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# Cambodia's Labour Law and Employment Regulations (EN)

**Presenter:** Mr. Bros Hou, HR Service Delivery Manager  
Mr. Tola Monn, HR Service Delivery Specialist

**Organiser:** **BIPO** | Make Life Easier.

# Speakers



## **Bros HOU** **HR Service Delivery Manager, Cambodia**

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- Professional working experiences with Global HR-Technology Services Provider company, global and international cooperations/private sectors, non-private sectors, financial industry, retail industry, and INGOs in the Human Resources Management field for more than 10 years, which involved full spectrum of all HR functions, HR strategic and compliance, and expertise in talent acquisition in the labor market of Cambodia.



## **Monn TOLA** **HR Service Delivery Specialist, Cambodia**

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- A result-oriented HR professional with almost 10-year experiences in Global HR-Tech and HR Service, international financial and retails industries. Having a proven track record of success in all aspects of HR, including recruiting and hiring, onboarding process, training and development, performance management, compensation and benefits, and HR compliances.



## Objectives

01

Understanding in Cambodia and  
Cambodia Market

02

Understand more about Cambodia  
Labour Law and Regulations

03

Aid business operations in Cambodia



# Contents

- 01.** About BIPO Global and BIPO Cambodia

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# About BIPO Global & BIPO Cambodia

# About Us

Established in 2010 and headquartered in Singapore, BIPO is a **global payroll and people solutions provider**.

Trusted by companies across **150+ global markets**, we offer a total workforce solution that includes our Human Capital Management (HCM) suite, Global Payroll Outsourcing (GPO) and Employer of Record (EOR) service.

At BIPO, we understand the power of technology in building the best-in-class solutions. That's why we leverage our award-winning HR Management System (HRMS), Athena BI, Global Payroll Outsourcing and Employer of Record technology platform to deliver customised services and scalable solutions that automate HR processes, simplify workflows, and generate actionable insights.

**40+**

Global Offices

**3,300+**

Clients

**460,000+**

Users



100



Argentina  
Bosnia and Herzegovina  
Egypt  
France  
Italy  
Ivory Coast  
Nigeria  
Portugal  
Romania  
Rwanda  
Saudi Arabia  
Switzerland

**BIPO**

# Awards & Accolades



## Centuro INT-X Awards – UK

- Most Inspirational Global Expansion



## Gold

- Best Employee Experience Platform - **Hong Kong**
- Best HR Management System (Enterprise) - **Malaysia**
- Best HR Management System (SMB) - **Malaysia**
- Best Attendance Automation System - **Malaysia**



## Human Capital & Performance Awards 2022 - Indonesia

- Best HC Technology Strategy (System Provider Industries)
- Best Overseas Strategy (System Provider Industries)



## HRM Asia Readers' Choice Awards 2022 Best HR Tech

- Cloud Solution - **Gold**
- Time & Attendance Management System - **Gold**
- Human Resource Information System - **Silver**
- Payroll Solution - **Silver**



## Best of the Best Awards – Indonesia

- HR Tech - HR Outsourcing



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**Robust technology platform,** combined with global payroll outsourcing and EOR services deliver a complete range of integrated solutions

6. Access to data and insights

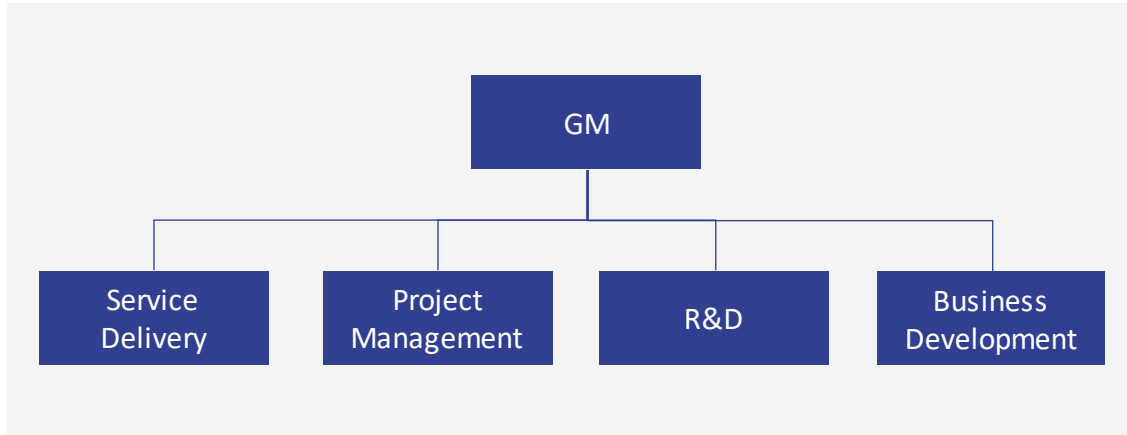


**Global data and actionable insights** to build the best employee experience, and drive business results.

## Award-winning Solutions



# About BIPO Service Cambodia



- Established in 2020, located in Phnom Penh City
- Support +36 clients

## Product and Service Offering

- HCM (Personnel, Payroll, Leave, Time & Attendance, Claim, Appraisal modules, etc)
- Global Payroll Outsourcing service
- Employer of Record (EOR) service
- HR Consulting service
- Business/Enterprise Registration service



