New Developments in Labour Registration, Labour Contractor Management, and Overtime Regulations

The Ministry of Labour and Vocational Training ("**MLVT**") has recently introduced a series of regulatory updates aimed at enhancing clarity, consistency, and compliance in labour registration and reporting practices. These updates are particularly focused on aligning procedures with the MLVT's digital platforms, including the Labour Centralized Management System ("**LACMS**").

The key regulatory updates include:

(1) **Declaration of Enterprise Opening and Closure** – Enterprises are now required to formally notify the MLVT of their commencement or cessation of operations via the LACMS. The scope of information that must be reported to the MLVT regarding changes to enterprise particulars has been expanded and must be submitted via the MLVT's online platform.

(2) **Enterprise Establishment Book** – Employers must maintain a standardized enterprise establishment book, accessible through LACMS.

(3) **Payroll Ledger** – Enhanced requirements for payroll documentation and digital submission have been introduced to ensure transparency and traceability. Enterprises are now required to update their payroll records monthly through the LACMS platform.

(4) **Management of Labour Contractors** – New compliance obligations have been set for enterprises engaging third-party labour contractors.

(5) **Overtime, Public Holiday Work, and Weekly Time Off** – the MLVT has clarified the conditions under which employees may work overtime, on public holidays, or have their weekly rest days suspended. It emphasizes voluntary participation, operational

Declaration of Enterprise Opening

On 5 May 2025, the MLVT issued Prakas 110/25 on the Declaration of Opening and Closing of Enterprises and Establishments ("**Prakas 110**"), which replaces Prakas 288 dated 5 November 2001. This new regulation clarifies the requirement for enterprises to register and obtain a declaration of enterprise opening through the MLVT's online system.

Prakas 110 reiterates that enterprise owners or directors must register and obtain the declaration before commencing operations. The declaration must be visibly displayed at the enterprise's management office.

Below are the summaries of the requirements under Prakas 110:

Requirements	Descriptions	Procedures
Registration Requirement	All enterprises are required to register and obtain declaration of enterprise opening in a digital format.	1) **Newly established enterprises:** must register via https://registrationservices.gov.kh by completing the required information and uploading supporting documents. Within 30 days of receiving the declaration, the enterprise must also create an account in LACMS at https://lacms.mlvt.gov.kh to fulfill additional compliance obligations. 2) **Currently operating enterprises:** enterprises already in operation but are not yet registered electronically must complete the registration and create an LACMS account within 30 days of Prakas 110's enforcement (being 05 May 2025).

Notification Requirements	Both Prakas 288 and Prakas 110 require enterprises to notify the MLVT within 30 days of any material changes. Prakas 110 expands the scope of notifiable changes to include: (a) enterprise or establishment name; (b) change of owner, representative, or director; (c) shareholder transfers, director changes, or new articles of incorporation; (d) address changes; (e) structural changes; (f) changes in business objectives or activities; (g) updates to tax identification or patent tax certificates; (h) suspension of operations; (i) permanent closure; (j) changes in administrative, human resources, or compliance officers; (k) bank account updates; (l) contact information updates (phone, email, system credentials); and (m) other general enterprise information (e.g., employee count, products, brands, orders, imports/exports).	All updates must be submitted through the MLVT's online system, accompanied by the required supporting documentation. While Prakas 110 does not explicitly state whether each notification must be accompanied by a formal request letter signed by the enterprise's owner or directors, current practice under the LACMS indicates that a notification form must be generated through the system. This form must be signed by the owner or director, stamped with the enterprise's official seal, and resubmitted via LACMS along with the relevant supporting documents. The specific supporting documents required may vary depending on the nature of the change, as indicated within the LACMS platform.

Non-compliance with the declaration requirement may result in a fine of KHR 5,040,000 (approximately USD 1,260) imposed by the MLVT under Joint Prakas 498 on the Penalty for Individuals Violating the Provisions of the Labour Law dated 31 July 2023 ("**Joint Prakas 498**"), and/or an imprisonment term of up to one month under Article 369 of the Labour Law.

Payroll Ledger

On 6 May 2025, the MLVT issued a new Parkas 111/25 on the Payroll Ledger ("**Prakas 111**"), which officially repeals the earlier Prakas 269 on the Payroll Ledger dated 11 October 2001 ("**Prakas 269**").

Prakas 269 requires owners or directors of enterprises and establishments to maintain a payroll ledger in accordance with a prescribed model. For a payroll ledger to be considered valid, each page of the ledger must be numbered and initiated by a labour inspector. In the case that employers wish to use a different template from the official template, prior approval from the relevant labour department is required.

