

Supporting Micro-, Small and Medium-sized Enterprises (MSMEs) to Achieve the Sustainable Development Goals (SDGs) in Cambodia through Streamlining Business Registration Policies



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DESA

Department of
Economic and
Social Affairs

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Table of Contents

Preface from United Nations Department of Economic and Social Affairs	3
Preface from the Cambodian Ministry of Industry and Handicraft	4
Chapter 1 - Guideline For One-Roof Service (ORS) Policy for Registration of Manufacturing Micro-Small and Medium Enterprises (MSMEs) in Cambodia	5
I. Overview on MSME growth in Cambodia	6
II. Challenges faced by MSMEs in Cambodia	7
III. Why business registration would support MSMEs growth?	8
IV. Scope of the Guideline	10
V. Guideline for MSME registration in the manufacturing sector	10
VI. Contacts of government departments related to MSMEs registration in Cambodia	15
VII. Upscaling the One-Roof Service Policy for Improving Regulatory Framework of MSME registration	17
Chapter 2 - MSME Registration Practices in the ASEAN region: case studies of Singapore, Malaysia, Thailand and Myanmar	21
I. Introduction	22
II. Methodology	23
III. MSME Registration in Singapore, Malaysia, Thailand and Myanmar	24
IV. Conclusions and Recommendations	31
V. References	32

Preface

Micro, Small and Medium Enterprises (MSMEs) comprise the major share of business entities worldwide. In developing countries, MSMEs contribute to most economic activities. They are crucial forces for employment creation, economic growth, poverty alleviation as well as promoting inclusive and sustainable development. In turn, this creates a positive upward push for a higher quality of life with greater equity.

MSMEs are the backbone of the Cambodian economy, comprising more than 90 percent of enterprises in the country. In 2018, MSMEs provided over 70 percent of employment opportunities and more than half of the annual Gross Domestic Product (GDP). Upgrading and modernizing MSMEs have become a strategic priority in the Cambodian Industrial Development Plan (IDP) 2015-2025. A number of policy initiatives have been unleashed to support MSME growth. These include tax exemption and reduction measures, entrepreneurship incubators and financing mechanisms designed to address challenges faced by MSME entrepreneurs.

Through the project of “Unlocking Potentials of MSMEs in Achieving the Sustainable Development Goals (SDGs) in Developing Countries”, which is funded through the 2030 Agenda for Sustainable Development Sub-Fund of the UN Peace and Development Fund, the Division for Sustainable Development Goals in the Department of Economic and Social Affairs of the United Nations (DSDG/DESA) is pleased to join the Ministry of Industry and Handicraft (MIH), the Royal Government of Cambodia, in delivering this publication. It includes a policy guidance for simplified MSME registration and a comparative study of MSME registration policies in four countries, including Singapore, Malaysia, Thailand and Myanmar.

The report is aligned with the strategic focus of the MIH on improving the policy environment for MSME growth in Cambodia. It provides useful information for both policymakers and MSME entrepreneurs to build and streamline the operation of coherent MSME formalization mechanisms.

I appreciate the successful cooperation between the MIH and DSDG/DESA and look forward to continuing our partnership with the MIH and other stakeholders to promote potentials of MSMEs in achieving the SDGs in Cambodia.



Alexander Trepelkov

Officer-in-Charge

Division for Sustainable Development Goals
Department of Economic and Social Affairs, United Nations

Preface

Under the wise and insightful leadership of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Royal Government of Cambodia, Cambodia was previously perceived as an economically-underdeveloped country mired in poverty and food insecurity, and now it has become a food exporting country. Cambodia is one of the emerging economies in the world and has great performance in terms of poverty reduction and improvement in social indicators, which has recently graduated from low-income country status to lower middle-income country. Moreover, the country has aspired to shift to reaching the status of high-middle income country by 2030 and a high-income country by 2050.

Micro, Small and Medium Enterprises (MSMEs) play a vital role in Cambodia. They provide about 70% of total employment and contribute to 58% of national GDP growth. MSMEs also comprise about 99.8% of all business entities of the country. Recognizing the importance of MSMEs to the national economy, the Royal Government of Cambodia (RGC) has incorporated supporting MSME growth as one of its top priorities in its policy agenda. The modernization of MSMEs has been a strategic pillar of Cambodia Industrial Development Policy (IDP 2015-2025). Likewise, MSMEs have become an indispensable part for optimizing the manufacturing base and sustaining economic growth of the kingdom in the era of Industry 4.0. A series of policy incentives have been launched to stimulate MSME growth, which aims to improve entrepreneurship, incentivize innovation and expand access of MSMEs to the market and financial resources.

The Ministry of Industry and Handicraft (MIH) is the leading government agency in Cambodia responsible for supporting MSME growth. Specifically, it coordinates the formulation of coherent policy framework promoting systematic MSME registration, which is a strategic priority of the IDP 2015-2025. For such purpose, the MIH launched the One-Roof Service (ORS) policy to systematize MSME registration, starting from the manufacturing sector. With support from the United Nations Department of Economic and Social Affairs (UN-DESA), the MIH has developed the policy guidelines for the One-Roof Service, which would support implementation of the policy throughout the country. These guidelines comprise the first section of the booklet and the case studies of MSME registration in ASEAN countries, including Malaysia, Singapore, Thailand and Myanmar provide useful reference on MSME registration policies in the region.

The MIH attaches high hopes to this booklet and its contribution to supporting MSME growth in Cambodia. With alignment of the vision in building digital economy endorsed by the Prime Minister, the MIH expects to explore digital delivery of the One-Roof Service to MSME entrepreneurs, especially to promote women and youth entrepreneurs in remote parts of the country, which would generate profound impacts on socioeconomic development in Cambodia.

Given the huge positive impacts and pioneering role of the inclusive and sustainable development of Cambodian MSMEs and its contribution to the nation, I would like to call for further support from UN-DESA, development partners, and donor countries to promote MSMEs in achieving sustainable economic development in Cambodia.

Phnom Penh, 05 March 2020

Senior Minister
Minister of Industry & Handicraft



Kitti Settha Pandita CHAM Prasidh

Chapter 1

Guideline for One-Roof Service (ORS) Policy for Registration of Manufacturing Micro-Small and Medium Enterprises (MSMEs) in Cambodia

This paper was prepared under the project supported by the 2030 Agenda for Sustainable Development Sub-Fund of the UN Peace and Development Fund (UNPDF), of which the People's Republic of China is a major contributor.

This report was prepared by the Nuppun Institute for Economic Research, Cambodia, for the United Nations Department of Economic and Social Affairs Division for Sustainable Development Goals. The views expressed in this report are those of the institute and do not necessarily reflect those of the United Nations.

I. Overview on MSME growth in Cambodia

Micro- Small and Medium Enterprises (MSMEs) are important for economic growth in Cambodia. They provide tremendous contributions to economic growth and sustainable development globally, in terms of decent job creation, income generation and poverty reduction in the country. According to the Cambodia MSME Development Framework 2005, MSMEs are defined by both the number of employees and asset possession, as indicated below in table 1.

