



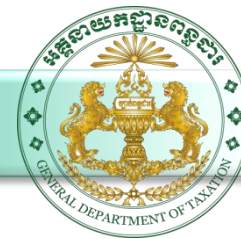
Presentation
on
Overview Taxation Law and Practice
2016

02 September 2016

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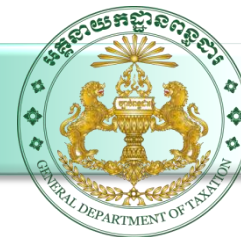


1. The Abolishment of the Estimated Tax Regime

According to Article 10 of The Law on Financial Management 2016, the Estimated Tax Regime has been abolished and restructured to only one regime is Self-Assessment Regime, which classified taxpayers into 3 categories:

- 1- Small Taxpayers
- 2- Medium Taxpayers and
- 3- Large Taxpayers.

The policy on abolishment of the estimated tax regime is an incentive mechanism for small businesses with a turnover less than KHR 250 million per year and aims to alleviate the costs of small traders who do business only for daily subsistence.



2. The Classification of Taxpayers

According to the Prakas No.1819 SHV.PK on the 25th of December 2015 of the Ministry of Economy and Finance with respect to the Classification of Taxpayers in the Self-Assessment Regime. Taxpayers under the regime are classified into three categories:

Small

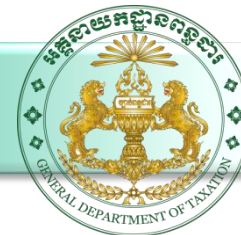
- Annual turnover from KHR 250 million to KHR 700 million.

Medium

- Annual turnover from KHR 700 million to KHR 2,000 million or
- Enterprises that have been incorporated as legal entities

Large

- Annual turnover over KHR 2,000 million
- Branch of a foreign companies
- Enterprises registered as Qualified Investment Project (QIP)



3. The Reformation of the Patent Tax Amount

According to Article 12 of The Law on Financial Management 2016, the Patent Tax was aligned in accordance with the new taxpayer classification as follows:

Small

• Annual Patent Tax of KHR 400,000

Medium

• Annual Patent Tax of KHR 1,200,000

Large

• Turnover over KHR 2,000 million to KHR 10,000 million → KHR 3,000,000

• Turnover over KHR 10,000 million → KHR 5,000,000

Taxpayers who have branch, factory, and warehouse for the same business activity at difference capital/province have to pay patent tax of KHR 3,000,000 million to the capital/province where the business is located.



4. The Simplified Accounting Rule for Small Taxpayer

Does not require taxpayers to:

- Record the business transaction following the Double Entry System of bookkeeping
- Record Accrual Accounting Principle, which requires a balance sheet along with income statement
- Follow the cash basis method of recording accounting transactions.

Taxpayers are required to:

- Record the business transaction following the Single Entry System of bookkeeping of every transaction in the case of supply of goods or services with high value (1 unit from \$ 50 up)
- Record once daily in the case of supply of goods or services in retail sales that cannot be counted
- Record based on invoice when buy or sell.



5. The Abolishment of Tax on several Means of Transportation

According to Article 13 of the Law on Financial Management 2016, the government has decided to abolish the tax on means of transportations and all types of vehicles:

- All kinds of motorcycles and tricycles
- Tractors and similar machinery
- All kinds of boats, which have the power to 150 horsepower.

Abolishment reasons:

- Make it easy for the citizen in helping to facilitate the daily lives of motorcycles and tricycles users
- Improve the livelihoods of farmers who depend on family farming.

6. The Double Taxation Agreement

Completed



Singapore

The Agreement has been signed on 20 June 2016

Is negotiating



Thailand



Viet Nam



Brunei Darussalam

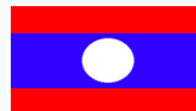


Malaysia

Have negotiated 2 times

Have negotiated 1 time

Requested for negotiation



Lao



Myanmar



Indonesia



Philippine





7. The Exemption of the Registration Tax

- The exemption of the Registration Tax on the transfer of ownership or property rights within relatives, between:
 - Parents and children
 - Husband and wife
 - Grandparents and grandchildren.
- The exemption of the Registration Tax on the transfer of ownership of vehicles, include:
 - Motorcycles
 - All kinds of tricycles
 - Tractors and
 - All kinds of boat, which have the power to 150 horsepower.



8. Tax Incentive for Educational Sector

Recently, in order to encourage the educational sector to help promoting the development of the highly qualified human resources and reduce the burden on expense of parents, guardians, students, the government has decided to give tax incentives to educational institutions as follow:

- Suspend the payment of minimum tax 1% of the annual turnover and suspend the payment of prepayment of profit tax until the end of 2018
- VAT exemption for the supply of educational services and the supply of goods or services that serve directly to education including the supply of foods and accommodation of students with regard those activities as nontaxable supplies.

9. The Exemption of Value Added Tax



- **The exemption of VAT on the production and supply of clean water** for citizen to use and regard as nontaxable supplies.
- **The exemption of VAT on the supply of unprocessed agricultural products** regarding the supply of unprocessed agricultural product as nontaxable supplies. The unprocessed agricultural product refer to root, blub, trunk, bark/skin, fruit, flower or seed of plants from the farming cultivation, although not yet grind or already grind and have not been taken to be processed into other products.



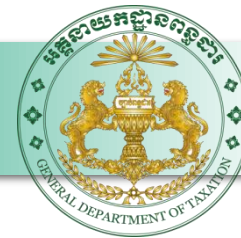
10. The Reformation on Rule and Procedure of Tax Registration

- Amend the terms and documents required for taxpayer registration that is divided into 2 are documents and requirements (1) for medium and large taxpayers and (2) for taxpayers other than medium and large taxpayers.
- There are some taxpayers who also have to register and complete the information but does not required the owner to take photo and scan fingerprint include:
 - (1) Small taxpayers or other individuals who have economic activity in the Kingdom of Cambodia or annual turnover below 250 million riels or turnover within any 3 months that ended in the current calendar year below 60 million riels and
 - (2) Institutions, embassies, consulates, international organizations, international technical cooperation agencies and political parties.



11. The establishment of Tax Litigation Committee

- This committee is established to ensure transparency, neutrality, financial legality and credibility of fiscal dispute resolution, especially litigation arising from the dissatisfaction of the taxpayers from the decision or final measure of GDT or the General Department of Customs in accordance with Article 123 and Article 24 of the Law on Taxation.
- The committee has the responsibility to examine, resolve and decide on the complaint of taxpayers who are not satisfied with the decision or final measure of GDT related to tax litigation that creates as an obligation for the complainant directly.



12. The enterprise survey

The collection of data and information is made in the purpose of extracting enterprise statistics, and asking for enterprise information, such as:

- Enterprise identity,
- Business activities and
- Other necessary information.

The survey aims to improve the investment environment in Cambodia, preparation of tax incentive policies, promotion of tax provisions, providing better registration service and other services to the enterprise owner and business department at all levels. This collection of information will not affect the business activity of the owners.



អគ្គនាយកដ្ឋានពន្ធដារ
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 To Pay Tax Is The Obligation For All Cambodian People And
 To Contribute To The Defense And Development Of Our Nation!

