



ព្រះរាជាណាចក្រកម្ពុជា  
ជាតិ សាសនា ព្រះមហាក្សត្រ

ច្បាប់  
ស្តីពី  
សារពើពន្ធ

LAW  
ON  
TAXATION

លី វ៉ែនឡេង

**CONTENTS****CHAPTER 1  
GENERAL PROVISIONS**

<b>Article 1: Purpose</b> .....	3
<b>Article 2: Scope</b> .....	3

**CHAPTER 2  
INCOME TAX****SECTION 1  
GENERAL PROVISIONS**

<b>Article 3: Objective</b> .....	3
<b>Article 4: Scope</b> .....	3
<b>Article 5: Definitions</b> .....	3
<b>Article 6: Tax Regime and Accounting Rules</b> .....	6

**SECTION 2****TAXABLE INCOME AND TAX YEAR**

<b>Article 7: Taxable Income</b> .....	6
<b>Article 8: Tax Year</b> .....	7
<b>Article 9: Exempted Income from Tax</b> .....	7
<b>Article 10: Income Determination of Partnership and Joint Venture</b> .....	8

**SECTION 3****DEDUCTIONS**

<b>Article 11: Allowable Deductions</b> .....	8
<b>Article 12: Interest Expense</b> .....	9
<b>Article 13: Depreciation of Tangible Asset</b> .....	9
<b>Article 14: Depreciation of Intangible Asset</b> .....	10
<b>Article 15: Depreciation of Agriculture and Natural Resource</b> .....	11
<b>Article 16: Charitable Contributions</b> .....	11
<b>Article 17: Carry Forward of Losses</b> .....	11
<b>Article 18: Allocation of Income and Deductions Among Such Taxpayers</b> .....	12
<b>Article 19: Not Allowed as Deductions</b> .....	12

**SECTION 4****TAX RATE AND TAX DUE**

<b>Article 20: Determination of Tax Due</b> .....	12
<b>Article 21: Income Tax on Insurance Enterprises</b> .....	13
<b>Article 22: Income Tax for Foreign Company Branch</b> .....	13
<b>Article 23: Advanced Tax on Dividend Distributions</b> .....	14

**SECTION 5**  
**MINIMUM TAX**

Article 24: Minimum Tax.....	14
------------------------------	----

**SECTION 6**  
**WITHHOLDING TAX AND PREPAYMENT OF INCOME TAX**

Article 25: General Withholding Tax.....	15
Article 26: Withholding on Payments to Non-Resident Taxpayers.....	15
Article 27: Withholding Tax as Final Tax .....	15
Article 28: Prepayment of the Income Tax .....	16

**SECTION 7**  
**OBLIGATIONS OF TAXPAYERS**

Article 29: Obligations of Medium and Large Taxpayers .....	16
Article 30: Obligation of Small Taxpayers .....	16
Article 31: Obligations of Withholding Agents .....	16
Article 32: Obligations of Prepayment of the Income Tax Payment.....	17

**SECTION 8**  
**INCOME SOURCES**

Article 33: Income from Cambodian Sources.....	17
Article 34: Income from Foreign Sources.....	17
Article 35: Determination of Income Source .....	17

**SECTION 9**  
**CALCULATION OF ANNUAL TAX DUE**

Article 36: Foreign Tax Credit.....	18
Article 37: Determination of the Income Tax Liability .....	18
Article 38: The Calculation of Tax Due or Tax Credit for the Tax Year .....	18
Article 39: Calculation of the Minimum Tax, Tax Due or Tax Credit for the Tax Year ..	19

**CHAPTER 3**  
**SALARY TAX**

**SECTION 1**  
**GENERAL PROVISIONS**

Article 40: Objective .....	19
Article 41: Scope .....	20
Article 42: Definitions.....	20

## SECTION 2

## THE EXEMPTED SALARY FROM TAX

Article 43: Salaries of Diplomatic and Other Foreign Officials .....	21
Article 44: The Exempted Income from Tax of Employees .....	21

## SECTION 3

## TAX BASE AND TAX RATE

Article 45: Monthly Tax Base .....	22
Article 46: Monthly Taxable Salary .....	22
Article 47: Monthly Salary Tax Rate .....	22
Article 48: Determination of the Salary Tax on Fringe Benefits .....	22
Article 49: Determination of the Salary Tax of Non-Resident Taxpayer .....	23
Article 50: Foreign Tax Credit .....	23

## SECTION 4

## OBLIGATIONS OF EMPLOYERS AND EMPLOYEES

Article 51: Withholding Obligation .....	23
Article 52: Tax Withholding, Keeping of Record and Reporting .....	24
Article 53: Obligation of Tax Declaration and Tax Payment .....	24
Article 54: Rules and Procedures of Tax Collection .....	24

## CHAPTER 4

## VALUE ADDED TAX

## SECTION 1

## GENERAL PROVISIONS

Article 55: Objective .....	24
Article 56: Scope .....	24
Article 57: Definitions .....	25

## SECTION 2

## GENERAL PRINCIPLES

Article 58: Taxable Person .....	25
Article 59: Taxable Supply .....	25
Article 60: Taxable Value .....	26
Article 61: Time of Supply .....	26
Article 62: Place of Supply .....	26
Article 63: Non-Taxable Supplies .....	27
Article 64: Non-Taxable Supplies for Diplomatic Missions and International Organizations .	27

**SECTION 3****TAX RATE AND TAX AMOUNT DETERMINATION**

<b>Article 65: Tax Rate</b> .....	28
<b>Article 66: Tax Amount Determination</b> .....	28
<b>Article 67: Tangible Capital Assets that Cease to be Used in the Business</b> .....	28
<b>Article 68: Input Tax Credit and Non-Taxable Supplies</b> .....	29
<b>Article 69: Necessary Documentation to Claim an Input Tax Credit</b> .....	29
<b>Article 70: Input Tax Not Allowed as a Tax Credit</b> .....	29

**SECTION 4****TAX PAYMENT**

<b>Article 71: Obligation of Tax Declaration and Tax Payment</b> .....	29
<b>Article 72: Treatment of Excess Credits</b> .....	30
<b>Article 73: Refunds for Exporters</b> .....	30
<b>Article 74: Refunds Where Excess Credits Continue for 3 (Three) Months or More</b> ...	30
<b>Article 75: Application of the Value Added Tax for Qualified Investment Projects</b> ..	30
<b>Article 76: Responsibility for the Tax Collection and Tax Payment</b> .....	30

**SECTION 5****ADMINISTRATIVE PROVISIONS**

<b>Article 77: Registration</b> .....	31
<b>Article 78: Value Added Tax Invoice</b> .....	31
<b>Article 79: Failure to Issue Value Added Tax Invoice</b> .....	32
<b>Article 80: Books, Records, and Information</b> .....	32
<b>Article 81: Special Rules for Imports</b> .....	33
<b>Article 82: Cessation and Transfer of Business</b> .....	33
<b>Article 83: Tax Credit for Stocks of Goods for a Newly Registered Person</b> .....	33
<b>Article 84: Rules and Procedures of Tax Collection</b> .....	33

**CHAPTER 5****SPECIFIC TAX**

<b>Article 85: Objective</b> .....	34
<b>Article 86: Scope</b> .....	34
<b>Article 87: Definitions</b> .....	34
<b>Article 88: Specific Taxable Goods or Services</b> .....	35
<b>Article 89: Tax Rate</b> .....	35
<b>Article 90: Tax Base</b> .....	36
<b>Article 91: Rules and Procedures of Tax Collection</b> .....	36

