

## Govt to revise value-added tax

Times Reporters

The government will amend the Law on Value-Added Tax (VAT) to remove tariffs on materials Laos cannot produce domestically as part of preparations for the Asean Free Trade Area and Asean Economic Community in 2015.

Under amendments flagged in a government report last week, the 10 percent tariff on some materials and machinery that cannot be produced in Laos will be reduced to zero in a bid to promote productivity in other sectors.

The government has moved to assure the amendment will not impact negatively on the country's investment climate, particularly in the commercial production for export sector.

Ministry of Finance Office Head, Mr Bounzoum Sisavath, told *Vientiane Times* yesterday the move aimed to promote more investment in commercial production to meet domestic and export demand, while reducing imports of goods that could be produced in Laos.

The government has assigned relevant bodies to carry out studies to ensure the amendment complies with World Trade Organisation and Asean Free Trade Area regulations.

At a recent government meeting in Vientiane, industries requesting tariff exemptions on imported materials and machinery to be used for commercial production in Laos were asked to list their requests to make management and inspection processes faster and easier.

VAT is an indirect tax collected on the proportion of value added to goods

and services occurring in all processes, ranging from production and distribution to service supply and consumption. It is also collected on the value of goods and services imported into Laos.

Business operators calculate and add VAT to the sale price of goods and services, then pay it to the State budget.

The government has promoted international cooperation on VAT through the exchange of technical lessons and information, human resource development and facilitation in different areas in line with international agreements or treaties which Laos has signed or acceded to.

When the Asean Economic Community is formed in 2015, member countries will shift from earning income from tariffs to VAT as a way to maintain national revenues.

Despite economic growth of at least 8 percent annually, Laos continues to import more than it exports.

According to a government report, in the past six months of the 2012-13 fiscal year export values reached US\$880 million while the value of imports exceeded US\$1.16 billion. The main items imported included processed foods.

Higher imports have led to the country's rising inflation, which has impacted on the livelihoods of local people. For instance, in July this year, inflation hit 7.4 percent, mainly driven by food prices.

By promoting domestic commercial production through cheaper imports of machinery and materials, the government hopes to reduce overall imports – a dream yet to be realised in most sectors.

## Priority given to teacher training

Times Reporters

Greater priority is being given to the training of teachers as Laos seeks to upgrade standards in educational institutions of all levels and improve the sector as a whole, a senior government official has said.

Director General of the Teacher Development Department at the Ministry of Education and Sports, Mr Chandy Phommabout, told *Vientiane Times* yesterday a greater percentage of students taking teaching courses this year have received government scholarships.

He said all students taking the intermediate teaching course, known as the 9+3 system, have received government scholarships to support their studies.

In addition, up to 50 percent of all students taking teaching courses at the higher diploma and bachelor degree levels, or the 12+2 and 12+4 systems, have been given scholarships.

The encouraging news comes as more than 60,000 teachers around the country celebrate National Teachers' Day, which falls on October 7. "Teachers have benefitted from a number of policies," Mr Chandy said.

Special incentives, including the higher monthly salary being paid to teachers compared to public servants in other sectors,



The government is reforming teacher training to improve classroom standards.

and which came into effect last year, are drawing more young people to the profession.

Since the incentives were introduced, more people have enrolled in teacher training courses.

More than 5,000 students are taking teacher training courses this academic year, which began at the start of last month.

Aiming to train teachers in the most essential areas, the ministry has cut enrollments from more than 7,000 to just above 5,000 this year. Teachers for kindergartens and upper secondary schools are among the most needed, Mr Chandy said.

In addition, the government will give priority to teachers

when awarding scholarships funded by certain overseas organisations and friendly countries, Director General of the ministry's Department of Student Affairs, Professor Dr Khamlusa Nouansavanh, said recently.

This will be the case when scholarship providers give Laos the authority to select the recipients, he explained.

The move aims to address the shortage of highly qualified staff to teach courses in tertiary education institutions.

Laos is aiming to upgrade teaching standards through a policy that stipulates proportions of '1-6-3' by 2015, meaning that of every 10 teachers in a tertiary

institution, one must hold a doctorate degree, six should hold master's degrees and three should have bachelor's degrees.

More highly qualified teachers are in demand following the ministry's initiative, which was launched this year to improve the quality of teaching in tertiary education.

The ministry has prohibited both private and state colleges from starting new bachelor's or higher degree programmes this academic year until they have proved they meet the standards set by the ministry.

This includes the requirement that each institution hire a sufficient number of regular teachers.

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