

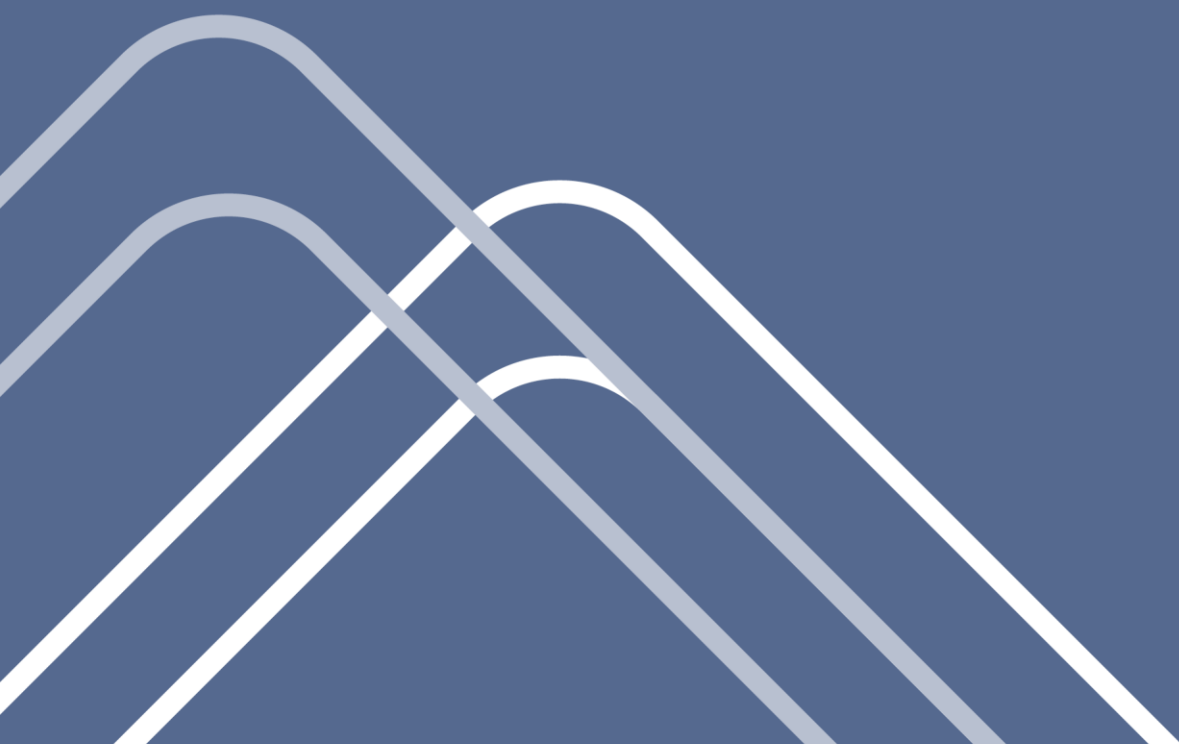


DOING BUSINESS IN CAMBODIA



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INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in nearly 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in CAMBODIA has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current in February 2026.

We look forward to helping you do business In Cambodia.

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BUSINESS ENVIRONMENT

Cambodia's post-pandemic economic growth momentum is losing pace warned the International Monetary Fund (IMF) due to softening domestic demand, declining remittances, a slowdown in tourism and tariff-related pressures on export margins weighing on consumption and investment. In its 2025 Article IV Consultation completed on November 21, the IMF projects GDP growth to moderate to 4.8 percent in 2025 and around 4.0 percent in 2026, compared with 6.0 percent in 2024.

However, there are still business opportunities as IMF calls for calibrated fiscal and monetary responses to balance near-term stimulus with long-term discipline. Temporary targeted fiscal measures to support affected households and displaced workers, gradual fiscal buffers consolidation, accelerating structural reforms aimed at export diversification, productivity growth, enhanced governance, better investment facilitation and improved data availability, deeper regional trade and investment integration and successful absorption of returning workers into the domestic labour markets.

In addition, the bilateral relationship between the United States and Cambodia is at its strongest point in recent history, fostering very positive perceptions of U.S. brands among Cambodian consumers. Cambodia's recent removal of tariffs on U.S. imports presents a significant opportunity for exporters to expand their presence in the market.

Key Cambodia sectors like agriculture and food processing (particularly cashew and casava processing, produce drying, and rice milling), automobiles, education, energy/power-generation equipment and energy consulting, food and beverage, franchises, garment and shoe manufacturing, ITC and digital services, healthcare, and tourism are still buoyant. With the correct strategy and financial support, the Cambodia's business is still full of promises and reward.

In 2024, the government under the Ministry of Commerce (MOC) introduced the e-commerce platform for business registration. This portal is a one-stop-shop for interested local or foreign business owners to set up business in Cambodia to reduce red-tape and confusion of starting and doing business. (<https://moc.gov.kh/kh>)

Capital flow is also less restrictive. Use of US Dollars is prevalent. Street vendors, banks and commercial concerns accept both Riel and US currencies for daily transactions, even the banks' ATMs dispense USD. Unlike other jurisdictions where there are many instances of currency control and limitations imposed. There are also many international banks available for cross-border trade transactions. (<https://mef.gov.kh/>)

Proper business laws like Law on Investment, Law on Commercial Enterprise, Law on Taxation, 1997 Labor Law, are in place to govern and preside on the investment and business environment. (<https://supremecourt.gov.kh/en>)

The judicial power is entrusted in the first instance to the provincial courts and then to the Court of Cassation and the Supreme Court. It is based on a single jurisdictional order and each of these bodies rules on cases that fall under

both civil law and criminal law, commercial law or social law. Provincial courts, or municipal courts for cities with special status such as Phnom Penh or Sihanoukville, are composed of a judge, a prosecutor, and a clerk.

The Court of Appeal (Sala Outor) sits in the capital. In the mid-2010s, two more instances opened in Battambang and Siem Reap. In addition to appeals against provincial court cases, it also judges administrative disputes at first instance. In addition to the institution in charge of this type of case, the court has four other chambers, specializing respectively in civil, criminal, commercial and investigation. Its decisions are rendered by a group of three magistrates; the attributions of the public ministry fall to the public prosecutor at the court of appeal.

The Supreme Court of Cambodia (TOLAKAR KAMPOUL) rules as a last resort on cases tried on appeal, but can only rule on defects in legal procedure.

Gone are those days that labour is exploited. Cambodia has enacted Prakas 214/25, setting a new minimum wage for the garment, textile, footwear, and travel goods sectors effective 1 January 2026. Regular employees will earn US\$210 per month, and probationary workers US\$208, a modest two-dollar increase from the 2025 rate. The decision reflects the government's commitment to gradual, predictable wage adjustments, balancing industrial competitiveness with worker welfare. (<https://www.mlv.gov.kh/index.php/en/>)

To better connect Cambodia domestically, regionally and internationally, relying less on neighbouring countries infrastructures, key transport modes and infrastructure have been upgraded, improved and built like the Phnom Penh–Sihanoukville Expressway (a significant new arterial route), rehabilitation projects on National Road 4 with more lane expansions, the new Techo International Airport in Phnom Penh that opened in November 2025 and the much heralded Funan-Techo canal, a 180 km long canal which will connect Phnom Penh to the ocean. (<https://www.mpwt.gov.kh/en/home>)

Cambodia's 2025 electricity tariffs include tiered residential rates (e.g., approximately \$0.10-\$0.12 per kWh for the first 10-15kWh and up to \$0.185 per kWh for over 200kWh), a rate of about \$0.135 per kWh for medium-voltage commercial users, and \$0.1470 per kWh for industrial users (22kVA). The residential rate was recently cited as KHR 610.000 (\$0.152) per kWh in March 2025, though this may reflect a higher-end average that includes various taxes and fees. A new decision in July 2025 set maximum rates for EV charging stations. (<https://eac.gov.kh/>)

