

Doing Business 2008

Cambodia

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Cambodia**

A Project Benchmarking the Regulatory Cost of
Doing Business in 178 Economies

Doing Business Project
World Bank Group



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Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at www.doingbusiness.org.

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Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business -- such as a country's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions, and the underlying strength of institutions -- are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a limited liability company operating in the largest business city.

Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Cambodia along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

The best-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

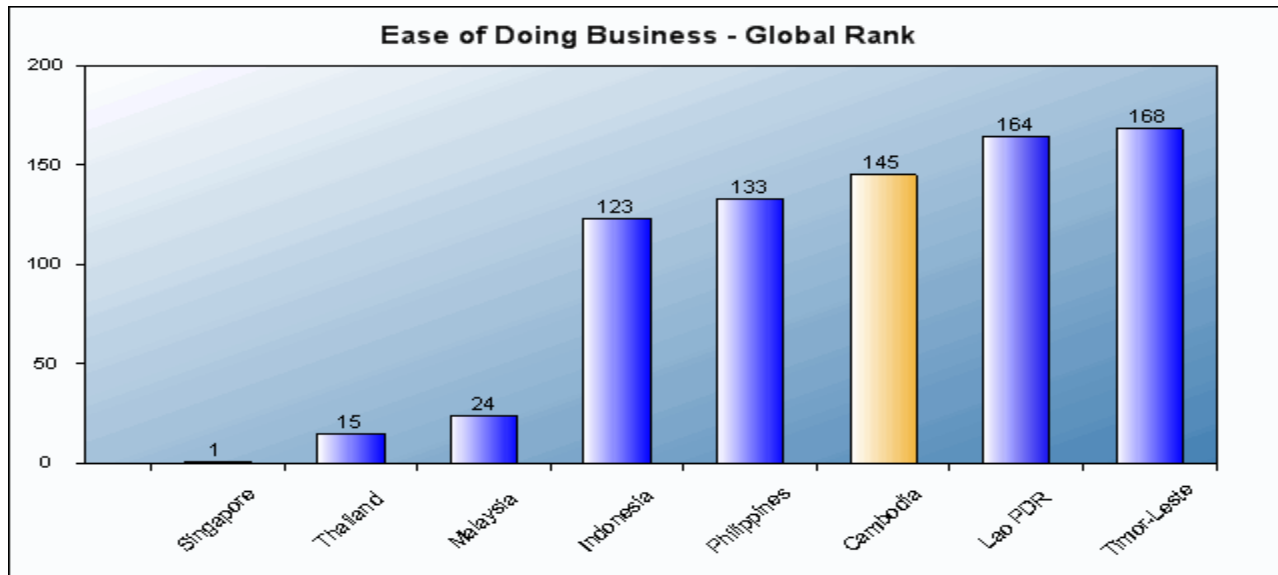
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

Cambodia is ranked 145 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Cambodia - Compared to Global Best / Selected Economies:



Cambodia's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	145
Starting a Business	162
Dealing with Licenses	144
Employing Workers	133
Registering Property	98
Getting Credit	177
Protecting Investors	64
Paying Taxes	21
Trading Across Borders	139
Enforcing Contracts	134
Closing a Business	178

Reforms - Who is reforming?

This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. **Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. **Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. **Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. **FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. **Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. **Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. **Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. **Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Cambodia											0
	Indonesia	✗	✓			✓	✓					2
	Lao PDR	✓							✓			2
	Malaysia	✓						✓				2
	Philippines											0
	Thailand								✓			1
	Timor-Leste	✓										1

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Summary of Indicators - Cambodia

Starting a Business	Procedures (number)	10
	Duration (days)	86
	Cost (% GNI per capita)	190.3
	Paid in Min. Capital (% of GNI per capita)	50.8
Dealing with Licenses	Procedures (number)	23
	Duration (days)	709
	Cost (% of income per capita)	74.3
Employing Workers	Difficulty of Hiring Index	44
	Rigidity of Hours Index	60
	Difficulty of Firing Index	30
	Rigidity of Employment Index	45
	Nonwage labor cost (% of salary)	0
	Firing costs (weeks of wages)	39
Registering Property	Procedures (number)	7
	Duration (days)	56
	Cost (% of property value)	4.4
Getting Credit	Legal Rights Index	0
	Credit Information Index	0
	Public registry coverage (% adults)	0.0
	Private bureau coverage (% adults)	0.0
Protecting Investors	Disclosure Index	5
	Director Liability Index	9
	Shareholder Suits Index	2
	Investor Protection Index	5.3
Paying Taxes	Payments (number)	27
	Time (hours)	137
	Profit tax (%)	19.1
	Labor tax and contributions (%)	0.0
	Other taxes (%)	3.5
	Total tax rate (% profit)	22.6

Trading Across Borders	Documents for export (number)	11
	Time for export (days)	37
	Cost to export (US\$ per container)	722
	Documents for import (number)	11
	Time for import (days)	46
	Cost to import (US\$ per container)	852
Enforcing Contracts	Procedures (number)	44
	Duration (days)	401
	Cost (% of claim)	102.7
Closing a Business	Time (years)	no practice
	Cost (% of estate)	no practice
	Recovery rate (cents on the dollar)	0.0

Starting a Business in Cambodia: Entry Regulation

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed the process—or may decide to run their business informally.

The data on starting a business are based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

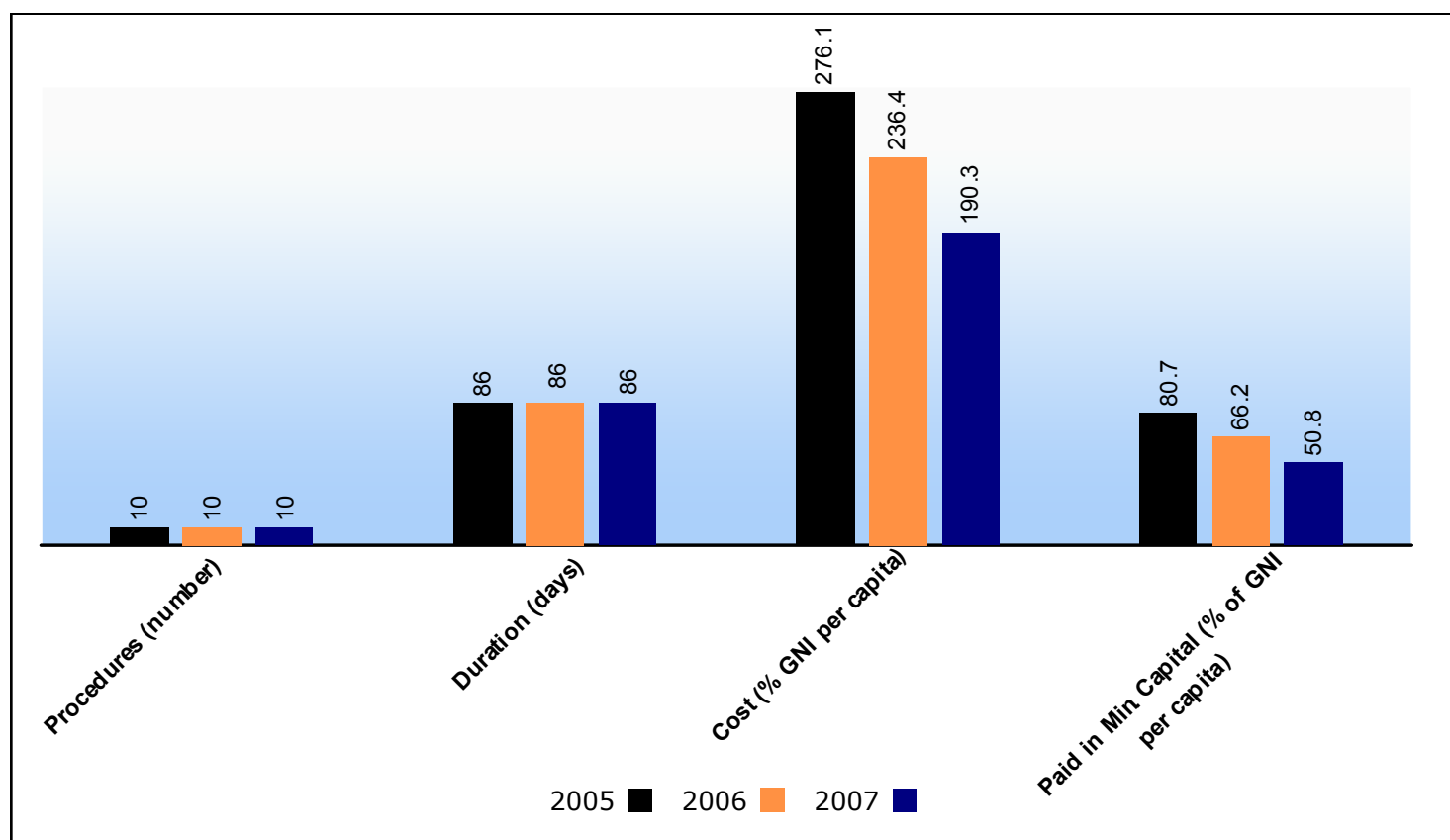
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up capital of 10 times income per capita, turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices; and fuel corruption.

1. Historical data: Starting a Business in Cambodia

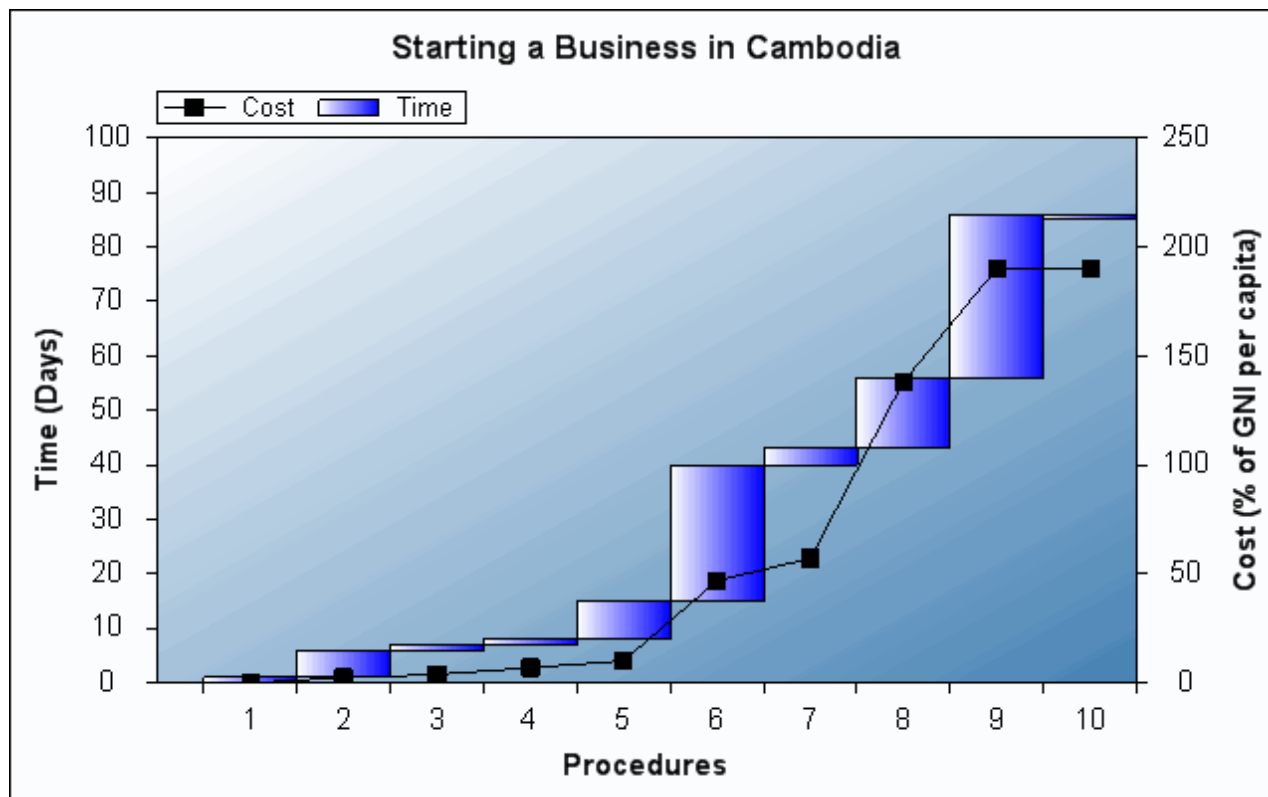
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		164	162
Procedures (number)	10	10	10
Duration (days)	86	86	86
Cost (% GNI per capita)	276.1	236.4	190.3
Paid in Min. Capital (% of GNI per capita)	80.7	66.2	50.8

2. The following graph illustrates the Starting a Business indicators in Cambodia over the past 3 years:



3. Steps to Starting a Business in Cambodia

It requires 10 procedures, takes 86 days, and costs 190.31% GNI per capita to start a business in Cambodia.