## CHAPTER 6 PUBLIC LIGHTING TAX

Article 92: Objective .....	36
Article 93: Scope .....	36
Article 94: Definitions .....	36
Article 95: Tax Rate .....	36
Article 96: Tax Base .....	36
Article 97: Time of Supply .....	36
Article 98: Obligation of Tax Declaration and Tax Payment .....	37
Article 99: Rules and Procedures of Tax Collection .....	37

## CHAPTER 7 ACCOMMODATION TAX

Article 100: Objective .....	37
Article 101: Scope .....	37
Article 102: Definitions .....	37
Article 103: Tax Rate .....	37
Article 104: Tax Base .....	37
Article 105: Time of Supply .....	37
Article 106: Obligations of Tax Declaration and Tax Payment .....	38
Article 107: Rules and Procedures of Tax Collection .....	38

## CHAPTER 8 PATENT TAX

Article 108: Objective .....	38
Article 109: Scope .....	38
Article 110: Tax Exempt .....	38
Article 111: Tax Rate .....	38
Article 112: Obligations of Tax Declaration and Tax Payment .....	38
Article 113: Taxable Business Activities and Places .....	39
Article 114: Patent Tax Certificate .....	39
Article 115: Rule and Procedure of Tax Collection .....	39

**CHAPTER 9  
ADVERTISEMENT TAX**

Article 116: Objective .....	39
Article 117: Scope .....	39
Article 118: Definitions .....	40
Article 119: Tax Exemption .....	40
Article 120: Tax Rate and Tax Base .....	40
Article 121: Obligations of Tax Declaration and Tax Payment .....	40
Article 122: Failure to Submit the Tax Declaration and Tax Payment .....	40
Article 123: Rules and Procedures of Tax Collection .....	40

**CHAPTER 10**

**PETROLEUM AND MINERAL RESOURCE OPERATION TAX**

**SECTION 1**

**GENERAL PROVISIONS**

Article 124: Objective .....	41
Article 125: Scope .....	41
Article 126: Definitions .....	41

**SECTION 2**

**INCOME TAX RATE**

Article 127: Income Tax Rate .....	44
------------------------------------	----

**SECTION 3**

**DEDUCTIONS**

Article 128: Principles and Limitation on Deductions .....	44
Article 129: Interest Expense .....	45
Article 130: Site Closure and Environmental Rehabilitation or Site Rehabilitation Cost Reserve .....	45
Article 131: Depreciation Method .....	47
Article 132: Straight-Line Depreciation .....	47
Article 133: Commencement of Depreciation .....	48

**SECTION 4**

**TRANSFER OF INTEREST**

Article 134: Transfer of Interest and Joint Development and Production .....	48
--	----

**SECTION 5**

**OBLIGATIONS OF THE TAXPAYER**

Article 135: Obligations of the Taxpayer .....	49
Article 136: Tax Incentive .....	50
Article 137: Implementation of Tax Provisions .....	50
Article 138: Rule and Procedure of Tax Collection .....	50

## CHAPTER 11

## IMMOVABLE PROPERTY RENTAL TAX

Article 139: Objective .....	50
Article 140: Scope .....	50
Article 141: Definitions .....	50
Article 142: Tax Rate .....	51
Article 143: Tax Exemption .....	51
Article 144: Obligation of Owner and Beneficiary .....	51
Article 145: Obligation of Lessee .....	52
Article 146: Rule and Procedure of Tax Collection .....	52

## CHAPTER 12

## IMMOVABLE PROPERTY TAX

Article 147: Objective .....	52
Article 148: Scope .....	52
Article 149: Definitions .....	52
Article 150: Tax Rate .....	52
Article 151: Tax Base .....	52
Article 152: Tax Exemption .....	52
Article 153: Obligation of Tax Declaration and Tax Payment .....	53
Article 154: Rule and Procedure of Tax Collection .....	53

## CHAPTER 13

## TRANSFER TAX

Article 155: Objective .....	53
Article 156: Scope .....	53
Article 157: Definitions .....	53
Article 158: Tax Rate .....	54
Article 159: Tax Base .....	55
Article 160: Taxpayers .....	55
Article 161: Tax Exemption and Tax Concessions .....	55
Article 162: Obligations of Tax Declaration and Tax Payment .....	55
Article 163: Failure to Submit the Tax Declaration and Tax Payment .....	56
Article 164: Rules and Procedures of Tax Collection .....	56

## CHAPTER 14

### CAPITAL GAINS TAX

Article 165: Objective .....	56
Article 166: Scope .....	56
Article 167: Definitions.....	56
Article 168: Tax Rate .....	57
Article 169: Tax Exemption .....	57
Article 170: Deductible Expense Rules .....	57
Article 171: Obligations of Tax Declaration and Tax Payment.....	57
Article 172: Rule and Procedure of Tax Collection.....	57

## CHAPTER 15

### UNUSED LAND TAX

Article 173: Objective .....	58
Article 174: Scope .....	58
Article 175: Definitions.....	58
Article 176: Tax Rate .....	58
Article 177: Tax Base.....	58
Article 178: Tax Exemptions .....	58
Article 179: Obligations of Tax Declaration and Tax Payment.....	58
Article 180: Rules and Procedures of Tax Collection.....	58

## CHAPTER 16

### MEANS OF TRANSPORTATION TAX

Article 181: Objective .....	59
Article 182: Scope .....	59
Article 183: Definitions.....	59
Article 184: Tax Rate .....	59
Article 185: Taxpayers .....	59
Article 186: Tax Exemption.....	59
Article 187: Obligations of Tax Declaration and Tax Payment.....	60
Article 188: Rules and Procedures of Tax Collection.....	60

**CHAPTER 17  
TAX RULES AND PROCEDURES**

**SECTION 1  
GENERAL PROVISIONS**

Article 189: Objective .....	60
Article 190: Definitions .....	60
Article 191: International Agreements .....	61
Article 192: Language Used in Tax Declarations and Tax Documents .....	61

**SECTION 2**

**RIGHTS, POWERS AND OBLIGATIONS**

Article 193: Rights and Obligations of the Taxpayer .....	61
Article 194: Powers and Obligations of the Tax Administration .....	62

**SECTION 3**

**TAX ADMINISTRATION**

Article 195: Competent Institutions .....	63
Article 196: Prerogative in Times of National Emergency .....	63
Article 197: Confidentiality of Tax Information .....	64
Article 198: Delivery of Information to the Taxpayer .....	64
Article 199: Publicity and Explanation of Tax Provisions .....	65
Article 200: Incentives for Tax Collection .....	65
Article 201: The Keeping, Maintain Accounting Records, Legal and Financial Documents ..	65
Article 202: Rights to Receive Information .....	66
Article 203: Obligation for Registration and Updatation .....	66
Article 204: Certificate of Registration and Tax Identification Number .....	67
Article 205: The Right of the Tax Administration to Register Taxpayers .....	67

**SECTION 4**

**TAX DECLARATIONS**

Article 206: Submission of the Tax Declaration .....	67
Article 207: Submission of the information declaration and other documents .....	67
Article 208: The Taxpayer's Representative .....	68

**SECTION 5**

**TAX ASSESSMENT**

Article 209: Tax Assessment .....	68
Article 210: Tax Re-Assessment and Period of Tax Re-Assessment .....	69
Article 211: Procedure of Tax Re-Assessment .....	70
Article 212: Burden of Proof .....	70

