract<sup>16</sup>. All payment of salary or wages including allowances [and] bonuses shall be made on the basis of payment lists signed by the employees.

All employees have the right to request their employer for the method of calculation of their salary or wages where it is necessary for clarification and ensuring conformity with the employment contract as agreed upon.

In the case where the employer has authorised employees to bring certain work to be performed additionally outside the labour unit, wages may be paid on the basis of product output<sup>17</sup> or as a lump-sum.

Salary or wages of employees must be paid in cash, in full and on time, except where it is otherwise prescribed by government regulations or as specifically agreed between the employer and the employee.

In addition to salary or wages, the employer may pay bonuses, allowances or additional benefits as an incentive to the workers in accordance with internal regulations of that labour unit.

Payment to employees in the form of narcotics, intoxicating [substances] or substances dangerous to health as a substitution for salary or wages and other policies is prohibited.

**Article 48. Calculation of Overtime**

Payment of overtime to the employee must be calculated as follows:

- Overtime worked in the daytime on a regular working day shall be paid for on the basis of one hundred and fifty percent (150%) of the hourly wages of a regular working day for each hour worked;
- Overtime worked at night on a regular working day shall be paid for on the basis of two hundred percent (200%) of the hourly wages of a regular working day for each hour worked;
- Overtime worked in the daytime on a day of weekly rest or holiday shall be paid for on the basis of two hundred and fifty percent (250%) of the hourly wages of a regular working day for each hour worked;
- Overtime worked at night on a day of weekly rest or holiday shall be paid for on the basis of three hundred percent (300%) of the hourly wages of a regular working day for each hour worked.

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<sup>16</sup> The reference is to contracts that specify lump-sum payments for either a specific piece of work or a specified period.

<sup>17</sup> The literally translation is “production”.

If a worker is assigned to work on a night shift, he shall be paid an additional bonus of not less than fifteen percent (15%) of the regular hourly wages for each hour worked from 10:00 a.m. to 5:00 a.m. the next morning.

**Article 49. Schedule for Payment of Salary or Wages**

Salary or wages must be paid to employees at least once a month at a fixed time, except for additional allowances, bonuses or other benefits which are determined by internal regulations of the labour unit.

In respect of wages paid on a per unit of products basis, or in respect of hourly work, workers shall be paid at least twice a month.

Where employees who face difficulties or emergencies such as childbirth, sickness, [or] accidents ask for advance payment of their salary or wages, the employer shall consider such advance payment, as requested.

**Article 50. Payment of Salary or Wages in the Event of Temporary Suspension of Work**

Where a labour unit is ordered to suspend its production and business activities or to stop production, due to the employer's fault or work suspension by the employer, the employer must pay an allowance to each employee of not less than fifty percent (50%) of the salary or wages for the period of such temporary suspension of business activities.

Once the production and business activities resume normally, the salary or wages previously [applied] must be paid.

**Article 51. Preferential Right to Receive Salary or Wages**

Where a labour unit is winding up, is bankrupt or is under a court order for total confiscation of its property, its employees have the right to first receive their salary or wages, including any bonuses and allowances, before applying the remaining assets for payment of other debts.

**Article 52. Deductions from Salary or Wages to Compensate for Damage**

Deductions from an employee's salary or wages to compensate for damage to the property of a labour unit caused by the employee shall be made according to the value of actual damage.

In the event that the employee does not have assets for compensation, his salary or wages must be deducted for compensation but the maximum deduction shall not exceed 20% of his salary or wages.

**Article 53. Deduction of Personal Income Tax from Salary or Wages**

All workers who work in the Lao PDR as well as Lao workers assigned to work overseas must pay personal income tax to the government in

accordance with the tax regulations. The employer has the duty to notify the income in the form of salary or wages of each employee under its supervision to the tax authority for the deduction of income tax to the State budget and to inform the labour administration agency for monitoring.

Foreign workers who work in various labour units in the Lao PDR shall also pay personal income tax to the government in accordance with specific regulations.