Cambodia offers several business tax incentives through its Qualified Investment Project (QIP) and targeted programs for Small and Medium Enterprises (SMEs), and specific sectors like securities and rice production. The primary incentive for QIPs is a corporate income tax holiday of up to nine years, followed by a gradual reintegration into the tax system. (<https://cdc.gov.kh/incentives-and-schemes/>)

Cambodia Economic Facts

Useful Facts (2024/2025)

Language used: Khmer, English, Chinese

Currency: Riel (KHR, ₭)

Exchange rates: Year - Riels (KHR) per US dollar
2020 - 4,076.5, 2021 - 4,113.5, 2022 - 4,118.0,
2023 - 4,085.0, 2024 - 4,029.5

Fiscal year: Calendar year

Interest Rate: [2] 3% (KHR). 1.03% (USD) [7/2025]

Electricity tariff:[3] **Residential tariffs -**
0-10 kWh/month: KHR 380 (\$0.09 - \$0.10) per kWh
11-15 kWh/month: KHR 480 (\$0.12) per kWh
> 200 kWh/month: KHR 740 (\$0.185) per kWh
March 2025 Average: KHR 610,000 (\$0.152) per kWh (includes power, distribution, transmission, and taxes)

Commercial and industrial tariffs -

Medium voltage commercial users: KHR 540 (\$0.135) per kWh

22kVA commercial users: KHR 636 (\$0.1590) per kWh

Industrial users (22kVA): KHR 440 (\$0.1470) per kWh

2024 [1]

Production - 17,851.4 million kWh

Consumption - 17,033.2 million kWh

Exports - 0 kWh

Imports - 1,567.9 million kWh

Fuel prices: Average (Oct 2016 - Nov 2025):

Gasoline: ~KHR 4,268.76/liter (\$1.1/ltr) Octane 95

Diesel: ~KHR 3,661.09/liter (\$0.80/ltr)

Transportation charges:	<p>Rickshaw/Eco-rickshaw: Negotiated fee, open-air, eco-friendly option for short distances.</p> <p>Bus: public transport, fares around \$0.40 for short ride, \$4 to \$15 for long-distance.</p> <p>Mototaxi/Motorcycle taxi: Often cheaper than a tuk-tuk for longer trips, about \$2-\$4 for a city ride.</p> <p>Tuk-tuk/Remork: costs from \$1 to \$6 in cities.</p> <p>Taxi/Private car: More comfortable with air conditioning. Short trips can start at \$4-\$5, while a full day with a driver might cost \$25-\$35 or more, depending on the vehicle and route.</p> <p>Ride-hailing apps: Grab and PassApp: Widely used in major cities for booking tuk-tuks, Mototaxis, and cars.</p>
Accommodation type:	<p>Basic: Expect simple rooms, possibly with a fan, a cold shower, and a mosquito net.</p> <p>Budget (\$10-\$25 per night): Functional and clean rooms with private bathrooms and air-conditioning are common.</p> <p>Mid-range (\$25+ per night): Comfortable and stylishly furnished options with more amenities are often available.</p> <p>Service apartment (\$35+ per night): Fully furnished apartment with cooking & washing facilities.</p> <p>Luxury (\$100+ per night): Expect international standards of service and amenities at high-end hotels and resorts.</p>
Water tariffs:	<p>Varies. Block tariffs: For public water supply, a block tariff system based on monthly consumption with different rates for different usage tiers. For example, a structure might be: 0-3 m³: \$0.45/m³, 4-10 m³: \$0.50/m³, over 10m³: \$0.57/m³</p> <p>Flat rates: Some private water suppliers charged a flat rate (e.g. \$0.50/m³ regardless of consumption levels)</p>
Connectivity:	<p>Airport – Techo International Airport</p> <p>Seaport – Sihanoukville Autonomous Port</p> <p>Rail System – Northern Railway, 386 km from Phnom Penh to Poi Pet (Cambodia-Thailand border) and Southern Railroad, 264 km from Phnom Penh to Sihanoukville.</p>
Trade organizations:	WTO, ASEAN, AFTA, RCEP



Country group:	Lower-middle income economy
Statistics:	
Population (2024):	Total population as of 1 July (million) - 17.3m Population density (persons/km ²) - 97 Population (% annual change) - 1.2% Urban population (% of total population) – 26%
GDP:	2022 – \$39,490.8m, 2023 - \$42,317.2m, 2024 - \$46,148.3m
GDP source (2024):	Agriculture - 17.8%, Industry - 44.0%, Services - 38.2%
GDP rank (2025):	138 th (nominal), 95 th (PPP)
GDP growth:	2022 - 5.1%, 2023 - 5.3%, 2024 - 6.0%
GDP per capita:	2022 - \$2,344.6, 2023 - \$2,475.8, 2024 - \$2,665.7
GDP per capita rank (2025):	140 th (nominal), 130 th (PPP)
Inflation (CPI) Phnom Penh:	2022 - 5.1, 2023 - 2.4, 2024 - 0.8
Labor force (2021)	9.062m; 8.967m – Employed
Unemployment (2021):	1.0%
Labor force by occupation (2021):	Agriculture, forestry, and fishing – 3.201m Manufacturing – 1.525m Wholesale and retail trade; repair of motor vehicles and motorcycles – 1.398m, Construction – 0.852m
Main industries:	Tourism, garments, construction, rice milling, fishing, wood and wood products, rubber, cement, gem mining, textiles
External	
Exports:	2022 – \$23,178.9m, 2023 – \$23,564.4m, 2024 – \$26,751.7m
Export goods:	Solar panels, clothing, precious metal scraps, trunks/cases, gold, leather footwear
Main export partners (2024):	United States – \$9,916.2m, Vietnam - \$3,615.6m China – \$1,750.1m
Imports:	2022 - \$32,005.2m, 2023 - \$26,550.6m, 2024 - \$31,247.3m
Import goods:	Refined petroleum, clothing, gold, cars, flavoured water

Main import partners (2024): China - \$3,439.2m, Vietnam - \$4,169.7m, Thailand - \$3,443.3m
 Current account: 2022 – (19.2%), 2023 – 1.3%, 2024 – 0.5%
 Gross external debt: 2022 – (\$8,826.3m), 2023 – (\$2,986.2m), 2024 – (\$4,495.6m)

Credit rating

Moody's (2024): B2 (domestic), B2- (foreign)
 Agriculture – products Rice, rubber, corn, vegetables, cashews, tapioca, silk
 Industries Tourism, garments, construction, rice milling, fishing, wood and wood products, rubber, cement, gem mining, textiles
 Industrial production index: 2022 - 121.2
 Agriculture; 2014 – 2016 = 100 2023 - 129.5

1. "Key Indicators for Asia and the Pacific 2025" ADB 2. <https://www.nbc.gov.kh/> 3. <https://eac.gov.kh/> 4. Moody's

Holidays in 2026

On September 18, 2025, the Royal Government of Cambodia issued Sub-Decree No. 167, officially establishing the public holiday calendar for 2026. In total, civil servants, employees, and workers across Cambodia will be entitled to 22 days of paid public holidays in 2026, covering a mix of national days, traditional days, and religious observances, as shown in the table below.

Date	Occasion	No. of days
January 1	New Year's Day	1 day
January 7	Victory Over the Genocide Day	1 day
March 8	International Women's Day	1 day
April 14, 15, 16	Khmer New Year	3 days
May 1	International Labor Day & Visakha Bucha Day	1 day
May 5	Royal Ploughing Ceremony	1 day
May 14	Royal Birthday of His Majesty Preah Bat Samdech Preah Baromneath Norodom Sihamoni	1 day
June 18	Her Majesty Queen Mother Norodom Monineath Sihanouk's Birthday	1 day
September 24	Constitution Day	1 day
October 10, 11, 12	Royal Pchum Ben Festival	3 days
October 15	Commemoration Day of King Father Norodom Sihanouk	1 day
October 29	Coronation Day of His Majesty King Norodom Sihamoni	1 day
November 9	Cambodia's Independence Day	1 day
November 23, 24, 25	Cambodian Water Festival (Bon Om Touk)	3 days
December 29	Peace Day	1 day

FOREIGN INVESTMENT

Cambodia promulgated the Law on Investment (LoI) on 15 October 2021 to establish an open, transparent, and predictable legal framework to attract and promote quality, effective and efficient investments by Cambodian nationals or foreigners in the Kingdom of Cambodia. (<https://cdc.gov.kh/incentives-and-schemes/>)

INVESTMENT GUARANTEES Chapter 5 of the LoI states the investment guarantees and protection offered. “Investor” refers to a person carrying out an investment project registered with the CDC or a Municipal- Provincial Investment Sub-Committee.