List of Procedures:

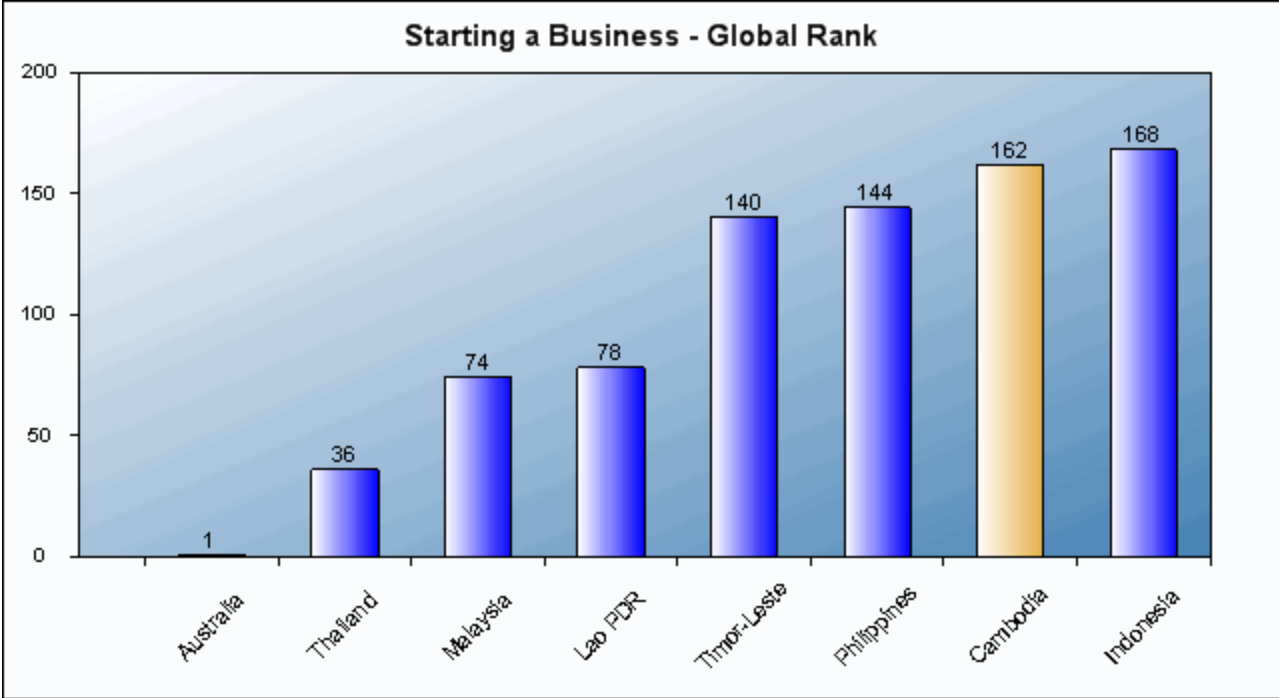
1. Deposit the legally required initial capital in a bank
2. Check the uniqueness of the company name
3. Pick up a company registration form
4. Make a company seal
5. Publish formation notice
6. Incorporate the company with the Commercial Register
7. Have registration documents stamped
8. Register the company for VAT
9. Notify the Ministry of Labor
10. Receive Inspection from Labor Inspector

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Cambodia is ranked 162 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

Ranking of Cambodia in Starting a Business - Compared to best practice and selected economies:



The following table shows Starting a Business data for Cambodia compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

<i>Selected Economy</i>				
Cambodia	10	86	190.3	50.8

<i>Comparator Economies</i>				
Indonesia	12	105	80.0	38.4
Lao PDR	8	103	16.5	0.0
Malaysia	9	24	18.1	0.0
Philippines	15	58	26.8	6.9
Thailand	8	33	5.6	0.0
Timor-Leste	9	82	11.9	595.2

* The following economies are also best practice economies for :

Procedures (number): **Canada, New Zealand**

Paid in Min. Capital (% of GNI per capita): **Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States**

Dealing with Licenses in Cambodia: Building a Warehouse

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure—from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation—the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

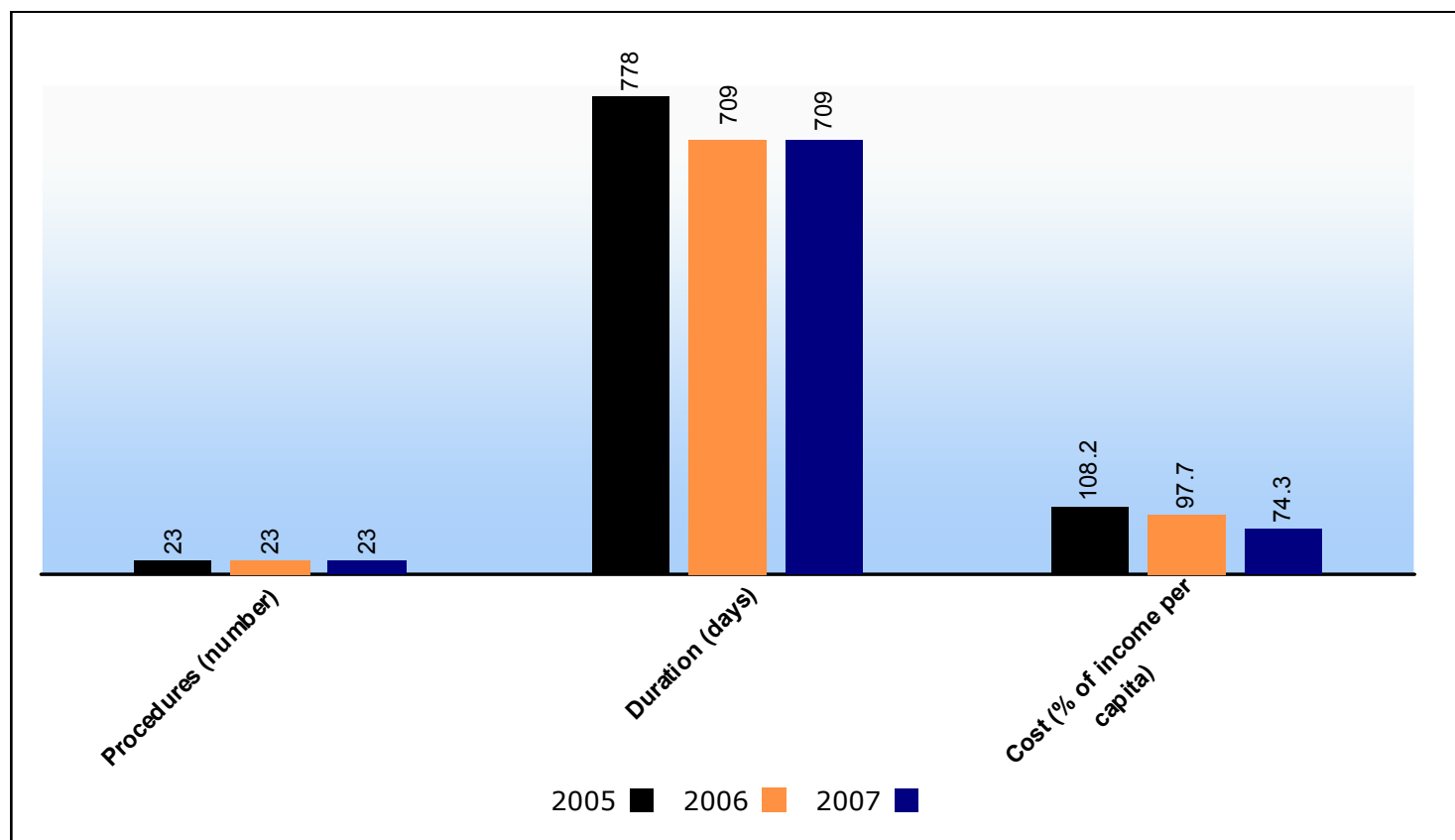
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

1. Historical data: Dealing with Licenses in Cambodia

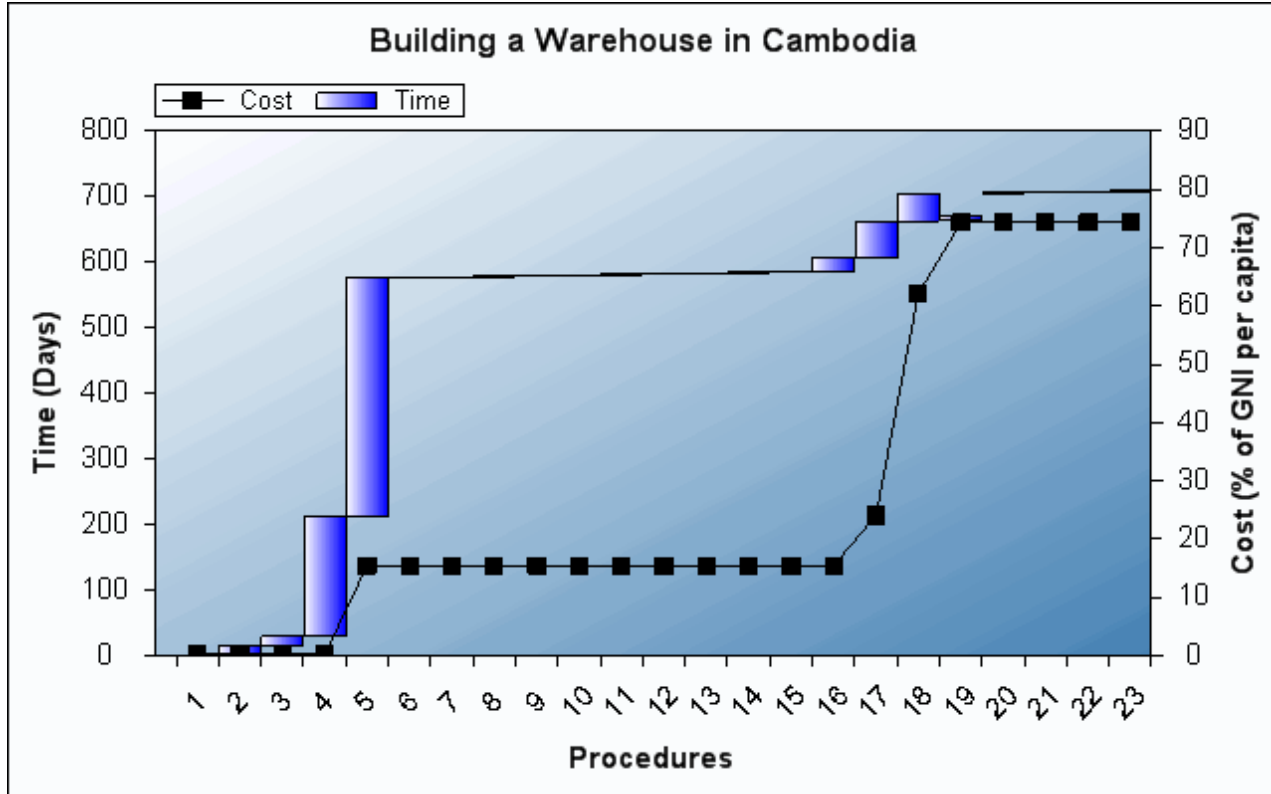
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		145	144
Procedures (number)	23	23	23
Duration (days)	778	709	709
Cost (% of income per capita)	108.2	97.7	74.3

2. The following graph illustrates the Dealing with Licenses indicators in Cambodia over the past 3 years:



3. Steps to Building a Warehouse in Cambodia

It requires 23 procedures, takes 709 days, and costs 74.33% GNI per capita to build a warehouse in Cambodia.



List of Procedures:

1. Pick up application form
2. File documents with the Sangkat Office for review
3. File documents to the Khan Land Management, Urban Planning, and Construction Office for review, and obtain approval
4. Request and obtain certification from the Khan or district governor
5. Request and obtain the approval (building permit) of the municipality/provincial governor
6. Notify the Sangkat authority of obtainment of building permit
7. Notify the Khan authority of obtainment of building permit
8. Request official opening of the construction
9. Receive an inspection from technical official
10. Inform the building authority of the ploes setup and receive inspection
11. Inform the building authority after foundation work and receive inspection
12. Inform the building authority when columns are built and receive inspection

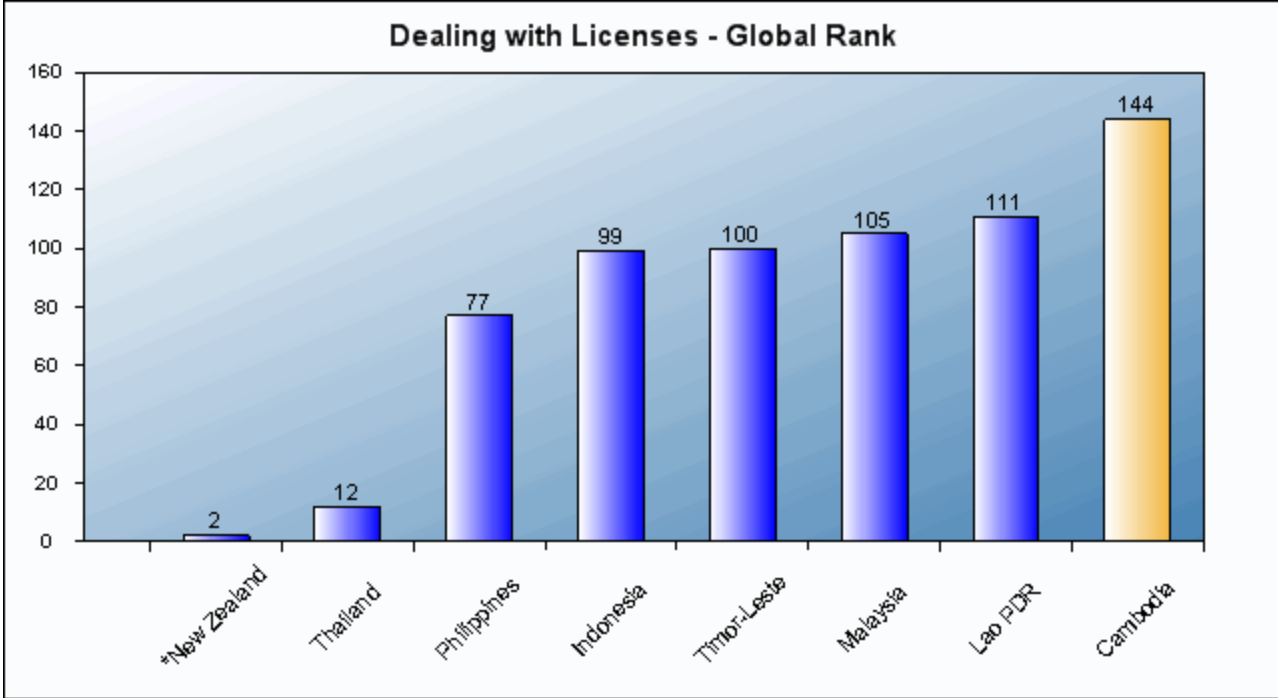
13. Inform the building authority when walls are erected and receive inspection
14. Inform the building authority when floors are built and receive inspection
15. Inform the building authority of the end of main works
16. Receive final inspection by the building authorities and relevant departments that issue the certificate of compliance
17. Request and receive connection to electricity
18. Request and receive connection to water and sewage services
19. Request and receive connection to telephone
20. Inform the building authorities of the utilities setup
21. Receive inspection by building authorities
22. Receive inspection by electric power authorities
23. Receive inspection by water authorities

