

NOVEMBER 2024

MONTHLY LEGAL UPDATE

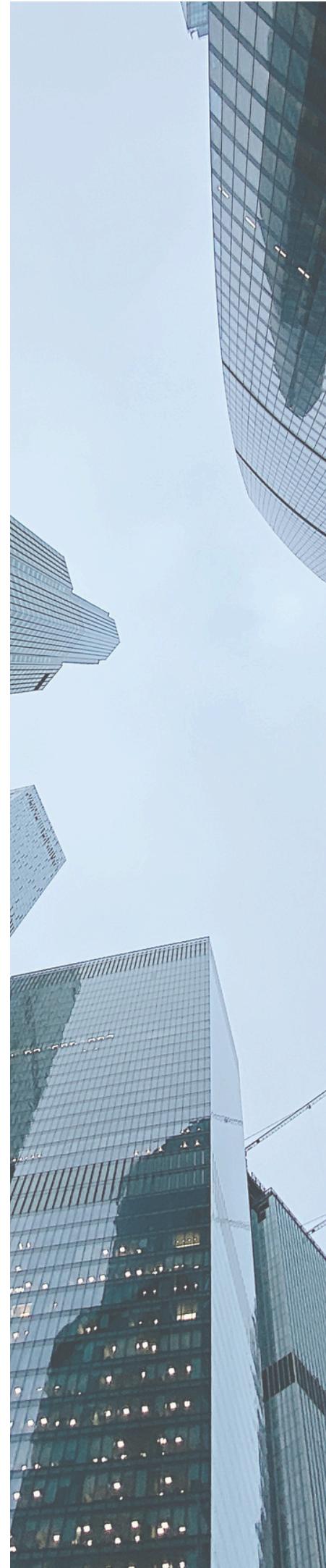
I. OVERVIEW

Cambodia's business regulatory environment witnesses some progresses in the areas of investment, banking, transportation, tax, and labour. This Monthly Legal Update will highlight the following updates:

- Official Announcement No. 2336/24 dated 27 November 2024 on the Launch of the CDC Investment Project Management (cdclPM);
- Notification dated 1 November 2024 on the Opening of KHR Bank Account for All Business Duly Registered in Cambodia;
- Instruction No. 154/24 dated 01 November 2024 on the Reconciliation of Labor Dispute;
- Instruction No. 026 dated 31 October 2024 on the Tax Incentives for Enterprise Operating in the Arts Sector; and
- Notification No. 049 dated 28 October 2024 on the Implementation of Formalities and Procedures for the Transfer of Vehicle Ownership.

II. ONLINE REGISTRATION OF INVESTMENT PROJECT

On 27 November 2024, the Council for the Development of Cambodia (CDC) issued an Official Announcement No. 2336/24 on the Launch of the CDC Investment Project Management (cdclPM). The cdclPM allows the investor to apply for investment project registration from anywhere and at any time. The launch of this platform could further streamline the investment process and save time. It could also ensure transparency, security, and efficiency. The user manual of cdclPM could be found on the cdclPM official website: <https://ipm.cdc.gov.kh/landing/>.



III. OPENING OF KHMER RIEL (KHR) CORPORATE BANK ACCOUNT

On 01 November 2024, the National Bank of Cambodia (NBC) and the Ministry of Commerce (MOC) issued a joint notification to inform all banking and financial institutions and companies/enterprises in Cambodia to participate in the coordination for the opening of KHR bank accounts for all duly registered businesses in Cambodia.

The above effort has the purpose of strengthening the implementation of the Law on Commercial Enterprises, the promotion of Riels currency among businesses, and maintaining financial stability with respect to Cambodia's Digital Economy and Social Policy Framework 2021-2035 and the Pentagon Strategy Phase I.