Non-discrimination in certain cases of loss of investment | Investors will be treated without discrimination in relation to restitution, compensation, or other economic remedies if their investment suffers losses due to armed conflict, civil disturbance, or state of emergency if there are laws and policies of the Royal Government of Cambodia on any reasonable restitution or compensation.

Non-discrimination based on foreign nationality | Foreign investors shall not be subject to any discrimination based on foreign nationality, except for land ownership as stipulated in the Constitution of the Kingdom of Cambodia and any other regulations in force.

No nationalization | The State shall not undertake any nationalization actions which may affect the assets of the Investors in the Kingdom of Cambodia.

No expropriation | The State shall not undertake any expropriation which may affect, either directly, indirectly, or undertake any measures like expropriation, except for the purpose of public interest and that such expropriation shall meet the following conditions: 1. Non-discrimination; 2. Fair and justified compensation and 3. Compliance with the laws and procedures in force for expropriation.

No price control | The Royal Government of Cambodia shall not fix the price of products or services created or rendered by the Investment Project.

Free purchase and repatriation of foreign currencies | In accordance with applicable laws and regulations, Investors are entitled to freely purchase foreign currencies and to repatriate those foreign currencies to settle financial obligations associated with their investment through authorized intermediary banks. Currency control: commercial transactions - **freely** between residents and nonresidents - made through an authorized bank - exceeding USD 10,000 must be declared to the National Bank of Cambodia. Currency: Khmer Riel (KHR)

Intellectual property protection | Investors’ intellectual property is protected in accordance with the laws and regulations related to the intellectual property of the Kingdom of Cambodia.

Right to use land | Investors’ ownership of land for the purpose of implementing Investment Projects is granted only to persons of Cambodian nationality in accordance with the laws and regulations in force. Investors have the

right to use land through economic land concessions or perpetual leases and leases for a fixed duration in accordance with the laws and regulations in force.

Miscellaneous | An Investor also has the following rights:

1. The right to hire foreign employees to manage or operate an Investment Project within a quota not exceeding the number stipulated by the laws and regulations in force if it is not possible to find qualified Cambodian employees to manage or operate the Investment Project. The permission to hire foreign employees is based on current circumstances and is not permanent.
2. The right to obtain a temporary long-term stay permit for oneself, spouse and children who are minors during the period when the Investment Project is operating.
3. The right to request temporary long-term stay permits for foreign employees and their spouses and children who are minors during the valid period of the employment contract.
4. The right to obtain a work permit and employment book for oneself and foreign employees.

The CDC or Municipal-Provincial Investment Sub-Committees shall issue a letter to certify the investment status for the persons involved in the Investment Project at the request of the Investor to be used for applying for a temporary long term stay permit, work permit employment book and other necessary purposes in accordance with the procedures in force.

According to Article 24 of the Law on Investment, the following investment sectors and activities are entitled to investment incentives:

1 High-tech industries involving innovation or research and development; 2 Innovative or highly competitive new industries or manufacturing with high added value; 3 Industries supplying regional and global production chains; 4 Industries supporting agriculture, tourism, manufacturing, regional and global production chains and supply chains; 5 Electrical and electronic industries; 6 Spare parts, assembly and installation industries; 7 Mechanical and machinery industries; 8 Agriculture, agro-industry, agro-processing industry and food processing industries serving the domestic market or export; 9 Small and medium-sized enterprises in priority sectors and small and medium-sized enterprise cluster development, industrial parks, and science, technology and innovation parks; 10 Tourism and tourism-related activities; 11 Special economic zones; 12 Digital industries; 13 Education, vocational training and productivity promotion; 14 Health; 15 Physical infrastructure; 16 Logistics; 17 Environmental management and protection, and biodiversity conservation and the circular economy; 18 Green energy, technology contributing to climate change adaptation and mitigation; 19 Other sectors and investment activities not listed by the Loi deemed by the Royal Government of Cambodia to have potential for socio-economic development.

Under Qualified Investment Project (QIP) which is an investment project that has received a registration certificate from the CDC or a Municipal Provincial Investment Sub-Committee, incentives are available as follows:

Incentives: A QIP investor may choose one of two investment incentive options

Option 1: Tax holiday or exemption from tax on income (TOI) for three to nine years, depending on the industry and investment activities, as from the time the QIP first derives revenue; After the TOI exemption period ends, TOI may be paid based on the following progressive rates relative to total TOI: 25% for the first two years; 50% for the following two years; and 75% for the subsequent two years; Exemption from prepayment of tax on income (PTOI)

during the TOI exemption period; MT exemption, subject to an independent audit report; and Export duty exemption, unless required by other laws or provisions.

Option 2: Special depreciation as provided in the Law on Taxation; Deduction up to 200% for other essential expenses for up to nine years; PTOI exemption during the special depreciation period; MT exemption, subject to an independent audit report; and Export duty exemption, unless required by other laws or provisions.

Other Investment Incentives

Customs duty, specific tax (SPT), and VAT borne by the state for export QIPs and supporting industry QIPs that import construction equipment, production equipment, and other production inputs;

Customs duty, SPT, and VAT borne by the state for local market QIPs and supporting industry QIPs that import construction and production equipment;

VAT exemption on local purchases of production inputs that serve the QIP; and

150% expense deduction for several activities (e.g., research, development, human resource development).

“Over the past decade, China has fulfilled most of Cambodia’s foreign direct investment needs, highlighting China’s desire for influence in Cambodia, and Southeast Asia more broadly. Moreover, Chinese businesses, many of which are state-owned enterprises, may not assess the challenges in Cambodia’s business environment in the same manner as U.S. businesses.” accordingly to US Department of Commerce.

SETTING UP A BUSINESS

The Law on Commercial Enterprises (LCE) was adopted in 2005 and amended in 2022, establishes the legal framework for businesses, defining company structures, responsibilities, and governance to enhance the investment climate. On the other hand, the Law on Commercial Rules and Registration was adopted in 1995 and amended in 2022, governs the registration and operation of commercial enterprises, ensuring compliance with legal requirements and promoting orderly business practices.

- **Forms of Enterprises**

- 1. Company**

- **Private limited company:** A limited liability company with one (Single member private limited company) or two to thirty shareholders. The shareholder’s liability is limited to the amount of share capital they have invested.

- **Public limited company:** A limited liability company with no specific number of shareholders but may have more than thirty shareholders and is able to offer securities to the public and is the only form available to carry out certain types of business such as banking and insurance.

- 2. Foreign company**

- **Foreign branch office:** Division of offshores parent company
- **Commercial representative office:** Local representative of parent company
- **Subsidiary:** Company in which liability of shareholders is limited to capital contribution includes single member private limited company.

- 3. Sole proprietorship:** Single party who is liable for all debts and obligations.

- 4. Partnership**

- **General partnership:** Contractual based relationship between two or more parties with each being jointly and severally liable for the debts and obligations of the partnership.
- **Limited partnership:** Contractual based relationship between two or more parties with general partners who are responsible for the management of the partnership and are personally liable for the debts and obligations; and limited partners who cannot manage the partnership but their liability is limited to the amount of their capital invested.

