

**KINGDOM OF CAMBODIA**  
**Nation Religion King**

**THE NATIONAL ASSEMBLY**

**PREAH REACH KRAM (ROYAL DECREE)**

No. 03/NS 94

I, PREAHBATH SAMDECH PREAH NORODOM SIHANOUK VARMAN REACH HARIVONG  
UPHATO SUCHEAT VISOTHIPONG AKAMOHABORASRAT NIKAROSOM THAMMIK  
MOHAREACHE ATHIREACH BOROMANEAT BOROMABOPIT PREAH CHAU KONG  
KAMPUCHEA THIPDEY

- Seen the Constitution of the Kingdom of Cambodia promulgated on September 24, 1993;
- Seen the Royal Decree dated November 1, 1993 on the Appointment of the Royal Government;  
and
- With the consent of the Council of Ministers

**HEREBY PROMULGATE**

The Law on Investment of the Kingdom of Cambodia, which was passed on August 4, 1994 by the National Assembly, the whole meaning of which shall be as follows:

**LAW ON INVESTMENT  
OF THE KINGDOM OF CAMBODIA**

**Chapter I  
GENERAL PROVISIONS**

**Article 1:** This Law governs all investment projects made by investors who are Cambodian citizens and/or foreigners within the Kingdom of Cambodia.

**Article 2:** Investor can be either a natural person or a legal entity.

**Chapter II  
THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA**

**Article 3:** The Council for the Development of Cambodia is the sole and One-Stop Service organization responsible for the rehabilitation, development and the oversight of investment activities. The Council for the Development of Cambodia is the Royal Government's "Etat-Major" responsible for the evaluation and the decision making on all rehabilitation, development and investment project activities.

**Article 4:** The Council for the Development of Cambodia comprises the following two operational Boards:

1. The Cambodian Rehabilitation and Development Board, and
2. The Cambodian Investment Board

**Article 5:** The organization and functioning of the Council for the Development of Cambodia shall be specified by Sub-Decree.

**Chapter III  
INVESTMENT PROCEDURES**

**Article 6:** Investors have to submit investment applications to the Council for the Development of Cambodia for review and decision.

**Article 7:** The Council for the Development of Cambodia shall provide a response as to its decision to all investors/applicants within a period of a maximum of forty-five (45) days following the date of submission of the complete investment application.

Any government officials who without proper justification refuse to review and respond to investors application past the above mentioned period of time shall be punished by law.

#### **Chapter IV INVESTMENT GUARANTEES**

**Article 8:** Investors shall be treated in a non-discriminatory manner as set by law, except for ownership of land as set forth in the Constitution of the Kingdom of Cambodia.

**Article 9:** The Royal Government shall not undertake nationalization policy, which shall adversely affect private properties of investors in the Kingdom of Cambodia.

**Article 10:** The Royal Government shall not impose price control on the products or services of investors who have received prior approval from the Government.

**Article 11:** In accordance with the relevant laws and regulations issued and published to the public by the National Bank of Cambodia, the Royal Government shall permit investors with investments in Cambodia to purchase foreign currencies through the banking system and to remit abroad these currencies for the discharge of financial obligations incurred in connection with their investments.

This concerns the following payments:

1. Payment for imports and repayment of principal and interest on international loans;
2. Payment of royalties and management fees;
3. Remittance of profits; and
4. Repatriation of invested capital in compliance with Chapter 8.

#### **Chapter V INVESTMENT INCENTIVES**

**Article 12:** The Royal Government shall make available incentives to encourage investments in such important fields as:

1. Pioneer and/or high technology industries,
2. Job creation,
3. Export-oriented,
4. Tourism industry,
5. Agro-industry and processing industry,
6. Physical infrastructure and energy,
7. Provincial and rural development,
8. Environmental protection, and
9. Investments in Special Promotion Zone (SPZ) as shall be created by law.

**Article 13:** Incentives and privileges shall include the exemption, in whole or in part, of custom duties and taxes.

**Article 14:** Incentives and privileges shall consist of the followings:

1. A corporate tax rate of 9% except tax rate on the exploration and exploitation of natural resources, timber, oil, mines, gold, and precious stones which shall be set in separate laws.

2. A corporate tax exemption of up to 8 years depending on the characteristics of the project and the priority of the government which shall be mentioned in a Sub-Decree. Corporate tax exemption shall take effect beginning from the year the project derives its first profit. A 5-year loss-carried forward shall be allowed. In the event profits are reinvested in the country, such profits shall be exempted from all corporate tax.
3. Non-taxation on the distribution of dividends or profits or proceeds of investments, whether transferred abroad or distributed in the country.
4. 100% import duties exemption on construction materials, means of production, equipments, intermediate goods, raw materials and spare parts used by:
  - a. An export-oriented project with a minimum of 80% of the production set apart for export,
  - b. Located in a designated Special Promotion Zone (SPZ) listed in a development priority list issued by the Council;
  - c. Tourism industry;
  - d. Labor-intensive industry, processing industry, agro-industry; and
  - e. Physical Infrastructure and energy industry.

These 100% exemption of duties and taxes mentioned above shall be in effect according to the terms of the agreement or specification document of the investment projects which will produce goods for export in minimum of 80% of overall productivities as stipulated in the above point (4)a and for the investment projects which located in Special Promotion Zone ( SPZ ) as in (4)b.

Beside the kinds of investment projects in the above points (4)a and (4)b the 100% exemption of duties and taxes shall only be authorized for the construction enterprises, factories, building and the first year of production operation.

5. 100% exemption of export tax, if any;
6. the permission to bring into the Kingdom of Cambodia foreign nationals who are:
  - Management personnel and experts
  - Technical personnel
  - Skilled workers

Spouses and dependents of the above persons as authorized by the Council for Development of Cambodia and in compliance with the immigration and labor laws.

**Article 15:** The approval and incentives granted by the Council for Development of Cambodia shall not be transferred or assigned to any third parties.

## **Chapter VI LAND OWNERSHIP AND USE**

**Article 16:** In accordance with the Constitution and relevant laws and regulations pertaining to the ownership and use of land:

1. Ownership of land for the purpose of carrying on promoted investment activities shall be vested only in natural persons holding Cambodian citizenship or in legal entities in which more than 51% of the equity capital are directly owned by natural persons or legal entities holding Cambodian citizenship.
2. Use of land shall be permitted to investors, including long-term leases of up to a period of 70 years, renewable upon request. Upon such use may include the right of ownership of real and personal property situated on the land as may be permitted by law.

## **Chapter VII EMPLOYMENT PRACTICES**

**Article 17:** Investors in the Kingdom of Cambodia shall be free to hire Cambodian nationals and foreign nationals of their choosing in compliance with the labor and immigration laws.

**Article 18:** The investors shall be allowed to hire foreign employees listed in Article 14 (6) provided that:

1. The qualification and expertise are not available in the Kingdom of Cambodia among the Cambodian populace. In the event of such hiring, appropriate documentation including photocopies of the employee's passport, certificate and/or degree and a curriculum vitae shall be submitted to the Council,
2. Investors shall have the obligation to provide adequate and consistent training to Cambodian staff,
3. Promotion of Cambodian staff to senior positions will be made over time.

**Article 19:** Foreign employees shall be allowed to remit abroad their wages and salaries earned in the Kingdom, after payment of appropriate tax, in foreign currencies obtained through the banking system.

## **Chapter VIII DISPUTES AND DISSOLUTION**

**Article 20:** Any dispute relating to a promoted investment established in the Kingdom by a Cambodian or a foreign national concerning its rights and obligations set forth in the Law shall be settled amicably as far as possible through consultation between the parties in dispute.

Should the parties failed to reach an amicable settlement within two month from the date of the first written request to enter such consultations, the dispute shall be brought by either party for:

- Conciliation before the Council which shall provide its opinion, or
- Refer the matter to the court of the Kingdom of Cambodia, or
- Refer to any international rules to settle the disputes as agreed by both parties.

**Article 21:** In the event a promoted company intends to end its activity in the Kingdom of Cambodia, it shall inform the Council through either a registered letter or a hand delivered letter stating the reasons of such a decision, and signed by the investor or his attorney-in fact.

**Article 22:** In the event of a proposal for a dissolution of a company without judicial procedures, the investor shall provide proofs to the Council that the company has properly settled its potential creditors, complainants and claims from the Ministry of Economy and Finance before the investor is allowed to officially dissolve his company or enterprise according to the applicable commercial law.

**Article 23:** Once the investor is allowed to officially dissolve his company or enterprise either within the judicial procedures or not, the investor can transfer the remaining proceeds of its assets overseas or use them in the Kingdom of Cambodia. However, in the event that the dissolving company had used machineries and equipment that were imported duty free for less than five years, the company shall have the obligations to pay the duties applicable to those machineries and equipment.

## **Chapter IX FINAL PROVISIONS**

**Article 24:** Investments authorized under the previous "Law on Investment" of the State of Cambodia and its Sub-Decrees shall be subject to the same benefits and obligations as stated under this Law. This law is not retroactive.

**Article 25:** In the case where the promoted company violates or fails to comply with the conditions stipulated by the Council, the Council shall have the power to withdraw the privileges and incentives granted to him, in whole or in part.

**Article 26:** This Law shall be promulgated immediately.

Phnom Penh, August 5, 1994  
The Acting Head of State

CHEA SIM

**CABINET OF THE COUNCIL OF MINISTERS  
ROYAL GOVERNMENT OF CAMBODIA**

**ANU-KRET (SUB-DECREE)**

**SUB-DECREE No. 51 ANK.BK DATED JUNE 26, 1995  
ON THE ORGANIZATION AND FUNCTIONING OF  
THE COUNCIL FOR DEVELOPMENT OF CAMBODIA (CDC)**

- Seen the Constitution of the Kingdom of Cambodia;
- Seen the Royal Decree of His Majesty the King of Cambodia, Samdech Preah NORODOM SIHANOUK VARMAN, dated November 1, 1993 on the Formation of the Royal Government of Cambodia;
- Seen the Royal Decree of His Majesty the King of Cambodia, Samdech Preah NORODOM SIHANOUK VARMAN, dated October 24, 1994 on the Reorganization of the Composition of the Royal Government;
- Seen the Law on the Organization and Functioning of the Council of Ministers and its Promulgation by Royal Decree (Kram) dated July 20, 1994; and
- Seen the Law on Investment of the Kingdom of Cambodia and its Promulgation by Royal Decree (Kram) dated August 5, 1994.

**IT IS HEREBY DECIDED**

**Chapter 1  
THE ORGANIZATION OF THE COUNCIL FOR THE  
DEVELOPMENT OF CAMBODIA**

**Article 1:** The composition of the Council for Development of Cambodia “CDC” is as follows:

1. Samdech Krom Preah First Prime Minister as Co-chairman
2. Samdech Second Prime Minister as Co-chairman
3. Senior Minister in charge of Rehabilitation and Development as Vice-chairman
4. Senior Minister in charge of Culture, Arts, Land use Planning and Urbanization as Member
5. Minister of Public Works and Transports as Member
6. Minister of Foreign Affairs and International Cooperation as Member
7. Minister of Economy and Finance as Member
8. Minister of Planning as Member
9. Secretary-General of CDC as Member
10. Secretary-General of the Cambodian Rehabilitation and Development Board as Member
11. Secretary-General of the Cambodian Investment Board as Member

**Article 2:** The organizational structure of the Council for Development of Cambodia (CDC) is as follows:

1. The Cambodian Rehabilitation and Development Board “CRDB” shall be under the direct supervision of a Secretary-General.
2. The Cambodian Investment Board “CIB” shall be under the direct supervision of a Secretary-General.
3. The General-Secretariat of “CDC” shall be under the direct supervision of the Secretary-General of “CDC”. This General-Secretariat shall be supported by four divisions, namely:
  - Legal and Dispute resolutions,
  - Finances and Administration,
  - Personnel Management, and
  - Strategic Planning

**Article 3:** The Secretary-Generals of “CDC”, “CRDB” and “CIB” shall respectively be assisted in the performance of their duties by a Deputy-Secretary-General. Each Deputy-Secretary-General shall perform their function as delegated by his respective Secretary-General and subject to the approval of the executive committee of “CDC”. In the performance of their duties, the Secretary-Generals shall consult on a regular basis with their respective Deputy-Secretary-Generals.

**Article 4:** The organizational structure of the Cambodian Rehabilitation and Development Board is comprised of the following departments in charge of.

1. Aid coordination and public relations
2. Documentation and information
3. The management of bilateral aid:
  - Japan and Asia
  - France and Europe
  - Australia and Oceania
  - The United States of America
4. The management of multilateral aid:
  - Asian Development Bank
  - World Bank and International Monetary Fund.
  - European Union
5. The management of aid of the United Nations Development Programme and other UN specialized Agencies.
6. NGO coordination
7. Project evaluation
8. Administration

**Article 5:** The organizational structure of the Cambodian Investment Board is comprised of the following departments in charge of:

1. Information and documentation
2. Public relations and promotion of the private sector investments
3. Investment project evaluation and incentives
4. Environmental impact assessment
5. Interministerial coordination
6. Strategic planning of private sector investments
7. Legal procedures and other matters relating to the Law on Investment
8. Administration

**Article 6:** Each department and each support division shall have an equivalent rank of a Department. Such department or division shall be supervised by a department or division chief who in turn can be assisted by one or more deputy-chiefs.

**Article 7:** The day to day operation of CDC shall be led by an Executive Committee composing of the following members:

1. Co-chairmen of CDC

2. Vice-chairman of CDC
3. Secretary-General of CDC
4. Secretary-General of the Cambodian Rehabilitation and Development Board.
5. Secretary-General of the Cambodian Investment Board.

## **Chapter 2**

### **ROLES AND RESPONSIBILITIES OF CDC**

**Article 8:** CDC shall be the executive agency of the Royal Government and shall have the following responsibilities:

- to be the “Etat Major” and the “One-Stop Service” of the Royal Government responsible for the rehabilitation, development and investment activities;
- to guide the preparation and the conception of development frameworks and strategies for Cambodia in cooperation with the relevant institutions;
- to coordinate with donor countries, bilateral/multilateral organizations and NGOs in order to sensitize them with the country’s economic framework and the priorities of the National Programme to Rehabilitate and Develop Cambodia and to ensure an efficient acceptance and reallocation of external aid according to the needs and priorities of the nation;
- to facilitate and coordinate interministerial activities, as well as the activities of the ministries and institutions involved with donor countries, organizations and investors;
- to provide guidance in the utilization of public and private resources in the development process of Cambodia;
- to facilitate and streamline administrative procedures for donor countries and investors; and
- to review and decide on all the matters pertaining to the rehabilitation and development and other public sector investments through the “One-Stop Service” mechanism of the CDC.

**Article 9:** The CDC shall submit for the approval of the Council of Ministers, any of the following investment projects involving:

- capital investments of USD 50 million and above
- politically sensitive issues
- the exploration and the exploitation of mineral and natural resources
- possible negative impact on the environment
- long-term strategy
- Projects on a Build-Own-Transfer (B-O-T) or Build-Own-Operate-Transfer (B-O-O-T) or Build-Own-Operate (B-O-O) or Build-Lease-Transfer (B-L-T) basis.

**Article 10:** The CDC shall take full responsibilities for its actions before the Council of Ministers.

**Article 11:** The CDC’s roles and responsibilities in the rehabilitation and development process are as follows:

1. to cooperate with relevant ministries and institutions in preparing conceptual frameworks of the National Rehabilitation and Development and in setting the priority needs of the country for the immediate term, the short-term, the medium-term and the long-term in order to prepare rolling plans of action. These plans of action are to be coherent, inter-related and mutually reinforcing.
2. to cooperate with the relevant ministries and institutions in preparing socio-economics and sectoral planning to develop Cambodia.
3. to manage public sector investments in cooperation with the relevant ministries and institutions. This process shall mainly be related to the coordination and direction of the allocation and utilization of the national resources and external aid with the aim of rehabilitating and developing Cambodia.
4. to serve as the “Focal Point” and the “One-Stop Service” of the Royal Government and the donor countries, international organizations and NGOs, as well as being the “Focal Point” and “One-

Stop Service” between ministries and other governmental institutions in the coordination of external aid allocation and utilization.

5. to sign pursuant to the delegation of authority of the Co-Prime Ministers and on behalf of the Royal Government, any legal agreements with bilateral and/or multilateral donors and international organizations pertaining the acceptance and the allocation aid.
6. to lead preparatory works, in cooperation with relevant ministries and institutions for the international conferences for rehabilitating Cambodia such as the “Consultative Group for Cambodia”, and so on.
7. to prepare for domestic and international distribution relevant documentation and regulations pertaining to public sector investments.
8. to produce and submit semi-annual and annual reports to the Royal Government for its review and its recommendations of corrective measures of the rehabilitation and development works.

**Article 12:** In the management of the public sector investments, the roles and responsibilities of CDC are the followings:

1. CDC shall be the coordinating body for setting strategic conceptual frameworks and public investment policies as well as setting up priorities for public investment projects for the medium-term and for one year.
2. The Ministry of Foreign Affairs and International Cooperation shall be the diplomatic window.
3. The Ministry of Planning shall prepare 5 Years Plans and the public investment programs, in cooperation with the relevant ministries and institutions.
4. The Ministry of Economy and Finance shall prepare the macroeconomic framework for the medium-term and budget for implementing annual public investment programs and control the allocation of financing.
5. The line ministries shall prepare sectoral public investment projects and programs in cooperation with the Ministry of Planning and CDC, and is responsible respectively for the implementation of their relevant projects and programs.

**Article 13:** The ministries and institutions hereinabove mentioned in article 12 shall undertake and implement their functions with regards to public sector investments in coordination and through the “One-Stop Service” mechanism.

**Article 14:** The Cabinet of the Council of Ministers and the ministries or institutions hereinabove mentioned in article 12 shall monitor projects and programs within their respective responsibilities and in coordination with the “One-Stop-Service” mechanism.

**Article 15:** In the management of the private sector investments, the roles and responsibilities of CDC are the followings:

1. to serve as the “One-Stop Service” mechanism and the “Etat Major” of the Royal Government to review and decide on matters pertaining to investments as specified in Article 3 of the Law on Investment of the Kingdom of Cambodia.
2. to study “the competitive advantage” of Cambodia in the international market. To set the vision of the private sector investment for Cambodia and to turn Cambodia into “Cambodia, Inc”. To cooperate with relevant ministries and institutions in preparing the strategy for private sector investments and to set up private investment projects.
3. to promote private sector investment projects which have been determined by the Royal Government and inform the investors of such projects in accordance to the procedures as set in the internal regulations of CDC.
4. to coordinate the management of “B-O-T”, “B-O-O-T”, “B-O-O” and “B-L-T”.
5. to initiate and coordinate the management of special development zones.
6. to identify and recommend to the Royal Government on draft laws, amendments, and other regulations so as to create favorable conditions conducive to private sector investments.
7. to prepare for domestic and international distribution relevant documentation and regulations pertaining to private sector investments.



8. to produce and submit semi-annual and annual reports to the Royal Government for its review and its recommendations of corrective measures concerning private sector investments.

**Article 16:** The roles and responsibilities of CDC pertaining to private sector investments and its relations to the ministries and other government institutions are the followings:

1. The CDC shall be the “One-Stop Service” of the Royal Government in the review and decision of private sector investment projects.
2. The relevant ministries and institutions shall provide their opinions in the review and decision of private sector investment projects through the “One-Stop Service” as specified in Article 29.

**Article 17:** The CDC and relevant ministries or institutions shall undertake and implement their tasks with regards to private sector investments in coordination with the “One-Stop Service” mechanism.

**Article 18:** The CDC, in cooperation with the office of the Council of Ministers, the Ministry of Planning, the Ministry of Economy and Finances, the Ministry of Commerce and other relevant ministries or institutions, shall monitor private investment projects which have been approved by CDC and in coordination with the “One-Stop Service” mechanism.

### **Chapter 3 THE FUNCTIONING OF CDC**

**Article 19:** The roles and responsibilities of the Co-chairmen of CDC are as follows:

- to be responsible for the overall operation of CDC.
- to preside over meetings of the Executive Committee of CDC and the plenary meetings of CDC.
- to lead discussions and maintain the discipline during meetings of the Executive Committee of CDC and the plenary meetings of CDC.
- to sign on minutes of meetings of the Executive Committee of CDC and the plenary meetings of CDC.
- to convene extraordinary meetings of the Executive Committee of CDC and the extraordinary plenary meetings of CDC.
- to be responsible for the budget of CDC.