Table 1: Definition of MSMEs in Cambodia

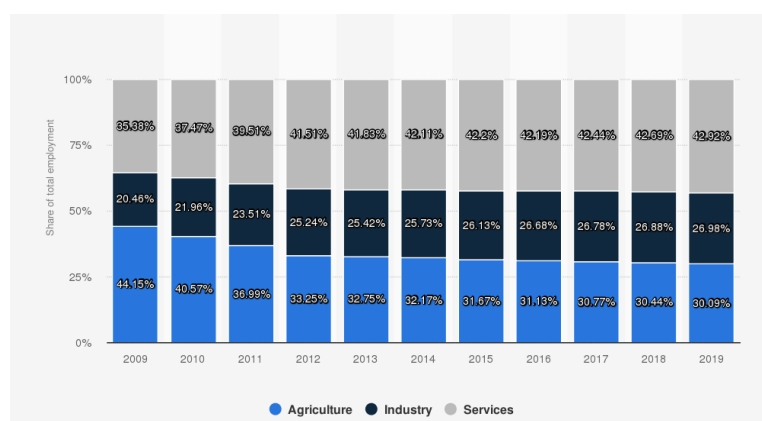
	Number of Employees	Asset Possession (US \$)
Micro	Less than 10	Less than 50,000
Small	11 - 50	50,000 - 250,000
Medium	51 - 100	250,000 - 500,000
Large	Over 100	Over 500,000

Note: The amounts indicated were current at the time of writing and are subject to change.

The same definition was adopted in the Cambodia Intercensal Economic Survey 2014 (CIES, 2014). According to the survey, there were 513,759 enterprises establishment in Cambodia. Among them, 501,612 were micro enterprises, and 11,259 were small and medium enterprises combined. MSMEs take the majority share (99.8%) of enterprises in the country.

According to a report of the Ministry of Industry and Handicraft (MIH) in 2018, MSMEs provided over 70% of jobs and contributed to about 58% of the annual Gross Domestic Products (GDP). However, most Cambodian enterprises are informal without official registration. Out of all enterprises in Cambodia, only 3.5% have registered with the Ministry of Commerce.ⁱ As was reported by the MIH in 2017, there were 157,000 enterprises in the manufacturing sector. Out of them, 155,600 were MSMEs which provided over 1 million job opportunities throughout the country. Most jobs in the manufacturing sector were taken by poor and marginalized groups, especially women and youth from rural areas. Following the agriculture and service sectors, the manufacturing sector is the third largest job creator of the country.

Figure 1: Distribution of Employment by Economic Sector in Cambodia, 2009 to 2019



Source: World Bank Database, World Development Indicators 2019.

II. Challenges faced by MSMEs in Cambodia

Notwithstanding their contributions to the national economy, MSME growth is still facing a number of challenges. These include limited access to finance and market resources, incoherent regulatory frameworks, high input costs and limited entrepreneurship capacity.ⁱⁱ In addition, the informality of MSMEs has hampered their access towards business development services provided by the government and international organizations.

The Government of Cambodia has recognized the important contributions of MSMEs towards national economic growth. MSME upgrading and modernization has become one of the four pillars of the latest Cambodia Industrial Development Policy (IDP 2015-2025), which is the blueprint of structural economic transformation of the country. In the IDP 2015-2025, it aims that 80% to 95% of MSMEs in Cambodia would complete their official registration by 2025.

Under the policy framework of the IDP, several MSMEs supporting policies have been initiated by different government departments. Among others, these include:

1. Sub-decree on profit tax exemption for MSMEs that voluntarily register with the General Department of Taxation (GDT) in 2017.

- Two-year profit tax exemption for MSMEs voluntarily registering with the GDT in 2017-2018;
- Three to five years profit tax exemption for MSMEs registering with the GDT in prioritized sectors, including agriculture, food processing, tourism, manufacturing, innovation and in the Research and Development (R&D) sectors; and Tax exemption applied to MSMEs registered in MSME cluster zones.

2. Cambodia MSME Promotion Policy 2015, led by the Ministry of Industry and Handicraft (MIH)

Led by the Ministry of Industry and Handicrafts (MIH), the Cambodia MSME Promotion Policy aims to address challenges faced by MSMEs in the following areas:

- (i). Optimizing efficient MSME operations;
- (ii). Improving integration of MSMEs within the global market;
- (iii). Strengthening R&D capacities of MSMEs;
- (iv). Enhancing access of MSMEs to financial resources; and
- (v). Promoting MSME entrepreneurship and their roles as agents for innovation.

The MIH is now working on a new MSME Promotion Policy in 2019-2029 with technical assistance from the Asia Development Bank (ADB). A key objective of the new policy would be to optimize coherent regulatory frameworks for MSME formalization and modernization. The new policy would be aligned with priorities of the IDP 2015-2025 and the National Rectangular Strategy for Growth, Employment, Equity and Efficiency.

The new policy also aims to strengthen the institutional capacity of MIH as a hub to coordinate the regulatory framework of MSME formalization together with 14 relevant government departments. For that purpose, the Sub-Committee on Small and Medium Enterprises Development (SCSMED) was established to coordinate MSME formalization together with the government departments. The Secretariat of the SCSMED is in

the General Department of Small, Medium Enterprises, Ministry of Industry and Handicraft (GDSME/MIH). GDSME/MIH also actively participates in the establishment of MSME supporting programmes, including the Entrepreneurship Development Fund, the Skills Enhancing Fund as well as the establishment of the Cambodia SME Bank.

3. The One-Roof Service (ORS) policy for coherent MSME registration

Since 2018, the MIH has started to roll out the One-Roof Service (ORS) policy for improving coherent MSME registration. The ORS policy aims to provide a one-stop service for MSME entrepreneurs to register their businesses, and to promote efficiency and transparency of the environment of doing businesses in Cambodia. Together with 18 government departments related to MSME registration, the GDSME/MIH would coordinate implementation of the ORS policy and promote its digitized delivery towards MSME entrepreneurs throughout the country. For that purpose, MIH endeavors to strengthen collaboration with the most essential government departments related to MSME registration. These include the General Department of Taxation (GDT), the Ministry of Commerce (MoC) and the Ministry of Labor and Vocational Training (MLVT). The manufacturing sector, of which the MIH is directly in charge, has been prioritized as the pilot for implementing the ORS policy.

4. Techno Startup Center, with support from the Ministry of Economy and Finance (MEF)

In response to the vision of realizing the Industry 4.0 and digital economy in Cambodia, the Techno Startup Center was launched in April 2019, jointly by the Deputy Minister of the Ministry of Economy and Finance (MEF) and the Minister of the Ministry of Education, Youth and Sports (MoEYS). Located in the the Royal University of Phnom Penh (RUPP), the center aims to become a center of excellence, supporting successful growth of youth-led startups by enhancing entrepreneurship and innovative capacities, especially in the innovation and high-tech sectors. The center provides training and mentorship services to translate innovative ideas of young entrepreneurs into articulated business models. Following an ecosystem approach, the center serves to link young entrepreneurs with the network of seed fund investors and research labs that would furnish innovations of youth at the cutting edge. The center is closely linked with the Entrepreneurship Promotion Fund (EPF). With an annual budget of US \$5 million, the EPF is a fund managed by the MEF that aims to provide support to MSMEs and startups in Cambodia. At its inception phase, the center is open to young graduates of RUPP and other leading education institutions in Phnom Penh. The center would be able to provide more services to young entrepreneurs if its service scope could be extended to youth from rural communities in provinces.

III. Why business registration would support MSMEs growth?

Most MSMEs in Cambodia are informal business entities. The informality is linked with a number of challenges for MSME growth, three of which are most pressing. The *first challenge* is the lack of access to financial resources. In Cambodia, formal financial institutions provide loans mainly to registered business entities. In many cases, official business registration is a prerequisite for opening bank accounts and loan applications. In addition, informal MSMEs, especially startups and micro enterprises, often lack the capacity to maintain clear bookkeeping and financial records, which has undermined their credibility in front of financial institutions. Faced with the challenges,

informal MSMEs have to frequently look for alternative financing sources, including personal savings, family borrowings, remittance and microfinancing. There were 36 registered microfinance operators in Cambodia in 2016 (NBC, 2016). Although there are many other unregistered microfinance operators, most of them are concentrated in Phnom Penh and economic areas such as Siem Reap. Few microfinance operators can be found in other areas, which further limited access of MSMEs to financial resources.