## **Chapter 8**

### **Labour Accidents and Occupational Diseases**

#### **Article 54. Labour Accidents and Occupational Diseases**

A labour accident is an accident<sup>18</sup> that results in injury, disability, handicap or death of workers as follows:

- During the performance of duties at the workplace or at any other place under the assignment of the employer or of a person acting on behalf of the employer;
- In a recreational area, cafeteria, or any other place within the scope of responsibility of the labour unit;
- During the commute from residence to workplace. An accident that occurs during the time the worker performs personal tasks without being assigned by the employer or its representative or occurring after completion of the assigned work, shall not be considered a labour accident.

Occupational disease is any disease occurring as the result of an occupation. The types of occupational diseases are determined by separate regulations.

#### **Article 55. Care of the Victims of a Labour Accidents and Occupational Diseases**

The employer must provide appropriate help to a worker who suffers from a labour accident or occupational disease, [and] in addition, the employer shall pay for the actual cost of the treatment or the social security organisation shall bear the costs certified by a doctor, if such employee is a member of the organisation.

In the event that the worker suffers from a serious labour accident or occupational disease or dies, the employer must report to the nearest labour administration agency within forty-eight hours. If the employee is dead, the employer shall be responsible for funeral expenses as appropriate but not less than six months' salary or wages of the deceased.

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<sup>18</sup> The literal translation of this term is “danger which occurs”.

If a worker dies while on assignment by the employer to another workplace, the cost of transferring his body or remains to his family shall also be borne by the employer.

In addition, the heirs of the deceased have the right to receive a one-time allowance in accordance with regulations.

**Article 56. Allowance to Victims of Labour Accidents or Occupational Diseases**

The allowances for a worker who is a victim of a labour accident or an occupational disease are as follow:

- Throughout the period of medical treatment and health rehabilitation certified by a doctor, the employee shall be entitled to receive his regular salary or wages, but not exceeding six months. If the period exceeds six months, for each exceeded month, he shall be entitled to receive only fifty percent of his salary or wages, but [the period] shall not exceed eighteen months. For a member of the social security organisation, the social security system shall be applied;
- Where a worker becomes handicapped or loses any organ of the body as a result of a labour accident, or an occupational disease or dies as a result thereof, the employer shall pay an allowance to the victim or to his heirs in accordance with the laws and regulations.

**Chapter 9  
Social Security**

**Article 57. The Importance of Social Security**

Social security is important for securing the basic material and moral needs of employees and their families, aiming at maintaining a stable life during illness, giving birth, loss of capacity, retirement, death, labour accident, occupational disease, handicap, loss of job, and while facing other difficulties.

Employers and employees contribute to the social security fund in accordance with the social security regime determined by the State.

**Article 58. Compulsory Social Security**

All labour units must participate in the social security regime by contributing to the social security fund to implement the social security policy for the employees and employer in accordance with regulations.



## **Chapter 10** **Pension and Allowances System**

### **Article 59. Pension System**

Workers in various labour units have the right to receive pension under the following conditions:

- Men and women reaching the age of sixty years. The women may retire earlier but no earlier than the age of fifty-five years;
- Upon completing twenty-five years of work;
- For a worker who have worked in a place that is dangerous to the health for a continuous period of five years or more before the date of receipt of pension, the term of service period is twenty years, and the retirement age is fifty-five years of age, and women may retire earlier, but no earlier than fifty years of age;
- Social security regulations shall apply to workers who have contributed to social security. For the worker who is not a member of the social security organisation, his labour unit shall be responsible to pay in accordance with the social security regulations.

### **Article 60. Receipt of One-Time Allowance**

Workers who do not meet the requirements stipulated in Article 59 above shall receive a one-time allowance as prescribed in Article 29 of this law.

## **Chapter 11** **Resolution of Labour Disputes**

### **Article 61. Types of Labour Disputes**

Labour disputes arising when the employer and employees cannot reach consensus on a labour issue.

Labour disputes are divided into two types as follow:

- Disputes concerning the implementation of the Labour Law, internal regulations of the labour unit, labour regulations, employment contracts, and other legislation relating to labour;
- Disputes relating to benefits, which refers to disputes relating to claims by employees for new rights and benefits which they request their employer to [provide]<sup>19</sup>.

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<sup>19</sup>

The literal translation of this term is “solve”.

