



FAQs: Doing Business in Cambodia 2025

ILAW CAMBODIA LAW OFFICE

#89A, Level 1, St.294, Phum3, Sangkat Boeung Keng Kan I, Khan Boeung Keng Kang, Phnom Penh, Cambodia.
Email: ilawcambodia@ilawasiasia.com

CONTENTS

CHAPTER A A Corporate and Foreign Business Restriction	7
1. Process to Set Up a Company in the Country	7
2. Government Fee and Timeline to Set up a Company	7
3. Minimum capital requirement and investment in case of foreign investors	10
4. Process to set up a branch in the country	11
5. Are there restrictions on establishing 100% foreign-owned companies or majority foreign-owned companies in certain industries?	12
6. Shareholders' Agreement: Is there any requirement to register shareholders' agreement?	13
7. Do the laws require licenses or permits before setting up a company or after setting up a company?	13
CHAPTER B INVESTMENT PROMOTION AND INCENTIVES	16
8. What kinds of businesses are applicable to investment promotion?	16
9. What tax and non-tax incentives are available under the investment promotion law?	16
10. What is the process for applying for the promotion? and Which government authorities, timeline, and government fee?	17
11. Can investment promotion be requested by an individual, or is it limited to juristic persons? If allowed, can the benefits initially apply to an individual and later be transferred to a juristic person?	19
CHAPTER C SPECIAL ECONOMIC ZONES	21
12. What is a special economic zone of the country?	21
13. How many economic zones are in the country?	21
14. What are the tax benefits and non-tax benefits of the SEZs?	21
15. What kinds of businesses apply to the SEZs?	23
16. What process of application of the SEZs, government fee, and timeline?	23
17. Can benefits in an SEZs be requested by an individual, or are they limited to juristic persons? If allowed, can the benefits initially apply to an individual and later be transferred to a juristic person?	24
CHAPTER D BUSINESS REGISTRATION AND LICENSE	26

18. What licenses are required for the foreign company to operate the business in the country, especially in the Food Industry? _____ 26
19. What is the application process? Government Fee and Timeline? _____ 27
20. Are there separate licensing requirements for specific industries – please explain manufacturing factories, wholesale & retail businesses, banking and finance, and tourism. _____ 28
21. Can a foreign business operate directly from abroad without registering a branch office in the country? _____ 29

CHAPTER E TAXATION _____ 31

22. List of taxes in the country (income tax, consumer tax, property tax, customs and duties, stamp duty?) what are the rates of each tax? _____ 31
23. What is the Value Added Tax (VAT) rate, and how does it apply to imports and exports? _____ 33
24. Are there sector-specific tax exemptions, such as for agriculture or renewable energy? _____ 34
25. How are withholding taxes applied on payments to foreign entities? _____ 35
26. What are the penalties for late or incorrect tax filings in the country? _____ 36
27. In case of licensing technology agreement in which the royalty will be paid from the country to a foreign country, what will be the withholding tax rate for such royalty payment? _____ 37

CHAPTER F EMPLOYMENT AND LABOR LAW _____ 39

28. List of taxes in the country (income tax, consumer tax, property tax, customs and duties, stamp duty?) what are the rates of each tax? _____ 39
29. What is the requirement for work permits and VISAs? Timeline for application and government fee? _____ 39
30. Is there any shortcut for work permits and VISAs in case of foreign directors having a meeting in the country? _____ 41
31. What are the mandatory benefits and welfares employers must provide to their workers? _____ 42
32. What does law stipulate regarding termination of employees and severance pay, advance notice, payment in lieu of advance notice, unfair termination compensation? 44
33. What is the required minimum threshold of employees that mandates an employer to register them in social security, and how much social security would be deducted? __ 46

34. What is the minimum threshold of employees required for an employer to register or notify their work rules with the relevant authorities? _____ 48
35. Does the law require employers to hire persons with disabilities or, alternatively, contribute to the disability fund to comply with their legal obligations? _____ 48

CHAPTER G LAND OWNERSHIP AND LEASING _____ 50

36. Can foreigner or foreign company directly own land in the country or it has to be lease? _____ 50
37. What are the maximum lease durations for land under the law? What Government Fee? _____ 51
38. Any specific conditions to lease a land? _____ 52
39. What are the procedures for renewing or transferring land leases? _____ 53
40. What is the zoning regulation in the country? What government authority? _____ 53
41. What are the total government fees or any other foreseeable expenses for estimating the cost of leasing the land? _____ 54

CHAPTER H INTELLECTUAL PROPERTY _____ 56

42. How can foreign investors register their trademarks and patents in the country? ____ 56
43. How long is the protection of trademark registration and patent registration? _____ 56
44. In case of licensing, is there any registration required for licensing of trademark, copy right and patent? _____ 57
45. What are the penalties for IP infringement? _____ 57
46. What is the enforcement process for intellectual property disputes? _____ 59

CHAPTER I FOREIGN EXCHANGE CONTROL _____ 62

47. How to open a bank account in a bank in the country for foreigner, individual and company? _____ 62
48. Under a sale and purchase agreement or service agreement, can the payment be made in foreign currency? What are the conditions? _____ 64
49. What are the conditions of transmitting money into the country (investment, loan, service fee, sale of goods)? Can it be in foreign currency? Any tax or fee required? _ 64
50. What are the conditions of transmitting money out of the country (investment, loan, service fee, sale of goods)? Can it be in foreign currency? Any tax or fee required? _ 65

CHAPTER J ARBITRATION _____ 68

51. Does the country have alternative dispute resolution –arbitration process? _____ 68

52. Does the country have an arbitration institution to administrate the arbitration process in the country? _____ 68
53. Can a foreigner be an arbitrator in the country? What is the requirement for registration process? _____ 68
54. What are the legal frameworks governing arbitration in a country? _____ 70
55. Are the country signatories to the New York Convention and the Washington Convention? and what are their legal status in national law? _____ 70
56. How are domestic arbitration awards enforced in the country? _____ 71
57. How are domestic arbitration awards enforced in the country? _____ 71
58. What grounds may the court in the country use to reject the enforcement of the arbitration award? _____ 71
59. The cost of domestic arbitration in such a country, including professional fees and other expenses? _____ 72

CHAPTER A

A Corporate and Foreign Business Restriction

CHAPTER A

A CORPORATE AND FOREIGN BUSINESS RESTRICTION

1. Process to Set Up a Company in the Country

Establish a Limited Company in Cambodia:¹

- 1) **Company Name Reservation:** Verify the availability of the name with the Ministry of Commerce (MOC).
- 2) **Preparation of internal process:** Preparation of Article of Incorporation (AOI), and Preparation of Director Consent.
- 3) **Company Registration:** Legal Representation at Ministry of Commerce for Registration of Business.
- 4) **Capital Contribution:** Open a bank account and deposit the required capital.
- 5) **Tax Registration and Patent Tax Certificate:** Register the company with the General Department of Taxation (GDT).
- 6) **Social Security and Labor Compliance:** Declaration of opening enterprise at Ministry of Labour and Vocational Training (MLVT).
- 7) **Operating License:** Obtain any necessary operating licenses or approvals from relevant ministries or local authorities.

2. Government Fee and Timeline to Set up a Company

- 1) **The Fees for Business registration to the Ministry of Commerce are as follows:**²
 - Name Reservation: 25,000 Riels (USD 6.25)
 - Business Registration: 1,010,000 Riels (USD 252.50) for Partnership Company

¹ Guidebook for Business Registration in Information Technology, 3rd Edition, issued by the Ministry of Economy and Finance in June 2023.

² No.1,2 &31 of Annex 1 of Inter-Ministerial Prakas No. 315 issued by the Ministry of Economy and Finance on May 12, 2021, on Providing Public Service of the Ministry of Commerce.

- Business Registration: 180,000 Riels (USD 45) for Sole Proprietorship and Others

2) Taxes and Fees Required for Large Taxpayers to Register for Business,

i. Larger Taxpayer:

- Registration Fee: 400,000 Riels (USD 100)³
- Patent Tax: 1,500,000 Riels (USD 375)⁴

ii. Large Taxpayers with a Turnover of More Than 10 Billion Riels (USD 2500,000) / year:

- Registration Fee: 400,000 Riels (USD 100) (Service of General Department of Taxation)
- Patent Tax: 2,500,000 Riels (USD 625) (Service of General Department of Taxation)⁵

3) Taxes and Fees Required for Business Registration for Medium Taxpayers:

- Registration Fee: 400,000 Riels (USD 100) (Service of General Department of Taxation)
- Patent Tax: 600,000 Riels (USD 150) (Service of General Department of Taxation)⁶

4) Taxes and Fees Required for Small Taxpayers to Register for Business,

- Registration Fee: 20,000 Riels (USD 5) (Service of General Department of Taxation)

³ Article 6 No.1(A) & 4 (A) of Prakas No. 701 MEF.Prk, issued by the Ministry of Economy and Finance on August 14, 2020, on the Tax Registration and Update of Taxpayer's Information.

⁴ Article 3, No.3 (B) of the Sub-Decree No.47, issued on March 11, 2024, on Patent.

⁵ Article 6 No.1(A) & No.4(A) of Prakas No. 701 MEF.Prk, issued by the Ministry of Economy and Finance on August 14, 2020, on the Tax Registration and Update of Taxpayer's Information Article 3, No. 3 (A) in the last sentence of the Sub-Decree No.47, issued on March 11, 2024, on Patent.

⁶ Article 6, No.4(A) of Prakas No. 701 MEF.Prk, issued by the Ministry of Economy and Finance on August 14, 2020, on the Tax Registration and Update of Taxpayer's Information and Article 3, No.2 of the Sub-Decree No.47, issued on March 11, 2024, on Patent.

- Patent Tax: 200,000 Riels (USD 50) (Service of General Department of Taxation)⁷

5) Taxes and Fees Required for Tax Registration for Associations and Non-Governmental Organizations,

- Tax registration for associations and non-governmental organizations is subject to a registration fee of 40,000 Riels (USD 10) (Service of General Department of Taxation.)⁸

6) Fees for Notification of Enterprise Establishment in The Ministry of Labor,

- Enterprise Establishment: 120,000 Riels (USD 30)⁹

7) How long does completing the business registration process in the Ministry of Commerce take?

- It can take up to 3 to 7 working days after providing accurate and sufficient documents.¹⁰

8) How long does it take to complete the registration tax process, take?

- It can take up to 4 to 8 working days after providing accurate and sufficient documents.¹¹

9) How long does it take for the notification of the enterprise-establishment process?

- It can take up to 1 to 3 working days after providing accurate and sufficient documents.¹²

⁷ Article 6, No.1(B) of Prakas No. 701 MEF.Prk, issued by the Ministry of Economy and Finance on August 14, 2020, on the Tax Registration and Update of Taxpayer's Information and Article 3, No.2 of the Sub-Decree No.47, issued on March 11, 2024, on Patent.

⁸ Article 4, No.1(C) & Article 6 No.1(B&C) of Prakas No. 701 MEF.Prk, issued by the Ministry of Economy and Finance on August 14, 2020, on the Tax Registration and Update of Taxpayer's Information.

⁹ No.51 of Annex 1 of Inter- Ministerial Prakas No. 335 MEF.Prk, issued by the Ministry of Economy and Finance on March 27, 2020, on Providing Public Service of the Ministry of Labor Vocational and Training.

¹⁰ No.1 of Annex 1 of Inter-Ministerial Prakas No. 315 issued by the Ministry of Economy and Finance on May 12, 2021, on Providing Public Service of the Ministry of Commerce.

¹¹ Article 7, No.1 of Prakas No. 701 MEF.Prk, issued by the Ministry of Economy and Finance on August 14, 2020, on the Tax Registration and Update of Taxpayer's Information.

¹² No.51 of Annex 1 of Inter- Ministerial Prakas No. 335 MEF.Prk, issued by the Ministry of Economy and Finance on March 27, 2020, on Providing Public Service of the Ministry of Labor Vocational and Training.

3. Minimum capital requirement and investment in case of foreign investors

Generally, most sectors are open to foreign investment.

Section 1 of Annex 1 of the 2007 Sub-Decree No. 111 (“Negative List”) lists activities prohibited for both Cambodian and foreign entities, namely:

- Production/processing of psychotropic substances and narcotic substances.
- Production of poisonous chemicals, agricultural pesticide / insecticide and other goods by using chemical substances prohibited by international regulations or the World Health Organization that affect the public health and environment.
- Processing and production of electrical power by using any waste imported from a foreign country.
- Forestry exploitation business prohibited by the Forestry Law.
- Other investment activities prohibited by law.