IV. RECONCILIATION OF LABOR DISPUTE

On 01 November 2024, the Ministry of Labor and Vocational Training issued Instruction No. 154/24 on the Reconciliation of Labor Dispute. It aims to strengthen the effectiveness of labor dispute conciliation and response to the request of dispute parties. This instruction set out the guiding principles on the procedure for reconciliation of labour disputes:

- If within two working days after the conciliation of a labor dispute from a labor inspector or mediator assigned by the MLVT does not yield a positive outcome, the parties involved may submit a letter to the MLVT requesting reconciliation of the labour dispute.
- The MLVT minister may appoint or change the dispute mediator according to the formalities and procedure that are stated in Labour Law.
- If the reconciliation does not yield a positive result, both parties shall not request another reconciliation attempt. Both parties shall follow other procedures to settle the labor dispute.

V. TAX INCENTIVES FOR ENTERPRISES OPERATING IN THE ARTS SECTOR

On 31st October 2024, the Ministry of Economic and Finance issued Instruction No. 026 on Tax Incentives for Enterprises Operating in the Arts Sector. The instruction set out as follows:

1- Khmer film production enterprises and Khmer traditional arts performance production enterprises are entitled to tax incentives for 05 (five) years as follows:

- Suspension of Tax on Income (TOI) for Khmer film production enterprises and Khmer traditional arts performance production enterprises;
- Suspension of specific tax on entertainment services for Khmer traditional arts performance enterprises; and
- Suspension of 15% Withholding Tax on royalties from intangible assets (the granting of theatrical rights of local film and the production of all forms of Khmer traditional arts performance).

2- The traditional artists are entitled to tax incentives for 5 years (2024-2028) as follows: allowing the suspension of the implementation of 15% withholding tax on services for the payment to artists in the form of traditional Khmer arts. The service payment to artists other than the form of traditional Khmer arts is subject to a 15% withholding tax as per the application tax laws and regulations.

The enterprises eligible for the above tax incentives are required to fulfill tax registration requirements, proper accounting records, and bookkeeping; declare monthly and annual tax returns; and fulfill other tax obligations.

VI. THE TRANSFER OF VEHICLE OWNERSHIP

On 28 October 2024, the Ministry of Public Works and Transport issued a Notification No. 049 on the Formalities and Procedures for the Transfer of Vehicle Ownership. This notification set out the formalities and procedures with the below followings.

(i)- Formalities and Required Documents

The transfer of ownership of all types of vehicles requires the following documents:

- Application for vehicle ownership transfer
- Original Vehicle Identification Card and Vehicle License Plates (in the case of ownership transfer across provinces or municipalities)

- Certificate of Vehicle Inspection
- Identification of the Seller and Buyer: (i)- Cambodian Citizens (Copy of the Cambodia National ID card certificate by the competent authorities), and (ii)-Foreign Nationals (Valid passport and visa, along with a certificate of current residence issued by the competent authorities).
- Stamp duty payment receipt for vehicle ownership transfer (in digital format)
- The bill of sale shall be made at a public service location and in the presence of an authorized official responsible for the transfer of vehicle ownership.

(ii)- Obligations of the Seller and Buyer

The seller, buyer, and vehicle possessor are required to fulfill the following obligations:

- Affixing the fingerprint to complete the vehicle ownership transfer formalities before the presence of the authorized official responsible for the transfer of vehicle ownership at the public service location of the MPWT.
- In cases where the original owner of the vehicle cannot be found due to subsequent sale-purchases, the current possessor must sign a guaranteed contract with the administrative police post of his/her residence and complete the vehicle ownership transfer form in front of the officer in charge of vehicle ownership transfers at the public service location of the MPWT.

(iii)- Procedures

- Option 1: Submit the transfer of vehicle ownership application at the designated public service locations set by the MPWT or through the automated vehicle registration system <https://vehicle.mpwt.gov.kh>.
- Option 2: The applicant may also choose to pay the 4% (four percent) stamp duty on the transfer of ownership through the application to the provincial or district tax branch or through the automated system of GDT: <https://www.tax.gov.kh>. After receiving the stamp duty payment confirmation letter and the payment receipt, the owner must submit all required documents to the designated public service location specified by the MPWT.

*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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