



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

President's Office

No. 24/PO

DECREE
of the
PRESIDENT
of the
LAO PEOPLE'S DEMOCRATIC REPUBLIC

On the Promulgation of the Labour Law

Pursuant to Chapter 6, Article 67, point 1 of the Constitution of the Lao People's Democratic Republic which provides for the promulgation of the Constitution and of laws which are adopted by the National Assembly; and

Pursuant to Resolution No. 002/NA, dated 14 March 1994, of the National Assembly regarding the adoption of the Labour Law.

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

- Article 1.** The Labour Law is hereby promulgated.
- Article 2.** This decree shall enter into force on the date it is signed.

Vientiane, 21 April 1994

The President of the Lao People's
Democratic Republic

[Seal and Signature]

Nouhak PHOUMSAVANH



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

No. 02/94
14 March 1994

LABOUR LAW

Chapter 1 General Provisions

Article 1. Objectives of the Labour Law

The objectives of the Labour Law are to regulate labour relationships, fully develop all labour skills for national socio-economic development, upgrade the efficiency and productivity of labour in society, and improve the workers' living conditions.

Article 2. Principle of Mutual Benefit between Employers and Employees¹

The State applies the principle of ensuring mutual benefit between employers and employees without discrimination on the basis of race, color, gender, religion and socio-political status. Employees must observe work rules and comply with labour regulations.

Employers must ensure fair salaries, safe labour conditions and social security. In this law "employees" refers to individuals working under the management of employers in order to receive compensation for their work in the form of salaries or wages, benefits and policies² as provided in the labour law, regulations and contracts.

"Employers" refers to individuals or legal entities which use employees' labour and pay them salaries or wages, benefits and policies as provided in the labour law, regulations and contracts.

¹ 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.

² "Policies" is often used as an indirect way of referring to "incentives" or "privileges".

Article 3. The Right to Establish and Participate in Mass and Social Organisations

Employees and employers have the right to establish and participate as members of any lawful mass organisation or social organisation.

Such mass organisations and social organisations have the right to determine rules, elect their representatives, [and] establish their administrative structures and operations by themselves, as well as the right to join with local labour federations or union.

Rules governing the establishment, roles and rules regarding activities of such organisations will be provided in separate regulations.

Article 4. Prohibition of Forced Labour

Employers are prohibited from using forced labour.

The use of forced labour refers to the use of labour whereby the worker is made to perform, against his will, the work assigned which is inconsistent with the employment contract.

The use of forced labour will not be considered as such in the following cases:

- The use of labour in accordance with the law or regulations relating to national defense obligations;
- The use of labour in emergencies, such as war, fire, natural disasters and epidemics;
- Any task to be performed in accordance with court decisions under the supervision of state officers, but such individual shall not be made to work for the private interests of any individual, legal entity or labour unit;
- Any task performed in accordance with decisions of the local administrations where he³ is located, [or] of organisations [or] associations of which he is a member, and such tasks constitute obligations of all citizens for the common benefit of the nation.

Only the State has the right to mobilise workers to work under the conditions stipulated above. Individuals, legal entities or labour units are prohibited from directly or indirectly using measures to use labour for private work or the work of a group of people.

³ The person being compelled to provide work.

Article 5. Scope of Application of Labour Law

This Labour Law applies to all workers and employers who carry out activities in all socio- economic sectors of the Lao PDR, hereinafter referred to as "labour units".

This Labour Law shall not apply to civil servants employed in state administrative and technical services, national defense and public security.

Chapter 2 Labour Management Rules

Article 6. Employing Workers

An employer has the right to employ workers to meet the needs of the labour unit that is under his management, but priority must be given to Lao citizens. The employment of workers must be done through the conclusion of a written employment contract between the employer and employee, on the basis of the principle of equality and mutual agreement, [and] without contradicting any laws and regulations issued by the State.

Article 7. Employment of Foreign Workers

Labour units in different economic sectors may employ foreign workers if deemed necessary where [workers] with the required specialised skills are not available in the Lao PDR. The employment of foreign workers to work in Laos shall be limited in number and in duration, and a detailed scheme shall be established for the transfer of skills to Lao workers to replace such foreign workers once the duration of their work in Laos has ended.

