LaoCalc

2026 Laos payroll: method, formulas and worked examples

English public guide. Content updated 1 November 2026. Rule snapshot: version 1.0.0, reviewed 4 October 2026.

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This guide describes the implemented full-month private-sector estimate. It is not an official tax ruling or a complete annual tax return. Eligibility, contribution coverage, benefit valuation and rounding need payroll confirmation where indicated.

https://laocalc.top/en/methodology/

What this calculation covers

LaoCalc estimates ordinary private-sector payroll for full months in calendar year 2026. It accepts a regular basic salary, recurring monthly extras, one cash bonus in its payment month and an explicit social-security assumption. All money is in whole Lao kip (LAK).

The rule snapshot is version 1.0.0, reviewed on 4 October 2026. This explanation was updated on 1 November 2026. The model has software checks and source references; it is not an official payslip, a tax ruling or a substitute for confirming your coverage and benefits with payroll.

Start with basic salary, then classify the extras

In Gross mode the amount field means regular basic salary. Do not enter an all-inclusive gross amount and then add the same allowances again. For a monthly estimate choose the actual payment month. For an annual basic-salary input, the amount is divided across the selected whole months.

Cash allowances and a cash bonus increase cash gross. A taxable non-cash benefit increases the tax base and estimated employer cost but is not cash received by the employee. A confirmed non-taxable reimbursement increases cash received and employer cost without entering the tax or estimated contribution base.

Other employee deductions are taken after tax; they do not create tax relief. Other employer costs are added to the employer budget without becoming employee cash. Values entered as benefits or reimbursements must already have the appropriate payroll classification. The calculator cannot decide whether a particular payment is legally exempt.

Reconcile gross, taxable income, net cash and employer cost

Use B for basic salary, A for recurring taxable cash allowances, O for overtime, Q for the bonus paid in this month, V for taxable non-cash benefits, R for confirmed non-taxable reimbursements, D for other employee deductions and E for other employer costs.

Employee social security is deducted before calculating the modelled PIT base. The employer contribution is an additional employer cost and is not an employee deduction. An eligible overtime exemption removes overtime from the PIT base, but not from the modelled social-security base.

```
cash gross = B + A + O + Q
taxable income = max(0, cash gross + V - exempt overtime - employee contribution)
cash received = cash gross + R - employee contribution - PIT - D
employer cost = cash gross + R + V + employer contribution + E
```

Use the tax schedule for the month of payment

January to June use the earlier monthly schedule with a LAK 1,300,000 zero-rate band. July to December use the schedule with a LAK 2,500,000 zero-rate band. The other thresholds are LAK 5m, 15m, 25m and 65m. A rate applies only to income within its band, not to the entire salary.

For October basic salary of LAK 10m with capped employee contributions of LAK 247,500, taxable income is LAK 9,752,500. The first LAK 2.5m is tax-free; the next LAK 2.5m at 5% gives LAK 125,000, and the remaining LAK 4,752,500 at 10% gives LAK 475,250. PIT is LAK 600,250 and cash received is LAK 9,152,250.

Income Tax Law No. 88/NA supplies the amended schedule and exemption context. The original research also records the former schedule and its effective interval. The source links below distinguish those instruments from explanatory professional summaries.

Monthly taxable income, LAK	Rate on this part
0 to 2,500,000	0%
2,500,000 to 5,000,000	5%
5,000,000 to 15,000,000	10%
15,000,000 to 25,000,000	15%
25,000,000 to 65,000,000	20%
Above 65,000,000	25%

Understand the contribution estimate and the custom-base option

The stored private-sector rates are 5.5% for the employee and 6% for the employer. The automatic estimate starts with cash gross plus taxable benefits, then applies a full-month contribution base between LAK 2,500,000 and LAK 4,500,000. At the ceiling, employee and employer contributions are LAK 247,500 and LAK 270,000.

The cap and rates are cross-checked against the public references below. Applying a full-month floor and including the entered benefits and bonus are model assumptions for an ordinary full-month estimate. Do not use the floor result as an instruction for unpaid leave, partial months or a different contribution scheme.

If payroll has confirmed another insurable base within the supported floor and ceiling, choose the custom monthly base. If coverage is not applicable, turn social security off rather than entering a made-up contribution. The zero-remuneration result uses a zero base; that is a calculation convention, not a determination of your registration obligations.

```
automatic base = clamp(cash gross + V, LAK 2,500,000, LAK 4,500,000)
employee contribution = round(base x 0.055)
employer contribution = round(base x 0.06)
```

Why a small pay rise can lower estimated net pay

The stored overtime exemption uses regular basic salary: up to LAK 2m in January-June and up to LAK 3m in July-December, inclusive. It is applied only when the exemption option is selected. Confirm that the actual overtime qualifies.

