LBC
BUSINESS CONSULTANCY

លេផឹដ ប៊ីហ្សនេស ខនសាល់ធេនស៊ី ឯ.ក

LEOPARD BUSINESS CONSULTANCY CO., LTD.

Help you make the right move

LBC BOOKLET 2022

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1. Business environment in Cambodia

Cambodia has been practicing the free marketing economy for over 40 years since the late 1980s. Becoming a member of Association of Southeast Asian Nations (ASEAN) in 1999, World Trade Organization (WTO) in 2004, and being a member with other international organizations are the key factors in pushing the Cambodia's economy to grow fast over the past decades with an average GDP growth at a rate of 7% annually before being affected by covid-19 pandemic.

The main sectors to support the economic growth in Cambodia are textile/ garment industry, tourism, agriculture, oil, gas, logistics, energy, construction, banking, telecommunication etc… The US and the EU are Cambodia's main export markets, while its main foreign investors include China, Vietnam, Japan and South Korea.

In order to promote both domestic and foreign investment coming to invest in Cambodia, the Council for the Development of Cambodia has revised and updated the Law on Investment of the Kingdom of Cambodia under the Royal Kram No. NS/RKM/1021/014 dated 20 October 2021 to cover on the old law 1994 by extending the prior sectors, guarantee on investment, creating special economic zone, and providing more beneficial incentives.

On the other hand, the General Department of Taxation (GDT) has also improved the tax system from manual based to online-based which called **E-filing tax system** to all kinds of tax payers for filing their tax return effectively with the tax payment system called **E-payment system.** Moreover, in order to accelerate the company registration, the Ministry of Commerce, General Department of Taxation and Ministry of Labor and Vocation Training is now a one stop service online registration. Furthermore, Accounting and Auditing Regulator has tightened its enforcement of the Law on Accounting to increase efficiency and reliability of any enterprise financial reports.

The following guideline will help you understand what kinds of business you have to form up, your taxation obligation, accounting and auditing obligation, what the benefits you will get when becoming a Qualified Investment Project, decide if you want to be in the stock exchange market, so on and so forth.

2. Business Establishment

2.1. Introduction

All enterprises wishing to do business in Cambodia have to register with the Ministry of Commerce, General Department of Taxation and Ministry of Labor and Vocational Training at least 15 days before starting their business to whatever forms of entity they wish to establish through an online system called the Cambodia Data Exchange **(CamDX)** via www.registrationservices.gov.kh. In addition to this, if the business activity of a company is related to the relevant ministry, they are obliged to apply for another license or permit from that ministry separately. For example, opening a private school, it has to be registered with the above three ministries and applied for an **educational license** from the Ministry of Education, Youth and Sport.

2.2. Forms of entity

According to the Law on Commercial Enterprises of Cambodia, investors who are seeking to run a business in Cambodia can form up their business to be one of the following forms:

1. Sole proprietorship
2. Partnership
    a. General partnership
    b. Limited partnership
3. Limited liability company
    a. Private limited liability company
    b. Single-member private limited company
    c. Public limited company
4. Foreign business entities
    a. Representative office
    b. Branch office
    c. Subsidiary

2.2.1. Sole Proprietorship

A sole proprietorship in Cambodia is not a legal entity which it is owned and operated by one person who owns all capital and profits, and the owner will be personally responsible for its all debts.

2.2.2. General partnership

A general partnership is a contract between two or more persons who combine their assets, activities or knowledge to do business together to generate profits. It is a legal entity according the Law on Commerce of Cambodia. While the partners in General partnership are liable for the debts of the company to third parties, the partners in limited partnership company is limited liable only to the amount of he/she contributed.

2.2.3. Limited partnership

A limited partnership is a contract between one or more general partners which one person is authorized to manage and have obligations in the company with one or more limited partners who are obliged to contribute their capital into the company.

2.2.4. Private limited company

A private limited company is the most advisable form of entity for foreign and local investments because there are only a few incorporation requirements:

1. A minimum capital of 4,000,000 KHR or 1,000 USD
2. The number of shareholders must be between 2 and 30, but one person can form a single member private limited company.
3. Requires only one director.
4. Shareholders are only liable for their contributed shares.
5. The dissolution process is simple.

Private Limited Company is not allowed to issue its shares to the public; however, it is allowed to transfer its shares to the other shareholders.

2.2.5. Single-member private limited company

The single-member private limited company is a private limited company that has only one person as the shareholder. The single-member private limited company can be converted to a private limited company upon the shareholder's approval to increase company shareholders.

2.2.6. Public limited company

A public limited company can issue shares and securities to the public. The name must include Public Limited Company or PLC at the end of the company's name. It requires a minimum of three directors and at least two or more shareholders. Banks, insurance companies and finance companies must register as public limited companies.

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2.2.7. Representative Office

A representative office does not have legal personality separate from its principals and may perform the following acts in the Kingdom of Cambodia:

1. Contact the customers for the purpose introducing customers to its principals
2. Research commercial information and provide the information to its principals
3. Conduct market research
4. Purchas and keep a quantity of goods for the purpose of trade fairs, not for selling or service performance is banned
5. Rent an office and employ local staff
6. Enter into contracts with local customers on behalf of it principals

2.2.8. Branch Office

A Branch office may perform the same acts as the representative office. Moreover, it can regularly buy and sell goods, perform services and engage in manufacturing. It does not have legal personality separate from its principals as well as representative office.

2.2.9. Subsidiary

A subsidiary is a company that is incorporated by a foreign company in the Kingdom of Cambodia with at least 51% of its capital held by the foreign company. In contrast to the representative office and branch office, a subsidiary has its own personality separate from its principals from the date of its registration.

3. E-Commerce Business in Cambodia

3.1. Introduction

From July 2022 onwards, individuals, sole proprietorships, commercial companies and branches of foreign companies engaged in electronic commerce or **E-Commerce** are required to apply for a permit or license from the Ministry of Commerce. Failure to practice with the law will result in fines and penalties.

3.2. Exemption

Some of the following transactions are exempted from applying a permit or license:

1. Advertising of its goods or services includes advertising of goods or services that are not contractual requests.

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2. Provision of services without deposit or payment by customers or users.
3. Sale of goods or services of a natural person or sole proprietorship with a turnover below the small taxpayer turnover level (below 250 million Riels or approximately US$ 62,500).
4. Sale of goods or services that are family based or seasonal.
5. The sale of goods or services that are purely personal artwork.
6. Private tutoring.
7. Training or education about the state religion.
8. Training by associations or non-profit organizations directly or indirectly, and activities or operations by state institutions in the provision of public services are also exempt from the requirement to apply for a permit.

