

Newsletter:

Payment for the Purchase and Sale of Land Use Rights through Online Platforms in Lao PDR

In Brief

We are excited to share new legislation recently issued by the Ministry of Natural Resources and Environment (MONRE) of the Lao People's Democratic Republic (the Lao PDR). In April 2025, MONRE issued the Minister's Decision on the Payment for the Purchase and Sale of Land Use Rights through Online Platforms No. 0506/MNRE, dated 10 April 2025 ("Minister's Decision on the Payment for the Purchase and Sale of Land Use Rights through Online Platforms 2025") which will become effective on 26 May 2025.¹

Key Takeaways

A. Purposes

The legislation was issued with the following purposes:

- 1) to specify regulations and measures regarding the management and monitoring of the payment for the purchase and sale of land use rights through the banking system;
- 2) to ensure that the transaction will proceed conveniently, speedily, securely, transparently, and effectively;
- 3) to maintain financial and monetary stability;
- 4) to reduce the use of cash and foreign currencies;
- 5) to promote access to financial services, ensuring the purchase and sale of land use rights;
- 6) to combat and prevent money laundering and financing terrorism; and
- 7) to contribute to the economic development and social activities of the Lao PDR².

B. Categories

There are three categories of the purchase and sale of land use rights through the banking system under the legislation.³

- 1) The purchase and sale of land use rights by operators of land-related businesses.⁴ The purchase and sale of land use rights under this category are concerned with the purchase and sale of land use rights in land-related businesses legally authorized to sell for profit. Furthermore, it also involves the allocation of land and the sale of land in lots or the construction of houses and selling them in lots to develop the area into a new town, then allocate and sell them in lots, to build condominiums, apartments and the purchase and sale of state land use rights in a manner related to land use rights, such transaction shall be proceeded through the bank account.
- 2) The purchase and sale of land use rights of individuals, legal entities, and organizations that are Lao citizens.⁵ The payment relating to the purchase and sale of land use rights by individuals, legal entities, or organizations that are Lao citizens must be done through the banking system, such as commercial banks, microfinance institutions, and payment service providers authorized by the Bank of the Lao PDR. Thereafter, proof of payment must be attached to the application for the registration of the transfer of the land use rights. Subsequently, the registration of the purchase and sale of land use right will be conducted, and a new land title deed will be issued to the buyer. If payment is not made through the banking system, the registration of the transfer of land use rights to the buyer will not be allowed.

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Author



Tanadee Pantumkomon
Partner
Tanadee.P@ilawasia.com



Viphavanh Syharath
Associate
ilawlaos@ilawasia.com

Contact

ILAW LAOS CO., LTD.
Chanthakoummene Road, Unit 7,
Xiang Nguen Village,
Chanthabuly District,
Vientiane Capital, Lao PDR 0100

Tel: (+85620) 99282244

Email: ilawlaos@ilawasia.com

About us

ILAW LAOS CO., LTD. ("The Firm") is a prominent law firm in Laos, established in January 2021 and registered with the Ministry of Commerce under the enterprise number 01-00024891. The Firm is located at Vientiane, and was founded by Somphob Rodboon, Managing Partner. The Firm is a branch office of its parent company, ILAWASIA CO., LTD., which has been based in Bangkok, Thailand for over a decade.

Our partners and local attorneys were recently recognized and listed in the Asia-Pacific Legal 500 series and recently, the firm recognized as 'Leading Firms (Tier 2)' in the Legal 500 rankings during 2024 to 2025. Moreover, also recognized by AsiaLaw as 'Notable Firms' for the General Business Area during 2023 to 2024.

The firm is specializing in various legal services to meet the needs of both domestic and international clients. Our expertise spans across intellectual property, corporate and commercial law, and labour law.

For the purchase and sale of land use rights by individuals or unwealthy families living and owning land in remote rural areas where transportation is inconvenient, and access to the services of commercial banks, microfinance institutions, or payment service providers, where payment through the banking system is impossible. In this regard, after the payment through the banking system is completed, it must be certified by the village administration. Regarding the purchase and sale of land use rights between individuals, unwealthy families, and other individuals or legal entities, proof of payment of the purchase and sale of land use rights through the banking system is required. In the case of purchase and sale of land use rights before this legislation is effective, which has been settled without going through the banking system, but there is a written land use right purchase and sale agreement and has been certified by the village governing body where the land is legally located but has not been registered the transfer of land use rights at the Department of Natural Resources and Environment, the seller then can register the transfer of land use rights to the buyer.

- 3) The purchase and sale of land use rights allocated by the State with a fixed term⁶; It is the purchase and sale of land use rights allocated by the State with a fixed term. In other words, it is the purchase and sale of land use rights between the state and Laotian citizens, foreigners, stateless persons, and foreigners of Laotian ethnicity to develop the piece of land into a new town, to build condominiums, apartments, allocated houses, with a time limit of no longer than fifty years from the date of signing the land use right purchase agreement with an option to repurchase the land use rights according to the agreement of the relevant government agencies, the purchase and sale of the allocated land use rights of the state must be conducted through the banking system in the Lao PDR.

C. Platforms⁷

The legislation specifies two platforms for payment:

- 1) Payment services provided by employees of payment service providers at service locations, such as offices, branches, service units, and agents through any electronic tool.
- 2) Payment services provided through payment devices, as defined by the Bank of the Lao PDR, such as card readers, cash deposit-withdrawal boxes, mobile banking, and internet banking.

D. The Proof of Payment⁸

The proof of payment for the purchase and sale of land use rights through the banking system must contain the following items:

- 1) The name of the payment service provider;
- 2) The name, surname, and account number of the buyer;
- 3) The name, surname, and account number of the seller;
- 4) The date, month, year, and the time of payment;
- 5) The amount of money;
- 6) Transaction code number or reference number;
- 7) The purpose of payment i.e., the payment for the purchase and sale of land use rights between the "name of the buyer" and the "name of the seller," including the number of the contract of sale.

E. The Form of Payment⁹

Payment for the purchase and sale of land use rights through the banking system can be made in various ways, such as a one-time payment or payment in installments under the sale and purchase contract of land use rights between the buyer and the seller. Each form of payment must include proof of payment in writing from bank, financial institution or payment service provider attached to the application for the purchase and sale of land use rights.

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References

- ¹ Article 16 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ² Article 1 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ³ Article 5 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ⁴ Article 6 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ⁵ Article 7 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ⁶ Article 8 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ⁷ Article 9 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ⁸ Article 10 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.
- ⁹ Article 12 - Minister Decision on the Payment of Purchase and sale of Land Use Right through an Online Platform 2025.

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