Section 2 of Annex 1 of the Negative List contains a list of investment activities and projects eligible for incentives, provided they meet the minimum requirements. A few of these are listed in the table below:¹³

No.	Fields of Investment	Requirement for Investment
1	Supporting industry, which has its entire production (100%) supplying the export industry.	USD 100,000 - or more
2	Production of animal feed.	USD 200,000 - or more
3	Production of leather products and related products; all kinds of metal products; electrical and electronic appliances and office materials; toys and sporting goods; motor vehicles, parts and accessories; ceramic products.	USD 300,000 - or more
4	Production of food products and beverages; products for the textile industry; garments, textiles, footwear, and hats; furniture and fixtures that do not use natural wood; paper and paper products; rubber products and	USD 500,000 - or more

¹³ Annex 1 of Negative List of Sub-decree No.139 on Implement Law on Investment of Kingdom of Cambodia, issued on June 26, 2023.

No.	Fields of Investment	Requirement for Investment
	plastic products; clean water supplies; traditional medicines; freezing and processing of aquatic product for export; processing of any kind of cereals and crop products for export.	
5	Production of chemicals, cement, agriculture fertilizer, and petrochemicals; modern medicines.	USD 1,000,000 - or more
6	Construction of modern market or trade centre.	USD 2,000,000 - or more. • More than 10,000 square meters • Adequate space for a car park
7	Training and educational institutes that provide training for skill development, technology, or poly technology that serves industries, agriculture, tourism, infrastructure, environment, engineering, sciences, and other services.	USD 4,000,000 - or more
8	International trade exhibition centre and convention halls.	USD 8,000,000 - or more

4. Process to set up a branch in the country¹⁴

No.	Process	Remarks
1	Preparation of Internal Process: Preparation of Director Consent company resolution.	A branch office is an extension of the parent company, not a separate legal entity. Note: Setting up the company branch does not require drafting a new AOI, which means
2	Company Registration: Legal Representation at Ministry of Commerce for Registration of Business.	
3	Capital Contribution: Open a bank account and deposit the required capital.	
4	Tax Registration and Patent Tax Certificate: Register the company with the General Department of Taxation (GDT).	

¹⁴ Page 12, of Guidebook on Business Registration in Information Technology, 3rd Edition, issued by the Ministry of Economy and Finance in June 2023.

No.	Process	Remarks
5	Social Security and Labor Compliance: Declaration of opening enterprise at Ministry of Labour and Vocational Training (MLVT).	using the parent company's AOI.
6	Preparation of Internal Process: Preparation of Director Consent and company resolution.	
7	Required documents and information <ul style="list-style-type: none"> • Articles of Incorporation / Memorandum parent company (Certified by Lawyer or Notary Public) • Certificate of Incorporation of parent company (Certified by Lawyer or Notary Public) • Company Resolution to Appoint Director (Sign & Stamp) • Tax Registration Number (Parent Company) <ul style="list-style-type: none"> - Main Business Activity (1 Activity = 1 Patent) • Office Address • Director's information • Employee & Salary (Estimate) 	Note: The company must create a bank account and upload it in the system no later than 15 working days after getting approval from the Tax Department. (If the deadline is missed, the company will be deleted from the Tax System).

5. Are there restrictions on establishing 100% foreign-owned companies or majority foreign-owned companies in certain industries?¹⁵

Foreign investors shall not be subject to any discrimination based on foreign nationality, except for land ownership as stipulated in the Constitution of the Kingdom of Cambodia and any other regulations in force, and can engage in unrestricted business activities, the same as Cambodian-owned companies¹⁶. (The laws themselves reflect friendly policies that welcome foreigners to hold share 100%, except specific industries that do not allow for foreigners to hold share 100% without special permits or licenses.).

¹⁵ Article 278 of the Law on Commercial Enterprise 2005.

¹⁶ Article 15 of the Law on Investment of the Kingdom of Cambodia 2021.

6. Shareholders' Agreement: Is there any requirement to register shareholders' agreement?

There is no requirement to register a shareholder's agreement in Cambodia, which means a shareholders' agreement in Cambodia does not need to be registered. A shareholders' agreement is a contract between parties used for internal purposes only.¹⁷

1) Can it be in the English language?

Yes, it can. A shareholders' agreement is an internal agreement, meaning the parties can create more than one language based on the party's decision. However, if the agreement is used in court or before authorities, a Khmer translation may be required.

2) Can the dispute under the agreement be solved by foreign arbitration?

Yes, it can. The agreement can be solved by foreign arbitration if the parties have agreed to refer their disputes to arbitration administered by foreign arbitration or to arbitration under the rules of foreign arbitration. Disputes under a shareholders' agreement can be referred to as foreign arbitration, as Cambodia recognizes and enforces foreign arbitral awards under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958), which Cambodia acceded to in 1960.¹⁸

7. Do the laws require licenses or permits before setting up a company or after setting up a company?

Yes, Licenses and permits may be required both before and after setting up the company in Cambodia.

¹⁷ Guidebook on pages 11 and 12 for Business Registration in Information Technology, 3rd Edition, issued by the Ministry of Economy and Finance in June 2023.

¹⁸ Articles 1,2,3,4 and 5 of the Law on the Adaption and Implementation of the UN Convention on the Recognition of Foreign Arbitral Awards 2001.

1) General Company Registration:

Every business must be registered with the Ministry of Commerce (MOC) to obtain the Certificate of Incorporation. Registration with the General Department of Taxation (GDT) is also mandatory.

2) Industry-Specific Licenses:

Certain industries or business activities require additional licenses or permits from relevant authorities before a company can begin operations.¹⁹

Examples:

- Legal Services: Requires registration with the Bar Association of Cambodia.
- Construction: Requires permits from the Ministry of Land Management, Urban Planning, and Construction.
- Insurance Services: Requires a license from the Ministry of Economy and Finance (MEF).
- Banking and Finance: Requires approval from the National Bank of Cambodia (NBC).
- Telecommunications: Requires a license from the Telecommunication Regulator of Cambodia (TRC).

¹⁹ Guidebook on pages 6 and 7 for Business Registration in Information Technology, 3rd Edition, issued by the Ministry of Economy and Finance in June 2023.

CHAPTER B

Investment Promotion and Incentives

CHAPTER B

INVESTMENT PROMOTION AND INCENTIVES

8. What kinds of businesses are applicable to investment promotion?

Cambodia offers potential investment opportunities in various sectors, including tourism; education, construction, agriculture / agribusiness, automotive, energy, manufacturing, and health care.²⁰

9. What tax and non-tax incentives are available under the investment promotion law?

According to Article 25 of the Law on Investment of the Kingdom of Cambodia the sectors and investment activities listed in Article 24 of this Law that are not on the negative list shall receive basic tax and / or customs duties incentives, in whole or part, after obtaining the Registration Certificate certifying the Qualified Investment Project (QIP) status.

1) Non-tax incentives refer to additional incentives stated in Article 26 of this law:

- Export QIP and Supporting Industry QIP are entitled to customs duty, special tax, and value-added tax exemption for the import of Construction Material, Construction Equipment, Production Equipment, and Production Inputs;
- Domestically Oriented QIP is entitled to customs duty, special tax, and value-added tax exemption for the import of Construction Material, Construction Equipment, and Production Equipment. The incentives for Production Inputs shall be determined in the Law on Financial Management and / or the Sub-Decree.

²⁰ Annex 2,3,4 of Sub-decree No.139 on Implement Law on Investment of the Kingdom of Cambodia, issued on June 26, 2023.

2) In addition to the basic incentives set out in Article 26 of this Law, investment activities registered as QIP receive additional incentives as follows:

- Value-added tax exemption for the purchase of locally made Production Inputs for the implementation of the QIP.
- Deduction of 150 percent from the tax base for any of the following activities:
 - Research, development, and innovation.
 - Human resource development through the provision of vocational training and skills to Cambodian workers / employees.
 - Construction of accommodation, food courts or canteens where reasonably priced foods are sold, nurseries, and other facilities for workers/employees.
 - Upgrade of machinery to serve the production line.
 - Provision of welfare for Cambodian workers/employees, such as comfortable means of transportation to commute from their homes to factories, accommodation, food courts or canteens where foods are sold at reasonable prices, nurseries, and other facilities.
- Entitlement to income tax exemption for the Expansion of QIP which will be determined in the Sub-Decree.

10. What is the process for applying for the promotion? and Which government authorities, timeline, and government fee?

The process for applying for promotion investments in Cambodia is the Registration of Investment Project, the application form of the Registration Investment Project has included a section for investors selecting a type of promotion investment incentives in which the investors are interested.²¹

1) Which government authorities are involved in applying for promotion investments?

The government authorities involved in applying for promotion investments are the Council for the Development of Cambodia (CDC) or a Municipal-Provincial Investment Sub-Committee (MPIS).²²

2) How much are the official fees for registering an investment project?

There are two types of official fees for registering an investment project as follows:

²¹ Article 4 of Sub-decree No.139 on Implement Law on Investment of the Kingdom of Cambodia, issued on June 26, 2023.

²² Article 6 and 12 of Sub-decree No 139 on Implement Law on Investment of the Kingdom of Cambodia issued on June 26, 2023.

- The official fee for registering an investment project of 15 million Riels (USD 3,750)
- The official fee for a site visit to a new investment project regardless of the number of visits as follows:
 - Less than 100 Km of 6 million Riels (USD 1,500)
 - From 101- 200 Km of 8 million Riels (USD 2,000)
 - More than 201 Km of 10 million Riels (USD 2,500)²³

3) How long does it take to complete the registration of an investment project?

There are two types of official fees for registering an investment project as follows:

- The CDC or MPIS will issue a registration certificate within 20 working days if all required documents have been completed.²⁴
- In total, to obtain a promotion from Cambodian government will take approximately 2-4 months upon the completion of documents.

4) Checklist Requirement for QIP²⁵

- Application for registration of a Qualified Investment Project
- Statute of the company
- Copies of shareholders and the Board of Directors' Passports or Identity Cards
- Criminal records of foreign Shareholders and members of the Board of Directors
- Photos of members of the Shareholders and the Board of Directors

In case the Shareholder is a legal entity, the following documents shall be attached:

- The Certificate of Commercial Registration of that legal entity
- The Power of Attorney appointing representatives of the legal entity
- Background of parent company
- Documents identifying the location (the Certificate of Title, the Lease Contract, and the Land Concession Contract)
- Map of location, building plan, factory plan, infrastructure, and machinery and machine layout plans.

²³ No. 35 and 36 of Annex attached to the Joint Prakas, No. 991 MEF.PRK, issued on December 28, 2012, on the Provision of Public Services of the Council for the Development of Cambodia.

²⁴ Article 6 of Sub-decree No.139 on Implement Law on Investment of the Kingdom of Cambodia, issued on June 26, 2023.

²⁵ Checklist of Required Documents for Qualified Investment Projects on the website of the Council for the Development of Cambodia.

11. Can investment promotion be requested by an individual, or is it limited to juristic persons? If allowed, can the benefits initially apply to an individual and later be transferred to a juristic person?

No, an individual cannot request an investment promotion. Only entities that are registered and recognized as legal businesses with the Council for the Development of Cambodia (CDC) or Municipal-Provincial Investment Sub Committees (MPIS) are eligible to apply for Qualified Investment Project (QIP) status and access associated incentives.²⁶

²⁶ Article 4 of Sub-decree No.139 on Implement Law on Investment of the Kingdom of Cambodia, issued on June 26, 2023. The Government website: CDC IPM <https://qip.cdc.gov.kh/login>

CHAPTER C

Special Economic Zones

CHAPTER C

SPECIAL ECONOMIC ZONES

12. What is a special economic zone of the country?

A special economic zone refers to a special center for the development of the economic sector, which concentrates on industrial activities and other related activities. It may consist of a general industrial zone or an export processing area. Each special economic zone shall have a production center and may have a free trade center, a service center, a residential center, and a tourism center.

