
Labour

Suspension of Employment Contracts and Postponement of NSSF Contributions for Garment and Tourism Factories, Enterprises, Establishments

The Ministry of Labour and Vocational Training (“**MLVT**”) has issued a Guideline No. 045/20 MLVT/GUI.CBN dated 17 April 2020 on the Suspension of Employment Contracts and the Postponement of NSSF Contribution for Garment and Tourism Factories, Enterprises, Establishments severely affected from COVID-19 (“**Guideline**”).

The Guideline applies to (1) the owners and directors of the factories, enterprises, establishments of garments (which includes textiles, footwear, travel products and bags) and tourism (which includes hotels, guesthouses, restaurants and travel agents) in Phnom Penh, Siem Reap, Preah Sihanouk, Kep and Kampot who have insufficient raw materials or have no orders or export markets or clients or have any particular difficulty leading to temporarily suspension of production or business activities and (2) the workers working in the above factories, enterprises, establishments.

A. Suspension of Employment Contracts

1. Owners or directors of garment and tourism factories, enterprises, establishments who have not filed an update to the MLVT by March 2020:

- Shall submit the suspension request to the MLVT through the Department of Labour Inspection (“**DLI**”) or Provincial Department of Labour and Vocational Training (“**PDLVT**”) if the factories, enterprises, establishments located in Phnom Penh or provinces using the template attached to the Guideline itself which is also available in MLVT’s website.

The maximum period for suspension is two months and is extendable in necessary case depending on the actual situation.

- Shall publish and notify widely and openly to the workers being suspended to provide their (1) Cambodian ID card and (2) personal phone number (or sibling’s number) so that the MLVT can transfer the allowance via WING Specialized Bank of US\$40 per month.
- Shall prepare a name list of suspended workers and require the workers' thumbprint on their names in order to certify that the provided ID card and phone number are correct.

Labour

The owners or directors of the factories, enterprises, establishments who fail to publish openly to the workers the above required information or fail to have the workers' thumbprint to certify the ID card number and phone number shall be responsible for paying the Royal Governmental allowance of US\$40 for that month to that employee.

- Shall attach three copies of each document being (1) the latest payroll ledger affixed with factories, enterprises, establishments' stamp before the suspension of employment contracts, (2) certificate of incorporation, (3) tourism license (for tourism sector), (4) patent tax certificate, (5) NSSF certificate of the enterprise (if any) and (6) bank account numbers of the factories, enterprises, establishments.

Upon the receipt of the suspension request supported by sufficient supporting documents, the labour inspectors will inspect and verify the factories, enterprises, establishments within two working days.

2. Owners or directors of garment and tourism factories, enterprises, establishments who have filed an update to the MLVT by March 2020:

- Shall apply the same as mentioned in No. 1 via the system <https://suspension.mlvt.gov.kh> as the instruction attached in Annex 4 to the Guideline.

3. Other duties of the owners or directors of garment and tourism factories, enterprises, establishments:

- Garment factories, enterprises, establishments, shall provide the allowance of US\$30 for each worker per month as follows:
 - US\$10 for a suspension from seven to ten days;
 - US\$20 for a suspension from 11 to 20 days;
 - US\$30 for a suspension from 21 days to one month.
- Tourism factories, enterprises, establishments, shall provide the allowance to the workers voluntarily based on their ability during the suspension and determine the procedure for this allowance payment.
- The owners and directors shall implement the suspension following the date and period as determined in the approval letter for suspension of the MLVT. If the suspension is terminated prior to its due date, a notice shall be made to the MLVT through the DLI or PDLVT at least two working days before resuming work.
- Shall be responsible for the information provided to the MLVT and shall reimburse the Royal Government for any false information.

Labour

4. The workers:

- Shall provide their Cambodian ID card and personal and contactable phone number to the owners or directors of the factories, enterprises, establishments so that they can provide the same to the MLVT for arranging the allowance payment via WING Specialized Bank of US\$40 per month.

If the workers do not have a personal phone number, they shall provide their spouse, parents or sibling's number.

- Shall obtain the Royal Governmental allowance via WING Specialized Bank as follows:
 - US\$15 for the suspension from seven to ten days;
 - US\$30 for the suspension from 11 to 20 days;
 - US\$40 for the suspension from 21 days to one month.
- Ten days after the suspension, the workers will receive an SMS from WING Specialized Bank informing them of the amount to be obtained. The allowance will be transferred back to the Royal Government if the workers fail to cash out within ten days after receiving the SMS.

The workers shall provide and verify their Cambodian ID card number and phone number in the name list by thumbprint certifying their accuracy.

Any worker who fails to provide such Cambodian ID card number or phone number is considered as denying the Royal Governmental allowance of US\$40 per month.

5. The MLVT:

- Shall copy the approval letter as the sample attached in Annex 7 and 8 of this Guideline to the Ministry of Commerce, the Ministry of Tourism, the Ministry of Industry, Science, Technology and Innovation, the Ministry of Mine and Energy, the National Bank of Cambodia, the Ministry of Economic and Finance, the General Department of Taxation, the NSSF and relevant municipal and provincial administrations.