3.3. Notification

For the purpose of extracting data and protecting users, even if the obligation to apply for a permit or license is waived, the person exempted from the above obligation must also notify to the Ministry of Commerce of his business with the provided form from the ministry of commerce and send to E-mail ecommercelicensing@moc.gov.kh.

3.4. Validity and fees of permits or licenses

- Fee of permit for individuals is 200,000riel (50$) with a validity of 2 years from the date of issuance by the Ministry of Commerce (3-7 working days).
- Fee of permit for sole proprietorships is 400,000riel (100$) with a validity of 2 years from the date of issuance by the Ministry of Commerce (3-7 working days).
- Fee of license for legal entities or branches of foreign companies is 1,000,000riel (250$) with a validity of 3 years from the date of issuance by the Ministry of Commerce (5-10 working days).

4. Taxation in Cambodia

4.1. Tax Registration

After successfully registration and getting approval from the Ministry of Commerce by releasing the documents such as: Article of Incorporation, Company Extract and Commercial Certificate, a company must continue registering with General Department of Taxation no later than 15 working days.

4.2. Tax Regime

Cambodia's tax system is a self-declaration regime. The estimated and simplified regimes were eliminated in 2016, and the term **'real regime'** has been replaced by the term **'self-declaration regime'.** Taxpayers under the self-declaration regime are classified into three categories:

1. Small taxpayers
2. Medium taxpayers
3. Large taxpayers

Foreign companies, branches and representative offices registered with the Ministry of Commerce (MoC) and the General Department of Taxation (GDT) are generally under the self-declaration regime.

4.3. Tax obligations

Every tax payers which have been successfully registered as an entity with General Department of Taxation in Cambodia must fulfil the tax obligations by filing tax return monthly and yearly. No compliance or improper implementation is subject to any fines and penalties.

4.4. Monthly tax

Every month a company must file the following tax return:

1. Value added tax (VAT)
2. Prepayment tax on income (PToI)
3. Withholding tax (WHT)
4. Tax on salary (ToS)
5. Tax on fringe benefit (TFB)
6. Public Lighting Tax (PLT)
7. Accommodation tax (ACCT)
8. Special Tax on certain goods and services (SPT)

4.4.1. Value Added Tax (VAT)

VAT is imposed on the supply of goods and services, which are supplied by a taxable person in Cambodia. The company can use the input VAT it pays on purchases to offset against its output VAT.

Taxable supply of goods and services

***10%** rate applies to standard taxable supplies in Cambodia and the importation of goods into Cambodia.

***0%** rate applies to the supply of goods and services for export from Cambodia, including:

1. The supply of goods and services of supporting industries or sub-contractors to exporters
2. The supply of international transportation services consumed outside Cambodia
3. The supply of paddy rice and exports of milled rice
4. The supply of services which are performed and used outside Cambodia

Non-taxable supply of goods and services

Several goods and services are exempted as follows:

1. Public postal services
2. Hospital, clinic, medical and dental services, and the medical and medical products incidental to the performance of such services
3. A wholly/ completely state-owned public passenger transportation system
4. Insurance and primary financial services
5. Approved non-profit activities
6. Imported goods for personal use
7. Land
8. Educational services
9. Electricity and clean water
10. Supply of unprocessed agricultural products, and basic food products
11. Solid and liquid waste collection services

Un-claiming VAT Input

The following purchases are not allowed to claim the input VAT:

1. Entertainment, amusement or recreation expenses (except the companies that the main business is on this)
2. Certain petroleum products, including gasoline, lubricant oil and diesel oil (except the companies that the main business is buying and selling these)
3. Mobile, telephone expenses (except the phone of the companies)

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4. Passenger motor vehicles-more than 10 seats vehicles (except the companies that the main business is buying ,selling and renting this)
5. Purchasing from small tax payers
6. Purchasing from shops and stores that shows the VAT on the invoice but did not show your company information
7. The companies that supply of exempt goods or services

The differences between non-taxable supplies and 0% VAT supplies is that non-taxable supplies cannot claim VAT input; but 0% VAT supplies can.

If a company supplies both taxable and non-taxable at the same time, VAT input on purchases can partially claim only on the purchases for taxable supplies and must follow the **ABC** formula.

VAT refund

If the input VAT accrues to be a VAT carry forward for a period of three months or longer resulting from the input VAT bigger than output VAT, the taxpayer can then apply for a refund from the tax authorities. Approval or not approval to refund depends on your original supporting documents for example, your original taxable sale invoices, original taxable purchase invoices since the beginning of the having these sale and purchases.

VAT Reverse Charge/ VAT E-commerce

Under a Prakas 542 a **Non-resident E-Supplier** who expects to have annual turnover from supplying digital goods and services to its Cambodia consumers (both individual and business) of Khmer Riel 250 million (approximately USD62.5k) or expected turnover within any three consecutive months that end in the current calendar year that exceed Khmer Riel 60 million (approximately USD15k) are now obliged to register for VAT (simplified VAT certificate) within 30 days.

Under the VAT reverse charge mechanism a **taxable person** who receives a supply of digital goods, services or e-commerce activities from a Non-resident E-Supplier, regardless of whether or not they are registered for VAT simplified certificate with Cambodian tax authority, will need to declare and make the payment of the VAT to the GDT by the 25th of the following month in which the supply takes place.

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4.4.2. Prepayment tax on income (PToI)

Prepayment of Tax on Income (PToI) is equal to 1% of monthly turnover including all taxes except VAT. The PToI can be offset against the annual ToI liability or the minimum tax liability. It must be paid by the 20th day of the following month in case submitting by manual or 25th day of the following month in case submitting by E-filing system. A company that has been granted a tax holiday, and is therefore subject to 0% ToI is not required to pay PToI, but must still prepare the ToI return and submit it to the tax authority.

4.4.3. Withholding tax (WHT)

WHT is imposed on the income of recipient of payment while a payer is obligated to withhold and remit it to the tax authority. It is due when the expense is paid or recorded in the accounting records of the payer.

WHT payment and return submission are due on the 20th of the following month in case submitting by manual or 25th of the following month in case submitting by E-filing system. WHT are separated between payment to resident and to non-resident taxpayers.