Relevant Laws and Regulations: Sub-Decree No.148 AKNr.BK dated December 29, 2005, on the Establishment and Management of Special Economic Zones. Article 2, paragraph 4 provides the definition of a special economic zone.²⁷

13. How many economic zones are in the country?

Cambodia has 54 special economic zones (SEZs), which are currently operating in 24 locations across 9 capitals and provinces. Many more SEZs have been approved but are not yet operational.²⁸

14. What are the tax benefits and non-tax benefits of the SEZs?

According to Sub-Decree No.148 AKNr.BK dated December 29 2005, on the Establishment and Management of Special Economic Zones, Article 6 on Tax Incentive states that:

- 1) The Zone Developer shall receive the following incentives for their investment activities:

²⁷ Article 2 in paragraph 4 of Sub-decree No.148 on Establishment and Management of Special Economic Zones, issued on December 29, 2005.

²⁸ Special Economic Zones Map on the website of the Council for the Development of Cambodia.

- Tax on Profit: The tax on profit exemption period shall be provided for a maximum period of 9 years in compliance with Article 14.1 of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia.
 - Import Duties and other Taxes: The import of equipment and construction materials to be used for infrastructure construction in the zone shall be allowed and exempted from import duties and other taxes.
- 2) The Zone Investor shall receive the fiscal incentives as provided in Article 14.9 of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia and other relevant regulations.
 - 3) The Zone Investor entitled to the incentive on Value Added Tax at the rate of 0% shall record the amount of tax exemption for every import. The said record shall be disregarded if the production outputs are re-exported. In case the production outputs are imported into the domestic market, the Zone Investor shall refund the amount of Value Added Tax as recorded in comparison with the quantity of export.
 - 4) Non-tax benefits refer to other incentives according to Sub-Decree No.148 AKNr.BK dated December 29, 2005, on the Establishment and Management of Special Economic Zones.
 - 5) The Zone Developer shall receive customs duty exemption on the import of machinery, equipment for the construction of the road connecting the town to the zone, and other public services infrastructures for the public and the interests of the zone.
 - 6) The Zone Developer may request, under the form of a temporary admission (AT), to import means of transport and machinery used to construct the infrastructures under laws and regulations in force.
 - 7) All imports by the Zone Developer and the Zone Investor shall comply with the relevant regulations on the Pre-Shipment Inspection (PSI).
 - 8) The Zone Developer, the Zone Investor, and foreign employees have the right to transfer all their income derived from investments and salaries received in the zone to banks located in other countries after payment of tax.

- 9) Apart from the fiscal incentives, the Zone Developer and the Zone Investor are entitled to obtain investment guarantees as stated in Article 8, Article 9, and Article 10 of the Law on investment in the Kingdom of Cambodia and other relevant regulations.
- 10) The Zone Developer may obtain a land concession from the State for the establishment of a Special Economic Zone in areas along the borders or isolated regions, under Land Law and may lease this land to the Zone Investors.
- 11) According to the Law on Investment, dated 15 October 2021 of the Kingdom of Cambodia, article 26 in the last paragraph states that QIPs located in special economic zones are entitled to the same incentives and protections as other QIPs outlined in this Law.

15. What kinds of businesses apply to the SEZs?

According to Sub-Decree No.148 AKNr.BK dated December 29, 2005, on the Establishment and Management of Special Economic Zones, it is determined that SEZs are for the development of the economic sectors, which bring together all industrial and other related activities. They may include General Industrial Zones and / or Export Processing Zones. Each Special Economic Zone shall have a Production Area that may include a Free Trade Area, a Service Area, a Residential Area, and a Tourist Area.

16. What process of application of the SEZs, government fee, and timeline?

1) Three Steps for Applying for Business in SEZs:²⁹

- Step 1: Determine the Business Structure
- Step 2: Determine the office address with the Zone Developer
- Step 3: Register the Company with the Special Economic Zone Administration.

2) What is the government authority in charge of SEZs?

²⁹ Annex 5 of Sub-decree No 139 on Implement Law on Investment of the Kingdom of Cambodia issued on June 26, 2023.

The government authority in charge of SEZ is the Zone Developer and the Special Economic Zone Administration.

According to Article 2 of Sub-Decree No.148 AKNr.BK dated December 29, 2005, on the Establishment and Management of Special Economic Zones, the Special Economic Zone Administration refers to the state administration management unit, which is the “One-Stop Service” mechanism at the site of the Special Economic Zone and has the duties to approve and issue permits, licenses, and registrations to the Zone Investors, including the approval of incentives, according to the full authority delegated by the line ministries and institutions, and also address all requests related to the management competence of the State, concerning investments in the zone.

17. Can benefits in an SEZs be requested by an individual, or are they limited to juristic persons?

If allowed, can the benefits initially apply to an individual and later be transferred to a juristic person?

Yes, it can, that refers to Zone Investor.

According to Article 2 in the last paragraph of Sub-Decree No.148 AKNr.BK dated December 29, 2005, on the Establishment and Management of Special Economic Zones, a Zone Investor refers to a Cambodian or / and foreign natural or legal person who implements the Qualified Investment Project and purchases or rents the immovable property from the Zone Developer and performs investment activities such as business, production, services, and trade in the zone.

CHAPTER D

Business Registration and License

CHAPTER D

BUSINESS REGISTRATION AND LICENSE

18. What licenses are required for the foreign company to operate the business in the country, especially in the Food Industry?

Requiring a business license depends on specific business activities. Companies may need to obtain operational licenses from other ministries involved.³⁰

Example: Setting up the Food Industry

After setting up the company successfully with Ministry of Commerce MOC, General Department of Taxation (GDT), and the Ministry of Labor and Vocational Training (MLVT), the company has to apply for operational licenses / permits with the Ministry of Industry, Science, Technology and Innovation (MISTI) as follows:

- Notification factory establishment
- Factory / Industry Operation Certificate
- Confirmation of technical safety specifications for industrial processes of boilers, generators, and machinery, high-risk machinery, industrial waste, certification of industrial safety plans, and industrial safety training.³¹

³⁰ Guidebook on page 7 for Business Registration in Information Technology, 3rd Edition, issued by the Ministry of Economy and Finance in June 2023.

³¹ Guidebook on Request to Declare on Establishment of Small Enterprise, Medium Enterprise, and Micro-enterprise (handcraft), 3rd Edition, issued by the Ministry of Industry, Science, Technology & Innovation in March 2024.

19. What is the application process? Government Fee and Timeline?

- 1) **Process:** The process of applying is after obtaining certification of incorporation and tax registration.³²
- 2) **What fees are for notification of factory establishment, factory operation certificate, and Confirmation of technical and industrial safety on boilers, generators, machinery, and production lines?**
 - i. The official fee for notification of factory establishment: 2,000,000 Riels (USD 500)³³
 - ii. The official fee for a Factory Operation Certificate: 1,000,000 Riels (USD 250)³⁴
 - iii. The official fee for Confirmation of technical and industrial safety on boilers, generators, machinery, and production lines is as follows:³⁵
 - The official fee for Factory: 1,200,000 Riels (USD 300)
 - The official fee for Small and medium-sized enterprises: 400,000 Riels (USD 100)
 - The official fee for crafts: 200,000 Riels (USD 50)
- 3) **How long does it take for the notification of the factory-establishment process with MISTI?**
 - It can take up to 7 to 10 working days.³⁶
- 4) **How long does it take to apply for the factory operation certificate?**
 - It can take up to 7 to 10 working days.³⁷

³² Page 10, Guideline 10 of the Request to Declare on Establishment of Small Enterprise, Medium Enterprise, and Micro-enterprise (handcraft), 3rd Edition, issued by the Ministry of Industry, Science, Technology & Innovation in March 2024.

³³ No.1 of Annex Inter-Ministerial Prakas No. 836 on the Provision of Public Services by the Ministry of Industry, Science, Technology, and Innovation, issued on November 14, 2023.

³⁴ No.4 of Annex Inter-Ministerial Prakas No. 836 on the Provision of Public Services by the Ministry of Industry, Science, Technology, and Innovation, issued on November 14, 2023.

³⁵ No.7, 8 and 9 of Annex Inter-Ministerial Prakas No. 836 on the Provision of Public Services by the Ministry of Industry, Science, Technology, and Innovation, issued on November 14, 2023.

³⁶ No.1 in column 5 of Annex Inter-Ministerial Prakas No. 836 on the Provision of Public Services by the Ministry of Industry, Science, Technology, and Innovation, issued on November 14, 2023.

³⁷ No.4 in column 5 of Annex Inter-Ministerial Prakas No. 836 on the Provision of Public Services by the Ministry of Industry, Science, Technology, and Innovation, issued on November 14, 2023.

5) How long does it take to apply for Confirmation of technical and industrial safety on boilers, generators, machinery, and production lines?

- It can take up to 7 to 10 working days.³⁸

Relevant Laws and Regulations: Inter-ministerial Declaration No 836 on Public Service Provision of the Ministry of Industry, Science, Technology and Innovation.

20. Are there separate licensing requirements for specific industries – please explain manufacturing factories, wholesale & retail businesses, banking and finance, and tourism.

Setting up the company depends on specific business activities. Companies may need to obtain operational licenses from other ministries involved.³⁹

Each business activity is set up in a different manner, so regarding that question, we cannot explain but we can provide a recap of the business as mentioned above.

- **Manufacturing factories:** You must know what kind of manufacturing is then required to apply for a general license/ permit is a factory operation certificate under MISRI.
- **Wholesale & retail businesses:** These do not require applying for any license. Setting up with the Ministry of Commerce (MOC), General Department of Taxation (GDT), and Ministry of Labor and Vocational Training (MLVT) is sufficient. However, certain products must comply with license and permit requirement.

³⁸ No.7,8 and 9 in column 5 of Annex Inter-Ministerial PraKas No. 836 on the Provision of Public Services by the Ministry of Industry, Science, Technology, and Innovation, issued on November 14, 2023.

³⁹ Page 7. Guidebook on Business Registration in Information Technology, 3rd Edition, issued by the Ministry of Economy and Finance in June 2023.

- **Banking and finance businesses:** These are required to apply for a license with the National Bank of Cambodia.
- **Tourism businesses (travel agency):** These are required to apply for a license with the Ministry of Tourism.

21. Can a foreign business operate directly from abroad without registering a branch office in the country?

It is unable to do so. All companies doing business in the Kingdom of Cambodia must register their business as required by the Law on Amendments to the Law on Commercial Rules and Commercial Registration⁴⁰.

⁴⁰ Article 14 and 17 of the Law on Amendments to the Law on Commercial Rules and Commercial Registration, issued on January 29, 2022.

CHAPTER E

Taxation

CHAPTER E

TAXATION

22. List of taxes in the country (income tax, consumer tax, property tax, customs and duties, stamp duty?) what are the rates of each tax?

Under the Law on Taxation 2023, Cambodia's tax system categorizes various types of taxes based on business activities, including classification of taxpayers, business tax registration, income tax, salary tax, and specific taxes like those on petroleum, mineral resources, billboards, immovable property, unused land, stamp duty, transportation, public lighting, and others. Since the question mainly focuses on income tax, VAT, property tax, customs duties, and stamp duty, these topics will be addressed in the following section.

1) Tax on Income

In Cambodia, legal entities are taxed at 20% on net profit basis, and 30% of taxable income earned from the Petroleum Agreement or the exploitation of natural resources, including forests, minerals, gold, or precious stones.

Natural resource (Oil or Natural Gas production, including exploitation of timber, ore, gold, and precious stone) will be taxed at a rate of 30% on a net profit basis. Investment projects are tax-exempt during the holiday period. Individual income tax rates range from 0% to 20% based on annual income, starting at 0% for up to 16 million Riels (~USD 4,000) and reaching 20% for over 150 million Riels (~USD 37,500).⁴¹

2) Consumer Tax or Valued Added Tax (VAT)

Cambodia's VAT, set at 10% of the value of goods and services, was established under Sub-Decree No. 49 on March 11, 2024.

⁴¹ Article 56 of Prakas No. 098, issued by the Ministry of Economy and Finance on January 29, 2020, on Tax on Income.

3) Tax on Stamp Duty

Cambodia's stamp duty rates include 4% on real estate transfers, 0.1% on company share transfers and state-funded contracts, and 1,000,000 Riels (approximately USD 250 as of the exchange rate on December 28, 2024)) for document legalization.⁴²

4) Tax on Immovable Property (Tax on Immovable Property-TOIP)

Immovable property tax is collected annually at a rate of 0.1% of the immovable property's value, as determined by the Immovable Property Appraisal Commission, established by a Prakas from the Ministry of Economy and Finance. Please note that there is a tax on immovable property lease set at 10% of the rental asset value, based on the total monthly rental value outlined in the lease agreement.