At the July threshold, losing eligibility can make all entered overtime taxable at once. With LAK 3m basic and LAK 1m overtime, the October model gives LAK 3,766,000 net. Increasing basic by one kip removes the exemption and produces LAK 3,716,001 net. This is a boundary effect, not a rounded percentage being applied incorrectly.

The overtime field accepts an already calculated cash payment. LaoCalc does not infer worked hours, shift premiums, rest days or holiday entitlement. Those payroll questions need the employment terms and Labour Law context.

Annual payroll totals are not the annual tax assessment

LaoCalc calculates each employed month separately and adds those monthly results. A bonus appears only in its selected month. A constant LAK 10m basic salary with social security for all twelve months gives LAK 7,563,000 total monthly withholding and LAK 109,467,000 cash received in the stored 2026 model.

Do not multiply the October tax by twelve: the first six months use a different schedule. Do not compare the annual payroll total directly with a final annual declaration either. Dependants, other income, multiple employers, treaty relief and final adjustments are outside this estimate.

For a salary change, calculate the different periods separately with the correct employment months. The current annual form assumes the same regular pay and recurring extras across its selected months.

Gross-up, rounding and numerical limits

Net and Employer cost modes search for a non-negative whole-kip basic salary while keeping your other inputs fixed. The search checks separate salary ranges around overtime thresholds, because net pay need not increase at every point. When equally close answers exist, the lower basic salary is chosen.

Contributions and total monthly PIT are rounded to the nearest whole kip. Tax-band rows retain precision before total PIT is rounded, so their rounded display can differ from the total by a few kip. A statutory payroll rounding instruction has not been independently established for every scenario.

The inverse tolerance is one kip for a month and the number of employed months in kip for an annual target. The technical maximum searched is LAK 1 trillion basic per month. An unreachable target or malformed input produces an error and clears the old result.

Check these cases with payroll before relying on an estimate

Government and other special schemes, self-employment, unpaid or partial months, multiple employers, variable monthly pay, unusual benefit valuations and a complete annual return are outside the model. Foreign-worker coverage and treaty relief must be confirmed separately.

The software tests boundaries, inverse targets and cash/cost reconciliation. They establish the implemented arithmetic, not legal eligibility. The Lao text has not had a documented native-speaker professional review. Report a discrepancy with a source and a reproducible fictional example so that it can be investigated.

Worked examples

Each example below specifies its assumptions and shows the same calculation as the interactive tool. The displayed figures are checked against fixed arithmetic fixtures during the build. Open an example to change it yourself.

1. The same salary before and after the July change

Assume LAK 10,000,000 regular basic salary, social security in the private-sector estimate, full-month employment and no extras. The contribution base is capped at LAK 4,500,000 in both cases.

June taxable income is LAK 9,752,500. PIT is LAK 185,000 on the part from 1.3m to 5m plus LAK 475,250 above 5m: LAK 660,250. In October the lower band becomes LAK 125,000, so withholding falls by LAK 60,000. Employer cost stays LAK 10,270,000.

June 2026: LAK 10 million basic salary

Monthly metric	LAK
Cash gross	10,000,000
Employee contribution	247,500
Employer contribution	270,000
Taxable income	9,752,500
Monthly PIT	660,250
Cash received	9,092,250
Employer cost	10,270,000

October 2026: LAK 10 million basic salary

Monthly metric	LAK
Cash gross	10,000,000
Employee contribution	247,500
Employer contribution	270,000
Taxable income	9,752,500
Monthly PIT	600,250
Cash received	9,152,250
Employer cost	10,270,000

2. Pay a LAK 2 million bonus once, in October

Keep the LAK 10m basic salary and add a LAK 2m cash bonus in October. The bonus increases that month's cash gross to LAK 12m. The contribution base was already capped, so contributions stay the same.

Compared with the October baseline, PIT rises by LAK 200,000 and cash received rises by LAK 1,800,000. Other months do not receive the bonus. An annual offer containing a bonus should be compared over the whole employment period, including its payment timing.