Prakas 111 provides options for owners or directors of enterprises to choose between a traditional payroll book or a computerized payroll system. These payroll formats must include a QR code generated through LACMS to ensure they are valid and registered. To register the payroll ledger and to properly use it, the enterprise must comply with the mandatory procedure in the MLVT online system as follows:

(1) choosing between maintaining a traditional payroll book or using a computerized payroll system;

(2) selecting and/or completing additional payroll information in accordance with the enterprise's business activities when using a computerized payroll system;

(3) downloading the payroll ledger or computerized payroll form from LACMS, executing and affixing the enterprise or establishment's official stamp, and then re-uploading it to the LACMS to generate a QR code; and

(4) entering payroll-related data into the LACMS no later than the 20th of the following month.

Both Prakas 269 and Prakas 111 mandate the retention of the used payroll for **three years** and must be made available for inspection at any time. The owner or director of an enterprise or establishment must keep documents related to the use of a payroll book or computerized payroll system in the office or management of the enterprise or establishment for inspection.

In addition to the explanation regarding the use of automated system for registering the payroll ledger, the key difference from the previous practice is the new obligation for the enterprise to complete payroll information in the system every month particularly before the 20th of the following month. Given that this obligation is still new, further clarification from the MLVT regarding the implementation of this obligation is required.

Under Joint Prakas 498, failure to register a payroll ledger may result in a monetary fine of KHR 5,040,000 (approximately USD 1,260) imposed by the MLVT, and/or term imprisonment for up to one month under Article 369 of the Labour Law.

Enterprise Establishment Book

On 6 May 2025, the MLVT also issued Prakas 113/25 on the Enterprise Establishment Book ("**Prakas 113**"), which repeals Prakas 268, dated 11 October 2001 ("**Prakas 268**").

While the core requirements remain largely unchanged, Prakas 113 introduces a digitalized format for the enterprise establishment book. Enterprises must now register a standardized version of the enterprise establishment book through LACMS, which will be issued in digital form with a QR code. Once the current enterprise establishment book is fully completed, a new one can be generated through the system.

The enterprise establishment book serves as a formal record for labour inspectors to document:

(1) compliance with labour laws and regulations;
(2) inspection findings and recommendations; and
(3) corrective actions taken by the enterprise.

Enterprises are required to review and respond to inspection notes and maintain a record of any follow-up actions.

Both Prakas 113 and 268 mandate that the enterprise establishment book be kept at the enterprise's office and be readily accessible for inspection. The completed enterprise establishment book must be retained for three years.

Failure to obtain approval for the enterprise establishment book may result in a fine of KHR 1,680,000 (approximately USD 420) imposed by the MLVT under Joint Prakas 498.

Management of Labour Contractor

On 28 April 2025, the MLVT issued Prakas 103/25 on the Management of the Labour Contractor ("**Prakas 103**") governing the labour contractors arrangement. Prakas 103 reaffirms and strengthens the principles set out in the Labour Law by clarifying the types of work that labour contractors may perform and defining the obligations of enterprises when employing workers through labour contractor agreements. It also introduces new compliance requirements for enterprises engaging third-party labour contractors.

Under the Labour Law, a labour contractor is defined as a sub-contractor who contracts with a third-party enterprise recruits (directly) the necessary employees to complete certain work for or provide certain services for a fixed inclusive fee. Prakas 103 further clarifies that that a labour contractor refers to individuals or companies that are engaged by enterprise or establishment, as a contractor, to perform work or provide any service at a total agreed cost from the hiring enterprise or establishment by independently selecting or recruiting employees as needed, regardless of where the work is carried out.

Prakas 103 outlines the following key provisions:

Obligations of enterprises engaging third-party labour contractors	When engaging a labour contractor, the hiring enterprise must comply with the following requirements: (a) **Written agreement**: Ensure that a written labour contractor agreement is executed and duly registered with the Department of Labour Inspection of the MLVT. (b) **Contractor list submission**: Prepare a detailed list of all labour contractors with whom agreements have been made. This list must include the contractor's name, position, address, workplace conditions, and the names of employees hired by the contractor, following the template provided in Prakas 103. The list must be submitted via the LACMS within: (i) 7 days for general enterprises; or (ii) 15 days for enterprises in the agricultural sector.
Obligations of labour Contractors	Labour contractors are subject to the following key obligations: (a) **Employer responsibilities**: assume full responsibility for the employees they hire, bearing the same legal obligations as an employer under the Labour Law; (b) **Compliance registration**: complete all required labour compliance registrations via LACMS, including reporting the name and address of the hiring enterprise and registering with the National Social Security Fund; and (c) **Workplace notice**: post a clearly legible notice at each worksite indicating the contractor's status and the name and address of the hiring enterprise, as illustrated in the sample provided in Prakas 103.