The bringing in of foreign workers to work in Laos on a short-term or long-term basis shall be authorised by the labour management organisation prior to their entry into [Laos], except in cases where workers are brought in by foreign aid projects and various international organisations, to which special regulations shall apply.

The State shall not authorise foreign workers to be brought in to work or engage in professions which are necessary to be reserved for Lao citizens. The list of such professions shall be determined separately.

Article 8. Upgrading of Workers' Qualifications

All employers have the duty⁴ to train, [and] upgrade the qualifications and skills of Lao workers who are under their responsibility in order that they gradually become skilled workers and workers with specialised skills.

All labour units in different socio-economic sectors shall establish a plan and set aside an annual dedicated budget to cover expenses for training

⁴ The literal term is "direct duty" which connotes that the duty is not delegable.

[and] upgrading of qualifications, on short-term, medium-term and long-term bases both within the country and abroad, for their Lao workers.

Article 9. Economic, Technical and Social Management of Workers

Employers shall be directly responsible for the economic, technical and social management of the workers in any labour unit under their management.

An employer may assign all its managerial rights to a person. Such person must be responsible for such work⁵ on behalf of the employer.

Internal management of workers must be set out in internal work rules.

Article 10. Management of Workers by the State

The labour management organisation shall have the following duties:

- To manage, monitor and inspect the correct use of labour;
- To establish regulations relating to the management and use of labour;
- To supervise and control the implementation of such regulations;
- To train and develop skills;
- To study and find work for those who need work.

The organisation and activities of the labour management organisation shall be stipulated in specific regulations.

Employers have the duty to implement all measures relating to the management of workers that are issued by the labour management organisation such as regulations relating to the employment of workers, the registration of workers, labour statistics and other measures.

Article 11. Role of Trade Unions and Workers' Representatives

A trade union should be established in all labour units in accordance with specific regulations of the sectors⁶ concerned. Where there is no trade union, workers' representatives⁷ shall be established.

Trade unions or workers' representatives have the [following] duties within their labour units[:] to promote solidarity, educate, train and sensitize workers to have labour discipline, and to successfully perform work in

⁵ This “work” appears to be a reference to the responsibilities referred to in the first paragraph.

⁶ The word “sector” is used here to refer to the cluster of government ministries or agencies responsible for a particular area.

⁷ “Workers representatives” has the connotation of a committee or group of persons representing the workers rather than an individual.

accordance with production plans established by the labour units; to request or demand that the employer implement the labour law and employment contract correctly; to participate in the settlement of labour disputes; to consult with the employer on issues relating to wages, working hours, rest hours, labour conditions, [and] the social security regime as prescribed by the laws.

All employers shall support trade unions or worker's representatives by providing them with at least one hour during a working day per month and appropriate premises to enable them to carry out their activities in accordance with their roles.

Chapter 3 **Employment Contracts and** **Termination of Employment Contracts**

Article 12. Employment Contract

An employment contract is an agreement made between a worker and an employer or their representatives. An employment contract must be made in writing. Employers must comply with employment-related contractual obligations, and workers must fully perform their duties according to their specialization and experience. Employers must assign their workers to work or positions that are stipulated in the employment contract, pay them salaries or wages, and ensure they receive fair benefits and others⁸ in accordance with the laws and the employment contract agreed upon [by the parties].

Employment contracts must stipulate the work place, the work to be performed, the level of wages and other policies which the worker should receive. An employment contract is one way to employ a worker.

Article 13. Form and Duration of Employment Contracts

Apart from employment contracts which must be made in writing, in some cases an employment contract may be verbal, depending on the conditions and nature of the work, such as work on a daily basis and work of a small volume.

An employment contract may be made either for a fixed term or for an indefinite period. The duration of a fixed-term employment contract shall depend on the agreement between the employer and the worker concerned.

⁸ Here, "others" is a literal translation and is not subject to further specificity.

Article 14. Probation⁹

An employer has the right to take on workers on a probationary basis in order to ascertain their ability to perform their duties.

