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Legal and Tax Digest

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Commerce

Release No. 0657 dated February 25, 2026 issued by the Ministry of Commerce (“MOC”) entitled “Cambodia Streamlines Business Compliance and Extends Secretary Requirements”

The MOC recently released a progress report on the outcomes of the issuance of Prakas No. 117 dated December 9, 2025 on business registration reforms and Notification No. 0051 dated January 8, 2026 on penalty waivers for lack of compliance with annual declaration requirements. Essentially, the MOC is moving to modernize how companies are registered while offering a waiver of some penalties for companies that have failed to file their annual declarations.

Outcome of the penalty waiver for failure to file annual declarations under Notification No. 0051

The MOC confirmed a positive outcome so far and reported encouraging participation from the business community.

To date, 224 companies have submitted applications for the penalty waiver. In addition, 498 shareholders have voluntarily participated in background checks on natural persons, a measure introduced to enhance transparency and strengthen anti-money laundering compliance within the business registration framework.

Through this verification process conducted via the Dow Jones watchlist screening system, nine shareholders were identified as being on a monitoring list. These individuals were subsequently requested to remove their names from the business registration system.

In the press release, the MOC included a reminder that compliant companies can continue to file their annual declarations within the same timeframe as the patent tax payment process at the General Department of Taxation, which occurs between January and March each year.

Outcome of business registration reforms under Prakas No. 117

The MOC also reported positive developments regarding business registration.

Business registrations conducted through the CamDx system increased by 9.3% in January 2026 compared to January 2025, indicating a growing demand for new business registrations in Cambodia.

Clarifications on the company secretary requirement

In light of the increase in new business registrations and to facilitate a smoother transition for companies, the MOC announced that the implementation timeline for the company secretary requirement has been extended until January 2027.

It also provided clarification on the company secretary requirement. Pursuant to the Law on the Amendment of the Law on Commercial Enterprises, together with Prakas No. 117, it applies only to limited liability companies. It does not apply to:

- Sole proprietorships

- Startups
- Informal economy groups
- Small and medium-sized enterprises

In addition, limited liability companies can appoint any individual as its company secretary without them having to meet the specified qualifications. However, individuals who intend to provide company secretary services professionally to multiple companies must comply with the qualification conditions set out in Article 25 of Prakas No. 117.

Upcoming Prakas on business registration guidance

To further facilitate and provide additional guidance to the private sector, the MOC is currently preparing a draft Prakas that will formally recognize its Business Registration Handbook, which supplements the existing regulatory framework by providing practical guidance on business registration procedures and compliance with standard operating procedures.

Banking and Finance

Prakas No. 37/26 dated February 19, 2026 issued by the National Bank of Cambodia (“NBC”) on “Conditions for Asset Management Institutions in Cambodia”

To address the growing need for effective management of distressed assets, the NBC has established legal and operational requirements for institutions that specialize in the acquisition and management of non-performing loans (“NPLs”) and related collateral from banks and financial institutions. The Prakas aims to enhance financial stability by facilitating the effective resolution of distressed loans while ensuring proper oversight and governance of institutions involved in this activity.

Permitted and prohibited activities

Licensed Asset Management Institutions (“AMIs”) can engage in several activities related to the management and recovery of distressed loans, including:

- Acquiring and managing NPLs and related collateral from Banks and Financial Institutions (“BFIs”).
- Acquiring and managing debtor assets through court-ordered auctions, provisional administration, or liquidation processes.
- Providing debt collection services to BFIs.
- Facilitating the sale of collateral with the debtor’s consent.
- Selling loans to BFIs or other AMIs.
- Conducting other activities permitted by the NBC.

However, AMIs are prohibited from engaging in certain financial activities, including:

- Providing loans or refinancing services.
- Providing loan guarantees.
- Acquiring NPLs from BFIs that have extended lending facilities to the AMI.
- Conducting other activities prohibited by the NBC.

Formation and capital requirements

To obtain a license, an AMI must be established as a public limited company and maintain a minimum registered capital of KHR200 billion. Before commencing operations, an AMI is required to deposit an amount equal to 100% of its registered capital into an account with the NBC. In addition, the AMI must deposit with the NBC an amount equal to 5% of its registered capital as a capital guarantee.

To obtain a license, applicants must submit comprehensive documentation to the NBC, including corporate information, governance structure, shareholder details, business plans, strategies for NPL acquisition and management, internal audit procedures, and details on its consumer complaint resolution mechanism.

Licensing and regulatory approval

The NBC will review license applications and notify applicants of its decision within six months of the date of application submission. Licenses granted to AMIs are valid for five years and may be renewed, provided the renewal application is submitted at least six months prior to the license's expiration date.

AMIs are required to obtain prior approval from the NBC for significant corporate changes, such as:

- Changes to the institution's name or address
- Changes in registered capital
- Amendments to the articles of incorporation
- Changes in directors or senior management

BFI's that intend to acquire or hold equity interests in an AMI must obtain prior written approval from the NBC to do so.

