

**Kingdom of Cambodia  
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**Royal Government of Cambodia**

No:

**Press Release**

**On**

**Instruction of the Royal Government of Cambodia on Further Measures to Continue to Control the Effects on Major Sectors of the National Economy in the Context of Crisis and to Restore and Promote Cambodian Economic Growth after the Crisis of Covid-19 (Round 7, 23 December 2020)**

The development of vaccine is positive and some countries are negotiating and deciding to place orders to buy Covid-19 vaccines for their people while some other countries including Cambodia have been considering and consulting with development partners to determine the source of vaccine supply from a company that is recognized by the World Health Organization (WHO) on safety, quality and effectiveness of the vaccine. Without 100% clarity about the safety, quality and effectiveness of the vaccine produced by companies and with limited ability to produce, transport and store the vaccine, the whole world still faces a high risk. In addition, although vaccine can be produced, it does not mean we all can return to normal very soon. Obviously, since the outbreak of Covid-19 pandemic up to now, Cambodia has effectively controlled Covid-19 although there were 3 November and 28 November incidents of community infection for the first time. This first Covid-19 community infection made people concerned and afraid of this dangerous virus but the Royal Government has introduced subsequent strict measures to respond to this disease in a timely manner and tried to prevent this disease from entering communities to an uncontrollable manner. As a result, up to now Cambodia has no death case or declaration of state of emergency or closure of any area or the whole country.

After reviewing and considering the aspects of economic, commercial and social development, both in global, regional and local framework, the Royal Government has decided to take further measures of round 7, aimed at (1) continuing to sustain and restore businesses to be resilient to contribute to stimulating economic growth in the context of post-Covid-19 and (2) continuing to help support the daily livelihood of poor and vulnerable families through cash relief program to overcome the very difficult time of Covid-19 crisis. After the in-depth consultation with relevant players and with the proactive spirit, the measures of round 7 have been taken as follows:

***1. Measures to continue to help the garment-textile, footwear, travel goods, bag and tourism sectors***

1 After the factories, enterprises and businesses in the garment-textile, footwear, travel goods, bag and tourism sectors obtain a permit for suspension of employment contracts and/or a permit for delay of the suspension of employment contracts from the Ministry of Labour and Vocational Training after meeting the criteria and requirements for employment contract suspension, the Royal Government of Cambodia will:

- Continue to provide an allowance of \$US40 per month for each worker/employee working in the garment-textile, footwear, travel goods and bag sector for 03 more months from January to March 2021. Owners of factories, enterprises in this sector must add \$US30 for each worker/employee (in total each worker/employee receives \$US70 per month).



- Continue to provide an allowance of \$US40 per month for each worker/employee working in the tourism sector such as hotels, guesthouses, restaurants and travel agents for 03 more months from January to March 2021. Enterprises and businesses in the tourism sector must contribute on a voluntary basis and according to their ability to add more in addition to the amount provided by the Royal Government.
- Continue to grant an exemption from paying all types of monthly taxes for hotels, guesthouses, restaurants and travel companies that have been registered with the General Department of Taxation to carry out business activities in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot, Bavet town and Poipet town for 03 more months from January to March 2021. These businesses still have an obligation to submit their tax returns and use E-VAT every month during this exemption period.
- Continue to delay the implementation of pension scheme for 06 months until July 2021. This delay will be reviewed based on actual social and economic situation.
- Continue to grant an exemption from paying NSSF contributions for occupational risk and health care schemes during the business suspension.
- Grant an exemption from paying patent tax and stamp tax (tax on signage) for travel agents and operators in the tourism sector. These taxpayers have an obligation to update their patent.
- All taxpayers in the tourism sector such as hotels, guesthouses, restaurants and travel companies that have been registered with the General Department of Taxation to carry out business activities in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot, Bavet town and Poipet town are required to submit their tax return on 2020 annual income no later than the end of March 2021 but are not required to pay all types of taxes.

## ***2. Measures to continue to help airline sector***

- Continue to grant an exemption from paying minimum tax for 03 more months from January to March 2021 for airline companies that have been registered in Cambodia.
- Continue to delay the payment of owed civil aviation fee for 03 more months from January to March 2021 and allow those airline companies to pay the owed fee by installments after the delay.

## ***3. Measures to help factories, enterprises and businesses as well as to help support the livelihood of workers/employees***

- Continue to allow factories, enterprises and businesses in all sectors to delay the payment of back pay seniority indemnity before 2019 and seniority indemnity for 2020 and 2021 until 2022. If the social and economic situation return to normal, all relevant ministries and institutions must hold discussions with factories, enterprises and businesses to determine procedures to make payments by installment. In case the situation is not better, the Royal Government will consider options to help factories, enterprises, businesses and employees.

## ***4. Measures to sustain growth***

- Continue to grant an exemption from registration tax for those buying a house less than or equal to seventy thousand US dollars from January 2021 to the end of December 2021 for housing developers registered with the Ministry of Economy and Finance and/or with Municipal/Provincial Department of Economy and Finance. Meanwhile, the Royal





Government also appeal to all housing developers to decrease the price of houses according to their ability.

#### ***5. Relax the implementation of withholding tax for local and overseas loan providers***

##### **- For new loans:**

- Reduce the rate of withholding tax on loans of banks and microfinance institutions both from local and overseas sources to only 5% (both loans from countries that have DTA and loans from countries that have no DTA) for 2021.
- Reduce the rate of withholding tax on loans of banks and microfinance institutions both from local and overseas sources to only 10% (both loans from countries that have DTA and loans from countries that have no DTA) for 2022.
- Review and adjust the rate of withholding tax on loans of banks and microfinance institutions both from local and overseas sources to increase to a normal rate in accordance with the law and regulations in 2023.

##### **- For old loans:**

- Reduce the rate of withholding tax on loans of banks and microfinance institutions both from local and overseas sources to only 10% (both loans from countries that have DTA and loans from countries that have no DTA for 2021.
- Review and adjust the rate of withholding tax on loans of banks and microfinance institutions both from local and overseas sources to increase to a normal rate in accordance with the law and regulations in 2022.

#### ***6. Cash relief program for poor and vulnerable families***

- Continue to implement the cash relief program for poor and vulnerable families during the fight against Covid-19 for 03 more months: from January to March 2021.

All relevant ministries and institutions must implement this instruction according to their authorities in the most effective manner.

The Royal Government will continue to regularly monitor the situation of Covid-19, social, economic and financial situation in the world, in the region and in the country in order to review and assess the effects of Covid-19 on Cambodia's major economic sectors to update and prepare further necessary measures, aimed at sustaining economic activities as well as preparing to introduce further measures under strategic framework to restore and promote economic growth after the crisis of Covid-19.