5) Customs and Duties

Cambodia's customs duties range from 0% to 35%, with essential goods like medicines being duty-free and luxury items like vehicles taxed higher. **(The rate structure in general: 1)**

- **0%: Essential goods** such as raw materials, machinery, and agricultural equipment)
- **7%:** Semi-finished products, some foodstuffs, and other intermediate goods)
- **15%:** Finished goods and luxury products, and
- **35%:** Luxury items, including vehicles, alcohol, and tobacco. These are calculated on the customs value, which includes the CIF (Cost, Insurance, and Freight) value of the goods.)⁴³

Export duties **are not commonly applied** in Cambodia to encourage exports, except for the limited to specific items, such as timber and certain animal products, which subject to rates ranging from 2% to 10%.

Moreover, Cambodia is part of the ASEAN Economic Community (AEC) and benefits from reduced or zero tariffs under ASEAN Free Trade Agreements, including ASEAN-China FTA, ASEAN-Korea FTA, ASEAN-Japan FTA, and others. Preferential rates apply under ASEAN agreements.⁴⁴

⁴² Article 158 of Law on Taxation 2023.

⁴³ For precise calculations and updates on Cambodia's customs and duties, consult the General Department of Customs and Excise (GDCE) or engage a customs brokerage professional.

⁴⁴ For detailed rates, please visit the official website of the customs tariff schedule:
<https://customs.gov.kh/en/publications/14037-customs-tariff-of-cambodia-km-2022>

23. What is the Value Added Tax (VAT) rate, and how does it apply to imports and exports?

The VAT rate is set at 10% of the taxable value provided by the company, which means 10% of the value of the goods and services supplied within the country. However, the rate is 0% for the taxable value of goods exported from Cambodia or taxable services provided outside the country.⁴⁵

Moving to VAT on Imports, VAT is applied at the rate of 10% on the customs value of imported goods. (The customs value includes the CIF (Cost, Insurance, and Freight) value, plus any applicable import duties and specific taxes).

On Deductibility, the customs value includes the CIF (Cost, Insurance, and Freight) value, plus any applicable import duties and specific taxes.

Moving to VAT on Exports, exports are zero-rated for VAT purpose as mentioned earlier, which means no VAT is charged on the sale of exported goods or service.

Remarks: VAT-exempt goods include agricultural products in their natural state (e.g., rice, vegetables, fruits), livestock and fishery products in their unprocessed form, fertilizers, seeds, and pesticides used in agriculture⁴⁶, medicines and medical supplies such as pharmaceutical products and medical equipment intended for health care, etc.⁴⁷

VAT Exemption for Qualified Investment Projects (QIPs), businesses registered as QIPs with the Council for the Development of Cambodia (CDC) are eligible for VAT exemptions on, imported equipment and raw materials used in production, and construction materials for factory or facility development.⁴⁸

⁴⁵ Article 27 of Sub-Decree No. 49 issued by the Royal Government of Cambodia on March 11, 2024, on Value Added Tax.

⁴⁶ Cambodia's Ministry of Economy and Finance (MEF) issued a regulation (Prakas No. 559) on 25 May 2017 that clarifies the value added tax (VAT).

⁴⁷ Article 57 of the Law on Taxation.

⁴⁸ Value Added Tax (VAT) exemptions for Qualified Investment Projects (QIPs) are governed by the Law on Investment (LoI), promulgated on October 15, 2021, and its implementing regulation, Sub-Decree No. 139, issued on June 26, 2023.;

Law on Investment (2021): Available on the Council for the Development of Cambodia's website, <https://investmentpolicy.unctad.org/investment-laws/laws/383/cambodia-law-on-investment>

24. Are there sector-specific tax exemptions, such as for agriculture or renewable energy?

1) Renewable Energy

In Cambodia, tax exemptions differ by tax type and sector. Renewable energy has no tax exemption laws or regulations as a regular business.

2) Agriculture Business

However, for the agriculture sector, Prakas No. 170, issued by the Ministry of Economy and Finance on March 20, 2024, details the following tax exemptions for the agricultural sector:

- The state is responsible for VAT on the local supply of goods or services related to the cultivation, production, or export of agricultural products like rice, corn, soybeans, pepper, chancy mango, pailin longan, cassava, and rubber, as well as animal husbandry and aquaculture.
- For enterprises involved in growing, producing, or exporting agricultural products like rice, corn, soybeans, peppers, cassava, rubber, and others, as well as animal husbandry and aquaculture, tax benefits until the end of 2025. These include suspension of minimum tax payments, income tax payments, and exemption from withholding tax on service payments made to individuals not under the self-assessment regime.

3) Agriculture and renewable energy investing as a Qualified Investment Project (QIP)

On the other hand, if the agricultural sector and renewable energy is investing as a Qualified Investment Project (QIP), it will fall under the Law on Investment and the related Sub-Decree implementing this law. Agriculture, agro-industry, and food processing industries serving the local or export markets⁴⁹ can receive full or partial tax and customs duty incentives upon obtaining a QIP Registration Certificate. Investment

⁴⁹ Article 24 Point 8 and 18 of the Law on Investment 2021.

activities registered as QIP are entitled to choose basic incentives under the following two options⁵⁰:

- Option 1: Qualified Investment Projects (QIPs) are eligible for income tax exemptions ranging from 3 to 9 years, depending on the sector and investment activities, as determined by the Law on Financial Management or Sub-Decrees. After the exemption period, QIPs pay income tax at progressive rates: 25% for the first 2 years, 50% for the next 2 years, and 75% for the final 2 years. Additional benefits include prepayment tax exemption during the exemption period, minimum tax exemption with an independent audit report, and export tax exemption unless specified otherwise by other laws or regulations.
- Option 2: Qualified Investment Projects (QIPs) can benefit from various tax incentives, including special depreciation of capital expenditures as outlined in tax regulations, a deduction of up to 200% on specific expenses for up to 9 years (subject to conditions set by the Law on Financial Management or Sub-Decrees), prepayment tax exemption for a specified period, minimum tax exemption with an independent audit report, and export tax exemption unless otherwise specified by other laws or regulations.

In addition to basic incentives, the QIP receives the extra benefit for VAT exemption on the purchasing of locally produced inputs for the implementation of the QIP, with a rate of 0%.

25. How are withholding taxes applied on payments to foreign entities?

Withholding taxes apply on payments to foreign entities by Cambodian-source income. Resident taxpayers, including the permanent establishments of non-residents, earning Cambodian-source income under Article 33 (Cambodian-source income) to non-resident taxpayers are subject to a withholding tax at 14%

⁵⁰ Article 26 the Law on Investment 2021.

of the amount to be opened (i.e. the amount to be received or the amount to be paid) This tax does not apply to property reinsurance premiums or risks in Cambodia⁵¹

Article 33 of the 2023 Taxation Law defines Cambodian-source income, with some limitations, as:

- Interest paid by resident entities, co-owned companies, individuals, or government institutions in Cambodia.
- Dividends distributed by resident enterprises.
- Income from services performed in Cambodia.
- Payments for management and technical services by resident enterprises.
- Income from property (movable or immovable) located in Cambodia.
- Royalties for using intangible assets paid by resident taxpayers or non-residents through permanent establishments in Cambodia.
- Profits from selling or transferring movable or immovable property, including intangible assets, in Cambodia;
- Insurance or reinsurance premiums for risks in Cambodia.
- Profits from selling business property linked to a non-resident's permanent establishment in Cambodia; or
- Income from non-resident business activities through permanent establishments in Cambodia.

26. What are the penalties for late or incorrect tax filings in the country?

Withholding taxes apply on payments to foreign entities by Cambodian-source income. Resident taxpayers.

There are penalties for late tax filing, but no penalties for incorrect tax filing under Cambodia's legal framework.⁵² The penalty for late tax filing will be issued as a written warning by the tax administration.⁵³ A fine of 5,000,000 Riels (approximately USD 1,250), along with other administrative penalties, will be

⁵¹ Article 26 of Law on Taxation 2023.

⁵² Article 225 of Law on Taxation 2023.

⁵³ Article 234 of Law on Taxation 2023.

imposed on individuals who receive more than two written warnings and continue obstructing tax provisions. In the case of repeated offenses, even if the fine is paid, they will still face criminal penalties.⁵⁴

For criminal penalty, anyone committing any of the following acts to obstruct tax enforcement faces 1 to 12 months of imprisonment and a fine of 50,000,000 Riels (Approx. USD 12,500) to 100,000,000 Riels (Approx. USD 25,000):⁵⁵

- Preventing tax assessment or collection;
- Providing false records, documents, reports, or information;
- Hiding or destroying accounting records, reports, documents, or related documents;
- Issuing fake invoices; or
- Blocking tax administration authorities from accessing business premises.

27. In case of licensing technology agreement in which the royalty will be paid from the country to a foreign country, what will be the withholding tax rate for such royalty payment?

For technology licensing agreements where royalties are paid from Cambodia to a foreign country, the withholding tax rate for royalty payments is 14%.⁵⁶

⁵⁴ Article 235 Point 1 and 3 of Law on Taxation 2023.

⁵⁵ Article 243 of Law on Taxation 2023.

⁵⁶ Article 26 of Law on Taxation 2023.

CHAPTER F

Employment and Labor Law

CHAPTER F

EMPLOYMENT AND LABOR LAW

28. List of taxes in the country (income tax, consumer tax, property tax, customs and duties, stamp duty?) what are the rates of each tax?

Foreigners wishing to work in Cambodia must meet the following conditions:⁵⁷

- Have a work permit from the Ministry of Labour and Vocational Training (MLVT), valid for one year and renewable annually;
- Have a valid passport, visa and residence permit issued by employee's local authority; and
- Have a health certificate from the Department of Occupational Safety and Health under MLVT, verifying that the person does not have any contagious diseases and is physically fit for the job.

On the other hand, foreign workers are limited to 10% of the company's Cambodian workforce, within such 10%, 1) 1% for office staff 2) 6% for skilled workers, and 3) 3% for unskilled workers. (Under the Quota System, in case there is a demand of hiring foreign employee exceeding the given quota, it can be applied for additional seat, however, the approval depends on officer's discretion.⁵⁸

29. What is the requirement for work permits and VISAs? Timeline for application and government fee?

Foreigners wishing to work in Cambodia must meet the following conditions

1) Work Permit

⁵⁷ Article 261 of the Labor Law of Cambodia 1997.

⁵⁸ Notification No. 26/24 issued by Ministry of Labor and Vocational Training on September 11, 2024, outlined the 2025 application process of Employment for Foreign Labor.

i. Requirement for Work Permits

To apply for a work permit and employment card (together), foreigners with a limited stay visa must submit 1) a completed application form with a 1,000 Riel (approximately USD 0.25) stamp and four 3x4 cm photos 2) a statement from the employer specifying the number of Cambodian and foreign workers 3) a photocopy of their passport 4) proof of annual public service fee payment 5) a copy of their employment contract and 6) a health certificate issued within the last six months by the Ministry of Labour and Vocational Training.⁵⁹

ii. Timeline for Application and Government Fees

Foreigners applying for a work permit and employment card must pay KHR 520,000 (approximately USD 130) and will receive the service within 20 working days from the Ministry of Labor and Vocational Training.⁶⁰

2) Visa

i. Requirement for Visa

Non-immigrant foreigners entering Cambodia can apply for an entry visa through Cambodian embassies, consulates, honorary consulates abroad, or international border checkpoints. Applicants must complete the visa form, provide a valid passport or travel document with at least six months' validity and submit one 4 x 6 photo. Children traveling with parents or guardians can apply under their parents' registration but must pay the same visa fees as those with separate passports. Visa fees are non-refundable, even if the visa is denied.⁶¹ Alternatively, applicants can also apply through the official e-Visa website at <https://www.evisa.gov.kh>⁶² with the requirement as it shown on the website.

⁵⁹ Article 2 of Prakas No. 195 issued by Ministry of Labor and Vocational Training, dated August 20, 2014, on Work Permit and Employment Card of Foreigner.

⁶⁰ No.86 of Annex 1 of Joint Ministerial Prakas No. 335 dated March 27, 2020, on providing public services of the Ministry of Labour and Vocational Training.

