

PART 3
SPECIAL ECONOMIC ZONE
(SEZ)

53. **Sub-Decree # 148 (RGC) on the Establishment and Management of the Special Economic Zone (December 29, 2005)**.....3-1

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THE ROYAL GOVERNMENT OF CAMBODIA
No: 148 ANK//PK

ANUKRET (SUB-DECREE)
ON
THE ESTABLISHMENT AND MANAGEMENT
OF THE SPECIAL ECONOMIC ZONE

December 29, 2005

- Referring to the Constitution of the Kingdom of Cambodia;
- Referring to Preah Reach Kret No. NS/RKT/0704/124 of July 15, 2004 on the Establishment of the Royal Government of Cambodia;
- Referring to Preah Reach Kram No. 02/NS/94 of July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Referring to Preah Reach Kram No. 03/NS/94 of August 05, 1994, promulgating the Law on Investment in the Kingdom of Cambodia and Preah Reach Kram No. NS/RKM/0303/009 dated March 24, 2003, promulgating the Law on Amendment to the Law on Investment of the Kingdom of Cambodia;
- Referring to Preah Reach Kram No. NS/RKM/0297/03 of February 24, 1997, promulgating the Law on Taxation and Preah Reach Kram No. NS/RKM/0303/010 of March 31, 2003, promulgating the Law on Amendment to the Law on Taxation;
- Referring to Kret of Council of State of Cambodia No. 57 Kr. dated July 26, 1989 on the Tax on Import and Export Goods;
- Referring to the Sub-Decree No. 111 ANK//PK dated September 27, 2005 on Implement the Law on Amendment to Law on Investment in the Kingdom of Cambodia;
- Referring to the Sub-Decree No. 147 ANK//PK of July 27, 2001 on the Organization and Functioning of the Council for the Development of Cambodia;
- Pursuant to the Request of the Council for the Development of Cambodia; and
- Pursuant to the necessity of the Royal Government;

IT IS HEREBY DECIDED:**CHAPTER I****GENERAL PROVISIONS****Article 1: Purpose and Implementation of Sub-Decree****1-1 Purpose**

This Sub-Decree is intended to establish and manage the Special Economic Zones and establish the investment climate favorable for the improvement of the productivity of the products, competition, national economic growth, export encouragement, job creation for people in order to reduce the poverty, and also define the procedures and provisions related to the establishment, management, coordination of all investment activities and promotion of investment for Zone Developers and Zone Investors in the Special Economic Zones in the Kingdom of Cambodia.

Based on the purpose above, the Royal Government will support the Special Economic Zones in order to implement the principles and conditions, which ensure transparency and efficient operation, accountability for investors, provision of required information and in accordance with the previous policy set by the Royal Government.

1-2 Implementation

This Sub-Decree shall apply to all activities of relevant ministries/institutions of the Royal Government, Zone Developers and Investors in the Special Economic Zones that are permitted to invest and obtained Investment Incentives and guarantees from the Cambodian Special Economic Zones Board and the Administration of the Special Economic Zone.

Article 2: Definitions

The following definitions apply in this Sub-Decree:

- **Administration of the Special Economic Zone:** refers to the administration management unit of the State which is the “One-Stop Service” mechanism at the site of the Special Economic Zone and has the duties to issue permit, approval, license and registration, including the approval on the incentives, on behalf of the lined ministry and technical institution pursuant to the full authority delegated by the lined ministry and institution, for the Zone Investors, and finding solutions to all requests relative to management competence of the State in the investment process in the zone.
- **Cambodian Special Economic Zones Board (CSEZB):** refers to the Cambodian Special Economic Zones Board under the authority of the Council for the Development of Cambodia which is established by a sub decree and has the duties to decide on the establishment of, and to supervise the Special Economic Zones in the Kingdom of Cambodia.
- **Council:** refers to the Council for the Development of Cambodia which is established under the Law on Investment of the Kingdom of Cambodia.
- **Free Trade Center:** refers to center for service supporting activities, storage, demonstration, packaging, cleaning, and finishing of the Output Materials of Production, products, accessories, or other equipment whose import-export in /out of the zone are provided with duty exemption except for export to other places in the Kingdom of Cambodia where this import-export is bound by the duty and tax obligations according to the applicable law.

- **General Industrial Zone (GIZ):** refers to a zone established for industrial activities and other activities related to the production and transformation of goods for the needs in the country and for export.
- **Input Materials of Production:** refers to goods including raw materials, semi-finished products and subordinated equipment for production, which have been transformed or fully used in the production process of the Qualified Investment Project no later than two years after being imported. This definition does not include the equipment and the furniture for using in the office, crude oil production, vehicle and the spare parts of the vehicle.
- **Output Materials of Production:** refers to goods produced from the transformed Input Materials of Production.
- **Production Center:** refers to the center where the factories are located in the industrial zone.
- **Production Equipment and Accessories:** refers to machines and equipment that are mainly used to transform the Input Materials of Production which cannot self-transform or which have been used for two years after being imported. These machines and equipment shall not include the IT Equipment or vehicles which are used for a variety of purposes other than the production process of the Qualified Investment Project.
- **Qualified Investment Project (QIP):** refers to an investment project, which has received a Final Registration Certificate.
- **Residential Center:** refers to the center for residence of workers, employers and employees in the Special Economic Zone.
- **Special Economic Zone (SEZ):** refers to the special center for the development of the economic sectors which brings together all industrial and other related activities and could include General Industrial Zones and/or Zones for Production and Transformation for Export. Each Special Economic Zone shall have a Production Center and may have Free Trade Center, Service Center, Residential Center and tourist center.
- **Service Center:** refers to the center for supporting the industrial and commercial activities such as managing and operating offices of the industrial zone, bANK/, post office, commercial stores and transportation services.
- **Zone Developer:** refers to the person who implements the Qualified Investment Project, whether Cambodian or/and foreign natural or/and legal person permitted to invest for the development of physical infrastructures in the zone, and organization of business, services and ensuring the safety and security of the Zone Investors.
- **Zone Investor:** refers to the person, whether Cambodian or/and foreign natural or legal person, who implements the Qualified Investment Project and who purchases or rents the immovable property from the Zone Developer and performs investment activities such as business, production, services and trade in the zone.
- **Zone for Production and Transformation for Export (ZPTE):** refers to the zone of industrial activities and other activities related to the production and transformation of goods only for export.

CHAPTER II
PROCEDURES FOR ESTABLISHMENT
OF THE SPECIAL ECONOMIC ZONE

Article 3: Establishment of the Special Economic Zone

3.1. Terms and Conditions for the Establishment of the Special Economic Zone:

1. The Special Economic Zone shall be permitted to be established in the Kingdom of Cambodia at the appropriate and strategic areas according to the Royal Government of Cambodia's decision pursuant to the decision of the "One-Stop Service" mechanism of the Council.
2. The Special Economic Zone may be initiated to be established by the State, private party or joint venture between State and private party.
3. Establishment of the Special Economic Zone shall be pursuant to the following terms:
 - (a) having a land of more than 50 hectares with clear location and geographic borders;
 - (b) having a surrounding fence (for the Zone for Production and Transformation for Export, the Free Trade Center and for the premises of each investor in each zone);
 - (c) having management office buildings, zone administration offices, large road system, clean water system, electricity system, telecommunication and post network, and fire protection security system. Based on each situation, the zone may have land reserved for the Residential Center for workers, employees and employers, public parks, infirmary, vocational training school, petroleum station, restaurant, car parking station, shopping center or market, etc.;
 - (d) having sewage systems, recycling system for liquid wastes, location for storage and management of solid wastes, environment protection measures and other related infrastructures based on the needs;
 - (e) technical conditions, provisions and basic rules for construction, environment affairs and other skills in order to develop the Special Economic Zone above shall be instructed and defined by specialized and competent ministries/ institutions through mandatory rules in compliance with the laws and national and international standards according to the geography and specific size of each zone;

3.2. Procedure for Establishment of the Special Economic Zone:

1. All Zone Developers who intend to invest in order to develop a Special Economic Zone in any place firstly shall submit a request for approval for the development of the zone to the Cambodian Special Economic Zones Board and apply for the Qualified Investment Project. The Cambodian Special Economic Zones Board has the duty to make conclusions over the proposal and give recommendations to the "One-Stop Service" meeting of the Council to decide whether to reject or approve the request to establish the zone.

The Zone Developer shall pay an application fee to establish the Special Economic Zone in amount of 7,000,000 Riels (Seven Million Riels) (Approximately US\$ 1,750) to the Cambodian Special Economic Zones Board.

2. The Cambodian Special Economic Zones Board shall respond, either the positive or negative result to the request, no later than 28 (twenty-eight) working days to the Zone Developer.
3. The Zone Developer who received an approval for the development from the Cambodian Special Economic Zones Board, may have 180 (one hundred eighty) working days and may extend based on clear reasons, to conduct the detailed economic feasibility study project including the preparation of the master plan on all infrastructures in the zone, connecting roads from inside to outside area, water-electricity system, environment protection system, local services costs, land rent cost, factory rent cost, water, electricity and phone services and security costs, and cost of using public space in the area for the Zone Investors and cost for workers, employees and employers to reside, and vocational training center, etc., and other related documents or certified letters required by the Cambodian Special Economic Zones Board upon request of the competent ministry/institution; such requirements shall be stipulated in the Conditional Registration Certificate of the Zone Developer.
4. Within no longer than 100 (one hundred) working days from the date when the Zone Developer submitted the project to the Council as stated in paragraph 3.2.3, the Cambodian Special Economic Zones Board shall receive on behalf of the Zone Developer the approvals, authorizations, licenses, permits or registrations from competent ministries, institutions, authorities or relevant agents of the Royal Government who have duties to provide these documents, together with the issuance of the Final Registration Certificate for the Zone Developer as defined in this paragraph.
5. The establishment of the Special Economic Zone and boundaries of each Special Economic Zone shall be defined by Sub-Decree at the same time when the Cambodian Special Economic Zones Board issues the Final Registration Certificate to the Zone Developer.
6. The Zone Developer who has not implemented the project at least 30% (thirty percent) of the total investment capital of the project within 365 (three hundred and sixty five) working days after receiving the Final Registration Certificate, the Cambodian Special Economic Zones Board has the right to withdraw the approval on the development of the zone and incentives which were granted through the Final Registration Certificate.

3.3. Procedures for Registration of the Zone Investor:

The Zone Investor who starts the activity of production or services in the fields permitted by related Laws and Sub-Decrees in any Special Economic Zone shall complete the formalities based on the procedure by preparing all required documents for registration of investment proposals at the office of the Administration of the Special Economic Zone who has duty to decide to register the investment proposal based on the legal, administrative and technical aspects at every working hour in order to get the Final Registration Certificate according to the procedures of the investment registration set forth in the Law and Sub Decree on the Implementation of the Law on Amendment to the Law on Investment of the Kingdom of Cambodia.

Any incentive provided to the Zone Investor shall be decided by the Administration of the Special Economic Zone at its office in accordance with the “One-Stop Service” mechanism, and the relevant laws and regulations in force.

With regard to all other proposals in the investment process of Zone Investors, the Administration of the Special Economic Zone shall play a role of a facilitator to find solutions for Zone Investors at the line ministries/institutions of the Royal Government.

CHAPTER III

MANAGEMENT STRUCTURE AND DUTY

Article 4: Management Structure of the Special Economic Zone

4.1. Dispute Resolution Committee of Special Economic Zones (SCSEZ)

The Dispute Resolution Committee of Special Economic Zones has the duty to promptly settle all affairs occurring at the Special Economic Zones, either technical or legal aspects or affairs under the mixed competence required to be settled between ministries or institutions and beyond the competence of the Administration of the Special Economic Zone or the Cambodian Special Economic Zones Board.

In addition, the Dispute Resolution Committee of Special Economic Zones also has duty to be a mechanism to receive any complaint, and find solutions to that complaint filed by Zone Developers and also Zone Investors.

This Committee is located in the office of the Council and has right to use the Council's stamp for its affairs.

The composition of the Dispute Resolution Committee of Special Economic Zones is:

1- Co-Chairmen of the Council for the Development of Cambodia	Co-Chairmen
2- Minister of the Council of Ministers	Member
3- Minister of Economy and Finance	Member
4- Minister of Commerce	Member
5- Minister of Land Management, Urbanism and Construction	Member
6- Minister of Environment	Member
7- Minister of Industry, Mines and Energy	Member
8- Minister of Public Work and Transportation	Member
9- Minister of Labor and Vocational Training	Member
10- Secretary General of the Council for the Development of Cambodia	Member
11- Secretary General of the Cambodian Special Economic Zones Board	Member

If needed, this Committee can invite any member of the Council to attend each meeting of this Committee. The session of the meeting of the Dispute Resolution Committee of Special Economic Zones is conducted under the summons of the secretary of the Dispute Resolution Committee of Special Economic Zones according to the instruction of the Co-Chairmen of this Committee.

4.2. Cambodian Special Economic Zones Board

The Cambodian Special Economic Zones Board is the "One-Stop Service" in charge of the development, management and supervision of the process of the Special Economic Zones.

Duties of the Cambodian Special Economic Zones Board are:

1. to be the "Etat-Major" of the Royal Government in relation to the policy and strategy, and to initiate plans and to set directions for the development of Special Economic Zones in the Kingdom of Cambodia;
2. to determine the principles and regulations relative to the appointment of the Administration of the Special Economic Zone, setting up the "One-Stop Service" mechanism in the zone, management of general administration and the functioning of the zone, dispute resolution and eventual dissolution of the zone;

3. to give the tax and non-tax incentives to the Zone Developers and introduce the principles of incentives of the Administration of the Special Economic Zone to the Zone Investors pursuant to the laws and provisions in force;
4. to prepare instructive principles about the management work and workers training, environment work, construction work, import/export, provision of the investment incentives and other technical affairs, including facilitation of relations with the ministries/ institutions of the Royal Government in order to ensure smooth and effective conduct of the affairs of the Special Economic Zones;
5. to inspect all irregular activities in the zone; and
6. to find solutions for all requests relative to the interests of the Zone Developers, Zone Investors, workers, employees, employers and other technical and legal requests.

4.3. Administration of the Special Economic Zone:

It is the “One-Stop Service” mechanism organized by the Cambodian Special Economic Zones Board in order to be permanently stationed in each Special Economic Zone and is structured and has the duties as follows:

1. The composition of the Administration of the Special Economic Zone is:

- Representative of the Cambodian Special Economic Zones Board	Chairman
- Representative of the Tax and Excise Department	Member
- Representative of the CAMCONTROL	Member
- Representative of the Ministry of Commerce	Member
- Representative of the Ministry of Labor and Vocational Training	Member

The members above shall be appointed by each line ministry/institution to be permanently stationed at each zone when the zone is developed.

2. The office of the Administration of the Special Economic Zone located in the Special Economic Zone is under the responsibility of the Zone Developer, which shall organize the office, support materials, water, electricity, accommodations, and grant aid according to the situation, etc.
3. All relevant ministries/institutions above shall delegate to their representative sufficient power to make decision on behalf of the ministry/institution in accordance with their respective authority in the zone.
4. The salary of the members of the Administration of the Special Economic Zone shall be paid by the lined ministry/institution.
5. Each Administration of the Special Economics Zone shall have its own seal for its official use on all documents used for the work of the Administration of the Special Economic Zone.

The duties of the Administration of the Special Economic Zone are:

- a. to control, based on respective competence, the import-export of goods, transport means and each people in the zone; to control the custom formalities for import-export of goods and facilitate administrative formalities for the functioning of the zone with the specialized ministries/institutions of the Royal Government;

- b. to control the implementation of the work of the Zone Developer and Zone Investors in relation to the activities in the zone based on the specified principles;
- c. to examine the Investment Proposals for registration, examine incentives, the issuance of permit, license, and certificates of origin of products requested by Zone Investors in order that the decision can be made in the zone for the Zone Investors;
- d. to examine works and activities according to its respective competence in the zone;
- e. to cooperate with the Zone Developer to find solutions to issues under its jurisdiction;
- f. to facilitate rapidly and effectively all relevant formalities;
- g. to file monthly, trimesterial, semesterial and annual report on activities of the zone to the governing ministries/institutions, the Cambodian Special Economic Zones Board, and Province/Municipality Investment Sub-Committee; and
- h. to perform other works to coordinate and find solutions to the requests of the Zone Investors with regard to ministries/institutions of the Royal Government.

4.4. The Zone Developer:

The Zone Developer performs activities under the applicable law in the Kingdom of Cambodia.

The Zone Developer has the following duties:

- (a) shall have sufficient capital and means to develop the infrastructure in the zone, including the human resources to perform activities of the zone;
- (b) shall have the legal rights to possess the land in order to establish the zone;
- (c) construct the infrastructures in the zone, including electricity, water, communication, and telecommunication system, environment protection and management system, build warehouse, extinguisher station and other necessary construction for services;
- (d) lease the land, provide services to the Zone Investors, specify the rent and service fees to the Zone Investors, including fees for water, electricity, building, telecommunication system, cleaning in the public area, security forces and others means used for the daily functioning of the Zone Investors;
- (e) arrange security forces and ensure good public order in the zone for 24/24 hours.
- (f) adopt the rules in connection with the services in the zone, including internal rules of the zone, and general rules for the Zone Investors and set business, production and services targets which are approved to have activities in the zone according to the principles specified for performing activities in the zone;
- (g) make advertisement to attract investors to invest in the zone and provide detail information about the formalities, procedures, and advantages to be acquired upon investing in the zone;
- (h) provide maintenance to and repair the infrastructures, ensure the good quality and hygiene and be fully responsible under the laws for all irregular activities and failing to apply the principles determined by the Cambodian Special Economic Zones Board;

- (i) file reports to the Cambodian Special Economic Zones Board upon request and perform custom duty obligations owed to the State through the appropriate maintenance of accounting books, as instructed by the Ministry of Economy and Finance; and
- (j) cooperate with and assist the Administration of the Special Economic Zone regarding the functioning of the zone and have close relationship with local authorities in order to find solutions to the relevant issues.

CHAPTER IV

INCENTIVES FOR THE SPECIAL ECONOMIC ZONE

Article 5: Procedures for Providing Incentives

The Cambodian Special Economic Zones Board examines and provides incentives to all Special Economic Zones in the Kingdom of Cambodia.

- 5.1. The proposal for tax exemption on the import of materials, facilities and construction equipment for the construction in the zone by the Zone Developer shall be submitted to the Cambodian Special Economic Zones Board for review and decision.
- 5.2. Incentives on import of production equipment, construction equipment and Input Materials of Production shall be approved for the Zone Investors according to the proposal and principles of the law and the investor concerned shall prepare a list of production equipment, construction equipment and Input Materials of Production to be imported and submit to the Administration of Special Economic Zone for approval in that zone, and the Administration of Special Economic Zone shall file a report to the Cambodian Special Economic Zones Board and governing institutions for information.
- 5.3. All rights arising out of the incentives on tax duty will be approved for the Zone Investor in the Final Registration Certificate to be issued to the Zone Investor in accordance with Law and Sub-Decree on the Implementation of the Law on Amendment to the Law on Investment of the Kingdom of Cambodia in force.

Article 6: Incentives on Taxation

- 6.1. The Zone Developer shall receive the following incentives for their investment activities:
 - (a) **Tax on Profit:** The tax exemption period on profit shall be provided for a maximum period of 9 (Nine) years in compliance with new Article 14, point 14.1 of the Law on Amendment to the Law on Investment of the Kingdom of Cambodia.
 - (b) **Import Tax and Other Taxes:** the import of equipment and construction equipment to be used in the zone for infrastructure construction in the zone shall be allowed and the import tax and other taxes shall be under the responsibility of the State.
- 6.2. The Zone Investor will obtain the incentives on custom duty and tax pursuant to new Article 14, point 14.9 of the Law on Amendment to the Law on Investment of the Kingdom of Cambodia and other relevant regulations.
- 6.3. The Zone Investor that obtains the incentive on Tax on Value Added with the rate of 0% shall record the amount of tax exemption for every import by the Zone Investor and the record of this amount of tax shall be eliminated if the Output Materials of Production are re-exported. In case the Output Materials of Production are imported to the domestic market, the Zone Investor shall pay back the amount of Tax on Value Added as recorded in comparison with the amount of export.

Article 7: Other Incentives

- 7.1. The Zone Developer shall obtain the tax exemption on the import of machineries, equipment for construction of the road connecting the town to the zone, and other infrastructures for public services for the public interests and the interests of the zone.
- 7.2. The Zone Developer may request, under the form of a temporary tax exemption (AT), for import of transportation means and machineries pursuant to the laws and regulations in force in order to build the infrastructures and ensure the functioning of the construction of the infrastructures.
- 7.3. All imports by the Zone Developer and the Zone Investor shall be exercised in compliance with the relevant regulations on the Pre-Shipment Inspection (PSI).
- 7.4. The Zone Developer, the Zone Investor and foreign employees have right to transfer all the income from investment and salary received from the zone through the bANK/ to oversea countries after the tax clearance.
- 7.5. Apart from the tax incentives, the Zone Developer and the Zone Investor have the right to obtain the investment guarantee as stated in Article 8 new, Article 9 and Article 10 new of the Law on Investment in the Kingdom of Cambodia and other relevant regulations.
- 7.6. The Zone Developer may obtain a land concession from the State for establishing the Special Economic Zone at the area close to the border or isolated region pursuant to the Land Law, and may lease this land to the Zone Investors.

CHAPTER V**SPECIAL RULES RELATED TO THE MANAGEMENT OF ZONE
FOR PRODUCTION AND TRANSFORMATION FOR
EXPORT OF THE SPECIAL ECONOMIC ZONE****Article 8: Terms of the Zone for Production and Transformation for Export**

The Zone for Production and Transformation for Export of the Special Economic Zone is an area surrounded by a fence and has specific entrances/exits determined by the Cambodian Special Economic Zones Board.

Only the workers, employees, employers, visitors and competent authority who have permits can enter or exit the surrounding area and premises of the Zone Investors during working hours. Regardless of any rANK/, nobody can stay after working hours in the Zone for Production and Transportation for Export and the premise of the Zone Investors, except for the authorized permanent guards and persons authorized by the Administration of the Special Economic Zone.

Article 9: Time for entry and exit of the Zone for Production and Transformation for Export

Regular time for entry and exit of the Zone for Production and Transformation for Export for the authorized persons, including the import-export of goods shall be determined by the internal rules of the Administration of the Special Economic Zone according to the agreement between the Zone Developer and the Administration of the Special Economic Zone.

Article 10: Import-Export of Goods to or from the Zone for Production and Transformation for Export

Goods imported to or exported from the Zone for Production and Transformation for Export shall be done according to regulations.

- 10.1. Import-Export of Goods to or from the Zone for Production and Transformation for Export shall be considered as Import-Export of Goods to or from the Kingdom of Cambodia

which firstly requires the owner of the goods to fulfill the formalities of import-export with the competent authority in the Zone for Production and Transformation for Export. These goods shall be technically prepared and packed and properly sealed by customs officer before importing to or exporting from the Zone for Production and Transformation for Export.

- 10.2. The above authority agent shall prepare all forms which shall be easy, simple and transparent and do not cause any difficulty for the control of these goods.
- 10.3. No retail business can locate or have activities in the Zone for Production and Transformation for Export, even if it is done under the aspect of serving the public or social interests.
- 10.4. The Zone Investor, despite being the owners, cannot use the Output Materials of Production produced in the Zone for Production and Transformation for Export without permission of the Administration of the Special Economic Zone.
- 10.5. The Zone Investor in the Zone for Production and Transformation for Export can propose to the Administration of the Special Economic Zone to purchase goods from the domestic market or from investor who is in the General Industrial Zone for production demand by entering specific contracts, and each sale and purchase shall be examined by the customs agent of the Special Economic Zone.

With regard to the proposal for sale, in the domestic market, of the Output Materials of Production which are not completed or of bad quality or out-of-date goods which the Zone Investor cannot export, the Zone Investor shall file the same proposal for approval as the one done for the purchase of goods in the zone.

All goods, which are delivered in the domestic market, despite any circumstances, shall be required to complete the same forms as those required goods to be imported into the Kingdom of Cambodia and shall be subject to import tax and other applicable taxes.

- 10.6. The Administration of the Special Economic Zone has full right at any time to check all suspected cases related to irregular activities of the Zone Investors regarding the import-export, if necessary, and shall formally inform the Zone Developer and the Cambodian Special Economic Zones Board.
- 10.7. Any violation, by the Zone Investor in any area in the Zone for Production and Transformation for Export, of the principles of movement of goods which is different to those the determined purpose, the program for the management of environment, the production principles, illegal production of goods, inconformity to production standards, or the benefits provided by the State which were used for wrong purposes, are subject to fine and punishment in accordance with the applicable laws and regulations.

CHAPTER VI

WORKFORCE

Article 11: Usage and Management of the Workforce

The use and management of the workforce in the Special Economic Zone shall guarantee the rights protected by the Constitution of the Kingdom of Cambodia. Workers and employees who work in the Special Economic Zone shall have the right to salary, benefits, work security and conditions for the safeguard of health as stated in the Labor Law, the Law on the Social Security for all persons governed by the provisions of the Law on Labor and relevant applicable regulations.

The employment of managers, technicians or experts from abroad can be done only when the number of foreign staff does not exceed 10% (Ten) of the total number of its personnel, workers and employees.

The foreign Zone Developers and Zone Investors can bring their spouse and dependants and have the right to obtain the resident visa pursuant to the Law on Immigration of the Kingdom of Cambodia.

Any use of workforce by recruiting and hiring Cambodian workers, employees or foreign workforce as the proportion stated above, and the bringing of dependents shall be performed in compliance with the Labor Law and the Law on Immigration as well as other relevant applicable regulations.

CHAPTER VII

VOCATIONAL TRAINING

Article 12: Training

The Zone Developer has the duty to cooperate with the Ministry of Labor and Vocational Training in order to facility the training of Cambodian workers, employees and promote new knowledge and skills to workers and employees with specific programs and high effectiveness.

CHAPTER VIII

DISPUTE RESOLUTION AND VIOLATION

Article 13: Any Special Economic Zone located in any province-municipality of the Kingdom of Cambodia shall be under the jurisdiction of the courts of that province-municipality in case of any violations, including criminal case.

Article 14: The Zone Developers, Zone Investors, workers, employees, employers, and civil servants who perform their activities and works in the zone and violate any regulations specified in the Special Economic Zone shall be punished in accordance with the applicable laws.

CHAPTER IX

FINAL PROVISION

Article 15: All provisions of the Law on Investment in the Kingdom of Cambodia and all relevant laws and regulations shall apply to all activities in the Special Economic Zone in case not specified in this Sub Decree.

Article 16: This Sub Decree shall be revised according to the fact and real need during its implementation pursuant to the request of the Cambodian Special Economic Zones Board and approval of the Dispute Resolution Committee of Special Economic Zones and, in the meanwhile, shall be prepared to become the Law on the Special Economic Zone in order to ensure the transparency and confidence from the investors in the near future.

Article 17: The Minister in charge of the Council of Ministers, Minister of Interior, Minister of Economy and Finance, Minister of Commerce, Minister of Industry, Mines and Energy, Minister of Environment, Minister of Land Management, Urbanism and Construction, Ministers of all Ministries, Heads of Institutions, Provincial-Municipal Governors and related entities shall efficiently implement this Sub-Decree from the date of the signature onward.

Phnom Penh, December 29, 2005
Prime Minister
Signed and Sealed: **HUN SEN**

Had informed to
Samdech Prime Minister
Senior Minister, Minister of Economy and Finance
First Vice-Chairman of CDC
Signed and sealed: **H.E. KEAT CHHON**

CC:

- The King's Cabinet
- The Secretariat of the Constitutional Council
- The Secretariat of the Senate
- The Secretariat of the National Assembly
- The Cabinet of Prime Minister
- The Secretariat of the Royal Government
- As stated in Article 17
- Doc and Archive

54. **Sub-Decree # 50 (RGC) on the Establishment of Industrial Zone (Cambodia) Free Trade Zone Development Corporation (March 25, 2005)**3-14

THE ROYAL GOVERNMENT OF CAMBODIA

No: 50 ANK//PK

ANUKRET (SUB-DECREE)

ON

**THE ESTABLISHMENT OF INDUSTRIAL ZONE
(CAMBODIA) FREE TRADE ZONE DEVELOPMENT CORPORATION**

March 25, 2005

- Seen the Constitutional Law of Cambodia;
- Seen the Royal Code No. 02/NS/94 of July 20, 1994 promulgating the law on the Organization and Functioning of the Council of Ministers;
- Seen the Royal Decree No. NS/RD/0704/124 of July 15, 2004 on the Appointment of the Royal Government of Cambodia;
- Seen the Royal Code No. 03/NS/94 of August 05, 1994 promulgating the Law on the Investment of the Kingdom of Cambodia;
- Seen the Sub-decree No. NS/RC/0303/009 of March 24, 2003 promulgating the Law on the Investment of the Kingdom of Cambodia;
- With reference to the Sub-decree No. 70 ANK//PK of July 27, 2001 on the Organization and Functioning of the Council for the Development of Cambodia and Sub-decree on the Amendments No. 112 ANK//PK of November 12, 2002 and No. 35 ANK//PK of August 04, 2004;
- Upon the proposal of the Council for the Development of Cambodia

IT IS HEREBY DECIDED:

Article 1: To establish **Industrial Zone** paged **(Cambodia) Free Trade Zone Development Corporation**, which is invested by ATTWOOD INVESTMENT GROUP CO.;LTD, situated in Tomnop Rolok Commune, Stueng Hav District, Sihanoukville City and covered by the total land area of 192 ha and 2,465 m² as marked on the location map, border and geographical dimension in the appendix approved by the competent ministry.

Article 2: The organization and functioning of this Special Economic Zone shall be subject to the scope of laws and regulations of the Kingdom of Cambodia.

Article 3: The Minister in charge of Council of Ministers, Minister of Interior, Minister of Economy and Finance, Minister of Land Management, Urban Planning and Construction, Minister of Commerce, Minister of Industry, Mine, and Energy, Minister of Social Affairs and Vocational Training, the Council for the Development of Cambodia, Ministers and Secretaries of State of all the relevant ministries and institutions, and Sihanoukville Municipal Governor and ATTWOOD INVESTMENT GROUP CO.;LTD shall effectively implement this ANUKRET from the date of its signature.

Having informed the Prime Minister for Signature
 Senior Minister and Minister of Commerce
 Deputy Director of the Council for the Development of
 Cambodia
 Signature: **CHAM PRASIDH**

Phnom Penh, March 25, 2005
 Prime Minister
 Signature and Seal: **HUN SEN**

55. **Sub-Decree # 135 (RGC) on the Establishment of MANHATTAN (Svay Rieng) Special Economic Zone (November 29, 2006)**.....3-15

THE ROYAL GOVERNMENT OF CAMBODIA
No: 135 ANK//PK

ANUKRET (SUB-DECREE)
ON
THE ESTABLISHMENT OF MANHATTAN
(SVAY RIENG) SPECIAL ECONOMIC ZONE

November 29, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0704/124, dated July 15 2004 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Royal Kram No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. 03/NS/94, dated August 05, 1994, promulgating the Law on Investment of the Kingdom of Cambodia and the Royal Kram No. NS/RKM/0303/009, dated March 24, 2003, promulgating the Law on Amendments to the Law on Investment of the Kingdom of Cambodia;
- Having seen the Sub-Decree No. 147 ANK//PK, dated December 29, 2005, on the Organization and Functioning of the Council for the Development of Cambodia;
- Having seen the Sub-Decree No. 148 ANK//PK, dated December 29, 2005, on the Establishment and Management of Special Economic Zone of Cambodia;
- Having seen the Sub-Decree No. 27 ANK//PK, dated March 14, 2006, on Adjustment to Article 1 of the Sub-Decree No. 147 ANK//PK, dated December 29, 2005, on the Organization and Functioning of the Council for the Development of Cambodia;
- Having seen the Sub-Decree No. 28 ANK//PK, dated March 14, 2006, on the Adjustment to Article 4 in the point No. 4.1 of the Sub-Decree No. 148 ANK//PK, dated December 29, 2005, on the Establishment and Management of Special Economic Zone of Cambodia;
- Pursuant to the proposal of the Council for the Development of Cambodia;

IT IS HEREBY DECIDED:

- Article 1:** To establish **MANHATTAN (Svay Rieng) Special Economic Zone** located at Bavet commune and Bati commune, Chantrea district, Svay Rieng province.
- Article 2:** MANHATTAN (Svay Rieng) Special Economic Zone is 157 hectares and 70 square meters of land as appeared/ specified in the drawing map in the appendix with approval from the competent ministry attached to this Sub-Decree.
- Article 3:** All land areas, located in the premises of the MANHATTAN (Svay Rieng) Special Economic Zone, as determined in Article 2, are legal private ownership of the Company.
- Article 4:** The organization and functioning of this Special Economic Zone shall be subject to the scope of laws and regulations of the Kingdom of Cambodia.
- Article 5:** The Minister in charge of the Council of Ministers, the Minister of Interior, the Minister of Economy and Finance, the Minister of Land Management, Urban Planning and Construction, the

Minister of Commerce, the Minister of Industry, Mine and Energy, the Minister of Labor and Vocational Training, the Council for the Development of Cambodia, all relevant Ministers and Secretaries of State, Governor of Svay Rieng province, MANHATTAN International Co., Ltd. shall effectively implement this Sub-Decree from the date of signature.

Phnom Penh, November 29, 2006
Prime Minister
Sealed and signed: **HUN SEN**

Having submitted to Samdech Prime Minister for signature
Secretary General of the Council for the Development of Cambodia
Secretary General of the Cambodian Special Economic Zone Committee
Sealed and signed: **SOK CHENDA**

CC:

- The Ministry of the Royal Palace
- The Secretariat General of the Senate
- The Secretariat General of the National Assembly
- The Cabinet of Samdech Prime Minister
- As in Article 5
- Document-Archive

56. **Prakas** # 152 (MEF) on the Delegation of Customs and Excise Power to the Representative of the Customs and Excise Department of the Ministry of Economy and Finance in the Special Economic Zone MANHATTAN, Svay Rieng Province (March 24, 2006).....3-17

THE MINISTRY OF ECONOMY AND FINANCE
No: 152 SHV/PK

PRAKAS
ON
THE DELEGATION OF CUSTOMS & EXCISE POWER TO
THE REPRESENTATIVE OF THE CUSTOMS & EXCISE DEPARTMENT
OF THE MINISTRY OF ECONOMY AND FINANCE
IN THE SPECIAL ECONOMIC ZONE MANHATTAN,
SVAY RIENG PROVINCE

March 24, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Kram No. NS/RKM/0704/001, dated 13 July 2004, promulgating the Supplementary Constitutional Law aimed at ensuring the normal operation of National Institutions;
- Having seen the Royal Decree No. NS/RKT/0704/124, dated 15 July 2004 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Royal Kram No. 02/NS/94, dated 20 July 1994, promulgating the Law on the Organization and the Functioning of the Council of Ministers;
- Having seen the Royal Kram No. NS/RKM/0196/18, dated 24 January 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 04 ANK/ PK, dated 20 January 2000 on the Organization and the Functioning of the Ministry of Economy and Finance;
- Having seen Sub-Decree No 78 ANK/ PK, dated 18 November 2004 on the addition and structural adjustment made to a certain Departments of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 148 ANK/ PK, dated 29 December 2005 on the Establishment and the Management of Special Economic Zone;
- Having seen the Sub-Decree No. 28 ANK/ PK, dated 14 March 2006, on the Adjustment to Article 4, Point 4.1 of Sub-Decree No. 148 ANK/ PK, dated 29 December 2005, on the Establishment and the Management of Special Economic Zone;
- Having seen the Decision of the Royal Government No. 57 SSR, dated 15 December 2005, on the Establishment of Administration for the Special Economic Zone MANHATTAN (Svay Rieng) SEZ;
- Pursuant to the need of the Ministry of Economy and Finance.

IT IS HEREBY DECIDED:

Article 1: To delegate power from the Ministry of Economy and Finance to Mr. Tith Vitou to work as a representative of the Department of Customs & Excise in the Special Economic Zone MANHATTAN Svay Rieng in addition to his current position as Acting Chief of the Office of Customs & Excise in Bavet, whose jobs deal with the followings:

- To review, facilitate, and decide on behalf of the Ministry of Economy and Finance for investors operating in the Special Economic Zone relating to the reviewing and deciding on the master list of the investment project for exporting and importing equipment, machinery, and raw materials within the mechanism of “one-stop-service” in place;

- To inspect and permit in place all kinds of merchandise, which are machinery, raw materials, and finished goods of any kind including transportation means of goods to be allowed to cross the Bavet border gate and to be allowed to access to the Special Economic Zone MANHATTAN Svay Rieng by verifying those items with the master list, of which items the investors obtain incentives for this Special Economic Zone;
- To be allowed to import, but subject to customs formalities, any and all kinds of merchandise as mentioned above into the Special Economic Zone MANHATTAN Svay Rieng without limitation of quantity;
- To give order to the Customs & Excise Officials of the Office of Customs & Excise in Bavet to meet the actual demand of the Special Economic Zone MANHATTAN Svay Rieng in order to ensure the smooth functioning and the continuation of managerial tasks, Customs Formalities Inspection for Export and Import by the investors of this Special Economic Zone and shall coordinate with the Svay Rieng Provincial Customs & Excise Branch if need be;
- With respect to work with high sensitiveness and irregularity, shall be required to get prior approval/decision from the Department of Customs & Excise.

Article 2: Mr. Tith Vitou shall perform his duties as mentioned above pursuant to the applicable Customs Regulation and Procedures in relation to the export and the import of goods into the Special Economic Zone.

Article 3: At the end of each month, Mr. Tith Vitou shall regularly prepare and compile documents involving all the export and import of goods of the Special Economic Zone along with other statistics reports as specified by the Department of Customs and Excise.

Article 4: The Secretary General, the Director of Cabinet, the Delegate of the Royal Government in charge of the Department of Customs and Excise, all relevant Departments and Units subordinated to the Ministry as well as the interested person as described in Article 1 above shall be in charge of implementing this Prakas from the date of signature onward.

Phnom Penh, March 24, 2006

Signed and stamped:

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Council for the Development of Cambodia
- The Ministry of Interior
- The Ministry of Foreign Affairs and International Cooperation
- The Ministry of Commerce
- The Cabinet of Samdach Prime Minister “for information”
- As in Article 4
- Document – Archive

57. **Sub-Decree # 113 (RGC) on the Establishment of Sihanoukville Special Economic Zone**
 (October 25, 2006).....3-19

THE ROYAL GOVERNMENT OF CAMBODIA
No: 113 ANK//PK

ANUKRET (SUB-DECREE)
ON
THE ESTABLISHMENT OF
SIHANOUKVILLE SPECIAL ECONOMIC ZONE

October 25, 2006

- Seen the Constitutional Law of Cambodia
- Seen the Royal Decree No. NS/RD/0704/124 of July 15, 2004 on the Appointment of the Royal Government of the Kingdom of Cambodia
- Seen the Royal Code No. 02/NS/94 of July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers
- Seen the Royal Code No. 03/NS/94 of August 05, 1994 promulgating the Law on the Investment of the Kingdom of Cambodia and Sub-decree No. NS/RC/0303/009 of March 24, 2003 promulgating the Law on the Amendment of the Law on Investment of the Kingdom of Cambodia
- Seen the Sub-decree No. 147 ANK//PK of December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia
- Seen the Sub-decree No. 148 ANK//PK of December 29, 2005 on the Establishment and Management of the Cambodian Special Economic Zone
- Seen the Sub-decree No. 27 ANK//PK of March 14, 2006 on the Modification of Article 1 of the Sub-decree No.147 ANK//PK of December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia
- Seen the Sub-decree No. 28 ANK//PK of March 14, 2006 on the Modification of Article 4, Clause 4.1 of Sub-decree No. 148 ANK//PK of December 29, 2005 on the Establishment and Management of Cambodian Special Economic Zone
- Upon the proposal of the Council for the Development of Cambodia

IT IS HEREBY DECIDED:

- Article 1:** To establish **Sihanoukville Special Economic Zone (SIHANOUKVILLE SEZ)** located in the Otres District, Stueng Hav District of Sihanoukville City.
- Article 2:** SEZ has the total area of one hundred seventy eight (178) ha. and six thousand two hundred square meters (6,200m²) as marked on the location map, border, and geography in the appendix approved by the Competent Ministry.
- Article 3:** The total land area of SIHANOUKVILLE SEZ as verified in Article 2 is belonged to a legally recognized private company.
- Article 4:** The organization and functioning of this Special Economic Zone shall be subject to the scope of laws and regulations of the Kingdom of Cambodia.
- Article 5:** The Minister in charge of the Council of Ministers, Minister of Interior, Minister of Economy and Finance, Minister of Land Management, Urban Planning and Construction, Minister of Commerce, Minister of Industry, Mine, and Energy, Minister of Social Affairs and Vocational Training, Ministers and Secretaries of State of all the relevant ministries and institutions, and all

Sihanoukville Municipal Governor and Cambodia International Investment Development Group shall effectively implement this ANUKRET from the date of its signature.

Phnom Penh, October 25, 2006

Prime Minister

Signed and sealed: **HUN SEN**

Having informed the Prime Minister for Signature
General Secretary of Council for the Development of
Cambodia
General Secretary of Special Economic Zone Committee

Signed: **SOK CHENDA**

CC:

- The Ministry of the Royal Palace
- The General Secretariat of Constitutional Council
- The General Secretariat of the Senate
- The General Secretariat of the National Assembly
- The Cabinet of Samdech Prime Minister
- The General Secretary of the Royal Government
- As in Article 5 “for cooperation and implementation”
- Archives - Chronicles

58. **Sub-Decree # 33 (RGC) on the Establishment of Phnom Penh Special Economic Zone**
 (April 19, 2006)3-21

THE ROYAL GOVERNMENT OF CAMBODIA
No: 33 ANK//PK

ANUKRET (SUB-DECREE)
ON
THE ESTABLISHMENT OF
PHNOM PENH SPECIAL ECONOMIC ZONE

April 19, 2006

- Seen the Constitutional Law of the Kingdom of Cambodia
- Seen Royal Decree No. NS/RD/0704/124 of July 15, 2004 on the Appointment of the Royal Government of the Kingdom of Cambodia
- Seen Royal Code No. 02/NS/94 of July 20, 1994 promulgated the law on the organization and functioning of Cabinet Ministers
- Seen Royal Code No. 03/NS/94 of August 5, 1994 promulgated Investment Law of the Kingdom of Cambodia and Royal Code No. NS/RC/0303/009 of March 24, 2003 promulgated the legislation on the Amendment of Investment Law of the Kingdom of Cambodia
- Referred to Sub-decree No. 147 SD/PK of December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia
- Referred to Sub-decree No. 148 SD/PK of December 29, 2005 on the Establishment and Management of Special Economic Zone
- Referred to Sub-decree No. 27 SD/PK of March 14, 2006 on the Revision of Article 1 of Sub-decree No. 147 SD/PK of December 29, 2005 on the Organization and Functioning of the Council for the Development of Cambodia
- Referred to Sub-decree No. 28 SD/PK of March 14, 2006 on the revision of Article 4 paragraph 4.1 of Sub-decree No. 148 SD/PK of December 29, 2005 on the establishment and management of Special Economic Zone
- Referred to Notification No. 268 N/SR of February 20, 2006 on the Achievement of the Session on Single Entry-Exit of the Committee for Cambodian Special Economic Zone
- Pursuant to the decision of the Royal Government

IT IS HEREBY DECIDED:

- Article 1:** To establish **Phnom Penh Special Economic Zone (PHNOM PENH SEZ)** located between Pleung Ches Rortes Commune, Dangkor District and Kantork – Boengthom Commune, Ang Snourl District, Kandal Province.
- Article 2:** PHNOM PENH SEZ has an area of 350 ha and 10m² the location map, border, and geography of which are in the annex with the approval of competent ministries as part of this sub-decree.
- Article 3:** The total land area of PHNOM PENH SEZ as verified in Article 2 is belonged to a legally recognized private company.
- Article 4:** The organization and functioning of this Special Economic Zone shall be within the scope of all laws and regulations of the Kingdom of Cambodia.
- Article 5:** The Minister in charge of Council of Ministers, Minister of Interior, Minister of Economy and Finance, Minister of Land Management, Urban Planning and Construction, Minister of

Commerce, Minister of Industry, Mine, and Energy, Minister of Social Affairs and Vocational Training, Ministers and Secretaries of State of all the relevant ministries and institutions, and all Phnom Penh Municipal Governor, Kandal Provincial Governor, and Phnom Penh SEZ Co. Ltd. shall effectively implement this ANUKRET from the date of its signature.

Phnom Penh, April 19, 2006
Prime Minister
Signature and Seal: **HUN SEN**

Having informed the Prime Minister for Signature
General Secretary of Council for
the Development of Cambodia
General Secretary of Special Economic Zone Committee
Signature : **SOK CHENDA**

cc:

- The Ministry of the Royal Palace
- The General Secretariat of Constitutional Council
- The General Secretariat of the Senate
- The General Secretariat of the National Assembly
- The Cabinet of Samdech Prime Minister
- The General Secretary of the Royal Government
- As in Article 5 “for cooperation and implementation”
- Document – Archives

59.	Royal Kram # NS/RKM/0600/001 on the Management of Quality and Safety of Products and Services (December 02, 2006)	4-1
	CHAPTER I GENERAL PROVISIONS	4-1
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ROYAL KROM

No. NS/RKM/0600/001

December 02, 2006

WE

**PREAHBATH SAMDECH PREAH NORODOM SIHANOUK VARMAN REACH HARIVONG
 UPHATO SUCHEAT VISOTHIPONG AKAMOHABORASRAT NIKAROSOM THAMMIK
 MOHAREACHEATHIREACH BOROMANEAT BOROMABOPIT PREAH CHAU KRONG
 KAMPUCHEA THIPDEY**

- Referring to the 1993 Constitution of the Kingdom of Cambodia;
- Referring to Reach Kram No. NS/RKM/0399/01 of March 8, 1999 on the Amendment of the Articles 11, 12, 13, 18, 22, 24,28, 30, 34, 51, 78, 90, 91, and 93 and Articles of Chapters VIII to XIV of the Constitution of the Kingdom of Cambodia;
- Referring to Reach Kret NS/RKT/1198/72 of November 30, 1998 on the formation of the Royal Government of Cambodia;
- Referring to Reach Kram 02/NS/94 of July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Referring to Reach Kram No. NS/RKM/0196/16 of January 24, 1996 promulgating the Law on the Establishment of the Ministry of Commerce;
- Pursuant to the Proposal of the Prime Minister and the Minister of Commerce;

HEREBY PROMULGATE

The Law on the Management of Quality and Safety of Products and Services as ratified by the National Assembly on 29 May 2000 at the third plenary session of the second legislature and as ratified by the Senate as to its entire form and legality on 02 June 2000 at the second plenary session; of the first legislature and whose meaning are as follow:

CHAPTER I

GENERAL PROVISIONS

Article 1: The scope of this law shall govern the following:

- all commercial enterprises;
- all manufacturers for commercial ends;

- importers, exporters, and merchants;
- service providers;
- advertisers of products, goods, and services; and
- civic associations and non governmental agencies engaged in manufacturing, commerce, or humanitarian relief.

Article 2: “Production/manufacturing” within the meaning of this law shall be defined as including the following: animal husbandry, dairy production, agricultural crop harvesting, fruit collection, fisheries, animal slaughtering, and the production, processing, and packaging of products together with stocking during production and the first pre-commercialization services.
 “Commercialization” within the meaning of this law shall be defined as including the following:

- all stocking operations, transport, custody for purpose of trade, sale display, and sales of products and goods;
- all gratuitous gifts of products including importation and exportation as well as sales, provisions of services, or the provisions of gratuitous services.

CHAPTER II

CONSUMERS’ RIGHTS AND ECONOMIC OPERATORS’ OBLIGATIONS

Article 3: Manufacturers and service providers shall be required to indicate on their products, goods, and services in Khmer Language the ingredients, Composition, users’ guidelines, manufacturing date, and expiration date along with other requirements, which guarantee the safety and health of consumers prior to their commercialization.

Manufacturers and services providers shall be liable for strictly complying with the provisions in the above-mentioned paragraph.

Article 4: Manufacturers and services providers shall comply with the general requirements of providing accurate information of the Composition or configuration of their products, goods, or services to prevent confusion by consumers or damage to competition.

Manufacturers and traders shall comply with the provisions in the above paragraph for all commercialized products and services.

Article 5: Merchants, traders, and service providers responsible for products, goods, or services first placed in the stream of commerce in the Kingdom of Cambodia shall be required to ensure that their products or services are in compliance with the provisions of the law.

Upon request from the competent inspecting agents as stipulated under Article 27 of this law, local manufacturers, importers, and service providers responsible for the first commercialization of these products and services shall be required to provide proof of inspections or records of prior examinations.

Article 6: When the products, goods, or services could harm the health or safety of consumers, their manufacturing and commercialization shall be subject to a prior submission of a declaration to the competent institutions and have a prior authorization by the competent institutions following an inspection and an indication of usage guidelines in Khmer Language.

Article 7: It shall be strictly mentioned in prohibited to place or place into the stream of commerce products, goods, or services mentioned in Article 6 of this law when no prior disclosure has been made or no prior authorization has been issued by the competent institutions.

Article 8: The following acts shall be strictly prohibited:

- evasion or attempt to evade inspections as stipulated under Article 6
- commercialization of products, goods, or services which have not been inspected

Article 9: Importation of products or goods not found in compliance with this law can be authorized provided they are only transited for re-exportation.

Article 10: Important of products and goods which are of humanitarian status or for non-commercial purposes can be made provided there is a special prior authorization form the Ministry of Commerce subsequent to the approval of the Royal Government.

This special authorization can only be made provided that the products and goods concerned are in conformity with international trade fair practices or internationally recognized norms.

Article 11: Manufacturing of products not in compliance with this law shall be allowed provided they are destined for export to other countries where their sales are legal and pursuant tom a specific international contractual arrangement.

Article 12: presentation of a proper compliance certificate, for exportation and importation, shall be required for certain products which:

- may be harmful to the health or safety of consumers;
- may affect fair commercial practices;
- may preserve and enhance the quality of locally manufactured products;
- are required by international trade or international conventions.

The inspection of the compliance certificate shall be the responsibility of the Ministry of Commerce and other concerned ministries.

Article 13: The Ministry of Commerce shall be responsible for entering into international technical cooperation agreements governing inspections of exported and imported goods, except for gas and petroleum.

CHAPTER III

QUALITY LABEL AND CREATION FORMALITIES

Article 14: A quality label is a separate mark to identify the quality of a product, goods, or service that manufacturers or service providers voluntarily affix to their products or services. The affixing of the quality label is done for the purpose of meeting the consumers' demand for information, to improve the manufacturer's and service provider's production performance, and to enhance the quality of domestic products.

Manufacturers and service providers shall affix the quality label in strict compliance with the conditions stipulated under Article 59 of this law.

The modalities for determining a quality label shall be determined by a sub-decree upon the proposal of the Ministry of Commerce and other concerned ministries.

Article 15: A norm within the meaning of this law shall be defined as a technical specification accessible to the public which has been established with the cooperation and consensus of all parties concerned, based on scientific and technological tests and experiments, which is adopted by a national accrediting institution for repeated or permanent use and whose recognitions not compulsory.

A national standard system shall be established in order to provide norms and other reference documents to assist in the settlement of technical and commercial problem related to products, goods, and services which can occur repeatedly in the relations between economic, scientific, technical, and social partners.

The Organization and Functioning of the National Standard Institute shall be defined in a sub-decree.

CHAPTER IV

COMMERCIAL FRAUD REPRESSION

Article 16: Whether the party is privy or not to a contract, or a third party, it shall be prohibited from falsifying or attempting to falsify products, goods, or services by any means with respect to:

- identity, type, nature, place of origin, physical or nutritional quality, contents, and quantity;
- past inspections, usage guidelines, non conforming usage, risks associated with usage, precautionary measures for all products, goods, and services;
- manufacturing methods and date of production, use, or consumption of products.

Article 17: It shall be prohibited to falsify products used, or kept, for commercialization by modifying the products through treatment or tampering such as adding, subtraction, or substituting any part of or the whole component, which is prohibited by regulations or in the absence of any regulations by customs, or which is not in compliance with the regulations.

It shall be strictly prohibited to put in the stream of commerce products, which are known to be falsified.

Article 18: It shall be prohibited to put in the stream of commerce food products which are known to be contaminated or toxic or do not meet bacteriological or sanitary requirement as stipulated by regulations of the ministries concerned.

Article 19: It shall be prohibited to keep at production, processing, and commercialization sites the following:

- Products known to be falsified;
- Food products known to be contaminated or toxic, or do not meet bacteriological or sanitary requirements as stipulated by regulations;
- Products and instruments used for falsifying or counterfeiting all types of goods;
- Tampered scales and measurement instruments used for producing or commercializing products;

Article 20: It shall be prohibited to put into the stream of commerce products and instruments used for falsifying and counterfeiting products.

Article 21: All forms of commercial advertising shall be prohibited if they are deceitful, misleading, false, or likely to cause confusion on the quality and safety of products, goods, and services when they pertain to the following:

- Product expectation;
- Identity, type, nature, place of origin, physical or nutritional quality, contents, quantity, manufacturing methods, and date of production;
- Expiry date, usage guidelines and terms;
- Methods of sales, product availability, and price;
- Other warranties

Advertisers placing commercial advertisements for their own account shall be held principally accountable in their capacity as an initiator.

Advertisers are required to provide information attesting to the quality and safety and other warranties of the advertisement to the inspecting institutions as stipulated under Article 27 of this law. When the substance of the advertisement is contrary to the provisions of the above-mentioned paragraph 1 and 2, the provisions of Article 26 of this law shall be enforced.

CHAPTER V

ACTIONS AGAINST PRODUCTS OR SERVICES WHICH ARE LIKELY TO INDUCE GRAVE OR IMMINENT DANGERS

Article 22: For manufacturing, processing, and commercialization of products, goods, and services which can cause grave or imminent danger to consumers' health or safety, and competent ministries can take the following actions:

1. temporarily or permanently banning the sale of the product;
2. temporarily or permanently closing down the manufacturing facilities; or
3. if necessary, withholding, confiscating, or destroying the products.

The destruction shall be carried out unless there is a prior written agreement between the competent authority and the products' owners.

Without such agreement, the owners of the confiscated products can file a complaint to the municipal and provincial court within the period allowed.

Manufacturing, processing, commercialization facilities and other establishments, which have been temporarily or permanently closed, can resume their business activities provided they have obtained authorization from the competent ministries.

Article 23: The competent ministries can issue a Prakas ordering legal and physical entities stipulated under Article 1 of this law to make the necessary Modifications to meet the quality and safety requirement as stipulated under Article 3 of this law.

The expense incurred in the publication of warnings or precautionary usage measures as well as the recall of defective products for Modification or the partial or total refund of the purchase price shall be borne by the entities in the above paragraph.

Article 24: Similar measures to those stipulated under Article 22 and 23 of this law can be taken to ensure safety of the provisions of services.

CHAPTER VI**INSPECTION PROCEDURES FOR QUALITY
AND SAFETY OF PRODUCTS, GOODS AND SERVICES**

Article 25: Acts in violations of this law shall be thoroughly investigated and observed in accordance with the provisions stipulated under Article 28 through 51 of this law. However, these provisions shall not prejudice other evidence obtained through other available means.

All safety measures shall be in compliance with, and implemented according to, the provisions stipulated under Article 52 through 58 of this law.

Article 26: The Ministry of Commerce and relevant ministries shall be responsible for the repression of commercial fraud in accordance with this law. These ministries shall establish a specialized institution to be in charge of fraud repression and inspections of exported and imported goods.

Article 27: The inspection agents of the Ministry of Commerce shall be authorized to carry out inspections, investigations, and offense recording activities, or to take other measures in cooperation with other relevant ministries.

Article 28: Inspection agents specified under Article 27 of this law are authorized to conduct inspections, prepare official records, and audit relevant issues. Their official records shall remain valid until proven otherwise.

Individual subject to inspections shall be required to cooperate with inspection agents so that they may carry out their tasks.

Inspection agents can request additional forces for protection and intervention.

Article 29: Inspection agents specified under Article 27 are authorized to enter into and inspect the premises where the manufacturing, processing, commercialization, and services provisions take place, as well as inspect the means of transportation, goods, warehouses, offices, another related premises.

If these premises are used as residences, inspection agents can only enter during working hours. Outside working hours, permission from a prosecutor and the presence of a local authority shall be required.

Article 30: Inspection agents specified under Article 27 of this law can investigate, make a duplicate, or confiscate documents essential for their investigations.

In the event of confiscation, an official minute shall be made immediately on the spot.

All confiscated documents shall be sealed and stamped by the inspection agents. A receipt acknowledging the confiscation and a full list of inventory shall be provided by the inspection agents to the individual whose goods are subject to the confiscation.

Official minutes which are made not in compliance with the above provisions shall be considered invalid.

All confiscated documents shall be joined with the legal procedures as stipulated under Article 51 of this law or returned to the individuals if no charge is made against them. Official minutes for the surrender of these documents shall adhere to the same process as for confiscation.

When the confiscated documents are necessary for the functioning of the enterprise activities, the inspection agents can issue a duplicate upon request, the cost of which shall be borne by the requesting party.

Article 31: Inspection agents specified under Article 27 of this law are authorized to confiscate all evidentiary documents or product samples as evidence in accordance with the legal procedures to be specified under a sub-decree.

Article 32: Inspection agents specified under Article 27 are authorized to collect testimony from individual who can provide useful information for their investigation.

Records of these testimonies shall contain the followings:

1. sequential number provided by the recording agent;
2. date, time, and place where testing took place;
3. identity, position, and address of the testimony provider;
4. identity, position, and address of the recording agent;
5. useful comments of the recording agent to ensure honest reporting of information given by the testimony provider; and
6. signatures of the testimony provider and the recording agent.

If the testimony provider refuses or does not know how to sign or is illiterate, mention of the said fact shall be made in the records. Official (records) minutes which are made not in compliance with the above provision shall be considered invalid.

Article 33: Inspection agents specified under Article 27 of this law can conduct inspections of products, goods, and services either by visual means, ordinary measurement instruments, or by documents verification aimed at determining the identities of the products, goods, and services, and detect their compliance with respect to their declaration, or to investigate whether or not the conditions for the manufacturing, processing, commercialization, and service provisions have been respected.

The agent shall record their inspection results in their official records which shall comprise the following:

1. sequential number provided by the recording agent;
2. date, time, and place where the inspection was made;
3. identity, profession, and address of the individual subject to the inspection;
4. all elements which can provide details on the value of the finding;
5. registration number with the institution of the recording agent; and
6. signature of the recording agent.

Official (records) minutes of the inspection which are not in compliance with the above provisions shall be considered invalid.

Photos of observed irregularities can be attached by the inspecting agent for further consideration.

Article 34: Except for the case specified under Article 40 of this law, the taking of product samples shall be made in at least three units.

The first sample shall be for laboratory testing, the other two samples shall be kept for use in eventual counter-tests as specified under Article 47 through 50 of this law.

Article 35: Owners of products which have been removed for samples by the agent shall sign the minutes. He can mention in the minutes any remarks that he deems useful about the sources or characteristics of the products. If the individuals do not want to sign or do not know how to sign, or are illiterate, records of the situation must be written in the minutes.

Pursuant to the request of the product owners, the agent who removes the samples shall issue a receipt which identifies the type, quantity, and value of the product samples in the eventuality that there is a refund in the future.

Article 36:

The modalities for the removal of product samples shall be the responsibility of the competent agent that requires that all three removed samples are representative of the batch of the products to be inspected.

Article 37: Each product sample shall be kept under seal. The seal shall be attached with a label which includes the following:

1. designation of the goods which are kept for sale, place for sale, or sold;
2. date, time, and place where the samples were removed;
3. identity and address of the individual at whose location the samples were removed;
4. sequential number for the procedure provided by the sample remover;
5. registration number of the samples provided by the public institution whose agents performed the sample removal and accurate identification of that institution;
6. useful remarks which enable the laboratories to know the purpose of the test to be made along with relevant documents attached to the label; and
7. signatures of the sample removers and the owners of the sampled products

Article 38: One sample out of the three shall be kept by the holder or the owner of the products. The inspection agent shall provide guidance on the proper manner in which the sample shall be preserved in good condition to ensure that future testing is legitimate.

If the holder or the owner of the products refuses to do so, mention shall be made in the minutes and the inspection agent shall store the sample with the other two samples.

Article 39: The other two samples shall be forwarded with the attached minutes to the public competent institutions whose agents performed the sample removal.

These public institutions shall keep the samples, register them, and provide entry numbers on the label and the minutes. One sample shall be sent to the competent laboratory and the other preserved in proper condition.

If special storage conditions of the samples are required, then the two samples or all three samples as may be the case specified in the second paragraph of Article 38 of this law can be sent to the laboratory for taking the necessary measures.

Article 40: When a product whose conditions or value do not allow the removal of three samples, only one sample shall be removed from the whole product or a portion of it.

The implantation of the above paragraph 1 shall be done for products or goods which, for technical and scientific reasons, the testing can be done only within a limited time frame failure of which future testing result can be invalid.

A minutes of the taking of the sample shall be made and the product shall be sealed and attached with the label in the same conditions as specified under Article 35f and 37 of this law. Samples

shall be registered and forwarded or submitted to the laboratory according to the procedures stipulated under Article 39 of this law.

Article 41: Samples identified for investigation can also be tested in laboratory or, for preliminary findings at the product characteristics, by the inspection institution within the scope of their competence. The removal of the samples shall be made in only one unit.

The results of the investigative sample can be used only for information purposes, and cannot be used as evidence, or for judicial proceedings as stipulated under Article 51 of this law, or for safety measures stipulated under Article 52 through 58 of this law, except for temporary consignment as stipulated under Article 53 of this law.

Article 42: Government laboratories shall test product samples. Other public or private laboratories recognized by the competent ministries can also conduct product sample testing. The recognition process of these public or private laboratories shall be done by Prakas of competent ministries. The Prakas shall clearly define the scope of competent of these laboratories.

Article 43: To conduct product samples testing, laboratories shall use testing methods as prescribed by Prakas of competent ministries.

In the event there are no above-prescribed testing methods, laboratories shall be use internationally recognized testing methods. The testing methods shall be published in a testing bulletin.

Article 44: Upon completing their work, laboratories shall prepare a testing bulletin that records the test results. If the test results provide clarifications to the inspection institutions, the laboratories can issue their funding on the product's non-compliance with this law or other specific regulations.

Article 45: If the laboratories' testing indicate that the product samples do not meet the requirements as prescribed by law, and provided that the institutions which made the samples removal have no other indications of fraud, that institution shall notify the product owners about the compliance of their products.

Article 46: If the results of the laboratory testing indicate that the product samples do no meet the requirements as prescribed by law, procedures stipulated under Article 47 through 50 of this law shall be applied.

Article 47: If the results of the laboratory testing indicate that the product samples do not meet the requirements as prescribed by law, or pursuant to further necessary investigations, the inspecting institutions shall inform the offenders of the legal court proceeding against them by providing the justifications for such actions.

The offenders shall have 15 working days to conduct a counter-test and select their own experts.

If the offenders do not exercise their rights as defined above, the test results stipulated under the above paragraph 1, shall be uncontested, except for reason of force majeure.

Article 48: The cost of hiring the expert shall be borne by the party requesting the counter-test. The selection of the expert shall be drawn from a list of experts prepared by the municipal or provincial courts.

In the event there are no experts qualified in the above mentioned list or in the event an expert list is non-existent, the party can select another expert. This selection shall require the consent of the municipal or provincial courts. Such consent shall be provided within seven working days.

Article 49: The product samples preserved by the registering institution shall be provided to the expert as stipulated under Article 48 of this law. The expert shall have one month to give the inspecting institution his conclusions with regard to technical or scientific aspects only.

When his conclusion differs from the one of the first testing as stipulated under Article 47, the expert and the chief of the laboratory which conducted the first test shall meet to discuss the matter within a timeframe set by the inspecting institutions. When deemed necessary, the two parties can jointly conduct another test on the third sample. A joint report shall be prepared and sent to the institute no later than one month from the meeting date.

The expert shall use one or more methods similarly employed by the laboratories and proceed as the first test.

Article 50: In the event the party requested a counter-test for a product which has only one sample as stipulated under Article 40 of this law, the procedures stipulated under Article 47 and 48 of this law shall be applied. This immediate counter-test shall be done based on documents from the first test.

The expert selected by the party and the chief of the laboratory which conducted the first test shall meet to discuss their conclusions within a timeframe set by the inspecting institutions. A joint report shall be prepared and sent to the institution no later than two days after the meeting date.

Article 51: In the event of a court action, the inspecting agent shall prepare documents, reports of the testing, expert reports, and other evidence pursuant to the provisions of this law.

Article 52: Inspecting agents specified under Article 27 of this law can temporarily detain, take measures to ensure compliance, redirect, confiscate, and destroy products and goods as well as require compliance of services in accordance with the procedures of this law.

Measures to ensure compliance, redirection, confiscation, and destruction of products can be effectuated by the inspecting agents only after authorization from their head of institutions and consent from the provincial/municipal prosecutor. These provisions shall not be applicable if the measures fall under the scope of Article 22 to 24 of this law.

Article 53: Temporary detentions are measures aimed at preventing on a temporary basis, any distribution by the holders of the products and goods concerned with the following:

- a. suspected batches of products and goods.
- b. batches of products and goods which, based on actual inspection, do not possess the proper requisites characteristics as defined by law or batches products and goods whose ordinary use can harm the safety or health of consumers.
- c. Instruments used for the commission of fraud as specified under Article 19 and 20 of this law.

Suspected batches of products and goods as stipulated under the above paragraph a) are those which, after actual inspection and/or after the samples testing as stipulated under Article 34 to 41 of this law, are required to undergo further test to determine whether these products are in compliance or not in compliance with the characteristics as defined by law or whether their ordinary use can harm the safety or health of consumers.

Provided the results of the additional inspection, which shall be carried out within 15 working days, do not confirm the suspicious as raised during the first inspection, the temporary detention shall be immediately withdrawn. When necessary, and pursuant to the request of the head of the inspecting institution, the provincial/municipal prosecutor shall be authorized to extend the temporary detention period.

On the contrary, if the products do not meet the requisite characteristics as defined by law then one or more safety measures as stipulated under Articles 54 to 57 shall be applied.

In the cases of a), b), and c) above, the temporary detention shall not exceed 15 days and shall be accompanied by one or more safety measures as stipulated under Article 54 to 57 of this law.

When the temporary detention was initiated by the inspecting agents pursuant to paragraphs a), b), and c) above, product holders shall have three working days to appeal the measure to working days to make his final decision. This appeal does not have the effect of lifting the temporary detention.

In all cases, products, which are subject to temporary detention, shall be placed under custody of the product holders.

Article 54: Compliance measures are those measures, which require the holders or owners of products, goods, and services to end this cause of no compliance.

Those measures include the Modification of product, goods, and services, particularly product reclassification, if there is more than one classification, and the recategorization of these products into their categories where the sale of these products are allowed by law.

Article 55: Redirection of products and goods shall mean:

1. The delivery of temporarily detained or confiscated products pursuant to Article 53 and 56 of this law to enterprises that can directly utilize these products or modify them to meet the legal requirements at the cost of the product owners.
2. The cost of the product returns to the enterprises, which are responsible for packaging, manufacturing, or exporting these products shall be borne by the product owners.

Article 56: Products and goods confiscation shall mean the complete removal of the ownership rights from the owners, and can be applied only in the following cases:

1. For products and goods which are found to be in non-compliance with the laws and regulations after actual inspection and/or after the samples testing as stipulated under Article 34 to 40 of this law;
2. When the product managers or owners do not agree to modify or redirect or when these measures are not applicable;
3. For instruments used for the commission of fraud as specified under Article 19 and 20 of this law;
4. For products and goods whose ordinary use can harm the safety or health of consumers;
5. Confiscated products are contained and sealed and kept under the custody of the holders, or in the event of refusal, the inspecting agents shall decide on the location of their storage;

Article 57: Inspecting agents can destroy, modify, or cause to be destroyed or modified confiscated products under their supervision when no legitimate and economically beneficial use for the products can be found.

Article 58: The measures as stipulated under Article 53 to 57 of this law pertain only to products or goods that are unreasonably held at a place or places as specified under Article 29 of this law, or when these products are for sale, have been sold, or distributed gratis.

The inspecting agent shall make an official report on the spot. The report shall describe all the points mentioned in Article 33 of this law and an extract of the measures selected and their justifications. A copy of the report shall be provided to the product holders or owners.

Article 59: The modalities that pertain to the manufacturing, processing, commercialization, servicing, and inspection of products, goods, and services as mentioned below shall be defined in sub-decrees or other implementation regulations:

1. For Products, Goods, and Services

Definition, name, Composition, criteria, types of quality, or hygiene and quantity of products and goods.

- a. Labeling, presentation, form of products sale and packaging, and quality label as affixed onto the products.
- b. Use of language and description of commercial advertisement in order to avoid confusion, and if necessary, comparative commercial advertisements of all products and services.
- c. Presentation mode, contents of receipts and delivery bills, and technical, commercial, and other advertisement document.
- d. Conditions regulating products and services not complying with general safety requirements as specified under Article 3 of this law.
- e. Modalities for the issuance of authorizations and the submission of declarations for pre-production and commercialization of products and services, and modalities for professional self-inspection.
- f. Regulations concerning measurement instruments and their certification.
- g. Precautionary measures, treatments, and inspections and the use of materials in products and services to ensure environmental protection.

2. For food products

- a. Processing of food in conformity with the law, criteria of food purity, ingredients used in the food production, food casing and materials used to clean the food.
- b. Hygienic, sanitary, nutritional characteristics, and microbiological norms under which food is produced; hygienic requirements related to food products transport, production, processing, commercialization facilities, employees; and health certificates, health labels or seals.
- c. Health status of individuals involved in the food preparation, if deemed necessary.

2. For inspection methods

- a. Modalities for implementing the provisions stipulated under Article 9 to 12 of this law and the procedures for sample removals and testing to identify the products' Composition, and their hygienic, sanitary, and microbiological characteristics, product alterations, or to indicate the usage.;
- b. When deemed necessary, the modalities for implementing the safety measures stipulated under Articles 52 to 58 of this law;
- c. Books, registers, and documents of individuals involved in the manufacturing, processing, or commercialization of products and services which can be made mandatory.

Article 60: National and international principles governing the guidelines for manufacturing products and goods and providing service shall be set in sub-decree and regulations of the Royal Government of Cambodia.

CHAPTER VII

OFFENCES

Article 61: Any manufacturer or service provider found in violation of the provisions of Article 14 of this law shall be fined by the inspecting agent an amount between R 500,000 to R 1,500,000.

Article 62: Any violator of the provisions of Articles 7,8,19, or 20 of this law shall be subject to imprisonment for 6 (six) days to one month and /or a fine of R 1,000,000 to R 5,000,000.

Article 63: Any violator of the provisions of Article 16, 17, 18, or 21 of this law shall be subject to imprisonment for 1 (one) month to 1 (one) year and /or a fine of R 5,000,000 to R 10,000,000.

Article 64: In the event of repeated offenses under Articles 16, 17, 18, 19, 20 and 21 of this law, the fines and criminal sanctions shall be doubled without prejudice to other serious crimes resulting in the loss of life, health, or safety of consumers.

Article 65: All products, goods, and equipment which are the subject of the offenses committed under Articles 16, 17, 18, 19, 20 or 21 of this law shall be confiscated as state assets. The act of confiscation shall be within the jurisdiction of the court.

All other losses resulting from the offenses committed under Articles 16, 17, 18, 19, 20 or 21 of this law shall result in civil liability for the offenders.

Article 66: The offenses stipulated under Article 63 shall be applied to those who have:

- a. Regardless of any circumstances, obstructed inspecting agents, as mentioned under Article 27 of this law, from fulfilling their duties;
- b. Refused to present, or concealed accounting, technical, or commercial documents in their possession as stipulated under Paragraph 1 of Article 30 of this law;
- c. Refused to present advertised commercial texts or information justifying those advertisements;
- d. Given by any means, deliberately false, misleading, or confusing written or verbal information in response to requests by inspecting agents as mentioned under Article 27 of this law;
- e. Disposed of products without approval which were temporarily detained or confiscated by inspecting agents;
- f. Refused to provide products which have been temporarily detained or confiscated by inspecting agents, to dispose of products and goods as instructed by the competent authorities, or to modify the products and goods to meet the compliance as require under Article 53 to 56 of this law.

Article 67: Inspecting agents as stipulated under Article 27 of this law shall be administratively accountable. They shall be held liable for negligence which results in wrongdoing and other consequences in violations of the provisions of this law and other regulations under this law.

Article 68: Administrative sanctions under this law which shall be imposed on inspecting agents or competent officials shall include the following:

- a. Administrative sanction of the first degree shall comprise of a warning and a reprimand from the head of the institution.

- b. Administrative sanction of the second degree shall comprise of a suspension of salary and other benefits for 6 months or more.
- c. Administrative sanction of the highest degree shall comprise of the removal of duties or position or removal from the civil service.

The above-enumerated administrative sanctions shall not exclude other criminal sanctions.

Article 69: Inspecting agents or competent officials who conspire with offenders or abuse their duties under Article 14 shall have administrative sanctions imposed upon them and shall be fined in accordance with the provisions stipulated under paragraph 2 of Article 61 of this law.

Inspecting agents or competent officials who conspire with offenders or abuse their position under Article 7, 8, 19, or 20 shall have administrative sanctions of the highest degree imposed upon them and other sanctions shall be imposed under Article 62 without prejudice to other criminal sanctions.

Article 70: Inspecting agents or competent officials who conspire with offenders or abuse their duties under Article 16, 17, 18, or 21 of this law shall have administrative sanctions of the highest degree imposed upon them and other sanctions shall be imposed under Article 62 of this law.

Article 71: Manufacturing and commercialization facilities as specified in Article 6, which do not comply with the regulations, shall have their license's withdrawn by the competent institutions.

Article 72: Experts working in laboratories and individuals performing sample product testing as defined under Article 42 to 50 of this law shall be held legally liable for their test bulletins.

Any expert who conspires with offenders or abuses his/her position shall have sanctions imposed in accordance with the provisions stipulated under paragraph 2 of Article 61, 62, and 63 of this law.

CHAPTER VIII

FINAL PROVISION

Article 73: Any provisions contrary to those stipulated under this law shall be considered as null and void.

Article 74: This law shall be declared as urgent.

Has informed to His Highness for Signature

Prime Minister

Signature: **HUN SEN**

Phnom Penh, 21 June 2000

Royal Signature:

NORODOM SIHANOUK

Has informed to the Prime Minister

Acting Minister of Commerce

Signature: **SOK SIPHANA**

No. 126 CL

for copy

Phnom Penh, 26 June 2000

Secretary General

of the Royal Government

Signature: **NADY TAN**

60. **Royal Kram # NS/RKM/0103/002** on the Law on Adoption of Agreement Between and Inside of the Government of the Kingdom of Cambodia, Lao’s People Democratic Republic, Kingdom of Thailand and Socialist Republic of Vietnam on the Facilitation of Transportation of Goods and Border-Cross Citizens (January 20, 2003)4-15

ROYAL KRAM

No. NS/RKM/0103/002

We,

**Preah Bat Norodom Sihamoni,
King of the Kingdom of Cambodia,**

January 20, 2003

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/1198/72, dated November 30, 1998, on the Appointment of the Royal Government of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/03, dated January 24, 1996, promulgating the Law on the Establishment of the Ministry of Public Works and Transport;
- Having seen the proposal of Samdech Prime Minister of the Royal Government of Cambodia and the Minister of Public Works and Transport;

PROMULGATE

The Law on Adoption of Agreement Between and Inside of the Government of the Kingdom of Cambodia, Lao’s People Democratic Republic, Kingdom of Thailand and Socialist Republic of Vietnam on the Facilitation of Transportation of Goods and Border-Cross Citizens which has been adopted by the National Assembly on November 29, 2002 at its 9th plenary session of the 2nd legislature, and completely approved by the Senate on the form and legal principles without amendment on December 31, 2002, at its 8th plenary session of the 1st with the following contents:

**The Law
on**

Adoption of Agreement Between and Inside of the Government of Kingdom of Cambodia, Lao’s People Democratic Republic , Kingdom of Thailand and Socialist Republic of Vietnam on the Facilitation of Transportation of Goods and Border-Cross Citizens

Article 1: The Law on Adoption of Agreement Between and Inside of the Government of the Kingdom of Cambodia, Lao’s People Democratic Republic, Kingdom of Thailand and Socialist Republic of Vietnam on the Facilitation of Transportation of Goods and Border-Cross Citizens was made in Yangon capital, Myanmar, on November 29, 2001, as attached to this Royal Kram.

Article 2: The Royal Government of the Kingdom of Cambodia shall proceed to comply with this Agreement.

Made in the Royal Palace, Phnom Penh, January 20, 2003
Signature: **NORODOM SIHAMONI**

Having submitted to the
King for signature.
Prime Minister
Signature: **HUN SEN**

Having informed Samdech Prime Minister
Minister of Public Works and Transport
Signature: **KHY TAING LIM**

No. 26/C.L
For making copies and distribution
Phnom Penh, April 28, 2003
Secretary General of the Royal Government
Sealed and signed: **NADY TAN**

61. **Royal Kram** # NS/RKM/1206/028 on the Law on Approval on the Annexes 1, 2, 4, 7, 9, 11, 12, 13a, 13b, 15, 16, the Amendments to Article 17 and the Protocol 1 for Implementing the Agreement between and among the Government of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Vietnam for Facilitation of Cross-Border Transport of Goods and People (December 02, 2006).....4-17

ROYAL KRAM

No. NS/RKM/1206/028

We,
Preah Bat Norodom Sihamoni,
King of the Kingdom of Cambodia,

December 02, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/03, dated January 24, 1996, promulgating the Law on the Establishment of the Ministry of Public Works and Transport;
- Having seen the proposal of Samdech Prime Minister of the Royal Government of Cambodia and the Minister of Public Works and Transport;

PROMULGATE

The Law on Approval on the Annexes 1, 2, 4, 7, 9, 11, 12, 13a, 13b, 15, 16, the Amendments to Article 17 and the Protocol 1 for Implementing the Agreement between and among the Government of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Vietnam for Facilitation of Cross-Border Transport of Goods and People, which has been adopted by the National Assembly on October 17, 2006 at its 5th plenary session of the 3rd legislature and completely approved by the Senate on the form and legal principles without amendment with the following provisions:

The Law
on
Approval on the Annexes 1, 2, 4, 7, 9, 11, 12, 13a, 13b, 15, 16, the Amendments to Article 17 and the
Protocol 1
for Implementing the Agreement between and among the Government of the Kingdom of
Cambodia,
the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar,
the Kingdom of Thailand, and the Socialist Republic of Vietnam for Facilitation
of Cross-Border Transport of Goods and People

Article 1: It has been adopted on Approval on Annexes 2, 4, 7, 11, 12, 13a, 15, the Amendments to Article 17 and the Protocol 1, which was held in Phnom Penh on April 30, 2004, and the Annexes 1, 9, 13b, and 16, which was held in Vientiane on December 16, 2004, for Implementing the Agreement between and among the Government of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Vietnam for Facilitation of Cross-Border Transport of Goods and People.

Article 2: The Royal Government of the Kingdom of Cambodia shall proceed to comply with the Annexes, Protocol and Amendments to this Agreement.

Made in Phnom Penh, December 02, 2006
On behalf of and at the Order of the King
Acting Head of State
Signature: **CHEA SIM**

Having submitted to the
King for signature.
Prime Minister
Signature: **HUN SEN**

Having informed Samdech Prime Minister
Minister of Public Work and Transport
Signature:
SUN CHANTOL

No. 450/C.L
For making copies and distribution
Phnom Penh, December 07, 2006
Deputy Secretary General of the Royal Government
Sealed and signed: **KHAN CHINKEN**

62.	Royal Kram # 03/NS 94 on the Law on Investment of the Kingdom of Cambodia (August 05, 1994).....	4-19
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**THE NATIONAL ASSEMBLY
ROYAL KRAM**

No. 03/NS 94

Phnom Penh, August 05, 1994

**I, Preahbath Samdech Preah Norodom Sihanouk Varman Reach Harivong Uphato Suceat
Visothipong Akamoha Borosrat Nikarosom Thammok Mohareacheathireach Boromaneat
Boromabopith Preah Chau Krong Kampuchea Thipdey**

- Seen the Constitution of the Kingdom of Cambodia promulgated on September 24, 1993;
- Seen Royal Decree dated November 01, 1993 on the Appointment of the Royal Government;
- With the consent of the Council of Ministers

HEREBY PROMULGATE

The Law on Investment of the Kingdom of Cambodia, which was passed on August 04, 1994 by the National Assembly

The whole meaning of which shall be as follows:

**LAW
ON
INVESTMENT OF THE KINGDOM OF CAMBODIA**

CHAPTER I

GENERAL PROVISIONS

Article 1: This Law governs all investments projects made by investors who are Cambodian citizens/or foreigners within the Kingdom of Cambodia.

Article 2: Investor can be either a natural person or a legal entity.

CHAPTER II

THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA

Article 3: The Council for the Development of Cambodia is the sole and one-stop service organization responsible for the rehabilitation, development and the oversight of investment activities. The Council for the Development of Cambodia is the Royal Government's "Etat-Major" responsible

for the evaluation and the decision-making on all rehabilitation, development and investment project activities.

Article 4: The Council for the development of Cambodia comprises the following two operational Boards:

1. The Cambodian Rehabilitation and Development Board, and
2. The Cambodia Investment Board

Article 5: The Organization and Functioning of the Council for the Development of Cambodia shall be specified by Sub-Decree.

CHAPTER III

INVESTMENT PROCEDURES

Article 6: Investors have to submit investment applications to the council for the Development of Cambodia for review and decision.

Article 7: The Council for the Development of Cambodia shall provide a response as to its decision to all investors/ applicants within a period of a maximum of forty-five (45) days following the date of submission of the complete investment application.

Any government officials who without proper justification refuse to review and respond to investor's application past the above-mentioned period of time shall be punished by law.

CHAPTER IV

INVESTMENT GUARANTEES

Article 8: Investors shall be treated in a non-discriminatory manner as set by law, except for ownership of land as set forth in the Constitution of the Kingdom of Cambodia.

Article 9: The Royal Government shall not undertake nationalization policy, which shall adversely affect private properties of investors in the Kingdom of Cambodia.

Article 10: The Royal Government shall not impose price control on the products or services of investors who have received prior approval from the Government.

Article 11: In accordance with the relevant laws and regulations issued and published to the public by the National Bank of Cambodia, the Royal Government shall permit investors with investments in Cambodia to purchase foreign currencies through the banking system and to remit abroad these currencies for the discharge of financial obligations incurred in connection with their investments. The concerns the following payments:

1. Payment for imports and repayment of principal and interest on international loans.
2. Payment of Royalties and management fees;
3. Remittance of profits;
4. Repatriation of invested capital in compliance with Chapter 8.

CHAPTER V**INVESTMENT INCENTIVES**

Article 12: The Royal Government shall make available incentives to encourage investments in such important fields as:

1. Pioneer and/or high technology industries
2. Job creation
3. Export-oriented
4. Tourism industry
5. Agro-industry and processing industry
6. Physical infrastructure and energy
7. Provincial and rural development
8. Environmental protection, and
9. Investments in Special Promotion Zone (SPZ) as shall be created by law

Article 13: Incentives and privileges shall include the exemption, in whole or in part, of custom duties and taxes.

Article 14: Incentives and privileges shall consist of the followings:

1. A corporate tax rate of 9% except tax rate on the exploration and exploitation of natural resources, timber, oil, mines, gold, and precious stones which shall be set in separate laws;
2. A corporate tax exemption of up to 8 years depending on the characteristics of the project and the priority of the government, which shall be mentioned in a Sub-Decree. Corporate tax exemption shall take effect beginning from the year the project derives its first profit. A 5-year loss-carried forward shall be allowed. In the event profits are reinvested in the country, such profits shall be exempted from all corporate tax;
3. Non-taxation on the distribution of dividends or profits or proceeds of investments, whether transferred abroad or distributed in the country;
4. 100% import duties exemption on construction materials, means of production, equipment's, intermediate goods, raw materials and spare parts used by:
 - a. An export-oriented project with a minimum of 80% of the production set apart for export, and
 - b. Located in designated Special Promotion Zone (SPZ) listed in a development priority list issued by the Council;
 - c. Tourism industry;
 - d. Labor-intensive industry, processing industry, agro-industry;
 - e. Physical Infrastructure and energy industry

These 100% exemption of duties and taxes mentioned above shall be in effect according to the terms of the agreement or specification document of the investment projects which will produce goods for export in minimum of 80% of overall productivities as stipulated in the above point (4) a and for the investment projects which located in Special Promotion Zone (SPZ) as in (4) b.

Beside the kinds of investment projects in the above points (4)a and (4)b the 100% exemption of duties and taxes shall only be authorized for the construction enterprises, factories, building and the first year of production operation.

5. 100% exemption of export tax, if any;
6. the permission to bring into the Kingdom of Cambodia foreign nationals who are:
 - Management personnel and experts
 - Technical personnel
 - Skilled workers

Spouses and dependents of the above persons as authorized by the Council for Development of Cambodia and in compliance with the immigration and labor laws.

Article 15: The approval and incentives granted by the Council for Development of Cambodia shall not be transferred or assigned to any third parties.

CHAPTER VI

LAND OWNERSHIP AND USE

Article 16: In accordance with the Constitution and relevant laws and regulations pertaining to the ownership and use of land:

1. Ownership of land for the purpose of carrying on promoted investment activities shall be vested only in natural persons holding Cambodian citizenship or in legal entities in which more than 51% of the equity capital are directly owned by natural persons or legal entities holding Cambodian citizenship.
2. Use of land shall be permitted to investors, including long-term leases of up to a period of 70 years, renewable upon request. Upon such use may include the right of ownership of real and personal property situated on the land as may be permitted by law.

CHAPTER VII

EMPLOYMENT PRACTICES

Article 17: Investors in the Kingdom of Cambodia shall be free to hire Cambodian nationals and foreign nationals of their choosing in compliance with the labor and immigration laws.

Article 18: The investors shall be allowed to hire foreign employees listed in Article 14(6) provided that:

1. The qualification and expertise are not available in the Kingdom of Cambodia among the Cambodian populace. In the event of such hiring, appropriate documentation including photocopies of the employee's passport, certificate and/or degree, and a curriculum vitae shall be submitted to the council;
2. Investors shall have the obligation to provide adequate and consistent training to Cambodian staff,
3. Promotion of Cambodian staff to senior positions will be made over time.

Article 19: Foreign employees shall be allowed to remit abroad their wages and salaries earned in the Kingdom, after payment of appropriate tax, in foreign currencies obtained through the banking system.

CHAPTER VIII

DISPUTES AND DISSOLUTION

Article 20: Any dispute relating to a promoted investment established in the Kingdom by a Cambodian or a foreign national concerning its rights and obligations set forth in the Law shall be settled amicably as far as possible through consultation between the parties in dispute.

Should the parties failed to reach an amicable settlement within two month from the date of the first written request to enter such consultations, the dispute shall be brought by either party for:

- conciliation before the Council which shall provide its opinion or
- refer the matter to the court of the Kingdom of Cambodia, or
- refer to any international rules to settle the disputes as agreed by both parties.

Article 21: In the event a promoted company intends to end its activity in the Kingdom of Cambodia, it shall inform the Council through either a registered letter or a hand delivered letter stating the reasons of such a decision, and signed by the investor or his attorney-in fact.