Form of Enterprises							
Company		Foreign Company			Sole Proprietorship	Partnership	
Private limited company	Public limited company	Foreign branch office	Commercial representative office	Subsidiary		General partnership company	Limited partnership company

- **Classification of Taxpayers**

Small Taxpayer	Medium Taxpayer	Large Taxpayer
<ul style="list-style-type: none"> ● Has an annual turnover ranging from 250 million riels (approx. USD62,500) to 700 million riels (approx. USD175,000), or ● Has a total turnover exceeding 60 million riels (approx. USD15,000) for any three consecutive calendar months, or ● Is expected to have a total turnover for the next three consecutive calendar months exceeding 60 million riels (approx. USD 15,000), or ● Engages in bidding, price consulting or price surveying in the supply of goods or services. 	<ul style="list-style-type: none"> ● Has an annual turnover between 700 million riels (approx. USD175,000) to 4000 million riels (approx. USD1,000,000), or ● Has registered as a legal entity or representative office. 	<ul style="list-style-type: none"> ● Has an annual turnover over 4 billion riels (approx. USD1,000,000), or ● Has registered as a subsidiary of a multinational company or a foreign company branch, or ● Has registered as a Qualified Investment Project (QIP).

- **Business registration required documents:**

- ❖ **Company**

- a. **Business registration requires the following documents:**

- Land title or lease agreement of the enterprise’s location
 - Current photo of no longer than 3 months of director, shareholder (if shareholder is a physical person) and/or representative (if shareholder is a legal entity) with white background
 - National identification card /passport of director, shareholder (if shareholder is a physical person) and/or representative (if shareholder is a legal entity)
 - Articles of association
 - Reference document (can be a letter specifying an already-existed company’s permission to use a similar company name, special licenses and related documents)
 - If shareholder is a legal entity, Parent company’s authorization letter
 - Parent company’s certificate
 - Parent company’s articles of association
 - Authorization letter if the one who fills out the application is your representative

- b. **Tax registration requires the following documents:**

- Proof of paid property tax or property information of the enterprise
 - QIP document (if applicable)
 - Bank account information (must be provided in digital form within **15 working days** after tax registration. Failure to do so would result in the revoke of the given certificates from GDT)

- ❖ **Foreign Company**

- a. **Business registration requires the following documents:**

- Land title or lease agreement of the enterprise's location
- Current photo of no longer than 3 months of director with white background
- National identification card of director
- Parent company's articles of association
- Parent company's certificate
- Letter of appointment of director of representative office or branch office
- Reference document (can be a letter specifying an already-existed company's permission to use a similar company name, special licenses and related documents)
- Authorization letter if the one who fills out the application is your representative

b. Tax registration requires the following documents:

- Proof of paid property tax or property information of the enterprise
- QIP document (if applicable)
- Bank account information (must be provided in digital form within 15 working days after tax registration. Failure to do so would result in the revoke of the given certificates from GDT)

❖ **Sole Proprietorship**

a. Business registration requires the following documents:

- Land title or lease agreement of the enterprise's location
- Current photo of no longer than 3 months of enterprise's owner with white background
- National identification card of enterprise's owner
- Reference document (can be a letter specifying an already-existed company's permission to use a similar company name, special licenses and related documents)
- Authorization letter if the one who fills out the application is your representative

b. Tax registration requires the following documents:

- Proof of paid property tax or property information of the enterprise
- QIP document (if applicable)
- Bank account information (must be provided in digital form within 15 working days after tax registration. Failure to do so would result in the revoke of the given certificates from GDT)

❖ **Partnership Company**

a. Business registration requires the following documents:

- Land title or lease agreement of the enterprise's location
- Current photo of no longer than 3 months of manager, partner (if partner is a physical person) and/or representative (if partner is a legal entity)
- National identification card of manager, partner (if partner is a physical person) and/ or representative (if partner is a legal entity)
- Contract of partnership
- Reference document (can be a letter specifying an already-existed company's permission to use a similar company name, special licenses and related documents)
- If partner is a legal entity, Parent company's authorization letter
- Parent company's certificate
- Parent company's articles of association

- Authorization letter if the one who fills out the application is your representative

b. Tax registration requires the following documents:

- Proof of paid property tax or property information of the enterprise
- QIP document (if applicable)
- Bank account information (must be provided in digital form within 15 working days after tax registration. Failure to do so would result in the revoke of the given certificates from GDT)

- **Fee Structure:**

Ministry/ Institution	Type of Service	Service Fee (in Thousand Riels)			
		Company	Foreign Company	Sole Proprietorship	Partnership
Ministry of Commerce (MoC)	Reservation of a company/enterprise' s name	25	25	25	25
	Business registration	1,010	1,010	180	1,010
	Total (In Thousand Riels)	1,035	1,035	205	1,035
	Approximate Total (In USD)	258.75	258.75	51.25	258.75

Ministry/ Institution	Type of Service	Service Fee (in Thousand Riels)			
		Small Taxpayer	Medium Taxpayer	400 million riels < Turnover > 10,000 million riels	Turnover > 10,000 million riels
General Department of Taxation (GDT)	Tax registration	20	400	400	400
	Patent tax per business activity*	200	600	1,500	2,500
	Total (In Thousand Riels)	220	1,000	1,900	2,900
	Approximate Total (In USD)	55	250	475	725

(*) In order to encourage and promote business registration in Cambodia, these prices are discounted 50% for only the first year after your business registration. You will need to pay full price (double the listed prices) in the following years.

Ministry/ Institution	Type of Service	Service Fee (In Thousand Riels)
		All Forms of Enterprises
Ministry of Labor and Vocational Training (MLVT)	Notice for Enterprise Opening	120
	Approximate Total (In Thousand Riels)	120
	Approximate Total (In USD)	30

After registration is approved:

For registration at the Ministry of Commerce, please bring two original copies of your company's Articles of Association to deposit at the Ministry of Commerce. These Articles of Associations will be stamped. If you need the stamped documents for opening your company's bank account or use for other purposes, please bring more original copies with you. For all licenses/certificates/permits, you may download and print your digital licenses/certificates/permits for your own use.

Furthermore, you will be invited by General Department of Taxation for a physical visit for the photoshoot and thumbprint to verify against your online application within 30 days after the registration is approved.

Annual Declaration

Each partnership or company shall file annual declaration with the Ministry of Commerce concerning the status of the partnership and company.

Online Business Registration System

Online Business Registration system is the Royal Government of Cambodia's information technology system for business registration. It was first launched on June 15, 2020 and marks the beginning of one of the Royal Government's key reforms. You can register the business yourself or have anyone do it. However, for types of company other than sole proprietorship, a representative must be an accredited agent if you choose not to do it by yourself.

Register Your Business Via Single Portal

You can now register your business at MoC, GDT and MLVT in one go using the new IT business registration platform (also known as Single Portal). In the current phase, if your business is required to register at ministries/institutions other than MoC, GDT and MLVT, you may need to follow the procedure of the relevant ministries/institutions. Through the new procedure, a business registration takes up to only 8 working days until obtaining digital licenses or certificates and costs much less than the previous procedure. Online payment including Visa, Mastercard, UnionPay and KHQR is accepted. Payment with credit/debit card of banks other than ABA Bank, ACLEDA Bank and Canadia Bank will be charged 2.3% of the total fees for service charge. No refund unless the failure in registration or specialized license application is caused by the system.

Who can register via the Online Business Registration System?

- Companies or enterprises that have never registered a business before
- Large taxpayer (turnover > 4,000 million riels)
- Medium taxpayer (4,000 million riels > turnover > 700 million riels)
- Small taxpayer (700 million riels > turnover > 250 million riels)

Register your business in just 7 steps:

- Step 1: Go to portal www.registrationservices.gov.kh
- Step 2: Click on “Register Your Business”
- Step 3: Create an account on CamDigiKey, Skip to log in if you have one
- Step 4: Fill in required information and upload required documents
- Step 5: Pay for the service using available online payment methods
- Step 6: Obtain decision in 8 working days maximum. You may be asked for additional documents
- Step 7: If approved, download and print 3 digital licenses/certificates and patent tax.