The *second challenge* is the lack of market access. Without official registration, MSMEs can hardly gain access to international markets.ⁱⁱⁱ According to a survey conducted by the Federation of Associations for Small and Medium Enterprises of Cambodia (FASME) in 2018, MSMEs contributed to less than 10% of export of the country, although they account for more than 90% of all business entities. The Government of Cambodia endeavored to promote export of Cambodia. However, there have been no export promotion policies for MSMEs. MSME informality has hampered government departments in clearly understanding the demands of MSME entrepreneurs and in delivering policies supporting export of MSMEs in a demand-driven approach.

The *third challenge* is the limited access of MSME entrepreneurs to business development support services. For example, the recently launched Entrepreneurship Development Fund (EDF) and the Skills Development Fund (SDF) are open mainly for registered MSMEs. It is difficult for government departments to fully understand the demands of informal MSMEs and deliver tailor-made programmes. Meanwhile, the informal MSME entrepreneurs also have limited awareness of their eligibility to business development programmes. Although there has been business development support programmes provided by government departments and international organizations, a lot of them tend to concentrate in the Phnom Penh capital area. Few informal MSMEs in rural areas have had access to business development support services, which has hindered the growth of entrepreneurship. In view of the above, official business registration would bring the following benefits to MSMEs, including:

- **Expansion of access to financial resources:** as registered businesses, MSMEs would be able to open bank accounts, improve creditability and enhance access to financial resources from banks and financial institutions.
- **Expansion of access to the market:** business registration would support MSMEs to obtain export permits and licenses necessary for their integration in the global value chain.
- **Expansion of access to business development service programmes:** business registration would help inform demands and challenges faced by MSMEs to the design and delivery of business development support programmes led by government departments and international organizations.

Despite the benefits, a large number of MSMEs in Cambodia prefer to remain informal. A recent survey conducted by the International Financing Corporation (IFC) in 2019 reported that more than half of Cambodian MSME entrepreneurs interviewed showed reluctance to officially register their business.

One main reason was found to be the high costs and time involved for completing the registration. According to the ASEAN SME Policy Index 2018, to register a business in Cambodia would take on average 99 days and require about 75 licenses from different government departments. Moreover, there has not been a guideline providing a wholesale set of information on documents and steps required to obtain the licenses. Another reason for MSME entrepreneurs to remain informal is the fear of losing the competitive edge by registering, which would bring higher business operation costs, including taxes and fees, compared to those who do not register.

To support MSME growth through official registration, this report provides a guideline on documents and steps required for business registration in the manufacturing sector. It explains the institutional context of business registration in Cambodia. It also explores ways to improve the regulatory environment of business registration in Cambodia.

IV. Scope of the Guideline

This guideline aims to provide an inventory of documents and steps required to register MSMEs in the manufacturing sector in Cambodia. The manufacturing sector in this guideline includes 1) the production of food, beverage and tobacco 2) textile, garment and leather production 3) processing of paper products, 4) chemicals, rubber and plastic products production 5) non-metallic mineral-based products, 6) production of basic metal, 7) fabricated metals and machinery, 8) manufacturing and office equipment. This guideline does not apply to MSME registration in the construction, service and trading sectors.

V. Guideline for MSME registration in the manufacturing sector

This section provides guidance for MSME entrepreneurs in the manufacturing sector to register their businesses. It reveals documents and steps required by four government departments related to manufacturing MSME registration, including the Ministry of Commerce (MoC), the General Department of Taxation (GDT), the Ministry of Labor and Vocational Training (MLVT) and the Ministry of Industry and Handicraft (MIH). According to regulations related to business registration in the manufacturing sector, business registration would only be completed after successful registration with the four departments. Please note the documents, steps and fees required by government departments for MSME registration, which are included in this section, are adjustable as per updated requirements of government departments. MSME entrepreneurs are encouraged to contact government focal points in charge of business registration to identify the latest information. A list of contacts of the focal points can be found in section six of the report.

1. Documents and steps required for MSME registration at the Ministry of Commerce (MoC)

It is required by the Law on Commercial Enterprises and the Law on Commercial Rule and Register that MSMEs need to register at the MoC to obtain corporate certificates. This requirement applies to both MSMEs owned by nationals of Cambodia, and also branches of Multi-National Enterprises (MNEs) conducting business in Cambodia. Three steps would be required to complete business registration and receive corporate certificates from the MoC.

Figure 2: Three steps for business registration at the Ministry of Commerce

Step 1	Create an online registration account and upload general information about the enterprise
Step 2	Submit documents required to the Ministry of Commerce or its provincial branches
Step 3	Receive corporate certificates

Firstly, MSME entrepreneurs need to start with an online application at the business registration website www.businessregistration.moc.gov.kh of the MoC. Entrepreneurs would need to create an account at the website. It is required that entrepreneurs upload their national ID cards or passports to activate an online account. After creating the account, entrepreneurs are required to provide additional information through their account, which includes:

1. Proprietorship of the enterprise (e.g. if the enterprise is joint or sole proprietorship);
2. Propose and reserve name of the enterprise;
3. General description of business activities;
4. Address and contacts of the owner;
5. Number of employees.

Entrepreneurs would receive a confirmation email informing them that their account is successfully registered and information has been uploaded. A fee would be charged online for reserving the enterprise name. Once the online payment is successfully completed, the business name would be reserved for the applicant enterprise for 30 days.

Secondly, within 15 days after the online registration account is created, entrepreneurs are required to contact the Ministry of Commerce or its provincial branches to submit the following documents:

1. Documents listing the name, address, contact details and proprietary type of the enterprise;
2. Original copies of agreement on company shareholding structure;
3. Photos, identity cards or passports of owners, shareholders and board members;
4. A letter signed by owners declaring non-criminal records in any commercial, civic or criminal cases. The letter should also declare that the owners are currently not government officials bound by the Statutes of Civil Servants of the Kingdom of Cambodia;
5. Two original copies of the enterprise statute or by-law together with a statement of bank deposits.

The entrepreneurs also need to inform the MoC of the account number they received from the business registration website of the MoC.

Thirdly, entrepreneurs would receive the corporate certificate from the MoC if the documents submitted pass the MoC's review. However, the time required for the review of MoC has not been clarified yet.

2. Documents and steps required for MSME registration at the General Department of Taxation (GDT)

MSME registration with the GDT is required by the Law on Taxation to obtain tax certificates necessary for business entities to pay mandatory kinds of taxes such as value added tax, profit tax and other kinds of taxes required by the government. Three steps would be required to complete the registration at the GDT.

Figure 3: Three steps for business registration at the General Department of Taxation

Step 1	Stamp corporate certificates at the GDT
Step 2	Submit documents required to GDT offices
Step 3	Receive tax certificates

Firstly, MSME entrepreneurs must bring the corporate certificates obtained from the MoC to be stamped at the GDT. The entrepreneurs are also required to visit the GDT offices in person, where they would need to leave fingerprints and photographs.

Secondly, entrepreneurs are required to fill in printed forms that need to be submitted to GDT offices, together with the following documents:

1. Corporate certificate received from the MoC;
2. Valid national ID cards or passports and two recent photos of the entrepreneur;
3. Valid ownership certificate or lease agreement of the enterprises' workplace;
4. Receipts of immobile property tax;
5. Bank account information of the enterprise

Thirdly, after submitting the above documents, MSME owners need to pay an application fee at the GDT offices. The cost is US \$5 for an enterprise classified by the GDT as small enterprise (with a total annual turnover between US \$62,500 and US \$175,000) and US \$100 for a medium size enterprise (with a total annual turnover of between US \$175,000 to US \$1 million). Entrepreneurs are expected to receive a tax certificate within two weeks after the application was received at the GDT.