## SECTION 6 TAX COLLECTION

Article 213: Tax Payment.....	70
Article 214: Liability of Directors, Managers, or Owners .....	71
Article 215: Business or Share Transfer and Merger of Enterprises .....	71

## SECTION 7

### POWER OF THE TAX ADMINISTRATION IN TAX COLLECTION

Article 216: Letter or Reminder Letter of Notification for the Collection of Tax Liability .	71
Article 217: Seizure and Lien on the Properties of Taxpayers .....	72
Article 218: Usufructuary Rights, Provisional Disposition and Confiscation .....	73
Article 219: Disposal of Confiscated Property .....	73
Article 220: The Freezing of Bank Accounts.....	73
Article 221: Stopping the Export-Import Operations.....	74
Article 222: Nullifying of Permit and License.....	74

## CHAPTER 18

### PENALTIES

#### SECTION 1

#### GENERAL PROVISIONS

Article 223: Negligence.....	74
Article 224: Serious Negligence.....	74
Article 225: Obstructing the Implementation of the Tax Provision.....	75
Article 226: Tax Evasion.....	75
Article 227: Reasons of Extinction of Criminal Actions .....	75

#### SECTION 2

#### AUTHORITY OF THE TAX ADMINISTRATION

Article 228: Competence to Sue for Criminal Violations .....	76
Article 229: Accreditation of Tax Officers .....	76
Article 230: Power of Investigation .....	76

#### SECTION 3

#### ADMINISTRATIVE PENALTIES

Article 231: Types of Administrative Penalties .....	77
Article 232: Implementation of Additional Tax .....	77
Article 233: Additional Tax and Interest.....	78
Article 234: Written Warning.....	78
Article 235: A Fine for Obstructing the Implementation of the Tax Provisions ...	79

## SECTION 4

## SETTLEMENT OF THE TAXPAYER'S PROTEST

Article 236: Rules for Administrative Protests .....	79
Article 237: Contents of the Administrative Protest of the Taxpayer.....	80
Article 238: Decision by the Tax Administration .....	80
Article 239: Committee of Tax Dispute Resolution .....	80
Article 240: Appeal to the Court .....	80
Article 241: Implementation of the Decision on the Fine.....	81

## SECTION 5

## CRIMINAL PENALTIES

Article 242: Tax Evasion.....	81
Article 243: Obstructing the Implementation of the Tax Provision.....	81
Article 244: Revealing the Confidentiality of Tax Information .....	81
Article 245: Professional as Tax Agent Without License .....	82
Article 246: Failure to Pay the Collected Tax.....	82
Article 247: Tax Collection Without Permission.....	82
Article 248: Administrative Responsibilities of Tax Officials .....	82
Article 249: Responsibilities of Legal Person.....	82
Article 250: Responsibilities of Initiator and Accomplice.....	83
Article 251: The Commitment of Corruption Violations.....	83
Article 252: Implementation of Other Criminal Laws .....	83

## CHAPTER 19

## TRANSITORY PROVISIONS

Article 253: Transitory Provision.....	83
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## CHAPTER 20

## CLOSING PROVISIONS

Article 254: Abrogation.....	84
Article 255: Promulgation .....	84

**ROYAL KRAM**

NS/RKM/0523/004

**WE**

HIS MAJESTY KING NORODOM SIHAMONI

SAMAN PHUM CHEAT SASNA RAKKHATIYA KHEMARAROATHREAST  
PUTHIYATHOMAS MOHAKSATR KHEMARACORNEA SAMOHAPHEAS  
KAMPUCHEKREACH ROATHBORNSANTE SOPHEAMONGKOLEA  
SERENTBOLEA KHEMERA SREYPIREAST PREAH CHAO KRUNG  
KAMPUCHEA THIPDEY

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen Royal Decree NS/RKT/0918/925 dated 06 September 2018, on the Appointment of the Royal Government of Cambodia
- Having Seen Royal Decree NS/RKT/0320/421 dated 30 March 2020, on the Appointment and adjustment of the composition of the Royal Government of the Kingdom of Cambodia
- Having Seen Royal Kram NS/RKM/0618/012 dated 28 June 2018 promulgating the Law on the Organization and Functioning of the Council of Ministers
- Having Seen Royal Kram NS-RKM 0196-18 dated 24 January 1996 on creation of the Ministry of Economy and Finance
- Having seen the Proposal of Samdach Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia.

**HEREBY PROMULGATE**

The Law on Taxation, which was adopted by the National Assembly on 19 April 2023 during the ninth plenary session of its sixth legislature and ratified by the Senate as to its entire form and legality on 02 May 2023 during the tenth plenary session of its fourth legislature and the whole meaning of which shall be as follows:

# LAW ON TAXATION



## CHAPTER 1

### GENERAL PROVISIONS

#### Article 1: Purpose

This law sets out the rules, procedures and conditions, as well as compiles of the tax provisions in order to manage the tax collection for the benefit of the state budget.

#### Article 2: Scope

The scope of this Law shall apply to the management of collecting all types of tax as stated in this Law in the Kingdom of Cambodia.

## CHAPTER 2

### INCOME TAX

#### SECTION 1

### GENERAL PROVISIONS

#### Article 3: Objective

The Income Tax is the obligation of the taxpayer who have taxable income derived in the tax year.

#### Article 4: Scope

The Income Tax shall apply for the resident taxpayer on income from Cambodian sources and income from foreign sources and for the non-resident taxpayer on income from Cambodian sources.

#### Article 5: Definitions

The key terms used in this chapter shall be defined as follows:

1- "Resident Taxpayer" means:

- a- Any physical person who has residence in or has principal place of abode in the Kingdom of Cambodia, or who is present in the Kingdom of Cambodia more than 182 (One hundred and eighty-two) days in any period of 12 (Twelve) months ending in the current tax year.
- b- Any legal person or partnership organized or managed in the Kingdom of Cambodia, or having its principal place of business in the Kingdom of Cambodia.

2- "Non-Resident Taxpayer" means any person who is not a resident taxpayer according to paragraph 1 of this Article and receives income from Cambodian sources.

3- "Legal Person" means any enterprise or unit carrying on a business whether or not officially recognized by the competent institutions of the Royal Government. The term "Legal Person" also includes government institution, religious organization, charitable organization, non-profit organization, association, political party, and permanent establishment of the non-resident person located in the Kingdom of Cambodia. For the purposes of implementing the income tax provisions, the term "Legal Person" does not include a partnership or a sole proprietorship.

4- "Permanent Establishment" means a fixed place of the business in the Kingdom of Cambodia, the branch of a foreign company or an agent resident in the Kingdom of Cambodia, through which the non-resident person carries on their business. The term "Permanent Establishment" also includes network or other connection through which a non-resident person engages in economic activity in the Kingdom of Cambodia. Any person may be considered as a permanent establishment of a non-resident person in the Kingdom of Cambodia in case, the person regularly has and uses the rights to enter into a contract on behalf of the non-resident person or to obligate a primary role in facilitating to reach the contract. Permanent establishment is considered as a resident legal person for only the income from a Cambodian source.

5- "Partnership" means an enterprise created by the contract between two or more person combine their properties, knowledge or activities to carry on business or commercial in the purpose to get benefit. In this definition, partnership included general partnership and limited partnership. The conditions for obtaining a legal person or legal personality of partnership as stated in the Law on Commercial Enterprises and other Law in force do not apply for the purpose of collecting the Income Tax. Partnership does not include Capital Company, Permanent Establishment, or Sole Proprietorship.

