

Technical Update TU001/2025

Issued in January 2025

This article covers important regulations issued by:

- The Council for the Development of Cambodia (CDC)
- Ministry of Labour and Vocational Training (MLVT)

The newsletter covers
the following areas:

- I. ANNUAL CERTIFICATE OF COMPLIANCE AT THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA FOR QUALIFIED INVESTMENT PROJECT
- II. RENEWAL OF FOREIGN WORK PERMIT FOR YEAR 2025 AT MINISTRY OF LABOUR AND VOCATIONAL TRAINING

I. ANNUAL CERTIFICATE OF COMPLIANCE AT THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA FOR QUALIFIED INVESTMENT PROJECT

The sub-degree No. 139, issued on 26 June 2023, on the implementation of the Investment Law in Cambodia outlines specific procedures and requirements for businesses to benefit from the incentives and protections available under the law. The sub-degree provides detailed regulations for Qualified Investment Projects (QIP) and specifies compliance requirements that businesses must follow to maintain their eligibility for investment benefits.

The QIP companies must submit semi-annual and annual reports to the Council for the Development of Cambodia (CDC) or the Municipal-Provincial Investment Sub-Committee (MPISC) **within 20 days after the closing of their tax return period.**

Upon review of the submitted reports, the CDC or MPISC will issue a Certificate of Compliance (COC) to the QIP company in the subsequent year. This certificate serves as confirmation that the company has fulfilled all regulatory requirements and is in good standing to continue benefiting from the investment incentives.

Failure to submit accurate or timely reports, or non-compliance with the specified regulations, puts the QIP company at risk of losing the investment incentives, protections, and guarantees that were previously granted to them.

II. RENEWAL OF FOREIGN WORK PERMIT FOR YEAR 2025 AT MINISTRY OF LABOUR AND VOCATIONAL TRAINING

A foreign work permit in Cambodia is typically issued for a one-year period, and the renewal process for the 2025 work permits is now underway. The renewal period for 2025 will cover the dates **from January 1, 2025 to March 31, 2025**. It is mandatory for all foreign business owners and employees working and residing in Cambodia to apply for a work permit and foreign employment card within 90 days from their entry into Cambodia, through the Ministry of Labour and Vocational Training (MLVT).

As per Guidelines No. 517, issued on January 17, 2023, which addresses penalties for employers who engage foreign labor without valid work permit and foreign manpower quota, the following penalties apply:

- 1. Less than 5 Foreign Workers Without Permits:** may result in fines of up to KHR 12.6 million per person (approximately USD 3,150 per person).
- 2. 5 or More Foreign Workers Without Permits:** may result a fine equivalent to 5 times the maximum rate of the fine (12,600,000 Riels x 5), totaling 63,000,000 Riels (approximately USD 15,750).

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This article is not comprehensive and was prepared based on information available generally and is not intended to be relied upon as professional advice. The views expressed in this article represent our perspectives as of the date of this article. We may identify additional issues as we analyse the standard and the entities, and our views may evolve during that process.

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Let us be of assistance to you.

For further information about how Baker Tilly Cambodia can assist you and your organisation, please contact us via below.

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