Statistic of Online Business Registration Platform from June 15, 2020 to November 27, 2025

❖ Business Registration

- 52,343 applications are approved
- 2 applications are rejected

❖ Specialized License

No.	Ministries/ Institutions	Approved	Rejected
1.	Ministry of Tourism	818	1
2.	Insurance Regulator of Cambodia	35,172	56,168
3.	National Social Security Fund	24,933	0
4.	Ministry of Industry Science, Technology and Innovation	418	7
5.	Techo Startup Center	60	0
6.	Real Estate Business and Pawnshop Regulator	279	0
7.	General Department of Public Procurement	43	3
8.	Ministry of Agriculture, Forestry and Fisheries	13	0
Total		61,736	56,179

LABOUR

1. Scope of application

Cambodian labour laws apply to all types of employment conducted **within the Kingdom**, covering areas such as employment contracts, working hours, wages, overtime, leave, taxation, and other employment-related matters. These laws apply **regardless of where the contract was made or the nationality or residence** of the employer and employee.

The Cambodian Labour Law does **not** apply to the following groups:

- **Judges of the judiciary**
- **Permanent civil servants** appointed to a permanent post in the public service
- **Police, Army, and Military Police personnel**, who are governed by separate statutes
- **Air and maritime transportation personnel**, who are governed by special legislation. However, they are still entitled to the **right to form and join unions** under this law
- **Domestic or household servants**, unless otherwise specified. They are also entitled to the **right to freedom of union**

Worker Categories (Article 9 - Stability of Employment)

Under Cambodian labour law, workers are classified based on the **stability and nature of their employment**:

❖ Regular Workers

Employees who regularly perform work on a **permanent basis**.

❖ Casual Workers

Employees contracted to perform work that is:

- Specific and temporary
- Expected to be completed within a short period
- Seasonal
- Intermittent or irregular

Rights of Casual Workers

Casual workers **enjoy the same rights and obligations** as regular workers, **except** where the Labour Law provides different rules for casual employment.

2. General Work Condition

A. Wage determination

- 1) **Wage** refers to the remuneration received by a worker in exchange for work performed or services rendered. It may be determined by agreement (written or verbal) or by national legislation.

Wages may be calculated in any form time-based, piece-based, or otherwise and must be convertible into cash. Payment is made by the employer to the worker based on the employment contract, whether for work already completed or to be completed in the future.

- 2) Wage includes all forms of remuneration paid directly or indirectly by the employer, specifically:

- **Basic wage or salary**
- **Overtime pays**
- **Commissions**
- **Bonuses and indemnities**
- **Profit sharing**
- **Gratuities or tips**
- **Value of benefits in kind** (e.g., meals, accommodation)
- **Family allowances** (only the portion exceeding the legal minimum)
- **Holiday pay / compensatory holiday pay**
- **Payments made by the employer during temporary disability or maternity leave**

These items are considered part of the employee's taxable and legal wage.

- 3) **Wage Does NOT Include** the following are **not considered wages** under the Labour Law:

- **Medical or health care benefits**
- **Family allowances mandated by law**
- **Travel or transportation expenses**
- **Benefits provided exclusively for work performance**
(e.g., uniforms, safety equipment, tools, phone for work, etc.)

B. Guaranteed Minimum Wage

The wage must be at least equal to the guaranteed minimum wage; that is, it must ensure every worker of a decent standard of living compatible with human dignity. Starting in 2025, Cambodia's minimum wage is USD 208 per month. Unlike other countries, the minimum wage only applies to specific sectors such as garments, footwear, and textiles.

C. Payment of Wage

Type of wages	The maximum time of payment
Wage / salary	2 times per month at the maximum of 16 days intervals
Commission (Sale agent or representative)	At least every 3 months (commission only)
Termination of a labour contract	48 hours following the date of termination of work for any kind of wage and indemnity.

3. Hour of work

In all establishments, whether they provide vocational training, operate as charitable organizations, or engage in liberal professions the maximum working hours for workers of either sex **shall not exceed eight (8) hours per day or forty-eight (48) hours per week (Article 137)**

Employees may perform up to 2 hours of overtime per day, provided that the total working hours do not exceed 10 hours per day, including regular working hours

According to Prakas No.80.Over-time work besides the normal duration of work and article 139 new. For urgent or exceptional work, overtime must be paid at **150% of the normal rate**. If overtime is worked **at night or during weekly rest days**, it must be paid at **200% of the normal rate**

4. Night work

Night is represented a period of at least eleven consecutive hours that includes the interval between 22:00 pm to 05: 00 am. Payment rate: 130% in accordance with article 144 (new)

5. Weekly time off

Weekly time off shall last for a minimum of 24 consecutive hours. All workers shall be given in principle a day off on Sunday. Referring to article 146, 147, 148 weekly time off shall be applied as below:

- a) Give all staff rest on a day of Sunday
- b) Give all staff rest on a day other than Sunday
- c) Rest from Sunday noon to Monday noon
- d) Rest by rotating all staff, Necessary authorizations must be requested from the ministry in charge of labour.
- e) Work performed on public holidays must be paid at 200% of the normal daily wage in accordance with Prakas No. 10/99 and Article 139 (New)

6. Paid holidays

All employees are allowed to have paid holiday determining by Prakas issues by ministry in charge of labour. Those paid holiday do not break of the length of service required to obtain paid annual leave, nor do the y reduce this type of leave. Under Prakas 100, workers who work on a paid holiday are entitled to their normal wages plus an additional indemnity for the work performed.

7. Annual leave paid

All employee is entitled to paid annual leave to be given by employer at the rate of one and a half days (1.5 days) of paid leave per month of continuous service.

The right to use this paid leave is acquired after one year of service.

If the contract is terminated or expire before the work acquired the right to use his/her paid leave, an indemnity calculated on the number of annual paid leave they have received.

A part from this, any collective agreement providing compensation instead of paid leave, as well as any agreement renouncing or waiving the right to paid annual leave shall be null or void.

Employee defer all or part of the right to paid leave until the termination of the contract is not considered as remuneration. Deferment of this leave cannot exceed three consecutive years and can only apply to leave exceeding 12 working days per year.

The length of paid leave is creased according to the seniority of employee at the rate of one day per 3 years.

Official paid holidays and sick leave are not counted as paid annual leave.

Seniority paid leave calculation:

Year of working	Annual leave days
1 to 3	18 days
4 to 6	19 days
7 to 9	20 days

() This applies to employees who have completed one full year of service.*

8. Special Leave

The employer has the right to grant his employee special leave during the event directly affecting the employee's immediate family for duration 7 days per year as reason below:

- Marriage of either the employee or their children
- Birth of employee's child
- Death and/or sick in the employee's family

9. Sick Leave

Employees who are absent due to sickness must obtain a medical certificate from an official hospital, and the employer must allow sick leave for up to six months in accordance with Article 71 of the Labour Law, while the request for sick leave must follow the enterprise's internal policy and Prakas No. 109 LV/PrK dated 19 May 2008 on employment injury benefits.

10. Maternity and Paternity Leave

Expectant mothers are entitled to **90 days of maternity leave** if they have completed **at least one year of service**, with the law not specifying whether the leave must begin before or after childbirth. Employers must pay **50% of the employee's average wage** over the preceding 12 months during maternity leave, and dismissal is prohibited during this period, while the **NSSF provides additional postnatal benefits**. As of early 2023, there is **no specific provision for paternity leave** under Cambodian labour law, although such leave may be considered under **special leave**.

11. The labour Contract

Labor contract establishes working relations between employee and employer. It is subject to ordinary law and can be made in that form that is agreed upon by the contracting parties. It can be written or verbal and can be drawn up and signed according to local custom. If it needs registering with no cost.

The verbal contract is considered to be implied agreement between the employer and the worker under the condition laid down by the labour regulation, events if it is not expressly defined. Article 65 labor law.