6- "Sole Proprietorship" means an enterprise created by one physical person and the properties of the sole proprietor are the capital of the sole proprietorship. In this definition, a husband, wife and their dependent children shall be treated as one physical person.

7- "Business" means economic activities as stated in paragraph 9 of Article 190 of this Law of a person who produce and sale of goods, service supply, lease, rental or sale of property, or any other activity including the activities of the institutions or organizations as stated in paragraph 3 of this Article.

8- "Dividend" means any distribution of money or property that a legal person distributes to the shareholders with respect to the shareholder's equity interest in such legal person, with the exception of capital distributions in complete liquidation of the company. Whether or not a distribution is a dividend shall be determined under the preceding condition without regard to whether or not the legal person has net income in the current or previous year.

9- "Shareholder" means any person owning an equity interest in a legal person. For the purposes of the income tax, a legal person which is not a capital company shall be deemed as if it were a capital company and any person who holds an equity interest in, or may otherwise gain income as a participant in such a legal person shall be treated as a shareholder of such legal person.

10- "Related Person" means:

- a- Any member in relative unit of the taxpayer.
- b- An enterprise which direct or indirect controls or is controlled by, or is under common control with the taxpayer or the connection between permanent establishment and non-resident taxpayer. The term "Control" means the ownership of 20 (Twenty) percent or more in the value or voting right of the equity interests in the enterprise. For determining the degree of control of any physical person, shall be taken into consideration all equity interests owned by the taxpayer and direct or indirect ownership of taxpayer's spouse. Regardless of the above conditions, the tax administration can satisfy direct or indirect management on the obviously case to determine whether or not the management exists.

11- "Qualified Investment Project" means to an investment project that has received a registration certificate from the Council for the Development of Cambodia or the Capital-Provinces Investment Sub-Committees.

12- "Joint Venture" means the joint business activities between resident taxpayers and resident taxpayers or resident taxpayers and non-resident taxpayers or non-resident taxpayers and non-resident taxpayers from two or more without creating as separate legal person.

13- "Bank" means any entities operated one of their regular business operations as follows:

- a- Credit operations for valuable consideration including financial leasing.
- b- The collection of non-earmarked deposits from the public.
- c- The provision of means of payment to customers and the processing of said means of payment in national currency or foreign exchange.

14- "Gross Income" means the income derived from all types of business operations, including subsidiary income and other income that is not yet deducted expenses.

15- "Net Income" means the results from the gross income deducting the expenses as allowed by this Law.

**Article 6: Tax Regime and Accounting Rules**

The tax regime and accounting rules shall be determined as follows:

1- The tax regime of the Kingdom of Cambodia is the self-assessment regime which required the taxpayers to calculate the tax and submit the tax declaration by themselves. The self-assessment regime taxpayers are divided into 3 (Three) categories: Small Taxpayers, Medium Taxpayers and Large Taxpayers.

2- Accounting rules for taxpayer as stated in paragraph 1 of this Article shall be determined as follows:

a- Small Taxpayers shall apply the Simplified Accounting Rule.

b- Medium Taxpayers and Large Taxpayers shall apply the accounting rule in accordance with the International Financial Reporting Standards of Cambodia. The income shall be reported in the year it is earned whether that income already paid or not. Any expense deductions may be allowed when all facts determining the taxpayer's liability have occurred, the results of economic activities with respect to the item has occurred, and the amount of taxpayer's liability can be actually determined.

3- The tax regime and accounting rules shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**SECTION 2****TAXABLE INCOME AND TAX YEAR****Article 7: Taxable Income**

The taxable income shall be determined as follows:

1- Taxable income is the net income realized from all types of business operations including capital gains achieved during the business or at the end of business, interest, rental, royalty and other compensation, as well as the income from financial or investment assets, including immovable properties.

2- For the legal person, taxable income is a result of the adjustment on accounting results in the tax year in accordance with the provisions stated in the Articles of this chapter.

3- For the physical person, taxable income is the result of the total income in the tax year deducted with any expenses and endowments which shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

4- The rules and procedures of taxable income shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 8: Tax Year**

The tax year shall be determined as follows:

1- For the legal person:

- a- The income tax is calculated from the accounting results derived in each calendar year.
- b- For the new enterprises carry on a business at any time of the calendar year, the accounting results shall be counted from the beginning of business up to 31<sup>st</sup> December of the calendar year.
- c- If the many successive accounting results are dawn up in any calendar year, the accounting results are added up to have the tax base for the income tax.
- d- Enterprises controlled by the legal non-resident may apply for a fiscal year diverse from the calendar year.
- e- For enterprises that cease their business activities, the final accounting result shall be:
  - From 1<sup>st</sup> January until the permanent closure date of the enterprise for using the calendar year as tax year
  - From the beginning of the current tax year until the permanent closure date of the enterprise requesting the implementation of the tax year difference from the calendar year.

2- For the physical person, the income tax is calculated from the total income realized on each calendar year.

**Article 9: Exempted Income from Tax**

The Exempted income from tax shall be determined as follows:

1- Except for contrary provisions, the income tax shall not apply to:

- a- The income of the Royal Government or institutions of the Royal Government.
- b- The income of that is:
  - Any organization organized and operated exclusively purposes for religious, charitable, scientific, literary, or education and no part of the property or incomes is used for any private benefit
  - Any association in case the income of these associations is not used for the private benefit of any shareholder or physical person.
- c- Dividends received from a resident enterprise in case the tax payment has already paid in accordance with Article 20, Article 23 and Article 26 of this Law.

2- In case, the income as stated in sub-paragraph b of paragraph 1 of this Article, is used for the private benefit of shareholders or physical person, those incomes shall be re-taxable.

3- In case, the organization or association as stated in sub-paragraph b of paragraph 1 of this Article having commercial, industrial or other business activity which is not related to the purpose or basic function of its tax exemption, those unrelated activities are taxed in accordance with Article 20 of this Law.

4- The rules and procedures of the application for tax exemptions and the loss of tax exemptions shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

#### **Article 10: Income Determination of Partnership and Joint Venture**

1- In determining one's income for any tax year for the partnership and joint venture, each member shall take into account separately one's distributive share of the items of income, gain, loss, deduction, credit, and charitable contributions for such year. For this purpose, each item shall retain its character and shall be treated as distributed during the tax year whether or not actually distributed. The loss to be carried forward will be determined after the items have been distributed.

2- The rules and procedures of determining the income of each member of a partnership and joint venture shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

### **SECTION 3**

#### **DEDUCTIONS**

##### **Article 11: Allowable Deductions**

Allowable deductions shall be determined as follows:

1- Except the provisions as stated in Article 12 to Article 18 of this Law, expenses that are allowed as a deduction including business expenses that the taxpayer has paid or incurred during the tax year to carry on a business.

2- Any rentals, interests, compensations, payments, or fees paid to an responsible person or director of an enterprise, shareholder or a member of a partnership, a member of the taxpayer's family or other related person where there is proof that the payment is for services actually performed and to the extent that such payment is reasonable.

3- Amount paid on new buildings or other tangible assets, permanent improvements or betterments including interest and taxes paid in the period of construction or acquisition. These amount are to be recorded in the relevant asset account and shall be deductible as depreciation as stated in Article 13 of this Law.

4- Expenses incurred to a resident related person who are not under the self-assessment regime is not allowed as deduction before actual payment.

5- Domestic banks shall be allowed to establish provisions for bad debts for the determination of the taxable income.