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

- In respect of work that does not require experience in a specialised skill, such as: work primarily involving manual labour, 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 [,]during such probationary period a worker is absent from work for a certain period of time as a result of sickness or 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 or the employer may not employ the worker. However, the extension shall not exceed thirty days.

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. In such termination of probation, the worker has the right to receive salary or wages and other policies provided for under the laws, calculated from the beginning of the probation to the date when he stops 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. Throughout the probationary period, the worker shall be paid a salary or wage of not less than ninety per cent of the salary or wage for such work.

Article 15. Termination of Employment Contract

An employment contract made for a fixed term or for an indefinite period 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 forty-five days' notice in respect of skilled work and fifteen days for work that is primarily manual.

The parties to a fixed-term employment contract shall notify each other [whether they wish to terminate the contract] 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.

⁹ The literal is "trial of competence of workers".

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

An employment contract shall be terminated on the death of the worker.

Article 16. Termination of Employment Contract by Dismissal

An employment contract may be terminated by dismissal where the worker lacks specialised skills, where the worker is not in good health and therefore cannot continue to work, or where the employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

Where it is found that a worker lacks skills or is in poor health, the employer may decide that the worker should stop working and terminate the employment contract, provided that it gives to the worker at least forty-five days' notice together with an explanation of the grounds for termination. During the period of notice, the employer must authorise the worker to look for new work during one working day per week, with payment of [the same] salary or wages as when he was working.

However, before deciding to terminate the employment contract, the employer shall consider the transfer [of the worker] to work that is appropriate to the worker's skills or health and the employment contract may be terminated only if no such work is available.

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 management organisation[;] at the same time, the employer shall give the dismissed persons at least forty-five days' notice and an explanation as to the reasons for the reduction.

The termination of an employment contract on any of the above-mentioned grounds must be accompanied by the payment of termination allowance to the workers dismissed according to their period of work. Such allowance shall be calculated based on the duration of work and shall be equal to ten percent of the monthly salary before the termination for each month of work. For workers who have worked for more than three years, the [basis for] calculation shall be fifteen percent.

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 wage that the workers received during the three months immediately prior to termination.

Article 17. Limitation of Employer's Right to Terminate an Employment Contract

An employer does not have the right to terminate an employment contract or force an employee to stop work where the said employee is:

- Sick and undergoing medical treatment or rehabilitation after medical treatment on the advice of a doctor, or facing disasters such as when his house has been destroyed by a fire;
- A woman employee who is pregnant or who has given birth but the postnatal period is less than nine months¹⁰;
- On annual leave or on leave approved by the employer;
- Still performing work in another workplace upon assignment of the employer;
- Filing a complaint or claim against the employer or cooperating with government officials in relation to the implementation of the labour law, and [in relation] to labour disputes within his labour unit;
- Carrying out activities for trade unions, workers' representatives or other social organisations upon approval of the employer or outside of working hours;
- A worker who has been elected to the trade union or workers' representatives.

This article does not apply to employees who have committed an offense as stipulated in Article 19 of this Labour Law.

Article 18. Special Rights of Employees during the Notice Period

During the notice period, if the employee suffers from a labour accident or is sick and cannot perform the work, the period of treatment shall not be counted as part of the period of notice. During the notice period, the employee shall work and receive the normal wages or salary as he received before the notice was given.

Article 19. Termination of Employment Contract due to the Commission of a Fault by an Employee

An 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 the following:

- Behaved dishonestly in the performance of his duty or deliberately caused serious damage to the employer where there is sufficient evidence;
- Violated labour regulations despite previous warnings from the employer;
- Abandoned work for four consecutive days without a valid reason;

¹⁰ In other words, a woman's employment may not be terminated during the nine months following delivery.

- Been sentenced to imprisonment by the court.

Article 20. Unlawful Termination of Employment Contract

An employer must pay allowance to a dismissed worker or to an authorised person in the following cases:

- The employer terminates the employment contract without a valid reason or directly or indirectly forces the worker to terminate the employment contract;
- The employer acts in breach of its contractual obligations despite previous notices from the employee requesting it to change [its behaviour].