3. Documents and steps required for MSME registration at the Ministry of Labor and Vocational Training (MLVT)

MSME registration with the MLVT is required by the National Labor Law to obtain an enterprise identity number under the National Social Security Fund (NSSF), which would be used to track contributions of the enterprises to social security for their employees. Overall, there would be three steps required.

Figure 4: Three steps for business registration at the Ministry of Labor and Vocational Training (MoLVT)

Step 1	Complete application form 1.01 and submit documents required
Step 2	Complete application form 1.02 and submit employees information
Step 3	Receive the enterprise identity number under NSSF

Firstly, MSME entrepreneurs are required to visit the MLVT offices in person and complete application forms 1.01 for obtaining the enterprise identification number. MLVT does not provide online services as MoC does. The form 1.01 can be collected at MLVT offices. It can also be found in the appendix of Prakas (decisions of Ministers in Khmer) No. 448 on registration of enterprise and employees in the NSSF, which was issued by the MLVT. In addition to the application form, entrepreneurs are also required to provide the following documents:

1. Corporate certificates obtained from MoC;
2. Tax certificates obtained from GDT;
3. List of employees;
4. National ID cards or passports of entrepreneurs.

Secondly, entrepreneurs are required to register all employees in their enterprises with the MLVT, which requires completion of the application form 1.02. The form can be collected at the MLVT offices. It can also be found in the appendix of Prakas No. 448 on the registration of enterprises and employees at the National Social Security (NSSF). Entrepreneurs need to submit ID cards or passports of their employees annexed to the completed form 1.02.

Thirdly, the enterprise identification number for NSSF would be provided to entrepreneurs after successful completion of the previous two steps. Time required for MLVT to provide the identification number to enterprises has not yet been clarified.

4. Registration at the Ministry of Industry and Handicraft (MIH)

In addition to registration with the MoC, GDT and MLVT, manufacturing MSMEs are also required by the Government of Cambodia to register with the MIH to obtain enterprises operation licenses. This is required by the Law on the Administration of Factory and Handicraft. Different steps and documents would be applied to enterprises with or without requirements for obtaining establishment permits. Therefore, before starting registration with the MIH, MSME entrepreneurs are strongly suggested to review Prakas 198 issued by the MIH in 2016 and determine if their registration would involve application for an establishment permit.

Overall, four steps would be needed for MSMEs requiring establishment permits, while two steps would be needed for those without such a requirement.

1) Enterprises requiring establishment permit

All manufacturing MSMEs requiring establishment permits shall follow the four steps below in order to obtain operational licenses from the MIH.

Figure 5: Four steps for business registration at the Ministry of Industry and Handicraft (MIH) for MSMEs requiring establishment permits

Step 1	Apply for establishment permits and submit documents required
Step 2	Receive establishment permits
Step 3	Apply for operational licences and submit documents required
Step 4	Receive operational licenses

Step 1: apply for an establishment permit. This step requires the completion and submission of the following documents:

1. Application form for establishing permits;
2. Three photos, copies of passport or ID cards of the MSME owners;
3. One copy of the design plan and schematic layout of production lines;
4. Approval letter of enterprise residence from the local communal authorities;
5. An attorney authorization letter. The letter would however not be required if the enterprise owners files the application themselves. Otherwise, the letter shall be attached with an ID/ Passport of the person who file the application on behalf of the enterprise owner
6. Other documents, including proof of trademark registration, lease agreement of the enterprise workshops and environmental impact assessment report.

An application fee would be charged by the MIH. It is US \$37 for micro enterprises, US \$75 for small enterprises and US \$125 for medium enterprises

Step 2: obtain the establishment permit. On average, MSME entrepreneurs would receive the establishment permit within seven working days after the application and all the documents above are accepted by the MIH. After receiving the establishment permit, an enterprise can start constructing their workshops or setting up their operational facilities. In addition to the establishment permit, it is worth noting that enterprises are also required to obtain an operation license before completing their registration with the MIH.

Step 3: apply for operation license. After obtaining establishment permit, manufacturing MSME entrepreneurs must also apply for operation license from the MIH. Documents required for the application include:

1. Fully completed operating license application form;
2. Photos of the MSME owners;
3. Approved establishment permit;
4. Evaluation report from MIH technical officials on production conditions of the enterprises;
5. An attorney authorization letter , if applicable;

1. Photos of enterprise names and schematic layout of the operation facilities;
2. Other documents required such as related certificates of product quality, proof of trademark registration and the approval letter of environmental impact assessment.

The application fees charged by the MIH are US \$18.75 for micro-enterprises, US \$37 for small enterprises and US \$75 for medium enterprises.

Upon receiving a completed application, the MIH will send officials to evaluate the enterprise buildings, workshops and operational facilities within five working days in accordance with the design plan and schematic layout included in the establishment permit.

Step 4: obtain operation license. If full compliance with the establishment permit was found by MIH, operation license will be granted within 15 working days after the MIH received the completed application.

2) Enterprises that do not require establishment permits

Enterprises that do not require an establishment permit are able to apply directly for an operation license from MIH.

Figure 6: Two steps for business registration at the Ministry of Industry and Handicraft (MIH) for MSMEs not requiring establishment permits

Step 1	Apply directly for operational licences and submit documents required
Step 2	Receive operational licenses

Firstly, entrepreneurs must submit an application to the MIH or provincial MIH offices where the enterprises are located. Required documents include:

1. Completed application form for operation license;
2. ID cards or passports and three photos of the MSME entrepreneurs.

Secondly, MSME entrepreneurs would receive their operational license within seven working days if the application is successfully completed and the evaluation of MIH finds the operational conditions are aligned with those included in the schematic design of the enterprises.

VI. Contacts of government departments related to MSMEs registration in Cambodia

The above section shows a complete set of documents and steps required for MSME registration in the manufacturing sector. To obtain additional information on MSME registration of other government departments in charge of industrial sectors, such as construction, trade and services, entrepreneurs are encouraged to review the contacts of relevant government departments below.

