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Cambodia's Labour Law and Employment Regulations

Overview

Cambodia's Labour Law and Employment Regulations are designed to govern the relationship between employers and employees in the country, ensuring fair labour practices and protection for workers' rights.

It is instrumental in safeguarding the rights and working conditions of employees, setting standards for working hours, wages, and safety. Recent updates demonstrate the government's commitment to adapting labour laws to the changing landscape of employment, including the emergence of the gig economy.

Basic Country Facts



Capital

Phnom Penh



Population

16.76 million

[The World Bank](#)



Currency

Cambodian Riel (KHR)



GDP per Capita

USD \$1,786.6 (as of 2022)

[The World Bank](#)

General Employment Regulations

Minimum Wage

Minimum wage with effect from 1 January 2024 for employees in Textiles, Garments, Footwear, Travel Goods, and Bags Sectors.

Types of Employee	Minimum Wage in 2024
Probationary Employee	USD 202 per month
Regular Employee	USD 204 per month

Notes:

- 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 the 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 hours cannot exceed 8 hours/day or 48 hours/week.
- The employee who works 8 consecutive hours is entitled to a one-hour lunch break.
- The period from 10:00 pm – 5:00 am 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, the employer must provide accommodation or transportation.

Working Schedule

- The employer is required to grant employees 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 rotated 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 the 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 employees to work overtime. Employees can choose whether they want to work overtime or not.
- Employers are required to request overtime work to MoLVT in advance.

Public Holidays 2024

Total public holidays in 2024 is 22 days.

Date	Holiday
1 January	International New Year Day
7 January	Victory Day over Genocide
8 March	International Women’s Day
13 - 16 April	Khmer New Year Days
1 May	International Labour Day
14 May	King Norodom Sihamoni’s Birthday
22 May	Visak Bochea Day
26 May	Royal Plowing Ceremony
18 June	Queen Monineath’s Birthday
24 September	Constitutional Day
1 - 3 October	Pchum Ben Festival
15 October	Respect the Spirit of the late King Father
29 October	Coronation Day of King Sihamoni
9 November	National Independence Day
14 - 16 November	Water Festival

Statutory Leave

Leave Types	Leave Quota	Counting Type	Terms & Conditions
Annual Leave	18 days	Work days	<ul style="list-style-type: none"> • Increment 1 day for every 3 years. • Balance after 12 days can be carried forward up to 3 years.

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

Business (Type E) Visa

- Those who have accepted an employment offer or received an invitation for business purposes from a registered company in Cambodia.
- The candidate can apply for a 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 the 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 be requested for renewal at the 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 foreign employees.
- The application of foreign employee quota for 2024 is valid till the end of November 2023. Failure to meet the deadline will be subject to a potential fine from USD 650 to USD 900.
- 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 January to March.

Regulations of Employment Contract

Type 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 the total duration of renewals cannot exceed two years.
- The 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)

- 3 months (regular employees)
- 2 months (specialised employees)
- 1 month (non-specialised employees)

Statutory Benefits by Type 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 non-taxable.

Formula:

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

Statutory Benefits by Type 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, an employee who has worked consecutively from 1 to 6 months shall be entitled 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 KHR 2,000,000 is non-taxable, and the amount over KHR 2,000,000 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 × 7.5 (days)**

Notice Period by Type of Employment Contract

Fixed Duration Contract (FDC):

The notice period of the renewal or non-renewal of FDC is stated as below:

Duration	Remarks
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:

Duration	Remarks
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	✗	✗	✗	✓ ¹	✓ ²
Severance Pay	✓	✓	✓	✓	✗

Note:

- ✓¹ 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.
- ✓² Employer is entitled to damages in an amount that corresponds to the damage sustained.

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	✗	✗	✓	✓
Seniority Indemnity	✗	✗	✓	✓
Damage	✗	✗	✗	✓

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](#) on the 15th of the month. If the 15th falls on a public holiday or a weekend, the company may choose the exchange rate on the day prior to the 15th.

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 two (2) time per month.

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

Tax on Salary

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

Formula:

- Rebate for spouse and children = KHR 150,000 × Number of spouse and children
- Basis of taxable salary (BTOS) = Taxable salary (TS) – Rebate for spouse and children – Pension contribution (employee)
- **Tax on salary (ToS) = (BTOS × 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

National Social Security Fund (NSSF)

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

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.

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with Ken Saki



Taiwan

3 Nov

AI 趨勢下的跨國人資管理
with Florence Mok



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8 Nov

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