6- The expenses deduction of Qualified Investment Projects received in accordance with Law on Investment of the Kingdom of Cambodia.

7- The rules and procedures of the deductions shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

#### **Article 12: Interest Expense**

1- There shall be allowed as a deduction interest expenses paid or incurred by the taxpayer during the tax year to carry on a business but not in excess of an amount equal to the sum of the taxpayer's interest income and 50 (Fifty) percent of the taxpayer's net non-interest income in the tax year.

2- The net non-interest income is the gross income other than interest income, reduced by the allowable expenses except for interest expense.

3- The rules and procedures of carry forward of interest expense shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

#### **Article 13: Depreciation of Tangible Asset**

1- Conditions for the normal depreciation of tangible asset are as follows:

a- In determination of taxable income, a deduction for depreciation shall be allowed to the owner of a tangible asset, or to the lessee of that asset in case of the lessee bears the risk of loss or destruction of that asset in accordance with the conditions determined by the Prakas of the Minister of the Ministry of Economy and Finance.

b- Depreciable tangible asset is tangible asset that is likely to lose value because of use or obsolescence used in a business. Land is not depreciable asset.

c- All tangible assets shall be divided into classes and depreciation method as follows:

Class 1: Constructions including buildings and structure of the building, construction including their basic components, roads, railways, transport ships shall be depreciated by straight-line method

Class 2: Computers, electronic information systems, electronic equipment and data storage equipment shall be depreciated by declining balance method

Class 3: Automobiles, trucks, office furnitures and office equipments shall be depreciated by declining balance method

Class 4: All other tangible assets shall be depreciated by declining balance method.

d- The deduction for depreciation in this paragraph shall be calculated base on the asset value after the deduction of the special depreciation amount in paragraph 2 of this Article.

2- Conditions for the special depreciation of tangible asset are as follows:

- a- Special depreciation is a deductible amount in the first year of purchase, or later of the first year of the tangible asset is placed into service by the Qualified Investment Project as stated in sub-paragraph b of this paragraph. This amount is equal to 40 (Forty) percent of the capital cost of new or used tangible asset used in manufacturing and processing as determined by the Prakas of the Minister of the Ministry of Economy and Finance. Special depreciation will reduce the capital cost of tangible asset available for regular depreciation according to paragraph 1 of this Article.
- b- Special depreciation of tangible asset shall be deducted in determining a taxable income of the Qualified Investment Project for the tax year if the investor did not elect to use the tax exemption period entitlement as stated in paragraph 3 of Article 20 of this Law.
- c- Tangible asset that has enjoyed a deduction for special depreciation shall be held for a minimum period of 4 (Four) tax years after the tax year in which the special depreciation was deducted. If the tangible asset is disposed of prior to this period, the Qualified Investment Project shall include in the taxable income an amount equal to the special depreciation deduction reduced by 2 (Two) percent of special depreciation amount that deduction for each month, or any part of the month that the asset was in place. This amount shall not affect the book value of the tangible asset for determination of taxable capital gains according to Article 7 of this Law.

3- The rules and procedures of depreciation of tangible assets shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 14: Depreciation of Intangible Asset**

1- The taxpayer shall depreciate the intangible asset such as patents, copyrights and related rights, industrial designs, utility models, trademarks and trade names, and franchises, having a limited life and other long-term assets depreciated by straight-line method according to the life of each asset. If the life of the intangible asset cannot be determined the annual depreciation deduction shall be depreciated by straight-line method within 10 (Ten) years.

2- The rules and procedures of the depreciation of intangible assets shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 15: Depreciation of Agriculture and Natural Resource**

The depreciation of agriculture and natural resource shall be determined as follows:

1- Long-Term agriculture (Biological assets) shall use the straight-line depreciation method:

- a- Agricultural Crops: There shall be accumulated in to the biological asset account of costs in the development, directly cultivation costs, including interest expenses related to development and cultivation, and the cost of the infrastructure arrangement cost for cultivation.
- b- Animal Husbandry: There shall be accumulated in to the biological asset account of costs in the development costs, directly animal husbandry costs, including interest expenses related to development and animal husbandry, and the cost of the infrastructure arrangement cost for animal husbandry.

2- The depreciation of natural resource shall be determined as follows:

- a- There shall be accumulated in to the asset account of the costs in exploration and development, including the interest associated with those expenses.
- b- The depreciation of natural resource amount, excluded mineral and petroleum, which is deductible for any tax year shall be determined by multiplying the balance of the account for the natural resource with the ratio of the quantity produced from the natural resource in that year to the estimated total production from the natural resource. The procedure for determining the estimated total product shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 16: Charitable Contributions**

1- A deduction shall be allowed for charitable contributions to organizations as stated in Article 9 of this Law, but it shall not exceed 5 (Five) percent of taxable income before deducting the charitable contribution.

2- The criteria of charitable contributions shall be determined by the Minister of the Ministry of Economy and Finance.

**Article 17: Carry Forward of Losses**

In the case of a loss in any tax year, that loss is considered as a charge to the following tax year and shall be deducted from the income realized on that following tax year. If this income is not sufficient to definitively settle it, the remaining part of the loss is carried over successively to following tax years until the fifth tax year. When losses occur more than 1 (One) year, this Article shall be applied to the losses in the order in which they arose.

**Article 18: Allocation of Income and Deductions Among Such Taxpayers**

1- In case of 2 (Two) or more enterprises, whether incorporated or organized in or outside of the Kingdom of Cambodia, which are under common ownership, as necessary, the tax administration may distribute gross income, deductions, or other benefits among such enterprises in order to prevent the tax avoidance or tax evasion or to clearly reflect the income of such enterprises, or their owners.

2- For the purpose of this Article:

a- 2 (Two) or more enterprises are under common ownership if a person owns 20 (Twenty) percent or more in the value or the equity interests of each enterprise.

b- The allocation of income to the permanent establishment of a non-resident taxpayer in the Kingdom of Cambodia must also include income from the same or similar of the supply of goods or services to the business activities of the permanent establishment supplied by non-resident taxpayers in the Kingdom of Cambodia.

3- The rules and procedures of the allocation of income and deductions among such taxpayers shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 19: Not Allowed as Deductions**

For the purpose of the income tax provisions, expenses that shall not be allowed as deductions as follows:

1- Any expense on activities generally considered to be amusement, recreation, entertainment or the use of any mean in connection with such an activity.

2- Personal living or family expenses except for fringe benefits in cash or in kind in which these tax is subject to withholding tax according to the salary tax provisions.

3- Any tax imposed by the income tax provisions or withholding tax imposed by the salary tax provisions.

4- The loss on any sale or exchange of property, directly or indirectly, between related person.

5- Any expense except for expenses already incurred and for which the taxpayer can specify the amount of the expense, and the business purpose.

**SECTION 4****TAX RATE AND TAX DUE****Article 20: Determination of Tax Due**

The tax rates on the annual income shall be determined as follows:

1- 20 (Twenty) percent for the taxable income realized by a legal person.

2- 30 (Thirty) percent for the taxable income realized under petroleum agreement or the exploitation of natural resources including timber, ore, gold, and precious stones.

3- 0 (Zero) percent for the taxable income of Qualified Investment Project during the tax exemption period in accordance with the Law on Investment of the Kingdom of Cambodia.