Ministry / Institution	Contact
Ministry of Industry and Handicraft (MIH) General Department of SMEs and Handicraft	Tel (855) 23 22 38 02 Email: gdsme@gmail.com Website: www.mih.gov.kh
Ministry of Commerce (MoC) Business Registration Department	Tel (855) 23 866 050/ 23 866 459 E-mail: moc.gov.kh@gmail.com Website: www.moc.gov.kh
Ministry of Tourism (MoT) Accommodation Service Management and Food Department	Tel:(855) 23 5310999 Email: camaccommodationdept@gmail.com Website: www.tourismcambodia.org
Ministry of Agriculture Forestry and Fisheries (MAFF) General Directorate of Agriculture	Tel: (855) 23 726 128 / 23 726 129 E-mail: info@maff.gov.kh Website: www.maff.gov.kh
General Department of Taxation (GDT)	Tel: (855) 23 886 708 E-mail: gdt@tax.gov.kh Website: www.tax.gov.kh
Ministry of Economic and Finance General Department of Financial Industry	Tel: (855) 23 430 225 E-mail: info_gdffi@mef.kh Website: www.gdffi.mef.gov.kh
Ministry of Health (MoH) Directorate General for Health	Tel: (855-23) 885-970/884 909 E-mail:webmaster@moh.gov.kh Website:www.moh.gov.kh
Ministry Labor and Vocational Training (MLVT) General Department of Employment	Tel: (855) 23 88 43 75 E-mail: N/A Website: www.mlvt.gov.kh
Ministry of Land Management, Urban Planning and Construction (MLMUPC) General Department of Construction	Tel: (855) 23 215 660 / 215 659 E-mail: gdadmin-mlmupc@camnet.com.kh Website: www.mlmupc.gov.kh
Ministry of Environment (MoE) General Department of Environmental Protection	Tel: (855) 23 213 908/ 23 220 369 Email: info@moe.gov.kh Website:www.moe.gov.kh
Ministry of Mines and Energy (MME) General Department of (Mineral Resource/ Energy/ Petroleum) <i>Depend on business activities that are related to above departments.</i>	Tel: (855) 2 890 330 Email:info@mme.gov.kh Website:www.mme.gov.kh
National Social Security Fund (NSSF)	Tel: (855) 23 882 434/ 23 882 623 E-mail: N/A Website:www.nssf.gov.kh
Ministry of Post and Telecommunication General Department of Post and Telecommunication	Tel: (855) 23 426 510/ 23 724 809 Email: info@mptc.gov.kh Website:www.mptc.gov.kh
Ministry of Public Works and Transportation	Tel: (855) 88/ 15/67 929 090 E-mail:info@mpwt.gov.kh Website:www.mpwt.gov.kh Register for transportation license: www.transportli-cense.mpwt.gov.kh

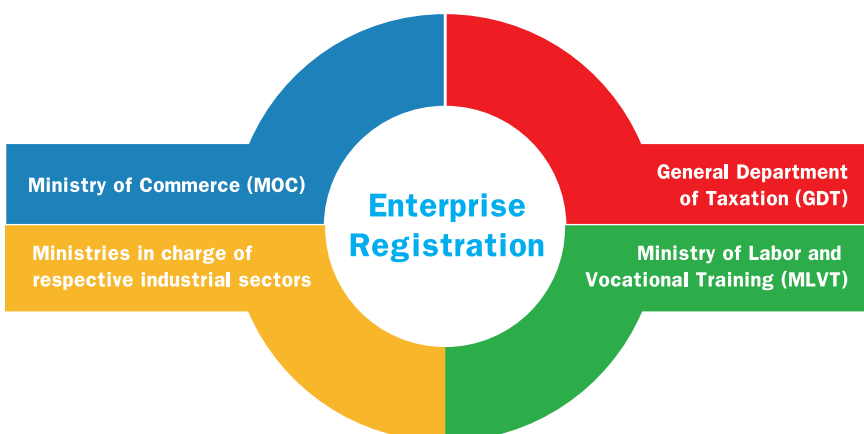
Ministry / Institution	Contact
Ministry of Culture and Fine Arts General Department of Technical Culture	Tel (855) 23 218 148 E-mail:info@mcfa.gov.kh Website:www.mcfa.gov.kh
Ministry of Education	Tel (855) 23219 285 E-mail:info@moeys.gov.kh Website:www.moeys.gov.kh
Ministry of Information	Tel: (855) 12 674 567/ 97 788 3333 E-mail:kheangveng@gmail.com Website:www.information.gov.kh
Ministry of Interior	Tel (855) 23 721 905 E-mail:info@interior.gov.kh Website:www.interior.gov.kh
Council for the Development of Cambodia	Tel (855) 23 981 154/ 23 981 167 E-mail:kanelleheang@yahoo.com Website:www.cdc-crdb.gov.kh
General Department of Customs and Excise of Cambodia	Tel (855) 23 21 40 65 E-mail: info-pru@customs.gov.kh Website:www.customs.gov.kh

VII. Upscaling the One-Roof Service Policy for Improving Regulatory Framework of MSME registration

As stated above, in the current business regulatory framework in Cambodia, all enterprises are required to register with three Ministries Firstly, which are the Ministry of Commerce (MoC), the General Department of Taxation (GDT) and the Ministry of Labor and Vocational Training (MLVT). Registration with the three government departments would provide enterprises with the corporate certification from the MoC, tax certificates from the GDT and the enterprises identity numbers for NSFF from the MLVT, which are the three essential licenses for formal business operations.

After obtaining the three licenses, enterprises would need to apply for additional operational licenses from other government departments in charge of industrial sectors in which the enterprises operate. For example, in the manufacturing sector, enterprises would need to apply for operational licenses from the MIH. The sectoral Ministries would require enterprises to provide additional documents to obtain the license they would issue. It was estimated that about 75 licenses would be needed to complete business registration in Cambodia (ASEAN SME Policy Index, 2018).

Figure 7: Institutional landscape for Enterprise Registration in Cambodia



Without clear guidance on the documents and steps required, MSME entrepreneurs can be easily disoriented in the registration process that is fragmented and led separately by different government departments. This could explain the time and monetary costs involved that has given rise to the reluctance of MSME entrepreneurs to register and formalize their business.

To support MSME growth and improve MSME registration in a coherent way, the Government of Cambodia launched the Small and Medium Enterprises (SMEs) Development Framework in 2004, which has become the founding policy framework for subsequent MSME supporting policies, including the MSME Development Policy 2019-2029 that is being developed by the MIH.

In 2004, the Sub-Committee for SME Development (SCSMED) was also established. Chaired by the General Department of Small and Medium Enterprise (GDSME/MIH), SCSMED is an intra-Ministerial coordinating body, responsible for the planning, implementation and impact assessments of MSME supporting policies in Cambodia. SCSMED consists of representatives from different government departments, including the Council for the Development of Cambodia; the Ministries of Labor and Vocational Training, Interior, Economy and Finance, Agriculture, Forestry and Fisheries, Tourism, Mines and Energy, Rural Development, Environment, and Women's Affairs; the General Department of Taxation and the National Bank of Cambodia.

From its inception, SCSMED has attempted to improve coherence of the regulatory environment for doing business in Cambodia. Underpinned by the GDSME/MIH, the SCSMED recently launched the One-Roof Service (ORS) policy for business registration. The ORS aims to systematize the MSME registration process that is currently fragmented in different Ministries. It would also provide a one-stop service for MSME entrepreneurs to obtain updated information on rules and regulations related to MSME registration. An ORS office has been established in the MIH to coordinate policy implementation. The ORS represents a strategic trend to improve policy environment for doing business in Cambodia, which would contribute to achieving the strategic goal of IDP 2015-2025 of formalizing between 80%-95% MSMEs. Complementary policy measures could be useful to improve contributions of the ORS to MSME formalization, including a full-fledged impact analysis and building an online platform expanding access of rural MSME entrepreneurs to ORS services. Business development support may also be integrated with ORS to motivate registration among MSME entrepreneurs.

End Notes

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Chapter 2

MSME Registration Practices in the ASEAN region: case studies of Singapore, Malaysia, Thailand and Myanmar

I. Introduction

Systematizing formalization of Micro-, Small and Medium Enterprises (MSMEs) is important for promoting industrial growth in the Association of Southeast Asian Nations (ASEAN) countries. MSME formalization, through business registration, would also enhance their access to market and financial resources derived from the integration of regional and international value chains (Giorgi and Rahman, 2013). It would also bring additional opportunities of business development support to MSME entrepreneurs, including tax exemption and reduction as well as subsidies for product quality assurance and accreditation. In addition, MSME formalization is associated with increased trust from business and government partners, which means MSMEs would be less concerned with being closed down by local governments for the lack of information on compliance (pp. Mel, McKenzie and Woodruff, 2013). There is also evidence that formalization would increase gross profits of the enterprises, which expand the financial space of MSMEs to invest in Research and Development and employee capacity building (Rand and Torm, 2012).

