

Expanding your company beyond your borders can be an excellent way to grow and experience more significant success. However, your expansion will require time, dedication, and a comprehensive understanding of employment laws.

Globalization Partners can support your international expansion with our Employer of Record model. This arrangement allows you to sidestep the lengthier processes in overseas development and offers the legal expertise your company needs.

When you work with us as your global PEO, we hire your employees through our subsidiary in your country of choice. Our HR and legal teams help you draft compliant contracts, guide you through onboarding, and manage payroll according to taxation laws. With your employees hired under our entity, you offload all legal risk to us.

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A global expansion in Laos is faster and easier with our extensive country knowledge and dedication to expansion support. With newfound peace of mind, you can focus on developing your company while we handle the rest.

Doing Business

Laos or the Lao People's Democratic Republic is situated between China, Cambodia, Vietnam, and Thailand, allowing for strong economic development. The country offers growing industries such as construction, agriculture, and tourism, making it an ideal location for expanding your company.

This nation offers an attractive tax system, specified employment laws, and a focus on employee representation. As long as you create agreeable and compliant terms with your employees, you can foster a team dedicated to growth and success.

Employment Contracts

Laos's labor laws dictate employment contracts as verbal or written agreements. Oral agreements are permitted when both parties involved are individuals. If one or both parties are a legal entity or organization, you should write the contract.

Employment can be indefinite or fixed. A fixed-term agreement cannot exceed three years. If it does, it automatically becomes an indefinite contract. An employment agreement should include all practical terms, such as:

- Description of the services the employee will perform
- Name and address of both parties
- Contract duration
- Wages and pay schedule
- Working hours, annual leave, and holidays
- Any additional benefits or terms deemed valuable

Working Hours

The standard workweek for all employees is six days a week for eight hours a day. Every worker is entitled to one rest day a week. The working hours for dangerous industries or hazardous environments are six days a week for six hours. These occupations may include

work with:

- Exposure to radiation, vapors, smoke, or diseases.
- Explosive chemicals or materials.
- Underground conditions, high elevations, or underwater environments for extended periods.
- Extreme high or low temperatures.
- Vibrating equipment.

You can request overtime from your workers with confirmation from applicable representation, trade unions, or a worker majority. These times cannot exceed three hours a day or 45 hours a month. During 5 p.m. and 10 p.m., your employees must make 150 percent of their regular rate, while work from 10 p.m. to 6 a.m. requires 200 percent.

Vacation Leave

Employees must receive 15 days of paid annual leave for one year of service. For dangerous jobs, workers earn 18 paid days. If an individual cannot take leave based on your requirements, they must make 150 percent of their standard wages.

The country also guarantees three paid personal days for certain circumstances:

- An immediate family member is hurt or hospitalized and has no one to care for them
- An immediate family member has passed away
- Marriage
- The employee's wife gives birth
- Effects of a natural disaster

Sick Leave

If an employee can provide a medical certificate, they earn paid sick leave. Workers earn 30 days of sick leave a year. If an employee works on a daily or hourly basis, they must be employed with your company for 90 days to qualify for paid leave.

Holidays

There are five public holidays in the country. They are:

- Lao National Day.
- The Lao New Year Festival (three days).
- International Women's Day.
- International Labor Day.
- National Teacher's Day.

Employees receive time off for these days, and you may need to grant time off for preferred religious holidays to different workers. Nonnationals should also earn a day off for their home country's national day.

Maternity Leave

Female employees earn 105 days of paid maternity leave. If they have multiple births, such as twins, they receive 120 days of absence. Workers can take these days in any combination before and after delivery, but they must take at least 45 days off after giving birth.

If a medical issue arises during delivery and the employee requires extended leave, the Social Security Fund will cover the payment.

Tax

Income tax operates on a tier system based on income. You are responsible for reporting income for tax purposes, and deductions can range from 0-25 percent. You and your employees also have to contribute portions of paychecks to the Social Security Fund.

Termination and Severance

You or an employee may cancel an indefinite contract at any time with the appropriate notice. Work involving physical labor requires 30 days of notice, and mental labor requires 45

days. You can cancel a contract if the worker lacks the needed skills or proves too unhealthy to work in any position.

An employee may cancel a contract for a few reasons, including:

- Poor health making them unable to work.
- Continued objections to the employment contract that you don't address.
- Workplace relocation where they cannot fulfill their duties.
- Any instances of harassment you don't address.

In all these instances, an employee must receive severance pay. You can terminate the contract without severance with permission from the Labor Administration Agency if the employee:

- Causes deliberate damage.
- Violates the contract or internal regulations.
- Neglects work for four or more consecutive days without explanation.
- Is sentenced to prison.
- Infringes upon the rights of other employees after receiving a warning.

Health Insurance

While the health care system has improved over the years, it's still in the developmental phase. The Ministry of Health wants to instill national public health care, and the infrastructure is continually building on this goal.

The Social Security Fund supports sick benefits, but you are not required to provide private health insurance to employees. There are private health care facilities in the country, and you may choose to provide this benefit as you see fit.

Bonuses and Additional Benefits

There are no bonuses or additional benefits outlined in the country's employment laws. You can offer other provisions at your discretion.

Expand Business to Laos With Globalization Partners

Don't let borders be boundaries. Find your success in Laos today by working with us as your Employer of Record. [Contact our team](#) to learn more about our services and what we can do for you.