

Minimum Wage for Textile, Garment and Footwear Sectors for the year 2021

Ministry of Labor and Vocational Training (“MLVT”) – Prakas No. 303/20 dated 10 September 2020 on Minimum Wage for Textile, Garment and Footwear Sectors for the year 2021

The MLVT issued a Prakas to determine the new minimum wage for the year 2021 for workers in the textile, garment and footwear sectors at US\$192 per month.

This Prakas also set a minimum wage for probationary workers at US\$187 per month and US\$192 per month after passing the probationary period. Other benefits that workers have received shall be maintained.

The new minimum wage will be effective from 1 January 2021 onwards.

Law on anti-money laundering and combating the financing of terrorism Royal Code (Kram) No. 620

The new Law on Anti-Money Laundering and Combating the Financing of Terrorism was promulgated on 27 June 2020 (the “Law”).

This new Law, like its predecessor, provides the framework for the prevention of money laundering and financing of terrorism, and sets out several obligations for the “reporting entities” it defines. Among these “reporting entities” are banks, financial services institutions, providers of transactional services, real estate companies, casinos, and professional service providers including lawyers and accountants.

Thus, “reporting entities” that carry out the following activities fall within the scope of the Law:

1. buying and selling real estate, buildings and land;
2. managing of client money, securities or other assets such as:
 - management of banking or securities accounts;
 - organization of contributions for the creation or operation of companies
3. creation, operation or management of legal persons or arrangements
4. Trusts or companies providing services when they prepare for or carry out transactions for a client concerning the following activities:
 - acting as a formation agent of legal persons;
 - acting as or arranging for another person to act as a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons;
 - providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
 - acting as or arranging for another person to act as a trustee of an express trust
 - acting as or arranging for another person to act as a nominee shareholder for another person.

Note that banking and professional secrecy cannot be invoked under any circumstances in matters related to money laundering and financing of terrorism.

Among the obligations of reporting entities, the most important are listed below:

- the appointment of one or more compliance officers responsible for creating procedures to prevent potential breaches and to ensure that employees are in compliance with the Law.
- reporting entities must conduct customer due diligence: identify the customer, identify the ultimate beneficial owner, obtain information on the purpose and intended nature of the business relationship and conduct ongoing due diligence on the business relationship.
- reporting entities must maintain, at least for five years, records of customer identification and records of transactions conducted by them.
- reporting entities are prohibited from entering into relationships for which they cannot identify the customer, or the beneficial owner of the account or transaction concerned, or where they suspect money laundering or terrorist financing.
- all transactions that are equal to or exceed a threshold set by the Cambodian Financial Intelligence Unit (CAFIU) must be reported to the CAFIU within 24 hours.

Chapter 6 of the Law provides for procedures for freezing, detention, and seizure of property concerned with the proceeds of offences and funds concerned with the financing of terrorism.

Chapter 7 of the Law provides for disciplinary and criminal penalties for non-compliance with the Law.

The Law is effective from 27 June 2020.

Commentary:

The new Law has been introduced to increase the effectiveness of the CAFIU. The new Law also strengthens the obligations of reporting entities and the duties of the relevant authorities to enforce the Law effectively.

This is a positive step forward for Cambodia to combat money laundering and the financing of terrorism. The Law requires reporting entities to work closely with the CAFIU as well as to implement necessary due diligence procedures with their customers.

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