⁶¹ Article 6 of Sub-Decree No. 123, issued on June 10, 2016, specifies the procedures for non-immigrant foreigners to apply for permission to enter, leave, and reside in Cambodia.

⁶² Article 4 of Sub-Decree No. 123, issued on June 10, 2016, specifies the procedures for non-immigrant foreigners to apply for permission to enter, leave, and reside in Cambodia

ii. Timeline for Application and Government Fees

Under Cambodia's immigration laws, there are various visa types, including Diplomatic (A), Official (B), Courtesy (C), Transit (D), Business (E), Khmer (K), and Tourist (T). As per Joint Ministerial Prakas No. 144 14, dated December 30, 2016, on providing public services of the Ministry of Interior, all visas are processed immediately with different fees. Diplomatic (A), Official (B), Courtesy (C), and Khmer (K) visas are tax-free. Transit (D) costs \$15, Business (E) costs \$35, with extended Business visas (E1, E2, E3) for 1 to 3 years ranging from \$50 to \$100. Tourist (T) visas cost \$30, with extended Tourist visas (T1, T2, T3) for 1 to 3 years ranging from \$40 to \$80.

30. Is there any shortcut for work permits and VISAs in case of foreign directors having a meeting in the country?

According to Cambodian laws and regulations, there are no shortcuts for work permits and visas for foreign directors attending meetings. Enterprise owners or directors, as specified in Article 1 of the Labor Law (This law applies to employment relationships in Cambodia, regardless of where the contract was made or the nationality or residence of the parties involved. It covers all industries, including mining, commerce, crafts, agriculture, services, transportation, and organizations of any kind—public, private, religious, or non-religious, as well as charitable or professional entities. It also applies to workers not covered by civil servant or diplomatic statutes, including temporary public service officials.), who employ foreign labor or foreigners working in Cambodia must complete the application form process for a work permit and employment card.⁶³

On the other hand, all foreigners, including non-immigrant aliens, immigrant aliens, and private investor immigrants, must obtain a visa to enter, stay, or leave Cambodia.⁶⁴

⁶³ Article 1 of PraKas No.195 issued by Ministry of Labor and Vocational Training, dated August 20, 2014, on Work Permit and Employment Card of Foreigner.

⁶⁴ Article 1 of Law on Immigration 1994.

31. What are the mandatory benefits and welfares employers must provide to their workers?

Under Cambodian laws, particularly the Law on Labor 1997 and Law on Social Security Schemes 2019, employers must provide workers, including:

1) Mandatory benefits and welfare

- **Paid Leave:** Workers are entitled to 1.5 days of paid leave per month, with annual leave increasing by one day every three years. Paid holidays and sick leave are not part of annual leave.⁶⁵
- **Annual Leave:** Typically granted during Khmer New Year, unless agreed otherwise. Leave over 15 days can be rescheduled, except for workers under 18 years of age, who must take annual leave, while other workers can reschedule leave over 15 days.⁶⁶
- **Special Leave:** Workers can take up to 7 days of paid leave per year for family events, such as marriages, funerals, which may be deducted from annual leave.⁶⁷
- **Maternity Leave:** Women get 90 days of maternity leave with half pay (if employed for at least a year), protection from dismissal, and lighter duties for two months after childbirth.⁶⁸
- **Travel and Accommodation Allowance:** Employers must provide a \$7 monthly travel and accommodation allowance unless transportation or housing is already provided. If better benefits are offered, the allowance remains unchanged.⁶⁹
- **Recurring Incentives:** Workers who attend work every day in a month earn a minimum bonus of \$10, with higher bonuses from employers remaining unchanged.⁷⁰
- **Social Security:** The Cambodian social security system is compulsory for all workers in the formal sector, including employees in both public and private enterprises.⁷¹ Employees must register with the National Social Security Fund (NSSF) to

⁶⁵ Article 166 of the Labor Law of Cambodia 1997.

⁶⁶ Article 170 of the Labor Law of Cambodia 1997.

⁶⁷ Article 171 of the Labor Law of Cambodia 1997, and PraKas No.267 issued by MLVT, on Special Leave 2001

⁶⁸ Article 183 of the Labor Law of Cambodia 1997.

⁶⁹ Point 1 of the Notification No.230 issued by Ministry of Labor and Vocational Training, dated July 25, 2012.

⁷⁰ Point 2 of the Notification No.230 issued by Ministry of Labor and Vocational Training, dated July 25, 2012.

⁷¹ Article 3 of the Law on Social Security Schemes 2019.

access benefits, which differ for public and private sectors. This discussion focuses on private sector benefits, including Pension ⁷², Health Care ⁷³, Occupational Risk ⁷⁴, and Unemployment schemes⁷⁵. Only employees registered under a specific scheme can receive its benefits; otherwise, they are not eligible.

2) Four Private Sector Benefits (mandatory)

- i. Pension Scheme: Provides financial security after retirement, in cases of disability, or to dependents in the event of the employee's death.
 - Contributions: Employers: 2% of gross wage, Employees: 2% of gross wage.
 - Contributory Wage Cap: Maximum salary for contributions is 1,200,000 KHR (~USD 300), limiting contributions to USD 12 for each party.
 - Eligibility: Minimum retirement age: 60 years, and Contributions required for at least 20 years to receive full benefits.
- ii. Health Care Scheme, covers medical services, maternity benefits, and other health-related expenses.
 - Contributions: Employers: 2.6% of gross wage, Employee is subject to None.
- iii. Occupational Risk Scheme: Covers workplace injuries, occupational diseases, and related disabilities or deaths.
 - Contributions: Employers: 0.8% of gross wage, and Employees are subject to None.
- iv. Unemployment Insurance Scheme: Provides financial support to employees who lose their jobs.
 - Contributions: Still under development; implementation details and rates are being finalized.

⁷² Article 3 of the Law on Social Security Schemes 2019.

⁷³ Article 5 of the Law on Social Security Schemes 2019.

⁷⁴ Article 6 of the Law on Social Security Schemes 2019.

⁷⁵ Article 7 of the Law on Social Security Schemes 2019.

32. What does law stipulate regarding termination of employees and severance pay, advance notice, payment in lieu of advance notice, unfair termination compensation?

The Law on Labor 1997 states:

1) Termination of Employees

Termination of an employee's contract is considered unjustified if the employer lacks a valid reason and the employee has not committed serious misconduct as defined in Article 83 of the Labor Law or the company's internal regulations. Serious misconduct includes theft, fraud, serious rule violations, threats or attacks, inciting offenses, or engaging in propaganda, political activities, or workplace demonstrations.

2) Severance Pays

Severance pay varies for FDC and UDC contracts and depends on factors like advance notice, early termination by employees or employers, serious misconduct, unfair termination, sudden resignation and more. The severance pay rate is 5% of the wages paid to the employee during the contract period.⁷⁶

3) Fixed Duration Contract (FDC)

For serious misconduct or if employees choose to terminate early, the employee receives unpaid wages⁷⁷ and payment for any unused annual leave.⁷⁸ However, if the employer decides to terminate early, the employee receives unpaid wages, payment for any unused annual leave, remuneration equal to at least 5% of the wages earned during the term of the employment contract⁷⁹ and compensation equal to the worker's remaining salary for the contract term.⁸⁰

4) Undetermined Duration Contract (UDC):

⁷⁶ Article 73 Paragraph 6 of the Labor Law of Cambodia 1997.

⁷⁷ Article 116 of the Labor Law of Cambodia 1997.

⁷⁸ Article 166 and 167 of the Labor Law of Cambodia 1997.

⁷⁹ Article 73 Paragraph 6 of the Labor Law of Cambodia 1997.

⁸⁰ Article 73 Paragraph 3 of the Labor Law of Cambodia 1997.

For serious misconduct and sudden resignation, employees receive unpaid wages and payment for unused annual leave. For unfair termination or resignation prompted by the employer, employees also receive unpaid wages, unused annual leave payment, payment in lieu of advance notice⁸¹, seniority pay⁸², and compensation for damages.⁸³

5) Additionally, for Unspecified Duration Contract (UDC):

Employees are entitled to seniority payments equivalent to 15 days of wages per year, disbursed semi-annually (7.5 days in June and 7.5 days in December).

If terminated unfairly or without valid cause, employees may also receive additional compensation

6) Termination of Fixed Duration Contract (FDC)

Termination requires a 10-day notice if the contract lasts 6 months to 1 year, and a 15-day notice if the contract lasts more than 1 year.⁸⁴

7) Termination of Undetermined Duration Contract (UDC)

For UDC, the labor law requires the following notice periods for employers and employees: 1) 7 days for less than 6 months of service, 2) 15 days for 6 months to 2 years, 3) 1 month for 2 to 5 years, 4) 2 months for 5 to 10 years, and 5) 3 months for over 10 years.

8) Payment in Lieu of Advance Notice

If an employer terminates an employee without proper notice, they must pay compensation equal to the wages and benefits the employee would have earned during the notice period.⁸⁵

9) Unfair Termination Compensation

⁸¹ Article 75 and 77 of the Labor Law of Cambodia 1997.

⁸² Article 89(New) and 110(New) of the Labor Law of Cambodia 1997.

⁸³ Article 91(New) of the Labor Law of Cambodia 1997.

⁸⁴ Article 73 Paragraph 5 of the Labor Law of Cambodia 1997.

⁸⁵ Article 77 of the Labor Law of Cambodia 1997.

Unfair termination of UDC or FDC contracts without a valid reason may result in claims for compensation for damage, which is separate from severance or seniority pay.⁸⁶

10) Probation Period⁸⁷

During the probation period (up to 3 months for skilled employees, 2 months for office workers, and 1 month for unskilled workers), termination itself does not require advance notice or severance pay.

33. What is the required minimum threshold of employees that mandates an employer to register them in social security, and how much social security would be deducted?

A. Based on Prakas No. 168, issued on July 5, 2022, regarding the conditions and procedures for the registration of establishments, enterprises, employees, and contribution payments to the National Social Security Fund under the Labor Law. It applies to employers, business owners, and individuals covered by the Labor Law under social security schemes like pensions, health, and occupational risk. The law does not specify a minimum number of employees required for registration. However, this Prakas defines two types of registration:

1) Business and Establishments

- Employers or business owners with existing establishments not yet registered with the National Social Security must register within 30 days of this Prakas taking effect (July 5, 2022).
- Newly opened businesses must register with the National Social Security within 30 days of starting operations.
- Businesses already registered with the National Social Security for occupational risk and healthcare do not need to re-register.

2) Employees

⁸⁶ Article 91(New) of the Labor Law of Cambodia 1997.

⁸⁷ Article 68 of the Labor Law of Cambodia 1997.

Employers or business owners must register workers with the National Social Security within 3 days of employment, unless the worker already has a membership card.

In terms of employment, the deductions for social security will depend on the scheme the employee is registered in. The rates for contribution of the pension⁸⁸, health care⁸⁹, and occupational risk schemes are set by Sub-Decree⁹⁰ and Prakas.

B. Summary of Social Security Contributions

Scheme	Employer Contribution	Employee Contribution	Deduction from Salary
Pension Scheme	2%	2%	2%
Health Care Scheme	2.6%	None	None
Occupational Risk Scheme	0.8%	None	None

- 1) 0.8% of the employee's pre-tax monthly wage for occupational risk⁹¹. (Obligations of business owners or enterprises)⁹²
- 2) 2.6% of the employee's pre-tax monthly wage for health care⁹³. (Obligations of business owners or enterprises)⁹⁴
- 3) For the first 5 years, the contributions rate is 4% of the employee's pre-tax monthly wage for pension scheme. (Split equally: 2% by the employer and 2% by the employee)⁹⁵

⁸⁸ Article 19 Paragraph 1 of the Law on Social Security Schemes 2019.

⁸⁹ Article 40 of the Law on Social Security Schemes 2019.

⁹⁰ Article 59 of the Law on Social Security Schemes 2019.

⁹¹ Article 4 Paragraph 1 of Prakas No. 449, issued on November 10, 2017, sets the contribution rates, conditions, and payment procedures for social security, including occupational risk and health care, for those under the Labor Law.

⁹² Article 5 Paragraph 3 of Prakas No. 449, issued on November 10, 2017, sets the contribution rates, conditions, and payment procedures for social security, including occupational risk and health care, for those under the Labor Law.