In addition to the right to receive termination allowance, the employee has the right to claim compensation for damages from the employer if such employee has [suffered from the] loss of legitimate interests.

An employee whose employment contract has been unlawfully terminated has the right to request reinstatement to his former post or to be assigned to other appropriate work.

The termination allowance to employees whose employment contracts have been terminated in the above-mentioned circumstances shall be calculated based on the duration of work and shall be equal to 15 per cent of the monthly salary before termination for each month of work. For employees who have worked for more than three years, the [basis of] calculation shall be 20 per cent.

Article 21. Temporary Transfer of Employees

An employer may transfer an employee to perform another task in the same labour unit for a period not exceeding three months, if such transfer is effected as a result of a temporary cessation of activity, for disciplinary reasons, as a means of preventing possible damage to its activities, or as a means of preventing a natural disaster. Once the three month period has elapsed, the employer and employee must consider reinstating¹¹ the employment contract.

During the period of temporary transfer, if the new task is a higher task and the employee is able to perform the task in accordance with the [required] standards, [the employee] shall receive the salary or wage payable for the new task. On the contrary, if the salary or wage payable for the new task is lower than that payable for the old task, the salary or wage for the old task must still be paid. When the employee is transferred back to his old task, the salary or wage for such task must be paid.

¹¹ The connotation is of returning to old job.

If an employee is transferred for disciplinary reasons to a new task which lower than the old task, the salary or wage must be paid according to the new task.

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

Article 22. Measures of the Employer Relating to the 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 report the reason to the competent labour management organisation at least five days prior to the termination of the employment contract.¹²

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

If no reply has been received from the above bodies within fifteen days of the notification, the termination may be implemented.

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

Article 23. Responsibilities of the New Employer

If an employee has terminated the employment contract by breaching the employment contract and applies for a new job, the new employer must be responsible for any damage resulting to the former employer if:

- There is evidence that the new employer was involved in the termination of the employment contract by the employee;
- The new employer employed the employee knowing that the employee was still bound by an employment contract with another employer;
- Where the new employer finds out that an employee whom it has [just] employed had breached an employment contract with

¹² For readability, this paragraph (which was originally one sentence) has been broken up into several sentences.

another employer, but such contract had expired at the time of employment, the new employer shall bear no responsibility.

Article 24. Issuance of Work Certificate to Employee upon Ceasing Work

An employer shall issue a work certificate to an employee who ceases work within seven days of the employee's cessation of work. Such certificate must indicate the starting date and date of cessation of work and the post he occupied.

The work certificate shall specify details of wages and any observation of the employee's performance if requested by the employee.

**Chapter 4
Hours of Work and Rest Periods**

Article 25. 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 contagious disease;
- Direct exposure to gas [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;
- Working in an abnormally hot or cold place;
- Working directly with constantly vibrating equipment.

Article 26. 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 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 organized so that workers can rest appropriately.

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

Article 27. 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 thirty hours per month, except in the case of an emergency such as combating [the effects of] a natural disaster or an accident that would cause great damage to its labour unit. Each period of overtime shall not exceed three hours. It is prohibited to work overtime continuously every day.

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 under Article 42 of this law.

Where overtime is necessary for more than thirty hours in any one month, [the employer] must first request authorisation from the labour management organisation which is responsible [for its labour unit] and approval from the trade union or workers' representatives in its labour unit.

Article 28. 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 29. Sick Leave

Upon presentation of a medical certificate, workers remunerated on a monthly basis shall be entitled to sick leave with full pay for not more than thirty days per year. This shall also apply to workers who work on a daily or hourly basis, on a per unit of production basis or on the basis of specific work contracts only if they have worked for more than ninety days.

Where the period of [sick] leave exceeds thirty days, workers shall receive compensation under the social security system.

The provisions¹³ of this article do not apply to labour accidents or occupational diseases, which are stipulated in Article 53 of this law.

Article 30. Annual Leave

¹³ The literal is "contents".

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 damaging to their health, as specified in article 25 of this Labour Law, shall be entitled to eighteen days of annual leave with full pay at the normal [rate] as when they were working.

