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AMINISTRATION AND PUBLIC SECTOR

Sub-Decree No. 62 dated 13 February 2014 on The Organizing and Functioning Of the Ministry of Civil Services (MCS)

This Sub-Decree determines missions, structures, and responsibilities of relevant entities under the supervision of the MCS. The missions of MCS are to govern and develop civil services sector of the Kingdom of Cambodia.

Under this Sub-Decree, the MCS are composed of national level entities, Royal School of Administration, and sub-national entities.

The MCS is responsible for any task relevant to civil services such as follows:

- Examine and resolve the complaints made by civil servants pertaining to civil services;
- Prepare system to encourage civil servant regarding their salary, remuneration, and welfare;
- Govern, investigate, and encourage for human resource development;
- Participate in preparing for the process of entrance exam for civil servant both in nation level and sub-national level;
- Prepare and manage data-base of civil servant both in national level and sub-national level based on Information Technology system; and
- List civil servants for retirement.

Sub Decree No. 93 dated 11 March 2014 on the Establishment of the National Committee for Facilitating the Coordination of the Development of the Triangle Area Cambodia-Laos-Vietnam

Based on the Sub Decree No.93, the Royal Government of Cambodia created a National Committee to facilitate the coordination of the development within the triangle area Cambodia-Laos-Vietnam. This committee is chaired by the Minister of Commerce and is composed of 36 members which undersecretaries of state of all sectorial ministries, Deputy General Secretary of the CDC, Deputy General Secretary of the Cambodian Mine Action Authority, Permanent Deputy Chief of the National Authority for Combating Drug, Commander for Military Region No. 1, Representative of the National Authority on Border Affaires and Governors of Provincial Council of Rattanakiri Province, Mondulkiri Province, Steung Treng Province and Kratie Province.

This committee is mainly responsible for the study, the management and the risk assessment of development projects including the economic and investment project, educational and training project and health project within the Triangle Area Cambodia-Laos-Vietnam.

This committee uses the seal of the Ministry of Commerce on its official documents and has its own budget in the account of the Ministry of Commerce.

It has a secretariat located in the Ministry of Commerce in charge of administrative tasks and four sub technical committees in charge of technical tasks: Sub Technical Committee on Foreign Affairs and Security, Sub Technical Committee on Economy, Sub Technical Committee on Social Affairs and Environment and Sub Technical Committee for provincial facilitation.

Sub Decree No. 41 dated 30 January 2014 on Establishment of a Leading Committee for Private Sector Development

The Sub-Decree establishes a leading committee for private sector development. The committee is led by the Permanent Deputy Prime Minister and 1st Vice-Chairman of Council for the Development of Cambodia (CDC). The duties of the committee are to assist the government in determining, leading, implementing, and enforcing the rectangular strategies on the part related to private sector development. It also has duty to put in place for the implementation of the investment environment modification and business facilitation measures, small and medium enterprises

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promotion and other measures related to the promotion of the private sector development.

The committee has the rights to invite the leaders of each ministry and institution, relevant entities, the development partners, private sector representative, and civil society representative to participate in a meeting as a member or observer as needed. The committee has the right to use the stamp of the Council for the Development of Cambodia.

Prakas No. 308 (MEF) dated 14 March 2014 On the Creation and Appointment of Working Group for Issues Concerning Accounting, Taxation, and Securities Market for Micro-enterprise and Small and Medium Enterprise.

The securities market is generally viewed as a gateway for an enterprise to raise fund for further investment. Under current securities-related laws and regulations, the company that intends to go to public by making an initial public offering (IPO) needs to get approval from the Securities and Exchange Commission of Cambodia (SECC). There are a certain number of requirements. For instance, if the company wishes to issues equity securities (shares/stocks), the company must be a Public Limited Company (PLC) or a permitted entity and have a profit at least 0.5 billion KHR (0.125 million USD) for latest financial year and 1 billion KHR (0.25 million USD) for latest 3 financial years. In this regards, the micro-enterprise and small and medium enterprise (MSME) find difficulties in raising fund through the securities market.

In order to induce the development of securities market as well as access to finance for MSME, the Ministry of Economy and Finance (MEF) has, by this Prakas N° 308, created a Working Group headed by a Secretary of State of MEF and is composed of representative from General Department of Taxation, SECC, National Accounting Council (NAC) and Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA).

The Working Group has the main duties to conduct the study and research on the number and status of business and turnover of the MSME as well as the compliance of the MSMS practices regarding to the laws and regulations. Furthermore, the Working Group is assigned to study on the possibility of MSME in going public via the public issuance of securities in accordance with laws and regulations, together with the accounting and reporting duties.

Decision No. 64 (RGC) dated 31 March 2014 On the Creation of the Commission for Making Proposal on Amendments to the Laws and Regulations related to the Management of Forest, Fisheries and National Protected area.