Article 22: In the event of a proposal for a dissolution of a company without judicial procedures, the investor shall provide proofs to the Council that the company has properly settled its potential creditors, complainants and claims from the Ministry of Economy and Finance before the investor is allowed to officially dissolve his company or enterprise according to the applicable commercial law.

Article 23: Once the investor is allowed to officially dissolve his company or enterprise either within the judicial procedures or not, the investor can transfer the remaining proceeds of its assets overseas or use them in the Kingdom of Cambodia. However, in the event that the dissolving company had used machineries and equipment which were imported duty free for less than five years, the company shall have the obligations to pay the duties applicable to those machineries and equipment.

CHAPTER IX

FINAL PROVISIONS

Article 24: Investments authorized under the previous “Law on Investment” of the State of Cambodia and its Sub-Decrees shall be subject to the same benefits and obligations as stated under this Law. This law is not retroactive.

Article 25: In the case where the promoted company violates or fails to comply with the conditions stipulated by the Council, the council shall have the power to withdraw the privileges and incentives granted to him, in whole or in part.

Article 26: This Law shall be promulgated immediately.

Phnom Penh, August 5, 1994

The Acting Head of State

CHEA SIM

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THE ROYAL GOVERNMENT OF CAMBODIA
No 111 ANK/PK
Sub-Decree

on
the Implementation of the Amendment to the Law
on
the Investment of the Kingdom of Cambodia

Phnom Penh, September 27, 2005

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree NS/RKT/0704/124 dated July 15, 2004 on the formation of the Royal Government of Cambodia;
- Having seen Royal Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. 03/NS/94 dated August 5, 1994 regarding the Law on Investment of the Kingdom of Cambodia and Royal Kram No. NS/RKM/0303/009 dated March 24, 2003 promulgating the Amendment to the Law on Investment of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation and Royal Kram No. NS/RKM/0303/010 dated March 31, 2003 promulgating the Amendment to the Law on Taxation;
- Having seen Sub-Decree No. 88/ANK/PK dated December 29, 1997 on the implementation of the Law on Investment of the Kingdom of Cambodia and the amended Sub-Decree No. 53/ANK/PK dated June 11, 1999 regarding the amendment to Sub-Decree on the implementation of the Law on Investment of the Kingdom of Cambodia and No. 130/ANK/PK dated December 26, 2001 regarding the amendment to Sub-Decree No 53/ANK/PK dated June 11, 1999;
- Having seen Sub-Decree No. 70/ANK/PK dated July 27, 2001 on the Organizations and Functioning of the Council for the Development of Cambodia and the amending Sub-Decree No. 112/ANK/PK dated November 12, 2002 and No. 35/ANK/PK dated August 04, 2004 on the amendment on Sub-Decree No 70/ANK/PK dated July 27, 2001;
- With the approval of the Council of Ministers during the Cabinet Meeting of September 02, 2005;

IT IS HEREBY DECIDED

CHAPTER I

GENERAL PROVISIONS

Article 1: Coverage of Sub-Decree

- 1.1 **Objective:** This Sub-Decree supplements and governs the application and implementation of the Law on Investment and is intended to encourage and regulate investments in the Kingdom of Cambodia by Cambodian entities and foreign entities.
- 2.1 **Application:** This Sub-Decree applies to every QIP registered at the Council and provincial/municipal investment sub-committee.

Article 2: Scope of Investment

Investment Activity: This Sub-Decree applies to all investment activities other than those activities set out in the Negative List in Schedule 1, Part 1 of this Sub-decree as provided in Article 7 of the Law on Investment]

Article 3: Foreign and Cambodian Investment

- 3.1 Foreign and Cambodian Investment: The Royal Government welcomes investments in all economic activities from Cambodian Entities and Foreign Entities, subject only to the restrictions set out in Article 2 of this Sub-Decree.
- 3.2 Use of Nominees: An individual or legal entity controlled by Cambodian citizens must not act for, or represent, either directly or indirectly, a Foreign Entity for the purpose of avoiding the effects of the provisions of this Sub-Decree, which restrict or prohibit the activities of Foreign Entities or Foreign nationals.

Article 4: Definitions

As used in this Sub-Decree, the following terms shall have the meaning as defined hereunder:

"Applicant" means a person or a group of persons who submit an Investment Proposal to the Council or to the Provincial/ Municipal Investment Sub-committee.

"Cambodian Investor" means an Investor who is a Cambodian citizen or who is a Cambodian Entity.

"Cambodian Legal Entity" means a company which is registered in, and whose place of business is in, the Kingdom of Cambodia and 51 percent or more of its shares are held by Persons of Cambodian nationality.

"Certificate of Compliance" means the certificate of obligation satisfaction required to be lodged under Article 14.2 New or Article 24 New of the Law on Investment, and issued under Article 18.2 of this Sub-Decree.

"Conditional Registration Certificate" means the document issued by the Council or the provincial/municipal Investment Sub-committee as set out in paragraph 3 of Article 7 New of Law on Investment and Article 6.3 of this Sub-Decree.

"Construction Materials" means construction items including fixtures in or on a facility that is fully transformed and utilized in the construction of facilities to be used by a QIP to carry out its Investment Activity during the initial construction phase or expansion.

"Council" means the Council for the Development of Cambodia established by Article 3 of the Law on Investment.

"Council Sub-Decree" means Sub-Decree No. 70/ANK/PK dated July 27, 2001 on the Organization and Functioning of the Council for the Development of Cambodia and its subsequent amendments No. 112/ANK/PK dated November 12, 2002 and No. 35/ANK/PK dated August 4, 2004.

"Customs Duties" means taxes on foreign trade as listed in the customs tariffs imposed on goods when importing into or exporting out of the customs territory.

"Domestic QIP" means a QIP that does not aim at export.

"Export QIP" means a QIP that sells or transfers a proportion of its product to a purchaser or transferee outside the Kingdom of Cambodia.

"Financial Management Law" means the annual Financial Management Law.

"Final Registration Certificate" means the document issued by the Council or the provincial/municipal Investment Sub-committee as set out in paragraph 7 of Article 7 New of the Law on Investment and Article 7.3 of this Sub-Decree.

"Foreign Legal Entity" means an entity which is not a Cambodian Entity or which is not created in compliance with Cambodian laws.

"Investment Activity" means the business activity to be carried out in Cambodia under a QIP.

"Investment Capital" means the value of the investment indicated in USD currency excluding the value of land and working capital.

"Investment Guarantees" means the guarantees set out in Chapter 4 of the Law on Investment as provided for in this Sub-Decree, which are available to an Investor who complies with all the requirements of this Sub-Decree.

"Investment Incentives" means the incentives set out in Chapter 5 of the Law on Investment and as provided for in this Sub-Decree, which are available to an Investor who complies with all the requirements of this Sub-Decree.

"Investment Proposal" means a proposal submitted to the Council or provincial/municipal Investment Subcommittee by any person for the purpose of establishing a QIP.

"Investor" means the person who carries out QIP.

"Law on Investment" means the Law on Investment promulgated by Royal Kram No. 03/NS/94 dated August 5, 1994 and which is amended by the Law on the Amendment to Law on Investment of the Kingdom of Cambodia promulgated by Royal Kram No. NS/RKM/0303/009 dated March 24, 2003.

"Law on Taxation" means the Law promulgated by Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 and which is amended by Law on the Amendment to Law on Taxation promulgated by Royal Kram No. NS/RKM/0303/010 dated March 31, 2003.

"Machine Parts" means parts of Production Equipments with a working life of less than 2 years including spares of such parts and equipments.

"**Negative List**" means the list of Investment Projects as set out in Schedule 1 of this Sub-Decree.

"**Person**" means natural or legal person.

"**Production Equipment**" means any machinery and tool used in the substantial transformation of Production Inputs which is not itself transformed or consumed within 2 (two) years of its importation, including information technology equipment or any motor vehicle .

"**Production Inputs**" means goods, including raw materials, semi finished products, and accessories serving production that is fully transformed or utilized in the production process of the QIP no later than 2 (two) years after importation. It does not include office equipments and furniture's, petroleum products, vehicles, and spare parts for vehicles.

"**Production Outputs**" means goods which are produced from Production Inputs that have been transformed.

"**Professional Service**" includes, but is not limited to, legal, financial, accounting, auditing, tax consulting, architecture, engineering, information technology services, advertising, and management services.

"**Provincial/municipal Investment Sub-committee**" means the sub-committee of the provinces or municipalities established by Sub-decree to review and approve investment projects with an investment capital of less than USD2,000,000 (two million US dollars) at the provincial and municipal level.

"**Qualified Investment Project**" or "**QIP**" means an investment project for which a Final Registration Certificate has been issued.

" **Supporting Industry QIP**" means a QIP in which one hundred percent of the product is used to supply the export industry instead of usually imported raw materials and accessories .

"**Working Day**" means a calendar day which is officially a working day of the Royal Government of Cambodia.

CHAPTER II

INVESTMENT PROPOSALS AND REGISTRATION CERTIFICATES

Article 5: Application for Conditional Registration Certificate

- 5.1 **Application and Fee:** Any person who wishes to obtain the Investment Incentives and Guarantees or only the Investment Guarantees shall submit to the Council or the Provincial/Municipal Investment Sub committee an Investment Proposal on a completed Application Form duly signed by or on behalf of the Applicant with appropriate Power of Attorney along with the payment of the Application Fee in the amount of 7,000,000 (seven million) Riels, representing the administration fees for securing the approvals, authorizations, licenses, or registrations from all relevant ministries and entities including stamp duty.
- 5.2 **Application Form:** The Application Form for an Investment Proposal is set out in Schedule 2 of this Sub- Decree.
- 5.3 **Evidence of authority to act:** If an Investment Proposal is signed by a person on behalf of the Applicant, documentary evidence of that person's authority to so act must be submitted to the Council or the Provincial/Municipal Investment Sub-committee with the Investment Proposal.
- 5.4 **Multi-activity Projects:** If a person proposes to invest and carry out more than one

Investment Activity, which, if registered, would be carried out as a QIP, the person must submit a separate Investment Proposal for each Investment Activity.

- 5.5 **Election for Exemption from Tax on Profit:** An Applicant who wishes to become entitled to the exemption from the Tax on Profit under Article 14.1 of the Law on Investment in accordance with Article 15 of this Sub- Decree on receiving a Final Registration Certificate, must make an election in writing to that effect in the Investment Proposal.
- 5.6 **Election precluding other Fiscal Allowances:** In making the election under Sub-Article 5.5, the Applicant acknowledges that the election to utilize the tax holiday provided under Article 14.1 of the Law on Investment disqualifies the Investor from claiming any investment allowance otherwise available to the Investor under the Law on Taxation in respect of the QIP.
- 5.7 **Election for Investment Guarantees only:** An Applicant, who wishes to receive only the benefit of the Investment Guarantees, may make a written election in the Application Form as long as the Applicant is a non-QIP but falls under the Investment Guarantees of the Law on Investment. In this case, the Council and the Provincial/Municipal Investment Sub-committee shall issue a specific license to the Applicant

Article 6: Registration of Investment Proposal or its refusal

- 6.1 **Registration Process:** The Council or Provincial/Municipal Investment Sub-Committee must, within 3 Working Days of the submission of an Investment Proposal under Article 5.1:
- (a) if neither paragraph (b) nor (c) applies, register the Investment Proposal and notify the Applicant in accordance with Sub-Article 6.3; or
 - (b) refuse the Investment Proposal and notify the Applicant in accordance with Sub-Article 6.6 if the Investment Proposal is made in respect of an Investment Activity which:
 - (i) is included in the Negative List; or
 - (ii) previously has been, or is currently, carried on by the Investor or any other person and which has already received Investment Incentives under the Law on Investment
 - (c) refuse the investment proposal and notify the Applicant in accordance with Sub-Article 6.6 if the Investment Proposal does not contain all the information required under Sub-Article 5.1.
 - (d) the Council or the Provincial/Municipal Investment Sub-committee has the right to postpone the registration of specific Investment Projects related to the national interest or are environmentally sensitive which required to be processed through the one-stop mechanism of the Council and the Provincial/Municipal Investment Sub-committee who shall notify the specific grounds to the applicant within 3 (three) Working Days of the submission of the Investment Proposal.
- 6.2 **Amendment of Investment Proposal:** If the Investment Proposal made to the Council does not conform to Article 5 of this Sub-Decree, the Council or the Provincial/Municipal Investment Sub-committee may, by written notice within 3 Working Days of the Investment Proposal's submission to the Council or the Provincial/Municipal Investment Sub-Committee, require the Applicant to amend the Investment Proposal made to it and to resubmit the Investment Proposal to the Council and the Provincial/Municipal Investment Sub-committee.
- 6.3 **Issuance of Conditional Registration Certificate:** If the Council or the Provincial/Municipal Investment Sub committee registers an Investment Proposal under Sub-Article 6.1 (a), it must issue to the Applicant, within 3 Working Days of the submission of the Investment Proposal, a Conditional Registration Certificate, in the form set out in Schedule 3,

containing the following:

- (a) a list of all the necessary approvals, authorizations, licenses, permits or registrations which are required for the QIP to be lawfully undertaken and The ministries, departments, authorities, entities of the provinces/municipalities or agencies of the Royal Government responsible for issuing those documents upon the Applicant meeting the criteria required for the issuing of those documents..
 - (b) the election made by the Applicant pursuant to Sub-Article 5.5, 5.6 or 5.7.
 - (c) the Investment Incentives and Guarantees to which the investment project will be entitled if the Final Registration Certificate is issued, including the Tax on Profit exemption period under Article 14.1 of the Law on Investment.
 - (d) the election made by the Applicant pursuant to Article 5.7, and the subsequent non-entitlement to the Investment Incentives.
 - (e) recognition of the statutes of the legal entity which will undertake the QIP.
- 6.4 **Default on the issuance of Conditional Registration Certificate:** If the Council or the Provincial/Municipal Investment Sub-committee fails to issue a Conditional Registration Certificate under Sub-Article 6.3 or fails to issue Letter of Non-Compliance under Sub-Article 6.6 within 3 Working Days, the Investment Proposal is deemed to be registered and the Council or the Provincial/Municipal Investment Sub-committee must issue a Conditional Registration Certificate to the Applicant immediately.
- 6.5 **Information to accompany Conditional Registration Certificate:** The Council or the Provincial/Municipal Investment Sub-committee must issue with the Conditional Registration Certificate the investment guidelines and assessment criteria for each of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a).
- 6.6 **Letter of Non-Compliance:** If the Council or the Provincial/Municipal Investment Sub-committee refuses an Investment Proposal under Sub-Article 6.1 (b), it must issue to the Applicant a Letter of Non-Compliance containing:
- (a) the reason why the Investment Proposal was not acceptable; and
 - (b) the additional information required to enable the Council or the Provincial/Municipal Investment Sub-committee to register an amended Investment Proposal.

Article 7: Issuance of Final Registration Certificate

- 7.1 **Council or the Provincial/Municipal Investment Sub-committee to assist with the various types approvals, authorizations:** After issuing the Conditional Registration Certificate in accordance with Sub-Article 6.3, the Council or the Provincial/Municipal Investment Sub-committee must, on behalf of the Applicant, assist with the issuance of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a) by the relevant ministries, departments, authorities, entities of the provinces/municipalities regencies of the Royal Government.
- 7.2 **Payment of Deposit:** An Investor shall not be required to make payment of any deposit to guarantee his or her investment except for the case of an infrastructure concession as required in the concession contract.

- 7.3 Issuance of Final Registration Certificate: When the holder of a Conditional Registration Certificate obtains all of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a), the Council or the Provincial/Municipal Investment Sub-committee must issue a Final Registration Certificate.
- 7.4 Period to issue Final Registration Certificate: If the holder of a Conditional Registration Certificate has not obtained all of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a) within 28 Working Days of the date of issuance of the Conditional Registration Certificate, the Council or the Provincial/Municipal Investment Sub-committee must issue a Final Registration Certificate.
- 7.5 Application for other approvals from relevant institutions: A Final Registration Certificate issued by the Council or the Provincial/Municipal Investment Sub-committee under Sub-Article 7.4 does not negate the obligation of the Applicant to obtain and receive all of the approvals, authorizations, licenses, permits or registrations required for the proposed QIP to operate lawfully.
- 7.6 Commencement of QIP: A QIP commences on the date of issuance of the Final Registration Certificate for that QIP and this commences the Trigger Period for the Tax on Profit Exemption period under Article 14.1 of the Law on Investment and Sub-Article 15.1 of this Sub-Decree.
- 7.7 Obligation to ask for other approvals: A QIP shall file written applications in accordance with applicable procedures to the Council or the Provincial/Municipal Investment Sub-committee for its approval of any changes of address, head office, place of business, company name, shares, and any other changes to the Investment Proposal and to the statute of the Investor within 10 (ten) Working Days prior to such changes so that the Council or the Provincial/Municipal Investment Sub-committee can decide on the issues no later than 10 (ten) Working Days.

Article 8: Revocation or Cancellation of Final Registration Certificate

- 8.1 Revocation of Final Registration Certificate: A Final Registration Certificate shall be revoked from the date it was issued by the Council or Provincial/Municipal Investment Sub-Committee if an Investor:
 - (a) obtained a Final Registration Certificate or a Certificate of Compliance through fraud or misrepresentation; or
 - (b) does not commence an Investment Activity within six (6) months of the receipt of all the documents referred to in Sub-Article 7.3 except for the case of concession contracts in which such period is specified by agreement in the contract.
- 8.2 Cancellation of Final Registration Certificate: If an Investor applies to the Council or the Provincial/Municipal Investment Sub-committee for a Final Registration Certificate to be cancelled under Article 21 New of the Law on Investment, the Council or the Provincial/Municipal Investment Sub-committee must cancel that Final Registration Certificate only if and when the Investor has fully complied with Articles 22 New and 23 New of the Law on Investment.
- 8.3 Notification of revocation of Final Registration Certificate: If the Council or the Provincial/Municipal Investment Sub-committee revokes a Final Registration Certificate in accordance with this Article, the Council or the Provincial/Municipal Investment Sub-committee must notify the Investor in writing of the revocation.
- 8.4 Appeals: An Investor whose Final Registration Certificate is revoked by the Council or the Provincial/Municipal Investment Sub-committee under this Article may appeal in writing to Co-Chairmen of the Council within 20 Working Days of the date or receipt of the written notification of revocation from the Council or the Provincial/Municipal Investment Sub-committee under Sub-Article 8.3.

- 8.5 Loss of Investment Incentives: A QIP whose Final Registration Certificate is revoked or cancelled is not entitled to claim, on and from the date of the revocation or cancellation, any of the Investment Incentives set out in the Final Registration Certificate.

CHAPTER III

ACQUISITIONS AND MERGERS OF QIPS

Article 9: Merger of QIPs

- 9.1 If two or more Investors, or an Investor and any other Person, agree to merge to form a new entity, and the new entity wishes to carry out the Investor's QIP and be entitled to the Investment Incentives and Guarantees specified in the QIP's Final Registration Certificate, the new entity must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee to be registered as an Investor and for the QIP's Final Registration Certificate to be transferred to the new entity within 10 Working Days prior to the merging and transfer of the Final Registration Certificate.
- 9.2 The Council or the Provincial/Municipal Investment Sub-committee must consider the application made under Sub-Article 9.1 and must provide the new entity with a written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.

Article 10: Acquisition of a QIP by unregistered Person

- 10.1 If an unregistered Person purchases the ownership of a QIP and it wishes to carry out the Investor's QIP and be entitled to the Investment Incentives and Guarantees specified in the QIP's Final Registration Certificate, the purchaser must apply in writing to the Council or the Provincial/Municipal Investment Subcommittee to be registered as an Investor and for the QIP's Final Registration Certificate to be transferred to the new entity within 10 (ten) Working Days prior to the transfer of the Final Registration Certificate.
- 10.2 The Council or the Provincial/Municipal Investment Sub-committee must examine the application made under Sub-Article 10.1 and must provide the purchasing entity with a written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.
- 10.3 If a transfer of shares in an Investor results in control of the Investor being acquired by the transferee, the Investor must apply to the Council or the Provincial/Municipal Investment Sub-committee for the transfer and provide the name and address of the transferee within 10 (ten) Working Days prior to the transfer in order that the Council or the Provincial/Municipal Investment Sub-committee can decide on the issue no later than 10 (ten) days.
- 10.4 For the purpose of Sub-Article 10.3, "control" means holding at least 20% of the shares in the Investor.

Article 11: Acquisition of a QIP by another Investor

- 8.1 If a registered Investor purchases the ownership of a QIP and it wishes to be entitled to the Investment Incentives and Guarantees of a QIP carried on by that Investor, the purchasing Investor must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee for the acquisition within 10 (ten) Working Days prior to the acquisition in order to receive that entitlement.

8.2 The Council or the Provincial/Municipal Investment Sub-committee must consider the application made under Sub-Article 11.1 and must provide the purchasing Investor with written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.

Article 12: Failure to register or to apply for approval

If a new Person or a purchasing Investor fails to apply to the Council or the Provincial/Municipal Investment Sub-committee for registration in accordance with Article 9 or 10, or a purchasing Investor fails to apply to the Council or the Provincial/Municipal Investment Sub-committee in accordance with Article 11, the new Person or the purchasing Investor is not entitled to any of the QIP's Investment Incentives and Guarantees.

CHAPTER IV

JOINT VENTURES

Article 13: Joint Ventures

A QIP may be in the form of a joint venture. A joint venture may be formed between Cambodian Entities, between Cambodian Entities and Foreign Entities and between Foreign Entities themselves and may include a joint venture with institutions of the Royal Government. There are no limitations based on nationality or the share-holding proportions of each shareholder, other than if the joint venture owns, or intends to own, land, or an interest in land in the Kingdom of Cambodia. In such case, the maximum combined share-holding of all persons who are not Cambodian Entities must not exceed 49 (forty nine) percent.

CHAPTER V

TAXATION

Article 14: General Principles

- 14.1 Liability for taxes: Investors are liable to, and must comply with the provisions of the Financial Management Law, the Law on Taxation, and the Law on Investment and related regulations.
- 14.2 Natural resources: The tax rate of the Tax on Profit, which profit derived from a contract sharing of oil and natural gas exploitation or from natural resources related activities including, but not limited to, timber, ore, gold and precious stones, shall be determined in accordance with Article 20.2 of the Law on Amendment to Law on Taxation.
- 14.3 Limitations: A full or partial exemption from taxes and customs duties shall only apply to the payment of any liability for the Tax on Profits and the payment of Customs Duty as provided in this Sub-Decree. These exemptions do not include the following:
- (a) tax on salary and withholding tax as stated in Articles 25 New and 26 New of the Law on Taxation, and Additional Profit Tax on the distribution of dividend and
 - (b) Value Added Tax, specific tax on certain merchandises and services, duties and taxes to be paid at the time of import, and any other taxes as specified in the laws in force.

Article 15: Tax on Profit

- 15.1 Period of exemption from the Tax on Profit: In accordance with Article 14.1 of the Law on Investment, the profit tax exemption period, which is Trigger Period plus 3-year Period plus Priority Period, shall be determined in accordance with this Article.

15.2 Trigger Period: For Article 14.1 of the Law on Investment, the trigger period of the profit tax exemption period is the period commencing on the issuance of the Final Registration Certificate and ending on the last day of the taxation year immediately preceding the earlier of:

- (a) if the QIP derives a profit, the taxation year that the profit is first derived; and
- (b) if the QIP derives income from the Investment Activity in respect of the sale of goods or services, the third taxation year after the taxation year in which the income is first derived.

For the purpose of this Sub-Article and Article 14.1 of the Law on Investment, profit refers to the taxable profit calculated under the provisions of the Law on Taxation regardless of the provisions of carry forward of losses under Article 17 of the Law on Taxation.

15.3 Three Years: This immediately commences from the taxation year immediately following the Trigger Period and the 2 immediately succeeding years.

15.4 Priority Period: The Priority Period determined under the Financial Management Law commences immediately after the third taxation year of the three year period provided under Sub-Article

15.5 Prepayment of the Tax on Profit for QIPs registered after the promulgation of Law on the Amendment to Law on Investment: The prepayment of the Tax on Profit does not apply to a QIP granted an exemption from the Tax on Profit as provided in Article 14.1 of the Law on Investment.

15.6 Prepayment of the Tax on Profit for QIPs approved before the promulgation of Law on the Amendment to the Law on Investment: A QIP which is subject to Article 24 (2) New of the Law on Investment shall make monthly prepayments of Tax on Profit at the rate of 1% of turnover inclusive of all taxes, except Value Added Tax derived in the previous month, in accordance with Article 28 New of the Law on Taxation. The QIP's turnover realized during the exemption period determined by the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia shall be exempt from prepayment of the Tax on Profit.

15.7 In accordance with Article 24 New of the Law on Taxation, a QIP shall not be subject to the minimum tax.

Article 16: Customs Duty Exemption on Production Equipments, Construction Materials, and Production Inputs

16.1 Exemption for Production Equipments and Construction Materials-Domestic QIP:
In accordance with Article 14.5 of the Law on Investment, Production Equipments and Construction Materials imported by a domestic QIP are exempt from Customs Duty. In the case where a QIP has a capability to directly export any portion of its manufactured products or has supplied for export industry, the quantity of Production Inputs that were taxed at the time of import and later used to produce goods that are, directly or indirectly, exported shall be entitled to duty exemption after a review of the quarterly report.

16.2 Customs Duty Exemptions for Production Equipments, Construction Materials, and Production Inputs - Export QIP:
In accordance with Article 14.6 of the Law on Investment, Production Equipments, Construction Materials, and Production Inputs imported by the Export QIP are exempt from Customs Duty. However, for the Export QIP which operates under the custom bounded warehouse mechanism, the customs duty exemption shall be in compliance with the Customs laws and regulations in force applicable to the mechanism. The

processed Production Inputs that have not been exported shall be subject to the payment of customs duties and taxes applicable at the time of import after review of the quarterly report.

16.3 Customs Duty Exemptions for Production Equipments, Construction Materials, and Production Inputs -Supporting Industry QIP:

In accordance with Article 14.7 of the Law on Investment, Production Equipments, Construction Materials, and Production Inputs imported by a Supporting Industry QIP are exempt from Customs Duty. However, in the case where the Supporting Industry QIP failed to supply 100% of its manufactured products to the export industry or directly export its products, then the QIP shall pay the customs duties and taxes on Production Inputs for the quantity that has not been supplied to the export industry or directly exported after review of the quarterly report.

16.4 Procedure for Customs Duty Exemption: The Council must:

- (a) establish an inter-institution mechanism comprising members from the Council, and the Ministry of Economy and Finance to review the grant of incentives on the import and use of Production Equipments, Construction Materials and Production Inputs by a QIP for each investment purpose.
- (b) prepare a detailed Guideline on procedure for a QIP to be entitled to Customs Duty exemption.

16.5 Transfer or sale of Production Equipments, Construction Materials, and Production Inputs:

If any Production Equipments, Construction Materials, or Production Inputs in respect of which Customs Duty taxes were exempted on their importation are sold or used in a way unrelated to the QIP purpose, the Investor shall immediately:

- (a) pay Customs Duty taxes within 28 (twenty eight) Working Days in the amount calculated under the Customs Law and Regulations in force if the transfer or sale is done with a prior authorization from the Council.
- (b) pay Customs Duty, taxes, and penalties within 28 (twenty eight) Working Days in the amount calculated under the Customs Law and Regulations in force if the transfer or sale is done without prior authorization from the Council.
- (c) be subject to a temporary suspension of import authorization, and an examination of the Customs Duty exemption application submitted under the Law on Investment, including other Customs penalties in the case of omission or delay in payment of Customs Duty, Taxes, penalties as defined in paragraphs (a) and (b) of this Article 16.5

16.6 The transfer or sale of Production Equipments or Construction Materials and Production Inputs to another Investor:

An Investor or his/her representative may apply in writing to the Council for approval on the transfer or sale by a QIP of Production Equipments, Construction Materials, or Production Inputs which were imported with Customs Duty exemption, to another Investor to be used in a QIP.

CHAPTER VI

REPORTING OBLIGATIONS AND CERTIFICATES OF COMPLIANCE

Article 17: Reporting Obligations

- 17.1 Taxation Reporting Obligations: As mentioned in Article 104 New of the Law on Taxation, from the date of issuance of its Final Registration Certificate, a QIP shall

submit monthly and annual tax declarations and shall pay all taxes as imposed by each taxation regulation to the Tax Department, along with a Certificate of Compliance for the taxation year.

- 17.2 Customs Duty Exemption Reporting Obligation: All Production Equipments and construction materials imported by a QIP are subject to all customs clearance formalities. Within 30 (thirty) working days of import, a QIP must submit to the Council and the Tax Department the certified copies of customs clearance documents, including the valuation documents of those goods issued by the government appointed agency.

Article 18: Compliance Certificate

- 18.1 Compliance Certificate: In each taxation year, a QIP may not claim, and is not entitled to, any of the Investment Incentives unless a QIP is issued with a Compliance Certificate.
- 18.2 Automatic Issuance: Subject to a revocation of the Council under Sub-Article 18.4 and 18.5, the Council shall issue the Compliance Certificate to a QIP within 90 (ninety) Working Days after the end of each financial year.
- 18.3 Failure to Issue: If the Council failed to issue the Compliance Certificate under Sub-Article 18.2, it is deemed to have been issued but is subject to revocation under Sub-Article 18.4 and 18.5.
- 18.4 Review Powers: The Council may review any QIP holding a Compliance Certificate to determine whether the QIP has provided all information required to be lodged under Sub-Article 18.6.
- 18.5 Loss of Investment Incentives: The Council may revoke a QIP's Compliance Certificate if it is satisfied, after reasonable review under Sub-Article 18.4, that the QIP has failed to provide all information required to be lodged under this Article. The QIP loses its entitlement to all Investment Incentives from the date of revocation of the Compliance Certificate.
- 18.6 Information to be delivered: Every Investor who carries a QIP must lodge with the Council:
- (a) an annual financial statement, consisting of a balance sheet, a profit and loss account, cash flow statement and remark no later than the 31st of March of the following year;
 - (b) a Certificate of Tax Obligation Satisfaction from the Tax Department certifying that the Investor has:
 - (i) properly complied with and filed the monthly tax returns on time except in the case where such tax returns of that year is required by the Law on Taxation.
 - (ii) paid all taxes, levies, interest, and surcharges determined for the period of taxation audited by the Tax Department.
 - (c) quarterly report on the effective import of Production Equipments and Production Inputs for the production, and quarterly report on the effective export of the QIP's finished products and annual inventory list of immovable properties.
 - (d) investment information sheet in **CIB 01S** form.

CHAPTER VII**OWNERSHIP AND LAND USE****Article 19: Ownership**

- 19.1 Ownership: The Land Ownership serving the Investment Activity is to be vested in a Cambodian natural person or legal entity in compliance with the Law in force.
- 19.2 Registration of Ownership: To register land Ownership, the Investor shall complete all forms or formalities for registration with the cadastral office under the jurisdiction of which the immovable property is located.
- 19.3 Ownership Rights: Under the Constitution of the Kingdom of Cambodia, the foreign natural person or legal entity may not own land in the Kingdom of Cambodia.

Article 20: Use of Land

- 20.1 Cambodian Legal Entity: In addition to the Ownership Rights, the Cambodian Investor is entitled to use land in various forms, including concession, lease, transfer, and as securities.
- 20.2 Foreign Legal Entity: A Foreign Legal Entity may use the land in various forms, including concession, long term lease for 15 (fifteen) years or more, and renewable short term lease. Land Use rights include the rights on buildings, arrangements, or improvements made by the lessee for a duration specified in the contract, provided that the uses are exercised in compliance with the law in force.
- 20.3 Lease of State Land: Any natural or legal entity who leased any piece of land from the State shall act in compliance with regulations regarding the management of the State property.
- 20.4 Sub-Lease: Any natural or legal entity who leased any piece of land from the State may sub-lease such land to a third party only if he/she obtained express prior approval or authorization from the competent authority.

CHAPTERS VIII**LABOR FORCE****Article 21: Use of Labor Force**

The Council has the duty to advise and help facilitate the investor with regard to obtaining, for the foreign spouse accompanying the investor, a visa, the right to stay and appropriate travel permit in compliance with the immigration law and its regulations.

For the recruitment by the investor of foreign staff and management experts, technical staff, skilled workers who are not available among Cambodians citizens, the Council shall help facilitate the investor to obtain the right to recruit those foreign employees to work as needed, in accordance with the Labor law, Immigration law and relevant regulations in force.

CHAPTER IX**PENALTIES****Article 22: Penalties**

If the Investor fails to perform any obligation imposed by this Sub-Decree or the Law on Investment, the Investor shall be subject to penalties defined in Article 8.1, Article 12 or Article 18.5 of this Sub-Decree or other Laws regarding the omission or failure to perform obligations.

CHAPTER X**TRANSITIONAL PROVISIONS****Article 22: Recognition as QIP of Investment Project Approved Prior to the Amendment to the Law on Investment**

- 23.1 Any Invest Project approved under the Law on Investment of the Kingdom of Cambodia promulgated by Royal Kram No. 03/NS/94 dated August 05, 1994 and whose activity is undergoing before the date of entry into force of this Sub-Decree will be recognized as a QIP after the Investor has submitted a written proposal to the Council to have it deemed as a QIP and after satisfying all obligations defined in the Law on Investment and this Sub-decree.

The Council shall issue to the investor a Certificate of Recognition for the above Investment Project as QIP no later than 3 (three) Working Days.

For the Investment Project that has been approved but failed to perform any Investment Activity or started an Investment Activity for a period of time but later postponed the Activity without any notice of such postponement or termination to the Council, such Investment Project shall be subject to further regularization of documents in order to obtain QIP's entitlement before recommencement of the Investment Project.

- 23.2 Incentives for Investment Projects Approved Prior to the Adoption of the Amendment to the Law on Investment.

Investment Project which was approved prior to the adoption of the Amendment to the Law on Investment and has been recognized as QIP entitled to the profit tax rate of 9% before the promulgation of the Amendment to the Law on Investment of the Kingdom of Cambodia, is entitled to such 9% rate for a transitional period of not more than 5 (five) years starting from the fiscal year after the promulgation of the Amendment to the Law on Investment of the Kingdom of Cambodia and this Sub-decree only if the Investor has fulfilled all obligations stipulated in Chapter 6 of this Sub-Decree.

Investment Project which was approved prior to the adoption of the Amendment to the Law on Investment and has been recognized as a QIP and provided with Investment Incentives in writing by the Council may still be entitled to incentives in the form of profit tax and Customs Duties exemption on the import of Production Equipment, Construction Materials, and Production Inputs only if the Investor has fulfilled all obligations stipulated in Chapter 6 of this Sub-Decree.

CHAPTER XI**FINAL PROVISIONS****Article 24: Abrogation**

Sub-Decree No 88/ANK/PK dated December 29, 1997 on the Implementation of the Law on Investment of Cambodia, Amendment Sub-Decree No 53/ANK/PK dated June 11, 1999 on the Amendment to Sub-Decree on the Implementation of Law on Investment of Cambodia, Sub-Decree No 130/ANK/PK dated December 26, 2001 on the Amendment to Sub-Decree No 53/ANK/PK dated June 11, 1999, and any other regulation in contrary to this Sub-Decree shall be abrogated.

Article 25: The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Council for the Development of Cambodia, Ministers of all ministries, heads of all institutions, and provincial/municipal governors shall effectively implement this Sub-decree within their respective functions commencing from the date of signature.

Phnom Penh, September 27, 2005

PRIME MINISTER

HUN SEN

CC:

- The Ministry of Royal Palace
- The General Secretariat of Constitutional Council
- The General Secretariat of the Senate
- The General Secretariat of the National Assembly
- The Cabinet of Samdech Prime Minister
- The General Secretariat of the Royal Government
- As defined in Article 25
- Archives - Chronicle

HEREBY DECIDE

CHAPTER I

INTER-INSTITUTIONAL FACILITATING GROUP

Article 1: An Inter-Institutional Facilitating Group (IIFG) shall be established to stimulate the effectiveness of managing and executing the imports and exports of goods through applying the Risk Management. The IIFG has the duties as followings:

1. Ensuring to achieve the balance based on the effective risk management between the provision intervention and trade facilitation among the ministries and institutions, which are related to managing and executing the imports and exports of goods.
2. Verifying the roles and responsibilities of the institutions to ensure that the institutions maintain high cooperation without overlapping.
3. Compromising the strategic plans and activities related to managing and executing the imports and exports of goods including the Common Goal Agreement (CGA).
4. Reviewing the Legal Procedure for exporting and inspecting the goods of international trade and with necessity creating the effective Legal Procedure for implementations meanwhile the electronic goods delivery system is launched.
5. Organizing and tracking the implementations of the administrative directives for inspecting and clearing the imported and exported goods.
6. Disseminating the duties and responsibilities of the institutions to clearly inform the International Trade Community (ITC) about the process related to the operations of the imports and exports.
7. Observing the effectiveness of the Legal Procedure for distributing and inspecting the international trade commodities by using the risk management and initiating the necessarily adjusting activities.

Article 2: The IIFG is led by the Delegate of the Royal Government and is burdened as Director of the Customs and Excise Office and has the members as follows:

- The Representative of the Customs and Excise Office;
- The Representative of the Cambodian Import Export Inspection and Fraud Repression Department (CAMCONTROL);
- The Representative of the concerned department under the Ministry of Commerce;
- The Representative of the Ministry of Health;
- The Representative of the Ministry of Agriculture, Forestry, and Fishery;
- The Representative of the Ministry of Industry, Mine, and Energy;
- The Representative of the Cambodian Commission for Special Economic Zone (CCSEZ);
- Other relevant Representatives of the Royal Government bodies that shall be verified by Sub-Decree (ANUKRET);

This facilitating group shall report to the Sub-Committee for Trade Facilitation (SCTF) and shall be entitled to use the SEAL of the Customs and Excise Office.

Article 3: For the goal of this Sub-decree, the members of the IIFG shall be called as “the Representatives of the Technical Institution”.

CHAPTER II

ADMINISTRATIVE PROCEDURE

Article 4: The Information related to the commodities and the Customs clearance shall be submitted to the Customs and Excise Office. Before the implementation of the electronic data installation is launched, the merchants are required to accomplish only a copy of the Customs clearance and other relevant documents.

After the electronic data is inserted, the merchants who have registered by the electronic system shall not be required to file any information in written papers.

Article 5: The Customs and Excise Office is a sole leading institution accounting for inspecting the commodities at the international checkpoint. In case the inspection is also entailed by another institution accordingly with the fact of the risk found, the inspection shall be jointly made at the same time within the facilitation from the Customs and Excise Office.

Article 6: Based on the risk form and the administrative directive established upon the advices of the IIFG, the Customs and Excise Office shall:

1. Make cargo clearance;
2. Take strict measures (e.g. to further check the documents, to scan or to conduct individual inspection) in any of its jurisdiction to fulfill its duties and competence, or
3. Forward detailed information to other technical institutions to consider the necessity of the additional information in order to enable the Customs and Excise Office to conduct inspection in those institutions or to take another explicit measure.

Article 7: CAMCONTROL, the Ministry of Commerce, the Ministry of Health, the Ministry of Agriculture, Forestry, and Fishery, and the Ministry of Industry, Mine, and Energy shall take a common burden on the goods and any particular products that are determined by the Royal Government of Cambodia in any specific time. Regarding these products, in general, the Representatives of the Technical Institution are responsible for ensuring the compliance with international obligation, the law and national ordinance that manage the handling of these products and that manage the risk in order to achieve these goals. These institutions generate precise criteria just according to the risk of these particular goods.

Article 8: When it is determined as:

- Prohibited or limited goods;
- Highly risky goods;
- Goods which are the subject matters for the needs of other institutions

These goods shall be inspected before passing and being allowed to pass. Inspection by all the institutions shall be conducted just only one time, and the institutions shall not carry out the overlapped inspecting work.

Article 9: For all cases, the decision to inspect the individual goods shall depend on the fact of the risk found, and the inspection shall be done just only one time. The Customs and Excise Office is required to prepare this inspection statement.

CHAPTER III**INTER-INSTITUTIONAL AGREEMENT**

- Article 10:** The Inter-Institutional Agreement (IIA) shall be implemented between the Customs and Excise Office and the Representatives of the Technical Institution such as CAMCONTROL, the Ministry of Commerce, the Ministry of Health, the Ministry of Agriculture, Forestry, and Fishery, the Ministry of Industry, Mine, and Energy, whose duties and responsibilities have been comprehensively verified.
- Article 11:** The IIA shall describe the circumstances in which the Customs and Excise Office has to forward the detailed information about the goods and the way to forward to the Representatives of the Technical Institution.
- Article 12:** The IIA shall verify the certain types of the products and commodities by the Royal Government's policies given to the Representatives of the Technical Institution by classifying goods in the level of 8 digits in the applicable table of Cambodian Customs which shall be publicized by the Ministry of Economy and Finance.
- Article 13:** The Administrative Agreement shall ensure that deciding to inspect the commodities just depends on the verified risk in accordance with this Sub-decree.
- Article 14:** When the Representatives of the Technical Institution accounting for the operational management of the imports and exports are entailed to carry precise specialties which are not available in the Customs and Excise Office and CAMCONTROL, the technicians from the relevant institutions shall be assigned to fulfill their works upon the proposal of the Customs and Excise Office.

CHAPTER IV**EXECUTIVE PROCEDURE BASED ON THE RISK**

- Article 15:** All relevant institutions shall organize and enact the Executive Procedure Based on the Risk for imports and exports, freights and handling of goods in accordance with the applied principles as followings:
1. Only the commodities that are considered as highly risky shall be selected for inspection. The inspection shall not exceed the necessity of what to be confirmed or rejected from the initiative evaluation.
 2. Regarding the trade documents:
 - The status of the trade document must consist of minimum characteristics which are essential for the authority to comply with its responsibilities;
 - The document must be filed only one time;
 - The trader can file a document for passing the goods at the import-export checkpoint or passing checkpoint.
 3. Inspecting the import or export document shall be conducted prior to the individual inspection on the commodities. This task is done to confirm or reject the concerns about the risk results.

4. The scrutinizing and permitting to pass the commodities before the due time must be excised when the trader is able to file appropriate documents before the commodities arrive.
5. Auditing after passing the commodities is done any time possible.
6. The commodities can be inspected outside the border checkpoint in any appropriate circumstance.

Article 16: To support the effective risk management, all the Representatives of the Technical Institutions shall be entitled to receive the statistics about imports and exports collected by the Customs and Excise Office as well as the information related to imports and exports, which are the burdens of those institutions.

CHAPTER V

THE ASSIGNMENTS ON IMPLEMENTATION, INSPECTION AND EVALUATION

Article 17: All the Representatives of the Technical Institutions shall:

1. Evaluate the operational management situations of imports and exports and set the Action Plan that states the potentiality of the cooperation and the facilitation among the relevant institutions.
2. Organize, implement, and publicize the Inter-Institutional Agreement (IIA) and support via the official Inter-Institutional Agreement (IIA).
3. Justify their executive procedure to ensure that all the passing process of goods is done based on the risk management principles so as to reduce the compulsory inspective tasks.
4. Discuss these initiatives with the private sectors

Article 18: The Sub-committee for Trade Facilitation of the Leading Committee for Developing the Private Sector shall carry the duties to keep watching and evaluate the implementation of this Sub-decree (ANUKRET).

CHAPTER VI

FINAL PROVISIONS

Article 19: The future provisions related to inspection and passing the commodities for imports and exports must be consistent with the policies and the strategies of trade facilitation through the risk management.

Article 20: The directive for implementation, the risk management in the ministries and the branches of the Royal of Government which are related to the imports and exports formalities as stated in the Annex of this Sub-decree.

Article 21: Any provisions contrary to this Sub-decree shall be considered null and void.

Article 22: The Minister in charge of the Cabinet Ministers, the Ministry of Economy and Finance, the Ministry of Commerce, Ministers, the Secretaries of State of Ministries, relevant departments, all the Provincial/ Municipal Governors, and the Leading Committee for Developing the Private Sector shall be responsible for the implementation of this Sub-decree from the date of this signature.

Phnom Penh, 01 March 2006

CC:

- The Ministry of Royal Palace
- The General Secretariat of the Senate
- The General Secretariat of the Assembly
- The Cabinet of Samdech Prime Minister
- As in Article 22
- Archives – Chronicles

Prime Minister

Signature and Seal:

HUN SEN

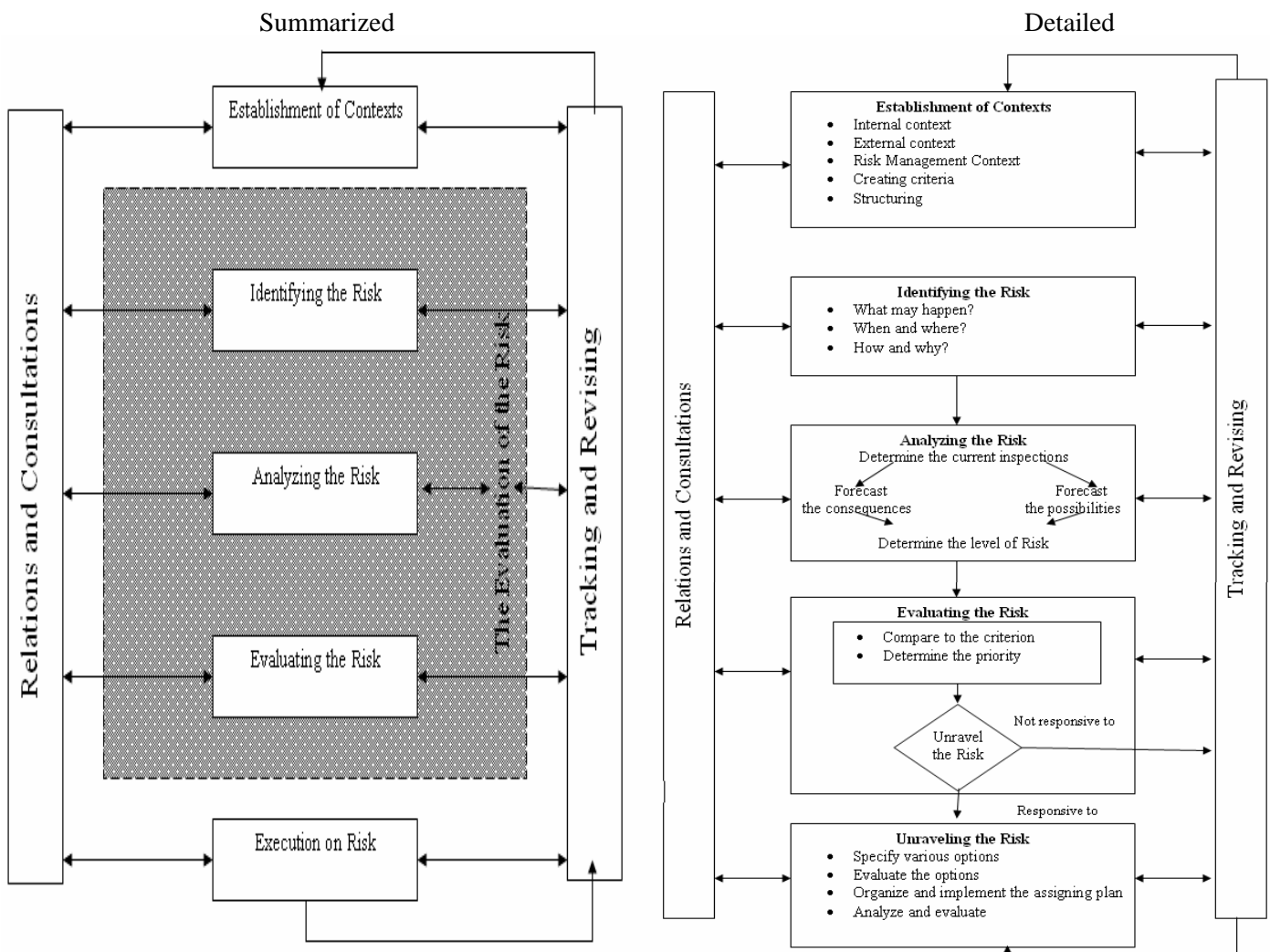
Annex

Of Sub-decree No. 21 SD/PK of March, 01, 2006

**The Directive for the Implementation of Risk Management
 in the Ministries and the Branches of the Royal Government of Cambodia
 which are related to the Import and Exports Formalities**

- Directive 1:** The Implementation of Risk Management.
- Directive 2:** The Establishment and Relation Background and the Goal of the Risk Management
- Directive 3:** The Roles of a Single Leading Institution that accounts for inspecting the commodities at the International Border Checkpoint Office.
- Directive 4:** Inter-Institutional Agreement (IIA)
- Directive 5:** Prohibited and Limited Commodities
- Directive 6:** Observation and Reports

The Risk Management Process



65.	Sub-Decree # 23 ANK/PK on The Production, Exportation, Importation and Trade of Traditional Medicines in Health Field (April 28, 1998)	4-46
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THE ROYAL GOVERNMENT OF CAMBODIA

No: 23 ANK/PK

SUB-DECREE

on

**The Production, Exportation, Importation and Trade
of Traditional Medicines in Health Field**

April 28, 1998

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree dated September 24, 1993, on the Appointment of the 1st and 2nd Prime Ministers;
- considering Royal Decree dated November 1, 1993, on the Appointment of the Royal Government;
- Considering the Royal code No. 02/NS/94 dated July 20, 1994, on the Organization and Functioning of the Council of Ministers;
- Considering Royal Decree No. ChS/RKT/1094/83 dated October 24, 1994, on the Modification of Composition of Royal Government of the Kingdom of Cambodia;
- Considering the Royal code No. NS/RKM/ 0196/03 dated January 24, 1996, on the establishment of the Ministry of Health;
- Considering the Royal code No. ChS/RKM/0196/02 dated June 17, 1996, on pharmaceutical management;
- Considering Royal Decree No. ChS/RKT/0897/147 dated August 7, 1997, on the Modification of Composition of Royal Government of the Kingdom of Cambodia;
- Considering the Organization and Functioning of the Ministry of Health;
- According to the Health Minister's request;
- Obtaining the approval of Council of Ministers at session held on March 12, 1998;

HERBY DECIDE

CHAPTER I

GENERAL PROVISION

Article 1: The present sub-decree has the purpose to manage the production, exportation, importation and trade of traditional medicines in the Kingdom of Cambodia.

Article 2: Traditional medicines are substances for use to prevent or treat human and animal diseases, containing:

- Plant or animal or rock elements not yet improved or already improved according to ordinary methodology;
- Combined products or made with one or many elements with chemical structure not yet well-known and source from plant, animal or rock.

Article 3: Production, exportation, importation and trade of traditional medicines can be done only when there is authorization from the Ministry of Health.

CHAPTER II

THE RIGHT TO DO TRADITIONAL MEDICINE BUSINESS

Article 4: Pharmacists having the right to produce, export and import traditional medicines, shall have the following qualifications:

- Cambodian Nationality;
- Pharmacist diploma recognized by the Health Ministry;
- Having never been convicted of any crime;
- Being healthy enough to work

Article 5: Traditional pharmacists having the right to perform traditional medicine trade shall have the following qualifications:

- Cambodia nationality;
- Having Knowledge in traditional medicine mixture from plant, animal or rock and in examination and treatment of ordinary diseases with traditional pharmacist certificate recognized by the Health Ministry;
- Having never been sentenced for perpetrating a penal offense;
- Being healthy enough to work

Article 6: The Ministry of Health can authorize foreign traditional pharmacists to make traditional medicine business in the Kingdom of Cambodia only in case of need in the country.

Article 7: Traditional medicines which can be produced, exported and imported shall be vested or registered by the Health Ministry.

Article 8: The Health Ministry determines in stating:

- The formalities and conditions to ask for opening or changing the installation or transferring the fund of establishment of production, exportation, importation and trade;
- The formalities and conditions to solicit traditional medicine visa or registration;
- The formalities and technical conditions to manage and look after traditional medicines;
- The formalities of production, exportation, importation and trade of traditional medicines

Article 9: Shall be authorized by the Ministry of Health:

- The opening and change of installation and person in charge of the establishment of traditional medicines;
- The production, importation, exportation and stocking of traditional medicines and raw materials for producing traditional medicines;
- The traditional medicine advertisement

CHAPTER III

THE PRODUCTION OF TRADITIONAL MEDICINES

Article 10: Production of traditional medicines under an industrial form shall be performed in the establishment of production of medicines with organization appropriate to technical conditions fixed by the Health Ministry.

Article 11: Production of traditional medicines shall be under the control and responsibility of one or many pharmacists according to the production size.

CHAPTER IV**IMPORTATION AND EXPORTATION OF TRADITIONAL MEDICINES**

Article 12: Importation and exportation of traditional medicines shall be carried out through the import-export establishment with organization appropriate to conditions fixed by the Health Ministry.

Article 13: Traditional medicines to be imported shall be chosen in the traditional medicine list already registered with the Health Ministry. Imported traditional medicines shall have forms to show and good quality the deposited sample.

CHAPTER V**TRADITIONAL MEDICINE TRADE**

Article 14: Traditional medicine display, sale and stocking shall be done in the traditional drugstore with organization appropriate to conditions fixed by the Health Ministry.

Article 15: The traditional pharmacist shall be present in the traditional drugstore to manage the activity in the store.

In case the traditional pharmacist in charge is absent, there shall be another traditional pharmacist for replacement authorized by the Health Ministry.

Article 16: Shall be forbidden:

1. Sale of falsified and ineffective traditional medicines;
2. Sale of traditional medicine combined with modern medicine;
3. Sale of dangerous traditional medicines appearing in the list of prohibition of the Health Ministry;
4. Performing other business in the traditional drugstore

CHAPTER VI**FINAL PROVISION**

Article 17: Any provision contrary to the present sub-decree is deemed null and void.

Article 18: The Co-Ministers in charge of Office of Council of Ministers, the Minister of Health relevant ministries and institutions are put in charge of enforcing this sub-decree from the date of its signing onward.

Phnom Penh, April 28th, 1998

The 1st Prime Minister

The 2nd Prime Minister

UNG HUOT

HUN SEN

66. **Decision # 65 SSR on the Cancellation of Procedure and Old Formalities on Log Exportation**
(June 18, 1994)4-49

**THE ROYAL GOVERNMENT OF CAMBODIA
No: 65 SSR**

**DECISION
on
The Cancellation of Procedure and Old Formalities
on Log Exportation**

June 18, 1994

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1, 1993, on the Appointment of the Royal Government of Cambodia;
- Referring to the military situation and present security;
- Referring to the urgent requirement of founding and strengthening the Royal Armed Forces;
- Considering the notification No. 165 SChN.SR dated 29-01-1994 of the Office of Council of Ministers on the cessation of felling and exporting of round and sawn logs at the end of March 1994;
- Considering the notification No. 933 SChN.SR dated 20-12-1993 on the entrusting the Ministry of Agriculture, Forestry, Hunting and Fishing, the Ministry of Economy and Finance, the Ministry of Commerce and the Ministry of Foreign Affairs and International Cooperation with the duty to settle the matter of selling round logs;

IT IS HEREBY DECIDED

- Article 1:** To cancel the procedure and formalities log exportation of determined in the past.
- Article 2:** To lay down the following new formalities and procedure in application for authorization to export logs:
- Every log exportation shall be approved and authorized by both the 1st Prime Minister and the 2nd Prime Minister.
 - For trees already cut down with past authorization from competent ministries but not yet exported, companies and customers owning those logs shall ask authorization anew from the 1st and 2nd Prime Ministers through the Office of Council of Ministers.
- Article 3:** The Co-Ministers in charge of Office of Council of Ministers, the Co-Ministers of National Defense and relevant Ministers shall enforce the present Decision from the date of its signing onward.

The 1st Prime Minister The 2nd Prime Minister
Signed and sealed:

NORODOM RANARITH HUN SEN

67. **Decision # 193 SSR** on the Closure of Import & Export Area, Sre Ambel, Koh Kong Province (March 19, 1994).....4-50

**THE ROYAL GOVERNMENT OF CAMBODIA
No: 193 SSR**

**DECISION
on
The Closure of Import & Export Area,
Sre Ambel, Koh Kong Province**

March 19, 1994

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, the King of Cambodia, dated November 1st, 1993, on the Appointment of the Royal Government of Cambodia;
- Referring to the request of the Minister of Economy and Finance;

IT IS HEREBY DECIDED

Article 1: To close the import - export pass of Sre Ambel, Koh Kong province.

Article 2: All foreign commercial relationship by sea of the Kingdom of Cambodia shall make through Preah Sihanouk City port or Phnom Penh port.

Article 3: Any provision contrary to the present decision is deemed null and void.

Article 4: The Co-Ministers in charge of the office of the Council of Ministers, the Co-Ministers of the Interior, the Minister of Economy and Finance, The Co-Ministers of National Defense, the Ministers, State Secretaries of Ministers, relevant institutions and the Koh Kong province governor shall apply this decision.

Phnom Penh, March 19, 1994

The Acting Prime Ministers
Signed and Sealed:

- Places of receipt:
- The King's Cabinet
 - Secretariat-General of the National Assembly
 - Cabinet of the 1st, Prime Minister
 - Cabinet of the 2nd Prime Minister
 - As defined in article 4
 - Records - Chronicles

NORODOM SEREIVUTH SOR KHENG

68. **Decision # 05 SSR on the Procedure in Exportation of Log, Timber and Processed Wood to Foreign Countries (January 7, 1995)**4-51

THE ROYAL GOVERNMENT OF CAMBODIA
No: 05 SSR

DECISION

on

**The Procedure in Exportation of Log, Timber and
Processed Wood to Foreign Countries**

January 7, 1995

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1, 1993, on the Appointment of the Royal Government of Cambodia;
- Considering the statutory order No. 35 Kr.Ch. dated June 25, 1988, on the management of forest field;
- Referring to the spirit of interdepartmental meeting held on June 16, 1994;

IT IS HEREBY DECIDED

- Article 1:** To cancel the wood exportation procedure and formalities set out in the decision No. 65 SSR dated June 18, 1994.
- Article 2:** The Ministry of Agriculture, Forestry, Hunting and Fishing shall draw up the annual project of log, timber and processed wood exportation. This project shall be worked out in being based on a stable, durable and effective wood use to ensure the policy of national economic stabilization, the policy of environmental management, and shall start from goods exchange agreement and capital investment contract on granted forests, sawmill, wood processing factory and other purposes. This project shall be decided by the Council of Ministers and annexed to the State budget revenue project for each fiscal year.
- Article 3:** For the case of log, timber and processed wood outside the project text, the authorization shall be requested from the Royal Government.
- Article 4:** For the case of log, timber and processed wood whose business is illegal, it shall be confiscated and kept as State property.
- Article 5:** All revenue obtained from payment for standing wood, exportation tax, and from sale, and exportation of log, timber and processed wood, confiscated wood and other fees shall be put down in the Treasury.
- Article 6:** Businessmen or exporters shall take income tickets from the Treasury and show them to the Department of Forestry and Hunting, the Customs Department and the Ministry of Commerce.
- Article 7:** Every application form for exportation shall be signed by the Minister or the State Secretary of Agriculture, Forestry, Hunting and Fishing. The Department of Forestry and Hunting has the duty to sign exportation licenses as exporter or exporter's assistant after examining that wood really exists according to quantity and quality.
- Article 8:** The Ministry of Commerce has the duty to issue log, timber and processed wood exportation license to exporters and original source certificate after seeing the income card from Treasury

and National Bank and the customs control certificate.

Article 9: The Customs and Excise has the duty to check the passes authorized to deliver log, timber and processed wood and to write on the license back the quantity and quality of wood and to send one copy to the Ministry of Agriculture, Forestry, Hunting and Fishing, one copy to the Ministry of Commerce and another copy to the Office of Council of Ministers for following up the performance.

Article 10: The passes for delivery of log, timber and processed wood to be exported are:

- International Port of Sihanouk City;
- Phnom Penh Port;
- Other passes mentioned in bilateral or multilateral agreements on the opening of passes between governments and;
- Sundry passes authorized by the Royal Government

At every authorized pass for exportation, there are customs posts on duty.

Article 11: For request to export log, timber and processed wood across a neighboring country with bilateral agreement, the exportation license to cross that country shall be issued by the Ministry of Commerce. For countries having not yet such an agreement, the exporter shall request the Ministry of Foreign Affairs and International Cooperation through the Ministry of Commerce.

Article 12: The Ministry of Foreign Affairs and International Cooperation has the duty to get in touch with the country, which grants permission to cross.

Article 13: A ministry or institution concerned by the enforcement of this decision shall apply itself to shorten the order of fulfilling the administrative formalities to the maximum, aiming at promoting an effective enforcement.

Article 14: The Ministry of Agriculture, Forestry, Hunting and Fishing, the Ministry of Commerce and the Ministry of Economy and Finance shall issue a notice on formalities to apply for wood exportation, a model of sale and exportation contract, the quality and quantity to be exported, the tax rate and different fees to be paid to the State. They shall also define the processed wood clearly. The exportation price is fixed according to the international market price interdepartmentally fixed.

Article 15: In the stage of settlement of past remaining problems, for businessmen who have already obtained authorization in principles to export but have not yet exported, they shall comply with the formalities of this new procedure.

Article 16: For the new proposal on application for exportation of log, timber and processed wood, it can be executed only when it is put in the State plan and after the issue of interdepartmental notice on formalities of exportation of log, timber and processed wood set out in article 14 of this decision.

Article 17: The Co-Ministers in charge of Office of Council of Ministers, the Co-Ministers of National Defense, the Co-Ministers of the Interior, the Minister of Economy and Finance, the Minister of Agriculture, Forestry, Hunting and Fishing, the Minister of Commerce and the Minister of Foreign Affairs and International Cooperation shall enforce the present decision from the date of its signing onward.

69. **Decision #17 SSR** The Restriction on Forbidden Wood Products and Those Authorized to Be Exported and the Limitation of Exportation Passes (April 29, 1997)4-53

THE ROYAL GOVERNMENT OF CAMBODIA
No: 17 SSR

DECISION

on

**The Restriction on Forbidden Wood Products and Those Authorized
to Be Exported and the Limitation of Exportation Passes**

April 29, 1997

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree dated November 1, 1993, on the Appointment of the Royal Government of Cambodia;
- Considering Royal Decree No. NS/RKT/1094/83 dated October 24, 1994, on the Modification of Composition of Royal Government of Cambodia;
- Considering the law on the organization and execution of Council of Ministers promulgated by Royal code No. 02/NS/94 dated July 20, 1994;
- Considering the statutory order No. 35 Kr Ch. dated June 25, 1988, on the management of wood field;
- Considering the notice of Royal Government of Cambodia No. 02 SPk. dated December 26, 1996, on the prohibition of exportation of logs and sawn wood from the Kingdom of Cambodia;
- According to the proposal of Minister of Agriculture, Forestry, Hunting and Fishing;

IT IS HEREBY DECIDED:

Article 1: To increase the management effectiveness and to abolish anarchy in wood field.

Article 2: It is forbidden to export:

1. Logs with or without bark
2. Properly sawn wood
3. Parallelepiped trunks exceeding 25 cm. in thickness
4. Firewood even bound in bundles
5. Wood charcoal

The pictures are in the annex attached to the present decision.

Article 3: The following polished wood products are allowed to be exported:

1. Furniture, parts of furniture and of filing cabinet
2. Sculpture or carving wood, children's toys
3. Parquet or floor wood
4. Palette wood or case wood (assembled or not)
5. Incised or grooved wood (couple), turned and polished wood, door or window frames, wood with mortises or wedges (wood for making tool handles)
6. Wood products stuck in strips or slices
7. Plywood
8. Sliced or trimmed wood
9. Wood sawn along its substance 15 cm. thick at the maximum, even with bark
10. Planed wood with two or four faces (s2s and s4s), measurements and qualities for exportation

11. Chiseled wood debris-Wood powder
12. Match and chopstick wood
13. Sleepers (except for luxury wood)
14. Square wood 25 cm. high or wide at the most, dried naturally or technically on dryer

For the above categories of wood products, the exportation of the ones with high value added shall be taken into account.

Article 4: Exportation conditions:

Wood products are allowed to be exported only when they have sources from round logs obtained from the business in granted forest authorized by the Royal Government according to appropriate and legal technique and checked by the Department of Forestry and Hunting and all formalities have been fulfilled. The price of standing wood and taxes of all kinds according to the financial and investment law shall be fully paid prior to exportation, For exportation formalities, authorization principles shall be asked from Royal Government beforehand according to each case, then license can be issued.

Article 5: Passes allowed exporting:

Wood products are allowed to be exported through the following international passes:

1. International Commercial Port of Preah Sihanouk City
2. International Commercial Port of Phnom Penh through Ka Am Sam No pass
3. Other passes can be allowed to export according to the decision of Royal Government of Cambodia

Article 6: Any decision and notice contrary to the present decision shall be deemed null and void.

Article 7: The Co-Ministers in charge of Office of Council of Ministers, the Minister of Agriculture, Forestry, Hunting and Fishing, the Minister of Economy and Finance, the Minister of Commerce, the Minister of Public Works and Transport, relevant ministers and State secretaries have the duty to implement this decision according to their respective duties from the day of its signing onward.

Phnom Penh, April 29, 1997

The 1st Prime Minister

NORODOM RANARITH

The 2nd Prime Minister

HUN SEN

70. **Decision # 033 PK.SHV** on the Implementing Measures to Close the Import – Export Area, Koh Kong province (March 26, 1994)4-55

THE ROYAL GOVERNMENT OF CAMBODIA
No: 033 PK.SHV

DECISION

on

**On the Implementing Measures to Close the Import - Export
Area, Koh Kong province**

March 26, 1994

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, dated November 1st, 1993, on the Appointment of the Royal Government;
- Considering the law taxes on exported and imported goods promulgated by decree No. 57 kr. dated July 26th, 1989;
- Considering the decision No. 193 S.S.R dated March 19th, 1994 of the Royal Government on the closure of the import - export pass of Sre Ambel, Koh Kong province;
- Considering the circular No. 01 S.R. dated March 19th, 1994 of the Royal Government on preventive measures against smuggling through Sre Ambel pass;

IT IS HEREBY DECIDED

- Article 1:** To repress smuggling which has from Sre Ambel district pass area, goods exporters and importers who have got used to going through Sre Ambel pass up to now, shall fulfill customs formalities at State Control and Customs Office Branch, Sihanouk City or at State Control and Customs Office of Bak Khlong, Koh Kong province. In case the goods have already been paid tax at Bak Khlong, Koh Kong province, and had to be conveyed to Phnom Penh or other provinces, they shall be first carried to Tom No Rolok port, Sihanouk City, with the transport license issued by the Bak Khlong State Control and Customs Office.
- Article 2:** The Sre Ambel district pass can still be used only for transport of the following goods:
- goods for use of Sre Ambel district inhabitants;
- These goods have already been paid taxes and duties at Bak Khlong State Control and Customs Office, Koh Kong province;
- They are mentioned in transport license issued by Bak Khlong State Control and Customs Office.
- Article 3:** It is forbidden to transport goods imported from foreign countries from Sre Ambel district to other provinces and towns in the Kingdom of Cambodia.
- Article 4:** All imported and exported goods circulating contrary to articles 1,2 and 3 are regarded as illegal goods which shall be confiscated and kept as state property. As for the means of transport of these illegal goods by sea and by land, they will also be confiscated.
- Article 5:** The Sre Ambel State Control and Customs Office has no more duty to collect taxes. It has only the duty to implement the above article 4.
- Article 6:** Any provision contrary to the present notice is deemed null and void.

Article 7: The State Control and Customs Office shall collaborate with the Royal Khmer Armed Forces, the National Police Forces and competent authorities to effectively implement this notice.

Article 8: This notice is effective from April 1, 1994, onwards.

The State Minister
and Minister of Economy and Finance

Signed and Sealed:

SAM RAINSY

Copies to:

- The Royal Palace Cabinet
- Secretariat General of the National Assembly
- Office of the Council of Ministers
- Ministry of Justice
- Koh Kong City Hall
- Sihanouk City Hall
- (for collaboration)
- Records - Chronicles

71. **Decision # 112 SSR** on the Establishment of an Inter-Ministerial Commission for Preparing the Procedure and Formalities of Goods Importation and Exportation (September 19, 1994)4-57

THE ROYAL GOVERNMENT OF CAMBODIA
No: 112 SSR

DECISION
on
The Establishment of an Inter-Ministerial Commission
for Preparing the Procedure and Formalities of Goods
Importation and Exportation

September 19, 1994

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1st, 1993, on the Appointment of the Royal Government of Cambodia;
- Considering the law on organization and execution of Council of Ministers dated July 19th, 1994, promulgated by Royal code dated July 20th, 1994;
- Being based on the necessity of the situation;

HERE DECIDE:

Article 1: To establish an Inter-ministerial commission with the following Composition, for preparing the procedure and formalities of goods importation and exportation:

- 4. His Excellency KEAT CHHON.....Chairman
- 5. His Excellency ING KEAT.....Member
- 6. His Excellency POU SOTHIRAK.....Member
- 7. His Excellency VA HUOT.....Member
- 8. His Excellency CHOM PRASITH.....Member
- 9. His Excellency EK SIRIVUDH.....Member
- 10. His Excellency IM CHHUN LIM.....Member
- 11. His Excellency IT VICHIT.....Member
- 12. His Excellency CHHEANG YANARA.....Stand-by member

Article 2: This Commission has the following duties:

- 1. Working out a sub-decree draft about the procedure and formalities on importation and exportation of goods from the Kingdom of Cambodia and submitting it to the Council of Ministers.
- 2. Essential contents of this sub-decree draft shall be emphasized on:
 - Procedure and formalities on importation and exportation of goods, materials, equipments, raw materials, spare parts, etc., of company customers and investors to ensure a safe, rapid and opportune functioning.
 - The fixing of roles and duties of customs units and other competent ones working in the ports of Sihanoukville and Phnom Penh, the International Airport of Pochentong and border passes,.

- The fixing of time period to fulfill formalities on forms concerning the importation and exportation of goods, equipments, raw materials, spare parts, etc., for customs units and other competent ones working in ports, airport and border passes. In case of delay without admissible reason, measures shall be taken and the offender penalized in accordance with the law in force.
- 3. Taking severe measures to eliminate illegal control posts along national roads to ensure security and social order and to abolish the squeezing or extortion of money from means of transport, especially along national road No. 4, which is the paramount way for the national economy pedestal.
- 4. Raising measures to increase the protection of Phnom Penh-Sihanoukville railroad to carry out goods conveyance on it in place of national road No. 4, which will be repaired before long.
- 5. Pondering and working out a project on inland port construction, and create commission agents in the areas of port, airport and border passes.

Article 3: The Commission Members shall meet according to the Chairman's invitation.

The Commission has the right to use the seal of the Council for the Development of Cambodia in its work.

Article 4: The Co-Ministers in charge of Office of Council of Ministers, the Co-Ministers of the Interior, the Co-Ministers of National Defense, the Minister of Public Works and Transport, the Minister of Economy and Finance, the Minister of Industry, Mines and Energy, the Minister of Commerce, the Council for the Development of Cambodia and Their Excellencies with names enumerated in article 1 are put in charge of enforcing the present Decision from the date of its signing onward.

The 1st Prime Minister
Signed and sealed:

NORODOM RANARIDDH

72. **Prakas # 282 PN.ChT.PK on the Right to Sign Norm Letters about GSP**
(November 21, 1994).....4-59

Ministry of Commerce
No: 282 PN.ChT.PK

PRAKAS
on
The Right to Sign Norm Letters about GSP

November 21, 1994

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, dated 01-11-1993 on the Appointment of the Royal Government;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, dated 24-10 1994 on the Modification of the Royal Government composition;
- Considering the law on organization and functioning of the Council of Ministers promulgated by royal code dated 20-7-1994;

IT IS HEREBY DECIDED

- Article 1:** The Prakas No. 217 PN.PK dated 02-9-1994 of Ministry of Commerce shall be deemed null and void.
- Article 2:** The right to sign norm letters having international relationship with G.S.P. is the right of the Minister of Commerce. In the event of the Commerce Minister's absence due to his fulfilling mission abroad, the State Secretary has the right to sign automatically.
- Article 3:** The Ministry Cabinet Chief, the Organization Department Director, the Foreign Trade Department Director shall implement the present Prakas from the date of its signing onward.

The Minister

Signed and sealed:

CHOM PRASITH

73. **Prakas #321 PK.SHV.KR** on Pre-shipment Inspection of Goods Imported Into The Kingdom of Cambodia (September 8, 1995).....4-60

Ministry of Commerce
No: 321 PK.SHV.KR

PRAKAS
on
PRE-SHIPMENT INSPECTION OF GOODS IMPORTED
INTO THE KINGDOM OF CAMBODIA

September 8, 1995

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1, 1993, on the appointment of the Royal Government;
- Considering the law on organization and execution of Council of Ministers promulgated by royal code dated July 20, 1994;
- Considering Royal Decree No. NS.RKT 1094-83 dated October 24, 1994, on the modification of the Royal Government composition;
- Considering the agreement between the Royal Government of Cambodia and SGS Company dated June 8, 1995, on pre-shipment inspection of goods;
- Referring to the needs of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED:

- Article 1:** To declare the exercise of regulations on pre-shipment inspection (P.S.I) whose content is annexed to the present Prakas.
- Article 2:** The regulations annexed to this Prakas are instructions on the implementation of the agreement between the Royal Government of Cambodia and SGS company dated June 8, 1995, about pre-shipment inspection of goods imported into the Kingdom of Cambodia.
- Article 3:** The Chief of Customs and Excise Office, the Directors and Assistant Directors of all departments and units coming under the Ministry of Economy and Finance shall be in charge of implementing this Prakas effectively.
- Article 4:** This Prakas comes into force from the day of its signing onward.

The Secretary of State
Signed and sealed:

SOON CH

74. **Prakas # 257 Rbkcshv-Kr** on Management of Importing Goods (July 18, 1996).....4-61

Ministry of Economy and Finance
No: 257 Rbkcshv-Kr

PRAKAS
on
Management of Importing Goods

July 18, 1996

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Kram of His Majesty Preah Bath Samdech Preah Norodom Sihanoukverman, King of the Kingdom of Cambodia dated 01st November 1993 on appointment of the Royal Government of Cambodia;
- Considering Royal Decree of His Majesty Preah Bath Samdech Preah Norodom Sihanoukverman, King of the Kingdom of Cambodia dated 24th, September 1993 on appointment the First and Second Prime Ministers of the Royal Government;
- Considering the Law on organization and functioning of the council of Ministers promulgated by Royal Kram dated 20th, July 1994;
- Considering Royal Decree NS 1094 -83 dated 24th, October 1994 on the reform of the reform of the Royal Government;
- Considering the Law on establishment of the Ministry of Economy and Finance promulgated by Royal Kram NS - rkm 0196/18 dated 24th, January 1996;
- Considering the law on importing and exporting goods promulgated by the decree No. 57d dated 26, July 1989;
- Considering the Prakas No. 125 pra -k - MEF of the Ministry of Economy and Finance dated 25, August 1994 regarding the warehouses contorted by customs and the customs and excise goods yard;
- With reference to the necessity of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED

Article 1: Designate the stopover period for goods in the warehouse or in the customs goods yard:

- 30 days for warehouses and customs goods yards located at the airport;
- 45 days for warehouse and customs goods yards located outside the airport

This term shall start from the date registering the brief declaration.

Article 2: After the date defined in article 1 above has been automatically put in the customs warehouse (merchandise held for duty by the customs service) if such merchandise has not been declared in detail. While the merchandise is in the customs warehouse, the owner of the merchandise shall pay the warehouse fees 1% on CIF merchandise per day to the customs and excise officials. These payments will be recorded in to the detailed declaration and will transfer to the state budget by the nomenclature of budget 13.01.03. Any merchandise to be kept in the customs warehouse shall be recorded in a customs warehouse shall be recorded in a special list.

Article 3: - Any merchandise which has not been taken out for 3 months from the date registered in the customs warehouse shall be put for auction sale to the public upon approval from the court.

- Any easily - spoiled goods or deteriorated goods can be sold immediately with approval from the court.
- Any merchandise worth less than 100,000 Riels which could not be taken away within 3 months as stated in paragraph 1 above shall be considered abandoned. The customs and

excise officials may sell by auction or donate to hospitals, aid institutions, or other charity institutions.

Article 4: The customs and excise officials shall be responsible for the sale of merchandise through put for sale shall be exempt from all taxes levied by the customs and excise agents. The bidders shall have the option to send the merchandise to the destination permitted by the law and regulation in force.

Article 5: The proceeds from the sale shall be used to pay the outstanding debts according to the following prioritized standards:

- A. deduct all secondary costs and secondary expenses spent by the customs and excise agents in keeping and maintaining in stock and selling of the merchandise;
- B. pay taxes on all merchandise levied according to the destination;
- C. deduct other expenses spent on the merchandise.
 - The remaining amount shall be put in the cash of inventory and warehouses keeping for 2 years pending the merchandise owner or beneficiaries. Upon expiring such defined period it shall become the benefit of the state budget. However of any merchandise sold not more than 100,000 Riels the remaining amount shall be put in the incomes of the state budget immediately.

Article 6: Any merchandise imported before this Prakas comes into effect and is keeping in the warehouse shall also be implemented according to this Prakas.

Article 7: Any provisions in contrast to this Prakas shall be abrogated.

Article 8: This Prakas is effective for implementing as of 01st, August 1996.

Phnom Penh, July 18, 1996

KEAT CHHON

Copied to:

- The Office of the council of Ministers
- The Ministries, central institutions
- All offices of provinces - cities “for information”
- Archives - Records

75. **Prakas # 350 MoC/96/M** on Creation of a Register of Companies Qualified for GSP and MFN (December 9, 1996)4-63

Ministry of Commerce
No: 350 MoC/96/M

PRAKAS
on
Creation of a Register of Companies Qualified for GSD and MFN

December 9, 1996

- Having seen the Constitution of the Kingdom of Cambodia,
- Having seen Royal Decree of H.M. Preah Karuna Preah Bat Preah Norodom Sihanouk Varman, King of Cambodia, dated November 01, 1993, on the appointment of the Royal Government of Cambodia,
- Having seen Royal Decree of H.M. Preah Karuna Preah But Preah Norodom Sihanouk Varman, King of Cambodia, dated October 24, 1994 on the reshuffle of the Royal Property Rights between the Kingdom of Cambodia and the United States of America dated October 04, 1996,
- Pursuant to the needs of the Ministry's works,

IT IS HEREBY DECIDED:

- Article 1:** It shall be created a Register to register the names of companies eligible to benefit from the Generalized System of Preferences (GSP) and the Most-Favored Nation (MFN) status granted to the Kingdom of Cambodia by the world's developed countries, in short called 'GSP/MFN Register'.
- Article 2:** the GSP Office under the Ministry of Commerce's foreign Trade Department shall manage this Register.
- Article 3:** All companies having registered themselves in the Register of Commerce at the Ministry of Commerce and being based in the territory of the Kingdom of Cambodia are entitled to benefit from the Generalized System of Preferences (GSP) and the Most-Favored Nation (MFN) status once they have fulfilled administrative formalities with the Ministry of Commerce.
- Article 4:** The company shall fulfill the following formalities:
1. it shall make a letter addressed to the Minister of Commerce requesting its registration "as in the attached form GSP001";
 2. it shall provide a photocopy of its company's inscription into the Register of Commerce;
 3. it shall provide a photocopy of the business license issued by the Council for the Development of Cambodia (CDC) or by the Ministry of Industry, Mines and Energy;
 4. it shall pay an administrative fee which amount is fixed by the Minister of Commerce;
 5. in case the company is a garment company or textile company, it shall provide a certificate of its membership in the Association of Garment Manufacturers in Cambodia;

6. it shall specify the category of products it will produce by attaching samples of the said products.

Article 6: All regulations contrary to the present Prakas are null and void.

Article 7: The Chief of Cabinet, the Director of the Foreign Trade Department, the Director of the Accounting Department and all concerned departments will implement this Prakas according to their respective functions. This Prakas comes into force on the day of its signing.

Article 8: From January 01, 1997 onwards, the Ministry of Commerce will not issue any certificate of origin (normal or form A) to any company that has not fulfilled the formalities set in this Prakas.

The Minister of Commerce

CHAM PRASIDH

Cc:

- The Council of Ministers
- MFA. IC
- MEF
- MIME
- MAFF
- The Royal Gazette
- As defined in Article 7
- MOC Archives

76. **Prakas # 258 PK.SHV KR** on The Management of Tax Collection on Merchandise exported & imported by container, which is under the management of Dry Port Management Office and Customs-Controlled Warehouse and Yard / Premise for Releasing goods from the Customs & Excise (18 July 1996).....4-65

Ministry of Economy and Finance
No: 258 PK.SHV KR

PRAKAS

on

**The Management of Tax Collection on Merchandise exported & imported by container,
which is under the management of Dry Port Management Office and Customs-Controlled
Warehouse and Yard / Premise for Releasing goods from the Customs & Excise**

July 18, 1996

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree of Preah Bath Samdach Preah Norodom Sihanouk Varaman, King of the Kingdom of Cambodia, dated 1 November 1993, on the Appointment of the Royal Government;
- Having seen the Law on the Organization and Functioning of the Council of Ministers, promulgated by Royal Kram, dated 20 July 1994;
- Having seen Royal Decree No. NS.RKT 1094 / 83, dated 24 October 1994, on the Modification to the Composition of the Royal Government;
- Having seen the Law on the Establishment of the Ministry of Economy and Finance, promulgated by Royal Kram NS.RKM 0196 / 18, dated 24 January 1996;
- Having seen Prakas No. 125 PK. SHV. KR, dated 20 August 1994 of the Ministry of Economy and Finance;
- Having seen Prakas No. 318 PK. SHV. KR, dated 6 September 1994, of the Ministry of Economy and Finance;
- Having seen Prakas No. 008 PK. SHV. KR, dated 31 January 1996, of the Ministry of Economy and Finance;
- Pursuant to the need of the Ministry;

IT IS HEREBY DECIDED:

- Article 1:** Companies or individuals, who are supposed to bring their containers for inspection and /or for paying tax in Phnom Penh, shall be under the management and direct supervision of the Dry Port Management Office and the Customs-Controlled Warehouse and the Yard / premise for releasing goods from the Customs & Excise.
- Article 2:** Goods imported by container, which may be brought for inspection and / or for paying tax in Phnom Penh, shall be required to have a permit/authorization from the Customs & Excise Department in advance.
- Article 3:** After obtaining the permit from the Customs & Excise Department, companies or individuals, who are the owners of the goods or owner of the dry port or owner of warehouse managed by the dry port management office and Customs-controlled warehouse and premise for releasing goods from the Customs & Excise apart from the dry port, shall be required to pay tax deposit at the dry port management office and the Customs-controlled warehouse and the premise for releasing goods from the Customs & Excise, and shall be required to complete 5 forms of the transit declaration at the Customs & Excise Office stationed at the importing point by specifying items of goods, container number, and seal number.

- Article 4:** The dry port management office and the Customs-controlled warehouse and premise for releasing goods from Customs & Excise shall certify items of goods, container number, and Seal number, which they have received for further management on the transit declaration, then the inspection and tax payment could only be carried out when the companies or those individuals have already completed the detailed declaration form.
- Article 5:** Companies or individuals may complete the forms at the dry port management office and the Customs-controlled warehouse and premise for releasing goods form the Customs & Excise, only for the items loaded in container to be exported to other exported gates.
- Article 6:** For goods to be inspected and if it is found out to be inconsistent with the detailed declaration, then companies or individuals or representatives shall be punishable by the Law on Tax for exported & imported goods.
- Article 7:** The Customs & Excise Department shall have the duty to give detailed instruction on how to use the transit declaration.
- Article 8:** Any Prakas, which is contrary to the substance of this Prakas, shall be deemed abrogated.
- Article 9:** This Prakas shall take effect from the date signature onward.

Signed and stamped:

KEAT CHHON

77. **Prakas # 150 PN.PKB.PK** on Additional Provisions of PRAKAS 3350 (MOC) on the Current Application Form for GSP/ MEN Registration (May 27, 1997)4-67

**Ministry of Commerce
No: 150 PN.PKB.PK**

**PRAKAS
on
Additional Provisions of PRAKAS 3350 (MOC) on
the Current Application Form for GSP/ MEN Registration**

May 27, 1997

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated November 1st, 1993, on the Appointment of the Royal Government of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated October 24th, 1994, on the Modification of the Composition of the Royal Government of Cambodia;
- Referring to the agreement on relationship of commerce and protection of intellectual property between the Kingdom of Cambodia and the United States of America, dated October 4th, 1996;
- Referring to work necessity;

IT IS HEREBY DECIDED:

The enclosed “Application Form model No. GSP002” shall be added at point 1, article 4 of notice No. 350 PN.PKB dated December 9th, 1996,

Phnom Penh, May 27th, 1997
The Minister of Commerce

Signed and sealed:

CHOM PRASITH

Places of receipt:

- -Office of Council of Ministers
- -Ministry of Foreign Affairs and International Cooperation
- -Ministry of Economy and Finance
- -Ministry of Industry, Mines and Energy
- -Ministry of Agriculture, Forestry, Hunting and Fishing
- -The King’s Duties
- -Records - Archives

77.1 Application Form for GSP/ MFN Registration

KINGDOM OF CAMBODIA
Nation Religion King

Company:

No: Street

Telephone: Fax

I present my respects to Your Excellency the Minister of Commerce

Subject: Application for inscription of name in the register of Generalized System of Preferences / Most Favored Nations (GSP / MFN)

I have the honor to beg Your Excellency the Minister to the Minister to examine the possibility of inscribing my company's name in the register of GSP / MFN held by the Office of Generalized Favor System coming under the Ministry of Commerce.

My company was put down in the commercial register on _____
 _____ No. _____

My company has started exportation business _____
 from _____ and has the intention of exporting and selling abroad in
 having advantage from the Most Favored Nations and Generalized Favor System received by the Kingdom
 of Cambodia from develop countries throughout the world.

I promise that our company will not engage in any activity violating the formalities of the above original
 source, which destroys the reputation, and existence of economy of the Kingdom of Cambodia.

I pledge my company will not commit the following breaches:

1. Illegal goods transfer or change of goods transport direction in the sly with the purpose of avoiding the goods source rules implemented by developed countries importing goods.
2. False declaration on countries which are original sources of goods.
3. Counterfeiting state official documents.
4. Ensuring that exported goods are all produced in Cambodia.
5. Exportation in the sly of goods produced a little bit in Cambodia with the large quantity of goods produced abroad.
6. Smuggling in the Kingdom of Cambodia products made abroad and counterfeiting the loading certificate to apply for the certificate of original source.
7. Stocking goods prohibited by the state and foreign countries.
8. Using falsified documents to apply for certificate of original source.

9. Committing any breach affecting the renown of the Kingdom of Cambodia.

In case my company will not comply with this commitment. I accept the Ministry of Commerce penalizes my company in suspending or stopping the issuing of certificate of original source and does not recognize any document on exportation of goods of my company.