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

Chapter 5 Rules of Work

Article 31. Content of Rules of Work

Workers have the duty to implement the rules of work. The rules of work consist of the rights and duties of workers as specified under the laws, the internal rules of the labour unit and the employment contract signed between workers and their employers.

To be legally enforceable, the internal rules of a labour unit must be in conformity with the Labour Law of the Lao PDR and must first be approved by the labour management organisation.

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

Article 32. Measures Against Workers who have Breached the Rules of Work

Persons who have breached the rules of work and on whom warning has been served but who do not change in a positive way, may be transferred temporarily to work at another workplace or forced to resign, as provided in Articles 19 and 21 of this Labour Law. Where such persons intentionally cause damage to the property of a labour unit, they shall compensate for the damage.

Chapter 6 Employment of Women and Children

Article 33. Work Prohibited in Respect of Women Workers

An employer is prohibited from employing and authorising women workers to work in those sectors that involve heavy work and is dangerous to their health as stipulated in specific regulations and to work during the night in all industrial sectors from 10 p.m. to 5 a.m. of the next morning and the rest period shall be at least 11 hours before working on the next day.

Article 34. Prohibition of Employment of Women during Pregnancy and Childcare

An employer is prohibited from employing a woman during her pregnancy or during the first six months following the delivery to perform any of the following work:

- Lifting or carrying heavy loads;
- Work which entails standing continuously for long periods.

In such circumstances the employer shall assign the worker to other temporary work. While performing this temporary work, the worker shall continue to receive her normal salary or wage for a maximum period of three months. After the three months, she shall be paid the salary or wage according to her new assignment.

An employer is prohibited from employing a pregnant woman or woman with a child under twelve months of age to work overtime, or on a day of rest.

Article 35. Maternity Leave Before and After Birth Delivery

Before and after birth delivery, women workers shall be entitled to at least ninety days of maternity leave with their full pay at the normal [rate] as when they were working from their employers or from the social security fund, if contributions have been fully paid to this fund. The period of maternity leave before and after birth must not exceed ninety days, however, the leave after the delivery of birth must be at least forty-two days.

In the event that as a result of birth delivery a woman worker is ill and this is certified by a doctor, such worker shall be authorised to take additional leave of at least thirty days with payment of fifty per cent of her salary or wage.

During the twelve-month period after birth delivery, 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 or to her workplace.

In the event that the woman worker suffers a miscarriage, she is entitled to a [period of] leave as determined by a doctor.

Article 36. Maternity Allowance

A woman worker shall, on birth delivery, be entitled to an allowance of at least sixty per cent of the minimum wage established by the government, 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 [equal to] fifty per cent of the maternity allowance. In the case of a

miscarriage which is certified by a doctor, [she] is also entitled to this allowance.¹⁴

Article 37. Employment of Children under 18 Years of Age

An employer may employ children who are at least fifteen years of age and less than eighteen years of age provided that they do not work for more than six hours per day and thirty-six hours per week. Children shall not be employed in sectors involving the performance of heavy work or work which is damaging to their health, as follows:

- All types of mining;
- Production activities that use chemicals, explosives or poisonous substances;
- Work involving the handling of human corpses;
- Work specified in Article 25 of this law;
- Work at night in all industrial sectors from 10 p.m. to 5 a.m. of the next day, and the rest period shall be at least 11 hours before working on the next day.
- Employment of children under fifteen years of age in all socio-economic sectors is prohibited.

Chapter 7 Salary or Wage

Article 38. Salary or Wage

A salary or wage is an income which has a monetary value which the employer must pay to the employee. Employees' salaries or wages may be paid at the beginning or at the end of the month, before or after the completion of the work.

Article 39. Equal Right to Salary or Wage

Except for foreign employees who have separate employment contracts, all employees who provide equal quantity, quality, and value of work are entitled to receive equal salaries or wages without any discrimination as to gender, age, nationality or ethnicity.

Article 40. Determination of the Level of Salary or Wage

The employer has the right to determine the level of salary or wage of his employees, based on the following conditions:

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

- 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 evaluation of the level of skills and abilities of various groups in the society or the level of wage or salary paid in other labour units;
- Salaries or wages must be consistent with the value of the work or task;
- The salary or wage system must be in several forms¹⁵ and simple.