In the ASEAN region, many countries including Singapore, Malaysia, Thailand and Myanmar, are undertaking reforms to systematize and modernize MSME formalization procedures. For example, the government of Singapore has introduced an online “License One” portal for business registration and licensing application through a single online gateway. This online platform brings together 41 government agencies under one roof, which are in charge of MSME registration from different aspects. The portal is often referred to as the digital roof of MSME registration in Singapore (Government of Singapore, 2017). Similarly, The Malaysian government has reformed the process of business registration by launching, in 2016, the “Malaysia Biz”, a one-stop business registration online portal which allows businesses registration to be completed online (SME Corp. Malaysia, 2017). Likewise, Thailand has eased the business registration process by streamlining required procedures from 2017. Thai MSMEs are now able to choose business registration either online or at the provincial branches of the Department of Business Development (OECD/ERIA, 2018). Similarly, Myanmar has undertaken reforms to facilitate business registration processes, for example, by eliminating a number of requirements such as reference letters, criminal records, and minimum capital for MSME registration (OECD/ERIA, 2018). The Myanmar government also introduced an online registration portal, “Myanmar Companies Online” (MyCo) in 2018, where companies can register their businesses online (Government of Myanmar, 2018).

Although almost all ASEAN countries have launched attempts to digitize MSME registration, only Singapore has implemented a single digital one-stop gateway, where the entire MSME registration process would take place online. Implementing a concerted online MSME registration policy is perceived as a good practice supporting MSME competitiveness and enhancing transparency of the business environment (ASEAN, 2017). Singapore has adopted a digital registration model that allows businesses registration to take place under the auspices of the Accounting and Corporate Regulatory Authority (ACRA). Malaysia is another country in ASEAN that has taken concerted measures for digitized business registration across different government departments (OECD/ERIA, 2018). However, other ASEAN countries, such as Thailand, Myanmar and Cambodia have yet to establish full-fledged digitized one-stop MSME registration services. Although these countries have introduced various digital registration schemes to some extent, the registration process is still fragmented and managed by different government departments without concerted coordination. Procedures for MSME registration remain frequently unclarified for MSME entrepreneurs. MSME entrepreneurs are often required to follow the costly and time-consuming process of completing non-standardized documents and are faced with various administrative rules creating barriers to starting business efficiently in these countries (ASEAN, 2016).

Since progress in MSME formalization varies in ASEAN countries, it would be useful to look into the case of MSME registration practices in countries where the registration policies are implemented in different ways. Understanding different MSME registration practices could also help nations such as Cambodia improve performance of their current MSME registration policies. The main objective of the study is to review practices of MSME registration in four ASEAN countries, namely: Malaysia, Myanmar, Singapore and Thailand. Understanding the experiences of these countries could hopefully be useful for optimizing MSME registration in Cambodia.

II. Methodology

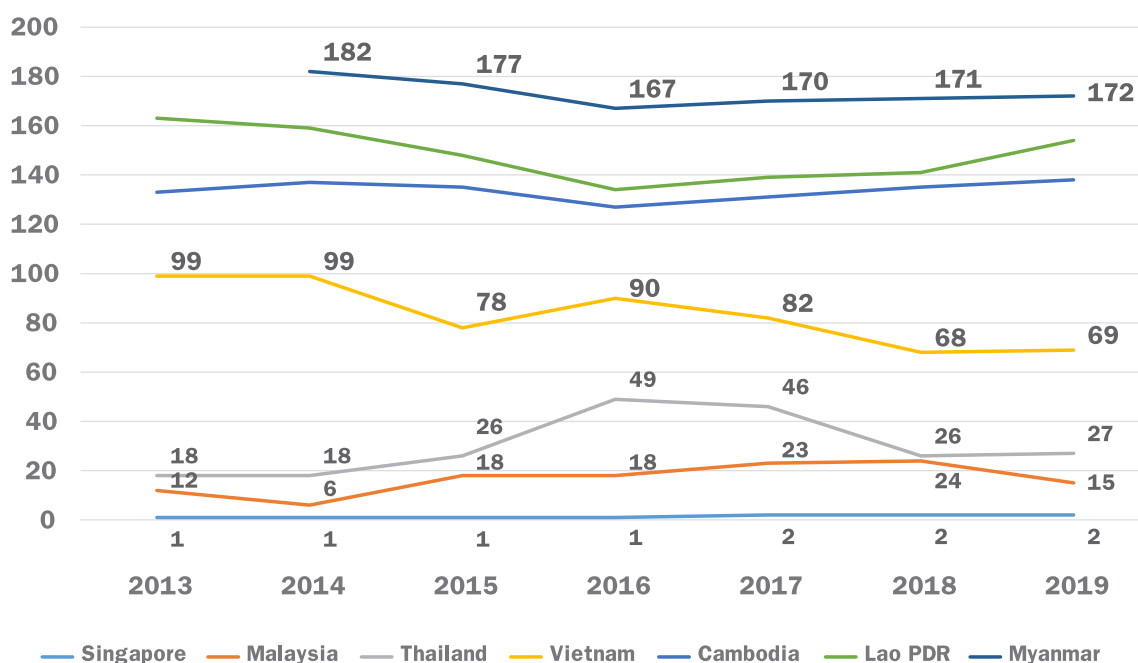
This report employs a comparative case study method by focusing on the MSME registration system in Malaysia, Singapore, Thailand and Myanmar. The study specifically looks into government institutions and agencies that are responsible for MSME registration in each country by focusing on policy reforms and institutional mechanisms. This report also seeks to review the MSME registration process in each country, specifically investigating the good practices and challenges which could be referable in the case of Cambodia.

The study focuses on four countries with varied levels of MSME policy coordination. Singapore is one of the countries in the ASEAN region that has the most efficient legislation and procedures related to business registration, such as its online one-stop service for business registration. Similar practices are also found in Malaysia. In addition, Singapore and Malaysia were the two countries in the ASEAN region with the highest level of MSME-related policy coordination across different government agencies (OECD/ERIA, 2018). Business-friendly regulations have helped Malaysia and Singapore maintain high scores in the World Bank's Ease of Doing Business Index. As such, studying these two countries could provide insights into good practices of MSME registration.

Thailand, on the other hand, is at the “mid-stage” in terms of coordinating concerted MSME policies implementation. The country has made a major improvement in the World Bank Ease of Doing Business Index, jumping from the 46th ranking in 2017 to 27th in 2018 (figure below). Although the Thai government has introduced the online e-registration in 2013, it is still not possible to complete the entire business registration process through one single digital gateway. Certain procedures still need to be completed at different government offices (OECD/ERIA, 2018). The experience of Thailand in improving the e-registration process also makes the country an interesting case for this study.

Myanmar is one of the ASEAN members states that remains at the early stage of MSME development, and its score in terms of Ease of Doing Business Index is 171 out of the 190 countries assessed in 2019. The country has yet to establish a system to support simple MSME formalization. Obtaining a business license requires going through several government agencies (Berkel.H.et al, 2018). While the government of Myanmar introduced a business e-registration system in 2018, such a policy initiative only addresses the issue of corporation registration. Registration with other government departments, such as the department of taxation, still needs a number of separate documents and a lengthy application process. Examining the case of Myanmar at the early stage of MSME policy development could also be a reference point for the case of Cambodia.

Figure 1: Ease of Doing Business (1=most business-friendly regulations)



Source: World Bank Data, Doing Business. Note: Economies are ranked on their ease of doing business from 1-190 (1= most business-friendly regulation). The comparison was done in 185 economies in 2013, in 189 economies in 2014-2016, and in 190 economies in 2017-2019.

