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Legal and Tax Digest

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Real Estate

*Sub-Decree No. 03 dated January 05, 2026 issued by the Royal Government of Cambodia on “**Security and Safety Management in Concentrated Residential Areas**”*

This Sub-Decree establishes a comprehensive legal framework to strengthen security, public order, and social safety in collective living environments throughout the Kingdom of Cambodia.

Scope and Application

It applies to all collective living areas, whether public or private, including boreys, condominiums, apartments, co-ownership buildings, factories, enterprises, farms, special economic zones, hotels, guesthouses, dormitories, religious institutions, orphanages, and similar residential settings across Cambodia.

It imposes legal obligations on heads of units, owners, managers of collective living areas, residents, and private security service providers. Residential areas under the Royal Cambodian Armed Forces and the National Police are excluded from this scope.

Competent Authorities

The Ministry of Interior (“**MOI**”) is the primary authority responsible for leading implementation. It delegates operational responsibilities to the administrations of the capital, provinces, cities, districts, and khans, which are accountable for accommodation management and the enforcement of security and safety measures within their respective jurisdictions.

Security and Safety Measures

The competent authorities are responsible for:

- Conducting regular administrative inspections of collective residential areas;
- Arranging, supervising, and inspecting security protection systems, including CCTV systems, fire prevention, and access control mechanisms.

The owners, managers, and heads of units of collective living areas are required to:

- Maintain accurate and up-to-date resident records, in paper and/or electronic form;
- Report any changes in residency to the local authorities in a timely manner;
- Submit resident lists, identification documents, and accommodation-related records upon request;
- Report the temporary presence of foreigners within 24 hours to the competent authorities;
- Cooperate fully with administrative inspections conducted by competent authorities;
- Verify foreigners’ legal entry and residence documents before permitting residence;
- Prohibit the residence of foreigners who have entered the Kingdom of Cambodia illegally;
- Report suspicious individuals or activities that may pose security or safety risks.

Foreigners holding a valid permanent residence permit from the MOI must report and register their residency within 48 hours of receiving the permit, while other foreign residents in a Concentrated Residential Area must register their residency in compliance with applicable laws and regulations.

All security camera data shall be retained for a minimum of 90 days, and records of movements into and out of the Concentrated Residential Area shall be maintained for a minimum period of 1 year. Furthermore, these data and records shall be provided to competent authorities upon request to enhance investigatory capacity and accountability.

Penalties and Enforcement

Failure to comply with the Sub-Decree may result in administrative and sanctions, including:

- A fine of KHR 400,000 (approx. USD100) for negligence in fulfilling obligations related to security and safety systems;
- A fine of KHR 4,000,000 (approx. USD1,000) per foreigner for intentionally allowing illegal foreign residents, without prejudice to criminal liability;
- Officials who fail to perform their duties in good faith shall face disciplinary action, including dismissal.

This Sub-Decree significantly enhances regulatory oversight of concentrated residential areas and places clear legal responsibilities on owners, managers, private security providers, and authorities. All relevant stakeholders are advised to review their current practices, ensure compliance with resident management and security requirements, and prepare for increased inspections and enforcement.

Labor

*Notification No. 003/26 dated January 25, 2026 issued by the Ministry of Labor and Vocational Training (“MLVT”) on “**Penalties for Enterprises, Companies, and Factories Requiring Cambodian National Identity Cards from Cambodian Migrant Workers Returning from Thailand**”*

The MLVT specifies in this notification that strict legal measures will be taken against any employer who requires Cambodian migrant workers returning from Thailand to present a Cambodian national ID card as a condition of applying for employment.

This requirement contradicts the Notification No. 026/25 dated August 11, 2025, concerning the exemption from the obligation to attach Cambodian national ID cards when applying for employment for Cambodian migrant workers returning from Thailand.

Clarification on acceptable identification documents

The MLVT further clarifies that, for the purpose of applying for legal employment, issuance of a Cambodian employment book, and registration with the National Social Security Fund, employers may accept any one of the following identification documents from Cambodian migrant workers returning from Thailand:

- Birth certificate
- Family book
- Passport
- Cambodian overseas worker travel document (TD)

- Cambodian -Thailand border pass
- Any other identity document issued by a competent authority

Requiring a Cambodian national ID card will be considered a violation of labor inspection measures and subject to administrative fines in accordance with the Labor Law.

Taxation

Prakas No. 1123 dated December 26, 2025 issued by the Ministry of Economy and Finance (“MEF”) on the “Suspension of Monthly Income Tax Prepayments for Industrial Enterprises in the Textile and Garment Sector”

In a continued effort to strengthen the resilience and competitiveness of Cambodia’s export-driven industries, the MEF has announced the temporary suspension of the obligation to make monthly income tax prepayments for certain industrial enterprises in the textile and garment sector.

Purpose and policy objective

This goal is to promote the sustainability of the textile and garment industry, enhance export capacity, and protect employment opportunities for Cambodian workers who depend on this key sector of the economy.

Enterprises eligible for the suspension

The suspension applies to enterprises operating in the textile and garment sector that are registered as qualified investment projects, including manufacturers engaged in the following for export:

- Textile and garment production
- Footwear manufacturing
- Handbag and briefcase production
- Hat manufacturing
- Clothing label production
- Manufacturing of gloves, socks, and towels
- Production of pillowcases, quilt covers, bedspreads, and tablecloths

Duration of the suspension

The temporary suspension of monthly income tax prepayments begins from December 26 2025, through December 31, 2028.

Conditions for obtaining this incentive

To continue benefiting from this suspension, enterprises must strictly comply with the following requirements:

- Proper accounting records must be maintained in accordance with the applicable regulations.
- All tax declarations must be submitted and other tax obligations settled on time.

