

MONTHLY LEGAL UPDATE

I. OVERVIEW

Cambodia's business regulatory landscape keeps evolving. This monthly legal update will highlight some key regulations in Labor, tax, and investment as follows:

- Prakas No. 259/24 dated 2 December 2024 on Determination of Qualifications of the Persons in Charge of Administration and Human Resources of Establishments/ Enterprises.
- Circular No. 020 dated 31 December 2024 on Stamp Duty Exemption and Favorable Treatment on Transfer of Ownership or Possession of Real Properties for First-Time Home Purchasers for 2025.
- Prakas No. 075 dated 22 January 2025 on the Launch of Cambodia E-Invoicing System, and Circular No. 003 dated 22 January 2025 on the Mandatory Use of Cambodia's E-Invoices via the Cambodia's E-Invoicing System; and
- Notification No. 001 dated 22 January 2025 on the Extension of Special Incentive under "the Special Investment Program in Preah Sihanouk Province 2024" until the end of 2025.

II. THE DETERMINATION OF QUALIFICATIONS OF THE PERSONS IN CHARGE OF ADMINISTRATION AND HUMAN RESOURCES

On 02 December 2024, the Ministry of Labor and Vocational Training ("MLVT") issued a Prakas on the determination of the qualifications for the person in charge of administration and human resources of Establishments/Enterprises. This Prakas aims at promoting legal and regulatory compliance in labor, social security, and vocational training, harmonizing professional relations and boosting productivity. It is applicable to all establishments or enterprises governed by the Labor Law.



Required Qualifications

The persons in charge of administrative and human resources refers to the heads of administration and/or the head of human resources department of an enterprise/establishment (“**Admin and HR Manager**”).

A qualified Admin and HR Manager must: (1) hold the professional certificate in administration and human resources or diploma in labor law from the National Institute of Labor (NIL) of the MLVT and (2) attend training every three (3) years as organized by the NIL of the MLVT.

Compliance Requirements

Within six (6) months from the entry into force of this Prakas, establishments/enterprises in the garment, textile, footwear, travel goods, and bag sectors must send their Admin and HR Managers who have not possessed the above qualifications to obtain the relevant training in administration and human resources and in Labor Law from the NIL of the MLVT. During the training, the Admin and HR Managers are entitled to their normal salary, seniority, and any other benefits as set out in the Labor Law of Cambodia, and the costs associated with the training shall be borne by the establishments/enterprises.

III. TAX EXEMPTION FOR FIRST-TIME HOME PURCHASERS

On 31 December 2024, the Ministry of Economy and Finance (“**MEF**”) issued a notice on stamp duty exemption and favorable treatment on transfer of ownership or possession of real properties for first-time home purchasers and/or transferees (First-Time Home Purchasers) for 2025. This stamp duty tax exemption and favorable treatment is applicable as follows:

(1) Purchases Prior to 2025: With respect to a purchase of a house (in the form of a “Borey”) or condominium, the first transfer of ownership or possession with the tax administration in 2025 is subject to a stamp duty tax exemptions as follows:

- The first purchase with a purchase value of below or equal to USD 210,000 (Two Hundred Twenty-One Thousand United States Dollars) is exempted from stamp tax duty.
- The first purchase with a purchase value of above USD 210,000 (Two Hundred Twenty-One Thousand United States Dollars) is subject to a deduction of USD 210,000 (Two Hundred Twenty-One Thousand United States Dollars) from the tax stamp duty base.



- The second or subsequent purchases is subject to a deduction of USD 70,000 (Seventy Thousand United States Dollars) from the stamp tax duty base.
- The above will be implemented until the end of 2025.

(2) Purchases in 2025: with respect to a purchase of a house (in the form of a “Borey”) or condominium in 2025, assuming that the conditions under (1) above has not been applied, the following shall apply:

- The first purchase with a purchase value of below or equal to USD 210,000 (Two Hundred Twenty-One Thousand United States Dollars) is exempted from stamp tax duty.
- The first purchase with a purchase value of above USD 210,000 (Two Hundred Twenty-One Thousand United States Dollars) is subject to a deduction of USD 210,000 (Two Hundred Twenty-One Thousand) from the stamp tax duty base.
- The second or subsequent purchases is subject to a deduction of USD 70,000 (Seventy Thousand United States Dollars) from the stamp tax duty base.
- The above tax exemption and favorable treatment will be implanted during the transfer of ownership and possession of the purchased houses concerned.

