

Kingdom of Cambodia
Nation Religion King



Ministry of Economy and Finance
General Department of Taxation

THE TAX SYSTEM
OF THE KINGDOM OF CAMBODIA

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CONTENTS

- ❖ The History of Tax System
 - ❖ Pre reform period
 - ❖ Transitional period of reform
 - ❖ Reform period and afterwards
- ❖ The Taxes
 - ❖ 1981- 1993: Estimated Regime
 - ❖ 1994 - 1996 : Estimated Regime
 Real Regime
 - ❖ 1997 - Present : Estimated Regime
 Real Regime
- ❖ Main Taxes
- ❖ Revenue Performance

The History of Tax System

Pre reform period : 1981-1993

Tax Regime :

Estimated Regime (official assessment) where the taxes are assessed durably in the period of 3 or 6 months with the compromise between the taxpayers and the tax officials.

The History of Tax System Cont.

Transitional period of reform 1994-1996

Reform period 1997- Present

Tax Regime :

- ❖ Estimated Regime (official assessment) where the taxes are assessed durably in the period of 3 or 6 months with the compromise between the taxpayers and the tax officials.
- ❖ Real Regime (Self-Assessment) where the taxpayers are obliged to file tax returns and make the payment themselves.

The Taxes

Pre reform period : 1981-1993

Business Taxes :

- ❖ Turnover Tax
- ❖ Profit Tax
- ❖ Domestic Goods Tax : Tobacco, Lotus grain, Ice cream
- ❖ Slaughter Tax
- ❖ Patent Tax
- ❖ Vehicle Tax ...

The Taxes

Transitional period of reform 1994-1996

Estimated Regime

Turnover Tax, Profit Tax, Specific Tax, Patent Tax, Vehicle Tax, Stamp and Registration Tax, Unused Land Tax ..

Real Regime

Salary Tax, Profit Tax, Minimum Tax, Turnover Tax, Specific Tax, Patent Tax ...

The Taxes

Reform period 1997 - Present

Estimated Regime

(Almost same taxes)

Real Regime

Introduced Law on Taxation (LOT) :

- ❖ Amended Profit Tax, Salary Tax, Specific Tax;
- ❖ introduced Withholding Tax;
- ❖ Introduced VAT to replace Turnover Tax;
- ❖ Introduced Rules and Procedure for Tax Administration

The Law on Taxation (LOT)

The Taxes

- ❖ Tax on Profit (TOP);
- ❖ Tax on Salary (TOS);
- ❖ Value Added Tax (VAT);
- ❖ Specific Tax on Certain Merchandise and Services (STCMS);

The procedure for tax administration :

- ❖ the right and power of the tax administration;
- ❖ the right and obligation of the taxpayers;
- ❖ the tax assessment, the protection of the taxpayers;
- ❖ sanctions related to the implementation of tax obligations etc..

Main Taxes **(LOT and Finance Acts)**

- ❖ Tax on Profit (TOP);
- ❖ Minimum Tax (MT);
- ❖ Tax on Salary (TOS);
- ❖ Value Added Tax (VAT);
- ❖ Specific Tax on Certain Merchandise and Services (STCMS);
- ❖ Tax for Public Lighting (PLT);
- ❖ Tax on Accommodation (TOA);
- ❖ And other type of taxes such as Patent Tax, Stamp and Registration Tax, Unused Land Tax, Tax on Property etc...

Tax on Profit

The debt of a resident taxpayer on Cambodian and Foreign sources of income, and of a non-resident taxpayer on Cambodian sources of income.

The rates of the Tax on Profit

Tax rates :

- 20 % for legal person.
- 30 % for natural gas production sharing contract and the exploitation of natural resources including timber, ore, gold, and precious stones.
- 9 % for the profit of qualified investment project to be entitled to the 5 year transitional period
- 0 % for qualified investment project during the tax exemption period.
- 5% of the gross premiums received in the tax year for the insurance or reinsurance.
- Progressive tax rates for physical person.