Overtime Outside Normal Working Hours, Work Performed on Public Holidays, and the Suspension of Weekly Time Off

On 6 May 2025, the MLVT issued Prakas 112 on Overtime Outside Normal Working Hours, Work Performed on Public Holidays, and the Suspension of Weekly Time Off ("**Prakas 112**"). This regulation aims to consolidate and modernize the conditions, formalities, and procedures governing overtime work, work on public holidays, and the suspension of weekly rest days.

Prakas 112 repeals and replaces the following four prior regulations:

(1) Prakas 10 on Payment for Work Performed on a Paid Public Holiday, dated 4 February 1999;
(2) Prakas 80 on Overtime Work Beside Regular Working Hours dated 1 March 1999;
(3) Prakas 100 on Weekly Time Off Suspension dated 11 April 2002; and
(4) Prakas 357 on Formalities and Procedures for Work Performed on a Paid Public Holiday dated 30 December 2021.

While updating and streamlining the regulatory framework, Prakas 112 reaffirms the fundamental principle that overtime work, work on public holidays, and the suspension of weekly day off must be strictly voluntary. Employees must not be subject to coercion or disciplinary action for refusing to participate in such work arrangements.

Although no changes have been made to the existing payment rates for overtime work, Prakas 112 introduces a notable procedural shift: the requirement to obtain prior approval from the MLVT has been removed, and the timeline for filing overtime work notifications has been shortened. These adjustments are intended to reduce administrative burdens on enterprises and facilitate more flexible workforce management.

The following are the conditions and payment rate that enterprises must comply with when implementing overtime work:

Type of work	Conditions	Premium
Overtime on normal workday	There is no change to the condition applicable for overtime work on a normal workday as in Praks 100. The enterprise can arrange for overtime work when: (1) to enable special task such as inventory and balance sheet preparation, meeting the deadline in clearing and closing accounts; and (2) to enable enterprise to cope with unusually high workloads due to unusual circumstances, without having to wait for employers to fine other measures.	(1) 150% of the normal wage for overtime worked during daytime; and (2) 200% of the normal wage for overtime worked during nighttime from 22:00 to 5:00.
Work on weekly day off	**(1) Reduction of weekly time off due to weather conditions** Certain types of enterprises may reduce weekly time off by up to two non-consecutive days per month to compensate for workdays lost due to adverse weather conditions. The following enterprise categories are eligible for this entitlement: (a) enterprises and institutions providing public services, such as street cleaning, garbage collection in public areas, and road or sewer repairs; (b) enterprises and establishments offering repair or installation services for water or gas pipelines, as well as house repairs or roofing;	(1) the employer must arrange compensatory paid leave within 30 days, to be taken in the following month; and (2) the employee is entitled to 200% of their normal wage for work performed on a suspended weekly day off.

	(c) construction enterprises and establishments performing exterior building work; (d) brick kiln operations and mining enterprises conducting work in open fields; (e) mining enterprises and establishments for work carried out in the middle of the field (f) water transport enterprises and establishments. (g) restaurants and shops operating in remote or field locations; (h) enterprises and establishments engaged in fruit or vegetable harvesting; (i) enterprises and establishments involved in raising snails or fish; (j) enterprises and establishments producing fish sauce or salt; (k) enterprises and establishments engaged in canning fruits, vegetables, or fish. (l) agricultural and fishing enterprises and establishments; and (m) enterprises and establishments handling perishable products or materials. **(2) Suspension of weekly time off** Enterprises may also suspend weekly time off for up to two non-consecutive days within a month.	
Work on a public holiday	If an enterprise is unable to suspend its operations, it may arrange with employees to work on a public holiday.	An additional 100% of their regular wage, resulting in double pay for the day.

To conduct overtime work, or work on public holidays and weekly rest days, employers must complete the required information in the MLVT's online system (LACMS) at least three (3) days prior to the commencement of work.

Unlike the previous practice, which required employers to seek approval from labour inspectors at least 15 days before commencing overtime work, the new procedure shortens the timeline and eliminates the approval requirement. Employers now only need to complete the relevant information in the LACMS system.

Failure to comply with overtime payment requirements including payment for work performed on public holidays and weekly day off as well as related procedures, may result in a fine of KHR 3,360,000 (approximately USD 840) per violation imposed by the MLV.

The information provided here is for information purposes only and is not intended to constitute legal advice. Legal advice should be obtained from qualified legal counsel for all specific situation.

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