
Casino & Gaming

Promulgation of Law on Management of Commercial Gaming

On 14 November 2020, the King of Cambodia has promulgated the Law on Management of Commercial Gaming (“**Law**”). This Law will serve as the first and most comprehensive legislation to date to govern the country’s gaming industry. By way of background, in July 2020, the Minister of Economy and Finance put forward the draft Law on Management of Commercial Gaming (“**Draft Law**”) before the plenary session of the Council of Ministers presided by the Prime Minister of the Kingdom of Cambodia for consideration and approval. The Council of Ministers subsequently approved the Draft Law and tabled the same before the National Assembly and the Senate for their respective adoption. This piece of legislation has been in the works for nine years and is the result of inter-ministerial expertise as well as public and private contributions.

Key Features of the Law

The Law has cleared up many doubts relating to activities of the commercial gaming industry. The Law consists of 12 Chapters and 97 Articles which are believed to serve as a solid and effective governing foundation for the Cambodian commercial gaming industry going forward.

I. Scope of the Law

The Law intends to provide comprehensive management of integrated resorts and commercial gaming businesses by strengthening institutional capacity, introducing guidelines and procedures for the management of integrated resorts and commercial games as well as setting out rights and obligations for operators of the gaming industry.

The Law governs all kinds of commercial games including, but not limited to, casino games, luck-based games, betting games and other games pursued for monetary benefits or the equivalent thereof by the players. The Law does not govern games that do not involve pursuit of monetary benefits or the equivalent thereof.

In addition, the Law categorises commercial games into three types:

1. **Casino games:** games that are allowed to be played inside a casino and include poker, blackjack, baccarat, roulette, slot machine and/or other games that use cards, dice, mechanical equipment, electromechanics or electronic equipment and/or equipment and/or other games determined by the Commercial Games Commission of Cambodia (“**CGCC**”). Casino games do not include betting games, luck-based games, and other commercial games.

Casino & Gaming

2. **Luck-based games:** games that take place outside of a casino vicinity which rely solely or partly on luck, combined with the players' dexterity in the game. Examples are lottery and/or other games as may be determined by CGCC.
3. **Betting games:** games that rely upon prediction of certain competition or events.

II. CGCC as Regulator

With the introduction of the Law, **CGCC** will also be established as a supervising authority for all activities within the commercial gaming industry of Cambodia. Its functions include, but not limited to the following:

- Proposing new regulations (Prakas and other sub-regulations) and development policy, and deciding on the necessary forms and procedures for public service for integrated resorts and commercial gaming businesses;
- Granting licenses for commercial gaming entities and related activities;
- Issuing specific guidelines from time to time; and
- Offering dispute resolution as vested by this Law.

III. Zoning

Recognising the Royal Government of Cambodia's concerns over the negative impact of the commercial gaming industry vis-a-vis Cambodia's important cultural and traditional values, the Law addresses questions relating to locations of future commercial gaming businesses.

Under Article 19, a clear mechanism will be introduced via a Sub-Decree on the zoning of commercial gaming businesses. Essentially, the zoning is categorised into two: (1) Prohibited zone and (2) Permitted zone.

IV. Licensing Regime

The Law sets out a comprehensive foundation for future activities of the Cambodian gaming industry.

The Law introduces the following licenses for commercial gaming businesses:

- Casino games;
- Betting games;
- Luck-based games; and
- Other commercial games.

Casino & Gaming

The Law further provides a licensing regime for persons engaged in other related operations such as:

- Special employees;
- Promoters (junkets); and
- Manufacturers, installers, importers, sellers and/or distributors of equipment and/or gaming software.

The licensing regime and requirements (including minimum capital requirements) will be determined in regulations to be issued subsequently.

V. Restrictions on Players

The Law puts to rest questions on player eligibility with the following restrictions:

- Individuals who are mentally incompetent, financially incompetent or declared bankrupt;
- Individuals who are intoxicated or addicted to drugs;
- Individuals who are armed;
- Minors (under 18 years of age);
- Cambodian citizens including armed forces, public officials and elected citizens; and
- Employees of the gaming establishments where the gambling activities take place.