Your truly,

Phnom Penh, _____199__

The Company Manager

Signed and sealed: _____

Name: _____

78. **Prakas # 474 Prk.SHV.Kr** on the Amendment of Meaning of Regulation Regarding the Performance of PSI (July 25, 1997)4-70

Ministry of Economy and Finance
No: 474 Prk.SHV.Kr

PRAKAS
on
THE AMENDMENT OF MEANINGS OF REGULATIONS REGARDING THE
PERFORMANCE OF PRE-SHIPMENT INSPECTION (PSI)

July 25, 1997

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated November 1st, 1993, on the appointment of the Royal Government;
- Considering the law on the organization and execution of the Council of Ministers promulgated by royal code dated July 20th, 1994;
- Considering Royal Decree No. NS.RKT.1094-83 dated October 24th, 1994, on the modification of the composition of the Royal Government;
- Considering the law on the organization and establishment of the Ministry of Economy and Finance promulgated by royal code No. NS.RKM 0196-18 dated January 24th, 1996;
- Considering the agreement between the Royal Government of Cambodia and SGS company dated June 8th, 1995, on pre-shipment inspection;
- Considering the notice No. 321 Prk.SHV.KR dated September 8th, 1995, on the performance of pre-shipment inspection service on goods imported to the Kingdom of Cambodia;
- Considering the notice No. 213 Prk.SHV dated July 20th, 1996, on the amendment of meanings of regulations on the performance of pre-shipment inspection (PSI);
- Considering the notice No. 97 SPKdated July 24th, 1997, of the Royal Government;

IT IS HEREBY DECIDED

- Article 1:** PSI of all investment companies' goods shall be canceled until December 31st, 1997. For factories of exported garments, they are exempted from pre-shipment inspection indefinitely.
- Article 2:** Any notice meaning contrary to article 1 of the present notice is deemed null and void.
- Article 3:** The Director of Customs and State - Owned Company Office, the Directors and Assistant Directors of Departments and Units coming under the Ministry of Economy and Finance are put in charge of effectively implementing this notice.
- Article 4:** The present notice comes into force from the date of its signing onward.

Copies to:

- Office of Council of Ministers
- Cabinet of 2nd Prime Minister
- All ministries and central institutions
- All provincial and municipal city halls
- Chambers of Commerce
- SGS Company Office of Relations Cambodia
- Records - Archives

Signed and sealed:

KEAT CHHON

79. **Prakas # 291 PN.PKB.PK on The Non-authorization of Business Companies in Uncompleted Submit of Certificate of Processing (“CP”) to All Export Posts for Exporting Its Products (October 15, 1997)**4-71

**Ministry of Commerce
 No: 291 PN.PKB.PK**

**PRAKAS
 on
 THE NON-AUTHORIZATION TO BUSINESS COMPANY IN UNCOMPLETED
 SUBMITTING OF CERTIFICATE OF PROCESSING (“CP”) TO ALL EXPORT POSTS
 FOR EXPORTING ITS PRODUCTS**

October 15, 1997

- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated November 1st, 1993, on the Appointment of the Royal Government of Cambodia,
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated October 24th, 1994, on the Modification of the Composition of the Royal Government of Cambodia,
- To properly issue certificates of goods sources,

IT IS HEREBY DECIDED:

- Article 1:** Not to authorize companies that owe documents relating to formalities of delivering certificates of goods sources, especially certificates of processing (CP), except when there is decision and favor from the Minister of Commerce.
- Article 2:** Cam Control agents shall not authorize the exportation of textiles, garments and shoes without certificate of original sources of goods.
- Article 3:** The Ministry of Commerce specifies the three following passes for exporting textiles, garments and shoes:
1. Phnom Penh Port pass,
 2. Pochentong International Airport pass,
 3. Sihanouk City Port pass
- Article 4:** For documents wrongly made, they shall be asked for change at office of general favor system, Ministry of Commerce.
- Article 5:** For c/o Form A, the Ministry of Commerce will give particular instructions in the nearest future to export textiles, garments and shoes to European Community.
- Article 6:** Any article contrary to the present notice shall be deemed null and void.
- Article 7:** The Section Head of the Ministry the Director of Department of Foreign Trade, the Chief of Cam Control Office shall effectively implement this notice from the date of its signing.

Phnom Penh, October 15, 1997
Minister

Signed and sealed:
CHOM PRASITH

Copies to:

- -Office of Council of Ministers
- -Ministry of Economy and Finance
- -Ministry of Industry, Mines and Energy
- -Customs State Owned Company Office
- -Like in article 7
- -Records - Archives

80. **Prakas # 314 PNPKB.PK** on the Issuance of Certificate of Origin, Form “A”, to Garment Companies (October 27, 1997).....4-73

Ministry of Commerce
No: 314 PNPKB.PK

PRAKAS
on
ON THE ISSUANCE OF CERTIFICATE OF ORIGIN, FORM “A”,
TO GARMENT COMPANIES

October 27, 1997

- Considering the Constitution of the Kingdom of Cambodia,
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated November 1st, 1993, on the Appointment of the Royal Government of Cambodia,
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated October 24th, 1994, on the Modification of the Composition of the Royal Government of Cambodia,
- With the purpose of issuing the certificate of source of goods of form “A”, so that it conforms to the provisions of general favor systems (FC) 1417/97,

IT IS HEREBY DECIDED:

Article 1: To issue the certificate of original source, form “A”, to garment companies under the following terms:

A- Garments produced in the Kingdom of Cambodia and made of cloth and raw materials with original source from countries in the following regional economic group:

-ASEAN, except Burma, Malaysia, the Philippines, Singapore, Vietnam, Laos, Brunei, Thailand and Indonesia.

-Countries of South Asian Community: Bangladesh, Sri Lanka, India, Bhutan, the Maldives, Nepal and Pakistan.

-Countries members of African Treaty, countries of Pacific and Caribbean Region.

B- The company shall enter its name in the GSP register at the Office of Commercial Favor System of the Ministry of Commerce.

C- The importer raw materials and cloth shall be accompanied by a certificate of original source issued by authorities of above-mentioned countries and clearly specify the system H.S. code number.

Article 2: The Office of Commercial Favor System shall write down: “Dispensation (EC) 1417/97” in the square No. 4 of certificate form “A”.

Article 3: The Ministry of Commerce successively makes the quota to all companies is being based on the productive capacity and evident business of each company.

Article 4: The present notice has judicial effect from the date of its signing onward.

Phnom Penh, October 27, 1997
Minister

Signed and sealed:

CHOM PRASIDH

Places of receipt:

- The Office of Council of Ministers
- The Ministry of Finance
- The Ministry of Industry
- The Council for the Development of Cambodia

81. **Prakas # 343 PN.BL/PK** on The Organization and Functioning of the Department of Promotion of Exportation (November 28, 1997).....4-75

Ministry of Economy and Finance
No: 343 PN.BL/PK

PRAKAS
on
The Organization and Functioning of the Department
of Promotion of Exportation

November 28, 1997

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree dated September 24, 1993, on the Appointment of the 1st and 2nd Prime Ministers;
- Considering Royal Decree dated November 1, 1993, on the Appointment of the Royal Government of Cambodia;
- Considering Royal Decree No. NS/RKT/1094/83 dated October 24, 1993, and Royal Decree No. NS/RKT/1094/90 dated October 31, 1994, on the Modification of the Composition of Royal Government of the Kingdom of Cambodia;
- Considering the Royal code No. NS/RKM/0196/16 dated January 24, 1996, on the establishment of the Ministry of Commerce;
- Considering Royal Decree No. ChS/RKT.0897/147 dated August 7, 1997, on the Modification of the Composition of Royal Government of the Kingdom of Cambodia;
- Considering Sub-Decree No. 54 ANKr-PK dated September 22, 1997, on the Organization and Functioning of the Ministry of Commerce;
- Referring to the Ministry's need;

HERE DECIDE:

Article 1: The Department of Promotion of Exportation is under the management and direct leadership of the General Department of Technique and has the role of carrying out the following duties:

- Preparing projects and leading operation plans to promote, upgrade, expand and increase the capacity of exportation of products, services, and closely discuss with producers in exportation;
- Putting forward to relevant ministries measures of responsibility in promotion, and creating facility conditions for exportation of local products;
- Rectifying and encouraging national producers' participation in goods display, national and international exhibition;
- Taking part in the establishment of formalities of financing and insurance in exportation;
- Assisting producers to seek markets abroad and collaborating in promotion of exportation;
- Providing information and preparing documents relating to the expansion of commercial field to analyze and also publish that information.

Article 2: The Department of Promotion of Exportation is run by a director and assistant directors.

Article 3: The Department of Promotion of Exportation has 2 subordinate offices:

1. The Office of Technique and Operation and
 2. The Office of Information and Publication
- Each office is run by a chief and deputy chiefs

Article 4: The Office of Technique and Operation is in charge of:

- Studying the marketing;
- Public relationship and management of the Department's documents and materials,
- Organizing and participating in national and international exhibitions;
- Managing the Exhibition Center

Article 5: The Office of Information and Publication is in charge of:

- The work of law and principles;
- Doing research in commercial information and publishing documents regarding exportation and markets abroad;
- Increasing knowledge and upgrading exportation as much as possible.

Article 6: Any provision contrary to the present Prakas is deemed null and void.

Article 7: The General Director of General Department of Administration and Finance, the General Director of General Department of Technique, the General Inspector of General Inspectorate and the Chief of Cabinet shall implement this Prakas.

Article 8: This Prakas takes judicial effect from the day of its publication onward.

Phnom Penh, November 28, 1997

Minister

CHOM PRASITH

82. **Prakas # 338 PN.BL/PK** on The Organization and Functioning of the Department of Foreign Trade (November 28, 1998).....4-77

Ministry of Commerce
No: 338 PN.BL/PK

PRAKAS
on
The Organization and Functioning
of the Department of Foreign Trade

November 28, 1998

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree dated 24 September, 1993 on the Appointment of First Prime Minister and Second Prime Minister;
- Considering Royal Decree dated 01 November, 1993 on the Appointment of the Royal Government of Cambodia;
- Considering Royal Decree NS/RKT 1094 dated 24 October, 1994 and Royal Decree NS/RKT 1094/90 dated 31 September on the amendment of the Composition of the Royal Government;
- Considering Royal Kram No. NS/RKM/1096/16 dated January 24, 1996 on the creation of the Ministry of Commerce;
- Considering Royal Decree CS/RKM/0897/147 dated August 7, 1997 on the amendment of the Composition of the Royal Government of the Kingdom of Cambodia;
- Considering the Sub Decree No. 54 ANKr - PK dated September 22, 1997 on the Organization and Functioning of the Ministry of Commerce;
- In reference to the necessity of the Ministry;

HERE DECIDE:

Article 1: The Department of Foreign Trade is under the administration of and is led directly by the General Department of Technique and shall have the following duties:

- Set up foreign trade policy
- Import and Export Licensing
- Search on international market and price
- Search on import possibility
- Study local demand
- Draw up import and export statistic
- Execute bilateral agreement
- Inform and be informed from abroad through commercial representative
- Participate in foreign aid administration
- Organize national and International exhibition
- Keep in touch with foreign country and international organization
- Prepare documents for leader to international meeting
- Establish policy line and strategy of foreign Trade
- Make economical index

Article 2: The Foreign Trade Department is led by a director assisted by deputy director.

Article 3: The Foreign Trade Department possesses 4 offices within it:

1. Import Office
2. Export Office
3. International Relation Office

4. Price and Marketing Office
5. Each office is led by a director assisted of deputy directors

Article 4: Export Office has the following duties:

- Set up list of exporter company
- Grant export license according the Ministry of Commerce and Government limitation
- Grant transit certificate
- Make export statistic
- Examine terms and conditions of agreement having accurate payment settlement
- Search on international demand
- Search and release of technical procedure of foreign trade to obtain best performance in exportation
- Carry out policy and strategy

Article 5: Import Office has the following duties:

- Set up list of Importer Company
- Grant import license according to the Ministry of Commerce and Government limitation
- Make import statistic
- Examine terms and conditions of agreement having accurate payment settlement
- Search on local demand
- Search and release of technical procedure of foreign trade to obtain best performance in importation
- Carry out import policy principle with fair feature.

Article 6: International relation office has the following duties:

- Prepare documents for leader to a meeting with foreigner
- Draft bilateral agreement between the Royal Government and foreign party
- Organize national and international exhibition
- Participate in foreign aid reception
- Keep contact with Cambodian commercial representative abroad and update economical situation abroad via internet
- Keep contact and organize bilateral cooperation with foreign country.

Article 7: Price and International Marketing Office have the following duties:

- Search and monitor the price of goods in international market
- Study the international market demand
- Organize and release the price of international goods in the Ministry gazette

Article 8: Any regulations contrary to this Prakas shall be null and void.

Article 9: General Director of General Department of Administration and Finance, General Director of General Department of Technique, Directors of offices, chief of cabinet shall implement this Prakas.

Article 10: This Prakas shall be effective from the date its is released publicly.

Minister

CHOM PRASIDH

83. **Prakas # 360 MoC / M 99** on the Establishment of Export Quota Management Committee for Textile and Textile Products Subject to Limitation by the U.S, the Minister of Commerce (February 1, 1999).....4-79

**Ministry of Commerce
 No. 360/MOC/M 99**

PRAKAS

ON THE ESTABLISHMENT OF EXPORT QUOTAS MANAGEMENT COMMITTEE FOR TEXTILES AND TEXTILE PRODUCTS SUBJECT TO LIMITATIONS BY THE UNITED STATES OF AMERICA THE MINISTER OF COMMERCE

February 1, 1999

- Pursuant to the Constitution of the Kingdom of Cambodia;
- Pursuant to Royal Decree No 02/NS/94 dated July 20, 1994 on the Organization and Functioning of the Council of Ministers;
- Pursuant to Royal Decree No NS/RK/I 198/72 dated November 30, 1998 on the Appointment of the Royal Government of Cambodia;
- Pursuant to Sub-Decree No 1096/16 AK dated January 24, 1996 on the Creation of the Ministry of Commerce;
- Pursuant to Sub-Decree No 54 AK dated September 22. 1 997 on the Organization and Functioning of the Ministry of Commerce;
- Pursuant to the Agreement Relating to Trade in Cotton, Wool, Man-made fiber, Non-cotton Vegetable Fiber and Silk Blend Textiles and Textile Products between the Royal Government of Cambodia and the Government of the United States of America, dated January 20, 1999;
- Pursuant to the Council of Ministers' meeting of January 29, 1999;
- Seen the needs of the Ministry;

DECIDE:

Article 1: To establish an Export Quota Management System (EQMS) to manage - in an orderly, predictable and transparent manner - the allocation of Export Quotas (EQ) for all types of categories of Cambodian textiles and textile products which are subject to quantitative limitations by the **Government** of the United States of America.

Article 2: To set up an Export Quotas Management Committee (EQMC) comprising:

1. H.E. Mr. CHAM PRASIDH, Minister,
 Ministry of CommerceChairman
2. H.E. Mr. OK BOUNG, Undersecretary of State,
 Ministry of Commerce, Permanent Vice-Chairman
3. H.E. Mr. IIUL EIM, Undersecretary of State,
 Ministry of Industry, Mines and EnergyVice-Chairman
4. H.E. Mr. SOY SYPHON, Undersecretary of State,
 Ministry of Social Action, Labor, Vocational Training
 & Youth Rehabilitation..... Vice-Chairman

5. H.E. Mr. MAO THORA, Technical Director General,
Ministry of Commerce Member
6. Mr. SUTH DARA, Director,
CAMCONTROL, MOC Member
7. Mr. IIAING SITHA, Director
Labor Inspection Department,
Ministry of Social Action, Labor, Vocational Training
& Youth Rehabilitation Member
8. Mr. VANN NARITH, Deputy Director,
Trade Preferences Department, MOC Member
9. Mr. PENN SOVICHEAT, Deputy Director,
Trade Preferences Department, MOC Reporter
10. Mr. SAT SAMOTH, Deputy Director,
Technical Department, MIME Member
11. Mr. VAN SOU IENG, Chairman,
Garment Manufacturers Association in Cambodia Member
12. Mr. EEL: THAI KIIT, Vice-Chairman, Garment Manufacturers Association in Cambodia
..... Member
13. Mr. ALBERT NG, Vice-Chairman,
Garment Manufacturers Association in Cambodia Member
14. Mr. Roger Tan, Secretary General,
Garment Manufacturers Association in Cambodia Member

Article 3: The Export Quota Management Committee will convene every Monday morning, at 08:00 a.m. at the Ministry of Commerce, to settle issues relating to quota allocation as specified in Art. 4 below.

The Export Quota Management Committee will conduct or will supervise the visit of garment factories to check and verify:

- Transaction documents, such as orders of U.S. importers, letters of credit, duly authorized local sub-contracts, etc.
- Production information; samples, proof of raw materials purchase, number or machines, monthly or weekly payrolls, number of workers, number of shifts, overtime works, records of cutting, sewing, packing list, output, stocks, etc.
- Exporting Documents: Customs Export Declaration, CAMCONTROL, Survey Report, Bill of Lading or Airway Bill, Land Transport Bill, Commercial Invoices, etc.
- Other necessary documents, as auditing may need.

The Export Quota Management Committee will organize from time to time public auctions of Auctioned Quotas (AQ) as set forth in Art. 4 below.

Article 4: For the period of January 1, 1999 till December 31, 1999 the Ministry of Commerce will introduce five (5) types of Export Quotas (KO) for all textiles and textile products to be exported to the United States of America:

- Cat 438 KHR5,000/Doz
- Cat 445/446 KHR5,000/Doz
- Cat 638/639 KHR3,500/Doz
- Cat 645/646 KJ IR5,000/Doz

Categories not under quota imposition by the United States of America would not be charged with an EQMF.

All exports to the United States of America are subject to the issuance by the Ministry of Commerce of an Export Visa on Commercial Invoice. A lump sum fee of KJ IR 120,000 is charged for the issuance of each visa.

Article 7: Payment of the Export Quota Management Fee (EQMF) shall be done in Cambodian Riels (KHR), to the Cashier Counter of the Ministry of Commerce, by cash or by checks to the order of the Export Quota Management Committee (EQMC).

The EQMC shall have a special account at the National Treasury in which all EQMFs would be deposited.

On the each quarter the Chairman of the-----transfer 100% of the collected during the said quarter to the National Bank budget through which 50% would be earmarked for the

Article 8: Garment companies, which have been duly license, incorporated at the Ministry of Commerce’s Commercial Register registered at the Trade Preferences Department of the Ministry of Commerce and which were operational before January 01, 1999 can apply for all types of quotas. Those factories, which will be operational in FY 1999, shall be allowed to apply only for the Special Quota (SQ) and the Auctioned Quota (AQ). Their performance in FY 1099 will be taken into consideration for their application to the other types of quota in FY 2000.

Article 9: The Export Quota Management Committee shall make public as soon as possible a list of the available volume of quotas, by category textile and textile products. It shall also set up the required procedure to apply for the various quotas.

Article 10: Temporary ceilings for the period running from October 28, 1998 till October 27, 1999 as set forth in the Ministry of Commerce’s Prakas No. 114 MoC/M 99 dated January 12, 1999 are replaced by quotas set forth in the present Prakas.

Article 11: From March 1, 1999 onwards, sub-contracting would be allowed only after Prior joint approval by the Ministry of Commerce, Ministry of Industry, Ministry of Mines and Energy. This approval would be communicated to the Export Quota Management Committee further consideration in quota allocation.

Article 12: From March 1, 1990 onwards, no more import of semi finished products under the Outward Processing Arrangement (OPA) would be allowed for the production of apparels in categories which wore under limitation by the US Government, as set forth in the above Agreement.

Article 13: The Director of Cabinet, the Technical Director of the Trade Preferences Department, all garment manufacturers and all the people whose names are listed in Art. 2 above shall implement the present Prakas.

Article 14. All previous regulations of the Ministry of Commerce that runs contrary to the terms of this Prakas shall be considered as null present Prakas is effective from the date of its signing.

Minister of Commerce

CHAM PRASIDH

cc.

- Cabinet of H.E. Samdech Prime Minister
- Cabinet of H.E. DPM & Co-Minister of Interior
- Cabinet of the Council of Ministers
- Ministry of Economy and Finance
- Ministry of Industry, Mines and Energy
- Ministry of Social Action, Labor Vocational Training and Youth Rehabilitation
- " For information "
- As in Article 2 "for implementation "
- Royal Gazette
- MOC Archives

84. **Prakas # 4018 CNASA** on the Issue of Certificate of Original Sources of Goods of “D” form of Cambodia for Goods Exported to the Member Countries of ASEAN (December 30, 1999)4-84

Ministry of Commerce
No: 4018 CNASA

PRAKAS
on
THE ISSUE OF CERTIFICATE OF ORIGINAL SOURCE OF GOODS
OF “D” FORM OF CAMBODIA FOR GOODS EXPORTED
TO THE MEMBER COUNTRIES OF ASEAN

December 30, 1999

- Considering the constitution of the Kingdom of Cambodia;
- Considering the royal decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated November 1st, 1993, on the appointment of the Royal Government of Cambodia;
- Considering the Royal decree of Preah Bat Samdech Preah NORODOM SHIHANOUK, King of Cambodia, dated October 24th, 1994, on the modification of composition of Royal Government of Cambodia;
- Considering the Royal decree No. ChS.RKN 0897-47 dated August 7th, 1997, on the modification of composition of Royal Government of Cambodia;
- Considering the law on the establishment of Ministry of Commerce promulgated by royal code No. NSRKM 0196/16 dated January 24th, 1996;
- Considering the royal decree No. 54 ANKr. PKdated September 22nd, 1997, on the organization and functioning of Ministry of Commerce;
- Referring to the agreement on common customs tax favor for free commercial areas of ASEAN;
- Referring to Prakas of Minister of Commerce No. 342 PN.BL.PKdated November 28th, 1997, on the organization and functioning of Department of ASEAN and International Organizations;
- Referring to work necessity in the objective to effectively use the certificate of original source of goods of “D” form of Cambodia;

IT IS HEREBY DECIDED:

Article 1: To ensure that products made in Cambodia can be exported from Cambodia in accordance with the provision on original source of goods of ASEAN having member countries mentioned in annex 1, the Ministry of Commerce will issue certificates of original source of goods of “D” form of Cambodia with model in annex 2 to exporters according to formalities as follows:

Article 2: Registration of exporters

Certificates of original source of goods of “D” form of Cambodia are issued only to tradesmen registered as exporters at the Department of ASEAN and International Organizations, Ministry of Commerce, or tradesman who wants to be registered as exporter shall respect the following formalities:

1. Documents necessary for registration:
 - Application form sufficiently filled;
 - Copy of commercially registered certificate issued by the Department of Legislation, Ministry of Commerce;
 - Records about installation of company and production;

- 2 photos of company's owner;
 - Model signature of person authorized to sign in place of company with confirmation from company's owner too
2. The applicant for registration shall create facility conditions to the official of Department of ASEAN and International Organizations who manifestly carries out control at the installation of production and collection of goods in order to verify the data given by the applicant.
 3. The fulfillment of formalities shall be finished within 5 working days after the applicant has submitted sufficient documents for examination.
 4. The Department of ASEAN and International Organizations shall inform the applicant within 2 working days of a proposal having insufficient documents.
 5. At any time when registering any information already registered, a registered exporter can correct it. The Department of ASEAN and International Organizations will verify this correction through evident control first before making correction.

Article 3: Goods characteristics

Exported goods and the certificate of original source of goods of "D" form of Cambodia shall have the following characteristics:

1. Goods wholly produced in Cambodia;
2. Goods that are not wholly produced in Cambodia shall observe the following conditions:
 - Goods produced on the territory of the Kingdom of Cambodia and having diverse prices of raw materials imported from countries non-members of ASEAN not exceeding 60% of FOB prices.
 - Goods produced on the territory of the Kingdom of Cambodia with ASEAN price of quantity not less than 40%. The ASEAN price of quantity is the price of raw materials imported from ASEAN countries.
 - Textile goods with substantial transformation in the Kingdom of Cambodia. Substantial transformation is the transformation into new products with change of initial code number of HS system. This change is made in accordance with original rules for textiles and textile products of CEPT (Annex 3) and ASEAN single list (Annex 4).

Article 4: Substance of certificate of original source of goods of "D" form of Cambodia

- Name, address and country of exporter
- Name, address and country of importer
- Means of transport
- Departure date
- Name of ship or airplane
- Harbor of destination
- Serial numbers of goods
- Sign label and recognizing number
- Number and type of wrapping, merchandise prospectus (quantity and HS code number of importing country)
- Criteria of original source
- Total weight or other quantities and FOB price.
- Invoice number and date

- Exporter's declaration confirmation the goods have been produced in Cambodia and observe the provision on original sources of goods in the project of common favor for customs duty;
- Stating exactly that the goods have original sources in Cambodia, confirming the place, date, signature and seal of competent authority (Ministry of Commerce)

Article 5: Formalities on the issue of certificate of original source of goods of "D" form of Cambodia

1. The submitted application form for certificate of original source of goods of "D" form of Cambodia shall be accompanied with the following documents.
 - An application form in which the department of ASEAN and International Organizations confirms that the relevant goods have proper characters according to the law on original sources of goods of the agreement on common favor for customs duty in commercial free areas of ASEAN.
 - Invoice
 - Packing list
 - Purchase-sale contract or order form of buyer in foreign country.
 - Different documents confirming the original sources of products, if need be.
 - Certificate draft on the original sources of goods to exported.
 - Receipt from the Administrative Department, Ministry of Commerce, confirming the payment of certification fee.
2. Issue of certificate of original sources of goods:
 - After examining that every document is proper the Department of ASEAN and International Organizations shall issue the certificate of original sources of goods (C/O form "D") within 3 working days after the day of receiving the application form.
 - In case of irregularity, the Department of ASEAN and International Organizations can send a technical inspector to go and make additional verification.

Article 6: Any document contrary to the present Prakas is deemed null and void.

Article 7: For law breaches relating to this Prakas, the offender shall be sentenced in accordance with the law in force.

Article 8: The General Department of Technique, the General Department of Administrative and Finance, the Department of ASEAN and International Organization, the Department of Control of Imported and Exported Goods ad Suppression of Falsified Goods, the Department of Foreign Trade of Ministry of Commerce shall effectively implement this Prakas according to their respective duties.

Article 9: This Prakas comes into force from the day of its signing onward.

The Minister
Signed and sealed:

CHOM PRASIDTH

Copies to:

- The Ministry of Interior
- The Office of Council of Ministers
- The Ministry of Foreign Affairs and International Cooperation
- The Ministry of Economy and Finance
- The Ministry of Industry, Mines and Energy
- The Ministry of Social Affairs, Vocational Training and Youth Rehabilitation
- The Council for the Development of Cambodia
- As in article 8 (for function)
- Records. Archives.

85. **Prakas # 017 PN.BL/PK** on the Import/Export Business of Commercial Company
 (January 25, 2000).....4-88

Ministry of Commerce
No: 017 PN.BL/PK

PRAKAS

on

The Import/Export Business of Commercial Company

January 25, 2000

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree NS/RKT/1198/69 dated November 25, 1998, on the Appointment of Prime Minister of the Royal Government of Cambodia;
- Considering Royal Decree NS/RKT/1198/72 dated November 30, 1998 on Appointment of the Royal Government of the Kingdom of Cambodia;
- Considering Royal Kram NS/RKM/0196/16 dated January 24, 1996 on Creation of Ministry of Commerce;
- Considering Sub-Decree No. 54 ANK/PK dated September 22, 1997 on Organization and Functioning of Ministry of Commerce;
- Considering the Law on Commercial Rules and Registration;
- Referring to the Decision of Samdech Prime Minister dated January 19, 2000;

IT IS HEREBY DECIDED

Article 1: Commercial companies of both Cambodian and foreign nationality registered at the Ministry of Commerce have the rights to freely conduct import/export business. Taxes must be paid for every import and export activity as determined by law.

Article 2: The Decision stipulated above in Article 1 shall not be applied to the investment companies governed by Investment Law of the Kingdom of Cambodia.

Import/export business subjects remain the same in the list of investment areas, which do not receive incentives as, stipulated in Sub-Decree 88 on Implementation of Investment Law of the Kingdom of Cambodia dated December 29, 1997.

Article 3: Any previous decisions contrary to this Prakas are void.

Article 4: This Prakas takes effect from the date of signature.

Article 5: Director General of General Technical Department, Director General of Administration and Finance, Inspector of Inspection Department, and Chief of the Cabinet are responsible for implementing this Prakas.

Phnom Penh, January 25, 2000

Signed and Sealed:

CHAM PRASITH

CC:

- Office of Council of Ministers
- Ministry of Economy and Finance
- Customs Department
- Council for the Development of Cambodia
- As in Article 5 "for cooperation and implementation"

86. **Prakas # 482 SHV** on the Determination of Type of Goods and Inspection Fee for the exported and imported goods loaded in container by a TC-SCAN System (12 July 2000).....4-89

Ministry of Economy and Finance
No: 482 SHV

PRAKAS
on
The Determination of Type of Goods and Inspection Fee
for the exported and imported goods loaded
in container by a TC-SCAN System

July 12, 2000

- Having seen the Constitution of the Kingdom of Cambodia year 1993;
- Having seen Royal Decree No. NS/RKT/1198/72, dated 30 November 1998, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Decree No. 57 Kr., dated 26 July 1989, of the Council of the State of Cambodia, promulgating the Law on Tax on imported & exported goods;
- Having seen Royal Kram No. 02/NS/94, dated 20 July 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. 01 NS, dated 28 December 1993, promulgating the Law on Financial System and the Adjustment to the Law on Financial Management of the year 1995, promulgated by Royal Kram No. 11 NS/94, dated 31 December 1994, and the Amendment to the Law on Financial Management of the year 2000, promulgated by Royal Kram No. NS/RKM/1299/15, dated 29 December 1999;
- Having seen Royal Kram No. NS/RKM/0196/18, dated 24 January 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 20 ANK/PK, dated 30 April 1996, on the Organization and Functioning of the Ministry and State Secretariats;
- Having seen Sub-Decree No. 04 ANK/PK, dated 20 January 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Notification No. 849 S.Ch.N, dated 09 June 1999, of the Office of the Council of Ministers on the approval in principle to allow SINH DAI INVESTMENT Co., LTD to establish a container scanning station by a TC-SCAN system at the International Port of Sihanouk Ville;
- Pursuant to the annotation of Samdach Prime Minister, dated 03 July 2000, added to the letter No. 2175 SHV, dated 30 June 2000, of the Ministry of Economy and Finance;
- Pursuant to the need of the Ministry.

IT IS HEREBY DECIDED:

Article 1: The exported & imported goods shall be subject to a scanning system of TC-SCAN, which shall be as follows:

- **For export:** Any and all types of goods loaded in container, except for empty container;
- **For import:** Any and all types of goods loaded in container, save for the followings:
- Goods in the form of vehicles and machinery of all types and other goods which are difficult to determine their specificity ;
- Medicine, Vaccines, certain Food stuff and Utensil, and other goods such as film, printing paper whose quality could be destroyed when exposed to such scanning system;

- Certain type of goods which the competent Customs & Excise Officials think that the detailed inspection is no need to go through the system;
- Empty container

Article 2: A fee for inspection service of exported & imported goods as stated in Article 1 shall be set as follows:

- o Goods loaded container with size 40 feet up: USD 80 (eighty) / container;
- o Goods loaded container with size 20 feet: USD 50 (fifty) / container.

Article 3: The Delegate of the Royal Government in charge of Director of the Customs & Excise Department, the Secretary-General of the Ministry of Economy and Finance, Heads of Institutions, and relevant entities of the Ministry of Economy and Finance shall effectively implement this Prakas from the date of formal operation of the container scanning station by the aforementioned TC-SCAN System at the International Port of Sihanouk Ville.

Article 4: Any provisions which are contrary to the substance of this Prakas shall be deemed abrogated.

The Senior Minister,
Minister of Economy and Finance
Signed and stamped:

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Cabinet of Samdache Prime Ministers
- The Ministry of Public Works and Transport
- The Governor of Sihanouk Ville municipality
- Document – Archive

87. **Prakas # 599 SHV** on the Implementation of the Pre-Shipment Inspection Service
 (31 August 2000)4-91

Ministry of Economy and Finance
No: 599 SHV

PRAKAS
on
the Implementation of the Pre-Shipment Inspection Service

August 31, 2000

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree NK/RKT/1198/69 dated 25 November 1998 on the appointment of the Prime Minister of the Kingdom of Cambodia;
- Having seen Royal Decree NK/RKT/1198/72 dated 30 November 1998 on the establishment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Law on the establishment and Function of the Council of Ministers which was promulgated by Royal Kram No. 02 NS.94 dated 20 July 1994;
- Having seen the Law on the establishment of the Ministry of Economy and Finance which was promulgated by Royal Kram NS. RKM. 0196/18 dated 24 January 1996;
- Having seen the Agreement between the Royal Government of Cambodia and SGS dated 14 August 2000 on the Pre-Shipment Inspection (PSI);
- Having referred to the necessity of the Ministry of Economy and Finance.

IT IS HEREBY DECIDED:

- Article 1:** Promulgate the Regulation on the Implementation of the Pre-Shipment Inspection Service which appears as Appendix to this Prakas.
- Article 2:** The Regulation, which is the Appendix to this Prakas, is the guidelines for the implementation of the Agreement between the Royal Government of Cambodia and SGS on Pre-Shipment Inspection dated 14 August 2000.
- Article 3:** Companies or persons who fail to apply for Pre-Shipment Inspection of goods, except the exempt goods as referred to in Article 3 of Chapter 2 of the Regulation, and have transported the goods into the Customs territory of the Kingdom of Cambodia will be imposed by a penalty in the amount of 7% of the goods CIF value. In the case of necessity, external assistance might be required for customs clearance of goods circumvented PSI.
- Article 4:** Delegate of the Royal Government in charge of Customs and Excise, Secretary General, Director of Cabinet, Directors of relevant Departments of the Ministry of Economy and Finance, must effectively implement this Prakas from the date of signature.

Cc:

- The Council of Ministers
- The Cabinet of the Prime Minister Office
- The General Secretariat of the Parliament
- The Ministry of Interior
- The Ministry of Commerce
- The Council for the Development of Cambodia
- The Municipal and provincial authorities
- The Phnom Penh Chamber of Commerce
- The SGS Liaison Office in Cambodia
- Documentation

Senior Minister
 Minister of Economy and Finance
 Signature and seal:

KEAT CHHON

88. **Prakas # 837 SHV** on the Determination of Type of Goods and Service Fees for Inspection Service of the exported and imported goods loaded in container by TC-SCAN System (01 December 2000)4-92

Ministry of Economy and Finance
No: 837 SHV

PRAKAS
on
The Determination of Type of Goods and Service Fees
for Inspection Service of the exported and imported goods
loaded in container by TC-SCAN System

December 01, 2000

- Having seen the Constitution of the Kingdom of Cambodia year 1993;
- Having seen Royal Decree No. NS/RKT/1198/72, dated 30 November 1998, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Decree No. 57 Kr., dated 26 July 1989, of the Council of the State of Cambodia, promulgating the Law on Tax on imported & exported goods;
- Having seen Royal Kram No. 02/NS/94, dated 20 July 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. 01 NS, dated 28 December 1993, promulgating the Law on the Financial System and the Adjustment to the Law on Financial Management for the Year 1995, promulgated by Royal Kram No. 11 NS/94, dated 31 December 1994, and the Amendment to the Law on Financial Management of the Year 2000, promulgated by Royal Kram No. NS/RKM/1299/15, dated 29 December 1999;
- Having seen Royal Kram No. NS/RKM/0196/18, dated 24 January 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 20 ANK/PK, dated 30 April 1996 on the Organization and Functioning of the Ministries and State Secretariats;
- Having seen Sub-Decree No. 04 ANK/PK, dated 20 January 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Notification No. 849 S.Ch.N, dated 09 June 1999, of the Office of the Council of Ministers on the approval in principle to allow SINH DAI INVESTMENT Co., LTD to establish a container scanning station by TC-SCAN system at the International Port of Sihanouk Ville;
- Based upon the Annotation of Samdach Prime Minister, dated 03 July 2000, added to the letter No. 2175 SHV, dated 30 June 2000, of the Ministry of Economy and Finance;
- Pursuant to the need of the Ministry;

IT IS HEREBY DECIDED

Article 1: To determine the type of exported & imported goods to be subject to the scanning system of TC-SCAN as follows:

- **For export:** Any and all types of goods loaded in container, except for the empty container;
- **For import:** Any and all types of goods loaded in container, save for the followings:
- A certain goods which the competent Customs & Excise Officials consider that the detailed inspection is needed and which could be detrimental to its quality when exposed to the system and there is no need to go through/undergo the system;
- Empty container

Article 2: A fee for inspection service of exported & imported goods as stated in Article 1 shall be set as follows:

- Goods loaded container with size 40 feet up: USD 80 (eighty) / container;
- Goods loaded container with size 20 feet: USD 50 (fifty) / container

Article 3: The Delegate of the Royal Government in charge of Director of the Customs & Excise Department, the Secretary-General of the Ministry of Economy and Finance, Heads of Institutions, and relevant entities of the Ministry of Economy and Finance shall effectively implement this Prakas from the date of formal operation of the container scanning station by the aforementioned TC-SCAN System at the International Port of Sihanouk Ville.

Article 4: Any Prakas which are contrary to the substance of this Prakas shall be deemed abrogated.

Senior Minister
Minister of Economy and Finance
Signed and stamped:

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Cabinet of Samdache Prime Ministers
- The Ministry of Public Works and Transport
- The Governor of Sihanouk Ville Municipality
- Document – Archive

89. **Prakas # 145 PN.BL/PK** on Management Procedure on Imported and Exported Goods of Support Industry in the Framework of Investment Law of the Kingdom of Cambodia (February 6, 2001)4-94

Ministry of Economy and Finance
No: 145 PN.BL/PK

PRAKAS (DECLARATION)
on
Management Procedure on Imported and Exported Goods
of Support Industry in the Framework of Investment Law
of the Kingdom of Cambodia

February 6, 2001

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree NS/RKT/1198/72 dated November 30, 1998 on Appointment of the Royal Government of Cambodia;
- Having seen Royal Kram 02/NS/94 dated July 20, 1994 promulgating the Law on Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/RKM/0196/18 dated January 24, 1996 promulgating the Law on Creation of the Ministry of Economy and Finance;
- Having seen Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation,
- Having seen the Law on Tax on Exported and Imported Goods promulgated by Decree 57 dated July 26, 1989 of Council of State;
- Having seen the Investment Law of the Kingdom of Cambodia promulgated by Royal Kram 03/NS/94 dated August 5, 1994;
- Having seen Sub-Decree 88 dated December 29, 1997 on Implementation of Investment Law of the Kingdom of Cambodia;
- Having seen Sub-Decree 53 dated June 11, 1999 on Amendment to Sub-Decree 88 dated December 29, 1997 on Implementation of Investment Law of the Kingdom of Cambodia;
- Having seen Sub-Decree 04 dated January 20, 2000 on Organization and Functioning of Ministry of Economy and Finance;
- Having seen Sub-Decree 114 dated December 24, 1999 on Value Added Tax;
- Having seen Letter 110 dated January 27, 1999 of Office of Council of Ministers;
- Having seen Prakas 2895/99 dated December 9, 1999 on Incentives in Subsequent Years for Support Industry;
- According to the request and necessity of the Ministry;

IT IS HEREBY DECIDED:

- Article 1:** All types of imported goods of investors that receive incentives in the framework of Investment Law of the Kingdom of Cambodia that serve the support industry type must be used according to the intended purpose of the investment project that receive the formal permission from the Council for the Development of Cambodia "Cambodian Investment Board".
- Article 2:** Sale, purchase, lease from, lease to, borrowing, lending, and other transfers of goods that receives permission from CDC/CIB must follow Sub-Decree 88 dated December 29, 1997 on point 20.2 and Instruction Circular 165/00 dated January 20, 2000 on Management of Uses and Incentives for Investment Companies.

Article 3: Customs Office shall organize post clearance audit groups to examine the activities of support industry type and investigate other relevant locations deemed useful to such works.

Article 4: Owners of factories and investment companies of the support industry type shall provide the inspectors with important tables and documents with clarification of type and quantity of goods which:

- a) were imported
- b) were and have been used in production process
- c) were definitively exported or re-exported after temporary import
- d) were sold in the domestic market
- e) were destroyed under the inspection from competent institution
- f) are stored in warehouse (imported materials and products readied for export)
- g) were sold, bought, borrowed, rented, transferred and:
 - production technical standard and production capacity
 - purchase, sale, or supply contract
 - other necessary documents

These documents must be maintained for a period of 10 (ten) years.

Article 5: Owners of factories or investment companies have duties to make favorable conditions necessary for the inspection team, i.e. provide the labor, aid implements, and place, which help ease the actual study and inspection.

Inspection team shall have duties to certify to inter-institutional mechanism (MEF/CIB) for regularity on every required documents as a basis for subsequent incentives to factories and investment companies of the support industry type.

Article 6: For every encounter of irregularities in any premise, the inspection team shall collect information and immediately report to the higher level of authority for a decision according to the procedure in force.

A renew collection of customs duties and fines is a responsibility of Customs Office.

Article 7: The base for the collection of customs duties and other fines shall depend on the date of the last decision on measure to be implemented.

Article 8: Customs Office has duties to provide additional practical guidance in detail to guarantee the effectiveness of implementation of this Prakas.

Article 9: Any Prakas and provisions contrary to this Prakas is nullified.

Article 10: Customs Director, Secretary General, Cabinet Director, and all relevant units of Ministry of Economy and Finance shall implement this Prakas effectively from the date of signature.

Signed and Sealed:

KEAT CHHON

90. **Prakas** # 265 MoC/M2002/PK on Issuance of Certificates of Origin to Non-Governmental Organizations (NGOs) (November 29, 2002).....4-96

Ministry of Commerce
No: 265 MoC/M2002/PK

PRAKAS
on
Issuance of Certificates of Origin to
Non-Governmental Organizations (NGOs)

November 29, 2002

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02 NS.94 dated July 20, 1994, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kret No. NS/RKT/1198/72 dated November 30, 1998, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. SN/RKM/0196/16 dated January 24, 1996, promulgating the Law on the creation of the Minister of Commerce;
- Having seen the Decree No. 54 ANK/PK dated September 22, 1997, on organization and functioning of the Minister of Commerce;
- In order to speed up the exportation of domestic products and to facilitate formalities for exportation of handicrafts made of silt, cotton, metal, rattans, straw of water hyacinth, or palm leaves, and modern sculptures or secondary tools, etc.,

IT IS HEREBY DECIDED

- Article 1 :** To acquire rights to the issuance of Certificates of Origin from the Ministry of Commerce for exporting abroad its handicrafts, a non-governmental organization (NGO) must establish a company in a form of single member private limited company by using the capital of the non-governmental organization and returning all profits to that non-governmental organization.
- Article 2 :** After its establishment at the Legal Affairs Department, the non-governmental organization must register at the Trade Preference System Department to acquire export rights through MFN/GSP System (with exception of products subject to quota).
- Article 3:** The issuance of Certificates of Origin has been promoted by not requiring the payment of any fee or administrative cost, with exception of products subject to quota.
- Article 4:** The chief of the cabinet, the director general of the General Department of Techniques, the director general of the Administrative and Finance Department, the director of the Trade Preference System Department, the director of the Foreign Trade Department, the director of the Legal Affairs Department, the director of Cam Control Department shall implement this *Prakas* effectively.

The Minister of Commerce
Sealed and signed:

CHAM PRASIDH

Cc:

- The Cabinet of Samdech Prime Minister
- The office of the Council of Ministers
- The Council for the Development of Cambodia
- The Ministry of Foreign Affairs and International Cooperation
- The Ministry of Economy and Finance
- The Ministry of Industry, Mines, and Energy
- The Ministry of Social Affairs, Labor, Vocational Training, and Youth Rehabilitation
- Non-governmental organizations
- Records-Archives

91. **Prakas # 928 MoC/M/99 on Cambodia Quota Definition and Transfer System**4-98

**Ministry of Commerce
No: 928 MoC/M/99**

**PRAKAS
on
Cambodia Quota Definition and Transfer System**

(No date is marked)

- Pursuant to the Constitution of the Kingdom of Cambodia;
- Pursuant to Royal Decree No. 02/NS/ 04 dated July 20. 1994 on the Organization and Functioning of the Council of Ministers;
- Pursuant to Royal Decree No. NS/RKT 1198 72 dated November 30 1998 on the appointment of the Royal Government of Cambodia;
- Pursuant to Royal Decree No. 0196/ 16 dated January 24 1996 on the establishment of the Ministry of Commerce;
- Pursuant to Sub-Decree No. 54 AK dated September 22. 1997 on the Organization and Functioning of the Ministry of Commerce;
- Pursuant to the agreement relating to Trade in Cotton. Wool. Man-made Fiber. Non-Cotton vegetable Fiber and Silk Blend Textiles and Textiles Product between the Royal Government of Cambodia and the Government of the united States of America dated January 20. 1999;
- Pursuant to the Parkas of the Ministry of Commerce No. 360 MoC/M199 dated February 01. 1999 on the establishment of the Export Quotas Management Committee for textiles and textiles products subjected t limitation by the United States of America.;
- Having seen the needs of the Ministry;

IT IS HEREBY DECIDED:

Article 1: QUOTA DEFINITION

Textile export quota to the USA are classified in the following categories

FQ	_____	Fundamental Quota
AQ	_____	Auction Quota
SQ	_____	Special Quota
RQ	_____	Reward Quota
FQ	_____	Fundamental Quota

For the principal policy of equitable distribution and maximum utilization the EQMC would under normal circumstances award Fundamental Quota to factories with records of past performance. The percentage of such allocation in this first year 1999 would be up to 80% of past year’s performance.

For category 338/339 the shortfall in the quote level permitted by the US government versus Cambodia’s past (1998) shipment record, prevented the EQMC from allocating up to 80% of each factory’s past performance.

In the consideration for Quota Allocation, the EQMC would also take into count the profile of each company, such as:

1. Years of Establishment
2. Value of Investment

3. Number of Machineries
4. Number of Employees
5. Range of Products
6. Quality of products
7. Production Capacity
8. Welfare of Workers
9. Expansion Plans
10. Development of Non-Quota Markets

Under normal circumstances, the performance of this year's (1999) quota would automatically be allocated to the performing company as fundamental quota for the years 2000.

There is no restriction to the transfer of fundamental quota.

AQ- Auction Quota

- a) Tender for quota will be organized by the EQMC from time to time when quota becomes available.
- b) Tender quota would be decided in accordance to the rules prevailing at each tender.
- c) Performance of tender quota will be classified as fundamental quota for the following year.
- d) There is no restriction to the transfers of tender quota

SQ- Special Quota

This category of quota is held by the EQMC for the purpose of assisting in hardship cases:

- a) Factories with no past performance / Fundamental quota may apply.
- b) Factories with minimum percentage shortfall in quota may apply (eg: Shortfall below 100 dozens to make full contract quantity)
- c) SQ quota I valid for a minimum of 3 year.
- d) Performance of SQ quota will be considered as fundamental quota the following year. SQ quota is not transferable during the year 1999.
- e) The decision of EQMC in this matter will be final.

RQ- Reward

This category of quota would be allocated to factories showing exemplary performance.

Factories with:

1. Good working environment for workers
2. Good record of employer/ employee relationship
3. Proper observation of labour law
4. Proper safe-guard for safety of workers when working on machines

RQ quota will be allocated after EQMC inspectors completed their survey of all the factories.

The validity of RQ quota will be for one year only.

RQ quota is not transferable.

The decision of the EQMC in the allocation of RQ quota will be final.

Article 2: TRANSFER OF QUOTA

- a) Transfer of quota is permitted for the categories of quota authorized (ie: Fundamental quota, Auction quota).
- b) Transfer of quota is restricted to authorized quota holders only (ie: Factories approved by the EQMC)
- c) Transfer of quota must be verified by the EQMC.

- d) A transfer fee equivalent to 50% of the EQMC basic quota usage fee will be levied for each dozen of quota transferred.
- e) The transfer or surrenders all right to the quota after the transfer is effected.
- f) The transferee receives and benefits all rights attached to the quota.
- g) A transfer form provided for the transaction is available at the Trade Preferences Department of the Ministry of Commerce.
- h) Temporary Transfer (Lending Quota):

This transfer is an arrangement between the transferor and the transferee wherein the use of the quota is for one occasion only.

The EQMC will record the quota used as a temporary transfer and the same quantity of quota used will be allocated to the transferor the following year.

The same transfer fee of 50% of the EQMC basic quota usage fee will apply in a temporary transfer.

- i) The EQMC will not entertain any dispute arising from any transfer of quota between transferor and transferee.
- j) The EQMC reserved the right not to approve a transfer if there is reason to believe that such transfer would not be in the interest of the industry.

Article 3: SURRENDER QUOTA

- a) Quota holders who are unable to fully utilize their quota may surrender that part of their unutilized quota to the EQMC.
- b) Quota holders who surrender their quota before the 01st September of each quota year will have that part of their surrendered quota allocated to them the following year as fundamental quota.
- c) Quotas not surrendered by the 01st September and remain unutilized at the end of the quota year will not be allocated to the quota holder the following year.
- d) Surrender quota will be allocated or tendered to the industry on a one occasion basis.
- e) Performance of surrender quota will not be considered as fundamental quota the following year.

Article 4: The Director of Cabinet, the Technical Director General, the Director of Camcontrol Department. The Director of Trade Preferences Department, the director of Administrative Affairs. All garment manufacturers and members of the export quota management committee shall implement this Prakas sine the date of this under signed signature.

Cc:

- The Cabinet of Samdeh Prime Minister
- The Cabinet of H.E. DPM & Co-Minister of Interior
- The Cabinet of the Council Ministers
- Ministry of Economy and Finance
- Ministry of Industry, Mines and Energy
- Ministry of Social Affairs Vocational Training & Youth Rehabilitation “ For information”
- MoC Archives and Documentation

The Minister of Commerce

Signed and sealed:

CHAM PRASIDH

92. **Prakas** # 017 PN.BL/PK on the Tender for Quota of Garments to be Exported to the United States of America in FY 2004 (July 15, 2004).....4-101

Ministry of Commerce
No: 017 PN.BL/PK

PRAKAS
on
The Tender for Quota of Garments to be Exported
to the United States of America in FY 2004

July 15, 2004

- Pursuant to the Constitution of the Kingdom of Cambodia;
- Pursuant to Royal Decree No 02/NS/94 dated July 20, 1994 on the Organization and Functioning of the Council of Minister;
- Pursuant to Royal Decree No NS/RK/I198/72 dated November 30, 1998 on the Appointment of the Royal Government of Cambodia;
- Pursuant to Royal Decree No NS/RK/0196/16 dated January 24, 1996 on the Creation of the Ministry of Commerce;
- Pursuant to Sub-Decree No 54 AK dated September 22, 1997 on the Organization and Functioning of the Ministry of Commerce;
- Seen the needs of the Ministry;

IT IS HEREBY DECIDED

Article 1: Garment factories currently in operation and duly registered with the Trade Preferences Department (GSP) of the Ministry of Commerce before July 26, 2004 are invited to tender for Export Quotas in accordance to their production capabilities.

Article 2: Each factory is permitted to tender for a quantity less than or equal to the total quantity of quota put up for tender in each of the following categories:

Category	Tender Quality	Category	Tender Quality
3:i4/634	14,753 dozens	352/652	174,649 dozens
335/635	5,982 dozens	435	12,491 dozens
338/339	308,649 dozens	438	38,614 dozens
340/640	290,904 dozens	445/446	61,701 dozens
345	6.540 dozens	638/639	438.927 dozens
347/343/647/648	82,967 dozens	645/646	250,104 dozens

Article 3: Each tender bid must be accompanied by a certified check bearing the value equivalent to 10% of the bid value. Certified checks are to be made payable to the Export Quotas Management Committee (EQMC). Any shortfall in the minimum deposit of the 10% will disqualify the tender bid.

Example:

Factory A 20,00 G Doz	at US S B per Doz Total 10% deposit	US\$= 160,000 =US\$ 160, 000 =US\$ 16,000
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Article 4: The highest bids in each category will be successful. Quota will be distributed to each successful bidder until the total quantity of quota is fully allocated.

Article 5: Unallocated quota will be carried over to the next tender.

Article 6: Tender bids are now accepted for any addition of USD 20 Cents decimal on the unit price of each category.

Category	Minimum Bid	Category	Minimum Bid
Cat 334/634	2.00\$/dor	Cat 352/552	0.4\$/doz
Cat 335/635	2.00\$/dor	Cat 435	1.00\$/doz
Cat 338/339	2.00\$/doz	Cat 438	1.00\$/doz
Cat 340/640	1.00\$/doz	Cat 445/446	0.50\$/doz
Cat 345	1.00\$/doz	Cat 638/639	1.00\$/doz
Cat 347-8/647-8	3.00\$/doz	Cat 645/646	0.60\$/doz

Article 7: Tender applications forms shall be submitted to the office of the EQMC Chairman, at the Ministry of Commerce, second floor No. 20B, Preah Norodom Blvd.

Tender application forms are to be submitted in sealed envelopes with the 10% deposit certified check attached into the tender envelope.

Article 8: The opening date for tenders is on July 28, 2004 at 8:00 a.m. at the Ministry of Commerce, Building A, 2nd Floor, No. 20 Preah Norodom Boulevard.

Article 9: The Closing date for reception of tender offers is at 5:00 p.m., July 27, 2004.

Article 10: Prakas of the Ministry of Commerce will publicly announce Results of the tender on July 28, 2004.

Article 11: Successful tenders shall be taken up their quota after payment of the remaining 90% balance of tender price. The closing date of payment is on August 31, 2004.

Article 12: Failure by successful bidders to take up the quota will result in the 10% deposit being confiscated and the quota quantity carried over to the next tender event. The Ministry of Commerce reserves its own right to prohibit those companies to participate in the next quota auctions.

Article 13: Unsuccessful bidders will have their 10% deposit refunded from the next day after the tender date.

Article 14: Quota acquired through this tender will be used only for FV 2004.
The decision of the EQMC in this exercise will be final.

Article 15: The Technical Director General, the Director of Cabinet, the Director of CAMCONTROL Department, the Director of Trade Preferences Department, the Director of Administrative Affairs, all garment manufacturers and members of the Export Quotas Management Committee shall effectively implement this Prakas from the undersigned date.

The Minister of Commerce
Signed and sealed:

CHAM PRASIDH

Cc:

- The Cabinet of Samdech Prime Minister
- The Cabinet of RE. DPM & Co-Minister of Interior
- The Cabinet of the Council of Ministers
- The Ministry of Economy and Finance
- The Ministry of Industry, Mines and Energy
- The Ministry of Social Action, Labor, Vocational Training and Youth Rehabilitation "for information"
- As in Article 16
- The Royal Gazette
- The National TV / Radio / Written press "For publication"
- MQC Archives

93. **Prakas # 144 PN.BL/PK** on the result of Tender for the Quota on Garments to be exported to the United States of America in FY 2004 (July 28, 2004)4-104

Ministry of Commerce
No: 144 PN.BL/PK

PRAKAS
on
On the result of Tender for the Quota on Garments
to be exported to the United States of America in FY 2004

July 28, 2004

- Pursuant to the Constitution of the Kingdom of Cambodia;
- Pursuant to Royal Decree No. 02/NS/94 dated July 20, 1994 on the Organization and Functioning of the Council of Ministers;
- Pursuant to Royal Decree No. NS/RKT70704/124 dated July 15, 2004 on the Appointment of the Royal Government of Cambodia;
- Pursuant to Royal Decree No.0196/16 dated January 24, 1996 on the establishment of the Ministry of Commerce;
- Pursuant to Sub-Decree No. 54 ANK dated September 22, 1997 on the Organization and Functioning of the Ministry of Commerce.
- Pursuant to the Agreement relating to Trade in Cotton, Wool, Man-made Fiber, Non-Cotton Vegetable Fiber and Silk Blend Textiles and Textiles Product between the Royal Government of Cambodia and the Government of the United States of America dated January 20, 1999, and its extension by the Memorandum of Understanding signed between the Royal Government of Cambodia and the Government of the United States of America on December 31, 2001;
- Pursuant to the meeting of the Council Ministers dated January 29, 1999.
- Pursuant to the Prakas of the Ministry of Commerce No.017 MoC/M2004 dated February 10, 2004, on the Tender Bid for the Quota on garments to be exported to the United States of America in FY 2004;
- Having seen the needs of the Ministry;

IT IS HEREBY DECIDED

- Article 1:** Acknowledge the result of tender for Quota of individual garment category to be exported to the United States of America in the FY 2004, which is held on the July 28, 2004 at the Ministry of Commerce, as stated in Annex A,
- Article 2:** All companies listed in Annex A, article I of this Prakas are obliged to pay additional payment of 90% before the 31st of August, 2004. The failure of this payment will be resulted in seizure of 10% deposit and the withdrawal of successful quota binding quantity for the next tender. The Ministry of Commerce reserves its own rights to prohibit those companies to participate in the next quota auctions.
- Article 3:** The Director of Cabinet, the Director General of Technical Directorate, the Director of CACONTROL Department, the Director of Trade Preferences Department, the Director of Administrative Department, all garment manufacturers and members of the Export Quota Management Committee shall effectively implement this Parkas from the date of this undersigned signature.

Senior Minister and
Minister of Commerce

Signed and sealed:

CHAM PRASIDH

Cc:

- The Cabinet of Samdech Prime Minister
- The Cabinet of H.E DPM Sar Kheng
- The Cabinet of H.E DPM Sok An
- The Cabinet of H.E DPM Hor Namhong
- The Ministry of Economy and Finance
- The Ministry of Industry, Mines and Energy
- The Ministry of Labor and Vocational Training "for information"
- The Royal Gazette -MoC Archives

94. **Prakas # 159 MOC/SM2004** on Procedure for the Issuance of Certificate of Origin, Commercial Invoice, Export License (August 19, 2004).....4-106

Ministry of Commerce
No: 159 MOC/SM2004

PRAKAS
on
Procedure for the Issuance of Certificate of Origin,
Commercial Invoice, Export License

August 19, 2004

- Having Seen the Constitution of the Kingdom of Cambodia;
- Having Seen Royal Decree No. 02/NS/94, dated July 20, 1994, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0196/16, dated January 24, 1996, on the Establishment of the Ministry of Commerce;
- Having Seen Sub-Decree No. 54 ANK/PK, dated September 22, 1997, on the Organization and Functioning of the Ministry of Commerce;
- Pursuant to the spirit of the meeting of the sub-commission for trade facilitation led by H.E. Senior Minister, Minister of Commerce on August 16, 2004 held at the Council for the Development of Cambodia.
- In order to facilitate work of export for garment and textile goods by air;

IT IS HEREBY DECIDED

Article 1: Procedure for export of garment and leather product through MFN/GSP shall be determined as follows:

- A. Inspection work, production and export products made by specialized officers of the Ministry of Commerce and Ministry of Industry, Mines and Energy shall be proceeded together at the production place after the goods have been exported and received certified document of origin (certificate of origin, commercial invoice and export license) from the Ministry of Commerce.
- B. Report of production and exported goods shall be made and signed simultaneously by:
 - An inspector of goods from the Ministry of Industry, Mines and Energy;
 - One or two inspector (s) of goods from the Ministry of Commerce in case of having Export License;
- C. The process of inspection is an obligation that requires all exporters have to cooperate with officials from both institutions in order to certify production process, production capability, lease of production, and to assure appropriateness in implementing rules of origin and for the basis of issuing Commercial Invoice (C/I), Certificate of Origin (C/O) and Export License (E/L) in the subsequent step.
- D. Process of request for Commercial Invoice, Certificate of Origin and Export License by sea and by air must be attached with the following necessary documents:
 - A joint record on inspection of export goods of CAMCONTROL Department and Customs and Excise Department;
 - Bill of Lading;

- Invoice;
- Packing List;
- Sale Contract;
- Cambodia Outward Declaration;
- Cheque for administrative expense or Quota fees or Export fees

Article 2: The above export procedure shall be determined to pay administrative cost and export fees bellows:

- Certificate of Origin (C/O)
 - Form N = USD 30 per copy
 - Form A =USD 50 per copy
- Export License = 15,000 Riel per copy
- Commercial Invoice = 120,000 Riel per copy

In case the goods are exported to European Union and foreign countries other than the United States must pay on:

A. Goods of textile and garment of the quantity/amount under 2,000 pieces or the shoes of the quantity/amount under 200 pairs are:

- Certificate of Origin (C/O)
Form N = USD10 per copy
- Certificate of Origin (C/O)
Form A = USD15 per copy

B. Fees of the Certificate of Origin for garment export of all types to the European Union and outside the European Union equal to USD0.10/dozen.

Article 3: From the time of submission of application at Trade Preference Systems Department or Foreign Trade Department until delivery of documents of Commercial Invoice, Certificate of Origin and Export License shall take 11 hours and 55 minutes.

Article 4: Validity of using C/O, C/I, and E/L (by Air) shall take a period of 30 days (thirty days).

Article 5: The receipt of application at the Trade Preference Systems Department and Foreign Trade Department shall be required to have participation/observation from inspection officials of the Ministry of Commerce and representatives of the Garment Management Association of Cambodia (GMAC) in order to follow up the certification/indication of date and time on the receipt of application and the delivery and receipt of documents but shall not be interfered in the specialization work of the Departments.

Article 6: The General Inspector, the General Director of Technical Affairs, the Chief of Trade Preference Systems Department, the Chief of Foreign Trade Department, the Chief of CAMCONTROL Department, the Director of Cabinet shall effectively implement the substance of this Prakas from September 01, 2004.

Article 7: Prakas and notices, which are contrary to this Prakas, shall be deemed abrogated.

Senior Minister
Minister of Commerce
Sealed and signed:

CHAM PRASIDH

CC:

- Cabinet of Samdech Prime Minister
- Cabinet of H.E. Deputy Prime Minister and Co-Minister of Interior
- Cabinet of H.E. Deputy Prime Minister Hor Namhong
- Office of the Council of Ministers
- The Council for the Development of Cambodia
- Ministry of Economy and Finance
- Ministry of Industry, Mines and Energy
- Ministry of Labor and Vocational Training
- Ministry of Social Affairs, Veterans and Youth Rehabilitation
- Cambodian Embassy in Paris
- Cambodian Embassy in Washington D.C
- US Embassy in Cambodia
- EU General Delegate in Bangkok
- Garment Manufacturers Association in Cambodia
- Official Gazette
- Document-archive

95. **Prakas #186 PN.BAP/PK** on Adjustment to Procedure for the Issuance of Certificate of Origin, Commercial Invoice, Export License by Air (September 15, 2004)4-109

Ministry of Economy and Finance
No: 186 PN.BAP/PK

PRAKAS

on

**Adjustment to Procedure for the Issuance of Certificate of Origin,
Commercial Invoice, Export License by Air**

September 15, 2004

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. 02/NS/94, dated July 20, 1994, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0196/16, dated January 24, 1996, on the Establishment of the Ministry of Commerce;
- Having seen Sub-Decree No. 54 ANK/PK, dated September 22, 1997, on the Organization and Functioning of the Ministry of Commerce;
- Pursuant to the spirit of the meeting of the sub-commission for trade facilitation led by H.E. Senior Minister, Minister of Commerce on August 16, 2004 held at the Council for the Development of Cambodia.
- In order to facilitate work of export for garment and textile goods by air;

IT IS HEREBY DECIDED

Article 1: To adjust and add in Article 1 of point “D” of the Prakas No. 159 MoC/M2004, dated August 19, 2004, on procedure for the issuance of Certificate of Origin (C/O), Commercial Invoice (C/I), Export License (E/L) for goods to be carried by air shall be based on the following procedure:

- A. The Trade Preference Systems Department, Foreign Trade Department, ASEAN & IOs Department may issue C/O, C/I, E/L by air to companies based on invoice and Packing List of companies;
- B. Officials of Camcontrol Department have to cooperate with Customs and Excise officials in order to examine export goods by air by verifying with C/O, C/I, E/L which issued above;
- C. As goods have been carried from Cambodia, Camcontrol official must submit their joint checking record to the specialized department above in order to have basis for inspecting and verifying technical conditions in the production of companies and the implementation of rules of C/O;
- D. Export companies must submit other references to relevant specialized departments in a timely manner and to attach the verified documents including:
 - Air Waybill
 - Sale Contract
 - Cheque for administrative cost or for fees of export quota or export fees

Article 2: The General Inspector, the General Director of Technical Affairs, the Chief of Trade Preference Systems Department, the Chief of Foreign Trade Department, the Chief of ASEAN & IOs Department, the Chief of CAMCONTROL Department, the Director of Cabinet shall effectively implement the substance of this Prakas from the date of signature.

For Senior Minister
Minister of Commerce
Secretary of State
Sealed and signed:

KEM SITHAN

Cc:

- Cabinet of Samdech Prime Minister
- Cabinet of H.E. Deputy Prime Minister and Co-Minister of Interior
- Cabinet of H.E. Deputy Prime Minister Hor Namhong
- Office of the Council of Ministers
- The Council for the Development of Cambodia
- Ministry of Economy and Finance
- Ministry of Industry, Mines and Energy
- Ministry of Labor and Vocational Training
- Ministry of Social Affairs, Veterans and Youth Rehabilitation
- Cambodian Embassy in Paris
- Cambodian Embassy in Washington D.C
- US Embassy in Cambodia
- EU General Delegate in Bangkok
- Department of Customs and Excise
- Garment Manufacturers Association in Cambodia
- Official Gazette
- Document-archive

96. **Prakas # 390 SHV.PK** on The Establishment of Working Group to Implement Reform and Modernization Program of Cambodian Customs and Excise Administration (October 22, 2004)4-111

Ministry of Economy and Finance
No: 390 SHV.PK

PRAKAS
on
The Establishment of Working Group to Implement Reform and Modernization Program of Cambodian Customs and Excise Administration

October 22, 2004

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree NS/0704/117, dated 14 July 2004, on the Appointment of the Prime Minister of the Royal Government of Cambodia;
- Having seen Royal Decree NS/0704/124, dated 15 July 2004, on the Appointment of the Royal Government of Cambodia;
- Having seen Royal Kram 02/NS/94, dated 20 July 1994, on the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/0196/18, dated 24 January 1996, on the Establishment of the Ministry of Economy and Finance;
- Having seen the Sub-Degree No. 004 ANK.PK, dated 20 January 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen Prakas No.212 SHV.PK, dated 19 July 2004, of the Ministry of Economy and Finance, on the Division of Duties of the Management of the Department of Customs and Excise;
- Having seen the Decision No. 005 SHV, dated 06 July 2004, of the Ministry of Economy and Finance, on the Adjustment and Supplement to the Principles for Managing the Customs and Excise officers;
- Pursuant to the necessary work of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED

Article 1: To create a working group to implement the reform and modernization program of Cambodian customs and excise administration with composition as follows:

1. H.E. Mr. Pen Siman, Delegate of the Royal Government in charge of Director of the Customs and Excise Department, as Chairman;
2. Mr. Sieng Chhun Try, First Deputy Director of Department of Customs and Excise, as Vice-Chairman;
3. Mr. Kun Nhem, Deputy Director of Department of Customs and Excise, as Vice-Chairman;
4. Mr. Lay Rithy, Deputy Director of Department of Customs and Excise, as Vice-Chairman
5. Mr. Sar Theng, Deputy Director of Department of Customs and Excise, as Vice-Chairman;
6. Mr. Em Khin Vorak, Deputy Director of Department of Customs and Excise, as Vice-Chairman;
7. Mr. Hiv Kim Heng, Chief of Customs and Excise branch, Member
8. Mr. Pen Sam Ath, Chief of Customs and Excise office, Member
9. Mr. Khiev Sam An, Chief of Customs and Excise office, Member
10. Mr. Logn Vannak, Chief of Customs and Excise branch, Member
11. Mr. Pang Vantha, Chief of Customs and Excise office, Member

12.	Mr. Chea Hak, Chief of Customs and Excise office,	Member
13.	Mr. Uy Sarin, Chief of Customs and Excise office,	Member
14.	Mr. Chhor Bonavy, Chief of Customs and Excise office,	Member
15.	Mr. Nuon Chanrith, Chief of Customs and Excise office,	Member
16.	Mr. Uy Kosal, Chief of Customs and Excise branch,	Member
17.	Mr. Keo Sok Kheang, Chief of Customs and Excise office,	Member
18.	Mr. Houy Veng, Deputy Chief of Customs and Excise branch,	Member
19.	Mr. Bou Bunnara, Office Assistant,	Member
20.	Mr. Tech Seak Ngorn, Office Assistant,	Member
21.	Mr. Kong Sok Phalla Kun, Office Assistant,	Member
22.	Mr. Hol Bun Tha, Office Assistant,	Member and Secretary
23.	Mr. Yin Sodina, Office Assistant,	Member and Secretary

Article 2: The Chairman of this Reform Working Group shall be responsible for directing the common work of the Working Group. Particularly, Vice-Chairmen shall have further responsibilities for managing, monitoring the reform implementation in compliance with strategic numbers of reform program, according to the summary table attached as appendix to this Prakas. The following strategic shall follow duties designation/division:

Mr. Sieng Chhun Try	Responsible for strategy numbers 3, 5 and 9
Mr. Kun Nhem	Responsible for strategy numbers 2, 4 and 8
Mr. Lay Rithy	Responsible for strategy numbers 7, 10 and 13
Mr. Sor Theng	Responsible for strategy numbers 1 and 6
Mr. Em Khin Vorak	Responsible for strategy numbers 11 and 12

For the members of this Reform Working Group, their responsibilities are designated to implement each detailed working program of the reform program according to summary table attached as appendix to this Prakas.

Article 3: The Working Group of Reform Implementation shall have the following duties:

- To develop detailed plan and time-table to undertaking reform of customs and excise administration;
- To coordinate and associate strategy with reform strategy of the department of customs and excise, reform strategy of the Ministry of Economy and Finance and that of the Royal Government;
- To offer recommendations on new demand of reform to the Royal Government Delegate, Director in charge of the department of customs and excise to review, adjust and add into reform program;
- To draft regulations concerning customs and excise reform undertaking in each unit;
- To perform other duties relating to reform under the direct guideline of the Royal Government Delegate, Director in charge of the department of customs and excise;
- To monitor and evaluate reform undergoing by comparing to proposed plan

Article 4: The Royal Government Delegate, Director of the department of customs and excise can, in case of necessary, issue ordinance to form sub-working group in supporting reform implementation of each unit.

Article 5: The Reform Working Group shall have monthly meeting following invitation from the Leader. In case of group leader's absence, vice-chairman can call for the meeting. As of actual need, the reform working group is able to invite customs and excise officers or agents of concern to participate the meeting.

- Article 6:** The Reform Working Group shall cooperate closely with the experts to the department of customs and excise.
- Article 7:** Once per semester, the Reform Working Group shall report the reform result to the Royal Government Delegate, Director in charge of the department of customs and excise. The department shall make annual report of reform result to be submitted to the Ministry of Economy and Finance.
- Article 8:** Any Prakas or decisions which are contrary to the substance of this Prakas shall be deemed abrogated.
- Article 9:** The Royal Government Delegate in charge of the Director of the Department of Customs and Excise, The General Secretariat, Chief of Cabinet, and the persons concerned shall effectively implement this Prakas from the date of signature.

Senior Minister,
Minister of Economy and Finance

[Stamped and signed]

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Cabinet of the Prime Minister
- Secretariat of Public Function “for information”
- As in Article 9 “for implementation”
- Document- Archive

97. **Prakas #070 MOC/M 2005** on The Adjustment to the Procedure for the issuance of Certificate of Origin (C/O), Commercial Invoice (C/I), and Export License (E/L) (January 21, 2005).....4-114

Ministry of Commerce
No: 070 MOC/M 2005

PRAKAS
on
The Adjustment to the Procedure for the issuance of Certificate of Origin (C/O), Commercial Invoice (C/I), and Export License (E/L)

Phnom Penh, January 21, 2005

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. 02/NS/94, dated 20 July 1994, on the Organization and the Functioning of the Council of Ministers;
- Having seen Royal Decree No. NS/RKT/0704/124, dated 15 July 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having Royal Kram No. NS/RKM/0196/16, dated 24 January 1996, on the Establishment of the Ministry of Commerce;
- Having seen Sub-Decree No. 54 ANK/PK, dated 22 September 1997 on the Organization and the Functioning of the Ministry of Commerce;
- Having seen Prakas No. 360 MoC/M1999, dated 1 February 1999 of the Ministry of Commerce on the Establishment of Quota Management Commission for export of textile and textile products, which is the subject for quantity determination by the United States of America;
- Having seen Prakas No. 159 MoC/M2004, dated 19 August 2004, of the Ministry of Commerce concerning the Procedure for the Issuance of Certificate of Origin, Commercial Invoice, and Export License in respect of the items to be exported to the markets of the United States of America;
- Pursuant to the need for the export of Cambodian products in the new stage.

IT IS HEREBY DECIDED:

Article 1: To be adjusted and added to Article 1, Point A-1 of Prakas No. 261 MoC/M2005, dated 29 December 2004, on the adjustment to the procedure for the issuance of certificate of origin, commercial invoice, and export license by making payment of export management fee according to the revised fee as specified in the table below:

Category	EMF Revised	KHR / Unit
331/631	100	KHR/DPR
334/634	1,000	KHR/DOZ
335/635	1,000	KHR/DOZ
338/339	2,500	KHR/DOZ
340/640	2,500	KHR/DOZ
345	3,000	KHR/DOZ
347/348/647/648	3,000	KHR/DOZ
352/652	100	KHR/DOZ
435	3,000	KHR/DOZ
438	3,000	KHR/DOZ
445/446	3,000	KHR/DOZ
638/639	2,500	KHR/DOZ
645/646	3,500	KHR/DOZ
218	100	KHR/1,000m ²

220	100	KHR/1,000m2
237	100	KHR/DOZ
239	100	KHR/DOZ
313	100	KHR/1,000m2
326	100	KHR/1,000m2
333	500	KHR/DOZ
336	1,000	KHR/DOZ
337	1,000	KHR/DOZ
341	1,000	KHR/DOZ
342	1,000	KHR/DOZ
346	1,000	KHR/DOZ
349	500	KHR/DOZ
350	500	KHR/DOZ
351	500	KHR/DOZ
354	5,000	KHR/DOZ
359	500	KHR/DOZ
360	100	KHR/DOZ
361	500	KHR/DOZ
362	500	KHR/DOZ
363	100	KHR/DOZ
367	100	KHR/DOZ
369	100	KHR/DOZ
433	5,000	KHR/DOZ
434	8,000	KHR/DOZ
436	1,000	KHR/DOZ
439	1,000	KHR/DOZ
440	1,000	KHR/DOZ
442	5,000	KHR/DOZ
443	4,000	KHR/DOZ
444	2,000	KHR/DOZ
447	4,000	KHR/DOZ
448	5,000	KHR/DOZ
459	100	KHR/DOZ
611	100	KHR/DOZ
613	100	KHR/1,000m2
617	100	KHR/1,000m2
619	100	KHR/1,000m2
620	100	KHR/1,000m2
625	100	KHR/1,000m2
627	100	KHR/1,000m2
628	100	KHR/1,000m2
629	100	KHR/1,000m2
633	1,000	KHR/1,000m2
636	500	KHR/DOZ
641	500	KHR/DOZ
642	500	KHR/DOZ
643	800	KHR/DOZ
644	800	KHR/DOZ
649	500	KHR/DOZ
650	500	KHR/DOZ
651	100	KHR/DOZ
653	4,000	KHR/DOZ

654	5,000	KHR/DOZ
655	2,000	KHR/DOZ
659	500	KHR/DOZ
666	100	KHR/DOZ
669	100	KHR/DOZ
670	100	KHR/DOZ
736	100	KHR/DOZ
834	3,000	KHR/DOZ
835	3,000	KHR/DOZ
836	3,000	KHR/DOZ
838	3,000	KHR/DOZ
839	500	KHR/DOZ
840	4,000	KHR/DOZ
842	500	KHR/DOZ
844	500	KHR/DOZ
845	500	KHR/DOZ
846	500	KHR/DOZ
847	600	KHR/DOZ
848	600	KHR/DOZ
851	600	KHR/DOZ
852	800	KHR/DOZ
859	500	KHR/DOZ
870	500	KHR/DOZ
899	500	KHR/DOZ

Article 2: The other substances of Prakas No. 261 MoC/M2005 as stipulated in article 1 shall remain effective.

Article 3: The Inspector-General, the Director-General in charge of Technical Affairs, the Director-General of Administration and Finance, the Director of the Department of Trade Preference Systems, the Director of the Department of Foreign Trade, the Director of the ASEAN Department and International Organizations, the Director of Administrative Department, the Director of Accounting Department, the Director of the Department of Cam-Control, and the Director of Cabinet shall effectively implement this Prakas from the date of signature.

Phnom Penh, 21 January 2005

Senior Minister

Minister of the Ministry of Commerce

Signed and stamped: **CHAM PRASIDH**

Cc:

- Cabinet of Samdach Prime Minister
- Cabinet of H.E Deputy Prime Minister Sar Kheng
- Cabinet of H.E Deputy Prime Minister Hor Naim Hong
- Office of the Council of Ministers
- The Council for the Development of Cambodia
- Ministry of Economy and Finance
- Ministry of Industry, Mines, and Energy
- Ministry of Labor and Vocational Training
- Ministry of Social Affairs, Veterans, and Youth Rehabilitation

- Cambodian Embassy in Paris
- Cambodian Embassy in Washington D.C
- The American Embassy in Cambodia
- General-Delegate of European Commission to Bangkok
- Customs and Excise Department
- Garment Association in Cambodia
- The Official Gazette
- Document-Archive

98. **Prakas # 261 MOC/SM2005** on Adjustment to Procedure for the Issuance of Certificate of Origin, Commercial Invoice, Export License4-118

**Ministry of Commerce
 No: 261 MOC/SM2005**

**PRAKAS
 on
 Adjustment to Procedure for the Issuance of Certificate
 of Origin, Commercial Invoice, Export License**

(*No date is marked)

- Having Seen the Constitution of the Kingdom of Cambodia;
- Having Seen Royal Decree No. 02/NS/94, dated July 20, 1994, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0196/16, dated January 24, 1996, on the Establishment of the Ministry of Commerce;
- Having seen Sub-Decree No. 54 ANK/PK, dated September 22, 1997, on the Organization and Functioning of the Ministry of Commerce;
- Having seen Prakas No. 360 MoC/M1999, dated February 01, 1999, of the Ministry of Commerce on the Establishment of Quota Management Commission for Textile Export and Textile Products which is the subject of the Quantity Determination by the United States of America;
- Having seen the Prakas No. 159 MoC/M2004, dated August 19, 2004, of the Ministry of Commerce on Procedure for Issuance of C/O, C/I, E/L with respect to goods to be exported to the United States of America;
- Pursuant to the need of work;

IT IS HEREBY DECIDED

Article 1: To be adjusted and added to Article 1, Point D of Prakas No. 159 MoC/M2004, dated 19 August, 2004, on the procedure for the issuance of Certificate of Origin, Commercial Invoice, and Export License for goods to be exported to the United States of America as follows:

A. From January 01, 2005, the Export Quota Management Fee shall be replace by the Export Quota Management Fee in accordance with the table below:

A.1 For export of textile and garment to the US:

Category	EMF Revised	KHR / Unit
331/631	100	KHR/DPR
334/634	1,500	KHR/DOZ
335/635	1,500	KHR/DOZ
338/339	3,000	KHR/DOZ
340/640	3,000	KHR/DOZ
345	4,500	KHR/DOZ
347/348/647/648	4,500	KHR/DOZ
352/652	500	KHR/DOZ
435	4,500	KHR/DOZ

438	4,500	KHR/DOZ
445/446	4,500	KHR/DOZ
638/639	3,000	KHR/DOZ
645/646	4,500	KHR/DOZ
218	100	KHR/1,000m2
220	100	KHR/1,000m2
237	100	KHR/DOZ
239	100	KHR/DOZ
313	100	KHR/1,000m2
326	100	KHR/1,000m2
333	500	KHR/DOZ
336	1,000	KHR/DOZ
337	1,000	KHR/DOZ
341	1,000	KHR/DOZ
342	1,000	KHR/DOZ
346	1,000	KHR/DOZ
349	500	KHR/DOZ
350	500	KHR/DOZ
351	500	KHR/DOZ
354	10,000	KHR/DOZ
359	500	KHR/DOZ
360	100	KHR/DOZ
361	500	KHR/DOZ
362	500	KHR/DOZ
363	100	KHR/DOZ
367	100	KHR/DOZ
369	100	KHR/DOZ
433	5,000	KHR/DOZ
434	8,000	KHR/DOZ
436	1,000	KHR/DOZ
439	1,000	KHR/DOZ
440	1,000	KHR/DOZ
442	5,000	KHR/DOZ
443	4,000	KHR/DOZ
444	2,000	KHR/DOZ
447	4,000	KHR/DOZ
448	5,000	KHR/DOZ
459	100	KHR/DOZ
611	100	KHR/DOZ
613	100	KHR/1,000m2
617	100	KHR/1,000m2
619	100	KHR/1,000m2
620	100	KHR/1,000m2
625	100	KHR/1,000m2
627	100	KHR/1,000m2
628	100	KHR/1,000m2
629	100	KHR/1,000m2
633	1,000	KHR/1,000m2
636	500	KHR/DOZ
641	500	KHR/DOZ
642	500	KHR/DOZ
643	800	KHR/DOZ

644	800	KHR/DOZ
649	500	KHR/DOZ
650	500	KHR/DOZ
651	100	KHR/DOZ
653	6,000	KHR/DOZ
654	10,000	KHR/DOZ
655	2,000	KHR/DOZ
659	500	KHR/DOZ
666	100	KHR/DOZ
669	100	KHR/DOZ
670	100	KHR/DOZ
736	100	KHR/DOZ
834	4,000	KHR/DOZ
835	4,000	KHR/DOZ
836	4,000	KHR/DOZ
838	3,000	KHR/DOZ
839	500	KHR/DOZ
840	4,000	KHR/DOZ
842	500	KHR/DOZ
844	500	KHR/DOZ
845	500	KHR/DOZ
846	500	KHR/DOZ
847	600	KHR/DOZ
848	600	KHR/DOZ
851	600	KHR/DOZ
852	800	KHR/DOZ
859	500	KHR/DOZ
870	500	KHR/DOZ
899	500	KHR/DOZ

A.2 For export of textile and garment to EU, Canada and other countries other than the US:

- US\$ 0.10/ dozen for all types of garment
- US\$ 0.025/1,000 square meters for all types of cloth

B. For export of all kinds of shoes to countries:

- US\$0.01/dozen-pair

C. For export of all types of gloves to countries:

- US\$0.01/dozen-pair

D. Determination of Administrative Fees shall remain the same in accordance with the Prakas No. 159 MoC/M2004, dated August 19, 2004, in Article 2.

Article 2: The determination of fees will be implemented from the date of signature until June 30, 2005. From that time, the Ministry of Commerce will consult with relevant institutions and the Garment Management Association of Cambodia (GMAC) in order to determine new fees based on situation/ evolution in the first semester of the year 2005.

Article 3: The General Inspector, the General Director of Technical Affairs, the Chief of Trade Preference Systems Department, the Chief of Foreign Trade Department, the Chief of CAMCONTROL Department, the Director of Cabinet shall effectively implement the substance of this Prakas from September 01, 2004.

Senior Minister
Minister of Commerce
Sealed and signed:

CHAM PRASIDH

CC:

- The Cabinet of Samdech Prime Minister
- The Cabinet of H.E. Deputy Prime Minister and Co-Minister of Interior
- The Cabinet of H.E. Deputy Prime Minister Hor Naimhong
- The Office of the Council of Ministers
- The Council for the Development of Cambodia
- The Ministry of Economy and Finance
- The Ministry of Industry, Mines and Energy
- The Ministry of Labor and Vocational Training
- The Ministry of Social Affairs, Veterans and Youth Rehabilitation
- The Cambodian Embassy in Paris
- The Cambodian Embassy in Washington D.C
- The US Embassy in Cambodia
- The EU General Delegate in Bangkok
- The Garment Manufacturers Association in Cambodia
- The Royal Gazette
- Document-archive

99. **Prakas # 285 PN.BAP P/K** on the Determination of Export Management Fee
 (October 18, 2005)4-122

Ministry of Economy and Finance
No: 285 PN.BAP P/K

PRAKAS
on
The Determination of Export Management Fee

October 18, 2005

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. 02/NS/94, dated 20 July 1994 on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Decree No. NS/RKT/0704/124, dated 15 July 2004 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having Royal Kram No.NS/RKM/0196/16, dated 24 January 1996 on the Establishment of the Ministry of Commerce;
- Having seen Sub-Decree No. 54 ANK/PK, dated 22 September 1997, on the Organization and Functioning of the Ministry of Commerce;
- Having seen the Annotation of Approval of Samdach Prime Minister, dated 13 October 2005;
- Having seen Prakas No. 070 MoC/M2005, dated 21 January 2005, of the Ministry of Commerce;
- Pursuant to the need for the export of Cambodian products in the new stage.

IT IS HEREBY DECIDED

Article 1: The Export Management Fee (EMF) to the United States of America shall be determined pursuant to the newly revised fee as provided in the table below:

Category	EMF Revised	KHR/Unit
334/634	900	KHR/DOZ
335/635	900	KHR/DOZ
338/339	2,250	KHR/DOZ
340/640	2,250	KHR/DOZ
345	2,700	KHR/DOZ
347/348/647/648	2,700	KHR/DOZ
352/652	90	KHR/DOZ
435	2,700	KHR/DOZ
438	2,700	KHR/DOZ
445/446	2,700	KHR/DOZ
638/639	2,250	KHR/DOZ
645/646	3,150	KHR/DOZ
218	90	KHR/1,000m ²
220	90	KHR/1,000m ²
237	90	KHR/DOZ
239	90	KHR/DOZ
313	90	KHR/1,000m ²
326	90	KHR/1,000m ²
333	450	KHR/DOZ
336	900	KHR/DOZ

337	900	KHR/DOZ
341	900	KHR/DOZ
342	900	KHR/DOZ
346	900	KHR/DOZ
349	450	KHR/DOZ
350	450	KHR/DOZ
351	450	KHR/DOZ
354	4,500	KHR/DOZ
359	450	KHR/DOZ
360	90	KHR/DOZ
361	450	KHR/DOZ
362	450	KHR/DOZ
363	90	KHR/DOZ
367	90	KHR/DOZ
369	90	KHR/DOZ
433	4,500	KHR/DOZ
434	7,200	KHR/DOZ
436	900	KHR/DOZ
439	900	KHR/DOZ
440	900	KHR/DOZ
442	4,500	KHR/DOZ
443	3,600	KHR/DOZ
444	1,800	KHR/DOZ
447	3,600	KHR/DOZ
448	4,500	KHR/DOZ
459	90	KHR/DOZ
611	90	KHR/DOZ
613	90	KHR/1,000m2
617	90	KHR/1,000m2
619	90	KHR/1,000m2
620	90	KHR/1,000m2
625	90	KHR/1,000m2
627	90	KHR/1,000m2
628	90	KHR/1,000m2
629	90	KHR/1,000m2
633	900	KHR/1,000m2
636	450	KHR/DOZ
641	450	KHR/DOZ
642	450	KHR/DOZ
643	720	KHR/DOZ
644	720	KHR/DOZ
649	450	KHR/DOZ
650	450	KHR/DOZ
651	90	KHR/DOZ
653	3,600	KHR/DOZ
654	4,500	KHR/DOZ
655	1,800	KHR/DOZ
659	450	KHR/DOZ
666	90	KHR/DOZ
669	90	KHR/DOZ
670	90	KHR/DOZ
736	90	KHR/DOZ

834	2,700	KHR/DOZ
835	2,700	KHR/DOZ
836	2,700	KHR/DOZ
838	2,700	KHR/DOZ
839	450	KHR/DOZ
840	3,600	KHR/DOZ
842	450	KHR/DOZ
844	450	KHR/DOZ
845	450	KHR/DOZ
846	450	KHR/DOZ
847	540	KHR/DOZ
848	540	KHR/DOZ
851	540	KHR/DOZ
852	720	KHR/DOZ
859	450	KHR/DOZ
870	450	KHR/DOZ
899	450	KHR/DOZ

Article 2: The Export Management Fee to countries apart from the United States of America shall be determined as below:

- US\$ 0.09 / Lot for any and all types of garment
- US\$ 0.0225 / 1000 m² for cloth of all types
- US\$ 0.09 / Lot – Pair for any and all types of shoes

Article 3: Any provisions, which are contrary to this Prakas, shall be deemed abrogated.