12. Type of labour contract

Fixed Duration Contract (FDC)

A Fixed Duration Contract (FDC) is an employment contract that runs for a specific period and may be renewed, but only within strict limits set by Cambodian labour law. An FDC is considered as follows:

- It must be in writing.
- It must clearly state the start date and end date of employment.
- The contract cannot exceed 2 years.
- It may be renewed, but the total combined duration cannot exceed 2 years.
- If the contract continues beyond 2 years, whether by renewal or extension, it is automatically considered an **Unfixed Duration Contract (UDC)**

Unfixed Duration Contracts (UDC)

A UDC is a typical open-ended employment contract that continues until either party terminates it in accordance with the Labour Law.

A UDC may arise either by deliberate agreement when the parties do not specify an end date, or by operation of law when an FDC unintentionally exceeds the legal limits and converts into a UDC. Although not legally required to be in writing, it is **strongly recommended** for UDCs to be documented to ensure enforceability, and all UDCs must comply with the **minimum standards** of the Labour Law.

13. Probation

Employers may require new employees to undergo a probationary period to assess their skills and suitability, although this is not mandatory. The maximum duration of probation depends on the employee's classification: **3 months** for regular employees, **2 months** for specialized workers, and **1 month** for non-specialized workers. Employment contracts may be terminated during the probation period without the need for advance notice.

14. Foreign Work Quotas in Cambodia

Cambodian employers hiring foreign nationals must obtain a foreign employee quota from the Ministry of Labour and Vocational Training (MLVT), with the general limit set at **10% of the total workforce**. However, under **Prakas 277/20 (August 2020)**, employers may request MLVT approval to hire beyond this quota. The quota application is typically submitted **each November**, followed by processing **individual work permits by March** of the following year. These procedures are managed through the **Foreign Workers Centralised Management System (FWCMS)**, an online platform administered by the MLVT.

15. Seniority Indemnity Payments

Under Article 89 of the Labour Law, Cambodian employers are required to provide seniority indemnity payments equal to 15 days of wages and applicable allowances per year. These payments are made in two instalments each year half every six months.

16. National Social Security Fund (NSSF)

The NSSF is the mandatory state social security system in Cambodia, and all enterprises with at least one employee must register. Employers are responsible for paying NSSF health-care contributions, which range from USD 1.70 to USD 10.20 per month, with employees earning USD 300 or more contributing at the maximum rate of USD 10.20.

17. Pension Funds

Cambodia previously had no employer-supported pension scheme. However, beginning in 2022, the country introduced its first pension system for private-sector employees under the NSSF. Both employer and employee must contribute 2% each of the applicable wage base, with the contribution rate scheduled to increase by an additional 4% every five years.

CAMBODIA TAX SUMMARY

1. Administration of Business Registration for Taxpayers

In accordance with Prakas 701 MEF.Prk Tax Registration and update information of Taxpayers dated 14 August 2020, all business entities are required to register and update information with the General Department of Taxation within fifteen (15) working days from the commencement of economic activities or from the date of receiving approval or certification from the relevant ministries or institutions.

2. Tax regime and accounting rules

a. Self-Assessment Tax Regime and Taxpayer Classification

Cambodia operates under a Self-Assessment Tax Regime, whereby taxpayers are responsible for determining their own tax liabilities and submitting both monthly and annual tax returns. In accordance with Article 5 and Article 6 of the Law on Taxation and MEF Prakas No. 009 MEF.PRK on the Classification of Taxpayers under the Self-Assessment Regime dated 12 January 2021, taxpayers are classified into three categories based on annual turnover, business sector, and asset value.

Taxpayer	Classification criteria		
	Business Sector	Annual Turnover	Asset Value
Small	Agricultural, Services, Commercial	KHR 250M-1,000M (Approx. USD 62.5K - 250K)	KHR 200M - 1,000M (Approx. USD 50K -250K)
	Industrial	KHR 250M – 1,600M (Approx. USD 62.5K – 400K)	KHR 250M -1,000M (Approx. USD 62.5K - 250K)
	<ul style="list-style-type: none"> - Turnover > KHR 60M in any 3 consecutive months - Expected turnover > KHR 60M - Participates in bidding 		
Medium	Agriculture	KHR 1,000M- 4,000M (Approx. USD 250K - 1M)	KHR 1,000M - 2,000M (Approx. USD 250K -500K)
	Services and commercial	KHR 1,000M - 6,000M (Approx. USD 250K- 1.5M)	
	Industrial	KHR 1,600M - 8,000M (Approx. USD 400K -2M)	KHR 2,000M - 4,000M (Approx. USD 500K-1M)
	<ul style="list-style-type: none"> - Legal entities or representative office - Government institutions, NGOs, related projects - Diplomatic missions and international organizations 		
Large	Agriculture	> KHR 4,000M (Approx. > USD 1M)	> KHR 2,000M (Approx.> USD 500K)
	Services and Commercial	> KHR 6,000M (Approx. > USD 1.5M)	

	Industry	> KHR 8,000M (Approx. > USD 2M)	> KHR 4,000M (Approx. > USD 1M)
	<ul style="list-style-type: none"> - Subsidiaries of multinational companies - Foreign branch offices - QIP enterprises 		

b. Applicable Accounting Rules

- Small Taxpayers shall apply the Simplified Accounting Rule.
- Medium Taxpayers and Large Taxpayers shall apply International Accounting Standards of Cambodia.

3. The Taxpayers

The taxpayers in Cambodia are classified as either resident taxpayers, or non-resident taxpayers.

- **Resident taxpayer** is an enterprise that has a place of management and carries on business in Cambodia.
- **A non-resident taxpayer** is an enterprise that derives Cambodian source income but does not have a place of management in Cambodia.
- **A non-resident taxpayer** will be deemed to be a Cambodian resident for tax purposes if it is found to have a Permanent Establishment in Cambodia.

** A resident taxpayer is subject to Tax on Income (ToI) for the income derived from both Cambodian and foreign sources, whereas, a non-resident taxpayer is subject to ToI in respect of its Cambodian source income only.*

4. The Obligations of Small, Medium and Large Taxpayers

a. Annual Patent Tax

All registered taxpayers are required to pay the **Annual Patent Tax** by **31 March** each year.

The amount payable depends on the taxpayer's classification based on annual turnover:

Taxpayer Type	Annual Patent Tax Fee
Small Taxpayer	KHR 400,000 (approx. USD 100)
Medium Taxpayer	KHR 1,200,000 (approx. USD 300)
Large Taxpayer	KHR 3,000,000 (approx. USD 750) or KHR 5,000,000 (approx. USD 1,250) if annual turnover exceeds KHR 10 billion (approx. USD 2.5 million)

b. Obligations of Small Taxpayers

Small taxpayers are required to:

- File the Annual Income Tax Return and pay the corresponding tax within 3 months after the end of the calendar year.
- Maintain income and expense records in accordance with tax administration requirements and relevant Prakas issued by the Ministry of Economy and Finance (MEF).
- Follow the simplified tax compliance process, including filing monthly taxes through the GDT online system within 25 days of the following month.

c. Obligations of Medium and Large Taxpayers

Medium and large taxpayers must comply with the following obligations:

- Maintain proper accounting records and submit monthly and annual tax returns in the forms determined by the tax administration within 3 months after the end of the tax year.
- Enterprises reporting a loss must still submit tax declarations in the same manner and timeframe.
- Keep books of accounts, accounting records, and all supporting documents for a minimum of 10 years after the end of the tax year.
- Prepare financial statements in accordance with the Cambodian International Financial Reporting Standards (CIFRS) or CIFRS for SMEs.
- File monthly taxes through the GDT's online system within 25 days of the following month.