4- The taxable income realized by the physical person, sole proprietorship and the distributive share to each member of a partnership that is not considered as a legal person shall be taxed on income by the progressive tax rates by tranche determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 21: Income Tax on Insurance Enterprises**

The income tax on insurance enterprise shall be determined as follows:

1- For activities of insurance or reinsurance on properties or other risks in the Kingdom of Cambodia, the income tax shall be determined 5 (Five) percent of the gross premiums received in the tax year.

2- For activities of insurance or reinsurance of life which feature saving and activities other than insurance or reinsurance on the property or other risks as stated in paragraph 1 of this Article, the income tax is levied according to Article 20 of this Law.

3- The rules and procedures of the income tax payment for an insurance enterprise shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 22: Income Tax for Foreign Company Branch**

The income tax for foreign company branch shall be determined as follows:

1- The income achieved from Cambodian sources shall be subject to Income Tax as stated in Article 20 of this Law.

2- If the current tax year in which any foreign branch transfers the income from Cambodian sources to abroad, that income is:

a- Not subject to advanced tax on dividend distributions as stated in Article 23 of this Law if the transferred income is the income after income tax paid under paragraph 1 or paragraph 2 of Article 20 of this Law.

b- Subject to advanced tax on dividend distributions as stated in Article 23 of this Law if the transferred income is the income which is not paid the income tax under paragraph 1 or paragraph 2 of Article 20 of this Law, and

c- Subject to withholding in accordance with Article 26 on income as stated in paragraph 10 of Article 33 of this Law.

3- The rules and procedures of collecting the income tax for Foreign company branch shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 23: Advanced Tax on Dividend Distributions**

Advanced tax on dividend distributions shall be determined as follows:

1- Except for Qualified Investment Project during the income tax exemption period if an enterprise distributes dividends from the income before paying the annual income tax to its domestic and foreign shareholders, that enterprise shall pay as tax an amount equal to the amount of the dividend grossed up by the income tax rates multiplied by the appropriate annual income tax rate as stated in Article 20 of this Law.

2- The tax paid under paragraph 1 of this Article shall become a tax credit for deductions with the annual income tax of the dividend distribution. If the tax credit exceeds the annual income tax, such excess shall be carried forward for deduction of the income tax for the following tax year.

3- Dividends paid under paragraph 1 of this Article; when the enterprise subsequently redistributes dividends, it shall not be subject to the advanced tax on dividend distributions as stated in this Article.

4- The advanced tax on dividend distributions as stated in this Article shall not apply for the income from the premiums of insurance or reinsurance of properties or other risks in the Kingdom of Cambodia as stated in paragraph 1 of Article 21 of this Law.

5- The rules and procedures of collecting the advance tax on dividend distributions shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**SECTION 5****MINIMUM TAX****Article 24: Minimum Tax**

1- The minimum tax is imposed at the rate of 1 (One) percent of the annual turnover inclusive of all taxes, except Value Added Tax and paid at the time of payment of annual income tax. The minimum tax shall be paid for any tax year and shall be reduced by the income tax actually paid in tax year according to the rules as stated in Article 37, Article 38 and Article 39 of this Law. The minimum tax is imposed on any enterprises that failed to maintain proper accounting records. Qualified Investment Project received a minimum tax exemption with an independent audit report.

2- The rules and procedures of criteria for the improper accounting records and the minimum tax payment shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

## SECTION 6

## WITHHOLDING TAXE AND PREPAYMENT OF INCOME TAX

**Article 25: General Withholding Tax**

The general withholding tax shall be determined as follows:

1- Any resident taxpayer carrying on business who makes any payment in cash or in kind to a resident taxpayer shall withhold and pay the tax amount according to the following determined rates which are applied to the amount paid before withholding the tax:

- a- The rate of 15 (Fifteen) percent on:
  - Income which person who are not under the self-assessment regime from the performance of services including management or consultation, or similar services
  - Royalties for intangible assets and equity interests in mineral resources, and interest paid by a resident taxpayer carrying on business other than domestic banks paid to a resident taxpayer.
- b- The rate of 10 (Ten) percent on the income from the rental of movable and immovable properties.
- c- The rate of 6 (Six) percent on interest paid by domestic banks to a resident taxpayer having a fixed term deposit account.
- d- The rate of 4 (Four) percent on interest paid by domestic banks to a resident taxpayer having a non-fixed term deposit account.

2- The withholding in this Article shall not apply to interest paid to domestic banks, and to the payment of tax exempt income as stated in Article 9 of this Law.

**Article 26: Withholding on Payments to Non-Resident Taxpayers**

Any resident taxpayer carrying on business including permanent establishment of a non-resident taxpayer, who makes the payment for Cambodian source income as stated in Article 33 of this Law to a non-resident taxpayer, shall withhold and pay the tax amount at the rate of 14 (Fourteen) percent of the amount to be paid. This withholding tax does not apply to the gross premiums of reinsurance on the properties, or other risks in the Kingdom of Cambodia.

**Article 27: Withholding Tax as Final Tax**

The withholding tax on payments to a resident taxpayer who is not under the self-assessment regime under Article 25 of this Law and on payments to a non-resident taxpayer under Article 26 of this Law shall be considered the final tax on the recipients of the payments or distributions as stated in other Articles in this Law.

**Article 28: Prepayment of the Income Tax**

An enterprise liable to the income tax according to the self-assessment regime including Qualified Investment Project ceasing the tax exemption period have the obligation to pay a monthly prepayment of the income tax at the rate of 1 (One) percent of turnover inclusive of all taxes, except Value Added Tax realized on the previous month. The prepayment of the income tax will be deducted from the income tax at the annual liquidation of the tax.

**SECTION 7****OBLIGATIONS OF TAXPAYERS****Article 29: Obligations of Medium and Large Taxpayers**

The medium taxpayers and large taxpayers shall be obligated as follows:

1- Apply the obligation of maintaining the proper accounting records as stated in paragraph 2 of Article 6 of this Law and shall submit the annual income tax declaration in the form determined by the tax administration within 3 (Three) months after the end of each tax year with a balance sheet, income statement, and complementary information.

2- An enterprise with a loss shall submit a tax declaration and in the same manner and period of time.

**Article 30: Obligation of Small Taxpayers**

The small taxpayers shall be obligated as follows:

1- To file the annual income tax declaration and pay the income tax to tax administration annually within 3 (Three) months after the end of each calendar year to the tax administration in the form determined by the tax administration.

2- In case, failed to maintain records of incomes and expenses as determined by the tax administration, the amount of taxable income shall be determined by the tax administration after verified and calculated according to the income of business activities as determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 31: Obligations of Withholding Agents**

1- The person or designated payor who withholds tax under Articles 25, and Article 26 of this Law, shall submit a tax declaration and pay the tax to the tax administration in the form as determined by the tax administration no later than the 20<sup>th</sup> day of the following month in which the payment is made.

2- An enterprise shall submit a tax declaration the advanced tax on dividend distribution as stated in Article 23 of this Law and pay the tax to the tax administration in the form as determined by the tax administration no later than the 20<sup>th</sup> day of the following month in which the distribution is paid.

**Article 32: Obligations of Prepayment of the Income Tax Payment**

The taxpayer shall submit a tax declaration and pay the prepayment of the income tax to the tax administration in the form as determined by the tax administration no later than the 20<sup>th</sup> day of the following month in which the business activities arose.

