

BIPO TIMES

1st Anniversary

2017.9 - 2018.9

Celebrating One Year of BIPO Times!

This month marks the one-year anniversary of the launch of our newsletter, BIPO Times. We have come a long way in our first year and we hope you enjoy reading our monthly newsletter, which features reports on key employment laws in the region as well as our latest happenings at BIPO.

The journey continues. If you have any feedback to share, please get in touch with us at hello@biposervice.com. Let's get better together!



Understanding the Cambodian Labour Market

The workforce in Cambodia has a competitive advantage due to favourable demographics and relatively low labour costs. However, there is limited availability of skilled workers with higher education. The 2016 Cambodia Socio-Economic Survey, conducted by the National Institute of Statistics, reported that 37.4% of the labour force in the age group 25-34 years had completed lower secondary education.

Nonetheless, Cambodia is home to the largest youth and adolescent population (the United Nations Development Programme estimates that two thirds of the population is under the age of 30). Facilitated by the unprecedented growth of the internet within the country, the younger generation is embracing the digital revolution. Cambodia is also increasing efforts to enhance its competitiveness and education levels with improvements in the availability and quality of vocational training programs that are gradually harmonised

with ASEAN standards. For companies who are growing and developing their business in Cambodia, here are some of the key characteristics of the current labour market:

Wages

Salaries in Cambodia are among the lowest in Southeast Asia and offer a cost advantage to businesses operating in labour-intensive industries. As of January 2017, the minimum wage stood at US\$153 per month, over 150 percent increase over the past five years and this is in annual review with the trade unions and employer associations. Previously, only the garments industry had a formal minimum wage, serving as a benchmark for other sectors.

Working Hours & Conditions

Employees should not be expected to work more than eight hours a day or 48 hours per week. They must be given at least one day off (a consecutive 24-hour period) each week. A workday (including overtime) must not exceed ten hours. For overtime, employees are entitled to 150% of their regular compensation, or 200% when overtime is at night or during weekly rest days.

National Holidays & Annual Leave Entitlement

Cambodia has a high number of national holidays, compared to other countries in the region. Each year, the Ministry of Labour and Vocational Training (MLVT) issues a Prakas detailing the mandatory paid public holidays. Employees are not required to work during these national holidays and are entitled to their regular wages for these holidays. If employers require their employees to work during public holidays, they are entitled to 200% of their normal wage for that day.

All employees are entitled to a minimum of 18 days' paid leave in a year. Annual leave entitlement increases according to the seniority of workers at the rate of one additional day for every three years of continuous service.

Sick Leave

Employers are required to pay the following sick pay to employees who have provided confirmation of their illness from a qualified doctor. Sick leave is compensated for as follows:

- The first month of sick leave is fully paid;
- During the second and third month of sick leave, 60% of the salary is paid to the worker; and
- Beyond third month of sick leave, the employment agreement is suspended without pay.

Termination of Contract

When employees are terminated for reasons other than serious misconduct, the notice period and indemnities are required. Duration of the notice period and severance payments to employees depend on the nature of the contract, reason for termination and years of continuous service.

Type of Contract	Length of Contract / Employment	Notice Period
Fixed-duration contract	Less than 6 months	No prior notice period required
	More than 6 months to 1 year	10 days
	More than 1 year	15 days
Unfixed-duration contract	Less than 6 months	7 days
	6 months to 2 years	15 days
	More than 2 years to 5 years	1 month
	More than 5 years to 10 years	2 months
	More than 10 years	3 months

The legal termination process is summarised as follows:

Type of Contract	Reason for Termination	Lawful Termination
Fixed-duration contract	<i>At the end of contract term</i>	
	No notice	Contract renewed for same terms (or unfixed-duration if total term is over 2 years)
	Insufficient notice	5% severance pay + Payment in lieu of notice
	Sufficient notice	5% severance pay
	<i>Before the end of contract term</i>	
	By agreement	5% severance pay to date of termination with no notice
	Any other reason	Salary for full contract + 5% severance
	Serious misconduct	5% severance pay to date of termination with no notice
Unfixed-duration contract	Serious misconduct	No lay-off compensation with no notice
	Economic	Lay-off compensation with notice
	Other misconduct	Lay-off compensation with notice