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Cambodia is ranked 144 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Cambodia in Dealing with Licenses - Compared to best practice and selected economies:



* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Cambodia compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

Selected Economy			
Cambodia	23	709	74.3

Comparator Economies			
Indonesia	19	196	286.8
Lao PDR	24	172	202.4
Malaysia	25	285	10.0
Philippines	21	177	75.9
Thailand	11	156	10.7
Timor-Leste	22	208	113.1

Employing Workers in Cambodia: Labor Regulations

Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. Doing Business examines government regulation in the area of employment and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

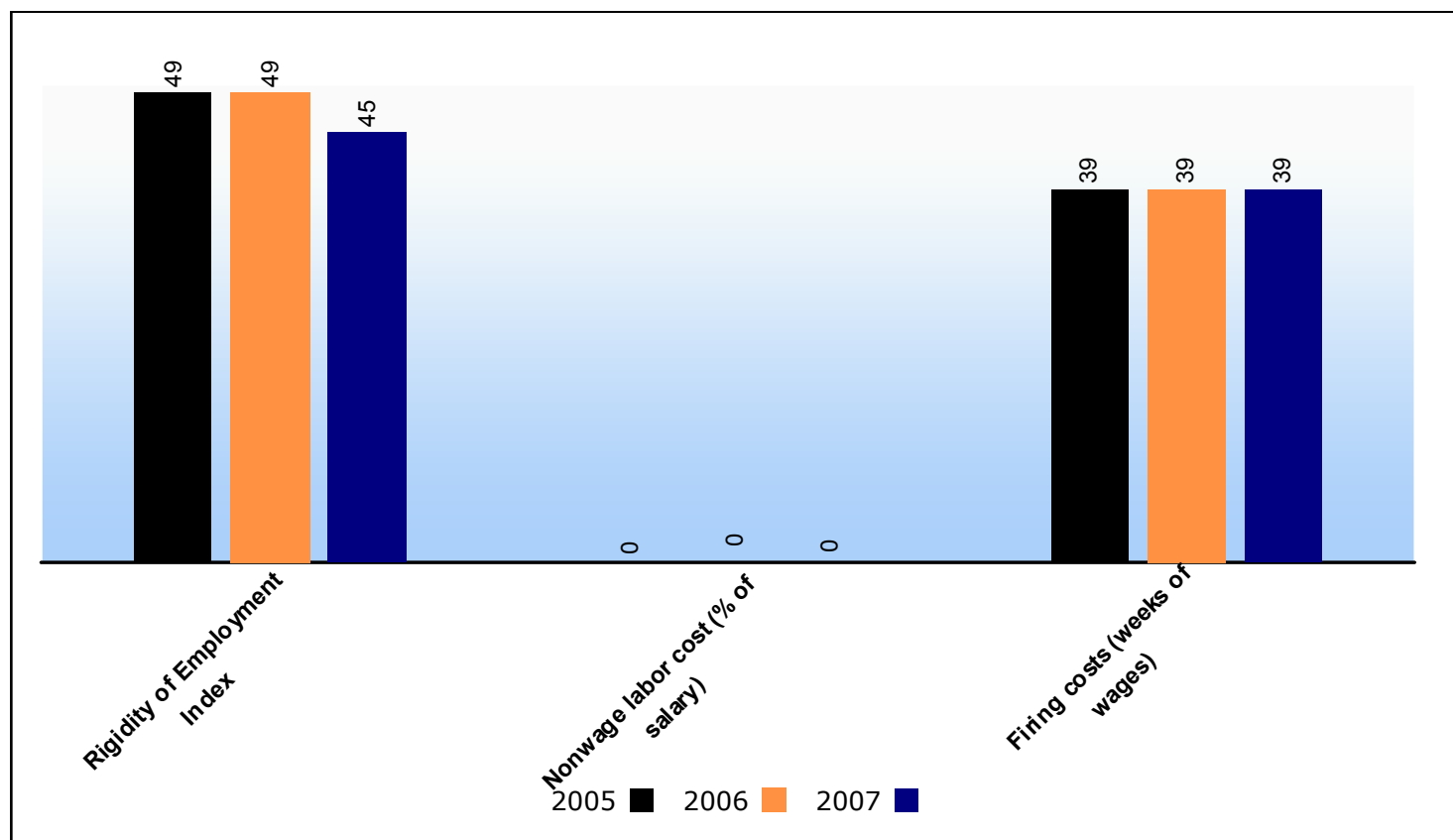
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Cambodia

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		135	133
Rigidity of Employment Index	49	49	45
Nonwage labor cost (% of salary)	0	0	0
Firing costs (weeks of wages)	39	39	39

2. The following graph illustrates the Employing Workers indicators in Cambodia over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Cambodia is ranked 133 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of Cambodia in Employing Workers - Compared to best practice and selected economies:



* The following economies are also best practice economies for Employing Workers: Marshall Islands, Singapore

The following table shows Employing Workers data for Cambodia compared to best practice and comparator economies:

Best Practice Economies	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

Selected Economy			
Cambodia	45	0	39

Comparator Economies			
Indonesia	44	10	108
Lao PDR	37	5	19
Malaysia	10	15	75
Philippines	35	7	91
Thailand	18	6	54
Timor-Leste	34	0	17

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

Registering Property in Cambodia: Regulation of Property Transfer

Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most countries the data are based on responses from both. Based on the responses, three indicators are constructed:

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

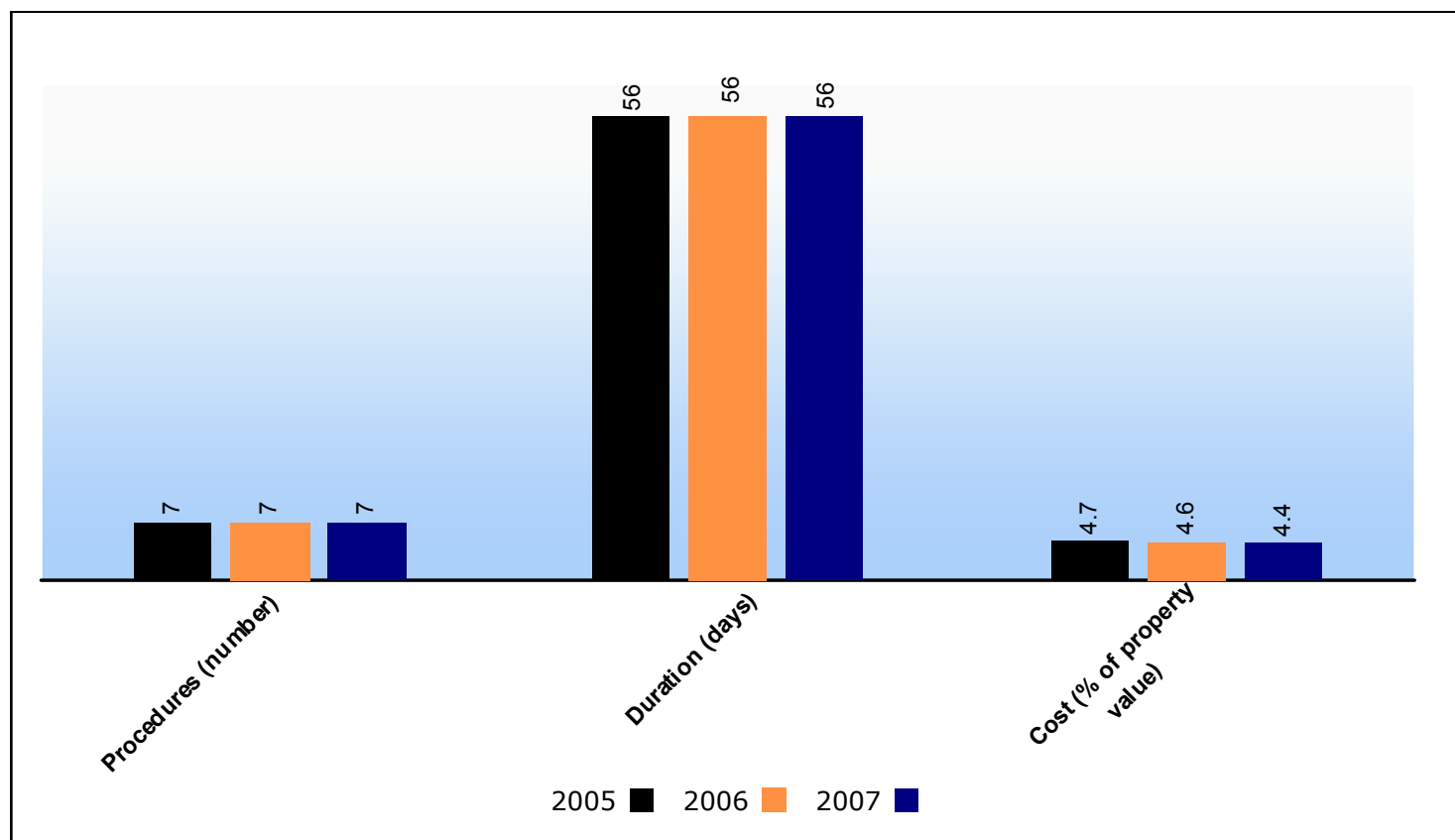
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

1. Historical data: Registering Property in Cambodia

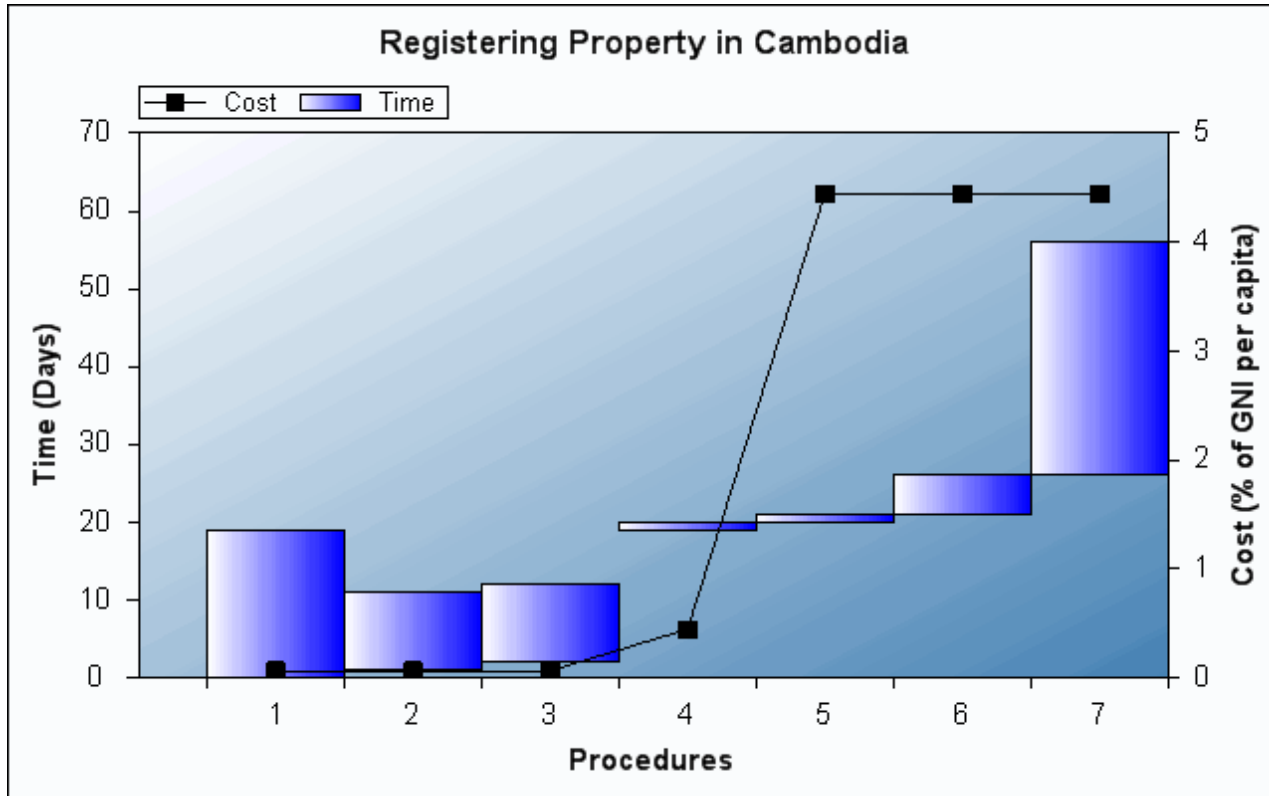
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		98	98
Procedures (number)	7	7	7
Duration (days)	56	56	56
Cost (% of property value)	4.7	4.6	4.4

2. The following graph illustrates the Registering Property indicators in Cambodia over the past 3 years:



3. Steps to Registering Property in Cambodia

It requires 7 procedures, takes 56 days, and costs 4.44% GNI per capita to register the property in Cambodia.



List of Procedures:

1. The buyer verifies the title certificate with the Land Office, checking for potential liens or encumbrances
2. Obtain information on the property from the Commune Council Official
3. The buyer should obtain the certificate of incorporation of the seller's company and other documents from the seller
4. Apply for registration at the District Land Office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC)
5. Pay transfer tax at the Tax Collection Office
6. Return to Cadastral office to complete the registration process
7. Obtain the certificate of title from the Municipal Land Office

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Cambodia is ranked 98 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

Ranking of Cambodia in Registering Property - Compared to best practice and selected economies:



The following table shows Registering Property data for Cambodia compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia*			0.0

Selected Economy			
Cambodia	7	56	4.4

Comparator Economies			
Indonesia	7	42	10.5
Lao PDR	9	135	4.2
Malaysia	5	144	2.4
Philippines	8	33	4.2
Thailand	2	2	6.3
Timor-Leste	no practice	no practice	no practice

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Cambodia: Legal Rights and Credit Information

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function—one on credit registries and the other on legal rights of borrowers and lenders.