**Article 20:** The roles and responsibilities of the Vice-chairman of CDC are as follows:

- to be responsible for the overall operation of CDC In the event of the absence or illness of the Co-chairmen of CDC.
- to be responsible for managing and supervising the daily operations of CDC.
- to preside over meetings of the Executive Committee of CDC and the plenary meetings of CDC and to sign on minutes of the meetings in the event of the absence or illness of the Co-chairmen.
- to be in charge of the coordination of inter-ministerial matters between CDC and other ministries or institutions of the Royal Government.
- to be in charge of international cooperation with donor countries and international organizations.
- to preside over meetings of the “One-Stop Service” as organized by CDC in order to obtain consensus on matters pertaining to rehabilitation and development and investments before the submission to the Executive Committee of CDC.

**Article 21:** The roles and responsibilities of the Secretary-General of CDC are as follows:

- to be responsible for the coordination of the Cambodian Rehabilitation and Development Board and the Cambodian Investment Board as well as managing the General-Secretariat of CDC.

- to prepare work programs for CDC, the agenda or the necessary documentation for meetings of the Executive Committee of CDC and the plenary meetings of CDC.
- to prepare minutes of meetings of the Executive Committee of CDC and the plenary meetings of CDC for the signature(s) of the presiding Chairman.
- to finalize press releases for CDC
- to produce and submit semi-annual and annual reports on all matters pertaining to rehabilitation, development and private sector investments for CDC review and approval before final submission to the Royal Government.
- to participate in meetings of the “One-Stop Service” to review and approve on all matters pertaining to rehabilitation, development and investments.
- to execute other functions as delegated by the Co-chairmen or the Vice-chairman of CDC.

**Article 22:** The roles and responsibilities of the Secretary-General of the Cambodian Rehabilitation and Development Board (CRDB) are as follows:

- to manage the operation of CRDB.
- to prepare the agenda and necessary documentation for meetings of the “One-Stop Service” on all matters pertaining to rehabilitation and development.
- to assist the Secretary-General of CDC in preparing the necessary documentation pertaining to all matters of rehabilitation and development for meetings of the Executive Committee of CDC and plenary meetings of CDC.
- to monitor the implementation of public sector investment projects and programmes in cooperation with the relevant line ministries and to submit summary reports and recommendations for the Executive Committee of CDC review and action.
- to assist the Secretary-General of CDC in preparing semi-annual and annual reports on all matters pertaining to rehabilitation, development for CDC review and approval before final submission to the Royal Government.
- to participate in meetings of the "One-Stop-Service" to review and approve on all matters pertaining to rehabilitation, development and investments.
- to execute other tasks pertaining to rehabilitation and development as delegated by the Co-chairmen or the Vice-chairman of CDC.

**Article 23:** The roles and responsibilities of CIB are as follows:

- to manage the operations of CIB
- prepare the agenda and necessary documentation for meetings of the “One-Stop Service” on all matters pertaining of private sector investments.
- to assist the Secretary-General of CDC in preparing the necessary documentation pertaining to all matters of private investments for meetings of the Executive Committee of CDC and plenary meetings of CDC.
- to monitor the implementation of private sector investment projects and programmes in cooperation with the relevant line ministries and to submit summary reports and recommendations for the Executive Committee of CDC review and action.
- to assist the Secretary-General of CDC in preparing semi-annual and annual reports on all matters pertaining to private sector investments for CDC review and approval before final submission to the Royal Government.
- to participate in meetings of the “One-Stop Service” to review and approve on all matters pertaining to private sector investments.
- to implement other functions related to matters of private investments pursuant to the delegation of the co-chairmen of “CDC” or the Vice-chairman of “CDC”.

**Article 24:** The roles and responsibilities of the members of CDC are as follows:

- to determine conceptual frameworks of the National Rehabilitation and Development and set priority needs both in terms of public and private investments.
- to review the implementation of public and private investments policies, projects approved by CDC.

- to review and adopt semi-annual and annual reports on all matters pertaining to rehabilitation, development and private sector investments before final submission to the Royal Government.

**Article 25:** The meeting of the Executive Committee of the CDC shall be convened every two weeks.

**Article 26:** The plenary meeting of the CDC shall be convened once a month.

**Article 27:** On an as-needed basis, the Co-chairman of CDC may convene an extraordinary meeting of the Executive Committee of the CDC or an extraordinary plenary meeting of the CDC.

**Article 28:** The functioning of the meetings of the Executive Committee of the CDC and the plenary meetings of the CDC shall be specified in the internal regulations of the CDC.

**Article 29:** The implementation of the “One-Stop Service” mechanism of CDC for reviewing and approving the matters pertaining to rehabilitation, development and investment shall be set according to the following principles:

1. For the organization of the Cambodian Rehabilitation and Development Board:
  - a. The Ministry of Foreign Affairs and International Cooperation, the Ministry of Economy and Finance, the Ministry of Planning and the office of the Council of Ministers shall respectively appoint its own official with an equivalent rank of Department Chief or Deputy-Chief to assist the Cambodian Rehabilitation and Development Board. Such officials shall have the following qualifications:
    - to be competent in his or her work;
    - must have the delegation of authority from the head of his/her institution and be able to interact on political and technical issues, particularly on obtaining comments and recommendations;
    - to be actively involved in the operation in the Cambodian Rehabilitation and Development Board;
    - to have the capability to communicate in foreign languages, particularly in English.
  - b. Other ministries and institutions of the Royal Government shall delegate respectively a representative to participate in the “One-Stop Service” but on an “Ad Hoc” basis whenever their respective ministry’s competence comes into play, and upon the request of the Secretary-General of “CRDB”.
  - c. The Secretary-General of “CRDB” shall provide necessary documentation to be inspected and approved at the meeting of the “One-Stop Service” to all representatives of the relevant ministries and institutions one week prior to the meeting so that the head of the relevant institutions may review such documentation and provide opinions through their respective representative.
  - d. After preparing the necessary documentation, the Secretary General of “CRDB” shall fit such projects or programmes in the agenda of the “One-Stop Service” meeting for review.
  - e. The Secretary-General of “CRDB” shall organize the necessary documentation and other pertinent information resulting from the “One-Stop-Service” meeting to the Secretary-General of CDC for eventual submission to the Executive Committee of CDC.
2. For the organization of the Cambodian Investment Board (CIB):
  - a. The Ministry of Economy and Finance, the Ministry of Commerce, the Ministry of Planning and the office of the Council of Ministers, shall appoint respectively its own official with an equivalent echelon of Department Chief or Deputy-Chief to assist the Cambodian Investment Board. Such officials shall have the following qualifications:
    - to be competent in his or her work;
    - must have the delegation of authority from the head of his/her institution and be able to interact on political and technical issues, particularly on obtaining comments and recommendations;

- to be actively involved in the operations of the Cambodian Investment Board;
  - to have the capability to communicate in foreign languages, particularly in English.
- b. Other ministries and institutions of the Royal Government shall delegate respectively a representative to participate in the “One-Stop Service” but on an “Ad Hoc” basis whenever their respective ministry’s competence is related to private sector investments, and upon the request of the Secretary-General of “CIB”.
  - c. The Secretary-General of “CIB” shall provide necessary documentation to be inspected and approved at the meeting of the “One-Stop Service” to all representatives of the relevant ministries and institutions one week prior to the meeting so that the head of the relevant institutions may review such documentation and provide opinions through their respective representative.
  - d. After preparing the necessary documentation, the Secretary General of “CIB” shall fit such projects or programmes in the agenda of the “One-Stop Service” meeting for review.
  - e. The Secretary-General of “CIB” shall organize the necessary documentation and other pertinent information resulting from the “One-Stop Service” meeting to the Secretary-General of CDC for eventual submission to the Executive Committee of CDC.
3. After receiving the necessary documentation and other pertinent information from the Secretary-General of CRDB and the Secretary General of the CIB, the Secretary-General of CDC shall fit such projects or programmes in the agenda of the meeting of the Executive Committee of CDC for their review and approval.

**Article 30:** The details of the organization and functioning of the “One-Stop Service” and the CDC shall be specified in the internal regulations of the CDC.

**Article 31:** The CDC shall have its own “cadres” of civil servants and its own budget. The management of the revenues and expenditures of the budget of the CDC shall be subject to the Financial Law.

#### **Chapter 4 FINAL DISPOSITIONS**

**Article 32:** Any existing Sub-Decree and decision contrary to this Sub-Decree shall be annulled.

**Article 33:** The CDC and relevant ministries or institutions shall implement this Sub-Decree from the date of its signatures.

Phnom Penh, June 26, 1995

The First Prime Minister

The Second Prime Minister

Signature and Seal

Signature and Seal

NORODOM RANARIDDH

HUN SEN

**Kingdom of Cambodia  
Nation Religion King**

NO. 048 ANKR. BK

**SUB-DECREE  
ON  
THE AMENDMENT OF THE SUB-DECREE No 51 ANKR.BK  
ON THE ORGANIZATION AND FUNCTIONING OF  
THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA**

The Royal Government of Cambodia:

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen the Royal Decree No. NS/RKT/1198/72 dated November 30, 1998 on the formation of the Royal Government of Cambodia
- Having seen the Law on the Organization and Functioning of the Council of Ministers and its promulgation by Kram No. 02/NS/94 dated July 20, 1994
- Having seen the Law on Investment of the Kingdom of Cambodia and its promulgation by Kram No. 03/NS/94 dated August 5, 1994
- Having seen the Sub-Decree No. 51 ANKR.BK dated June 26, 1995 on the Organization and Functioning of the Council for Development of Cambodia
- In pursuant to the needs of the Council for Development of Cambodia

**It is Hereby Decided**

**Article 1:** Articles 1, 7, 19, 20, 21, 22, 23 and 27 of the Sub-Decree No. 51 ANK. BK dated June 26, 1995 shall be amended as follows:

**New Article 1:**

The composition of the Council for Development of Cambodia "CDC" shall be as follows:

- |  |                      |
|--|----------------------|
| 1. Samdech Hun Sen, Prime Minister   | Chairman             |
| 2. H.E Keat Chhon, Sr. Minister, Minister of Economy and Finance                                 | First Vice-Chairman  |
| 3. H.E Kong Vibol, Secretary of State of Economy and Finance                                     | Second Vice-Chairman |
| 4. Sr. Minister in charge of the Office of the Council of Ministers or his representative        | Member               |
| 5. Sr. Minister, Minister of Foreign Affairs and International Cooperation or his representative | Member               |
| 6. Minister of Industry, Mines and Energy or his representative                                  | Member               |
| 7. Minister of Planning or his representative  | Member               |
| 8. Minister of Commerce or his representative  | Member               |

9. Minister of Agriculture, Forestry and Fisheries or his representative	Member
10. Minister of Environment or his representative	Member
11. Minister of Public Works and Transports or his representative	Member
12. Minister of Tourism or his representative	Member
13. Minister of Land Management, Urban Planning and Construction or his representative	Member
14. Secretary General of CDC	Member
14. Secretary General of the Cambodian Rehabilitation and Development Board	Member
16. Secretary General of the Cambodian Investment Board	Member

**New Article 7:**

The day to day functioning of CDC shall be led by an Executive Committee composing of the following members:

1. Chairman of CDC
2. Vice-chairmen of CDC
3. Secretary General of CDC
4. Secretary General of the Cambodian Rehabilitation and Development Board
5. Secretary General of the Cambodian Investment Board

**New Article 19:**

The roles and responsibilities of the CDC Chairman shall be as follows:

- to be responsible for the overall operation of CDC.
- to preside over meetings of CDC Executive Committee and CDC plenary meetings.
- to lead discussions and maintain order of CDC Executive Committee meetings and CDC plenary meetings.
- to sign on minutes of CDC Executive Committee meetings and CDC plenary meetings.
- to convene CDC Executive Committee extraordinary meetings and CDC extraordinary plenary meetings.
- to be responsible for CDC budget.

**New Article 20:**

The roles and responsibilities of the CDC Vice-Chairmen shall be as follows:

- A. First Vice-Chairman
  1. to be responsible for the overall functioning of CDC in the event of the absence or illness of the Chairman.
  2. to be responsible for managing and supervising the daily functioning of CDC.
  3. to preside over CDC Executive Committee meetings and CDC plenary meetings and to sign on the minutes of meetings in the event of the absence or illness of the Chairman.
  4. to be in charge of the coordination of inter-ministerial matters between CDC and ministries and/or other institutions of the Royal Government.
  5. to be in charge of the international cooperation with donor countries and international organizations.
  6. to preside over the “One-Stop Service” meetings as organized by CDC in order to obtain consensus on matters pertaining to the rehabilitation and development and investments before submission to CDC Executive Committee.
  7. to execute other tasks as delegated by the Chairman.
- B. Second Vice-Chairman
  1. to be responsible for the overall functioning of CDC in the event of the absence or illness of the Chairman and of the First Vice-Chairman.
  2. to be responsible for the activities stated in items A/2, A/3, A/4 and A/5 and A/6 of the above new article 20, in the event of the absence or illness of the First Vice-Chairman.

3. to execute other tasks as delegated by the Chairman.

**New Article 21:**

The roles and responsibilities of the CDC Secretary General shall be as follows:

- to be responsible for the coordination of the Cambodian Rehabilitation and Development Board and the Cambodian Investment Board as well as managing the functioning of the General-Secretariat of CDC.
- to prepare CDC work programs, agendas or necessary documentation for CDC Executive Committee meetings and CDC plenary meetings.
- to prepare minutes of meetings of CDC Executive Committee and CDC plenary meetings for the signature(s) of the meeting Chairman.
- to prepare CDC press releases.
- to produce and submit semi-annual and annual reports on all matters pertaining to rehabilitation, development and private sector investments for CDC review and approval before final submission to the Royal Government.
- to participate in the “One-Stop Service” meetings in order to review and approve on all matters pertaining to rehabilitation, development and investments.
- to execute other tasks as delegated by the Chairman or the Vice-Chairmen.

**New Article 22:**

The roles and responsibilities of the Secretary General of the Cambodian Rehabilitation and Development Board (CRDB) shall be as follows:

- to manage the functioning of CRDB.
- to prepare agendas and necessary documentation for the “One-Stop Service” meetings on all matters pertaining to rehabilitation and development.
- to assist the CDC Secretary General in preparing the necessary documentation pertaining to all matters of rehabilitation and development for CDC Executive Committee meetings and CDC plenary meetings.
- to monitor the implementation of public sector investment projects and programs in cooperation with the relevant line ministries and to submit summary reports and recommendations for CDC Executive Committee review and action.
- to assist the CDC Secretary General in preparing semi-annual and annual reports on all matters pertaining to rehabilitation, development for CDC review and approval before final submission to the Royal Government.
- to participate in the “One-Stop Service” meetings in order to review and approve on all matters pertaining to rehabilitation, and development.
- to execute other tasks pertaining to rehabilitation and development as delegated by the Chairman or the Vice-Chairmen.

**New Article 23:**

The roles and responsibilities of the Secretary General of the Cambodian Investment Board (CIB) shall be as follows:

- to manage the functioning of CIB.
- to prepare agendas and necessary documentation for the “One-Stop Service” meetings on all matters pertaining of private sector investments.
- to assist the CDC Secretary General in preparing necessary documentation pertaining to all matters of private sector investments for CDC Executive Committee meetings and CDC plenary meetings.
- to monitor the implementation of private sector investments projects and programs in cooperation with relevant line ministries and to submit summary reports and recommendations for CDC Executive Committee review and action.
- to assist the CDC Secretary General in preparing semi-annual and annual reports on all matters pertaining to private sector investments for CDC review and approval before final submission to the Royal Government.

- to participate in the “One-Stop Service” meetings in order to review and approve on all matters pertaining to private sector investments.
- to Execute other tasks pertaining to private sector investments as delegated by the Chairman or the Vice-Chairmen.

**New Article 27:**

On a need basis, the CDC Chairman may convene CDC Executive Committee extraordinary meetings or CDC extraordinary plenary meetings.

**Article 2:** The CDC and relevant ministries or institutions shall implement this Sub-Decree from the date of its signature.

Phnom Penh, May 21, 1999  
Prime Minister

Signature and Seal

HUN SEN

C.C:

- The King's Cabinet
- Secretariat General of the National Assembly
- Cabinet of Samdech Prime Minister
- As per Article 2
- Records.



**KINGDOM OF CAMBODIA**  
**Nation Religion King**

**SUB-DECREE No. 88 ANK-BK DATED DECEMBER 29, 1997**  
**ON THE IMPLEMENTATION OF THE LAW ON INVESTMENT**  
**OF THE KINGDOM OF CAMBODIA**

The Royal Government of Cambodia

- Seen the 1993 Constitution of the Kingdom of Cambodia;
- Seen the Royal Decree dated September 24, 1993 on the Appointment of the First and Second Prime Ministers;
- Seen the Royal Decree dated November 1, 1993 on the Formation of the Royal Government of Cambodia;
- Seen the Royal Decree NS/RKT/1094/83 dated October 24, 1994 and the Royal Decree NS/RKT/1094/90 dated October 31, 1994 on the Reorganization of the Composition of the Royal Government of Cambodia;
- Seen the Royal Decree CHS/RKT/0897/147 dated August 7, 1997 on the Reorganization of the Composition of the Royal Government of Cambodia;
- Seen the Law on the Organization and Functioning of the Council of Ministers and its promulgation by Kram dated July 20, 1994;

- Seen the Law on Investment of the Kingdom of Cambodia and its promulgation by Kram 03 NS 94 dated August 5, 1994;
- Seen the Sub Decree No. 51 ANK.BK dated June 26, 1995 on the Organization and Functioning of the Council for the Development of Cambodia; and
- Pursuant to the request of the Council for the Development of Cambodia and the decision of the plenary session of the Council of Ministers on December 4, 1997.

## **IT IS HEREBY DECIDED**

### **Chapter 1 GENERAL PROVISIONS**

#### **Article 1: Definitions**

##### Article 1.1

The following technical terms where used in this sub-decree shall have the meanings ascribed thereto in this Article:

“Applicant” means any person, natural or juridical, who meets the requirements set forth in Article 6.1(h) and who has submitted an investment application or has requested to establish an Investment Enterprise. An Applicant shall include any existing Investment Enterprises set forth in Articles 3.4 and 5.2;

“Application” means an application to receive privileges and incentives as stipulated in the Law on Investment of the Kingdom of Cambodia which was promulgated by Kram 03 NS 94 dated August 5, 1994 and shall at a minimum consist of those items set forth in Article 6.1;

“Investor” means any person, natural or juridical, who meets the requirements set forth in Article 6.1(h) and Article 9 who has already invested or proposes to invest in an Investment Enterprise;

“Investment Enterprise” means either a Cambodian Entity or a Foreign Entity approved by the Council for the Development of Cambodia under the Law on Investment of the Kingdom of Cambodia and this implementing Sub Decree;

“Cambodian Entity” means any legal entity incorporated and registered at the Ministry of Commerce under the laws of the Kingdom of Cambodia in which more than Fifty One (51%) percent of the equity capital are directly owned by natural persons or legal entities holding Cambodian citizenship;

“Foreign Entity” means any non Cambodian Entity and which is not incorporated under the laws of the Kingdom of Cambodia;

“Promotion Incentives” mean any special privileges and incentives granted by the Royal Government of Cambodia to an investor pursuant to criterias as set forth in the Law on Investment of the Kingdom of Cambodia and other regulations;

“Investment” means any investment project which has received any privileges and incentives granted by the Royal Government of Cambodia pursuant to investment laws and regulations;

“Schedules” mean the schedules of this Sub-Decree and which are an integral part of this Sub-Decree;

“Capital Goods” mean tangible assets with a useful life of more than one year;

“One-Stop Service” refers to the Cambodian Investment Board which provides a mechanism to review, discuss and advise on all the matters pertaining to private sector investments to the Council for the Development of Cambodia.

#### **Article 2: Application and Objective of the Sub-Decree**

2.1 Application: This Sub-Decree applies to all investments, investment activities and Investment Enterprises approved and promoted by the Council for the Development of Cambodia.

2.2 Purpose: This Sub-Decree supplements and governs the application and implementation of the Law on Investment and are intended to encourage and regulate investments in the Kingdom of Cambodia by both Cambodian and foreign Investors.