Official fee

Licensed AMIs must pay an annual license fee of KHR50 million, which must be paid before January 15 each year. For institutions that receive their license during the year, the payment structure is adjusted depending on the timing of approval:

- Institutions licensed during the first half of the year must pay the full annual fee,
- Institutions licensed during the second half of the year pay only half of the annual fee.

In addition to the annual license fee, AMIs are required to pay several administrative fees, including:

- Information request fee: KHR500,000
- License processing or renewal fee: KHR2.5 million
- Fee for changes to the articles of incorporation: KHR1 million per page
- License amendment fee: KHR2 million
- Share transfer or capital increase fee: 0.5% of the value of the shares transferred or the increase
- Decrease in capital fee: 1% of the value of the decrease in capital

Acquisition and transfer of NPLs

AMIs must acquire NPLs from BFIs through transparent and arm's-length transactions at prices mutually agreed upon by the parties.

Once an NPL is transferred, the AMI assumes the rights and obligations of the creditor, including the right to enforce claims against debtors and guarantors and to manage or dispose of associated collateral. When transferring NPLs, BFIs must obtain prior approval from the NBC and provide relevant documentation such as board resolutions, a letter requesting approval for the NPL sale, and valuation reports.

BFIs must also transfer all related loan documentation and notify customers and credit reporting service providers of the transfer of the NPLs.

Supervision requirements

AMIs shall submit quarterly reports to the NBC, including financial statements and reports on NPL portfolio performance and recovery activities, no later than the 15th day of the first month of the next quarter.

AMIs also submit annual audited financial statements no later than April 30 of the following year. If an AMI fails to comply with these requirements, it shall be subject to a transactional fine of KHR1 million per day.

AMIs shall maintain all transactions and records for at least 10 years following the final resolution of the relevant NPLs and associated collateral.

Governance requirements

All AMIs shall have a board of directors consisting of at least five members, including at least two independent members.

Board members and senior management shall have the appropriate qualifications, experience in banking or financial systems, and knowledge of the relevant regulations. Individuals convicted of serious financial or criminal offenses, including fraud, theft, money laundering, or bankruptcy-related misconduct, are prohibited from holding these positions.

Fines and license enforcement

The NBC may impose fines as follows;

- Failure to comply with this Prakas (other than supervisory requirements, which are covered separately): A transactional fine of KHR 3 million per day.
- Failure to comply with an injunction or breaching of other relevant regulations: A fine of KHR1 million per day.
- Failure to start operations within six months of licensing, violating laws, becoming insolvent, or voluntarily ceasing operations: Suspension or revocation of the AMI's license.

Real Estate

Prakas No. 008 dated January 29, 2026 issued by the Ministry of Land Management, Urban Planning and Construction (“MLMUPC”) on “Elevator Use Certificates”

Under this Prakas, the MLMUPC introduces a comprehensive framework that mandates the strict regulation of elevator systems across Cambodia to safeguard lives and property. It applies to all types of elevators used in buildings and other structures, including passenger or freight lifts, escalators, and moving walkways.

Elevator use certificate requirement

Under this Prakas, elevators can only be used after obtaining an elevator use certificate issued by the MLMUPC. The application must be submitted through the ministry’s Single Window Service and may be filed either separately or together with the certificate of use of the building in which the elevator is installed. While multiple elevators within the same project can be included in a single application, a separate certificate will be issued for each elevator.

Application documents and procedure

Applicants must submit an application package that includes:

- An application form for the elevator use certificate
- The applicant’s identification documents
- Construction permit and site opening permit (if available)
- Technical documents, including an inspection and report of the elevator installation works

The MLMUPC shall examine the application and decide within 21 working days from the application submission date. If approved, an elevator use certificate shall be issued and delivered to the applicant within two working days from the date of the ministry’s decision.

Validity and periodic safety inspection

The elevator use certificate has indefinite validity. However, building owners must ensure that elevators undergo quality and safety inspections by licensed elevator inspectors every two years. The inspection must confirm that the elevator system remains compliant with technical and safety standards.

Following inspection, the MLMUPC shall issue an elevator quality and safety certificate, which will be recorded in the digital elevator data management system maintained by the ministry. Where technical defects are identified during inspection, the building owners are responsible for arranging for repair or modification before the safety inspection report can be issued.

Compliance measures and enforcement

The MLMUPC shall issue a written warning to building owners in cases where elevators are operated without periodic safety inspections or where technical defects are identified.

Failure to comply with the warning or respond within the specified timeframe shall result in the suspension of the elevator use certificate, during which the elevator must not be used.

In more serious cases, including where the elevator is dismantled, replaced entirely with a new system, or where the safety system is permanently defective and cannot be repaired, the elevator use certificate shall be revoked.

Transitional requirement

For elevators already in operation before the entry into force of this Prakas, building owners are required to apply for an elevator use certificate within one year in accordance with the procedures. Failure to comply after this transitional period shall result in enforcement actions under the construction laws in force.

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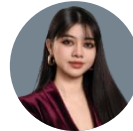
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