Personal Income Tax Structure

Employers are required to withhold income tax from salaries and other benefits paid to employees. Personal income tax rates vary and depend on the level of personal income as shown:

Taxable Monthly Salary	Income Tax Rate	Taxable Monthly Income (US\$)
Less than 1,000,000 KHR	0%	250 or less
1,000,001 to 1,500,000 KHR	5%	250 – 375
1,500,001 to 8,500,000 KHR	10%	375 – 2,125
8,500,001 to 12,500,000 KHR	15%	2,125 – 3,125
More than 12,500,000 KHR	20%	Over 3,125

Social Security

In Cambodia, improving social protection is essential to ensure a more inclusive economic growth. In 2007, the government established the National Social Security Fund (NSSF) which provides employees with employment injury insurance and healthcare. Organisations with eight or more workers are required to register their workers with the NSSF within 45 days of the date of their actual opening or the date upon which they first employ eight or more workers.

- **Occupational Risk**

The employment injury insurance covers employees in work-related accidents or occupational illnesses. Employers are required to provide the workers with certain benefits, care and treatment, depending on the circumstances

of the accident. An accident is considered work-related, if it happens to a worker in the workplace or during the direct commute to and from the workplace.

Employers must pay monthly NSSF contributions for occupation risk, ranging from US\$0.40 to US\$2.00 per worker. Registered organisations must report to the NSSF on the total number of workers before 15th of each month.

- **Healthcare**

Benefits of the healthcare insurance include preventive health and medical care services, treatment and a daily allowance (during a mandatory suspension from employment) for disease or accident treatment and are applicable to all who are covered by the provisions of the labour law. This includes the spouse and dependent children of workers who are members of the NSSF and NSSF members who are receiving a pension due to a permanent disability or surviving a work-related injury.

Employers and workers under the provisions of the law on social security must pay healthcare insurance contributions to the NSSF. The contribution rate paid by workers should not exceed the rate contributed by their employers:

- 1.3% of the average monthly wage of a worker to be contributed by the employer;
- 1.3% of the average monthly wage of a worker to be contributed by the worker; and
- For survivors (spouse or children who are the dependents of NSSF members who passed away) and those receiving pensions (benefits provided to victims of permanent loss of working ability), the contribution rate is 1.3% of their healthcare benefits.

Payment of a monthly healthcare insurance contribution to the NSSF ranges from US\$0.65 to US\$3.25 per worker and employer respectively and must be made on the 15th of the following month.

BIPO Singapore Exhibits at SME, ICC & SME Expo 2018

BIPO Singapore was a recent exhibitor at the SME Conference, Infocomm Commerce Conference & SME Expo 2018 held 15-16 August at Suntec Singapore. Our team took the opportunity to showcase BIPO's expertise and capabilities to more than 6,000 business delegates and discussed perspectives on innovative approaches to managing complex end-to-end HR and payroll processes to help companies achieve business goals.



Full House at BIPO's Human Resources Cost Planning Workshop

In collaboration with Impact Corporate English Training Solution, we had a full turnout at our Human Resources Cost Planning workshop in Shanghai on 24 August. BIPO's Senior Consultant, Kevin Zhou spoke on the recent amendments to the personal income tax law in China, which is now a hot topic of discussion. He also shared key changes to the tax brackets, residency determination and the deductions that individuals can claim.



BIPO Singapore Participates at The Future of Work for SMEs

BIPO Singapore will be participating at The Future of Work for SMEs, organised by ZomWork in conjunction with Singapore Institute of Retail Studies (SIRS) on 6 September at the Marina Bay Sands. This event brings SMEs and freelancers together in a networking conference to help reshape work for both businesses and freelancers. Come meet our team and explore our complete suite of HRMS and payroll solutions designed to enhance workflow optimisation!



See You at the 10th HR Summit Indonesia on 17-18 September!

Our Indonesian team looks forward to meeting you at the 10th HR Summit Indonesia in Nusa Dua, Bali on 17-18 September. Themed 'Humanising Technology in Managing Tomorrow People', this summit is one of the biggest and most attended HR events in Indonesia, sharing insights on technology adaptable with current HR trends and needs in managing the future workforce. Do drop by our booth #B12 to discover our award winning HRMS solutions!



About Us

BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile-based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Founded in 2004, our APAC headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions.



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