III. MSME Registration in Singapore, Malaysia, Thailand and Myanmar

1. Singapore

Singapore has reached an advanced stage of MSME registration, as a result of a number of policy reforms and a strong MSME coordinating body. The Ministry of Trade and Industry (MTI) is the main government department responsible for coordinating MSME registration policy. It works closely with other government agencies, statutory board, representatives of MSMEs, academia, and civil society to support formulation of MSME development strategies and policies (OECD/ERIA, 2018). The MTI established the Enterprise Singapore (ESG), previously known as the Standard, Productivity, Innovation and Growth (SPRING), an organization responsible for implementing the MSME development policies in Singapore in a wholesale approach. In addition, simplified procedures for company registration, tax filing and social security forms have been installed in Singapore. All policies and programs are constantly monitored and assessed (OECD/ERIA, 2018).

To improve the ease of doing business, the Government of Singapore has rolled out a digital one-stop platform for facilitating MSME registration. The platform is open not only to MSMEs but also business of all types, supporting their online registration and the obtaining of licenses and permits including tax registration. Introduction

of the platform has not only saved transaction times and costs but also substantively improved the consistency and transparency of the policy environment for business operations (World Bank, 2019a). To operate this digital one-stop platform for business registration, an inter-agency coordination body, which is named the Accounting and Corporate Regulatory Authority (ACRA), was created. The ACRA collaborates with government agencies and other stakeholders in Singapore to develop integrated digitized services that allow companies to more easily register their businesses and meet their regulatory obligations (ACRA, 2018). For instance, new start-up businesses can register for the following services (box below) at the One-Stop Platform operated by ACRA, which includes reserving an online domain for the company, opening a bank account, registering for tax obligations, activating their customs account and subscribing to government business alerts on latest policy updates.

Box 1. Digital One-Stop Platform at ACRA

New businesses registered with ARCA are given the options to register the following services:

- Domain name reservations
- Opening of bank accounts
- Register for goods and services taxes
- Activate customs accounts
- Subscribe to free e-newsletter
- Sign up for GeBiz alerts

If an applicant signs up any of the above services, the application details would be forwarded by ACRA to related government departments for expedited registration.

Source: Dayan and Bolislis, 2017 and ACRA

Business registration in Singapore consists of three steps, all of which can be completed online through a single gateway (World Bank, 2019b). It takes on average three days to complete the process and an enterprise would start its operations quickly afterwards.

Firstly, a new business must provide the company's name and file its corporation certificate and tax number with ACRA. At this stage, the company can reserve its domain names, register for goods and services tax (GST), subscribe for the relevant e-newsletters and register for e-service alerts on the latest government procurement opportunities, in addition to activate customs account and apply for a corporate bank account. These processes would take less than one day to complete as they are all done through an online platform and cost a total of US \$230. Secondly, the business needs to create a company seal, which can also be ordered on-line. However, having a company seal is not compulsory for every business, and the decision to have the seal or not rests with the company. Thirdly, the business must sign up for the Employee Compensation Insurance with an insurance agency. This step can also be completed online. According to ACRA, new business owners can purchase insurance plans for their employees at the BizFile+ portal. In October 2017, a new Workmen Injury Compensation Insurance online service was introduced as part of the efforts to further streamline the online business registration process.

Table 1: Steps to Register a Business in Singapore

Steps	Process	Institutions/ Agencies	Documents to be obtained	Duration and fee
Step 1	Online registration, including setting up company name and filing the company corporation and tax number	Accounting and Corporate Regulatory Authority (ACRA)	Reserved domain names, goods and services tax (GST) registered, Customs Account activated, and a corporate bank account obtained	Less than 1 day (online procedure) Fee: SGD 315 (US \$230)
Step 2	Create a company seal (not compulsory)	Seal maker	Company seal	1 day, Fee: SGD 70 (US \$51)
Step 3	Sign up for Employee Compensation Insurance with an insurance agency	Insurance Agency		1 day, online Free of charge

Source: Accounting and Corporate Regulatory Authority (ACRA), Singapore

2. Malaysia

Business registration in Malaysia, including for both large enterprises and MSME registration, consists of nine steps and takes between 12 to 15 working days to complete, which involves registration with different government departments. The government of Malaysia has officially launched an online One-Stop Service Center for enterprise registration, which is being operated by the Companies Commission of Malaysia (CCM). However, not all procedures are entirely rolled out online. Firstly, an enterprise must identify and reserve a name with CCM. The process can be done on-line, taking one day, which would cost US \$12. Once the proposed name is approved, the enterprise must submit other required documents on-line. The enterprise should also open a bank account and then register with the tax department, which includes registration for paying the General Services Tax (GST) and income tax. The enterprise must register itself with the employee provident fund and social security fund. In addition, if the enterprise would operate in the Kuala Lumpur capital city area, it must apply for another license from the city authority for its business premises. It also needs to be noted that additional steps may be needed for married business women.

Table 2: Steps to Registering Businesses in Malaysia

Steps	Process	Institutions/ Agencies	Documents to be obtained	Duration and fee
Step 1	Reserve company name with Companies Commission of Malaysia (CCM) at the online one-stop-shop	Companies Commission of Malaysia (CCM)		Less than 1 day (online procedure) Fee: 50 MYR (US \$12)

Steps	Process	Institutions/ Agencies	Documents to be obtained	Duration and fee
Step 2	Company secretary prepares the company corporation documents			1-3 days; Fee: 1000 MYR (US \$247)
Step 3	Filing necessary documents with CCM at one-stop shop (application can be submitted online)	Companies Commission of Malaysia (CCM)	Obtain company corporation as well as the post-corporation package (company seal, share certificates and statutory books)	
Step 4	Open a bank account	Bank	Bank account. It is needed to register good and service tax (GST).	1 day, Free of charge
Step 5	Register for Goods and Services Tax (GST) In order to register the GST, the company needs to submit the following forms: - Business Registration Number, a valid email address, total taxable supplies, industry codes, bank account information.	Royal Malaysian Customs		1 day, Free of charge
Step 6	Register for income tax and PAYE	Inland Revenue Board of Malaysia (LHDN)	Income tax number	1 day, free of charge
Step 7	Register for the Employees Provident Fund	Employees Provident Fund (KWSP)	Certificate of registration of Employer and the i-Akaun Activation Code	1 day, free of charge
Step 8	Register for Social Security	Social Security Organisation (SOCSO- Perkeso)		1 day, free of charge
Step 9	Obtain a business premise license. In order to conduct business activities in the Kuala Lumpur capital area, enterprises must obtain a business premise license. Licenses are issued by the Commissioner of the City of Kuala Lumpur.	Kuala Lumpur City Hall		5 days; Fee: 3 MYR (US \$0.72) per square meter

3. Thailand

According to the Ease of Doing Business Index of the World Bank, out of the 190 countries reviewed, Thailand has achieved a substantial increase in its 47th place in 2016 to 27th place in 2019, which indicates a strong improvement in the policy environment of doing business in Thailand.

However, Thailand has yet completed a full-fledged switch to a digital one-stop service for business registration. It requires six steps and approximately six working days for an enterprise to complete the business registration process. Some procedures are implemented on-line while others must be done offline. For example, while company names can be registered online, payments for the services must be done offline either with government agencies or through banks. Registration of business, both large enterprises and small and medium-sized enterprises, must follow seven steps. At the first step, an enterprise must select and reserve its name with the Department of Business Development in the Ministry of Commerce. This can be done on-line and takes one working day to obtain a certificate of business name registration. At the second step, an enterprise must provide evidence of the capital needed to operate the business in the form of a bank deposit certificate to the Ministry of Commerce. After receiving the name registration certificate and evidence of deposit, the third step requires the enterprise to create a corporate seal. At the fourth step, the enterprise must submit a Memorandum of Association (MoA) or a company by-law to the Ministry of Commerce for review. This step would take on average one day. At the fifth step, following the approval of MoA from the Ministry of Commerce, enterprises would need to make payment to complete the business registration process. Once this is done, the business must undergo tax registration with the Revenue Department. Only after completing all these steps, would the business finally obtain an operating license.

