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Technical update

July 2025

MLVT Releases New Regulations on the Use of the Payroll and Enterprise Book

Ministry of Labor and Vocational Training (MLVT) - Notification No. 111/25 on the Use of the Payroll Book and Notification No. 113/25 on the Use of the Enterprise Book Registration

The Ministry of Labor and Vocational Training has two new Prakas introducing updated requirements for the use and inspection of the Payroll Ledger and the Enterprise Book Registration through the MLVT online system. These updates are part of MLVT's broader effort to digitize labor compliance processes through the LACMS.

These Prakas replace and abrogate the previous regulations issued under Prakas No. 268 and No. 269 dated 11 October 2001.

Use of the Payroll Book

Enterprises must comply with the following requirements regarding payroll management. Enterprise owners or directors have the option to either use a payroll book or submit payroll declarations online.

- **Mandatory Use**: Enterprise owners or directors must provide details of their business activity.
- **QR Code Requirements**: Enterprises must download the payroll ledger or computerized payroll list from the LACMS system, complete it, and ensure it is signed and stamped. The document must then be uploaded back into the system to generate and include the QR code, which serves as legal verification.
- **Monthly Submission**: Enterprise owners or directors must submit payroll information based on the Ministry's template, no later than the 20th of the following month. The payroll list must include: basic wage, number of normal working days, overtime pay, weekly holiday pay ,and other relevant wage components.
- **Retention:**
  - Enterprise owners or directors must maintain the payroll books for three (3) years after their final usage.
  - They must also maintain the updated online payroll records for three (3) years from the date of each monthly wage payment.
- **Inspection**: Labor inspection officials may access and review the payroll records and related documents at any time during the inspections.

Use of the Enterprise Book

All enterprises are required to maintain an enterprise book in accordance with the following:

- **Mandatory Use**: All enterprises must use the official template for the enterprise book, which includes a QR code and must be downloaded from the LACMS system, in accordance with Article 1 of Prakas No. 113/25.

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- **Purpose**: To enable labor Inspectors to monitor compliance with labour laws and regulations. The register serves as a tool for recording inspection findings, and employers must review and adjust their practices based on the inspector's observations, recommendations, or enforcement action.
- **Retention and Recordkeeping**
  - Enterprise owners or directors must retain the completed registered enterprise book for a minimum of three (3) years after its final use. Enterprises must ensure accurate record-keeping of legal compliance and regulations relating to the relevant industry of the enterprise through observation.
  - The enterprise book must be kept at the enterprise's premises and be readily accessible for inspection at all times. After all the pages have been used up, the enterprises must download a new book via the QR code.
- **Inspection**: Labor inspection officials may request to inspect the enterprise book at all times.

In the event that the MLVT has found companies, factories, enterprises, and industries to be in violation of the notifications, legal repercussions will be enforced against the owners according to Article 16 of the Labor Law.

Commentary

These recent developments apply to all factories, enterprises, companies ,and industries. The MLVT expects full compliance, with a focus on responsibility and transparency.

Enterprise owners can use the Ministry's payroll template or edit it if their benefits exceed legal requirements, to meet the new rule of uploading monthly payrolls to the system. All enterprises are strongly advised to comply with the updated regulations and begin using the new enterprise book template from the LACMS to avoid potential penalties.

Non-compliance with the provisions of Prakas No. 113/25 may result in significant monetary penalties, as stipulated in Cambodia's Labour Law.

As a trusted professional firm, KPMG Cambodia is pleased to discuss how these updates may impact your business. For more information or any related inquiries, please feel free to contact us.

Understanding Cambodia's New Regulatory Requirements for Labor Subcontracting

Prakas No. 103/25 dated 28 April 2025 on the Management of Labor Contractors

On 28 April 2025, the Ministry of Labor and Vocational Training (MLVT) issued Prakas No. 103/25 to regulate the use of labor contractors by enterprises and establishments. This Prakas aims to ensure the protection of workers' rights and clarify the responsibilities of both principal enterprises and labor contractors.

Key Provisions

- A **labour contractor** is a natural person or legal entity hired by a **principal enterprise or establishment**, acting as a **subcontractor**, to carry out work or deliver services for a **fixed total payment**, by independently recruiting the required workers, regardless of where the work takes place.
- A **sub-contracting agreement** must be made **in writing** and officially **registered** by the entrepreneur or principal enterprise with the **Department of Labour Inspection** of the MLVT.
- **Business owners or directors must:**
  - prepare a list of all labor contractors they engage, including contractor details, work locations, and names of workers, using the format in **Annex 1**.

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- submit this list through the **Labour Automated Central Management System (LACMS)** at https://lacms.mlvt.gov.kh within:
  - ✓ **7 days** for general businesses
  - ✓ **15 days** for agricultural businesses after the contract is signed.