In order to induce and to ensure the protection and the management of the forest, fisheries and national protected areas, the Royal Government of Cambodia (RGC) establishes this Commission whose roles are to provide policy direction for the study, the consultation and for making relevant proposal on amendments to the laws and regulations related to the management of the forest, fisheries and the national protected areas. In accomplishing its missions, the Commission must widely open for the inputs and the extensive participation from all stakeholders from both national and sub-national levels. This inter-ministerial Commission led by the Minister of Interior must regularly report the progress, the challenges and the proposed solutions therefor to the RGC.

Decision No 36 ssr on Establishment of Working Group to be a Discussion Partner with the Private Sector

The decision establishes 10 working groups in order to work and discuss with private sectors as follows:

- Group A- Agriculture and agro-industry working group;
- Group B- Tourism working group;
- Group C- Factory, small and medium enterprises, and services working group;
- Group D- Law, taxation, and governance working group;
- Group E - Banking and finance services working group;
- Group F - Infrastructure and transportation working group;
- Group G - Export processing and trade facilitation working group;
- Group H - Professional relation working group;
- Group I - Rice working group;
- Group J - Mineral resource and energy working group;

Each working group has duties to work with the leading committee for private sector development and improve the efficiency of the “government-private sector forum” mechanism in settling other

challenges.

Each working group of the private sectors shall be assigned by the Cambodian Chamber of Commerce. The government-private sector forum shall be conducted at least once a year according to the invitation of the chief of each private sector working group.

Decision No 36 ssr on Establishment of Sub-Committees for Private Sector Development

The decision establishes Sub-Committees for private sector development in order to perform its function in assisting the leading committee for private sector development. There are four sub-committees. Each sub-committee has the common duties to raise necessary measures, improve the implementation, discuss and exchange idea with development partners. The composition of each sub-committee shall be determined by a decision of the chief of the economy and financial policy committee.

BUSINESS

Prakas No. 316 (MEF) dated March 19, 2014 on Amendment of the Fee for Goods Checking through Scanning Machine System

In accordance with the work necessity required by the Ministry of Economy and Finance, the ministry has provisionally amended the goods checking fees by using the scanning system. The amended fees are as below:

- USD 32 for a container sized from 40 Feet; and
- USD 20 for a container sized below 40 Feet

This Prakas provides the decrease in the checking fees comparing to the previous fees which are USD 40 for a container sized from 40 Feet and USD 25 for a container sized below 40 Feet.

HEALTH

Sub-Decree No. 59 dated 11 February 2014 on Nurse Ethic

The objective of this sub decree is to promote the professional conscience, accountability, respect of law for medical career with honor and dignity for the people of Cambodia. This sub decree applies to all nurse registered and certified by the Ministry of Health. The nurse is referred to any person, who obtains a Nursing Diploma issued by the Ministry of health, Ministry of Education, Youth and Sport, or a Nursing Diploma issued by the higher education establishment, which is recognized by the Accreditation Committee of Cambodia.

This Sub-Decree is made up of 38 Articles and 7 Chapters prescribing General Provisions, General Tasks and Duties of Nurse, Relation between Nurse and Customers, Relation between colleagues and other health professionals, Nursing profession, Other provisions, and Final Provisions.

LAND AND PROPERTY

Prakas No. 114 dated March 14, 2014 on Amendment of Article 16 and 17 of Sub Decree No. 126 on the Management and Use of Co-Owned Buildings dated August 12, 2009 (the "Prakas No. 114")

The Prakas No. 114 amended Article 16 and 17 of Sub Decree No. 126 on Management and Used of Co-Owned Buildings dated August 12, 2009 in relation to registration of private unit of co-owned building.

The Article 16 (new) of the Prakas No. 114 state that "Only the co-owned building that has been constructed of the entire structural components 100% and constructed separate wall of private unit in accordance with permitted plan as well as applicable laws and regulations can be the object of cadastral registration of private unit."

Under Article 17 (new) of the Prakas No. 114, the owner of private unit shall submit application for registering private unit to the Office of Land Management Urban Planning, Construction and Geography ("the Office of Land Management") at the Municipal/District/Khan Cadastral administration Office.

The owner of private unit should submit documents as the following:

- Application for Registration
- Construction Permit Letter

- A certificate that the building is correctly construed or the certificate of completed construction work
- A detailed architectural plan of the co-owned building that clearly shows the number of floors, the number of private units with reference numbers as well as information relating to the common areas of the building
- Internal regulations
- Owner's identity documents
- Other relevant documents if any.

The Office of Land Management will check the form and attached documents and submit them to Department of Land Management Urban Planning, Construction and Cadastral ("the Department of Land Management") within three (3) working days. It will take another three (3) working days for Department of Land Management to review and approve the application. Upon approval, the Office of Land Management will give notice to the owner of private unit one (1) week before field data collection. The technical officers from Office of Land Management will cooperate with Commune/Sangkat Officers and immovable property developers and co-owners to collect and check data at the place where the co-owned building is located in order to fill out data collection form. The officers will submit the files and comments to Department of Land Management within one (1) week. The data will then be displayed to the public for one (1) week in order to allow owners or beneficiaries to check in order to claim against the data and request adjustment. If no claim has been made or dispute has been solved, the Department of Land Management will then register the private unit within one (1) week. The owner of the private unit will receive the "Certificate of Ownership of Private Unit".