5. Taxable Income

- **Taxable income** is the net income realized from all results of business activities and other non-business activities of the physical person or legal person includes capital gains, interest, rent, royalty, and income from financial assets or investment assets including immovable property
- **For legal persons**, the taxable income shall be the result from adjustment of accounting results in the tax year in accordance with the provisions on taxation.
- **For physical persons**, taxable income is the result from total income in the tax year offset by expenditures and other allowances (to be determined by a Sub-Decree).
- **The Rules and procedures for taxation** are further determined by Prakas (regulation) by the Minister of Economy and Finance. (Article 7, Law on Taxation).

6. Tax years

The tax year shall be determined as follows:

- Calendar Year from 01 January to 31 December
- The Enterprises that is managed by non- resident legal entity can apply for a tax year different from calendar year. (Article-8, Law on Taxation)

7. Capital Gain

Under MEF Prakas No. 496, capital gains tax is imposed on physical resident taxpayers who realize capital gains from selling or transferring immovable property, leases, investment assets, goodwill, intellectual property (IP), and foreign currencies both inside and outside Cambodia.

Non-resident taxpayers are subject to capital gains tax on capital gains derived from the sale or transfer of capital assets located in Cambodia.

For resident legal entities, capital gains are treated as ordinary income and taxed at the prevailing Tax on Income (ToI) rate of 20%.

Under this Prakas, the implementation of capital gains tax on the sale or transfer of leases, investment assets, goodwill, IP, and foreign currencies shall be implemented from 1 September 2025 and the capital gains tax on the sale or transfer of immovable property shall be implemented from 1 January 2026.

According to the Notification on the postponement of Prakas No. 496 MEF dated 18 July 2025, the implementation of capital gains tax on all six categories of taxable capital has been postponed to 1 January 2026.

8. Tax Rate

The tax rate on the annual income shall be determined as follows:

- 20% on taxable income realized by a legal person.
- 30% on taxable income realized on oil or natural gas production sharing contract or realized from the exploitation of natural resources including timber, mineral, gold and precious stones.
- 0% for the taxable income of the QIP during the tax exemption period.
- 5% for the taxable income on insurance or reinsurance activities on property risk.
- The taxable income realized by the physical person, sole proprietorship and the distributive share to each member of a partnership that is not considered as a legal person shall be taxed on income by the progressive tax rates by tranche determined by Sub-Degree.

9. Minimum tax

Enterprises that do not maintain proper accounting records, including those that incur losses, generally are subject to a minimum tax (MT) at a rate of 1% of total annual turnover inclusive of all taxes, except value added tax (VAT).

10. Dividends

Dividends paid to **resident shareholders** are **not subject to tax**.

An enterprise distributes dividends **out of pre-tax income** to either a **resident or non-resident shareholder** (except a QIP enterprise that is currently enjoying a tax-holiday period), it becomes subject to **Advance Tax on Dividend Distribution (ATDD)**.

The ATDD is calculated as: **Grossed-up dividend × Applicable Tax on Income (ToI) rate**

- **20%** for normal business income
- **30%** for income from oil, natural gas production, or the exploitation of natural resources

11. Individual taxation

Cambodia does not have a personal income tax filing system. Instead, tax on individuals is withheld at source through the Tax on Salary (ToS) and Fringe Benefits Tax (FBT). Salary is taxed at progressive rates of 5% to 20%, while fringe benefits are taxed at a flat 20% based on the taxable value of the benefit.

The Tax on Salary (ToS) rates for resident employees are as follows:

Taxable Monthly Income (KHR)	Tax Rate
0 - 1,500,000	0%
1,500,001 - 2,000,000	5%
2,000,001 - 8,500,000	10%
8,500,001 - 12,500,000	15%
> 12,500,000	20%

Non-resident employees are taxed on Cambodia-sourced salary at a flat rate of 20%.

12. Value Added Tax (VAT)

Value Added Tax (VAT) applies as below:

Category	Rate
• Standard supplies	10%
• Zero-rated supplies (exports, international transport)	0%
• Supplies under VAT state-charge (agriculture, QIP)	0% (state borne)
• Exempt supplies (Primary financial services, electricity, water for public use, solid and liquid waste collection, education, healthcare, public postal services, insurance, and other exempt supplies as prescribed by law)	Exempt

13. E-Commerce taxation

Cambodia's non-resident e-commerce VAT regime introduced through Sub-Decree 65 (2021) and subsequent instructions requires foreign digital service providers to register under a simplified VAT system when supplying digital goods or services to Cambodian consumers. For B2B transactions, Cambodian enterprises must self-account for VAT via the reverse charge mechanism and may claim the corresponding input credit.

E-commerce activities such as online sales of goods, software downloads, cloud and hosting services, online advertising, streaming, and other digital services are treated similarly to traditional business activities for tax purposes and are generally subject to 10% VAT, Tax on Income, and other applicable tax obligations.

14. Public Lighting Tax (PLT)

Public Lighting Tax (PLT) is imposed on the sale of alcohol and cigarette products both imported and locally manufactured at the first stage of the supply chain. Effective 1 January 2024, the PLT rate increased from 3% to 5%. The detailed calculation method will be prescribed by a forthcoming Prakas issued by the GDT.

15. Accommodation Tax (AT)

Accommodation Tax (AT) is imposed on the provision of accommodation services. The tax is levied at 2% on accommodation service fees, inclusive of service charges and other taxes, but exclusive of AT and VAT

16. Tax on Gambling Activities

Gross Gaming Revenue (GGR) earned by commercial gaming businesses is treated as a taxable supply and is subject to 10% VAT and 1% PTOL. Gaming businesses are also required to pay annual Tax on Income (20%) or Minimum Tax (1%), based on standard tax regulations.

Prakas No. 1080 MEF Prk dated 30 December 2022 provides detailed rules for computing GGR. In addition, all standard taxes including withholding tax, Tax on Salary, and Fringe Benefits Tax also apply to gambling operators.

17. Withholding Tax Rate

a) Withholding Tax Rates for Residents

Type of Payment	Rate
• Payment for services to a physical person, including management, consulting, and similar services	15%
• Payment of royalties for intangible assets or interests in minerals, oil, or natural gas	15%
• Interest payments made to a physical person or enterprise (non- bank)	15%
• Income from rental of movable or immovable properties	10%
• Interest on fixed deposits paid by a domestic bank or savings institution to a resident taxpayer	6%
• Interest on savings accounts paid by a domestic bank or savings institution to a resident taxpayer	4%

b) Withholding Tax Rates for Non-Residents

Type of Payment	Rate
• Income from services performed in Cambodia	14%
• Royalties from the use or right to use intangible property	14%
• Dividends and “deemed dividends” under certain transactions	14%
• Capital gains derived in Cambodia	14%
• Other Cambodian-source income as specified under Article 33 (new) of the Law on Taxation	14%

18. Tax Exemption and Tax incentive

i. Tax incentives for Qualifies Investment Project (QIP)

A Qualified Investment Project (QIP) that obtains a **Registration Certificate** from the **Council for the Development of Cambodia (CDC)** or the **Municipal-Provincial Investment Sub-Committee (MPISC)** will receive the following incentives:

Option 1: Basic Incentives

- ❖ Income Tax Exemption from the time of first revenue for activities in annex II of Lol: 3-9 years
- ❖ Payment of income tax at a progressive rate up to 6 years after the expiration of the income tax exemption period:
 - First 2 years: 25%
 - Next 2 years: 50%
 - Last 2 years: 75%
- ❖ Pre-payment of Tol exemption for activities in annex II: 3-9 years
- ❖ MT exemption, provided that independent audit report is carried out.
 - MT exemption without require to submit independent audit report for the 1st year for newly registered QIP.
- ❖ Export Tax exemption, unless otherwise provided in other laws and regulations.