WHT rate summary

Taxable Income	Tax rate
Resident taxpayers	
Service	15%
Royalty for intangible properties	15%
Interest (except local bank and financial institutions)	15%
Rental	10%
Interest for fixed deposit	6%
Interest for saving deposit	4%
Non-resident taxpayers	
Cambodian-source income	14%

Payment made to residents

15% on Services

Services performance by a physical person that shall be subject to 15% WHT include the following:

1. commission or brokerage
2. transport, repair, construction, management or consulting activities

3. scientific or technical artistic services

15% on Royalty

A 15% royalty WHT applies to royalty payments for intangible properties, which are:

1. copyright, patent, brand name, trademark, model, design, drawing or other rights
2. know-how, skill, information related to knowledge or experience in the field of industry, commerce, science or technology
3. transfer of a right on knowledge or information
4. a consultancy or any other service related to the use of rights

10% on Rental

A 10% on rental WHT is imposed the rental of movable property and immovable property.

15% on Interest (except financial institutions)

Interest paid to a physical person or resident taxpayers not local banks and saving institutions shall be subjected to 15% on interest WHT.

6% on Interest for fixed deposit

A 6% on interest for fixed deposit WHT is levied on interest paid by local banks or savings institutions to a resident taxpayer or a physical person having a fixed term deposit account.

4% on Interest for saving deposit

A 4% on Interest for saving deposit WHT is imposed on interest paid by local banks or savings institution to a resident taxpayer or a physical person having a non-fixed saving deposit account.

Payment made to non-residents

Cambodian-source income paid to non-resident taxpayers both legal and physical persons must withhold tax at 14% of the amount paid.

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WHT exemption

The following transactions is exempted from WHT:

1. Payment for service with amount lesser than KHR50,000.
2. Payment for the rental of movable and immovable property to self-declaration taxpayer
3. Payment in cash or in kind made to a self-declaration taxpayer for the performance of service including management, consulting and other similar services.
4. Payment in cash or in kind made to a self-declaration taxpayer for the purchase of shrink-wrap software, site licence, downloadable software and software bundled with computer hardware.

4.4.4. Tax on Salary (ToS)

Employment

Labor Laws

The Cambodia Labor Law (1997) regulates all employment contracts performed in Cambodia regardless of the place where the contract was made, or the nationality or residence of the contracted parties. The law does not apply to the following employees:

1. A judge in the judiciary.
2. A person appointed to a permanent post in the public service.
3. Personnel of the police, the army, or the military police (who are governed by a separate statute).
4. Personnel serving in air and maritime transportation (who are governed by special legislation).
5. Domestic worker unless otherwise expressly specified under this law. Domestic or household servants, defined as those workers who are engaged to take care of the home owner or of the owner's property in return for remuneration.
6. Cambodian employees who work abroad.

Employment Contracts

An employment contract can be written or oral (Labor Law). In practice, the majority of employment contracts are made in writing.

Employment contracts in Cambodia consist of: fixed duration contracts (FDC); or undetermined duration contracts (UDC).

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A written FDC must contain the following:

1. Contract duration: the precise commencement date and expiration date. This contract can be renewed one or more times, as long as the total duration of the contract does not exceed the maximum duration of two years.
2. Remuneration (wages).
3. Working hours.
4. Other working conditions.

A written UDC must contain the following:

1. Commencement date (with no expiration date).
2. Remuneration (wages).
3. Working hours.
4. Other working conditions.

Besides these obligatory terms, there are currently no terms imposed by collective agreements. Employers and employees can agree to include further terms in the contract.

Work Permits

Foreign employees must hold a valid business visa and a work permit to work in Cambodia.

The company hiring the foreign employee must first request a quota approval to use foreign labor.

Cambodia's tax on salary rules are based on residency and source principles. A Cambodian resident taxpayer's worldwide salary will be subject to Cambodian tax on salary. For non-residents, only Cambodian-sourced salary is subject to tax on salary.

Residency

A resident taxpayer is legal or physical person which:

1. has a residence in Cambodia
2. has a principal place of abode in Cambodia, or

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3. is physically present in Cambodia for more than 182 days in any 12-month period ending in the current tax year.

A non-resident tax payer is contract to the resident above.

Salary

The term Salary is defined to include basic remuneration, wages, bonuses, overtime, and other compensations.

Tax rate

Residents

Taxable amount		Rate	Less	
0 to 1,300,000 ៛	0 - 325 $	0%	0 ៛	0 $
1,300,001 to 2,000,000 ៛	326 - 500 $	5%	65,000 ៛	16.25 $
2,000,001 to 8,500,000 ៛	501 - 2,125 $	10%	165,000 ៛	41.25 $
8,500,001 to 12,500,000 ៛	2,126 - 3,125 $	15%	590,000 ៛	147.50 $
Over 12,500,000 ៛	Over 3,125 $	20%	1,215,000 ៛	303.75 $

*The USD amount in this chart is estimated by converting rate of 4 000 KHR.

Non-residents

The tax rate for non-residents is a flat rate of 20%. This is a final tax.

Exempt salary

Exempt salary includes:

1. some redundancy (layoff) payments

2. reimbursement of employment-related expenses
3. some uniform entitlements
4. some travel allowances
5. health or life insurance premiums provided to all employees
6. accommodation support in accordance with the Labor Law
7. meal allowances provided to all employees
8. NSSF or social welfare fund contributions as required by law
9. infant all or nursery expenses in accordance with the Labor Law
10. salaries of members of the National ‘Assembly and Senate
11. salaries of certain employees of approved diplomatic, international and aid organizations
12. salaries of non-resident employees, subject to certain conditions.

Rebates on spouse and children

The allowance for deduction is 150,000 riel (USD38) for each dependent (a housewife supporting with marriage certificate, a child of less than 14 years of age; or up to 25 years of age if he/she is a full-time student at an officially recognized educational institution).

4.4.6. Fringe benefits

Fringe benefits tax is related to the transactions between the companies with staff benefits, which includes:

1. private use of motor vehicles
2. food
3. accommodation support (including utilities and domestic helpers)
4. low-interest loans and discounted sales to staff
5. educational assistance (unless related to the employment, i.e. training)
6. health and life insurance premiums (unless the same benefits are provided to all employees)
7. excessive or unnecessary cash allowances
8. contributions to a pension plan (unless such contributions are not more than 10% of the employee’s monthly salary)

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9. entertainment or recreational expenditure (which may also be non-deductible for ToI purposes).

Fringe benefits are taxable at a flat rate of 20% of the amount paid.

4.4.7. Public Lighting Tax (PLT)

PLT is imposed on the distribution in Cambodia of imported and locally-produced alcoholic and tobacco or cigarettes products.

PLT is levied at 3% of the selling price of the products sold by the first importers or local producers. For every subsequent distribution of the products by wholesalers or retailers, the PLT is levied at 3% on the 20% of the selling price recorded on invoices. For PLT purposes, the selling price includes all taxes except PLT and VAT.