100



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# General Employment Regulations

# Minimum Wage in Cambodia

- Minimum wage with effect from 01 January 2024  
For employees in Textiles, Garments, Footwear, Travel Goods, and Bags Sectors.

Types of Employee	Minimum Wage in 2024
Probationary Employee	USD202 per month
Regular Employee	USD204 per month

## Note:

- The Workers/employees who are paid according to the product quantity (piece-rate) shall receive wages based on the actual output. If the output exceeds the amount of wage stipulated in minimum wage above, the employees shall receive their wage according to the exceeding quantities.
- If it is lower than the wage stipulated above, the employer shall add any amount to reach USD 202 per month for probationary workers/employees and USD 204 per month for regular workers/employees.

# Working Hour and Schedule

## Working Hours

- Normal working hour cannot exceed 08 hours/day or 48 hours/week
- The employee who works 08 consecutive hours is entitled to a one-hour lunch break
- The period from 10:00pm – 5:00am is regulated as “Night Work”. Night work is paid at the rate of 130% of the normal wage rate. If an employee is required to work at night, employer must provide accommodation or transportation.

## Working Schedule

- The employer is required to grant employee the right to weekly time off for a minimum of 24 consecutive hours. The normal day off is Sunday, however the employee can be assigned in a rotate day off based on the enterprise’s operation needs.
- In case the enterprise operates more than 1 shift per day, the working hours of each shift must not exceed maximum working hours/days.

# Overtime Work

Types of Overtime Work	Rate
Normal working days (not night work/weekly time-off)	150%
Weekly time-off	200%
Public holidays (22 days for 2024)	200%
Night-work (10:00pm – 5:00am)	200%

## Note:

- Overtime work is for exceptional and urgent jobs.
- Overtime work, including normal regular work hours must not exceed 10 hours a day; meaning that overtime work is limited to 2 hours a day.
- Employers cannot force employee to work overtime. Employees can choose whether they want to work overtime or not.
- Employer are required to request overtime work to MoLVT in advance.



# Public Holidays 2024

Date	Description
01 January	International New Year Day
07 January	Victory Day over Genocide
08 March	International Women's Day
13 - 16 April	Khmer New Year Days
01 May	International Labor Day
14 May	King Norodom Sihamoni's Birthday
22 May	Visak Bochea Day
26 May	Royal Plowing Ceremony

Date	Description
18 June	Queen Monineath's Birthday
24 September	Constitutional Day
01 - 03 October	Pchum Ben Festival
15 October	Respect the spirit of the late King Father
29 October	Coronation Day of King Sihamoni
09 November	National Independence Day
14 - 16 November	Water festival

## Note:

- Total public holidays in 2024 is 22 days.



# Statutory Leaves

Leave Types	Leave Quota	Counting Type	Terms & Conditions
Annual Leave	18	Work days	<ul style="list-style-type: none"><li>• Increment 1 day for every 3 years</li><li>• Balance after 12 days can be carried forward up to 3 years</li></ul>
Special Leave	7	Work days	<ul style="list-style-type: none"><li>• The event directly effects employee's immediate family such as marriage, childbirth delivery, hospitalization, death, etc.</li><li>• It can be deducted from the current year annual leave if the employee annual leave balance remains.</li></ul>
Long-Term Sick Leave (Hospitalized Leave)	6 months	Calendar days	<ul style="list-style-type: none"><li>• 100% of wages during the 1st month of hospitalized leave</li><li>• 60% of wages during the 2nd &amp; 3rd months of hospitalized leave</li><li>• Unpaid leave from the 4th to 6th months of hospitalized leave</li><li>• There is no law state about short-term (medical) sick leave. However, the enterprise can set in its internal policy.</li></ul>
Maternity Leave	3 months	Calendar days	<ul style="list-style-type: none"><li>• Employee is entitled to 50% of wages during maternity leave if she has completed 1 year service in the company.</li><li>• Female employee is entitled to two paid nursing breaks, each of 30-minute duration, for new mother to breastfeed their child(ren) until a child is twelve (12) months old.</li></ul>

