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Administrative & Public Sector

Prakas No. 272 (MEF) dated March 17, 2011 on Implementation of Receipts. (R&L/Adm/Pub/Khm/2011) (Royal Gazette, Year 11, No. 29, Dated April 19, 2011).

This Prakas provides the sample format of receipts to be used uniformly for government transactions with citizens. There are two types of Receipt:

Type 1: for general purposes: to collect or receive non-tax payments. The payment amounts vary upon actual fees of the public services;

Type 2: for specific purposes: to collect or receive non-tax payments. Because payment amounts are identical for many categories of non-tax payments, these receipts can be printed in advance and do not require any further information to be filled in.

Payment collectors are required to use the appropriate uniform receipt for payments both by cash and by check. Any violation of this obligation is punishable by law.

Instructive Circular No. 005 (MEF) dated March 17, 2011 on Management of Receipts. (R&L/Adm/Pub/Khm/2011) (Royal Gazette, Year 11, No. 29, Dated April 19, 2011)

A Receipt is defined as evidentiary support to prove the payment and receipt of non-taxed income by check or cash between the customers and the payment collectors.

The Type 1 Receipts are for general use purposes. They require the name of the payer and name of an organization, if necessary, a description of service, the amount paid, date and the signature of the payment collector. The Type 2 Receipts do not necessarily require the name of the payer or organization. However, the date and signature of the payment collector are still required.

The number of Receipts to be printed will be based on the actual amount requested by the payment collector at each institution (ministries, public institutions, public administration, etc.). The number of Receipts used must be reported and Receipt records will be monitored as well.

Industrial Mine and Energy

Prakas No. 242 (MIME) dated March 04, 2011 on Procedure to implement the regulation on the operation of factories and handicrafts. (R&L/Ins-Min&Eng / Khm/2011) (Royal Gazette, Year 11, No. 25, dated April 04, 2011).

This Prakas aims to push the development and ensure the effectiveness of the factory and handicraft procedure in accordance with the existing laws and regulations. This Prakas defines the procedure in implementing laws and regulations relating to the process of factory and handicraft.

An operating license is required for every factory and handicraft operation. This license can be revoked temporarily upon any misconduct or accident. Licenses must be renewed at least 15 days before the expiry date.

A written order shall be issued to a handicraft and factory manager addressing the requirement of changes to meet the standards of this Prakas. Ignorance of this Prakas by any such manager is subject to fines and possibly prosecution.

To ensure the efficiency of factory and handicraft processes in accordance with existing laws and regulations, the Ministry can issue the following orders:

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- Order on the administrative procedure
- Order on the report method
- Technical order on the process of factories and handicrafts
- Technical order on the raw materials
- Technical order on the products.

Investment

Instructive Circular No. 365 (CDC) dated March 07, 2011 on Procedure to apply for extension, suspension or cessation of a company's investment activity. (R&L/Inv/ Khm/ 2011) (Royal Gazette, Year 11, No. 25, dated April 04, 2011).

In accordance with the investment law of the Kingdom of Cambodia, the Council for the Development of Cambodia (CDC) has determined the mechanism whereby investors, who are not in operation yet and who have Qualified Investment Project (QIP) status, who wish to extend, postpone, temporarily suspend or completely cease their investment activities may do so. This Circular outlines the procedure and required documentation for such actions as follows:

- Request for extension and/or suspension by investor(s) who has not yet implemented the Qualified Investment Project.

After 6 (six) months (save for differing deadlines stated in administrative contracts), if the investment project has not be implemented, the investor(s) shall request to extend or suspend the implementation of the project with the Council for the Development of Cambodia (CDC) by concisely indicating and sufficiently explaining the reasons for such extension or suspension to the Council. The CDC will then takes measures or intervene to assist the investor(s) to resolve the obstacles that are hampering the implementation of the project. Under this Instructive Circular, after obtaining the application for the extension and/or suspension and other required documents, the CDC shall provide feedback for these proposal applications within 10 (Ten) working days.