PLT is a monthly tax and must be paid by the 20^{th} day of the following month in case submitting by manual or 25^{th} day of the following month in case submitting by E-filing. In the event that the deadline falls on a Saturday, Sunday, or public holiday, it will be extended to the next working day.

4.4.8. Accommodation tax (ACCT)

Accommodation Tax is a tax imposed on the supply of accommodation services (i.e. hotel, resort, guest house, motel, apartment hotel, bungalow, and so forth) at a rate of 2% of the taxable value inclusive all taxes except ACCT and VAT.

Accommodation tax is a monthly tax and is due no later than the 20^{th} day of the following month in case submitting by manual or 25^{th} day of the following month in case submitting by E-filing for self-declaration regime taxpayers. In the event that the deadline falls on a Saturday, Sunday, or public holiday, it will be extended to the next working day.

4.4.9. Special Tax on certain goods and services (SPT)

SPT is imposed on some locally produced and imported products and services. The local taxpayer producing or supplying these merchandises or services is responsible for paying this tax.

For import products, SPT is due at the time of import.

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Rate of SPT:

Goods or products/ Services	Rate
Goods or products	
All types of locally produced wine products	35%
All types of locally produced beer products	30%
Locally produced all kinds of cigars	25%
Locally produced cigarettes and all kinds of tobacco	20%
All kinds of Drinks	10%
All kinds of plastic products	10%
All kinds of cements products	5%
Services	
Local and international air tickets sold in Cambodia	10%
Entertainment services	10%
Telecommunication services	3%

*For locally produced products, the SPT is calculated at "ex-factory selling price". The ex-factory selling price has been increased from 65% to 90% of selling price exclusive VAT and SPT.

4.5. Yearly Tax/ Annual Tax

4.5.1. Tax on Income (ToI)

In order to understand the Tax on Income there are elements to be notice as the followings:

1. Fiscal year
2. Type of business
3. Residency and source of income
4. Tax rate
5. Loss carry forward
6. Business revenue
7. Business expenses
8. Non-deductible expenses
9. Depreciation/ Amortization
10. Non-deductible charitable expenses
11. Interest expenses
12. Minimum tax
13. Prepayment tax on income
14. Dividend distribution

a. Fiscal Year

Fiscal year is determined from January 1 to December 31 each year. Tax on Income must be declared by March 31 of the following year. According to Prakas No. 1481 dated December 31, 2007, in the case of foreign companies which held 51% up shares by non-resident both legal and natural person can request to change this fiscal year.

b. Type of Business

It's important to know what kind of business a company is because it is the determination how to apply the rate of tax on income and tax exception. ☞Go to the **point 2.2** above to check the form of entity.

c. Residency and Source of Income

A resident tax payer is a company that is organized or managed in Cambodia or has its principal place of business in Cambodia. A non-Cambodian national will become a resident if they are present in Cambodia for more than 182 days in any 12-month period ending in the current tax year. In contrast, **a non-resident tax payer** is not a resident tax payer.

Resident taxpayers are subject to tax on their worldwide income while **non-residents** are taxed on Cambodian-sourced income only. Residents earning foreign-sourced income can receive credits for foreign taxes paid, as Cambodia unilaterally accepts foreign tax credits.

d. Tax on Income Rates

Standard rate	20%
Oil and gas, and certain mineral exploitation activities	30%
General risk (non-life) insurance activities	5%(on gross premium income)
Resident individuals	0% to 20%
Tax exemption/ tax holiday	0%

e. Loss Carry Forward

Taxpayers may carry forward losses for five years.

Loss carry forward will be not allowed if a company:

1. Don't have proper accounting records and tax returns
2. Changed its business activities or ownership.
3. Received a unilateral tax reassessment from the GDT

f. Business Revenue

Revenue is recorded during the period in which the income was incurred, whether or not it has been settled (Accrued Basic).

Revenue must be recorded at the time of supply:

1. When to issue or has issued an invoice
2. For personal use: When first used or the service is completed
3. Gift: When the goods are delivered as a transfer of use rights or services are completed
4. Goods supplied under a lease with conditions of purchase or financial lease: When the goods are handed over as a transfer of use rights
5. Multiple payments or services are continuously supplied: Dates before: Due to legal contract deadlines
6. For financial services: the first date among the contracted or paid due

According to the Prakas No. 098 SHV.BRK dated 29 January 2020, there are 3 types of revenue:

1. Business Revenue: is the revenue from supplying of products, goods or services which is certified on an enterprise Patent certificate.
2. Secondary Revenue: this revenue consists of:
   - 2.1. Immovable property rental
   - 2.2. Third party use immovable property free of charge
   - 2.3. Staff use immovable property free of charge
   - 2.4. Royalties
   - 2.5. Others (sale of waste materials and package)
3. Other revenue: it consists of:
   - 3.1. Securities and dividend income
   - 3.2. Financial income
   - 3.3. Staff benefit activities based income
   - 3.4. Donation and grant
   - 3.5. Office construction or decoration by lessee which increase the property value
   - 3.6. Gain on assets disposal
   - 3.7. Insurance compensation
   - 3.8. Other compensations such as: compensation from state, unfair agreement termination, mental illness, and compensation on unfair competition

Note: Business revenue and secondary revenue are subject to the prepayment tax on income and minimum tax.

g. *Business Expenses*

A deductible expense is a charge or expense which the taxpayer has paid or incurred in the tax year to carry on the businesses.

There are three conditions that allow expenses to be deducted:

1. Evidences that confirm the occurred expenses (invoices, customs declarations, loan agreements, business correspondence ...)
2. The result of economic activity related to that expenditure occurred
3. Recorded in the period with proper supporting documents

h. *Non-deductible Expenses*

The following expenses are non-deductible:

1. Previous period expenses
2. The next period expenses
3. Expenses not related to business activities
4. Donations and subsidies provided to non-recognized institutions by the Ministry of Economy and Finance
5. Accounting depreciation/ amortization expenses
6. Occurrence of provisions
7. Personal or family living benefits of sole proprietors and families
8. Excessive spending (serving personal gain more than company benefits, wasting unreasonable expenses ...)
9. Tax and general penalties
10. Tax expenses paid on behalf third party
11. Entertainment, leisure and reception
12. Unpaid salary expenses within 180 days of the next fiscal year
13. Unpaid expenses to related parties within 180 days of the next fiscal year
14. Third party use property free of charge
15. Loss on sale or exchange of property to a related person, either directly or indirectly
16. Loss on sale of fixed assets
17. Non-business expenses
18. Other expenses that are not allowed to be deducted (expenses no supporting documents)

i. *Depreciation/ Amortization*

Depreciation/ amortization is a reduction in the value of an asset over time due to its wear and tear.