# Business (Type E) Visa

## Business (Type E) Visa

- Those who have accepted an employment offer or received an invitation for business purpose from a registered company in Cambodia.
- The candidate can apply for Business (Type E) visa at the **Royal Government of Cambodia Embassy** in his/her home country or request at the **Arrival Terminal at Phnom Penh International Airport** with Immigration Officer.
- The first Business (Type E) Visa:
  - Single-entry visa
  - 3-month validity
  - Only 30-day allowable stay
- After arrival to Cambodia, the Business (Type E) visa needs to request for renewal at Cambodian Immigration Department
- The renewal period can be for 6 months or 12 months.

# Foreign Employee Quota and Employment Card

## Foreign Employee Quota

- Companies in Cambodia who are intending to hire a foreign employee must apply for a foreign employee quota through the Foreign Workforce Centralized Management System (FWCMS) of MLVT.
- The MLVT imposes a maximum of 10% quota of total Cambodian employees on the use of the foreign employees.
- The application of foreign employee quota for 2024 is valid till then end of November 2023. failure to meet the deadline will be subject to potential fine from 650USD to 900USD
- After receiving the quota, the company can then apply for foreign employment card through the Foreign Workforce Centralized Management System (FWCMS) of MLVT.

## Foreign Employment Card (Work Permit Card)

- The Labour Law requires that a foreign employee must possess a foreign employment card issued by the MLVT.
- The validity of foreign employment card is 1 calendar year (expiry on 31 December)
- The renewal is open from Jan to Mar



# Regulations of Employment Contract

# Types of Employment Contract

## Fixed Duration Contract (FDC)

- In written
- Precise commencement and termination dates
- Duration cannot exceed four years (unless gap in employment – one month break period)
  - Initial FDC: maximum of two years
  - Subsequent renewal: one or many times, but total duration of renewals cannot exceed two years
  - Total maximum period is four years; after that automatically becomes UDC.

## Undetermined Duration Contract (UDC)

- In written or verbal
- No ending date from start date

## Probation Period (It is applied for both FDC & UDC)

- 03 months (regular employees)
- 02 months (specialized employees)
- 01 month (non-specialized employees)

# Statutory Benefits by Types of Employment Contract

## Fixed Duration Contract (FDC): Severance Pay (5%)

- It's paid proportionally to both wages and duration of the contract and the amount of this severance pay is stipulated in the collective bargaining agreement.
- If there is no collective bargaining agreement, this severance pay shall be at least 5% of the wages that the worker/employee has been paid during the duration of the contract.
- The severance pay amount is nontaxable.

### Formula:

**Severance pay 5% = Total wages (during contract period) x 5%**

# Statutory Benefits by Types of Employment Contract

## Undetermined Duration Contract (UDC): Seniority Indemnity (15 days/Year)

- The seniority indemnity (from 2019) is equal to 15 days of wages per year and paid 2 times per year. (Prakas No. 443 MoL)
  - 7.5 days in June and
  - 7.5 days in December
- For the first year of employment, employee who has worked consecutively from 1 to 6 months shall entitle seniority indemnity of 7.5 days

Tax exemption on Seniority Indemnity from 2020 (Circular 002 MEF):

- First payment of seniority indemnity: the amount less than/equal to 2,000,000R is non-taxable, and the amount over 2,000,000R is summed to monthly taxable salary basis
- Second payment of seniority indemnity: the same as first payment

### Formula:

**First/Second Seniority Indemnity = average wages/day x 7.5 (days)**

# Notice Period by Types of Employment Contract

## Fixed Duration Contract (FDC):

- The notice period of the renewal or non-renewal of FDC is stated as below:
  - ✓ 0 day: if the FDC is less than 6 months
  - ✓ 10 days: if the FDC is 6 month to 1 year
  - ✓ 15 days: if the FDC is over 1 year

## Undetermined Duration Contract (UDC):

- The notice period of UDC termination is stated as below:
  - ✓ 7 days : if continuous service is less than six months
  - ✓ 15 days : if continuous service is from 6 months to 2 years
  - ✓ 1 month : if continuous service is longer than 2 years to 5 years
  - ✓ 2 months : if continuous service is longer than 5 years to 10 years
  - ✓ 3 months : if continuous service is longer than 10 years



# Termination of Employment Contracts

## Termination of FDC

Legal Compensation	Expiration Date	Agreement between both Parties	Gross misconduct or force majeure	Premature Termination by Employer	Premature Termination by Employee
Last salary (basic salary + other pay)	✓	✓	✓	✓	✓
Compensation for remaining (unused) Annual Leave	✓	✓	✓	✓	✓
Damage	X	X	X	✓ <sup>1</sup>	✓ <sup>2</sup>
Severance Pay	✓	✓	✓	✓	X

### Note:

- (✓<sup>1</sup>) : Employee is entitled to damages in an amount at least equal to the remuneration he would have received until the expiration date of the FDC.
- (✓<sup>2</sup>): Employer is entitled to damages in an amount that corresponds to the damage sustained.

