

Cambodia News Brief

 July 2022

A periodic summary of new rulings and documents relating to legal, tax and investment developments in Cambodia

Subjects:

1. Starting date of contribution payments for social security compulsory and voluntary pension schemes
2. Formalities and procedures for registering enterprises/establishments, workers/employees, and paying contributions for persons defined by Labour Law provisions with NSSF

The following report may be of interest to:

General companies

Starting date of contribution payments for social security compulsory and voluntary pension schemes

(Prakas No.170/22 MLVT dated 5 July 2022)

The purpose of Prakas No. 170 is to set the starting date of contribution payments for social security compulsory and voluntary pension schemes as stated in Article 33 of Sub-Decree No. 32 ANKr-BrK dated 4 March 2021 on social security pension schemes for persons defined by Labour Law provisions.

The starting date of contribution payments for social security compulsory and voluntary pension schemes is **1 October 2022** onwards. According to Sub-Decree No. 32, the key points are as follows.

Old-age pension (OP)

First stage – In the first five years, the pension contribution rate is 4% of the contributory wage of the worker/employee. The employer contributes 2%, while the other 2% comes from the worker/employee.

Second stage – In the next five years (i.e. the sixth to tenth years), the contribution rate is 8% of the contributory wage.

Third stage – The contribution rate will increase 2.75% in the eleventh to twentieth years, with subsequent increases of 2.75% every ten years.

Workers/employees who are NSSF members are entitled to receive an OP if they fulfil the following conditions:

1. have registered for a pension scheme
2. are at least 60 years old, and
3. have paid contributions to the pension scheme for at least 12 months.

If condition 3 is not met, they will receive an old-age allowance instead.

The pension contributions will be paid monthly. The sub-decree also introduces a voluntary pension contribution scheme for those who wish to receive a larger pension when they retire.

Formalities and procedures for registering enterprises/establishments, workers/employees, and paying contributions for persons defined by Labour Law provisions with NSSF

(Prakas No.168/22 MLVT dated 5 July 2022)

This Prakas applies to employers or owners of enterprises/establishments and persons defined by the Labour Law provisions in the occupational risk, healthcare, and pension sections of social security schemes.

Registration of enterprises/establishments

The employers or owners of enterprises/establishments under the Law on Social Security Schemes have obligations to register their enterprises/establishments with the National Social Security Fund (NSSF) as follows:

- employers or owners of enterprises/establishments that are already operating, but not yet registered with the NSSF have an obligation to register within 30 days of the Prakas coming into effect.
- employers or owners of enterprises/establishments that open their business after this Prakas comes into effect have an obligation to register with the NSSF within 30 days from the opening date of their enterprises/establishments.
- employers or owners of enterprises/establishments that have already registered their occupational risk and healthcare schemes with the NSSF are not required to re-register for the pension scheme.

Registration of workers/employees

Employers/owners have an obligation to register their workers/employees with the NSSF within three days from the date of employment, except for workers/employees who have already have NSSF member cards. A report on employee/worker numbers shall be submitted to the NSSF by the 20th day of the following month if pension contributions are paid monthly, and every 15 days after the date of in/out staff movements, or every 12 months for no in/out staff movement if the contributions are paid annually.

Contribution payments

The contribution payments are made monthly. All employers/owners of enterprises/establishments have an obligation to collect and pay contributions (both their part and workers/employees' part), to the NSSF bank accounts at designated banks by the 15th day of the following month. If employers/owners have the ability to make annual contribution payments, they can request NSSF for this option. The NSSF will publish average monthly exchange rates for converting salaries/wages paid in foreign currency to Khmer riel to calculate the contributions.

The employers/owners and workers/employees to be registered and paid for their contributions to the occupational risk, healthcare, and pension social security schemes have an obligation to implement them simultaneously. Employers/owners of enterprises/establishments are not required to pay pension contributions for their employees/workers who were over 60 years old on 1 July 2022, but those employees/workers can contribute under the voluntary pension contribution scheme, provided they file an application within 12 months of this Prakas becoming effective. Non-payment of contributions or payment of contributions after the 30th day of each month shall be considered as non-payment of contributions.

Employers/owners who do not register their enterprises/establishments or workers/employees, do not pay for each social security scheme (occupational risks, healthcare, and pension), or do not report all workers/employees, shall be penalized under Article 98 of the Law on Social Security Schemes.



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