#### **Article 3: Sectors for Investment**

3.1 Sectors Opened for Investment: A list of suggested areas for investment and those areas to which investment incentives will not be provided is included in the First Schedule and may be amended from time to time.

3.2 Restriction on Certain Sectors: The restrictions on investment in certain sectors for reasons of national security, social safety, or economic necessity shall be determined by sub-decree.

3.3 Sectors Prohibited for Investments: All investment activities whose operations are in contradiction with existing laws currently in force shall be prohibited.

3.4 Existing Investment Enterprise: For any existing Investment Enterprises whose activities became subject to certain restrictions as set forth in the above mentioned Article 3.2, the Royal Government shall establish a commission to assess the extent of the loss incurred as the result of the imposition of such restrictions. The composition of the commission shall be comprised of representatives of the Royal Government and investors concerned. The fair value of the compensation shall be determined by two independent appraisers. Each party shall appoint an appraiser and the fair price shall be the average of the prices determined by such appraisers. Where the difference of the amounts determined by the appraisers exceeds 15% of the greater amount, a third independent appraiser shall be appointed by the two independent appraisers to determine the fair price as between the two assessed prices. The decision of the commission shall be binding on the Investor and not subject to review.

#### **Article 4: Eligible Investors**

4.1 Foreign Investment: The Royal Government welcomes investment in all economic sectors from foreign nationals save for where particular activities are specifically restricted by laws, regulations, notifications or sub-decrees.

7.7 Use of Nominees: No individual or legal entity controlled by Cambodian citizens shall act for or represent, either directly or indirectly, a foreign controlled entity for the purposes of avoiding the effects of the provisions of this Sub-Decree and enabling any foreign controlled entity or foreign national to circumvent or avoid the effects of any restriction or prohibition on the activities of foreign controlled entities or foreign persons.

## **Chapter 2 INVESTMENT APPLICATION AND APPROVAL**

#### **Article 5: Investment Applications**

5.1 Prior Approval from the Council: In accordance with Article 3 of the Law on Investment and Article 2 of this Sub-Decree, all investors wishing to obtain privileges and incentives for their investment shall be required to apply for prior approval of the Council.

5.2 Existing Investment Enterprises: Any investment enterprise which has been established prior to the entry into force of this Sub-Decree, regardless of whether or not it has already commenced commercial operations in the Kingdom and which wishes to obtain the investment incentives granted pursuant to this Sub-Decree, must file an application with the Council. This filing is made only for the purpose of applying for investment incentives.

5.3. Application Submission: Duly completed Applications shall be signed and submitted by the Applicant or by a representative of the Applicant authorized pursuant to a duly notarized power of attorney executed in favor of the representative and submitted to the Council for review and consideration. A certified copy of any power of attorney shall be produced at the time of submission of the Application.

## **Article 6: Requirements for Application**

6.1 Application Documents: A completed Application shall comprise one set of the following documents:

- (a) a completed Application, in the form prescribed by the Council and signed by a duly authorized representative of the Applicant whose power of attorney shall be attached;
- (b) a letter stating the intention of the Applicant to invest in the Kingdom with a brief summary of the investors, the investment project, their objectives and any requests made to the Council regarding the investment project;
- (c) the constituent documents of the proposed Investment Enterprise such as the Memorandum of Association and Articles of Association in accordance with existing laws of the Kingdom of Cambodia;
- (d) a detailed study of the economic and technical feasibility of the Investment Enterprise including an outline of the manufacturing flow process;
- (e) such other information as the Council may from time to time require regarding the proposed investment.
- (h) details of the qualifications of the Applicant including:
  - (i) technical capacity;
  - (ii) marketing capacity;
  - (iii) human resources and managerial capacity; and
  - (iv) financial capacity.

6.2 Application Fee: After the Application for investment has been duly complied with by the Investor pursuant to the above mentioned Article 6.1, the Council shall issue a receipt within 24 hours to acknowledge payment of the Application fee. Investor shall pay the Application fee according to the following schedules:

- A. For investment project less or equal to US\$ 1,000,000:
  - One Hundred (US\$ 100) US Dollars at the time of application
  - Five Hundreds (US\$ 500) US Dollars upon investment approval.
- B. For investment project exceeding US\$ 1,000,000:
  - Two Hundred (US\$ 200) US Dollars at the time of application;
  - One Thousand (US\$ 1,000) US Dollars upon investment approval.

These fees shall be considered as state revenues.

6.3 Feasibility Study: The feasibility study shall address the following main points:

- (a) proposed market for the products of the Investment Enterprise;
- (b) perceived demand, pricing techniques and competition for the products of the Investment Enterprise;

- (c) proposed techniques for manufacturing and production including the use of domestic or imported raw materials;
- (d) proposed import and export ratios;
- (e) proposed employment ratios for Cambodian and foreign nationals;
- (f) financial and technical analysis of the project including the cost of production and proposed retail pricing;
- (g) proposed earnings in local and foreign currency and ability to satisfy foreign exchange needs;
- (h) an environmental impact study including detailed plans for the treatment and disposal of all waste; and
- (i) proposed human resources development plan.

6.4 Request for Additional Information: The Council may at any time before approval of an Investment Enterprise request additional information from any of the Investors of the proposed Investment Enterprise within Fifteen (15) business days. Such information shall be provided to the Council within Fifteen (15) business days of the Council's request.

6.5 Completed Application: An Application shall be regarded as complete when all required documents have been submitted and all requested information has been provided to the Council. Notification of any change in the name or address or both must be submitted to the Council with Ten (10) business days of such a change. Failure to make such notification will, without prejudice to any other action taken by the council, be grounds for an automatic rejection of the application.

#### **Article 7: Complete or Partial Approval or Revocation by the Council**

7.1 Approval Period:

- a. The Council shall notify its decision to approve or reject the Application within Forty Five (45) business days from the date of receipt by the Council of a complete Application as per the Flow Chart of the Investment project attached in the schedule.
- b. The Investment Enterprise shall maintain a deposit in the account of the Council in the National Bank of Cambodia according to the following terms:
  - 2% of the total investment fund which is less than or equal to US\$ 1,000,000;
  - 1.9% of the total investment fund which exceeds US\$ 1,000,000 but is less than or equal to US\$ 10,000,000;
  - 1.8% of the total Investment fund which exceeds US\$ 10,000,000 but is less than or equal to US\$ 20,000,000;
  - 1.7% of the total investment fund which exceeds US\$ 20,000,000 but is less than or equal to US\$ 30,000,000;
  - 1.6% of the total investment fund which exceeds US \$30,00,000 but is less than or equal to US\$ 40,000,000;
  - 1.5% of the total investment fund which exceeds US\$ 40,000,000.

This deposit shall be returned back to the Investor upon 30% implementation of the Investment Enterprise.

7.2 Amendment or Modification of Application: The Council may require Applicants to amend or modify any Application, and any document constituting a part thereof, and to resubmit the Application to the Council following such amendment or modification within Fifteen (15) business days. The Council will not consider applications which fail to meet the required amendments or modifications.

7.3 Approval or Rejection: Approval of an Application shall be notified in writing by the Council by the issue of an Investment License to the Applicant. Rejection of an Application shall be notified in writing by the Council with justification of the reason for such rejection.

7.4. Revocation of Privileges and Incentives and Forfeiture of Deposit: The Council reserves the right to revoke partially or wholly privileges and incentives if, among other things, one or more of the following conditions are not met:

- (a) the project is not implemented in accordance with the schedule stated in the Application and in no case shall commencement occur more than Six (6) months after the issue of the investment license;
- (b) the paid-up capital requirement of 25% as stated in the Investment Application or an equivalent sum of capital assets is not paid within Thirty (30) days from the day of approval;
- (c) the total authorized capital has not been paid up within Three (3) years after the date of incorporation of the Investment Enterprise;
- (d) the deposit fund as stipulated in Article 7.1(b) shall automatically revert to state properties if the Investment Enterprise has not commenced within Six (6) months after the issue of the investment license;
- (e) the Investment Enterprise fails to notify the Council within Ten (10) business days of any change in the name or address;
- (f) the Investment Enterprise fails to request permission from the Council of its change of investment activities;
- (g) the Investment Enterprise has merged or transferred ownership; or
- (h) there is a request for revocation by a competent government institution for serious violations of existing laws.

7.5 Notice of Revocation or Cancellation: The Council shall notify the Applicant in writing of its decision to revoke or cancel partially or wholly privileges and incentives.

7.6 Procedures for Revocation of Privileges and Incentives: If the Applicant fails to respond within Thirty (30) days to the Council after receiving the Revocation or Cancellation Notification of privileges and incentives, the Council shall proceed to do the followings:

- Send another reminder notice (15 days)
- Send a warning letter (15 days)
- Suspend the privileges and incentives for Sixty (60) days
- Revoke definitively the privileges and incentives.

7.7 Appeals: The Investment Enterprise can file an appeal to the Council within Twenty Five (25) business days after receipt of the notification to revoke or cancel partially or wholly the privileges and incentives.

### **Chapter 3 TRANSFER OF SHARES**

#### **Article 8: Restrictions on Transfers**

8.1 Transfer Details: Each Application for transfer of shares shall clearly detail the identities and nationalities of each party involved in the Investment Enterprise. Where an Applicant is not a natural person, the Application shall clearly identify the ownership structure of such Applicant with sufficient detail to enable the Council to identify the shareholders or other parties involved. The Application shall indicate, among other things, the relative ownership interests of each party in the Investment Enterprise.

8.2 Transfer of Shares: Each Investor has the right to transfer their shares in the Investment Enterprise to other Investors in that Investment Enterprise. If the other Investors do not wish to purchase these shares, the transferring Investor shall have the right to transfer the shares to a third party. The transferring Investor shall obtain prior written approval from the Council at least Thirty (30) days prior to the proposed transfer.

8.3 Prohibition on Transfer of Shares: Investment Enterprises which are Foreign Entities shall not, by any direct or indirect means whatsoever, own or hold any ownership interest in land. Investors in a Cambodian Entity which legally owns land in the Kingdom shall be prohibited from transferring their shares in the Cambodian Entity if the effect of the transfer would cause the Investment Enterprise to be a Foreign Entity. A Cambodian national or a Cambodian Entity which legally owns land in the Kingdom shall be prohibited from registering any transfer of shares which would cause the Investment Enterprise to become a Foreign Controlled Entity.

## **Chapter 4**

### **Part I**

### **FORMS OF INVESTMENT**

#### **Article 9: Forms of Investment Permitted**

The legal forms of investment permitted shall include the followings:

- Wholly owned domestic capital (100%)
- Wholly owned foreign capital (100%)
- Joint Ventures
- Build-Operate-Transfer (B.O.T)
- Business Cooperation Contract (B.C.C)
- Other forms of investment as authorized by law.

### **Part II**

### **JOINT VENTURES**

#### **Article 10: Formation of Joint Venture**

The proposed Investment Enterprise may be in the form of an incorporated joint venture. A joint venture may be formed between Investors of any nationality and may include a joint venture with the Government. Irrespective of the nationality of the shareholders of a joint venture, there shall be no limit on the permitted share holding proportions of each shareholder unless the joint venture owns or intends to own land, or holds or intends to hold an interest in land in the Kingdom, in which case the foreign shareholding in the joint venture shall not exceed Forty Nine (49%) percent.

#### **Article 11: Contributions of Joint Venture**

11.1 Contributions in Kind: The capital value of any asset contributed to the joint venture shall be calculated on the basis of the market value of the asset. Where the Council in its absolute discretion determines that the value of the asset to be contributed by any party is more than the assessed market value, the Council has the right to use the assessed market value as the value of the contribution for the purpose of its assessment of the Application.

11.2 Property: Any plant, machinery or equipment that an Investor wishes to contribute to the joint venture or which the joint venture proposes to purchase shall be in good condition and shall comply with recognized safety standards applicable to that type of plant, machinery or equipment. The investor shall be fully responsible for compliance with those safety standards.

11.3 Land: A Cambodian Investor may contribute land to the capital of a joint venture. The value of the land for the purpose of determining the capital contribution to the joint venture by the Cambodian Investor shall be agreed by the parties to the joint venture.

### **Part III**

### **OTHER FORMS OF INVESTMENT ENTERPRISE**

#### **Article 12: Forms of Agreement**

- A. Business Cooperation Contract (BCC): This is an agreement between the investor in Cambodia and a State entity in Cambodia for the purpose of undertaking activities of production and business in Cambodia and to share between themselves the profits resulting from their activities

without creating in itself a separate legal entity. Trade or barter agreements are expressly excluded from the scope of the above-mentioned business cooperation contracts.

- B. Built-Operate-Transfer (BOT): This form of investment shall be prescribed in detail in the Sub-Decree on Build Operate Transfer (BOT).

## **Chapter 5 FOREIGN CURRENCY**

### **Article 13: Bank Accounts**

13.1 Opening Bank Account: On receipt of an investment license, an Investment Enterprise must open a bank account in the Kingdom at a bank recognized by the National Bank of Cambodia.

13.2 Payments: An Investor must make all payments in relation to the Investment Enterprise through the bank account opened in accordance with Article 13.

### **Article 14. Loans**

Debt/Equity Ratio: An Investment Enterprise shall not borrow an amount or amounts which will cumulatively exceed an amount equal to three times the capital of the Investment Enterprise except for priority projects as determined by the Royal Government.

### **Article 15: Repatriation of Foreign Earnings**

The repatriation of foreign earnings shall be done according to the Law on Foreign Exchange as promulgated by Kram No. Chor Sar/Ro Kar Mo/0897/03 dated August 22, 1997 as well as other regulations issued by the National Bank of Cambodia. These transfers shall include but are not limited to: Foreign Controlled Entities which may use income denominated in foreign currency and deposited at the bank pursuant to Article 13 for the purposes of

- (a) Payments for imported goods and services and repayment of loans including interests and principals made by foreign banks or institutions;
- (b) Royalties and management fees.
- (c) Profits after discharge of obligations due and payment of all relevant taxes and royalties.
- (d) Remittance of capital of the Investment Enterprise out of the Kingdom pursuant to the investment plan of the Investment Enterprise; and
- (e) Other savings after payment of salaries.

## **Chapter 6 REAL PROPERTY**

### **Article 16: Ownership**

16.1 Ownership: Ownership of land, for the purpose of investment by a Cambodian national or a Cambodian legal entity, shall comply with the Land Law of the Kingdom of Cambodia as promulgated by Kret No. 100 Kr. Dated October 13, 1992.

16.2 Registration of Ownership: The investor shall comply with all the formalities of land ownership registration at the Land Title Department of the locality.

16.3 Ownership Restriction: In accordance with the Constitution of the Kingdom, foreign nationals and foreign entities shall not own or hold an interest in land in the Kingdom.

### **Article 17: Use of the Land**

17.1 Cambodian Entities: Aside from ownership, Cambodian investors can benefit from other existing forms of land use such as concession, lease, loan, transfer, grant, etc.



17.2 Foreign Entities: Use of land shall be permitted to investors, including long-term leases of up to a period of 70 years, renewable upon request. Such use may include the right of ownership of real and personal property situated on the land as may be permitted by law.

17.3 Lease of the Land: Foreign nationals and foreign entities shall be allowed to lease land in the Kingdom of Cambodia provided their lease agreements are duly notarized by the competent authority, specify the terms and conditions, the agreed fair market value of the lease payment and the specific lease period.

Nationals and legal entities which have entered into a land lease agreement from the State shall have the right to sublease to a third party, whether a natural or juridical entity, provided there is prior consent from the competent government authority and after the expiry of three (3) years period counting from the date the initial lease agreement was signed. The three (3) year period shall not apply for special cases.

## **Chapter 7 TAXATION**

### **Article 18: General Principles**

18.1 Liability to Taxes: Investment Enterprises shall be liable to and shall comply with the provisions of the Financial Law and the Law on Taxation. The tax rate for the profit tax for the exploration, exploitation, and primary processing of natural resources such as timber, oil, natural gas, ore, gold, and precious stones, shall be determined according to paragraph 2 of article 20 of the Law on Taxation. Investment Enterprises may be granted tax concessions as specified in the Third Schedule.

18.2 Limitations: The privilege of a full or partial exemption from taxes and customs duties granted by the Council will apply to the payment of any liability for the Tax on Profits and the payment of customs duties and certain taxes imposed on imports as provided in this Sub-Decree. These exemptions do not include the followings:

- (a) the liability of the employees of an investment enterprise or the obligation and liability of the investment enterprise to the provisions of the Tax on Salary;
- (b) liability for the tax on turnover, the tax on specific merchandise and services other than those paid at the time of import, or any other taxes, other than the tax on profit and customs duties, as specified in the respective laws of the Kingdom of Cambodia;

The investment enterprise can not use the 9% income tax rate for the tax on profit or the provision for the five (5) year carry forward of losses originating prior to 1 January 1997 unless the allowance for such a rate or carry forward is stated in a document of approval issued by the Council.

18.3 Starting Year and Rules for the 5 Year Loss Carry forward: The deduction of a loss resulting from the use of the 5 year loss carry forward provision of article 14(2) of the Law on Investment shall be determined according to the rules of article 17 of the Law on Taxation.

### **Article 19: Tax on Profit**

19.1 Starting Year for Exemption from the Tax on Profits: The exemption from the payment of the tax on profit as provided in article 14(2) of the Law on Investment shall be from the year in which the investment enterprise first derives a taxable profit without regard to the carry forward provisions of the tax on profits or the Law on Investment. All other provisions of the tax on profits will be used for the determination of taxable profit.

19.2 Determination of the Tax Exemption Period: The conditions of the matrix of coefficients must be met by the end of the second year of commercial operations of the investment enterprise and must be maintained throughout the remaining period of the tax exemption. The Council may reduce

or increase the length of the exemption from the Tax on Profits not to exceed Eight (8) years if conditions used to determine the project coefficient change.

19.3 Prepayment of the Tax on Profit for Investment Enterprises: The prepayment of the tax on profit as stated in article 31 of the Law Amending the Finance Act of 1995 on turnover earned prior to 1 January 1997 and article 28 of the Law on Taxation on turnover earned after 31 December 1996 applies to all investment enterprises granted the investment incentive of a 9% rate for the tax on profit as provided in article 14(l) of the Law on Investment. The prepayment of the tax on profit does not apply to an investment enterprise granted an exemption from the tax on profit as provided in article 14(2) of the Law on Investment.

19.4 Reinvestment of Profit: As provided in article 14(2) of the Law on Investment, where an investment enterprise is liable to the tax on profit for a tax year, the amount of positive taxable profit for that year may be reduced by the amount invested in plant and equipment used to increase the productive capacity of the investment enterprise in that year only. The amount by which the taxable profit may be reduced cannot exceed the amount of taxable profit before the reduction. For depreciation, the depreciable basis of the asset so acquired is the value of the asset minus the amount by which the taxable profit was reduced.

19.5 Distributions of Profit: A profit distribution is any distribution defined in paragraph 8 of article 3 of the Law on Taxation. Such a distribution shall not be taxable under article 26 of the Law on Taxation but shall be taxable under the conditions provided in article 23 of the same law, which is an advanced payment of the tax on profit.

#### **Article 20: Customs Duties and Taxes**

20.1 Customs Duty and Taxes Exemption: The Council can grant customs duties and taxes exemption for materials or goods to be imported according to the type of investment and the types of materials or goods as specified in the Annex 2.

20.2 Diversion or Sale of Capital Goods, Materials and Other Goods Exempt from Customs Duty and Taxes: Any material or goods other than capital goods imported under customs duty and tax exemption which is not used as part of the project and is later sold or disposed of in any way, will be subject to the immediate payment of customs duty, taxes and associated customs penalties. Any new capital goods or any capital goods used for less than five (5) years imported under a customs duty, tax exemption which is later sold or disposed of in any way, will be subject to the immediate payment of customs duty, taxes and associated customs penalties except for those goods which have been properly depreciated according to the Law on Taxation. For capital goods which have been used for 5 continuous years or more since importation and are later sold or disposed of in any way, customs duty will be applied to the remaining undepreciated value of the capital good using the straight line convention.

20.3 Liquidation or Reorganization of an Investment Enterprise: If during the first five years of production, the investment enterprise ceases to operate or makes any distribution or transfer of assets resulting from the complete liquidation or reorganization of an investment enterprise, the exemption from taxes and customs duties in this chapter are cancelled and the investment enterprise must pay all customs duties and taxes exempted. If after the first five years of production, the investment enterprise ceases to operate or makes any distribution or transfer of assets resulting from the complete liquidation or reorganization of the investment enterprise, such act will be considered as a diversion of assets under article 20.2 of the Sub-Decree.