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

The government or the relevant organisation¹⁶ shall establish minimum salaries or wages periodically and for each region, [and] employers do not have the right to determine minimum salaries or wages at a level lower than the level periodically established by the government for each region.

The periodic determination of the minimum level of salaries or wages of all labour units shall be subject to the government's supervision and control.

Article 41. Forms of Payment of Salaries or Wages

Where the government or the relevant authority has established the minimum salary or wage level, the employer shall pay salaries or wages to the employees based on time worked such as: hourly, daily, monthly or on the basis of a specific work contract¹⁷. All payment of salaries or wages including allowances [and] bonuses shall be made on the basis of a pay list signed by the employees.

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

Where the government or relevant authority has not established the minimum salary or wage level for a specific region, or where the employer has authorised employees to bring certain work to be performed additionally outside the labour unit, such as at their home or elsewhere, wages may be paid based on output¹⁸ or as a lump-sum.

¹⁵ The connotation is "flexible".

¹⁶ The connotation is "governmental organisation".

¹⁷ The reference is to contracts that specify lump-sum payments for either a specific piece of work or a specified period.

¹⁸ The literal is "production".

Salaries or wages of employees must be paid in cash and in full to each person directly and on a timely [basis], except where it is otherwise prescribed by government regulations or as specifically agreed between the employer and the employee.

In addition to salaries or wages, the employer may pay bonuses, allowances or additional benefits as an incentive to the workers.

Payment to employees in the form of narcotics, intoxicating [substances] or substances dangerous to health as a substitute for salaries or wages and other policies¹⁹ is prohibited.

Article 42. Calculation of Overtime

When an employer requires the employee to work overtime, on a day of weekly rest or on various holidays, with the agreement of trade unions or workers' representatives or of the employees, the employer must pay overtime to the employee 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 of the hourly wage 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 of the hourly wage of a regular working day for each hour worked;
- Overtime worked on a day of weekly rest or on a holiday shall be paid for on the basis of two hundred and fifty percent of the hourly wage of a regular working day for each hour thus worked in the daytime, and three hundred percent for each hour worked at night.

If a worker is assigned to work on a night shift between twenty-two hundred hours and five hours in the morning of the next day he shall be paid an additional bonus of not less than fifteen percent of the regular hourly wage [for each hour worked].

Chapter 8 Salary and Wage Guarantee

Article 43. Schedule for Payment of Salary or Wage

Salaries or wages must be paid to employees at least once a month at a fixed time, except for additional allowances or bonuses which are determined separately.

In respect of wages paid on a per unit of production basis, or in respect of hourly work, workers shall be paid at least twice a month or at an interval not exceeding 16 days.

¹⁹ Here, “policies” is used as an indirect way of referring to “incentives”.

Where employees face difficulties or emergencies such as childbirth, sickness, [or] accidents and have asked for advance salary or wage payment, the employer should, as necessary, give consideration to advance payment of their salary or wage before the payday.

The employer shall only pay salaries or wages to employees on working days, at the workplace or close to the workplace.

Article 44. Payment of Salary or Wage in the Event of Temporary Work Cessation

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

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

Article 45. Preferential Right to Receive Salaries 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 salaries or wages, including any bonuses and allowances, before applying the remaining assets for payment of other debts.

Article 46. Deductions from Salary or Wage to Compensate for Damage

Deductions from an employee's salary or wage to compensate for damage to the property of a labour unit caused by the employee shall be made according to the value of the object that has actually been damaged.

If the employee does not have assets to use for compensation, [the compensation] must be deducted from his salary or wage.

Deductions for the purpose of compensation for damage, as well as for personal income tax, [contributions to] the social security fund and other debts, shall not exceed twenty per cent of the salary or wage paid to him at any given time.

**Chapter 9
Income Tax and Social Security**

Article 47. Deduction of Personal Income Tax from Salary or Wage

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 or the labour administration sector²⁰ must strictly withhold personal income tax from the salaries or wages of employees under their responsibility for remittance to the national budget.