VI. Tax Obligations

Integrated resorts, casino operators and/or owners are subject to the following revenue obligations for the period of possession of their licences:

- a. Casinos located inside integrated resorts are subject to 4 % for the VIP segment and 7% for mass-market guests.
- b. Casinos located outside of the integrated resorts are subject to a flat 7% rate.

The basis for the calculation of revenue obligation is the total revenue from all the gambling activities of the casino minus winnings of the guests.

Revenue obligations concerning betting games, luck-based games and other commercial games will be determined by a Prakas to be subsequently issued by the Minister of Economy and Finance.

Contacts



HENG Chhay
Managing Partner

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



TIV Sophonnora
Partner

T +855 23 963 112 / 113
F +855 23 963 116
tiv.sophonnora@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

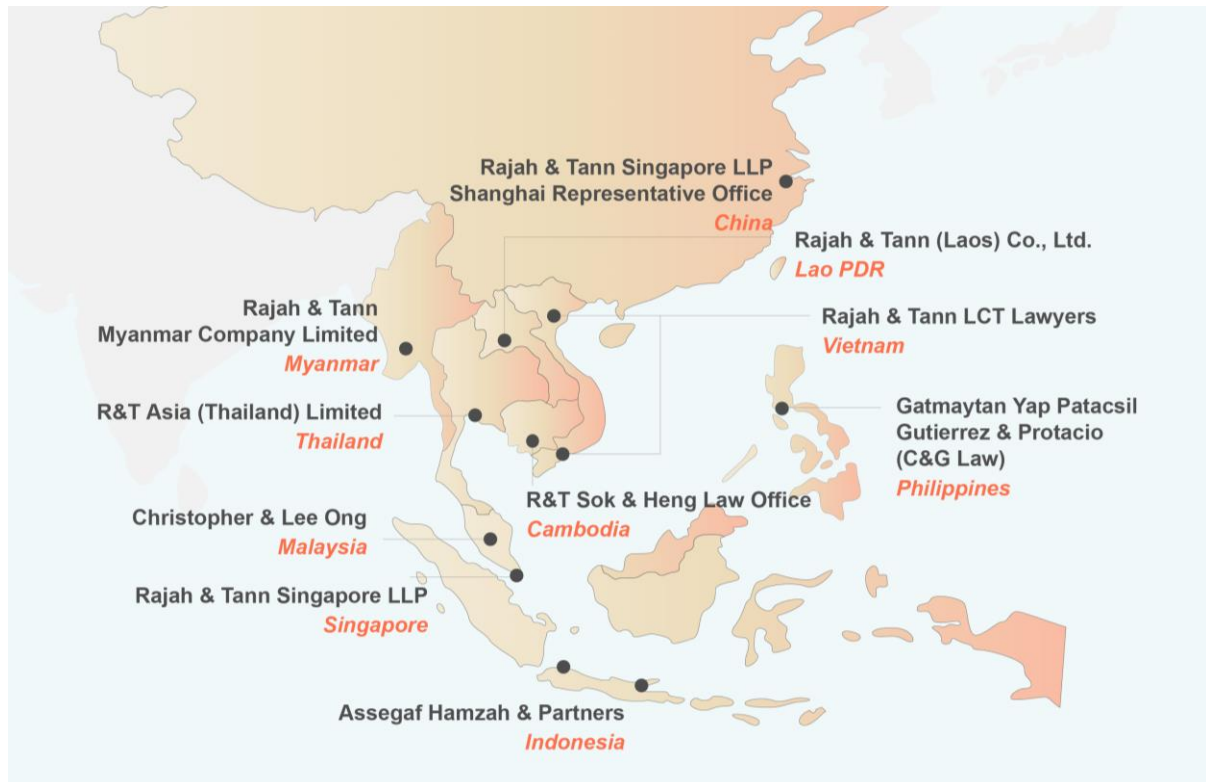
T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

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