

Cambodia NEWS Brief

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

Subject:

Social security schemes for pensions for persons defined by the provisions of the Labour Law (*Sub-Decree No.32 ANKr-BrK dated 4 March 2021*)

The following report may be of interest to:

General companies

The purpose of Sub-Decree No. 32 is to put social security schemes for pensions into process by determining the mechanisms, conditions, formalities and procedures for registration, contribution payments, contribution rates, accumulation rates, claims and provision of benefits.

This sub-decree is applicable to persons defined by the provisions of the Labour Law, including persons working for two or more employers. The National Social Security Fund (NSSF) is the sole institution with the capacity to manage and handle the social security benefits from pension funds.

Old-age pensions

First stage: in the first five years of contributions, 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. in the sixth to tenth years), the contribution rate is 8% of the contributory wage.

Third stage: for the eleventh to twentieth years the contribution rate be 2.75% higher. There will be subsequent increases of 2.75% every ten years.

Workers/employees who are NSSF members are entitled to receive an old-age pension if they fulfil the following conditions: (1) have registered for a pension scheme, (2) are at least 60 and (3) have paid contributions to the pension scheme for at least 12 months. The old-age pension (OP) is calculated using:

$$OP = PR \times CW$$

OP :old-age pension to be received

PR : pension rates

CW : workers/employees' contributory wages

If someone doesn't meet condition 3, they will receive an old-age allowance instead.

NSSF members who fulfil all the pension conditions must complete the benefit claim form three months before the date of having the right to claim. For the old-age allowance, the NSSF member must complete the claim form within the month after becoming 60.



Invalidity pension

NSSF members who are workers/employees and become invalid are entitled to an invalidity pension if they meet the following conditions: (1) have registered for a pension scheme and (2) have paid contributions to the pension scheme for at least five years before the date of incurring the invalidity. The minimum rate of invalidity pension is 45% of the contributory wage of the worker/employee.

NSSF members who meet the conditions to receive the invalidity pension must complete the benefit claim form within one month of becoming invalid. If the invalid person is unable to make the claim, their legal representative can do it on their behalf.

Survivors' pension

Beneficiaries of a survivors' pension are entitled to receive the pension only if the old-age pensioner, invalidity pensioner or NSSF member who dies had contributed to their pension scheme for at least five years. The beneficiaries of the survivors' pension must complete the benefit claim form within the three months after the death.

Timing of payments and contributions

Old-age pensions, invalidity pensions and survivors' pensions are calculated on a monthly basis. The NSSF pays the first half-monthly payment no later than the 15th day of each month and the second half-monthly payment no later than the 30th day of each month.

Pension contributions are paid monthly. The employer or enterprise owner must pay the pension contributions (both the employer and worker/employee parts) to the NSSF account at a partner bank no later than the 15th date of the following month. If the employer/owner wants to make an annual contribution payment, they can ask the NSSF for permission.

Voluntary pension scheme

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

Other conditions, pensions, rules and formulas for receiving invalidity pensions, old-age allowance and survivors' pensions are also detailed in this sub-decree. The government will issue a separate sub-decree to define the 'contributory wage', and other related regulations will be issued. The implementation date of the social security scheme for pensions will be determined by a joint Prakas between the Ministry of Labour and Vocational Training and Ministry of Economy and Finance.



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