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

Article 48. Social Security Fund

All labour units in the socio-economic sectors must establish a social security fund or pay contribution to a compensation fund to ensure the livelihood of employees in accordance with the social security system.

Employees and employers must contribute to the social security fund pursuant to the social security regime established by the government.

If the employer has already contributed to the compensation fund and social security fund, social security payments to employees shall be made from such funds.

Chapter 10 Labour Protection

Article 49. Guarantee of Safety and Working Conditions

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

The employer must establish internal rules concerning labour and health protection, including the use of necessary measures to protect machinery, and the installation of various safety equipment in consultation with trade unions or workers' representatives in its labour unit. These rules 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:

- Appropriate lighting by means of an electrical installation or sufficient natural light, limitation of excessive noise, [and] ventilation for air, dust and odors which are dangerous to health;
- A supply of drinking-water and washing water, showers, toilets, a cafeteria, and changing room for workers;

²⁰ The word “sector” here is used to refer to the cluster of government ministries or agencies responsible for a particular area.

- 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 [measures] that warn against or prevent electric shocks, [and] fire and others, as necessary.

The employer must furthermore ensure that workers acquire sufficient knowledge of the rules relating to their own safety and health and shall organize training courses on those issues. All measures relating to the protection of the safety and health of workers in each labour unit shall be free of charge to workers.

All workers must attentively and strictly implement tasks relating to the safety and health of themselves and their colleagues, and must cooperate with the employer in the implementation of measures for the safety and health of the workers in accordance with the employer's duties.

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

Article 50. Medical Examination and Health Care for Workers

A labour unit may require a medical certificate from workers who apply for work to ensure that they do not suffer from an occupational disease prior to the employment. Where the applicant has an occupational 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 damaging to their health, as stipulated in Article 25 of this law. If the doctor finds that workers have an occupational disease from such workplace, the employer must be responsible for their 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.

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

Chapter 11 Labour Accidents

Article 51. Labour Accidents

A labour accident is an accident²¹ which 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 who has the right to manage labour on behalf of the employer;
- In a recreational area, cafeteria, or any other place within the scope of responsibility of the labour unit.

All diseases which occur as a result of an occupation shall be considered labour accidents.

The labour management organisation must coordinate with the health organisation and trade union organisation to determine the types of occupational diseases.

An accident that occurs during the time when the worker performs personal tasks without being assigned by the employer or its representative shall not be considered a labour accident.

Article 52. Care for Victims of a Labour Accident

The employer must provide immediate and appropriate help to workers who suffer from a labour accident, [and] the employer or the social security fund shall bear all actual costs of treatment as certified by a doctor such as:

- The cost of in-patient or out-patient medical treatment including the cost of examination at home and surgery;
- The expenses for hospitalization or for stay at any other place of treatment;
- The cost of care given by a doctor, an assistant of doctors, or a person who is in a profession which is specialised to treat such injured person, including treatment by traditional medicine.

If a worker suffers a tragic accident²² which results in his death, the employer must be responsible for funeral expenses amounting to at least six months' salary or wages of the deceased. Additionally, the beneficiaries of the deceased have the right to receive a one-time allowance.

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 born by the employer.

Article 53. Allowance to Victims of Labour Accidents or Persons who have Contracted Occupational Diseases

²¹ Literal is “danger which occurs”.

²² While the context suggests that this should be a labour accident, the text does not specifically state that.

The allowance for a worker who is a victim of a labour accident or who has contracted an occupational disease is as follows:

Throughout the period of medical treatment and health rehabilitation prescribed by a doctor, [a victim of a labour accident] shall be entitled to receive his regular salary or wage for up to six months. Where the [period] exceeds six months he shall be entitled to receive only fifty per cent of his salary or wage for each month thereafter, up to eighteen months. If the [period] exceeds eighteen months, 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 where a worker contracts an occupational disease or dies as a result thereof, the employer shall pay an allowance to the victim or to his successors in accordance with state regulations.

Where the employer has already paid contributions to a compensation fund or a social security fund in accordance with Article 48 of this law or has secured insurance coverage for its workers from an insurance company, all the above allowances shall be paid from the compensation fund or insurance company in accordance with regulations.