Credit registries—institutions that collect and distribute credit information on borrowers—can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

- Public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population.
- Private bureau coverage, which reports the number of individuals and firms covered by a private credit bureau as a percentage of the adult population.
- Depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower’s secured assets upon default, collateral limits the lender’s potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

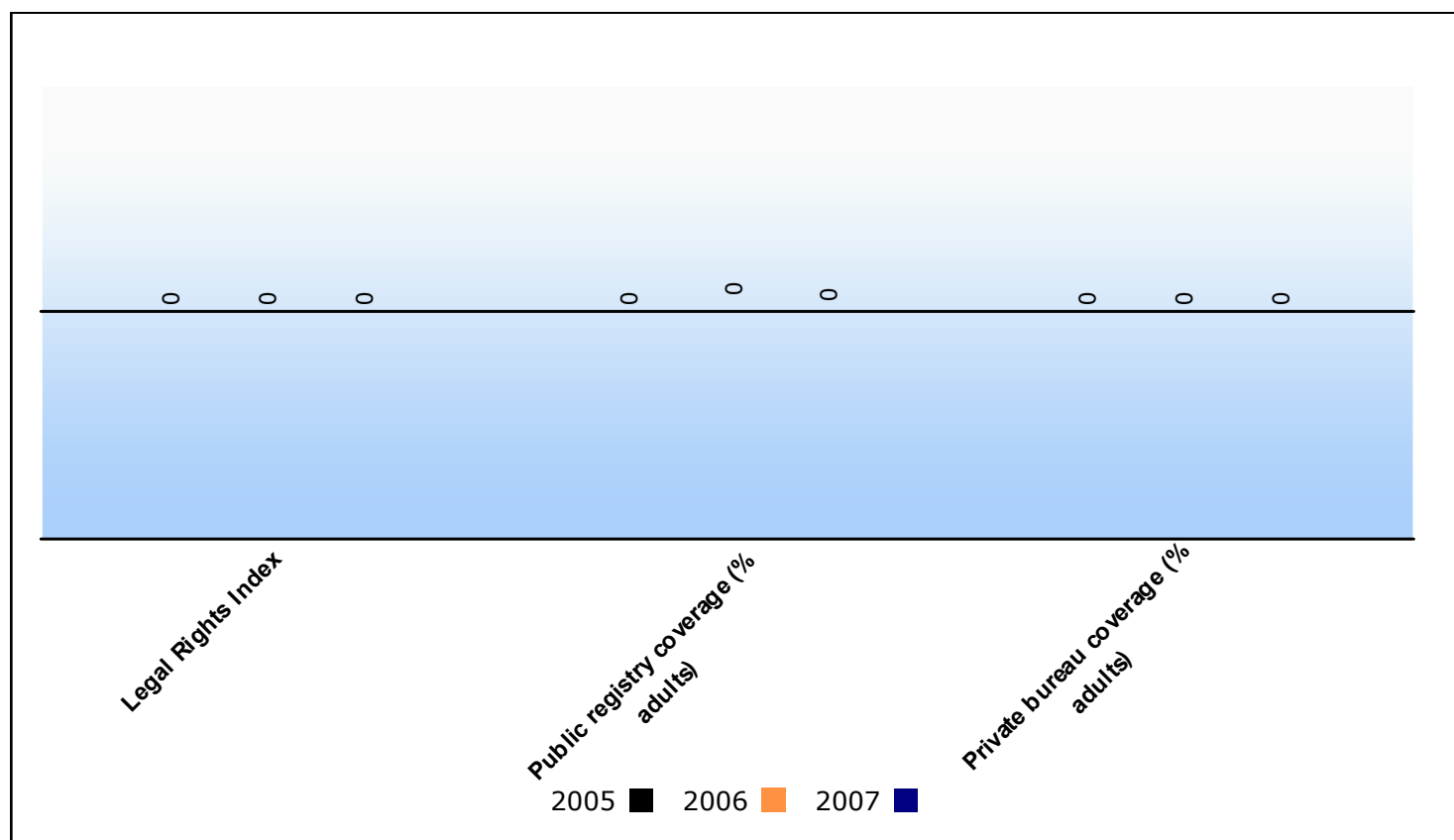
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

1. Historical data: Getting Credit in Cambodia

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		177	177
Legal Rights Index	0	0	0
Public registry coverage (% adults)	0.0	0.0	0.0
Private bureau coverage (% adults)	0.0	0.0	0.0

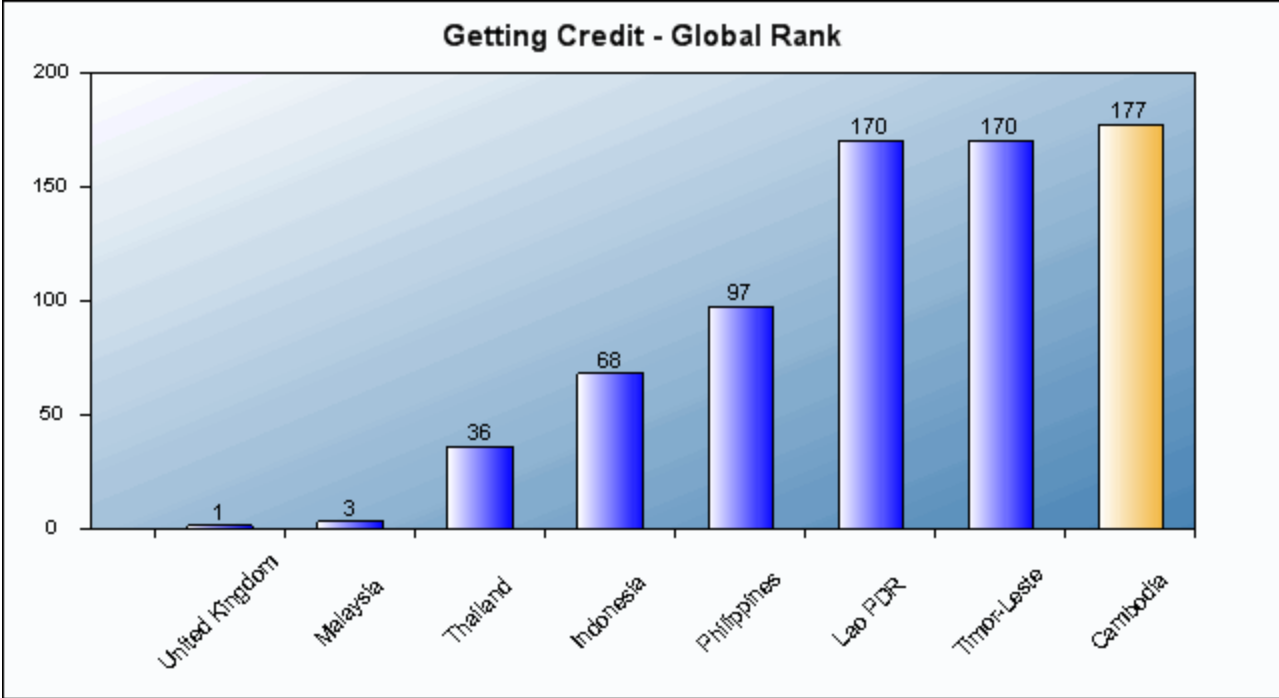
2. The following graph illustrates the Getting Credit indicators in Cambodia over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Cambodia is ranked 177 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

Ranking of Cambodia in Getting Credit - Compared to best practice and selected economies:



The following table shows Getting Credit data for Cambodia compared to best practice and comparator economies:

Best Practice Economies	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

Selected Economy			
Cambodia	0	0.0	0.0

Comparator Economies			
Indonesia	5	20.5	0.2
Lao PDR	2	0.0	0.0
Malaysia	8	44.5	not available
Philippines	3	0.0	5.5
Thailand	5	0.0	27.9
Timor-Leste	2	0.0	0.0

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

Private bureau coverage (% adults): Australia, Canada, Iceland, Ireland, New Zealand, Nicaragua, Norway, Sweden, United States

Protecting Investors in Cambodia

Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is unfair to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

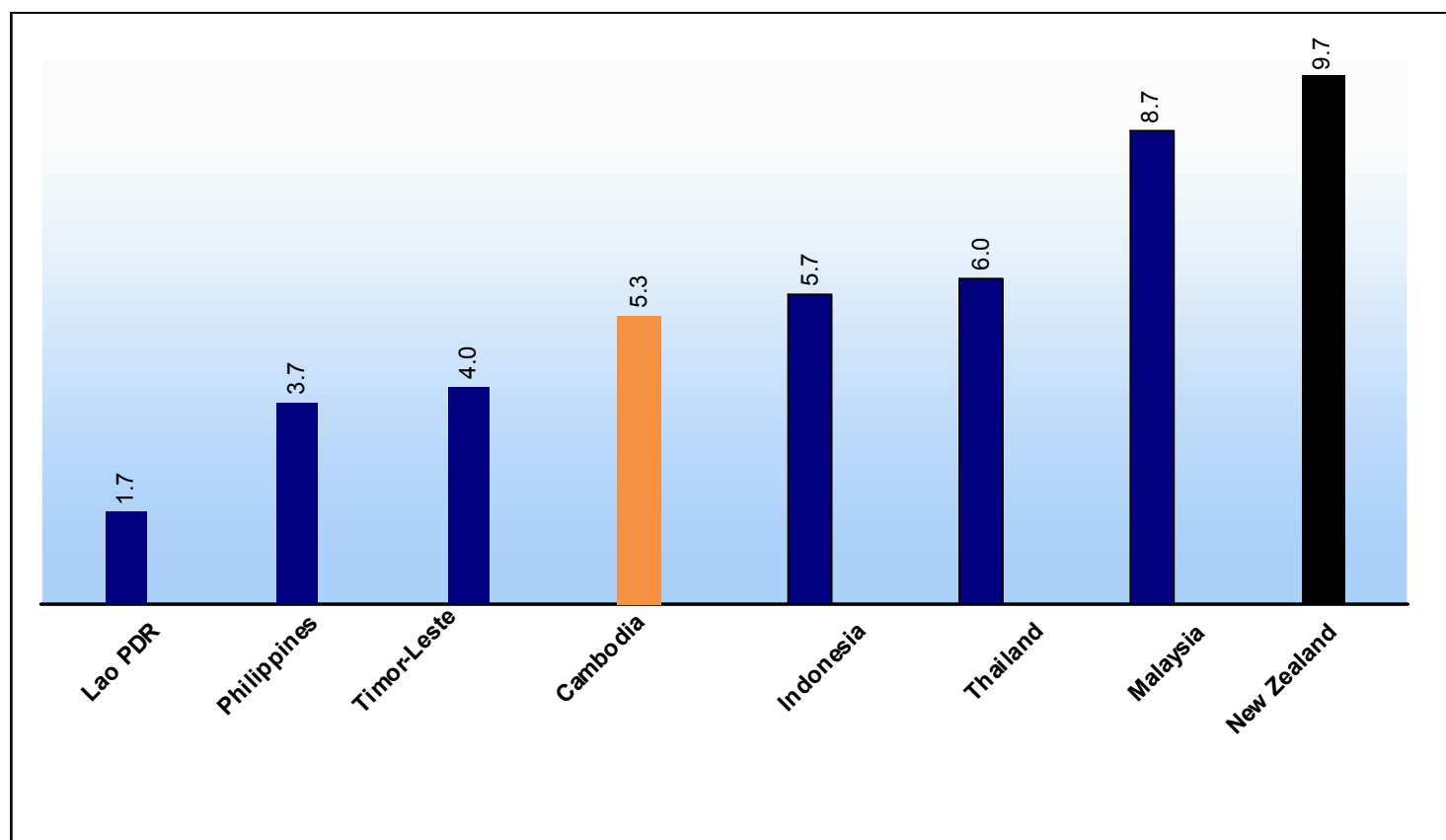
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

1. Historical data: Protecting Investors in Cambodia

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		62	64
Investor Protection Index	5.3	5.3	5.3

2. The following graph illustrates the Protecting Investors index in Cambodia compared to best practice and selected Economies:

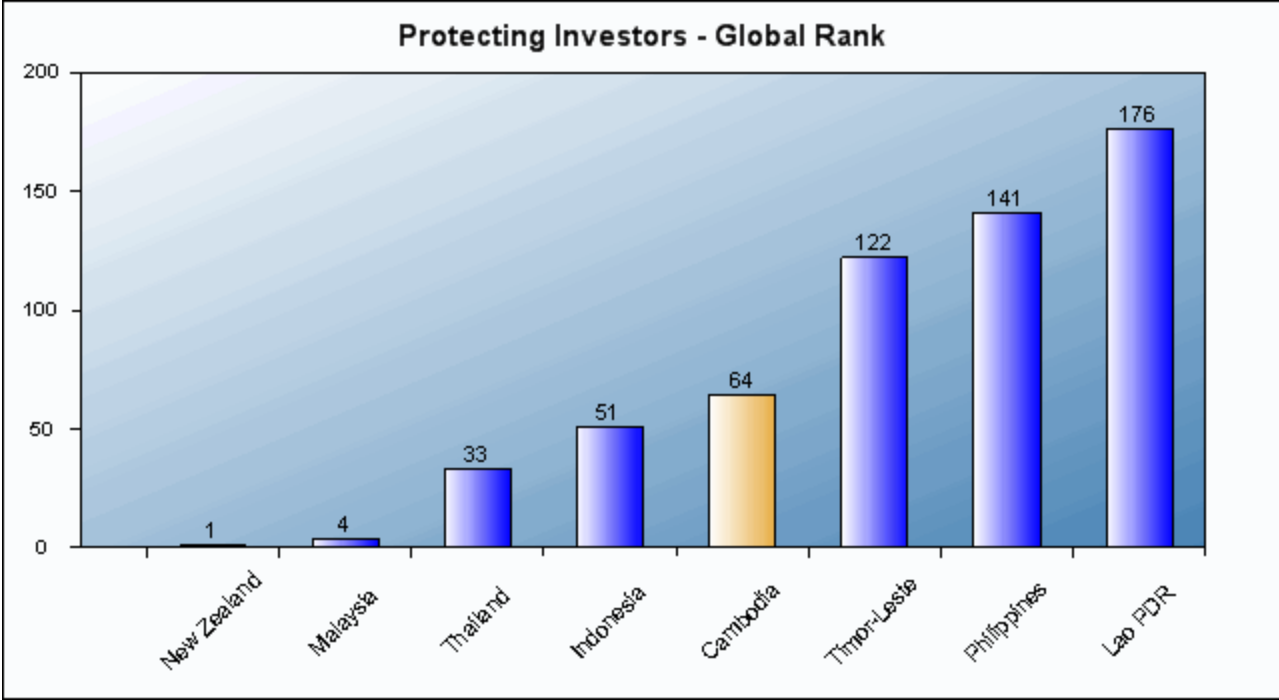


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Cambodia is ranked 64 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