Article 4: The Inspector General, The Director General in charge of Technical Affairs, The Director General of Administration and Finance, the Director of the Department of Trade Preference Systems, the Director of the Department of Foreign Trade, the Director of the ASEAN Department and International Organizations, the Director of Administrative Department, the Director of Accounting Department, the Director of the Department of Cam-Control, and the Director of Cabinet shall effectively implement this Prakas from the date of signature.

Made in Phnom Penh, 18 October, 2005

For Senior Minister
Minister of the Ministry of Commerce
Secretary of State

Signed and stamped:

KEM SITHAN

Cc:

- Cabinet of Samdach Prime Minister
- Cabinet of H.E Deputy Prime Minister Sar Kheng
- Cabinet of H.E Deputy Prime Minister Hor Naim Hong
- Office of the Council of Ministers
- The Council for the Development of Cambodia
- Ministry of Economy and Finance
- Ministry of Industry, Mines, and Energy
- Ministry of Labor and Vocational Training
- Ministry of Social Affairs, Veterans, and Youth Rehabilitation
- Cambodian Embassy in the European Union in Brussels;
- Cambodian Embassy in Washington D.C
- The American Embassy in Cambodia
- European Delegation in Phnom Penh
- Customs and Excise Department
- Garment Association in Cambodia
- The Official Gazette
- Document-Archive

100. **Prakas # 154 SHV/PK** on the Implementation of the Pre-Shipment Inspection Service
(March 30, 2006)4-126

Ministry of Economy and Finance
No: 154 SHV/PK

PRAKAS
on
The Implementation of the Pre-Shipment Inspection Service

March 30, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0704/001, dated July 13, 2004, promulgating the Additional Constitutional Law aimed at ensuring the normal operation of national institutions;
- Having seen Royal Kram No. NS/RKM/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No.02/NS/94, dated July 20, 1994, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/RKM/0196, dated January 24, 1996, promulgating the Law on Establishment of the Ministry of Economy and Finance;
- Having seen the Agreement between the Royal Government of Cambodia and BIVAC, dated February 28, 2006, on the Pre-Shipment Inspection Service;
- Pursuant to the need of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED

- Article 1:** To promulgate the Regulation on the Implementation of the Pre-Shipment Inspection Service as provided in the substance which appears as appendix to this Prakas.
- Article 2:** The Regulation, which is the Appendix to this Prakas, shall be the guidelines for the implementation of the Agreement between the Royal Government of Cambodia and BIVAC on Pre-Shipment Inspection, dated February 28, 2006.
- Article 3:** Companies or persons who fail to apply for Pre-Shipment Inspection of goods, except the exempt goods as referred to in Article 3 of Chapter 2 of the Regulation in the annex of this Prakas, and have transported the goods into the Customs territory of the Kingdom of Cambodia will be imposed by a penalty/fine in the amount of 7% of the total price of goods in CIF value. In the case of necessity, external assistance might be required for customs clearance of goods circumvented PSI with participation from the involved/relevant party.
- Article 4:** The Delegate of the Royal Government in charge of Director of the Customs and Excise, the Secretary General, Director of Cabinet, the Directors of relevant Departments of the Ministry of Economy and Finance shall effectively implement this Prakas from the date of signature.

Senior Minister
Minister of Economy and Finance
(Signed and sealed)

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Cabinet of Samdech Prime Minister
- The General Secretariat of the National Assembly
- The General Secretariat of the Senate
- The Ministry of Interior
- The Ministry of Commerce
- The Council for the Development of Cambodia
- The Municipal-provincial Governor's Offices
- The Customs and Excise Department
- The Phnom Penh Municipal Chamber of Commerce
- The BIVAC Liaison Office in Cambodia
- Archive-Document

101. **Prakas** # 425 SHV/PK on Creation of Pre-Shipment Inspection Appeals Committee
 (June 12, 2006)4-128

Ministry of Economy and Finance
No: 425 SHV/PK

PRAKAS
on
Creation of Pre-Shipment Inspection Appeals Committee

June 12, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0704/001, dated 13 July, 2004 promulgating the Law on the Additional Constitutional Law aimed at ensuring the normal operation of National Institutions;
- Having seen Royal Kram No. NS/RKM/0704/124, dated 15 July 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02 NS. 94, dated 20 July 1994, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/RKM/0196, dated 24 January 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 04 ANK/PK, dated 20 January 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Agreement between the Royal Government of Cambodia and BIVAC, dated 28 February 2006, on the Pre-Shipment Inspection;
- Pursuant to the need of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED:

Article 1: To establish the Pre-Shipment Inspection Appeals Committee (PSI).

Article 2: The PSI Committee shall have the following compositions:

1. H.E Pen Siman, Delegate of the Royal Government in charge of Director of the Customs-Excise Department, as Chairman;
2. Mr. Kun Nhim, Deputy-Director of the Customs-Excise Department, · as Vice-Chairman
3. Mr. Pen Sam Ath, Chief of the Secretary Office and Chief of the Office of Dispute and Law..... as Vice-Chairman;
4. Mr. Nuon Chanrith, Chief of the Office of Customs Technical Affairs, as Member;
5. Mr. Uy Sarin, Chief of the Office of Inspection, as Member;
6. Mr. Chea Hak, Chief of the Export Office, as Member;
7. Mr. Bou Bunara, Assistant of the Office of Customs Technical Affairs, as Member;
8. Mr. Song Syna Vith, Customs Agent of the Office of Customs Technical Affairs, as Member;
9. Mr. Sok Sovith Yia, Customs Agent of the Office of Customs Technical Affairs,as Member
10. Representative of BIVAC,as Member.

Article 3: The Appeals Committee shall have the duties to examine and solve any petition and disputes arising out within the framework of the implementation of Pre-Shipment Inspection Services. Upon receipt of petition, the Committee shall decide on the petition or dispute within the period of two weeks at the latest. While pending the decision from the Committee, the owner of the

goods may take their items out of the customs territory by putting a certain amounts of money as collateral/securities, which shall be determined by the Customs-Excise Department.

Article 4: The Appeals Committee shall have the right to invite/summon officials or customs agents or experts / specialists for clarification or consultancy.

Article 5: Every semester, the Committee shall prepare its summary work report to be submitted to the Minister of Economy and Finance.

Article 6: Any Prakas or decision, which is contrary to this Prakas, shall be deemed abrogated.

Article 7: The Delegate of the Royal Government in charge of Director of the Customs-Excise Department, the Secretary-General, the Director of Cabinet, and the interested person shall effectively implement this Prakas from the date of signature.

Senior Minister

Minister of the Economy and Finance

Signed and stamped:

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Cabinet of Samdach Prime Minister
- The Phnom Penh Municipal Chamber of Commerce
- The Liaison Office of BIVAC in Cambodia
- As in Article 7 “for implementation”

102. **Prakas # 607 SHV.PK** on the Establishment and Put into Operation the Office of Risk Management and Audit of Customs and Excise (07 August 2006)4-130

Ministry of Economy and Finance
No: 607 SHV.PK

PRAKAS

on

**The Establishment and Put into Operation the Office of
Risk Management and Audit of Customs and Excise**

August 7, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram NS/0704/001, dated 13 July 2004, on the Supplementary Constitutional Law to ensure regular operation of national institutions;
- Having seen Royal Decree NS/0704/117, dated 14 July 2004, on the Appointment of the Prime Minister of the Royal Government of Kingdom of Cambodia;
- Having seen Royal Decree NS/0704/124, dated 15 July 2004 on the Appointment of the Royal Government of Cambodia;
- Having seen Royal Kram 02/NS/94, dated 20 July 1994, on the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/0196/18, dated 24 January 1996, on the Establishment of the Ministry of Economy and Finance;
- Having seen the Decree No. 57 KR, dated 26 January 1989, on the Law on Tax on Imported and Exported Goods;
- Having seen the Sub-Degree No. 04 ANK/PK, dated 20 January 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Sub-Degree No. 21 ANK/PK, dated 01 March 2006, on the Trade Facilitation Through Risk Management;
- Pursuant to the Notification of the RGC No. 90, dated 06 December 2005;
- Pursuant to the spirit of the open meeting of Steering Committee for Private Sector Development, dated 27 February 2006, on the Risk Management Strategy;
- Pursuant to the need and necessary work of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED:

- Article 1:** To Establish and put into operation the office of the risk management and audit of customs and excise under the direct supervision of the Department of Customs and Excise of the Ministry of Economy and Finance.
- Article 2:** The office of risk management and audit of customs and excise shall be led by a chief of office and assisted by a number of deputy chiefs.
- Article 3:** The office of risk management and audit of customs and excise shall have the following roles as:
- 1- To develop and implement risk management program for the Department of Customs and Excise based on principles of trade facilitation together with the protection of tax and duty revenue, control of illegal trafficking of goods or smuggled goods, and participation to strengthening the security of import and export security.

- 2- To promote/encourage all customs and excise units to implement principles of the risk management and selection of their operation target in accordance with Sub-Decree on Trade Facilitation through Risk Management by managing, controlling, and evaluating these works.
- 3- To give advice to the management of Department of Customs and Excise on the evolution of the risk management program, and to prepare report and analysis in compliance with Sub-Decree on Trade Facilitation through Risk Management.
- 4- Audit after releasing goods the customs officials to businessmen or relevant individual based on the risk found.
- 5- Implement roles and duties as stipulated in article 11 of Prakas No. 920 SHV KR Brk, dated 12 November 2003, on the Organization and Functioning of the Department of Customs and Excise.
- 6- Use customs and excise officers under its own supervision in cooperation with concerned competent authorities, in particular, territorial authorities at all levels in case of necessary, in order to realize/achieve these above-mentioned roles.

Article 4: The office of risk management and audit of customs and excise enjoys the following rights:

- 1- To work as a focus-point for communicating with the Department of Customs and Excise, agents, or other units so as to contact and exchange information relating to merchandise, transportation means, and targets that expose high risk to customs and excise unit, through:
 - Building relation to research for documents and various information from any units of its supervision, department of customs and excise, and in case of necessary, requiring the concerned customs and excise institutions to give regular information in a specific format, which is deemed important.
 - Building relation to search for documents and giving some documents back and forth with agencies or specialized ministerial units or with other government competent institutions that receive prior permission from the department of customs and excise.
 - Receiving various information and documents relating to export and import of goods from other governmental agencies, private sector, and foreign customs administrations, in order to define risk, with prior permission from the department of customs and excise.
- 2- Issue Directives/instructions for concerned/relevant customs and excise units about goods and transportation means, which are required customs check and the degree of merchandise check, based on risk evaluation, and designate supervised officers to directly involve in checking goods included in risk target.
- 3- Deploy some officers of this office to be functioned with concerned customs and excise units in order to define goals and undertake risk management when regarded necessary.
- 4- Collect and verify the result of merchandise check and plan undertaking of risk management.
- 5- Collect tax and duty, or fine, if any, as the result of auditing after goods surrender out of customs that is of risk target; and is entitled to getting financial award in compliance with the Prakas on the distribution of revenue from curbing and cracking down smuggling activities and other regulations in force.
- 6- Control the issuance and implementation of “Directive/Order” of the department of customs and excise, ordering to temporarily detain, thoroughly check, or recheck

specifically targeted groups of merchandise, means of transportation and business locations or residence in doubt of involving custom offenses, in accordance with law and regulations in force.

Article 5: The office of risk management and audit of customs and excise has the following duties to:

- 1- To develop detailed risk management plan to define/determine items of merchandise, means of transportation across border checkpoint and targets with high risk.
- 2- To follow up the implementation of inter-institutional agreements with other governmental agencies in accordance with the Sub-Degree on trade facilitation through risk management by coordinating work with department of customs and excise, and other specialized units.
- 3- To cooperate with agencies or other ministries' specialized units or government's competent institutions in undertaking risk management program including information exchange and mutual assistance sharing.
- 4- To help offices of customs and excise to develop executive plan of risk management.
- 5- To develop program and offer training on risk management to customs and excise agents.
- 6- To construct and control lists of banned or restricted merchandises in order to enhance ASYCUDA system and to distribute to all customs and excise units; as well as give guidelines on how these goods will be treated by customs and excise officers.
- 7- To develop and control related data of risk management including record of customs offense report, information on suspected smugglers or law breaker or other related information.
- 8- To collect and analyze information from diverse sources, manage risk analysis, construct risk types and selection criteria, and other particular types; and disseminate them to the concerned customs and excise units.
- 9- Manage, monitor and evaluate the implementation of risk management plan by customs and excise units of concern.
- 10- Develop reports that are the bases of effective evaluation of risk management implementation at the department of customs and excise.
- 11- To develop and implement internal audit plan of customs and excise units, and manage to do auditing risk targets after goods surrender out of customs.
- 12- To conduct other duties as required by the department of customs and excise.

Article 6: Any Prakas which are contrary to the substance of this Prakas is deemed abrogated.

Article 7: The Royal Government Delegate in charge of the Director of the Department of Customs and Excise, the General Secretariat, the Chief of Cabinet, the Directors of Department and other concerned units of the Ministry of Economy and Finance shall effectively implement this Prakas from the date of signature.

Sealed and signed:

KEATH CHHON

Cc:

- The Office of the Council of Ministers
- Secretariat of Public Function
- All provincial-municipal governor's offices "For information and cooperation"
- As in Article 7 "For implementation"
- Document-Archive

103. **Prakas # 176 MOC/M 2006** on A Certain Necessarily Measures for Export Management under Trade Preferences System (September 04, 2006).....4-133

Ministry of Commerce
No: 176 MOC/M 2006

PRAKAS
on
A Certain Necessary Measures for Export Management
under Trade Preferences System

September 04, 2006

- Having Seen the Constitution of the Kingdom of Cambodia;
- Having Seen Royal Decree No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having Seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having Seen Royal Kram No. NS/RKM/0196/16, dated January 24, 1996, on the Establishment of the Ministry of Commerce;
- Having Seen Sub-Decree No. 54 ANK/PK, dated September 22, 1997, on the Organization and Functioning of the Ministry of Commerce;
- Pursuant to the need of the Ministry;

IT IS HEREBY DECIDED:

- Article 1:** All exporters of goods under the MFN and GSP systems shall be required to complete the Certificate of Origin (C/O) Form and be obliged to pay Export Management Fee (EMF) within a period of 30 days after goods have already been exported.
- Article 2:** Date of goods inspection of Customs and Camcontrol officials, which have been certified on the joint record on goods inspection, will be determined as the date of the goods export.
- Article 3:** Exporters of garment goods with two different categories shall be obliged to pay half of the Export Management Fee for each category.
- Article 4:** In case of being negligent or late in applying for C/O Form and paying EMF exceeding the deadline as determined in Article 1, exporters shall be fined 1% (one percent) per day over the payable EMF price.
- Article 5:** Exporters are required to receive/have inspection of their production only once per month in order to verify standards and to deduct stock of the raw material expenses in accordance with each C/O which issued by the Ministry, and will not be allowed to verify standards and deduct the outstanding stock for the following month which causes confusing in the stock management and implementation of original rules of countries providing Trade Preference System to Cambodia.
- Article 6:** The implementation of Production Lease Agreement shall be permitted for all exporters in leasing/renting to any production subcontractor, which is dully authorized by law and complied with the Labor Law of the Kingdom of Cambodia. At any time the production sublease agreement is made shall notify the Trade Preferences System Department in accordance with the Form instruction determined.

Article 7: In the event that exporters do not pay attention to performing obligation in Articles 5 and 6, the Ministry of Commerce will stop to provide C/O until the shortage occurring in the two Articles have been fully completed as determined.

Article 8: Prakas and notices which are contrary to the substance of this Prakas shall be deemed abrogated.

Article 9: The Director of Cabinet, the General Director of Technical Affairs, the General Director of Administration and Finance, General Inspector, the Chief of CAMCONTROL Department, the Chief of Foreign Trade Department, the Chief of ASEAN & IOs Department, the Chief of Administrative Department, and the Chief of Accounting Department shall effectively implement the substance of this Prakas from the date of signature.

Phnom Penh, September 04, 2006
Senior Minister
Minister of Commerce
Sealed and signed:

CHAM PRASIDH

Cc:

- The Cabinet of Samdech Prime Minister
- The Cabinet of H.E. Deputy Prime Minister Sar Kheng
- The Cabinet of H.E. Deputy Prime Minister Hor Namhong
- The Office of the Council of Ministers

104. **Prakas # 193 MOC/SM 2006 on Payment to Export Management Fees for Sanitary Garments Used for One Time then Disposed (October 19, 2006)**4-135

Ministry of Commerce
No: 193 MOC/SM 2006

PRAKAS
on
Payment to Export Management Fees for Sanitary Garments
Used for One Time then Disposed

October 19, 2006

- Having Seen the Constitution of the Kingdom of Cambodia;
- Having Seen Royal Decree No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having Seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having Seen Royal Kram No. NS/RKM/0196/16, dated January 24, 1996, on the Establishment of the Ministry of Commerce;
- Having Seen Sub-Decree No. 54 ANK/PK, dated September 22, 1997, on the Organization and Functioning of the Ministry of Commerce;
- Pursuant to the Annotation for approval of Samdech Prime Minister of the Royal Government of Cambodia, dated September 29, 2006;
- Having Seen Prakas No. 285 P.N.BAP.PK, dated October 18, 2005, on Determination of Export Management Fees;
- Pursuant to the need of product export of Cambodia in a new phase;

IT IS HEREBY DECIDED:

- Article 1:** Export Management Fees (EMF) shall be collected and implemented for sanitary garments which are used once then disposed of (disposable and protective products) as per the export of normal garments.
- Article 2:** With respect to subsidiary materials enclosed with the above mentioned garments and also used once, these products shall be excluded/exempt from the payment of Export Management Fees.
- Article 3:** The exempt fee provided in Article 2 shall be implemented for all export-oriented products of Cambodia.
- Article 4:** The Director of Cabinet, the General Director of Technical Affairs, the General Director of Administration and Finance, General Inspector, the Chief of CAMCONTROL Department, the Chief of Foreign Trade Department, the Chief of ASEAN & IOs Department, the Chief of Administrative Department, and the Chief of Accounting Department shall effectively implement the substance of this Prakas from the date of signature.

Phnom Penh, October 19, 2006
Senior Minister
Minister of Commerce
Sealed and signed:

CHAM PRASIDH

Cc:

- Cabinet of Samdech Prime Minister
- Cabinet of H.E. Deputy Prime Minister Sar Kheng
- Cabinet of H.E. Deputy Prime Minister Hor Namhong
- Office of the Council of Ministers
- The Council for the Development of Cambodia
- Ministry of Economy and Finance
- Ministry of Industry, Mines and Energy
- Ministry of Labor and Vocational Training
- Ministry of Social Affairs, Veterans and Youth Rehabilitation
- Department of Customs and Excise
- Garment Manufacturers Association in Cambodia
- Garment Factory in Cambodia "For cooperation and implementation"
- Official Gazette
- Document-archive

105. **Prakas # 1146 SHV.PK** on Establishment of Customs Automated Project Steering Committee (November 14, 2006).....4-137

Ministry of Economy and Finance
No: 1146 SHV.PK

PRAKAS
on
Establishment of Customs Automated
Project Steering Committee

November 14, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0704/001, dated July 13, 2004, promulgating the Additional Constitutional Law aimed at ensuring the regular operation of the national institutions;
- Having seen Royal Kram NS/RKM/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated July 20, 1996, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/RKM/0196, dated January 24, 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 04 ANK/PK, dated January 20, 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Decision No. 005 SHV, dated July 06, 2004, of the Ministry of Economy and Finance on the Adjustment and Supplement to the Management Principles of the Customs and Excise Civil Servants;
- Having seen Prakas No. 920 SHV.PK, dated November 12, 2003, of the Ministry of Economy and Finance on the Organization and Functioning of the Customs and Excise Department;
- Having seen the Agreement between the Royal Government of Cambodia and UNCTAD, dated April 10, 2006, on the ASYCUDA Project;
- Pursuant to the need of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED:

Article 1: To create a Customs Automated Project Steering Committee.

Article 2: The Project Steering Committee shall composition as follows:

1. H.E. Dr. Pen Siman, Delegate of the Royal Government in charge of the Customs and Excise Department, as Chairman;
2. Mr. Sieng Chhuntry, First Deputy Director of the Customs and Excise Department, as Vice-Chairman;
3. Mr. Kun Nhim, Deputy Director of the Customs and Excise Department, as Member;
4. Representative from the Ministry of Commerce as Member;
5. Representative from the United Nations Conference on Trade and Development (UNCTAD);

Article 3: The Project Steering Committee shall have the following duties:

- To direct general work relating to the project implementation of the Automated System for Customs Data (ASYCUDA);

- To give instruction and show the direction of project management to the national project working group;
- To review and approve on the project implementation schedule and to examine and decide on recommendations regarding the need of key change raised by the national project working group;
- To review, follow up and evaluate on the progress of the project implementation as well as to approve the step/phase of the project;
- To report on progress of the project implementation to the Minister of Economy and Finance

Article 4: To implement work in relation to Article 3 above and the trade facilitation, the Chairman of the Project Steering Committee shall have the right to invite specialized officials from relevant institutions to attend meetings as required.

Article 5: Any Prakas or Decision which are contrary to the substance of this Prakas shall be deemed abrogated.

Article 6: The Delegate of the Royal Government in charge of Director of the Customs and Excise Department, the Secretary General, the Director of Cabinet, and the person concerned shall effectively implement this Prakas from the date of signature.

Senior Minister
Minister of Economy and Finance
Sealed and signed:

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Ministry of Commerce
- The Office of the World Bank in Cambodia “For information”
- As Article 6 “For implementation”
- Archive-document

106. **Prakas # 1147 SHV.PK** on Creation of National Project Team and Technical Advisory Group for the Customs Automated Project Work (November 14, 2006).....4-139

Ministry of Economy and Finance
No: 1147 SHV.PK

PRAKAS
on
Creation of National Project Team and Technical Advisory Group
for the Customs Automated Project Work

Phnom Penh, November 14, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0704/001, dated July 13, 2004, promulgating the Additional Constitutional Law aimed at ensuring the regular operation of the national institutions;
- Having seen Royal Kram NS/RKM/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated July 20, 1996, on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/RKM/0196, dated January 24, 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 04 ANK/PK, dated January 20, 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Decision No. 005 SHV, dated July 06, 2004, of the Ministry of Economy and Finance on the Adjustment and Supplement to the Management Principles of the Customs and Excise Civil Servants;
- Having seen Prakas No. 920 SHV.BrK, dated November 12, 2003, of the Ministry of Economy and Finance on the Organization and Functioning of the Customs and Excise Department;
- Having seen the Agreement between the Royal Government of Cambodia and UNCTAD, dated April 10, 2006, on the ASYCUDA Project;
- Pursuant to the need of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED:

Article 1: To create a National Project Team on the Customs Automated Project of the Automated System for Customs Data (ASYCUDA);

Article 2: The National Project Team shall have composition as follows:

1. Dr. Kun Nhim, Deputy Director of the Customs and Excise Department, as Chairman;
2. Mr. Kong Dara, Deputy Chief of the Customs-Excise Office, as Member;
3. Mr. Kong Sophallakun, Assistant of the Customs-Excise Office, as Member;
4. Mr. Pha Eng Veng, Assistant of the Customs-Excise Office, as Member;
5. Mr. Ros Dara, Assistant of the Customs-Excise Office, as Member;
6. Mr. Pol Kimsen, Customs-Excise Agent, as Member;
7. Dr. Sang Sinavith, Customs-Excise Agent, as Member.

Article 3: This team shall perform all duties, which are involved with the ASYCUDA Customs Automated Project. During the process of implementing this project, the team must well cooperate with the international experts.

Article 4: The Technical Advisory Group shall be created with the following composition:

1. Mr. Sieng Chhunry, First Deputy Director of the Customs and Excise Department, as Chairman;
2. Dr. Pen Sam Ath, Chief of Secretary Office and Chief of Dispute and Law Office, as Member;
3. Mr. Nuon Chanrith, Chief of Customs Technical Office, as Member;
4. Mr. Uy Sarin, Chief of Inspection Office, as Member; and
5. Mr. Chea Hak, Chief of Export Office, as Member.

Article 5: The Technical Advisory Group must advise and give recommendations to the National Project Team in terms of customs techniques and other customs work in relation to the organization and implementation of the ASYCUDA project.

Article 6: The National Project Team shall have the right to invite customs officials or customs-excise agents or experts/specialists for consultation if need be.

Article 7: The National Project Team shall report on work results once on every three months to the Project Steering Committee and the Minister of Economy and Finance.

Article 8: Any Prakas or Decision, which are contrary to the substance of this Prakas, shall be deemed abrogated.

Article 9: The Delegate of the Royal Government in charge of Director of the Customs and Excise Department, the Secretary General, the Director of Cabinet, and the person concerned shall effectively implement this Prakas from the date of signature.

Senior Minister
Minister of Economy and Finance
Sealed and signed:
KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Ministry of Commerce
- The Office of the World Bank in Cambodia "For information"
- As Article 9 "For implementation"
- Archive-document

107. **Prakas** #1252 SHV.PK on Establishment and Put into Operation the Office of Customs & Excise attached to the Warehouse and Yard for Releasing Goods from the Customs & Excise of Tech Srun Import & Export and Transport Company (Customs & Excise Office at the Tech Srun Dry Dock) (29 November 2006).....4-141

Royal Government of Cambodia
No: 1252 SHV.PK

PRAKAS

on

Establishment and Put into Operation the Office of Customs & Excise attached to the Warehouse and Yard for Releasing Goods from the Customs & Excise of Tech Srun Import & Export and Transport Company

(Customs & Excise Office at the Tech Srun Dry Dock)

November 29, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0704/001, dated 13 July 2004, promulgating the Supplementary Constitutional Law aimed at ensuring the normal operation of National Institutions;
- Having seen Royal Decree No. NS/RKT/0704/117, dated 14 July 2004, on the Appointment of the Prime Minister of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0704/124, dated 15 July 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated 20 July 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/18, dated 24 January 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having the seen Decree No. 57 Kr., dated 26 July 1989, promulgating the Law on Taxation of the imported and exported goods;
- Having seen the Sub-Decree No. 04 ANK/PK, dated 20 January 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Notification No. 163 S.Ch.N, dated 28 January 2005, of the Office of the Council of Ministers;
- Having seen Prakas No. 008 S.H.V.KR, dated 31 January 1996, on the Establishment of the Dry Dock/Port Management Office and the Customs Controlled Warehouse and Yard for Releasing Goods out of the Customs & Excise;
- Pursuant to the contract on the establishment and the operation of warehouse business controlled/managed by the Customs & Excise and the Yard for releasing goods in container from the Customs & Excise between the Customs & Excise Department and the Company of Tech Srun Import & Export, and Transport, dated August 01, 2006;
- Pursuant to the need of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED:

- Article 1:** To establish and put into operation the Customs & Excise Office of Tech Srun Dry Dock, which shall be under direct management of the Dry Dock Customs & Excise Office.
- Article 2:** The Tech Srun Dry Dock Customs & Excise Office shall be directed by a Chief of the Office and assisted by a number of Deputy Chiefs.
- Article 3:** The Tech Srun Dry Dock Customs & Excise Office shall have the following duties:

- To manage and inspect within the Dry Dock Compound all kinds of goods being exported outside the investment framework and all types of imported merchandise, except those items with separate permission from the Department of Customs & Excise.
- To assign supervision and inspection teams to carry out management operation of goods being exported & imported out of / into the warehouse and the yard for releasing goods within the Tech Srun Dry Dock with regard to the above goods.
- To inspect and collect tax imposed on goods to be exported & imported as stated above and authorize to release goods from warehouse and the yard for releasing goods from the Customs & Excise Office following the inspection and the completion of the applicable customs formalities.

Article 4: Any Prakas which are contrary to the substance of this Prakas shall be deemed abrogated.

Article 5: The Delegate of the Royal Government in charge of Director of the Customs & Excise Department, Secretary-General, Chief of Cabinet, the Director of the Department, and other relevant Units of the Ministry of Economy and Finance shall have the duty to effectively implement this Prakas from the date of signature onward.

The Senior Minister,
Minister of Economy and Finance
Signed and stamped:

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Ministry of Public Works and Transport
- The Ministry of Commerce
- The State Secretariat of Public Function “For information”
- As in article 5 “for implementation”
- Document – Archive

108. **Prakas # 1400 SHV.PK** on the Adjustment to the Implementation of PSI
 (December 29, 2006).....4-143

Ministry of Economy and Finance
No: 1400 SHV.PK

PRAKAS
on
THE ADJUSTMENT TO THE IMPLEMENTATION OF
PRE-SHIPMENT INSPECTION SERVICES

December 29, 2006

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0704/117, dated 14 July 2004, on the Appointment of the Prime Minister of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0704/124, dated 15 July 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated 20 July 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/18, dated 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Sub-Decree No. 04 ANK/PK, dated 20 January 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Agreement between the Royal Government of Cambodia and BIVAC International, dated 28 February 2006, on the Pre-Shipment Inspection;
- Having seen Prakas No. 154 SHV.PK, dated 30 March 2006, on the Implementation of Pre-Shipment Inspection Service;
- Pursuant to the need of the Ministry of Economy and Finance;

IT IS HEREBY DECIDED

- Article 1:** To adjust to the fine in cash of the amount equivalent to 10% (ten percent) of the total value of the goods calculated in CIF for any company or person that fails to apply for pre-shipment inspection of any and all types of goods, save for items stipulated in Chapter 2, Article 3 in the Annex of Prakas No. 154 SHV. KR, dated 30 March 2006, of the Ministry of Economy and Finance on the implementation of Pre-Shipment Inspection Service.
- Article 2:** Any Prakas which are contrary to the substance of this Prakas shall be deemed abrogated.
- Article 3:** The Delegate of the Royal Government in charge of Director of the Customs-Excise Department, the Secretary-General, the Director of Cabinet, and all units under the supervision of the Ministry of Economy and Finance shall effectively implement this Prakas with respect to such goods above which are loaded into the transportation means to be imported into the Kingdom of Cambodia commencing from January 15, 2007 onward.

Senior Minister
Minister of Economy and Finance

Signed and stamped:

KEAT CHHON

Cc:

- The Office of the Council of Ministers
- The Cabinet of Samdach Prime Minister
- The Secretariat-General of the Senate
- The Secretariat-General of the National Assembly
- The Ministry of Interior
- The Ministry of Commerce
- The Council for the Development of Cambodia
- All municipal-provincial governor's offices
- The Department of Customs and Excise
- The Phnom Penh Municipal Chamber of Commerce
- The Liaison Office of BIVAC International in Cambodia
- Document-Archive

109. **Circular # 03 SR** on the Management of Quality and Inspection Measures on Quality and Safety of the Chemical Used Product, Goods, and Food.....4-145

THE ROYAL GOVERNMENT OF CAMBODIA
No: 03 SR

CIRCULAR

on

**The Management of Quality and Inspection Measures on Quality
and Safety of the Chemical Used Product, Goods, and Food**

The Cambodian government has paid attention to the passing of Sub-decree and some standard notices related to the quality and safety management on the products, goods, and services especially the food products imported from abroad and some domestic products that use chemical to falsify the quality. The Royal Government of Cambodia has disseminated to people about the bad impacts and has led the authorities to inspect to find out and destroy the contaminated products and the chemical abused products.

However, despite the above result, there still be some chemical usage on the food product and some imported goods, and negotiating and on the market domestic products. Those actions have seriously affected to the public health and the lives of the people if there is no thorough and effective implementation of the management and inspection measures.

To effectively manage, obstruct, and repress the use of chemical on the food products that are importing and producing in the factories, or handicraft base, and circulating on the market as well as food in the restaurants and school, the Royal Government takes the measures as follows:

1. Inter-ministry Committee that also functions as the National Codex Committee coordinates the inspection of quality and safety of product and service by co-operating with the concerned ministries to improve the implementation of work and obligation in regularly inspecting the quality of imported goods and domestic products producing and circulating in the market of the Kingdom of Cambodia.
2. The Ministry of Commerce shall cooperate with the Ministry of Economy and Finance and Provincial and Town Authorities to strengthen the CAMCONTROL Department, Custom and Excise Office, and bordering military to control the chemical used imported goods and smuggling goods because most of them are toxic chemical and contaminated goods which affect the public health.
3. The Ministry of Industry, Mine, and Energy shall cooperate with the concerned ministries to appoint the authority officers to regularly inspect and test at the provinces and towns the quality of the product in the factories, enterprises, and handicraft.
4. The Ministry of Education, Youth, and Sport shall co-operate with the Ministry of Health to appoint the authority officers to inspect the school canteens especially the primary school's and implement the instructed circular and notification of the Ministry of Education, Youth, and Sport by expanding the Food Sanitation and Safety Educational Program to teachers and students at all provinces and towns, and it shall be included at every level of academic program.
5. The Ministry of Health shall regularly inspect the domestic factories and medical products enterprises and manage the pharmacies and sub-pharmacies to find out the forge and expired medicines. At the same time, the Ministry of Health shall provide the authorized register to the inspecting authorities at the border gate to control the illegal drug importation.

6. The Ministry of Tourism shall cooperate with the Ministry of Health and authorities of the concerned Ministries and Entities in the inspecting of food at the Hotels, Restaurants around the country to guarantee the safety of food to the national and international customers.
7. The Ministry of Agriculture, Forestry, and Fishery shall broadly and clearly disseminate the use of Chemical Substances to farmers, and the use of insecticide on the agricultural products, rice, animal husbandry, and animal slaughter sanitation.
8. Cambodian Royal Academy shall cooperated with the Ministry of Information in the information organization to broadly disseminate and educate people through radio, television, and other information system about the food safety by cooperating with the Ministry of Industry, Mine, and Energy; Ministry of Education, Youth, and Sport; Ministry of Health; Ministry of Commerce; Ministry of Agriculture, Forestry, and Fishery; Ministry of Environment; and other concerned ministries and entities.
9. The Ministry of Environment; Ministry of Industry, Mine, and Energy; Ministry of Health; Ministry of Agriculture, Forestry, and Fishery shall make a verified register on any prohibited chemical for import and use or can be imported but with limitation and verify about the authorities who permit and shall send it to the Ministry of Commerce (CAMCONTROL) and the Ministry of Economy and Finance (Custom and Excise Office) in charge of inspection along the border gate and copy for the Office of Council of Minister and the Ministry of Interior.
10. The Ministry and entities shall strengthen the administrative affair to the subordinate officers to provide people with the public and private services especially inspector of product quality in the factories, handicrafts, enterprises, farms, and commodities circulating on the market as well as boarder gate by improving on the educational dissemination to make producers and consumers understand the bad impact on health.

Receiving this Circular, all concerned ministries and entities and all levels of local authorities shall broadly disseminate and effectively direct the implementation.

Enclosed to:

- The Royal Palace Ministry
- The General Secretariat of Senate
- The General Secretariat of National Assembly
- The Entity Ministry
- The General Secretariat of Royal Government
- The Cabinet of Prime Minister
- The Cabinet of Samdech and His Excellency
Deputy Prime Minister
- Provincial and Town Offices
- Royal Affair
- Doc. Chronicle

Phnom Penh, 24 June, 2005

Prime Minister

HUN SEN

110. **Circular # 01 SR** on Management on Exportation and Importation Activities of Provinces, Towns, Joint States and Private Companies, and Private Companies4-147

THE COUNCIL OF MINISTERS
NO. 01 SR

CIRCULAR
ON
MANAGEMENT ON EXPORTATION AND IMPORTATION ACTIVITY OF PROVINCES,
TOWNS, JOINT STATE AND PRIVATE COMPANIES, AND PRIVATE COMPANIES

The Council of Ministers has noticed that so far our importation and exportation activity has been engaged in differently from the objectives fixed by the State. Provinces, towns, joint State and private companies, private companies and some private merchants have taken advantage of the fact that the Nation is fighting the enemy and made the situation more and more difficult by persisting in acting for their own interest only and for their bases. This is a bad influence on the social affairs and economic field, especially on foreign economic relationship and domestic production. To do away with these difficulties the Council of Ministers would like to give the following instructions:

I. Exportation and importation rights and obligations:

There are 6 categories of goods in the exclusive right of the State:

- A. Central food companies coming under the Ministry of Commerce have the exclusive right in exportation of rice and corn.
- B. Companies buying agricultural products coming under the Ministry of Commerce have the exclusive right in exportation of soybean.
- C. KAM PHOREXIM Company of Commerce Ministry has the exclusive right in exportation of all kinds of logs and timber.
- D. The Rubber Department-General has the exclusive right to export rubber of every kind.
- E. The Cigarette League coming under the Industry Ministry has the exclusive right to export tobacco leaves and fibers.

But the Council of Ministers authorizes the Ministry of Commerce to take measures to attract private companies which really have capitals to come and make joint business with State companies so as to purchase the 6 above-mentioned categories of goods for needs and exportation.

Provinces and towns have the obligation to collaborate and create facility conditions with central institutions and units, and endeavor to buy and deliver to central institutions for exportation in guaranteeing the quality, quantity and proper time so that the central institutions have sufficient quantity of goods for local needs and equilibrium of trade balance.

1. Companies in provinces and towns, joint State and private companies and private companies may export goods by themselves through central companies, except the 6 above-mentioned categories of goods, and the goods not mentioned in the list of prohibition.

For exportation formalities, the following principles shall be implemented:

- A. Goods shall be got ready for exportation.
- B. Authorization shall be obtained from the Ministry of Commerce.
- C. Request for exportation license of Commerce Ministry to which is attached a purchase-sale invoice from another unit or a confirmation letter of province or town saying that the goods are really ready to be exported.

2. Companies of provinces and towns, joint State and private companies and private companies may import all kinds of goods according to the Commerce Ministry's authorization, save goods forbidden by the State
3. For goods importation by borrowing the capital from abroad, there shall be prior discussion with the Ministry of Commerce on the goods and with the National Bank on the settlement.
4. As for importation formalities, they shall be fulfilled as follows:
 - A. Ask the Ministry of Commerce for the principles.
 - B. Ask the Ministry of Commerce for the license to which are attached a contract and a pro-format invoice.
5. Goods authorized to be imported are divided into three groups:
 - A. Goods to which the State has granted priority and encouragement:
 - Fuel, chemicals, raw materials, machinery, spare parts for production and construction, medicines.
 - B. Usual goods:
 - Goods for the people's needs, such as cloth, motor vehicles for transport, electrical items, sugar, seasoning, etc.
 - C. Goods reduced by the State to the minimum in importation:
 - Luxury products: private cars, motorcycles, video recorders, television sets, refrigerators, cigarettes, wine, beer, etc.
 - Products with possible local production.

The Ministry of Commerce shall make detailed lists of the 3 above-mentioned groups of goods and publish them for execution.

6. All companies of provinces and towns, joint State and private companies and private companies have the right to import and export goods only when they have carried out their obligations according to the instructions of Ministry of Commerce, Ministry of Finance and National Bank.

II. Settlement

- The settlement on exportation and importation shall be made through the Commerce Bank and calculated in hard currency.
- Currency obtained from exportation shall be sold to Commerce Bank according to applicable exchange rate.
- Every exporter is encouraged by the State by keeping from 50 to 100% of currency for reimportation of goods in accordance with the Commerce Ministry's determination.
- Contracts, settlements, complaints and other conditions shall be made according to international provisions.

III. Organization:

1. For the time being the Council of Ministers authorizes the provinces and towns having goods to be exported to establish import-export companies coming under the provincial and municipal Offices of Commerce for collecting exported and imported goods of provinces and towns.
Companies which are properly registered and engage in legal activity in accordance with the objects and terms of their statutes, shall be recognized by the Ministry of Commerce.

2. The Council of Ministers authorizes provinces and towns to make relationship with each other in sale and purchase or exchange of goods aiming at encouraging workers, producers and farmers and at promoting the production extension.
3. Border provinces and towns of Cambodia shall collaborate with customs and competent units to take severe preventive measures against smuggling.

In the event of breaches, the provisions of articles 19-26 of the law on importation-exportation taxes shall be implemented.

4. Every company has the obligation to pay taxes according to the law in force.
5. Goods exportation and importation shall be authorized by the Ministry of Commerce. The Council of Ministers imparts to the Ministry of Commerce only the right to issue import-export licenses and to manage carefully.

The Ministry of Commerce shall try to examine and issue licenses speedily when the documents are sufficient and appropriate.

6. To create facility conditions to management at the present stage, the Council of Ministers decides that the delivery of goods to be exported abroad and imported from abroad be carried out at the Ports of Phnom Penh, Kompong Som and Koh Kong, the Pochentong Airport and other passes mentioned in the annex of tax law on imported and exported goods.
7. The Council of Ministers confides duties to:
 - A. The Ministry of Commerce to manage joint State and private companies and private companies, which engage in exportation and importation activity throughout the country.
 - B. The Ministry of Commerce to examine and decide on the lists of exported and imported goods, their qualities and prices according to each case, to instruct technical formalities on import-export company business so that they come under the State management. The Ministry of Commerce collaborates with the Ministry of Planning in the definitive fixing of goods quantity authorized to be annually imported in Cambodia.
 - C. The Ministry of Finance to examine goods and their quantity at exportation and importation and to prevent illegal exportation and importation.
 - D. The National Bank to instruct repayment settlement and to manage the purchase and sale of currency.

The Ministry of Commerce, the Ministry of Finance and the National Bank of Cambodia shall give detailed instruction to effectively implement the present circular. The Council of Ministers of Ministers circular No. 14 SR dated October 14th, 1988, is deemed null and void

The Council of Ministers unshakably hopes that from now on, with a spirit of close collaboration between Ministries, General Departments, provinces and towns, exportations and importations will be carried out in accordance with proper formalities to serve the Nation's and People's interest. It is under these circumstances that we all shall show our work to restore and develop the social economy to strongly contribute towards the protection of our revolutionary achievements.

Phnom Penh, February 15, 1991.

the Council of Ministers
The Vice-Chairman

Signed and sealed:
CHEA SOTH

111. **Circular # 004** on the Measures to Control the Import, Stock and Circulation of Petroleum Product4-150

Ministry of Economy and Finance
No. 004

CIRCULAR
ON
MEASURE TO CONTROL THE IMPORT, STOCK AND
CIRCULATION OF PETROLEUM PRODUCT

In the past, the Ministry of Economy and Finance observed that the control on importation, inventory and circulation of petroleum product is inadequate that leads to many subsequent conflicts in the inspecting Job such as having difficulty in preventing and cracking down on larger scale smuggling of such product that can not be controlled on the collection of all taxes. In other words, based on the law on import and export tax in force as well as written recommendation from Samdech the Prime Minister on 23 December 1999 to restring then the effectiveness of preventing and cracking down on the smuggling of sensible products, the Ministry of Economy and Finance hereby gives the following instructions:

I PROCEDURES TO CONTROL THE IMPORT, STOCK AND CIRCULATION OF PETROLEUM PRODUCT

A. ENTRANCE POINT: There are only two:

1. Kha-am Sam Nar Entrance: controlled and inspected by the customs officers, excise office of the Customs House and Excise.
2. Sihanoukville Entrance (Stung Hao Area): controlled and inspected by the competent officials from the excise office of the Customs House and Excise Stationed at Sihanoukville Customs and excise branch office. On the other hand, the import of petroleum product through other entrances not mentioned above shall require special permission from the Ministry of Economy and Finance

B. IMPORT AND INVENTORY FORMALITIES

1. When importing, at all times the import permit issued by the Customs House and Excise shall be required.
2. The company that is entitled to import petroleum product shall have means of storing fuel in Stung Hao area of Sihanoukville and Phnom Penh area and other places approved by the Royal Government.
3. Any declaration, tax payment shall be made at the Customs House and Excise Office in Phnom Penh (Excise Office).

C. CIRCULATION OF PETROLEUM PRODUCT

1. **Means of transportation:** all means of transportation used for transporting petroleum product shall bear proper mark by sticking a special identification mark issued by the Customs House and Excise upon request from each company concerned that operates the petroleum transportation business.
2. **Requirement to Hold Transportation Permit:** At all times of delivering and transporting petroleum product out of the legal petroleum inventory centers they shall bring along with them the transportation permit issued by the competent officials of Customs and Excise office of each local area. Such transportation permit shall clearly specify the type of transportation means, type and quantity of the product, itinerary, length of transportation

time, validity, transit points that require confirmation from the customs officers on the road, confirmation the arrival of the product.

II. CONFIRMATION OF COMPETENT CUSTOMS AND EXCISE OFFICERS

1. The Customs House and Excise shall appoint the appropriate number of expertise officers from the excise office to work at all legal petroleum product inventory centers in the Kingdom of Cambodia to control and inspect all activities of taking out and putting in and the inventory of the product above and report regularly about this activity to their superiors.
2. The customs and excise expertise officers shall also be appointed to watch the fuel stations and other areas suspected of having abnormal activities or offenses. In the event that the prevention or cracking down is necessary such officers shall make a request for co-operation from the Forces of Investigation and Smuggling Crack Down Office or if urgently necessary shall request for co-operation from other competent authorities having locations nearest to the incident place by implementing according to the procedures and law in force.
3. All competent customs and excise officers working at the inventory centers, along the road, at exit points and approach must not create disputes or delay the work that is not in conformity with the procedures. Those acting contrary to this shall be punished according to the content of circular No. 001 sr-shvçKr dated 06 January 1995 on the customs and excise official management.

4. OBLIGATIONS OF BUSINESSMEN

- The petroleum product businessmen shall, strictly and according to the time manner comply with and implement content (I) of this circular.
- Must create favorable conditions and cooperate permanently with all relevant competent officials to express the transparency and take part in reducing other offenses by all means in the spirit of building the state of law.

Upon receiving this directive, the Customs House and Excise must widely announce the directive and give further detail instruction to ensure the proper and effective implementation of the content of this circular as of 01 March 2000.

Phnom Penh, 23 February 2000

Senior Minister
Minister of Economy and Finance
[Signed and sealed]

KEAT CHHON

copies:

- Cabinet of the Council of Ministers
- Cabinet of Samdech the Prime Minister
- Government Inspection Office (as information)
- Phnom Penh Chamber of Commerce
- Customs House and Excise (for announcement and implementation)
- Records, Archives

112.	Regulation on Pre-shipment Inspection Service	4-152
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Ministry of Economy and Finance
REGULATIONS
ON
PRE-SHIPMENT INSPECTION (P.S.I)

The regulations have been worked out by authorities of Ministry of Economy and Finance to execute the pre-shipment inspection (P.S.I) of goods imported into the Kingdom of Cambodia.

CHAPTER I

INTERPRETATION

Article 1: Definitions

- 1.1.** The Customs and Excise Office means the Customs and Excise Office of the Kingdom of Cambodia;
- 1.2.** The discrepancy of reports means that the reports made by the inspection company upon pre-shipment inspection show there is discrepancy between the real quantity or quality or the quantity and quality of goods and the confirmation on the specificity of goods of the importer;
- 1.3.** The customs clearance declaration means the importation formalities fulfilled by the importer in being based on the information in the manifest report;
- 1.4.** Goods exempted from pre-shipment inspection means the goods listed in chapter II, article 3, points 3-1 and 3-2;
- 1.5.** Goods means goods and relevant service (apart from inspection-free goods) requested to be imported into the Kingdom of Cambodia and the total price of which has been declared, goods in contract or the real price of goods sent with a sum equal to or exceeding US\$ 5,000 (five thousand United States dollars) including the price, but the total of goods sent in parts is equal or exceeds US\$ 5,000 (five thousand United States dollars);
- 1.6.** Government means the Royal Government of the Kingdom of Cambodia;
- 1.7.** Import levy means the settlement of levy by 1% (one percent) on the price of goods. This levy is at least US\$ 200 (two hundred United States dollars);
- 1.8.** The importer's goods specifications means the confirmation of goods specificity or when there is no confirmation of goods specificity the information on the description of goods about which the importer has got in touch with the inspected company as set out in chapter III, article 5, point 5.3;
- 1.9.** Inspection Company means a company that has the duty to implement the agreement with the Royal Government on pre-shipment inspection (P.S.I) on behalf of the Royal Government;
- 1.10.** Inspection Company Liaison Office means the liaison office established in the Kingdom of Cambodia by the Inspection Company to coordinate the pre-shipment inspection (P.S.I);
- 1.11.** The Ministry of Commerce means the Ministry of Commerce of the Kingdom of Cambodia;
- 1.12.** The Ministry of Economy and Finance means the Ministry of Economy and Finance of the Kingdom of Cambodia;

- 1.13.** Pre-shipment inspection (P.S.I) means inspection of quantity and quality of goods executed by the Inspection Company;
- 1.14.** Price verification means the check of goods prices to ascertain:
- a.** that the sum of money written in the goods invoice is the price of goods generally exported from the supplier's country or is the price of goods on international market place or not, and if those prices do not match each other, the size of difference between the prices shall be defined;
 - b.** the goods price for tax levy.
- 1.15.** Registered Import Advice (R.I.A) means the documents confirmed and issued by the Inspection Company Liaison Office to the importer relevant to its request for performing the pre-shipment inspection (P.S.I);
- 1.16.** Report of Findings (R.O.F) means the pre-shipment inspection results issued by the Inspection Company only when the inspection shows that:
- a.** The state of goods is appropriate to the confirmation on goods specificity of importer;
 - b.** In case of inappropriateness between the goods and the confirmation on goods specificity of importer, but the importer recognizes this in appropriateness; the report of findings shall be issued to the importer.
- 1.17.** Security Label means the label stuck by the Inspection Company on the seller's definitive invoice relevant to the goods whose report of findings has been received to confirm the goods have been inspected. The report of findings shall also be issued;
- 1.18.** List of customs duty means the list of goods subjected to customs duty in force in the Kingdom of Cambodia;
- 1.19.** The total price means the total price of goods listed in the contract;
- 1.20.** References to a person shall include a legislator, a joint company or any legal company;
- 1.21.** References to articles are references to the articles of these regulations;
- 1.22.** Titles shall be inserted for easiness and shall not affect the interpretation of these regulations.

CHAPTER II

THE SCOPE OF PRE-SHIPMENT INSPECTION

Article 2: Goods shall undergo the pre-shipment inspection (P.S.I)

- 2.1.** These regulations shall be enforced on goods shipped into the Kingdom of Cambodia from September 8, 1995, onward;
- 2.2.** Registration
All goods, except the ones listed in chapter I, article 1, point 1.4 and imported to the Kingdom of Cambodia from September 8, 1995, shall be registered with the Inspection Company;
- 2.3.** Inspection of goods
Goods imported to the Kingdom of Cambodia from October 1, 1995, shall undergo the pre-shipment inspection made by the Inspection Company located in the goods supplier's country prior to transporting them to the Kingdom of Cambodia;
- 2.4.** Transition
Importers can convey goods to the Kingdom of Cambodia before October 1, 1995, without being subjected to the pre-shipment inspection (P.S.I), provided that the document of transportation of goods by ship or by air is dated before October 1, 1995.

Article 3: Goods exempted from P.S.I.

- 3.1.** The following goods are exempted from P.S.I.:
- a.** Precious stones and metals,

- b. Artistic objects,
 - c. Explosives and fireworks,
 - d. Ammunition, armament and military instruments,
 - e. Alive animals,
 - f. Newspapers and magazines,
 - g. Home ornaments and personal effects including motor vehicles personally used,
 - h. Posted parcels and commercial samples,
 - i. Donations of governments or international organizations to funds and humanitarian organizations officially recognized,
 - j. Donations and materials for diplomatic missions, delegation, consul and organizations being dependent upon the United Nations, imported for personal use.
- 3.2.** Temporary importation confirmed by the Ministry of Economy and Finance:
- a. Cigarettes,
 - b. Motorcycles,
 - c. Television sets,
 - d. Radio-Cassette recorders,
 - e. VTRs
 - f. Petroleum products

CHAPTER III

PROCEDURE

Article 4: General requirements

4.1. Copies of orders

Importers shall provide the Inspection Company with two copies of each order for goods purchase and importation. All submitted documents shall be annexed to an application form addressed to the Inspection Company and filled out by importers in attaching everything relevant to any official document such as a request to buy currency, a temporary invoice, an order, contracts containing goods specifications, transportation documents and other relevant documents.

4.2. Formalities of request for registration (Issue of RIAs)

The Inspection Company Liaison Office shall register every goods order and issue formalities of request for registration of importation to importers within a 24-hour period after receiving the application form from the importer.

4.3. Reference number

Application forms for registration of importation (RIA) shall be specially numbered for confirmation in commerce and use in corresponding with the Inspection Company.

4.4. Inadequate documentation

Any document sent by importers to the Inspection Company and regarded as inadequate is an imprecise document.

Inadequate documents shall be returned to importers for correction before issuing the formalities of request for registration of importation (RIA).

4.5. Request for information

The Inspection Company Liaison Office shall work out the formalities of RIA and send it to the Inspection Office or its internal branch which supplies goods, and then immediately forward the request to the seller to give information on goods and make the pre-shipment inspection (P.S.I).

4.6. Copies to Bureau of Customs and Excise

The Inspection Company shall urgently send to the Excise and Customs Bureau copies of documents on request for making inspection and formalities of RIA.

Article 5: The Pre-Shipment Inspection (PSI) of Goods**5.1. The Pre-Shipment Inspection (PSI)**

The seller shall get in touch with the Inspection Company at least 5 days in advance to enable the Inspection Company to organize the pre-shipment inspection (PSI).

Even though the seller sends information within a period of less than 5 days, the Inspection Company shall not delay the P S I.

5.2. Required tasks

The Inspection Company or its internal branch which supplies goods shall carry out their jobs as follows in using the information they have:

- a. Pre-shipment inspection (PSI);
- b. Verifying the total price of goods
- c. Noting down the prices of goods to be taxed on appropriately to the list of customs duties of the Kingdom of Cambodia;
- d. Noting down the goods categories according to the list of customs duties;
- e. Calculating the customs duties and various taxes to be paid on the goods.

5.3. Documents to provide

The seller shall give to the Inspection Company or its branch copies of orders, lists of goods prices, credit letters and other documents the Inspection Company needs for PSI.

5.4. Facility provision

The seller shall give to the inspection Company or its branch all necessary documents such as the certificate of goods testing, create facility conditions in showing the goods and samples and the goods testing place appropriately to the purpose of PSI.

5.5. Place of PSI

PSI can be performed in the periphery of the seller's place or any other fitting area prior to carrying the goods into the Kingdom of Cambodia. The Inspection Company has the right to inspect goods again at any time before conveying them to the Kingdom of Cambodia in sticking recognition labels on boxes or containers, which is deemed necessary and can be carried out by the Inspection Company.

5.6. Repeated visits by Inspection Company

If the seller wants the Inspection Company to inspect his goods, but the goods are not properly arranged or if the goods are verified and found improper for the goods specifications of the seller, the costs and expenses of re-inspection will be borne by the seller.

5.7. Inability to inspect

In case the Inspection Company is unable to make PSI, the Inspection Company shall immediately inform the Customs Duty and Excise Office chief.

5.8. Final settlement invoice and relevant information

When there is uniformity between PSI and the verification of goods prices by the Inspection Company or its branch, the seller shall issue to the Inspection Company final invoices with the following detailed contents:

- a. Goods enumeration;
- b. Weight and capacity;
- c. Means of transport;
- d. Harbor or airport where goods are loaded (including crossed harbors);

- e. Harbor or airport where goods are unloaded;
- f. Date of transportation to the Kingdom of Cambodia.

5.9. Price comparison restrictions

In a country where price comparison is forbidden, price verification shall be performed in accordance with the law in force of that country and the Inspection Company shall make report on the price comparison for the Royal Government.

Article 6: Clearance procedure and post-inspection

6.1. Provision of manifest report or issue of ROF

After PSI has been properly made, final invoices and relevant information shall be given by importer to the Inspection Company. Then the Inspection Company gives a manifest report (ROF) to the importer.

6.2. Contents of manifest report (ROF):

- a. Goods categories;
- b. Goods quantity or number;
- c. Quality or confirmation on evident goods specifications or both;
- d. Goods price verification;
- e. Goods classification according to customs duty list

6.3. Copies of ROF

ROF shall be made in sufficient number in which are the original report and five copies. The Inspection Company shall give the importer the original report and 3 copies, 1 copy to the Ministry of Economy and Finance, and 1 copy to the Ministry of Commerce. When clearing the goods through Customs duty and excise officials, ROF shall be kept at the following places:

- a. The importer keeps the original report;
- b. After receiving 3 copies from the importer, the Customs Duty and Excise Office keeps 2 copies and sends 1 copy to the Inspection Company;
- c. the Ministry of Commerce keeps 1 copy;
- d. The Ministry of Economy and Finance keeps 1 copy;
- e. The Inspection Company keeps 1 copy received from the Customs Duty and Excise Office after the importer has settled and paid customs duty and other taxes with approval and details on this settlement.

6.4. Discrepancy Report

In case PSI has no uniformity or is not achieved, the Inspection Company cannot issue the ROF. On the contrary the Inspection Company shall issue a discrepancy report to be sent to places according to chapter III, article 6, point 6.3.

6.5. Correction of discrepancies

If the seller does not on time correct the discrepancies defined by the Inspection Company before transporting the goods, the Inspection Company shall keep the ROF and specify the inappropriate goods being not corrected through discrepancy report. If the seller accepts to correct according to the discrepancy before transporting the goods, then the Inspection Company shall provide the seller with ROF.

6.6. Security label

For each goods transportation the seller shall receive from the Inspection Company the Original final invoice submitted to the Inspection Company with proper confirmation from the Inspection Company through security labels specifying that the goods listed in the invoice have been

inspected and the ROF has also been issued.

6.7. Customs clearance declaration

The importer shall use the ROF to fill out the customs clearance declaration and settle customs duty and tax to be paid to customs and excise officials at import passes of the Kingdom of Cambodia.

In case of Modification of tax rate the importer shall fill out the formalities of ROF of the Inspection Company.

6.8. Provision of customs clearance declaration

The importer shall sign the customs clearance declaration according to available model and hand it over to the Customs and Excise Office with relevant documents and shall pay tax and duty mentioned in the customs clearance declaration. No goods shall be taken out of the Customs and Excise Office without the original customs clearance declaration filled out and signed and the ROF.

6.9. Notification to the Inspection Company

The Customs and Excise Office shall provide the ROF with details on customs duty and tax paid to the Inspection Company by the importer in referring to chapter III, article 6, point 6.3 "C" or send to the Inspection Company a copy of customs clearance declaration received by the Customs and Excise Office according to chapter III, article 6, point 6.8 with clear and legible letters.

6.10. Provision of documents

The Inspection Company shall ask the importer to send documents including invoices, lists of goods carried by ship and by air and other transport documents. These documents are not yet regarded as conditions for issuing the ROF.

6.11. Inspection in Cambodia

The Inspection Company or the agent representing the Inspection Company and the customs and Excise Office have the right to jointly inspect goods when they get to the Kingdom of Cambodia.

6.12. Inspecting goods again

The Inspection Company or the agent representing the Inspection Company and the Customs and Excise Office have the right to inspect goods anew when they reach the Kingdom of Cambodia and when there is discrepancy report or suspicion that the goods do not comply with ROF or when there is request to inspect again from the importer.

CHAPTER IV

INSPECTION FEES

Article 7: Fees on imported goods

7.1. Fees

For goods imported to the Kingdom of Cambodia, except for goods in chapter I, article 1, point 1.4, inspection fees shall be paid according to article 1, point 1.8.

7.2. Fees payment

Fees shall be paid to the National Treasury of Cambodia through special account No. 3045215 before submitting the importation documents to the Inspection Company Liaison Office to issue the RIA.

7.3. Issuing the receipt

When receiving the inspection fees the National Treasury of Cambodia shall issue a receipt to the importer. This receipt shall be annexed to the other importation documents for the Inspection Company.

CHAPTER V**RESOLUTION OF DISPUTES****Article 8: Disputes****8.1. Discussion with the Inspection Company**

The importer may ask questions or protest about the Inspection Company's opinions on every matter relevant to his goods through letters sent to the Inspection Company Liaison Office, Phnom Penh. If the dispute is not settled within 1 week after the Inspection Company has received the protest letter, the importer may send the file to the "Settling Commission".

8.2. The taking out of goods

While the Settling Commission is examining and discussing about the importer's file, the importer may apply to the Customs and Excise Office to take out the goods in paying a security deposit fixed by the Customs and Excise Office.

CHAPTER VI**THE ESTABLISHMENT OF THE SETTLING COMMISSION****Article 9: The Settling Commission****9.1. The Commission establishment**

The Royal Government shall establish a "Settling Commission" to consider and judge the Inspection Company's decision against which the importer has protested. This Commission is composed of representatives from the Ministry of Economy and Finance, the Customs and Excise Office, the Ministry of Commerce, the Council for the Development of Cambodia and Private units.

9.2. The Commission Chairman

The Settling Commission has a chairman appointed by the Minister of Economy and Finance for a 12-month mandate. The extension of the Chairman's mandate is decided by the Minister of Economy and Finance.

9.3. Final decision

The Settling Commission shall decide on dispute within 1 month at the latest after receiving the complaint file of the importer. The Settling Commission's decision is the last one the Inspection Company and the importer shall absolutely observe and implement.

CHAPTER VII**OBLIGATIONS OF IMPORTERS AND SELLERS****Article 10: Compliance by importers**

The issue of ROF is evidence confirming that goods have already undergone the PSI. ROF issue is not for importers to avoid their obligations in implementing the rules and provisions relevant to the importation and sale of goods in the Kingdom of Cambodia.

Article 11: Seller's obligation to importer

The PSI performed by the Inspection Company has no influence on the purchaser's right to protest against the seller and does not tolerate the seller's responsibilities in the contract towards the importer.

CHAPTER VIII**CREDIT LETTER****Article 12: Requirement for credit letter****12.1. Submitting application forms**

If goods price settlement is made through credit letter, to the application form for credit letter of importer shall be annexed the list of goods with confirmation on their categories, quantity, quality and total price.

12.2. Payment by credit letter

For goods to be paid for by credit letter, the purchaser shall pay to the seller only when the original invoice on goods is provided with a security label together with transportation documents.

CHAPTER IX**NON-COMPLIANCE WITH THE REGULATIONS****Article 13: Fine**

From October 1, 1995, any person who fails to come and request for pre-shipment inspection of all goods, except those mentioned in article 1, point 1.4, which have to be conveyed into the Kingdom of Cambodia, shall be regarded as having not complied with these regulations and shall be fined by competent authorities.

The Secretary of State

Signed and sealed:

SOON CHANTHOL

113. **Regulation # 599** on the Implementation of P.S.I (August 31, 2000)4-160

Ministry of Economy and Finance
No. 599

REGULATION
ON
THE IMPLEMENTATION OF PRE-SHIPMENT INSPECTION SERVICES

August 31, 2000

This regulation is made under the authority of the Ministry of Economy and Finance to implement the procedures for pre-shipment inspection of goods imported into the Kingdom of Cambodia.

INTERPRETATION

ARTICLE 1 – DEFINITIONS

- 1.1 **Bureau of Customs** means the Bureau of Customs for the Kingdom of Cambodia.
- 1.2 **Discrepancy Report** means a report issued by the Inspection Company whenever a Pre-shipment Inspection indicates the existence of any uncertified discrepancies between the actual quantity or quality or both of the Goods and the Importers specifications.
- 1.3 **Customs Declaration** means the import entry form completed by the importer based on the information contained in the ROF.
- 1.4 **Exempt Goods** means the goods referred to in Article 3 (3.1).
- 1.5 **Goods** means goods and related services (other than exempt goods) which are proposed to be imported into the Kingdom of Cambodia and where the value of the shipment is FOB United States Dollars Four Thousand (FOB \$US4000.00) or greater and includes partial shipments of goods and associated services with a lesser value but where the aggregate value of all such partial shipment is FOB United State Dollars Four Thousand (FOB \$US 4000.00) or greater.
- 1.6 **Government** means the Royal Government of the Kingdom of Cambodia.
- 1.7 **Fees** The fees for the provision of PSI Services are:
 - (a) 0.80% ad-valorem of the FOB value of the Goods inspected as declared in the exporter's final or pro-forma invoice and indicated in the Reports of Findings, applicable for all Goods with the exception of bulk petroleum products.
 - (b) USD 0.30 per metric tone applicable for bulk petroleum products only inspected as declared in the exporter's final or pro-forma invoice and indicated in the Reports of Findings.
 - (c) Applicable for both (a) and (b) a minimum fee per intervention of USD210.00 shall be applied in all cases where the ad-valorem rate or the case of (b) the tonnage rate would produce lesser than amount.

SGS shall be entitled to its fees regardless of whether, after an inspection of the Goods, the exporter or importer does not provide the information of documents necessary for the issuance of a ROF or, for any reason, does not process with the shipment of the Goods.

- 1.8 Importer Specification means the specifications or, in the absence of specifications, the description of the Goods, which have been communicated to the Inspection Company by the importer as set out in Article 5.3
- 1.9 Inspection Company means the company, which has the duty to execute an agreement with the Government granting such company the right to conduct pre-shipment inspection services on behalf of the Royal Government of Cambodia.
- 1.10 Inspection Company Liaison Office means the liaison office established in the Kingdom of Cambodia by the Inspection Company to co-ordinate Pre-shipment Inspections.
- 1.11 Ministry of Commerce means the Ministry of Commerce of the Government.
- 1.12 Ministry of Economy and Finance means the Ministry of Economy and Finance of the Government.
- 1.13 Pre-shipment Inspection means the inspection on quantity and quality of Goods and related activities to be performed by the Inspection Company.
- 1.14 Price Verification means a verification of the price of the Goods in order to determine:
- (a) Whether the amount invoiced by a seller in respect of those Goods corresponds with prevailing export price for Goods in the country of supply or, where applicable, international market prices, and if these prices do not correspond, the extent of the variation.
 - (b) The value for duty purposes.
- 1.15 RIA and Registered Import Advice means the confirmation document which is issued by the Inspection Company Liaison Office to the importer in connection with the application by the importer for Pre-shipment Inspection.
- 1.16 ROF means the report of findings containing the result of the Pre-shipment Inspection issued by the Inspection Company whenever the Pre-shipment Inspection indicates:
- (a) that there are no discrepancies between the Goods and the Importer Specification, or
 - (b) any previously identified material discrepancies between Goods and Importer Specifications have been confirmed as acceptable by the importer provided that .
- 1.17 Security Label means the label affixed to one copy of the seller's final settlement invoice by the Inspection Company in respect of Goods for which an ROF is to be issued which confirms that the Goods have been inspected.
- 1.18 Tariff Nomenclature means the Tariff Nomenclature of the Kingdom of Cambodia.
- 1.19 Total Value means the total contracted value of Goods.
- 1.20 References to a person include a body corporate, partnership or other legal entity.
- 1.21 References to Articles are references to Articles of this regulation.
- 1.22 Headings are inserted for convenience and shall not affect the interpretation of Regulation. Goods (as per Tariff Nomenclature) the ROF shall nevertheless be issued.

SCOPE OF PRE-SHIPMENT INSPECTION

ARTICLE 2 – GOODS SUBJECT TO PRE-SHIPMENT INSPECTION

2.1 Commencement

This regulation shall apply to all Goods other than Exempt Goods as specified in Article 1.4 shipped to the Kingdom of Cambodia as from the

2.2 Registration

All Goods other than Exempt Goods as specified in Article 1.4 imported into the Kingdom of Cambodia starting from the shall be registered with the Inspection Company.

2.3 Inspection of Goods

All Goods imported into the Kingdom of Cambodia from the shall be subject to Pre-shipment Inspection by the Inspection Company in the relevant country of supply prior to shipment to the Kingdom of Cambodia.

2.4 Transitional

Importer may arrange shipment of Goods to the Kingdom of Cambodia prior to without Pre-shipment Inspection provided the relevant Bill of Lading or Airway Bill or other transport document or title is dated prior to

ARTICLE 3 – GOODS EXEMPT FROM PRE-SHIPMENT INSPECTION

3.1 The following goods shall be exempted from Pre-shipment Inspection:

(a) **Precious stones, and precious metals.**

- (b) Object of arts,
- (c) Explosives and pyrotechnic products,
- (d) Ammunition, weapons, implement of war
- (e) Live animals,
- (f) Current newspapers and periodicals.
- (g) Household and personal effects.
- (h) Parcel post or commercial samples.
- (i) Gifts made by foreign governments or international organizations to foundations, charities and recognized humanitarian organization.
- (j) Gift and supplies to diplomatic and consular missions and to agencies depending from the United Nations Organization imported for their own needs.
- (k) Grants in kind.
- (l) Goods imported for government use under government order.
- (m) Scrap metals.
- (n) Cigarettes
- (o) Temporarily admitted goods (temporary import for inward processing for export)

PROCEDURE**ARTICLE 4 – GENERAL CONDITIONS****4.1 Copies of orders**

All importers shall provide to the Inspection Company two copies of each order for every purchase or importation of goods. The documents submitted shall comprise an application to the Inspection Company completed by the importer, attaching, where relevant, a copy of any official document such as proforma invoices, purchase orders, contracts showing contract specifications, transportation documents and relevant import documents.

4.2 Issue of RIA

The Inspection Company Liaison Office shall register all such orders of Goods and issue a RIA, which shall be released to the importer within 24 hours of receipt of the documentation from the importer.

4.3 Reference Number

The RIA shall contain a unique reference number, which shall serve to identify the transaction and may be used for all correspondence with the Inspection Company.

4.4 Inadequate documentation

Any document supplied to the Inspection Company by an importer which is incomplete, illegible or otherwise unclear shall be returned to the importer for correction before a RIA will be issued.

4.5 Request for information

The Inspection Company Liaison Office shall transmit the RIA details to the office of the Inspection Company or its affiliates in the country of supply of the Goods which shall immediately send a request to the seller for the supply of information regarding the Goods and arrange Pre-shipment Inspection of the Goods.

ARTICLE 5 – PRE-SHIPMENT INSPECTION OF GOODS**5.1 Pre-shipment Inspection**

The seller shall contact Inspection Company to arrange a Pre-shipment Inspection at least three working days prior to the Goods being available for such Pre-shipment Inspection. The Inspection Company will carry out urgent inspection without delay notwithstanding that less than three working days notice is given by the seller.

5.2 Required Tasks

The Inspection Company or its affiliate in the country of supply of the Goods shall perform the following tasks in relation to the Goods using all information at its disposal:

- (a) Pre-shipment Inspection,
- (b) Price verification,
- (c) Verification of the total value of the Goods
- (d) Determination of the dutiable value of the Goods in accordance with the Tariff Nomenclature,
- (e) Calculate duties and taxes payable on the Goods in the Kingdom of Cambodia.

5.3 Documentation to be provided

The seller shall provide the Inspection Company or its affiliate with copies of purchase orders, price lists, letters of credit and all other documents, which the Inspection Company may deem necessary for the purpose of the Pre-shipment Inspection.

5.4 Provision of Facilities

The seller shall provide the Inspection Company or its affiliate with all necessary facilities as well as relevant testing certificates where applicable to enable the Inspection Company to conduct the Pre-shipment Inspection. The seller shall make the necessary arrangements for handling, presentation, sampling and shop testing of the Goods for the purpose of the Pre-shipment Inspection.

5.5 Place of Pre-shipment Inspection

The Pre-shipment Inspection may be performed at the seller's premises or such other appropriate place prior to the shipment of the Goods to the Kingdom of Cambodia. The Inspection Company shall be entitled to re-inspect Goods at any time during the course of supply or delivery, prior to the shipment of the Goods to the Kingdom of Cambodia and to seal containers as may be deemed necessary and feasible by the Inspection Company.

5.6 Repeated Visits by Inspection Company

If the seller arranges for a Pre-shipment Inspection by the Inspection Company without having prepared the Goods for inspection, or if the Goods have been certified and are found not in accordance with the Importer Specification, the Inspection Company's costs for repeated visits and further Pre-shipment Inspection shall be payable by the seller.

5.7 Inability to Inspect

If for any reason the Inspection Company shall be unable to carry out any Pre-shipment Inspection, the Inspection Company shall immediately notify the Director of Customs in writing.

5.7 Final Settlement Invoice

Upon satisfactory Pre-shipment Inspection and Price Verification by the Inspection Company or its affiliate, the seller shall submit a final invoice and relevant information to the Inspection Company, which shall include the following details:

- (a) description of the Goods,
- (b) weight and volume,
- (c) mode of shipment,
- (d) port or airport of loading (including any port of transshipment),
- (e) port or airport of discharge, and
- (f) anticipated date of shipment to the Kingdom of Cambodia

5.8 Price Verification restrictions

In countries where price comparison is subject to legal restrictions, the Price Verification shall be performed within the existing framework of the laws of those countries and all restrictions shall be reported by the Inspection Company to the Government.

ARTICLE 6 – POST-INSPECTION AND CLEARANCE PROCEDURES**6.1 Issue of ROF**

When a Pre-shipment Inspection has been satisfactorily completed and final invoices and relevant information have been presented by the importer to the Inspection Company, the Inspection Company shall issue a ROF to the importer.

6.2 Contents of a ROF

- (a) the nature of Goods
- (b) the number or quantity of the Goods,
- (c) the quality or actual specification or both of the Goods,
- (d) Price Verification for the Goods, and
- (e) the appropriate customs classification of the Goods in accordance with the Customs tariff.

6.3 Copies of ROF

The ROF shall be produced in a set of one original and five copies, which shall be distributed by the Inspection Company to the importer (one original and three copies). Upon clearance of the Goods through the Bureau of Customs, the ROF shall be retained as follows:

- (a) importer – one original,
- (b) Bureau of Customs – two copies after receiving three copies from the importer and forwarding one copy to the Inspection Company.
- (c) The Inspection company – one copy received from the Bureau of Customs after payment of duties and taxes by the importer, endorsed with details of payment.

6.4 Discrepancy Report

Where a Pre-shipment Inspection has in any way not been satisfactorily completed, an ROF shall not be issued by the Inspection Company, which instead shall issue a Discrepancy Report which shall be distributed in accordance with Article 6.3.

6.5 Correction of Discrepancies

If the seller fails to correct discrepancies in a timely manner prior to shipment of the Goods, the Inspection Company shall withhold the ROF and shall clearly identify all uncertified discrepancies by means of Discrepancy Report. If the necessary corrections are effected by the seller after the issuance of the Discrepancy Report but prior to the shipment of the Goods, the Inspection Company shall then issue a ROF in replacement of the Discrepancy Report.

6.6 Security Label

For each shipment of Goods the seller shall receive from the Inspection Company, the original copy of the final invoice submitted to the Inspection Company, duly attested by the

Inspection Company by means of a Security Label confirming that the Goods described in the invoice have been inspected and that an ROF will be issued.

6.7 Customs Declaration (CD)

The importer shall use the ROF as the basis for completion of the CD and the payment of duties and taxes payable to the Bureau of Customs at the port of entry into the Kingdom of Cambodia. In case there has been an amendment to the Customs Tariff prior to clearance, the importer must have his ROF amended accordingly by the Inspection Company.

6.8 Submission of CD

The importer shall sign the CD which it has prepared and present it to the Bureau of Customs with all required supporting documentation and shall pay the applicable duties and taxes specified in the CD. No Goods shall be cleared through the Bureau of Customs without an original signed and completed CD being presented with the corresponding ROF.

6.9 Notification to the Inspection Company

The Bureau of Customs shall supply details of the Customs duties and taxes paid by the importer on the copy of the ROF to be provided to the Inspection Company, pursuant to Article 6.3 (c) and provide the Inspection Company with a legible copy of the CD received by the Bureau of Customs pursuant to Article 6.8. FSD

6.10 Submission of Documentation

The Inspection Company shall request sellers to submit copies of the final settlement invoice, the Bill of Lading, Airway bill and other transport documentation or title. Receipt of these documents from the seller shall not be a pre-condition for the issuance by the Inspection Company of a ROF.

6.11 Re-inspection of Goods

The Inspection Company or their designated agents and the Bureau of Customs shall be entitled to jointly conduct a re-inspection of Goods upon arrival in the Kingdom of Cambodia where a Discrepancy Report has been issued or where there are grounds for a reasonable belief that the Goods are not in conformity with the ROF or where a re-inspection of the Goods is requested by the importer.

INSPECTION FEES**ARTICLE 7 – FEES****7.1 Amount of Fees**

All goods other than Exempt Goods as specified in Article 1.4 imported into the Kingdom of Cambodia shall be subject to the Fees as described in Article 1.7.

7.2 Payment of Fees

The Fees shall be payable to the Standard Chartered Bank Phnom Penh 89, Norodom Boulevard, Sangkat Boeung Raing, Khan Daun Penh (PSI Account number) after RIA application to Liaison Office of the Inspection Company for the purpose of issuance of a RIA.

7.3 Receipt to be issued

Upon payment of the Fees, the Standard Chartered Bank Phnom Penh shall issue a receipt to the importer. The importer shall submit the receipt to the Liaison Office of the Inspection Company with the import documentation.

RESOLUTION OF DISPUTES**ARTICLE 8 – DISPUTES****8.1 Discussions with the Inspection Company**

Any importer may question or dispute the opinion of the Inspection Company relating to that importer's Goods by making a request in writing to the Inspection Company Liaison Office in Phnom Penh. If the matter is not resolved to the satisfaction of the importer within one week of the importer's request, the importer may refer in writing the matter to the Working Committee.

8.2 Release of Goods

While the Working Committee is reviewing a matter referred to it in writing by an importer, the importer may apply to the Bureau of Customs to have the Goods released against a surety bond which shall be fixed at the sole discretion of the Bureau of Customs.

ESTABLISHMENT OF WORKING COMMITTEE**ARTICLE 9 – WORKING COMMITTEE****9.1 Establishment**

The Ministry of Economy and Finance shall establish a Working Committee to review any decision of the Inspection Company referred to it in writing by an importer. The Working Committee shall

comprise representatives from the Ministry of Economy and Finance, the Bureau of Customs, the Ministry of Commerce, the Council for the Development of Cambodia and the private sector.

9.2 Chairman

The Working Committee chairman will be appointed by the Ministry of Economy and Finance for an initial period of twelve (12) months and subject to reappointment for further period of twelve (12) months at the discretion of the Minister of Economy and Finance at the end of that period.

9.3 Decisions Final

The decision of the Working Committee should be made within a maximum period of one month from the importer's application and shall be final and binding on the Inspection Company and the importer and shall not be subject to appeal.

OBLIGATIONS OF IMPORTERS AND SELLERS

ARTICLE 10- COMPLIANCE BY IMPORTER

The issuance of a ROF is an evidence only that a Pre-Shipment Inspection has been conducted. The issuance of a ROF does not relieve the importer from its obligation to comply with all laws, rules or regulations relating to the importation and sale of Goods in the Kingdom of Cambodia.

ARTICLE 11 – SELLER'S OBLIGATIONS TO IMPORTER

The Pre-Shipment Inspection conducted by the Inspection Company shall not affect the rights of the buyer of the Goods against the seller and shall not relieve the seller of the goods of its contractual responsibilities to the importer of the Goods.

LETTER OF CREDIT

ARTICLE 12 – REQUIREMENT FOR LETTERS OF CREDIT

12.1 Application

If payment for Goods is to be made by Letter of Credit, the letter of credit application submitted by the importer shall contain a description of the Goods including, without limitation, the type, quantity, quality and Total Value of the Goods.

12.2 Payment by Letter of Credit

For transactions effected by Letter of Credit, payment shall only be made to seller unless the original invoice in respect of the Goods is affixed with a Security Label and is presented to the importer's bank along with all other shipping documents required for the negotiation of payment.

NON-COMPLIANCE

ARTICLE 13- PENALTIES

After the, any person who fails to obtain Pre-Shipment Inspection of any Goods other than Exempt Goods as specified in Article 1.4 which are shipped to the Kingdom of Cambodia shall be subjected to severe sanctions from the relevant Authorities.

114. **Directive** on Further Clarification and Improvement on Procedure for Paper Work for Good Releasing at Sihanouk Ville Port.....4-168

Ministry of Economy and finance
DIRCTIVE
on
Further Clarification and Improvement on Procedure for
Paper Work for Good Releasing at Shihanouk Ville Port

Referring to:

The Regulation of Tax Imposed on Import/Export Goods;

The recommendation given by Samdech the PM during the 06th Government-Private Sector Forum dated August 07 2002;

And with the attempt to ease and shorten the procedure for claiming the goods from the customs at Sihanouk Ville Port, The Ministry of Economy and Finance wish to give out the following directives:

1. The releasing of goods can be done immediately after receiving the decision from the Director of Customs and Excise Office of the Sihanouk Ville Port or nominated Officer of the Customs and Excise Office. This shall mean that in order to release the goods, it is not necessary to have the decision from the heads of Customs and Excise Branch Offices.
2. For raw materials or bric-a-brac equipment that belong to legal garment factories, the paper-work for customs can be done in advance—before the arrival of goods—together with the process of issuing the receipt C, E 40 \ (tax is shouldered by the government), and of getting approval on paper from the Director of Customs and Excise Office of the Sihanouk Ville Port. This way, the goods can be put through TC-SCAN and can be released immediately if there is no suspect on abnormality. Therefore, time can be saved and unnecessary services can be reduced.
3. The Government Delegate in charge of Custom and Excise Office can allow the 2 kinds of goods previously mentioned in Point 2, to be released with Customs Pre-Clearance based on the suggestion of the company to whom the goods belongs, in case of urgent need for production, or in case urgent need occurs during the process of paper-work done according to the Authority Transferring Letter # 002 E.F., dated February 28th, 2002.
4. Without any suspicion or necessity, for all kinds of goods that have been put through P.S.I, with the proper condition of SEAL SGS, Customs and Excise officers shall agree to the Report of Finding (ROF SGS), allow the paper-work to be done in accordance with the report, and release the goods without cutting SEAL SGS to control the inside. In case of suspicion or requirement to cut the SEAL SGS to control the goods, the target containers shall be no more than 5% of the total number of containers of this kind, and the focus should be put on types of goods that can affect people's and society's welfare.

5. The private sectors shall immediately complain about the case, with legal evidence and witness to the authority if they are forced or required to pay any hidden cost or any expense without service, so that the issue will be addressed immediately.

Upon receiving this Directive, the Customs and Excise Office shall disperse the information; cooperatively and effectively implement it in order that the investors' time and cost spending on unnecessary things can be reduced. In case of any difficulty in implementation, the Customs and Excise Office shall timely report to the Ministry of Economy and Finance so that the problem can be handled.

Phnom Penh August 23, 2002

State Minister,

Minister of Economy and Finance

H.E. KEAT CHHON

CC:

- The Council of Ministers
- The Cabinet of Prime Minister
- Phnom Penh and Provincial Chamber of Commerce
- Documents - Archives

115. **Notification # 002 Prk.SHV.KR** on the Amendment of Regulations on Pre-shipment Services (P.S.I).....4-170

Ministry of Economy and Finance
No. 002 Pk.SHV.KR

NOTICE

on

AMENDMENT OF REGULATIONS ON PRE-SHIPMENT INSPECTION (P.S.I)

- Considering the constitution of the Kingdom of Cambodia,
- Considering the royal decree of Preah Bat Samdech Norodom Sihanouk, King of Cambodia, dated November 1st, 1993, on the appointment of the Royal Government,
- Considering the law on the organization and execution of the Council of Ministers promulgated by the royal code dated July 20th, 1994,
- Considering the royal decree NS.RKT 1094-83 dated October 24th, 1994, on the modification of the composition of the Royal Government,
- Considering the law on the organization and establishment of the Ministry of Economy and Finance, promulgated by the royal code NS.RKM 0196-18 date January 24th, 1996,
- Considering the agreement between the Royal Government of Cambodia and SGS Company, dated June 8th, 1995, on pre-shipment inspection,
- Considering the notice No. 321 PKSHV KR dated September 8th, 1995, on pre-shipment inspection of goods imported to the Kingdom of Cambodia,
- Considering the notice No. 213 PKSHV dated September 20th, 1996 on the amendment of contents of regulations on pre-shipment inspection (P.S.I),
- Considering the notice No. 97 SPK dated July 24th, 1997, of the Royal Government,
- Considering the notice No. 474 PrkSHV.KR dated July 25th, 1997, on the amendment of contents of regulations on pre-shipment inspection (P.S.I)

DECIDES

Article 1: The pre-shipment inspection (PSI) of goods of all investment companies being exempted up to December 31st, 1997, shall continue to be exempted until new instructions are given.

For factories of exported garments, they shall be exempted from pre-shipment inspection indefinitely.

Article 2: Any notice contents contrary to above article 1 are deemed null and void.

Article 3: The Directors of State - Owned Company and Customs Office, Directors and Deputy Directors of all departments and units coming under the Ministry of Economy and Finance are put in charge of effectively applying the present notice.

Article 4: This notice comes into force from the date of its signing onward.

Phnom Penh, January 9, 1998

Signed and sealed:

KEAT CHHON

Copies to:

- The Office of the Council of Ministers
- The Cabinet of 1st Prime Minister
- The Cabinet of 2nd Prime Minister
- All ministries and central institutions
- All provincial and municipal halls
- The Chamber of Commerce
- SGS Company Office of Relations with Cambodia
- Records -Archives

116. **Joint Notification** Ref: 588/98 CDC/CRDB between the Ministry of Economy and Finance and the Council for the Development of Cambodia.....4-172

Ministry of Economy and Finance
Ref: 588/98 CDC/CRDB

Joint Notice
Between
the Ministry of Economy and Finance and
the Council for the Development of Cambodia

In order to assist NGOs in the efficient processing of applications for tax exemption on imported motor vehicles, I wish to advise the following guidelines.

1. NGOs intending to seek tax exemption on imported vehicles must request' approval from the Council for the Development of Cambodia/Cambodia Rehabilitation and Development Board (CDC/CRDB) prior to ordering the vehicle. This formal request must be accompanied with the vehicle specification and the pro-forma Invoice.

NGOs who do not have prior approval for tax exemption will incur import duties.

2. a- in the case of vehicles intended for direct use on projects, tax exemption will generally not be granted for imported luxury off-road and other motor vehicles with a pre-tax value in excess of US\$25,000.
 b- Those NGOs with specific project circumstances which require the importation of any vehicle specified in 2.a above, will have to provide full documentation justifying why another model of vehicle cannot be used. The CDC/CRDB will review the request on a case-by-case basis.
3. These guidelines come into effect from 01 April 1998 and will remain effective until further notice.

Phnom Penh, 10 February 1998

KEAT CHHON

Sr. Minister in charge of Rehabilitation and
 Development
 Ministry of Economy and Finance
 Vice-Chairman, CDC

Cc:

- Cabinet of the First Prime Minister
- Cabinet of the Second Prime Minister
- Cabinet of the Council of Ministers
- Ministry of Economy and Finance
- Ministry of Foreign Affairs and International Cooperation
- Ministries and State Secretariat

117. **Urgent Notice** Ref: 627/98 CDC/CRDB to all NGOs Importing Pharmaceutical Supplies.....4-173

Ministry of Economy and Finance
Ref: 627/98 CDC/CRDB

URGENT NOTICE
To
All NGOs Importing Pharmaceutical Supplies

Issued Jointly by the Ministry of Health and the Council for the Development of Cambodia

In order to promote the efficient and safe delivery of assistance to the Cambodian people, we wish to advise Non-Government Organizations (NGOs) of the following new procedures in relation to the importation of pharmaceutical supplies.

1. The Ministry of Health has published and will regularly update an exhaustive list of pharmaceutical items approved for general use. The exhaustive list is attached. NGOs importing pharmaceutical supplies included on the current list of approved items may send applications for tax exemption directly to the CDC for Processing.
2. NGOs intending to import pharmaceutical supplies not included on the exhaustive list must submit applications to import to the Ministry of Health for approval, before ordering. NGOs who do not seek prior approval by the Ministry of Health before ordering pharmaceutical goods, will not be permitted to import such goods into Cambodia.
3. In general, only pharmaceutical products manufactured by reputable organizations under controlled conditions to a high standard, with acceptable "use by" dates, will be approved for importation.
4. These procedures come into effect from the 01 April 1998 and will remain effective until further notice.