**Article 62. Resolution of Labour Disputes Relating to Laws and Regulations**

If a worker, trade union or workers' representative makes a claim against the employer who has acted in violation of the Labour Law, internal regulations of the labour unit, labour regulations, [or] the employment contract, the employer or its authorised representative must consider and resolve the problem in a reasonable time. During the consideration of the claim, the worker may propose that the trade union or workers' representatives also participate.

Where the parties reach an agreement in relation to the claim in whole or in part, a memorandum of the agreement must be prepared and signed by the parties and a witness to certify their acknowledgment. Such memorandum must be sent to the labour administration agency and the trade union or workers' representatives within five days from the date the memorandum is signed.

**Article 63. The Organisations Responsible for Resolution of Labour Disputes Relating to Laws and Regulations**

If, after fifteen days from the submission of a claim to the employer, the employer has not called the relevant parties to solve the dispute or a consideration has taken place but no agreement has been reached, or an agreement has been reached but is not implemented, the worker has the right to request the labour administration agency to solve the dispute.

Where the labour administration agency cannot resolve or can resolve only part [of the dispute] within fifteen days, the party that is not satisfied with the resolution has the right to file a claim with the people's court for adjudication.

**Article 64. Resolution of Labour Disputes Relating to Benefits**

The resolution of labour disputes relating to benefits must be carried out according to the procedures for the resolution of disputes relating to laws and regulations as stipulated in Articles 62 and 63 above.

Where the labour administration agency cannot resolve [the dispute] within fifteen days from the date of receiving such dispute, the dispute shall be submitted to the labour dispute resolution committee to consider a solution.

The labour dispute resolution committee comprises representatives of the labour administration agency, trade unions or representatives of employees, representatives of employers and other concerned sectors.

The establishment and activities of the labour dispute resolution committee are determined by separate specific regulations.

**Article 65. Prohibition of Work Stoppage**

Workers, employers or their representatives shall not declare a work stoppage in the following cases:

- In the event of a labour dispute relating to the implementation of laws and regulations and relating to benefits;
- When both parties have agreed to meet for consideration and resolution of the disputes;
- During the process of the resolution of unresolved matters relating to workers and employers by the labour dispute resolution committee;
- During the settlement of the labour dispute by the people's court.

Any person or organisation which is directly or indirectly involved and has [directly or indirectly] incited workers, employers or their representatives to stop work either verbally or through material or financial support that causes damage to the workers or employers or social order, shall be punished in accordance with the laws.

**Chapter 12**  
**Administration and Inspection of Labour**

**Article 66. The Labour Administration Agency**

The labour administration agency comprises:

- The Ministry of Labour and Social Welfare;
- The labour and social welfare division at each province and city;
- The labour and social welfare office at each district and municipality.

**Article 67. Right and Duties of the Ministry of Labour and Social Welfare**

The Ministry of Labour and Social Welfare has the following rights and duties relating to labour activities:

1. To research and draw up strategic plans, laws and regulations on the building and development of labour skills, job placement, and administration of labour, and to propose to the government for consideration and approval;
2. To disseminate, monitor, supervise and inspect the implementation of strategic plans, the Labour Law, and other regulations on labour;
3. To research, consider, approve or cancel the establishment of enterprises, associations or foundations relating to labour;
4. To establish and conduct scientific research on labour, statistics and information, the labour market and others;
5. To collaborate with other sectors and organisations in building and developing labour skills, and in job placement;

6. To administer Lao workers working within the country and abroad, and foreign workers working in the Lao PDR, in collaboration with the Ministry of Foreign Affairs, the Ministry of Security, and other sectors at central and local levels, as necessary;
7. To administer and inspect the activities of job placement enterprises;
8. To administer, use and inspect the national fund on building and developing labour skills in accordance with regulations;
9. To supervise the mediation of labour disputes;
10. To cooperate in international labour activities;
11. To exercise such other rights and perform such other duties as stipulated by the laws.