In addition, the above shall be subject to the following conditions:

- The purchases shall be made with the real estate development companies (“Developer”) that are duly registered with the Real Estate Business and Pawnshop Regulator and the Provincial Department of Economy and Finance.
- The Developers must enter a proper sale-purchase agreement (“SPA”) based on actual market value and submit this SPA to the tax administration before or at the time of the transfer of ownership or possession.
- The purchases from an unlicensed developer (in the circumstances that the developer faced a problem or a bankruptcy situation) is entitled to the above stamp tax duty exemption and favorable treatment, provided that the transfer of ownership or possession is permitted to be made through the settlement mechanism of the competent authorities.

- The above stamp tax duty exemption and favorable treatment is not applied retroactively to the paid taxes and administrative penalties (such as extra taxes and interest).

IV. THE LAUNCH OF THE E-INVOICING SYSTEM

On 22 January 2025, the Ministry of Economy and Finance (“**MEF**”) issued a Prakas No. 075 on the launch of the Cambodia’s e-invoicing system (“**CamINV**”). This Prakas aims at putting into place the use of the CamINV in Cambodia to ensure the management of the process, supervision, and monitoring of the CamINV with efficiency, effectiveness, and accountability. This Prakas applies to all invoice transactions under the CamINV in Cambodia.

Competent Authority

The General Department of Digital Economy of the MEF is the competent authority in supervising, implementing, overseeing, and monitoring the CamINV in a manner as described in Clause 4 of this Prakas.

Cambodia E-invoicing System (CamINV) and E-invoices

CamINV is the national IT system acting as a centralized system for exchanging e-invoices between the sellers or service providers and the buyers or service consumers. It is responsible for invoice attestation and officially validating e-invoices without the need for printing the paper invoices.

An e-invoice is the invoice integrated in electronic format that has been verified and identified as an electronic invoice by the CamINV. It is recognized as evidence and a digital record that has validity and legal effect in accordance with the applicable laws and regulations. The e-invoice must be maintained as a digital record for ten (10) years for the purposes of verification and original invoice attestation, as may be required by the applicable law. It can be used by the CamINV members from the entry into force of this Prakas.

Members of the CamINV

Members of the CamINV are categorized into two types, including, the end-users and the service providers. The end-users include the sellers or the service providers (i.e., the e-invoice creators and senders) and the purchasers or the service consumers (i.e., the e-invoice receivers). The service provider refers to a company or entity that supplies the IT system connected with the CamINV to conduct interoperability with the other suppliers that are members of the CamINV.

Rules and procedures for the CamINV membership registration are detailed in the Annex 2 of this Prakas. All members of the CamINV must comply with these rules and procedures.

Implementation of the CAM

Pursuant to Circular No. 003 of the MEF dated 22 January 2025, the scope of the implementation of the mandatory use of the E-invoicing System under Phase 1, Step 1 covers the following institutions: (1) the MEF; (2) the Ministry of Environment; (3) companies or suppliers of the two ministries; and (4) the invoicing for expense payment requests that go through procurement procedures, commencing from the 2025 fiscal year onward.

Specifically, the companies or suppliers of the MEF and the MOE must comply with the following requirements:

- Any invoice issued to the MEF, and the MOE must be an e-invoice.
- They will need to register as a member of the CamINV for them to use the CamINV system.
- The e-invoice can be generated through the CamINV portal or any registered and recognized invoicing IT system that relates to the CamINV.

V. THE EXTENSION OF SPECIAL INVESTMENT PROGRAM IN PREAH SIHANOUK PROVINCE UNTIL THE END OF 2025

On 22 January 2025, the Ministry of Economy and Finance issued a notification on the extension of the special incentive under “the Special Investment Program in Preah Sihanouk Province 2024” until the end of 2025.

Accordingly, all businessmen and investors requesting for and implementing the projects or activities in 2025, such as: (1)- investment projects or business activities related to stalled buildings, (2)- investment projects or business activities not related to stalled buildings, and (3)- the expansion of existing investment projects or business activities in Preah Sihanouk province are eligible for special incentive, including, procedure facilitation, special incentives, and other preferential treatments.

The businessmen and investors who wish to obtain the special incentive must file their application with the Investment Promotion Working Group in Preah Sihanouk province which will act as a one-stop service for reviewing, evaluating, and approving the applications submitted by the businessmen and investors.

*This Monthly Legal Update is a general information only and is not considered as legal advice or opinion. If you require any further information or have any questions, please contact **Mr. HOUN Vannak**, managing partner of **RHTLaw Cambodia**.*

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