

Land and Construction

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All investments in Cambodia involve the ownership, lease or concession of immovable property. According to the Investment Law on the Use of Land, the foreign investors can't own the land in Cambodia. Cambodian Government restricts the land ownership only to Cambodian citizens. A legal entity is considered to be a Cambodian legal entity when 51% of the shares are owned by Cambodian citizens. The foreigners, however, currently may lease the land for up to 70 years and renewable upon request. Cambodia's system for land registration, land title and the rules concerning the ownership and the transfer of land are in the state of transition. Although the certificates of land ownership are available now, few landlords have obtained the land certificate. They mostly use the receipts for ownership issued by the land department in Cambodia. Another form is called the Temporary Occupation Permit (TOP), which is applicable to undeveloped land. The land has three categories which are defined as below:

- Land for domicile shall be provided for ownership by the provincial committee or municipality;
- Cultivation Land I Agricultural Land is for production and exploitation. It is state land allocated for the farmers to manage and use for production and exploitation; and
- Concession Land is greater than 5 ha. Concessions provide the rights to occupy land for large-scale crop production which will contribute to the national economy.

Of these three land categories, private ownership rights could be obtained only on land for domicile; whereas on cultivation land and concession land respectively, only possession and use rights and the right to exclusively occupy could be obtained.

Land Policy

Land policy will focus on land distribution, land management and land administration. The core program of the land reform consists of the development of a national land policy, improved management of the national land stock, commencement of systematic land registration, tax reform, the establishment of a legal framework to enforce property rights, the provincial, municipal and national master plans and zoning and the development of rural housing. In long term, the Royal Government of Cambodia will resolve the problem through the adoption and enforcement of a new law and the implementation of the national systematic land registration that will secure land tenure, provide a basis for reduction in land ownership conflicts and facilitate land management, natural resource monitoring and state property protection.

Tax on Unused Land

In accordance with the announcement on Measures for Management and Collection of Tax on Unused Land on June 16, 2000, the Government has requested the citizens who have owned unused land have to declare and pay tax debts to the state at the Tax Department no later than August 30th, 2000. Failure to do so the government will consider such lands have no owner and take measures to use them for public benefits. A 2% tax is levied on the assessed value of unused land and its payment is the responsible of registered owner by the size (square meters) and value which are determined by the committee for evaluation of undeveloped land. A 4% registration tax is levied on the registration of ownership of real property.

Construction Permit

Before building any structure on the land or remodeling a building, the owner of the land or building must obtain a Construction Permit signed by the Government. For the commercial building (more than 3,000 square meters) including the hotel, the permit must be approved by the newly created Ministry of Urbanization and Construction after submitting the documents to the construction office, the construction office will make the decision within 45 days.

The construction must be started within one year subsequent to issuance the permit. If necessary, the extension is allowed. Upon completion, the construction must be approved by issuance of a certificate to attest the completion of the construction.