#### **Article 21: Effective Date of an Exemption from Tax or Duties**

The effective date of an exemption from the Tax on Profits or from customs duties will be the date of approval by the Council, but not sooner than the date on which the investment enterprise

has been registered with the Tax Department and the Customs Department under the procedures for registration established by these departments and assigned a tax identification number from the Tax Department. The Council must supply all the appropriate documents to the Tax Department and the Customs Department, which shall include:

- (a) a copy of all information supplied by the investor(s) during the application process and all agreements entered into between the investor(s) and the Council; and
- (b) the approval document of the Council including all information relevant to the financial flows of the investment, tax concessions, and a schedule of all goods that have been granted customs duty exemptions.

The Tax Department, within one week after receipt of a properly completed application for registration and other information required by this article, will provide the Council with a tax identification number for the investment enterprise. It is the responsibility of the Council to supply the tax identification number to the investment enterprise and explain the requirements for the use of this number. The provisions of this article also apply to existing investment enterprises.

### **Article 22: Minimum Tax of Investment Enterprises**

The minimum tax, as stated in article 32 of the Law Amending the Finance Act of 1995 on turnover earned prior to 1 January 1997 and as stated in article 24 of the Law on Taxation on turnover earned after 31 December 1996, applies to all investment enterprises whether they have been granted the incentive of a 9% rate for the tax on profit as provided in article 14(l) of the Law on Investment, or an exemption from the tax on profit as provided in article 14(2) of the Law on Investment.

### **Article 23: Obligation of Investment Enterprises**

23.1 Tax Declaration: All investment enterprises approved by the Council under the Law on Investment, whether or not they have been granted an exemption for the tax on profit as stated in article 14(2) of the Law on Investment, are required to submit to the Tax Department monthly and annual tax declarations for the tax on profit, the tax on salary, the tax on turnover, the tax on value added, the specific tax on certain merchandise and services, and other taxes beginning from the time the enterprise was granted such approval.

An existing investment enterprise has ninety (90) days after the effective date of this Sub-Decree to be in compliance with the provisions of this chapter, after which the penalties specified in article 24 of this Sub-Decree shall apply.

23.2 Procedures and Information Requirements Related to the Import of Capital Goods, Materials, and Other Goods: All capital goods, materials and other goods imported by an investment enterprise as part of an approved project are subject to all customs clearance formalities. Within 30 days of import the investment enterprise must submit to the Tax Department and the Council certified copies of the customs clearance documents, including the valuation documents for those goods issued by the government appointed agent.

23-3 Other Information Requirements: The Council and the investment enterprise will separately provide to the Tax Department and to the Customs Department, on a monthly basis and no later than the fifteenth day of the next month the following:

- (a) actual investment flows for an approved investment project;
- (b) a schedule of the actual import of goods approved for an investment project;
- (c) a schedule of any remittances abroad of profits or interest payments that are the result of investment project activities;
- (d) a schedule of payments to domestic sources of profits and interest that are the result of investment project activities; and
- (e) any change in the address of the representative of the investment enterprise and any change in the information related to the initial application to the Council or the application for a tax

identification number. All information supplied by the Council or the investment enterprise must contain the tax identification number issued by the Tax Department.

#### Article 24: Penalties

In the event the investment Enterprise did not comply with the obligations as stipulated in article 23 of this Sub-Decree, the Investment Enterprise shall receive penalties as specified in the Financial Law and the Law on Taxation. In addition, the non-submission of a tax return and required supporting documents or the failure to supply information to the Tax Department as required by the Law on Taxation will result in a revocation of all tax and duty exemptions granted under the Law on Investment and the immediate payment of all taxes and duties refunded, exempted, and the amount by which the tax on profit has been reduced through the use of the incentive for the rate of the tax on profit as stated in article 14 of the Law on Investment.

### Chapter 8 EMPLOYMENT

#### Article 25: Employment of Foreign National

Any Investment Enterprise which wishes to employ any foreign national to work in the Kingdom must comply with all the provisions of the Labor Law and the Law on Immigration.

#### Article 26: Employment of Cambodian Citizens

26.1 Hiring of Cambodian Citizens: Subject to requirements for specific skills and experience, Investment Enterprises shall give preference to Cambodian citizens in the hiring of employees.

26.2 Employment Contract: All employment contracts shall comply with the provisions of the Labor Law.

### Chapter 9 PROTECTION OF INTELLECTUAL PROPERTY

#### Article 27: Intellectual Property

27.1 Filing: An Investor may apply for intellectual property protection by filing a proper application with the competent ministries.

27.2 Compliance with Laws: All dealings in trademarks, patents, copyright and know-how shall be in compliance with the laws relating to intellectual property.

### Chapter 10 FINAL PROVISIONS

#### Article 28:

The Co-ministers in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Council for the Development of Cambodia, all ministers and heads of government institutions concerned shall be responsible for effectively implementing this Sub-Decree.

#### Article 29:

This sub-decree shall become effective on the date of its signatures.

Phnom Penh, December 29, 1997

First Prime Minister

Second Prime Minister



8. Manufacture of Paper & Allied Products
  - Investment Capital Greater Than 1,000,000 USD
- 8.1 Tree plantations for paper and pulp mills
- 8.2 Paper production
- 8.3 Paperboard mills
- 8.4 Paperboard containers
  
9. Manufacture of Chemicals & Allied Products
  - Investment Capital Greater Than 500,000 USD
- 9.1 All types of chemicals including agricultural chemicals
- 9.2 Plastics and other synthetics
- 9.3 Drugs
- 9.4 Cleaning products
- 9.5 Paint & allied products
  
10. Manufacture of Rubber & Miscellaneous Plastics
  - Investment Capital Greater Than 500,000 USD
  
11. Manufacture of Leather & Other Products
  - Investment Capital Greater Than 500,000 USD
12. Manufacture of Fabricated Metal Products
  - Investment Capital Greater Than 500,000 USD
  
13. Manufacture of Electrical and Electronic Equipment
  - Investment Capital Greater Than 500,000 USD
  
14. Manufacture of Transportation Equipment
- 14.1 Automobiles and spare parts
- 14.2 Aircraft and spare parts
- 14.3 Constructions and means of water transports
- 14.4 Equipments and means of rail transports
- 14.5 Bicycles and motorcycles
  
15. Highway & Bridge Construction
  
16. Exploitation of minerals, ore, coal, oil and natural gas
  
17. Production of machineries and industrial equipment
  - Investment Capital Greater Than 1,000,000 USD
  
18. Production of consumption goods
  
19. Hotel construction
  - Three stars classification or higher
  
20. Medical complex of International standards, Educational facilities of International standards, Vocational training centers
  
21. Physical infrastructure facilities to support the tourism and cultural sectors
  
22. Production and exploitation activities to protect the environment.

Part B:  
LIST OF INVESTMENT SECTORS TO WHICH INCENTIVES

## SHALL NOT APPLY

1. All Types of Trading Activities
2. All Forms of Transportation Services
3. Duty-free Shops
4. Restaurant, Karaoke, Bars and Massage Parlors; outside the premises of international standard hotels
5. Shopping Mail
6. News and Media-related Activities (Radio, TV, Newspapers)
7. Retail and Wholesale
8. Professional Services

## SECOND SCHEDULE OF SUB-DECREE 88 ANKR.BK ON THE IMPLEMENTATION OF THE LAW ON INVESTMENT OF THE KINGDOM OF CAMBODIA DATED DECEMBER 29, 1997

### CUSTOMS DUTY EXEMPTIONS

- A. Types of Investment Subject to Customs Duty Exemptions
1. Investment in Export-oriented projects with a minimum of 80% of production designated for export;
  2. Projects located in a Special Promotion Zone;
  3. Tourism industry projects;
  4. Projects in labor intensive industries, processing industries and agro-industries; and
  5. Physical infrastructure and energy projects.

In the case of projects within (3), (4) and (5) above, the exemption from customs duties shall relate only to the construction of buildings and factories and the first year of operation.

- B. Types of Goods Subject to Customs Duty Exemptions
1. Construction materials for the project;
  2. Machinery used directly in the production process;
  3. Other equipment used directly in the project other than administrative equipment, transportation and distribution equipment;
  4. Spare parts for the machinery and equipment referred to in (2) and (3);
  5. Raw materials and intermediate goods used directly in the production process.
  6. Packaging equipment.
- C. Types of Export Goods entitled to 100% Export Tax Exemptions
- Finished products

## SCHEDULE 3 OF SUB-DECREE 88 ANKR.BK ON THE IMPLEMENTATION OF THE LAW ON INVESTMENT OF THE KINGDOM OF CAMBODIA DATED DECEMBER 29, 1997

### CRITERIA MATRIX FOR INCENTIVES

To each criteria corresponds a scale of values which values can be an amount, a number or a percentage.

To each value corresponds a coefficient. The total of the coefficients is used for determining where it is located in the tax holiday scale in order to obtain the corresponding number of tax holiday years.

Often the value which is taken into account does not correspond exactly to those stated in the scale. In this case the calculation is made by an interpolation method by taking the nearest figure. If the figure is close to the upper figure of the bracket the next following bracket is applied with the corresponding number of tax holidays years.

#### ECONOMIC CRITERIA:

Location: In order to promote disadvantaged areas, Cambodia is divided into 4 zones:

Zone 1: Phnom Penh, Kandal, Siem Reap and Sihanoukville

Zone 2: Kampong Cham, Kampong Chhnang, Kampong Speu, Kampot, Prey Veng, Svay Rieng and Takeo

Zone 3: Battambang, Kampong Thom and Pursat

Zone 4: Banteay Mean Chey, Kratie, Koh Kong, Mundul Kiri, Preah Vihear, Ratanak Kiri and Steung Treng

A province located in a higher figure zone is considered as more disadvantaged than one located in a smaller figure zone.

Investment Amount: Shows the cost of investment (in million USD) capitalized as fixed assets such as land improvement, construction, fittings and fixtures, machinery and equipment, furniture, and office equipment.

Head Count/Employment: This criterion is expressed as the number of Cambodians employed at full production.

Export: This criterion is expressed in percentage by the ratio of Production exported/Total Production (in term of quantity or volume).

Value Added: This is determined as being the value of production less intermediate consumption. Intermediate consumption includes all outside purchases of goods and services used by the Investment Enterprise for its current professional activities: raw materials, semi-finished goods, finished goods, supplies, utilities, telephone and telegraph, rentals (land, building and equipment lease) transportation, advertising and promotion, sales commissions, various fees and all other outside services, etc.)

Use of Local Resources: This criterion is expressed in percentage by the ratio of Purchase of local resources / Total purchases.

Training & Human Resources Development: It is expressed by the ratio of man/days of training for Cambodian staff divided by the number of days of training. Man/days of management level staff members are accounted by a factor of two.

#### SOCIAL CRITERIA:

Employment of women: in percentage of manpower

Employment of disabled: in percentage of manpower

### CRITERIA MATRIX FOR INCENTIVE



	TOURISM / HOTEL INDUSTRY
--	-----------------------------

H11	STANDARD	***	****	*****
	Coefficient	20	60	100

H12	ROOMS	100	150	200	250	300	350	400	450	500	>500
	Coefficient	10	20	30	40	50	60	70	80	90	100

H13	INVESTMENT AMOUNT	5	10	15	20	25	30	35	40	45	>50
	Coefficient	10	20	30	40	50	60	70	80	90	100

H14	EMPLOYMENT	200	300	400	500	600	700	800	900	1000	>1200
	Coefficient	10	20	30	40	50	60	70	80	90	100

H15	TRAINING & HRG	90	120	150	180	210	240	270	300	330	360
	Coefficient	10	20	30	40	50	60	70	80	90	100

H16	EMPLOYMENT OF WOMEN (%)	ZONE1	ZONE2	ZONE3	ZONE4
	Coefficient	10	30	60	100

H17	EMPLOYMENT OF WOMEN(%)	0 to 40	41 to 70	71 to100
	Coefficient	0	50	100

H17	EMPLOYMENT OF WOMEN(%)	5 to 10	11 to 20
	Coefficient	50	100

TOTAL COEFFICIENTS
--------------------

INCENTIVES
------------

SCALE	70-100	101-200	201-300	301-400	401-500	501-600	601-700	701-800
TAX HOLYDAY (No. of Years)	1	2	3	4	5	6	7	8

TAX HOLYDAY	YEARS
-------------	-------

**CRITERIA MATRIX FOR INCENTIVE**

**FOOD PROCESSING INDUSTRY**

H12	ROOMS	100	150	200	250	300	350	400	450	500	>500
	Coefficient	10	20	30	40	50	60	70	80	90	100

H12	ROOMS	100	150	200	250	300	350	400	450	500	>500
	Coefficient	10	20	30	40	50	60	70	80	90	100

H13	INVESTMENT AMOUNT	5	10	15	20	25	30	35	40	45	>50
	Coefficient	10	20	30	40	50	60	70	80	90	100

H14	EMPLOYMENT	200	300	400	500	600	700	800	900	1000	>1200
	Coefficient	10	20	30	40	50	60	70	80	90	100

H15	TRAINING & HRG	90	120	150	180	210	240	270	300	330	360
	Coefficient	10	20	30	40	50	60	70	80	90	100

H16	EMPLOYMENT OF WOMEN (%)	ZONE1	ZONE2	ZONE3	ZONE4
	Coefficient	10	30	60	100

H17	EMPLOYMENT OF WOMEN(%)	0 to 40	41 to 70	71 to100
	Coefficient	0	50	100

H17	EMPLOYMENT OF WOMEN(%)	5 to 10	11 to 20
	Coefficient	50	100

**TOTAL COEFFICIENTS**

**INCENTIVES**

SCALE	70-100	101-200	201-300	301-400	401-500	501-600	601-700	701-800
TAX HOLYDAY (No. of Years)	1	2	3	4	5	6	7	8

TAX HOLYDAY	YEARS
-------------	-------

### CRITERIA MATRIX FOR INCENTIVE

	TOURISM / HOTEL INDUSTRY
--	-----------------------------

H11	STANDARD	***	****	*****
	Coefficient	20	60	100

H12	ROOMS	100	150	200	250	300	350	400	450	500	>500
	Coefficient	10	20	30	40	50	60	70	80	90	100

H13	INVESTMENT AMOUNT	5	10	15	20	25	30	35	40	45	>50
	Coefficient	10	20	30	40	50	60	70	80	90	100

H14	EMPLOYMENT	200	300	400	500	600	700	800	900	1000	>1200
	Coefficient	10	20	30	40	50	60	70	80	90	100

H15	TRAINING & HRG	90	120	150	180	210	240	270	300	330	360
	Coefficient	10	20	30	40	50	60	70	80	90	100

H16	EMPLOYMENT OF WOMEN (%)	ZONE1	ZONE2	ZONE3	ZONE4
	Coefficient	10	30	60	100

H17	EMPLOYMENT OF WOMEN(%)	0 to 40	41 to 70	71 to100
	Coefficient	0	50	100

H17	EMPLOYMENT OF WOMEN(%)	5 to 10	11 to 20
	Coefficient	50	100

TOTAL COEFFICIENTS

INCENTIVES
------------

SCALE	70-100	101-200	201-300	301-400	401-500	501-600	601-700	701-800
TAX HOLYDAY (No. of Years)	1	2	3	4	5	6	7	8

TAX HOLYDAY	YEARS
-------------	-------

<b>CRITERIA MATRIX FOR INCENTIVE</b>
--------------------------------------

TOURISM / HOTEL INDUSTRY
-----------------------------

H11	STANDARD	***	****	*****
	Coefficient	20	60	100

H12	ROOMS	100	150	200	250	300	350	400	450	500	>500
	Coefficient	10	20	30	40	50	60	70	80	90	100

H13	INVESTMENT AMOUNT	5	10	15	20	25	30	35	40	45	>50
	Coefficient	10	20	30	40	50	60	70	80	90	100

H14	EMPLOYMENT	200	300	400	500	600	700	800	900	1000	>1200
	Coefficient	10	20	30	40	50	60	70	80	90	100

H15	TRAINING & HRG	90	120	150	180	210	240	270	300	330	360
	Coefficient	10	20	30	40	50	60	70	80	90	100

H16	EMPLOYMENT OF WOMEN (%)	ZONE1	ZONE2	ZONE3	ZONE4
	Coefficient	10	30	60	100

H17	EMPLOYMENT OF WOMEN(%)	0 to 40	41 to 70	71 to 100
	Coefficient	0	50	100

H17	EMPLOYMENT OF WOMEN(%)	5 to 10	11 to 20
	Coefficient	50	100

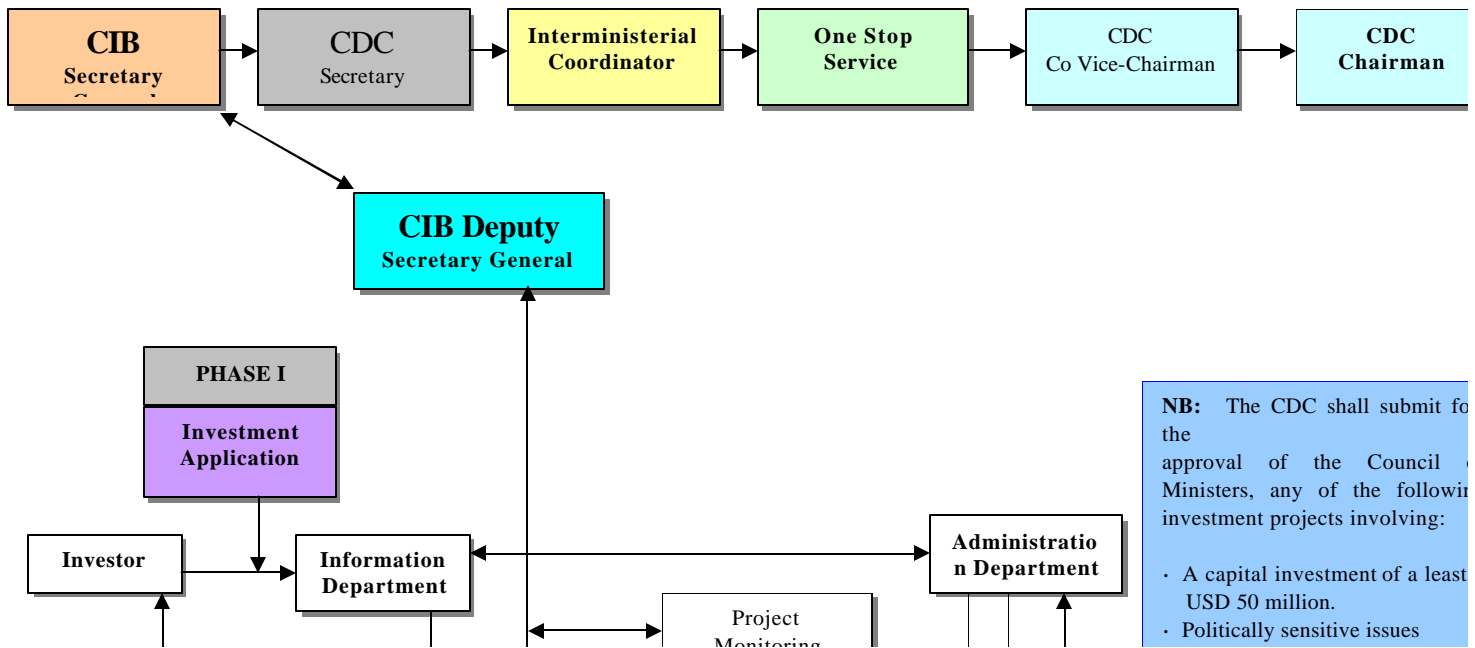
TOTAL COEFFICIENTS

INCENTIVES

SCALE	70-100	101-200	201-300	301-400	401-500	501-600	601-700	701-800
TAX HOLYDAY (No. of Years)	1	2	3	4	5	6	7	8

TAX HOLYDAY YEARS

**INVESTMENT PROJECT**











**Kingdom of Cambodia  
Nation Religion King**

N0. 053 ANKR.BK

**SUB-DECREE  
ON  
THE AMENDMENT OF THE SUB-DECREE ON THE IMPLEMENTATION  
OF THE LAW ON INVESTMENT OF THE KINGDOM OF CAMBODIA  
No. 88 ANKR.BK DATED DECEMBER 29, 1997**

The Royal Government of Cambodia:

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree NS/RKT/1198/72 dated November 30, 1998 on the formation of the Royal Government of Cambodia;
- Having seen the Law on the Organization and Functioning of the Council of Minister and its promulgation by Kram 02/NS/94 dated July 20, 1994;
- Having seen the Law on Investment of the Kingdom of Cambodia and its promulgation by Kram 03/NS/94 dated August 5, 1994;
- Having seen the Law on the creation of the Ministry of Economy and Finances and its promulgation by Kram NS/RKM/0196/18 dated January 24, 1996;
- Having seen the Sub-decree No. 88 ANKR.BK dated December 29, 1997 on the implementation of the Law on Investment of the Kingdom of Cambodia;
- In pursuant to the Political Platform of the Royal Government presented to the National Assembly on November 30, 1998; and
- With the approval of the Council of Ministers during the Cabinet Meeting of June 11, 1999

It is Hereby Decided

**Article 1:** Article 23 (Obligations of investment enterprises) of the Sub-decree No. 88 ANKR.BK on the implementation of the Law on Investment of the Kingdom of Cambodia, shall be amended as follows:

Para 23.3(a): Other information requirements: The investment enterprises shall provide on a quarterly basis to the Council, the Tax Department and the customs Department, the followings:

Para 23.3(b): A detailed list of effectively imported goods serving the production and a detailed list of exported products of the investment project.

