

## Newsletter:

### Declaration on the Opening and Closing of Enterprises and Establishments under the Labour Law of Cambodia

#### Preamble

Effective May 5, 2025, any Cambodian or foreign national intending to establish or operate a new company, or who has not yet submitted a declaration of the opening and closing of enterprises, must notify the Ministry of Labour and Vocational Training.

The owner or director of the enterprise must submit this declaration prior to the permanent opening or commencement of operations.

However, for enterprises with fewer than eight permanent employees and that do not use machinery, the notification of opening may be submitted within 30 days after the permanent opening of enterprises.<sup>1</sup>

#### Key Takeaways

##### A. Laws and Regulations

This article is based on the current laws and regulations of the Kingdom of Cambodia, including:

1. The Labour Law, Royal Kram No. ៥៧/រកម/០៣៩៧/០១, dated March 13, 1997, as amended in 2007, 2018, and 2021.
2. Inter-Ministerial Prakas No. 498, dated July 31, 2023, regarding the penalties Imposed on Individuals Violating Provisions of the Labour Law.
3. Prakas No. 110/25, dated May 5, 2025, regarding the declaration of Opening and Closing Enterprises.

##### B. Responsible Person

The owner or director of the enterprise operating in industry, mining, commerce, handicraft, services, agriculture, or water or land transport, whether for public or private benefit, including free professions under any association or group, must apply for a declaration of enterprise's opening with the Ministry of Labour and Vocational Training prior to its permanent opening.<sup>2</sup>

Conversely, within 30 days, the owner or director of the enterprise must also notify the Ministry of Labour and Vocational Training after the date of permanent cessation of business activities.<sup>3</sup>

##### C. Application Procedures

Applications for registration of the declaration on the opening and closing of the enterprise must be made through two methods:

###### 1. New Enterprises

Newly opened enterprises must apply for registration of the declaration of enterprises' opening through the business registration platform (<https://registrationservices.gov.kh>) by entering information and attaching documents. Within 30 days of receiving the declaration, the owner or director of the enterprises must create an account in the Labour Centralized Management System (LACMS) via <https://lacms.mlvt.gov.kh> to fulfill various labour-related obligations.<sup>4</sup>

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## About us

ILAW CAMBODIA LAW OFFICE ("The Firm") was established in March 2023 and registered with the Bar Association of the Kingdom of Cambodia under registration number LO 016/23. The Firm is located at Phnom Penh and was founded by Somphob Rodboon and Vicheka Lay. The Firm is a branch office of its parent company, ILAWASIA CO., LTD., which has been based in Bangkok, Thailand for over a decade.

The Firm is in well placed to provide professional advisory services primarily in domestic and international matters which include corporate, commercial and investment matters, trading and investment transactions, intellectual property protection, and any issues appropriate for any businesses.

Our partner and attorneys were recently recognized and listed in the Asia-Pacific Legal 500 series. Furthermore, from 2021 to the present, The Firm has been ranked as "Firms in the Spotlight" in the Legal 500.

## 2. Existing Enterprises

For enterprises currently in operation or not yet registered in the LACMS system for their declaration of enterprises' opening, an account must be created via <https://lacms.mlvt.gov.kh>.<sup>5</sup>

### D. Application Procedures

- ◆ Name of the enterprise
- ◆ Owner, representative, or director of the enterprise
- ◆ Transfer or change of shareholders, details of governors, or amendments to the articles of association
- ◆ Address
- ◆ Type or format of the enterprise
- ◆ Business objectives or activities
- ◆ Tax identification number or updates to new patent tax card
- ◆ Business suspension
- ◆ Permanent cessation of business
- ◆ Head of administration, human resources manager, or labour compliance manager
- ◆ Banking information
- ◆ Contact details including phone number, email address, or system user account
- ◆ Other general information about the enterprise, such as number of employees, main products, brand names, order details, import of raw materials, and export activities.<sup>6</sup>

### E. Penalties and Conclusion

Enterprises' owners or directors are obligated under the Labour Law to declare the opening or closing of their enterprises to the Ministry of Labour and Vocational Training (Articles 17 and 18 of the Labour Law).

In case of violation, the enterprises may face a fine of 5,040,000 Riels (approx. USD 1,260) from the Ministry of Labour and Vocational Training, not include other labour non-compliance issues.<sup>7</sup> Please note that the director or person in charge of the enterprises who is considered as "employer" under the law, will also be jointly liable with the enterprises.

## Disclaimer

- A. The information provided in this article is for general informational purposes only and does not constitute legal advice.
- B. Efforts have been made to provide accurate and up-to-date information, its accuracy cannot be entirely guaranteed.
- C. Readers should not act or refrain from acting based on the information presented in this article without prior professional legal consultation.
- D. Always seek advice from a qualified legal professional appropriate to your specific situation.

## References

<sup>1</sup> Article 17 of the Labour Law, Royal Kram No. ៩៩៧/រក្ស/០៣៩៧/០១ dated March 13, 1997.

<sup>2</sup> Article 1.2 and Article 1 of Prakas No. 110/25, dated May 5, 2025, on the Declaration on the Opening and Closing of the Enterprises.

<sup>3</sup> Article 3 of Prakas No. 110/25, dated May 5, 2025, on the Declaration on the Opening and Closing of the Enterprises.

<sup>4</sup> Ibid, Article 2.1.

<sup>5</sup> Ibid, Article 2.2.

<sup>6</sup> Ibid, Article 3.

<sup>7</sup> Inter-Ministerial Prakas No. 498 dated July 31, 2023, regarding the Penalties Imposed on Individuals Violating Provisions of the Labour Law, Penalty Schedule No. 5.