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CAMBODIA

Legal and Tax Digest

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Commerce

Prakas No. 117 dated December 9, 2025 issued by the Ministry of Commerce (“MOC”) on “Simplification of Business Registration”

This Prakas, which is effective from January 8, 2026, marks a significant step forward in Cambodia’s ongoing efforts to modernize and digitalize its corporate regulatory framework. It streamlines the business registration and corporate compliance procedures through the introduction of standardized templates, checklists, mandatory digital filings, and strengthened compliance mechanisms.

Through these measures, the MOC aims to foster a predictable, transparent, and professionally managed business environment applicable to all entities operating within Cambodia. Below are the key highlights of the Prakas.

Recognition of “holding” and “group” company names

The Prakas sets out clear and strict criteria for limited liability companies wishing to use these terms in their registered names, as below. In addition, use of these or similar terms requires prior approval from the MOC.

- **Common requirements:**
 - Must have a minimum of three subsidiaries registered in Cambodia; and
 - The parent company must hold at least 51% of the voting shares in each subsidiary.
- **Additional limitation for “holding” companies:**
 - The parent company must have code 642 as its business objective (activities as a holding company) and provide capital to its subsidiaries for their operations. The parent company cannot engage in commercial activities on its own.

Mandatory appointment of a company secretary

One of the most important structural changes introduced by the Prakas is the mandatory appointment of a company secretary for all limited liability companies. The company secretary, who may be a natural or a legal person, is appointed by the company and is entitled to receive and retain documents related to the company’s affairs in compliance with the applicable law.

Requirements for the company secretary:

- Be appointed within three months from the date of company registration.
- Be an MOC-accredited individual or firm that has completed its corporate secretary training course.
- Hold a bachelor’s degree or higher in law, economics, finance, business, accounting, or a related field and have a minimum of two years of work experience for individuals.
- Have permanent residence (for individuals) or be a legally-registered firm in Cambodia.
- Pay a security deposit of KHR4 million (approx. US\$1,000) for individuals or KHR40 million (US\$10,000) for firms.

The MOC will issue an identification card and identification number to each corporate secretary, with a validity of three years.

Annual declaration of commercial enterprise (“ADCE”)

Companies are now required to make their ADCE filing within three months prior to the anniversary of the company’s registration date, with an additional 15-day grace period allowed compared to the previous practice.

Companies failing to make the filing are subject to:

- **A late filing penalty:** At KHR2 million (approx. US\$500) per year.
- **Being classified as inactive:** Failure to file an ADCE for three consecutive years will result in the company being classified as an “inactive company” and placed on the MOC’s watchlist (cautionary list). While on this list, shareholders and directors are prohibited from accessing MOC services, including new company registrations or corporate amendments (e.g. director changes, address updates, or share transfers). Inactive companies may also be subject to legal proceedings for dissolution and removal from the commercial register.

Notably, on January 8, 2026, the MOC issued Announcement No. 0051 on the Waiver of Penalties for Failure to File the ADCE, which allows companies that have failed to submit their ADCE for multiple years to pay the monetary penalty for only the last year of non-compliance. To take advantage of this waiver, companies must make payment to the MOC within 60 working days from the date of this announcement and participate in the shareholder background check process to support anti-money laundering (“**AML**”) efforts.

Standardized documentation and AML compliance

The Prakas formally introduces standardized templates and document checklists for business registration, corporate amendments, and other filings with the commercial registrar. Applicants are guided to follow and use these templates when preparing submissions, thereby reducing uncertainty and minimizing inconsistencies during the review process. This reform is intended to enhance processing efficiency and regulatory predictability.

Notably, personal background checks for AML purposes are mandatory and conducted through an IT system, reinforcing compliance with Cambodia’s AML framework.

Digitalization and the shift toward a paperless system

The primary update is the transition from manual, paper-based filings to a digitalized registration system:

- All registration procedures, from initial application to payment of official fees, are integrated into a digital platform to reduce physical contact and processing time.
- The MOC now officially recognizes digital signatures, eliminating the need for physical “wet-ink” signatures in many cases.
- Official documents’ new QR codes feature a link to “Verify.gov.kh”. This allows third parties (banks, partners, etc.) to instantly verify a company’s registration status through the Cambodian national platform for document verification.

The physical submission of hard-copy documents is required only in limited post-registration circumstances.