**Article 68. Rights and Duties of the Labour and Social Welfare Division of Each Province and City**

The labour and social welfare division of each province or city has the following rights and duties relating to labour:

1. To elaborate on the strategic plan and the development plan on labour;
2. To disseminate, monitor, supervise and inspect the implementation of laws and regulations on labour under its responsibility;
3. To collaborate with other divisions and organisations in the building and developing of labour skills, job placement and administration of labour;
4. To administer Lao workers working within country and abroad, and foreign workers working in the Lao PDR, in collaboration with other relevant sectors within its locality as assigned by the Ministry;
5. To administer, use and inspect the national fund on building and developing labour skills in accordance with regulations;
6. To conduct mediation of labour disputes within its mandate;
7. To consider applications to establish or the cancellation of [licences of] enterprises, associations and foundations relating to labour, and to propose to the Ministry of Labour and Social Welfare for consideration and approval;
8. To supervise, monitor and administer enterprises, associations, and foundations relating to labour within its responsibility that have been approved for establishment;
9. To monitor and collect data and information on labour and the labour market;
10. To summarise and report on labour activities to the higher authorities;
11. To perform such other rights and exercise such other duties as stipulated by the laws.

**Article 69. Rights and Duties of the Labour and Social Welfare Office of Each District and Municipality**

The labour and social welfare office of each district or municipality has the following rights and duties relating to labour:

1. To disseminate, monitor, and inspect the implementation of laws and regulations on labour under its responsibility;
2. To collaborate with other offices and organisations in the building and developing of labour skills, job placement and administration of labour;
3. To conduct mediation of labour disputes within its mandate;
4. To monitor and administer activities of the enterprises, associations and foundations relating to labour within its responsibility;
5. To monitor and collect data and information on labour and the labour market;
6. To summarise and report on labour activities to the higher authorities;
7. To Exercise such other rights and perform such other duties as stipulated by the laws.

**Article 70. Rights and Duties of Other Relevant Sectors**

Sectors and administrative agencies at the local level relating to labour have the rights and duties to collaborate with the labour and social welfare sector in accordance with their roles and responsibilities in the building and development of labour skills, job placement and administration of labour in order to expand labour activity and to contribute to strengthening the socio-economic growth of the nation.

**Article 71. The Labour Inspection Authority**

The labour inspection authority is the same organisation as the labour administration agency as defined in Article 66 of this law.

**Article 72. Rights and Duties of the Labour Inspection Authority**

The labour inspection authority has the following rights and duties:

1. To inspect the implementation of laws and regulations, plans relating to labour;
2. To inspect the working conditions, social welfare and social security relating to labour;
3. To inspect safety and health in the workplace;
4. To inspect the administration and job placement and the use of female and child labour;
5. To inspect the building and developing of labour skills;
6. To inspect job placement enterprises;

7. To exercise such other rights and perform such other duties as stipulated by the laws.

**Article 73. Types of Inspection**

Labour inspections are divided into three types as follows:

1. Regular inspection;
  2. Follow-up inspection;
  3. Emergency inspection.
- Regular inspection is an inspection in accordance with a determined plan;
  - Follow-up inspection is a re-inspection following a regular inspection in various labour units that have been warned or have been given recommendations for some areas of improvement;
  - Emergency inspection is an urgent inspection without advance notice to the person being inspected.

**Chapter 13**

**Policies Towards Persons with Outstanding Achievements  
and Measures Against Violators of this law**

**Article 74. Policies Towards Persons with Outstanding Achievements**

Any person or organisation with outstanding achievements of this law will be awarded or receive other policies in accordance with regulations.

**Article 75. Measures Against Violators**

Any individual or legal entity that violates this law shall be re-educated, warned, fined, subject to temporary suspension of business, subject to withdrawal of business licence or brought to court proceeding based on the nature of the offence, including having to compensate for civil damage caused, as regulated by the laws and regulations.

**Chapter 14  
Final Provisions**

**Article 76. Implementation**

The government of the Lao People's Democratic Republic is to implement this law.

**Article 77. Effectiveness**

This law replaces the Labour Law No. 002/NA, dated 14 March 1994.

This law shall enter into force after ninety days from the date of the promulgating decree from the President of the Lao People's Democratic Republic.

Any provisions that contradict this law are repealed.

Vientiane, 27 December 2006  
President of the National Assembly

*[Seal and Signature]*

Thongsing THAMMAVONG