⁹³ Article 4 Paragraph 2 of Prakas No. 449, issued on November 10, 2017, sets the contribution rates, conditions, and payment procedures for social security, including occupational risk and health care, for those under the Labor Law.

⁹⁴ Article 5 Paragraph 3 of Prakas No. 449, issued on November 10, 2017, sets the contribution rates, conditions, and payment procedures for social security, including occupational risk and health care, for those under the Labor Law.

⁹⁵ Article 8 of Sub-Decree No. 32, dated March 4, 2021, outlines the Social Security Pension Scheme for individuals covered by the Labor Law.

34. What is the minimum threshold of employees required for an employer to register or notify their work rules with the relevant authorities?

Employers must register or notify their work rules with authorities if they have 8 or more employees⁹⁶.

35. Does the law require employers to hire persons with disabilities or, alternatively, contribute to the disability fund to comply with their legal obligations?

Under the 2009 Law on the Protection and Promotion of the Rights of Persons with Disabilities, employers are required to hire individuals with disabilities. Sub-Decree No.108, issued on August 30, 2010, further specifies the rates and procedures for recruitment. Employers can choose between two options: hiring qualified persons with disabilities to constitute at least 1% of their workforce if they have more than 100 employees⁹⁷ or paying 40% of the monthly minimum wage per required disabled worker to the Disability Fund managed by the Ministry of Social Affairs, Veterans, and Youth Rehabilitation⁹⁸.

⁹⁶ Article 22 of the Labor Law of Cambodia 1997.

⁹⁷ Article 6 of the Sub-Decree No.108, issued on August 30, 2010, outlines the rates and procedures for recruiting people with disabilities.

⁹⁸ Article 15, Paragraph 2 of the Sub-Decree No.108, issued on August 30, 2010, outlines the rates and procedures for recruiting people with disabilities.

CHAPTER G

Land Ownership and Leasing

CHAPTER G

LAND OWNERSHIP AND LEASING

36. Can foreigner or foreign company directly own land in the country or it has to be lease?

Article 44, paragraph 1 of the Constitutional Law of Cambodia 1993, states that everyone has the right to ownership. However, only Khmer citizens and legal entities of Khmer nationality are allowed to own land. Legal private ownership shall be protected by law.

While foreigners cannot directly own land (or have ownership of land) in Cambodia, the law provides options for them to possess land or own private units in co-owned buildings, such as:

- 1) Land possession (as the Ground Floor):** Foreigners can possess land through a Cambodian-registered enterprise if at least 51% of the shares are owned by Cambodian nationals or legal entities. Only the share percentages listed in the articles of incorporation (AOI) are considered, and any private agreement between shareholders that contradicts this rule is invalid⁹⁹.
- 2) Ownership in Private Units of Co-Owned Building:** Foreigners can own private units in co-owned buildings, but only from the first floor upward. Ground and underground floors cannot be owned by foreigners¹⁰⁰. (Foreign in any co-owned building cannot exceed 70% of the total area)¹⁰¹
- 3) Possession and Usufructuary Real Rights through Leasing:** The lessee shall have the right and obligation to use and profit from the

⁹⁹ Article 9 of the Land Law 2001, as amended by the Law on Implementation of the Civil Code 2011.

¹⁰⁰ Article 6 Paragraph 1 of the Law on Providing Foreigners with Ownership Rights in Private Units of Co-Owned Buildings 2010.

¹⁰¹ Article 2 of Sub-Decree No.82 on Determining the Proportion and Calculation of Private Shares Owned by Foreigners in a Condominium Building, issued by Royal Government on July 29, 2010.

leased property in a manner that is consistent with the contract and the nature of the object¹⁰².

- 4) Trust: The Trust Law categorizes trusts into four types:** commercial trust, public trust, social trust, and individual trust¹⁰³. Under commercial trust, for foreigners or foreign companies to hold property in Cambodia, retention services can be utilized. These services involve transferring property or funds to a trustee, who holds or deposits them on behalf of investors, real estate buyers, or for other commercial activities. The trustee must return the property or funds to the original owner or a designated party once specific conditions are met, ensuring compliance and security in the process¹⁰⁴.

37. What are the maximum lease durations for land under the law? What Government Fee?

Under Article 247 of Cambodia's 2006 Civil Code, the maximum lease term for land is 50 years, referred to as a **"perpetual lease"** under Cambodian law. The government fee for a perpetual lease depends on the type of land and zone where the land is located. The types of land and zones are classified as follows:

- 1) Agricultural and Production Land:** It costs KHR 300,000 (approximately USD 75) in the capital or in the cities of Kandal, Preah Sihanouk, and Siem Reap provinces. In cities of provinces outside those mentioned, the cost is KHR 200,000 (approximately USD 50). Rural or outskirts land costs KHR 100,000 (approximately USD 25)¹⁰⁵.
- 2) Residential or Building Land:** It costs KHR 400,000 (Approx. USD 100) in the capital or in the cities of Kandal, Preah Sihanouk, and Siem Reap provinces. In cities of provinces outside those mentioned, the cost is KHR 300,000 (approximately USD 75). Rural or outskirts land costs KHR 200,000 (approximately USD 50)¹⁰⁶.

¹⁰² Article 600 of Code of Civil 2007, as amended by the Law on Implementation of the Civil Code 2011.

¹⁰³ Article 9 of the Law on Trust 2019.

¹⁰⁴ Article 10 Point 2 of the Law on Trust 2019.

¹⁰⁵ No.339, 340 and 341 of Annex attached to Ministerial Prakas No.356 on Providing Public Services of Ministry of Land Management, Urban Planning and Construction 2019.

¹⁰⁶ No.342, 343 and 344 of Annex attached to Ministerial Prakas No.356 on Providing Public Services of Ministry of Land Management, Urban Planning and Construction 2019.

38. Any specific conditions to lease a land?

Cambodian laws set specific conditions for legally leasing land, which can be divided into two types of conditions:

1) Basic Conditions:

- Both parties must have legal ability to enter the contract, which means both parties must be 18 years old or above.
- Both parties agree to create a lease agreement without any conflicts of interest.
- The land lease agreement must be based on the landlord's actual ownership, confirmed by the ownership certificate or verified on the Ministry of Land Management, Urban Planning, and Construction's official website.
- The purpose of creating a land lease agreement must be lawful and not against the laws of Cambodia.

2) Structural Conditions Sets by Law:

- A leasing agreement can be made in writing or verbally¹⁰⁷. If it is made in writing, the contract must set specific lease term. If the lease term is below 15 years, it is considered a normal lease. However, if the lease term is 15 years or above, it is considered a "perpetual lease"¹⁰⁸. A perpetual lease agreement must be in writing¹⁰⁹, and its maximum term is 50 years¹¹⁰.
- If the leasing agreement is considered as perpetual lease, it must be registered with the Capital or Provincial Department of Land Management, Urban Planning and Construction¹¹¹. The government fees are mentioned in question No. 16 above.
- Tax Compliance: The tax on immovable property lease is set at 10% of the rental asset value, based on the total monthly rental value outlined in the lease agreement¹¹². (Please note that the annual tax on immovable property is 0.1% of the property's value);

¹⁰⁷ Article 599 Point 1 of the Civil Code of Cambodia 2007.

¹⁰⁸ Article 599 Point 3 of the Civil Code of Cambodia 2007.

¹⁰⁹ Article 245 Paragraph 1 of the Civil Code of Cambodia 2007.

¹¹⁰ Article 247 Paragraph 1 of the Civil Code of Cambodia 2007.

¹¹¹ Article 246 of the Civil Code of Cambodia 2007

¹¹² Article 142 of the Law on Taxation 2023.

- **Compliance with Local Laws and Regulations:** The lessee must adhere to zoning regulations, environmental laws, and other legal requirements depending on the land's location and intended use. This shall be determined by notifications or Deika from relevant local authorities.

39. What are the procedures for renewing or transferring land leases?

- 1) Procedures for Renewing:** In general, a lease with a fixed term ends when the term expires¹¹³. After that, both parties must agree on renewal terms and create a new written agreement. The lease is automatically renewed unless one party gives notice to terminate—three months before for buildings, and one year before for land. In this case, an automatically renewed lease has no fixed term¹¹⁴. This also applies to the renewal of a perpetual lease¹¹⁵, but it must be registered with the relevant authorities as mentioned in question No. 17.
- 2) Procedures for Transferring:** Except for perpetual leases, the lessee cannot transfer their lease rights or sub-lease the property without the lessor's permission. If the lessee allows a third party to use or profit from the property without approval, the lessor can terminate the lease¹¹⁶. However, perpetual leases can be transferred or assigned with or without payment, and the lessee may sub-lease the property. Additionally, a perpetual lease can be inherited¹¹⁷.

40. What is the zoning regulation in the country? What government authority?

Zoning regulations in Cambodia broadly govern land use, construction, development, environmental management, and geographical zoning in designated areas. These regulations include:

¹¹³ Article 612 of the Civil Code of Cambodia 2007.

¹¹⁴ Article 613 of the Civil Code of Cambodia 2007.

¹¹⁵ Article 255 of the Civil Code of Cambodia 2007.

¹¹⁶ Article 608 of the Civil Code of Cambodia 2007.

¹¹⁷ Article 252 of the Civil Code of Cambodia 2007.

- The Land Law 2001, enacted on August 30, 2001, was amended by the Law on Implementation of the Civil Code on May 31, 2011.
- Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans was enacted on May 28, 2008.
- Law on Construction, enacted on November 2, 2019.
- The Code of Environment and Natural Resources was enacted on June 29, 2023.

The responsible authorities include the Ministry of Land Management, Urban Planning and Construction (MLMUPC), Ministry of Environment (MOE), the Ministry of Rural Development (MRD), the Council for the Development of Cambodia (CDC), the Ministry of Agriculture, Forestry and Fisheries (MAFF), the APSARA National Authority (APSARA), the Ministry of Industry, Science, Technology & Innovation (MISTI), the Ministry of Tourism (MOT), the Ministry of Mines and Energy (MME), the Ministry of Public Works and Transport (MPWT), and local governors of capitals, provinces, municipalities, districts, and khans.

41. What are the total government fees or any other foreseeable expenses for estimating the cost of leasing the land?

Government fees are unpredictable as they depend on factors like lease value, taxes, land type and location, lease type (normal or perpetual), and additional costs. These may include attorney or notary fees, translation into English or Khmer, security deposits for the lease term, and document preparation expenses.

CHAPTER H

Intellectual Property

CHAPTER H

INTELLECTUAL PROPERTY

42. How can foreign investors register their trademarks and patents in the country?

Foreign investors can register trademarks in Cambodia with the Ministry of Commerce (MOC) and patents with the Ministry of Industry, Science, Technology, and Innovation (MISTI).

- Foreigners can register trademarks in Cambodia with the Ministry of Commerce (MOC) through various options: direct or in-person registration with the Department of Intellectual Property, registration via a licensed trademark agent, or self-registration through the official IP department website: <https://efiling.cambodiaip.gov.kh/efiling/>
- Foreigners can register patents in Cambodia with Ministry of Industry, Science, Technology, and Innovation (MISTI) through an option: direct or in-person registration with the General Department of Industry under Ministry of Industry, Science, Technology, and Innovation (MISTI).

43. How long is the protection of trademark registration and patent registration?

Trademark registration is protected for 10 years¹¹⁸, while patent registration is protected for 20 years¹¹⁹.

¹¹⁸ Article 12 Point A of the Law on Concerning Marks, Trade Names and Acts of Unfair Competition of Cambodia 2002.

¹¹⁹ Article 45 of the Law on Patents, Utility Model Certificates and Industrial Designs 2003.

44. In case of licensing, is there any registration required for licensing of trademark, copy right and patent?

In Cambodia, licensing must be registered with the relevant ministry based on the type of intellectual property, such as trademarks, copyrights, or patents.

45. What are the penalties for IP infringement?

Penalties for intellectual property (IP) infringements depend on the type of IP involved, such as trademarks, copyrights and related rights, patents and industrial designs, or geographical indications. The specific penalties are detailed below:

1) Trademark Infringements

- Anyone who counterfeits a registered trademark, service mark, collective mark, or trade name in Cambodia may face a fine of 1,000,000 Riels (approximately USD 250) to 20,000,000 Riels (approximately USD 5,000), imprisonment for 1 to 5 years, or both¹²⁰.
- Anyone who imitates a registered trademark, service mark, collective mark, or trade name in Cambodia to mislead the public may face a fine of 5,000,000 Riels (approximately USD 1,250) to 10,000,000 Riels (approximately USD 2,500), imprisonment for 1 month to 1 year, or both¹²¹.
- Anyone who intentionally imports, sells, or offers for sale goods with a counterfeit mark is subject to the penalties outlined in Article 64 (a fine of 1,000,000 Riels (approximately USD 250) to 20,000,000 Riels (approximately USD 5,000), imprisonment for 1 to 5 years, or both)¹²².

