

PREAH REACH KRAM

WE

Preahkaruna Preahbath Samdech Preah Boromneath Norodom Sihamoni
Samanphoum Cheatsasna Rakhatkhaeya Khemerarothreas
Puthinthreathoreammohaksat Khemereachnea Samohopheas
Kampuchekreachroathboranaksanti Sopheakmonglea Sereyvibolea
Khemerasreypireas Preah Chao Krong Kampuchea Thipdey

- having seen the constitution of the Kingdom of Cambodia
- having seen the Preah Reach Kret No. NS/RKT/0908/1055 of 25 September 2008 on the appointment of the Royal Government of the Kingdom of Cambodia
- having seen the Preah Reach Kram No. 02/NS/94 of 20 July 1994 promulgating the Law on Organization and Functioning of the Council of Ministers
- Having seen the Preah Reach Kram No. NS/RKM/0196/18 of 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance
- Having seen the Preah Reach Kram No. NS/RKM/0702/011 of 8 July 2002 promulgating the Law on Corporate Accounts, Their Audit and Accounting Profession
- Having seen the Preah Reach Kram No. CS/RKM/0300/10 of 03 March 2000 promulgating the Law on Audit of the Royal Government of the Kingdom of Cambodia
- Having seen the Preah Reach Kram No. NS/RKM/1100/11 of 24 November 2000 promulgating the Additional Law on Law on Audit of the Royal Government of the Kingdom of Cambodia
- Having seen the proposal of the Samdech Akakmohasenapadei Techo Hun Sen, Prime Minister of the Royal Government of Cambodia

HEREBY PROMULGATE

The Law on Accounting and Auditing as adopted by the National Assembly on DD/MM/YYYY at the ordinary session of the nth legislature and as adopted by the senate as to its entire form and legality on DD/MM/YYYY at the ordinary session of the nth legislature and whose meaning is as follows:

LAW

ON ACCOUNTING AND AUDITING

CHAPTER 1

GENERAL PROVISION

ARTICLE 1. PURPOSE

The purpose of this law is to effectively regulate the accounting and auditing in the Kingdom of Cambodia.

ARTICLE 2. OBJECTIVES

This law is intended to:

1. Expand and reinforce the authority of competent authorities relating to accounting and auditing.
2. Reinforce the capacity and responsibility of Cambodian Accountants.
3. Promulgate the Cambodian Accounting Standards, the Cambodian Standards on Auditing and relevant standards, and the code of ethics for Cambodian Accountants.
4. Promulgate the application mechanisms, rules and legalities for monitoring, controlling, and evaluating the enforcements of this law.
5. Promote the accounting professions.

ARTICLE 3. SCOPE

This law shall cover all public institutions, enterprises, and not-for-profit organizations; and Cambodian Accountants.

ARTICLE 4. DEFINITIONS

Terminologies used in this law are defined in a glossary which is annexed herewith.

CHAPTER 2

THE NATIONAL ACCOUNTING COUNCIL

ARTICLE 5. ESTABLISHMENT OF THE NATIONAL ACCOUNTING COUNCIL

The National Accounting Council (hereafter referred to as NAC) shall be established under this law and shall be under auspices of the Ministry of Economy and Finance.

The NAC shall be led by a board of directors which consist of a Chairperson and one or more vice-chairperson(s) and a number of members as it is deemed necessary. The Chairperson shall be a member of senior management of Ministry of Economy and Finance with a rank from Secretary of State.

The NAC shall have a Secretariat General and administrated by a Director General and one or more Vice-Director General(s) as it is deemed necessary.

The NAC shall have its own budget in a budget package of the Ministry of Economy and Finance.

Composition and functions of the NAC shall be stated by an Anukret.