**Article 2:** Part A and Part B of the first schedule of the Sub-decree No. 88 ANKR.BK dated December 29, 1997 on the implementation of the Law on Investment of the Kingdom of Cambodia shall be amended as follows:

- Part A of the first schedule (list of investment sectors to which incentives shall apply) shall be amended on:
  - Point 6 (Manufacture of apparel and other textiles): The investment capital shall be amended to greater than US\$ 1,000,000. (One million US dollars)
  - Point 7 (Manufacture of furniture and fixtures): The investment capital shall be amended to greater than US\$ 1,000,000. (One million US dollars)
  - Point 9 (Manufacture of chemicals & allied products): The investment capital shall be amended to greater than US\$ 1,000,000. (One million US dollars)

- Point 12 (Manufacture of fabricated metal products): The investment capital shall be amended to greater than US\$ 1,000,000. (One million US dollars)
- Point 15 (Highway & Bridge Construction): Shall be amended and extended to “Construction of physical infrastructure, including electricity production and clean water production”
- Point 16 (Exploitation of minerals, ore, coal, oil and natural gas): Shall be removed from the Sub-decree.
- Point 17 (Production of machineries and industrial equipment): The investment capital shall be amended to greater than US\$ 1,000,000. (One million US dollars)
- Point 18 (Production of consumption goods): Shall be removed from the Sub-decree.
- Part B of the first schedule (List of investment sectors to which incentives shall not apply) shall be amended to include two new points:
  - Point 9: “Telecommunication services”
  - Point 10: “Exploitation of natural resources, except oil and natural gas exploration”.

**Article 3:** Part A and Part B of the second schedule of the Sub-decree No. 88 ANKR.BK dated December 29, 1997 on the implementation of the Law on Investment of the Kingdom of Cambodia shall be amended as follows:

- Part A: After the last paragraph, a sentence shall be added: The types of Investment mentioned in Point 1 to Point 5 shall not include exploitation of natural resources except oil and natural gas exploration.
- Part B: Point 5 shall be amended as follows: Raw materials and intermediate goods used directly in the production process except all kinds of fuel, lubricants and other petroleum products.

**Article 4:** Any previous provision contrary to this Sub-decree shall be considered null and void.

**Article 5:** The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Council for the Development of Cambodia and all concerned ministries and institutions shall implement this Sub-decree from the date of its signature.

Submitted to  
Samdech Prime Minister

Phnom Penh, June 11, 1999  
Prime Minister  
Signature and Seal

by the Senior Minister  
Minister of Economy and Finance  
Keat Chhon

HUN SEN

cc to :

- The King's Cabinet
- Secretariat General of the Senate
- Secretariat General of the National Assembly
- Ministry of the Royal Palace
- Cabinet of Samdech Prime Minister
- Secretariat General of the RGC
- All Ministries/Government's Institutions
- Records

**Kingdom of Cambodia**  
**Nation Religion King**

ANUKRET( SUB DECREE )  
ON  
THE ORGANIZATION AND FUNCTIONING OF THE  
COUNCIL FOR THE DEVELOPMENT OF CAMBODIA

- Seen the Constitution of the Kingdom of Cambodia;
- Seen the Royal Decree N° NS/RKT/ 1998/72 dated November 30, 1998 on the formation of the Royal Government of Cambodia
- Seen the Royal Decree N° 02/ NS/ 94 dated July 20, 1994 on the Organization and Functioning of the Council of Ministers
- Seen the Royal Decree( Kram ) N° 03/NS/94 dated August 05,1994 on the Promulgation of the Law on Investment of the Kingdom of Cambodia
- In pursuant to the needs of the Council for the Development of Cambodia

**IT IS HEREBY DECIDED**

CHAPTER 1  
**THE ORGANIZATION OF THE COUNCIL FOR THE  
DEVELOPMENT OF CAMBODIA**

Article 1: The composition of the Council for the Development of Cambodia "CDC" is as follows:

1-Samdech Hun Sen	Prime Minister of the Royal Government	Chairman
2-H.E Keat Chhon	Minister of Economy and Finance	First Vice chairman
3-H.E Cham Prasidh	Minister of Commerce	Vice chairman
4-H.E Kong Vibol	Secretary of State of Economy and Finance	Vice chairman
5- Minister in Charge of the Office of the Council of Ministers or his representative		Member
6- Minister of the Royal Palace or his representative		Member
7- Co- Ministers of Interior or his representative		Member
8- Minister of Education Youth and Sport or his representative		Member
9- Co- Ministers of Defense or his representative		Member
10- Minister of Foreign Affairs and International Cooperation or his representative		Member
11- Minister of Information or his representative		Member
12- Minister of Rural Development or his representative		Member
13- Minister of Health or his representative		Member
14- Minister of Culture and Fine Arts or His representative		Member
15- Minister of Justice or his representative		Member
16- Minister of Water Resources and Meteorology or his representative		Member
17- Minister of Posts and Telecommunications or his representative		Member
18- Minister of Social Affairs, Labor, Vocational Training and Youth Rehabilitation or his representative		Member
19- Minister of Women and Veterans Affairs or his representative		Member
20- Minister of Industry, Mines and Energy or his representative		Member
21- Minister of Planning or his representative		Member
22- Minister of Agriculture, Forestry and Fisheries or his representative		Member

23- Minister of Environment or his representative	Member
24- Minister of Public Works and Transport or his representative	Member
25- Minister of Tourism or his representative	Member
26- Minister of Land Management, Urban Planning and Construction or his representative	Member
27- Minister of Parliamentary relations and Inspection or his representative	Member
28- Minister of Cults and Religious Affairs or his representative	Member
29- Governor of National Bank or his representative	Member
30- Secretary of State Secretariat of the Public Works or his representative	Member
31- Secretary of State Secretariat of the Civil Aviation or his representative	Member
32- Chief of Staff of the Royal Cambodian Armed Forces or his representative	Member
33- Chairman of the National Police or his representative	Member
34- Chairman of the Military-Police or his representative	Member
35- Secretary General of the Council for the Development of Cambodia	Member
36- Secretary General of the Cambodian Rehabilitation and Development Board	Member
37- Secretary General of the Cambodian Investment Board	Member
38- Provincial and the Municipal Governors or their representatives	Member
39- Chairman of the Chamber of Commerce of Phnom Penh or his representative	Member

Article 2: The organizational structure of the Council for the Development of Cambodia is as follows:

1. The Cambodian Rehabilitation and Development Board "CRDB" shall be under the direct supervision of a Secretary-General.
2. The Cambodian Investment Board "CIB" shall be under the direct supervision of a Secretary-General.
3. The General Secretariat of the "CDC" shall be under the direct supervision of the Secretary-General of the "CDC". This General Secretariat shall be supported by four divisions, namely:
  - Legal and Dispute resolutions,
  - Finances and Administration,
  - Personnel Management, and
  - Strategic Planning

Article 3: The Secretary-Generals of the "CDC", "CRDB", "CIB" shall respectively be assisted in the performance of their duties by a Deputy-Secretary-General. Each Deputy-Secretary-General shall perform their function as delegated by his respective Secretary-General and subject to the approval of the executive committee of "CDC". In the performance of their duties, the Secretary Generals shall consult on a regular basis with their respective Deputy-Secretary-Generals.

Article 4: The organizational structure of the "CRDB" is comprised of the following Department in charge of:

1. Aid coordination and public relations
2. Documentation and information
3. The management of bilateral aid:
  - Japan and Asia
  - France and Europe
  - Australia and Oceania
  - The United States of America

4. The management of multilateral aid:
  - Asian Development Bank
  - World Bank and International Monetary Fund
  - European Union
5. The management of aid from the United Nations Development Program and other UN specialized Agencies.
6. NGO Coordination
7. Project Evaluation
8. Administration

Article 5: The organizational structure of the "CIB" is comprised of the following department in charge of:

1. Information and documentation
2. Public relations and promotion of private sector investments
3. Investment project evaluation and incentives
4. Environmental impact assessment
5. Inter-ministerial coordination
6. Strategic planning of private sector investments
7. Legal procedures and other matters relating to the Law on Investment
8. Administration

Article 6: Each department and each support division shall have an equivalent rank of a Department. Such department or division shall be supervised by a department or division chief who in turn can be assisted by one or more deputy-chiefs.

Article 7: The day to day operation of CDC shall be led by an Executive Committee composed of the following members:

1. Chairman of CDC
2. Vice-chairmen of CDC
3. Secretary-General of CDC
4. Secretary-General of the Cambodian Rehabilitation and Development Board
5. Secretary-General of the Cambodian Investment Board.

## CHAPTER 2 ROLES AND RESPONSIBILITIES OF CDC

Article 8: "CDC" shall be the executive agency of the Royal Government and shall have the following responsibilities:

1. to be the "Etat Major" and the "One –Stop Service " of the Royal Government responsible for the rehabilitation, development and investment activities;
2. to guide the preparation and the conception of development frameworks and strategies for Cambodia in cooperation with the relevant institutions;
3. to coordinate with donor countries, bilateral/ multilateral organizations and NGOs in order to sensitize them with the country's economic framework and the priorities of the National Programme to Rehabilitate and Develop Cambodia and to ensure an efficient acceptance and reallocation of external aid according to the needs and priorities of the nation;
4. to facilitate and coordinate Inter-ministerial activities, as well as the activities of the ministries and institutions involved with donor countries, organizations and investors;

5. to provide guidance in the utilization of public and private resources in the development process of Cambodia;
6. to facilitate and streamline administrative procedures for donor countries and investors; and
7. to review and decide on all the matters pertaining to the rehabilitation and development and other public sector investments through the “ One-Stop Service “ mechanism of the CDC.

Article 9: The “CDC” shall submit for the approval of the Council of Ministers, any of the following investment projects involving:

1. capital investment of USD 50 million and above
2. politically sensitive issues
3. the exploration and the exploitation of mineral and natural resources
4. possible negative impact on the environment
5. long-term strategy
6. projects on a build-own-transfer ( B-O-T ) or Build-Own-Operate-Transfer (B-O-O-T) or Build-Own-Operate (B-O-O) or Build-Lease-Transfer (B-L-T) basis.

Article 10: The “CDC” shall take full responsibilities for its actions before the Council of Ministers.

Article 11: The CDC’s roles and responsibilities in the rehabilitation and development process are as follows:

1. to cooperate with relevant ministries and institutions in preparing conceptual frameworks of the National Programme to Rehabilitate and Develop Cambodia and in setting the priority needs of the country for the immediate term, the short-term, the medium-term and the long-term in order to prepare rolling plans of action. These plans of action are to be coherent, inter- related and mutually reinforcing.
2. to cooperate with the relevant ministries and institutions in preparing socio-economics and sectoral planning to develop Cambodia.
3. to manage public sector investments in cooperation with the relevant ministries and institutions. This process shall mainly be related to the coordination and direction of the allocation and utilization of the national resources and external aid with the aim of rehabilitating and developing Cambodia.
4. to serve as the “ Focal Point “ and the “One-Stop Service” of the Royal Government and the donor countries, international organizations and NGOs, as well as being the “Focal Point” and “One-Stop Service” between ministries and other governmental institutions in the coordination of external aid allocation and utilization.
5. to sign pursuant to the delegation of authority of the Prime Minister and on behalf of the Royal Government, any legal agreements with bilateral and/or multilateral donors and international organizations pertaining the acceptance and the allocation aid.
6. to lead preparatory works, in cooperation with relevant ministries and institutions for the international conferences for rehabilitating Cambodia such as the “Consultative Group for Cambodia “, and so on.
7. to prepare for domestic and international distribution relevant documentation and regulations pertaining to public sector investments.
8. to produce and submit semi-annual and annual reports to the Royal Government for its review and its recommendations of corrective measures of the rehabilitation and development works.

Article 12: In the management of public sector investments, the roles and responsibilities of CDC are the followings:

1. CDC shall be the coordinating body for setting strategic conceptual frameworks and public investment policies as well as setting up priorities for public investment projects for medium-term and for one year.
2. the Ministry of Foreign Affairs and International Cooperation shall be the diplomatic window.

3. the Ministry of Planning shall prepare 5 Years Plans and the public investment programs, in cooperation with the relevant ministries and institutions.
4. the Ministry of Economy and Finance shall prepare the macroeconomic framework for the medium-term and budget for implementing annual public investment programs and control the allocation of financing.
5. the line ministries shall prepare sectoral public investment projects and programs in cooperation with the Ministry of Planning and CDC, and is responsible respectively for implementation of their relevant projects and programs.

Article 13: The ministries and institutions shall undertake and implement their functions with regards to public sector investments in coordination and through the “One-Stop Service” mechanism.

Article 14: The Office of the Council of Ministers, ministries and institutions shall monitor the implementation of programs and/or projects within their respective responsibilities and in coordination with the “One-Stop Service” mechanism.

Article 15: In the management of the private sector investments, the roles and responsibilities of CDC are the followings:

1. to serve as the “One-Stop Service” mechanism and the “Etat-Major” of the Royal Government to review and decide on matters pertaining to investments as specified in Article 3 of the Law on Investments of the Kingdom of Cambodia.
2. to study “the competitive advantage ”of Cambodia in the international market. To set the vision of private sector investments for Cambodia and to turn Cambodia into “Cambodia, Inc”, to cooperate with relevant ministries and institutions in preparing the strategy for private sector investments and to set up private investment projects.
3. to promote private sector investment projects which have been determined by the Royal Government and inform the investors of such projects in accordance to the procedures as set in the internal regulations of CDC.
4. to coordinate the management of “B-O-T”, “B-O-O-T”, “B-O-O” and “B-L-T”
5. to initiate and coordinate the management of special development zones considered as a key priorities of the Government.
6. to identify and recommend to the Royal Government on draft laws, amendments, and other regulations so as to create favorable conditions conducive to private sector investments.
7. to prepare for domestic and international distribution relevant documentation and regulations pertaining to private sector investments.
8. to produce and submit semi-annual and annual reports to the Royal Government for its review and its recommendations of corrective measures concerning private sector investments.

Article 16: The roles and responsibilities of CDC pertaining to private sector investments and its relations to the ministries and other Government institutions are the following:

1. The CDC shall be the “One-Stop Service” of the Royal Government in the review and decision of private sector investment projects.
2. The relevant ministries and institutions shall provide their opinions in the review and decision of private sector investment projects through the “One-Stop Service” as specified in Article 29.

Article 17: The “CDC” and relevant ministries or institutions shall undertake and implement their tasks with regards to private sector investments in coordination with the “One-Stop Service” mechanism.

Article 18: The “CDC” in cooperation with the Office of the Council of Ministers, the Ministry of Planning, the Ministry of Economy and Finance, the Ministry of Commerce and other relevant ministries or

institutions, shall monitor private investment projects which have been approved by CDC and in coordination with the "One-Stop Service" mechanism.

## CHAPTER 3

### THE FUNCTIONING OF CDC

Article 19: The roles and responsibilities of the Chairman of CDC shall be as follows:

1. to be responsible for the overall operation of CDC.
2. to preside over the CDC Executive Committee and the CDC plenary meetings.
3. to lead discussions and maintain the discipline during the CDC Executive Committee and the CDC plenary meetings.
4. to sign on the minutes of the CDC Executive Committee and the CDC plenary meetings.
5. to convene the CDC extraordinary Executive Committee and the CDC extraordinary plenary meetings .
6. to be responsible for the CDC budget.

Article 20: The roles and responsibilities of the Vice-chairmen of the CDC shall be as follows:

A- H.E Keat Chhon, First Vice-chairman:

1. to be responsible for the overall operations of CDC in the event of the absence of the Chairman of CDC.
2. to be in charge of making recommendations and proposals on overall strategic development policies.
3. to be in charge of the CRDB operations focusing especially on the coordination of public investment matters and mobilization and coordination foreign aid.
4. to be responsible for managing and supervising the daily operations of CDC.
5. to preside over the CDC Executive Committee and the CDC plenary meetings and to sign on the minutes of the meetings in the event of the absence of the Chairman.
6. to be in charge of the coordination between CDC and other ministries of the Royal Government.
7. to be in charge of international cooperation with donor countries and international organizations.
8. to preside over the "One-Stop Service" meetings as organized by CDC in order to obtain consensus on matters pertaining to rehabilitation, development and investments before the submission to the Executive Committee.
9. to execute other tasks as delegated by the Chairman of CDC.

B- H.E Cham Prasidh, Vice-chairman:

1. to be responsible for the overall operation of CDC in the event of the absence of the Chairman and the First Vice-chairman of CDC
2. to be in charge of making recommendations and proposals on policies and strategies for trade, industry and private investments and in charge of managing and monitoring the implementation of those policies and strategies which include the development of Free Trade Zones, Export Processing Zones and other Special Industrial Estates.
3. to be in charge of any investments matters within the Asean framework in accordance with Asean arrangements.
4. to preside over the "One-Stop Service" meetings as organized by CDC in order to obtain consensus on matters pertaining to Private Investments.
5. to execute other tasks as delegated by the Chairman of CDC



C- H.E Kong Vibol, Vice-chairman:

1. to be responsible for the overall operation of the CDC in the event of the absence of both Vice-chairmen of CDC.
2. to be in charge of the daily operation of CIB.
3. to preside over the "One-Stop Service" meetings as organized by CDC in order to obtain consensus on matters pertaining to Private Investment in the event of the absence of H.E Cham Prasidh or in the event he is retained by other commitments.
4. to be in charge of Asean Investment Area (AIA) matters in close coordination with both Vice-chairmen.
5. to be responsible for the overall operation of CDC in the event of the absence of the Chairman and both Vice-chairmen of CDC.
6. to execute other tasks as delegated by the Chairman of the CDC.

Article 21: The roles and responsibilities of the CDC Secretary General shall be as follows:

1. to be responsible for the coordination and monitoring of the CRDB and CIB operation as well as managing the General-Secretariat of CDC operation.
2. to be the technical "Etat Major" for CDC on the management and monitoring of the implementation of the policies and strategies pertaining to trade, industry and private investments.
3. to prepare CDC's work programs, agendas, or necessary documentation for CDC Executive Committee meetings and CDC plenary meetings.
4. to prepare minutes of CDC Executive Committee and CDC plenary meetings for the signature of the meeting's Chairman.
5. to prepare CDC press releases.
6. to coordinate the preparation of the semi-annual and annual reports on rehabilitation and development and private sector investments for submission for CDC review and approval before final submission to the Royal Governments.
7. to participate in the "One-Stop Service" meetings in order to review and approve on all matters pertaining to rehabilitation, development and other investment matters.
8. to execute other tasks as delegated by the Chairman or the Vice-Chairmen of the CDC
9. to be the Secretary-General of the Government-Private Sector Forum.

