

**Kingdom of Cambodia
Nation Religion King**

Ministry of Labour and Vocational Training

**Notification
On
Compensation for Employment Contract Termination**

To avoid interpretations against the Labour Law and regulations concerning the payment of compensation for employment contract termination, the Ministry of Labour and Vocational Training would like to inform the public, professional organizations and all workers/employees that according to the Labour Law, workers/employees shall be entitled to the following wages and benefits after employment contract termination:

1. For Employment Contract Terminated by the Employer

1.1 Employment contract terminated by the employer without valid reasons and the worker/employee does not commit serious misconduct as stipulated in Article 83 of the Labour Law and serious misconduct as stipulated in the internal regulations of the enterprise

A. For Fixed Duration Contract (FDC), workers/employees are entitled to:

- Wages that have not been paid (Article 116)
- Payment instead of the remaining annual leave (Articles 166 and 167)
- Severance pay of at least 5% of the wages that the worker/employee has received during the employment contract (Article 73)
- Damages at least equal to the wages that the worker/employee would have received until the end of the employment contract (Article 73).

B. For Undetermined Duration Contract (UDC), workers/employees are entitled to:

- Wages that have not been paid (Article 116)
- Payment instead of the remaining annual leave (Articles 166 and 167)
- Payment instead of notice if the employer fails to give notice in accordance with the Labour Law (Articles 75 and 77)
- Seniority indemnity in the semester that the worker/employee is terminated and total back pay seniority indemnities that the employer has not paid for the worker/employee (new Article 89)
- For damages, the worker/employee can claim a lump sum equal to seniority indemnity received and entitled during the employment contract (new Article 91)

1.2 Employment contract terminated by the employer when the worker/employee commits serious misconduct as stipulated in Article 83 of the Labour Law and serious misconduct as stipulated in the internal regulations of the enterprise

A. For Fixed Duration Contract (FDC), workers/employees are entitled to:

- Wages that have not been paid (Article 116)
- Payment instead of the remaining annual leave (Articles 166 and 167)

B. For Undetermined Duration Contract (UDC), workers/employees are entitled to:

- Wages that have not been paid (Article 116)
- Payment instead of the remaining annual leave (Articles 166 and 167)



2. For Bankruptcy

A. For Fixed Duration Contract (FDC), workers/employees are entitled to:

- Wages that have not been paid (Article 116)
- Payment instead of the remaining annual leave (Articles 166 and 167)
- Severance pay of at least 5% of the wages that the worker/employee has received during the employment contract (Article 73)

B. For Undetermined Duration Contract (UDC), workers/employees are entitled to:

- Wages that have not been paid (Article 116)
- Payment instead of the remaining annual leave (Articles 166 and 167)
- Payment instead of notice if the employer fails to give notice in accordance with the Labour Law (Articles 75 and 77)
- Seniority indemnity in the semester that the worker/employee is terminated and total back pay seniority indemnities that the employer has not paid for the worker/employee (new Article 89)

Note: For bankruptcy, no damages are provided because the honor and dignity of the workers/employees who are terminated due to bankruptcy is not affected or misled by the public or other workers/employees into thinking that they have no ability or labour productivity. The loss of jobs of all workers/employees is not an element to get damages. Termination of workers/employees in part or in other cases by the employer has an element affecting the honor and dignity and leads to doubts from other co-workers/employees about the ability or labour productivity or behavior of the terminated workers/employees.

The Ministry strongly hopes that all relevant parties will understand the law more clearly and take part in resolving compensation for workers/employees in a responsible manner to maintain maximum benefits for workers/employees and harmonized industrial relations as well as competitiveness of Cambodia to attract new investment and create new jobs for our people.

Phnom Penh, 21 March 2024
(stamped)