ARTICLE 6. FUNCTIONS AND DUTIES OF THE NAC

The NAC shall have the following functions and duties:

1. To examine and provide opinion on draft law, Anukret and other relevant judicial papers.
2. To provide, to suspend, and to revoke license in accordance with conditions set by the NAC.
3. To issue and update:
 - a. ~~Cambodian Accounting Standards~~
 - b. Cambodian Standards on Auditing
 - c. Technical rules and regulations to implement the above standards
4. To monitor and investigate off-site inspections and on-site inspections to ensure effectiveness of compliances of effective laws.
5. To resolve lawsuits or conflicts received; to impose administrative penalties and/or disciplinary penalties; or to bring to court for any action against this law.
6. Be a representative of the Kingdom of Cambodia at all cooperation with international organizations and partners.
7. Promote accounting profession
8. To implement works assigned by the Royal Government of Cambodia and by the Ministry of Economy and Finance.

CHAPTER 03

CAMBODIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

ARTICLE 7. ESTABLISHMENT OF THE CAMBODIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

The Cambodian Institute of Certified Public Accountants (hereafter referred to as **CPA Cambodia**), a not-for profit organization, shall be established under this law and under auspices of the Ministry of Economy and Finance.

The **CPA Cambodia** shall be led by a board of directors which consist of a Chairperson and one or more vice-chairperson(s) and a number of members as it is deemed necessary.

The **CPA Cambodia** shall have a commissioner from the Royal Government of Cambodia as adviser to it.

The **CPA Cambodia** shall have a Secretariat as administrator.

Composition and functions of the **CPA Cambodia** shall be stated by an Anukret.

ARTICLE 8. FUNCTIONS AND DUTIES OF THE CPA Cambodia

The **CPA Cambodia** shall have the following functions and duties:

1. To govern its members who are Cambodian Accountants
2. To set qualifications and conditions to become a Cambodian Accountant
3. To promote and protect professional value, member's and public interests
4. To Develop, to update, and to promulgate the code of ethics for Cambodian Accountants
5. To set up code of conduct and by-law for its members
6. To monitor, to control, and to evaluate the compliance with code of ethics for Cambodian Accountants; and to resolve relevant lawsuits.
7. To revoke or to suspend the membership of its members whom committed wrongdoings against the code of ethics.
8. To develop and provide professional training of accounting in collaborations with relevant ministries and institutions; and to provide continuous professional trainings to its members.
- ~~9. To work closely with the National Accounting Council; and shall have assign its representatives in the board of directors of the National Accounting Council.~~
10. To implement works assigned by the Ministry of Economy and Finance.

CHAPTER 04

CAMBODIAN ACCOUNTING STANDARDS

ARTICLE 9. CAMBODIAN ACCOUNTING STANDARDS

Cambodian Accounting Standards are standards set out by the National Accounting Council and shall be consistent with the effective relevant international accounting standards.

ARTICLE 10. OBLIGATION TO IMPLEMENT STANDARDS

Public institutions, enterprises, and not-for profit organizations are obligatory to implement the Cambodian Accounting Standards.

CHAPTER 05

CAMBODIAN STANDARDS ON AUDITING

ARTICLE 11. CAMBODIAN STANDARDS ON AUDITING

Cambodian Standards on Auditing are standards set out by the National Accounting Council and shall be consistent with the effective relevant international standards on auditing.

ARTICLE 12. OBLIGATION TO IMPLEMENT STANDARDS

Cambodian Accountants are obligatory to implement the Cambodian Standards on Auditing.

CHAPTER 06

FINANCIAL Report, ACCOUNTING PERIOD, AND OBLIGATIONS OF ENTERPRISES AND NOT-FOR PROFIT ORGANIZATIONS

ARTICLE 13. FINANCIAL Report

Financial report is statements defined by the Cambodian Accounting Standards and shall be consistent with the effective international accounting standards.

ARTICLE 14. OBLIGATION AND DURATION OF FINANCIAL REPORTING

All enterprises and not-for profit organizations, except public institutions, shall prepared their financial statements within three months following the closure of each financial year as stated in article 18 in this law. In the event of an enterprise or not-for profit organization is not being in position to comply with this deadline, it shall make written request with precise and reasonable facts to the National Accounting Council.

ARTICLE 15. OBLIGATION FOR AUDIT

All obligatory enterprises and not-for profit organizations shall submit their financial statements for audit.

Conditions for audit for obligatory enterprises and not-for profit organizations shall be determined by the National Accounting Council.