- An annual independent audit report must be provided to the tax authorities.

Failure to meet these compliance obligations may result in the revocation of the suspension and the imposition of a tax reassessment and penalties.

Trust

Prakas No. 012 dated January 28, 2026 issued by the Non-Bank Financial Services Authority on a “New Regulatory Framework for the Establishment of Trust Company Branches”

This Prakas establishes comprehensive conditions and procedures for obtaining approval to establish branches in Cambodia’s trust sector. It strengthens regulatory oversight and clarifies governance, licensing, and operational and compliance obligations applicable to licensed trust companies and trust service operators. Key highlights are provided below.

Scope

This Prakas applies to trust companies and trust service operators that have been licensed or authorized by the Cambodian Trust Regulator (“TR”) to conduct trust operations in the country.

No parent company may establish a branch, nor may any person represent itself as a trust branch, without obtaining prior approval from the TR.

Conditions for approval

To obtain approval to establish a branch, the Parent Company must comply with comprehensive regulatory conditions, including:

- Register the branch in the commercial register in Cambodia
- Register the branch with the tax department
- Must be a clear branch management structure that ensures transparency, accountability, efficiency, and sound corporate governance.
- Must have a suitable premise and operational facilities that are appropriate to the scale of the branch’s activities.
- Must have sufficient IT systems and infrastructure.
- Must implement effective internal control and risk management frameworks.
- Must have proper complaint-handling and dispute resolution mechanisms.
- Must have adequate, qualified, and regulator-approved personnel.
- Other requirements as determined by the TR.

The above operational requirements do not apply to parent companies that are commercial banks licensed or authorised to operate as trust service operators providing safekeeping or custodial services.

Management and human resource requirements

Each branch must appoint the following management personnel, as applicable:

- A branch director (required for all branches); and

- A head of operations (required for branches of trust service operators providing safekeeping or custodial services).

These individuals must be officially recognized as qualified by the TR prior to their appointment.

To be eligible, they must:

- Be of good character and satisfy fit-and-proper criteria.
- Be legally competent and reside in Cambodia.
- Hold at least a bachelor's degree in trust, finance, or a related discipline (or an equivalent qualification).
- Possess the relevant professional experience:
 - At least four years for branches of licensed trust companies.
 - At least three years for branches of trust service operators providing safekeeping or custodial services.
- Be formally appointed by the parent company.
- Complete mandatory training and pass examinations organized or recognized by the TRC.

Examination results are valid for two years. Approved personnel must complete continuing professional education before the expiration of the validity period.

Branches of licensed trust companies must also appoint licensed individual trustees in numbers proportionate to the size and type of their trust operations.

Application process and regulatory review

- An application to establish a branch is submitted in the prescribed form, together with all required supporting documentation to the TR.
- The TR issues a written decision approving or rejecting the application within 60 days from receipt of a complete application dossier.
- The TR may conduct on-site inspections to verify operational readiness, governance arrangements, systems, and supporting documentation.
- The approved branch must then commence operations within 3 months from the date of approval.

Ongoing compliance obligations

The parent company remains fully responsible for all obligations and activities of its branches. Vacancies in key positions must be filled within two months.

Branch operations must be conducted separately from the parent company's other business activities, including:

- Separate operational systems and IT infrastructure;
- Dedicated personnel; and
- Appropriate information barriers to prevent conflicts of interest and misuse of information.

Prior approval from the TR is required for:

- The appointment or replacement of the branch director or head of operations.

- A change of the branch's registered address.
- The transfer or reassignment of licensed individual trustees between the parent company and its branches.

Suspension, revocation, and closure

A parent company intending to close a branch must obtain prior approval and comply with the conditions prescribed by the TR.

The TRC may suspend or revoke a branch's approval where:

- The parent company requests the suspension or termination of its operations.
- The parent company is in financial or technical distress, liquidation, or court-ordered dissolution.
- The parent company fails to maintain the required approval conditions.

Official Service Fees

- **Fees to be paid by the parent company when applying to establish a branch:**

- Application fee: KHR20,000 per application (approx. USD5)
- Dossier review fee: KHR600,000 (approx. USD150)

- **Annual branch authorization fees**

Upon approval from the TR, the parent company must pay an annual authorization fee for each branch, which varies depending on the type of trust operation conducted:

- Public trust operations: KHR5 million per year (approx. USD1,250)
- Commercial trust operations: KHR4 million per year (approx. USD1,000)
- Social trust operations: KHR2 million per year (approx. USD500)
- Individual trust operations: KHR2 million per year (approx. USD500)

- **Fees for amendments or changes**

Where the parent company seeks approval for certain changes, a dossier review fee of KHR200,000 (approx. USD50) per request applies in each of the following cases:

- Change of a branch's registered address
- Appointment or replacement of a branch director or head of operations
- Change in the workplace location of licensed individual trustees between the parent company and its branches, or between branches

All fees are non-refundable, regardless of whether the application is approved or rejected.

Administrative sanctions

Non-compliance may result in the imposition of administrative measures by trust inspectors, including:

- Warnings
- Corrective orders

- Restrictions on the license and/ or permit
- Restrictions on the management and/ or administration of trust
- Suspension of the license and/ or permit
- Removal or dismissal of branch management or responsible personnel
- Revocation of the license and/ or permit

The formalities and procedures governing the imposition of the above administrative sanctions and penalties shall be implemented in accordance with Prakas No. 002 dated January 03, 2024 on the Formalities and Procedures for Administrative Sanctions and Penalties in the Trust Sector.

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