October salary plus a LAK 2 million cash bonus

Monthly metric	LAK
Cash gross	12,000,000
Employee contribution	247,500
Employer contribution	270,000
Taxable income	11,752,500
Monthly PIT	800,250
Cash received	10,952,250
Employer cost	12,270,000

3. Inspect the overtime exemption boundary

These October cases use LAK 1m overtime, automatic social security and the eligible-overtime option. At LAK 3m basic, exempt overtime is LAK 1m, taxable income is LAK 2.78m and PIT is LAK 14,000.

At LAK 3,000,001 basic, the exemption disappears. Taxable income becomes LAK 3,780,001 and rounded PIT is LAK 64,000. The one-kip salary increase therefore lowers the modelled net by LAK 49,999. Eligibility is assumed for this demonstration and must be confirmed for real overtime.

Eligible overtime at the July basic-salary limit

Monthly metric	LAK
Cash gross	4,000,000
Employee contribution	220,000
Employer contribution	240,000
Exempt overtime	1,000,000
Taxable income	2,780,000
Monthly PIT	14,000
Cash received	3,766,000
Employer cost	4,240,000

Basic salary one kip above the overtime limit

Monthly metric	LAK
Cash gross	4,000,001
Employee contribution	220,000
Employer contribution	240,000
Exempt overtime	0
Taxable income	3,780,001
Monthly PIT	64,000
Cash received	3,716,001
Employer cost	4,240,001

4. Separate a taxable benefit from a reimbursement

Start with LAK 10m basic. Add a LAK 1m taxable non-cash benefit, LAK 300,000 confirmed non-taxable reimbursement, LAK 100,000 other employee deduction and LAK 200,000 other employer cost.

Cash gross remains LAK 10m. The benefit raises taxable income and employer cost, while the reimbursement adds cash to the employee. Cash received is 10m + 300,000 - 247,500 - 700,250 - 100,000 = LAK 9,252,250. Employer cost is 10m + 300,000 + 1m + 270,000 + 200,000 = LAK 11,770,000.

A non-cash benefit, reimbursement and other deductions

Monthly metric	LAK
Cash gross	10,000,000
Employee contribution	247,500
Employer contribution	270,000
Taxable income	10,752,500
Monthly PIT	700,250
Cash received	9,252,250
Employer cost	11,770,000

Use examples to reconcile an offer, not to decide legal treatment

First compare cash gross, deductions and cash received. Then inspect employer contribution and non-cash benefits separately. A larger employer budget does not necessarily mean more cash in the employee's bank account.

The example links contain a public scenario name only. Your own salary is never put into those links. After opening a case, change its assumptions and inspect the monthly tax bands and annual ledger. The method page explains exclusions and source dates.

References and verification

The local rule files and source research remain the editable record. This PDF is tied to their hashes in its adjacent provenance JSON. Worked values are fixed expectations checked against the calculation engine; they are not results issued by a public authority.

2020-June 2026 PIT schedule · DFDL

https://www.dfdl.com/insights/legal-and-tax-updates/lao-pdr-tax-update-new-tax-rates-effective-from-17-february-2020/

Income Tax Law No. 88/NA (25 June 2025), Articles 34, 38 and 50-52 · official Lao scan

https://laoofficialgazette.gov.la/kcfinder/upload/files/88-25-6-2025_0001.pdf

Income Tax Law No. 67/NA (2019) · Lao Trade Portal

https://laotradeportal.gov.la/en-gb/site/display/1843

Social Security Law No. 54/NA (2018), Articles 74 and 77 · LSSO

https://lsso.gov.la/Legislation/nssf%20law%2054%20en.pdf

Labour Law No. 43/NA, Articles 109-116 · ILO

https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/96369/LAO96369%20Eng.pdf

2026 PIT rates · PwC (7 August 2026)

https://taxsummaries.pwc.com/lao-pdr/individual/taxes-on-personal-income

Social contributions and LAK 4.5 million ceiling · PwC

https://taxsummaries.pwc.com/lao-pdr/individual/other-taxes

Effective date and overtime exemption · VDB Loi

https://www.vdb-loi.com/laos_publication/vdb-loi-laos-alert-new-income-tax-law-2025-effective-1-july-2026/

2026 contribution floor and ceiling · People Partners Laos

https://www.peoplepartners.la/news/2026-01-20-new-social-security-rates

The amended monthly PIT table and contribution rates/cap were cross-checked against the public PwC summaries on 1 November 2026. The stored source research records the official instruments and the interpretation used for the original model. This content update is not a new independent legal audit.