Ranking of Cambodia in Protecting Investors - Compared to best practice and selected economies:



The following table shows Protecting Investors data for Cambodia compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Cambodia	5.3

<i>Comparator Economies</i>	
Indonesia	5.7
Lao PDR	1.7
Malaysia	8.7
Philippines	3.7
Thailand	6.0
Timor-Leste	4.0

Paying Taxes: Tax Payable and Compliance in Cambodia

Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

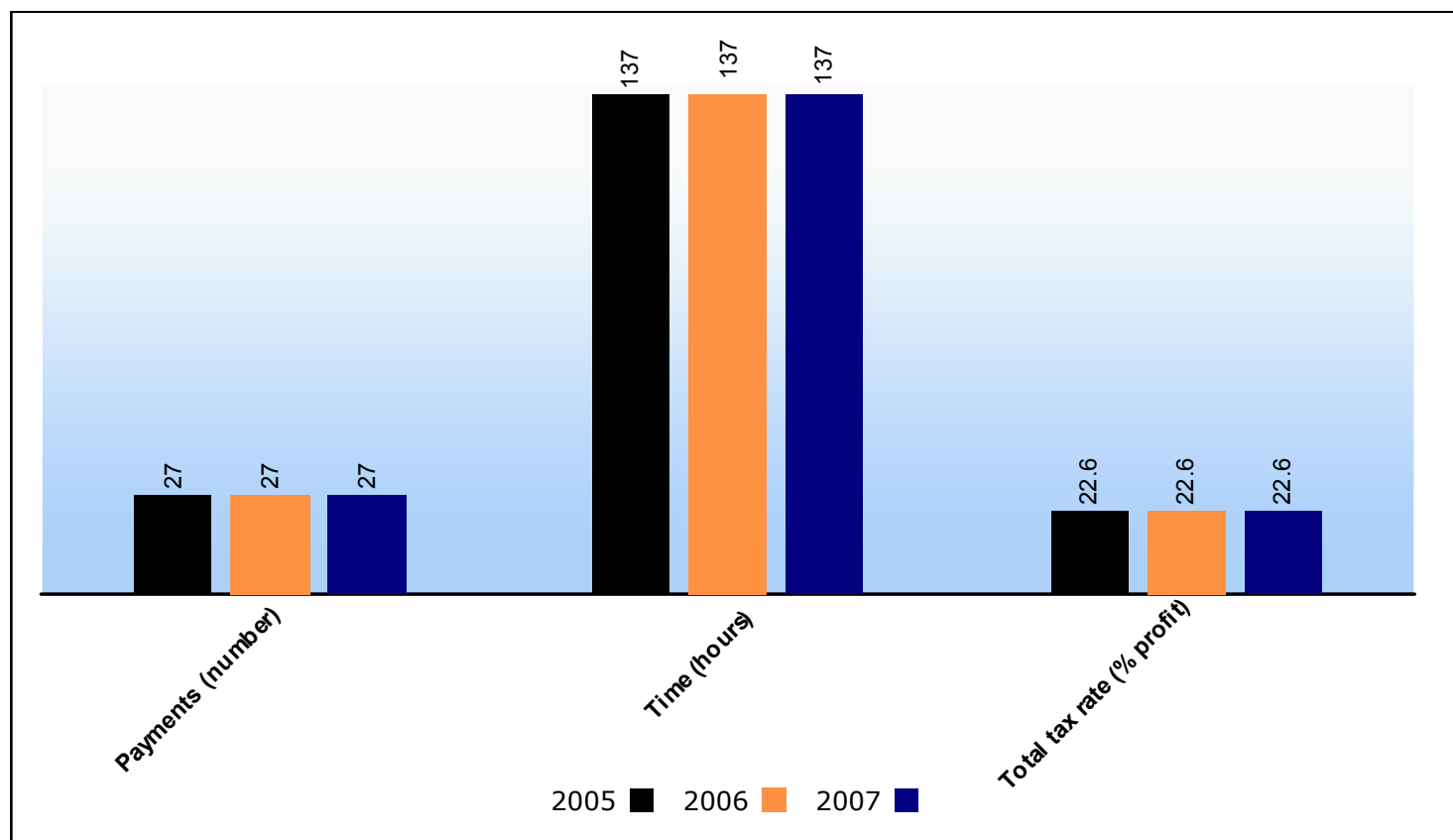
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Cambodia

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		21	21
Time (hours)	137	137	137
Total tax rate (% profit)	22.6	22.6	22.6
Payments (number)	27	27	27

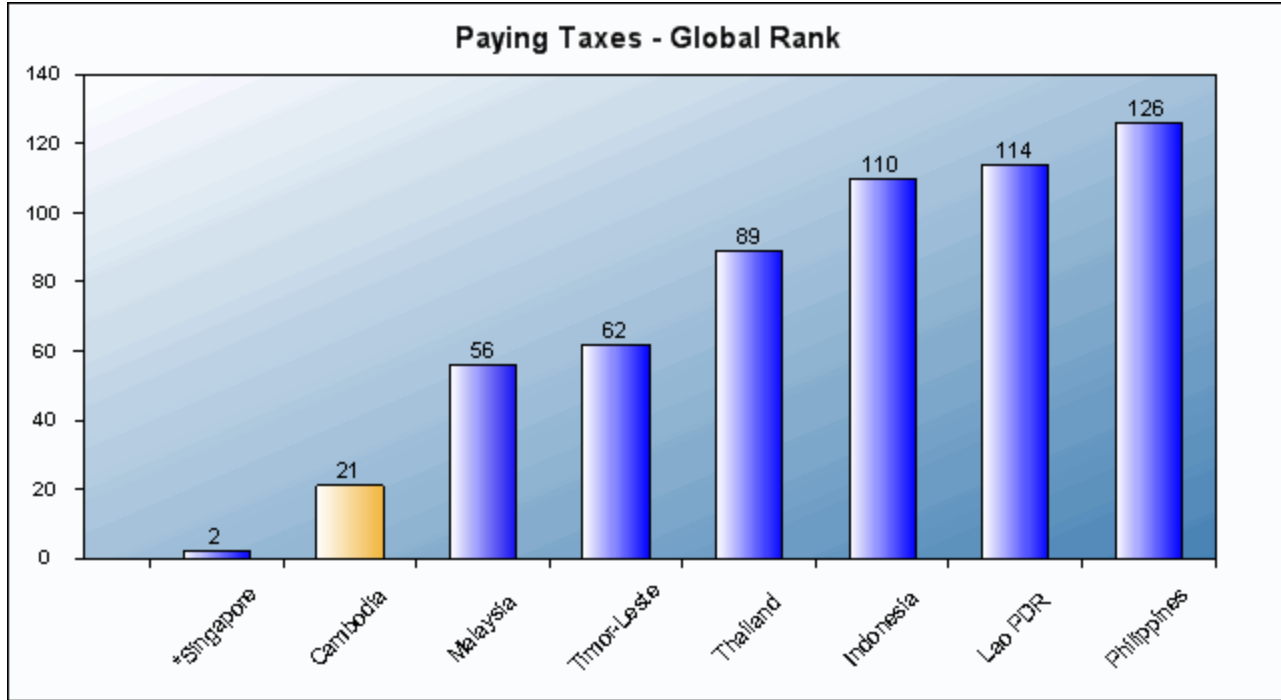
2. The following graph illustrates the Paying Taxes indicators in Cambodia over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Cambodia is ranked 21 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

Ranking of Cambodia in Paying Taxes - Compared to best practice and selected economies:



* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for Cambodia compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

<i>Selected Economy</i>			
Cambodia	27	137	22.6

<i>Comparator Economies</i>			
Indonesia	51	266	37.3
Lao PDR	34	672	35.5
Malaysia	35	166	36.0
Philippines	47	195	52.8
Thailand	35	264	37.7
Timor-Leste	15	640	28.3

* The following economies are also best practice economies for :

Payments (number): Maldives

Time (hours): Maldives

Trading Across Borders: Importing and Exporting from Cambodia

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official procedure—and the associated documents, time and cost—for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the factory warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

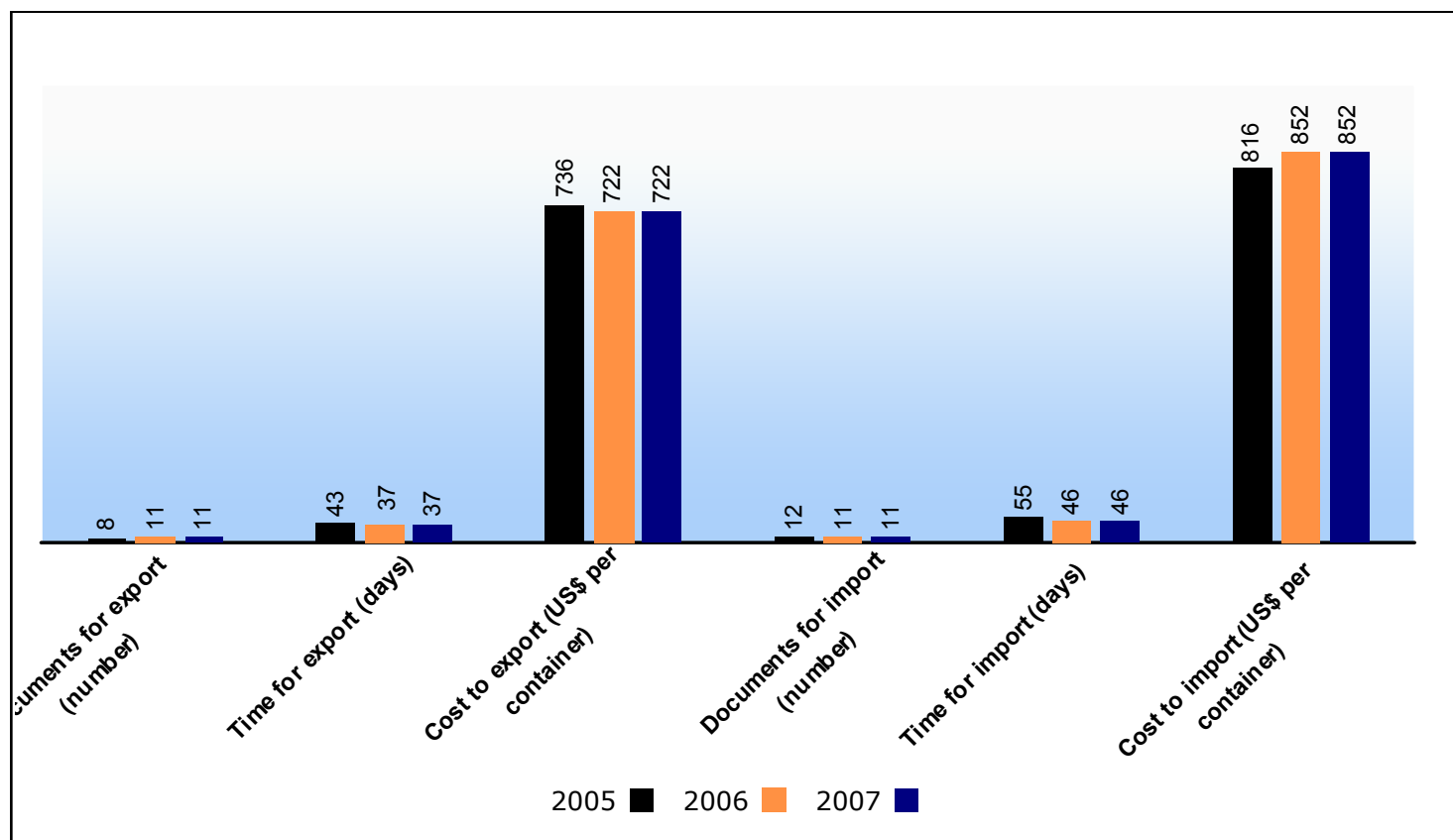
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes.

Countries that have efficient customs, good transport networks and fewer document requirements—making compliance with export and import procedures faster and cheaper—are more competitive globally. That leads to more exports—and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders avoid customs altogether. Instead, they smuggle goods across the border. That defeats the very purpose in having border control of trade—to levy taxes and ensure high quality of goods.

