

Technical Update

August 2019

Customs – Implementation of National Single Window system and live implementation of ASEAN Single Window system to exchange Form D's electronically

Ministry of Economy and Finance (MoEF)- Prakas No. 575 dated 25 June 2019 on the implementation of National Single Window (NSW) system

General Department of Customs and Excise- Notification No. 1880 dated 27 June 2019 on initial implementation of customs licensing procedures in the electronic form of the NSW system and the using of the certificate of origin D-form in the electronic form of the ASEAN Single Window (ASW) system

This Prakas determines the procedures for applying for a license, certificate and permission via the NSW for facilitating import and export activities and cross-border trade. The application must be made by the owner of the goods or an authorized representative on behalf of the owner via www.nsw.gov.kh.

To implement the Prakas, the MoEF via notification No. 1880 officially launched the NSW system and also announced that the "ATIGA e-Form D" issued by the competent ASEAN authorities could be accepted starting from 1 July 2019.

The ATIGA e-Form D is a certificate of origin for exports and imports used with ASEAN countries. Its objective is to expedite the cargo clearance process, reduce costs, and save time, and enhance trade efficiency and competitiveness among ASEAN members through the ASW system.

The NSW system will significantly reduce paperwork and save time. It will also facilitate the ease of doing business, as traders will not have to meet directly with Customs officials.

Commerce – Pilot testing of application for export-import licenses and certificates of precious stones via the NSW system

Ministry of Commerce (MoC)- Notification No. 2428 dated 28 June 2019 on pilot testing of application for export-import licenses and certificate of precious stones via the NSW system

Following Prakas No. 575 of the MoEF, the MoC has launched its pilot test for applications for export-import licenses and certificates of precious stones of the Kimberly Process Certification Scheme (KP Scheme) via www.nsw.gov.kh for owners of goods or their authorized representatives to register in the NSW system by completing the application in the system and attaching other supporting documents as required, from **1 July 2019** onwards.

Health – Visa registration, registration of pharmaceutical products, pharmaceutical manufacturers from overseas and cosmetic products via online system

Ministry of Health (MoH)- Prakas No. 2387 dated 12 July 2019 on visa registration, registration of pharmaceutical products, pharmaceutical manufacturers from overseas and cosmetic products via an online system

This Prakas aims to promote the effectiveness, quality, safety and transparency of the visa registration, registration of pharmaceutical products, pharmaceutical manufacturers from overseas and cosmetic products via the implementation of an online system known as the "Cambodia Pharmaceutical Online Registration System (CamPORS)."

The request/application must be made by owners or authorized persons via the website ddf.moh.gov.kh, together with the supporting documents as indicated in this Prakas.

The certificate will be issued with a QR Code. The QR Code must be printed or attached on the box or logo of the pharmaceutical and cosmetic products before circulating in the Cambodian market.

The MoH allows all establishments and representative offices to continue the visa registration, registration of pharmaceutical and cosmetic products via the old online system until 30 April 2020 as the transitional period for changing to the CamPORS system.

Mines and Energy – Law on Management of Petroleum and Petroleum Products

Law on Management of Petroleum and Petroleum Products of Cambodia promulgated on 12 July 2019.

This law covers the implementation of all activities of the petroleum sector in Cambodia. The competent authority is the Ministry of Mines and Energy (MME). Any individuals/legal entities that wish to conduct business activities in the petroleum sector must request for approval or apply for licenses from the MME.

The scope, requirement and management for operating upstream activities and downstream activities are covered by Chapters 3 and 5. The upstream activities of exploration for, development, and production of petroleum are subject to a Petroleum Agreement (PA) which has certain terms and conditions as stated in the law. Downstream activities consist of the processing, transportation, stockpiling and petroleum commercial and petroleum products except for sale and export undertaken under a PA.

Under Chapter 8, Transitional Provisions, the valid Petroleum Agreement made before this law comes into force will continue to be valid. Any provisions of the PA that are contrary to the new law must be amended in accordance with the new law. Any individual/legal entity undertaking the downstream activities must obtain the licenses or permission letters from the MME in accordance with the law within one (1) year after the law comes into force.

Labor – Confirmation on the Entitlement to Back Pay of Seniority Payment and Future (prospective) Seniority for the Textile, Garment and Footwear Industries

Ministry of Labor and Vocational Training - Notification No. 023 dated 8 July 2019 on the entitlement to back pay of seniority payment (prior to 2019) and future seniority (from 2019 onwards) for the textile, garment and footwear industries

Once again, all employers are reminded that the seniority payment described in the Amendment to the Labor Law is applicable to employees under Undermined Duration Contracts (UDC). Employees

under Fixed Duration Contracts (FDC) are instead entitled to severance pay, proportional to their wages and the duration of the contract.

If an FDC exceeds the maximum limit, it automatically becomes a UDC. Employers who have been using FDCs that exceed the maximum duration will have those FDCs become UDCs by the end of 2019 at the latest, and must then pay seniority payments from the date that the FDC becomes a UDC, in accordance with Prakas No. 443 and other applicable regulations.

If employees under such converted UDCs have already received severance pay, they are not entitled to seniority payment.

Both back pay and future seniority payments are exempt from taxes for Cambodian national employees.

CORRECTION – Investment Incentives for Expansion of Qualified Investment Project (“QIP”)

In our May 2019 Technical Update (Vol 1) in the section, “Investment – Investment Incentives for Expansion of Qualified Investment Project (QIP)” the statement “The trigger period starts when the expansion project is recognized as a QIP and ends when the expansion project derives its first revenue” should read: “The trigger period starts when the expansion project is recognized as a QIP and ends when the expansion project derives its first **income**.”

We will provide more updates as we receive them from the relevant Cambodian Ministries.

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