The audited financial statements shall be submitted to the NAC.

ARTICLE 16. AUDIT ON PUBLIC INSTITUTIONS

Auditing on the financial report of public institutions shall be complied with all provisions of the Law on Audit of the Kingdom of Cambodia.

ARTICLE 17. FINANCIAL STATEMENTS AS THE BASIS FOR TAX DECLARATION

Financial report of enterprises and not-for profit organization shall be a basis for tax declaration with any adjustment to the required provisions required by the Law on Taxation and other effective relevant juridical papers.

ARTICLE 18. ACCOUNTING PERIOD

The duration of the accounting period shall be in twelve months beginning on the first day of January and end on the 31st day of December of the same year. As for newly established enterprises and not-for profit organizations, the first accounting period shall start from the date of its formal formation and end on the date of 31st day of December of the next year.

The NAC has its own authority to set out the accounting period other than the above date in the event that the enterprise/not-for profit organizations has written request to do so for special specific activities.

ARTICLE 19. LANGUAGE AND CURRENCY USE IN ACCOUNTING RECORDS AND FINANCIAL REPORT

Each enterprise and not-for profit organization shall prepare its accounting records and financial report in the Khmer language and expressed in Khmer Riel. Any enterprise and not-for profit organization regularly carrying out activities with foreign countries are allowed to prepare accounting records in English and/or use a currency other than Riels to be beside according to conditions set out by the NAC.

ARTICLE 20. OBLIGATION TO PREPARE ACCOUNTING RECORDS

All Public institutions, enterprises, and not-for profit organizations are obligatory to prepare their accounting records.

Each accounting transaction shall be based on acceptable documentary evidence.

ARTICLE 21. OBLIGATION TO MAINTAIN ACCOUNTING RECORDS

Enterprises and not-for profit organizations are obligatory to maintain its accounting records in good conditions for at least 10 years from the date of establishment of the records.

CHAPTER 07

AUDIT REPORT

ARTICLE 22. AUDIT REPORT

Audit report is a report defined by the Cambodian Standards on Auditing and shall be consistent with the effective relevant international standards on auditing.

ARTICLE 23. LANGUAGE USES IN AUDIT REPORT

Khmer language shall be used in audit report.

ARTICLE 24. AUDIT EVIDENCE

The audit evidence shall be maintained for at least seven years from the date of issuance of audit report.

CHAPTER 08

CAMBODIAN ACCOUNTANTS AND OBLIGATIONS

ARTICLE 25. QUALIFICATIONS FOR CAMBODIAN ACCOUNTANTS

Individual can called himself as "Cambodian Accountant" if and only if he/she is a member of CPA Cambodia.

The category of Cambodian Accountants shall be determined by **CPA Cambodia**.

The practices of accounting professions are in conflict of interest with civil services and political functions in legislative bodies, executive bodies and the judiciary bodies.

ARTICLE 26. CODE OF ETHICS AND CAMBODIAN ACCOUNTANT'S OBLIGATIONS

The code of ethics for Cambodian Accountants shall set out by the **CPA Cambodia** and shall be consistent with the effective International Code of Ethics for professional accountants.

All member of the CPA Cambodia shall comply with those standards and code of ethics for professional accountants as set out in this law.

CHAPTER 09

LICENSES

ARTICLE 27. REQUIREMENTS FOR LICENSE

All natural persons or legal entities cannot practice their service as an professional accountant or as an auditor if and only if they have professional license from the NAC.

ARTICLE 28. CATEGORY, LEGISLATIVE MEASURES, AND PROCEDURE FOR LICENSING

There are two categories of licenses:

- License for accounting services
- License for auditing services

Conditions, legislative measures and procedures for providing license shall be determined by the NAC.

CHAPTER 10

LEGAL PENALTIES

ARTICLE 29. NON-COMPLIANCE WITH THE CAMBODIAN ACCOUNTING STANDARDS

All obligatory legal entities having intentionally contravened the article 9 and/or article 10 of this Law shall be liable to a fine from 10,000,000 Riels (ten million Riels) to 50,000,000 Riels (fifty million Riels).