1. Historical data: Trading Across Borders in Cambodia

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		136	139
Documents for export (number)	8	11	11
Time for export (days)	43	37	37
Cost to export (US\$ per container)	736	722	722
Documents for import (number)	12	11	11
Time for import (days)	55	46	46
Cost to import (US\$ per container)	816	852	852

2. The following graph illustrates the Trading Across Borders indicators in Cambodia over the past 3 years:



3. Benchmarking Trading Across Borders Regulations:

Cambodia is ranked 139 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

Ranking of Cambodia in Trading Across Borders - Compared to best practice and selected economies:



The following table shows Trading Across Borders data for Cambodia compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

<i>Selected Economy</i>						
Cambodia	11	37	722	11	46	852

<i>Comparator Economies</i>						
Indonesia	5	21	667	6	27	623
Lao PDR	9	50	1750	10	50	1930
Malaysia	7	18	432	7	14	385
Philippines	8	17	800	8	18	800
Thailand	7	17	615	9	14	786
Timor-Leste	6	25	990	7	26	995

* The following economies are also best practice economies for :

Documents for export (number): **Estonia, Micronesia, Panama**

Time for export (days): **Estonia, Singapore**

Documents for import (number): **Sweden**

Enforcing Contracts: Court Efficiency in Cambodia

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

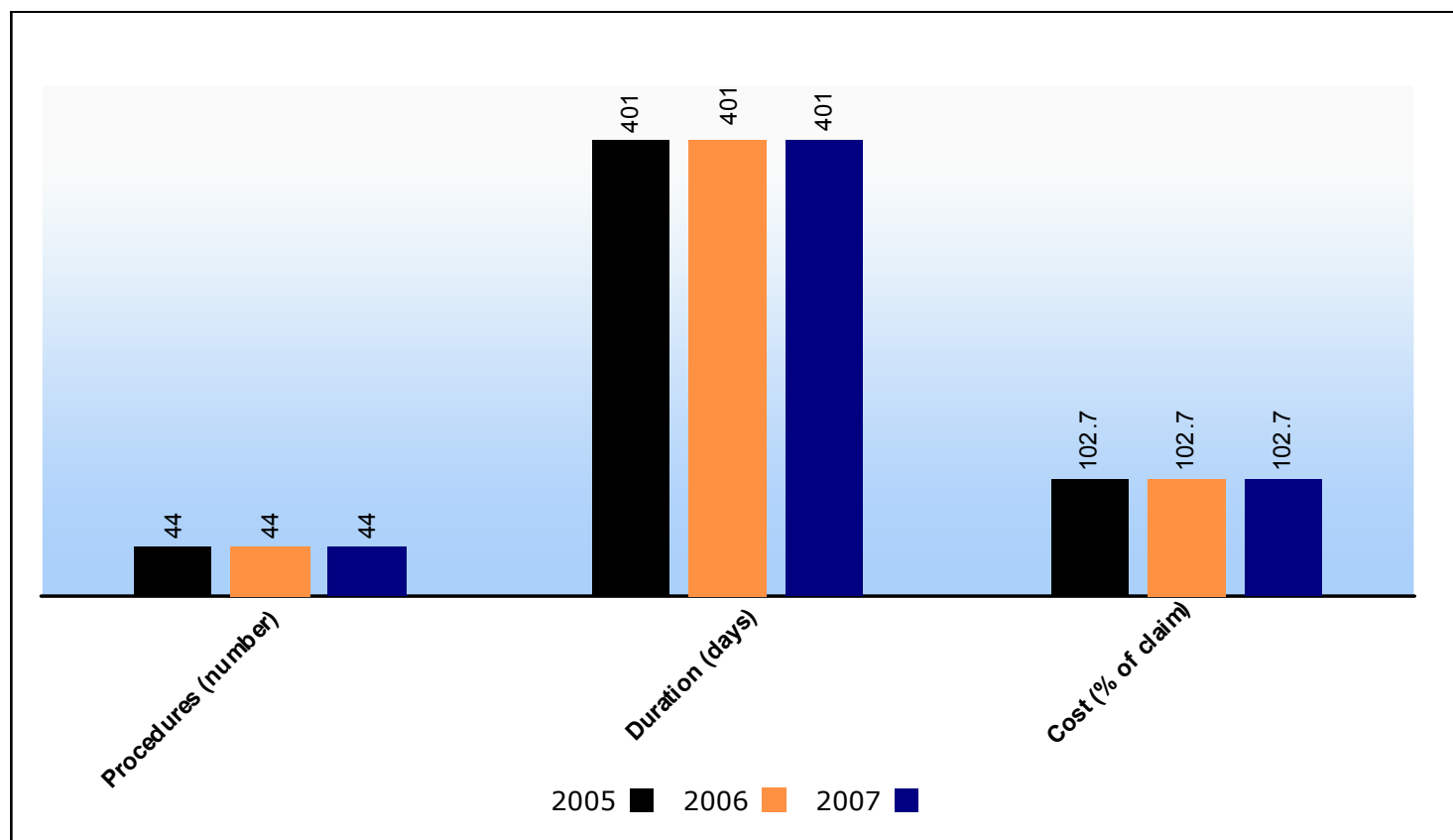
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

1. Historical data: Enforcing Contracts in Cambodia

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		134	134
Procedures (number)	44	44	44
Duration (days)	401	401	401
Cost (% of claim)	102.7	102.7	102.7

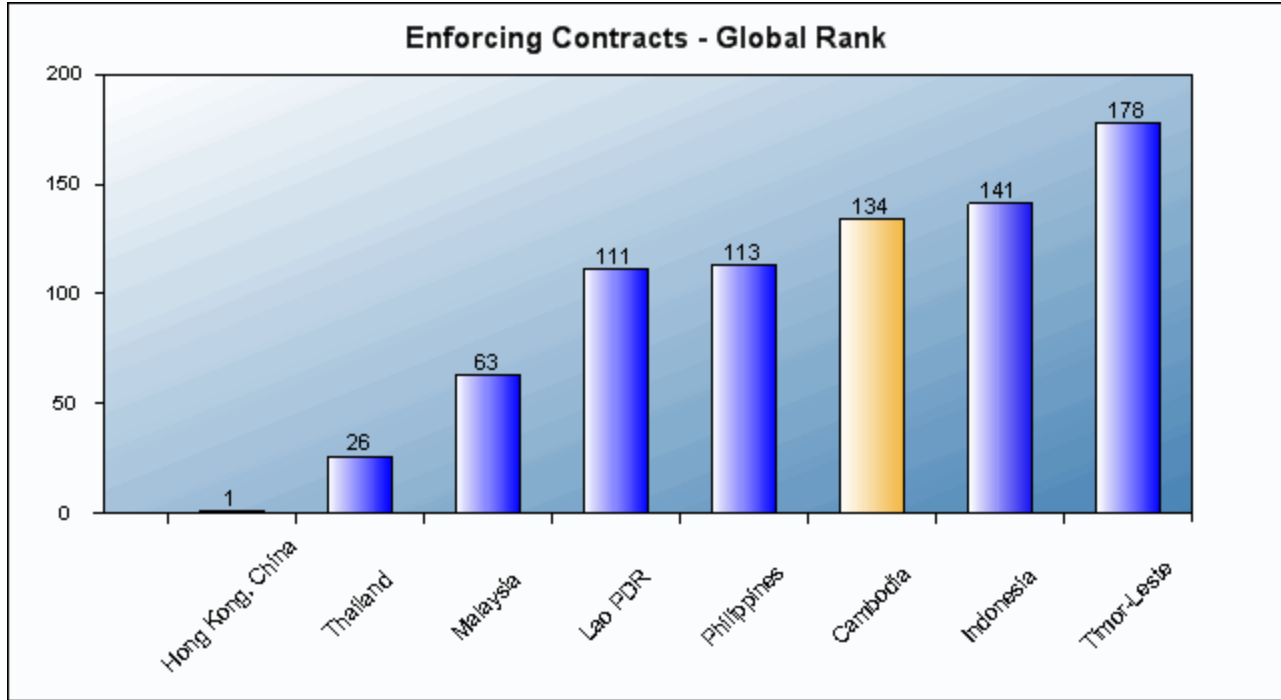
2. The following graph illustrates the Enforcing Contracts indicators in Cambodia over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Cambodia is ranked 134 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

Ranking of Cambodia in Enforcing Contracts - Compared to best practice and selected economies:



The following table shows Enforcing Contracts data for Cambodia compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

Selected Economy			
Cambodia	44	401	102.7

Comparator Economies			
Indonesia	39	570	122.7
Lao PDR	42	443	31.6
Malaysia	30	600	27.5
Philippines	37	842	26.0
Thailand	35	479	14.3
Timor-Leste	51	1800	163.2

Closing Business in Cambodia: Bankruptcy

The economic crises of the 1990s in emerging markets—from East Asia to Latin America, from Russia to Mexico—raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

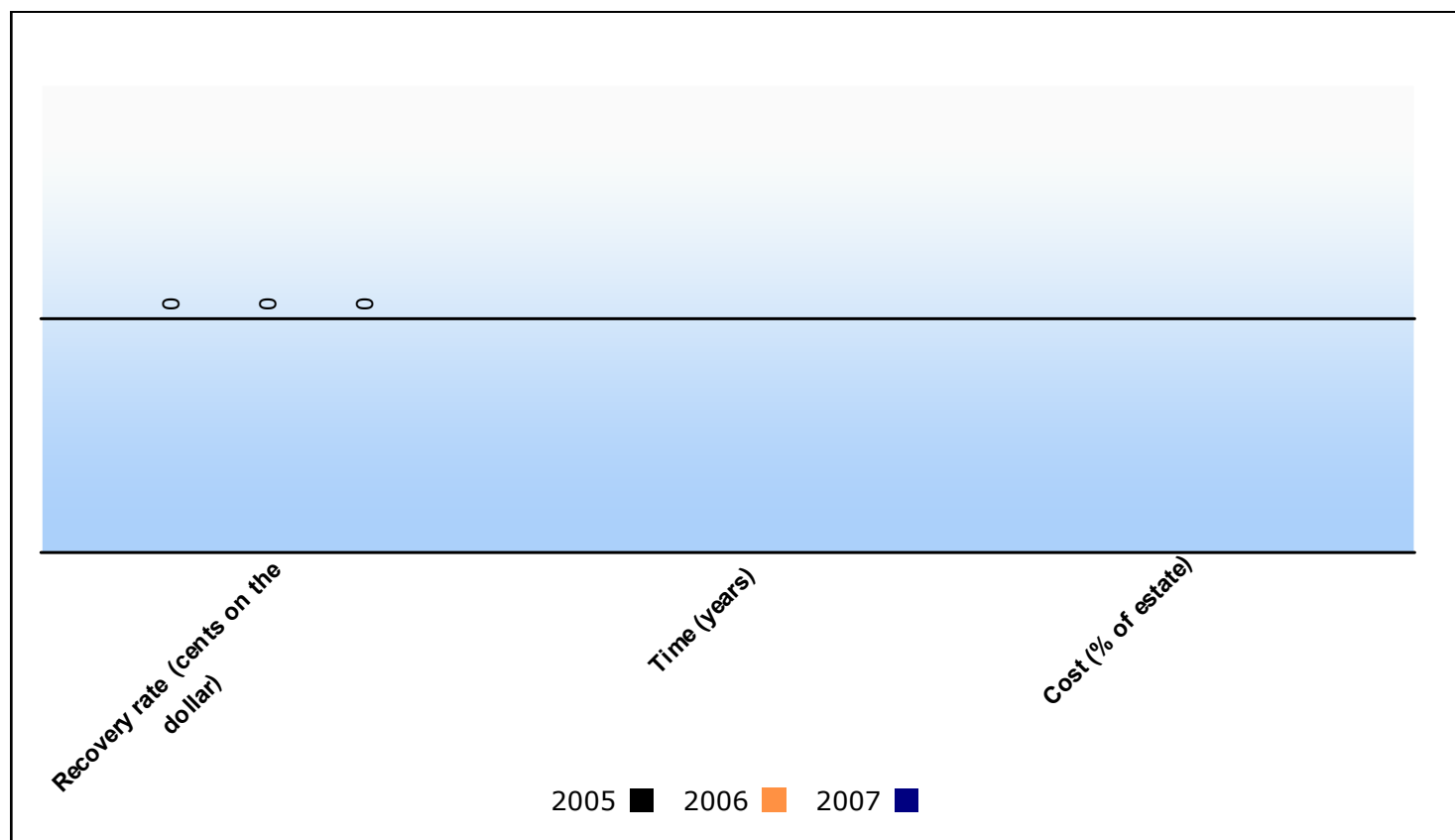
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

1. Historical data: Closing Business in Cambodia

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		178	178
Time (years)	no practice	no practice	no practice
Cost (% of estate)	no practice	no practice	no practice
Recovery rate (cents on the dollar)	0	0	0.0

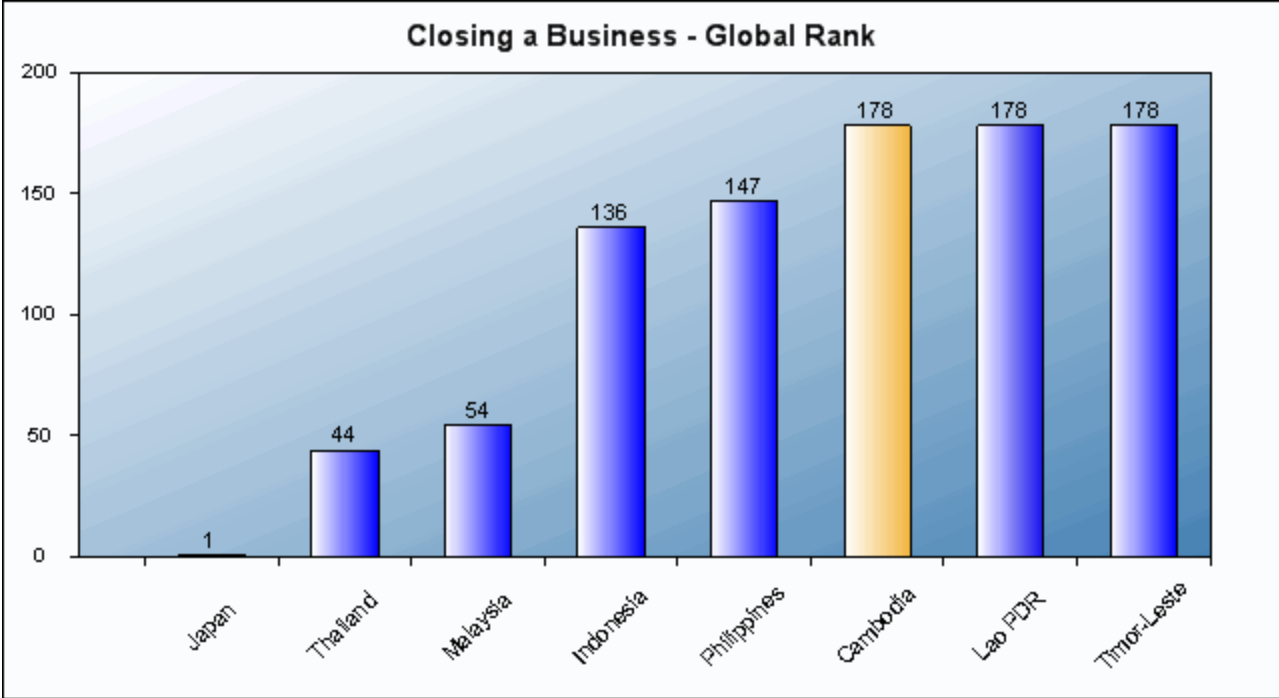
2. The following graph illustrates the Closing Business indicators in Cambodia over the past 3 years:



3. Benchmarking Closing Business Regulations:

Cambodia is ranked 178 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

Ranking of Cambodia in Closing Business - Compared to best practice and selected economies:



The following table shows Closing Business data for Cambodia compared to best practice and comparator economies:

Best Practice Economies	Recovery rate (cents on the	Time (years)	Cost (% of estate)
Colombia			1
Ireland		0.4	
Japan	92.6		

Selected Economy			
Cambodia	0.0	no practice	no practice

Comparator Economies			
Indonesia	12.6	5.5	18
Lao PDR	0.0	no practice	no practice
Malaysia	38.3	2.3	15
Philippines	4.2	5.7	38
Thailand	41.8	2.7	36
Timor-Leste	0.0	no practice	no practice

Starting a Business in Cambodia

This table summarizes the procedures and costs associated with setting up a business in Cambodia.