Option 2: Basic Incentives

- ❖ Deduction of Capital Expenditure through special depreciation (40% of the capital cost)
- ❖ Eligible of deducting up to 200 % of specific expenses incurred for activities in annex II Lol: 3-9 years
- ❖ Specific expenses include:
 - Skill training
 - Use of Accounting System online
 - Study, Research & Development and hire foreign experts to train on new technology (i.e. AI and Robot technology)
- ❖ Pre-payment of Tol exemption for activities in annex II of Lol: 3-9 years
- ❖ MT exemption, provided that independent audit report is carried out.
 - MT exemption without require to submit independent audit report for the 1st year for newly registered QIP.
- ❖ Export Tax exemption, unless otherwise provided in other laws and regulations.

Additional incentives

- Customs duty, specific tax (SPT), and VAT borne by the state for export QIPs and supporting industry QIPs that import construction equipment, production equipment, and other production inputs;
- VAT exemption at 0% rate on local purchases of production inputs that serve the QIP; and
- 150% expense deduction for a number of activities (e.g., research, development, human resource development).
- Advance Tax on Dividend Distribution (ATDD) does not apply during the tax exemption holiday, including for annual income accrued during the tax exemption period for QIPs.

ii. Small and Medium Enterprises (SMEs) in Priority Sectors

Qualified SMEs operating in priority sectors-such as agriculture, food production, manufacturing of consumer goods for the tourism sector, innovative IT services, and SMEs located within designated SME clusters are eligible for tax incentives in accordance with Sub-Decree No. 124 OrNKr.BK dated 02 October 2018.

Period	Condition	Tax Incentive
3 to 5 years	<ul style="list-style-type: none"> Qualified SMEs in priority sectors must meet any of the following criteria: Use more than 60% of raw materials sourced locally; Increase employment by at least 20%; or Be located within an SME cluster. 	Tax on Income (TOI) Exemption

Additional Incentives (Special Deductible Expenses)

SMEs that invest in improving efficiency and productivity may claim additional deductions on the following expenses:

Expense Type	Additional Deduction
Improvement or modernization of IT & accounting systems	200% deduction
Training related to accounting or technical employee skills	200% deduction
Investment in machinery or innovative technological equipment	150% deduction

Other Tax Exemptions

- Minimum Tax (MT) exemption
- Prepayment of Tax on Income (PTOI) exemption

iii. Agricultural Sector

Agricultural entities that domestically produce, supply, or export rice, corn, beans, pepper, cassava, cashew nuts, and rubber are entitled to certain tax exemptions until the end of 2027, in accordance with Prakas No. 962 MEF dated 9 November 2025.

Tax Type	Tax Exemption
VAT	Supplies of goods or services to eligible agricultural enterprises shall be treated as State-charged VAT.
WHT	15% WHT exemption on service payments made to non-VAT-registered local suppliers.
PTOI	Prepayment of Tax on Income (PTOI) exemption
Minimum Tax	Exempt from Minimum Tax, provided that the enterprise maintains proper accounting records in accordance with Cambodian tax regulations.

Enterprises must fulfil the following conditions to obtain the tax exemption

- Obtain a certification of VAT as state-charge from the general tax department with a 1-year validity.
- Attach a list of suppliers claiming VAT state-charge with the monthly tax return, and
- Maintain accounting records in accordance with laws and provision in effect.

iv. Education Sector

Eligible educational institutions including private and public institutions that provide **educational services** from kindergarten through university level, as well as technical and professional training institutions may receive tax exemptions **until 2028**, based on the Council of Ministers' **Notification Letter No. 252 dated 27 February 2023**. Eligible institutions are exempt from the following taxes for the period **2024-2028**:

- Corporate Income Tax (CIT)
- Prepayment of Tax on Income (PTOI)
- Minimum Tax (MT)
- Value-Added Tax (VAT)
- Withholding Tax (WHT) on services, interest, and dividends

Other tax obligations may still apply, including:

- Salary Tax
- WHT on rental payments
- Property Tax
- Patent Tax

Compliance Requirements: Institutions benefiting from the exemptions must:

- Continue submitting monthly and annual tax returns to the General Department of Taxation (GDT) in accordance with Cambodian tax law.
- Submit an independent audit report if their annual turnover meets or exceeds the threshold specified in the Notification.

LAW ON ACCOUNTING AND REPORTING

The current accounting standards for all legal entities are Cambodian International Financial Reporting Standard and Cambodian International Financial Reporting Standard for Small and Medium Entities approved by Prakas of the Minister of the Ministry of Economy and Finance in accordance with the proposal of the National Accounting Committee (NAC) currently known as Accounting and Auditing Regulator (ACAR).

Accounting Period and Language

The Law on Accounting and Auditing promulgated the official accounting period starting from 01 January to 31 December. Any change in accounting period will required approval from ACAR. Accounting records and financial statements shall be in Khmer language and expressed in Khmer Riel. Every Enterprise and not-for profit entity is obligated to maintain their respective accounting records at least for a period of ten (10) years starting from the date of the records were created.

Accounting Standards

- Public interest entities/institutions: must adopt CIFRS
- Non-public interest entities: can adopt either CIFRS for SMEs or CIFRS (voluntarily)
- Not for profit entities: must adopt CIFRS for NFPEs

Financial Report Requirement

❖ Audited Financial Statements

ACAR started the first practice of financial statements submission in 2021 for the financial year 2020 requiring all enterprises meeting certain criteria as listed below to submit its audited financial statements:

- **Automation obligation:**
 1. State Owned Enterprise
 2. Public Accountable Entities
 3. Qualified Investment Project
- **Enterprise which meets 2 out of three thresholds below**
 1. Revenue from 4 billion Riel (Approx. USD 1 million)
 2. Total asset from 3 billion Riels (Approx. USD 750,000)
 3. Employee from 100 staffs
- **Non-profit organization which meets 2 thresholds below**
 1. Total annual expense from 2 billion Riels (Approx. USD 5 500,000) and
 2. Total worker/ employee from 20 people up

The financial statement auditing shall be completed within 6 months after account period and submitted within 6 months and 20 days after accounting period.

E.g. The audit financial statement for the year ended 31 December 2025 shall be published by 30th June 2026 and submit to ACAR the latest on 20th July 2026.

❖ **Non-audited Financial Statement**

For enterprises that do not fall into audit criteria, those enterprise are required to submit financial statements to ACAR within 3 months and 20 days after accounting period. Financial year 2021 is considered as the first year of implementation for non-audited financial statement submission.

Recently, ACAR has approved on the new Cambodian Reduced Financial Reporting Framework to reduce the compliance work without minimizing the quality, relativity and transparent of financial information for the users. This new framework is applicable for Qualifying Entity which is not the public interest entity and subjected to financial auditing. Hence, the entities are exempt from preparing Statement of Changes in Equity and Statement of Cashflow and only report below:

- Statement of Financial Position
- Statement of Comprehensive Income
- Notes to Financial Statements

UHY IN CAMBODIA



UHY KH Assurance Co.

Cambodia

CONTACT DETAILS

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SOCIAL MEDIA CONNECTIONS

- Facebook: <https://www.facebook.com/EWACCAM/>
- LinkedIn: <https://www.linkedin.com/company/east-wing-auditing-consulting-co-ltd/>

Year established: 2011
PCAOB registered? No
Number of partners: 1
Total staff: 7

BRIEF DESCRIPTION OF FIRM

UHY KH Assurance Co. is professional services firm based in Cambodia, specialising in audit, tax and accounting services.

PRINCIPAL OPERATING SECTORS

Client industry classifications listed in order of importance:

- 1 - Manufacturing
- 2 - Construction
- 3 - Distribution
- 4 - Waste Management
- 5 - IT and Utility Services

LANGUAGES

English, Cambodian, Chinese and Japanese

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

China, Malaysia, Japan, Singapore and Thailand

UHY KH Assurance Co.

Cambodia

BRIEF HISTORY OF FIRM

Established in 2011, UHY KH Assurance Co. has grown to become a trusted partner for businesses seeking financial services in Cambodia. In 2012, the firm was officially admitted into the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) and obtained its Auditing Practice License from the Ministry of Commerce (MOC), reinforcing its commitment to professional excellence and regulatory compliance.

Let us help you achieve further business success

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