Article 22: The roles and responsibilities of the CRDB Secretary General shall be as follows:

1. to manage the operation of the CRDB.
2. to prepare agendas and necessary documentation for the "One-Stop service" meetings on all matters pertaining to rehabilitation and development.
3. to assist the CDC Secretary General in preparing the necessary documentation pertaining to all matters of rehabilitation and development for CDC Executive Committee meeting and CDC plenary meetings.
4. to monitor the implementation of public sector investment projects and programs in cooperation with the relevant line ministries and to submit summary reports and recommendations for CDC Executive Committee review and action.
5. to assist the CDC Secretary General in preparing semi-annual reports on all matters pertaining to rehabilitation and development for CDC review and approval before final submission to the Royal Government.
6. to participate in the "One-Stop Service" meeting in order to review and approve on all matters pertaining to rehabilitation, and development.
7. to execute other tasks pertaining to rehabilitation and development as delegated by the Chairman or the Vice-Chairmen of the CDC.

Article 23: The roles and responsibilities of the CIB Secretary General shall be as follows:

1. to manage the operation of the CIB.
2. to prepare an agendas and necessary documentation for the "One-Stop Service" meetings on all matters pertaining to private sector investments.
3. to assist the CDC Secretary General in preparing necessary documentation pertaining to all matters of private sector investments for CDC Executive Committee meetings and CDC plenary meetings.
4. to monitor the implementation of private sector investments projects and programs in cooperation with relevant line Ministries and to submit summary reports and recommendations for CDC Executive Committee review and action.
5. to assist the CDC Secretary General in preparing semi-annual and annual reports on all matters pertaining to private sector investments for CDC review and approval before final submission to the Royal Government.
6. to participate in the "One-Stop service" meeting in order to review and approve on all matters pertaining to private sector investments.
7. to execute other tasks pertaining to private sector investments as delegated by the Chairman and the Vice-Chairmen of the CDC.

Article 24: The roles and responsibilities of the members of CDC shall as follows:

1. to participate to the determination of the conceptual framework of the National Programme to Rehabilitate and Develop Cambodia and private investments and set priority needs both public and private investments.
2. to participate to the review of the implementation of public and private investments policies and projects approved by CDC.
3. to review and adopt semi- annual and annual reports on all matters pertaining to rehabilitation, development, and private sector investments before final submission to the Royal Government.

Article 25: The meeting of the CDC Executive Committee shall be convened every two weeks.

Article 26: The plenary meeting of the CDC shall be convened once a month.

Article 27: On an as-needed basis, the CDC Chairman may convene CDC Executive Committee extraordinary meetings or CDC extraordinary plenary meeting.

Article 28: The functioning of the meeting of the CDC Executive Committee and the CDC plenary meeting shall be specified in the internal regulations of the CDC.

Article 29: The implementation of the "One-Stop Service" mechanism of CDC for reviewing and approving the matters pertaining to rehabilitation, development and investments shall be set according to the following principles:

- 1- For the CRDB:
  - a. The Ministry of Foreign Affairs and International Cooperation, the Ministry of Economy and Finance , the Ministry of Commerce, the Ministry of Planning and the Office of the Council of Ministers shall respectively appoint its own official with an equivalent rank of Department Chief or Deputy-Chief to assist the CRDB. Such officials shall have the following qualifications:
    - to be competent in his or her work;

- must have the delegation of authority from the head of his/her institutions and be able to interact on political and technical issues, particularly on obtaining comments and recommendations;
  - to be actively involved in the operation in the Cambodian Rehabilitation and Development Board.
  - to have the capability to communicate in foreign languages, particularly in English.
- b. Other ministries and institutions of the Royal Government shall delegate respectively a representative to participate in the "One-Stop Service" but on an "Ad Hoc" basis whenever their respective ministry's competence comes into play, and upon the request of the Secretary-General of "CRDB".
  - c. The Secretary-General of "CRDB" shall provide necessary documentation to be inspected and approval at the meeting of the "One-Stop Service" to all representatives of the relevant ministries and institutions one week prior to the meeting so that the head of the relevant institutions may review such documentation and provide opinions through their respective representative.
  - d. After preparing the necessary documentation, the Secretary General of "CRDB" shall fit such projects or programmes in the agenda of the "One-Stop Service" meeting for review.
  - e. The Secretary General of the "CRDB" shall organize the necessary documentation and other pertinent information resulting from the "One-Stop Service " meeting to the Secretary General of CDC for submission to the CDC's Executive Committee.
- 2- For the CIB:
- a. The Ministry of Economy and Finance, the Office of the Council of Ministers, the Ministry of Commerce, the Ministry of Planning, the Ministry of Industry Mines and Energy and other concerned institutions shall appoint respectively its own official with an equivalent rank of Department Chief or Deputy-Chief to assist the CIB. Such officials shall have the following qualifications:
    - to be competent in his or her work;
    - must have the delegation of authority from the head of his/her institution and be able to interact on political and technical issues, particularly on obtaining comments and recommendations;
    - to be actively involved in the operation in the Cambodian Investment Board.
    - to have the capability to communicate in foreign languages, particularly in English.
  - b. Other ministries and institutions of the Royal Government shall delegate respectively a representative to participate in the "One-Stop Service" but on an "Ad Hoc" basis wherever their respective ministry's competence is related to private sector investments, and upon the request of the Secretary-General of "CIB".
  - c. The Secretary-General of "CIB" shall provide necessary documentation to be reviewed and approved at the meeting of the "One-Stop Service" to all representatives of the relevant ministries and institutions one week prior to the meeting so that the head of the relevant institutions may review such documentation and provide opinions through their respective representative.
  - d. After preparing the necessary documentation, the Secretary General of "CIB" shall fit such projects or programmes in the agenda of the "One-Stop Service" meeting for review and approval.
  - e. The Secretary General of the "CIB" shall organize the necessary documentation and other pertinent informations resulting from the "One-Stop Service " meeting to the Secretary General of CDC for submission to the CDC's Executive Committee.
- 3- After receiving the necessary documentation and other pertinent informations from the Secretary-General of CRDB and the Secretary-general of CIB, the Secretary-General of the

CDC shall fit such projects or programmes in the agenda of the meeting of the CDC Executive Committee for their review and approval.

Article 30: The details of the organization and functioning of the "One-Stop Service" of the CDC shall be specified in the internal regulations of the CDC.

Article 31: The CDC shall have its own "cadres" of civil servants and its own budget. The management of the revenues and expenditures of the budget of the CDC shall be subject to the Financial Law.

#### CHARTER 4 FINAL DISPOSITIONS

Article 32: The Sub-Decree N° 51/ANK.BK/ dated on June 26, 1995 and the Sub-Decree N° 48/ANK.BK/ dated on May 21, 1999 shall be considered as null and void.

Article 33: The Minister in charge of the Office the Council of Ministers, the Minister of Economy and Finance, the Minister of Commerce, the Council for the Development of Cambodia, the Co- Ministers, Ministers, State-Secretaries of all ministries and institutions, provincial and municipal Governors shall effectively implement this Sub-Decree from the date of its signature.

Phnom Penh, July 27, 2001  
Prime Minister  
Signature and Seal

HUN SEN

Submitted to  
Samdech Prime Minister

by the Senior Minister  
Minister of Economy and Finance  
Keat Chhon

CC:

- -Ministry of the Royal Palace
- -General Secretariat of the Senate
- -General Secretariat of the National Assembly
- -Cabinet of Samdech Prime Minister
- -As in Article 33
- -Records

**Kingdom of Cambodia  
Nation Religion King**

Royal Government of Cambodia  
No. 17 ANK/BK

*Anukret  
on*

*The Establishment of the Sub-Committee on Investment of the Provinces-  
Municipalities of -----*

**The Royal Government**

- Having Seen the Constitution of the Kingdom of Cambodia;
- Having Seen the Royal Kram No. NS/RKM/0704/001 dated July 13, 2004 on the Promulgation of Additional Constitution to normalize the function of national institutions.
- Having Seen the Royal Decree No. NS/RKT/0704/124 dated July 15, 2004 on the appointment of the Royal Government of Cambodia.
- Having Seen the Royal Kram No. 02/NS/94 dated July 20, 1994 on the Promulgation the law on the Organization and Functioning of the Council of Ministers.
- Having Seen the Royal Kram No. 03/NS/94 dated August 05, 1994 on the Promulgation of the Law on Investment of the Kingdom of Cambodia and the Royal Kram NS/RKM/0303/009 dated March 24, 2003 on the Promulgation of the Law on the Amendment of the Law on Investment of the Kingdom of Cambodia;
- Having Seen the Sub-Decree No. 70 ANKr.BK dated July 27, 2001 on the Organization and Functioning of the Council for the Development of Cambodia.
- Referring to Anukret No. 88/ANK/BK of December 29, 1997 on the Implementation of the Law on Investment of the Kingdom of Cambodia and Anukrets on the Amendments No. 53/ANK/BK of June 11, 1999 and No. 130/ANK/BK of December 26, 2001 respectively;
- Referring to the Royal Government Policy on investment attractiveness from private sectors at all provincials/municipals levels.
- Referring to the requests of the Council for the Development of Cambodia.

**DECIDES**

**Article 1:**

To establish a mechanism to register investment proposals as a Qualified Investment Project "QIP" - in ----- to be known as ----- Sub-Committee on Investment and shall be composed as follows:

- |     |   |                       |       |
|-----|---|-----------------------|-------|
| 1.  | Provincial Governor                               | Chairman              |       |
| 2.  | Representative from CDC/CIB                       | Permanent<br>Chairman | Vice- |
| 3.  | First Provincial Vice Governor                    | Vice-Chairman         |       |
| 4.  | Second Provincial Vice-Governor                   | Vice-Chairman         |       |
| 5.  | Chief of Department of Economy and Finance        | Member                |       |
| 6.  | Chief of Department of Commerce                   | Member                |       |
| 7.  | Chief of Department of Industry, Mine and Energy  | Member                |       |
| 8.  | Chief of Department of Public Works and Transport | Member                |       |
| 9.  | Chief of Department of Environment                | Member                |       |
| 10. | Chief of Department of Land Management, Urban     | Member                |       |

	Planning and Construction	
11.	Chief of Department of Agriculture, Forestry and Fishery	Member
12.	Chief of Department of Planning	Member
13.	Chief of Department of Water Resource and Meteorology	Member
14.	Chief of Department of Tourism	Member
15.	Chief of Department of Posts and Telecommunication	Member
16.	Representative from ----- Chamber of Commerce	Observer
17.	Representative from Secretariat	Secretary

All the above mentioned members shall attend meeting as convened by the Chairman or by the Vice-Chairman, in the event of the Chairman's absence.

All relevant Provincial Department, District Governors in the ----- who are not members of the ----- Sub-Committee on Investment can be invited to the meeting according to its relevant cases.

**Article 2:**

The -----Sub-Committee on Investment shall have a Secretariat to manage the day-to-day works under the chairmanship of Permanent Vice-Chairman of the -----Sub-Committee on Investment.

The ----- Sub-Committee on Investment shall have the right to officially use a separate seal for its daily operations.

**Article 3:**

The ----- Sub-Committee on Investment shall perform its roles and duties according to the Laws and Regulations on Investment of the Kingdom of Cambodia in relation to the registration of investment proposal of new companies as a QIP with an investment capital of less than 2,000,000 (two million) United States Dollars.

**Article 4:**

The ----- Sub-Committee on Investment shall submit documents relating to the registered QIP upon registration to CDC/CIB for its review and providing incentives on the importation to investors.

**Article 5:**

All relevant Ministries; institutions shall delegate to its subordinates at provincial level the power to decide on behalf of Ministries/Institutions by explaining all regulations regarding the process and procedures to be implemented with respect to the issuance of permits, licenses, approvals on behalf of their Ministries/Institutions.

**Article 6:**

The below mentioned investment projects shall not be subject to ----- Sub-Committee on Investment's registration and shall be under registration mechanism of the CDC/CIB:

1. investment with capital exceeding 2,000,000 (two million) United States Dollars;
2. investment project located in the jurisdiction of at least two provinces-municipalities;
3. investment project located in special economic zone.

**Article 7:**

The procedures for ----- Sub-Committee on Investment to register investment proposals and provide investment incentive shall be as follows:

- to be One Stop Service mechanism on investment in the province;
- to comply with prescribed procedures based on applicable Laws and Regulations on Investment as implemented at CDC/CIB.

**Article 8:**

All investments authorized under the Laws on the Investment promulgated by Preah Reach Kram No. 03/NS/94 of August 5, 1994 and relevant Anukret shall be considered to be QIP Provided that the investors have completed all application forms according to procedures as stipulated in Anukret on Implementation of the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia.

**Article 9:**

-CDC shall issue regulations on the actual practice and provide expert training to the ----- Sub-Committee on Investment so as to ensure the smoothness and effectiveness of the Sub-Committee's functioning mechanism.

-The ----- Sub-Committee on Investment shall make monthly report to CDC/CIB in order that CDC/CIB have its basic sufficient documents to report to the Royal Government.

**Article 10:**

The Co-Chairmen of CDC, the Minister in charge of the Office of the Council of Ministers, the Co-Ministers of Interior, the Ministers of Economy and Finance, of Commerce, of Industry, Mines and Energy, of Public Works and Transport, of Environment, of Land Management, Urban Planning and Construction, of Agriculture, Forestry and Fisheries, of Planning, of Meteorology, of Tourism, of Post and Telecommunication, the Ministers of all relevant Ministries, Governor of -----, Provincial/Municipal Governors, head of Institutions/Entities and all compositions listed in Article 1 shall effectively implement this Anukret from the date of its signature.

Phnom Penh, February 9,  
2005  
Prime Minister  
Signature and Seal

Having informed Samdech Prime Minister  
by Senior Minister  
Minister of Economy and Finance  
First Vice-Chairman of CDC

Hun Sen

**Keat Chhon**

CC:

- Ministry of Royal Palace
- General Secretary of the Senate
- General Secretary of the National Assembly
- Cabinet of Samdech Prime Minister, "Co-Chairman"

- Cabinet of Samdech Krom Preah, "Co-Chairman"
  - As in Article 10 "for implementation"
    - Archives and Chronicle
- .....(See footnote)

\*\*\* This Anukret has established the Sub-Committee on Investment for each of the 24 Provinces and Municipalities of the Kingdom of Cambodia.



## SUB-DECREE

# ON THE IMPLEMENTATION OF THE AMENDEMENT TO THE LAW ON INVESTMENT OF THE KINGDOM OF CAMBODIA

### The Royal Government of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen the Royal Decree NS/RKT/0704/124 dated July 15, 2004 on the formation of the Royal Government of Cambodia
- Having seen the Royal Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. 03/NS/94 dated August 5, 1994 regarding the Law on Investment of the Kingdom of Cambodia and Royal Kram No. NS/RKM/0303/009 dated March 24, 2003 promulgating the Amendment to the Law on Investment of the Kingdom of Cambodia
- Having seen the Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 promulgating the Law on Taxation and the Royal Kram No. NS/RKM/0303/010 dated March 31, 2003 promulgating the Amendment to the Law on Taxation
- Having seen the Sub-Decree No. 88/ANK/BK dated December 29, 1997 on the implementation of the Law on Investment of the Kingdom of Cambodia and the amended Sub-Decree No. 53/ANK/BK dated June 11, 1999 regarding the amendment to the Sub-Decree on the implementation of the Law on Investment of the Kingdom of Cambodia and No. 130/ANK/BK dated December 26, 2001 regarding the amendment to the Sub-Decree No 53/ANK/BK dated June 11, 1999
- Having seen the Sub-Decree No. 70/ANK/BK dated July 27, 2001 on the Organizations and Functioning of the Council for the Development of Cambodia and the amending Sub-Decree No. 112/ANK/BK dated November 12, 2002 and No. 35/ANK/BK dated August 04, 2004 on the amendment to Sub-Decree No 70/ANK/BK dated July 27, 2001
- With the approval of the Council of Ministers during the Cabinet Meeting of August 02, 2005

**IT IS HEREBY DECIDED**

## **CHAPTER 1 GENERAL PROVISIONS**

### **Article 1: Coverage of the Sub-Decree**

- 1.1 Objective: This Sub-Decree supplements and governs the application and implementation of the Law on Investment and is intended to encourage and regulate investments in the Kingdom of Cambodia by Cambodian entities and foreign entities.

- 1.2 Application: This Sub-Decree applies to every QIP registered at the Council and provincial/municipal investment sub-committee.

### Article 2: Scope of Investment

Investment Activity: This Sub-Decree applies to all investment activities other than those activities set out in the Negative List in Schedule 1, Part 1 of this Sub-decree as provided in Article 7 of the Law on Investment]

### Article 3: Foreign and Cambodian Investment

- 3.1 Foreign and Cambodian Investment: The Royal Government welcomes investments in all economic activities from Cambodian Entities and Foreign Entities, subject only to the restrictions set out in Article 2 of this Sub-Decree.
- 3.2 Use of Nominees: An individual or legal entity controlled by Cambodian citizens must not act for, or represent, either directly or indirectly, a Foreign Entity for the purpose of avoiding the effects of the provisions of this Sub-Decree, which restrict or prohibit the activities of Foreign Entities or Foreign nationals.

### Article 4: Definitions

As used in this Sub-Decree, the following terms shall have the meaning as defined hereunder:

**"Applicant"** means a person or a group of persons who submit an Investment Proposal to the Council or to the Provincial/ Municipal Investment Sub-committee.

**"Cambodian Investor"** means an Investor who is a Cambodian citizen or who is a Cambodian Entity.

**"Cambodian Legal Entity"** means a company which is registered in, and whose place of business is in, the Kingdom of Cambodia and 51 percent or more of its shares are held by Persons of Cambodian nationality.

**"Certificate of Compliance"** means the certificate of obligation satisfaction required to be lodged under Article 14.2 New or Article 24 New of the Law on Investment, and issued under Article 18.2 of this Sub-Decree.

**"Conditional Registration Certificate"** means the document issued by the Council or the provincial/municipal Investment Sub-committee as set out in paragraph 3 of Article 7 New of Law on Investment and Article 6.3 of this Sub-Decree.

**"Construction Materials"** means construction items including fixtures in or on a facility that is fully transformed and utilized in the construction of facilities to be used by a QIP to carry out its Investment Activity during the initial construction phase or expansion.

**"Council"** means the Council for the Development of Cambodia established by Article 3 of the Law on Investment.

**"Council Sub-Decree"** means the Sub-Decree No. 70/ANK/BK dated July 27, 2001 on the Organization and Functioning of the Council for the Development of Cambodia and its subsequent amendments No. 112/ANK/BK dated November 12, 2002 and No. 35/ANK/BK dated August 4, 2004.

**"Customs Duties"** means taxes on foreign trade as listed in the customs tariffs imposed on goods when importing into or exporting out of the customs territory.

**"Domestic QIP"** means a QIP that does not aim at export.

**"Export QIP"** means a QIP that sells or transfers a proportion of its product to a purchaser or transferee outside the Kingdom of Cambodia.

## Unofficial Translation

**"Financial Management Law"** means the annual Financial Management Law.

**"Final Registration Certificate"** means the document issued by the Council or the provincial/municipal Investment Sub-committee as set out in paragraph 7 of Article 7 New of the Law on Investment and Article 7.3 of this Sub-Decree.

**"Foreign Legal Entity"** means an entity which is not a Cambodian Entity or which is not created in compliance with Cambodian laws.

**"Investment Activity"** means the business activity to be carried out in Cambodia under a QIP.

**"Investment Capital"** means the value of the investment indicated in USD currency excluding the value of land and working capital.

**"Investment Guarantees"** means the guarantees set out in Chapter 4 of the Law on Investment as provided for in this Sub-Decree, which are available to an Investor who complies with all the requirements of this Sub-Decree.

**"Investment Incentives"** means the incentives set out in Chapter 5 of the Law on Investment and as provided for in this Sub-Decree, which are available to an Investor who complies with all the requirements of this Sub-Decree.

**"Investment Proposal"** means a proposal submitted to the Council or provincial/municipal Investment Sub-committee by any person for the purpose of establishing a QIP.

**"Investor"** means the person who carries out QIP.

**"Law on Investment"** means the Law on Investment promulgated by Royal Kram No. 03/NS/94 dated August 5, 1994 and which is amended by the Law on the Amendment to Law on Investment of the Kingdom of Cambodia promulgated by Royal Kram No. NS/RKM/0303/009 dated March 24, 2003.

**"Law on Taxation"** means the Law promulgated by the Royal Kram No. NS/RKM/0297/03 dated February 24, 1997 and which is amended by Law on the Amendment to Law on Taxation promulgated by Royal Kram No. NS/RKM/0303/010 dated March 31, 2003.