**SECTION 8  
INCOME SOURCES****Article 33: Income from Cambodian Sources**

The Cambodian source of income shall include, but not be limited to the following incomes:

- 1- Interest paid by a resident enterprise or resident partnership or a governmental institution of the Kingdom of Cambodia.
- 2- Dividend distributed by a resident enterprise.
- 3- Income from services performed in the Kingdom of Cambodia.
- 4- Income from management and technical services paid by a resident person.
- 5- Income from movable or immovable property if such property is situated in the Kingdom of Cambodia.
- 6- Royalty from the use, or right to use intangible asset paid by a resident taxpayer, or paid by a non-resident taxpayer through a permanent establishment situated in the Kingdom of Cambodia.
- 7- Gain from the sale of movable or immovable property including intangible asset located in the Kingdom of Cambodia or gain from the transfer of any interest in movable or immovable property including intangible asset situated in the Kingdom of Cambodia.
- 8- Premiums from the insurance or reinsurance of risks in the Kingdom of Cambodia.
- 9- Gain from the sale of movable property which is part of the business asset of a permanent establishment owned by a non-resident taxpayer in the Kingdom of Cambodia.
- 10- Income from business activities of a non-resident taxpayer through a permanent establishment in the Kingdom of Cambodia.

**Article 34: Income from Foreign Sources**

All incomes that are not the incomes from Cambodian sources according to Article 33 of this Law shall be treated as the incomes from foreign sources.

**Article 35: Determination of Income Source**

Where there is insufficient information to determine the source of income, or where the rules set forth so far cannot clearly reflect the income from any source, the tax administration is the one to decide on the source of that income.

**SECTION 9**  
**CALCULATION OF ANNUAL TAX DUE****Article 36: Foreign Tax Credit**

1- A resident taxpayer who has received income from foreign sources and who has paid taxes according to Foreign Tax Law shall receive a tax credit for deduction from the income tax to be paid in the Kingdom of Cambodia but shall have the proof of documents that the tax payment was paid abroad.

2- In order to calculate the tax to be paid in the Kingdom of Cambodia before deduction of this tax credit, the total amount of income received from Cambodian sources and foreign sources shall be taken into account.

3- The tax credit is determined separately for the tax paid by a Cambodian resident in each foreign country. But the tax credit to be allowed for deduction in the tax year is the smaller of:

a- The tax amount actually paid in any foreign country.

b- The amount obtained by multiplying the total income tax from all sources for the same period calculated according to the tax rate in Article 20 of this Law with the ratio of income received in that foreign country to the total incomes from all sources.

4- The foreign tax credit is allowed only if the resident taxpayer has complied with the procedures and provide various documents as specified by the tax administration especially, the certification from the foreign tax payor and from the foreign tax administration.

5- In case where the tax credit exceeds the tax liability, the excess amount may be carried forward to be used in succeeding years up to the fifth year counting from the following year in which the credit arose. In case of tax credits in more than one year, the credits must be taken in the order in which they arose.

**Article 37: Determination of the Income Tax Liability**

The calculation of the income tax liability shall be determined as follows:

1- Calculate the total tax liability under Article 20 of this Law.

2- Deduct the tax credit paid under Article 23 and foreign tax credit under Article 36 of this Law, but not in excess of the tax liability in paragraph 1 of this Article.

**Article 38: The Calculation of Tax Due or Tax Credit for the Tax Year**

The calculation of tax due or tax credit for the tax year shall be determined as follows:

1- If the result from the calculation in Article 37 of this Law is greater than the sum of any withholding tax amount made on behalf of the taxpayer by the withholding agent under Article 25 of this Law and the prepayments of the income tax which the taxpayer annually paid under Article 28 of this Law, the taxpayer shall pay the difference to the tax administration.

2- If the result from the calculation in Article 37 of this Law is less than the sum of any withholding tax amount made on behalf of the taxpayer by the withholding agent under Article 25 of this Law and the Prepayments for the Income Tax made by the taxpayer for the tax year under Article 28 of this Law, the taxpayer may, after calculating for any minimum tax liability, apply for a refund of the difference, or carry the difference forward as a prepayment in the following year.

3- Before making any tax payment under paragraph 1, or carry forward as a prepayment in the following year under paragraph 2, the taxpayer shall first determine any liability for the minimum tax according to the procedures as stated in Article 39 of this Law.

**Article 39: Calculation of the Minimum Tax, Tax Due or Tax Credit for the Tax Year**

The calculation of the minimum tax, tax due or tax credit for the tax year shall be determined as follows:

1- The taxpayer shall pay the minimum tax at the time of liquidation of the income tax. The minimum tax due may be reduced by any income tax liability for the same tax year under Article 20 of this Law.

2- In case, the income tax liability exceeds the minimum tax liability:

- a- The taxpayer shall pay any tax due under Article 37 of this Law at the time of submission of the annual income tax declaration.
- b- If the tax amount withheld in Article 25 and Article 28 of this Law exceed the minimum tax liability, the taxpayer may claim a tax credit.
- c- In the case as stated in paragraph 2 of this Article, the taxpayer is not liable for minimum tax.

3- If the income tax liability is less than the minimum tax liability:

- a- The taxpayer's tax credit under paragraph 2 of Article 38 of this Law shall be reduced by the above difference.
- b- The amount by which the tax credit is reduced in complying with the sub-paragraph a of this paragraph shall be considered as payment of the minimum tax for the tax year.

## CHAPTER 3

### SALARY TAX

#### SECTION 1

#### GENERAL PROVISIONS

**Article 40: Objective**

The salary tax is a monthly tax imposed on salary that has been received within the framework of fulfilling employment activities.

**Article 41: Scope**

- 1- A resident physical person in the Kingdom of Cambodia is liable to salary tax for Cambodian source salary and foreign source salary.
- 2- A non-resident physical person is liable to salary tax for Cambodian source salary.

**Article 42: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- "Resident" when used for an employee, taxpayer, or physical person means any person who has residence in or has principal place of abode in the Kingdom of Cambodia, or who is present in the Kingdom of Cambodia more than 182 (One hundred and eighty-two) days in any period of 12 (Twelve) months ending in the current tax year.
- 2- "Non-resident" means any physical person who is not a resident according to paragraph 1 and receives salary from a Cambodian source.
- 3- Except for contrary provisions, the terms Employee, Taxpayer, and Physical Person means both residents and non-residents as stated in this Article.
- 4- "Employer" includes any state institution, resident legal person, resident partnership, permanent establishment in the Kingdom of Cambodia, organization, association, political party or resident physical person carrying on a business.
- 5- "Employee" means physical person received salary from their employment activities including any person entrusted with a responsibility or director of an enterprise, any civil servant and a citizen entrusted with public mandate by an election, except for members of parliament and senate.
- 6- "Cambodian Source Salary" means wage received within the framework of fulfilling employment activities in the Kingdom of Cambodia. As for the salary received by a non-resident for furnishing technical assistance, it shall be treated as from sources in the country where the payor of such income resides.
- 7- "Foreign" means:
  - a- When used with respect to a physical person means non-resident.
  - b- When used for the determination of the source of income means outside of the Kingdom of Cambodia.
- 8- "Salary" means salary, wage, remuneration, indemnity, bonus, overtime, compensation and fringe benefit which are paid to an employee, or which are paid for the direct or indirect advantage of the employee for fulfilling the employment activities.

## SECTION 2

## THE EXEMPTED SALARY FROM TAX

**Article 43: Salaries of Diplomatic and Other Foreign Officials**

The tax exemption for the salaries of diplomatic and other foreign officials shall be determined as follows:

- 1- There shall be exempted from salary tax for:
  - a- Salaries that officers and employees of diplomatic or consular mission of a foreign government holding diplomatic or official passport of that government have received within the framework of fulfilling their official function in the Kingdom of Cambodia.
  - b- Salaries that foreign representatives, officials and employees of international organizations and of agencies of technical cooperation of other governments have received within the framework of fulfilling their official function in the Kingdom of Cambodia.