2) Copyrights and Related Rights Infringements

Any unauthorized production, reproduction, performance, or public communication of a work, violating the author's rights as defined by law, is punishable by¹²³:

¹²⁰ Article 64 of the Law on Concerning Marks, Trade Names and Acts of Unfair Competition of Cambodia 2002.

¹²¹ Article 65 of the Law on Concerning Marks, Trade Names and Acts of Unfair Competition of Cambodia 2002.

¹²² Article 66 of the Law on Concerning Marks, Trade Names and Acts of Unfair Competition of Cambodia 2002.

¹²³ Article 64 of the Law on Copyright and Related Rights 2003.

- 6 to 12 months' imprisonment and/or a fine of 5,000,000 Riels (Approx. USD 1,250) to 25,000,000 Riels (Approx. USD 6,250) for production or reproduction infringements;
- 6 to 12 months' imprisonment and/or a fine of 2,000,000 Riels (Approx. USD 500) to 10,000,000 Riels (Approx. USD 2,500) for importing or exporting infringing products; and
- 1 to 3 months imprisonment and/or a fine of 1,000,000 Riels (Approx. USD 250) to 5,000,000 Riels (Approx. USD 1,250) Riels for performance or public communication infringements.
- Double penalties apply for repeated offenses.
- Unauthorized production, reproduction, import, export, or broadcasting of works without the permission of the performer, phonogram producer, video producer, or broadcasting organization is punishable by:
 - 6 to 12 months imprisonment and/or a fine of 5,000,000 Riels (Approx. USD 1,250) to 25,000,000 Riels (Approx. USD 6,250) for production or reproduction;
 - 1 to 3 months imprisonment and/or a fine of 2,000,000 Riels (Approx. USD 500) to 10,000,000 Riels (Approx. USD 2,500) for importing or exporting phonograms, cassettes, or videos; and
 - 1 to 3 months imprisonment and/or a fine of 1,000,000 Riels (Approx. USD 250) to 10,000,000 Riels (Approx. USD 2,500) for unauthorized broadcasting.
- Double penalties apply for repeated offenses.

3) Patents and Industrial Designs Infringements

Anyone who knowingly infringes on rights protected by patent or industrial design registration under Article 125 faces a fine of 5,000,000 Riels (approximately USD 1,250) to 20,000,000 Riels (approximately USD 5,000), imprisonment for 1 to 5 years, or both. For repeated offenses within 5 years of the previous conviction, the maximum fine and imprisonment are doubled¹²⁴.

Geographical Indication Infringements:

Anyone who counterfeits a Geographical Indication can face 1 to 5 years in prison and fines of 2,000,000 Riels (approximately USD 500) to

¹²⁴ Article 133 of the Law on the Patents, Utility Model Certificates and Industrial Designs 2003.

20,000,000 Riels (approximately USD 5,000) for misusing a registered indication for commercial purposes, unauthorized use or imitation, using misleading terms like “style” or “imitation,” providing false or misleading information about the origin or quality of goods, or any actions likely to mislead the public about the true origin of the goods.¹²⁵

46. What is the enforcement process for intellectual property disputes?

The enforcement process for intellectual property disputes varies depending on the type of IP, such as trademarks, copyrights and related rights, patents and industrial designs, or geographical indications. Each type is governed by different laws and regulations, leading to differences in how enforcement is carried out. The specific enforcement processes are detailed below:

1) Trademark Enforcement Process

- If the trademark owner or licensee requests legal action through the court, the court may issue an injunction to stop infringement¹²⁶ and, at the applicant’s request, take quick measures (Provisional Measures) to prevent further infringement or preserve evidence¹²⁷. The court can also award damages and other legal remedies as allowed by law, following the 2006 Code of Civil Procedure in Cambodia, with the process proceeding through the court of first instance until a judgment is made;
- Additionally, the trademark owner can apply to customs, the relevant authorities, or the court (using border measures) to stop the clearance of suspected counterfeit goods by proving ownership of the registered mark¹²⁸.

2) Copyrights and Related Rights Enforcement Process

Anyone who suffers or risks suffering a violation of their copyright or related right can file a petition to the court to prevent imminent violations, stop ongoing violations, and seek compensation for damages, moral

¹²⁵ Article 38 of the Law on Geographical Indications 2014.

¹²⁶ Article 27 of the Law on Concerning Marks, Trade Names, and Acts of Unfair Competition 2002.

¹²⁷ Article 29 of the Law on Concerning Marks, Trade Names, and Acts of Unfair Competition 2002.

¹²⁸ Article 35 of the Law on Concerning Marks, Trade Names, and Acts of Unfair Competition 2002.

injury, and the return of disputed equipment or materials. The complainant can also request the return of any benefits gained from the illegal act¹²⁹.

3) Patents and Industrial Designs Enforcement Process

- The competent court has jurisdiction over disputes related to the application of the law on Patents, Utility Model Certificates, and Industrial Designs¹³⁰;
- If the owner of the protection title, or a licensee who has asked the owner to take legal action, requests the court and the owner refuses or fails to act, the court may issue an injunction to prevent or stop infringement, award damages, and provide other legal remedies¹³¹.

4) Geographical Indication Enforcement Process

- The provisional and border measures outlined in the “Law on Marks, Trade Names, and Acts of Unfair Competition” and related regulations also apply to geographical indications¹³²; and
- The competent courts can order the detention of goods if they suspect the goods infringe the owner’s rights. This also applies to materials and equipment suspected of being used to produce infringing goods. Infringing goods that are imported, exported, sold, or offered for sale can be confiscated by the authorities through the court’s decision, regardless of whether anyone has been convicted¹³³.
- The enforcement process for intellectual property disputes depends on the type of IP and must go through the first instance court proceedings of Cambodia.

¹²⁹ Article 57 of the Law on Copyright and Related Rights 2003.

¹³⁰ Article 123 of the Law on the Patents, Utility Model Certificates and Industrial Designs 2003.

¹³¹ Article 126 of the Law on the Patents, Utility Model Certificates and Industrial Designs 2003.

¹³² Article 32 of the Law on Geographical Indications 2014.

¹³³ Article 37 of the Law on Geographical Indications 2014.

CHAPTER I

Foreign Exchange Controls

CHAPTER I

FOREIGN EXCHANGE CONTROL

47. How to open a bank account in a bank in the country for foreigner, individual and company?

Cambodia has top-ranking banks offering account registration for foreigners, individuals, and companies. Applicants can choose from options like ACLEDA Bank, Canadia Bank, Foreign Trade Bank of Cambodia, Union Commercial Bank, J Trust Royal Bank, Vattanac Bank, Campu Bank, Maybank Cambodia, Bank of China Phnom Penh, and ABA Bank. Bank account registration in Cambodia may vary based on the applicant type—foreigner, individual, or company—and the chosen bank institution. For example, ABA Bank registration includes¹³⁴:

1) For Individuals (Local):

- Being at least 15 years old.
- Bring the original and valid National ID or Passport. Complete the application form of Advanced Bank of Asia (ABA).

2) For Foreigner: To open bank account, you need to provide the following documents:

- Be at least 18 years old.
- Bring the original and valid Passport (with valid visa) and any document that proves your residential status (Proof of residence can include a multiple-entry visa with at least 182 days in the country, a rental contract, certificate of residential address, or hotel lease/bill with a minimum 6-month term, or proof of employment (employment contract, certificate of employment) showing at least 6 months of employment, or a business license if self-employed.).
- Complete the application form of ABA.
- Please note that the documents vary upon each bank's requirements.

¹³⁴ The official website of ABA Bank in Cambodia: <https://www.ababank.com/en/current-account/>

3) For Company: To open a corporate account, you need to provide the following documents:

- Original and latest Memorandum and Articles of Association (M&A) signed by all directors of the Company.
- Certificate of Commercial Registration / Incorporation issued by the Ministry of Commerce or a printed version of the Certificate of Registration with QR code
- Original Board of Directors Resolution to appoint signatory(ies) and account mandate.
- Original and valid National ID or Passport of all Shareholders and Directors
- Original and valid National ID or Passport of all Authorized Signatory(ies)
- Business Tax Patent (if applicable)
- Business License issued by relevant ministry and/or authority (if applicable)
- Letter of Approval from the relevant ministry or authority (if applicable)
- Sample of Board of Director Resolution (please use the company's letterhead and incorporate the content in the sample Board of Director Resolution where applicable).

And, fill in the following forms:

- Corporate Account Form (Section 5 refers to FATCA Status Code)
- Ultimate Beneficial Owner (UBO) Declaration Form.
- Sample of Customer Information Form (simple) for UBO(s) (shareholder(s) with 20% or more) and director(s) who are not appointed as signatory(ies).
- Specimen Signature Form and Customer Information Form(s) to be signed by Authorized Signatory(ies) in front of a Bank staff.

Additional Requirements:

- Company seal to be appended on Board of Director Resolution and other relevant documents (where applicable).
- Customer is required to disclose Tax Registration number (TRN) or Tax Identification number (TIN) where applicable.

Authorized Signatory(ies) is/are required to be present at the Bank or in front of a Bank staff.

48. Under a sale and purchase agreement or service agreement, can the payment be made in foreign currency?

What are the conditions?

Yes, payments under a sale, purchase, or service agreement can be made in foreign currency. Foreign exchange operations, such as buying, selling, transferring money, international payments, and capital flows, are freely permitted between Cambodia and other countries or between residents and non-residents. However, the conditions of these transactions must be conducted through authorized intermediaries, meaning only banks permanently established in Cambodia qualify as such.¹³⁵

49. What are the conditions of transmitting money into the country (investment, loan, service fee, sale of goods)? Can it be in foreign currency? Any tax or fee required?

The conditions of transmitting money into Cambodia include:

- Money transfers into Cambodia, including investment capital flows, loans and borrowings, trade credits (service fee or sale of goods) can be freely arranged between residents and non-residents but must go through authorized banks in Cambodia¹³⁶ ;
- Residents living abroad who invest USD 100,000 or more must declare it to the Central Bank¹³⁷ . Additionally, transfers related to the investment, or its liquidation must go through authorized intermediaries (Bank), who are required to report the amount of each transfer equaling or exceeding USD 100,000 to the Central Bank¹³⁸ ; and

¹³⁵ Article 5 Point 1 and 2 of the Law on Foreign Exchange 1997.

¹³⁶ Article 18 of the Law on Foreign Exchange 1997.

¹³⁷ Article 16 of the Law on Foreign Exchange 1997.

¹³⁸ Article 17 of the Law on Foreign Exchange 1997.

- Travelers exporting or importing means of payment of USD 10,000 or more (or its equivalent in local currency) must declare it to customs officers at Cambodia's border crossings. Cash exports exceeding the Central Bank's set limit must undergo prior examination by the Central Bank¹³⁹.
- It can be transferred in foreign currency¹⁴⁰.
- Fund transfer fees are charged based on the transfer amount and deducted from the current account of the transferring bank or financial institution at the National Bank of Cambodia. For Inward Transfer¹⁴¹:
 - 0.12% of the transfer amount
 - Minimum: KHR 30,000 (approximately USD 7.5) or equivalent
 - Maximum: KHR 9,000,000 (approximately USD 2,250) or equivalent

50. What are the conditions of transmitting money out of the country (investment, loan, service fee, sale of goods)?

Can it be in foreign currency? Any tax or fee required?

The conditions of transmitting money out of Cambodia include:

- Money transfers out of Cambodia, including investments capital flows, loans and borrowings, trade credits (service fee or sale of goods) can be freely arranged between residents and non-residents but must go through authorized banks in Cambodia.
- Transfers related to the investment, or its liquidation, must go through authorized intermediaries, who are required to report the amount of each transfer equaling or exceeding USD 100,000 to the Central Bank.¹⁴²
- Travelers exporting or importing means of payment of USD 10,000 or more (or its equivalent in local currency) must declare it to customs officers at Cambodia's border crossings. Cash exports exceeding the

¹³⁹ Article 13 of the Law on Foreign Exchange 1997.