Dispute resolution

To prevent unauthorized corporate changes that may cause significant damage or loss of benefits, the MOC now provides a formal complaint process for shareholders, directors, or other relevant parties. Stakeholders can file complaints to report any company irregularities or prohibitory complaints to actively block the MOC from processing specific share transfers or structural amendments.

This Prakas signals that the era of “passive compliance” in Cambodia is over. As of 2026, companies are expected to be digitally active and professionally managed. For investors, this means lower administrative costs in the long run, but it requires an immediate investment in qualified corporate secretarial services and digital infrastructure to avoid the consequences of non-compliance.

Labor

*Notification No. 038/25 dated December 22, 2025 issued by the Ministry of Labor and Vocational Training on “**2026 Foreigners’ Work Permit Application**”*

This guideline set out the 2026 calendar year requirements for foreigners on obtaining and renewing work permits. Key highlights are below.

There are two distinct timelines based on the foreigner's current status:

- **Current work permit holders (renewals):** Foreigners currently holding a valid 2025 work permit must apply for a formal extension. The renewal of the work permit is open now and will strictly close on March 31, 2026.
- **New foreign employees (new applications):** Foreigners who have recently entered Cambodia for employment or to engage in a self-employed occupation must apply for their initial work permit within 90 days of their arrival date.

In alignment with the government's digital transformation initiatives, all applications must be processed through the Foreign Workers Central Management System (“**FWCMS**”) at: www.fwcms.mlv.gov.kh.

Taxation

*Notification No. 6069/25 dated December 23, 2025, issued by the General Department of Customs and Excise on the “**2026 Adjustments to Customs Duty and Special Tax Rates**”*

Effective January 1, 2026, some significant adjustments have been made to the Customs Duty and Specific Tax rates on a range of imported goods, as shown in the tables below.

Import duty adjustments (customs duty):

Category of goods	Previous rate	New rate
<ul style="list-style-type: none"> ▪ Live poultry ▪ Computers and related equipment ▪ Antennas ▪ Laboratory equipment 	15% and 7%	0%
<ul style="list-style-type: none"> ▪ Glass wool pads ▪ Blenders ▪ Juicers ▪ Electric rice cookers ▪ Stone grinders ▪ Sanitary napkins ▪ Diapers 	15%	7%
<ul style="list-style-type: none"> ▪ Anti-corrosion paint for ship hulls 	35%	7%
<ul style="list-style-type: none"> ▪ Limousine passenger cars and electric grilling ovens 	35%	15%

Specific Tax adjustments (excise tax):

Category of goods	Previous rate	New rate
<ul style="list-style-type: none"> ▪ Electric vehicle motors ▪ Vacuum cleaners ▪ Audio equipment 	10%	0%
<ul style="list-style-type: none"> ▪ Electric vehicle batteries 	10%	5%

Banking and Finance

Notification No. 083/25 dated December 31, 2025, issued by the Securities and Exchange Regulator of Cambodia ("SERC") on "The Implementation of the Prakas on Licensing and Management of Digital Asset Businesses"

This notification is issued to approve the implementation of Prakas No. 093 dated December 30, 2025 on the Licensing and Management of Digital Asset Businesses.

In a significant step toward the formal regulation of digital assets in Cambodia's securities sector, the SERC announced that the Non-Banking Financial Services Authority has approved the implementation of a digital asset business license, which governs the licensing and management of digital asset-related business activities.

Under this approval, only individuals or entities that have successfully completed the FinTech Regulatory Sandbox are eligible to apply for a digital asset business license from the SERC. The FinTech Regulatory Sandbox serves as a gateway to licensing by allowing digital asset businesses to test their information technology systems, business models, products, and services in a controlled environment under regulatory supervision.

The licensing regime is designed to ensure that digital asset businesses operate in a transparent, secure, and well-governed manner, thereby aligning technological innovation with investor protection and financial stability.

Authors and Contacts



Julian Srun

Legal Assistant

julian.srun@kh.Andersen.com



Pisey Mounh

Legal Assistant

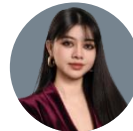
pisey.mounh@kh.Andersen.com



Laysym Sim

Partner

laysym.sim@kh.Andersen.com



Mariza Ung

Partner

mariza.ung@kh.Andersen.com