Phnom Penh, 12 March 1998

Dy Narong Rith
Secretary of State
Ministry of Health

KEAT CHHON
Sr. Minister in charge of Rehabilitation and Development
Ministry of Economy and Finance
Vice-Chairman, CDC

- Cc:
- Cabinet of the First Prime Minister
 - Cabinet of the Second Prime Minister
 - Cabinet of the Council of Ministers
 - Ministry of Foreign Affairs and International Cooperation
 - Ministry of Economy and Finance
 - Secretary General, CDC

118. **Notification # 01 SChN** about the Implementation of Principles on Exportation, Importation and Distribution of Movie and Video4- 174

Ministry of Information and Culture
NO. 01 SChN

NOTIFICATION
ON
THE IMPLEMENTATION OF PRINCIPLES ON EXPORTATION,
IMPORTATION AND DISTRIBUTION OF MOVIE AND VIDEO

Implementing the Sub-Decree No. 32 ANKr dated June 14, 1989, on Movie and Video Management and Control and the instructing circular of the Ministry of Information and Culture No. 05 dated September 5, 1989, and for a perfect execution in the management of business of exportation, importation and distribution of video cassette and movie projection, especially for preventing the importation of movies and video cassettes through smuggling or any secret means, furthermore it has been noticed that a while ago some persons made business of importing movies and video cassettes through smuggling and distributed them to companies and people for secret projection, etc., the Ministry of Information and Culture would like to inform of the following principles on management of business of exportation, importation and distribution for movie and video projection.

1. The business of importation of movies and video cassettes:

From January 1, 1990 onward, the Ministry of Information and Culture is in charge of checking and granting visas only to movies and video cassettes bought from foreign countries by import-export companies with authorization letters from foreign companies having norms in sale of cinema or video products for projection business, i.e. based on the keeping of right of cinema or video products.

As our country has no official relationship in cultural production with any free country and in order to meet the general public's request, import-export companies for movies and video cassettes can make relationship with foreign companies to purchase and import movies and video cassettes.

Movies and video cassettes imported for projection business shall have confirming letters issued by foreign companies with insurance on the right and principles of projection business and especially the receipt of tax payment for importation issued by customs agents.

The above-mentioned principles shall be implemented from January 1, 1990, onward.

2. Exportation of movies and video cassettes:

Every cinema and video product to be exported abroad shall be checked and authorized by the Ministry of Information and Culture.

For exportation of local cinema and video products or products imported for recording in the country, the import-export companies owning these products shall apply for being checked and authorized by the Ministry of Information and Culture.

In case the Ministry of Information and Culture knows that any cinema or video product recorded in Khmer is projected abroad without authorization of exportation of the Ministry, the product owner

shall be fined the double sum of money fixed by the Ministry in the control of exported cinema and video products. In the event of subsequent offense, the import-export business authorization or the production authorization shall be withdrawn. The provisions of this notification shall be implemented from the date of their publication.

Phnom Penh, January 4, 1990.

The Minister of Information and Culture

Signed and sealed:

CHHENG PHON

119. **Notification # 699.** PN-PKB.KN Reference: Announcement No. 07- PN-PKB-KN
(30-01-1993).....4-176

Ministry of Commerce
No. 699. PN-PKB.KN

NOTIFICATION

Reference: Announcement No. 07- PN-PKB-KN dated 30-01-1993.

The Ministry of Commerce and Costume office notifies all directors of export -Import companies, which the Ministry has made the announcement No. 07 PN.PKB on the company registration to instruct all import - Export Companies to file for company registration.

Till today there are 144 companies that have responded to this instruction.

To make a fair organization of business activities relating to the Ministry of commerce and the costumes office, all import -export companies which are not yet registered, are required to file for registration at the Ministry of Commerce (Department of foreign Trade) from this day of notification till 31 July 1993.

At the expiration of this date, the Ministry of Commerce refuses all responsibility resulting from the fact that is company has not been registered.

Therefore, all Directors of companies shall be informed and acts fairly.

Done in Phnom Penh, 02 July 1993

By the Minister's order.
Chief of Cabinet
Signed + Sealed

KEO SOK NAY

120. **Prakas # 07 PN-PKB-KN** Reference: Inter-ministerial meeting on 27 -04-924-177

Ministry of COMmerce
No. 07 PN-PKB-KN

PRAKAS

Reference: Inter-ministerial meeting on 27 -04-92
: Letter No. 383 PN-PKB.KN dated 23 -05-92.
: Hand written comment of the Minister of Commerce dated 16-01-93

The Director of Department of Foreign Trade informs all Import and Export Companies having had authorization to incorporate and companies, which are being incorporated, that the Department of Foreign trade begins to register companies from today on.

Registration tax and fee shall be paid at legislation office of the Department of Foreign Trade in the Ministry of Commerce.

Phnom Penh, 30 January 1993

For the Department of Foreign Trade

Director

Signed and sealed

MAO THORA

121. **Announcement # 240 PN.PKB** on the Request to Establish Private, Semi-Private Import-Export Company4-178

**Ministry of Commerce
 No. 240 PN.PKB**

**ANNOUNCEMENT
 ON
 THE REQUEST TO ESTABLISH PRIVATE,
 SEMI - PRIVATE IMPORT-EXPORT COMPANY.**

Basing on the state policy of open economy at the present time regarding private foreign trade. To facilitate and to set out uniformity in controlling of requesting to do import - export as well as to grant advantage of gathering condoling the activity of these business activities.

The Ministry of commerce, being granted the right by the Council of Ministers, to control, to authorize the establishment of private, semi-private company, informs the public who desire to set up a private, semi-public company that from today onward the ministry will receive application to set up a company by implementing the following provisions:

- I. Category of company;
 - Anonymous Company (Private company)
 - General Partnership Company
 - Limited liability Company
 - Semi-public Company.
- II. Documentation to set up the company
 - 1. Businessman shall fill itself all forms of documentation to set up a company and submit them to the Ministry of Commerce/Department of Foreign Trade, these forms are organized and determined by the Ministry of commerce.

The documents below shall be attached:

- Application form to set up a company 2 copies
- Articles of Association of the company (original) 2 copies
- Director’s domicile certificate 2 copies
- I D card of each shareholder (copy) 2 copies
- CV+photo of each shareholder 2copies
- 2. If there is foreign shareholder, shall be
- 3. Added:

- III. Modality of request to set up a representative office of foreign company in Cambodia.

Documentation to file with the Ministry of Commerce a representative office is as follows:
 Director of Representative office is foreigner.

- 1. Application to set up a representative office with 3 photos 4x6 2 copies.
- 2. Articles of Association of the company (copy) 2 copies.
- 3. Documents certifying registration of the company in a foreign country 2 copies
- 4. Power of Attorney granted by previous owner 2 copies.
- 5. Photocopy of passport and entry visa to enter Cambodia.

Director of Representative Office is Cambodian.

- | | |
|---|-----------|
| 1. Application form for set up a representative Office 3 photos 4x6 | 2 copies. |
| 2. Copy of company articles of association | 2 copies |
| 3. Copy of documents proving the registration of the company in a foreign country | 2 copies |
| 4. Power of attorney | 2 copies |
| 5. Certificate of residence of Director | 2 copies |
| 6. I D card | 2 copies |
| 7. C. V. | 2copies |

Phnom Penh, 18 June, 1999.

Under the Minister Order

Chief of Cabinet

KEO SOK NAY

122. **Letter # 275 S.Ch.N.S.R** on An issue in relation to a Joint Customs Inspection between Cambodia-Vietnam at the Bavet-Mokbay International Checking point with coordination of ADB (March 10, 2004).....4-180

Council of Ministers
No. 275 S.Ch.N.S.R

Senior Minister, Minister of the Council of Ministers

To

H.E Senior Minister, Minister of the Ministry of Economy and Finance
H.E Senior Minister, Minister of the Ministry of Foreign Affairs and International Cooperation
H.E Minister of the Ministry of Public Works and Transport
H.E Governor of Svay Rieng Province

Subject: An issue in relation to a Joint Customs Inspection between Cambodia-Vietnam at the Bavet-Mokbay International Checking point with coordination of ADB.

References:

- Letter of ADB, dated 6 November 2003;
- The result of the Inter-Ministerial Task Force in visiting the Bavet-Mokbay International Checking Point on 23 February 2004;
- The Annotation of Samdach Prime Minister, dated 3 March, 2004;

As per the above subject and references, the Office of the Council of Ministers would like to inform your Excellencies that with this regard, the Royal Government of Cambodia has decided as follows:

1. To agree/approve a joint customs inspection raised by the ADB, because this practice would ensure the quicker inspection, transparency, and the reduction of corruption.
2. To request that the ADB continues its coordination in contacting with the Vietnamese side in order to sound out on the position toward carrying out such a joint customs inspection at the Bavet-Mokbay International Checkpoint and the Svay Rieng Provincial Governor's Office is assigned to open dialogue with Tai Ninh Provinc of Vietnam on this matter and be submitted comments to the Royal Government.
3. If there is a positive result from the Vietnamese side with regard to the idea of joint customs inspection practice, then the Ministry of Foreign Affairs and International Cooperation will be assigned to collaborate with other relevant Ministries / Institutions to seek approval from the Vietnamese Side and move on to the preparation of a Memorandum of Understanding between Cambodia and Vietnam.
4. To promote the construction of an Office for the Bavet-Mokbay International Checking Point as planned with the Credit Project from the ADB, because the Vietnamese side already constructed such an office 3 months ago on the opposite side.
5. To assign Ministries / Institutions, whose officials have already been stationed at the Bavet-Mokbay International Checking Point to collaborate with the Ministry of Economy and Finance in building accommodations for officials from different specialized units such as police, Customs & Excise, Cam-Control, quarantine, hygiene plant, and Animal Health.

6. Disagreed with the sending of officials from the Ministry of Public Works and Transport to perform weight check and vehicle quality at the checking point.
7. When the amendment is made to Sub-Decree 64 ANKr. BK, dated 9 July 2001 on the determination and management of the office of international checking points, international border gates, bilateral border gate, border gates, and sea port border gate throughout the Kingdom of Cambodia, the officials from police, Customs & Excise, Cam-Control, quarantine, hygiene plant, and Animal Health shall be sent to test the performance of the joint customs inspection.

As mentioned above, please, Your Excellencies, implement it accordingly.

Please, Your Excellencies, accept the assurance of my highest respect.

**For Senior Minister,
 Minister of the Council of Ministers**

Secretary of State

Signed and stamped

SUM MANITH

Cc:

- Ministry of the Interior
- Ministry of Commerce
- Ministry of Agriculture, Forestry, and Fisheries
- Ministry of Health
- General Commissariat of the National Police
- National Authority in charge of Border Affairs
- Cabinet of Samdach Prime Minister
- Secretariat General of the Royal Government
- Customs & Excise Department
- Department of Cam-Control
- Document– Archive

No. 048 Ch.L. SK. RB

Having copied correctly from the original

- H.E the Minister
- H.E State Secretary
- H.E Under-Secretary of State
- H.E Director of Cabinet
- H.E Director General of Public Works
- H.E Director General of Transport
- H.E Inspector General

Phnom Penh, 18 March 2004

For the Minister of Public Works and Transport

Under Secretary of State

Signed and stamped

KEB THAN

123. **Letter # 437 K.R** To officially commence to put into operation the container scanning station by using TC-SCAN system at the International Port of Sihanouk Ville. (May 20, 2002)4-182

Department of Custom and Excise
No. 437 K.R

To

Mr. Director of the Customs & Excise Branch of Sihanouk Ville
Mr. Chief of the Customs & Excise Office of Dry Port

Subject: To officially commence to put into operation the container scanning station by using TC-SCAN system at the International Port of Sihanouk Ville.

- References:**
- The Letter No. 849 S.Ch.N, dated June 29, 1999, of the Office of the Council of Ministers on the approval in principle of the Royal Government of Cambodia in allowing **SINH DAI INVESTMENT Co., Ltd** to install container scanning station by using TC-SCAN system at the International Port of Sihanouk Ville;
 - Prakas No. 837 SHV, dated December 01, 2000, of the Ministry of Economy and Finance on the Determination of Type of Merchandise and Service Fees for scanning the imported-exported goods in containers by using TC-SCAN system;
 - The Agreement on the Installation of Container Scanning Station by using TC-SCAN system, which is supervised by the Customs Office at the International Port of Sihanouk Ville, dated June 17, 2000, between the Department of Customs & Excise and **SINH DAI INVESTMENT Co., Ltd**;
 - The Letter No. 2196 SHV, dated May 20, 2002, of the Ministry of Economy and Finance on Officially Commencing to Operate the Business of the container scanning station by using TC-SCAN System at the International Port of Sihanouk Ville by **SINH DAI INVESTMENT Co., Ltd**.

As per the above subject and references, I have an honor to inform you that the Ministry of Economy and Finance has approved **SINH DAI INVESTMENT Co., Ltd** to operate an official business of the container scanning station at the International Port of Sihanouk Ville commencing from June 15, 2002 onward. In order to make it possible for managing and implementing, I would like to determine the following initial steps:

1. Type of goods container to be subject to the container scanning system:

A. **For import:** all goods to be imported by container, except for:

- Goods inspected by the PSI mechanism with seal of the SGS by properly keeping the original status;
- Goods imported for diplomatic corps or organization holding diplomatic privilege, international organizations, various NGOs which are officially recognized by the Royal Government;
- Goods for humanitarian purpose, assistance, the imports through the State credit /loan;
- Empty containers

B. **For export:** all goods to be exported by containers, except for:

- Those exported as the finished goods of investors from the garment sector, which have already been performed/ inspected by the pre-shipment inspection at the locations of the garment factories by the Office of Customs & Excise in charge of export.
- Goods to be exported by the diplomatic corps or organization holding diplomatic privilege, the officially-recognized NGOs, and the exported goods by the State;
- Empty containers

2. Scanning fee to be paid by importers:

- US\$ 50 (fifty) for container with size being 20 feet;
- US\$ 80 (eighty) for container with size being 40 feet.

3. Goods to be transported are required to complete the Customs Formalities at the Office of Customs and Excise at the Dry Port/Dock:

The goods containers shall be required to put into the normal scanning system by sending the document scanned by the system which is to be issued to each container with certification by the competent Customs Officials with respect to the serial number of the container and the actual seal number in an official enclosed envelop to be submitted to the Office of the Customs & Excise at the Dry Port/Dock every day, of which the documents shall be kept confidential.

4. Goods containers, which have been declared as raw materials for the garment sector, particularly cloth or other components of the raw materials, and if after passing/inspecting by the scanning system, and having no any suspect regarding the concealment of any illegal goods, especially the prohibited goods, vehicles, electronic appliances, food stuff & utensil, or finished goods, shall be allowed to leave/depart immediately without being subject to any additional inspection. Any decision for additional inspection on such container shall be required to have prior permission from the Chief of the relevant Branch or Office of the Customs & Excise.
5. To ensure broader dissemination to relevant individuals, as well as to be publicly affixed to the notice board of these Branches and Offices of the Customs & Excise. In case of encountering difficulties during the implementation, a written report shall be immediately made and submitted to the Department of Customs & Excise in order that an appropriate solution can be found in a timely manner.

Therefore, please, Mr. Chief of the Office of Customs & Excise at the Dry Port/Dock and Mr. Chief of the Branch of Customs & Excise of Sihanouk Ville, effectively implement this substance accordingly.

Please, Mr. Chiefs of Office and Branch of Customs & Excise, accept the assurance of my regards.

**Delegate of the Royal Government in charge of Director
of the Department of Customs & Excise**

Signed and stamped

PEN SIMAN

Cc:

- Cabinet of H.E Senior Minister, Minister of Economy and Finance
(For information);

- Chamber of Commerce;
- Autonomous Port of Sihanouk Ville;
- SINH DAI INVESTMENT Co., Ltd;
- Document – Archives

} to take part in dissemination and implementation

124. **Letter # 512 S H V.** Amendment of formalities on management of importation of goods in accordance with the regime of Duty Free Shop.(February 23, 2000)4-185

Ministry of Economy and Finance
No. 512 S H V.

I PRESENT MY RESPECTS
TO
SAMDECH PRIME MINISTER

Subject: Amendment of formalities on management of importation of goods in accordance with the regime of Duty Free Shop.

Reference: Samdech Prime Minister's written recommendation dated January 19, 2000 on letter with special number 1 SHV dated January 18, 2000 of Ministry of Economy and Finance (K S H V).

As per the above subject and reference, I have the honor to bring to Samdech Prime Minister's knowledge that in the past year of 1999, so as to reduce the irregularity relating to the regime of Duty Free Shop, K S H V, especially the Tax and Duty Department of Customs, envisaged the following measures:

1. Increasing the commission rate of duty from 2% to 7%.
2. Entering into and signing enclosed new contract with every duty free shop authorized by the Royal Government in the local border area and the Pochentong International Airport by fixing the conditions of import, export, transport, stock, management, registration and insurance.
3. Reducing improper goods to avoid the hiding-places through Duty Free Shop, such as building materials, agricultural products, foodstuffs, electronic items (fridges, TV sets, air conditioners, etc.) as well as a number of other merchandises easily attracted by the Cambodian markets, except for goods taken by third countries, such as cigarette, alcohol, beer and all kinds of small electronic articles.

Several factors creating difficulties in management of these goods must be clarified and explained as follows:

1. The sale, distribution and exportation of those goods to third countries are not made through passes and corridors having no customs guards, as well as the infiltration of some items such as fuel, beverage, foodstuffs, from neighboring countries, i.e. the application is not appropriate to the regime of international Duty Free.
2. A number of communication lines from the royal capital to border areas are still dilapidated, which provokes complaints from country folk, merchandise owners about the difficulty of conveyance from the passes to Duty Free buildings, which is sometimes possible, sometimes deteriorates the merchandise. This problem requires the businessmen to divide goods in small quantities, which complicates the management. However K S H V has given directives step by step to each company to arrange the containers so as to facilitate the moving in accordance with the situation of our roads, and to append Customs S E A L when crossing a river.

3. Particularly business people think this is an ordinary regime creating a lot of work for Cambodian people, such as carrying, conveying, dividing up, exporting and having paid high rates to the state already, if compared with some countries where no fee is paid for goods going through waterways. According to this spirit, big businessmen generally ask for more favor and easiness constantly.

At the same time, after meticulously studying the opinion and clear recommendation of Samdech Prime Minister, K S H V would like to raise some principles to amend the business of Duty Free Shop.

1. Listing the merchandise and their monthly quantity for every Duty Free Shop located in border area following the table attached to the present letter.
2. Requiring to deposit money for all kinds of tax and duty according to the amount of one's monthly business, and this money will be deducted if found that the above goods have not gone through any third country. This measure facilitates the businessman's job in moving around money similarly.
3. Increasing more Duty Free commission rate from 7% to 10%.
4. Seriously applying the content of contract signed in the past in 1999 between customs authorities and business people of Duty Free Shop.
5. Requiring competent customs officials of exit-entrance passes and excise offices to manage, inspect and verify the situation of business in all above shops and make detailed reports monthly to easily conceive measures opportunely about any inactivity.

All things considered, I would like to take advantage of this opportunity to bring to Samdech's knowledge that every importation of investor in the garment field, the State is in charge of wholly paying tax and duty, and tax levy in the past was aimed at the purpose of statistics and verification only.

As reported above, please, Samdech Prime Minister, be informed, examine and decide or give instructions on the new principles here brought up, in order to have bases for application with favor.

Yours truly,

The State Minister
Ministry of Economy and Finance
Signed and sealed:

KEAT CHHON

- Approving these five measures
24-02-2000

125. **Letter # 564 S.Ch.N** Report on the result of bilateral negotiation and the request for approval on the strategy for imposing customs duty and the liberalization of services.(April 30, 2003).....4-187

The Council of Ministers
No. 564 S.Ch.N

Senior Minister, Minister of the Council of Ministers

To

H.E Co-Minister of the Ministry of Interior

H.E Minister of the Ministry of Economy and Finance

Samdach Preah Reach Botrey Preah Ream Minister of the Ministry of Culture and

Fine Arts

H. E Minister of the Ministry of Commerce

H.E Minister of the Ministry of Health

H.E Minister of the Ministry of Tourism

H.E Minister of the Ministry of Public Works and Transport

Subject: Report on the result of bilateral negotiation and the request for approval on the strategy for imposing customs duty and the liberalization of services.

References: - The Special letter MOC/M2003, dated 11 April 2003;
 - The Annotation of Samdach Prime Minister dated, 11 April 2003.

As per the above subject and references, the Office of the Council of Ministers is pleased to inform Samdach Preah Reach Botrey Preah Ream and Your Excellencies that with this regard, the Royal Government has decided as follows:

1. Imposition on customs-duty:
 - Request to continue imposing on customs-duty on item of cigarettes of 30%, and the implementation shall be flexible.
 - Agree to transfer from the additional tax on the petroleum (US\$ 0.02 /liter for the gasoline and US\$ 0.04 /liter for the diesel) to the import tax to avoid being understood that the Royal Government impose the new tax, but the revenue from that item shall be kept the same. Moreover, even in the past, Cambodia was not able to domestically produce oil, but in the future, we might have possibility to do so. Thus, if it is an import tax, then it is not bound by obligation to be implemented for oil produced locally. So it depends on the policy of the Royal Government of Cambodia to decide whether or not to impose tax on the locally-produced oil.
2. Service sector for which the member countries have requested Cambodia to open broadly:
 - At this moment and within the framework of WTO, the other member countries have yet to broadly open this sector and it is still under the negotiation. So, it is agreed to let them know that Cambodia has an intention to open sea transport service broadly, but time would be needed to develop policy and to draft relevant laws by not restricting ourselves to the opening of such service at this time.
 - Agree to open service sector dealing with petroleum and gas pipeline / drainage, service sector dealing with the experimentation of Physique, Chemistry, Biology, Mechanic and machinery, and service sector for market research, and this will provide advantage in the mine exploration, division/distribution of electric power, and other technical areas because Cambodia does not have sufficient expertise to provide such services yet.

- For advertising service, Cambodia does not have the governing law and it does not require high skill with this regard. Thus, it is agreed to leave such service for our people to do/perform.
 - Relating to the services of distribution / sale of petroleum, it is agreed to open for foreign businessmen to operate as it has already been done to a number of companies like Shell, Caltex, Total, Petronas, and PTT.
 - Considering the preset situation, the luring/attraction of foreign tourists to come/visit into the Kingdom of Cambodia it is mainly based on the foreign tourism agents and foreign aviation companies, and the local tourism companies are able to attract tourism sector less than the foreign ones. Thus, it is agreed not to restrict/ involve ourselves so much with this sector at this moment.
 - Agree to allow foreign companies to open restaurant at Mega Hotels, event though Cambodia has allowed the sole investment in restaurant such as Chao Paya and Hornam.
 - In the past, the Ministry of Health came up with a principle to allow highly skilled foreigners in cooperation with Cambodian health specialists to carry out business in health and social affairs sector. Based on the health care need and the treatment of serious and complicated illness of Cambodian People and foreigners doing business / working in Cambodia, It is agreed to allow the opening of medical, dentist, health, and social services on the part which require high skill and modern equipment only. For the part requiring less skill and less complicated equipment, it shall be left out for Cambodian people.
 - With respect to printing service and photo / movie and advertising services, it is agreed to make law to govern this sector thoroughly, then we will consider opening this sector latter so as to preserve the Cultural Identity of the Nation, but we should remain flexible before the law comes into existence.
3. Agree to allow residential visa for foreigners seeking to do business in Cambodia for a period of 90 days (in the past, only 30 days allowed).
4. Agree to adjust the temporary period of residence and the duration of stay on work permit every two years, if those foreigners still have a job to do in Cambodia. In the past, we allowed one year and another year of extension.

Therefore, please, Samdach Preah Reach Butrei Preah Ream and Excellencies implement it accordingly.

Please, Your Excellencies, accept the assurance of my highest regards.

**For Senior Minister,
Minister of the Office of the Council of Minister
Secretary of State**

Signed and stamped

SUM MANITH

Cc:

- Cabinet of Samdach Prime Minister
- Cabinet of H.E Deputy Prime Minister
- Secretariat-General of the Royal Government
- Archive-Document

126. **Letter #2946** Report on Outcome of Negotiation with SGS in Preparation of Pre-Shipment Inspection Contract (August 08, 2000).....4-189

Ministry of Economy and Finance
No: 2946

To

Samdech Prime Minister

Subject: Report on Outcome of Negotiation with SGS in Preparation of Pre-Shipment Inspection Contract

Reference: - Letter No. 4697 of Ministry of Economy and Finance dated December 30, 1999;
- Letter No. 614 of Ministry of Economy and Finance dated March 1, 2000;
- Letter No. 1791 of Ministry of Economy and Finance dated June 9, 2000;
- Letter of SGS dated August 2, 2000;

As stated in the above subject, I am highly honored to inform Samdech Prime Minister that the Bidding Inspection Committee created by Prakas 941 of Ministry of Economy and Finance dated October 29, 1999 which has H.E. Sok Chenda, Secretary General of Council for the Development of Cambodia, as chairman has reached the final phase of negotiation with SGS. I would like to continue to brief Samdech on the result of negotiation with SGS as following:

- 1) On the content of contract: After negotiations for many times, both parties had agreed on the content of contract. In addition, in order to have transparency and protect maximum benefits for Cambodian party in this new contract, the Ministry of Economy and Finance sent the draft contract to the Office of Council of Ministers for a review and opinion and both Ministry of Finance and Economy and the Bidding Inspection Committee had received a number of opinions from Cultural, Social, and Economic Observation Unit (OBSES).
- 2) On final choice to be made: In fact, the negotiation dragged on a little since the issues of service fees are very important. In order to avoid additional heavy burden on importers, the Ministry of Economy and Finance instructed the Committee to vigorously pursue on opinion and raise the reasons for lower service fees for this new contract. On August 2, 2000 SGS proposed five choices among which three choices are similar with the content as following:

Choice No. 3

Service fees 0.78%
 Service fees on Petroleum \$0.3 per ton
 Minimum service fees \$225

Choice No. 4

Service fees 0.80% *
 Service fees on Petroleum \$0.3 per ton
 Minimum service fees \$210 **

Choice No. 5

Service fees 0.82%
 Service fees on Petroleum \$0.3 per ton
 Minimum service fees \$200

* This fee shall be paid for every imported goods with value of FOB over \$26,250

** This fee shall be paid for every imported goods with value of FOB from \$4,000 to \$26,250

Nevertheless, the Ministry of Economy and Finance considered that Choice 4 is more favorable that should be selected since the payment of service fees is balanced between the small and big businesses. As for the service fees on petroleum that the Royal Government proposed to be 0.1% on value of FOB and SGS proposed \$0.3 per ton, the Ministry of Economy and Finance examined that the result of calculation of fees by both methods yield similar number.

3) On request for exemption of duties to pay tax: SGS requested tax exemption on PSI activities. The Ministry of Economy and Finance considered that since this service activities are provided overseas (inspection of goods prior to being transported to Cambodia), this company should be allowed tax exemption as in the previous contract. However, the liaison office and all personnel of this company in Phnom Penh are liable to pay tax according to the law of the Kingdom of Cambodia in force.

As mentioned above, please Samdech accept it as a report, review it, and let Ministry of Economy and Finance and Ministry of Commerce sign the PSI contract with SGS before August 15, 2000.

Best Regard;

State Minister
Minister of Economy and Finance

Signed and Sealed

Approve as proposed and allow for signing

KEAT CHHON

CC:

Phnom Penh, 08 August, 2000

- Office of Council of Ministers
- Ministry of Commerce
- Documents

Signed and Seal

HUN SEN

127. Letter Request to Import 70 Drugs for Its Business (28-03-1994).....4-191

**MINISTRY OF HEALTH
TO
MANAGER OF POPPY INTER TRADE**

Subject: Request to import 70 drugs for its business.

References: - Letter No. 02-94 UH dated 28-03-94 of the company.

- Drug importing list No. 01-94 P.I dated 28-03-94 of the company.

As mentioned in the subject and references above, I hereby notify you, the company manager, that the Ministry of Health authorizes you to import 53 drugs as in the drug importing list No. 01-94 P.I dated 28-03-94 attached. The other 17 drugs which the Ministry does not allow to be imported are:

1	N° 18 Dagenan 500mg	P/10 P/6 Comp.	5.000 P
2	21 Flucil-Bf	B/50 Sachets	500 B
3	22 Hygyn 500mg	P/12 B/4 Comp.	1.000 P
4	28 Iwazin	B/50 P/10 Comp.	10.000 B
5	37 Mygel	P/10 P/10 Comp.	1.000 P
6	41 Neosec	P/4 Comp.	1.000.000 PL
7	42 Neosec	B/ 100 Comp.	100.000 B
8	43 Novalsung	P/10 P/10 Comp.	1.000 P
9	44 Novalsung	FV100Cap.	700 F
10	45 Novalsung Baby	B/ 50 Sachets	5.000 B
11	46 Novalsung Baby	B/100 Comp.	5.000 B
12	53 Popy	B/25 P/4 Comp.	6.000 B
13	54 Penicillin G 500mg	P/10 P/6 Comp.	10.000 P
14	55 Penicillin G 500mg	P/10 P/10 Comp.	3.000 P
15	58 Pubusin	P/10 Comp.	2.000 P
16	69 Judo	B/12 F	1.000.000 B
17	70 I W/A	B/50 P/10 Comp.	50.000 B

The Ministry hereby designated as follows:

- The period for importing shall be 6 (six) months.
- Poipet or Pochentong entry points.

Therefore please be informed and carry it out according to government guidelines on importing.

Please accept my regards.

Copies:

- Office to the Ministry of Health
- Record
- Archives

F. Minister of Health
Under Secretary of State
[Signed and Sealed]

Dr. Dy Narong Rith

41	Paracetamol 500mg	Pq/10.Comp	-	30.000	—
42	Paracetamol 500mg	FI/100 Conrtp.	Flacon	5.000	
43	Paracetamol 500mg	FI/1000		5.000	
44	Pecetop (Multivatamine)	B/10PI/100	Plaquet	2.000	
45	Pecetop	FI/100 Comp.	Flacon	2.000	
46	Pheniramine (Chlorpheniramine)	FI/1 OOC	Flacon	1	
47	Rifamacin 300(Fifampicine)	B/5F/3Cap.	Boite	5.000	
48	Pheniramine	FI/500 Comp.	Flacon	1	
49	Rifamcin	PI/10Pq/10	Paquet	5.000	
50	Retho 100mg(Chloramphenicol)	FI/100 Com	Flacon	1.000	
51	Retho 100mg Chloramphenicol)	FI/100 Com	Flacon	1.000	
52	Trex 120 for children (Trim ethoprim + Sulfamethoxazole)	Pq/10FI/10c		3.000	
53	Trex 250	Pq/10PI/10		10.000	
54	Trafomycine 25 Pq(Chloramphenicol)				
55	Teafomycine	Pq/10PI/10 Comp	-	5.000	
56	Trabee (Aspirin)300mg	Pq/10pl/10 Comp.	Paquet	5.000	Masa

No. 307 (16.5.94)

Responsible Chemist

Director of Intertrade Co. Ltd

Pharmacist Ly. Sitho

Mr. Liem You Nam

PART 5
TAXES AND DUTIES

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Law on Taxation

(Annotated Version)

In translation of the Law on Taxation the attempt has been to preserve the intent of the original Khmer draft as passed by the National Assembly on January 8, 1997. However this translation has no legal standing. In all cases, the final determination of intent will be based on the Khmer draft of the law. If there are questions of interpretation or the intent of any of the provisions of this law, the reader should refer to the Khmer draft as passed by the National Assembly.

CHAPTER 1
PROVISION FOR THE TAX ON PROFIT

SECTION I
GENERAL PROVISION

Article 1: Charge to Tax

The provisions for the tax on profit as stated in the Finance Act of 1994 promulgated by Royal Kram No. 02 NS dated 28 December 1993, the Amendment to the Finance Act of 1994 promulgated by Royal Kram No. 08 NS dated 30 November 1994, the Finance Act of 1995 promulgated by Royal Kram No. 11 NS94 dated 31 December 1994, and the Amendment to the Finance Act of 1995 promulgated by Royal Kram No. CS/RKM/0995/01 dated 01 September 1995 shall be amended as follows for the benefit of the State budget.

Article 2: Object of the Tax

The tax of profits is the debt of a resident person on income from Cambodian sources and income from foreign sources and of a nonresident person on income from Cambodian sources.

Article 3: Definitions

For the purposes of the tax provision:

1. The term "resident taxpayer" means:
 - a) any physical person who is domiciled in or has a principal place abode in the Kingdom of Cambodia, or who present in the Kingdom of Cambodia on more than 182 days during the calendar year;
 - b) any legal person or pass-through organized or managed in the Kingdom of Cambodia, or having its principal place of business in the Kingdom of Cambodia. A permanent establishment shall be considered a resident legal person with respect to its Cambodian source income only
2. The term "non-resident" means not a resident of Cambodia.
3. The term "legal person" means any enterprise or organization carrying on a business whether or officially recognized by the competent institutions of the Royal Government. The term "legal person" includes any government institution, religious organization, charitable organization, or nonprofit organization. For a non-resident person, the term "legal person" means any permanent establishment in the Kingdom of Cambodia. The term "legal person" does not include a pass-through or a sole proprietorship.
4. The term "permanent establishment" means a fixed place of business in the Kingdom of Cambodia, the branch of a foreign company or an agent resident in the Kingdom of Cambodia, through which the non-resident person carries on their business. The term "permanent establishment" also includes any other association or connection through which a non-resident person engages in economic activity in the Kingdom of Cambodia.
5. The term "pass-through" means a general partnership with up to 10 resident individual partners in which the proportional sharing by the partners of items of capital profit, and loss meet the criteria which shall be determined by sub-decree. In this definition, a "pass-through" cannot be a member of another partnership and does not include a corporation, a permanent establishment, or a sole proprietorship.

6. The term "sole proprietorship" means a business enterprise owned 100 percent by one physical person. In this definition, a husband and wife and their dependent children shall be treated as one physical person.
7. The term "business" means a person's economic activity the aim of which is to derive income from the production and sale of goods, the supply of services, the lease, rental or sale of property. Or any other activity.
8. The term "dividend" means any distribution of money or property that a legal person distributes to a shareholder with respect to the shareholder's equity interest in such legal person, with the exception of stock dividends and distributions in complete liquidation of the company. Whether or not a distribution is a dividend shall be determined under the preceding condition without regard to whether or not the legal person has current or accumulated income or profits or earnings.
9. The term "shareholder" means any person owning an equity interest in a legal person. For the purposes of this tax a legal person which is not a corporation shall be treated as if it were a corporation and any person who holds an equity interest in, or may otherwise gain income or profit as a participant in such a legal person shall be treated as a shareholder of such legal person.
10. The term "investment enterprise" means an enterprise that the Council for the Development of Cambodia has recognized as an investment enterprise and that has registered with the tax administration.
11. The term "related person" means:
 - a) a member of the taxpayer's family;
 - b) an enterprise which controls or is controlled by, or is under common control with, the taxpayer. The term "Control" means the ownership of 51 percent or more in the value or voting power of the equity interests in the enterprise. For determining the degree of control of a taxpayer who is a physical person, shall be taken into consideration all equity interest owned by the taxpayer and those owned directly or indirectly by the taxpayer's spouse.

Article 4: Tax Regimes

The tax regimes are as follows:

1. The assessment of the tax on profit shall be made according to the real regime, simplified regime, or estimated regime system of taxation.
2. The rules and procedures for the assignment of taxpayers to one of the three regimes as above will be determined by sub-decree and shall be based on the form of the business, the type of business activity, and the level of turnover.

SECTION II

TAXABLE PROFITS AND TAX RATES

Article 5: Tax Year

The tax year shall be determined as follows

1. The tax on profit for the real regime system of taxation is calculated from the balance sheet results realized in the previous tax year.

2. If there is no closing balance sheet during any one year the tax to be paid for the following year is assessed on the profit made in the previous period from the end of the last taxable period. For new enterprises, the calculation is made from the start of business operations up to 31 December of the year for which the tax is calculated.
3. If many successive balance sheets are drawn up during the same year the results of these balance sheets are added up to have the base for the tax to be paid.
4. The tax on profit for the simplified and estimate regime systems of taxation shall be calculated on a cash method of accounting on the past calendar year.
5. Directives on the reporting and the filing of a final declaration for enterprises that cease activities, are reorganized, or are sold or transferred during the calendar year shall be determined by Prakas of the Ministry of Economy and Finance.

Article 6: Accounting Rules

Accounting rules shall be determined as follows:

1. For a taxpayer under the simplified regime system of taxation using cash method of accounting, income is reported in the year that cash or other property is actually received even if as payment pertaining to other years, and expenses or deductions are taken in the year in which the expenses or other items are actually paid except for prepaid expenses and depreciation allowances.
2. For a taxpayer under the real regime system of taxation using the General Chart of Accounts method of accounting, income is reported in the year it is earned whether that income is already paid or not. The deduction for an expense may be taken when all facts determining the taxpayer's liability have occurred, the results of economic activities with respect to the item has occurred, and the amount of the taxpayer's liability can be actually determined.
3. For real regime taxpayers, expenses incurred to a related person under the simplified regime system of taxation is not allowed as a deduction before actual payment.
4. Domestic banks and savings institutions shall be allowed to establish provisions for bad debts for the determination of the taxable profit. The rules and procedures on deductions shall be provided by sub-decree.

Article 7: Taxable Profit

The taxable profit is the net profit obtained from all the results of all types of operations realized by the enterprise including capital gains from the sale of various parts of the asset during the operation or at the close of the business, as well as income from financial or investment operations and interest, rental, and royalty income.

Article 8: Determination of Taxable Profit

The taxable profit is made up of the excess gross product realized on the expenditure that is made with the view of acquiring and preserving profit.

Article 9: Income Exempt from Tax

Income exempt from tax shall be as follows:

1. Except for contrary provisions and for income that is taxable under article 22 of this law the tax on profits shall not apply to:

- a) the income of the Royal Government and institutions of the Royal Government;
 - b) the income of any organization that are organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes; no part of assets or earnings of which is used for any private interest:
 - c) the income of any labor organization, or any chamber of commerce, industry, or agriculture, in the case where the income of these organizations in not used for the private benefit of any shareholder or physical person.
 - d) The profit from the sale of agricultural produce that a person who is not a real regime system of taxation taxpayer has produced by himself whether the produce is sold in its raw state or after transformations that are an extension of habitual agricultural work. Operations by industrial means including transformation, preservation, and commercial packaging are not considered part of habitual agricultural work.
2. The Ministry of Economy and Finance shall define by Prakas the procedures for the application for tax exemptions, the loss of tax exemptions, for tax declarations, and for registration.

Article 10: Determination of Income of a Pass Through

The income of a pass-through shall be determined as follows:

1. With regard to a pass-through, each member in determining one's income for a taxable year shall take into account separately one's distributive share of the items of income gain, loss, deduction, credit, and charitable contributions for such year. For this purpose each item shall retain its character and shall be treated as distributed during the taxable year whether or not actually distributed. The loss to be carried forward will be determined after the items have been distributed.
2. The rules for determining the amount distributed, the treatment of contributions, and the adjustment to each member's base distributive share in the pass-through in any taxable year shall be determined by sub-decree.

SECTION III

DEDUCTION

Article 11: Allowable Deductions

Allowable deductions shall be as follows:

1. Except as provided in articles 12 through 18 of this law, expenses that are allowed as a deduction include expenses that the taxpayer has paid or incurred during the tax year to carry on a business.
2. Any rent, interest, compensation, payments, or fees paid to an officer or director of an enterprise, a partner, a member of a pass-through, a member of the taxpayer's family or other related person where there is proof that the payment is for services actually performed and to the extent that such payment is reasonable.
3. Amounts paid on new buildings and other tangible assets, permanent improvements or betterment's including any construction or acquisition period interest and taxes. These

amounts are to be recorded in the relevant asset account and shall be deductible as depreciation as provided in article 13 of this law.

Article 12: Interest Expense

There shall be allowed as a deduction interest expenses paid or incurred by the taxpayer during the tax year to carry on a business but not in excess of an amount equal to the sum of the taxpayer's interest income and 50 percent of the taxpayer's net no interest income in the tax year.

The "net non-interest income" is the gross income other than interest income, reduced by the allowable expenses except for interest expense.

Any interest expense remaining from the above mentioned deduction shall be treated as an interest expense for the next tax year and the deduction shall be made according to the content of this same article.

Article 13: Depreciation of Tangible Property

Conditions for the depreciation of tangible property are as follows:

1. The allowance for depreciation shall be calculated using the straight-line method or the declining balance method. Depreciable tangible property is tangible property used in a business, which is likely to lose value because of use or obsolescence. Land is not depreciable property.
2. All tangible property shall be divided into four categories.
 - a) Category 1 shall include building and their basic components. Each asset in this category shall be depreciated according to the straight-line method at a rate of 5 percent per year.
 - b) Category 2 shall include property having a useful life of up to 4 years and have a straight-line depreciation rate of 25 percent on each property.
 - c) Category 3 shall include property having a useful life of greater than four years through eight years and have a straight-line depreciation rate of 12.5 percent on each property.
 - d) Category 4 shall include all other tangible property and have a straight-line depreciation rate of 10 percent on each property
3. Those taxpayers electing the declining balance method of depreciation shall use a rate of depreciation equal to 200 percent of the straight-line method rate and shall apply it to the aggregate remaining undercoated value of all assets in category. The declining balance method shall be allowed only for category 2, 3, and 4 properties.
4. Enterprises under the Law on Investment shall use the straight-line method for all categories.
5. Procedures for establishing property categories, adding a new asset to a category, disposing of an asset from a category, and the treatment of repairs and various expenses shall be determined by sub-decree.
6. A taxpayer subject to the tax on profit prior to 1 January 1997 must make an irrevocable election to depreciate by either the straight-line method or the declining balance method the remaining undercoated value of property by 31 December 1997. For a new taxpayer the election must be made by the 31st of December of the year of registration.

Article 14: Depreciation of Intangible Property

For intangible property including patents, copyrights, drawings, models, and franchises, having a limited life the depreciation rate on each property shall be calculated on the life of that property according to the straight-line method of depreciation. If the life of the intangible cannot be determined, the annual depreciation deduction shall be at the rate of 10 percent of the value of the intangible property.

Article 15: Depletion of Natural Resources

Depletion of natural resources shall be determined as follows:

1. The allowance for the depletion of any natural resource, including any oil and gas shall be determined as follows.
 - a) All exploration and development costs, including interest attributable to these costs, shall be added to the asset account of the resource.
 - b) The amount of the depletion for each natural resource deductible for the tax year shall be determined by multiplying the balance of the account for the natural resource with the ratio of the quantity produced from the natural resource during the year to the estimated total production from the natural resource.
2. Procedures for the determination of the estimated total production shall be provided by sub-decree.

Article 16: Charitable Contributions

Adduction shall be allowed for charitable contributions to an organization as provided in article 9 of this law. But it shall not exceed 5 percent of taxable profit determined before taking the charitable contribution deduction.

The criteria for charitable contributions shall be determined by sub-decree.

Article 17: Carry For ward of Losses

In case of a loss in any one tax year, this loss is considered as a charge to the following tax year and shall be deducted from the profit realized in that following year. If this profit is not sufficient to definitively settle it, the remaining part of the loss is carried over successively to following tax years until the fifth tax year.

When losses occur in more than one year, this article shall be applied to the losses in the order in which they arose.

Article 18: Allocation of Income and deductions Among Taxpayers

In the case of two or more enterprises, whether incorporated or organized in or outside of the Kingdom of Cambodia, which are under common ownership, the tax administration may as may be necessary distribute, gross income, deductions, or other benefits among such enterprises and their owners in order to prevent the avoidance or evasion of taxes or to clearly reflect the income of such enterprises, or their owners.

For purposes of this article, two or more enterprises are under common ownership if a person owns 20 percent or more in the value or the equity interests of each enterprise.

Article 19: Not Allowed as Deductions

For the provisions for the Tax on Profit, expenses that shall not be allowed as a deduction are:

1. any expense on activities generally considered to be amusement, reEstablishment, or entertainment or the use of any means in connection with such an activity.
2. Personal living or family expenses except for fringe benefits in cash or in kind subject to withholding tax according to the provisions for the Tax on Salary,
3. Any tax imposed by the provisions for the Tax on Profit or withholding tax imposed by the provisions for the Tax on Salary.
4. For the loss on any sale or exchange of property, directly or indirectly, between related persons.
5. For any expense except for expenses already incurred and for which the taxpayer can establish the amount of the expense. And the business purpose of the expense in a manner as determined by sub-decree.

SECTION IV

TAX RATES & TAX DUES

Article 20: Determination of Tax Due

The tax rates on the annual profit are as follows:

1. 20 percent for profit realized by a legal person
2. 30 percent for profit realized under an oil or natural gas production sharing contract and the exploitation of natural resources including timber, ore, gold, and precious stones.
3. 9 percent for an investment enterprise after the period of tax exemption.
4. 0 percent for an investment enterprise during the period of tax exemption.
5. According to the progressive tax rate by trench of the table below for the profit realized by the physical person and the distributive share to each member of a pass-through that is not classified as a legal person.

Parts of the annual taxable profit	Tax rate
From 0 to 6,000,000 Riels	0%
From 6,000,001 to 15,000,000 Riels	5%
From 15,000,001 to 102,000,000 Riels	10%
From 102,000,001 to 150,000,000 Riels	15%
greater than 150,000,000	20%

Article 21: Tax on Insurance Companies

The tax on an insurance company shall be determined as follows

1. For an enterprise having principal activity in the insurance or reinsurance of life property. or other risks, the tax on profit shall be determined as follows:

- a) 5 percent of the gross premiums received in the tax year for the insurance or reinsurance of risk in the Kingdom of Cambodia,
 - b) according to the rates in article 20 of this law for other of activities that are not insurance of reinsurance.
2. The rules and procedures for the payment of the tax on profit for an insurance company shall be determined by Prakas of the Ministry of Economy and Finance.

Article 22: Tax on Unrelated Business Profit

For an unrelated business the tax on profit shall be determined as follows:

1. The tax on profit shall be fixed at 20 percent of taxable income from unrelated business income of organizations as stated in article 9 of this law.
2. For purposes of the tax on profit, the term "unrelated business taxable income" is the gross income realized from an unrelated business regularly carried on by any organization, reduced by the deductions which are directly related, to the carrying on of such business and which are allowed by the provisions of tax profit.
3. The term "unrelated business" means any commercial or industrial business, or any other business of the organization aiming to obtain profit or funds and which are not substantially related to the purpose or function constituting the basis for tax exemption as stated in article 9 of this law.

Article 23: Advanced Tax on Dividend Distributions

The advanced tax on dividend distributions shall be determined as follows:

1. If an enterprise distributes dividends to its domestic and foreign shareholders during the tax year, it shall withhold and pay as tax an amount equal to the product of the amount of the dividend grossed up by the tax on profit rate and multiplies by the appropriate annual tax rate as stated in article 20 of this law.
2. The above mentioned withheld tax shall become a tax credit against the tax on profit of the dividend distributing enterprise for the tax year in which the withholding takes place. If the tax credit exceeds tax on profit such excess shall be carried forward and shall become a tax credit for the following year. The tax withheld on dividend distributions made by an insurance enterprise taxable under article 21 of this law cannot be used for tax credit.
3. An enterprise (hereinafter called the "first enterprise") owning 20 percent or more in value of the equity in a second enterprise shall establish a dividend account. Whenever the first enterprise receives a dividend on which the tax has been paid from the second enterprise it shall record the amount of that dividend into its dividend account. When the first enterprise subsequently distributes dividends to its shareholders the amount distributed which are taken out of the dividend account shall not be subject to withholding tax under paragraph 1 of this article.
4. A physical person or enterprise receiving a dividend from an enterprise required to withhold tax under paragraph 1 of this article or a dividend from a dividend account described in paragraph 3 of this article shall not include such dividend in income.

SECTION V

OTHER TAXES

Article 24: Minimum Tax

A minimum tax is imposed on taxpayers subject to the real regime system of taxation. The minimum tax is a separate and distinct tax from the tax on profit . This tax is payable by a taxpayer subject to the real regime system of taxation even if the taxpayer has been granted the status of an investment enterprise. The minimum tax is imposed at the rate of 1 percent of the annual turnover inclusive of all taxes and is payable at the time of the annual liquidation of the tax on profit.

The minimum tax may be reduced by the annual tax on profit that is actually paid according to the rules found in articles 37, 38, and 39 of this law.

SECTION VI

WITHHOLDING TAX AND PREPAYMENT OF TAX ON PROFIT

Article 25: General Withholding Tax

The general withholding tax shall be determined as follows:

1. Any resident payor making any payment in cash or in kind to a resident person shall withhold, and pay as tax, an amount according to the below mentioned rates which are applied to the amount paid before withholding the tax :
 - a) The rate of 15 percent on : income received a physical person from the performance of services including management, consulting, and similar services, royalties for intangibles and interests in minerals, oil or natural gas, and interest paid to a physical person or an enterprise except interest paid to a domestic bank or savings institution.
 - b) The rate of 10 percent on the income from the rental of movable and immovable property.
 - c) The rate of 5 percent on interest paid by a domestic bank or savings institution to a resident physical person having a non-fixed term savings account.
2. The withholding in this article shall not apply to the payment of tax exempt income as stated in article 9 of this law
3. For purposes of this article and article 26 of this law, the term " resident payor" means:
 - a) any resident enterprise or pass-through;
 - b) any physical person, but only with respect to payments made by such physical person in carrying on a business in the Kingdom of Cambodia.

Article 26: Withholding on Payments to Foreign Persons

A resident payer making any payment of Cambodian source income to a non-resident person shall withhold, and pay as tax, an amount equal to 15 percent of the payment before withholding.

This article shall not apply to dividends as stated in article 23 if this law.

Article 27: Withholding Tax as Final Tax

The tax withheld on distributions under article 23 of this law, on payments to a resident physical person under article 25 of this law, and on payments to a non-resident person under article 26 of this law shall be considered the final tax on the recipients of the payments or distributions describe in those article.

Article 28: Prepayment of the Tax on Profit

An enterprise liable to the tax on profit according to the real regime system of taxation including an investment enterprise liable to the tax on profit at the rate of 9 percent, has the obligation to make a monthly prepayment of the tax on profit at the rate of 1 percent of turnover inclusive of all types of taxes realized in the previous month. This prepayment will be deducted from the tax on profit at the annual liquidation of the tax.

SECTION VII**OBLIGATIONS OF TAX PAYERS****Article 29: General Obligations of Real or Simplified Regime System Taxpayers**

Real or simplified regimes system taxpayers have the oblations:

1. All taxpayers liable to the tax on profits that must pay taxes according to the real regime or simplified regime system of taxation shall send every year to the tax administration a declaration of the profit they have realized in the previous tax year. This declaration must absolutely be registered in the period of 3 months after the end of the tax year
2. Real regime system taxpayers must submit to the tax administration a tax declaration to which is attached:
 - a) Balance sheet
 - b) Results Account
 - c) Tables of complementary information.
3. Simplified regime system taxpayers must submit to the tax administration a tax declaration with attached documents in the form provided by the tax administration.
4. An enterprise with a loss must submit a tax declaration in the same manner and period of time.

Article 30: Obligation of Estimated Regime System Taxpayers

Estimated regime system taxpayers have the obligations:

1. The taxpayer subject to estimated regime system of taxation must submit the tax declaration to the tax administration every year by October 31, in the form provided by the tax administration.
2. The amount of estimated profit is determined by the tax administration after verification and consultation with the businessman or his representative. This estimated profit is calculated according to the profit rate with consideration to the type and activities of the business which shall be determined by Prakas of the Ministry of Economy and Finance.
3. This tax level on estimated profit shall be kept constant for a period of 3 month, 6 months or 1 year.

4. The taxpayer subject to the tax on profit under estimated regime system of taxation shall pay this tax every month at the time fixed by the tax administration.

Article 31: Obligations of Withholding Agents

The person or designated payer who withholds tax under articles 25, and 26 of this law, or withhold tax on dividends under article 23 of this law shall submit a tax declaration and pay the tax withheld to the tax administration in the form as specified by the tax administration by the 15th day of the month following the month in which the withholding is made.

Article 32: Obligations of Person Required Making Prepayments of the Tax on Profit

Persons required to make prepayments for the tax on profit shall submit a tax declaration and pay the prepayment of the tax on profit to the tax administration in the form as specified by the tax administration by the 15th day of the month following the month in which the liability arose.

SECTION VIII**SOURCES OF INCOME****Article 33: Income from Cambodian Sources**

Except for contrary provisions in this law, the income as below shall be treated as from sources within the Kingdom of Cambodia:

1. interest paid by a resident enterprise or resident pass-through, or a governmental institution of the Kingdom of Cambodia,
2. dividends distributed by a resident enterprise of the Kingdom of Cambodia,
3. income from services performed in the Kingdom of Cambodia,
4. income from the rental of movable or immovable property for use in the Kingdom of Cambodia,
5. royalties from the use, or right to use intangible property in the Kingdom of Cambodia;
6. gain from the sale of immovable property located in the Kingdom of Cambodia or from the transfer of any interest in immovable property situated in the Kingdom of Cambodia;
7. gain from the sale of movable property, other than inventory, where the seller is a resident of the Kingdom of Cambodia;
8. premiums from the insurance or reinsurance of risks in the Kingdom of Cambodia.

Article 34: Income from Foreign Sources

The definition of foreign source income is obtained by taking the income definition as stated in article 33 of this law and substituting the term " a country other than the Kingdom of Cambodia" for the term " the Kingdom of Cambodia"

Article 35: Determination of Source

Where there is insufficient information to determine the source of income, or where the rules set forth so far cannot clearly reflect the income is from any one source the tax administration is the one to decide on the source of that income.

SECTION IX**CALCULATION OF ANNUAL TAX DUES****Article 36: Foreign Tax Credit**

A resident taxpayer who has received income from foreign sources and who has paid taxes according to foreign tax law shall receive a tax credit for deduction from the tax on profit to be paid in the Kingdom of Cambodia under the condition that there is presentation of documents confirming this tax payment abroad.

In order to calculate the tax to be paid in the Kingdom of Cambodia before deduction of this tax credit, the total amount of income received from Cambodian sources and foreign sources shall be taken into account.

The tax credit is determined separately for the tax paid by a Cambodian resident in each foreign country. But, the tax credit to be allowed for deduction in the tax year is the smaller of:

- a. the tax amount actually paid in a foreign country,
- b. the amount obtained by multiplying the total tax on profit from all sources for the same period calculated according to the tax rate in article 20 of this law with the ratio of income received in that foreign country to the total income from all sources.

The foreign tax credit is possible only if the resident taxpayer has complied with the formalities and supplied various documents as specified by the tax administration especially certification from the foreign tax payer and from the foreign tax administration.

In the case where the tax credit exceeds the tax liability, the amount of the excess may be carried forward to be used in succeeding years up to the fifth counting from the year following year in which the credit arose. In the case of tax credits in more than one year the credits must be taken in the order in which they arose.

Article 37: Determination of the Liability to the Tax on Profit

The calculation of the liability to the tax on profit shall be as follows:

1. calculate the total tax liability according to article 20 of this law,
2. minus any article 36 foreign tax credit but not in excess of the tax liability in paragraph 1 of this article,
3. minus any tax paid by the taxpayer on dividend distributions under article 23 of this law but not in excess of any tax liability after the reduction for the foreign tax credit as in paragraph 2 of this article.

Article 38: Determination of Tax Due or Tax Credit for the Tax Year

1. If the result from the calculation in article 37 of this law is greater than the sum of any withholding tax made on the behalf of the taxpayer under article 25 of this law, and the

prepayments for the tax on profit made by the taxpayer for the tax year under article 28 of this law, the taxpayer shall pay the difference to the tax administration.

2. If the result from the calculation in article 37 of this law is less than the sum of any withholding tax made on the behalf of the taxpayer under article 25 of this law, and the prepayments for the tax on profit made by the taxpayer for the tax year under article 28 of this law, the taxpayer may, after properly accounting for any minimum tax liability, apply for a refund of the difference, or carry the difference forward to be used as a prepayment in the following year.
3. Before making any tax payment under paragraph 1, or claiming any refund under paragraph 2, the taxpayer must first determine any liability for the minimum tax according to the procedures as stated in article 39 of this law.

Article 39: Determination of the Minimum Tax, and the Tax Due or the Tax Credit for the Tax Year

The determination of the minimum tax, the tax due or the tax credit for the tax year shall as follows:

1. The taxpayer must pay the minimum tax at the time of the liquidation of the tax on profit. The minimum tax due may be reduced by any liability for the tax on profit under article 20 of this law for the same tax year
2. If the liability for the tax on profit exceeds the liability for the minimum tax:
 - a) the taxpayer shall pay any tax due under article 37 this law at the time of submission of the tax declaration;
 - b) if the withholding in article 25 and 28 of this law exceeds the minimum tax liability the taxpayer may claim a tax credit;
 - c) in the case as stated in paragraph 2 of this article, the taxpayer is not liable for minimum tax.
3. If the liability for the tax on profit is less than the liability for the minimum tax:
 - a) the taxpayer's tax credit under paragraph 2 of article 38 of this law will be reduced by the difference;
 - b) the amount by which the tax credit is reduced in complying with the sub-paragraph all of this paragraph, shall be considered as payment of the minimum tax for the tax year.

CHAPTER 2

PROVISION FOR THE TAX ON SALARY

SECTION I

GENERAL PROVISIONS

Article 40: Charge to Tax

The provisions for the tax on salary as stated in the Finance Act of 1995 promulgated by Royal Kram No. 11NS 94 dated 31 December 1994 shall be amended as follows for the benefit of the State Budget.

Article 41: Object of Tax

The tax on salary is a monthly tax imposed on salary that has been received within the framework of fulfilling employment activities

A physical person resident in the Kingdom of Cambodia is liable to the tax on salary for Cambodian source salary and foreign source salary.

A non-resident physical person is liable to the tax on salary for Cambodian source salary.

Article 42: Definitions

For the purposes of the provisions for the tax on salary:

1. The term " resident " when used for an employee, taxpayer, or physical person means domiciled in, or having a principal place of abode in, the Kingdom of Cambodia, or present in the Kingdom of Cambodia on more than 182 days in the calendar year.
2. The term "non-resident " means not resident.
3. Except for contrary provisions, any reference to the terms employee, taxpayer, and physical person are references to both residents and non-residents as defined in this article.
4. The term "employer " includes any government institution, any resident legal person, any resident pass-through, any permanent establishment in the Kingdom of Cambodia, any non-profit organization, or any resident physical person carrying on a business.
5. The term "employee" means any physical person receiving salary from their employment activity including any governmental officer, any elected official and the officer or director of an enterprise.
6. The term "Cambodian source salary " means salary received within the framework of fulfilling employment activities in the Kingdom of Cambodia. As for the salary received by a non-resident for furnishing technical assistance it shall be treated as from sources in the country where the payer of such income resides
7. The term " foreign" means:
 - a) when used with respect to an physical person means non-resident;
 - b) for the determination of the source of income, means outside of the Kingdom of Cambodia.
8. The term " salary" means remuneration's, wages, bonuses, and overtime compensations and fringe benefits which are paid to an employee, or which are paid for the direct or indirect advantage of the employee for the fulfillment of employment activities.

SECTION II

TAX EXEMPT SALARY

Article 43: Salary of Diplomatic and Other Foreign Officials

The tax exemption for the salary of diplomatic and foreign officials shall as follows:

1. Shall be exemption for the salary:
 - a) Salaries that officers and employees of a diplomatic or consular mission of a foreign government holding a diplomatic or official passport of that government have received within the framework of fulfilling their official function in the Kingdom of Cambodia.

- b) Salaries that foreign representatives, officials and employees of international organization and of agencies of technical cooperation of other governments have received within the framework of fulfilling their official function in the Kingdom of Cambodia.
2. Any tax exemption in this article shall be based on the principle of reciprocity between the governments concerned.

Article 44: Tax Exempt Income of Employees

Shall be tax exempted:

1. Real refunds on professional expenses made by the employee under the assignment and for the benefit of the employer and which satisfy the 3 following conditions:
 - a) made for the direct and exclusive interest of the enterprise;
 - b) not exaggerated nor extravagant;
 - c) supported by detailed invoices already paid and made in the name of the recipient of the real expense refund
2. Indemnity for the layoff within the limit as provided in Labor Law.
3. Additional remuneration with social characteristics where there is provision in Labor Law.
4. Supply gratis or below acquisition cost of special uniforms or professional equipment.
5. Flat allowance for mission and travel expenses. This allowance should not overlap the real expense refund provided in this article.

SECTION III

**MONTHLY TAX BASE, MONTHLY TAXABLE SALARY & THE
 DETERMINATION OF THE MONTHLY TAXES**

Article 45: Monthly Tax Base

Except for fringe benefits taxable under article 48 of this law the monthly tax base for a resident is the taxable salary from which deducted:

1. withholding obligations as the result of the compliance with the Labor Law in order to create pensions and for the maintenance of social welfare;
2. payments which are allowed to be tax exempt in Article 44 of this law.

Article 46: Monthly Taxable Salary

The monthly taxable salary shall be determined as follows:

1. Monthly taxable salary for a resident employee includes:
 - a) salary received from Cambodian sources;
 - b) salary received from foreign sources;
 - c) advance money, loan or installment, made by the employer to the employee which shall be added to the taxable salary of the month in which they are

paid out and shall be deducted from salary in the month of any repayment made by the employee.

2. Based on the evidence of family situation, any resident employee with
 - a) minor dependent children at time of tax payment is allowed a reduction in the tax base of seventy-five thousand Riles per each child per month ,
 - b) spouse having only an occupation as housewife is allowed a reduction in the tax base of seventy-five thousand Riles for one person only per month.
3. For a non-resident taxpayer taxable salary includes salary from Cambodian sources taxable according to the provisions of this chapter.

Article 47: Determination of the monthly Tax of an Employee

For a resident employee the tax to be paid must be determined on the monthly taxable salary and must be withheld by the employer according to the progressive rates by trench as follows:

Taxable Parts of the Monthly Salary	Tax Rate
From 0 to 500,000 Riels	0%
From 500,001 to 1,250.000 Riels	5%
From 1,250,001 to 8,500,000 Riels	10%
From 8,500,001 to 12,500,000 Riels	15%
Over 12,500,000	20%

Article 48: The Determination of the Tax on Fringe Benefits

For fringe benefits, every month, the employer shall withhold and pay tax by the time specified at the rate of 20 percent of the total value of fringe benefits given to all employees. The value of fringe benefits is the fair maker value inclusive of all taxes.

Article 49: Determination of the Tax on Salary for a Non-Resident Taxpayer

Except for fringe benefits to be taxed under article 48 of this law, for a non-resident taxpayer the tax shall be withheld by the payer at the rate of 15 percent on every payment of taxable salary as provided in paragraph 3 of article 46 of this law. This withholding tax is the final tax on salary for the non-resident receiving the salary.

Article 50: Foreign Tax Credit

A resident taxpayer who has received foreign source salary and who has paid taxes according to foreign tax law shall receive a tax credit which for deduction from the tax on salary to be paid in the Kingdom of Cambodia under the conditions that there is presentation of documents confirming this payment abroad.

- a. In order to calculate the tax to be paid in the Kingdom of Cambodia before deduction of this tax credit, the total amount of salaries received from Cambodian sources and foreign sources shall be taken into account.
- b. The tax credit is determined separately for the tax paid by a Cambodian resident in each foreign country. But the tax credit to the allowed for the tax on salary paid abroad is the smaller of: the tax amount actually paid in a foreign country, or the amount obtained by multiplying the tax on total salaries from all source for the same period calculated according to the table of progressive tax by trench in article

47 of this law with the ratio of salary received in that foreign country to the total salaries from all sources.

The refund of the foreign tax credit is possible only if the resident taxpayer has complied with the formalities and supplied various document as specified by the tax administration especially the certification from the employer and from the tax administration of the place of employment abroad.

SECTION IV

OBLIGATIONS OF EMPLOYERS AND EMPLOYEES

Article 51: Cause of Tax Liability

The salary payment is the cause of the tax liability.

Article 52: Tax Debt and the Obligation to Withhold

The tax debt and the obligation to withhold shall be as follows:

1. This tax is the debt of the physical person receiving the salary, including foreign physical persons, except for contrary provisions as stated in international agreement.
2. The tax on salary shall be collected through monthly withholding procedure by the employer at the time of each salary payment.
3. If the employer resides abroad, the fiscal representative appointed in the Kingdom of Cambodia by the employer is the one in charge of withholding the tax on salary prior to the salary payment to employees and of transferring their taxes to the State.
4. The employer or the resident representative in the Kingdom of Cambodia of a foreign employer and the employee shall be jointly responsible for the payment of the tax on salary in the Kingdom of Cambodia regardless of whether the salary is paid in the Kingdom of Cambodia or abroad. In the case where no withholding is made on the tax on salary, the employer is held responsible under this law even if the tax is already paid by the employee.

Article 53: Payment of Tax Withheld

The withholding tax related to the salary payment made in any one month shall be paid by the 15th of the following month to the tax administration in the area of the domicile or principal establishment of the person in charge of withholding the tax.

Article 54: Tax Withholding, Record Keeping and Reporting Requirements

All employers who make taxable salary payments shall be in charge of:

1. withholding tax prior to the salary payment;
2. reporting to the tax administration and the employee of the status of the tax withheld;
3. keeping and maintaining books and records which shall be determined by Prakas of the Ministry of Economy and Finance.

CHAPTER 3
PROVISION FOR THE TAX ON VALUE ADDED

SECTION I
GENERAL PROVISIONS

Article 55: Charge to Tax

From 1 January 1998 onward, shall be established a Tax on Value Added on taxable supplies for the benefit of the State budget.

Article 56: Definitions

For the purpose of the provisions of the tax on value added:

1. The term " good" means tangible property other than land or money.
2. The term " service" means the provisions of something of value other than goods land, or money.
3. The term " supply of a good " means the transfer of the right to use or dispose of a good as the owner whether or not for consideration. The supply of a service incidental to the supply of a good shall be considered a supply of a good.
4. The term " supply of a service" means a supply that is not a supply of a good or land or money which is made for consideration. The supply of a good incidental to the supply of a service shall be considered a supply of a service.
5. The term " person" means any person or group of persons engaged in business and any other person who is related to the person.
6. The term " related" in relation to a person means:
 - a) a person who owns 20 percent or more in value or voting power in equity interests in the person under consideration;
 - b) having common management or defectors with the person;
 - c) a member of the family or spouse or a member of the family of the spouse of the person;
 - d) purchasing 30 percent or more of the person's total output in any three consecutive month period.
7. The term " tax " in this chapter means the tax on value added

Article 57: Non Taxable Supplies

Non taxable supplies are as follows:

1. Public postal service.
2. Hospital clinic, medical, and dental services and the sale of medical and dental goods incidental to the performance of such services.
3. The services of transportation of passengers by a wholly state owned public transportation system.
4. Insurance services

5. Primary financial services which shall be determined by Prakas of the Ministry of Economy and Finance
6. The importation of article for personal use are exempt from customs duties and that are within the value level which shall be determined by Prakas of the Ministry of Economy and Finance.
7. Non profit activities in the public interest that have been recognized by the Minister of Economy and Finance.

Article 58: Non Taxable Supplies for Diplomatic Missions and International organizations

Non taxable supplies for diplomatic missions and international organizations shall be as follows:

1. The imports of goods for or by foreign diplomatic and consular missions, international organizations and agencies of technical cooperation of other governments for use in the exercise of their official function shall be treated as non taxable supplies. Non taxable supplies shall only be allowed on the certification by the chief of mission to the tax Department that the goods are being imported for purpose of the use as above.
2. The import of goods for the personal use of the official personnel of missions and organizations as stated paragraph 1 of this article shall be treated as non taxable supplies only for those items that are on an enumerated list which shall be determined by Prakas of the Ministry of Economy and Finance.
3. The non taxable supplies in this article shall be based on the principle of reciprocity between governments concerned.

SECTION II

GENERAL PRINCIPLES FOR THE TAX ON VALUE ADDED

Article 59: Taxable Person

The taxable person refers to any person subject to the real regime system of taxation who makes a taxable supply as stated in article 60 of this law.

A person subject to the simplified regime system of taxation may apply to be classified as a taxable person. The conditions and procedures for this application shall be determined by Prakas of the Ministry of Economy and Finance.

For the purpose of this chapter, an employee shall not be treated as a taxable person with respect to activities engaged in as an employee.

Article 60: Taxable Supply

Except for contrary provisions in this chapter, the term " taxable supply " means:

1. the supply of goods or services by a taxable person in the Kingdom of Cambodia;
2. the appropriation of goods for his own use by the taxable person;
3. the making of a gift or supply at below cost of goods or services by the taxable person;
4. the import of goods into the customs territory of the Kingdom of Cambodia
The rules and procedures for the application of this article shall be provided in sub-decree.

Article 61: Taxable Value

The taxable value shall be determined as follows:

1. The taxable value for any supply shall be the price of the goods or services the seller charged the purchaser. The taxable value includes any charges for transportation and other items payable to the seller with respect to the supply, including any specific tax on certain merchandise and services but excluding the tax on value added. Procedures for the adjustment of the taxable value at the time of supply and after the time of supply shall be determined by sub-decree.
2. When the payment for a taxable supply involves any consideration other than money for the direct or indirect benefit of the seller, this consideration shall be included in the taxable value at fair market value.
3. The taxable value for any imported good shall be the customs value including insurance and freight plus any customs duties and any specific tax on certain merchandise and services. If there is no such adjusted customs value, the fair market value shall be used.
4. If the taxable value of the goods or services supplied does not represent the true value, the tax administration may determine a value for such goods or services and such value shall be presumed to be the correct value until proven otherwise to the satisfaction of the tax administration.
5. The taxable value of used goods that the taxable person regularly purchases from consumers for resale or sells on behalf of other persons shall be the differential between the selling price and the purchase price, or the commission from the sale of those goods.

Article 62: Time of Supply

The time of supply shall be determined as follows:

1. The tax on value added becomes due and payable at the time of supply.
2. The time of supply of goods and services shall be the time by which the seller must issue the invoice or the time the seller issues the invoice is issued before the time it must be issued by the seller.
3. A value added tax invoice must be issued within seven days after the goods are shipped or services rendered or after payment if payment occurs before the goods are shipped or services rendered. If a shipment is not accompanied by an invoice, there shall be attached a shipping document which has been properly recorded in the shipping journal.
4. For the supply of goods or services which are made continuously or which involve multiple payments, the time of supply shall be determined by Prakas of the Ministry of Economy and Finance.
5. In the case of the import of goods, the time of supply shall be the time the importer files a declaration to the customs administration according to the regulations in force.

Article 63: Location of Supply

The location of supply shall be determined as follows:

1. The supply of goods takes place in the Kingdom of Cambodia if the good is delivered in the Kingdom of Cambodia, whether that delivery takes on the characteristic of a transfer

of the right to use or to dispose. In the case where the supply must include transportation, the supply takes place in the Kingdom of Cambodia if the good is in the Kingdom of Cambodia when the transportation starts.

2. The supply of a service takes place in the Kingdom of Cambodia if the service is performed in the Kingdom of Cambodia, except that:
 - a) the supply of a service in connection with immovable property is deemed to take place where the property is located;
 - b) the supply of a service in connection with transport is deemed to take place where the transport occurs.
3. Goods are imported into the Kingdom of Cambodia if they are brought within the customs territory of the Kingdom of Cambodia.

SECTION III

TAX RATE AND THE CALCULATION OF TAX

Article 64: Tax Rate

The tax rate shall be as follows:

1. The tax on value added shall be imposed at the tax rate of 10 percent on the taxable value of each taxable supply in the Kingdom of Cambodia.
2. The tax on value added shall be imposed at the tax rate of 0 percent on the taxable value of each taxable supply of goods exported from the Kingdom of Cambodia and of the taxable supply of a service rendered outside of the Kingdom of Cambodia as stated in article 63 of this law.
3. The tax administration may use a number of documents to certify that export has in fact occurred including export certification from the Customs Department, import documents from the country of import, executed letters of credit , and payments received by a domestic bank.

Article 65: Input Tax Credit and Non Taxable Supplies

The input tax credit and the non taxable supplies shall be determined as follows:

1. The tax paid by a taxable person on goods and services for use in the business which are supplied by another taxable person or the tax paid by the taxable person as an importer on imported goods or services for use in his own business shall become an input tax credit deductible against the output tax. Input means any goods or services purchased and output means any goods or services sold.
2. In the case where goods and services purchased are used partly for taxable supplies and partly for non taxable supplies, the tax credit shall be allowed only for that portion used for taxable supplies.

Article 66: Determination of Tax

The tax amount shall be determined as follows:

1. The tax charged under article 64 of this law shall become a debt to the State at the time of supply.

2. The tax to be paid to the State is equal to the total output tax according to the rates in article 64 of this law minus the total input tax credit allowed for the same month.

Article 67: Capital Assets that Cease to be Used in the Business

If a capital asset for which a tax credit has been received under article 65 this law ceases to be used in the business of the taxable person, such asset shall be treated as sold and taxable for its then fair market value at the time of cessation of use.

Article 68: Necessary Documentation to Claim an Input Tax Credit

The request for an input tax credit shall be attached with:

1. a value added tax invoice, drawn up in accordance with article 78 of this law,
2. a customs Bill of Entry for Import, certified by customs authorities, which must state the name of the taxable person as consignee or importer and the amount of tax paid at the time of import.

Article 69: Input Tax Not Allowed as a Tax Credit

The input tax shall not be allowed as a tax credit includes the paid by a taxable person on entertainment, amusement, or establishment expenses, the purchase of automobiles, or the purchase of certain petroleum products.

SECTION IV**PAYMENT OF TAX****Article 70: The Monthly Filing of the Value Added Tax Declaration**

The value added tax declaration for any month shall be submitted to the tax administration on or before the 20th day of the following month and the tax shall be paid according to the amount declared at the time the declaration is filed.

Article 71: Treatment of Excess Credits

If the input tax paid by the taxable person under article 64 of this law exceeds the output tax collected by that person for any month:

- a. the excess shall be used as a tax credit against any outstanding liability of such person for the tax on value added for prior months,
- b. the remainder of the excess shall be treated as an input tax credit under article 65 of this law for the succeeding month.

Article 72: Refunds for Exporters

The tax administration may refund the monthly excess input tax credits according to the request of the taxable person who has as a primary activity export if that person has shown proper certification of exports and has complied correctly with his obligation in book and other record keeping.

Article 73: Refunds Where Excess Credits Continue for Three Months or More

If the taxable person has excess input tax credits for three months or more that person may apply for a refund of the tax at the end of the third month or in any month thereafter. To be effective for any month, the request must be filed in a period of 20 days after the close of such month.

Article 74: Refunds to Diplomatic Missions and International Organizations

Foreign diplomatic and consular missions, international organization and agencies of technical cooperation of other governments may apply for a refund of the tax on those goods purchased locally that are listed on an enumerated list which shall be determined by Prakas of the Ministry of Economy and Finance. The refund shall be granted only on the certification by the chief of mission to the tax administration that the goods are being bought for use in the exercise of the official function of the relevant unit.

Article 75: Liability for the Collection and Payment of Tax

The liability for the collection and payment of tax is as follows:

1. A Taxable person or importer has the obligation to pay the tax imposed by article 64 of this law with respect to every taxable supply in which the taxable person or importer engages.
2. Special conditions for the liability of the purchaser for the tax where the supplier is not engaged in business in the kingdom of Cambodia or where there are other obstacles to the collection of the tax from the supplier shall be provided by sub-decree
3. Any person making a supply of goods and services on behalf of the owner, other than as an employee, and having control of the supply shall be treated as a taxable person with respect to that supply.

SECTION V**ADMINISTRATIVE PROVISIONS****Article 76: Registration**

The principles of registration shall be as follows:

1. A taxable person as stated in article 59 of this law must complete registration for the tax on value added within a period of 30 days of the day on which the person becomes a taxable person. The rules and procedures for registration shall be determined by sub-decree.
2. Where a person required to register fails to register the tax administration may register that person from the time that the person should have been registered. The person so registered shall be liable for all tax in article 64 of this law from the date person should have been registered.
3. Where a taxable person registered under this article expects not to be classified as a taxable person for the current and succeeding year, such person may apply for de-registration.
4. For a group of two or more related persons where one or more of those persons is not a taxable person the tax administration may treat taxable person as registered in respect to

all or part of the related economic activities. Where none of the related persons is a taxable person the tax administration may register one or more of those person of the group in respect to all part of the related economic activities.

5. For registration purposes and with the approval of the tax administration, for a group of taxable persons who are related as defined in article 56 of this law, the activities of various members of the group may be treated as the activities of one designated member. In any such case, each member of the group must undertake to be jointly and severally liable for compliance with the provisions of the chapter.

Article 77: Value Added Tax Invoice

The principles for the value added tax invoice shall be as follows:

1. Any taxable person who makes a supply shall provide the purchaser a serially numbered Value Added Tax Invoice.
2. The invoice required by paragraph 1 of this article with respect to any supply shall have the title of " Value Added Tax Invoice" and shall contain the following:
 - a) the name and registration number of the seller,
 - b) the date of issue of the invoice,
 - c) the name of the purchaser or purchaser's employee or agent,
 - d) the quantity, description and selling price of the goods or services,
 - e) the total value excluding the specific tax on certain merchandise and services and the tax on value added,
 - f) the total taxable value if different from the amount in subparagraph of this paragraph,
 - g) the amount of the tax payable
 - h) the date of supply of the goods or services if different from the date of issue of the invoice:
3. A person cannot issue any invoice or other document indicating an amount which claims to be tax on the supply of any goods or services unless such person is a taxable person registered according to article 77 of this law, and the goods or services supplied are taxable goods or services.
4. Without prejudice to any other penalties, where any invoice falsely claims to be a Value Added Tax Invoice and shows that an amount of tax is payable, the person issuing such invoice shall pay to the tax administration within seven days of the date of issue of the invoice any amount shown on the invoice whether or not such tax amount would otherwise be properly payable.
5. In the case of sales at retail where most sales are not to a taxable person the invoice as required in paragraph 1 of this article shall be considered satisfied if the seller has provided detailed cash register receipt or other documentation which shall be determined by sub-decree
6. In the case of an import, the customs Bill of Entry properly filled and containing certification of the payment of the tax shall be used as the control document for establishing eligibility for a tax credit.

Article 78: Failure to Issue Value Added Tax Invoice

The failure to issue value added tax invoices shall be subject to penalties as follows:

1. Without prejudice to any other penalties, if the tax administration can find for a second time that an establishment of the a taxable person has failed to issue the required

invoice, the tax administration may lock and seal the establishment for a specified period not to exceed 7 days.

2. If any establishment, which has been closed under paragraph 1 of this article, has committed again such as offense, such establishment may again be closed for a specified period not to exceed 7 days.

Article 79: Books, Records, and Information

The principles for the books, records, and information for the tax on value added shall be as follows:

1. for the purposes of the provisions in this chapter the taxable person shall keep copies of all invoices issued and all invoices received.
2. The taxable person shall properly record and preserve books and records of every transaction made together with an account showing the amounts of tax collected on his sales and the amount of tax paid on his purchases and any adjustment to sales value or tax amount in a manner prescribed by the tax administration.
3. The work referred to in paragraph 2 of this article shall be maintained daily and totaled at the end of each month and a balance struck. The taxable person shall prepare monthly a Value Added Tax Statement in the manner prescribed by the tax administration.
4. The invoices, records and other document relating to the tax shall be kept in chronological order in a manner and at the place prescribed by the tax administration for a period of at least 10 years after the completion of the last transition to which they pertain.
5. All documents and records required to be kept under this article and any other documents and records pertaining to the business of the person shall be made available for inspection by tax administration on demand.

Article 80: Special Rules for Imports

The provisions of this chapter pertaining to imports shall be administered by the Customs Department in a manner as provided by sub-decree.

Article 81: Cessation of Business

The rules for the cessation of business shall be as follows:

1. Within 10 days upon ceasing to carry on the business for which the taxable person is registered that person shall submit to the tax administration a declaration on the prescribed form to which is attached detailed information on sales and purchases since the last tax declaration and provide details on all goods in stock on which tax has not been paid or on which a tax credit has been received and shall pay any tax due.
2. The rules and procedures for winding up the business, for de-registration, and the responsibilities of a legal representative shall be determined by sub-decree.

Article 82: Transfer of Business

The transfer of a business from one person to another person, in accordance with the conditions to be provided by sub-decree, shall not be subject to the tax on value added. The rule and procedures for the notification of transfer, the registration of the person acquiring the business,

the responsibility of the person transferring the business, the responsibility of the person acquiring the business, and the preservation of records shall be determined by sub-decree.

Article 83: Contracts Entered Into Before the Effective Date of this Tax

The principles governing contracts entered into before the effective date of this tax shall be as follows:

1. The tax imposed by article 55 of this law shall apply to taxable supplies under contracts entered into before the effective date of this tax, if such supplies take place on or after such date.
2. In the case of any taxable supply described in paragraph 1 of this article, any value added tax recorded outside the contract shall be treated as additional consideration for the goods or services purchased and as a legal obligation of the purchaser to the seller.

Article 84: Tax Credit for Stocks of Goods

The tax credit for stocks of goods shall be determined as follows:

1. Where a person is newly registered and on the date of registration has stocks on which the tax on value added or the Tax on Turnover has previously been paid, that person may apply to be allowed, by the tax administration, a tax credit for the tax paid on that stock after the tax administration has verified that any invoices or the copies of the bills of entry for those goods are correct.
2. If satisfied to the correctness of such documents, the tax administration may authorize a tax credit for those supplies made within 60 days prior to the date of registration or the effective date of this law. Such a credit can be taken in one or more declarations for this tax subject to such conditions as the tax administration may impose.

CHAPTER 4

**AMENDMENT TO THE FINANCE ACT OF 1994
& TO THE AMENDMENT TO THE FINANCE ACT OF 1995**

SECTION I

**PROVISION FOR THE CHANGE OF THE SPECIFIC TAX
ON CERTAIN MERCHANDISES TO THE SPECIFIC TAX
ON CERTAIN MERCHANDISE AND SERVICES**

Article 85: From the date of the promulgation of this law the Specific Tax on Certain Merchandise of the amendment to the Finance Act of 1995 promulgated by Royal Kram No. CS/RKM/0995/01 dated 01 September 1995 shall be called the " Specific Tax on Certain Merchandise and Services " and a number of article shall be amended as stated in this chapter.

Article 18 of the above mentioned law shall be changed as follows:

- 30 percent for automobiles classified under the harmonized tariff heading 8703 with an engine displacement of more that 2000 cc. and spare parts for those automobiles;
- 20 percent for petroleum products and automobiles classified under the harmonized tariff heading 8703 with an engine displacement of up to 2000 cc and spare parts for those automobiles;

- 10 percent for all types of beverages and tobacco products, hotel and other entertainment services, and all types of motor vehicles and spare parts classified under the harmonized tariff headings 8702, 8704.21 through 8704.90, 8706, 8708, 8714, and 8711 with engine displacements from 125 cc. upwards.
- 2 percent for the domestic sale of tickets for the transport by air of passengers from inside of the Kingdom Cambodia to abroad, and telecommunication services from inside the Kingdom of Cambodia to abroad.

The phrase " the sales price recorded on invoice " in paragraph 2 of article 21 of the above mentioned law shall be changed to " the ex-factory sales price recorded on invoice".

Add the paragraph as below to article 21 of the above mentioned law:

- " - for services supplied in the Kingdom of Cambodia, the invoice price of the service supplied.

The phrase " concerning merchandise produced" in paragraph 2 of article 22 of the above mentioned law shall be changed to " concerning merchandise produced and services supplied ".

Add the paragraph as below to article 23 of the above mentioned law:

- " - the supplier for services supplied in the Kingdom of Cambodia "

Add the paragraph as below to article 24 of the above mentioned law:

- " - For telecommunication and transport services in the Kingdom of Cambodia a separate register containing the date and value of services supplied from points inside of the Kingdom of Cambodia to points outside of the Kingdom of Cambodia. "

SECTION II

PROVISION FOR THE CHANGE OF THE TAX ON TURNOVER

Article 86: he Tax on Turnover as stated in the Finance Act of 1994 promulgated by Royal Kram No. 02 NS dated 28 December 1993 shall be changed as follows.

1. Delete paragraph 2 of article 39 of the above mentioned law.
2. The phrase " value of customs " in article 46 of the above mentioned law shall be changed to " value inclusive of customs duty and the specific tax on certain merchandise and services "
3. Add the paragraph as below to article 47 of the above mentioned law:

" The Tax Department may collect consumption tax and apply penalties on any good being offered for sale within the territory of the Kingdom of Cambodia for which the seller cannot provide adequate documentation that the consumption tax was paid at the time of import. "

4. Add the paragraph e. as below to article 49 of the above mentioned law:

" - From 1 July 1997 all taxpayers shall:
 - use the time of supply rule as stated in article 62 of this law which provides for the tax on value added to determine the date on which tax becomes a debt of the taxpayer towards the State.

- issue invoices in accordance with the rules and procedures as stated in articles 63 of this law which provides for the tax on value added;

- be considered as having obstructed the implementation of tax provisions and subject to penalties under article 133 of this law in the case of non-compliance with article 49 paragraph e. "

5. To the Amendments to the Finance Act of 1995, shall be added one paragraph to article 33:

“From 1 January 1998:

- Taxpayers under the real regime of taxation shall not be subject to the tax on turnover;
- Taxpayers under the other regime systems of taxation shall be subject to the tax on turnover rate at the of 2 percent:
- article 44, 45, 46, 47, and 48 of the Finance Act of 1994 and article 37 of the Finance Act of 1995 are repealed”

CHAPTER 5

PROVISION ON TAX RULES & PROCEDURES

SECTION I

GENERAL PROVISION

Article 87: Object

By the provisions of this chapter there shall be establish the rights and obligations of the taxpayer and the tax administration, procedures for the review of tax paid, procedures for resolving disputes, tax penalties.

The provisions of this chapter apply to all taxes unless a specific tax provides otherwise.

Article 88: Definitions

For the purpose of this chapter:

1. The term " tax " means any direct or indirect tax.
2. The term " person " means a physical person or a legal person.
3. The term " taxpayer " means a person obligated to pay tax.
4. The term " tax administration " means the organization of the Tax Department.
5. The term " tax declaration " means documents that tax provisions require a taxpayer or withholding agent to fill in under the conditions as stated in this law
6. The term " withholding agent " means the person that tax provisions require to withhold and to pay taxes to the budget on behalf of the third person.
7. The term " economic activity " means the regular or continuous or from time to time activity or a person whether or not for profit in the supply of or intent to supply goods or services to other persons for the purpose of obtaining a benefit.

Article 89: International Treaties

Provisions of international treaties related to taxation which have been ratified by the National Assembly shall take precedence over provisions of this law. Article 90: Language Used in Tax Declarations and Tax Documents

All tax declarations as well as documents and correspondences necessary for tax assessment, tax collection and enforcement of tax law or involved in other procedures in the determination of tax shall be made in Khmer language.