The natural person who is the directors of the legal entity are liable to a term of imprisonment of 1 (one) year to 3 (three) years.

ARTICLE 30. NON-COMPLIANCE WITH THE CAMBODIAN STANDARDS ON AUDITING

The legal entity who is an auditor having intentionally contravened the article 11 and/or article 12 of this law shall liable to a fine from 40,000,000 Riels (forty million Riels) to 100,000,000 Riels (one hundred million Riels).

The natural person who is in charge of the auditor are liable to a term of imprisonment of 1 (one) year to 3 (three) years.

ARTICLE 31. NOT SUBMITTING FINANCIAL Report FOR AUDIT

All obligatory legal entities having intentionally contravened the article 15 of this Law shall be liable to a fine from 20,000,000 Riels (twenty million Riels) to 40,000,000 Riels (forty million Riels).

The natural person who is the directors of the legal entity are liable to a term of imprisonment of 1 (one) year to 2 (two) years.

ARTICLE 32. THE ABUSE OF CODE OF ETHICS OF ROFESSIONAL ACCOUNTANTS

The natural person who is a Cambodian Accountant having intentionally contravened the code of ethics for Cambodian professional accountants as stated in article 26 of this law

shall be liable to a fine from 20,000,000 Riels (twenty million Riels) to 40,000,000 Riels (forty million Riels).

The natural person who is a Cambodian Accountant that is in charge of the legal entity are liable to a term of imprisonment of 1 (one) year to 3 (three) years.

ARTICLE 33. PRACTICING SERVICES WITHOUT A LICENSE

The legal entity that is a Cambodian Accountant practicing their service without any license from the NAC; or practicing their services with an inappropriate license provided shall be liable to a fine from 20,000,000 Riels (twenty million Riels) to 40,000,000 Riels (forty million Riels).

ARTICLE 34. NON-COOPERATION WITH THE NAC

Any natural person or legal entity who does not cooperate with the NAC in fulfilling its functions and duties as stated in No. 4 of Article 6 of this law shall be liable to inconvenient disciplinary in accordance with the Article 35 of this law.

The Cambodian Accountants who does not cooperate with the NAC or the CPA Cambodia in fulfilling their functions and duties as stated in article 6 and article 8 of this law shall be liable to additional punishments as stated in article 35 of this law.

ARTICLE 35. ADDITIONAL PUNISHMENT

In addition to the legal punishment as stated in above articles, natural person or legal entity shall be liable to inconvenient disciplinary and/or administrative penalty as stated in Anukret.

CHAPTER 11

TRANSITORY REGULATIONS

ARTICLE 39. MEASURES IN THE TIME OF CONFLICT

- 1- Anukret No. 08 RNK-BK dated 03 March 2003 on the composition and functions of the National Accounting Council, Anukret No. 18 RNK-BK dated 19 March 2003 on the composition and functions of the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), and Anukret No. 83 RNK-BK dated 17 June 2005 on the Code of Ethics for Certified Public Accountants and Auditors, and other relevant juridical documents shall continue their validity until new Anukrets and other relevant juridical documents come into effective under the scope of this law enforcement.
- 2- Anukret No. 82 RNK-BK dated 16 November 1995 on the general regulation of public accountants and other relevant juridical documents shall continue their validity until new Anukrets and other relevant juridical documents come into effective under the scope of this law enforcement.

CHAPTER 12
FINAL PROVISION

ARTICLE 40. ABROGATING REGULATIONS

Law on Corporate Accounts, Their Audit, and Accounting Profession promulgated to use by the Royal Kram No. NS/RKM/0702/011 dated 08 July 2002 and other provisions against this law shall be invalid and void.

Any law contrary to this law, this law shall take its presidency.

ARTICLE 41. EFFECTIVE DATE

This law shall urgently promulgate.

The Royal Palace, Phnom Penh, day.....Month.....Year.....

(His Royal Singnature)

Norodom Sihamoni

Has informed to His Royal Highness for signature

Prime Minister

(Signature)

Hun Sen

Has informed to His Royal Highness for signature

Deputy Prime Minister and Minister,

Ministry of Economy and Finance

(Signature)

Keat Chhon