



Travel Agent Business in Cambodia

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1. OVERVIEW

The Kingdom of Cambodia has achieved growth in all fields, especially in tourism which is one of the top six priorities in Cambodia's economic development. The pivotal role tourism plays in Cambodia's socio-economic development creates job prospects for the Cambodian people, generates income/profit for them, provides benefits for local communities, allows different community-based initiatives, enhances citizens' living standards, improves physical infrastructure, and alleviates poverty in conformity with the strategy of the Royal Government of Cambodia.

Currently, there are many travel agencies established in Cambodia to serve Cambodian and foreign visitors either in Cambodian territory or overseas. Travel agents play an important role in this industry.

Therefore; the Royal Government of Cambodia has adopted the following laws and regulations regarding the tourism sector:

- o Royal Kram No NS/RKM/0609/007 Promulgating the Law on the Tourism
- o Prakas No. 061 on Granting Tourism License to Travel Agent Operation
- o Circular No. 01 on the Management of Travel Agent Operation

2. REGISTERING A COMPANY

The Ministry of Commerce maintains a commercial register of all businesses formed in Cambodia. Prior to the commencement of business operations in Cambodia all businesses, with the exception of non-profit organizations, are required to register with the Ministry of Commerce.

A prospective business owner must submit a large volume of required documentation in the Khmer language with the application form and pay the registration fee to the registrar bureau at the Business Registration Department. One of the documents that must be submitted to the registrar is the certificate of a bank deposit in the name of the Company with the minimum deposit capital five million riels (\$1000 USD) in any bank in Cambodia. In order to receive this certificate, the owner of the company has to submit a signed memorandum and other relevant documents to the bank when opening a company account. After receiving the account number, the business owner must request the certificate of bank deposit which will cost around \$10-15 USD.

Once the registration is completed the business will receive a registration certificate indicating the company's registration number, principle approval letter and the recognized memorandum and articles of association stamped by the Ministry. It takes around two or three weeks to process a new company registration at the Ministry of Commerce, counting from when the completed application documents are submitted.

3. ACQUIRING THE TRAVEL AGENT LICENSE

The Ministry of Tourism is granted the mission of leading and managing tourism of the Kingdom of Cambodia by the Royal Government. The Department of Tourism Industry is charged to review and check all tourism application forms requesting to operate a Travel Agency.

The business owner must submit the documents in Khmer language with an application form and pay the registration fee to the Department of Tourism Industry at the Ministry of Tourism after

receiving the business registration certificate and principle approval from the Ministry of Commerce.

After receiving the documents and application form from the business owner the Department of Tourism Industry will review the received documents. If approved, the Ministry of Tourism will issue the travel agent license to the company within 28 days. The Ministry of Tourism has the right to refuse to grant a license to the owner if the requirements have not been fulfilled.

One of the required documents for a travel agent license is a capital guarantee letter from the Foreign Trade Bank. The business owner must request a capital guarantee letter from the bank after the company has deposited a security capital in cash \$5,000 USD. This security capital will be reimbursed to the company after the company ceases operations with approval from the Ministry of Tourism.

4. TAX REGISTRATION

The company must register with the tax administration within 15 days from the date of signature by the H.E. Minister of the Ministry of Commerce on the business registration certificate and the principle approval of registration. The company must file with the tax administration where their principal office is registered.

When the registration is complete the tax administration shall issue a certificate of registration which will include the tax identification number of the person to whom the travel agent license is provided. This identification number shall be used on all tax related documents.

If the company fails to pay tax by the due date, an additional tax shall be imposed at the rate of 10 percent on the amount of the late tax payment plus 2 percent interest on the amount of the late payment for each month or part of a month that the tax amount is not paid.

5. EXCLUSIVE RIGHTS

The business owner must use the license at the principal office that was approved by the Ministry of Tourism. In case the business owner wants to have a branch at a different location, the owner must submit documents and an application to the Ministry of Tourism for each location.

6. MAINTAINING AND INVALIDATION

The travel agent license is valid for one year. The business owner must submit the application renewal form and other documents to the Ministry of Tourism with the original license and patent certificate attached to the Department of Tourism Industry 30 days before expiration.

7. PENALTY

In case the business owner uses the expired license or fails to implement the instructions of the Ministry of Tourism, the business owner is subject to a fine of 200% of the first license fee. This fine shall be paid to the Ministry within 03 months otherwise the Ministry will postpone the business or revoke the license.

Any legal person conducting business in the tourism sector without a license shall be fined from 2,000,000 to 20,000,000 riels.