Table 3: Steps to Registering Business in Thailand

Steps	Process	Institutions/ Agencies	Documents to be obtained	Duration and fee
Step 1	Search and reserve a company name online	Department of Business Development, Ministry of Commerce	Name Reservation Certificate	Less than 1 day (online procedure)
Step 2	Deposit paid-in capital in a bank	Bank	Obtain deposit evidence	1 day, Free of charge
Step 3	Obtain a corporate seal	Seal maker	Corporate seal	1 day, Fee: THB400 (US \$13)

Steps	Process	Institutions/ Agencies	Documents to be obtained	Duration and fee
Step 4	Get approval for Memorandum of Association (MoA), apply to register the company as a legal entity (final registration) At the Single Point Service Center, entrepreneur can register the company, obtain TIN, register for social security and register for the Workmen's Compensation Fund. All documents are submitted and received in one window, within 1 day.	Partnership and Companies Registration Office, Department of Business Development, Ministry of Commerce	Approval for MoA and evidence of the company as a legal entity	1 day Fee for registration of the association is THB 500 (US \$16) minimum to THB 25,000 (US \$798) maximum. The registration of the association fee shall be increased THB 50 every THB 100, 000 initial capital The company registration minimum fee is THB 5,000 (US \$160) and the maximum fee is 250,000 (US \$7,985). Plus THB 750 (US \$23) for stamp duty, certificate of registration, affidavit fee and document fee.
Step 5	Register for Value Added Tax (VAT) registration is mandatory for all companies when the annual revenue exceeds the threshold of THB 1.8 million (US\$ 56,000).	The Revenue Department		1 day No charge the registration can be done either online or visit the office the revenue department.
Step 6	Register employees with the Social Security Office	Social Security Office		1 day No charge

4. Myanmar

Business registration in Myanmar, for both large enterprises and MSMEs, comprises 13 steps and take approximately 15 working days to complete, which involves different government departments. However, business registration in this country could be more time consuming and costly compared to its ASEAN counterparts, which contribute to the current low ranking of the country in the Ease of Doing Business Assessment.

At the first step of the registration process, an enterprise must conduct a company name check, which can be done on-line or through an in-person visit to the Directorate of Investment and Company Administration (DICA). At the second step, the enterprise must submit the required documents for company incorporation in order to obtain a certificate of registration. At the third step, the company is required to have its certificate stamped by a lawyer from a law or accounting firm. At the fourth step, the enterprise must make payment for stamp duty and registration fees. From the fifth to eighth steps, the enterprise must submit several required documents, including a bank account number and certificates of payment to DICA to obtain the company registration certificate. In the ninth through to the eleventh steps, the business must undergo registration with the tax department. The final step involves registration of the enterprise with the social security fund.

Table 4: Steps to Registering Business in Myanmar

Steps	Process	Institutions / Agencies	Documents to be obtained	Duration and fee
Step 1	Conduct company name check (this can be done online or visit DICA)	The Company Registration Office (CRO) at the Directorate of Investment and Company Administration (DICA)	Approval of the company name	1day Fee: Kyat 1000 (US \$0.60)
Step 2	Request for business incorporation certificate	Directorate of Investment and Company Administration (DICA)	Application document for incorporation certificate	1 day, Fee: Kyat 5,100 (US \$3.36)
Step 3	Obtain signature of the director in front of a lawyer of certified public	Law or Accounting firm		1 day Fee: Kyat 40,000 (US \$26.34)
Step 4	Payment of stamp duty and registration fees	Directorate of Investment and Company Administration (DICA)	Letter to confirm that the company has been registered	1 day Fee: Kyat 1,060,000 (US \$698)
Step 5	Open Bank Account	Bank	Evidence of bank account	1 day, no charge
Step 6	Obtain certificate of incorporation	Directorate of Investment and Company Administration (DICA)	Certificate of incorporation	3 days Paid as part of company incorporation fee
Step 7	Submit certificate of registration documents (CRD) Submit Form6 (shareholder list) and Form26 (Director list)	Directorate of Investment and Company Administration (DICA)		1 day Fee: Kyat 50000 (US \$33)
Step 8	Obtain a seal or a rubber stamp	Seal maker	Company seal or rubber stamp	1 day Fee: Kyat 2000 (US \$1.32)
Step 9	Register with the tax office	Tax office		1 day Free of charge
Step 10	Register for commercial tax (Similar to VAT)	Township Internal Revenue Department Office		1 day Free of charge
Step 11	Registration of employees at the labor office in township (<i>this registration is mandatory for tax purpose</i>)	Township Labor office		1 day Free of charge
Step 12	Registration with the social Security Board for social security benefits	Social security board		1 day Free of charge
Step 13	Start the business			

IV. Conclusion and Recommendations

Lessons from ASEAN countries, particularly the case of Singapore, suggest that establishing an online one-stop platform could be the most efficient way to reduce time and costs for business registration, which would also be helpful for building a consistent and transparent policy environment for MSME growth. Business registration inevitably requires various interactions with different government departments, as different aspects of business operations are related to authorities of different government regulatory bodies. To coordinate the various regulators, one effective solution would be to establish an online one-stop platform that can integrate all requirements managed by different government regulatory bodies. It needs to note that the integrated approach would not compromise the roles of government regulators involved. Instead, it would improve the accountability, efficiency and transparency of government support for business registration.

However, a functional online one-stop platform for business registration requires every enterprise to obtain a unique Company Identification (Enterprise ID) —the same way as each citizen is given a unique identification number. A unique Enterprise ID allows a company to access and make the best use of the online registration platform and its services, which would include reserving a company name, opening a bank account, obtaining permits and registering with taxation authorities.

Furthermore, once a unique ID is created for an enterprise, it is important that the ID is recognized by both the online one-stop platform and the parallel platforms operated by different government departments. Clear instructions on the fees and time required for approvals need to be shown at the on-line platforms. The online system should also allow automated approval, in case the responsible agencies would not respond to requests within the indicative time required.

To deliver its one-stop business registration services in a digitized way, the Ministry of Industry and Handicraft (MIH), Cambodia could consider replicating the good practice of the Singaporean License One portal, which could be a model to reduce uncertainties, time and costs to register a business, as well as improve compliance with tax obligations. Thanks to digitized services delivered by an online platform, MSME entrepreneurs would understand better the rules and procedures for business registration. Following a step-by-step approach, the online platform should be integrated with more functions, providing detailed information on the procedures, documents and fees required for business registration. In addition, it would be better if the MIH could also consider providing both online and offline capacity building programmes to MSME entrepreneurs on the guidance of business registration, detailing the documents and steps required.

The server of the online platform can be based in the MIH. MSME intelligence data stored in the server needs to be shared with other portals upheld by government departments related to MSME registration. Specifically, these include the On-line Business Registration portal launched by the Ministry of Commerce in 2015 and the Online Tax Registration platform launched by the General Department of Taxation in 2014. Eventually, it would generate great benefits if these platforms could be integrated, providing an one-stop portal for business registration in Cambodia. Such a platform would also support Cambodia to be better positioned in the era of digitized economy for achieving the vision of Industry 4.0.

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