SECTION II**RIGHTS & OBLIGATIONS****Article 91: Rights and Obligations of the Taxpayer**

The rights and obligations of the taxpayer shall be as follows:

1. The taxpayer has the rights as follows:
 - a) to be considered as confidential and used only for the purposes specified in tax provisions all information related to his activities which are provided to the tax administration as stated in article 94 of this law;
 - b) to regularly receive information concerning the process of tax system and procedure in tax assessment as stated in article 96 and 118 of this law;
 - c) to receive information about one's own rights including the rights to appeal as stated in articles 118 and 122 of this law.
 - d) to appeal as stated in this law to every decision made by the tax administration as stated in article 118 and 122 of this law;
 - e) to pay no more tax than what is required by tax provisions as stated in article 107 of this law.
2. The taxpayer has the obligations as follows:
 - a) to register with the tax administration as stated in article 101 of the law;
 - b) to submit the tax declaration and provide information as required by tax provisions as stated articles 98 and 104 of this law;
 - c) to pay taxes according to the schedule as stated in tax provisions;
 - d) to maintain books of account, supporting documents, and other documents and to show them to the tax administration as stated in tax provisions and article 98 of this law;
 - e) to present oneself to the tax administration according to the date as stated in the letter of notification of the tax administration as stated in article 99 of this law;
 - f) to pay various taxes, additional taxes, and interest as determined by the tax administration according to the date as stated in the tax provisions or as notified by the tax administration in writing as stated in tax provisions and articles 107, 130, 131, and 132 of this law.

Article 92: Powers and Obligations of the Tax Administration

The power of the tax administration includes the following:

1. to assess the tax base of the taxpayer or the withholding agent as stated in articles 116 and 117 of this law;
2. to request the presence of the taxpayer or the withholding agent as stated in article 99 of this law;
3. to determine the necessary books, and supporting documents that the taxpayer or the withholding agent must maintain and provide to the tax administration as stated in article 98 and of this law.
4. to require the taxpayer or third person to provide information related to the taxpayer or withholding agent as stated in article 99 of this law.
5. to enter the residence or the business establishment of the taxpayer, the withholding agent, or a third person to obtain information related to the taxpayer or the withholding agent as stated in article 100 of this law;
6. to receive from state institutions information concerning or related to the taxpayer or the withholding agent as stated in article 116 of this law;
7. to apply recovery measures to the taxpayer or the withholding agent when the person fails to pay various taxes, additional taxes, and interest as required by this law as stated in articles 109 through 115 of this law;
8. to predetermine transactions between related taxpayers as stated in tax provisions

The tax administration has the obligations as follows:

1. to collect taxes, additional taxes and interest as stated in article 93 of this law;
2. to maintain confidentiality of information that the taxpayer or a third person has provided and communicate this information only to the person as determined by tax provisions as stated in articles 94, 128 and 138 of this law;
3. to provide information to the taxpayer or to the withholding agent to ensure proper implementation of tax provisions as stated in article 96 of this law;
4. to refund or credit overpaid taxes as stated in tax provisions;
5. to provide a letter of notification for tax assessment to the taxpayer or to the withholding agent as stated in articles 116 through 118 of this law;

SECTION III**TAX ADMINISTRATION****Article 93: Responsibility for Tax Administration**

The institutions responsible for the administration of tax provisions are as below:

- the Tax Department of the Ministry of Economy and Finance;
- other institutions of the Royal Government which tax provisions have empowered.

The tax administration has the obligation to collect taxes and apply penalties as determined by tax provisions and to appeal to the court in the case of violations of law.

Article 94: Confidentiality of Tax Information

The tax administration and every person who is or has been official and agent of the tax administration must keep confidential the information pertaining to the taxpayer that they have received during their official performance of their duty and can provide the information only to the person that this article allows.

The official and the agent of the tax administration can provide information related to the taxpayer only to:

1. an official and other agent of the tax administration at the time and for the purpose of carrying out the duties according to the tax provisions;
2. the criminal authority for the purpose of laying charges for tax violations;
3. the court in the stage of ruling in order to assess the tax of the taxpayer that must be paid or the responsibility for the violation of the tax provision;
4. the tax authority of another country in accordance with the international agreement

The person who receives information from another who is authorized to provide the information as stated in paragraph 2 of this article must keep the confidentiality of that information as determined in this article except for a minimum level which it is necessary provide the information.

The information related to the taxpayer can be provided to another person if there is written accord from the taxpayer.

Article 95: Delivery of Information to the Taxpayer

A letter or notification that the tax administration provides to the taxpayer shall impose an obligation on the taxpayer to the tax administration only when that letter or notification is made in written form and is delivered to the taxpayer.

When the tax provisions require the tax administration to notify a person in writing that letter of notification shall be considered as correctly delivered only if that letter has been delivered directly to that person or sent by registered mail to the legal address of that person.

The date of a notification or other documents is the date of direct delivery to the person. In the case where the letter of notification is sent by registered mail the date of notification is the date of the stamp on the registered letter of bureau of post from which the registered letter is received by the taxpayer.

The letter of notification shall be considered correctly delivered and received if the conditions of paragraph 2 of this article are satisfied even if the person so notified refuses direct delivery or to accept registered mail.

Where the address of a person has changed and the person has failed to notify the tax administration of the change, the letter of notification sent to the last known address shall be considered correctly delivered and received.

Article 96: Publicity and Explanation of Tax Law

The Tax Administration must prepare short explanatory booklets about the important contents of each tax

For a tax that the tax administration determines as advisable to explain and to guide the local tax officials must arrange to educate those taxpayers so that they understand their obligations and rights.

Article 97: Incentives for the Efficient and Effective Collection of Tax

The Ministry of Economy and Finance shall establish an incentive system for officials and agents of the tax administration. The procedures for the operation of the incentive system be determined by Prakas.

Article 98: The Keeping of Financial and other Supporting Documents

The taxpayer must keep books of account, supporting documents, and other financial documents as determined by the tax provisions and must these books and documents to the tax administration for inspection when requested.

As to the taxpayer who has no obligation to keep books of account according to the General Chart of Accounts of the Kingdom of Cambodia, he must keep a journal with chronological recording of all income and expenses pertaining to the business in line with a form prescribed by tax administration.

The person, who must keep books of account, documents, or journals that are prescribed by the tax provisions or other provisions, must preserve these books or documents for a period of 10 years starting from the end of the tax year.

An invoice shall be issued for every transaction between the taxpayer and another person. The rules and the content of the invoice shall be determined by sub-decree.

The taxpayer shall correctly record the details of the invoice in the journals of account.

Article 99: Right to Receive Information

For the purpose of determining the tax that any person must pay or for the purpose of collecting taxes, the tax administration can issue a letter of notification to the taxpayer or a third person:

- to provide information related to the taxpayer as stated in the letter of notification such as information on suppliers, clients, or bank accounts;
- to present oneself at the time and place designated in the letter of notification for the purpose of showing or providing information, document, or data that are in the possession of the person and that are clearly stated in the letter of notification.

In addition to the information required as stated in paragraph 1 of this article, the letter of notification must contain the name and the identification number of the taxpayer (if available) and the signature of the tax administration issuing the letter of notification.

Article 100: Power of Investigation (without an advanced letter of notification)

For each inquiry for which a letter of mission is issued, the tax administration has the right to enter the business establishment, the place that is considered to be the business establishment, the place that is open to the public, or other places for the purpose of assessing the tax of any person that must be paid or for the purpose of collecting taxes:

During the business hours;

- any time according to the condition and reasons stated in the warrant issued by a judge.

The tax administration that has entered legally the place as stated in paragraph 1 of this article can:

- compile or copy documents that are in that place;
- confiscate documents or other evidence that can become information for assessing the tax of a person that must be paid;
- install different control instruments or seal goods if they are related to any application of tax;
- inventory assets, raw materials, work in progress, finished products, and all other stock.

The tax administration can request a banking institution in the Kingdom of Cambodia to provide information about the taxpayer's account in the bank.

When making its inquiry on entry the tax administration must demonstrate the proper behavior and avoid any possible damage to the honor or the business of the taxpayer. In any case, the on site inquiry shall not be more than what is necessary.

Article 101: Requirement to Register

A person must register with the tax administration within 15 days after the person begins economic activity.

A person shall inform the tax administration within 15 days of any change in the address, from, name, or object of the business, the transfer or cessation of the business, the leadership or the person in charge of tax matters of the enterprise.

Article 102: Certificate of Registration and Tax Identification Number

When the registration is complete, the tax administration shall issue a certificate of registration which will include the tax identification number of the person. This identification number shall be used on all tax related documents.

All departments under the Ministry of Economy and finance shall use the identification number of this article. All contracts with government institutions must bear the tax identification number to be considered valid.

Article 103: The Right of the Tax Administration to Register a Taxpayer

The tax administration has the right to register a person who is required by law to be registered and who has failed to register. In this case, the tax administration can determine the effective date of registration.

SECTION IV

TAX DECLARATION

Article 104: Preparation and Submission of the Tax Declaration

The taxpayer or withholding agent must submit a tax declaration to the tax administration according to the form, the time and the place determined by the tax administration.

The tax declaration must be signed by the taxpayer or his legal representative.

Article 105: Preparation and submission of the information declaration and other documents

Any person who makes payments to another person must submit to the tax administration an information declaration about that payment in a manner as prescribed by the tax administration.

Article 106: The Taxpayer's Representative

The person who is the representative of the taxpayer, must have on behalf of the taxpayer, the right to:

- submit tax declarations;
- show reports and various correspondences;
- pay taxes as prescribed by the tax provisions;
- make protests and appeals;
- perform all obligations for which the taxpayer is held responsible under tax provisions.

The taxpayer can transfer rights in written form to another person to carry out activity on his behalf in matters related to taxes with the rights and obligation as stated in paragraph of this article. The taxpayer can set limits on this transfer of right.

The tax administration can require the person who acts on behalf of the taxpayer on the basis of the transfer of right to submit evidence in written form of this transfer of right.

The taxpayer shall be directly responsible for every activity of the person who is his legal representative or of the person who has received the right transferred from him until the time when the tax administration receives the confirmation in written form from the taxpayer about the cancellation of that transfer of right.

The person who is the representative of the taxpayer shall register this relationship with the tax administration within 15 days from the date that the relationship was established.

SECTION V**COLLECTION OF TAXES****Article 107: Payment of taxes**

The payment of taxes shall be as follows:

1. Tax is due and payable within the period of time that tax provisions require for the submission of a tax declaration.
2. A tax debt is due and payable within 30 days after a letter of notification for tax collection is delivered.
3. A tax debt is due and payable within 3 days after delivery of a letter of notification for tax collection as provided in paragraph 4 of article 116 of this law.
4. The Minister of Economy and Finance shall establish by Prakas rules and procedures by which:
 - a) to schedule the collection of a tax debt to avoid risk of a loss from non-collection;
 - b) to consider a tax debt as a non-collectable tax

Article 108: Liability of Directors, Managers, or Owners

If the directors or managers or owners of an enterprise know or intentionally cause the enterprise not to declare or to under declare tax in violation of the tax provisions or not to pay

withheld tax to the tax administration, those directors or managers or owners are personally liable for the taxes to be paid.

SECTION VI

POWER OF THE TAX ADMINISTRATION IN TAX COLLECTION

Article 109: Rights on the Properties of Taxpayers

If any person who is obligated to pay tax as required by tax provisions, neglects or refuses to pay tax a reminder letter of notification for tax collection is properly delivered the tax administration shall have a lien on that person's properties in accordance with the tax debt.

The lien on the taxpayer's properties is born on the date the reminder letter of notification for tax collection is delivered to the taxpayer as stated in article 95 of this law.

If various conditions of this article are correctly satisfied, the lien on the properties as stated in paragraph 1 will have validity and priority over all other liens existing before or after that lien on the taxpayer's property.

Any person can make a protest to the tax administration requesting the removal of the lien on his own property as stated in paragraph 1 of this article by alleging an error in imposing that right.

If the tax administration has determined that the imposition of the lien on that property was in error, the tax administration must issue a certificate confirming the removal of the lien on the property within 10 days after the determination together with a statement in the certificate that the imposition of the lien was erroneous.

Article 110: Reminder Letter of Notification for Tax Collection

The tax administration must send a reminder letter of notification for tax collection to the taxpayer at least 15 days before proceeding with any recovery measure.

Article 111: Confiscation

The confiscation of the taxpayer's properties shall be as follows:

1. If the taxpayer fails to pay the tax debt within 15 days after receiving the reminder letter of notification for tax collection, the tax administration can confiscate the taxpayer's properties to guarantee the payment of the tax debt as well as the expenses for the collection of the tax. For the purpose of this law the term "confiscation" means the confiscation by all means and the sale of the taxpayer's properties by the tax administration but the confiscation of properties shall not exceed the tax debt and expenses for the collection of the tax debt.
2. The person holding or administering the taxpayer's properties confiscated by the tax administration under paragraph 1 of this article can not return those properties to the taxpayer or use those properties to make various payments except for payments that tax administration has authorized.
3. The tax administration can implement the confiscation of the taxpayer's properties which are held or administered by another person 15 days after notifying the person holding or administering the properties.

4. The person who is holding or administering such confiscated properties, must surrender those properties or pay taxes, additional taxes, interest, and expenses for the collection of taxes to the tax administration, except for such part of properties which are under the proceedings of liquidation of the business activity.
5. Any person who fails to surrender property, as stated in paragraph 4 of this article, is responsible in the amount of the value of those properties but not in excess of the amount which is the object of that confiscation.
6. Any person who has complied with the requirements in paragraph 2 and 4 of this article shall be released from any responsibility to the taxpayer or third persons on the property, tax amounts, or other obligations transferred to the tax administration.
7. If the tax administration has a sound basis to believe that the collection of taxes can suffer, the tax administration can require the taxpayer to pay tax immediately and if the taxpayer does not comply with this requirement can proceed with the immediate confiscation of the taxpayer's properties.
8. Such personal property as determined by sub-decree is exempt from the confiscation.
9. The sale of the confiscated properties must be carried out by auction. Expenses incurred from this sale are the charge of the taxpayer.

Article 112: Protection of the Taxpayer

The properties to be confiscated by this law must be confiscated, held, and accounted for only by the tax administration. Other institutions of the government by themselves cannot use this law to confiscate or to hold those properties. If there is sale of properties confiscated by this law, any part of the proceeds, which are in excess of the tax liability of the taxpayer under this law, must be returned to the owner of those properties.

Article 113: The Freezing of Bank Accounts

The confiscation in article 111 of this law may include also the freezing of the taxpayer's account at the bank by the tax administration's letter of notification which goes into effect immediately upon delivery of that letter to the bank.

Under this notification for the freezing of bank accounts, the bank cannot open new accounts for this same taxpayer and cannot make payments from the accounts, except for the payments prescribed by the tax administration for settling the taxes to be paid, interest, and other additional taxes.

The frozen bank accounts can only be reopened with a letter of notification from tax administration.

The bank that does not comply with the letter of notification as described in paragraph 1 of this article, shall be responsible to the tax administration to the extent of the amounts in the taxpayer's account at the time when the letter of notification is delivered.

Article 114: Stopping Export-Import Operations

The confiscation in article 111 of this law may include stopping export-import operations. Stopping export-import operations means the distraint by the customs administration of imported goods to be sent to the taxpayer and the goods to be exported by the taxpayer, under a letter of

notification from the tax administration which takes immediate effect upon delivery of that letter to the customs administration.

The tax administration can confiscate and sell the taxpayer's goods which are detained by the customs administration according to the conditions as stated in article 111 of this law.

The release of export-import operation from the stopping shall be implemented under a letter of notification from the tax administration. Goods detained by the custom administration that do not belong to the taxpayer shall be released from this distraint with the approval from the tax administration.

Article 115: Order Nullifying Permit and License

The confiscation in article 111 of this law can include the issue of a letter of notification by the tax administration to the competent authorities requesting them to nullify various permits and licenses of the taxpayer to implement an activity.

SECTION VII

TAX ASSESSMENT

Article 116: Assessment of Tax

The tax amount shall be assessed as follows:

1. In the case where the taxpayer's tax is paid through the withholding method and the taxpayer does not have the obligation to make the tax declaration, the taxpayer's assessment of tax shall be the assessment of the tax amount withheld in the calendar year.
2. In the case where the taxpayer or withholding agent has the obligation to submit a tax declaration, the taxpayer's or withholding agent's assessment of tax shall be the assessment of tax that the taxpayer or withholding agent has calculated on the tax declaration submitted to the tax administration.
3. In the case where the taxpayer or withholding agent has the obligation to submit a tax declaration but does not do so, does not maintain proper records of account or other documents as required, or does not provide the necessary information to the tax administration to properly determine tax, the taxpayer's or withholding agent's assessment of tax shall be the unilateral tax assessment made by the tax administration and delivered to the person. The unilateral tax assessment shall be based on:
 - a) information mentioned in various tax declarations or in other documents submitted by the taxpayer to the tax administration;
 - b) information mentioned in an information declaration;
 - c) other information received by the tax administration.
4. When there is a basis indicating that the collection of tax can suffer, the tax administration may assess tax on the taxpayer at any time.

Article 117: Tax Re-Assessment and Period of Tax Re-Assessment

The tax re-assessment and period of tax re-assessment shall be as follows:

1. In the case of a tax assessment based on paragraph 1 of article 116 of this law, the tax administration can re-assess the tax within three years following the calendar year in which the withholding took place.
2. In the case of a tax assessment based on paragraph 2 and 3 of article 116 of this law, the tax administration can re-assess the tax in one of the periods of time as below:
 - a) within 3 years after the date the tax declaration was submitted;
 - b) within 10 years after the date the tax declaration was required to be submitted if there is evidence of the obstruction of the implementation of tax provisions;
 - c) at anytime with the written consent of the taxpayer.
3. The taxpayer or withholding agent may request to amend a tax declaration within three years of the filing date of the tax declaration in paragraph 2 of article 116 of this law, on the basis of an error or an oversight made by the taxpayer in the original tax declaration. If the amended tax declaration results in a refund or credit of tax, the tax administration has the right to do verification under established tax verification procedures.
4. The taxpayer or withholding agent can request the tax administration to amend a tax re-assessment within 3 years of the date the tax administration made the tax re-assessment on the basis of additional information that was not available to the taxpayer or the tax administration at the time of the tax re-assessment.
5. Where a taxpayer or withholding agent amends his own tax declaration or requests the tax administration to amend a tax re-assessment, the time limitation for tax re-assessment under paragraphs 1 and 2 of this article will apply from the date the amended tax declaration was submitted or from the date the tax administration amends the tax re-assessment.

Article 118: Procedure for Tax Re-Assessment

The re-assessment shall proceed according to procedures as follows:

1. The tax administration shall provide a letter of notification for tax re-assessment to the taxpayer.
2. The taxpayer has 30 days to answer the tax re-assessment to the office of the Tax Department responsible for the tax re-assessment. Within that period, taxpayer can accept or dispute the tax re-assessment. The taxpayer shall be considered to have accepted the tax re-assessment if he fails to answer.
3. Where there is a dispute over the tax re-assessment, the taxpayer may file a protest with the Director of the Tax Department according to the procedures as stated article 120 of this law.
4. The office of the Tax Department responsible for the tax re-assessment shall forward the results of the tax re-assessment to the tax collection office within a period of 30 days after the issue of the letter of notification for tax re-assessment.

Article 119: Burden of proof

When the taxpayer fails to maintain sufficient documents or fails to provide sufficient information, the tax administration has the right to assess tax on the taxpayer on the basis of any precise information available to the tax administration. The burden of proof that the tax as determined by the tax administration is incorrect is on the taxpayer.

When there is clear difference between the taxable income or the income reported by the taxpayer and the purchase of assets or other thing which make the taxpayer's expenditure conspicuous, the tax administration has the right to assess tax on the basis of the estimated income appropriate for the amount of expenditures to buy the assets or other things that are conspicuous. The burden of proof that the tax as determined by the tax administration is incorrect is on the taxpayer.

SECTION VIII

SETTLEMENT OF THE TAX PAYERS' PROTEST

Article 120: Rules for Administrative Protests

The rules for the settlement of the taxpayer's protest on tax issues shall be as follows:

1. A taxpayer who is not satisfied with the tax re-assessment or other decision made by the tax administration can file a protest with the Director of the Tax Department. The protest must be limited to facts or other information contained in the tax re-assessment or the decision or the procedures of the tax re-assessment.
2. The administrative protest be made in writing according to the form as stated in the article 121 if this law, and must be submitted to the tax administration within 30 days after the day the taxpayer receives the letter of notification for tax collection from the tax administration.
3. The administrative protest does not relieve the taxpayer of any obligation to pay various taxes, additional taxes; and interest as specified in the letter of notification for tax collection.

Article 121: Contents of the Administrative Protest by the Taxpayer

An administrative protest can only be accepted if the letter of protest has the contents as below:

1. identification number of the taxpayer who makes the letter of protest, if available,
2. reference to the assessment, decision, or results which are the objects of the letter of protest,
3. facts or acts which are objects of the letter of protest,
4. reasons of the protest,
5. date and signature of the taxpayer and signature of the taxpayer's authorized representative if necessary.

Article 122: Decision by the Tax Administration

The tax administration must issue a new decision within 60 days after the date the letter of protest is received to confirm the correctness or incorrectness, in whole or in part of the tax assessment or other decision that the taxpayer disputes. The tax administration shall also state the basis of this decision.

If the taxpayer does not accept this new decision of the tax administration he can file a letter of protest to the Committee of Tax Arbitration within a period of 30 days.

Article 123: Committee of Tax Arbitration

The Organization and Functioning of the Committee of Tax Arbitration shall be determined by sub-decree upon proposition of the Minister of Economy and Finance.

Article 124: Appeal to the Court

The taxpayer has the right to appeal to the competent court against the decision of the Committee of Tax Arbitration within a period of 30 days after receiving notification of that decision.

The taxpayer must deposit in the national treasury as amount of money equal to the taxes, additional taxes, and interest under dispute and as assessed by the tax administration before filing the appeal to the court.

SECTION IX**VIOLATION OF TAX PROVISIONS****Article 125: Negligence**

The taxpayer or withholding agent is considered negligent if the amount of tax paid is less than the amount of tax as determined by tax provisions by no more than 10 percent.

The taxpayer or withholding agent is considered negligent if they fail to file a tax declaration or to pay tax at the date required by law.

Article 126: Serious negligence

The taxpayer or withholding agent is considered seriously negligent if the amount of tax paid is less the amount of tax as determined by tax provisions by more than 10 percent.

Article 127: Tax evasion

Tax evasion is the willful, knowing, or systematic and repeated violation of tax provisions with the intention of reducing or eliminating the tax amount required by tax provisions to be paid.

Shall be considered also as tax evasion any serious negligence as stated in article 126 of this law which is committed on:

1. two separate occasions within a period of three calendar years;
2. three or more separate occasions in any period of time.

Article 128: Obstructing the Implementation of Tax Law

Obstructing the implementation of tax provisions includes:

1. In the case where the person;
 - a) fails to maintain proper records of account and other documentation or fails to issue invoices on transactions;
 - b) fails to allow the tax administration access to records of account and other documents;
 - c) fails to register with the tax administration;
 - d) fails to notify the tax administration of any change in the registration as stated in this law;
 - e) makes or furnishes fraudulent records, document, reports, or other information;

- f) conceals or deliberately destroys accounting papers, records, documents, reports or other information;
 - g) attempts to obstruct the assessment or the collection of taxes;
 - h) fails to submit a nil tax declaration within 30 days of the date required by law;
 - i) will fully supports any of the above acts.
2. In the case where an official of the government;
- a) discloses confidential information without authorization;
 - b) attempts to obstruct the assessment and the collection of taxes;
 - c) will fully supports any of the above acts

Article 129: Criminal violation of tax law

Without prejudice to other administrative penalties a person who has engaged in tax evasion activities as provided in article 127 of this law, or obstructed the administration of the tax system as provided in article 128 of this law shall have committed a criminal violation of tax provision.

SECTION X

ADDITIONAL TAXES

Article 130: Additional tax

Additional tax must be applied to violations of tax provisions.

The addition; tax for the underpayment of tax or the late payment must be calculated separately from the additional tax for the obstruction of the implementation of tax provisions.

In the case of the underpayment of tax the additional tax and interest shall be due and payable in the same manner as the underpaid tax amount.

In any case, the implementation of additional tax shall not affect the implementation of penalties for criminal violation of tax provisions.

Article 131: Additional Tax for Underpayment of Tax

To a person who is negligent, additional tax shall be 10 percent of the amount of the underpaid tax plus 2 percent interest on the amount of the underpaid tax for each month or part of a month that the amount of the underpaid tax is not paid.

To a person who is seriously negligent, additional tax shall be 25 percent of the amount of the underpaid tax plus 2 percent interest on the amount of the underpaid tax for each month or part of a month that the underpaid tax is not paid.

In the case of a unilateral tax assessment, additional tax shall be 40 percent of the amount of the underpaid tax plus 2 percent interest on the amount of the underpaid tax for each month part of a month that the underpaid tax is not paid.

Interest shall not be applied during the period of tax re-assessment under article 118 of this law or within 30 days after delivery of the letter of notification for tax collection.

Article 132: Additional Tax for Late Tax Payment

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

Where a person fails to pay tax within 15 days after receiving a reminder letter of notification for tax collection, additional tax shall be imposed at the rate of 25 percent of the amount of the late tax payment plus 2 percent interest on the amount of the late tax payment for each month or part of a month that the tax amount is not paid.

In the case of a unilateral tax assessment for the non-submission to a tax declaration, additional tax shall be 40 percent of the amount of the tax assessed plus 2 percent interest on the amount of the tax assessed for each month or part of a month that the tax amount is not paid.

Late interest shall be calculated from the first day of the month following the month in which the tax must be paid. For the tax on profit the late interest shall be calculated from the first day of the following month for which the period for the filing of the declaration of the annual result has already expired.

The additional tax for the late payment of tax on means of transport shall be 100 percent of the tax that must be paid.

Article 133: Additional Tax for the Obstruction of the Implementation of Tax Law

For the obstruction of the implementation of tax provisions the additional tax shall be as below for each act:

1. two million Riles for a person or a taxpayer or a withholding agent under the real regime system of taxation or a government official;
2. five-hundred thousand Riles for a taxpayer or a withholding agent under the simplified or estimated regime system of taxation.

SECTION XI**CRIMINAL VIOLATIONS****Article 134: Power to sue for criminal charges**

Except for violations stated in the articles 139 and 140 of this law, legal action to seek prosecution for criminal violations of tax provisions shall be made by the Director of the Tax Department with the approval of the Minister of Economy and Finance.

Article 135: Tax evasion

Without prejudice to any other penalties, a director or manager or owner of an enterprise or a person entrusted with a responsibility for an enterprise who commits an act of tax evasion as stated in article 127 of this law shall be liable to pay a fine from ten million Riles to twenty million Riles and to imprisonment from 1 year to 5 years or both.

Article 136: Obstruction of the Implementation of Tax

Without prejudice to any other penalties, any person who commits acts obstruction the implementation of tax provisions as stated in article 128 of this law shall be liable to a fine from five million Riles to ten million Riles and to imprisonment from 1 month to 1 year or both.

Article 137: Aiding or Abetting

Any person who deliberately aids or abets another person to commit criminal violations to this law, or deliberately advises or induces another person to commit such violation, shall be guilty and liable to the same penalty as if he has committed the violation himself.

Article 138: To reveal the confidentiality

Without prejudice to any other penalties, any person who violates the article 94 of this law shall be guilty of violation of law and liable to a fine from five million Riles to ten million Riles and imprisonment from 1 month to 1 year or both.

Article 139: Violations by the tax officials

Any person who has been assigned to implement tax provisions and who has deliberately committed act as below shall be guilty a violation of the law and liable for a fine from five million Riles to ten million Riles or imprisonment from 1 month to 1 year or both:

1. Withholding an amount of tax for his own use or for other uses not mentioned in the tax provision;
2. submitting incorrect reports of the tax amount that he has collected or has received;
3. using his position as tax official to obtain money or other benefits from the taxpayer or other person;
4. collecting or attempting to collect tax without authorization.

Any person who has been assigned to implement tax provisions who has deliberately requested an amount more than is allowed by law shall be punished for a violation of law according to the criminal law in force.

Any person who has been assigned to implement tax provisions and who has deliberately requested or accepted bribes shall be punished for bribe taking according to the criminal law in force. The person making the bribe shall be punished for offering bribes according to the criminal law in force.

Article 140: Compensation for misconduct or mistake

If the taxpayer believes that he has suffered financial loss or personal from the improper or illegal activities of the tax administration, the taxpayer can sue for compensation for those losses or injuries to court within three years following the date of the last financial loss or personal injury

CHAPTER 6**CLOSING PROVISION**

Article 141: All provisions contrary to this law shall be abrogated.

Article 142: This law is promulgated urgently.

This law is adopted by the National Assembly
of the Kingdom of Cambodia on the January 8,
1997 at the 7th session, 1st term of the National Assembly.

The Royal Capital of Phnom Penh, January 8, 1997

President of the National Assembly

129. **Royal Kram** NS/RKM/0303/010 on Promulgation of Law on the Amendment to the Law on Taxation of the Kingdom of Cambodia (March 31, 2003).....5-47

**THE NATIONAL ASSEMBLY
 ROYAL KRAM
 NS/RKM/0303/010**

**WE,
 PREAH BAT SAMDECH NORODOM SIHANOUK,
 KING OF THE KINGDOM OF CAMBODIA**

Phnom Penh, March 31, 2003

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kret No. NS/RKT/1198/72 of November 30, 1998 regarding the Appointment of the The Royal Government of Cambodia;
- Having seen Royal Kram No. 02/NS/94 of July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/18 of January 24, 1994, promulgating the Law on the Establishment and Functioning of the Ministry of Economy and Finance;
- Pursuant to the proposal of Samdech Prime Minister and Senior Minister and Minister of Economy and Finance;

PROMULGATE

The Law on amendment to the Law on Taxation management approved by the National Assembly on February 04, 2003 at 9th session, 2nd legislature and entirely adopted by the Senate on its form and legal concepts on the February 27, 2003 at its 8th plenary session of the 1st legislature and reviewed and declared Constitutional as follows:

**LAW
 ON
 AMENDMENT OF THE LAW ON TAXATION**

Article 1: Article 3, Article 9, Article 13, Article 20, Article 23, Article 24, Article 25, Article 26, Article 27, Article 28, Article 31, Article 33, Article 34, Article 37, Article 42, Article 49, Article 95, and Article 104 of the law on taxation, which is promulgated by Reach Kram No. NS/RKM 0297/03 February 24, 1997 that amendment as follow:

Article 3 – New

For the purposes of the tax provision:

- 1) The term “resident taxpayer” means:
 - a) any physical person who is domiciled in or has a principal place abode in the Kingdom of Cambodia, or who present in the Kingdom of Cambodia on more than 182 days in 12 months which has finished during the current fiscal year; the calendar year;
 - b) any legal person or pass-through organized or managed in the Kingdom of Cambodia, or having its principal place of business in the Kingdom of Cambodia. A permanent establishment shall be considered a resident legal person with respect to its Cambodian source income only.
- 2) The term “non-resident taxpayer” means not a resident of Cambodia any person who is not a resident taxpayer in accordance with the paragraph of this article and will receive its Cambodian source income.

- 3) The term “legal person” means any enterprise or organization carrying on a business whether or officially recognized by the competent institutions of the Royal Government. The term “legal person” includes any government institution, religious organization, charitable organization, or nonprofit organization. For a non-resident person, the term “legal person” means any permanent establishment in the Kingdom of Cambodia. The term “legal person” does not include a pass-through or a sole proprietorship.
- 4) The term “permanent establishment” means a fixed place of business in the Kingdom of Cambodia, the branch of a foreign company or an agent resident in the Kingdom of Cambodia, through which the non-resident person carries on their business. The term “permanent establishment” also includes any other association or connection through which a non-resident person engages in economic activity in the Kingdom of Cambodia.
- 5) The term “pass-through” means a general partnership with up to 10 resident individual partners in which the proportional sharing by the partners of items of capital profit, and loss meet the criteria which shall be determined by sub-decree. In this definition, a “pass-through” cannot be a member of another partnership and does not include a corporation, a permanent establishment, or a sole proprietorship.
- 6) The term “sole proprietorship” means a business enterprise owned 100 percent by one physical person. In this definition, a husband and wife and their dependent children shall be treated as one physical person.
- 7) The term “business” means a person's economic activity the aim of which is to derive income from the production and sale of goods, the supply of services, the lease, rental or sale of property. or any other activity.
- 8) The term “dividend” means any distribution of money or property that a legal person distributes to a shareholder with respect to the shareholder's equity interest in such legal person, with the exception of stock dividends and distributions in complete liquidation of the company. Whether or not a distribution is a dividend shall be determined under the preceding condition without regard to whether or not the legal person has current or accumulated income or profits or earnings.
- 9) The term “shareholder” means any person owning an equity interest in a legal person. For the purposes of this tax a legal person which is not a corporation shall be treated as if it were a corporation and any person who holds an equity interest in, or may otherwise gain income or profit as a participant in such a legal person shall be treated as a shareholder of such legal person.
- 10) The term “investment enterprise” means an enterprise that the Council for the Development of Cambodia has recognized as an investment enterprise and that has registered with the tax administration. The term “related person” means:
 - a) a member of the taxpayer's family;
 - b) an enterprise which controls or is controlled by, or is under common control with, the taxpayer. The term "Control" means the ownership of 51 percent or more in the value or voting power of the equity interests in the enterprise. For determining the degree of control of a taxpayer who is a physical person, shall be taken into consideration all equity interest owned by the taxpayer and those owned directly or indirectly by the taxpayer's spouse.
- 11) The term “Investor” means any person who carries on a Qualified Investment Project.
- 12) The term “Qualified Investment Project” means an investment project which has recognized by Cambodia Development Council as the Qualified Investment Project.

Article 9: New

Income exempt from tax shall be as follows:

1. Except for contrary provisions and for income that is taxable under article 22 of this law the tax on profits shall not apply to
 - a) the income of the Royal Government and institutions of the Royal Government;
 - b) the income of any organization that are:
 - organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes;
 - no part of the assets or earnings of which is used for any private interest
 - c) the income of any labor organization, or any chamber of commerce, industry, or agriculture, in the case where the income of these organizations in not used for the private benefit of any shareholder or physical person.
 - d) The profit from the sale of agricultural produce that a person who is not a real regime system of taxation taxpayer has produced by himself whether the produce is sold in its raw state or after transformations that are an extension of habitual agricultural work. Operations by industrial means including transformation, preservation, and commercial packaging are not considered part of habitual agricultural work.
 - e) The dividend which received from a resident enterprise in the case where taxable payment of the new article 20, 23, and 26 of this law shall be paid.
2. The Ministry of Economy and Finance shall define by Prakas the procedures for the application for tax exemptions, the loss of tax exemptions, for tax declarations, and for registration.

Article 13: New

1. Conditions for the depreciation of tangible property are as follows:
 - a. The allowance for depreciation shall be calculated using the straight-line method or the declining balance method. Depreciable tangible property is tangible property used in a business which is likely to lose value because of use or obsolescence In determining taxable profit, the deduction for depreciation is provided to the tangible property owner or tangible property renter in the case where the renter is responsible for the risks of loss or damage of the property in conformity with conditions determined by the ministry of economy and finance.
 - b. The depreciablely tangible property is the tangible property using in the business, which always loses its value by the use or out of date. Land is not depreciable property.
 - c. All tangible property shall be divided into four categories as follows:

Category 1: Building and structure as well as its component. The depreciation rate of 5 percent in accordance with the straight-line method.

Category 2: Computer, electronic information system, software and data storage equipment. The depreciation rate is 50 percent according to the declining balance method.

Category 3: Vehicle, good vehicle, furniture and office equipment. The depreciation rate is 50 percent in accordance with the declining balance method.

Category 4: All other tangible property the depreciation rate is 20 percent according to the declining balance method.

Category 1 shall include building and their basic components. Each asset in this category shall be depreciated according to the straight-line method at a rate of 5 percent per year. Category 2 shall include property having a useful life of up to 4 years and have a straight line depreciation rate of 25 percent on each property. Category 3 shall include property having a useful life of greater than four years through eight years and have a straight line depreciation rate of 12.5 percent on each property. Category 4 shall include all other tangible property and have a straight line depreciation rate of 10 percent on each property. Those taxpayers electing the declining balance method of depreciation shall use a rate of depreciation equal to 200 percent of the straight line method rate and shall apply it to the aggregate remaining undercoated value of all assets in category. The declining balance method shall be allowed only for category 2, 3, and 4 properties. Enterprises under the Law on Investment shall use the straight-line method for all categories.

- a. Procedures for establishing property categories, adding a new asset to a category, disposing of an asset from a category, and the treatment of repairs and various expenses shall be determined by Prakas of the Ministry of Economy and Finance.
 - b. The transitional rules for taxpayer in the use of depreciation method as stipulated in this paragraph for the fiscal year 2003 determined by Prakas of the Ministry of Economy and Finance.
 - c. The deduction for the depreciation in this paragraph is calculated based on value of asset after deducting amount of special depreciation in the paragraph 2 of this article.
2. Conditions for the special depreciation of tangible property are as follows:
- a. The special depreciation is the amount that can be deducted in the first year of the purchase or after the first year of using the tangible property by the qualified investment project as stated in the sub-paragraph B of this paragraph. The amount that can be deducted is equal to 40 percent of capital value of the new tangible property or the tangible property already used which put in use in the production and processing will be determined by Prakas of the Ministry of Economy and Finance. The special depreciation will reduce the capital value of the tangible property which can be used for the simple depreciation according to the paragraph 1 of this article.
 - b. The special depreciation of the tangible property will be brought for deduction to determine the taxable income of the qualified investment project for the fiscal year, if the investor does not choose the use of right to receive the duration of tax exemption as stated in the paragraph 4 of the new article 20 of this law.
 - c. The tangible property that receives the deduction of special depreciation shall put in use at least 4 fiscal years after the fiscal year, which the special depreciation was deducted. If the tangible property is ceased using prior to the duration, investor shall record in the taxable profit with the amount equal to 2 percent of the amount of the special depreciation deducted for each month or part of the month of that property shall put in use. This amount will not affect the accounting real value of the tangible property for determining profit from taxable capital according to article 7 of this law.

Article 20 – New

The tax rates on the annual profit are as follows:

1. 20 percent for profit realized by a legal person
2. 30 percent for profit realized under an oil or natural gas production sharing contract and the exploitation of natural resources including timber, ore, gold, and precious stones.
3. 9 percent for profit of the qualified investment project recognized by the Council for the Development of Cambodia for transitional period of 5 years starting from the day of promulgation on the amendment of investment law of the Kingdom of Cambodia. an investment enterprise after the period of tax exemption.
4. 0 percent for profit of the qualified investment project situated during the period of tax exemption determined by the Council for Development of Cambodia under the law on amendment of investment law of the Kingdom of Cambodia in the case where the qualified investment project has fulfill according to the requirement of the Council for Development of Cambodia and the new article 104 of this law. an investment enterprise during the period of tax exemption.
5. According to the progressive tax rate by trench of the table below for the profit realized by the physical person and the distributive share to each member of a pass-through that is not classified as a legal person.

Parts of the annual taxable profit	Tax rate
From 0 to 6,000,000 Riels	0%
From 6,000,001 to 15,000,000 Riels	5%
From 15,000,001 to 102,000,000 Riels	10%
From 102,000,001 to 150,000,000 Riels	15%
greater than 150,000,000	20%

6. Right, prerogative and other rights in which the qualified investment project received under the law on amendment of law on investment of the Kingdom of Cambodia can not transfer or give to the third party except in the case of purchasing or merging.

Article 23 – New

The advanced tax on dividend distributions shall be determined as follows:

1. Advanced Tax on Dividend to share 20% for Distributions of money:
 - A. If an enterprise distributes dividends to its domestic and foreign shareholders during the tax year, it shall withhold and pay as tax an amount equal to the product of the amount of the dividend grossed up by the tax on profit rate and multiplies by the appropriate annual tax rate as stated in article 20 of this law.
 - B. The above mentioned withheld tax shall become a tax credit against the tax on profit of the dividend distributing enterprise for the tax year in which the withholding takes place If the tax credit exceeds tax on profit such excess shall be carried forward and shall become a tax credit for the following year. The tax withheld on dividend distributions made by an insurance enterprise taxable under article 21 of this law cannot be used for tax credit.
2. An enterprise (hereinafter called the “first enterprise”) owning 20 percent or more in value of the equity in a second enterprise shall establish a dividend account. Whenever

the first enterprise receives a dividend on which the tax has been paid from the second enterprise it shall record the amount of that dividend into its dividend account. When the first enterprise subsequently distributes dividends to its shareholders the amount distributed which are taken out of the dividend account shall not be subject to withholding tax under paragraph 1 of this article.

3. A physical person or enterprise receiving a dividend from an enterprise required to withhold tax under paragraph 1 of this article or a dividend from a dividend account described in paragraph 3 of this article shall not include such dividend in income.
4. If an enterprise receives a dividend from another enterprise that has paid tax according to Paragraph 1, 2 and 3 of this Article, it shall record the amount of that dividend into its dividend account. When that enterprise subsequently distributes dividends to its shareholders, the amount distributed which are taken out of the dividend account shall not be subject to the additional profit tax on dividend distribution under paragraph 1, 2 and 3 of this Article.
5. For the purpose of this Article, any distribution of retained earnings or annual profit after profit tax payment shall be implemented in the following orders:
 - a. Firstly, take out of retained earnings or annual profit after profit tax payment has been made to tax on profit rate of 20 % according to paragraph 1 of new Article 20 of this Law, or the rate of 30% according to paragraph 2 of new Article 20 of this Law.
 - b. Subsequently, take out of retained earnings or annual profit after profit tax payment has been made to tax on profit rate of 9% according to paragraph 3 of new Article 20 of this Law.
 - c. And more subsequently, take out of retained earnings or annual profit after profit tax has been made to tax on profit rate of 0% according to paragraph 4 of new Article 20 of this Law.

Article 24-New

A minimum tax is imposed on taxpayers subject to the real regime system of taxation. The minimum tax is a separate and distinct tax from the tax on profit. This tax is payable by a taxpayer subject to the real regime system of taxation except a Qualified Investment Project. The minimum tax is imposed at the rate of 1 percent of the annual turnover inclusive of all taxes, except VAT, and is payable at the time of the annual liquidation of the tax on profit. The minimum tax may be reduced by the annual tax on profit that is actually paid according to the rules found in new articles 37, 38, and 39 of this Law.

Article 25-New

The general withholding tax shall be determined as follows:

1. Any resident taxpayer carrying on a business who makes any payment in cash or in kind to a resident taxpayer shall withhold, and pay as tax, an amount according to the below mentioned rates which are applied to the amount paid before withholding the tax :
 - a. The rate of 15 percent on:
 - Income received a physical person from the performance of services including management, or consulting, or similar services;

- Royalties for intangible property and interests in minerals, and interest that a resident taxpayer who carries on business which is not a domestic bank or saving institution paid to a resident taxpayer.
 - b. The rate of 10 percent on the income from the rental of movable and immovable property.
 - c. The rate of 6 percent on interest paid by a domestic bank or saving institution to a resident taxpayer having a fixed term deposit account.
 - d. The rate of 4 percent on interest paid by a domestic bank or saving institution to a resident taxpayer having a non-fixed term saving account.
2. The withholding in this article shall not apply to interest paid to domestic bank or saving institution and the payment of tax-exempt income as stated in article 9 of this law.

Article 26-New

A resident taxpayer carrying on a business who makes payment of the following income to a non-resident taxpayer shall withhold and pay as tax, an amount equal to 14 percent of the payment:

- a. Interest;
- b. Royalties, rent, and other income connected with the use of property;
- c. Compensation for management and technical services that shall be determined by Prakas of the Ministry of Economy and Finance; and
- d. Dividends

Article 27-New

The tax withheld on payment to a resident taxpayer according to the new Article 25 of this Law, and the tax withheld on payment to a non-resident taxpayer according to new Article 26 of this law shall be considered the final tax for the recipients of payment described in two articles above.

Article 28-New

An enterprise liable to the tax on profit according to the real regime system of taxation including Qualified Investment Project liable to the tax on profit at the rate of 9 percent, has the obligation to make a monthly prepayment of the tax on profit at the rate of 1 percent of turnover inclusive of all taxes, except VAT, realized in the previous month. The turnover attributable to a Qualified Investment Project during the exemption period as determined by the Law on Amendment to the Law on Investment of the Kingdom of Cambodia shall be exempt from this prepayment. The prepayment will be deducted from the tax on profit at the annual liquidation of the tax.

Article 31-New Obligations of Withholding Age

1. The person or designated payer who withholds tax under new articles 25, and 26 of this law, shall submit a tax declaration and pay the tax withheld to the tax administration in the form as specified by the tax administration by the 15th day of the month following the month in which the payment is made.

or withhold tax on dividends under article 23 of this law shall submit a tax declaration and pay the tax withheld to the tax administration in the form as specified by the tax

administration by the 15th day of the month following the month in which the withholding is made.

2. An enterprise shall submit a tax declaration of the additional profit on dividend distribution as stated under new Article 23 of this law, and pay the tax to the tax administration in the form as specified by the tax administration by the 15th of the month following the month in which the distribution is paid.

Article 33-New Income from Cambodian Sources

Income from a source in Cambodia shall include, but not be limited to:

Except for contrary provisions in this law, the income as below shall be treated as from sources within the Kingdom of Cambodia:

1. Interest paid by a resident enterprise, resident pass-through, or a governmental institution of the Kingdom of Cambodia;
2. Dividends distributed by a resident enterprise;
3. Income from services performed in the Kingdom of Cambodia;
4. Income from management and technical services paid to resident person; The rental of movable or immovable property for use in the Kingdom of Cambodia,
5. Income from movable or immovable property, in case of such property is situated in royalties from the use, or right to use intangible property in the Kingdom of Cambodia;
6. Royalties from the use, or right to use intangible property paid by a resident person, or paid by a non-resident person through a permanent establishment located in the Kingdom of Cambodia; gain from the sale of immovable property located in the Kingdom of Cambodia or from the transfer of any interest in immovable property situated in the Kingdom of Cambodia;
7. Gain from the sale of immovable property located in the Kingdom of Cambodia or gain from the transfer of any interest of immovable property situated in the Kingdom of Cambodia; other than inventory, where the seller is a resident of the Kingdom of Cambodia;
8. Premiums from the insurance or reinsurance of risks in the Kingdom of Cambodia;
9. Gain from the sale of movable property which is part of the business property of a permanent establishment of a non-resident taxpayer in the Kingdom of Cambodia;
10. Income from business activities of a non-resident person through a permanent establishment in the Kingdom of Cambodia;

Article 34-New Income from Foreign Sources

All income, which is not income from Cambodian sources as stated in new Article 33 of this law, is treated as income from foreign sources. The definition of foreign source income is obtained by taking the income definition as stated in article 33 of this law and substituting the term " a country other than the Kingdom of Cambodia" for the term " the Kingdom of Cambodia"

Article 37-New Determination of the Liability to the Tax on Profit

The calculation of the liability to the tax on profit shall be determined as follows:

1. Calculate the total tax liability according to new Article 20 and Article 23 of this law;
2. Minus any foreign tax credit in Article 36 of this law, but not in excess of the tax liability in paragraph 1 of this article.

minus any tax paid by the taxpayer on dividend distributions under article 23 of this law but not in excess of any tax liability after the reduction for the foreign tax credit as in paragraph 2 of this article.

Article 42-New Definitions

For the purposes of the provisions for the tax on salary:

1. The term “resident” when used for an employee, taxpayer, or physical person means domiciled in, or having a principal place of abode in the Kingdom of Cambodia, or present in the Kingdom of Cambodia on more than 182 days in any period of 12 months ending in the current tax year.
2. The term “non-resident” means any person who is not a resident according to paragraph 1 of this law, and receives salary from a Cambodian source.
3. Except for contrary provisions, any reference to the terms employee, taxpayer, and physical person are references to both residents and non-residents as defined in this article.
4. The term “employer” includes any government institution, any resident legal person, any resident pass-through, any permanent establishment in the Kingdom of Cambodia, any non-profit organization, or any resident physical person carrying on a business
5. The term “employee” means any physical person receiving salary from their employment activity including any officer or director of an enterprise, governmental officer, any elected official except members of the National Assembly and Senate.
6. The term “Cambodian source salary” means salary received within the framework of fulfilling employment activities in the Kingdom of Cambodia. As for the salary received by a non-resident for furnishing technical assistance it shall be treated as from sources in the country where the payor of such income resides.
7. The term “foreign” means:
 - a) When used with respect to an physical person means non-resident;
 - b) For the determination of the source of income, means outside of the Kingdom of Cambodia.
8. The term “salary” in this law means salary, remunerations, wages, bonuses, overtime, compensations and fringe benefits which are paid to an employee, or which are paid for the direct or indirect advantage of the employee for the fulfillment of employment activities.

Article 49-New Determination of the Tax on Salary for a Non-Resident Taxpayer

Except for fringe benefits to be taxed under article 48 of this law, for a non-resident taxpayer the tax shall be withheld by the payer at the rate of 20 percent on every payment of taxable salary as provided in paragraph 3 of article 46 of this law. This withholding tax is the final tax on salary for the non-resident receiving the salary.

Article 95-New Delivery of Information to the Taxpayer

1. A letter or notification that the tax administration provides to the taxpayer shall impose an obligation on the taxpayer to the tax administration only when that letter or notification is made in written form and is delivered to the taxpayer.
2. When the tax provisions require the tax administration to provide with a letter or notification to a person in writing that letter or notification shall be considered as correctly delivered only if that letter has been delivered directly to that person or sent by registered mail to the legal address of that person.
3. The date of a notification or other documents is the date of direct delivery to the person. In the case where the letter or notification is sent by registered mail the date of notification is the date of the stamp on the registered letter of bureau of post from which the registered letter is received by the taxpayer.
4. The letter or notification shall be considered correctly delivered and received if the conditions of paragraph 2 of this article are satisfied even if the person so notified refuses direct delivery or accept registered mail.
5. Where the address of a person has changed and the person has failed to notify the tax administration of the change, the letter or notification sent to the last known address shall be considered correctly delivered and received.
6. If for any reason the letter or notification cannot be delivered to the taxpayer as provided in paragraph 1, 2, 3, 4 and 5 of this Article, the letter or notification shall be considered correctly delivered if the tax administration:
 - a. fixed the letter or notification to the door of the premises where the taxpayer has his residence or is carrying on a business; or
 - b. published in a newspaper, requiring the taxpayer to come to the tax administration not later than 15 days from the date of publication.

Article 104-New Preparation and Submission of the Tax Declaration

1. The taxpayer or withholding agent must submit a tax declaration to the tax administration according to the form, the time and the place determined by the tax administration.
2. The tax declaration must be signed by the taxpayer or his legal representative.
3. All investors shall file a monthly tax declaration for each month and an annual tax return for the tax year; and pay all taxes payable as required by each tax provision.
4. All investors shall attach a Certificate of Compliance of the Council for Development of Cambodia (CDC) to prove its operation in compliance with the annual tax declaration for the tax year.

Article 2: This law shall be promulgated urgently.

Made in the Royal Palace of Phnom Penh, March 31, 2003
In the Royal Name and the Royal Order

Acting Head of State
Signature and Stamp
CHEA SIM

Submitted to the King for Signature
Prime Minister
Signed:
Hun Sen

Informed to Samdech Prime Minister
Co-Minister of Economy and Finance
Signed:

Keat Chhon

No. 111 c 1
Copies for
Phnom Penh, April 02, 2003
Secretary of the Government
Nady Tan

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The Royal Government of Cambodia
No. 114

Sub-Decree
On
Value Added Tax

December 24, 1999

- Having seen the Constitution of the Kingdom of Cambodia,
- Having seen Royal Decree NS/RKT/1198/72 on Appointment of the Royal Government of Cambodia dated November 30, 1998,
- Having seen Law on Organization and Functioning of the Council of Ministers promulgated by Royal Kram No. 02 NS/94 dated July 20, 1994,
- Having seen Law on Establishment of the Ministry of Economy and Finance promulgated by Royal Kram No. NS/RKM/0196/18 dated January 24, 1996,
- Having seen Law on Taxation promulgated by Royal Kram No. NS/RKM/0297/03 dated February 24, 1997,
- Having seen Law on Financial Management for 1998 promulgated by Royal Kram No. CS/RKM/0108/01 dated January 9, 1998,
- Having an approval of the Council of Ministers at the plenary meeting held in 1999,

DECIDES
CHAPTER I

GENERAL PROVISION

Article 1: This Sub-Decree sets forth the rules and procedures for management and implementation of value added tax (VAT) on supplies of goods or services in the Kingdom of Cambodia.

CHAPTER II

RULES & PROCEDURES FOR REGISTRATION OF TAXABLE PERSONS

Article 2: Rules and procedures of registration of VAT are as follow:

1. As stipulated in Article 59 and Article 76 of the Law on Taxation, a real regime taxpayer who has provided the VAT taxable supplies as stipulated in Article 60 of the Law on Taxation is a VAT taxable person. A person as stipulated in phrase **a** of paragraph 1 of this Article shall apply to the Tax Department for value added tax registration before starting the business operation. Other persons shall complete the filing of application at the Tax Department for value added tax registration within 30 days after becoming a taxable person. Such persons include:
 - a) All types of company, all import/export enterprises and investment enterprises;
 - b) Other enterprises that have VAT taxable turnover for a period of three consecutive months over 125 million Riels for the supply of goods or over 60 million Riels for the supply of services;
 - c) Any enterprise that at the beginning of any three consecutive calendar month period has a basis to believe that for this period it will have VAT taxable turnover over 125 million Riels for the supply of goods or over 60 million Riels for the supply of services;
 - d) Any enterprise that at the beginning of any three consecutive calendar month period has a basis to believe that in such period it has VAT taxable turnover more than 30 million Riels derived from a contract with the state.

In the event that a person supplying both goods and services with VAT taxable turnover exceeding a minimum level of turnover that requires registration as determined in phrase **b**, phrase **c** and phrase **d** of paragraph 1 of this Article such person shall apply for registration.

For purposes of provisions of this Sub-Decree the term “VAT Taxable Turnover” refers to turnover from VAT taxable supply of goods or services or contract with the state, exclusive of VAT.

2. Minimum of annual VAT taxable turnover for registration applied to a person who is not characterized as company, import/export enterprise, or investment enterprise, is 500 million Riels for supply of goods, 250 million Riels for supply of services, and 125 million Riels for having a contract with the state.
3. State institutions or unit of state institutions at every level, which conduct business activities shall apply for value added tax registration within 30 days after such state institution, or unit becomes a VAT taxable person.
4. Any person who supplies goods or services of value, which is part of his business activities and is not required to register under paragraph 1 or paragraph 3 of this Article, such person may apply to the Tax Department for registration under the provisions of Chapter II of this Sub-Decree.

CHAPTER III**REGISTRATION REQUIREMENT**

- Article 3:** Application for registration stipulated in Article 2 of this Sub-Decree shall be processed as determined by the Tax Department and the applicant shall provide information as required by the Tax Department.
- Article 4:** The Tax Department shall register the applicant as stipulated in paragraph 1 and paragraph 3 of Article 2 of this Sub-Decree and issue to such person a registration certificate on which there is an identification number (VAT) except in the event that the Tax Department believes that the applicant is not obligated to register under Article 2 of this Sub-Decree or in the event of application under paragraph 4 of Article 2 of this Sub-Decree for the reason that:
- a) A person does not have a permanent abode or place of business
 - b) The Tax Department has a reasonable basis to believe that such person:
 - Will not properly record and maintain accounting documents relating to his business activities
 - Will not submit a proper and reliable tax declaration regularly according to requirements stipulated in Article 70 of the Law on Taxation.
- Article 5:** The effective date of registration is the date that the applicant becomes a VAT taxable person. Such effective date starts from:
- a) beginning of the month following the month which the duty to apply for registration occurred in the case of application stipulated in paragraph 1 or paragraph 3 of Article 2 of this Sub-Decree
 - b) beginning of the month following the month a person applied for registration in the case of application stipulated in paragraph 4 of Article 2 of this Sub-Decree.
- Article 6:** The certificate of registration shall bear the name, identification number (VAT), effective date of registration and other detailed information on the VAT taxable person.
- Article 7:** A VAT taxable person who has registered may display or hang the certificate of registration issued under the provisions of this Sub-Decree at the principal place of business.
- Article 8:** The Tax Department shall have a ledger for recording a detailed information relating to each VAT taxable person.
- Article 9:** The Director of Tax Department has the right to register any person in the event that there is a reasonable basis to believe that such person is obligated to apply for registration as stipulated in paragraph 1 and paragraph 3 of Article 2 of this Sub-Decree but has not done so and the registration shall take effect on the date entered on the registration certificate.
- Article 10:** The Tax Department shall notify in writing on whether it approves or rejects the registration for an applicant as stipulated in Article 4 of this Sub-Decree within 30 days after receiving the application.
- Article 11:** The Tax Department shall notify in writing on a decision to unilaterally register a person as stipulated in Article 9 of this Sub-Decree within 30 days after such decision is made.
- Article 12:** A VAT taxable person shall notify in writing to the Tax Department on the change of:
- a) name or address of such person.
 - b) other situations that render such person unable to fulfill conditions for registration any longer.

- c) types of business activities or types of VAT taxable supply being carried out and other information.

Such notification shall be made within 15 days after such change occurs.

CHAPTER IV

VAT REGISTRATION FOR INVESTMENT ENTERPRISES

- Article 13:** A person recognized by the Council for Development of Cambodia as an investment enterprise who has yet to provide VAT taxable supply may apply to the Tax Department for VAT registration of the investment enterprise with validity for a period of no longer than two years for each time.
- Article 14:** A person applying for VAT registration of an investment enterprise shall provide a contract and collateral as required by the Tax Department for repayment of VAT amount that the Tax Department refunded if such person has not made a taxable supply during the time the investment enterprise is registered.
- Article 15:** Investment enterprise may file a claim and be refunded the VAT on input paid on expense on input whether it is imported or local input relating to VAT taxable business activities of such enterprise.
- Article 16:** Investment enterprise shall observe all registered taxable person's duties and responsibilities such as keeping accounting records and submitting declaration letters regularly.
- Article 17:** VAT registration of investment enterprise shall be ceased immediately when:
- an investment enterprise makes VAT taxable supply in the business operation;
 - two years lapse after the date of registration if such investment enterprise has not provided VAT taxable supply, except there is a request for renewal.

CHAPTER V

CANCELLATION OF REGISTRATION

- Article 18:** A VAT taxable person shall make a written request to the Tax Department for de-registration in the event that such person stops providing the valued supply of goods or services which is a part of his/her business activities.
- Article 19:** A VAT taxable person may make a written request to the Tax Department for de-registration in the event that the level of VAT taxable turnover for the last three calendar months does not exceed the minimum level of turnover requires registration as stipulated in paragraph 1 of Article 2 of this Sub-Decree or in the event that VAT taxable turnover for the last 12 calendar months does not exceed 75% of minimum level of annual turnover requires registration.
- Article 20:** For a VAT taxable person that applies for registration under paragraph 4 of Article 2 of this Sub-Decree, application to de-register under Article 19 of this Sub-Decree may be made only after two years of the date of registration.
- Article 21:** Chief of the Tax Department has the rights to cancel registration of:
- a person who applies for de-registration under Article 18 or Article 19 of this Sub-Decree,
 - a person who does not request for de-registration that the Chief of the Tax Department considers that such person is not required or qualified for registration under Article 2 of this Sub-Decree,

- c- a person who does not apply for de-registration but fails to declare the VAT taxable supply within three consecutive calendar months.

Article 22: Chief of the Tax Department has the rights to cancel the registration of a person who applies for registration under paragraph 4 of Article 2 of this Sub-Decree in the event that such person:

- a- has no permanent abode or place of business,
- b- does not properly keep accounting records relating to any business activity of such person,
- c- does not submit VAT declaration properly and regularly as stipulated in Article 70 of the Law on Taxation.

Article 23: The Tax Department shall notify a VAT taxable person in writing whether it rejects or approves de-registration under this Chapter within 30 days after receiving the de-registration application under paragraph **a** of Article 21 of this Sub-Decree or within 30 days after deciding to de-register under paragraph **b** of Article 21 and Article 22 of this Sub-Decree.

Article 24: De-registration shall take effect on the day the registration is canceled.

Article 25: In the event that the registration of a person is canceled, the Tax Department shall remove the name of such person and detailed information as stipulated in Article 6 of this Sub-Decree from the register of VAT taxable persons.

Article 26: At the time a VAT taxable person is de-registered under this Chapter, such VAT taxable person is considered to have provided taxable supply of all goods on hand including capital goods and shall pay output VAT on all goods with which the tax credit on input has already been received. Payment of VAT on output shall be based on the market value of goods at the time of such de-registration.

Article 27: De-registration of a person does not affect the personal debt obligations and penalties as stipulated in the provisions of Law on Taxation including the requirement to submit the declaration letter under Article 70 of Law on Taxation which a person has or has not made during which he/she is a VAT taxable person.

CHAPTER VI

TAX CREDIT ON INPUT

Article 28: VAT credit on input at the beginning of implementation of Value Added Tax shall be determined as follow:

- 1- After registration, a VAT taxable person is allowed the VAT credit on input which has been paid or shall be paid on:
 - a) all VAT taxable supply of goods including the capital assets that a person received before the time of registration.
 - b) all importation of goods including the capital assets that a person imported before the time of registration.
- 2- Conditions for credit allowance are determined as follow:
 - a) goods purchased for VAT taxable sales or use for VAT taxable supply of the VAT taxable person.
 - b) goods listed in inventory shall be on hand at the effective date of registration.
 - c) such supplies or importation shall be done no more than 60 days before the effective date of registration.

- d) credit application shall be filed in accordance with formality determined by the Tax Department.
- e) appropriate documents showing the Tax Department that the person actually paid VAT that may be allowed as credit.

Article 29: When a VAT taxable person calculates the VAT payable for the month, such person is allowed as credit only for the tax paid on:

- a- all VAT taxable supplies that such VAT taxable person received in the month.
- b- all importation of goods by such VAT taxable person in the month.

VAT credit is allowed only for VAT taxable supplies or importation for use in providing VAT taxable supplies.

Article 30: VAT credit on input arises at the time as following:

- a- when the goods or services provided to or imported by a VAT taxable person in the case of VAT credit stipulated in Article 29 of this Sub-Decree.
- b- when a VAT taxable person is registered in the case of credit as stipulated in Article 28 of this Sub-Decree.

Article 31: VAT credit on input is not allowed for VAT paid on:

- a- expenses on entertainment, amusement, or establishment except that a VAT taxable person is in the business of providing entertainment, amusement, or establishment.
- b- purchase or import of automobiles except that a VAT taxable person is in a business of selling or renting automobiles.
- c- purchase or import of certain petroleum products except that a VAT taxable person is in a business of supplying these petroleum products.

Unless otherwise provided, for the purpose of this Sub-Decree:

- The term “entertainment” means provision of foods, drinks, smokes, housing, or any reception.
- The term “automobile” refers to automobile for transporting passengers only with 10 seats or less.
- The term “petroleum product” refers to regular or super gasoline and lubricants.

Article 32: In the event that the goods or services purchased are used partly as VAT taxable supply and partly not VAT taxable supply, VAT credit is allowed for the part used as VAT taxable supply only.

Article 33: VAT on input allowed as credit for the VAT taxable person for the taxable period is:

- a- VAT on all inputs specified in Article 29 of this Sub-Decree in the event that all supplies of a VAT taxable person in such taxable period are VAT taxable supplies.
- b- In the event that only part of supplies of a taxable person in a taxable period is taxable supply, the credit amount allowed shall be calculated using following formula:

A X B/C , where

- A. total amount of input tax in a taxable period
- B. total amount of taxable supplies exclusive of VAT provided by a taxable person in a taxable period
- C. total amount of taxable and non-taxable supplies provided by a taxable person in a taxable period except for the value of non-taxable supplies of business transfer.

- Article 34:** In case of B/C in Article 32 of this Sub-Decree is smaller than 0.05 a taxable person is not given input tax credit in such taxable period.
- Article 35:** In case of B/C in Article 32 of this Sub-Decree is greater than 0.95, a taxable person is allowed all input tax credit in the taxable period.
- Article 36:** In the event that a taxable person provides both taxable and non-taxable supplies that makes application of provisions of paragraph **b** of Article 32 of this Sub-Decree difficult, the Tax Department may allow a taxable person to apply another formula for calculation of input tax which is deductible as following:
- a- separate the input tax on taxable supply from input tax on non-taxable supply, if possible. In this case, the taxable person may file a request for all input tax credit concerning the taxable supplies but may not file a request for input tax credit concerning non-taxable supplies.
 - b- for the remaining input tax which cannot be separated according to paragraph A of this article, tax credit shall be calculated according to provisions of paragraph B of Article 32 of this Sub-Decree.
- Article 37:** In the event that a taxable person provides both taxable and non-taxable supplies and wants to use a method to calculate the input tax deductible other than the one stipulated in paragraph **b** of Article 32 of this Sub-Decree, such taxable person shall submit a written application to the Tax Department and have a written approval from the Tax Department
- Article 38:** In the first month of the following calendar year, a taxable person who calculates the input tax under **b** of Article 32, **b** of Article 35, or Article 36 of this Sub-Decree shall calculate the tax credit deductible for the previous calendar year based on the annual total amount of:
- a- input tax that cannot be separated
 - b- taxable supplies without VAT
 - c- taxable supplies without VAT and non-taxable supplies except for the value of non-taxable supplies of business transfer.
- Article 39:** In the event that:
- a- tax credit for the calendar year is in excess of the tax credit in the declaration letter, the difference shall be considered as credit for the first month of the next calendar year
 - b- tax credit for the calendar year is less than the tax credit in the declaration letter. The difference shall be considered as tax that a taxable person collects from the taxable supplies for the first month of the next calendar year.
- Article 40:** In order to file a claim for input tax credit deductible under the provisions of this Sub-Decree, a taxable person shall have:
- a- Original tax receipts for the taxable supplies; or
 - b- Bill of Entry for Import certified by the Customs Office as evidence of the amount of tax paid on importation of goods.
- Article 41:**
1. As stipulated in Article 72 and Article 73 of the Law on Taxation, a taxable person who is an exporter or registered as investment company may file for a refund of the monthly excess input tax. Other taxable persons who have excess input tax credits for three or more consecutive months may apply to the Tax Department for a refund of such excess tax on input at the end of the third month or in any month thereafter. Application shall be submitted no later than 20

days after the end of the month and according to the procedures determined by the Tax Department.

2. The Tax Department shall not make a refund to a taxable person who request for tax refund but did not declare the taxable supplies unless such taxable person is registered as investment enterprise.
3. In any month that a taxable person receives tax refund and such person has submitted a refund application in 20 days after the end of the month, the Tax Department shall refund such tax at the end of the following month after application was filed.
4. In the event that the Tax Department fails to make refund in time as provided in paragraph 3 of this Article, the Tax Department shall pay such taxable person the interest at the rate of 2% per month or part of the month that the refund is owed.
5. In the event that a taxable person who applies for a refund is required by the Tax Department to provide accounting documents or records to clarify the refund application but fails to provide such documents according to the formality determined by the Tax Department within 7 days, the time period for refund provided in paragraph 3 of this Article is not applicable to the Tax Department.

Article 42: Unless otherwise provided, for the purpose of this Sub-Decree:

- a- The term “entertainment” means provision of foods, drinks, smokes, housing, or any reception.
- b- The term “automobile” refers to automobile for transporting passengers only with 10 seats or less.
- c- The term “petroleum product” refers to regular or super gasoline and lubricants.
- d- The term “tax credit for calendar year” means total input tax deductible for a calendar year based on total annual calculation.
- e- The term “tax credit in declaration letter” means total tax on input requested as credit in each month of calendar year.

CHAPTER VII

TAX RECEIPTS

Article 43: In addition to the stipulation in Article 77 of Law on Taxation, the use of tax receipts shall be as following:

- a- when providing supplies to another taxable person, a taxable person shall issue a tax receipt to such taxable person
- b- tax receipt shall have the purchaser’s VAT registration identification number listed
- c- a taxable person may demand another taxable person who supplies goods or services to issue a tax receipt for such supply
- d- a taxable person who fails to provide another taxable person with a tax receipt shall be penalized as stipulated in the Law on Taxation
- e- a taxable person shall not issue a tax receipt to a customer who is not a taxable person but shall issue an ordinary receipt or other document to such customer who is not a taxable person
- f- at the time of supply, a taxable person shall keep a copy of tax receipt, ordinary receipt or other document issued to the customer.

CHAPTER VIII**NON-TAXABLE SUPPLIES FOR DIPLOMATIC MISSIONS AND INTERNATIONAL ORGANIZATIONS**

Article 44: Non-taxable supplies for the diplomatic missions and international organizations are determined as follow:

- 1- Importation of goods for or by foreign diplomatic missions and consulates, international organizations, or technical cooperation agencies of the governments to be used in its official operations is considered to be non-taxable supply. Non-taxable supplies are allowed only in the event that there is a certification from the chief of the mission to the Tax Department that such goods are imported for the purpose of use as mentioned above.
- 2- Foreign diplomatic missions and consulates, international organizations, or technical cooperation agencies of the governments may apply for a refund of tax on goods locally purchased listed in the enumerated roster of goods determined by a Prakas of Ministry of Economy and Finance. Tax refund may be made only in the event that there is a certification from the chief of the mission to the Tax Department that such goods are purchased for the purpose of use in its own official business.
- 3- a request for tax refund as provided in paragraph 2 of this Article shall be in compliance with following conditions:
 - a- application shall follow the formality determined by the Department
 - b- each purchase receipt shall bear a total amount, exclusive of VAT, of goods allowed for tax refund of 100,000 Riels or more
 - c- each refund application shall bear the total amount, exclusive of VAT, of at least 500,000 Riels
 - d- request may be made only once per month.

For a tax refund application provided in paragraph 2 of this Article, the Tax Department shall notify whether a refund is approved or disapproved within one month after receiving application.

CHAPTER IX**RULES & PROCEDURES FOR TAXABLE SUPPLIES****Article 45: Place of Supply of Goods**

A place of supply of goods is determined as follow:

- 1- Supply of goods is considered to be provided in the Kingdom of Cambodia in the event that such goods are delivered in the Kingdom of Cambodia, whether they have a characteristic of transfer of right to use or dispose of. In case of supply requires transport, such supply is considered to be made in the Kingdom of Cambodia in the event that the goods locate in the Kingdom of Cambodia at the time the transportation begins.

Article 46: Place of Supply of Services

A supply of services is considered to be provided in the Kingdom of Cambodia if such services are rendered in the Kingdom of Cambodia, except for:

- a- a supply of services relating to immovable properties is considered to be provided where such immovable properties locate
- b- a supply of services relating to transport is considered to be provided at the place of such transportation
- c- a supply of services for use outside the Kingdom of Cambodia is considered to be provided outside the Kingdom of Cambodia.

Article 47: Place of Supply of Import

A place of supply of import is where goods are brought into the Customs territory of the Kingdom of Cambodia and where the custom duties and other import related taxes are paid.

Article 48: Supply of Goods in Combination with Services

1. The supply of miscellaneous services provided with the supply of goods is a part of the supply of goods.
2. The supply of miscellaneous goods provided with the supply of services is a part of the supply of services.
3. The supply of miscellaneous services provided with the supply of imports is a part of the supply of imports.

Article 49: Time of Supply

1. The time of supply of goods or services is determined as follow:
 - a- The time of supply of goods and services is the time the supplier shall issues a receipt or the time the supplier issues a receipt in the event that the supplier issued a receipt prior to the time it is required to be issued. The supplier shall issue a tax receipt no later than 7 days after goods delivered or services rendered or after payment in the event that the payment was made prior to goods delivered or services rendered.
 - b- In the event that the goods are taken for personal use, the time of supply is the time such goods were taken and start being used.
 - c- In the event that goods or services are supplied as gifts, the time of supply is the time goods are delivered whether the transfer of right to use or dispose of or when the services supplied are fully rendered.
2. The time of supply of goods under lease-purchase contracts or lease financing whether it is a transfer of right to use or dispose of.
3. In the event that:
 - a- goods are supplied under a lease contract; or
 - b- goods or services are provided under a contract or law which stipulates multiple payments; or
 - c- services are provided continuously.

Goods or services are considered to be already provided for the portion already supplied during the period of contract or during the period determined by laws and the time of supply of each portion already supplied is the first date among the due date for payment and the date the payment is received.

4. For importation of goods, the time of supply is the time an importer submits declaration letter to the customs authority according to principle in effect and duties and taxes are paid.

CHAPTER X**ADJUSTMENT TO THE AMOUNT OF TAX****Article 51: Procedures for Adjustment of Tax Amount After Supply and Receipts Issued**

1. A taxable person who issued tax receipts or submitted monthly declaration letter, such person may readjust the tax amount in the event that the following events occur:

- a- supply is cancelled; or
 - b- nature of supply has been altered or changed basically;
 - c- benefit of supply as previously agreed upon has been altered or changed by a new agreement with the supply recipient because of price reduction or other reasons; or
 - d- goods or any portion of goods or package is returned to the supplier or service has not been fully rendered.
2. If there is an adjustment provided by paragraph 1 of this Article, a taxable person shall revise his tax burden as follow:
 - a- If the revised tax amount on output is greater than the tax amount on output which such taxable person recorded the excess amount is considered to be a tax amount which such taxable person collected in the month that the events provided in paragraph 1 of this Article occurred
 - b- If the tax amount on output recorded by a taxable person is greater than the revised tax amount on output, the excess amount shall be considered to be tax credit for the month that the events provided in paragraph 1 of this Article occurred.
 1. For a supply provided to a person who is not taxable, the excess tax amount provided in phrase **b** of paragraph 2 of this Article shall not be allowed as tax credit unless a taxable person return the excess tax to the supply recipient in cash or as deduction with the debt that the recipient owed the supplier.
 2. If a taxable person issues a tax receipt for the reason provided in paragraph 1 of this Sub-Decree and the tax amount recorded is greater than the revised tax amount on supply of goods a taxable person who supplies goods shall provide the supply recipient with letter of tax credit as clarified in Section 6 of this Sub-Decree and Article 77 of Law on Taxation.
 3. If a taxable person issues a tax receipt for the reasons stipulated in paragraph 1 of this Sub-Decree and the tax amount recorded is less than the revised tax amount on supply of goods, a taxable person who supplies good shall provide the supply recipient with the letter of tax debit clarified in part 6 of this Sub-Decree and Article 77 of Law on Taxation.
 4. a taxable person who is a supplier or a supply recipient who issues or receives letter of tax debit or tax credit shall record the cash flow of letter of tax debit or tax credit in the same manner as cash flow of tax receipt.

CHAPTER XI

ACCOUNTING BOOK, RECORD, AND INFORMATION

Article 51: Accounting Books and Records that shall be maintained by Taxable Person

A taxable person shall record and maintain an accounting book of all supplies provided and received in the business operation including the zero rate taxable supplies and non-taxable supplies.

For accounting purpose on value added tax, a taxable person shall keep and maintain accounting books, records and information as follow:

- a- monthly value added tax accounts which specify total output tax, total input tax, tax payable or excess tax credits carried forward or due for refund
- b- all purchase records that detail all purchases with tax paid and all tax free purchases. Original tax receipts for local purchase, Bills of Entry for Import certified by customs authorities indicating the tax has been paid, and receipts of tax-free purchases shall be maintained in chronological and serial orders.
- c- all sales records including taxable sales at VAT standard rate of 10%, zero rate and non-taxable sales. Copies of receipts relating to taxable sales and receipts relating to non-taxable sales shall be maintained in chronological and serial orders

- d- letters of debits and letters of credits issued and received shall be maintained in chronological and serial orders
- e- records of all exports of goods and services at zero rate as well as customs Bill of Export, copies of receipts issued to foreign purchaser, bill of lading for export of goods, orders or contracts with foreign purchasers, and evidence of payment by transfer through the banks registered in the Kingdom of Cambodia or by letter of credits. The letter of credit shall be specified to be paid from any registered bank approved in the Kingdom.
- f- record of cash flow of retailers including cash account records, money in the bank, canceled checks, and accounting records including copies of receipt stubs or ledger for daily sales.
- g- computerized records, if any
- h- detailed information on calculation of input tax in the event that such taxable person provides taxable supplies as well as non-taxable supplies
- i- documents, records and forms applying for tax credit for turnover tax and use tax for the transitional period
- j- records of stocks that show goods enter and exit and production records
- k- records of purchase orders and deliveries
- l- business correspondences
- m- Appointment and work books
- n- annual accounting reports including income statement, balance sheet, and additional information table
- o- bank records including account statements, check stubs, and deposit slips

All records shall be made according to the formality determined or recognized by the Tax Department and shall be maintained and readied for inspection for the period of 10 years.

CHAPTER XII

SUPPLIES TO CONSUMERS

Article 52: Tax Calculation on Sale of Goods to the Non-Taxable Person

A taxable person who provides taxable supplies at the standard rate to a non-taxable person shall keep the accounting books and records as provided in Article 50 of this Sub-Decree and shall comply with following procedure:

- a- in the event that an ordinary receipt is issued, if the tax amount is specified separately on a receipt, the tax due for the month shall be calculated from the sale record
- b- if the tax amount is not specified separately on a receipt or a taxable person makes retail sale without issuing receipt, such taxable person shall keep a record of daily total sales of taxable sales and non-taxable sales. In calculating tax amount, the monthly total sale is multiplied by tax percentage. Tax percentage for a rate of 10% is 1/11.

In order to find taxable amount, the monthly total sale is subtracted by tax amount.

CHAPTER XIII

SUPPLIES BY AGENTS

Article 53: Conditions for Supply of Goods or Services by Agents

1. Supply of good or service provided by a person who is an agent for the benefit of another person who is a principle shall be considered as supply of such principle.
2. In the event that an agent is a taxable person, such person shall account for tax on commission derived from a supply of goods or services on behalf of another person who is a principal. If both principal and agent are taxable persons, the tax on commission of an agent shall be considered as tax on input of the principal.

CHAPTER XIV**COLLECTION OF VAT ON IMPORT****Article 54: Collection of Value Added Tax at the Time of Import**

1. Tax is due at the time of import and shall be collected by the customs office.
2. Tax is collected through declaration in the customs bill of entry for import and shall be arranged in the same manner as customs duties.
3. Taxable value of goods imported is the total amount of:
 - a) value of goods for calculation of customs duty according the law relating to customs duty
 - b) an amount of customs duty, special tax on certain goods and services, and other tax charges that shall be paid on these goods beside VAT
 - c) value of any service provided in paragraph 3 of Article 47 of this Sub-Decree which is not included in the value of goods for calculation of customs duty as provided in phrase **a** of paragraph 3 of this Article
4. The Customs Office shall provide the importer with a copy of customs bill of entry for import that bears:
 - a- VAT identification number if such importer is a taxable person
 - b- the word "NONE" for VAT identification number boxes if such importer is not a taxable person
 - c- Clarification on the tax amount paid on customs bill of entry for import if the importer is a taxable person who imports for a taxable business operation
 - d- Clarification on invalidity of tax refund if the importer is not a taxable person or imports for personal use.

CHAPTER XV**ZERO RATE FOR EXPORTATION OF GOODS AND SERVICES****Article 55: Scope of Implementation of Zero Rate for Exportation of Goods and Services**

1. According to paragraph 2 of Article 64 of Law on Taxation, VAT is set at zero rate on taxable value of each supply of goods exported from the Kingdom of Cambodia or taxable supply of service rendered outside the Kingdom of Cambodia.

Scope of implementation of these provisions includes:

- a- supply of goods to any place outside the Kingdom of Cambodia with proof of document approved by the Tax Department
 - b- supply of services for use outside the Kingdom of Cambodia with proof of document approved by the Tax Department
 - c- supply of service of international transportation of passengers and goods
 - d- supply of service relating to international transportation of passengers and goods
2. For the purpose of phrase **c** of paragraph 1 of this Sub-Decree, land, water, and air transportation of passengers or goods is an international transportation if such transportation is made:
 - a- from a location in the Kingdom of Cambodia to another location outside the Kingdom of Cambodia
 - b- from a location outside the Kingdom of Cambodia to a location inside of the Kingdom of Cambodia

- c- from a location outside the Kingdom of Cambodia to a location outside of the Kingdom of Cambodia in the event that such transportation is crossing the territory of the Kingdom of Cambodia

CHAPTER XVI

TRANSFER OF BUSINESS

Article 56: Conditions and Requirements for Transfer of Business

A transfer of business from one person to another under the following conditions is not liable to VAT:

- a- a business is transferred from one person to another for continuing a business under a new ownership.
- b- a taxable person who transfers business shall notify the Real Regime Tax Collection Office on the transfer of business within 10 days of the date of transfer
- c- a taxable person who transfers a business shall apply for deregistration and comply with provisions of Article 81 of Law on Taxation and other relevant Articles in Section 4 of this Sub-Decree
- d- a business transferee shall register as taxable person for VAT at the time of receiving the business and shall be taxed on goods in stock and asset received at the time of supplying such goods and assets
- e- a business transferee shall maintain tax documents relating to business transferred for a period of 10 years as provided in Article 98 of Law on Taxation.

CHAPTER XVII

CREDIT FOR TURNOVER TAX OR USE TAX

PAID ON GOODS IN STOCK AT THE BEGINNING OF IMPLEMENTATION OF VAT

Article 57: Applicability of Credit on Turnover Tax and Use Tax

On January 1, 1999, in the event that a taxable person has in stock the capital goods and other goods on which the turnover tax or use tax has been paid, such person has the right to apply for credits for such taxes for only goods purchased within 60 days prior to January 1, 1999.

Article 58: Conditions for Application of Credit on Turnover Tax and Use Tax

The turnover tax credit or use tax credit may be applied for under the following conditions:

- a- a person applies for credit registered VAT and become a taxable person from January 1, 1999
- b- credit application under Article 56 of this Sub-Decree shall be made in accordance with procedure set out by the Tax Department
- c- credit applicant under Article 56 of this Sub-Decree shall provide inventory of all goods on hand at December 31, 1998 relating to the tax credit application
- d- application of tax credit on turnover or use shall be accompanied by evident documents certifying the payment of turnover tax and use tax
- e- credit application under paragraph b of this Sub-Decree shall be submitted to the Tax Department no later than January 10, 1999.
- f- a taxable person shall keep all documents relating to the credit application for a period of 10 years and shall provide these documents to the Tax Department for inspection if requested.

Article 59: Method of Application for Tax Credit

In the event that the credit application under Article 56 of this Sub-Decree is approved by the director of Tax Department, the amount specified as credit may be applied for as credit in the first monthly declaration letter of a taxable person.

Article 60: Right to Recollection of Tax Credit

Exclusive of other penalties provided in the Law on Taxation, in the event it is found that a taxable person violates a law, a registration certificate issued to a taxable person under Article 5 of this Sub-Decree shall be wholly or partly cancelled by the director of Tax Department and any credit allowed in the past shall be recollected.

CHAPTER XVIII**TRANSITIONAL PROVISION**

Article 56: VAT on goods listed below shall be implemented as determined by Prakas of Ministry of Economy and Finance:

- cigarette
- gold
- liquor with alcohol content 35% or more
- motorcycles
- Electricity and water

CHAPTER XIX**FINAL PROVISION**

Article 57: Minister of the Office of Council of Ministers, Minister of Economy and Finance, Ministers and directors of all relevant institutions shall effectively implement this Sub-Decree from the date of signature.

Phnom Penh, December 24, 1999

Prime Minister

Signed and Sealed:
HUN SEN

CC:

- Cabinet of the King
- General Secretariat of the National Assembly

131. **Sub-Decree # 15** on Amendment to Article 31 of Sub-Decree 114 on Value Added Tax dated December 24, 1999 (February 7, 2001).....5-73

The Royal Government of Cambodia
No. 15

Sub-Decree
on
Amendment to Article 31 of Sub-Decree 114 on
Value Added Tax dated December 24, 1999

February 7, 2001

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree NS/RKT/1198/72 on Appointment of the Royal Government of Cambodia dated November 30, 1998;
- Having seen Law on Organization and Functioning of the Council of Ministers promulgated by Royal Kram No. 02 NS/94 dated July 20, 1994;
- Having seen Law on Establishment of the Ministry of Economy and Finance promulgated by Royal Kram No. NS/RKM/0196/18 dated January 24, 1996
- Having seen Law on Taxation promulgated by Royal Kram No. NS/RKM/0297/03 dated February 24, 1997;
- Having seen Sub-Decree 114 on Value Added Tax dated December 24, 1999;
- According to the necessity of the Royal Government;

DECIDES

Article 1: Article 31 (on value added tax on input not allowed as credit) Of Sub-Decree 114, dated December 24, 1999 on Value Added Tax is amended as follow:

"**Article 31** – It is not allowed as VAT credit on input for VAT paid on:

- a) Expenses on receiving guests, amusement, or reEstablishment except that VAT taxpayer is in the business of providing the services of receiving guests, amusement, or reEstablishment.
- b) Purchase or import of vehicle except that such VAT taxpayer is in the business of selling or renting vehicles.
- c) Purchase or import of a number of petroleum products except that such VAT taxpayer is in the business of supplying such petroleum products.

Unless otherwise provided, for the purpose of this Sub-Decree:

- The word "receiving the guests" means providing foods, drinks, smokes, lodging, or any other reception.
- The word "vehicle" means a passenger vehicle with no more than ten seats.
- The word "petroleum products" means regular or super gasoline, diesel, and lubricant.

Article 2: Any provision contrary to this Sub-Decree is nullified.

Article 3: Minister of Office of Council of Ministers, Minister of Economy and Finance, all ministers and heads of relevant institutions shall implement this Sub-Decree effectively from the date of signature.

132. **Sub-Decree # 10** on Modification of Tax Rate On Imported Goods
(February 13, 1998).....5-74

The Royal Government of Cambodia
No. 10 ANK/PK

Sub-Decree
On
The Modification of Tax Rate on the Imported Goods

February 13, 1998

- Considering the Constitution of the Kingdom of Cambodia,
- Considering Royal Decree dated November 1, 1993, on the Appointment of Royal Government,
- Considering the royal code No. 02 NS/94 dated July 20, 1994, on the organization and Functioning of the Council of Ministers,
- Considering the royal code No. NS/RKM/1096/18 dated January 24, 1996, on the establishment of the Ministry of Economy and Finance,
- Considering the law about taxes on exported and imported goods promulgated by decree No. 57 Kr dated July 26, 1989,
- Considering the decision No. 002/SSR dated September 14, 1993, of the Ministry of Economy and Finance about the use of customs duty table,
- Considering Royal Decree No. ChS/RKT/0897/147 dated August 7, 1997, on the modification of the Royal Government composition,
- Referring to the plenary session spirit of the Council of Ministers held on January 22, 1998,
- Based on the necessary and urgent situation.