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

Minimum Capital Requirement: KHR 1,000,000

City: Phnom Penh

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Deposit the legally required initial capital in a bank and obtain deposit evidence.	1 day	no charge
2	Check the uniqueness of the company name	5 days	USD 10
3	Pick up a company registration form	1 day	USD 5 to 10
4	Make a company seal	1 day	USD 15
5	Have an abstract of the company organization documents (bylaws, memorandum, and articles of association) published in a recognized public newspaper	7 days	USD 15
6	Incorporate the company with the Commercial Register, maintained at the Office of the Clerk of the Commercial Court	25 days	USD 177
7	Have registration documents stamped and approved by Phnom Penh Tax Department	3 days	USD 49
8	Register the company for VAT and patent at the Real Regime Tax Office	13 days	USD 390
9	Notify the Ministry of Labor of the start of operations and hiring of employees	30 days	USD 250 (8-200 employees)
10 *	Receive inspection from Labor Inspector	1 day included in procedure 9	Included in Procedure 9

* Takes place simultaneously with another procedure.

Procedure 1	Deposit the legally required initial capital in a bank and obtain deposit evidence.
Time to complete:	1 day
Cost to complete:	no charge
Comment:	Initial capital of KHR 4 million must be paid in before registration at any authorized bank in Cambodia. The bank must provide a bank statement certifying the deposit. There is no time limit for the firm to pay the entire amount.
Procedure 2	Check the uniqueness of the company name
Time to complete:	5 days
Cost to complete:	USD 10
Comment:	The uniqueness of the company name is usually researched at the Legal Affairs Department of the Ministry of Commerce.
Procedure 3	Pick up a company registration form
Time to complete:	1 day
Cost to complete:	USD 5 to 10
Comment:	The founder must pick up the company registration form (Form CIB 01R) at the Cambodian Investment Board or apply online (free of charge) at www.cambodiainvestment.gov.kh . However, informal payments of about USD 5 to USD 10 will facilitate subsequent procedures.
Procedure 4	Make a company seal
Time to complete:	1 day
Cost to complete:	USD 15
Comment:	
Procedure 5	Have an abstract of the company organization documents (bylaws, memorandum, and articles of association) published in a recognized public newspaper
Time to complete:	7 days
Cost to complete:	USD 15
Comment:	<p>A director, a shareholder, or a proxy with mandate shall prepare an application for publication in a state-recognized newspaper, which includes the following:</p> <ul style="list-style-type: none"> - Company name (and abbreviation, if any). - Company form. - Summary of business objectives. - Company term. - Total capital in cash. - Director(s) full name, occupation, nationality, and address. - Location of company to be registered. <p>The confirmed approval of the newspaper announcement and application document shall be kept on file (at least three copies) for registration.</p>
Procedure 6	Incorporate the company with the Commercial Register, maintained at the Office of the Clerk of the Commercial Court

Time to complete: 25 days

Cost to complete: USD 177

Comment: The memorandum and articles of association shall be prepared based on the company form and consistent with applicable law, regulations, and the standards set for such documents by the Ministry of Commerce. These documents shall be submitted in triplicate with original copies, as required (one copy each filed at the Commercial Court, the company's registered office, and the Ministry's Legal Affairs Division).

The memorandum and articles of association must include the following information:

- Company name.
- Corporate form.
- Business objectives.
- Company duration.
- Registered office.
- Stated capital in Khmer currency and shareholding.
- Name, address, and nationality of shareholders and director.
- Transfer and shares transfer.
- Accounts.
- Dissolution of company.
- Change of company legal form.
- Announcement of company establishment.

The following documents must be presented to the Ministry's Registrar in the specified quantity:

- Registration forms for registration (model): three sets.
- Copy of identity card or passport of each company member: three sets.
- Photo (4" x 6") of each company member: three sets.
- Reference letter from a particular bank, clarifying the minimum capital KHR 4,000,000: one original.
- Articles of incorporation: three sets.
- Application for newspaper announcement: three sets.
- Declaration of nonguilt of directors: three sets.

In 2006 the Ministry streamlined registration application requirements by eliminating the need for a statement of conformity and local government approvals.

The Ministry publishes the company formation notice in the Official Gazette. During the transitional period in which the Kingdom has no Commercial Court, the organization and maintenance of the Commercial Register and the governance of the capacity to conduct commerce, as provided by law, is entrusted to the Ministry of Commerce. All commercial matters are under the jurisdiction of the ordinary courts and ministry officials.

The time for commercial registration may vary.

Procedure 7 Have registration documents stamped and approved by Phnom Penh Tax Department

Time to complete: 3 days

Cost to complete: USD 49

Comment: Approved company registration documents from the Ministry of Commerce must be stamped and approved by the Phnom Penh Tax Branch before going to the Real Regime Tax Office for VAT and patent registration. A copy of the lease agreement also must be provided to that branch.

Procedure 8 Register the company for VAT and patent at the Real Regime Tax Office

Time to complete: 13 days

Cost to complete: USD 390

Comment: A tax registration form and related document must be completed with the assistance of the Real Regime Tax personnel, and copies of commercial registration documents must be provided.

Procedure 9 Notify the Ministry of Labor of the start of operations and hiring of employees

Time to complete: 30 days

Cost to complete: USD 250 (8-200 employees)

Comment: All businesses must submit a written declaration to Ministry of Labor before their actual opening. All employers must submit a written declaration to the Ministry of Labor when hiring or dismissing an employee, within 15 days of the date of hiring or termination at the latest. In addition, each enterprise with at least eight employees must have established internal regulations that adapt such general provisions of the labor code as conditions of hiring and calculation and payment of wages and perquisites, including in-kind benefits, work hours, health and safety measures, and personal leave, including holidays. The internal regulations must be filed within 3 months of firm opening. All establishments must maintain a payroll ledger, a declaration of personnel, a book of establishment, and labor regulations (in Khmer version). As required by law, local employees shall be provided with a "labor book" upon completing a physical examination at the Labor Health Center (KHR 10,000 for each employee, which is usually covered by the employer).

The procedure cost covers five processes (a) Announcing the opening of a new company; (b) declaring of staff; (c) developing internal regulations; (d) obtaining the payroll ledger and book of establishment; and (e) electing staff delegates.

Procedure 10 Receive inspection from Labor Inspector

Time to complete: 1 day included in procedure 9

Cost to complete: Included in Procedure 9

Comment:

Dealing with Licenses in Cambodia

The table below summarizes the procedures, time, and costs to build a warehouse in Cambodia.

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Phnom Penh

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Pick up application form	1 day	KHR 4,500
2	File documents with the Sangkat Office for review	14 days	no charge
3	File documents to the Khan Land Management, Urban Planning, and Construction Office for review, and obtain approval	14 days	no charge
4	Request and obtain certification from the Khan or district governor	182 days	no charge
5	Request and obtain the approval (building permit) of the municipality/provincial governor	365 days	KHR 300,000
6	Notify the Sangkat authority of obtainment of building permit	1 day	no charge
7	Notify the Khan authority of obtainment of building permit	1 day	no charge
8	Request official opening of the construction	1 day	no charge
9	Receive an inspection from technical official	1 day	no charge
10	Inform the building authority of the ploe setup and receive inspection	1 day	no charge
11	Inform the building authority after foundation work and receive inspection	1 day	no charge
12	Inform the building authority when columns are built and receive inspection	1 day	no charge
13	Inform the building authority when walls are erected and receive inspection	1 day	no charge
14	Inform the building authority when floors are built and receive inspection	1 day	no charge
15	Inform the building authority of the end of main works	1 day	no charge

16	Receive final inspection by the building authorities and relevant departments that issue the certificate of compliance	21 days	no charge
17	Request and receive connection to electricity	56 days	KHR 169,000
18 *	Request and receive connection to water and sewage services	42 days	KHR 750,550
19 *	Request and receive connection to telephone	6 days	KHR 240,000
20	Inform the building authorities of the utilities setup	1 day	no charge
21	Receive inspection by building authorities	1 day	no charge
22 *	Receive inspection by electric power authorities	1 day	no charge
23 *	Receive inspection by water authorities	1 day	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Pick up application form

Time to complete: 1 day
Cost to complete: KHR 4,500
Comment:

Procedure 2 File documents with the Sangkat Office for review

Time to complete: 14 days
Cost to complete: no charge

Comment: According to Subdecree No.86 (dated December 19, 1997), relating to the construction permit, the documents attached to the official letter application must contain at least the following (10 copies on 21 x 29.7 cm. paper):

1. Certificate to the estate or title certificate to the estate or the temporary occupation permit to the land.
2. Sheet of plot: this plan (title certificate to the land) shall be made by a private land surveyor or by the land office's private agent.
3. Plan of warehouse location on the plot. This plan specifies the stationing of construction in the plot, the object of the application, by stating the following: the distance between one or more buildings and boundaries of the plot and the distance of the neighboring existing buildings; all arrangements of other sectors of the vacant land, with clarification on the type of land and existing crops and would-be car parks and fences; drainage pipes outside the building (substance, diameter, slope, height level, checking hole) up to the connection point of public network for draining sewage and for clean water, latrine, sink, and well; and stable point of the height of plot after the arrangement.
4. Plan of all warehouse floors (scale 1:100).
5. Plan of the underground parts and latrine sinks (scale 1:100).
6. Plan of front warehouse (scale 1:100).
7. Plan of divided parts (scale 1:100). This plan shows the same as the front face plan, with one part showing the hygienic latrine sink.
8. Table of the surface area for each floor.
9. Technical specifications for calculating the ground level surface. Upon receiving the construction permit, BuildCo must prepare a detailed plan of the construction integration. The Ministry of Public Works and Transportation will review this plan before the construction site is opened.

Procedures 1 to 5 take 30 days. The time frame for completing the permit approval process has been shortened. Under the relevant subdecree on construction permits, the time frame is fixed to at least 45 days to complete any project broader than more than 3,000 square meters.

There is no official fee; however, an informal fee must be paid to facilitate the application.

Procedure 3 File documents to the Khan Land Management, Urban Planning, and Construction Office for review, and obtain approval

Time to complete: 14 days
Cost to complete: no charge
Comment: The following documents must be submitted within 6 days after Procedure 2 has been completed:
- Plot plan.

- Plan of the location of the warehouse on the plot.
- Plan of all warehouse floors. This plan specifies the purpose of using the rooms and the area, sanitation installation, and areas for pipes placing.
- Plan of the underground parts and the latrine sinks (scale, 1:100).
- Plan of front building (scale 1:100): This plan specifies the front face plan, showing the height level of the following: each floor; land at the bottom of the building, by specifying the height level of natural land, filled land, or removal land; the roof and limit of roof or height of existing terrace and the wall barriers; existing flower's pole and substance for front face.
- Plan of divided parts (scale, 1:100): This plan shows the same as the front face plan with one part showing the hygienic latrine sink.
- Table of surface area for each floor.
- Technical specifications for calculating the ground level surface.
- Additional documents: the applicant may be requested to provide additional documents for reasons of hydrology, prevention against all types of annoyance, public order, and protection of patrimony or landscape.
- Title certificate.
- Application for construction permit (10 copies).

There is no official fee; however, an informal fee must be paid.

Procedure 4 Request and obtain certification from the Khan or district governor

Time to complete: 182 days

Cost to complete: no charge

Comment: The certification fee is not provided for by law. If informal fees are not paid, it generally takes between 4 months to a year to obtain the certification.

Procedure 5 Request and obtain the approval (building permit) of the municipality/provincial governor

Time to complete: 365 days

Cost to complete: KHR 300,000

Comment: BuildCo must file the documents with the Sangkat/Commune first (to Khan/District), then with (a) the Municipality/ Province for plots under 3,000 sq. m. or (b) the Ministry of Land Management, Urban Planning and Construction for plots above 3,000 sq. m. However, BuildCo does not need to visit each government office if the builder hires an agent who handles the construction permit application to completion.

Fee schedule for construction permit:

- Surface of the construction on the land (SCL) less than or equal to 100 sq. m.: KHR 140,000.
- Less than or equal to 200 sq. m.: KHR 160,000.
- Less than or equal to 300 sq. M.: KHR 180,000.
- Less than or equal to 400 sq. m.: KHR 200,000.
- Less than or equal to 500 sq. m.: KHR 220,000.
- Less than or equal to 1,000 sq. m.: KHR 260,000.
- Less than or equal to 2,000 sq. m.: KHR 300,000.
- Less than or equal to 3,000 sq. m.: KHR 340,000.

Total building permit fee is about USD 6,000 to USD 7,000 (mainly a negotiable facilitation fee).

Procedure 6 Notify the Sangkat authority of obtainment of building permit

Time to complete: 1 day

Cost to complete: no charge

Comment: Under Cambodian regulation, after receiving the building permit from the provincial or municipal authority, the company must notify the other relevant authorities. Construction work must start within a year from the date of issuance of the construction permit.