B. NSSF Contribution's Postponement and Continuing to Provide the Benefits of the NSSF

- The owners or directors of the factories, enterprises, establishments who are members of the NSSF shall submit the notification on the postponement to the NSSF.
- The workers shall continue to obtain the benefit of the healthcare scheme from the NSSF during the suspension.
- The workers shall continue to obtain the maternity allowance from the Royal Government (KHR400,000 for single, KHR800,000 for twin and KHR1,200,000 for triplet's birth and allowance from the Prime Minister and First Lady of KHR5,000,000).

Client Update: Cambodia

2020 APRIL

Visit our [COVID-19 Resource Centre](#) for views from our lawyers across the region on common issues and legal implications brought about by COVID-19. For specific inquiries, please reach out to your relationship partner or send an email to our [COVID-19 Legal Team](#).

Contacts



HENG Chhay
Managing Partner

D +855 23 963 112 / 113
F +855 23 963 116
heng.chhay@rajahtann.com



HOUT Sotheary
Partner

D +855 23 963 112 / 113
F +855 23 963 116
hout.sotheary@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

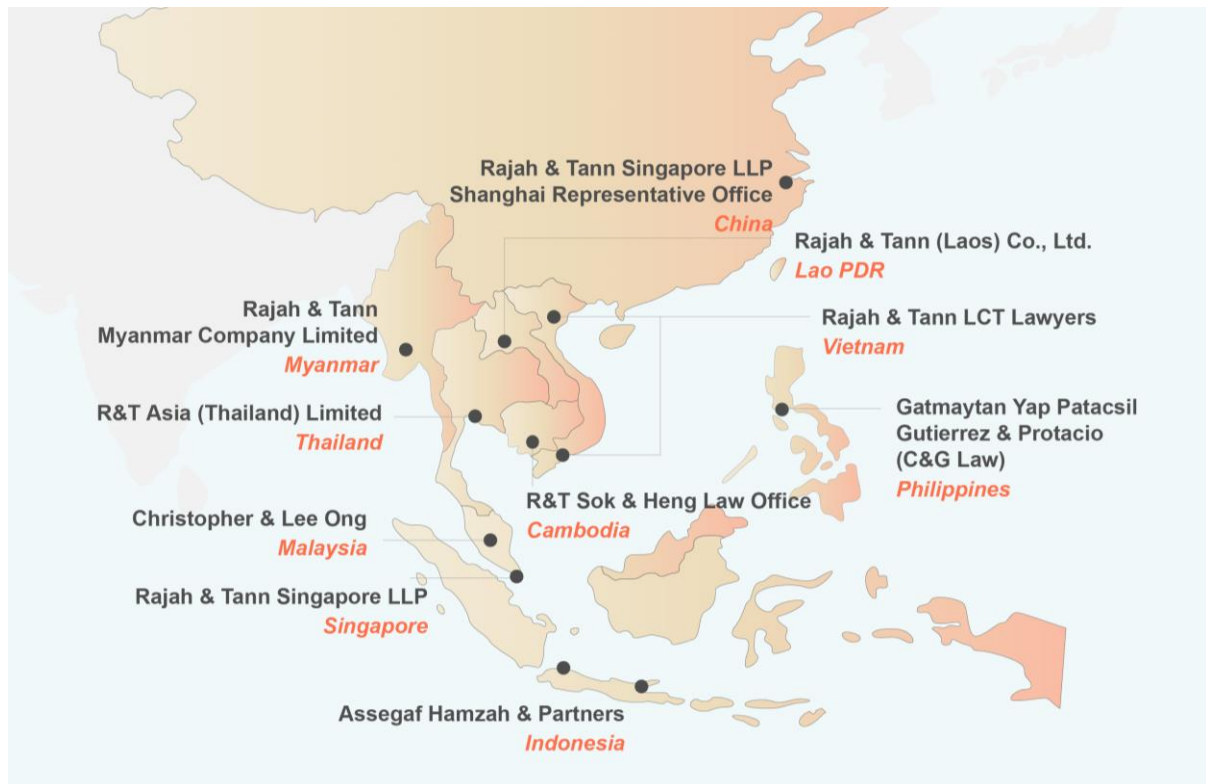
Hanoi Office

T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in South-East Asia. Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This Update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this Update.

Our Regional Presence



R&T Sok & Heng Law Office provides top quality and incisive legal services to domestic and international clients; in local and cross-border transactions; on day-to-day operations and the most challenging transactions. As one of the leading law firms in Cambodia, R&T Sok & Heng Law Office helps clients achieve their goals by combining international standard with local expertise.

R&T Sok & Heng Law Office is part of Rajah & Tann Asia, a network of local law firms in Singapore, Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by R&T Sok & Heng Law Office and subject to copyright protection under the laws of Cambodia and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of R&T Sok & Heng Law Office.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in R&T Sok & Heng Law Office.