Also, the investor(s) shall only be allowed to extend, postpone or temporarily suspend their projects twice, with each period of extension or suspension lasting six months. If the investor(s) are still not able to commence the project implementation after the second extension or suspension, the CDC and Cambodia Investment Board shall revoke the QIP certificate for that project and remove the investment project from the CDC's list of qualified projects.

- Investor's Request for the complete cessation of the implementation of their Qualified Investment Project.

If an investing company wishes to request permission for the complete cessation of a company's investment activity, the investor(s) shall submit certain required documents to the CDC and Cambodia Investment Board in order to remove their liability for customs duties at the General Department of Customs and Excise of Cambodia and for taxes at the Tax Administration.

After the completion of the abovementioned documents, the General Department of Taxation will conduct an audit on the liquidation of obligations and afterwards will issue a notification letter to the investor(s) on the tax status of the project within 30 (thirty) working days.

CDC and Cambodia Investment Board will issue a Prakas on removal of the name of the company and its removal as a Qualified Investment Project within 10 (Ten) days of obtaining the required documents.

Taxation

Prakas No. 288 (MEF) dated March 31, 2011 on Authorization to use the import tax removal / reduction programs of the Kingdom of Cambodia under the Agreement on Asean Merchandise Trade. (R&L/Tax/Khm/2011) (Royal Gazette, Year 11, No. 30, Dated April 23, 2011).

This Prakas reaffirms Cambodia's commitment to implement the schedule for eliminating import duties on ASEAN trade in goods, which was ratified by the Law on the Implementation of the ASEAN Trade in Goods Agreement, enacted on August 29, 2009. It also notes that, to benefit from this scheme, goods must originate from ASEAN countries and that the import duties must not exceed 20%.

Sub-Decree No. 70 dated April 22, 2011 on Tax incentive in securities exchange. (R&L/Tax/Khm/2011) (Royal Gazette, Year 11, No. 31, Dated April 27, 2011).

This Sub-Decree sets out the following tax incentives for licensed companies issuing equity securities and/or debt securities and for public investors owning and/or trading government securities, equity securities and/or debt securities in Cambodia:

- 10% of tax on profit for securities companies; and
- 50% reduction of withholding taxes on interest and dividend distribution for public investors.

The aforementioned tax incentives are subject to the securities companies' proper registration at the General Tax Department. Securities companies holding valid QIP status are exempted from these incentives. They can also be removed should the securities companies and the public investor be non-compliant with their tax obligations, including tax filing and tax audit.

Transportation

Instructive Circular No. 008 (MEF) dated April 07, 2011 on Procedure to control and verify the transportation, the circulation, the stocking and the handling of petroleum products.(R&L/Transp/Khm/2011) (Royal Gazette, Year 11, No. 30, Dated April 23, 2011).

The owners of petrol stations must receive the authorization from relevant ministries before opening their businesses, except for smaller businesses without an actual petrol station in rural areas. Petrol stations must have both the logo of a petrol supplier and logo of the distributor itself displayed at the business location. The business location must be separate from the owner's residence.

Transportation of petrol to other distributors must be in conformity with the Laws of Cambodia. The transportation company must use the company logo of the company from which they purchased their petrol and receive the approval from the General Department of Customs and Excise before beginning petrol transportation operations.

However, transportation from the petrol station or selling petrol to the end user including in special economic zones, at the transportation company, construction site or farm requires an authorization letter for transportation or other legal approval from the General Department of Customs and Excise.

Transportation to a non-commercial user in the same district or city must be accompanied by a goods release order, invoice and documents issued by the distributing petrol station, indicating the quantity and type of petrol. This Circular also states the procedures for transportation of petrol in Phnom Penh and other cities as well as in the provinces.

The General Department of Customs and Excise is committed to full cooperation with competent authorities at all levels to explain this Circular to operators and other businesses in the petrol industry. Owners of petrol stations must register their stock for each type of petrol as well as record the deliveries and sales of petrol in order to give a complete account of petrol stock. Moreover, owners of petrol stations must not obstruct the customs and excise officer or relevant officer in performing any inspection or any other official duty.