Progressive Tax Rate by Tranche for Profit Realized by Physical Person

<u>Parts of the annual taxable profit</u>				<u>Tax rate</u>
From	0	to	6,000,000 Riels	0%
From	6,000,001	to	15,000,000 Riels	5%
From	15,000,001	to	102,000,000 Riels	10%
From	102,000,001	to	150,000,000 Riels	15%
	Greater than 150,000,000 Riels			20%

Withholding Taxes

Resident

- ❖ 15% on the amount before withholding which is being paid to a person for the performance of services (including management, consultancy, royalties...) and on interest paid to a physical person or an enterprise;
- ❖ 10% on payment for the rental of movable or immovable property;
- ❖ 4% on interest paid by a bank or savings institution to a resident physical person having a non-fixed term savings account;
- ❖ 6% on interest paid by a bank or savings institution to a resident physical person having a fixed term deposit account;

Non-Resident

- ❖ 14% on interest, royalties, rent, income connected with the use of property, compensation for management or technical services, and dividends.

Profit Tax Returns

- ❖ Monthly tax return for prepayment of profit tax at the rate of 1% of the turnover (inclusive of all taxes except for VAT)
- ❖ Yearly tax return filed in the form prescribed by the tax administration no later than 3 months after the end of the tax year.

Minimum Tax

- ❖ Is payable by the taxpayers subject to the self-assessment system of taxation except the qualified investment projects.
- ❖ Imposed at the rate of 1% of the annual turnover inclusive of all taxes, except Value Added Tax, and is payable at the time of the annual liquidation of the tax on profit.
- ❖ May be reduced by the annual tax on profit.

Tax on Salary

- ❖ The enterprise which is the employer has the obligation to withhold tax before salary payment
- ❖ Pay this tax to the tax administration in the form prescribed by the tax administration by the 15th of the month following the month in which the salary is paid.

		Monthly salary (Riels)	Rate
	0	- 500,000	0%
	500,001	- 1,250,000	5%
	1,250,001	- 8,500,000	10%
	8,500,001	- 12,500,000	15%
	12,500,001	- upwards	20%
Fringe benefit		-	20%

The TOS Taxable Person shall be allowed a deduction from the taxable salary the allowance of 75,000 riels for each spouse and children.

Value Added Tax

- ❖ Implemented in Cambodia since 01 January 1999.
- ❖ Applicable to Self-Assessment Taxpayers who are making supplies of goods (other than land and money) and/or services.
- ❖ Imposed at the rate of 10% on all local supplies and 0% on exports.
- ❖ The taxable persons must file the VAT return and pay the VAT collected from their customers by the 20th of the month following the month that the supplies occurred.

VAT Non-taxable supplies

- ❖ Public postal services;
- ❖ Hospital, clinic, medical, and dental services and the sale of medical and dental goods incidental to the performance of such services;
- ❖ The service of transport of passengers by wholly state owned public transportation system;
- ❖ Insurance services;
- ❖ Primary financial services;
- ❖ The imports of articles for personal use that are exempt from customs duties;
- ❖ Non-profit activities in the public interest;
- ❖ The imports or the purchases of goods for use in the exercise of their official function of foreign diplomatic and consular missions, international organizations and agencies of technical cooperation of other governments.

Specific Tax on Certain Merchandises and Services

- ❖ Imposed on a number of local and imported products, and services;
- ❖ Cars and spare parts and motorcycles and spare parts (tax rates 45%, 30%, 20%, 10%);
- ❖ Petroleum products (20%);
- ❖ Soft drinks, alcoholic drinks (10%);
- ❖ Beers (25%);
- ❖ Entertainment services(10%),
- ❖ Transport by air of passengers (10%),
- ❖ Telephone services (3%).

Tax for Public lighting

- ❖ Imposed at the rate of 3% on all stages of supplying alcoholic drinks and cigarettes.
- ❖ The person who supplies these products is responsible for the payment of this tax to the tax administration.

Tax on Accommodation

- ❖ Imposed on the stay in hotel, guest house, apartment, condominium etc...
- ❖ At 2% on the room rate inclusive of all taxes.
- ❖ The person who supplies accommodation service is responsible for the payment of this tax to the tax administration.

Patent Tax

- ❖ Yearly tax for each activity
- ❖ Paid by the real regime and Non-real regime taxpayers
- ❖ Patent Tax Certificate must be displayed at the business premises.
- ❖ Patent Tax return filing and payment must be made by the end of March every year.

Fiscal Stamp Tax

- ❖ Paid on certain official documents and certain advertising postings and signage.
- ❖ Amounts vary according to such factors as the location of the signage, illumination and the language used (foreign or Cambodian).

Registration Tax (or "Transfer Tax")

Imposed on :

- ❖ certain legal documents relating to the establishment, dissolution or merger of a business;
- ❖ the transfer of title in certain assets (such as land, houses, vehicles) at 4% of the transfer value.