Accounting depreciation/ amortization is not allowed to be the expenses.

Below is the percentages and methods of tax depreciation/ amortization:

Assets	Rate	Method
Intangible assets	10%	Straight line
Tangible assets		
Class 1 (Buildings and structure including their basic components, building improvement.)	5%	Straight line
Class 2 (Computers, electronic information systems, software and data handling equipment.)	50%	Declining balance
Class 3 (Automobiles, truck, and office furniture and equipment.)	25%	Declining balance
Class 4 (All other tangible properties.)	20%	Declining balance

Note: Depreciation/ amortization is depreciated whole year in which the property was purchased.

Only losses or gains from Class 1 assets are allowed to be recognized.

j. Non-deductible Charitable Expenses

A charitable expense to recognized institutions with the proper supporting payments exceeding 5% is non-deductible.

k. Interest Expenses

The interest expense to be deducted is the result of 50% of the net profits excluding interest income and interest expense plus the total interest income. Non-deductible interest expense can be carried forward to the following tax years.

l. Minimum Tax

Minimum tax is an annual tax that is equal to 1% of annual turnover including all taxes except VAT. From 1st January 2017, only taxpayers that do not maintain proper accounting records are subject to minimum tax. Minimum tax is due if the minimum tax liability (1% of the total annual turnover) exceeds the ToI liability (20% of taxable profit).

m. Prepayment Tax on Income

☞Go to the point 3.4.2 above.

n. Dividend distribution

Dividend distribution is subject to tax on income except:

1. The dividend that has paid ToI already before distributing
2. A QIP in a tax holiday period
3. The general insurance premiums and the reinsurance of property and other associated risks in Cambodia.

Dividend distribution to non-resident whether or not paid ToI is subject to withholding tax at a rate of 14%.

The following is the summary of dividend distribution:

If the dividend is already paid ToI rate	Subject to ToI
0%	20% or 30%
20%	No
30%	No

4.5.2. Patent Tax

Patent tax is an annual tax imposed on initial business registration and annually thereafter. The patent tax is determined as follows:

1. A large taxpayer is subject to patent tax of Riel 3,000,000 (approx.USD750) if the taxpayer has annual turnover from Riel4,000,000,001 (approx.USD1 million) to Riel10,000,000,000 (USD2.5 million) or Riel5,000,000 (approx.USD1,250) if the taxpayer has annual turnover more than Riel10,000,000,000 (USD2.5 million);

2. A medium taxpayer is subject to patent tax of Riel1,200,000 (approx.USD300).

3. A small taxpayer is subject to patent tax of Riel400,000 (approx.USD100).

4.6. Other Taxes

There are more various taxes implementing in Cambodia as follows:

1. Tax on immovable property or Property tax
2. Tax on unused land
3. Stamp tax or stamp duty/ Registration tax/ transfer tax

4. Tax stamps
5. Tax on means of transportation
6. Tax on capital gains
7. Personal Income Tax

4.6.1. Tax on immovable property or Property tax

Property tax is levied on immovable property in Cambodia and is payable annually no later than 30 September of each taxable year by the owner.

Immovable property is subject to this tax and includes land, houses, buildings and other constructions built on the land. The annual Property Tax is levied at 0.1% per year on the immovable property with a value exceeding KHR100 million (USD25,000). The Immovable Property Assessment Committee determines the value of the immovable property.

The following immovable properties are exempt from tax on immovable property:

1. agricultural land
2. property of the government or government institutions
3. property of an association or entity organized and operated exclusively for religious and charitable purposes, where no part of the property or related earnings are used for any private interest
4. property of a foreign embassy or foreign diplomatic mission, international organization or agent for technical co-operation of other foreign governments
5. infrastructure including roads, bridges, fresh water production systems or electricity generation systems, airports, ports and railway stations
6. houses, buildings, and other constructions on agricultural land directly and permanently used for agricultural activities
7. immovable property that has been seriously damaged by an act of God
8. houses, buildings, and other constructions that are less than 80% complete and not in use
9. immovable property located in a Special Economic Zone (SEZ) that directly supports production activities.

4.6.2. Tax on unused land

Tax on unused land is levied on a non-constructed land and abandoned constructed land which is located in the cities and the areas which are levied by the Unused Land Appraisal Committee. The tax rate is 2% of the market value of the land per square meter, as determined by the Commission for evaluation of unused land.

The owner is responsible for the payment of this tax to the tax administration by September 30 each year. Tax on unused land applies only to land with a value of less than KHR100,000,000 (25,000 USD) as determined by the Land Appraisal and Valuation Committee, otherwise tax on immovable property applies.

4.6.3. Stamp tax or stamp duty/ Registration tax/ transfer tax

Registration tax is a tax imposed on the registration of the transfer of certain types of property, as well as on the particular types of documents that must be registered by the buyer.

Registration tax is levied as follows:

1. KHR1 million (USD250) on certain legal documents relating to establishing, dissolving or merging a business enterprise
2. 4% of the value of immovable property and vehicles upon the transfer of ownership or rights of possession (such as land and vehicles)
3. 0.1% of the value of shares upon the transfer of all or part of a company's shares
4. 0.1% of the value of contracts to supply goods that use the state budget

Registration tax shall be exempted in the following cases:

1. receiving ownership or land possession in the form of government concession
2. receiving ownership or real estate possession from relatives
3. receiving ownership of all types of motorbike, tricycle, tractor, and fishery vehicle which has the power of up to 150 horsepower.

In addition, based on Financial Management Law 2020, the stamp tax levied on business signs and commercial posters or banners is usually chargeable on rubber, plain paper, cloth or other materials except for non-business purpose. Failure to comply with stamp tax obligations will be subjected to penalties.

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4.6.4. Tax stamps

Domestic producers or importers of cigarettes must buy tax stamps and affix them to the cigarette packets. No person is allowed to sell or display for sale packaged cigarettes that do not have a tax stamp affixed.

4.6.5. Tax on means of transportation

This tax is imposed on different types of means of transportation including vehicles, trucks, buses, ships, passenger cars, tuk-tuks, trailers, boats or water vehicles. This tax is a direct tax for the benefit of the sub-national budget.

Taxpayers can pay taxes directly with provincial / Khan tax branches or banks that have signed a memorandum of understanding with the Ministry of Economy and Finance from June 1 to November 31 of each year.

Taxes on means of transportation and all types of vehicles are exempt from:

1. Ambulances, fire trucks that own by state.
2. Vehicles owned by the Royal Cambodian Armed Forces, the Royal Cambodian Gendarmerie, and the National Police, which serve for national defense, security, and order.
3. Vehicles owned by foreign embassies or consulates, international organizations or governmental technical cooperation agencies.

