

Technical Update

Tax and Corporate Services

August 2017



Management of Risky Machinery and Equipment in Factories & Handicraft Production

Ministry of Industry & Handicrafts (MIH) - (Prakas No. 152 dated 17 May 2017 on the Management of Technical and Industrial Safety of Risky Machinery and Equipment)

The purpose of the Prakas is to establish and reinforce safety guidelines for the management and use of risky machinery and equipment in factories and handicrafts.

The Prakas mentions specific equipment such as steam boilers, steam systems, electricity generators, high-pressure containers, lifting or hoisting equipment, and forklift vehicles. Further, it reaffirms the manager or supervisor's responsibility to be cautious, aware, and proactive in order to manage risks involved with the use of machinery. Owners or managers of factories and enterprises must also collaborate with representatives of the MIH for them to conduct their regular technical and industrial safety inspections.

An individual who is assigned to monitor the use of machinery must have a system to monitor, maintain, and repair those machines and equipment. Appropriate signs must be displayed to govern usage for the purpose of safety, including signs that prohibit, instruct, and warn. Safety equipment, such as safety helmets, masks and gloves, must be used at all necessary times. The owner or manager of the factory/enterprise must also apply for a Certificate of Technical and Industrial Safety from the MIH that is valid for one year and must apply to renew the Certificate at least thirty (30) days before its expiration date.

Commentary: The Government is strengthening its efforts to promote and maintain safety standards at manufacturing premises and in the workplace. Provisions on licensing and regular monitoring by the MIH will assist to ensure implementation of these standards.

Prices for Goods and Services to be in Cambodian Currency (Khmer Riels)

Ministry of Commerce (MoC) - (Prakas No. 172 MoC/PK dated 7 July 2017 amending Prakas No. 047 MoC/SM dated 23 January 2013 Concerning Price Tag in Cambodian Riels)

The Government aims to promote the use of the national currency on goods, products and services in Cambodia. This Prakas sets out conditions which require all traders, vendors, and service providers in Cambodia to put the price tag in Cambodian Riels on their products and services.

Business areas, such as Duty Free shops, which are licensed by the government to have price tags in foreign currency, are required to have an approval from the Municipal or Provincial Department of Commerce in their locale of business.

Commentary: This Prakas is a way for the government to promote the use of the national currency on goods and services in the country. Although, the implementation of this Prakas on goods is quite clear, it is unclear whether it would also apply to other services such as prices for menus in restaurants or fee quotes in consulting services even though the law states that it applies to all goods and service providers. KPMG will provide further information regarding the implementation of this Prakas if and when available.

Permission for Information and Communication Technology (ICT) Operations

Royal Government of Cambodia (RGC)- (Sub-Decree No. 110 dated 21 July on Permission for ICT Operations)

This Sub-Decree applies to all information and communication technology (ICT) operations in Cambodia.

The Sub-Decree determines conditions and procedures to provide, suspend, transfer, and withdraw ICT operations "permissions", including the following three types: (1) permission letter, (2) certificate, and (3) license, and monitor the application of such permissions.

ICT is defined as technologies including hardware and software that function, store, analyze, and transfer data or information through telecommunications. In order to commence ICT operations or activities, a permission (letter, certificate, or license) must be obtained from the Ministry of Posts and Telecommunications (MPT). The General Department of ICT (GDICT) of the MPT is the authority in-charge.

All legal or natural persons are eligible to apply for these permissions. The specific circumstances that warrant the application for a type of permission (letter, certificate, or license) and the conditions that apply for each permission are specified in the Sub-Decree.

For example, for activities such as fabrication or assembly of computer equipment or electronic devices equipping ICT or industrial software, or the creation of a data center or an ICT industrial park, the license is required. The conditions for the grant of a license include having sufficient human resources and technologies for the proposed operations as determined by the MPT, having a precise business plan and the payment of a bond.

Existing companies will have a period of one year from the date of the sub-decree (21 July 2017) to apply for the permission. New entities will need to apply at the time of business registration and before commencement of operations.

Commentary: In implementing the permission requirement in order to conduct ICT operations, the Government increases its ability to monitor them.

As a committed tax and corporate consultant, we welcome the opportunity to discuss and advise on the applicability of these laws and regulations to your business at a mutually convenient time.

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