Procedure 7 Notify the Khan authority of obtainment of building permit

Time to complete: 1 day

Cost to complete: no charge

Comment: The Khan authority is notified about the building permit.

Procedure 8 Request official opening of the construction

Time to complete: 1 day

Cost to complete: no charge

Comment: BuildCo must inform the authorities about the start of the construction within 7 days. Then the authority will issue a declaration of "construction site opening."

Procedure 9 Receive an inspection from technical official

Time to complete: 1 day

Cost to complete: no charge

Comment: The Technical Department sends an expert to inspect the construction site before the construction starts.

Procedure 10 Inform the building authority of the ploes setup and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The inspector may visit the site without notifying BuildCo. The inspection takes a few hours, depending on the construction size and complexity. After receiving notification from BuildCo, an inspector will visit the site within 2 or 3 days. It is not necessary to stop the construction work.

Procedure 11 Inform the building authority after foundation work and receive inspection

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 12 Inform the building authority when columns are built and receive inspection

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 13 Inform the building authority when walls are erected and receive inspection

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 14 Inform the building authority when floors are built and receive inspection

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 15 Inform the building authority of the end of main works

Time to complete: 1 day
Cost to complete: no charge
Comment:

Procedure 16 Receive final inspection by the building authorities and relevant departments that issue the certificate of compliance

Time to complete: 21 days
Cost to complete: no charge
Comment: At the end of construction, the district or khan office and the construction permit office (urbanization and construction office) may check, simultaneously, that the erected building complies with the construction permit specifications. The municipal or provincial authority issues the certificate of compliance or could take legal action for noncompliance.

Procedure 17 Request and receive connection to electricity

Time to complete: 56 days
Cost to complete: KHR 169,000
Comment: The builder must complete required application forms for electricity connection. The application forms cost KHR 2,000 (USD 0.50).

The fees for electrical connection have changed. They are based on the consumer's electrical power needs, as follows:

- Electric power of 10 A: Fee of KHR 167,000 (USD 41.75).
- Electric power of 20 A: Fee of KHR 438,000 (USD 109.50).
- Electric power of 32 A: Fee of KHR 820,600 (USD 205.15).
- Electric power of 63 A: Fee of KHR 1,756,200 (USD 439.05).

Below are the fees for electricity consumption (for businesses), as measured in kWh:

- Small business: Previous month electricity bill plus USD 0.036/ kWh.
- Medium-size business: Previous month electricity bill plus USD 0.028/ kWh.
- Large business: Previous month electricity bill plus USD 0.024/ kWh.
- Business using medium tension: Previous month electricity bill plus USD 0.020 kWh.

The timeframe for electrical connection has been shortened from 10 to 49 days (depending on the facilitation fee, it could be from 10 to 15 days). In practice, the timeframe could be short or long; it depends on the opinion of the relevant officials and on the facilitation fee involved in the process.

Procedure 18 Request and receive connection to water and sewage services

Time to complete:	42 days
Cost to complete:	KHR 750,550
Comment:	<p>BuildCo must fill out some application forms for water and sewage connection.</p> <p>BuildCo is not required to prepay government and service fees before, or at the time of, the connection. Instead, it must pay the following only after approval: the government fee (as listed below), the plumbing service fee (between KHR 200,000 [USD 50] and KHR 300,000 [USD 75] plus KHR 457,750 [USD 114.44]), and the water meter network length connection (plus KHR 92,800 [USD 23.2: water subscription cost]) = KHR 750,550).</p> <p>The water subscription fee for networks varies by water connection type (Point A and Point B) and are based on network length and water-meter size:</p> <p>Point A: Water subscription for new network is calculated as follows (for a network length of 15 mm):</p> <ol style="list-style-type: none"> 1. 0 to 10 mm: KHR 457,750 (USD 114.44). 2. 11 mm to 20 mm: KHR 460,400 (USD 115.10). 3. 21 mm to 30 mm: KHR 665,200 (USD 166.30). 4. 31mm to 40 mm: KHR 772,250 (USD 193.06). 5. 41 mm up to 50 mm: KHR 878,500 (USD 219.62). <p>Point B: Water subscription for available network with meter is calculated as follows (SN meter size water subscription fee):</p> <ol style="list-style-type: none"> 1. 15 mm: KHR 92,800 (USD 23.2). 2. 20 mm: KHR 98,900 (USD 24.725). 3. 25 mm: KHR 106,900 (USD 26.725). 4. 30 mm: KHR 225,000 (USD 56.25). 5. 40 mm: KHR 271,000 (USD 67.75).

Procedure 19 Request and receive connection to telephone

Time to complete:	6 days
Cost to complete:	KHR 240,000
Comment:	To obtain a telephone connection, BuildCo submits an application and documentation. The telephone service provider does not conduct an on-site inspection before issuing the approval, but checks the cable system around the construction site. Payment must be made in full (for all services) after an

agreement is reached between BuildCo and the service provider.

Procedure 20 Inform the building authorities of the utilities setup

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 21 Receive inspection by building authorities

Time to complete: 1 day

Cost to complete: no charge

Comment: The building authorities inspect the construction site for compliance with the approved plan.

Procedure 22 Receive inspection by electric power authorities

Time to complete: 1 day

Cost to complete: no charge

Comment: The electric power authority checks the electricity network (available), detects its distance from the warehouse, and checks all electrical equipment used in the warehouse to make sure that the application information is correct. The utility provider will also suggest the intensity (in amperes), if needed.

Procedure 23 Receive inspection by water authorities

Time to complete: 1 day

Cost to complete: no charge

Comment: In general, water and power supply companies must conduct on-site inspections to determine how to connect the construction to the network and to estimate the cost of this connection. In addition to providing water services, the utilities must ensure the connection is made according to the approved plan.

Employing Workers in Cambodia

Employing workers indices are based on responses to survey questions. The table below shows these responses in Cambodia.

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		44.8
Difficulty of Hiring Index		44.4
Are fixed-term contracts prohibited for permanent tasks?	No	0
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	24	1.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.45	0.33
Rigidity of Hours Index		60.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	24	1
Difficulty of Firing Index		30.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	No	0
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
Firing costs (weeks of wages)		39.0
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		13.0

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	26.0
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What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
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Nonwage labor cost (% of salary)	0.0
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Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Cambodia

This topic examines the steps, time, and cost involved in registering property in Cambodia.

STANDARDIZED PROPERTY

Property Value: 24,000.00

City: Phnom Penh

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	The buyer verifies the Title Certificate with the Land Office, checking for potential liens or encumbrances	7-30 days (simultaneous with procedures 2 and 3)	US\$ 10 - 20
2 *	Obtain information on the property from the Commune Council Official	10 days (simultaneous with procedures 1 and 3)	no cost
3 *	The buyer should obtain the certificate of incorporation of the seller's company and other documents from the seller	10 days (simultaneous with procedures 1 and 2)	no cost
4	Apply for registration at the District Land Office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC)	1 day	KHR 350,000 or US\$ 90 (Cadastral transfer fee) and KHR 5,000 or US\$ 1.30 (stamp duty)
5	Pay transfer tax at the Tax Collection Office	1 day	4% of property value (transfer fee)
6	Return to Cadastral office to complete the registration process	5 days	Cadastral service paid in procedure 4
7	Obtain the Certificate of Title from the Municipal Land Office	At least 30 days	Already paid in Procedure 5

* Takes place simultaneously with another procedure.

Procedure 1	The buyer verifies the Title Certificate with the Land Office, checking for potential liens or encumbrances
Time to complete:	7-30 days (simultaneous with procedures 2 and 3)
Cost to complete:	US\$ 10 - 20
Comment:	The buyer should obtain a copy of the initial title certificate from the seller and verify proper ownership, ensuring that the seller is the named owner on the title certificate. He verifies the title certificate with the land office to ensure that there are no liens, mortgages or other encumbrances registered for that property. Note on cost: Official cost is 20,000 riels but it is essentially impossible to obtain the Certificate without paying US\$10 to US\$20.
Procedure 2	Obtain information on the property from the Commune Council Official
Time to complete:	10 days (simultaneous with procedures 1 and 3)
Cost to complete:	no cost
Comment:	The land purchaser may contact the village chief or the commune council official to obtain information on the land in addition to an official search at the municipal land office.
Procedure 3	The buyer should obtain the certificate of incorporation of the seller's company and other documents from the seller
Time to complete:	10 days (simultaneous with procedures 1 and 2)
Cost to complete:	no cost
Comment:	If the landowner is a legal entity, the buyer should get a copy of the ID of the shareholder or person acting on the company's behalf or certificate of incorporation of the company, issued by the Ministry of Commerce, to verify the name appearing in the title certificate. A Power of Attorney is also needed, as well as a resolution signed by the Board of Directors authorizing a named individual to represent the company at the land office accompanied by the Power of Attorney implementing that Resolution.
Procedure 4	Apply for registration at the District Land Office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC)
Time to complete:	1 day
Cost to complete:	KHR 350,000 or US\$ 90 (Cadastral transfer fee) and KHR 5,000 or US\$ 1.30 (stamp duty)
Comment:	When 2 persons/companies wish to buy/sell real property, together they should go to the district office of the Ministry of Land Management, Urban Planning & Construction (MLMUPC) and arrange to prepare and sign documents. A cadastral transfer fee of about KHR 350,000 is paid to MLMUPC. The documentation shall include the company's statute, its Certificate of Incorporation, and Power of Attorney (obtained in Procedure 3). At the time, the original Title Certificate held by the seller must be presented to the Khan at the time of signing the deed in order to have the name of the new owner inserted on the document.
Procedure 5	Pay transfer tax at the Tax Collection Office
Time to complete:	1 day

Cost to complete: 4% of property value (transfer fee)

Comment: A transfer tax of 4% of value of the property is paid to the Ministry of Economy and Finance at the Tax Collection Office of the location of the transferred property. A Tax Receipt is issued to prove that the tax has been paid.
The 4% transfer tax is set out in Article 40 of the Law on Finance for the year 1995. In Phnom Penh, this tax is not assessed based on the true transacted value of the property but based on a schedule of price of property determined by the Phnom Penh Municipality.
The assessed value is usually based on the total number of square meters, the land's location, use etc. The tax is not based on the actual price for which the land is sold, rather it is based on the assessed value. For the land area of less than 1200 meter squares, it is necessary to pay tax on non-used land. If it is more than 1200 meter squares, tax on non-used land is not required.

Procedure 6 Return to Cadastral office to complete the registration process

Time to complete: 5 days

Cost to complete: Cadastral service paid in procedure 4

Comment: After taxes are paid the parties return to the cadastral office at the MLMUPC and sign/thumbprint a MLMUPC form for buying/selling real property that was filled in by MLMUPC official. The signing/thumb printing will be witnessed by a local authority such as commune chief who will also thumbprint. These procedures are based on Land Law Arts. 65, 244 and 245.
Land Law Art. 69 bars transfer unless all necessary taxes are paid.
The documentation shall include:
Payment receipts of transfer tax (obtained in Procedure 5)

Procedure 7 Obtain the Certificate of Title from the Municipal Land Office

Time to complete: At least 30 days

Cost to complete: Already paid in Procedure 5

Comment: The Khan/District land office forwards all the "transfer documents" to the Municipal Land Office where it issues the Certificate of Title in the new owner's name and has it registered.
The last procedural step in practice can take several weeks, depending on the diligence of the land officials and interested parties.

Getting Credit in Cambodia

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Cambodia.

Getting Credit Indicators (2007)			Indicator
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	0
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
Coverage	0.0	0.0	
Number of individuals	0	0	
Number of firms	0	0	
Legal Rights Index			0
Does the law allow all natural and legal persons to be party to collateral agreements?			No
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			No
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			No
Does a unified registry exist for all security rights in movable property?			No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			No
During reorganization, is management's control of the company's assets suspended?			No
Does the law authorize parties to agree on out of court enforcement?			No
May parties have recourse to out of court enforcement without restrictions?			No

Protecting Investors in Cambodia

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Cambodia.

Protecting Investors Data (2007)	Indicator
Disclosure Index	5
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	1
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	2
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Director Liability Index	9
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	2
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Shareholder Suits Index	2
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	0
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	0
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	1

Notes:**Extent of Disclosure Index**

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in Cambodia

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Cambodia, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		66	10.0%	value added		not included
Personal income tax	0	withheld	48		taxable personal income		withheld
Tax on interest	0	withheld		4.0%	interest income	0.10	included in other taxes
Transport tax	1			fixed fee (KHR 774,206)		0.86	
Business license tax	1			fixed fee (KHR 1,140,000)		1.27	
Fuel tax	1				included in fuel price	1.35	
Corporate income tax	12		23	20% on profits or 1% on turnover whichever is higher	taxable profits	19.13	
Totals	27		137			22.6	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in Cambodia

These tables list the procedures necessary to import and exports a standardized cargo of goods in Cambodia. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	29	220
Customs clearance and technical control	3	262
Ports and terminal handling	3	100
Inland transportation and handling	2	140
Totals	37	722

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	34	210
Customs clearance and technical control	3	265
Ports and terminal handling	5	217
Inland transportation and handling	4	160
Totals	46	852

Export

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs export declaration

Export license

Foreign exchange authorization

Inspection report

Packing list

Tax certificate

Terminal handling receipts

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration

Foreign exchange authorization

Import license

Inspection report

Packing list

Tax certificate

Terminal handling receipts

Enforcing Contracts in Cambodia

This topic looks at the efficiency of contract enforcement in Cambodia.

Nature of Procedure (2007)	Indicator
Procedures (number)	44.00
Duration (days)	401.00
Filing and service	63.0
Trial and judgment	168.0
Enforcement of judgment	170.0
Cost (% of claim)*	102.70
Attorney cost (% of claim)	95.8
Court cost (% of claim)	0.3
Enforcement Cost (% of claim)	6.6

Court information: Phnom Penh Municipal Court("Tolaka Krong Phnom Penh")

* Claim assumed to be equivalent to 200% of income per capita.