Ministries-institutions or entities that are the guardians or owners of the above-mentioned vehicles must apply to the General Department of Taxation to obtain a tax receipt (tax owed by the state) attached to the vehicle inventory of the Ministry.

4.6.6. Tax on capital gains

Tax on capital gains covers on selling of: Immovable Properties, Leases, Investment/Financial Assets, Goodwill (Licenses & Branding), Intellectual Property, and Foreign Currency. The Tax on capital gains in Cambodia is a 20% flat rate out of 20% of 100% gain. For example, Mr. ABC sold a property 100, 000$ worth. The tax base for calculation is 100, 000$ x 20% = 20,000$(*).

=>So the tax to be paid is 20, 000$(*) x 20% = 4, 000$.

Due to COVID-19, the law been delayed to 1st January 2024.

Tax on capital gains in Cambodia applies to both resident taxpayers and non-resident taxpayers. Taxpayers are obligated to pay their Tax on capital gains within 3 months of realizing their gains.

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Tax on capital gains is exempted on the sale/transfer of:

1. Immovable property owned by a public institution,
2. Immovable property owned by a diplomatic mission, foreign consul, international organization or technical cooperation agency of other governments,
3. The residence which is the principal place of residence for a taxpayer for at least five (5) years prior to the sale/transfer. In the event that the taxpayer has more than one residence or a taxpayer and their spouse have different residences only one residence shall be permitted as a principle residence,
4. The transfer of immovable properties among relatives as stated in the registration tax regulations, excluding the transfer of ownership or right to occupy immovable properties between biological brothers/sisters, parents-in-law and children-in-law and grandparents-in-law and grandchildren-in-law,
5. Immovable properties sold or transferred for the public interest in accordance with the Law on Expropriation.

4.6.7. Personal Income Tax

Currently, Cambodia has not had a personal income tax yet.

5. Obligations with Ministry of Labor and Vocational Training

5.1. Introduction

All relations arising out of the employment contract between the employers and the employees in Cambodia, regardless of where the contract is made, regardless of the national of the parties and where they reside, are protected by the labor laws in1997 of the Kingdom of Cambodia.

Occupational risk and health care of workers are the main factors that need to be taken care seriously by the Royal Government as well as employers or owners or enterprises. Therefore, the Royal Government promulgated the Law on Social Security Schemes for Persons Defined by the Provisions of the Labor Law in 2002 and in 2007 established an institution called the National Social Security Fund (NSSF) which is responsible for providing basic social security to all workers working in the private sectors.

This social security system offers four major benefits: injury scheme, health care scheme, pension scheme and unemployment scheme. So far, Cambodia has implemented three among the four including: 1. injury scheme, since 2008, 2. Health care scheme, since 2016, and 3. Pension scheme will be implemented from This October 1, 2022 onward.

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5.2. Enterprise and Employee Registration with NSSF

According to Praks No. 168/22 KB / PrK BSS dated 5 July 2022 of the Ministry of Labor and Vocational Training:

- Enterprises that have been operating and have not yet been registered with the NSSF are obliged to compulsorily register.
- Newly started enterprises are required to register with the NSSF no later than 30 days after the start date of the enterprise.
- The enterprise is obliged to register the workers in NSSF no later than 3 days from the date of their entry.
- Failure to comply with this obligation will result in fines and penalties.

5.3. Benefits received from the NSSF

Injury scheme benefits

1. Provision of medical care and treatment
2. Provision of temporary disability benefits
3. Provision of permanent disability benefits
4. Rehabilitation Services
5. Victims of occupational risk until death (funeral allowance, funeral allowance for spouses or children or elderly parents, etc.)

Health Care benefits

1. Inpatient and outpatient services
2. Emergency Services
3. Kinesitherapy and Physiotherapy
4. Delivery and Prenatal and Postnatal Care
5. Medical Rehabilitation Services
6. Patient or Victim Referral Service and Corpse Transportation
7. Funeral Allowance
8. Daily allowance and maternity allowance
9. Provision of services for certain types of chronic diseases
10. Vaccination services to prevent some diseases

Pension benefits

1. Old age pension or old age allowance
2. Unemployment pension
3. Survivor's allowance

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4. Funeral allowance

5.4. Payment of contributions and reporting number of workers

- Contribution of occupational risk scheme shall be at the rate of 0.8% of the average wage of workers' monthly salary before tax deducted.
- Contribution of health care scheme shall be at the rate of 2.6% of the average wage of workers' monthly salary before tax deducted.
- Contribution of pension scheme shall be at the rate of 4% of the average wage of workers' monthly salary before tax deducted for the first five years, of which 2% is the employer's burden and the other 2% is the employee's burden.
- Payment of contributions in terms of occupational risk, health care and pension must be made monthly. Employers or owners of enterprises are obliged to collect and pay this contribution to NSSF no later than the 15th day of the following month.
- Employers or owners of enterprises are required to submit a report on the total number of workers to the NSSF no later than the 20th day of the following month.

5.5. Notification when Occupational risk occur

When occupational risks occur you can:

- Urgent notification to NSSF by calling to 1286 to facilitate the victim to the hospital.
- Send report to NSSF by email at benefit@nssf.gov.kh or through the nearest NSSF office.
- Must report the accident and related documents to the NSSF within 48 hours (2 days) of the working day.

5.6. Seniority Allowance

General principles

- Apply only to workers with an undetermined duration contracts.
- Apply only to full staff, excluding the probationary period.
- Worked for at least 21 days can receive seniority allowance.
- This seniority must be paid to workers twice a year, the first time is in June and the second time in December.
- Workers who retire before the end of the month to be paid this seniority (the end of June and December) will not be entitled to this seniority allowance.
- Seniority paid to workers more than 4 million riels per year or more than 2 million riels per semester shall be added to the taxable salary.

How to calculate seniority

Seniority per semester = average wage and allowance per day X 7.5

Which➔

Average wage and allowance per day = average wage and allowance per month / number of working days of each enterprise (22 days, 24 days or 26 days)

Which➔

Average wage and allowance per month = total wages and allowances per semester / 6 months or by actual working month.

5.7. Self-declaration of labor inspection

According to Prakas No. 358/21 KB / PrK dated 30 December 2021 of the Ministry of Labor and Vocational Training:

- The Self-declaration of labor inspection is implemented from January 1, 2022 onward through the automation system on the website www.sicms.mlvt.gov.kh.
- Enterprises must fill in the report of the self-declaration of labor inspection in the automation system twice a year, the first time in June and the second time in December of each year.
- Note: Some other obligations have not yet been fully implemented.