DECIDES

Article 1: A number of goods listed in the customs duty table are modified as follows:

Identification number	Old				Modified			
	DD	TC	TE	Reference	D.D	TC	TE	Reference
2207.00.00	Prohibited importation							
1902.30.91	7%	4%	T.E,	(1)	15%	4%	T.E	(1)
2501.00.91	15%	4%	T.E,	(1)	35%	4%	T.E	(1)
2523.00.00	7%	4%	T.E,	(1)	15%	4%	T.E	(1)
3917.00.00	7%	4%	T.E,	(1)	15%	4%	T.E	(1)
3923.00.00	7%	4%	T.E,	(1)	15%	4%	T.E	(1)
4011.20	15%	4%	T.E,	(1)	15%	4%	T.E	(1)
4011.50.00	7%	4%	T.E,	(1)	15%	4%	T.E	(1)
4013.10.00	15%	4%	T.E,	(1)	35%	4%	T.E	(1)
4013.20.00	7%	4%	T.E,	(1)	15%	4%	T.E	(1)
6904.00.00	7%	4%	T.E,	(1)	15%	4%	T.E	(1)
6905.00.00	7%	4%	T.E,	(1)	15%	4%	T.E	(1)

7210.00.00	7%	4%	T.E,	(1)				
7210.31.10	---	---	---	---	15%	4%	T.E	(1)
7210.41.00	---	---	---	---	15%	4%	T.E	(1)
7212.00.00	7%	4%	T.E,	(1)				
7212.00.10	---	---	---	---	15%	4%	T.E	(1)
7905.00.00	7%	4%	T.E,	(1)				
7905.10.00	---	---	---	---	15%	4%	T.E	(1)
1902.30.10	Thin vermicelli, bags of yellow noodles							
2207.00.00	Alcohol not yet denatured having an alcoholic degree of 80% or more of capacity unit. Denatured alcohol							
2501.00.91	Salt for eating							
2523.00.00	Cement (used with water), including cement not yet ground, even though it is colored.							
3917.00.00	Tube, pipe and their accessories (For ex: links, bends) made of plastic.							
3923.00.00	Means of transport or wrapping made of plastic, stoppers and objects for closing, made of plastic.							
4011.20.00	New tyres for cars carrying passengers or goods made of							
4011.50.00	New tyres for bicycle							
4013	Rubber inner tube							
4013.10.00	for private cars, including breaks and sports cars, cars carrying passengers and goods.							
4013.20.00	for bicycles							
6904.00.00	Bricks and concrete for construction and similar objects made of ceramic.							
6905.00.00.	Tiles, chimney parts, architectural ornaments made of ceramic and other objects for a building.							
7210.00.00	Flattened products made of iron or pure steel of 600 mm. wide or more, dyed or plated. - Plated with tin in the electrolytic way. - -Of iron less than 3 mm. thick with minimum elasticity of 275 MPa or 3 mm. thick and upwards with minimum elasticity of 355 MPa.							
7210.31.10	--- Having the shape of wave - Plated with tin in another way							

7210.41.00	-- Having the shape of wave
7212.00.00	Flattened products made of iron or pure steel less than 600 mm. wide, dyed or plated. - Plated with tin in the electrolytic way.
7212.21.00	- - Made of steel less than 3 mm. thick with minimum elasticity of 275 MPa or 3 mm. thick or more and having a minimum elasticity of 355 MPa.
7212.21.10	--- Having the shape of wave
7905.00.00	Iron or zinc sheet (made of tin)
7905.10.00	- Of wave shape

Article 2: Any provision contrary to the present sub-decree is deemed null and void.

Article 3: The Co- Ministers in charge of Office of Council of Ministers, the Minister of Economy and Finance , the Minister of Commerce, relevant ministries and institutions have the duty to enforce this sub - decree from the date of its signing onward.

Phnom Penh , February 13 , 1998

The 1st Prime Minister

The 2nd Prime Minister

UNG HUOT

HUN SEN

Submitted to

His Excellency the 1st Prime Minister
and Samdech 2nd Prime Minister

The State Minister in charge of Rehabilitation and Development
and Minister of Economy and Finance

KEAT CHHON

133. **Sub-Decree # 44 ANK/BK** on the Modification of Tax and Duties Rates for Certain Goods (May 25, 2001)5-77

The Royal Government of Cambodia
No. 44/ANK/BK

Sub-Decree
on
The Modification of Tax and Duties Rates for Certain Goods

Phnom Penh, May 25, 2001

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Reach Kret No. NS/RKT/11'98/69 of November 25, 1998 regarding (he Appointment of the Prime Minister of the Royal Government of Cambodia;
- Having seen Reach Kret No. NS/RKT/1198/72 of November 30, 1998 regarding the Establishment of the Royal Government of Cambodia;
- Having seen Reach Kram No. 02/NS/94 of July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Reach Kram No. 01/NS of December 28, 1993, promulgating the Law on Financial System and modified by the Law Financial Management of Year 1995 promulgated by Reach Kram No. 11/NS/94 of December 30, 1994 and later amended by the Law Financial Management of Year 2000 which is promulgated by Reach Kram No. NS/RKM/1299/15 of December 29, 1999
- Having seen the Law on Import/Export Taxes promulgated by Kret No. 57/KR of July 26, 1989;
- Having seen Reach Kram No. CS/RKM/0995/01 of September 01, 1995 promulgating the Law on the Modification to the Law on Financial Management of Year 1995;
- Having seen the Law on Taxation promulgated by Reach Kram No. CS/RKM/0297/03 of February 24, 1997;
- Having seen the Law on Financial Management of Year 2001 promulgated by Reach Kram No. NS/RKM/1200/12 of December 30, 2000;
- Pursuant to the resolution of Inter-Ministerial meeting of May 22, 2001 at the Council of Ministers and pursuant to its current needs;

DECIDES

Article 1:

To modify and fix special tax rates on certain types of goods listed in the Cambodian customs tariff in force as follows:

- (a) 0% : for all petroleum products located at 2710.00.84;
- (b) 4,35%: for all petroleum products located at 2710.00.71 2710.00.72 and 2710.00.79,
- (c) 5%: for motor-bike with cylinder not greater than 125CC, motor bike's spare parts and accessories 8711.10.00 8711.20.10 8711.90.10 8714.11.10 8714.19 10.

petroleum products located at numbers 2710.00.34 2710.00.36 2710.00.37
 2710.00.50 2710.00.60 2710.00.81 2710.00.82 2710.00.87 and
 2710.00.89;

2203.00.10
 2206.00.40
 10%: for soft drink , 2202.90.00 2208.90.10 2203.00.90
 2202.10.20 2202.10.90 2206.00.30 2208.90.60 2206.00.50 2206.
 2206.00.10 00.20 2206.00.90 2402.20.90 2208.90.20 2206.
 2206.00.60 00.70 2208.90.50 8704.10.00 2208.90.70 2208.
 2208.90.30 90.40 2402.20.10 8702.10.10 2208.
 2208.90.80 90.90 8702.90.00 8704.21.00
 8702.10.20 10.90 8702.8704.23.00 8704.31.00 8704.32.00 and
 8704.22.00 8704.90.00 which

(d) subject to existing taxation at 10% and was not hereby modified by
 this article

(e) 15%: For tourism vehicles which are at sub-location numbers of 4011.10.00 the
 vehicle with cylinder not greater than 1000CC and spare parts allocated at
 numbers 8703.21.20 8703.21.30 8703.31.21 8703.31.22 8714.11.20
 8714.19.20 goods allocated at numbers 3303.00.00 and the goods allocated at
 95.05 and 95.08.

(f) 25%: For cigarettes and vehicle spare parts allocated at numbers:
 2402.10.00 2402.90.10 2402.90.20 2710.00.83 8706.00.10
 8706.00.21 8706.00.22 8706.00.23 8706.00.90 8707.10.10
 8707.10.20 8707.10.30 8707.90.00 8708.10.12 8708.10.13
 8708.10.14 8708.10.15 8708.10.92 8708.10.93 8708.10.94
 8708.10.95 8708.21.20 8708.21.30 8708.21.40 8708.21.50
 8708.29.12 8708.29.13 8708.29.14 8708.29.15 8708.29.92
 8708.29.93 8708.29.94 8708.29.95 8708.31.20 8708.31.30
 8708.31.40 8708.31.50 8708.39.20 8708.39.31 8708.39.40
 8708.39.50 8708.40.12 8708.40.13 8708.40.14 8708.40.15
 8708.40.22 8708.40.23 8708.40.24 8708.40.25 8708.50.12
 8708.50.13 8708.50.14 8708.50.15 8708.50.22 8708.50.23
 8708.50.24 8708.50.25 8708.60.12 8708.60.13 8708.60.14
 8708.60.15 8708.60.22 8708.60.23 8708.60.24 8708.60.25
 8708.70.12 8708.70.13 8708.70.14 8708.70.15 8708.70.92
 8708.70.93 8708.70.94 8708.70.95 8708.80.12 8708.80.13
 8708.80.14 8708.80.15 8708.80.92 8708.80.93 8708.80.94
 8708.80.95 8708.91.20 8708.91.30 8708.91.40 8708.91.50
 8708.92.12 8708.92.13 8708.92.14 8708.92.15 8708.92.92
 8708.92.93 8708.92.94 8708.92.95 8708.93.20 8708.93.30
 8708.93.40 8708.93.50 8708.94.12 8708.94.13 8708.94.14
 8708.94.15 8708.94.22 8708.94.23 8708.94.24 8708.94.25
 8708.99.12 8708.99.13 8708.99.14 8708.99.15 8708.99.22
 8708.99.23 8708.99.24 8708.99.25 8708.99.92 8708.99.93
 8708.99.94 and 8708.99.95

(g) 33.33%: For soft drink and petroleum products allocated at numbers:
 2204.10.00 2204.21.11 2204.21.12 2204.21.21 2204.21.22
 2204.21.31 2204.21.32 2204.29.11 2204.29.12 2204.29.21
 2204.29.22 2204.29.31 2204.29.32 2204.30.10 2204.30.20
 2205.10.10 2205.10.20 2205.90.10 2205.90.20 2208.20.10
 2208.20.20 2208.20.30 2208.20.40 2208.30.10 2208.30.20

2208.40.10 2208.40.20 2208.50.10 2208.50.20 2208.60.10
2208.60.30 2208.70.10 2208.70.20 2710.00.21 2710.00.22
2710.00.23 2710.00.24 2710.00.25 and 2710.00.26.

- (h) 45%: For vehicles allocated at numbers 8703.10.10
8703.10.20 8703.22.20 8703.22.30 8703.23.21 8703.23.22
8703.31.31 8703.31.32 8703.32.21 8703.32.22 8703.90.11
8703.90.12 8711.20.20 8711.30.00 8711.40.00 8711.50.00
8711.90.20 goods allocated at number 89.03 goods allocated from numbers
93.02 to 93.07 (except for the goods allocated at numbers 9305.90.10 9306.30.10
9306.30.30 and 9306.90.10) and goods allocated at number 95.04.
- ii) 80%: For goods allocated at numbers:
8703.23.31 8703.23.32 8703.32.31 8703.32.32 8703.33.21 and 8703.33.32.
- (j) 110%: For Tourism vehicle allocated at numbers:
8703.24.24 8703.24.22 8703.24.31 8703.24.32 8703.33.31 and 8703.33.32

Article 2:

Certain import tax rates listed in the applicable Cambodian customs tariff were modified as follows:

- (a) 35%: For all types of goods where their import tax rates fixed at 30%, 40%, 50%, 90% and 120%.
- (b) 15%: For all types of goods where their import tax rates fixed at 10% and 20% and the goods allocate at number 83.11.
- (c) 7%: For all types of goods listed in Chapter 10 (except for the goods allocated at numbers: 1005.10.00 1006.11.10 1008.30.00) and the goods allocated at number 1104.11.00 1104.12.00 1104.19.90 1104.21.00 1104.22.00 1104.29.00 1104.30.00 1107.10.00 2713.12.00 2713.20.00 2713.90.00 5601.10.00 6306.11.00 6306.12.00 and 6306.19.00.
- (d) 0%: For all types of goods where their import tax rates fixed at 0.3% and the goods allocated at number 1008.30.00.

Article 3:

Certain import tax rates listed in the applicable Cambodian customs tariff were modified as follows:

- (a) 10%: For all types of goods allocated at 01.01, 01.06, 05.07, all goods listed in Chapter 41 and goods allocated at numbers 9601.01, 9601.10.90 and 9601.90.00.
- (b) 5%: For certain goods allocated at numbers: 4420.90.00, 9403.30.00, 9403.40.00, 9403.50.10, 9403.50.90, 9403.60.20, and 9403.60.90.
- (c) 0%: For all types of goods allocated at number 01.03.

Article 4:

It is decided to include one type of goods and allocated at number 7315.11.00 (motor bike's or bicycle's chains) which is subject to import tax at the rate of 7% special rate 0%, value added tax for import 10% and export tax rate is 0%.

Article 5: Any provisions that are contrary to this Anukret shall be deemed abrogated.

Article 6: The Minister in charge of the Council of Ministers, the Minister of Economy and Finance and the relevant Ministers and Secretaries of State shall effectively implement this Anukret from the date of signature.

Phnom Penh, May 25, 2001

Prime Minister

Signature: **HUN SEN**

Having submitted to

Samdech Prime Minister for signature.

Senior Minister,

Minister of Economy and Finance

Signature: **KEAT CHHON**

134. **Prakas** # 303 on Implementation of Value Added Tax on Import and Supply of A Number of Goods (May 23, 2001)5-81

Ministry of Economy and Finance
No. 303 SHV.PD

PRAKAS
On
Implementation of Value Added Tax
on Import and Supply of a Number of Goods

Phnom Penh, May 23, 2001

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree No. NS/RKT/1198/72 dated November 30, 1998 on Appointment of the Royal Government of the Kingdom of Cambodia;
- Considering Royal Kram No. 02 NS-94 dated July 20, 1994 promulgating the Law on Organization and Functioning of the Council of Minister;
- Considering Royal Kram No. NS/RKM/0196/18 dated January 24, 1996 promulgating the Law on Establishment of Ministry of Economy and Finance;
- Considering Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation;
- Considering the Sub Decree No. 114 ANK/PK dated December 24, 1999;
- Considering the Sub Decree No. 15 ANK/PK dated February 07, 2001;
- According to the endorsement of Samdech Prime Minister dated May 06, 2001 on Letter No. 1494 SHV dated May 04, 2001, of the Ministry of Economy and Finance;

DECIDES

Article 1:

Value Added Tax on import and supply of the following certain goods for agricultural purposes shall be borne by the State:

- a. All types of fertilizers including fertilizers used in agricultural sector for all crops consisted of chemical substance, organic substance, and natural mineral.
- b. All types of crop seeds including:
 1. All types of crop seeds,
 2. Part of all types of seeds used for growing such as stems, tubers, suckers, scions, propagative cuttings, vines; etc.
- c. Veterinary medicines including all types of medicines used for all types of animals for nourishing animal health, treating, protecting, and increasing the productivity of the animals.
- d. Animal and additional feeds including:
 1. All types of animal feeds used for nourishing the animal organs,
 2. Additional animal feeds of all types, vitamin or other mineral matters in addition to the animal feeds.
- e. All types of animal races including:
 1. All types of races of domestic animals,

2. All types of races of wild animals.
- f. Machinery and all types of agricultural implements:
 1. Power tillers and its spare parts for families,
 2. Machine for grinding animal feeds,
 3. Incubators or apparatus for propagating seeds,
 4. Main water pump.

Article 2:

The Value Added Tax on goods as stipulated in the above Article 1 which is borne by the State shall be recorded and summed as monthly budget revenue and recorded in “Chapter 30” as expenditure for economic intervention of the State.

Article 3:

General Secretariat of the Ministry of Economy and Finance, Royal Government Delegate in Charge of Customs and Excise Office, Cabinet Chief of Economy and Finance, Chief of Tax Department, Department Chief of Budget and Financial Affairs, and Chief of relevant departments shall be responsible for effectively implementing this Prakas from the date of signing herein.

Phnom Penh, May 23, 2001

Signed and Sealed:
KEAT CHHON

Copied to:

- General Secretariat of the Senate
- General Secretariat of the National Assembly
- Office of Council of Ministers
- All ministries-Secretariat of State
- All Provincial/Municipal Office
- As provided for in Article 3
- Archives-Records

“For information”

135. **Prakas # 298 (MEF)** on Implementation of VAT for Supporting Industry or Contractors Supplying Products or Services for Serving Export of Garment Industry, Textile Industry and Footwear Manufacturing Industry (June 17, 2005)5-83

Ministry of Economy and Finance
No. 298 SHV

Prakas
On

The Implementation of VAT for Supporting industry or Contractor that Supplies Products or Services for Serving Export-Oriented Purpose of the Garment Industry, Textile Industry, and Footwear Manufacturing Industry

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0704/001, dated July 13, 2004, promulgating the Supplementary Constitutional Law aimed at ensuring the normal operation of National Institutions;
- Having seen Royal Decree No. NS/RKT/0704/124, dated July 15, 2004, on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/18, dated January 24, 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen Royal Kram No. NS/RKM/0297/03, dated February 24, 1997, promulgating the Law on Taxation and Royal Kram No. NS/RKM/0303/010, dated June 31, 2003, promulgating the Law on the Amendments to the Law on Taxation;
- Having seen Royal Kram No. 03/NS/94, dated August 05, 1994, promulgating the Law on the Investment of the Kingdom of Cambodia and Royal Kram No. NS/RKM/0303/009, dated March 24, 2003, promulgating the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia;
- Having seen the Sub-Decree No. 04 ANKr. PK, dated January 20, 2000, on the organization and the functioning of the Ministry of Economy and Finance;
- Having seen the Sub-Decree No. 78 ANK/PK, dated November 18, 2004, on the Addition and Adjustment to a number of Departments of the Ministry of Economy and Finance;
- Having seen Sub-Decree on the Value Added Tax No. 114 ANKr,PK, dated December 24, 1999, which was amended by Sub-Decree No. 15 ANK/PK, dated February 07, 2001;
- Pursuant to the Notification No. 680 S.Ch.N, dated April 28, 2004, of the Council of Ministers;
- Pursuant to the need of the Ministry of Economy and Finance.

IT IS HEREBY DECIDED:

Article 1: The supporting industry or contractor, that directly supplies products or services for serving the export of garment industry, textile industry, and shoe manufacturing industry, shall receive certain exemptions from the VAT implementation.

For the purpose of this Prakas:

1. The term “Supporting Industry” refers to the Qualified Investment Project as stipulated in new article 2 of the Law on the Amendments of the Law on Investment of the Kingdom of Cambodia, which directly exports or directly supplies/provides products or its service to serve in the export-oriented garment industry, textile industry, and shoe manufacturing industry.

2. The term “Contractor” refers to enterprise, the real regime tax payer, who carries out direct supply of its products or provides its services from 80 percent up for serving the export of garment factory, textile industry, and shoe manufacturing industry.
3. The term “Production Input” refers to merchandise including raw materials, intermediate goods, and accessory equipment for serving in the production, which have been processed or fully used in the production process of the supporting industry.
4. The term “Production Equipment” refers to machinery and equipment used as vital basis in processing production input of the supporting industry.
5. The Supporting Industry or Contractor as described in paragraph 1 and paragraph 2 above is limited to only:
 - Enterprise producing packaging;
 - Enterprise making/producing thread, cloth, button, zipper, coat hanger, clothes nippers, and components attached to clothes or shoes;
 - Enterprise dealing with laundry, dyeing, printing on cloth or clothes, sewing, and knitting

Article 2:

1. The VAT applying to the supporting industry shall be exempted as follows:

A. Tax on the Input:

- The VAT for the import of production input and production equipment for the production aimed at serving the direct supply to garment industry, textile industry, and shoe manufacturing industry shall be considered as the burden of the State. In case there is an intention to sell production input or/and production equipment, the supporting industry shall notify in advance to the Department of Customs & Excise.
- Every purchase of goods or service being carried out domestically shall be subject to the VAT at the rate of 10 percent.

B. Tax on the Output:

- The supply of goods or service to serve the export-oriented purpose of garment industry, textile industry and shoe manufacturing industry shall be subject to VAT at the rate of zero percent;
- The supply of goods or service to domestic market shall be subject to VAT at the rate of 10 percent and shall pay customs duty and taxes in accordance with the applicable laws and provision.

2. VAT applying to contractor shall be exempted as follows:

A. Tax on Input:

- Importation or domestic purchase of production input and production equipment or services shall be subject to VAT at the rate of 10 percent and other taxes pursuant to the applicable laws. Contractor can receive direct supply of production input from garment industry, textile industry, and shoe making industry, who is a party to the contract.

B. Tax on Output:

- Supply of goods or service for serving the exportation of garment industry, textile industry, and shoe manufacturing industry shall be subject to VAT at the rate of zero percent.

- Supply of goods or provision of service to domestic market shall be subject to VAT at the rate of 10 percent. In case the contractor, who receives supply of the production input from the garment industry, textile industry, or shoe manufacturing industry, fails to supply the full amount as stated in the contract and fall short/lack of the technical standards of production, the contractor shall be required to pay VAT on the part it fails to supply, and the garment industry, textile industry, and shoe manufacturing industry shall be required to pay customs duty and tax on the production input in accordance with the applicable laws and provisions.
3. Calculation of VAT due, tax credit, or request for a refund shall be implemented according to provisions of Chapter 6 of the Sub-Decree on the VAT No. 114 ANK/PK, dated 24 December 1999, which was amended by the Sub-Decree No. 15 ANK/PK, dated 7 February 2001.

Article 3: Contractor shall file its application at the Ministry of Economy and Finance with the specified form in order to receive the tax exemption as described in paragraph 2 of article 2 above for a period of not exceeding one year per one time.

Article 4:

1. The Supporting industry and contractor shall fulfill the following obligations:
 - A. Supporting industry shall provide the Department of Customs & Excise with a report on the quantity, stock-in, stock-out of the raw materials and products every month by following the form attached to this Prakas.
 - B. Support industry and contractor shall attach contract concerning the supply to the garment industry, textile industry, and shoe manufacturing industry with monthly tax return to be submitted to the Tax Department the following month from the month of Functioning of the contract.
 - C. Every time when supplying the products or rendering/providing service, the supporting industry or contractor shall issue tax invoice to the export industry by charging the VAT at the rate of zero percent.
2. In the case when there is a failure to meet conditions as described in paragraph 2 of article 1 or / and failure to perform obligations as described in Paragraph 1 of this Prakas, the exemption as stipulated in article 2 shall be revoked.
3. Every time when receiving the supplies, garment industry, textile industry, and shoe manufacturing industry shall have obligations in issuing a letter to guarantee the exportation of products or services to the supporting industry or contractor with the form attached to this Prakas. In the case when there is failure to export products or services, which have been supplied by the supporting industry or contractor, the garment industry, textile industry, and shoe manufacturing industry shall be liable for the payment of VAT and customs duty and tax including penalty pursuant to the applicable laws and provisions.

Article 5: Provisions or other decisions contrary to this Prakas shall be abrogated.

Article 6: The Secretary-General, the Director of Cabinet, the Director of the Department of Customs & Excise, the Director of the Tax Department, and the Directors of the subordinate Departments of the Ministry of Economy and Finance shall be in charge of implementing this Prakas from the date of signature onward.

Phnom Penh, June 17, 2005

Signed and stamped:

KEAT CHHON

Cc:

- Secretariat-General of the Senate
- Secretariat-General of the National Assembly
- Office of the Council of Ministers
- The Council for the Development of Cambodia

136. Prakas # 498 (MOF) on the Determination of the Base for VAT on Transportation of Goods or Passengers (July 18, 2001)	5-87
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Ministry of Economy and Finance
No. 498 MoEF.TD

PRAKAS
on
The Determination of the Base for VAT
on Transportation of Goods or Passengers

Phnom Penh, Date 18 July 2001

Having seen:

- The Constitution of Kingdom of Cambodia;
- Royal Decree No. NS/RKT/1198/72 dated 30 November 1998 on the Establishment of the The Royal Government of Cambodia;
- Royal Kram No. 02NS-94 dated 20 July 1994 promulgating the Law on the Establishment and Functioning of the Cabinet of Ministers;
- Royal Kram No. NS/RK/0297/03 dated 24 February 1997 promulgating the Law on Taxation;
- Sub-Decree No. 114 ANKR/PK dated 24 December 1999;
- Sub-Decree No. 15 ANKR/PK dated 07 February 2001;
- Prakas on the Implementation of Value Added Tax on the Transportation of Goods or Passengers No. 326 MoEF/TD dated 05 June 2001;
- The need of the Tax Department.

DECIDES:

Article 1: Pursuant to Articles 61, 63 and 64 of the Law on Taxation, Article 54 of the Sub-Decree on Value Added Tax and Article 1 of Prakas No. 326 MoEF.TD on the VAT on Transportation of Goods or Passengers, the following shall be implemented:

1. An enterprise transporting goods or passengers into or out of the Kingdom of Cambodia shall separate the turnover received from international transport and that from domestic transport, for the following tax base:
 - a. The value of transport from a place outside to a place inside the Kingdom of Cambodia (international port and airport or the first entrance to the territory of the Kingdom of Cambodia) shall be subject to 0% VAT;
 - b. The value of transport from international port and airport or first entrance to the territory of the Kingdom of Cambodia to a place inside the Kingdom of Cambodia including other service fees such as loading fee, customs clearance fees, packaging fee or other services, shall be subject to 10% VAT;
 - c. Customs duties and taxes at the time of import, CamControl and SGS fees that the transporting enterprise paid on behalf of the owner of the goods shall not be taxable.
2. In the case where the transporting enterprise performs customs clearance at the time of import

on behalf of the owner of the goods, institutions or enterprises that perform the inspection, loading or other services, shall issue tax invoices to the transporting enterprise by clearly identifying the name, address, and VAT number of that transporting enterprise. If the owner of the goods performs the customs clearance at the time of import or export, institutions or enterprises that perform the inspection, loading or other services shall issue tax invoices to the owner of the goods by clearly identifying its name, address, and VAT number.

3. The transporting enterprise shall issue invoices to the owner of the goods by separating the value for the international transport, the value for the domestic transportation including other service fees and customs duties, taxes, CamControi and SGS fees that the transporting enterprise paid on behalf of the owner as stated in Article 1 of this Prakas. The invoices shall be in compliance with the sample invoice as provided in Annex 1 to this Prakas.
4. The enterprise shall be entitled to an input tax credit only for tax invoices clearly identifying its name, address and VAT number.
5. The enterprise transporting goods into or out of Cambodia via another transporting enterprise, or buying and selling tickets for international transport, shall implement in the same way as the transporting enterprise by recording in the same invoice the value payable to the customers as follows:
 - a. The value of the international transport charged by the transporting enterprise shall be subject to 0% VAT;
 - b. The value of other services including terminal charges, domestic transport, packaging, customs clearance fees on import/export and commission fees shall be subject to 10% VAT.

The invoices shall be in compliance with the sample invoice as provided in Annex 2 to this Prakas.

6. The agent enterprise that sells transporting tickets for transport service and receives a percentage of sales commission, shall be subject to 10% VAT on the commission received from the principal enterprise and paid as tax to the state. The principal enterprise shall present the tax invoices issued by the agent enterprise for input tax credit against the output tax. The calculations of tax for the agent enterprise and the principal enterprise are illustrated in Annex 3 to this Prakas.
7. For the purposes of this Prakas, the phrase "the supply of services in relation to international transport of goods or services" as stated in sub-paragraph (d) of paragraph 2 of Article 54 of the Sub-Decree on VAT means the services provided by the airports or ports to the transportation means including the navigation, landing and other information services related to the international transport of goods or passengers.
8. As stated in Article 61 of the Law on Taxation, in the case where the distinguishing of the value of the supply as stated in paragraph 1, 5, 6 of this Prakas does not represent the fair value of the supply, the Tax Department shall determine the value for the supply and that value shall be considered as fair value until the enterprise can present the documentary evidence upon which the TD also agrees.

Article 2: The Secretary General of the Ministry of Economy and Finance, Director of the Customs and Excise Department, Chief of the Cabinet of the Ministry of Economy and Finance, Director of the Tax Department, directors of all relevant departments, all institutions and enterprises with relation to transport activities, shall be responsible for implementing this Prakas from the date of signature.

cc:

- General Secretariat of the Senate (*For information only*)
- General Secretariat of the Senate (*For information only*)
- Cabinet of Ministers (*For information only*)
- All ministries and secretariats (*For information only*)
- All provinces and municipalities (*For information only*)
- As in Article 2
- Documentation and archives

Annex 1

Enterprise A transports goods from country B to Sihanoukville via ship and transports those goods via trucks to Phnom Penh. The enterprise shall record on only one invoice the price its charges from enterprise C who is the owner of the goods by distinguishing the following:

Enterprise A
Address: Monivong Blvd

VT01.1043333

Customer: Enterprise C
 VT01.1067777
 Address: NoSihanouk Blvd

No.	Description	Price	Tax Rate	Tax Amount	Price inclusive of Tax
1	Freight	800	0%	0	800
2	Packaging	100	10%	10	110
3	Lift on, Lift off (LOLO)	40	10%	4	44
4	Customs Clearance	200	10%	20	220
5	Domestic Transport	300	10%	30	330
6	Other services	50	10%	5	55
7	SGS	80			80
8	CamControl	20			20
9	Customs Duties and Other Taxes	400			400
	Total	1,990		69	2,059

or

No.	Description	Price
1	SGS	80
2	CamControl	20
3	Customs Duties and Other Taxes	400
		500
4	Freight	800
		800
5	Packages	100
6	Lift on, Lift off (LOLO)	40
7	Customs Clearance	200
8	Domestic Transport	300
9	Other services	50
		690
	VAT 10%	69
		759
	Total	2,059

Annex 2

Enterprise A transports goods to a place outside of Cambodia for Garment Factory B. Enterprise A shall issue an invoice as follows:

Enterprise A
Address: Monivong Blvd

TIN: VT 01.1045555

Customer: Garment Factory B
 TIN: VT01.1062222
 Address: No.....Road 6A

No.	Description	Price	Tax Rate	Tax Amount	Price inclusive of Tax
1	Freight	130	0%	0	130
2	Terminal charge	50	10%	5	55
3	Customs clearance	30	10%	3	33
4	Packaging fees	20	10%	2	22
5	Domestic transport	20	10%	2	22
	Total	250		12	262

Or

No.	Description	Price
1	Freight	130
		130
2	Terminal charge	50
3	Customs clearance	30
4	Packaging fees	20
5	Domestic transport	20
		120
	VAT 10%	<u>U</u>
		132
	Total	262

Enterprise A buys transporting tickets from a transporting company at a cost of 130 and sells at 140. Enterprise A issues invoices using the following format:

Enterprise A
 Address No Monivong Blvd

TIN: VT 01.1044567

Customer: Mr. Mao Mok

No.	Description	Price	Tax Rate	Tax Amount	Price inclusive of Tax
1	Freight	130	0%	0	130
2	Gain	10	10%	1	11
	Total	140		1	141

or

No.	Description	Price
1	Freight	130
		130
2	Gain	10
	VAT 10%	1
		11
	Total	141

Annex 3

Enterprise A uses Agent B to sell transporting ticket and give 20% commission fee to that agent. During the month, Agent B sells:

- Tickets for international transport 50 X 140 (price inclusive of 0% VAT) = 7,000
- Tickets for domestic transport 200 X 90 (price inclusive of 10% VAT) = 18,000

At the end of the month, Agent B shall charge the commission of: $(7,000 + 18,000) \times 20\% = 5,000$.

Agent B shall issue invoices to Enterprise A showing the amount of $5,000 + 500$ (Tax) = 5,500 and pay 25,000 - 5,500 = 19,500 to transporting Enterprise A.

Agent B shall declare VAT as follows:

- | | |
|------------------|-------------------------------|
| - Input tax | = 0 (counted as NIL) |
| - Output tax | = 500 (tax from Enterprise A) |
| - Tax to be paid | -500 |

Enterprise A shall declare VAT as follows:

- | | |
|--------------------|---|
| - Input tax | = 500 (paid to Agent B) |
| - Output tax | = 1,636 (of 7,000, fee for international transport is subject to 0% VAT, domestic transport also includes the tax amount of $18,000/11 = 1,636$) |
|
Tax to be paid |
= 1,136 |

137. **Prakas** # 326 on Implementation of Value Added Tax on Transportation of Goods or Passengers (June 5, 2001)5-94

Ministry of Economy and Finance
No. 326

Prakas
on
Implementation of Value Added Tax
on Transportation of Goods or Passengers

Phnom Penh, June 5, 2001

- Having seen the Constitution of the Kingdom of Cambodia,
- Having seen Royal Decree NS/RKT/1198/72 on Appointment of the The Royal Government of Cambodia dated November 30, 1998,
- Having seen Law on Organization and Functioning of the Council of Ministers promulgated by Royal Kram 02 NS/94 dated July 20, 1994,
- Having seen Law on Establishment of the Ministry of Economy and Finance promulgated by Royal Kram NS/RKM/0196/18 dated January 24, 1996,
- Having seen Law on Taxation promulgated by Royal Kram NS/RKM/0297/03 dated February 24, 1997,
- Having seen Sub-Decree 114 on Value Added Tax dated December 24, 1999,
- Having seen Sub-Decree 15 dated February 7, 2001,
- Having seen the Necessity of Tax Department,

DECIDES

Article 1: In compliance with provisions of Article 64 of Law on Taxation and Article 54 of Sub-Decree on Value Added Tax, transportation of goods or passengers are determined as follow:

1. It is considered an international transportation of goods or passengers if such transportation is made:
 - a) from a place in the Kingdom of Cambodia to a place outside the Kingdom of Cambodia; or
 - b) from a place outside the Kingdom of Cambodia to a place inside the Kingdom of Cambodia; or
 - c) from a place outside the Kingdom of Cambodia to a place outside the Kingdom of Cambodia if such transportation or part of such transportation crosses the territory of the Kingdom of Cambodia.

For purpose of this Prakas, "a place in the Kingdom of Cambodia" refers to: international sea/river port, international airport, or foremost entrance into the territory of the Kingdom of Cambodia.
2. It is value added taxable at the rate:
 - a) 0 percent for transportation of goods or passengers stipulated in paragraph 1 of this Article and other services supplied to means of transportation of goods or passengers including navigation, landing, docking, or information services relating to international transportation of goods or passengers.
 - b) 10 percent for transportation of goods or passengers other than the stipulation in paragraph 1 of this Prakas.
3. As for transportation services including international transportation service, customs clearance service, and other services, the transportation company shall record on a single receipt by separating:

- a) part of international transportation service charge with value added tax at 0 percent.
- b) all other service charges with value added tax at 10 percent.

In the event that an enterprise uses regular receipt without an amount of value added tax highlighted, the value calculated at 10 percent rate is considered a value inclusive of tax.

4. In accordance with provision of Article 45 of Sub-Decree on Value Added Tax, an enterprise which is an independent agent and who provides the service of transportation of goods abroad by using the means of transportation of other transportation enterprise or provides service of international transportation ticket selling shall comply with paragraph 3 of this Prakas.
5. Enterprises are permitted to deduct the input taxes under the provisions stipulated in Chapter 6 of Sub-Decree on Value Added Tax. Enterprises must have documents as a proof including tax receipts or plane or boat tickets or documents issued by supply company to verify the validity of input tax or 0 percent rate.

Article 4: Secretary General of Ministry of Economy and Finance, Customs Director, Cabinet Director of Ministry of Economy and Finance, Tax Department Director, and relevant Department Directors shall implement this Prakas effectively from the date of signature.

The State Minister,

Minister of Economy and Finance

Signed and Sealed:

KEAT CHHON

Cc:

- The General Secretariat of Senate
- The General Secretariat of National Assembly
- The Office of Council of Ministers
- All Ministries and State Secretariats
- All Provincial/Municipal Offices
- As in Article 2
- Documents –Archive

138. **Prakas # 1037** (MEF) on Implementation of VAT (Dec 31, 1998)5-96

Ministry of Economy and Finance
No. 1037

Prakas
On
Implementation Of Tax Law
for Value Added Tax

December 31, 1998

- Having seen the 1993 Constitution of the Kingdom of Cambodia;
- Having see Royal Decree on Appointment of the The Royal Government of Cambodia dated November 30, 1998;
- Having seen the Law on Organization and Functioning of the Council of Ministers promulgated by Royal Kram 02NS-94 dated July 20, 1994;
- Having see the Law on Establishment of Ministry of Economy and Finance promulgated by Royal Kram NS/0196/18 dated January 24, 1996;
- Having seen Royal Kram 02NS dated December 28, 1993 promulgated Financial Law for 1994;
- Having seen the Law on Taxation promulgated by Royal Kram NS/0297/03 dated February 24, 1997;
- Having seen the Financial Law for Management 1998 promulgated by Royal Kram CS/0108/01 dated January 9, 1998;

DECIDES

Article 1: Value added tax at 10% rate on taxable value must be paid on imported goods.

Article 2: Taxable value of imported goods is the sum of:

- a) value of goods for calculating customs duties according to the law on custom duties.
- b) amount of customs duties, specific tax on certain goods and services, and other tax charges which must be paid on those goods, except for VAT.

Article 3: Value added tax shall be collected at the time of processing declaration to clear goods from customs.

Article 4: Customs office shall provide the importers with a copy of a customs Bill of Entry for Import, which bears:

- a) entered identification number of VAT if the importer is a taxable person.
- b) written word “no” in the box for the identification number of VAT if the importer is not a taxable person.
- c) specified amount of tax paid on the customs Bill of Entry for Import if the importer is a taxable person importing for the taxable business.
- d) specified invalidity of tax refund if the importer is not a taxable person or importing for personal use.

Article 5: Revenues from collection of VAT shall be funneled to the state coffers through the budget category No. 12.02.01.

Article 6: This Prakas is in force from January 1, 1999.

Article 7: Prakas No. 068 dated March 19, 1997 on Implementation of Tax Law for Turnover is void from January 1, 1999.

Article 8: Cabinet director, customs director, departments, and relevant entities shall be responsible for implementing this Prakas from the date of signature.

The State Minister,
Minister of Economy and Finance

Signed and Sealed:

KEAT CHHON

Cc:

- The General Secretariat of the National Assembly
- The Office of the Council of Ministers
- All ministries and central institutions
- All province
- al and municipal offices (as information)
- All subordinate departments and entities
- Chronos

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Ministry of Economy and Finance
No. 1031

PRAKAS
On
Value Added Tax

December 24, 1998

- Having seen the Constitution of the Kingdom of Cambodia 1993;
- Having seen Royal Decree on Appointment of the The Royal Government of Cambodia dated November 30, 1998;
- Having seen Law on Organization and Functioning of the Council of Ministers promulgated by Royal Kram No. 02 NS/94 dated July 20, 1994;
- Having seen Law on Establishment of the Ministry of Economy and Finance promulgated by Royal Kram No. NS/0196/18 dated January 24, 1996;
- Having seen Law on Taxation promulgated by Royal Kram No. NS/0297/03 dated February 24, 1997;
- Having seen Law on Financial Management for 1998 promulgated by Royal Kram No. CS/0108/01 dated January 9, 1998;
- Having seen necessity of the Ministry of Economy and Finance;

DECIDES**SECTION I****RULES AND PROCEDURES FOR REGISTRATION OF TAXABLE PERSONS****Article 1: Duty to Register**

1. As stipulated in Article 59 and Article 76 of the Law on Taxation, a real regime taxpayer who has provided the taxable supplies as stipulated in Article 60 of the Law on Taxation is a taxable person. A person as stipulated in phrase a of this paragraph shall apply to the Tax Department for value added tax registration before starting the business. Other persons shall complete the application at the Tax Department for value added tax registration within 30 days after becoming a taxable person. Those persons include:
 - a) All types of company, all import/export enterprises and investment enterprises;
 - b) Other enterprises that have taxable turnover for a period of three consecutive months over 125 million Riels for the supply of goods or over 60 million Riels for the supply of services;
 - c) Any enterprise that at the beginning of any three consecutive calendar month period has a basis to believe that for this period it will have taxable turnover over 125 million Riels for the supply of goods or over 60 million Riels for the supply of services;
 - d) Any enterprise that at the beginning of any three consecutive calendar month periods has taxable turnover more than 30 million Riels derived from a contract with the state.

In the event that a person supplying both goods and services who has taxable turnover exceeding a minimum level of turnover that requires registration as determined in phrase **b**, phrase **c** and phrase **d** of paragraph 1 of this Article such person shall apply for registration.

For purposes of provisions of this Prakas:

- “Taxable Turnover” refers to turnover from taxable supply of goods or services or contract with the state, exclusive of tax.
- “Tax” means value added tax “VAT”.

2. Minimum of annual taxable turnover for registration applied to a person who is not characterized as company, import/export enterprise, or investment enterprise, is 500 million Riels for supply of goods, 250 million Riels for supply of services, and 125 million Riels for having a contract with the state.
3. State institutions or unit of state institutions at every level, which conduct a business as an economically autonomous unit, must apply for value added tax registration within 30 days after such state institution or unit becomes a taxable person.
4. Any person who supplies goods or services of value, which is part of his business activities and is not required to register under paragraph 1 or paragraph 3 of this Article, such person may apply to the Tax Department for registration under the provisions of Section 2 of this Prakas.

SECTION II**REGISTRATION REQUIREMENT****Article 2: Application Form for Registration**

Application for registration stipulated in Article 1 of this Prakas must be processed as determined by the Tax Department and the applicant must provide information as required by the Tax Department.

Article 3: Rights to Registration

The Tax Department shall register the applicant as stipulated in paragraph 1 and paragraph 3 of Article 1 of this Prakas and issue to such person a registration certificate on which there is an identification number (VAT) except in the event that the Tax Department believes that the applicant is not obligated to register under Article 1 of this Prakas or in the event of application under paragraph 4 of Article 1 of this Prakas for the reason that:

- a) A person does not have a permanent abode or place of business
- b) The Tax Department has a reasonable basis to believe that such person:
 - Will not properly record and maintain accounting documents relating to his business activities
 - Will not submit a proper and reliable tax declaration regularly according to requirements stipulated in Article 70 of the Law on Taxation.

Article 4: Effective Date of Registration

The effective date of registration is the date that the applicant becomes a taxable person. Such effective date starts from:

- c) beginning of the month following the month which the duty to apply for registration occurred in the case of application stipulated in paragraph 1 or paragraph 3 of Article 1 of this Prakas
- d) beginning of the month following the month a person applied for registration applicant in the case of application stipulated in paragraph 4 of Article 1 of this Prakas.

Article 5: Registration Certificate

The certificate of registration must bear the name, identification number (VAT), effective date of registration and other detailed information on the taxable person.

Article 6: Display of Registration Certificate

A taxable person who has registered must display or hang the certificate of registration issued under the provisions of this Prakas at the principal place of business.

Article 7: Ledger of Value Added Tax

The Tax Department must have a ledger for recording a detailed information relating to each taxable person.

Article 8: Registration Authority

The Director of Tax Department has the right to register any person in the event that there is a reasonable basis to believe that such person is obligated to apply for registration as stipulated in paragraph 1 and paragraph 3 of Article 1 of this Prakas but has not done so and the registration shall take effect on the date entered on the registration certificate.

Article 9: Notification on Approval or Rejection of Registration

The Tax Department must notify in writing on whether it approves or rejects the registration for an applicant as stipulated in Article 3 of this Prakas within 30 days after receiving the application.

Article 10: Notification on Unilateral Registration

The Tax Department must notify in writing on a decision to unilaterally register a person as stipulated in Article 8 of this Prakas within 30 days after such decision is made.

Article 11: Changes of Information on Taxable Person

A taxable person must notify in writing to the Tax Department on the change of:

- a) name or address of such person
- b) other situations that render such person unable to fulfill conditions for registration any longer
- c) types of business activities or taxable supply being carried out and other information.

Such notification must be made within 15 days after such change occurs.

SECTION III**REGISTRATION OF INVESTMENT ENTERPRISE****Article 12: Registration of Investment Enterprise**

A person recognized by the Council for Development of Cambodia as an investment enterprise who has yet to provide taxable supply may apply to the Tax Department for registration of the investment enterprise for a period of no longer than two years.

Article 13: Conditions for Registration

A person applying to register an investment enterprise must provide a contract and collateral as required by the Tax Department for repayment of tax amount that the Tax Department refunded if such person has not made a taxable supply during the time the investment enterprise is register.

Article 14: Refund of Tax on Input

Investment enterprise may file a claim and be refunded the tax on input paid on expense on input whether it is imported or local input relating to the taxable business activities of such enterprise.

Article 15: Responsibilities of Investment Enterprise

Investment enterprise shall observe all registered taxable person's duties and responsibilities such as keeping accounting records and submitting declaration letters regularly.

Article 16: Cessation of Investment Enterprise Status

Registration of investment enterprise of any person may be ceased immediately when:

- a) a person provides taxable supply in the business operation;
- b) two years lapse after the date of registration if a person does not provide taxable supply.

SECTION IV**CANCELLATION OF REGISTRATION****Article 17: Cessation of Business**

A taxable person shall make a written request to the Tax Department for de-registration in the event that such person stops providing the valued supply of goods or services which is a part of his/her business activities.

Article 18: Decline of Taxable Turnover

Taxable person may make a written request to the Tax Department for de-registration in the event that the level of taxable turnover for the last three calendar months does not exceed the minimum level of turnover requires registration as stipulated in paragraph 1 of Article 1 of this Prakas or in the event that taxable turnover for the last 12 calendar months does not exceed 75% of minimum level of annual turnover requires registration.

Article 19: Voluntary Cancellation of Registration

For a taxable person that applies for registration under paragraph 4 of Article 1 of this Prakas, application to de-register under Article 18 of this Prakas may be made only after two years of the date of registration.

Article 20: Rights to Cancel Registration

Chief of the Tax Department has the rights to de-register:

- a- a person who applies for de-registration under Article 17 or Article 18 of this Prakas
- b- person who does not request for de-registration that the chief of the Tax Department considers that such person is not required or qualified for registration under Article 1 of this Prakas
- c- a person who does not apply for de-registration but fails to declare the taxable supply within three consecutive calendar months.

Article 21: Right to Voluntary Cancellation of Registration

Chief of the Tax Department has the rights to cancel the registration of a person who applies for registration under paragraph 4 of Article 1 of this Prakas in the event that such person:

- a- has no permanent abode or place of business
- b- does not properly keep accounting records relating to any business activity of such person
- c- does not submit VAT declaration properly and regularly as stipulated in Article 70 of the Law on Taxation.

Article 22: Letter of Notification on Application to Cancel Registration

The Tax Department shall notify a taxable person in writing whether it rejects or approves de-registration under this section within 30 days after receiving the de-registration application under paragraph A of Article 20 of this Prakas or within 30 days after deciding to de-register under paragraph b of Article 20 and Article 21 of this Prakas.

Article 23: Effective Date for Cancellation of Registration

De-registration shall take effect on the end of the month which registration is canceled.

Article 24: Cancellation of Registration

In the event that the registration of a person is canceled, the Tax Department shall remove the name of such person and detailed information as stipulated in Article 5 of this Prakas from the register of taxable persons.

Article 25: Tax Debts at the Time of Cancellation of Registration

At the time a taxable person is de-registered under this section, a taxable person is considered to have provided taxable supply of all goods on hand including capital goods and must pay output tax on all goods with which the tax credit on input has already been received. Payment of tax on output shall be based on the market value of goods at the time of such de-registration.

Article 26: Effects of Cancellation on Legal Responsibilities

De-registration of a person does not affect the personal debt obligations and penalties as stipulated in the provisions of Law on Taxation including the requirement to submit the declaration letter under Article 70 of Law on Taxation which a person has or has not made during which he/she is a taxable person.

SECTION V**TAX CREDIT ON INPUT****Article 27: Tax Credit on Input at the Beginning of Value Added Tax Registration**

- 1- At the time of being registered, a taxable person is allowed the tax credit on input which has been paid or must be paid on:
 - A- All taxable supply of goods including the capital assets that a person received before the time of registration.
 - B- All importation of goods including the capital assets that a person imported before the time of registration.
- 2- Conditions for credit allowance are determined as follow:
 - a) goods purchased for taxable sales or use for taxable supply of the taxable person
 - b) goods listed in inventory must be on hand at the effective date of registration
 - c) such supplies or importation must be done no more than 60 days before the effective date of registration
 - d) credit application must be filed in accordance with formality determined by the Tax Department
 - e) appropriate documents showing the Tax Department that the person paid the tax allowed as credit

Article 28: Calculation of Tax Payable

When a taxable person calculates the tax payable for the month, such person is allowed credit for the tax paid on:

- a- all taxable supplies such taxable person received in the month
- b- all importation of goods by such taxable person in the month

Tax credit is allowed only for taxable supplies or importation for use in providing taxable supplies.

Article 29: Due Date of Tax on Input

Input tax credit incurs at the time as following:

- a- when the goods or services provided to or imported by a taxable person in the case of tax credit stipulated in Article 28 of this Prakas
- b- when a taxable person is registered in the case of tax credit as stipulated in Article 27 of this Prakas.

Article 30: Tax on Input not Allowed as Tax Credit

Taxable persons are not allowed input tax credit for taxes paid on:

- a- expenses on entertainment, amusement, or establishment except that a taxable person is in the business of providing entertainment, amusement, or establishment
- b- Purchase or import of automobiles except that a taxable person is in a business of selling or renting automobiles
- c- purchase or import of certain petroleum products except that a taxable person is in a business of supplying these petroleum products.

Article 31: Tax on Input Partly Used as Taxable Supply and Partly as Non-Taxable Supply

In the event that the goods or services purchased are used partly as taxable supply and partly as non-taxable supply, tax credit is allowed for the part used as taxable supply only.

Article 32: Calculation of Tax Credit on Input

Input tax allowed as credit to the taxable person for the taxable period is:

- a- all input taxes specified in Article 28 of this Prakas in the event that all supplies of a taxable person in such taxable period are taxable supplies
- b- In the event that only part of supplies of a taxable person in a taxable period is taxable supply, the credit amount allowed shall be calculated using following formula:

$A \times B/C$

where

- A. total amount of input tax in a taxable period
- B. total amount of taxable supplies exclusive of VAT provided by a taxable person in a taxable period
- C. total amount of taxable and non-taxable supplies provided by a taxable person in a taxable period except for the value of non-taxable supplies of business transfer.

Article 33: Small Taxable Supply

In case of B/C in Article 32 of this Prakas is smaller than 0.05 a taxable person is not given input tax credit in such taxable period.

Article 34: Small Non-Taxable Supply

In case of B/C in Article 32 of this Prakas is greater than 0.95, a taxable person is allowed all input tax credit in the taxable period.

Article 35: Other Method for Calculation of Tax Deductible on Input

In the event that a taxable person provides both taxable and non-taxable supplies that makes application of provisions of Paragraph B of Article 32 of this Prakas difficult, the Tax Department may allow a taxable person to apply another formula for calculation of input tax which is deductible as following:

- a- separate the input tax on taxable supply from input tax on non-taxable supply, if possible. In this case, the taxable person may file a request for all input tax credit concerning the taxable supplies but may not file a request for input tax credit concerning non-taxable supplies.
- b- for the remaining input tax which cannot be separated according to paragraph A of this article, tax credit must be calculated according to provisions of paragraph B of Article 32 of this Prakas.

Article 36: Election of Method for Calculation of Credit for Tax Deductible on Input

In the event that a taxable person provides both taxable and non-taxable supplies and wants to use a method to calculate the input tax deductible other than the one stipulated in paragraph **b** of Article 32 of this Prakas, such taxable person shall submit a written application to the Tax Department and have a written approval from the Tax Department

Article 37: Annual Calculation of Tax Deductible on Input

In the first month of the following calendar year, a taxable person who calculates the input tax under **b** of Article 32, **b** of Article 35, or Article 36 of this Prakas shall calculate the tax credit deductible for the previous calendar year based on the annual total amount of:

- a- input tax that cannot be separated
- b- taxable supplies without VAT
- c- taxable supplies without VAT and non-taxable supplies except for the value of non-taxable supplies of business transfer.

Article 38: Annual Adjustment of Tax Deductible on Input

In the event that:

- a. tax credit for the calendar year is in excess of the tax credit in the declaration letter, the difference shall be considered as credit for the first month of the next calendar year
- b- tax credit for the calendar year is less than the tax credit in the declaration letter. The difference shall be considered as tax that a taxable person collects from the taxable supplies for the first month of the next calendar year.

Article 39: Evidence for Request of Tax Credit on Input which Is Deductible

In order to file a claim for input tax credit deductible under the provisions of this Prakas, a taxable person shall have:

- a. Original tax receipts for the taxable supplies; or
- b. Bill of Entry for Import certified by the Customs Office as evidence of the amount of tax paid on importation of goods.

Article 40: Refund of Excess Tax Credit on Input

1. As stipulated in Article 72 and Article 73 of the Law on Taxation, a taxable person who is an exporter or registered as Investment Company may file for a refund of the monthly excess input tax. Other taxable persons who have excess input tax credits for three or more consecutive months may apply to the Tax Department for a refund of such excess tax on input at the end of the third month or in any month thereafter. Application shall be submitted no later than 20 days after the end of the month and according to the procedures determined by the Tax Department.
2. The Tax Department shall not make a refund to a taxable person who request for tax refund but did not declare the taxable supplies unless such taxable person is registered as investment enterprise.
3. In any month that a taxable person receives tax refund and such person has submitted a refund application in 20 days after the end of the month, the Tax Department shall refund such tax at the end of the following month after application was filed.
4. In the event that the Tax Department fails to make refund in time as provided in paragraph 3 of this Article, the Tax Department shall pay such taxable person the interest at the rate of 2% per month or part of the month that the refund is owed.
5. In the event that a taxable person who applies for a refund is required by the Tax Department to provide accounting documents or records to clarify the refund application but fails to provide such documents according to the formality determined by the Tax Department within 7 days, the time period for refund provided in paragraph 3 of this Article is not applicable to the Tax Department.

Article 41: Definitions

Unless otherwise provided, for the purpose of this Prakas:

- a- The term "entertainment" means provision of foods, drinks, smokes, housing, or any reception.
- b- The term "automobile" refers to automobile for transporting passengers only with 10 seats or less.
- c- The term "petroleum product" refers to regular or super gasoline and lubricants.
- d- The term "tax credit for calendar year" means total input tax deductible for a calendar year based on total annual calculation.

- e- The term “tax credit in declaration letter” means total tax on input requested as credit in each month of calendar year.

SECTION VI

TAX RECEIPTS

Article 42: Conditions relating to Issuance and Use of Tax Receipts

In addition to the stipulation in Article 77 of Law on Taxation, the use of tax receipts shall be as following:

- a- when providing supplies to another taxable person, a taxable person shall issue a tax receipt to such taxable person
- b- tax receipt must have the purchaser’s VAT registration identification number listed
- c- a taxable person may demand another taxable person who supplies goods or services to issue a tax receipt for such supply
- d- a taxable person who fails to provide another taxable person with a tax receipt shall be penalized as stipulated in the Law on Taxation
- e- a taxable person must not issue a tax receipt to a customer who is not a taxable person but must issue an ordinary receipt or other document to such customer who is not a taxable person
- f- at the time of supply, a taxable person shall keep a copy of tax receipt, ordinary receipt or other document issued to the customer.

SECTION VII

NON-TAXABLE SUPPLIES FOR DIPLOMATIC MISSIONS AND INTERNATIONAL ORGANIZATION

Article 43: Non-Taxable Supplies for Diplomatic Missions and International Organizations

Non-taxable supplies for the diplomatic missions and international organizations are determined as follow:

1. importation of goods for or by foreign diplomatic missions and consulates, international organizations, or technical cooperation agencies of the governments to be used in its official operations is considered to be non-taxable supply. Non-taxable supplies are allowed only in the event that there is a certification from the chief of the mission to the Tax Department that such goods are imported for the purpose of use as mentioned above.
2. Foreign diplomatic missions and consulates, international organizations, or technical cooperation agencies of the governments may apply for a refund of tax on goods locally purchased listed in the enumerated roster of goods determined by a Prakas of Ministry of Economy and Finance. Tax refund may be made only in the event that there is a certification from the chief of the mission to the Tax Department that such goods are purchased for the purpose of use in its own official business.
3. a request for tax refund as provided in paragraph 2 of this Article shall be in compliance with following conditions:
 - a. application must follow the formality determined by the Department
 - b. each purchase receipt must bear a total amount, exclusive of VAT, of goods allowed for tax refund of 100,000 Riels or more
 - c. each refund application must bear the total amount, exclusive of VAT, of at least 500,000 Riels

- d. Request may be made only once per month.

For a tax refund application provided in paragraph 2 of this Article, the Tax Department must notify whether a refund is approved or disapproved within one month after receiving application.

SECTION VIII

RULES & PROCEDURES FOR TAXABLE SUPPLIES

Article 44: Place of Supply of Goods

A place of supply of goods is determined as follow:

- 1- Supply of goods is considered to be provided in the Kingdom of Cambodia in the event that such goods are delivered in the Kingdom of Cambodia, whether they have a characteristic of transfer of right to use or dispose of. In case of supply requires transport, such supply is considered to be made in the Kingdom of Cambodia in the event that the goods locate in the Kingdom of Cambodia at the time the transportation begins.

Article 45: Place of Supply of Services

A supply of services is considered to be provided in the Kingdom of Cambodia if such services are rendered in the Kingdom of Cambodia, except for:

- a- a supply of services relating to immovable properties is considered to be provided where such immovable properties locate
- b- a supply of services relating to transport is considered to be provided at the place of such transportation
- c- a supply of services for use outside the Kingdom of Cambodia is considered to be provided outside the Kingdom of Cambodia.

Article 46: Place of Supply of Import

A place of supply of import is where goods are brought into the Customs territory of the Kingdom of Cambodia and where the custom duties and other import related taxes are paid.

Article 47: Supply of Goods in Combination with Services

1. The supply of miscellaneous services provided with the supply of goods is a part of the supply of goods.
2. The supply of miscellaneous goods provided with the supply of services is a part of the supply of services.
3. The supply of miscellaneous services provided with the supply of imports is a part of the supply of imports.

Article 48: Time of Supply

1. The time of supply of goods or services is determined as follow:
 - a- The time of supply of goods and services is the time the supplier must issues a receipt or the time the supplier issues a receipt in the event that the supplier issued a receipt prior to the time it is required to be issued. The supplier shall issue a tax receipt no later than 7 days after goods delivered or services rendered or after payment in the event that the payment was made prior to goods delivered or services rendered.
 - b- In the event that the goods are taken for personal use, the time of supply is the time such goods were taken and start being used.

- c- In the event that goods or services are supplied as gifts, the time of supply is the time goods are delivered whether the transfer of right to use or dispose of or when the services supplied are fully rendered.
2. The time of supply of goods under lease-purchase contracts or lease financing whether it is a transfer of right to use or dispose of.
3. In the event that:
 - a- goods are supplied under a lease contract; or
 - b- goods or services are provided under a contract or law which stipulates multiple payments; or
 - c- services are provided continuously.

Goods or services are considered to be already provided for the portion already supplied during the period of contract or during the period determined by laws and the time of supply of each portion already supplied is the first date among the due date for payment and the date the payment is received.

4. For importation of goods, the time of supply is the time an importer submits declaration letter to the customs authority according to principle in effect and duties and taxes are paid.

SECTION IX

ADJUSTMENT TO THE AMOUNT OF TAX

Article 49: Procedures for Adjustment of Tax Amount After Supply and Receipts Issued

1. A taxable person who issued tax receipts or submitted monthly declaration letter, such person may readjust the tax amount in the event that the following events occur:
 - a- supply is cancelled; or
 - b- nature of supply has been altered or changed basically;
 - c- benefit of supply as previously agreed upon has been altered or changed by a new agreement with the supply recipient because of price reduction or other reasons; or
 - d- goods or any portion of goods or package is returned to the supplier or service has not been fully rendered.
2. If there is an adjustment provided by paragraph 1 of this Article, a taxable person shall revise his tax burden as follow:
 - a- If the revised tax amount on output is greater than the tax amount on output which such taxable person recorded the excess amount is considered to be a tax amount which such taxable person collected in the month that the events provided in paragraph 1 of this Article occurred
 - b- If the tax amount on output recorded by a taxable person is greater than the revised tax amount on output, the excess amount shall be considered to be tax credit for the month that the events provided in paragraph 1 of this Article occurred.
3. For a supply provided to a person who is not taxable, the excess tax amount provided in phrase **b** of paragraph 2 of this Article shall not be allowed as tax credit unless a taxable person return the excess tax to the supply recipient in cash or as deduction with the debt that the recipient owed the supplier.
4. .If a taxable person issues a tax receipt for the reason provided in paragraph 1 of this Prakas and the tax amount recorded is greater than the revised tax amount on supply of goods a

taxable person who supplies goods shall provide the supply recipient with letter of tax credit as clarified in Section 6 of this Prakas and Article 77 of Law on Taxation.

5. If a taxable person issues a tax receipt for the reasons stipulated in paragraph 1 of this Prakas and the tax amount recorded is less than the revised tax amount on supply of goods, a taxable person who supplies good shall provide the supply recipient with the letter of tax debit clarified in part 6 of this Prakas and Article 77 of Law on Taxation.
6. a taxable person who is a supplier or a supply recipient who issues or receives letter of tax debit or tax credit shall record the cash flow of letter of tax debit or tax credit in the same manner as cash flow of tax receipt.

SECTION X

ACCOUNTING BOOK, RECORD, AND INFORMATION

Article 50: Accounting Books and Records that must be Maintained by Taxable Person

A taxable person shall record and maintain an accounting book of all supplies provided and received in the business operation including the zero rate taxable supplies and non-taxable supplies.

For accounting purpose on value added tax, a taxable person shall keep and maintain accounting books, records and information as follow:

- a- monthly value added tax accounts which specify total output tax, total input tax, tax payable or excess tax credits carried forward or due for refund
- b- all purchase records that detail all purchases with tax paid and all tax free purchases. Original tax receipts for local purchase, Bills of Entry for Import certified by customs authorities indicating the tax has been paid, and receipts of tax free purchases must be maintained in chronological and serial orders.
- c- all sales records including taxable sales at VAT standard rate of 10%, zero rate and non-taxable sales. Copies of receipts relating to taxable sales and receipts relating to non-taxable sales shall be maintained in chronological and serial orders
- d- letters of debits and letters of credits issued and received shall be maintained in chronological and serial orders
- e- records of all exports of goods and services at zero rate as well as customs Bill of Export, copies of receipts issued to foreign purchaser, bill of lading for export of goods, orders or contracts with foreign purchasers, and evidence of payment by transfer through the banks registered in the Kingdom of Cambodia or by letter of credits. The letter of credit must be specified to be paid from any registered bank approved in the Kingdom.
- f- record of cash flow of retailers including cash account records, money in the bank, canceled checks, and accounting records including copies of receipt stubs or ledger for daily sales.
- g- computerized records, if any
- h- detailed information on calculation of input tax in the event that such taxable person provides taxable supplies as well as non-taxable supplies
- i- documents, records and forms applying for tax credit for turnover tax and use tax for the transitional period
- j- records of stocks that show goods enter and exit and production records
- k- records of purchase orders and deliveries
- l- business correspondences
- m- Appointment and work books
- n- annual accounting reports including income statement, balance sheet, and additional information table
- o- bank records including account statements, check stubs, and deposit slips

All records shall be made according to the formality determined or recognized by the Tax Department and shall be maintained and readied for inspection for the period of 10 years.

SECTION XI

SUPPLIES TO CONSUMERS

Article 51: Tax Calculation on Sale of Goods to the Non-Taxable Person

A taxable person who provides taxable supplies at the standard rate to a non-taxable person shall keep the accounting books and records as provided in Article 50 of this Prakas and shall comply with following procedure:

- c- in the event that an ordinary receipt is issued, if the tax amount is specified separately on a receipt, the tax due for the month shall be calculated from the sale record
- d- if the tax amount is not specified separately on a receipt or a taxable person makes retail sale without issuing receipt, such taxable person shall keep a record of daily total sales of taxable sales and non-taxable sales. In calculating tax amount, the monthly total sale is multiplied by tax percentage. Tax percentage for a rate of 10% is 1/11.

In order to find taxable amount, the monthly total sale is subtracted by tax amount.

SECTION XII

SUPPLIES BY AGENTS

Article 52: Conditions for Supply of Goods or Services by Agents

1. Supply of good or service provided by a person who is an agent for the benefit of another person who is a principle shall be considered as supply of such principle.
2. In the event that an agent is a taxable person, such person shall account for tax on commission derived from a supply of goods or services on behalf of another person who is a principal. If both principal and agent are taxable persons, the tax on commission of an agent shall be considered as tax on input of the principal.

SECTION XIII

COLLECTION OF VAT ON IMPORT

Article 53: Collection of Value Added Tax at the Time of Import

1. Tax is due at the time of import and shall be collected by the customs office.
2. Tax is collected through declaration in the customs bill of entry for import and shall be arranged in the same manner as customs duties.
3. Taxable value of goods imported is the total amount of:
 - a. value of goods for calculation of customs duty according the law relating to customs duty
 - b. an amount of customs duty, special tax on certain goods and services, and other tax charges that must be paid on these goods beside VAT
 - c. value of any service provided in paragraph 3 of Article 47 of this Prakas which is not included in the value of goods for calculation of customs duty as provided in phrase a of paragraph 3 of this Article
5. The Customs Office shall provide the importer with a copy of customs bill of entry for import that bears:
 - a. VAT identification number if such importer is a taxable person

- b. the word “NONE” for VAT identification number boxes if such importer is not a taxable person
- c. Clarification on the tax amount paid on customs bill of entry for import if the importer is a taxable person who imports for a taxable business operation\
- d. Clarification on invalidity of tax refund if the importer is not a taxable person or imports for personal use.

SECTION XIV

ZERO RATE FOR EXPORTATION OF GOODS AND SERVICES

Article 54: Scope of Implementation of Zero Rate for Exportation of Goods and Services

1. According to paragraph 2 of Article 64 of Law on Taxation, VAT is set at zero rate on taxable value of each supply of goods exported from the Kingdom of Cambodia or taxable supply of service rendered outside the Kingdom of Cambodia.

Scope of implementation of this provision include:

- a- supply of goods to any place outside the Kingdom of Cambodia with proof of document approved by the Tax Department
 - b- supply of services for use outside the Kingdom of Cambodia with proof of document approved by the Tax Department
 - c- supply of service of international transportation of passengers and goods
 - d- supply of service relating to international transportation of passengers and goods
2. For the purpose of phrase **c** of paragraph 1 of this Prakas, land, water, and air transportation of passengers or goods is an international transportation if such transportation is made:
 - a- from a location in the Kingdom of Cambodia to another location outside the Kingdom of Cambodia
 - b- from a location outside the Kingdom of Cambodia to a location inside of the Kingdom of Cambodia
 - c- from a location outside the Kingdom of Cambodia to a location outside of the Kingdom of Cambodia in the event that such transportation is crossing the territory of the Kingdom of Cambodia

SECTION XV

TRANSFER OF BUSINESS

Article 55: Conditions and Requirements for Transfer of Business

A transfer of business from one person to another under the following conditions is not liable to VAT:

- a- a business is transferred from one person to another for continuing a business under a new ownership.
- b- a taxable person who transfers business shall notify the Real Regime Tax Collection Office on the transfer of business within 10 days of the date of transfer
- c- a taxable person who transfers a business shall apply for deregistration and comply with provisions of Article 81 of Law on Taxation and other relevant Articles in Section 4 of this Prakas
- d- a business transferee shall register as taxable person for VAT at the time of receiving the business and shall be taxed on goods in stock and asset received at the time of supplying such goods and assets
- e- a business transferee shall maintain tax documents relating to business transferred for a period of 10 years as provided in Article 98 of Law on Taxation.

SECTION XVI**CREDIT FOR TURNOVER TAX OR USE TAX
PAID ON GOODS IN STOCK AT THE BEGINNING OF THE IMPLEMENTATION OF VAT****Article 56: Applicability of Credit on Turnover Tax and Use Tax**

On January 1, 1999, in the event that a taxable person has in stock the capital goods and other goods on which the turnover tax or use tax has been paid, such person has the right to apply for credits for such taxes for only goods purchased within 60 days prior to January 1, 1999.

Article 57: Conditions for Application of Credit on Turnover Tax and Use Tax

The turnover tax credit or use tax credit may be applied for under the following conditions:

- a. a person applies for credit registered VAT and become a taxable person from January 1, 1999
- b. credit application under Article 56 of this Prakas shall be made in accordance with procedure set out by the Tax Department
- c. credit applicant under Article 56 of this Prakas shall provide inventory of all goods on hand at December 31, 1998 relating to the tax credit application
- d. application of tax credit on turnover or use shall be accompanied by evident documents certifying the payment of turnover tax and use tax
- e. credit application under paragraph b of this Prakas shall be submitted to the Tax Department no later than January 10, 1999.
- f. a taxable person shall keep all documents relating to the credit application for a period of 10 years and shall provide these documents to the Tax Department for inspection if requested.

Article 58: Method of Application for Tax Credit

In the event that the credit application under Article 56 of this Prakas is approved by the director of Tax Department, the amount specified as credit may be applied for as credit in the first monthly declaration letter of a taxable person.

Article 59: Right to Recollection of Tax Credit

Exclusive of other penalties provided in the Law on Taxation, in the event it is found that a taxable person violates a law, a registration certificate issued to a taxable person under Article 5 of this Prakas shall be wholly or partly cancelled by the director of Tax Department and any credit allowed in the past shall be recollected.

SECTION XVII**PROVISION ON SPECIFIC GOODS****Article 60: Value Added Tax on Specific Goods**

VAT on goods listed below shall be implemented differently:

- cigarette
- liquor with alcohol content 35% or more
- new motorcycles
- electricity and water

SECTION XVIII
FINAL PROVISIONS

Article 61: Implementation

Director General of the Ministry of Economy and Finance and Directors under the Ministry of Economy and Finance, Tax Department, Customs Office, and all relevant divisions and institutions shall be charged with implementing this Prakas effectively.

Article 62: Effective Date

This Prakas takes effect on the date of signature.

The State Minister
Minister of Economy and Finance

Signed and Sealed:

KEAT CHHON

140. **Prakas # 104** on the Adjustments of the Tariff rates on Selected Import commodities (February 11, 2005).....5-114

Ministry of Economy and Finance
No.: 104 SHV. Pr. K

Prakas
on
The Adjustments of the Tariff Rates on Selected Import Commodities

Phnom Penh, February 11, 2005

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen Royal Decree No. NS/RKT/0704/117 dated July 14, 2004 on the Appointment of the Prime Minister of the The Royal Government of Cambodia
- Having seen Royal Decree No. NS/RKT/0704/124 dated July 15, 2004 on the Appointment of The Royal Government of Cambodia
- Having seen Royal Kram No. 02/NS/94 dated July 20, 1994 stipulates the Use of the Law on the Organization and Functioning of the Office of the Council of Ministers
- Having seen Royal Decree, NS/RKM/0196/18,dated January 24, 1996 Stipulates the use of the Law on the establishment of Ministry of Economy and Finance
- Having seen Royal Decree No. 57 Kr. dated July 26, 1989 stipulates the use of the Law on Tariff and Taxes on Import and Export Commodities
- Having the Sub-decree No. 04 ANK/PK on the Organization and Functioning of the Ministry of Economy and Finance
- Having seen Prakas No. 944 SHV. PK.K.R. dated November 17, 2003 on the Introduction to Use the 2004 Tariff Table
- Having the Approval of Samdech Prime Minister dated January 03, 2005 on the Letter No. 7244 SHV, dated December 29, 2004 of the Ministry of Economy and Finance
- Pursuing to the necessity to encourage local producers

DECIDES:

Article 1:	Tariff rates	on a number	of imported	commodities are adjusted	as follows:	
	a. Zero rate (0%) for commodities in			the following sub-categories:		
	1301.10.00	1310.20.00	3901.10.10	3901.10.21	3901.10.22	3901.10.23
	3901.10.29	3901.10.30	3901.10.91	3901.10.99	3501.20.10	3901.20.21
	3901.20.22	3901.20.29	3901.20.30	3901.20.90	3901.30.10	3901.30.20
	3901.30.29	3901.30.90	3901.90.10	3901.90.20	3901.90.30	3901.90.90
	3902.10.10	3902.10.21	3902.10.29	3902.10.30	3902.10.91	3902.10.99
	3920.20.10	3902.20.20	3902.20.30	3902.20.90	3902.30.10	3902.30.21
	3902.30.29	3902.30.30	3902.30.91	3902.30.99	3902.90.10	3902.90.20
	3902.90.30	3902.90.90	3903.11.10	3903.11.20	3903.11.30	3903.11.90
	3903.19.10	3903.19.20	3903.19.30	3903.19.90	3903.20.10	3903.20.20
	3903.20.30	3903.20.40	3903.20.90	3903.30.10	3903.30.20	3903.30.30
	3903.30.40	3903.30.90	3903.90.10	3903.90.20	3903.90.30	3903.90.40
	3903.90.90	3904.10.10	3904.10.20	3904.10.31	3904.10.39	3904.10.40
	3904.10.90	3904.21.10	3904.21.21	3904.21.29	3904.21.30	3904.21.90
	3904.22.10	3904.22.21	3904.22.29	3904.22.30	3904.22.90	3904.30.10
	3904.30.21	3904.30.29	3904.30.90	3904.40.10	3904.40.21	3904.40.29
	3904.40.90	3904.50.10	3904.50.20	3904.50.30	3904.50.90	3904.61.10
	3904.61.20	3904.61.90	3904.69.10	3904.69.20	3904.69.90	3904.90.10
	3904.90.20	3904.90.90	3905.12.00	3905.19.10	3905.19.90	3905.21.00
	3905.29.10	3905.29.90	3905.30.10	3905.30.20	3905.30.90	3905.91.10
	3905.91.90	3905.99.11	3905.99.19	3905.99.90	3906.10.10	3906.10.20
	3906.10.90	3906.90.11	3906.90.12	3906.90.19	3906.90.91	3906.90.92
	3906.90.99	3907.10.10	3907.10.20	3907.10.90	3907.20.11	3907.20.19
	3907.20.90	3907.30.10	3907.30.20	3907.30.30	3907.30.90	3907.40.10
	3907.40.20	3907.40.90	3907.50.10	3907.50.90	3907.60.10	3907.60.20
	3907.60.90	3907.91.10	3907.91.90	3907.99.10	3907.99.20	3907.99.30
	3907.99.40	3907.99.90	3908.10.11	3908.10.12	3908.10.19	3908.10.91
	3908.10.92	3908.10.99	3908.90.10	3908.90.19	3908.90.90	3908.10.10
	3909.10.90	3909.20.10	3909.20.90	3909.30.10	3909.30.90	3909.40.10
	3909.40.90	3909.05.00	3910.00.11	3910.00.19	3910.00.90	3911.10.10
	3911.10.90	3911.90.10	3911.90.90	3912.11.00	3912.12.00	3912.20.10
	3912.20.20	3912.31.00	3912.39.00	3912.90.10	3912.90.20	3912.90.90
	3913.10.00	3913.90.00	3914.00.00	7201.10.00	7201.20.00	7201.50.00

4101.20.00	4101.50.00	4101.90.00	4102.10.00	4102.21.00	4102.29.00
4103.10.00	4103.20.00	4103.30.00	4103.90.00	4104.11.10	4104.11.20
4104.11.90	4104.19.10	4104.19.20	4104.19.90	4104.41.10	4104.41.90
4104.49.10	4104.49.90	4105.10.10	4105.10.20	4105.10.30	4105.10.90
4105.30.00	4106.21.10	4106.21.20	4106.21.90	4106.22.00	4106.31.10
4106.31.90	4106.32.10	4106.32.90	4106.40.10	4106.40.20	4109.40.90
4106.91.10	4106.91.90	4106.92.10	4106.92.90	4107.11.00	4107.12.00
4107.19.00	4107.91.00	4107.92.00	4107.99.00	4112.00.00	4113.10.00
4113.20.00	4113.30.00	4113.90.00	4114.10.00	4114.20.00	4115.10.00
4115.20.00	4401.10.00	4401.21.00	4401.22.00	4401.30.00	4402.00.00
4404.10.00	4404.20.00	4405.00.00	4406.10.00	4406.90.00	4407.10.10
4407.10.20	4407.10.90	4407.24.10	4407.24.20	4407.24.90	4407.26.10
4407.25.12	4407.25.19	4407.25.21	4407.25.22	4407.25.29	4407.26.10
4407.26.20	4407.26.90	4407.29.11	4407.29.12	4407.29.19	4407.29.21
4407.29.22	4407.31.10	4407.29.95	4407.29.31	4408.39.10	4407.29.91
4407.29.42	4408.90.20	4407.92.20	4407.29.50	8545.11.00	4407.91.10
4407.29.62	4407.29.29	4408.31.90	4407.29.69		4407.99.10
4407.29.81	4407.29.45	4408.90.90	4407.29.89	4407.29.32	4408.39.20
4407.29.94	4407.29.63		4407.29.99	4407.29.52	
4407.92.10	4407.29.82		4407.92.90	4407.29.71	8545.19.00

b. Seven percent (7%) for commodities within the following sub-categories:

7202.11.00	7202.19.00	7202.21.00	7202.29.00	7202.30.00	7202.41.00
7202.49.00	7202.50.00	7202.60.00	7202.70.00	7302.80.00	7202.91.00
7202.92.00	7202.98.00	7202.99.00	7203.10.00	7203.90.00	7205.10.00
7205.10.20	7205.29.00	7206.10.00	7206.90.10	7206.90.90	7208.10.10
7208.10.20	7208.10.30	7208.10.90	7208.25.10	7208.25.91	7208.25.99
7208.36.00	7208.37.10	7208.37.90	7208.38.10	7208.38.90	7208.39.11
7208.39.19	7208.39.90	7208.40.00	7208.51.00	7208.52.00	7208.15.00
7208.54.00	7208.90.10	7208.90.20	7208.90.30	7208.90.90	7209.15.00
7209.16.00	7209.17.00	7209.18.10	7209.18.90	7209.25.00	7209.26.00
7209.27.00	7209.28.00	7209.90.00	7210.11.00	7210.12.00	7210.20.00
7210.30.11	7210.30.19	7210.61.90	7210.69.10	7210.69.90	7210.70.11
7210.73.12	7210.70.20	7210.70.30	7210.70.40	7210.70.50	7210.70.60
7210.70.70	7210.70.90	7210.90.11	7210.90.12	7210.90.20	7210.90.30
7210.90.40	7210.90.50	7210.90.60	7210.90.70	7210.90.90	7218.10.00
7218.91.00	7218.99.00	7219.11.10	7219.11.90	7219.12.10	7219.12.90
7219.23.00	7219.24.00	7219.31.00	7219.32.00	7219.33.00	7219.34.00
7219.35.00	7224.10.00	7224.90.00	7225.11.00	7225.19.00	7225.20.00
7225.30.10	7225.30.21	7225.30.29	7225.30.91	7225.30.99	7225.40.00
7225.50.00	7225.91.00	7225.92.00	7225.99.00		

4407.29.39	4407.29.92	4407.99.20	4407.29.14	4407.29.98	4407.99.30
4407.29.59	4407.91.20	4408.39.90	4407.29.61	4407.91.90	4408.90.10

Article 2: All Prakases with contradicting substance to this Prakas shall be considered as null and void.

Article 3: The Delegate of the The Royal Government of Cambodia holding the position as the Director of the Customs and Excise Department, Secretary General, Cabinet Chief, and relevant Units under the supervision of the Ministry of Economy and Finance shall effectively implement this Prakas for the types of commodities as specified above which undertake detailed declarations for import starting from April 01, 2005 onward.

The Senior Minister,
 Minister of Economy and Finance
 Signed and sealed:

KEAT CHHON

Receiving Places:

- The Royal Palace
- The General Secretariat of the Senate
- The General Secretariat of the National Assembly
- The Cabinet of Prime Minister
- The Office of the Council of Ministers (for info)
- The Customs and Excise Department
- The Relevant Ministries /institutions
- The Cambodia Chamber of Commerce (to collaborate in dissemination and implementation)
- Documents - Archives

141. **Prakas # 067 (MEF) on Implementation of Law on Specific Tax on Certain Imported Goods and Services (March 19, 1997)**5-118

Ministry of Economy and Finance
PK/067 SHV.PK.PK.KR

PRAKAS
Instruction on and Fixing the Implementation of Law on Special Tax on certain Imported Goods and Services

March 19, 1997

- Considering the Constitution of the Kingdom of Cambodia;
- Considering the RD dated 01 November, 1993, on the Appointment of the Royal Government of Cambodia;
- Considering the RD dated 24 September 1993, on the Appointment of the First Prime Minister and the Second Prime Minister;
- Considering law on the Organization and Functioning of the Council of Ministries promulgated by RK on 20 July 1994;
- Considering the RD NS/RKT/1094/83 on 24 October 1994 on the Amendment of the composition of the Royal Government;
- Considering Royal Kram No. 02 NS dated 28 December 1993 promulgating law on raised Finance law in 1994;
- Considering RK No. NS/RKT/0297/03 dated 24 February 1997 promulgating Law on Taxation.

HEREBY DECIDES

Article 1: Imported goods for domestic use shall be subjected to special tax and service as follows:

Article 2: Special tax on some imported goods and services is leased on price at customs of imported goods plan tax and levy, which should be paid while imparting, save the special tax and consumption tax

Article 3: Special tax on some goods shall be collected by custom when importing, according to the terms and provisions similar to the duty and consumption tax.

Article 4: When collecting special tax on some goods and services customs Official shall issue one receipt for one items and transfuse the amount to the state budget it shall write down the now of budget No. 12 04 01 and the number of tax category No. 010.

Article 5: Imported goods which documents of arrival have been completed before 20 March 1997 are exempted from special tax on imported goods and services.

Article 6: This PK is effective from the 20th day of March 1997 onward.

Article 7: The Chief of Cabinet, the Director of Customs, Departments and related entities shall implement this PK from the date of this signature.

142. **Prakas # 329 (MEF)** On Instructions and Application of Law about Special Tax on a Number of Goods For Imported Goods (October 2, 1995).....5-119

Ministry of Economy and Finance

PRAKAS
on
Instructions and Application of Law No. 329 SHV.PrK.KR
about Special Tax on a Number of Goods for Imported Goods

Phnom Penh, October 2, 1995

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1st, 1993, on the Appointment of the Royal Government of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated September 24th, 1993, on the Appointment of the 1st Prime Minister and the 2nd Prime Minister of Royal Government;
- Considering the law on organization and Functioning of Council of Ministers promulgated by royal code dated July 20th, 1994;
- Considering Royal Decree No. NS RKT 1094-83 dated October 24th, 1994, on modification of composition of The Royal Government of Cambodia;
- Considering the royal code No. Chs / RKM / 0995 / 01 dated September 1st, 1995, about the promulgation of law on amendment of 1995 management finance law;

IT IS DETERMINED THAT:

Article 1: All imported goods to be used in the country shall be taxed, especially the following ones:

Identifying numbers	Goods designation	Special tax rate
2202	Water including mineral water and soda water, sweetened or aromatic drinks and other non-alcoholic beverages, except fruit or vegetable juice drinks at No. 20.09.	
	Water including soda and spring water sweetened or aromatic or mixed with other sugary substances.	
2202.10.10	Water including mineral water.	0%
2201.10.90	Soda water to which is added sugar or other substances or aroma.	10%
2201.90.00	Miscellaneous.	10%
2203.00.00	Malt beer.	10%
2204.00.00	Fresh grape wine including alcoholic wine grape juice for producing alcohol other than No. 20.09.	10%
2205.00.00	Vermouth wine and other fresh grape wines mixed with vegetables and aroma.	10%
2206.00.00	Other sour drinks, such as beverages made of apple or pear juice, mead and those made of water and honey.	10%
2207.00.00	Natural ethyl alcohol containing spirits degree of 50% in capacity unit and other alcoholic beverages blended for drinking.	
22.08	Ethyl alcohol losing its pure substance and containing spirits degree of 50% in capacity unit and other alcoholic beverages blended for drinking.	10%
2402.00.00	Cigars including cut-tip cigars, small cigars and cigarettes made of	

	tobacco or tobacco elements.	10%
2710.00.27	Super gasoline for automobiles.	20%
2710.00.34	Regular gas for motor vehicles.	20%
2710.00.99	Lubricants	20%

Article 2: The basis fixing special taxes on certain goods is the customs prices of imported products to which are added taxes and duties to be paid when imported, except these special taxes themselves and use taxes to be paid.

Article 3: Special taxes on certain goods when imported shall be collected by customs units and internal revenue office under the same conditions and provisions as customs taxes and use duties.

Article 4: For goods on which special taxes shall be paid, customs units and internal revenue office shall deliver a receipt for one kind of goods and at transfer of money to the state budget and the revenue sum shall be written according to the budget catalog No. 12.04.01 and the customs regime set out in the customs declaration No. 010.

Article 5: For imported goods of which were fulfilled the formalities of arrival prior to October 3rd, 1995, but taxes have not been collected yet, special taxes shall not be collected on them.

Article 6: The present Prakas is effective from October 3rd, 1995, onward.

The State Minister;
 Minister of Economy and Finance
 Signed and sealed:

KEAT CHHON

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Ministry of Economy and Finance
No 341 PK/MEF/DT

PRAKAS

on

The Specific Tax on Certain Merchandise and Services

Phnom Penh 30 May, 1997

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree dated 01 November 1993 on the Appointment of the Royal Government;
- Considering Royal Kram No. 02-NS-94 dated 20 July 1994 on the organization and the functioning of the Cabinet of Ministers;
- Considering Royal Decree No Ns-RKT-1094-33 dated 24 October 1994 on the reform of the Royal Government of Cambodia;
- Considering Royal Decree No. NS-RKT-1094 dated 31 October 1994 on the reform of the Royal Government of Cambodia;
- Considering Royal Kram No. NS-RKM-0196- 18 dated 24 January 1996 on the establishment of the Ministry of Ministry of Economy of Economy and Finance;
- Considering the Finance Act of 1994 promulgated by Royal Kram No. 02-NS dated 23 December 1993 and the Amendment to the Finance Act of 1994 promulgated by Royal Kram No. 08-NS- 94 dated 30 November 1994.
- Considering the Finance Act of 1995 promulgated by Royal Kram No. 11-NS-94 dated 31 December 1994 and the Amendment to the Finance Act of 1995 promulgated by Royal Kram No CS-RKM-0995-01 dated 01 September 1995;
- Considering the Law on Taxation promulgated by Royal Kram No. NS-RKM-0297-03 dated 24 February 1997.
- Considering Prakas No. 067-MEF-PK-CD dated 19 March 1997 on the Implementation of the Law on the Taxation Specific Tax on Certain;
- Merchandise and Services on imported goods;

DECIDES
CHAPTER I**GENERAL PROVISION****Section 1.1: Tax Base**

1. The Specific Tax on Certain Merchandise and Services (TSMS) applies to goods enumerated in article 1B and 19 of the Amendment to the Finance Act of 1995 as amended by the Law on Taxation whether imported into or produced in the Kingdom of Cambodia
2. The TSMS applies to the below mentioned services rendered in the Kingdom of Cambodia:
 - the air transport of passengers from a point inside of the Kingdom of Cambodia to a point outside the Kingdom of Cambodia on schedule and non-regular flights of air carriers, the TSMS does not apply to a non-stop flight segment where the departure and arrival points are both within the Kingdom of Cambodia;
 - the supply of telecommunications services from points inside the Kingdom of Cambodia to abroad;
 - the supply of hotel and other entertainment services in the Kingdom of Cambodia.

Section 1.2: Tax Rates

The TSMS rates shall be determined as stated in Annex 1 attached to this parkas.

CHAPTER II**OBLIGATION OF REGISTERED PERSONS & IMPORTERS OF TAXABLE GOODS****Section 2.1: Importers**

1. An importer is any registered person who imports taxable goods or any unregistered physical person who imports goods in excess of the duty free allowance as specified in Annex 2 of this parkas.
2. The importer is required to pay the TSMS on any imported goods on the "in customs value; inclusive of all taxes to be paid at import except the TSMS and the consumption tax prior to the release of those goods from Customs Department control.

Section 2.2: Domestic Producers

A domestic producer of goods subject to the TSMS is required to charge TSMS at the invoice.

Section 2.3: Suppliers of Services

1. For the air transport of passengers except for the exemption as stated in paragraph of Section 1.1 of this Prakas. TSMS shall be charged on the fare basis shown on air ticket issued or sold to a passenger in the Kingdom of Cambodia. For a round trip tickets from the Kingdom of Cambodia and back to the Kingdom of Cambodia TSMS shall be charged on 50% of the fare basis of those air tickets.
2. For the purposes of the TSMS, the fare basis is the cumulative value of all coupons as shown on the fare calculation line of the air tickets.
3. Air transport tickets shall be considered issued or sold to a Passenger in the Kingdom of Cambodia delivered to a passenger prior to their departure from the Kingdom of Cambodia and the flights recorded on the combined tickets including stopovers, represent a continuous journey.