**"Machine Parts"** means parts of Production Equipments with a working life of less than 2 years including spares of such parts and equipments.

**"Negative List"** means the list of Investment Projects as set out in Schedule 1 of this Sub-Decree .

**"Person"** means natural or legal person.

**"Production Equipment"** means any machinery and tool used in the substantial transformation of Production Inputs which is not itself transformed or consumed within 2 (two) years of its importation, including information technology equipment or any motor vehicle .

**"Production Inputs"** means goods, including raw materials, semi finished products, and accessories serving production that is fully transformed or utilized in the production process of the QIP no later than 2 (two) years after importation.

It does not include office equipments and furnitures, petroleum products, vehicles, and spare parts for vehicles.

**"Production Outputs"** means goods which are produced from Production Inputs that have been transformed.

**"Professional Service"** includes, but is not limited to, legal, financial, accounting, auditing, tax consulting, architecture, engineering, information technology services, advertising, and management services.

**"Provincial/municipal Investment Sub-committee"** means the sub-committee of the provinces or municipalities established by Sub-decree to review and approve investment projects with an investment capital of less than USD2,000,000 (two million US dollars) at the provincial and municipal level.

**"Qualified Investment Project"** or **"QIP"** means an investment project for which a Final Registration Certificate has been issued.

**" Supporting Industry QIP"** means a QIP in which one hundred percent of the product is used to supply the export industry instead of usually imported raw materials and accessories .

**"Working Day"** means a calendar day which is officially a working day of the Royal Government of Cambodia.

## CHAPTER 2

### **INVESTMENT PROPOSALS AND REGISTRATION CERTIFICATES Article 5: Application for Conditional Registration Certificate**

- 5.1 Application and Fee: Any person who wishes to obtain the Investment Incentives and Guarantees or only the Investment Guarantees shall submit to the Council or the Provincial/Municipal Investment Sub-committee an Investment Proposal on a completed Application Form duly signed by or on behalf of the Applicant with appropriate Power of Attorney along with the payment of the Application Fee in the amount of 7,000,000 (seven million) Riels, representing the administration fees for securing the approvals, authorizations, licenses, or registrations from all relevant ministries and entities including stamp duty.
- 5.2 Application Form: The Application Form for an Investment Proposal is set out in Schedule 2 of this Sub-Decree.
- 5.3 Evidence of authority to act: If an Investment Proposal is signed by a person on behalf of the Applicant, documentary evidence of that person's authority to so act must be submitted to the Council or the Provincial/Municipal Investment Sub-committee with the Investment Proposal.
- 5.4 Multi-activity Projects: If a person proposes to invest and carry out more than one Investment Activity, which, if registered, would be carried out as a QIP, the person must submit a separate Investment Proposal for each Investment Activity.
- 5.5 Election for Exemption from Tax on Profit: An Applicant who wishes to become entitled to the exemption from the Tax on Profit under Article 14.1 of the Law on Investment in accordance with Article 15 of this Sub-Decree on receiving a Final Registration Certificate, must make an election in writing to that effect in the Investment Proposal.
- 5.6 Election precluding other Fiscal Allowances: In making the election under Sub-Article 5.5, the Applicant acknowledges that the election to utilize the tax holiday provided under Article 14.1 of the Law on Investment disqualifies the Investor from claiming any investment allowance otherwise available to the Investor under the Law on Taxation in respect of the QIP.
- 5.7 Election for Investment Guarantees only: An Applicant, who wishes to receive only the benefit of the Investment Guarantees, may make a written election in the Application Form as long as the Applicant is a non-QIP but falls under the Investment Guarantees of the Law on Investment. In this case, the Council and the Provincial/Municipal Investment Sub-committee shall issue a specific license to the Applicant.

### **Article 6: Registration of Investment Proposal or its refusal**

- 6.1 Registration Process: The Council or Provincial/Municipal Investment Sub-Committee must, within 3 Working Days of the submission of an Investment Proposal under Article 5.1:

## Unofficial Translation

- (a) if neither paragraph (b) nor (c) applies, register the Investment Proposal and notify the Applicant in accordance with Sub-Article 6.3; or
- (b) refuse the Investment Proposal and notify the Applicant in accordance with Sub-Article 6.6 if the Investment Proposal is made in respect of an Investment Activity which:
  - (i) is included in the Negative List; or
  - (ii) previously has been, or is currently, carried on by the Investor or any other person and which has already received Investment Incentives under the Law on Investment
- (c) refuse the investment proposal and notify the Applicant in accordance with Sub-Article 6.6 if the Investment Proposal does not contain all the information required under Sub-Article 5.1.
- (d) the Council or the Provincial/Municipal Investment Sub-committee has the right to postpone the registration of specific Investment Projects related to the national interest or are environmentally sensitive which required to be processed through the one-stop mechanism of the Council and the Provincial/Municipal Investment Sub-committee who shall notify the specific grounds to the applicant within 3 (three) Working Days of the submission of the Investment Proposal.

6.2 Amendment of Investment Proposal: If the Investment Proposal made to the Council does not conform to Article 5 of this Sub-Decree, the Council or the Provincial/Municipal Investment Sub-committee may, by written notice within 3 Working Days of the Investment Proposal's submission to the Council or the Provincial/Municipal Investment Sub-Committee, require the Applicant to amend the Investment Proposal made to it and to resubmit the Investment Proposal to the Council and the Provincial/Municipal Investment Sub-committee.

6.3 Issuance of Conditional Registration Certificate: If the Council or the Provincial/Municipal Investment Sub-committee registers an Investment Proposal under Sub-Article 6.1(a), it must issue to the Applicant, within 3 Working Days of the submission of the Investment Proposal, a Conditional Registration Certificate, in the form set out in Schedule 3, containing the following:

- (a) a list of all the necessary approvals, authorizations, licenses, permits or registrations which are required for the QIP to be lawfully undertaken and The ministries, departments, authorities, entities of the provinces/municipalities or agencies of the Royal Government responsible for issuing those documents upon the Applicant meeting the criteria required for the issuing of those documents..
- (b) the election made by the Applicant pursuant to Sub-Article 5.5, 5.6 or 5.7.
- (c) the Investment Incentives and Guarantees to which the investment project will be entitled if the Final Registration Certificate is issued, including the Tax on Profit exemption period under Article 14.1 of the Law on Investment.
- (d) the election made by the Applicant pursuant to Article 5.7, and the subsequent non-entitlement to the Investment Incentives.
- (e) recognition of the statutes of the legal entity which will undertake the QIP.

6.4 Default on the issuance of Conditional Registration Certificate: If the Council or the Provincial/Municipal Investment Sub-committee fails to issue a Conditional Registration Certificate under Sub-Article 6.3 or fails to issue Letter of Non-Compliance under Sub-Article 6.6 within 3 Working Days, the Investment Proposal is deemed to be registered and the Council or the Provincial/Municipal Investment Sub-committee must issue a Conditional Registration Certificate to the Applicant immediately.

6.5 Information to accompany Conditional Registration Certificate: The Council or the Provincial/Municipal Investment Sub-committee must issue with the Conditional Registration Certificate the investment guidelines and assessment criteria for each of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a).

6.6 Letter of Non-Compliance: If the Council or the Provincial/Municipal Investment Sub-committee refuses an Investment Proposal under Sub-Article 6.1(b), it must issue to the Applicant a Letter of Non-Compliance containing:

- (a) the reason why the Investment Proposal was not acceptable; and
- (b) the additional information required to enable the Council or the Provincial/Municipal Investment Sub-committee to register an amended Investment Proposal.

### **Article 7: Issuance of Final Registration Certificate**

- 7.1 Council or the Provincial/Municipal Investment Sub-committee to assist with the various types approvals, authorizations: After issuing the Conditional Registration Certificate in accordance with Sub-Article 6.3, the Council or the Provincial/Municipal Investment Sub-committee must, on behalf of the Applicant, assist with the issuance of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a) by the relevant ministries, departments, authorities, entities of the provinces/municipalities or agencies of the Royal Government.
- 7.2 Payment of Deposit: An Investor shall not be required to make payment of any deposit to guarantee his or her investment except for the case of an infrastructure concession as required in the concession contract.
- 7.3 Issuance of Final Registration Certificate: When the holder of a Conditional Registration Certificate obtains all of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a), the Council or the Provincial/Municipal Investment Sub-committee must issue a Final Registration Certificate.
- 7.4 Period to issue Final Registration Certificate: If the holder of a Conditional Registration Certificate has not obtained all of the approvals, authorizations, licenses, permits or registrations referred to in Sub-Article 6.3(a) within 28 Working Days of the date of issuance of the Conditional Registration Certificate, the Council or the Provincial/Municipal Investment Sub-committee must issue a Final Registration Certificate.
- 7.5 Application for other approvals from relevant institutions: A Final Registration Certificate issued by the Council or the Provincial/Municipal Investment Sub-committee under Sub-Article 7.4 does not negate the obligation of the Applicant to obtain and receive all of the approvals, authorizations, licenses, permits or registrations required for the proposed QIP to operate lawfully.
- 7.6 Commencement of QIP: A QIP commences on the date of issuance of the Final Registration Certificate for that QIP and this commences the Trigger Period for the Tax on Profit Exemption period under Article 14.1 of the Law on Investment and Sub-Article 15.1 of this Sub-Decree.
- 7.7 Obligation to ask for other approvals: A QIP shall file written applications in accordance with applicable procedures to the Council or the Provincial/Municipal Investment Sub-committee for its approval of any changes of address, head office, place of business, company name, shares, and any other changes to the Investment Proposal and to the statute of the Investor within 10 (ten) Working Days prior to such changes so that the Council or the Provincial/Municipal Investment Sub-committee can decide on the issues no later than 10 (ten) Working Days.

### **Article 8: Revocation or Cancellation of Final Registration Certificate**

- 8.1 Revocation of Final Registration Certificate: A Final Registration Certificate shall be revoked from the date it was issued by the Council or Provincial/Municipal Investment Sub-Committee if an Investor:
  - (a) obtained a Final Registration Certificate or a Certificate of Compliance through fraud or misrepresentation; or
  - (b) does not commence an Investment Activity within six (6) months of the receipt of all the documents referred to in Sub-Article 7.3 except for the case of concession contracts in which such period is specified by agreement in the contract.

- 8.2 Cancellation of Final Registration Certificate: If an Investor applies to the Council or the Provincial/Municipal Investment Sub-committee for a Final Registration Certificate to be cancelled under Article 21 New of the Law on Investment, the Council or the Provincial/Municipal Investment Sub-committee must cancel that Final Registration Certificate only if and when the Investor has fully complied with Articles 22 New and 23 New of the Law on Investment.
- 8.3 Notification of revocation of Final Registration Certificate: If the Council or the Provincial/Municipal Investment Sub-committee revokes a Final Registration Certificate in accordance with this Article, the Council or the Provincial/Municipal Investment Sub-committee must notify the Investor in writing of the revocation.
- 8.4 Appeals: An Investor whose Final Registration Certificate is revoked by the Council or the Provincial/Municipal Investment Sub-committee under this Article may appeal in writing to Co-Chairmen of the Council within 20 Working Days of the date or receipt of the written notification of revocation from the Council or the Provincial/Municipal Investment Sub-committee under Sub-Article 8.3.
- 8.5 Loss of Investment Incentives: A QIP whose Final Registration Certificate is revoked or cancelled is not entitled to claim, on and from the date of the revocation or cancellation, any of the Investment Incentives set out in the Final Registration Certificate.

### CHAPTER 3 ACQUISITIONS AND MERGERS OF QIPs

#### Article 9: Merger of QIPs

- 9.1 If two or more Investors, or an Investor and any other Person, agree to merge to form a new entity, and the new entity wishes to carry out the Investor's QIP and be entitled to the Investment Incentives and Guarantees specified in the QIP's Final Registration Certificate, the new entity must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee to be registered as an Investor and for the QIP's Final Registration Certificate to be transferred to the new entity within 10 Working Days prior to the merging and transfer of the Final Registration Certificate.
- 9.2 The Council or the Provincial/Municipal Investment Sub-committee must consider the application made under Sub-Article 9.1 and must provide the new entity with a written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.

#### Article 10: Acquisition of a QIP by unregistered Person

- 10.1 If an unregistered Person purchases the ownership of a QIP and it wishes to carry out the Investor's QIP and be entitled to the Investment Incentives and Guarantees specified in the QIP's Final Registration Certificate, the purchaser must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee to be registered as an Investor and for the QIP's Final Registration Certificate to be transferred to the new entity within 10 (ten) Working Days prior to the transfer of the Final Registration Certificate.
- 10.2 The Council or the Provincial/Municipal Investment Sub-committee must examine the application made under Sub-Article 10.1 and must provide the purchasing entity with a written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.

## Unofficial Translation

- 10.3 If a transfer of shares in an Investor results in control of the Investor being acquired by the transferee, the Investor must apply to the Council or the Provincial/Municipal Investment Sub-committee for the transfer and provide the name and address of the transferee within 10 (ten) Working Days prior to the transfer in order that the Council or the Provincial/Municipal Investment Sub-committee can decide on the issue no later than 10 (ten) days.
- 10.4 For the purpose of Sub-Article 10.3, "control" means holding at least 20% of the shares in the Investor.

### **Article 11: Acquisition of a QIP by another Investor**

- 11.1 If a registered Investor purchases the ownership of a QIP and it wishes to be entitled to the Investment Incentives and Guarantees of a QIP carried on by that Investor, the purchasing Investor must apply in writing to the Council or the Provincial/Municipal Investment Sub-committee for the acquisition within 10 (ten) Working Days prior to the acquisition in order to receive that entitlement.
- 11.2 The Council or the Provincial/Municipal Investment Sub-committee must consider the application made under Sub-Article 11.1 and must provide the purchasing Investor with written approval or refusal of the registration and the transfer of the Final Registration Certificate within 10 (ten) Working Days of the receipt of the application.

### **Article 12: Failure to register or to apply for approval**

If a new Person or a purchasing Investor fails to apply to the Council or the Provincial/Municipal Investment Sub-committee for registration in accordance with Article 9 or 10, or a purchasing Investor fails to apply to the Council or the Provincial/Municipal Investment Sub-committee in accordance with Article 11, the new Person or the purchasing Investor is not entitled to any of the QIP's Investment Incentives and Guarantees.

## **CHAPTER 4 JOINT VENTURES**

### **Article 13: Joint Ventures**

A QIP may be in the form of a joint venture. A joint venture may be formed between Cambodian Entities, between Cambodian Entities and Foreign Entities and between Foreign Entities themselves and may include a joint venture with institutions of the Royal Government. There are no limitations based on nationality or the share-holding proportions of each shareholder, other than if the joint venture owns, or intends to own, land, or an interest in land in the Kingdom of Cambodia. In such case, the maximum combined share-holding of all persons who are not Cambodian Entities must not exceed 49 (forty nine) percent.

## **CHAPTERS 5 TAXATION**

### **Article 14: General Principles**

- 14.1 Liability for taxes: Investors shall pay taxes, and must comply with the provisions of the Financial Management Law, the Law on Taxation, and the Law on Investment and related regulations.



## Unofficial Translation

- 14.2 Natural resources: The tax rate of the Tax on Profit, which profit derived from a contract sharing of oil and natural gas exploitation or from natural resources related activities including, but not limited to, timber, ore, gold and precious stones, shall be determined in accordance with Article 20.2 of the Law on Amendment to Law on Taxation.
- 14.3 Limitations: A full or partial exemption from taxes and customs duties shall only apply to the payment of any liability for the Tax on Profits and the payment of Customs Duty as provided in this Sub-Decree. These exemptions do not include the following:
- (a) tax on salary and withholding tax as stated in Articles 25 New and 26 New of the Law on Taxation, and Additional Profit Tax on the distribution of dividend and
  - (b) the Value Added Tax, specific tax on some goods and services, taxes to be paid at the time of import, and any other taxes as specified in the laws in force.

### Article 15: Tax on Profit

- 15.1 Period of exemption from the Tax on Profit: In accordance with Article 14.1 of the Law on Investment, the profit tax exemption period, which is Trigger Period plus 3-year Period plus Priority Period, shall be determined in accordance with this Article.
- 15.2 Trigger Period: For Article 14.1 of the Law on Investment, the trigger period of the profit tax exemption period is the period commencing on the issuance of the Final Registration Certificate and ending on the last day of the taxation year immediately preceding the earlier of:
- (a) if the QIP derives a profit, the taxation year that the profit is first derived; and
  - (b) if the QIP derives income from the Investment Activity in respect of the sale of goods or services, the third taxation year after the taxation year in which the income is first derived.

For the purpose of this Sub-Article and Article 14.1 of the Law on Investment, profit refers to the taxable profit under the Law on Taxation and must be calculated excluding any entitlement to carry forward losses under Article 17 of the Law on Taxation.

- 15.3 Three Years: This immediately commences from the taxation year immediately following the Trigger Period and the 2 immediately succeeding years.
- 15.4 Priority Period: The Priority Period determined under the Financial Management Law commences immediately after the third taxation year of the three year period provided under Sub-Article 15.3
- 15.5 Prepayment of the Profit Tax - QIPs registered after the promulgation of Law on the Amendment to Law on Investment: The prepayment of the Profit Tax does not apply to a QIP granted an exemption from the Profit Tax as provided in Article 14.1 of the Law on Investment.
- 15.6 Prepayment of the Profit Tax - QIPs authorized before the promulgation of Law on the Amendment to the Law on Investment: A QIP which is subject to Article 24 (2) New of the Law on Investment shall make monthly prepayments of profit tax at the rate of 1% of turnover inclusive of all taxes, except Value Added Tax derived in the previous month, in accordance with Article 28 New of the Law on Taxation. The QIP's turnover realized during the exemption period determined by the Law on the Amendment to the Law on Investment of the Kingdom of Cambodia shall be exempt from prepayment Profit tax.

- 15.7 In accordance with Article 24 New of the Law on Taxation, a QIP shall not be subject to the minimum tax.

### **Article 16: Customs Duty Exemption on Production Equipments, Construction Materials, and Production Inputs**

- 16.1 Exemption for Production Equipment and Construction Materials-Domestic QIP:  
In accordance with Article 14.5 of the Law on Investment, only Production Equipments and Construction Materials imported by a domestic QIP are exempt from Customs Duty. In the case where a QIP has a capacity to directly export any portion of its manufactured products or has supplied for export industry, the quantity of Production Inputs that were taxed at the time of import and later used to produce goods that are, directly or indirectly, exported shall be entitled to duty exemption after a review of the quarterly report.
- 16.2 Customs Duty Exemptions for Production Equipment, Construction Materials, and Production Inputs - Export QIP:  
In accordance with Article 14.6 of the Law on Investment, Production Equipment, Construction Materials, and Production Inputs imported by the Export QIP are exempt from Customs Duty. However, for the Export QIP which is under the custom bounded warehouse mechanism, the customs duty exemption shall be in compliance with the Customs laws and regulations in force applicable to the mechanism. The processed Production Inputs that have not been exported shall be subject to the payment of customs duties and taxes applicable at the time of import after review of the quarterly report.
- 16.3 Customs Duty Exemptions for Production Equipment, Construction Materials, and Production Inputs – Supporting Industry QIP:  
In accordance with Article 14.7 of the Law on Investment, Production Equipment, Construction Materials, and Production Inputs imported by a Supporting Industry QIP are exempt from Customs Duty. However, in the case where the Supporting Industry QIP failed to supply or directly export 100% of its manufactured products to the export industry, then the QIP shall pay the customs duties and taxes on Production Inputs for the quantity that has not been supplied to the export industry or directly exported after review of the quarterly report.
- 16.4 Procedure for Customs Duty Exemption: The Council must prepare:
- (a) the establishment of an inter-institution mechanism comprising members from the Council, and the Ministry of Economy and Finance to review the grant of incentives on the import and use of Production Equipment, Construction Materials and Production Inputs by a QIP for each investment purpose.
  - (b) Detailed Guidelines on procedure for a QIP to be entitled to Customs Duty exemption.
- 16.5 Transfer or sale of Production Equipment, Construction Materials, and Production Inputs:
- If any Production Equipment, Construction Materials, or Production Inputs in respect of which Customs Duty or taxes were exempted on their importation are sold or used in a way unrelated to the QIP purpose, the Investor shall immediately:
- (a) pay Customs Duties and taxes within 28 (twenty eight) Working Days in the amount calculated under the Customs Law and Regulations in force if the transfer or sale is done with a prior authorization from the Council.
  - (b) pay Customs Duties, taxes, and fines within 28 (twenty eight) Working Days in the amount calculated under the Customs Law and Regulations in force if the transfer or sale is done without prior authorization from the Council.
  - (c) be subject to a temporary suspension of import authorization, and an examination of the Customs Duties exemption proposal submitted under the Law on Investment, including other Customs penalties in the case of omission or delay in payment of Customs Duties, Taxes, and fines as defined in paragraphs (a) and (b) of this Article 16.5
- 16.6 The transfer or sale of Production Equipment or Construction Materials and Production Inputs to another Investor:

An Investor or his/her representative may apply in writing to the Council for approval on the transfer or sale by a QIP of Production Equipment, Construction Materials, or Production Inputs which were imported with Customs Duties exemption, to another Investor to be used in a QIP.