6. Accounting Obligations

6.1. Accounting Standards

The National Accounting Council (NAC) of Cambodia has adopted the International Financial Reporting Standards (IFRS) without any amendments as the Cambodian International Financial Reporting Standards (CIFRS).

The IFRS for Small- and Medium-sized Entities (SMEs) was also adopted and referred to as the Cambodian International Financial Reporting Standards for SMEs (CIFRS for SMEs).

All public entities (PE), including listed companies, banks, microfinance institutions and insurance companies are required to apply the CIFRS. Non-PEs are allowed to use the CIFRS for SMEs, or CIFRS if preferred.

The following table demonstrates how SMEs are classified.

Classification	Employees	Assets (USD)
Micro	10 employees	Less than 50,000

Small	11 – 50 employees	50,001 – 250,000
Medium	51 – 100 employees	250,001 – 500,000
Large	Over 100 employees	Over 500,001

Based on the sub-decree No 79 issued on 1st June 2020, the following table provides a summary of the penalties for noncompliance the accounting standards:

Type of noncompliance	Large taxpayer	Medium taxpayer	Non-profit organ.
Use of different financial year-end period other than the Law of Accounting and Auditing without approval	KHR 2 million	KHR 1.5 million	KHR 800,000
Use of other languages in the accounting records and financial statements other than Khmer	KHR 2 million	KHR 1.5 million	KHR 800,000
Use of other currency in accounting records and financial statements other than Khmer without approval	KHR 2 million	KHR 1.5 million	KHR 800,000
Late or non-filing of financial statements with the Secretarial office of the NAC within the stated deadline	KHR 2 million	KHR 2 million	KHR 1.2 million
Failure to maintain accounting records	KHR 10 million	KHR 10 million	KHR 6.4 million
Failure to prepare financial statements in accordance with the accounting standards	KHR 10 million	KHR 8 million	KHR 6.4 million
Failure to have financial statements audited by an independent auditor	KHR 20 million	KHR 16 million	KHR 1.6 million
Failure to use financial statements in accordance with	KHR 10 million	KHR 8 million	KHR 4.8 million

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the accounting standards to fulfil tax obligations			
Failure to keep accounting documents as required by the law	KHR 10 million	KHR 8 million	KHR8 million

It is important that the accounting requirements are met, otherwise, you will be faced with penalties for non-compliance.

☞Go to https://www.acar.gov.kh/ for more information.

6.2. Submitting Annual Financial Report to Accounting and Auditing Regulator (ACAR)

6.2.1. Independent Audit Requirements

Cambodia's MEF issued guidance on the statutory audit requirements on 10 July 2020 effective immediately (Prakas no. 563 MEF.Brk). The guidance revises the criteria under which all enterprises and NGOs must have their financial statements audited by an independent external auditor, which are summarized as follows:

Types of entity	Criteria
PLCs and QIPs	Compulsory
Enterprises other than PLCs and QIPs	Meet any two of the following criteria: 1. Annual turnover above KHR 4 billion (USD 1 million) 2. Total assets above KHR 3 billion (USD 750,000) 3. More than 100 employees.
NGOs	Meet the following two criteria: 1. Annual expenses above KHR 2 billion (USD 500,000) 2. More than 20 employees.

All enterprises (i.e., except NGOs) that used to have their previous year financial statements audited by an independent external auditor will continue to have their financial statements audited for at least three consecutive years, regardless of whether they meet the above criteria.

The deadline to submit audited financial statements with the NAC within six months and 15 days after the closing date of the accounting books. In addition, the GDT will request the entities to submit audited financial statements with the annual ToI if their financial statements are to be audited.

6.2.2. Non-Required Independent Audit

According to the notification No 002 dated 27th January 2022 from Accounting and Auditing Regulator (ACAR) every company in Cambodia registered as medium and large tax payers except all the entities stated in the above (6.2.1), is required to prepare and submit their annual financial report to ACAR as well.

7. Special Economic Zone (SEZ)

A special economic zone (SEZ) is a defined area within a country that is subject to different laws and regulations from those pertaining to other areas of the country.

SEZs are governed by the Law on Investment, and were formally created in 2005 by Sub-decree No.148 on the Establishment and Management of the Special Economic Zone. The purpose of these zones is to improve Cambodia's investment climate to enhance "productivity, competitiveness, national economic growth, export promotion, and employment generation in order to reduce poverty."

Investors receive preferential incentives including profit tax exemption for nine years, import duty exemption for equipment to construct the zone, value added tax exemption, unrestricted foreign exchange, and guarantees against nationalization and price fixing and one-stop service mechanism that streamlines import-export processes

Here are the list of some SEZs location:

No	Name of Zones	Location(Province)
1	Sihanoukville Special Economic Zone	Sihanoukville

2	Neang Kok Koh Kong	Koh Kong
3	S.N.C.	Sihanoukville
4	N.L.C.	Svay Rieng
5	Poipet O'Neang	Banteay Meanchey
6	Phnom Penh SEZ	Phnom Penh
7	Sihanoukville SEZ 1	Sihanoukville
8	Tai Seng Bavet	Svay Rieng
9	Goldfame Pak Shun	Kandal
10	D&M Bavet	Svay Rieng
11	Suvannaphum Investment	Kandal
12	Kampong Saom	Sihanoukville
13	Sihanoukville Port	Sihanoukville
14	Suoy Chheng	Koh Kong
15	Steung Hav	Sihanoukville
16	Manhattan (Svay Reing)	Svay Rieng
17	Doung Chhiv Phnom Den	Takeo
18	Kampot SEZ	Kampot
19	Sihanoukville SEZ 2	Sihanoukville
20	Oknha Mong	Koh Kong
21	Thary Kampong Cham	Kampong Cham
22	Kiri Sakor Koh Kong	Koh Kong
23	Pacific SEZ	Svay Rieng

8. Cambodia Securities Exchange/ Stock Exchange (CSX)

A stock is a financial instrument that represents ownership in a company and represents a proportionate claim on its assets (what it owns-capital gain) and earnings (what it generates in profits-

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dividend). **A capital gain** occurs when you sell a stock at a higher price than the price at which you purchased it. **A dividend** is the share of profit that a company distributes to its shareholders.

The Cambodia Securities Exchange was incorporated on 23 February 2010. The Ministry of Economy and Finance (MEF) owns 55% of the registered capital and Korea Exchange (KRX) the remaining 45%.