4. The person liable to charge and pay TSMS on the international air transport of passengers to the State is the issuer of the tickets if those tickets are issued in the Kingdom of Cambodia. For any air carrier which issues tickets abroad but sends them to the Kingdom of Cambodia for sale, it must carry on its business through an authorized agent properly registered in the Kingdom of Cambodia. In this case, the authorized agent is liable to charge and to pay this TSMS to the State. Tickets issued outside the Kingdom of Cambodia must comply with the invoice requirements of Paragraph 3 of section 4.7 of this Prakas and the authorized agent must also comply with the record keeping requirements of paragraph 2 of section 4.3 of this Prakas.
5. For international telecommunications services, the telecommunications service supplier shall charge TSMS on the cost of services from inside the Kingdom of Cambodia to abroad and related fees at the time the invoice for such services is issued to the user
6. For hotel accommodations, the supplier of hotel accommodations shall charge TSMS on the cost of hotel accommodations net of any service charge and tax on turnover at the time of issue of the invoice.

Section 2.4: Self Supply

A domestic producer or an importer of taxable goods or a supplier of taxable services who appropriates these goods or services for his private consumption or for the consumption of personnel or for a third person either as gift or for sale at a price below the market value shall be liable to pay TSMS on those goods or services at the market value and at the time the goods or services are so appropriated.

CHAPTER III

REGISTRATION OF PERSONS LIABLE TO PAY TSMS

Section 3.1: Importers of Goods Subject to the TSMS

1. Persons importing goods subject to tax under the provisions of the TSMS for resale in the Kingdom of Cambodia or for re-export from the Kingdom of Cambodia as part of their normal business activities are required to be registered with the Tax Department before being allowed the privilege of importing goods into or exporting goods from the Kingdom of Cambodia.
2. This registration rule will not apply to those physical persons importing goods for the personal use. The physical person importing goods for personal use who is not required to register is not exempt from the liability to pay tax on goods subject to the TSMS

Section 3.2: Domestic Producers of Goods Subject to the TSMS

1. A domestic producer of goods subject to the TSMS whether for domestic sale or for export is required to be registered with the Tax Department at the latest 15 days after the start of production of such goods.
2. Transition provisions for current producers of goods subject to TSMS shall be found in chapter 9 of this Prakas.

Section 3.3: Suppliers of Services Subject to the TSMS

1. The air carrier or the authorized agent in the Kingdom of Cambodia of a non-resident air carrier whom is authorized to issue or sell tickets on behalf of the air carrier to passengers in the Kingdom of Cambodia must register with the Tax Department at the latest 15 days after commencing operation.

2. Local suppliers of international telecommunications services must register with the Tax Department at the latest 15 days after starting to supply such services.
3. Suppliers of hotel accommodations must register with the Tax Department at the latest 15 days after starting to supply such services.
4. Transition provisions for current providers of international passenger air transport services, international telecommunications services, and hotel accommodations shall be found in chapter 9 of this Prakas.

CHAPTER IV

BOOKKEEPING REQUIREMENT

1. For the import of goods into the Kingdom of Cambodia whether for domestic consumption or for re-export and regardless of the country from which the goods were shipped the importer shall keep a daily import register containing the following information on each importation:
 - the number and date of the import declaration, the name of the customs unit which cleared the goods, and the date of release of the goods from customs control for importation into territory of the Kingdom of Cambodia;
 - the quantities, quality, weight, serial numbers if any, and description of imported goods by tariff heading and brand makes;
 - the unit and total value of the goods imported, and a summary of the total cost of the of the goods imported including the original cost of the goods and a summary of all other costs which are part of the total value of the goods imported;
 - the amount of customs duty paid;
 - the amount of TSMS paid;
 - the date and number of the receipt for payment;
 - the date of entry of the imported goods into the warehouse of the importer; and
 - the quantity by tariff heading and brand that are imported for re-export
2. The importer of goods subject to TSMS must enter the goods into a warehouse facility and must maintain a daily warehouse register that contains the following information:
 - the quantity by tariff heading and brand of imported merchandise entered in the warehouse for domestic consumption during the current day;
 - the quantity by tariff heading and brand entered in the warehouse for re-export during the current day;
 - the quantity and unit value by tariff heading and brand of imported merchandise removed from inventory to sale for local consumption;
 - the quantity and unit value by tariff heading and brand of imported merchandise removed from inventory for re-export
 - the balance of imported goods by tariff heading and brand in stock at the dose

- of working hours of the current day
3. The importer of goods subject to the TSMS shall keep a daily sales journal in which the following information shall be entered at the time of supply:
 - the date of issue of the invoice: the invoice serial number;
 - the name and address of the purchaser and the tax identification number of the purchaser if available;
 - a description of the goods sold by tariff heading and brand; the unit value and total value of the goods sold;
 - the amount of tax on turnover charged; and
 - the date the goods were shipped if different from the date of the invoice.
 4. The import register, the warehouse register, and the sales journal that the importer of goods subject to the TSMS must maintain must be in a form approved by the Tax Department and shall be dated and initialed by the Director of the Tax Department or his duly authorized representative

Section 4.2: Requirements for Locally Produced Goods

1. For input materials used in the production of merchandise subject to the TSMS, the producer shall keep a daily register of those materials used containing the following information:
 - the quantity by type of input material entered into inventory;
 - the quantity by type of input material removed from inventory and the use for which that material input was withdrawn;
 - the balance by type of input material in stock at the close of working hours of the current day.
2. For merchandise subject to the TSMS, produced or manufactured in the Kingdom of Cambodia the producer shall keep a daily production and warehouse register containing the following information:
 - the quantity by tariff heading and brand of merchandise produced or manufactured;
 - the quantity and unit price by tariff heading and brand of merchandise removed from inventory to sale for local consumption or for export;
 - the balance of goods by tariff heading and brand in stock at the close of working hours of the current day
3. The producer of goods subject to TSMS shall keep a daily sales journal in which the following information shall be entered at the time of supply:
 - the date of issue of the invoice: the invoice serial number,
 - the name and address of the purchaser and the tax identification number of the purchaser if available;
 - a description of the goods sold by tariff heading and brand;
 - the ex-factory unit value and ex-factory total value of the goods sold exclusive of TSMS;

- the amount of TSMS charged;
 - TSMS inclusive value of the goods sold;
 - other charges associated with the sale of the goods
 - the amount of tax on turnover charged;
 - the tax inclusive value of the goods sold; and
 - the date goods were shipped if different from the date of issue of the invoice.
4. The input material register, the production and warehouse registers and the sales journal must be in a form approved by the Tax Department and shall be dated and initialed by the Tax Director or his duly authorized representative.

Section 4.3: Requirements for providers of International Air Transport Services

1. The person liable to pay TSMS for the international air transport of passengers shall maintain a daily inventory register of all tickets received by that person which shall contain the following information;
 - the date of receipt of the air transport tickets;
 - for each block of tickets the serial numbers for the tickets received; and
 - the date and serial number of tickets removed from inventory for issue or sale to passengers.
2. For the international air transport of passengers, the person liable to pay TSMS shall maintain a daily sales journal of tickets issued or sold in which at the time of supply such person shall record the following information for each ticket:
 - the date the ticket was issued or sold;
 - the ticket serial number and the number of coupons attached to the ticket;
 - the name of the passenger to whom the ticket was issued or sold as shown on the ticket;
 - the departure and destination point for each coupon attached to the ticket, where a coupon is not used it shall be listed in the register as void;
 - the fare basis for each coupon attached to the air transport ticket including the fare basis for each coupon for which the departure and destination points are within the Kingdom of Cambodia;
 - the fare as recorded on the fare column, section of the air ticket;
 - the amount of TSMS charged; and
 - the amount of tax on turnover charged, if any.
2. The ticket inventory register and the sales journal of tickets must be in a form approved by the Tax Department and shall be dated and initialed by the Tax Director or his duly authorized representative.

Section 4.4: for the providers of International Telecommunications Services

1. For the provision of international telecommunications services, the person liable to pay TSMS shall maintain a daily journal of invoices issued in which the Following information for each subscriber shall be entered at the time of supply:
 - the total amount billable for services supplied, including air time charges and related fees, under the invoice issued;
 - the amount billable for services supplied within the Kingdom of Cambodia including air time charges and related fees;
 - the amount billable for services supplied from inside the Kingdom of Cambodia to abroad, including air time charges and related fees;
 - the amount of TSMS charged; and
 - the amount of tax on turnover charged.
2. The daily journal must be in a form approved by the Tax Department and shall be dated and initialed by the Tax Director or his duly authorized representative.

Section 4.5: Hotel Accommodations

1. For the provision of hotel accommodations, the person liable to pay TSMS shall maintain a daily journal of invoices issued must register services provided which the following information for each supply shall be entered at the time of supply:
 - the total amount tillable for accommodations under the invoice issued; the amount of TSMS charged;
 - other charges other than the accommodation charge;
 - the amount of tax on turnover charged;
 - the total amount inclusive of TSMS and the tax on turnover.

Section 4.6: Time of Supply

1. The time for supply or time of appropriation of goods and services shall be the time the time when a person liable to tax must issue the invoice or the time that such person issued the invoice, if that invoice is issued before the due date.
2. The time by which a person liable to tax must an invoice no later than 7 days:
 - After the goods are shipped or services are rendered;
 - After payment if payment is made before the goods are shipped or the services are rendered.
3. A shipment of goods must always be accompanied by an invoice if the invoice has been issued prior to shipment. If no invoice has been issued at the time of shipment, the shipment must be accompanied by a shipping document which has been properly recorded in the shipping journal of the seller of the goods.
4. The time of supply for air transport tickets is the time the person liable to tax issues the ticket. In the case of the authorized agent who imports air tickets issued outside the Kingdom of Cambodia for sale to person in the Kingdom of Cambodia, the time of supply is when the authorized agent sells the air transport ticket to a person in the Kingdom of Cambodia, the time of supply is when

the authorized agent sells the air transport ticket to a person in the Kingdom of Cambodia.

5. The time of supply for telecommunications services or hotel accommodations is the time the person liable to tax issues an invoice for telecommunications services or hotel accommodations supplied.

Section 4.7: Invoices

1. An importer who sells imported goods subject to TSMS for domestic consumption or for export must issue a serially numbered invoice which contains the following informal
 - the date of issue of the invoice;
 - the tax identifications number of the seller
 - the name and address of the seller.
 - the quantity and description of the goods sold by tariff heading and brand: the unit value and total value of the goods sold;
 - the amount of tax on turnover charged where the goods are for domestic resale; and
 - where the goods listed are for export, the statement // THE LISTED GOODS ARE FOR EXPORT FROM THE KINGDOM FO CAMBODIA//
2. A domestic who sells domestically produced goods subject to the TSMS of domestic consumption or for export must issue a serially numbered invoice which contains the following information:
 - the date of the invoice;
 - the tax identification number of the seller; the name and address of the seller;
 - the quantity and description of the goods sold by tariff heading and brand; the ex-factory unit value and the ex-factory total value of the goods sold: the amount of TSMS charged;
 - the TSMS inclusive value of the goods sold plus other charges related to the sale,
 - where the goods listed are sold for export, the statement //THE LISTED GOODS ARE FOR EXPORT FROM THE KINGDOM OF CAMBODIA//
3. For the air transport of passengers ticket issued or sold by the registered person liable to tax shall serve as the tax invoice. For each ticket issued or sold to a passenger, the fare basis shall be the fare as listed in the fare table and as recorded on fare line of the ticket. The total fare inclusive of the TSMS and the tax on turnover shall be recorded on the total fare I me of the passenger Set
4. An invoice issued by a telecommunications company to a subscribe; in addition to the normal information provided must include on separate lines:
 - the serial number of the invoice;
 - the TSMS exclusive value for telecommunication services for air time charged from inside the Kingdom of Cambodia to abroad and related fees:
 - the amount of TSMS charged;
 - the amount of tax on turnover charged.

5. An invoice issued by a supplier of hotel accommodations to a client; in addition to the normal information provided must include on separate lines:
 - the serial number of the invoice;
 - the TSMS exclusive value of hotel accommodations;
 - the amount of TSMS charged; and
 - the amount of tax on turnover charged.
6. Except for goods sold for export or re-export, the invoice described in paragraph 1 and 2 of this section must be issued within seven days after the goods are shipped or after payment if payment occurs before the goods are shipped. If a shipment is not accompanied by an invoice, there shall be attached a shipping document which has been properly recorded in the shipping journal.
7. The invoice for goods sold for export or re-export must be issued on the date the goods are shipped and must accompany the goods during transit.
8. All required invoices including canceled invoices shall be kept by the supplier in chronological order in a location approved by the Tax Department.
9. A copy of the accounting document recording an adjustment to an invoice must be attached to that invoice.

Section 4.8: Storage Requirements

1. All registers, journals, and invoices shall be maintained by the person liable to tax and stored in a location approved by the *Tax*. Department for a period of 10 years from the date the invoice was issued or the date of the last entry in a register or journal.

CHAPTER V

RULES AND PROCEDURES FOR CERTAIN GOODS AND ACTIVITIES

Section 5.1: Motor Vehicles

1. For each automobile subject to TSMS at the time of import into the Kingdom of Cambodia the following information shall be included on the bill of entry:
 - a complete description of the automobile;
 - the vehicle identification number (VIN) and the engine serial number. Shall also be recorded the body or chassis serial numbers for each separately manufactured component of the body or chassis if available: and
 - for new automobiles the serial number of the certificate of origin and manufacturer's name shown on the certificate of origin, and for a used automobile the number of the certificate of title issued by the country of export.
2. For each imported automobile there shall be issued an import tax receipt according to the following rules and procedures:
 - a- The import tax receipt for an automobile shall be in a form different for the import tax receipt of other goods. This form shall be determined by the Ministry of Economy and Finance. For each automobile imported into the Kingdom of Cambodia:

- The headquarters of the Customs Department after having verified all 3 copies of the import tax receipt shall certify the correctness and authenticity of those three copies under the signature of the Director of the Customs Department. Such certification shall be registered in a separate register and given a serial number which shall also be recorded on the 3 copies of the import tax receipt
- b- The headquarters of the Customs Department after having verified all 3 copies of the import tax receipt shall certify the correctness and authenticity of those three copies under the signature of the Director of the Customs Department. Such certification shall be registered in a separate register and given a serial number which shall also be recorded on the 3 copies of the import tax receipt
- c- Upon certification the Customs Department shall:
 - deliver the 1st and 2nd copies of the import tax receipt to the importer upon presentation of the 4th copy of the receipt which shall become the property of the Customs Department:
 - deliver the certified 3rd copy of the import tax receipt to the Tax Department within 10 days after the date the director of the Customs Department signed the Certification on the import tax receipt.
- 3. The owner of the vehicle shall be liable to TSMS on the motor vehicle at the time of registration or purchase of the annual vignette if:
 - the owner cannot present a valid import tax certificate:
 - the owner cannot provide valid proof that the motor vehicle was imported or registered prior to 20 March 1997
- 4. The Ministry of Economy and Finance shall maintain the inventory of import tax certificates for automobiles which shall be issued to the Customs Department under controlled procedures.

CHAPTER VI

CALCULATION OF TAX DUE

Section 6.1: Imports

TSMS shall be calculated according to the rules and procedures as stated in Prakas No. 067 MEF-PK-CD dated 19 March 1997 of the Ministry of Economy and Finance.

Section 6.2: Domestic Producers

- 1 At the end of each month the producer shall strike a balance in the sales journal and record the total value of goods subject to the TSMS sold and the total amount of TSMS charged for the month
2. The total amount of TSMS charged as recorded in the monthly balance is the amount of TSMS due for that month.

Section 6.3: Services Rendered

- 1 At the end of each month the service supplier shall strike a balance in the daily journal and record the total value of services supplied subject to the TSMS and the total amount of TSMS charged for services supplied in that month.

2. The total amount of TSMS charged as recorded in the monthly balance is the amount of TSMS due for that month.

CHAPTER VII

OBLIGATIONS OF PERSONS LIABLE TO PAY TSMS

Section 7.1: Payment of TSMS

Except for import activities, a person liable for TSMS shall declare and pay any TSMS due to the Tax Department for that person's monthly activity at the latest date the 10th of the following month on the form and in the manner specified by the Tax Department.

CHAPTER VIII

WAREHOUSE REQUIREMENT

Section 8.1: Warehouse Registration

The importers and producers of goods subject to TSMS must register with the Tax Department the designated warehouse facilities for storing of TSMS good. The number where house facilities TSMS good **must** obtain the consent of the Tax Department.

Section 8.2: Warehouse Location

1. The warehouse of a domestic producer for goods subject to TSMS must be located at the production facility of the goods subject to TSMS.
2. The warehouse of an importer must be at a location approved by the Tax Department

Section 8.3: Storage Requirements

- a. The warehouse for goods subject to the TSMS can only be used to store goods subject to the TSMS.
- b. Where imported goods subject to TSMS and domestically produced goods subject to TSMS are stored in the same warehouse, these two types goods must be physically separated in a manner approved by the *Tax* Department

CHAPTER IX

TRANSITIONAL RULES

Section 9.1: Registration

1. A person liable to tax who has completed the registration process with the Tax Department prior to 1 June 1997 is not required to register under the rules and procedures of Chapter 3.

CHAPTER X

IMPLEMENTATION

Section 10.1: Implementation Dates for TSMS on Motor Vehicles

1. The implementation date for the liability to pay TSMS on motor vehicles is 20 March 1997 as provided in Prakas No. 067 – MEF-PK-CD dated 19 March 1997 of the Ministry of Economy and Finance.

Section 10.2: Implementation Dates for TSMS on Services

- c. The TSMS on the air transport of passengers shall be charged on tickets issued to passengers on or after 1 July 1997.
- d. The TSMS on telecommunications services from inside the Kingdom of Cambodia to abroad shall be charged for services supplied on or after 1 July 1997.
- e. The TSMS shall apply on all rental of hotel accommodations from 1 July 1997. Any room rental with a proper rental contract made before 1 July 1997 will be exempt up through 31 August 1997.
- f. The TSMS on entertainment services shall be charged on services supplied from 1 January 31 August 1997.

Section 10.3: Implementation Dates for Rules and Procedures

- 1. The implementation date for all other rules and procedures of this Prakas is 1 July 1997.
- 2. The implementation date of paragraph 2 of article 35 of the Law on Taxation on the basis for determining the TSMS on products manufactured in the Kingdom of Cambodia is 1 August 1997. The basis for determining TSMS for the sale of products made in the Kingdom of Cambodia prior to 1 April 1997 is the sales price recorded on the invoice of the producer inclusive of all costs and indirect taxes except this TSMS and the tax on turnover.

CHAPTER XI

CLOSING PROVISIONS

Section 11.1: All provisions contrary to this Prakas shall be abrogated

Section 11.2: This Prakas becomes effective and in force from the day of signing hereon.

Senior Minister,
 Minister of Economy and Finance
 Signature and Stamp:
KEAT CHHON

Cc:

- The General Secretariat of the National assembly
- The Council of Ministers
- The Cabinet of Samdech Krom Preah First Prime Minister
- The Cabinet of Samdech Second Prime Minister
- Ali Ministers and Central Institutions
- All provincial - City Municipalities (for information)
- All units under the Ministry of Economy and Finance (for attribution)
- Archives – Chronology

Annex 1

Ministry of Economy and Finance
Fax/Phone (855) 23 427798

KINGDOM OF CAMBODIA
Nation Religion King

TSMS Rates

Attached to Prakas No. 341 dated 30 May 1997 of the Ministry of Economy and Finance.

Related Tariff Heading	Description	Rate
8703 and related parts of B707, S7D3	Automobiles with engine displacement of more than 2,000 cc and spare parts for those automobiles.	30%
6703 and related parts of 6708	Automobiles with engine displacement up to 2,000 cc and spare parts for those automobiles.	20%
2710	Super gasoline and regular gasoline for motor vehicles. Lubricating oils.	20%
2202	Carbonated water with added sugar or other sweeteners or flavors and other non-alcoholic beverages with the exception of water and mineral water and vegetable or fruit juices.	10%
2203	Beer.	10%
2204	Fresh grape wines including wines enriched with alcohol	10%
2205	Vermouths and other fresh grape wines prepared with the help of plants or flavored substances.	10%
2206	Other fermented beverages.	10%
2207	Un-denatured ethyl alcohol of alcoholic strength by volume of 80% or higher and denatured ethyl and other spirits of any strength.	10%
2208	Denatured ethyl alcohol of alcoholic strength by volume of 80%. spirits, liqueurs and other spirituous beverages, compound alcoholic preparations of the kind used to manufacture beverages.	10%
2402	Cigarettes and cigars of all categories.	10%
8702, 8704.21 through 8704.90, 8706 and related parts of 8707, 8708	Motor vehicles including buses, transport vehicles and chassis fitted with engines with or without cabs.	10%
3711 and related parts of 8714	Motorcycles with engine displacement from 125 cc upwards.	10%
Non-applicable	Hotel accommodations.	10%
Non-applicable	Domestic sale of air transport tickets from points inside the Kingdom of Cambodia to abroad.	2%
Non-applicable	Telecommunication services from points inside of the Kingdom of Cambodia to abroad.	2%

Phnom Penh City 30 May 1997
Senior Minister
Minister of Economy and Finance
(Signature and Stamp)
Keat Chhon

Annex 2.

TSMS Exemptions

Attached to Prakas No. 341 dated 30 May 1997 of (he Ministry of Economy and Finance.

- 1 Any person who is not required to be registered as a person liable to the TSMS may import free of TSMS the below mentioned goods.
 - 200 cigarettes;
 - 2 litres of alcoholic beverages;
 - Fuel and lubricating oils in the fuel tank and the engine of the motor vehicle are not in excess of the standard rated capacity; plus
 - 30 litres of either regular or premium gasoline for motor vehicles.
 - 5 litres of lubricating oil
2. Goods in excess of the above quantities shall be subject to TSMS.

Phnom Penh City 30 May 1997
Senior Minister
Minister of Economy and Finance
(Signature and Stamp)
Keat Chhon

144. **Prakas # 229** (MEF) on Revision of Tax Identity Number and Import & Export Tax Rate (July 05, 1996)5-135

Ministry of Economy and Finance
No. 229 SHV.Prk.KR.

PRAKAS
on
The Amendment of Tax Identity Code and Import and Export Tax Rate

July 5, 1996

- Considering the Constitution of the Kingdom of Cambodia,
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1st, 1993, on the Appointment of the The Royal Government of Cambodia,
- Considering the law on the organization and Functioning of the Council of Ministers, promulgated by royal code dated July 20th, 1994,
- Considering Royal Decree NS.RKT. 1094-83 dated October 24th, 1994. on the modification of the composition of the Royal Government,
- Considering the law on the establishment of the Ministry of Economy and Finance, promulgated by royal code NS RKM 0196/13 dated January 24th, 1996,
- Conceding the decision No.002 SSR dated September 14th. 1993, of the Ministry of Economy and Finance on the use of customs duties tables.
- Considering the notice No. 024 Prk SHV dated March 7th. 1994, on the reduction of import tax rate for certain goods in the customs duties tables,
- According to the request of the customs and State Control Department,

DECIDES

Articles 1: To amend a number of identity codes and import - export tax rates as mentioned in customs duty table promulgated by decision No 002 SSR dated September 14th, 1993, as follows:

identity codes	rates in forces					amendment rates				
	D D		TSM	TE	reference	DD	TC	TSM	TE	Reference
04 02	7%	4%	0%	RP	(1)	35%	4%	0%	RP	(1)
22 02. 90.00	50 %	4%	10%	RP	(1)	35%		10%	RP	
87.01										
87.01.01	15 %	4%	0%	RP	(1)	0%	RP	(1)		
87.01.20	15 %	4%	0%	RP	(1)	0%	4%	0%	RP	(1)
87.01.30	15 %	4%	0%	RP	d)	0%	4%	Q%	RP	(1)
87.01.90	15 %	4%	0%	RP	d)	0%	4%	0%	RP	(1)

04 02: Condensed milk and cream of sweetened condensed milk or to which are added other ingredients to reduce the bitter or sour task.

22.02.90.00: Others (other beverages without alcohol excluding mineral water, soda water to which is added sugar or other sweet substances or fragrant ingredients.

87.01 Tractor (except for 87.09) 87.01-10:

Plowing or trailing engine 87.01.20: Towing

tractor 87.01.90: Tractor with claim wheels a7

01 90: Other tractors

Article 2: As for imported goods (whereas customs formalities for their arrival were fulfilled before July 10th, 1996, but taxes on them have not yet been collected), tax collection shall be made according to the previous import customs duty rate

Article 3: The Present notice is effective from July 10th 1996 onward

Article 4: The Cabinet Directors, the Customs and State Control Department Directors, the relevant departments and entities are given the responsibility of implementing this notice from the date of its signing onward.

Phnom Penh, July 5th 1996

Signed and sealed:

KEAT CHHON

Copies to:

- The Office of the Council of Ministers
- All Ministries and Central institutions
- All Municipal and provincial city halls (for information)
- All departments and subordinate entities
- Records - Chronicles

145. **Prakas # 258 (MEF)** on Collection of Tax on Imported/Exported Goods by Containers under the Management of Dry Port and Warehouse Management Offices Managed by Customs (July 18, 1996).....5-137

Ministry of Economy and Finance
No. 258 PK. SHV.KR

PRAKAS

on

Collection of Taxes on Exported and Imported Goods in Container under the Management of DR Port and Warehouse Management Office Managed by Customs and the Yard of Goods Taken out from Customs and Internal Revenue Office

Phnom Penh, July 18th, 1996

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1, 1993, on the Appointment of the Royal Government;
- Considering the Law on the Organization and Functioning of the Council of Ministers promulgated by royal code dated July 20, 1994;
- Considering Royal Decree No. NS.RKT 1094/83 dated October 24, 1994, on the modification of the Royal Government composition;
- Considering the law on the establishment of the Ministry of Economy and Finance promulgated by Royal Code NS.RKM 1096/18 dated January 24, 1996;
- Considering Prakas No. 125 PK.SHV.KR dated August 20, 1994, of Ministry of Economy and Finance;
- Considering Prakas No. 318 PK.SHV.KR dated September 6, 1995, of Ministry of Economy and Finance;
- Considering Prakas No. 008 PK.SHV. KR dated January 31, 1996, of Ministry of Economy and Finance;
- Referring to the Ministry's necessary work;

DECIDES

- Article 1:** All companies and individuals that have containers of goods to be controlled and paid taxes in Phnom Penh, shall be directly managed and controlled by Dry Port and Warehouse Offices managed by customs and the Yard of goods taken out from Customs and Internal Revenue Offices.
- Article 2:** Imported goods in containers and paid taxes in Phnom Penh shall in advance have letters of authorization from customs and Internal Revenue Offices.
- Article 3:** After getting the letters of authorization from the Customs and Internal Revenue Offices, the companies or individuals owning the goods or dry port or warehouse managed by the Dry Port Management Office and the Warehouse managed by customs and the yard of goods taken out from Customs and Internal Revenue Office besides the dry port, shall deposit tax payment with the Dry Port and Warehouse Management Offices managed by Customs and the yard of goods taken out from customs and Internal Revenue Office and make 5 (five) going through declarations with the customs and Internal Revenue Office at the pass of exportation of goods in clearly specifying the goods, container numbers and seal numbers.
- Article 4:** The Dry port and Warehouse Management Office managed by Customs and the yard of goods taken out from customs and Internal Revenue office shall specify the goods, container numbers

and seal numbers on the going through declarations. Then the control and tax payment can be carried out after the companies or individuals have completely made declarations.

Article 5: All companies or individuals can fulfill formalities at Dry Port and Warehouse Management office managed by customs and the yard of goods taken out from customs and Internal Revenue Offices, for goods in containers to be exported through passes.

Article 6: For goods controlled and found different from the detailed declarations, the companies or individuals or representatives shall be penalized according to the tax law on imported and exported goods.

Article 7: The Customs and Internal Revenue Offices have the duty to give detailed instructions on the use of going through declaration.

Article 8 Any Prakas contrary to the present one is deemed null and void.

Article 9: This Prakas is effective from the date of signing onward.

Signed and sealed: **KEAT CHHON**

146. **Prakas # 866** on Application of Other Import Duties on Petroleum Products
 (November 23, 2001).....5-139

Ministry of Economy and Finance
No. 866 MEF

PRAKAS
on
Application of Other Import Duties on Petroleum Products

Phnom Penh, November 23, 2001

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree NS/RKT/1198/72 dated November 30, 1998 on Appointment of the The Royal Government of Cambodia;
- Having seen Royal Kram 02/NS/94 dated July 20, 1994 promulgating the Law on Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram NS/RKM/0196/18 dated January 24, 1996 promulgating the Law on Establishment of the Ministry of Economy and Finance;
- Having seen Sub-Decree No 04 ANK/PK dated January 20, 2000 on Organization and Functioning of the Ministry of Economy and Finance;
- Having seen Royal Kram No NS/RKT/01.99/01 dated December 31, 1998 promulgating the Financial Law for the Year 1999;
- Having seen Circular of the Royal Government No 06. SR dated June 11, 1999 on Measures to Enhance the Effectiveness of Management and Reform of Economy and Public Finance;
- Having seen the Endorsement of Samdech Hun Sen dated November 18, 2001 on the Letter of the Ministry of Economy and Finance No. 5418 SHV dated November 16, 2001;
- According to the Urgent Needs for Enhancing the Effectiveness of Collection of Tax and Duties Revenue;

DECIDES

- Article 1:** Other Import Duties on petroleum products shall be applied from January 01, 2002 at the Riel Currency Rate equivalent to two cents US Dollars for one liter of EA petrol and four cents US Dollars for one liter of diesel.
- Article 2:** Other Import Duties on petroleum products shall be controlled and collected by the Customs and Excise Office at the importing point of entry gateway to the Kingdom of Cambodia and at the time of import under the same conditions and regulations as applied over Pre-paid tax on Petroleum Products.
- Article 3:** Revenue collected by the Custom and Excise Office from the Other Import Duties on Petroleum Products shall be recorded under budget revenue item No. 13.01.05, namely Other Import Duties on Petroleum Products.
- Article 4:** The products as stipulated above which have been imported and filled out the arrival procedures prior to January 1, 2002 but have not been filled out formalities for paying taxes, duties and fees will not be subject to the application of the Other Import Duties on Petroleum Products.
- Article 5:** Any provisions contrary to this Prakas shall be abrogated.
- Article 6:** Government Delegate in charge of Custom and Excise Office; Secretary General, Cabinet Chief, Chairman of Tax Department, Chairman of National Treasury, and other relevant units shall effectively implement this Prakas from the date of signing herein.

The State Minister,
Minister of Economy and Finance

Signed and Sealed:

KEAT CHHON

Cc:

- The Ministry of Royal Palace
- The General Secretariat of Senate
- The General Secretariat of National Assembly
- The Cabinet Of Samdech Prime Minister
- The Office of Council of Ministers (For Information)
- The Chamber of Commerce (For Broadcasting and Implementing)
- Archives and Records

147. **Prakas** (Declaration) # 566 on the Determination of Import Duties on Raw Materials for Pharmaceuticals as Paid for by the State (September 5, 2001)5-141

Ministry of Economy and Finance
No. 566 MEF

PRAKAS
on
The Determination of Import Duties on Raw Material for Pharmaceutical as Paid for the State

Phnom Penh, September 5, 2001

- Referring to the Constitution of the Kingdom of Cambodia;
- Referring to Preah Reach Kret No. MS/RKT/1198/72 of November 30, 1998 on the Appointment of The Royal Government of Cambodia;
- Referring to Preah Reach Kram No. Q2/NS/94 of July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Referring to Preah Reach Kram No. NS/RKM/0196/18 of January 24, 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Referring to Preah Reach Kram No. N&TRJKM/0297/03 of February 24, 1997 promulgating the Law on the Taxation;
- Referring to Anukret No. 114/ANK/DK of December 24, 1999;
- Referring to Anukret No. 15/ANK/PK of February 7, 2001;
- Referring to the Letter of Samdech Prime Minister of June 28, 2001 replying to the Letter No. 1948/01 CDC of June 27, 2001 of the Council for the Development of Cambodia;

IT IS HEREBY DECIDED:

- Article 1:** The determination of import duties on raw materials for Pharmaceuticals production paid for by the State shall **have** a prior acknowledgement and authorization from the Ministry of Health.
- Article 2:** The import duties on certain goods as provided for in the preceding article as paid for by the State shall be recorded totally as monthly income of the state budget and listed as monthly expenditures for the economic intervention of the state as stipulated in "Chapter 30"
- Article 3:** Any provisions contrary to this Prakas shall be null and void.
- Article 4:** The Secretary General of the Ministry of Economy and Finance, the Royal Government Delegate in charge of Customs and Excise, the Chief of Cabinet of the Ministry of Economy and Finance, the Director of Taxation Department, the Director of Budget and Finance Department, and all relevant department directors shall effectively implement this Prakas *from the date* of its signature.

Phnom Penh, September 5, 2001
 [Signed and Sealed]

KEAT CHHON

Cc:

- Secretariat General of the Senate
- Secretariat General of the National Assembly
- Office of the Council of Ministers
- All Ministries, State Secretariats
- All Provincial/Municipals
- As provided for in article 4 "for implementation"
- Records

148. **Prakas # 378 (MEF)** on the Revision and Reduction of Tax Rate on Imported Goods
 (June 20, 1997)5-143

Ministry of Economy and Finance
No. 378

PRAKAS
on
Amendment and Reduction of Tax Rate on Imported
Goods and Merchandise

June 20, 1997

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of His Majesty Preah Bath Samdech Norodom Sihanouk Verman, King of the Kingdom of Cambodia dated 01 November 1993 on the Appointment of the Royal Government;
- Considering Royal Decree of His Majesty Preah Norodom Sihanouk Verman, King of the Kingdom of Cambodia dated 24 September 1993 on the Appointment of 1st and 2nd Prime Ministers of the Royal Government;
- Considering the Law on Organization and Functioning by Royal Kram dated 20 July 1994;
- Considering Royal Decree NS-RD-1094-83 dated 24 October 1994 on the reform of the Royal Government,
- Considering Royal Kram NS-RK 0196-18 dated 24 January 1996 regarding the promulgation of Law on the Establishment of the Ministry of Economy and Finance;
- Considering the decision No. 002 De dated 14 September 1993 from the Ministry of Economy and Finance regarding the use customs tariff;
- In reference to the decision from Samdech the first and second prime ministers through the letter from the cabinet of the council of ministers No. 430 N dated 16 May 1997 regarding the reform and reduction of the rate import tax on certain merchandises;

IT IS HEREBY DECIDED:

Article 1: Certain merchandises in the customs tariff shall be reformed as the following:

Previous figure					Reduction Justification			
Identity No	DD	TC	TE	Ref	DD	TC	TE	Ref
22.01	50%	4%		(1)	35%	4%		(1)
22.02	50%	4%		(1)	35%	4%		(1)
22.03	50%	4%		(1)	35%	4%		(1)
22.06	50%	4%		(1)	35%	4%		(1)
33.05	35%	4%		(1)	15%	4%		(1)
84.14	35%	4%		(1)	15%	4%		(1)
84.14.10	35%	4%		(1)	15%	4%		(1)
84.14.20	35%	4%		(1)	15%	4%		(1)
84.14.30	35%	4%		(1)	15%	4%		(1)
84.14.51	35%	4%		(1)	15%	4%		(1)
84.14.59	35%	4%		(1)	15%	4%		(1)
84.14.60	35%	4%		(1)	15%	4%		(1)
84.14.80	35%	4%		(1)	15%	4%		(1)
84.14.90	35%	4%		(1)	15%	4%		(1)
84.15								
84.15.10	35%	4%		(1)	15%	4%		(1)
84.15.81	35%	4%		(1)	15%	4%		(1)
84.15.82	35%	4%		(1)	15%	4%		(1)
84.15.83	35%	4%		(1)	15%	4%		(1)
84.15.90	35%	4%		(1)	15%	4%		(1)
84.18								
84.18.10	35%	4%		(1)	15%	4%		(1)
84.18.21	35%	4%		(1)	15%	4%		(1)
84.18.22	35%	4%		(1)	15%	4%		(1)
84.18.29	35%	4%		(1)	15%	4%		(1)
84.18.30	35%	4%		(1)	15%	4%		(1)
84.50								
84.50.11	35%	4%		(1)	15%	4%		(1)
84.50.12	35%	4%		(1)	15%	4%		(1)
84.50.19	35%	4%		(1)	15%	4%		(1)
84.50.20	35%	4%		(1)	15%	4%		(1)
84.50.90	35%	4%		(1)	15%	4%		(1)
84.51								
84.51.10	35%	4%		(1)	15%	4%		(1)
84.51.21	35%	4%		(1)	15%	4%		(1)

Previous figure					Reduction Justification			
Identity No	DD	TC	TE	Ref	DD	TC	TE	Ref
84.51.29	35%	4%		(1)	15%	4%		(1)
84.51.30	35%	4%		(1)	15%	4%		(1)
84.51.40	35%	4%		(1)	15%	4%		(1)
84.51.50	35%	4%		(1)	15%	4%		(1)
84.51.80	35%	4%		(1)	15%	4%		(1)
84.51.90	35%	4%		(1)	15%	4%		(1)
85.19	35%	4%		(1)	15%	4%		(1)
85.19.10	35%	4%		(1)	15%	4%		(1)
85.19.21	35%	4%		(1)	15%	4%		(1)
85.19.29	35%	4%		(1)	15%	4%		(1)
85.19.31	35%	4%		(1)	15%	4%		(1)
85.19.39	35%	4%		(1)	15%	4%		(1)
85.19.40	35%	4%		(1)	15%	4%		(1)
58.19.91	35%	4%		(1)	15%	4%		(1)
85.19.99	35%	4%		(1)	15%	4%		(1)
85.20								
85.20.10	35%	4%		(1)	15%	4%		(1)
85.20.20	35%	4%		(1)	15%	4%		(1)
85.20.31	35%	4%		(1)	15%	4%		(1)
85.20.39	35%	4%		(1)	15%	4%		(1)
85.20.90	35%	4%		(1)	15%	4%		(1)
85.21								
85.21.10	35%	4%		(1)	15%	4%		(1)
85.21.90	35%	4%		(1)	15%	4%		(1)
85.22								
85.22.10	35%	4%		(1)	15%	4%		(1)
85.22.90	35%	4%		(1)	15%	4%		(1)
85.23								
85.23.11	35%	4%		(1)	15%	4%		(1)
85.23.12	35%	4%		(1)	15%	4%		(1)
85.23.13	35%	4%		(1)	15%	4%		(1)
85.23.20	35%	4%		(1)	15%	4%		(1)
85.23.90	35%	4%		(1)	15%	4%		(1)
85.24								
85.24.10	35%	4%		(1)	15%	4%		(1)
85.24.21	35%	4%		(1)	15%	4%		(1)
85.24.22	35%	4%		(1)	15%	4%		(1)
85.24.23	35%	4%		(1)	15%	4%		(1)
85.24.90	35%	4%		(1)	15%	4%		(1)

Previous figure					Reduction Justification			
Identity No	DD	TC	TE	Ref	DD	TC	TE	Ref
85.27								
85.27.11	35%	4%		(1)	15%	4%		(1)
85.27.19	35%	4%		(1)	15%	4%		(1)
85.27.21	35%	4%		(1)	15%	4%		(1)

85.27.29	35%	4%		(1)	15%	4%		(1)
85.27.31	35%	4%		(1)	15%	4%		(1)
85.27.31	35%	4%		(1)	15%	4%		(1)
85.27.39	35%	4%		(1)	15%	4%		(1)
85.27.90	35%	4%		(1)	15%	4%		(1)
85.28								
85.28.10	35%	4%		(1)	15%	4%		(1)
85.28.20	35%	4%		(1)	15%	4%		(1)
85.29								
85.29.10	35%	4%		(1)	15%	4%		(1)
85.29.90	35%	4%		(1)	15%	4%		(1)
87.11								
87.11.10	35%	4%		(1)	20%	4%		(1)
87.11.20	35%	4%		(1)	20%	4%		(1)
87.11.20.10	35%	4%		(1)	20%	4%		(1)
87.11.20.20	35%	4%		(1)	20%	4%		(1)
87.11.30	35%	4%		(1)	20%	4%		(1)
87.11.40	35%	4%		(1)	20%	4%		(1)
87.11.50	35%	4%		(1)	20%	4%		(1)
87.11.90	35%	4%		(1)	20%	4%		(1)
87.11.90.10	35%	4%		(1)	20%	4%		(1)
87.11.90.20	35%	4%		(1)	20%	4%		(1)
87.14								
87.14.11	35%	4%		(1)	20%	4%		(1)
87.14.19	35%	4%		(1)	20%	4%		(1)

- 22.01: Water, including natural or artificial mineral water and gas adding no sugar or other non-smelling substance, ice and snow.
- 22.02: Water including mineral water and water with gas or other sweet substance or something with sugar or perfume and other non-alcoholic drinks except for fruit or vegetable juice at No.20.09.
- 22.03: Mall beer
- 22.06: Other sour drinks “such as (cider) drink made from apple, pear,” pear made drink”. Hydromel “drink made from water and honey” etc.
- 33.05: Hair dye (preparations capillaries), shampoo.
- 84.14: Air absorbing releasing pumps or other gas, and fan for absorbing bad air even with filter.
- 84.14.10: Air releasing or absorbing pump.
- 84.14.20: Hand or foot pump.
- 84.14.30: Compressor of any kind for use in cooling equipment.
- 84.14.51: Fan (on the table on land, on the wall the ceiling, on the roof or window) using together with electricity having the power not over 125 watts.
- 84.14.59: Other fans, which use the power of our 125 watts.
- 84.14.60: Air releasing equipment whose maximum horizontal corner does not exceed 120 cm.

- 84.14.80: Other air releasing equipment whose length of maximum horizontal corner does not exceed 120 cm.
- 84.14.90: Past of the above equipment and the spare parts of 84.14.
- 84.15: Air conditioner with motor fan and whether or without heater.
- 84.15.10: The type air conditioner for installing on the wall or window with one baby only.
- 84.15.81: With cooling equipment and value put in the opposite way of heater.
- 84.15.82: Others with cooling machinery.
- 84.15.83: Non cold things.
- 84.15.90: Parts of such machine.
- 84.18: Refrigerator, freezer and other equipment, machines and things for producing cold substance used by electricity or others. Machine heating pump and equipment for cooling the air of No. 84.15.
- 84.18.10: Fridge - freezer with separate outside doors.
- 84.18.21: Pressure use.
- 84.18.22: Use of absorbing electricity.
- 84.18.29: Equipment of No. 84.18 with various shapes.
- 84.18.30: Furniture, freezer whose volume does not exceed 800 liters.
- 84.50: Washing machine whether with the dryer. Machine containing not over 10 kg of dried clothes, in weight unit.
- 84.50.11: Totaling automatic machine.
- 84.50.12: Other machines with wringers.
- 84.50.19: Other automatic machines.
- 84.50.20: Machine containing over 10 kg of dried clothes, in weight unit.
- 84.50.90: Other parts and spare-parts.
- 84.51: Machines and equipment “other than those stated in No. 84.50 for washing, cleaning, wringing, drying, ironing, pressing” including machines for making white, for making color or for threads dyeing sampots or other textile materials and machines for wrapping clothes such as linoleum. Machines for rolling, unrolling, folding, cutting, or wrinkling the cloth.
- 84.51.10: - Machine for cleaning and drying up.
Dryer:
- 84.51.21: - Containing not over 10kg of dried clothes, in weight unit.
- 84.51.29: - Other dryers.
- 84.51.30: - Machines and oil for ironing including the oil for fastening.

- 84.51.40: - Machines for washing, for making white, for dyeing.
- 84.51.50: - Machines for rolling, unrolling, folding, cutting or for wrinkling the cloth.
- 84.51.80: - Other machines and equipment.
- 84.51.90: - Other parts and spare-parts of 84.51
- 85.19: Pick up, electric recording machine, sound player, and other sound apparatus with out sound recorder .
- 85.19.10: - Electric sounding machine by using coins.
- Other electric sounding machines.
- 85.19.21: - Without loud speaker
- 85.19.29: - Others
- Compact disc player
- 85.19.31: - Automatically disc exchangeable.
- 85.19.39: - Others
- 85.19.40: Dictating machines
- Other apparatus with audio
- 85.19.91: - Using cassette
- 85.19.99: - Others
- 85.20: Tape recorder or other audio recorders whether with audio device.
- 85.20.10: - The dictating machine can be used only with extra source of power.
- 85.20.20: - Machine for answering the phone.
- Other audio and recording apparatus by using tapes.
- 85.20.31: - Using cassette
- 85.20.90: -Other for airplanes.
- 85.21: Video recorders or other visual and audio recording equipment whether with audio signal.
- 85.21.10: - By using tapes.
- 85.21.90: -Others
- 85.22: Parts and spare-parts of apparatus from No. 85.19 to 85.21.
- 85.22.10: - Gramophone player
- 85.22.90: -Others.
- 85.23: Other supports for organizing the recording of sound or other similar things which are not recorded yet other than products of chapter 37 “empty cassettes”
- Tapes

- 85.23.11: - With the width of not exceeding 4mm
- 85.23.12: - With the width of more than 4mm but not exceed 6.5mm
- 85.23.13: - With the width of more than 6.5mm
- 85.23.20: - Compact disc
- 85.23.90: - Others
- 85.27: Audio receiving apparatus for telephone radio, telex radio or broad casting radio either in the same sheath with audio recording or distributing apparatus or with apparatus for watches “radio.....cassette player....”.
- Radio receiver operable without depending on the extra-power of those for use in cars including telephone radio or telex radio:
- 85.27.11: --Installation with sound recording or releasing apparatus.
- 85.27.19: -- Others.
- Radio receiver operable depending on the extra source of those for use in cars including telephone or telex radio:
- 85.27.21: Installation with sound recording or releasing apparatus.
- 85.27.29: -- Others
- Radio receiver including any apparatus receivable from radio, telephone or telex.
- 85.27.31: --Installation with the sound recording or transmitting apparatus.
- 85.27.32: --Not installed with the sound recording or transmitting apparatus but installed with watch apparatus.
- 85.27.39: -Others
- 85.27.90: --Other equipment
- 85.28: Television receiver (including video monitor and video OHP) either installed the same sheath with radio receiver or with recording or transmitting picture or sound apparatus. “Television.....”
- 85.28.10: --Color
- 85.28.20: --Black and white or other monochromes
- 85.29: Parts known only for use and equipment of No. 85.25 to 85.28.
- 85.29.10: - Antenna and all antenna reflectors. Parts known for use with those things.
- 85.29.90: --Others
- 87.11: Motorcycles “including tricycle” the same vehicle with engine and with or without side cart.
- 87.11.10: Alternative piston mechanism with cylinder not exceed 50 Cm³.
- 87.11.20: - Alternation piston mechanism with cylinder of more than 50 Cm³ but not exceed 250cm³.

87.11.20.10: -Alternative piston mechanism with cylinder exceeds 50 cm³ but lower than 125cm³.

87.11.20.20:-Alternative piston mechanism whose cylinder from 123 cm³ to 250cm³.

87.11.30: -Alternative piston mechanism whose cylinder is ranging from 250 cm³ to 500 cm³.

87.11.40:-alternative piston mechanism whose cylinder from 500 cm³ to 800 cm³

87.11.50:- Alternative piston mechanism whose cylinder is higher than 800 cm³.

87.11.90:- Others.

87.11.90.10:- Cylinder of lower than 125 cm³

87.11.90.20:- cylinder of from 125 cm³ and above.

87.14: Parts and spare parts of 87.11 to 87.13

- of motorcycles “including tricycles”:

87.14.11:-- Saddle

87.14.19:-- Others

Article 2: For imported merchandises and the customs procedures for the arrival has been completed before 01 July 1997, however they have not been taxed then the collection of tax shall be made according to the previous rate.

Article 3: This Prakas is effective for the implementation from 01 July, 1997.

Article 4: The general director of the cabinet, director of the customs house and excise, the relevant departments and entities shall be responsible for carrying out this Prakas as of the date of signing.

Phnom Penh, 20 June, 1997

Signed and Sealed:

KEAT CHHON

Copies:

- The Office of the Council of Ministers
- All Ministries -all central institutions
- All provincial /cities offices “for information”
- All departments and entities under control
- Archives -Records

149. **Prakas # 2484 (MEF+CDC)** on Procedures of Consideration and Approval on Tax Exemption Request on Imported Items under the Framework of Bilateral and Multilateral Assistance and NGOs (September 05, 1997)5-151

Ministry of Economy and Finance
No. 2484 / 97 Prk

PRAKAS

on

The Procedure of Consideration and Approval on Tax Exemption Request on Imported Items under the Framework of Grants of Bilateral/Multilateral Parties and NGOs

Phnom Penh, September 5, 1997

Referring to the Royal government's circular No. 03 SR dated June 12th, 1997, and to the notice No. 2337 / 97 Prk dated August 11th, 1997 of the Council for the Development of Cambodia, and with the aim of increasing the speed of consideration, decision and implementation of decision to exempt from tax the importation of instruments, materials and equipment's under the framework of non repayable aid of bilateral and multilateral parties and non governmental organizations, the Ministry of Economy and Finance and the Council for the Development of Cambodia have jointly decided to make the following notice:

Article 1: The Council for the Development of Cambodia / The Committee of Rehabilitation and Development of Cambodia and the Ministry of Economy and Finance shall meet once a week or every two weeks to consider and give opinions on the request for tax exemption in the importation of instruments, materials and equipment's of different ministries / institutions implementing projects or of ministries of the Royal government being co-parties or of institutions providing aid. The meetings shall be chaired by the Deputy Secretary-general of the Council for the Development of Cambodia and Secretary-general of the Committee of Rehabilitation and Development of Cambodia.

Article 2: The representatives of the Ministry of Economy and Finance who shall participate in the meetings are:

- Mr. VONGSEY VISOT, assistant director of foreign finance department,
- Mr. CHHEANG VIBOL, chief of state property office, and
- Mr. OUY SARIN, chief of control office of state control and customs service.

Article 3: In case the meeting decides the tax exemption at some stage, the Secretary-general of the Committee of Rehabilitation and Development of Cambodia shall report it to the State Minister in charge of rehabilitation and development the Minister of Economy and Finance, the Vice Chairman of the Council for the Development of Cambodia, for decision prior to evident implementation.

Article 4: The State Minister in charge of rehabilitation and development as Vice-Chairman of the Council for the Development of Cambodia and as Minister of Economy and Finance shall sign the letter of authorization of tax exemption for the implementation of the state control and customs office.

Article 5: The present notice takes effect from the date of its signing onward.

The State Minister in charge of Rehabilitation and Development
Minister of Economy and Finance
Vice-Chairman of C.D.C.
Signed and sealed:

KEAT CHHON

Copies to:

- The King's cabinet
- Secretariat-general of the National Assembly
- Cabinet of the 1st Prime Minister
- Cabinet of the 2nd Prime Minister
- All ministries and state secretariats
- Chronicles-Records

150. **Prakas # 050 (MEF) on Customs Duties Exemption and Reduction for Some Goods Imported (March 03, 1994)**5-153

Ministry of Economy and Finance
No. 050 SchN. SHV

PRAKAS
on
Customs Duties Exemption and Reduction for
Importing some of the Merchandise

Phnom Penh, March 3, 1994

Referring to the speech of Samdech Krom Preah 1st Prime Minister in the spirit of heightening the people's existence and redressing the development of the whole country and enhancing the field of education and sports so that it rapidly progresses, and referring to the directives of the Royal Government, the Ministry of Economy and Finance would like to inform the public of tax exemption and reduction for some of the following imported goods:

- A. Importation of the following goods is exempted from tax:
- Agricultural instruments: fertilizer, insecticide, plowing machine, pump, shovel, hoe, breeding stock, seed, plow, harrow, etc.
 - School materials: book, pencil, ball - point pen, blackboard, eraser, etc.
 - Sport items: physical training equipment.
 - Medicines controlled and licensed by the Ministry of Health.
 - Kerosene for lamps
- B. Import tax rate is reduced from 35% to 7% for a number of goods such as foodstuffs and common requisites: noodle in packs, canned sardines, all kinds of cakes, candies, condensed milk, milk straight from the cow, dishes, sewing needles, thread, all kinds of buttons, zippers, etc.

The State Minister
 Minister of Economy and Finance
 Signed and sealed:

SAM RAINSY

151. **Joint Prakas # 2951/97 (MEF+CDC)** on Procedure for Consideration on Tax Exemption Requests for Materials, Equipment, and Instruments Imported within the Framework of Bilateral and Multilateral Aid and NGO (November 5, 1997)5-154

The Royal Government of Cambodia
No. 2951/97 PK

Inter-Ministerial PRAKAS

on

**The Legal Procedure for Examining and Verifying Tax
Exemption Requests for Import of Material in the Framework of Bilateral, Multilateral and
NGO Aid**

Phnom Penh, November 5th, 1997

Referring to the Royal Government's circular No. 03 SR dated June 12th, 1997, on the formalities and legal procedures of tax exemption request on importation of materials and instruments in the framework of non-refundable aid, credit and humanitarian aid, and referring to the notice of Council for the Development of Cambodia No. 2337/97 PK. Dated August 11th, 1997, on the directives to implement the Royal Government's circular No. 03SR dated June 12th, 1997, with the purpose to better the implementation of norm letters and in order to speed up the settlement of request for tax exemption of aid providers, the Ministry of Economy and Finance and the Council for the Development of Cambodia decide to jointly make a notice with the following instructing content:

- Article 1:** The Council for the Development of Cambodia / the Committee of rehabilitation and Development of Cambodia (C.D.C./ C.R.D.C.) and the Ministry of Economy and Finance shall meet weekly to examine and give opinions on request for tax examine and give opinions on request for tax exemption in importation of instruments, materials and equipments of ministries / institutions implementing work projects or of ministries / institutions of the Royal government as equal parties or of institutions providing aid. This meeting is chaired by His Excellency CHHEANG YANARA, Under -Secretary -General of C.D.C and Secretary -General of C.R.D.C.
- Article 2:** Appointing the representatives of the State Minister in charge of Rehabilitation and Development of Cambodia and Minister of Economy and Finance whose names are as follows to attend the weekly meeting of C.D.C. /C.R.D.C.
- Mr. VONGSEY VISOT, Assistant Director of External Finance Department,
 - Mr. CHHEANG VIBOL, Chief of State Property Office, and
 - Mr. UY SARIN, Chief of Control Office of Department of Customs and State -Owned Company
- Article 3:** The State Minister in charge of Rehabilitation and Development of Cambodia and Vice - Chairman of the Council for the Development of Cambodia entrusts His Excellency CHHEANG YANARA, Under -Secretary -General of C.D.C. and Secretary -General of C.R.D.C. with the right to sign letters on behalf of C.D.C. in being based on the approval of the meeting and send the documents to the Ministry of Economy and Finance.
- Article 4:** The State Minister in charge of Rehabilitation and Development of Cambodia and Minister of Economy and Finance entrusts His Excellency CHHAY THAN, Under - Secretary of State of Ministry of Economy and Finance, with the right to examine, approve and sign letters to be implemented by the Department of Customs and State -Owned Company.
- Article 5:** All letters of decision on tax exemption authorization shall be copied and sent to the State Minister's Cabinet at the Council for the Development of Cambodia, to the state Minister's

Cabinet at the Ministry of Economy and Finance and to all relevant units of the Ministry of Economy and Finance and C.D.C/C.R.D.C.

Article 6: All contents mentioned in the interdepartmental notice of the Ministry of Economy and Finance and the Council for the Development of Cambodia No. 2484/97 PK. Dated September 5th, 1997, shall be deemed null and void.

Article 7: All sections coming under the Ministry of Economy and Finance and the Council the Development of Cambodia and the interested persons have the duty to implement the present notice from the date of its signing onward.

The State Minister in charge of Rehabilitation
and Development, Minister of Economy and Finance
Vice-Chairman of the council for the
Development of Cambodia

Signed and Sealed:

KEAT CHHON

Copies to:

- Cabinet of 1st Prime Minister
- Cabinet of 2nd Prime Minister
- Office of Council of Ministers
- All Ministries/institutions of the Royal Government
- Like in article 5 (for application)
- Under -Secretary -General of C.D.C
- Archives -Records

152. **Prakas # 2337 (CDC)** on Implementation Guidelines of the RGC's Circular # 03 on Formality and Procedures for Tax Exemption on Imported Items under Framework of grants, Loans and Humanitarian Assistance June 12, 1997 (August 11, 1997).....5-156

The Royal Government of Cambodia
No. 2337/97 PK.

PRAKAS
On

The Implementation Guidelines of RGC's CIRCULAR No. 3 Re-rules & Procedures for Tax Exemption on Imported Items under Framework of Grants, Loans and Humanitarian Assurances, dated June 12, 1997

Phnom Penh, August 11th, 1997

With the aim of effectively and fruitfully implementing the circular No. 3 SR dated June 12th, 1997, on the rules and procedures for tax exemption on goods imported in the framework of grants, loans and humanitarian assistance's, the Council for the Development of Cambodia would like to give the following guidelines:

Article 1: Ministries and institutions of the Royal government which are partners in the implementation of each project under the framework of grants (bilateral, multilateral and non - governmental organizations) or interested institutions which provide aid shall prepare various documents relating to request for tax exemption in each project and send them to the Council for the Development of Cambodia/ Committee of Rehabilitation and Development

These documents are:

- A. In the framework of bilateral and multilateral assistances:
 - 1. Framework agreement between the government of the County providing aid or multilateral institution and the The Royal Government of Cambodia.
 - 2. Financial agreement or financial protocol or exchange of note or other documents of similar value between competent institution of the government of country which provides aid or multilateral institution and the The Royal Government of Cambodia.
 - 3. Contract with consultants, constructors and suppliers
- B. In the framework of non - governmental organization's aid:
 - 1. Official license of competent institution of the Royal government allowing non-governmental organization to engage in activities in the Kingdom of Cambodia.
 - 2. Agreement on cooperation between non - governmental organization and expert ministry/institution.
 - 3. Annual work activity program of non- governmental organization with quantity and source of capital for carrying out the program.
- C. Common point for carrying out under the framework of aid of bilateral, multilateral and non - governmental organizations:

1. Project document or other documents regarding the implementation of program and project.
2. Master list of imported materials and equipment's to be requested for tax exemption in the implementation of program and project.
3. List of materials and equipments authorized to be imported with tax exemption and their present state.

The above documents shall be sent to the Council for the Development of Cambodia before September 15th, 1997.

Article 2: Each time in request for tax exemption the following documents shall be sent to the Council for the Development of Cambodia/ Committee of Rehabilitation and Development of Cambodia:

- Application form
- Packing list,
- Invoice,
- Transport documents.

Article 3: All ministries and institutions of the Royal government and all institutions that provide aid shall apply the present notice. This notice is effective from the date of its signing onward.

The State Minister in Charge of Rehabilitation
and Development
Vice-President of CDC
Signed and sealed:

KEAT CHHON

Copies to:

- The Cabinet of the King
- The Secretary General of the National Assembly
- The Cabinet of the First Prime Minister
- All ministries and state secretaries
- All institutions providing aid
- Chronicles - Records

153. **Prakas # 221 (MEF) On Modification of Tax Payment for Importation of Gasoline and Diesel (June 26, 1995)**5-158

Ministry of Economy and Finance
No. 221 SHV. PK.KR

PRAKAS
On
The Modification of Tax Payment for Importation of Gasoline and Heating Oil

Phnom Penh, June 26, 1995

- Considering the Constitution of the Kingdom of Cambodia,
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, King of Cambodia, dated November 1st, 1993, on the Appointment of the Royal Government,
- Considering Royal Decree NS.RKT. 1094-83 dated October 24th, 1994, on the modification of the Royal Government composition,
- Considering Royal Code No. 10 N.S 94 dated December 31st, 1994, on the promulgation of the 1995 Financial Management Law,
- Considering the letter No. 988 SChN.PH dated June 22nd, 1995, of Council of Ministers authorizing the modification of payment of tax on imported fuel,
- Considering Prakas No. 001 SHV. PK.KR dated January 4th, 1995, of Ministry of Economy and Finance, on the Modification of Tax Rate on Car Gasoline,

IT IS DECIDED THAT

- Article 1:** The payment of tax on imported fuel is modified. The quantity of gasoline is rather 320 tons and that of heating oil is rather 275 tons.
- Article 2:** For imported gasoline and heating oil the formalities of which were fulfilled before June 27th, 1995, but tax on them has not been collected yet, tax payment shall be made according to the old tax price.
- Article 3:** The present Prakas is effective from June 27th, 1995, onward.

The State Minister
Signed and sealed:

KEAT CHHON

154. **Prakas # 016** on Fixing of Tax on Importation of Newspapers (February 18, 1994)5-159

Ministry of Economy and Finance
NO. 016 PK. SHV

PRAKAS
On
The Fixing of Tax on Importation of Newspapers

Phnom Penh, February 18th, 1994

- Considering the Constitution of the Kingdom of Cambodia,
- Considering Royal Decree dated November 1, 1993, of Preah Bat Samdech Preah NORODOM SIHANOUK VARMAN, on the Appointment of the The Royal Government of Cambodia,
- Considering the law about tax on imported and exported goods promulgating the decree No. 57 Kr. dated July 26, 1989,
- Considering the letter No. 187 SChNPH dated August 30, 1993, of the Office of Council of Ministers, regarding measures taken to improve the customs and internal revenue system,

Article 1: Every importation of local or foreign newspapers shall be subjected to import tax according to the rate fixed in the customs tax table.

Article 2: Any decision contrary to the present Prakas shall be deemed null and void.

Article 3: The Principal Private Secretary, the Director of Customs and Internal Revenue Office and different subordinate units shall implement this Prakas effectively from the date of signing onward.

The State Minister and Minister of Economy and Finance

Signed and sealed:

SAM RAINSY

155. **Prakas # 045 (MEF)** on Collection of Import Tax (December 27, 1991)5-160

Ministry of Economy and Finance
NO. 045 PK.SHV

PRAKAS
On
The Formalities to Manage and Collect Mobile Business Taxes

December 27, 1991

- Referring to the statutory order No. 23 Kr.Ch dated June 14, 1985, on business taxes;
- Considering the Finance Ministry's Prakas No. 1259 KHV dated July 3, 1985, about the instructions to apply the statutory order on business taxes;
- Considering the instructions on tax management and collection for permanently mobile business or warehouses for stocking goods, No. 049 KHV.SSN dated April 30, 1984, and the directive notice No. 009 SNN.KHV. dated November 9, 1987;
- Considering the circular No. 005 KHV.SRNN dated September 29, 1990, on the instructions to perform the mobile business tax management and collection;
- Considering the instructive Prakas No. 031 PK.KHV dated August 3, 1991, and the instructive Prakas No. 038 PK.KHV dated November 2, 1991;
- Considering the instructive Prakas No. 042 PK.KHV dated December 21, 1991, on the fixing and reduction of tax prices;
- Referring to the notification No. 2267 SCh.NSR dated December 13, 1991, of the Cabinet of Council of Ministers, on the result of the session of Standing Committee of Council of Ministers held on December 12, 1991;

DETERMINES

- Article 1:** All private import-export companies importing goods from foreign countries shall pay mobile business tax only once at beginning, i.e. at border passes, harbors or airport when the goods go through the borders or are unloaded at port or airport Goods imported from foreign countries, after paying mobile business taxes, are authorized to be circulated inside the country or exported to foreign countries without paying again mobile business taxes.
- Article 2:** Are exempt from mobile business taxes all transports of goods of every kind produced in the country (industrial, craft, agricultural, vegetable, aquatic products” from one place to another inside the country or exported to foreign countries.
- Article 3:** Mobile business taxes are fixed according to the tax rate from 4% to 12% for goods enumerated in annex attached to the present Prakas.
- Mobile business taxes shall be paid according to tax rate and goods prices called “tax calculation”.
 - This tax calculation is manifestly fixed by the Ministry of Finance for each item according to each period.
- Article 4:** Mobile business taxes shall be straightaway paid when they go through borders or are unloaded. The non-payment of mobile business taxes at fixed period shall be fined 15% per diem on the tax amount of money late paid.
- Article 5:** Import-export companies shall announce in writing to the tax Department the address of their warehouse(s) or warehouse branch (if any) and shops with confirmation on recognition by State authorities 10 days at the latest before commencing their activities. Goods kept in warehouses

shall have certificates confirming that the mobile business tax has been paid already to show to control units in case of necessity. Goods kept in warehouse branches and shops of import-export companies shall have documents for confirming the sources of goods provision. Every entry and taking out of goods shall have goods registers, vouchers, delivery slips for sale, warehouse or shop according to models from Ministry of Finance.

All these documents before being used shall be numbered, signed and sealed by the Tax Department.

Article 6: The goods owner or his representative shall declare his goods with their specificity and quantityaccording to models to tax units at border passes, harbors or airport when the goods arrive or before they are unloaded from their means of transport.

Article 7: At border passes, harbors and airport, tax agents shall check the goods, calculate and collect taxes, give tax receipts to the goods owner or representative to use them together with the transported goods and to show them to tax organization, if need be.

Article 8: To repress tax evasion mobile control groups shall be established:

- Mobile control groups have the duty of mobile control and check at places where the goods reach their destination for distribution and sale: warehouses, shops.....
- this duty of mobile control is the competence of the Tax Department coming under the Ministry of Finance.

Article 9: The mobile business tax revenue shall be paid to the central budget 100%. The fines on illegal goods, after subtracting the rewards given to skilful persons helping the tax organization to find offenders or tax evaders, shall be paid to the central budget 100%.

Article 10: All notices and circulars of Finance Ministry having substance contrary to the present Prakas shall be deemed null and void.

Article 11: The Tax Department and all provincial and municipal tax branches have the duty to implement this Prakas according to their respective duties.

Article 12: This Prakas is effective from January 1, 1992, onward.

The Minister

CHHAY THAN

No. 133 SRSN
 Seen and Approved
 Phnom Penh, 1991

The Council of Ministers

CHEA SOTH

156. **Prakas # 004 (MEF) on Tax Rate and Base for Imported Vehicles (July 6, 1988)**.....5-162

Ministry of Economy and Finance
NO. 004 PKNN KHV

PRAKAS
On
Tax Rate and Tax Base for Car Imported from Foreign Countries

Phnom Penh, July 06, 1989

- Considering the Constitution of the People's Republic of Cambodia;
- Considering the decision of the Revolutionary People's Council No. 10-80 K B. dated February 10, 1980, on the duties and Appointment of leaders of Ministry of Finance;
- Considering the statutory orders about tax on imported goods No. 15 Kr. Ch dated November 27, 1982 and No. 16 Kr. Ch dated December 15, 1983;
- Considering the decision of Council of Ministers No. 105 S.S.R. dated June 30, 1988, on the fixing of evident tax rate on merchandise imported from Thailand and Singapore;

IT IS HEREBY DECIDED:

Article 1: Cars of all types imported from foreign countries shall be subjected to tax according to the following rate:

- 30% for large or small cars of all types transporting travelers,
- 30% for small cars of all types carrying merchandise,
- 60% for large cars of all types conveying merchandise,
- 60% for saloons of all types.

Article 2: Tax base for an old car of each type is fixed as follows:

- 1,500,000.00 Riels for MERCEDES saloon
- 600,000.00 riles for TOYOTA and MITSUBISHI saloon
- 550,000.00 riles for MAZDA, DATSUN and NISSAN saloon
- 500,000.00 Riels for GALLANT saloon
- 400,000.00 Riels for a HONDA saloon with two doors on each side.
- 350,000.00 Riels for Korean saloon motor vehicles.
- 250,000.00 Riels for a HONDA saloon with one door on each side.
- 250,000.00 Riels for small car of all types transporting goods.

The tax base for new cars of all types will be fixed apart.

Article 3: The present Prakas comes into force from June 15, 1988 onward. For imported cars where tax is requested to be paid before June 15, 1988, but the tax organization has not yet calculated the tax amount to be paid, this tax shall be paid according to the rate and amount of money previously fixed. The authorization to pay tax according to the rate and amount of money previously fixed is decided by the Chief of Office of Industry and Commerce tax of provinces and towns. As for the measures and plan for implementing this Prakas, they shall be accomplished appropriately to the substance of instruction at point IV in the Finance Ministry Prakas No. 236 K.H.V. dated March 22, 1984.

Article 4: The Director of Tax Department of Industry and Commerce, the Chief of Tax Office of Industry and Commerce of Koh Kong province, Kompong Som City, Kampot and Kompong Speu provinces are put in charge of effectively executing in accordance with the present Prakas.

Article 5: The Finance Ministry's instructive letter No. 002 PK.NN dated April 25, 1988, on management and collection of tax on small and old cars imported from foreign countries, shall be deemed null and void.

Phnom Penh, July 6, 1989

The Minister of Finance

Signed and sealed:
CHHAY THAN

Ministry of Finance

**TABLE FIXING BUSINESS TAX RATE ON GOODS OF ALL KINDS ATTACHED AS ANNEX TO
PRAKAS NO. 045 PK.KHV DATED DECEMBER 27, 1991**

S.N.	Kinds of goods	Tax rate %	Miscel- laneous
I	Materials, raw materials, machinery, instruments, spare parts, equipments used in agricultural production.	4	
1.	Seeds	4	
2.	Insecticide	4	
3.	Instruments used in agriculture	4	
4.	Water pump	4	
5.	Machinery and spare parts	4	
II	Equipments, raw materials, machinery, instruments, spare parts, workmen's tools.	4	
	Items used in industry, truck farming, fishing, communication construction, transport, health, technical science.		
1.	Flammable gaz	4	
2.	Metallic substance	4	
3.	Raw materials for producing cigarettes	4	
4.	Paper	4	
5.	Raw materials for producing plastic and paper	4	
6.	All kinds of dyes	4	
7.	Thread	4	
8.	Machinery and spare parts	4	
9.	Raw materials used in industry to produce food	4	
10.	Leather of all kinds	4	
11.	Saw blade	4	
12.	Workmen's tools	4	
13.	Coil wire	4	
14.	Fishing materials	4	
15.	Building materials	4	
16.	Board		
17.	Formica sheet		
18.	All kinds of bricks		
III	Necessary goods	4	
1.	Bed, mosquito net, blanket, mat	4	
2.	Stationery	4	
3.	Sports articles	4	
4.	Children's toys	4	
5.	Foodstuffs	4	
6.	Vegatable	4	
7.	Fruit	4	
8.	Fresh and artificial flowers	4s	
9.	Sewing machine	4	
10.	Embroidery machine	4	
11.	Hemming machine	4	
12.	Noodle powder	4	
13.	Daily used materials	4	
14.	Sewing, embroidering and weaving materials	4	

15.	Modern medicine	4	
16.	Fabric	6	
17.	Garment	6	
18.	Milk	6	
19.	Plastic product	6	
20.	Products made of clay, glass, plaster	6	
21.	Leather product	6	
22.	Seasoning	6	
23.	Tea	6	
24.	Bicycle and spare parts	6	
25.	Spare parts of motor vehicle and automobile	6	
26.	Spare parts of watch, fan, camera, radio set.....	6	
27.	Calculator	6	
28.	All kinds of scales	6	
29.	Aquatic products	6	
30.	Living animals of all species	6	
31.	All kinds of generators	8	
32.	Water, clock	8	
33.	Radio set	8	
34.	Fan	8	
35.	Electric articles	8	
36.	Photo articles	8	
37.	Soap	8	
IV	Upper class goods	8	
	Tape recorder	8	
1.	Color television	8	
2.	Black and white television	8	
3.	Projector	8	
4.	Video amplifiers of all kinds and brands	8	
5.	Cassette rewinding machine	8	
6.	Blank video cassette of all brands	8	
7.	Recorder cassette of all brands	8	
8.	Motorcycle	8	
9.	Air conditioner	8	
10.	Fridge	8	
11.	Hunting gun	8	
12.	Canned food	8	
13.	Canned cakes, jam, candy	8	
14.	Fresh milk	8	
15.	Packed noodles	8	
16.	Orange juice, beer, pure drinking water	8	
17.	Cigarette of all brands	8	
18.	Cars for carrying goods and travelers	8	
19.	Wine of all brands	10	
20.	Cosmetics	12	
21.	Tourist car, sedan	12	
22.			

The table is made up at serial number 22 of point IV.

Phnom Penh, December 27, 1991.

The Minister
CHHAY THAN

157. **Prakas # 867** on Temporary Preservation of Custom Duties tariff on a Number of Goods Imported from ASEAN Member Countries (November 23, 2001).....5-166

Ministry of Economy and Finance
No. 867 SHV

Prakas
On
Temporary Preservation of Custom Duties Tariff
on a Number of Goods Imported from ASEAN Member Countries

Phnom Penh, November 23, 2001

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Law on Organization and Functioning of the Council of Ministers promulgated by Royal Kram No. 02 NS/94 dated July 20, 1994;
- Having seen Royal Decree NS/RKT/1198/72 on Appointment of the Royal Government of the Kingdom of Cambodia dated November 30, 1998;
- Having seen Royal Kram NS/RKM/0196/18 dated January 24, 1996 promulgating the Law on Establishment of the Ministry of Economy and Finance;
- Having seen Announcement No. 1228 SChN. SR dated August 27, 1999 of the Office of Council of Ministers;
- Having seen Sub-Decree No. 44 ANK/PK dated May 25, 2001 on Revision on Tax Rate on a Number of Goods;
- Having seen Prakas 1154 SHV.BrK dated December 15, 1999 of the Ministry of Economy and Finance on the Usage of New Cambodian Customs Tariff;
- Having seen Prakas No 1155 SHV/PK dated December 15, 1999 of the Ministry of Economy and Finance on Permission for Using Custom Duties Reduction Scheme of Goods List under CEPT Schema for AFTA;
- Having seen the necessary need of the Ministry of Economy and Finance;

DECIDES

Article1: To temporarily maintain the Custom Duties Tariff on a number of goods at the rate as stipulated in details in Prakas No. 1155 SHV.PK dated December 15, 1999 on Permission for Using Custom Duty Reduction Scheme of Goods List under CEPT Schema for AFTA. The following are goods items and codes:

Head	HS-code	Description of Goods
2713		- Petroleum coke, petroleum bitumen, residues of petroleum oils or of oils obtained from bituminous minerals.
		- Petroleum coke
	2713.12.00	- - Calcined
	2713.20.00	- Petroleum bitumen
	2713.90.00	- Residues of petroleum oils or oils obtained from bituminous minerals.
9101		Wrist watches, pocket watches, and similar watches, stop-watches with case of precious metal or of metal clad with precious metal.
		- Wrist watches, electrically operated, whether or not incorporating a stop-watch facility.
	9101.11.00	- - With mechanical display only.
	9101.12.00	- - With optoelectronic display only.
	9101.19.00	- - Others
		- Other wrist watches whether or not incorporating a stop-watch facility.
	9101.21.00	- - With automatic winding.
	9101.29.00	- - Others
		- Others
	9101.91.00	- - Electrically operated
	9101.99.00	- - Others
9102		Wrist watches, pocket watches, and similar watches, including “stop-watches of similar type other watches stipulated in position 91.01”
		- Wrist watches, electrically operated, whether or not incorporating a stop-watch facility.
	9102.11.00	- - With mechanical display only.
	9102.12.00	- - With optoelectronic display only.
	9102.19.00	- - Others
		- Wrist watches whether or not incorporating a stop-watch facility.
	9102.21.00	- - With automatic winding.
	9102.29.00	- - Others
		- Others
	9102.91.00	- - Electrically operated
	9102.99.00	- - Others

Article 2: This Prakas takes affect from December 01, 2001 onward.

Phnom Penh, November 23, 2001

Senior Minister

Minister of Economy and Finance

Signed and Sealed:

KEAT CHHON

CC:

- The Office of Council of Ministers
- All Ministries-Institutions within Provinces and Municipalities "for information"
- The Customs and Excise Offices "for implementation"
- Archives-Records

158. **Letter # 229** on Value Added Tax "VAT" on imported products for support industries
 (February 13, 2002).....5-169

Phnom Penh, February 13, 2002

The Office of the Council of Ministers
No. 229 SCN

Sr. Minister, Minister in charge of the office of the Council of Ministers
Respectfully address to
Sr. Minister, Minister of Economy and Finance, CDC First Vice-Chairman

Subject: Value Added Tax "VAT" on imported products for support industries.

References: - **Letter** of CDC No. 29S/02 CDC of January 31, 2002
 - Letter of Samdech Prime Minister Hun Sen of February 1, 2002

Pursuant to the above subject and references, the Office of the Council of Ministers would like to inform Your Excellency that due to the scope of support industries which are generally comprehensive and could not be promptly classified, the Royal Government has approved as its first priority for the fabric weaving and yarn production as follows;

- Value Added Tax "VAT" on the importation of equipment, raw materials used for fabric-weaving and yarn production shall be paid for by the State. Exporters shall not pay "VAT" on fabric and yarn locally produced.
- In case of the sale of products locally produced to domestic market, the producer will be subject to collect "VAT".

Besides these above mentioned productions of other support industries, the Council for the Development of Cambodia "CDC" and the **Ministry** of Economy and Finance "**MEF**" shall study the impact on State revenue and investment before submission to Samdech Prime Minister for approval.

Therefore, Your Excellency, be informed and effectively implement the above contents.

Sr. Minister
 Minister in charge of the Office of
 the
 Council of Ministers
 [Signed and Sealed]

CQ

- The Ministry of Industry, Mines and Energy
- The Ministry of Commerce
- The Cabinet of Samdech Prime Minister
- Records.

SOK AN

159. **Notification** # 053 about the Charging of Commission on Goods of Duty Free Shops5-170

Ministry of Economy and Finance
No. 053 SHV.Prk.KR

NOTICE
on
The Charging of Commission on Goods of Duty Free Shops

- Considering the Constitution of the Kingdom of Cambodia;
- Considering Royal Decree of Preah Bat Samdech Preah NORODOM SIHANOUK, King of Cambodia, dated November 1st, 1993 on the Appointment of the Royal Government;
- Considering the law on the Organization and Functioning of the Council of Ministers promulgated by royal code dated July 20th, 1994;
- Considering Royal Decree No. NS.RKT>1094-83 dated October 24th, 1994 on the modification of the composition of the Royal Government;
- Considering the law on the establishment of the Ministry of Economy and Finance promulgated by royal code NS.RKM 0196/18 dated January 24th, 1996;
- Considering the necessary requirements of the Ministry;

IT IS HEREBY DECIDED:

- Article 1:** Imported goods for duty free shop shall be subjected to 2% as commission, on CIF price, which will be paid to customs and excise. This payment shall be made.
- Article 2:** Any decision and notice contrary to the present notice are deemed null and void.
- Article 3:** The General Manager, the Director of Cabinet, Office, relevant Units, Customs and exercise are given the responsibility of applying this notice for its effectiveness from the day of its signing.

Signed and Sealed:

KEAT CHHON

Copies to:

- Office of Council of Ministers
- Civil Aviation Authorizations (for information)
- Like in article 3
- Records - Chronicles

160. **Circular # 03 (RGC)** on Formats and Procedures on Application for Tax Exemption on Imported Materials in the Framework of Donation, Credit and Humanitarian Aid (June 12, 1997)5-171

The Royal Government of Cambodia
No. 03SR

CIRCULAR

On
Formats and Procedures of Requesting the Tax Exemption on
Import Materials in the Frame of Donation, Credit and Humanitarian Aid

Phnom Penh, June 12, 1997

The Royal Government has noticed that in the past there was some delay in the request and the settlement of tax exemption on instruments and equipment imported in the framework of aid without repayment, credits and humanitarian relief, which has caused the erratic implementation of some projects in accordance with anticipated programs. In order to speed up requests and settlement for tax exemption on instruments and Equipments imported in the framework of aid without repayments, credits and humanitarian relief, the Royal Government has specified the following modes and procedure:

1. The institutions implementing necessary projects shall prepare master lists of instruments and Equipments imported to use in each project and send them to the Council for the Development of Cambodia / Development and Rehabilitation Committee.
2. For the request on tax exemption on instruments and Equipments for implementing the projects in the framework of aid without repayments (bilateral, multilateral and non governmental organizations), the interested institutions implementing the projects or the institutions receiving the aid shall apply for the Ministry of Economy and Finance decision, through the Council for the Development of Cambodia / Development and Rehabilitation Committee.
3. For the request of tax exemption on instruments and equipment imported in the framework of credits and technical aid based on agreements (Asia Development Bank, World Bank,....), the interested institutions implementing the projects shall fulfill the modes at the Ministry of Economy and Finance for consideration and decision.
4. For the request of tax exemption on instruments and Equipments imported in the frame of humanitarian relief, the interested institutions receiving the aid shall fulfill the modes of request at the Ministry of Economy and Finance for consideration and decision.
5. important reference documents for fulfilling the request modes are as follows:
 - Agreement or document having similar value,
 - Packing list
 - Invoice.
 - Bill of loading

The Royal Government asks all institutions to take care when implementing the present circular for its effectiveness.

The 1st Prime Minister

The 2nd Prime Minister

Signed and Sealed:

NORODOM RANARITH

HUN SEN

Copies to:

- The Kings Cabinet
- Secretariat General of the National Assembly
- All Ministries and State Secretariats
- Cabinet of the 1st Prime Minister
- Cabinet of the 2nd Prime Minister
- Chronicles - Records

161. **Circular # 004** (MEF) on Implementation of Value Added Tax on Import and Supply of a Number of Goods (June 4, 2001)5-173

Ministry of Economy and Finance
No. 004

Circular
on
Implementation of Value Added Tax on
Import and Supply of a Number of Goods

Phnom Penh, June 4, 2001

In accordance with Prakas of Ministry of Economy and Finance No. 303 dated May 23, 2001 on Implementation of Value Added Tax on Import and Supply of a Number of Goods and in order to guarantee the effectiveness of implementation of this Prakas and suitability to current situation of the Kingdom of Cambodia, Ministry of Economy provide the following guidelines:

1. Effective July 1, 2001, value added tax on import and supply of a number of goods for agriculture stated in Cambodia Tariff Table in force as followings shall be a burden of the state:
 - A. All goods in Chapter 31, which lists all type of agriculture fertilizers.
 - B. Seeds with Sub-Section No: 1005.10.00 1006.11.00 1008.30.00 1207.20.00 1207.30.00 1207.40.00 1207.50.00 1207.60.00 1207.91.00 and Section No: 12.04 12.05 12.06 12.09 and 50.01
 - C. Veterinary medicines with Sub-Section No: 3002.30.00 or with clarification from Production and Veterinary Department of Ministry of Agriculture, Forestry, and Fisheries.
 - D. Animal feeds and supplements in Section No: 23.08 and 23.09 except Sub-Section No: 2309.10.10 and 2309.10.90
 - E. Animal breeds with Sub-Section No: 0101.11.00 0102.10.00 0103.10.00 0104.10.10 0104.20.10 0105.11.10 0105.12.10 0105.19.10 0105.19.30 0105.92.10 0105.93.10 0106.00.10 0511.10.00 0701.10.00.
 - F. Machinery and agricultural equipment as follow:
 - F1) Family tractor for plowing and raking and parts with Sub-Section No: 8701.10.10 8701.10.20 8432.10.00 8432.21.00 8432.29.10 and 8432.90.00.
 - F2) Animal feed processing machinery and incubator, seedling instrument, and machinery, implements, and other parts with Section No: 84.36.
 - F3) Chassis of pump with Section No: 8413.91.40 8413.92.20.
2. Customs Office and/or Tax Department record and total as revenue of monthly budget collected by Customs Office and/or Tax Department the value added tax on goods listed in point 1 above shouldered by the state and prepare a detailed list of import operation for the Budget and Finance Department as a sample attached at the end of each month.

3. Budget and Finance Department of Ministry of Economy and Finance shall prepare the budget mandate for payments which are burdened by the state above from Chapter 30 of the national budget list relating to economic intervention in the first week of each following month.

Ministry of Economy and Finance advise all relevant subordinate department and units to pay a close attention in implementation of this Circular.

The State Minister,

Minister of Economy and Finance

Signed and Sealed

KEAT CHHON

CC:

- The Office of Council of Ministers
- The Cabinet of Samdech Prime Minister
- The Chamber of Commerce
- All relevant ministries and institutions (as information)
- The Customs Department
- The Tax Department (as information and for implementation)
- Chronicles-Archives

162. **Circular # 009** (MEF) on Amendment to Formality and Tax Rates on a Number of Exported Goods (July 13, 2000)5-175

Ministry of Economy and Finance
No. 009

Circular
on
Revision to Formality and Tax Rates on
the Number of Exported Goods

Phnom Penh, July 13, 2000

With reference to the recommendation of Samdech Prime Minister of the Royal Government of the Kingdom of Cambodia at the government-private-sector forum held on July 5, 2000 at Intercontinental and notation of Prime Minister dated June 19, 2000, in order to encourage the use of domestic manpower of Cambodian farmers, craftsmen, and artists, the Ministry of Economy and Finance would like to provide the guidance on revision to the formality and tax rates on a number of exported goods as follow:

- 1) Export tax rate is 5% for furniture (table, closet, chair, bed, etc.), matches, toothpicks, and chopsticks which are final products made from wood, vine, rattan, or bamboo;
- 2) For the decorative sculpture, toys, or small items for day-to-day use which are final products made from wood, vine, rattan, bamboo, jute and the like, the export tax rate is maintained at 0% temporarily;
- 3) Export of above products is not required to have a permission from the Royal Government or export license, except that the furniture has not been assembled that needs to follow the previous formality in accordance with Decision 17 of the Royal Government dated April 29, 1997.
- 4) Customs Office shall make the revision to the tax table in compliance with the guidance above and implement it thoroughly from the date of signature.

The State Minister

Minister of Economy and Finance

Signed and Sealed

KEAT CHHON

Cc:

- The Cabinet of Prime Minister
- The Office of Council of Ministers
- The Ministry of Agriculture, Forestry, and Fisheries
- Chronicles – Archives

163. **Decision # 105 (COM) on Actual Tariff Rate on Goods Imported from Thailand and Singapore (June 30, 1988)**5-176

The Council of Ministers
No. 105 S.S.R

DECISION
On

The Evident Tax Rate Fixing on Goods Imported from Thailand and Singapore

Phnom Penh, June 30, 1988

- Considering the Constitution of the People's Republic of Cambodia;
- Considering the law on the Appointment organization and the activity of Council of Ministers promulgated by decree No. 03 Kr. dated February 10, 1982;
- Considering the statutory order No. 07 Kr. Ch. dated July 13, 1982, on the competence and procedure to work out regulations and law;
- Considering the statutory order No. 15 Kr. Ch dated November 27, 1982, about tax on imported merchandise;
- Considering the statutory order No. 16 Kr. Ch. dated December 15, 1983, about tax on imported merchandise;
- Considering the decision of Council of Ministers No. 54 SSR dated March 22, 1984, about the evident tax rate fixing on goods imported from Thailand and Singapore;
- According to the proposal of Minister of Finance;

IT IS HEREBY DECIDED:

Article 1: To add at points 5 and 8, article 1, decision No. 54 SSR dated March 22, 1984, referred to above, the following goods imported from foreign countries:

 5. Goods to be taxed according to the 30% rate of tax payment:

- Bicycles,
- Radio sets, cassette recorders,
- Fans, air conditioners, fridges, television sets, washing machines,
- Small and large motor vehicles of all types for transporting travelers,
- Small cars of all types for transporting merchandise.

 8. Goods to be taxed according to the 60% rate of tax payment:

- Cigarettes of all brands,
- Cosmetics,
- Liquor, beer,
- Large cars of all types for transporting merchandise
- Saloon of all types.

Article 2: The Minister in charge of Cabinet of Council of Ministers, the Minister of Finance and the Revolutionary People's Committees of provinces and towns have the duty to effectively implement this decision from June 15, 1988, onward.

F. the Council of Ministers

The Chairman

Signed and sealed: **HUN SEN**