### CHAPTER 6 REPORTING OBLIGATIONS AND CERTIFICATES OF COMPLIANCE

#### Article 17: Reporting Obligations

- 17.1 Taxation Reporting Obligations: As mentioned in Article 104 New of the Law on Taxation, from the date of issuance of its Final Registration Certificate, a QIP shall submit monthly and annual tax declarations and shall pay all taxes as imposed by each taxation regulation to the Tax Department, along with a Certificate of Compliance for the taxation year.
- 17.2 Customs Duty Exemption Reporting Obligation: All Production Equipment and construction materials imported by a QIP are subject to all customs clearance formalities. Within 30 (thirty) working days of import, a QIP must submit to the Council and the Tax Department the certified copies of customs clearance documents, including the valuation documents of those goods issued by the government appointed agency.

#### Article 18: Compliance Certificate

- 18.1 Compliance Certificate: In each taxation year, a QIP may not claim, and is not entitled to, any of the Investment Incentives unless a QIP is issued with a Compliance Certificate.
- 18.2 Automatic Issuance: Subject to a revocation of the Council under Sub-Article 18.4 and 18.5, the Council shall issue the Compliance Certificate to a QIP within 90 (ninety) Working Days after the end of each financial year.
- 18.3 Failure to Issue: If the Council failed to issue the Compliance Certificate under Sub-Article 18.2, it is deemed to have been issued but is subject to revocation under Sub-Article 18.4 and 18.5.
- 18.4 Review Powers: The Council may review any QIP holding a Compliance Certificate to determine whether the QIP has provided all information required to be lodged under Sub-Article 18.6.
- 18.5 Loss of Investment Incentives: The Council may revoke a QIP's Compliance Certificate if it is satisfied, after reasonable review under Sub-Article 18.4, that the QIP has failed to provide all information required to be lodged under this Article. The QIP loses its entitlement to all Investment Incentives from the date of revocation of the Compliance Certificate.
- 18.6 Information to be delivered: Every Investor who carries a QIP must lodge with the Council:
- (a) an annual financial statement, consisting of a balance sheet, a profit and loss account, cash flow statement and remark no later than the 31st of March of the following year;
  - (b) a Certificate of Tax Obligation Satisfaction from the Tax Department certifying that the Investor has:
    - (i) properly complied with and filed the monthly tax returns on time except in the case where such tax returns of that year is required by the Law on Taxation.
    - (ii) paid all taxes, levies, interest, and surcharges determined for the period of taxation audited by the Tax Department.
  - (c) quarterly report on the effective import of Production Equipment and Production Inputs for the production, and quarterly report on the effective export of the QIP's finished products and annual inventory list of immovable properties.

- (d) investment information sheet in **CIB 01S** form.

## **CHAPTER 7 OWNERSHIP AND LAND USE**

### **Article 19: Ownership**

- 19.1 Ownership: The Land Ownership serving the Investment Activity is to be vested in a Cambodian natural person or legal entity in compliance with the Law in force.
- 19.2 Registration of Ownership: To register land Ownership, the Investor shall complete all forms or formalities for registration with the cadastral office under the jurisdiction of which the immovable property is located.
- 19.3 Ownership Rights: Under the Constitution of the Kingdom of Cambodia, the foreign natural person or legal entity may not own land in the Kingdom of Cambodia.

### **Article 20: Use of Land**

- 20.1 Cambodian Legal Entity: In addition to the Ownership Rights, the Cambodian Investor is entitled to use land in various forms, including concession, lease, transfer, and as securities.
- 20.2 Foreign Legal Entity: A Foreign Legal Entity may use the land in various forms, including concession, long term lease for 15 (fifteen) years or more, and renewable short term lease. Land Use rights include the rights on buildings, arrangements, or improvements made by the lessee for a term specified in the contract, provided that the uses are exercised in compliance with the law in force.
- 20.3 Lease of State Land: Any natural or legal entity who leased any piece of land from the State shall act in compliance with regulations regarding the management of the State property.
- 20.4 Sub-Lease: Any natural or legal entity who leased any piece of land from the State may sub-lease such land to a third party only if he/she obtained express prior approval or authorization from the competent authority.

## **CHAPTERS 8 LABOR FORCE**

### **Article 21: Use of Labor Force**

The Council has the duty to advise and help facilitate the investor with regard to obtaining, for the foreign spouse accompanying the investor, a visa, the right to stay and appropriate travel permit in compliance with the immigration law and its regulations.

For the recruitment by the investor of foreign staff and management experts, technical staff, skilled workers who are not available among Cambodians citizens, the Council shall help facilitate the investor to obtain the right to recruit those foreign employees to work as needed, in accordance with the Labor law, Immigration law and relevant regulations in force.

## **CHAPTER 9 PENALTIES**

### **Article 22: Penalties**

If the Investor fails to perform any obligation imposed by this Sub-Decree or the Law on Investment, the Investor shall be subject to penalties defined in Article 8.1, Article 12 or Article 18.5 of this Sub-Decree or other Laws regarding the omission or failure to perform obligations.

## CHAPTER 10 TRANSITIONAL PROVISIONS

### **Article 22: Recognition as QIP of Investment Project Approved Prior to the Amendment to the Law on Investment**

23.1 Any Invest Project approved under the Law on Investment of the Kingdom of Cambodia promulgated by Royal Kram No. 03/NS/94 dated August 05, 1994 and whose activity is undergoing before the date of entry into force of this Sub-Decree will be recognized as a QIP after the Investor has submitted a written proposal to the Council to have it deemed as a QIP and after satisfying all obligations defined in the Law on Investment and this Sub-decree.

The Council shall issue to the investor a Certificate of Recognition for the above Investment Project as QIP no later than 3 (three) Working Days.

For the Investment Project that has been approved but failed to perform any Investment Activity or started an Investment Activity for a period of time but later postponed the Activity without any notice of such postponement or termination to the Council, such Investment Project shall be subject to further regularization of documents in order to obtain QIP's entitlement before recommencement of the Investment Project.

23.2 Incentives for Investment Projects Approved Prior to the Adoption of the Amendment to the Law on Investment.

Investment Project which was approved prior to the adoption of the Amendment to the Law on Investment and has been recognized as QIP entitled to the profit tax rate of 9% before the promulgation of the Amendment to the Law on Investment of the Kingdom of Cambodia, is entitled to such 9% rate for a transitional period of not more than 5 (five) years starting from the fiscal year after the promulgation of the Amendment to the Law on Investment of the Kingdom of Cambodia and this Sub-decree only if the Investor has fulfilled all obligations stipulated in Chapter 6 of this Sub-Decree.

Investment Project which was approved prior to the adoption of the Amendment to the Law on Investment and has been recognized as a QIP and provided with Investment Incentives in writing by the Council may still be entitled to incentives in the form of profit tax and Customs Duties exemption on the import of Production Equipment, Construction Materials, and Production Inputs only if the Investor has fulfilled all obligations stipulated in Chapter 6 of this Sub-Decree.

## CHAPTER 11

### FINAL PROVISIONS

#### **Article 24: Abrogation**

The Sub-Decree No 88/ANK/BK dated December 29, 1997 on the Implementation of the Law on Investment of Cambodia, Amendment Sub-Decree No 53/ANK/BK dated June 11, 1999 on the Amendment to Sub-Decree on the Implementation of Law on Investment of Cambodia, Sub-Decree No 130/ANK/BK dated December 26, 2001 on the Amendment to Sub-Decree No 53/ANK/BK dated June 11, 1999, and any other regulation in contrary to this Sub-Decree shall be abrogated.

#### **Article 25:**

## Unofficial Translation

The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, the Council for the Development of Cambodia, Ministers of all ministries, heads of all institutions, and provincial/municipal governors shall effectively implement this Sub-decree within their respective functions commencing from the date of signature.

Phnom Penh, .....2005

**PRIME MINISTER**

**HUN SEN**

CC:

- Ministry of Royal Palace;
- General Secretariat of Constitutional Council;
- General Secretariat of the Senate;
- General Secretariat of the National Assembly;
- Cabinet of Samdech Prime Minister;
- General Secretariat of the Royal Government;
- As defined in Article 25;
- Documents-Chronological Book

**Schedule I  
(Article 6.1)  
Negative List**

**Section 1: Investment Activities prohibited by relevant Law and Sub-decrees:**

1. Production/processing of psychotropic substances or narcotic substances;
2. Production of poisonous chemicals, agriculture pesticide/insecticide and other goods by using chemical substances, prohibited by international instruments or the World Health Organization, that affect the public health and environment;
3. Processing and production of electricity power by using any waste imported from a foreign country;
4. Forestry exploitation business prohibited by Forestry Law;
5. Other Investment activities prohibited by law.

**Section 2: Investment Activities Not eligible for Investment Incentives**

1. Commercial activity, import, export, wholesale, retail, including duty free shops;
2. Any transportation service by waterway, by road, and by air except for investment in railway sector;
3. Restaurants, karaoke parlors, bars, night clubs, massage parlors, sport clubs that are located outside the vicinity of international standard hotels. However, although it is located in the vicinity of international standard hotel and if the Investor leased the above locations to a non-QIP third party lessee to conduct business, such non-QIP lessee shall not be entitled to profit tax exemption as granted to the Investor under the Amendment to the Law on Investment;
4. Tourism service provider, tourist agent, tourism information and advertisements;
5. Casino business and service of any kind;
6. Currency and Financial business and services, including banks, financial institutions, insurance companies, and all kind of financial intermediary transactions;
7. Activity related to newspaper and media, including radio, television, press, magazine, movie, video production or reproduction, theatre, studio, and related activities;
8. Professional services;
9. Living Modified Organisms (LMOs) that causes danger to biodiversity, human health and environment;
10. Production and processing of wood products using wood from natural forest with a legal domestic supporting source as raw material.
11. Production of products from all types of tobacco;
12. Production of food, and beverage with the investment capital less than USD500,000 (five hundred thousand);
13. Production of product for textile industry with the investment capital less than USD500,000 (five hundred thousand);
14. Production of garments, textiles, footwear, hats with the investment capital less than USD500,000 (five hundred thousand);
15. Production of furniture and fixture with the investment capital less than USD500,000 (five hundred thousand);
16. Production of paper and product made of paper with the investment capital less than USD500,000 (five hundred thousand);
17. Production of chemicals, cement, agriculture fertilizer, chemicals extracted from petrol with the investment capital less than USD1,000,000 (one million);
18. Production of rubber product and plastic product with the investment capital less than USD500,000 (five hundred thousand);
19. Production of leather product and related products with the investment capital less than USD300,000 (three hundred thousand);
20. Production of all kinds of metal products with the investment capital less than USD300,000 (three hundred thousand);
21. Production of electrical and electronic appliances and office supplies with the investment capital less than USD300,000 (three hundred thousand);
22. Production of toys and sport equipment with the investment capital less than USD300,000 (three hundred thousand);
23. Production of parts of vehicles and vehicle spare parts with the investment capital less than USD300,000 (three hundred thousand);
24. Clean water supplies with the investment capital less than USD500,000 (five hundred thousand);

## Unofficial Translation

25. Supporting industry, with 100% of its products to supply exporting industry, with the investment capital less than USD100,000 (one hundred thousand);
26. International trade fair center or conference hall with the investment capital less than USD8,000,000 (eight million);
27. Construction of supermarket or trade center with the investment capital less than USD2,000,000 (two million) with the size smaller than 10,000 square meters and which has inadequate space for car park;
28. Production of animal feed with the investment capital less than USD200,000 (two hundred thousand);
29. Production of pottery with the investment capital less than USD300,000 (three hundred thousand);
30. Training and educational institutes that provide training for skill development, technology, or poly technology serving the field of industry, agriculture, tourism, infrastructure, environment, engineering, sciences, and other services with the investment capital less than USD4,000,000 (four million);
31. Hotel below 3-star grade
32. Tourism center with hotel containing less than 100 rooms or residential-type hotel of less than 30 residential accommodations with recreational site providing multiple services with a size smaller than 10 (ten) hectares;
33. Natural Tourism and creation of natural tourism site with the size smaller than 1,000 (one thousand) hectares of land and with the investment capital less than USD1,000,000 (one million);
34. Recreational site with multiple services, including hotel, amusement park, sport club, zoo with the size smaller than 50 (fifty) hectares of land;
35. Car park;
36. Warehousing center;
37. Polyclinic having less than 50 (fifty) patient beds and not equipped with modern facilities, laboratory, surgery room, x-ray room, emergency room, pharmacy, elevator (if the building is more than 3 stories high), ambulances, morgue and with the investment capital less than USD1,000,000 (one million);
38. Production of modern medicine with the investment capital less than USD1,000,000 (one million);
39. Production of traditional medicine with the investment capital less than USD500,000 (five hundred thousand);
40. Agricultural production:
  - 40.1 Rice on a land smaller than 1000 (one thousand) hectares.
  - 40.2 All kinds of commercial plantations on a land less than 500 (five hundred) hectares.
  - 40.3 Vegetables on a land less than 50 (fifty) hectares
41. Livestock production
  - 41.1 Cattle husbandry less than 1,000 (one thousand) heads;
  - 41.2 Dairy farm less than 1,000 (one thousand) cows;
  - 41.3 Poultry farm less than 10,000 (ten thousand) heads;
42. Aquatic production:
  - 42.1 Fresh water aquaculture farm less than 5 (five) hectares;
  - 42.2 Sea water aquaculture farm less than 10 (ten) hectares;
43. Timber plantation, tree plantation, and wild animal farm:
  - 43.1 Timber plantation less than 1,000 (one thousand) hectares;
  - 43.2 Tree plantation less than 200 (two hundred) hectares;
  - 43.3 Wild mammal husbandry less than 100 (one hundred) heads;
  - 43.4 Wild bird husbandry less than 500 (five hundred) heads;
  - 43.5 Wild reptile husbandry less than 1,000 (one thousand) heads

The definitions of each category of the above paragraph 43 shall be determined by the Ministry of Agriculture, Forestry and Fisheries.
44. Freezing and processing of aquatic products and farm products:
  - 44.1 The processing and freezing of aquatic product for export with the investment capital less than USD500,000 (five hundred thousand);
  - 44.2 The processing of any kind of farm product for export with the investment capital less than USD500,000 (five hundred thousand);
45. Provision of value added services of all kind of telecommunication services;
46. Real estate development.



**Part 3: Investment Activities with special characteristics eligible for Custom Duties exemption on import but not eligible for the profit tax exemption:**

1. telecommunication basic services.
2. exploration of oil and gas and all kinds of mining including supply bases of oil and gas activities.



## Unofficial Translation

- Construction/site preparation.....m<sup>2</sup> Price: .....USD Existing Building  
     New Building
- Production Equipment (Equipment, engines for production, other materials)  
     Worth: .....USD (accompanied by attached list as described in the Annex).
  - Office supply worth (USD): .....
  - Others worth (USD): .....
- Land (in m<sup>2</sup>): .....Price.....USD
- Source of Capital Investment: Own capital: ..... Long-term bank loan: .....  
     Short-term bank loan: .....
- Location of Investment: Land lot  
     No: .....Street.....Village.....Commune/Sangkat.....District.....  
     Province/Town: ..... Area: .....m<sup>2</sup>
- Plan to implement the project:
  - Construction starting date: ..... Expected completion date.....
  - Time to equip with equipments..... Start Production.....
- Product Information:

Type of Products	Unit	Annual Production Capacity				Market	
		First Year		Full Production		Domestic in %	Export in %
		Quantity	Value	Quantity	Value		

- Needs for Labor

Type of Labor	Starting Period		Full Capacity	
	Local	Foreign	Local	Foreign
- Management				
- Engineer				
- Technician				
- Advisor				
- Administrative Personnel				
- Skilled Personnel				
- Non-Skilled Personnel				
- Total				

- Annual inputs (raw materials) needs: *fill in the form attached in the Annex*
- Energy and Water needs:
  - Annual coal or firewood: ..... m<sup>3</sup>/year, Gas: ..... tons/year
  - Oil: ..... tons/liters/year
  - Electricity (Assembly power): .....MW, Annual need.....KWH
  - Water Consumption: .....m<sup>3</sup>/year

**b. Selection between:**

- Tax on Profit Exemption and Investment Guarantee
  - Special Depreciation and Investment Guarantee
  - Only Investment Guarantee (not asking for incentives)
- (Among the three options, Investor is only allowed to choose one)*

**c. Information on Environment**

- Mode of transport of raw materials and final products into and out of the investment area:

.....  
.....  
.....  
.....

Estimate of volume:

Liquid waste: .....m<sup>3</sup>/month      Hard waste: .....m<sup>3</sup> or tons/months  
Emitted gas: ...../day

- Table of estimation of concentration in:

*The process of sewage discharge*

- PH: ..... - Ammonia (NH<sub>3</sub>).....
- Nitrate Nitrogen..... - Heavy Metal.....
- Phenol (C<sub>6</sub>H<sub>5</sub>OH)..... - Oil and Grease.....
- Turbidity..... - Conductivity.....
- Total amount of solid substances dissolved in water.....
- Total amount of solid substances in water and not dissolved

*Vaporization of gas molecules in air*

- Carbon Monoxide..... - Nitrogen Dioxide.....
- Sulfur Oxide..... - Ozone.....
- Lead.....
- Place used as disposal area for solid and liquid waste, and gas emission

.....  
.....  
.....

- Sources of increasing noise and vibration

.....  
.....  
.....

- Area of land affected by noise coverage in the case of filling land, leveling land and clearing new land

.....  
.....  
.....

- Residential conditions of employee, workers
- Supply of clean water: .....
- Health, safety: .....
- Sanitation: .....
- Management of solid waste: .....

**d. Information on Taxes**

Fill in the Form attached in the Annex.

**e. Information on Articles of Association**

Attach the Articles of Association, photos, a copy of passport or ID card of each shareholder.

**III. Assurance: Being the Project Owner, I would like to assure that**

- This project is not included in the Negative List mentioned in the Annex 1, part 1 of the Sub-Decree on the Implementation of the Amendment to the Law on Investment.
- The above information is true and correct .

Phnom Penh, Date..... Month..... Year.....

[Name and Signature]





Schedule 3  
Part of Sub-Decree..... Dated.....

(Article 6.3)

Conditional Registration Certificate of the Investment Project in compliance with Law on Investment and Sub-Decree on the Implementation of Amendment to Law on Investment of the Kingdom of Cambodia

Name of Investor:

.....

Address of Investor:

.....

Details of QIP

.....

.....

.....

Name, Address and contact number details of the Investor representative in Cambodia

.....

.....

.....

Approval, authorization, license, permit, or registration required in order for a QIP to function legally and ministries, departments, authorities, or government agencies responsible for the issuance of these documents when the Applicant has complied with all criteria of the relevant authority.

The Adoption of.....

Ministry

Criteria

The election by the Investor in accordance with Article 5.5 of Sub-Decree on the Implementation of Amendment to Law on Investment in the Kingdom of Cambodia .....

.....

.....

The election by the Investor in accordance with Article 5.7 of Sub-Decree on the Implementation of Amendment to Law on Investment in the Kingdom of Cambodia .....

.....

.....

The Investment Incentives and Guarantee which the Investor is entitled to if the Final Registration Certificate is issued including the period of Tax on Profit exemption under Article 14.1 of the Law on Amendment to Law on Investment of Cambodia

.....

.....

.....

.....

Articles of Association of the Investor who will perform the QIP .....

.....

.....