Below are the list of the companies on Cambodia Securities Exchange:

No	Companies Name	Date
1	Phnom Penh Water Supply Authority	18-Apr-2012
2	Grand Twins International (Cambodia) Plc.	16-Jun-2014
3	Phnom Penh Autonomous Port	9-Dec-2015
4	Phnom Penh SEZ Plc.	30-May-2016
5	Sihanoukville Autonomous Port	8-Jun-2017
6	ACLEDA Bank Plc.	25-May-2020
7	Pestech (Cambodia) Plc.	12-Aug-2020
8	DBD Engineering Plc.	6-Sep-2021
9	JS LAND PLC	10-Feb-2022

The Royal Government of Cambodia has revised the tax incentives granted to companies listed on the Cambodian Stock Exchange and to public investors (residents or non-residents) who hold or trade government, equity or debt securities on the securities market. The tax incentives include a 50% reduction of the annual ToI liability for the first three years.

☞Go to http://csx.com.kh/news/faq/listPosts.do?MNCD for more information.

9. Benefits of Being a Qualified Investment Project (QIP)

According to the Royal Gram of Law on Investment of the Kingdom of Cambodia No NS/RKM/1021 /014 dated 20 October 2021 Chapter 6 Article 24, if they are not on the Negative List, some sectors shall receive investment incentives after obtaining a Registration Certificate certifying their QIP status.

Investment activities registered as QIP are entitled to choose between 2 basic incentives.

Option 1:

1. An Income Tax exemption for 3 to 9 years, depending on the sector and investment activities, from the time of earning of first income
2. After the income tax exemption period has expired, the QIP's income tax will only increase gradually over 6 years, at a progressive rate proportional to the total tax due as follows: 25 % for the first 2 years, 50 % for the next 2 years and 75% for the final 2 years.
3. Prepayment Tax exemption during income tax exemption period;
4. Minimum Tax exemption provided that an independent audit report has been carried out; and
5. Export Tax exemption, unless otherwise provided in other laws and regulations.

Option 2:

1. Deduction of capital expenditure through special depreciation as stated in the tax regulations in force;
2. Eligibility of deducting up to 200 % of specific expenses incurred for up to 9 years.
3. Prepayment Tax exemption for a specific period of time based on sectors and investment activities
4. Minimum Tax exemption provided that an independent audit report has been carried out; and
5. Export Tax exemption, unless otherwise provided in other laws and regulations.

In addition to the option 1 or option 2 incentives, an export QIP , a domestically Oriented QIP and supporting Industry QIP are exempted of customs duty, special tax and value-added tax exemption for the import of Construction Material, Construction Equipment, Production Equipment and Production Inputs.

☞See https://cdc.gov.kh/incentives-and-schemes/.

10. Tax Auditing

10.1. Introduction

Tax audit refers to the examination and confirmation of the accounting records, financial statements and other documents related to the taxpayer's business in order to ensure that the calculation, declaration and payment of taxes are in accordance with the tax provisions.

Almost all companies registered with the tax administration in Cambodia, except for small taxpayers, will be subject to a tax audit. So far, there are three types of tax audits in Cambodia: **desk**

tax audits, limited tax audits and comprehensive tax audits. Each type of audit has its own limitations and procedure.

Before conducting the tax audit, the tax administration will notify the taxpayers or his/ her representative in advance of the audit.

10.2. Desk Tax Audit

A desk tax audit is a re-examination of tax returns made by a tax official at the tax department. A desk tax audit will be conducted if any inaccuracies are suspected. The auditor will request supporting documents and clarification from the taxpayer on this case. In addition, if the tax officer finds that it is complicated or high risk, the auditor may close the desk tax audit and replace it with an on-site tax audit, also known as a limited audit. A desk tax audit may be conducted within 12 months after the closing of the tax fiscal declaration.

10.3. Limited Tax Audit

Limited tax audit is a tax audit conducted at the taxpayer's place of business and is a thorough review of various types of taxes, including VAT refunds, except for tax on income. Limited tax audits can only be performed for the current tax year (N) and the tax year prior to the current tax year (N-1).

10.4. Comprehensive Tax Audit

A comprehensive tax audit is an audit of all kinds of taxes and assessments of an enterprise's accounting records, financial statements, and other business-related documents to ensure that the enterprise is compliant and in good standing, fulfill tax obligations in accordance with tax laws and regulations.

This type of audit can only be conducted within 3 tax years backwards (N-3). In the case that there is clear and strong evidence of tax evasion or losses or tax credit brought forward from the previous tax years that require a comprehensive tax audit of more than three taxable years, a comprehensive tax audit can be extended to five years backwards (N-5).

If necessary and there is clear and strong evidence of tax evasion, which requires a comprehensive tax audit of more than 5 taxable years, a comprehensive tax audit may be conducted in accordance with the tax regulations, with prior permission from the Minister of Ministry of Economy and Finance.

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10.5. Notification on tax re-assessment and protest

Upon the completion of the audit, the tax auditor shall report on the audit results, which may or may not has the tax amount or any penalty to be paid.

In case of disagreement with the result of this tax assessment, the taxpayer has 30 days to file a complaint to the tax unit in charge of the audit on any part or all of this tax re-assessment. The taxpayer shall be deemed to have agreed to the tax re-assessment if no objection had been filed during this period.

10.6. Additional Tax and Interest penalties

For tax re-assessment, additional tax and interest are determined as follows:

1. In case there has the differential between the amount of tax originally paid and the amount of tax re-assessed less than or equal to 10% that is considered **negligent**, the penalty is 10% of the unpaid tax and 1.5% interest per month.
2. In case there has the differential between the amount of tax originally paid and the amount of tax re-assessed more than 10% that is considered **seriously negligent**, the penalty is 25% of the unpaid tax and 1.5% interest per month.
3. In case that the taxpayer has no accounting records or holds improper accounting records or fails to provide documents related to the tax audit, the taxpayer is considered **evasive,** that will receive **unilateral tax assessment** and the penalty is 40% of the unpaid tax and 1.5% interest per month.

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Our profession

Leopard Business Consultancy Co., ltd. (LBC) is a business consulting firm officially founded in 2012 with the aim of offering the best services and business solutions possible to a myriad of industries in Cambodia. Offering our clients with the best chance for success is the main purpose of our services and solutions; therefore, LBC is the perfect choice for those who are thinking of having a business and those who are already running a business in Cambodia.

LBC offers a wide range of services including business registration, accounting, taxes, training, and such with the best possible level of consultancy. In other words, we are here to ensure that our clients have the most pleasant experience while running business in Cambodia. Over 10 years of operation, we are still standing strong and 90% client retention rate is an evidence to our commitment and our high-quality services, consultancy and solutions.

We look forward to warmly welcome all of your inquiries and needs regarding to your business. Please contact us by the following means:

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