¹⁴⁰ Article 2 of the Law on Foreign Exchange 1997.

¹⁴¹ Article 7 Point A of PraKas No. CH-014-068, issued on February 24, 2014, covers overseas fund transfers by banks and financial institutions through the National Bank of Cambodia.

¹⁴² Article 17 of the Law on Foreign Exchange 1997.

Central Bank's set limit must undergo prior examination by the Central Bank¹⁴³. It can be transferred in foreign currency¹⁴⁴

- Fund transfer fees are charged based on the transfer amount and deducted from the current account of the transferring bank or financial institution at the National Bank of Cambodia. For Outward Transfer¹⁴⁵ :
 - 0.12% of the transfer amount;
 - Minimum: KHR 30,000 (Approx. USD 7.5) or equivalent; and
 - Plus: SWIFT fee of KHR 120,000 (Approx. USD 30) per transaction.

Transferring money out of Cambodia is subject to withholding tax, as explained in Question No. 4 (Withholding taxes apply on payments to foreign entities by Cambodian-source income. Resident taxpayers, including the permanent establishments of non-residents, earning Cambodian-source income under Article 33 (Cambodian-source income) to non-resident taxpayers **are subject to a withholding tax at 14% of the amount to be opened.**

Article 33 of the 2023 Taxation Law defines Cambodian-source income as income derived from various sources within Cambodia, including: 1) interest paid by residents, dividends from resident enterprises, 2) income from services performed locally, 3) payments for management and technical services by resident enterprises, 4) income from property located in Cambodia, royalties for using intangible assets paid by residents or through permanent establishments, 5) profits from selling or transferring property (movable, immovable, or intangible) in Cambodia, 6) insurance or reinsurance premiums for risks in Cambodia, 7) profits from selling business property tied to a non-resident's permanent establishment, and 8) income from non-resident business activities conducted through permanent establishments in Cambodia.).

¹⁴³ Article 13 of the Law on Foreign Exchange 1997.

¹⁴⁴ Article 2 of the Law on Foreign Exchange 1997.

¹⁴⁵ Article 7 Point B of PraKas No. CH-014-068, issued on February 24, 2014, covers overseas fund transfers by banks and financial institutions through the National Bank of Cambodia.

CHAPTER J

Arbitration

CHAPTER J

ARBITRATION

51. Does the country have alternative dispute resolution – arbitration process?

Yes, Cambodia has Alternative Dispute Resolution (ADR), including an arbitration process within its legal framework of Cambodia.

52. Does the country have an arbitration institution to administrate the arbitration process in the country?

In Cambodia, there are two types of arbitration institutions to administrate the arbitration process based on the field of arbitration, including: 1) the National Commercial Arbitration Centre (NCAC) handles commercial arbitration disputes¹⁴⁶, and 2) the labor arbitration disputes are resolved by Arbitration Council (AC)¹⁴⁷.

53. Can a foreigner be an arbitrator in the country? What is the requirement for registration process?

1) An arbitrator of NCAC:

Yes, a foreigner can become an arbitrator with the National Commercial Arbitration Centre of Cambodia (NCAC) by meeting the following requirements:

- Being at least 30 years old.
- Holding a bachelor's degree in any field from a Cambodian or international institution.
- Completing arbitration training organized or recognized by the NCAC.

¹⁴⁶ Article 1 of the Law on Commercial Arbitration of the Kingdom of Cambodia 2006.

¹⁴⁷ Article 300(New) Paragraph 2 of the Labor Law of Cambodia 1997.

- Passing an exam conducted by the NCAC or a recognized arbitration institution¹⁴⁸.

An applicant may still qualify for registration if they have any of the following qualifications: (a) at least 2 years of experience as a registered arbitrator at a recognized commercial arbitration institution, (b) served as an arbitrator or representative in at least 3 commercial arbitration cases or written 3 commercial arbitral awards, with the condition that those meeting this qualification must also pass an exam by the NCAC or a recognized institution, or (c) held a registration certificate as an arbitrator with the NCAC and maintained membership for at least 2 consecutive years¹⁴⁹.

2) An arbitrator of AC:

Yes, a foreigner can become an arbitrator with the Arbitration Centre (AC). In general, Arbitration Council members must be at least 25 years old, possess recognized moral integrity, and have a minimum of three years of labor work experience¹⁵⁰. Arbitration Council members are nominated from three sources¹⁵¹:

- One-third of the members are nominated by the Ministry of Social Affairs, Labor, Vocational Training, and Youth Rehabilitation. (These members must additionally have a bachelor's degree in law or equivalent qualifications and knowledge of labor laws and related regulations.)¹⁵²
- One-third of the members are nominated by the employers' association, and another third by the workers' union (trade union confederation), both of which are full members of the Labor Advisory Committee. (These members must also have a good understanding of labor laws and related regulations, along with at least one year of experience in labor or labor dispute resolution.)¹⁵³

¹⁴⁸ Article 12.1 of the Internal Rules of NCAC 2021.

¹⁴⁹ Article 12.2 of the Internal Rules of NCAC 2021.

¹⁵⁰ Article 6 Point A of PraKas No.338, dated on December 11, 2002, on Arbitration Council.

¹⁵¹ Article 3 of PraKas No.338, dated on December 11, 2002, on Arbitration Council.

¹⁵² Article 6 Point B of PraKas No.338, dated on December 11, 2002, on Arbitration Council.

¹⁵³ Article 6 Point C of PraKas No.338, dated on December 11, 2002, on Arbitration Council.

54. What are the legal frameworks governing arbitration in a country?

Arbitration in Cambodia is governed by legal frameworks in areas like commercial and labor disputes, including:

- Law on Labor (1997) and its amendments in 2007, 2018 and 2021.
- Law on approving and implementing the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 2001.
- Law on Commercial Arbitration of the Kingdom of Cambodia 2006.
- Code of Civil Procedure of the Kingdom of Cambodia 2006.
- Etc (Bilateral and Multilateral Trade Agreements).

55. Are the country signatories to the New York Convention and the Washington Convention? and what are their legal status in national law?

Cambodia is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, implemented through Royal Decree No. NS/RKM/0701/10, issued on July 23, 2001. This decree promulgates the law approving and implementing the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards and holds the legal status of a Royal Decree issued by the King.

Additionally, Cambodia is a signatory to the Washington Convention, formally known as the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, since November 5, 1993¹⁵⁴. This was implemented through Royal Decree No. NS/RKM/0601/08, issued on August 29, 2001, which promulgates the law approving and implementing the Convention and holds the legal status of a Royal Decree issued by the King.

¹⁵⁴ Listed as No. 25 in the International Centre for Settlement of Investment Disputes' list of Contracting States and Signatories, dated August 25, 2024.

56. How are domestic arbitration awards enforced in the country?

Domestic arbitration awards, such as those from the National Commercial Arbitration Centre (NCAC) or the Arbitration Centre (AC), can be enforced if the party files a motion/application with the Court of First Instance in Cambodia¹⁵⁵. Once the Cambodian court receives a motion/application to enforce an arbitration award, the court will issue a decision (DEIKA) within discretion and timeframe, following Cambodian laws and regulations.

57. How are domestic arbitration awards enforced in the country?

Foreign arbitration awards can be enforced if the party files a motion/application with the Court of Appeal in Cambodia¹⁵⁶. Once the Cambodian court receives a motion/application to enforce an arbitration award, the court will issue a decision (DEIKA) within its discretion and timeframe, following Cambodian laws and regulations.

58. What grounds may the court in the country use to reject the enforcement of the arbitration award?

The court may refuse to enforce an arbitration award if there is an appeal from the opposing party or a third-party appeal based on legal grounds, including¹⁵⁷:

- A party to the arbitration agreement was incapable, or the agreement is invalid under the chosen law or the law where the award was made.
- The opposing party was not properly notified of the arbitrator's appointment or the proceedings or was unable to present their case.
- The award addresses issues not covered by the arbitration agreement or goes beyond its scope.

¹⁵⁵ Article 353, Point 5 of the Code of Civil Procedure of Cambodia 2006.

¹⁵⁶ Article 353, Point 6 of the Code of Civil Procedure of Cambodia 2006.

¹⁵⁷ Article 353, Point 3 and 9 of the Code of Civil Procedure of Cambodia 2006.

- The tribunal's composition or procedures did not follow the parties' agreement or the law of the country where the arbitration occurred.
- The award is not yet binding or has been annulled or suspended by a court in the country where it was made or based.

Additionally, enforcement may be denied if the dispute cannot be resolved through arbitration or if enforcing the award would violate public order.¹⁵⁸

59. The cost of domestic arbitration in such a country, including professional fees and other expenses?

Under the Arbitration Rules issued on March 28, 2021, by the National Commercial Arbitration Centre (NCAC), the cost of domestic arbitration in Cambodia includes fees for case registration, arbitrator appointment, administration, and the tribunal.

- **Case Registration Fee:** USD 500 (Non-refundable)
- **Arbitrator Appointment:** USD 500/Arbitrator (Non-refundable)
- **The administration Fee:** The administration fee for arbitration in Cambodia is based on the sum in dispute.
 - For disputes up to USD 50,000, the fee is USD 750.
 - For amounts from USD 50,001 to 100,000, it's USD 1,500 plus 0.80% of the excess over USD 50,000.
 - For amounts from USD 100,001 to 500,000, it's USD 1,900 plus 0.70% of the excess over USD 100,000.
 - For amounts from USD 500,001 to 1,000,000, the fee is USD 4,700 plus 0.50% of the excess over USD 500,000.
 - For amounts from USD 1,000,001 to 3,000,000, it's USD 7,200 plus 0.20% of the excess over USD 1,000,000.
 - For amounts from USD 3,000,001 to 5,000,000, it's USD 11,200 plus 0.12% of the excess over USD 3,000,000.
 - For amounts from USD 5,000,001 to 10,000,000, it's USD 13,600 plus 0.08% of the excess over USD 5,000,000.
 - For amounts from USD 10,000,001 to 50,000,000, it's USD 17,600 plus 0.04% of the excess over USD 10,000,000, and
 - For amounts over USD 50,000,000, the fee is USD 33,600.

¹⁵⁸ Article 353, Point 4 of the Code of Civil Procedure of Cambodia 2006.

- **The Tribunal's Fee:** The Tribunal's Fee per arbitrator in Cambodia depends on the sum in dispute.
 - For amounts up to USD 50,000, the fee is USD 1,000.
 - For amounts between USD 50,001 and 100,000, the fee is USD 2,750 plus 2% of the excess over USD 50,000.
 - For amounts between USD 100,001 and 500,000, the fee is USD 3,750 plus 1.7% of the excess over USD 100,000.
 - For amounts between USD 500,001 and 1,000,000, the fee is USD 10,550 plus 1.5% of the excess over USD 500,000.
 - For amounts between USD 1,000,001 and 3,000,000, the fee is USD 18,050 plus 0.75% of the excess over USD 1,000,000.
 - For amounts between USD 3,000,001 and 5,000,000, the fee is USD 33,050 plus 0.50% of the excess over USD 3,000,000.
 - For amounts between USD 5,000,001 and 10,000,000, the fee is USD 43,050 plus 0.30% of the excess over USD 5,000,000.
 - For amounts between USD 10,000,001 and 50,000,000, the fee is USD 58,050 plus 0.15% of the excess over USD 10,000,000, and
 - For amounts over USD 50,000,000, the fee is USD 118,050 plus 0.075% of the excess over USD 50,000,000.

For detailed calculations, the National Commercial Arbitration Centre (NCAC) provides a fee schedule on its official website: <https://ncac.org.kh/en/services/arbitration/fee-calculator/>

On another hand, the law does not specify the costs related to the administration, arbitrator, or tribunal fees for the Arbitration Council (AC), unlike the National Commercial Arbitration Centre (NCAC). It only states that the Department of Labor Inspection, under the Ministry of Labor, is responsible for managing the Arbitration Council Secretariat¹⁵⁹. If an arbitrator cannot speak Khmer, the institution or organization that proposed the arbitrator must cover translation and interpretation costs¹⁶⁰.

¹⁵⁹ Article 48 of Prakas No.338, dated on December 11, 2002, on Arbitration Council.

¹⁶⁰ Article 49 of Prakas No.338, dated on December 11, 2002, on Arbitration Council.