Chapter 12

System of Pension and Allowances

Article 54. Receipt of Pension

Workers in various labour units operating in socio-economic sectors have the right to receive pension if they fulfill the following conditions:

- Reached the age of sixty years for men, or fifty five years for women;
- Completed twenty five years of service;
- For workers who have worked in a place that is dangerous to health for a continuous period of five years and more before the date of receipt of pension, the service period is twenty years, and the retirement age is fifty five years for men and fifty years for women;
- Workers who have made social security contributions for twenty-five years. For workers who have worked in a place that is dangerous to health for a continuous period of five years and more before the date of receipt of pension, the contribution to social security is for a period of twenty years.²³

Workers who do not meet the requirements set out above shall receive a one-time allowance. The labour management organisation shall study and

²³ For readability, the translators have inserted the bullet points and made slight changes to the paragraph's formatting.

submit [regulations] implementing the pension and one-time allowance [system].

Chapter 13 **Resolution of Labour Disputes**

Article 55. Types of Labour Disputes

Labour disputes are divided into two types as follows:

- Disputes concerning the implementation of the Labour Law, labour regulations, employment contracts, internal rules of the labour unit and other regulations, which are called “disputes relating to laws and regulations”;
- Disputes relating to claims for benefits or new rights from the employer, which are called "disputes relating to interests".

Article 56. Resolution of Labour Disputes Relating to Laws and Regulations

If a worker or trade union or workers' representative makes a claim against an employer who has acted in violation of the Labour Law, labour regulations, the employment contract, internal rules of the labour unit or any regulations, the employer or its authorised representative must urgently consider and resolve the claim directly with the person who made the claim. During the consideration of the claim, the worker may propose that the trade union or workers' representatives be involved.

Where the parties reach an agreement in relation to the claim in full 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 management organisation and the trade union or workers' representatives within five days from the date the memorandum is signed.

Article 57. Responsibilities of the Labour Management Organisation in the 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 party to solve the dispute or a consideration has taken place but no agreement was reached, or an agreement was reached but was not implemented, the worker has the right to request the labour management organisation to mediate the dispute.

Where the labour management organisation cannot resolve or can resolve only part [of the dispute] within fifteen days, the claim may be sent to the people's court for adjudication.

Article 58. Resolution of Labour Disputes Relating to Interests

The resolution of labour disputes relating to interests must be carried out according to the procedures for the resolution of disputes relating to laws and regulations as stipulated in Articles 56 and 57 above.

Where the labour management organisation cannot resolve [the dispute] within ten days, [such dispute] shall be submitted to the labour dispute mediation committee for final decision.

The labour dispute mediation committee must be established, [and] shall comprise representatives of the labour management organisation, trade unions, employers and other concerned sectors.

Article 59. Prohibition of Work Stoppage

Workers, employers or their representatives shall not declare a work stoppage during the following periods:

- In the event of a labour dispute relating to the implementation of laws and regulations relating to labour, the employment contract or internal rules of the labour unit;
- When both parties have agreed to meet to consider and resolve the claim;
- During the process of the resolution of unresolved matters relating to workers and employers by a special committee set up in accordance with Article 58 above;
- 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 thus causing damage to the workers or employers or social order, shall be punished in accordance with the laws.

Chapter 14 Measures Against Violators of the Labour Law

Article 60. Violation of the Labour Law

Any individual or legal entity that violates this Labour Law shall be punished in accordance with the laws.

Chapter 15 Final Provisions

Article 61. This Labour Law replaces the Labour Law No. 10/90/SPA, dated 29 November 1990.²⁴

²⁴ The translators have not put this sentence in bold typeface because it appears to be part of the actual provision rather than a heading .

This law shall enter into force sixty days after the date of its promulgation.

Article 62. Regulations Relating to the Implementation of the Labour Law

The labour management organisation has the duty and the responsibility for issuing regulations in to order to implement, disseminate, supervise, monitor and control the implementation of this Labour Law.

Vientiane, 14 March 1994
Chairman of the National Assembly

[Seal and Signature]

Samane VIGNAKET