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Finance

Royal Kram NS/RKM/0610//010, dated June 30, 2010 Promulgating the Law on Adoption of Government Guarantee of Payment to Cambodian Transmission Limited (L&R/Fnc/2010/Khm) (Royal Gazette, Year 10, No. 50, July 08, 2010)

This law creates a legal framework of the “Government Guarantee of Payment to Cambodian Transmission Limited” agreement passed between the Royal Government of Cambodia and Cambodian Transmission Limited Company. This agreement shall guarantee the payment generated by the Power Transmission Agreement (PTA) entered into by Electricité du Cambodge (EDC) and the Company. The government guarantee is based on the following conditions:

- For PTA charges for use of 100% of the Project in the event of non-payment by EDC,
- Guarantee on the payment on the termination in accordance with PTA and/or Implementation Agreement in the event that the Company is unable to operate the Project arising from the Political Majeure Events.

The guarantee of payment is executed by the Government in the event that Ministry of Industry Mines and Energy (MIME) and EDC fail to pay to the Company in accordance with the terms of the PTA, notwithstanding any notice of termination or the liquidation or other incapacity or any change in Royal Decree concerning MIME or EDC or any settlement of account or any matter whatsoever.

In order to benefit from this guarantee, the Company must notify the Government in writing after 60 days from the date of the invoices due by the MIME and EDC and provide a proof of a written request for payment addressed to the MIME and EDC. The Government has 30 days from the date of the written notification to satisfy its payment obligation. Any payments made after this time limit shall bear interest at an annual rate of LABOR plus 3%.

The request for payment made by the Company shall contain mandatory mentions as described in this law, such as the amount of money due. The law also mentions about the nature of the obligation of the guarantor, validation of the government guarantee agreement, the transferability of the obligations of each parties and the arbitrator clauses.

Industry, Mines & Energy

Prakas No. 546 (MIME), dated July 11, 2010 on the Implementation Rules for Inspecting Factory-Handicraft (L&R/IME/2010/Khm) (Royal Gazette, Year 10, No. 56, July 31, 2010)

This Prakas aims to strength product safety through factory and handicraft inspection. The Prakas sets forth the rules and regulations by which the Ministry of Industry, Mines and Energy inspect factories.

Authorized officers must inform factories and handicrafts’ owners 10 days before inspection, and request them prepare any documents for the inspection. In certain situations, prior notice is not required

During the inspection, Inspectors must check everything including documents, recorded data and the quality and safety management system. Inspectors must collect samples for further tests if necessary.

A No 64, St 111
PO Box 172
Phnom Penh
Cambodia

T +855 23 217 510
+855 23 212 740

F +855 23 212 840

E info@bnglegal.com

W www.bnglegal.com

Labor & Social Affairs

Notification No. 049 (MLVT), dated July 09, 2010 on the Minimum Wage of Employees for Textiles, Tailor and Produce Sues (L&R/Lbr/2010/Khm) (Royal Gazette, Year 10, No. 55, July 27, 2010)

Ministry of Labor and Social Affairs issued notification to all level of union and association of employees and employers and Garment Manufacturers Association in Cambodia. In July 08, 2010 council committee which representative from government, union and association of employees and employers were conduct meeting of Minimum wage of garment factory workers and shoe product.

Decision to the following point below:

1. Money support livelihood \$6 USD as decided on 2008
2. Determine Minimum wage \$56 USD per month for probationary period 1 – 3 months and after finish probationary period will get Minimum wage \$61 USD per month.
3. For the employees get salary based on the production activities is calculate on production over amount that stated in point 2 above but if the employees get lower than \$56 USD per month for probationary period and \$61 USD for full employees. The employers have to add to equal that amount.
4. Other benefit for employees that stated in notification No.017 dated 18, 2000 for point 4, 5, and 6 is keep and still effective.

Point 1, 2, and 3 of this notification go into effect from December 01, 2010 until 2014.

Taxation

Prakas No. 461 (MoEF), dated July 06, 2010 on Collection of Tax on Transportation Means and All Vehicle Running for 2010 (L&R/Tax/2010/Khm) (Royal Gazette, Year 10, No. 53, July 19, 2010)

This law regulates and contains instructions for collecting vehicle use tax for 2010 which shall commence on July 20, 2010 until October 20, 2010. The owner of the vehicle shall fill in the form issued by the General Department of Taxation and must produce documentation showing that they already paid up vehicle use tax for 2009.

The following vehicles are not subject to vehicle use tax:

- Ambulance and firefighter vehicles,
- Any kind of transportation means of the Army and National Police employed for the purposes of national defense,
- Any kind of transportation means employed for diplomatic missions or consular, International Organizations or Technical Cooperation Agencies of different governments.

This Law provides for 3 categories of stickers, with each category corresponds to specific type of vehicle. Further, for a certain type of vehicles as defined in this law, the vehicle tax will be based on the volume of the vehicle itself. This category mostly covers trucks, goods transportation vehicles, trailers etc.

Vehicle owners who fail to pay vehicle tax before October 21, 2010 will be fined and will be subject to payment of the amount of vehicle tax due and a fine corresponding to this vehicle tax.