Tax on Unused Land

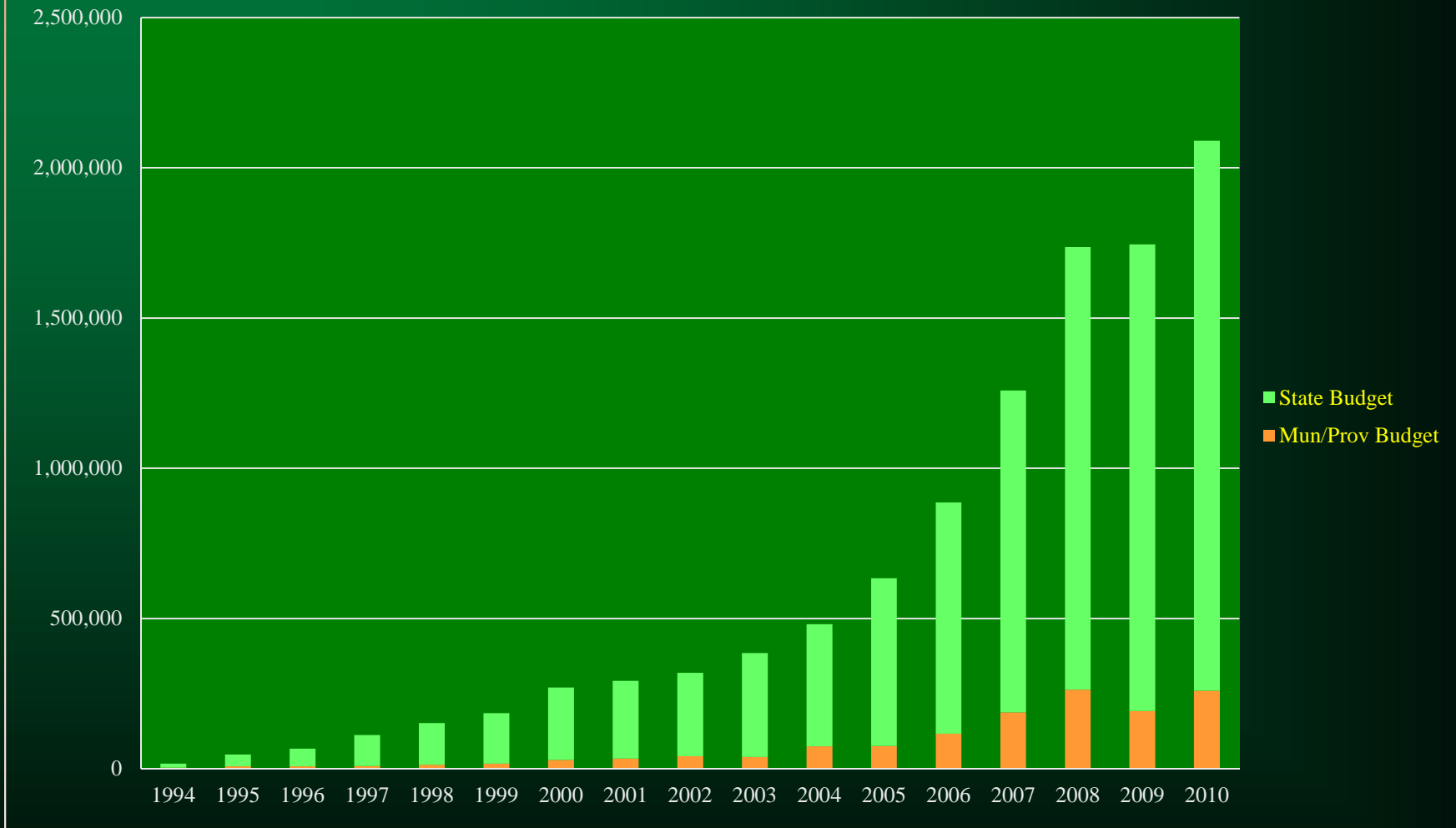
- ❖ Subject to land in towns and other specified areas, without construction, or with unused construction, and certain developed land
- ❖ At the rate of 2% of the land value
- ❖ Value evaluation issued by the Commission for the Evaluation of Unused Land
- ❖ The owner of the land is required to pay the tax by 30th September each year.