- **Obligations of Labor Contractors:**
  - Labor contractors are required to take full responsibility for the workers they recruit under a subcontract, similar to how an employer would.
  - They must register in the **LACMS** and report the name and address of the principal enterprise they are working with.
  - Additionally, they must register their workers with the **National Social Security Fund (NSSF).**
  - At each workplace or job site, contractors must also post a visible notice showing their position and the name and address of the principal enterprise, following the format provided in **Annex 2** of the Prakas.
- **Joint Liability**: If a labor contractor fails to fulfill their obligations, the **principal enterprise** or establishment may be held responsible for ensuring that workers' rights and benefits are protected.
- **Penalties**: Violations are subject to **fines or penalties** under **Chapter 16 of the Labour Law**.
- **NOTE:**
  - **Annex I**: Template for listing workers employed by labor contractors.
  - **Annex II**: Template for labor contractor's position declaration at worksites.

Commentary

The adoption of Prakas No. 103/25 marks a notable development in Cambodia's labor regulatory framework, particularly concerning subcontracted labor. By requiring written agreements, digital reporting through LACMS, and introducing joint liability measures, the MLVT is strengthening transparency, accountability, and the protection of workers involved in outsourced employment arrangements.

Enterprises are now required to actively oversee and report on the labor contractors they engage, including details of their workforce. Principal enterprises may be held accountable if their contractors fail to meet legal obligations, particularly in relation to worker protections.

New Guidelines on Overtime, Holiday Work, and Weekly Rest

Ministry of Labour and Vocational Training - Prakas No. 112/25 on Overtime Work Outside of Normal Working hours, Work on paid Holidays and Suspension of Weekly Day Off (Issued date 06 May 2025)

To promote fair working conditions and labor practices, and ensure compliance with the Cambodian Labour Law, the Ministry of Labour and Vocational Training (MLVT) has released updated rules about the Overtime Work outside of Normal Working Hours, Work on Paid Holidays, and Suspension of Weekly Days off.

This Prakas abrogates the following previous regulations:

- Prakas No. 80 on the Overtime Work outside of Normal Working Hours dated 1 March 1999,MLVT
  Prakas No.10 on the Work on Paid Holiday and Suspension of weekly Day off date 4 February
- Prakas No. 100 on the Suspension of Weekly Day off date 11 April 2002
- Prakas No.357 on Formalities and Procedures for Working on Public Holidays dated 30 December 2021

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I. Key Procedural Update

The main update in the new regulation is with respect to the procedural requirements for reporting Overtime Work outside of Normal Working Hours, Work on Paid Holidays, and Suspension of Weekly Days off as:

- **Advance Reporting (Chapter 5, Article 14)**: Employers must report at least **three working days in advance** via https://lacms.mlvt.gov.kh . The report must include:
  - Start and end dates of the special work
  - Number of workers involved
  - Reason for the request
  - Proof of employee consent (see below)
- **Employee Consent** (Article 14), consent must be obtained through:
  - Agreement from **at least two-thirds of** the shop steward; or
  - If no shop steward exists, consent from **at least 50% +1** of the total affected employees is required.

Consent forms must be downloaded from LACMS and signed or thumb-printed by the employees

II. Overtime, Holiday Work, and Day-Off Suspension

Overtime Work beyond the normal working hours is only permitted in special cases, including urgent tasks, inventory, or end-of-year work, and must be voluntary with the workers' consent. Daytime overtime is paid at 150% of the regular wage, while nighttime or extended overtime (10 PM to 5 AM) must be paid at double the rate. If work continues late into the night, employers must provide either a safe place for workers to rest or free transportation home.

Work on Paid holiday must be based on voluntary agreement. While workers are entitled to take public holidays off with pay, essential sectors such as factories or emergency services may continue operations with prior consent. Work performed on these holidays must be compensated at **double the regular wage**. If employees agree to work on these days, they are entitled to receive an additional day's wage, resulting in a total of double the regular wage (1 x for the paid holiday and 1x for the work performed).

Suspension of Weekly Day Off is allowed in specific sectors such as agriculture, construction, public services, and food production. Employers may suspend up to two rest days per month due to factors like bad weather, but these days cannot be consecutive. Workers who work on their rest day must be paid 200% of their regular wage, and compensation must be arranged within 30 days.

Advance reporting is mandatory for all special work arrangements. Employers are required to submit the necessary details **at least three working days** in advance via LACMS. The report must include work dates, the number of workers involved, reasons, and proof of employee consent.

Penalties apply for non-compliance. Companies that fail to follow these procedures may face fines or legal action under Chapter 16 of the Cambodian Labour Law.

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Commentary

Prakas No. 112/25 introduces clearer and more structured rules for overtime, work on public holidays, and suspension of weekly rest days. It replaces four older regulations and now requires employers to report these special work arrangements through the LACMS at least three working days in advance before the intended work, along with detailed information and documented employee consent.

The new process also requires documented employee consent using official forms. While this system helps standardize procedures and improve transparency, it also adds more steps for employers to follow. Compared to the previous practice, where approvals were less formal and often manual, the new rules are more detailed and may feel more demanding. Businesses, especially those in essential or seasonal sectors, will need to adapt their internal planning and HR practices to ensure timely compliance and avoid penalties under Chapter 16 of the Labour Law.

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