# Termination of Employment Contracts

## Termination of UDC

Legal Compensation	Resignation	Dismissal for Gross Misconduct	Dismissal with Valid Reason	Dismissal without Reason
Last salary (basic salary + other pay)	✓	✓	✓	✓
Compensation for remaining (unused) Annual Leave	✓	✓	✓	✓
Prior Notice	X	X	✓	✓
Seniority Indemnity	X	X	✓	✓
Damage	X	X	X	✓

### Note:

- If the employer gives proper notice period by law to the employee, there is no payment in lieu of notice period.
- Damage is equal to the total amount of seniority indemnity that employee has received from the commencement date of UDC till the termination date.



# Payroll Administration and Tax on Salary

# Payroll Administration

## Payroll Currency

- The official payroll currency is Khmer Riel (KHR). However, there is no provision prohibited payment in other currencies. The most popular payroll currency is US Dollar (USD).
- Tax on salary calculation must use the official exchange rate issued by National Bank of Cambodia ([www.nbc.gov.kh](http://www.nbc.gov.kh)) on 15<sup>th</sup> of the month, if 15<sup>th</sup> falls on Public holiday or weekend, the company choose the exchange rate on the day prior to 15<sup>th</sup>.

## Payroll Timeline

According to the notification No. 442/18, MoLVT, from January 2019 onwards, all enterprises who are covered by the provisions of the Labour Law shall prepare the payroll to employees 2 (Two) time per month.

- The first payroll equals to 50% of basic salary per month which shall be paid in the 2<sup>nd</sup> week.
- the second payroll equals to the remaining salary, and other benefits that employees shall receive each month which shall be paid in the 4<sup>th</sup> week.

# Tax on Salary

Threshold of Monthly Taxable Salary			Tax Rate	Tax Excess of Each Threshold (TE)
From 0 Riel	to	1,500,000 Riels	0%	0 Riel
From 1,500,001 Riels	to	2,000,000 Riels	5%	75,000 Riels
From 2,000,001 Riels	to	8,500,000 Riels	10%	175,000 Riels
From 8,500,001 Riels	to	12,500,000 Riels	15%	600,000 Riels
More than 12,500,000 Riels			20%	1,225,000 Riels

## Formula:

- Rebate for spouse and children = 150,000 Riels x #spouse and children
- Basis of taxable salary (BTOS) = Taxable salary (TS) – Rebate for spouse and children – Pension contribution (employee)
- **Tax on salary (ToS) = (BTOS x Tax Rate) – TE**

## Note:

- *Payment subject to Tax on Salary includes Basic Salary, Incentives/Commissions, Bonus, OT, Compensation, and Seniority*
- *Besides the above payment, it is considered as **Fringe Benefits** which is subject to the tax rate of 20%*
- *The above tax rates are applicable for Residence Employee*
- *Non-residence employee is applicable to the rate of 20% (fixed)*



# Statutory Contributions

# Statutory Contributions

## National Social Security Fund (NSSF)

NSSF Contributions	Contribution Rate by Employer	Contribution Rate by Employee
Occupational Risk Scheme (min. 200,000KHR; max. 1,200,000KHR)	0.8% of employee's gross wage (max. 9,600KHR)	N/A
Health Care Scheme (min. 200,000KHR; max. 1,200,000KHR)	2.6% of employee's gross wage (max. 31,200KHR)	N/A
Pension Scheme (min. 400,000KHR; max. 1,200,000KHR)	2% of employee's gross wage (max. 24,000KHR)	2% of employee's gross wage (max. 24,000KHR)

### Note:

- NSSF regulates the increment of pension contribution rate based on below periods:
  - ✓ 4% for Oct 2022 – Sept 2027
  - ✓ 8% for Oct 2027 – Sept 2032
  - ✓ 10.75% for Oct 2032 – Sept 2042
  - ✓ Keep adding up 2.75% for every 10 years
- The NSSF contribution calculation must use the official exchange issued by NSSF institution

**Q&A**



# THANKS



Fill in the form to receive the webinar deck!  
<https://bit.ly/bipowebinarfeedback2023>



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