Tax on Property

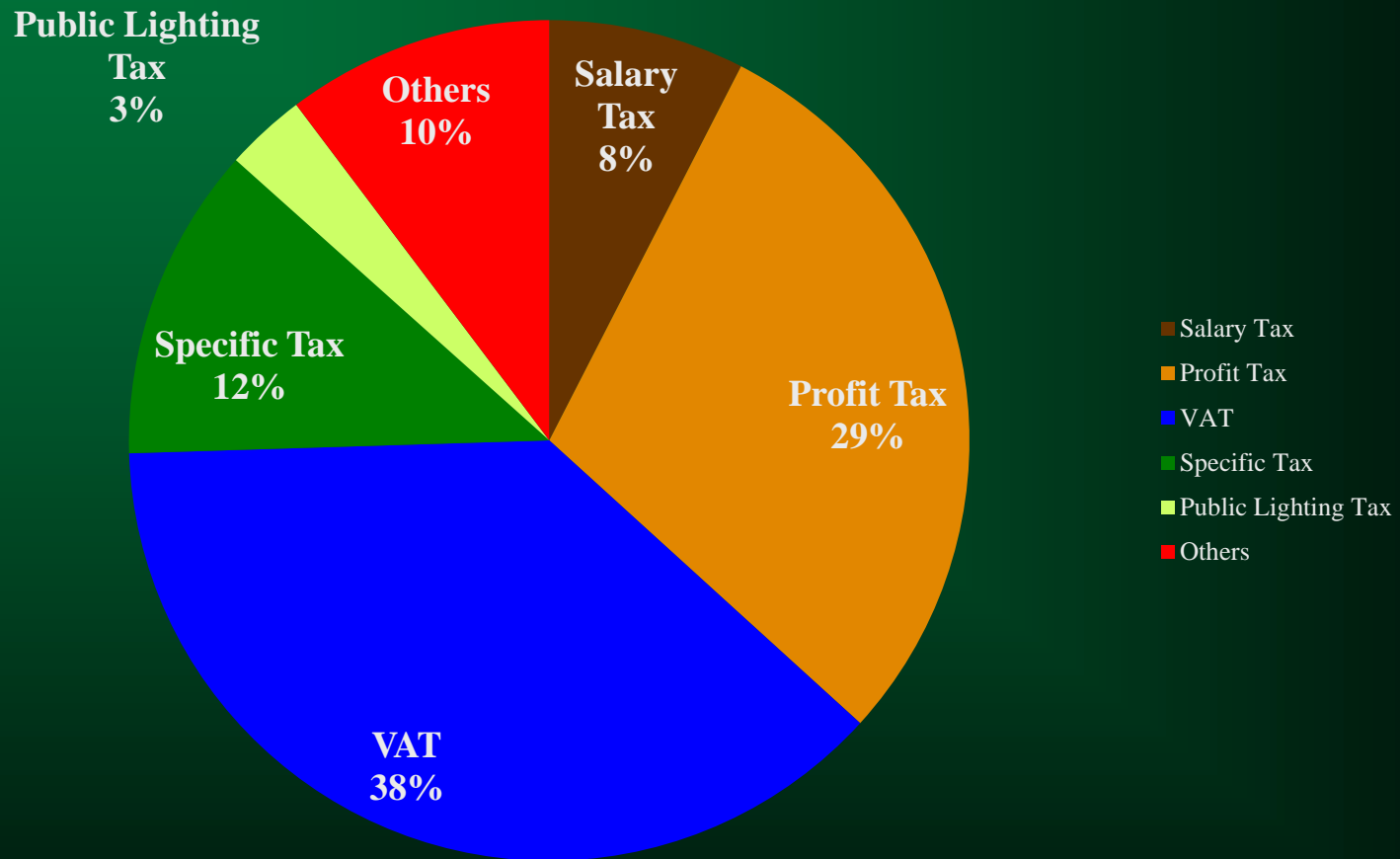
- ❖ Subject to Property (Land, House, and Building)
- ❖ Agricultural properties, properties belong to the Royal Government, properties owned by the community for religious and humanitarian purposes, properties belong to diplomatic missions, international organizations, and TCA ... are exempted from the Tax on Property
- ❖ Allow a deduction of 100 MR for each tax base
- ❖ Taxing at the rate of 0.1% of the property value
- ❖ Value evaluation issued by the Commission for the Evaluation of Property
- ❖ The owner of the land is required to pay the tax by 30th September each year starting from 2011 on.

GDT Revenue Collection 1994 - 2010

(in Million Riel)



Composition of Tax Revenue



THANK YOU FOR YOUR ATTENTION

