

SPECIAL UPDATE

SPECIAL PROGRAM TO PROMOTE INVESTMENT IN
PREAH SIHANOUK PROVINCE 2024

SUMMARY

Preah Sihanouk Province, a coastal province of Cambodia, is abundant with investment potential given its connection with important infrastructure such as deep-sea port, airport, and expressway. The Royal Government of Cambodia (the “RGC”) has set the priority to accelerate the development of this province to become a multi-purpose special economic zone and an important economic pole in driving the Kingdom’s economic growth. In late 2023, the RGC issued a Special Program to Promote Investment in Preah Sihanouk Province 2024 (the “**Special Program**”) which includes various incentives for three types of investment projects that could start the project implementation in 2024 as the followings:

INVESTMENT PROJECTS RELATED
TO UNFINISHED BUILDINGS

In order to address the challenge of unfinished buildings, the RGC launches additional measures as follows:

- Certain investment and business activities related to unfinished buildings are eligible for various exemptions, including income tax, minimum tax, prepayment of income tax, value-added tax (VAT), withholding tax, tax on immovable property, and administrative sanctions subject to specific periods and conditions.
- Administrative procedures and formalities on construction-related permits are specially implemented through the exemption of certain public service fees, exceeding the price of land use index, shortening application duration, and providing support for the inspection and certification.
- Other measures are implemented to facilitate the business and investment activities such as the effort to establish immovable property auction market, investor matching service, investment project area, the promotion of out-of-court dispute resolution, etc.

INVESTMENT PROJECTS THAT CAN BE IMPLEMENTED IN 2024

The RGC attempts to attract the investment to Preah Sihanouk Province through the implementation of the following measures:

- Enterprises, especially properly registered QIPs and SMEs, are eligible for special incentives and exemptions, including patent tax, tax on billboards, withholding tax, income tax, prepayment tax, minimum tax, and value-added tax for certain periods subject to specific conditions.
- Formalities and procedures, including the application for licenses, certificates, permits as well as QIP and enterprise registration, are facilitated.
- Special services are provided to investors and tourists such as a special 3-year visa for certain conditions, the facilitation on custom services for their arrival, and strengthening of safety through various campaign and programs, etc.

EXPANSION OF EXISTING PROJECTS

The RGC also encourages the expansion of projects and investment in the province by introducing the following measures:

- QIPs under the types of investment activity group set out in the Sub-Decree on the Implementation of the Law on Investment, and SMEs under the Sub-Decree on Tax Incentives in Priority Areas, and other enterprises which request the expansion and implementation of business activities are eligible for additional incentives on income tax, prepayment of income tax, and minimum tax, subject to certain periods and conditions.
- Procedures, formalities, and approval are facilitated for project implementation or investment and/or business expansion activities.





In addition to the measures for these projects, the RGC also introduced various measures to construct additional infrastructure associated with the industrial developments to support the above effort. The responsibility to lead, implement, and coordinate this Special Program shall be under the inter-ministerial working group called “**The Preah Sihanouk Province Investment Promotion Team**”. This group acts as a one-stop-shop to review, decide, and issue license/permit related to this Special Program. All investment projects and investment activities under this Special Program shall submit to this working group for review, evaluation, and approval.

*This **Special Update** is a general information only and is not considered as legal advice or opinion. If you require any further information or have any questions, please contact Mr. HOUN Vannak, managing partner of RHTLaw Cambodia.*

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