PRIVATIZATION AND STATE PROPERTY

Circular No. 004 dated on 04 February 2014 on the Strengthening of the Management of Service Business on the State Property issued by the Ministry of Economy and Finance

This circular covers the service businesses on the state property throughout Cambodia such as market, parking area, ferry and other concession services granted by the Royal Government of Cambodia. It aims to improve the management of the service business on the state property, the management of the income generated from those service businesses and the public service delivery to the citizen through the mechanism of the decentralization and the delegation of power from the central level to sub national level.

The circular explicates the principles and the procedures for running the service business on the state property as below:

- Principles for service businesses on the state property: Before the concession of the service on the state property, Salakhet/provincial or capital administration) must create the committee for monitoring and assessment on the business location. Salakhet/Capital administration has jurisdiction to provide investment approval in principle to investors and the Ministry of Economy and Finance has only jurisdiction on financial affair (the cost for the investment and procurement cost).
- Procurement mechanism and procedure: Salakhet/Capital administration must announce the procurement on the service business on the state property widely and affix the announcement in the government institution and public places within 15 days before the public procurement. In case that no application was received, the timeframe can be extended to 10 days. Salakhet must create the procurement committee to organize and management the procurement.

Legal entities and individuals age from 18 years except civil servant, military force Students can participate in the procurement process.

- Responsibilities of concessionaire and relevant authorities:

Salakhet/Capital administration must transfer the possession right and the permission letter to run service business on the state property and respect firmly the terms and conditions determined by the concession agreement and laws and regulations.

Provincial Department of Economy and Finance is responsible for managing, monitoring, collecting the revenue and writing the report to the Ministry of Economy and Finance.

Private party must comply with the terms and conditions determined by the agreement signed with Salakhet/Capital administration.

- Termination of the validity and the penalty:

There are two cases of termination: the arriving of the duration fixed by the agreement and the serious misconduct of the private party during the execution of the agreement.

TAXATION

Prakas No. 315 dated 19 March 2014 on Validity Extension of VAT on Imported Yarn which is Temporary Treated as Btated Burden

The validity of VAT of the imported yarn which is treated as stated burden is temporary extended 2 years from 01 Jan 2014 to 31 Dec 2016.

Prakas No. 311 dated 19 March 2014 on The Implementation of VAT on Supporting Industry or Contractor that Supplies Products or Services for Serving Export Activities of the Garment, Textile, Footwear, Bag, Handbag and Cap Industries

Scope: This Prakas is valid for Supporting Industry or contractor who supplies products or services for serving export activities of the Garment, Textile, Footwear, bag, handbag and cap Industries and is limited material on packaging, yarns, fabrics, buttons, zippers, hangers, clippers, other accessories for garment, bag, handbag, footwear and cap and service of washing, dyeing, printing on fabrics or clothes, sewing and embroidery.

Definition

-“Supporting Industry” means the qualified investment projects that supply directly of their products or services for serving export activities to these Industries.

-“Contractor” means enterprises who are Real Regime Taxpayers that make direct supply from 80% or over of their products or services for serving export activities to these Industries.

-“Production Input” means products including raw materials, semi-finished products, and incidental materials for the production that are transformed or fully consumed in the production process of the supporting industry.

-“Production Equipment” means machineries and tools which are used as the principle in the production input transformation of the supporting industry.

For Supporting Industry: VAT on imported of production input and production equipment for producing for direct supply to these industries shall be treated as state burden. In the case where there are intentions to sell production input and/or production equipment, supporting industry shall notify in advance to the Customs and Excises Department. Local purchases of goods or services shall be subject to VAT at the rate of 10%.

For Contractor: imported and local purchase of production input, production equipment or services shall be subjected to VAT at the rate of 10% and other taxes.

VAT Output:

-Supporting Industry and Contractor supply products or services for serving the export activities to these industries shall be subject to VAT at the rate of 0%. If the products or service is supplied to local market, VAT at the rate of 10% shall be applied and have obligation to pay customs duty and other taxes according to the existing laws and provisions.

-In the case where the contractor receives the production input from these industries but did not supply the full quantity and production technical norms as contracted, the contractor shall pay VAT on the unsupplied portions and the industries shall pay customs duty and other taxes on the production input.

Obligation

-The Contractor must apply to the MEF through the specified forms for receiving the relief for the period not exceed one year for one application.

-The Supporting Industry shall provide to Customs and Excises Department the report on the quantity, in/out inventory of raw materials and products on the monthly basis through the specified form.

-The Supporting Industry and the Contractor shall attach the copy of contract on the supply to these industries with the tax return which shall be submitted to the Tax Department on the month following the month that the contracting has been made.

-On every supply of products or services, the Supporting Industry and the Contractor must issue tax invoice at the rate of 0%.

-At every time of receiving the supplies, the industries are obliged to issue an undertaken letter of exporting of products or services to the Supporting Industry or Contractor through the specified form. In the case of failure to export the products or services supplied by Supporting industry or Contractor, the industry shall be responsible to pay VAT, customs duty and other taxes including penalty.