2- Tax exemption in this Article shall be based on the principle of reciprocity between the governments concerned.

**Article 44: The Exempted Income from Tax of Employees**

The exempted income from tax of employees shall be determined as follows:

- 1- Real refunds on professional expenses made by the employee under the assignment and for the benefit of the employer and which satisfy the 3 (Three) following conditions:
  - a- Made for the direct and exclusive interest of the enterprise.
  - b- Not exaggerated nor extravagant.
  - c- Provide with detailed invoices already paid and made in the name of the recipient of that real expense refund.
- 2- Indemnities in case of the termination of contract within the limit as provided in the Labor Law and the types of tax exemption indemnities shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.
- 3- Additional remuneration for establishment of pensions and insure social welfare or with social affair characteristics as provided in the Labor Law and Social Security Schemes Law shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.
- 4- Gratis supply or lower cost supply of uniforms or equipment for special profession.
- 5- Flat allowance for mission and travel expenses. This allowance should not overlap the real expense refund as stated in this Article.

**SECTION 3**  
**TAX BASE AND TAX RATE****Article 45: Monthly Tax Base**

Except for fringe benefits to be taxed under Article 48 of this Law, the monthly tax base for a resident is the taxable salary from which is deducted:

- 1- Withholding amount as obliged to comply with the Labor Law and Social Security Schemes Law.
- 2- Payments which are exempted from tax as provided in Article 44 of this Law.

**Article 46: Monthly Taxable Salary**

The monthly taxable salary shall be determined as follows:

- 1- Monthly taxable salary for a resident employee includes:

- a- Salary received from Cambodian sources.
- b- Salary received from foreign sources.
- c- Advance money, loan or installment made by the employer to the employee. Advance money, loan or installment shall be added to the taxable salary of the month in which they are paid out and shall be deducted from salary in the month of any repayment made by the employee.

2- Based on the evidence of family situation, any resident employee with the minor dependent children at the time of tax payment and/or spouse having only an occupation as housewife are allowed a reduction in the tax base on the amount which shall be determined by Sub-Degree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

3- For a non-resident taxpayer, taxable salary is the Cambodian sources salary which is taxable according to the provisions of this chapter.

**Article 47: Monthly Salary Tax Rate**

For a resident employee, the tax amount to be paid shall be determined by the progressive tax rates by tranche of 0 (Zero) percent, 5 (Five) percent, 10 (Ten) percent, 15 (Fifteen) percent and 20 (Twenty) percent of the monthly taxable salary and shall be deducted by the employer. The determination of monthly taxable salary shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 48: Determination of the Salary Tax on Fringe Benefits**

1- For fringe benefits, every month, the employer shall withhold and pay tax at the rate of 20 (Twenty) percent of the total value of fringe benefits given to all employees. The value of fringe benefits is the fair market value inclusive of all taxes.

2- The rules and procedures of salary tax exemption for fringe benefits shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 49: Determination of the Salary Tax of Non-Resident Taxpayer**

Except for fringe benefits to be taxed under Article 48 of this Law, for a non-resident taxpayer, the tax amount shall be withheld by the payor at the rate of 20 (Twenty) percent on every payment of taxable salary as provided in paragraph 3 of Article 46 of this Law. This withholding tax is the final tax of the salary tax for the non-resident received the salary.

**Article 50: Foreign Tax Credit**

A resident taxpayer who received foreign source salary and paid taxes according to Foreign Tax Law shall be received a tax credit for deduction from the salary tax to be paid in the Kingdom of Cambodia but shall have the proof of documents certified that the tax payment was paid abroad. The calculation of tax amount to be paid and tax credit shall be determined as follows:

1- In order to calculate the tax amount to be paid in the Kingdom of Cambodia before deduction of this tax credit, the total amount of salaries received from Cambodian sources and foreign sources shall be taken into account.

2- The tax credit is determined separately for the tax amount paid by a Cambodian resident in each foreign country. But the tax credit to be allowed for the salary tax paid abroad is the smaller of:

a- The tax amount actually paid in any foreign country.

b- The amount obtained by multiplying the tax amount on total salaries from all sources for the same period calculated according to the progressive tax rates by tranche in Article 47 of this Law with the ratio of salary received in that foreign country to the total salaries from all sources.

3- The refund of the foreign tax credit is allowed only if the resident taxpayer has complied with the procedures and provide various documents as specified by the tax administration especially the certification from the employer and from the tax administration of the place of employment abroad.

**SECTION 4****OBLIGATIONS OF EMPLOYERS AND EMPLOYEES****Article 51: Withholding Obligation**

The withholding obligation shall be determined as follows:

1- This tax is the obligation of the physical person received the salary, including foreign physical person, except for contrary provisions as stated in international agreement.

2- The salary tax shall be collected through monthly withholding procedure by the employer at the time of each salary payment.

3- If the employer resides abroad, the representative appointed in the Kingdom of Cambodia is the one in charge of withholding the salary tax prior to the salary payment to employees and shall declare those tax payment to the tax administration.

4- The employer or the resident representative in the Kingdom of Cambodia of a foreign employer and the employee shall be jointly responsible for the payment of the salary tax in the Kingdom of Cambodia regardless of the salary is paid in the Kingdom of Cambodia or abroad. In case, failed to withhold the salary tax, the employer shall be responsible under this Law.

**Article 52: Tax Withholding, Keeping of Record and Report**

All employers who make taxable salary payments shall be obligated as follows:

- 1- Withhold the tax amount prior to the salary payment.
- 2- Report to the tax administration and the employee of the status of the tax amount withheld.
- 3- Keep and maintain the accounting records.

**Article 53: Obligation of Tax Declaration and Tax Payment**

- 1- Salary tax becomes due and payable at the time of payment.
- 2- The withholding agent is obliged to submit the tax declaration and pay the salary tax every month no later than the 20<sup>th</sup> day of the following month in which the salary arose.

**Article 54: Rules and Procedures of Tax Collection**

The rules and procedures of collecting the salary tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

## CHAPTER 4

### VALUE ADDED TAX

#### SECTION 1

#### GENERAL PROVISIONS

**Article 55: Objective**

The Value Added Tax is imposed on the taxable supply of goods or services.

**Article 56: Scope**

The Value Added Tax shall apply to all taxable supplies of goods or services in the Kingdom of Cambodia.

**Article 57: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- "Goods" means tangible asset other than land and money.
- 2- "Service" means the providing of something of value other than goods, land, and money.
- 3- "Supply of Goods" means the transfer of a right to use or dispose of the goods as the owner whether or not for consideration. The supply of incidental service related to the supply of goods shall be considered as a supply of goods.
- 4- "Supply of Service" means a supply that is not a supply of goods, land, or money which is made for consideration. The supply of incidental goods related to the supply of service shall be considered as a supply of service.
- 5- "Person" means any person or group of person engaged in business and another person who related to that person.
- 6- "Related" to any person means:
  - a- Any person who owns 20 (Twenty) percent or more of the value or voting right in equity interests of the person who is under consideration.
  - b- Having common management or directors with the person.
  - c- A family member or spouse or a family member of the spouse of the person.
  - d- Purchased 30 (Thirty) percent or more of the person's total output in any 3 (Three) consecutive month period.
- 7- "Tax" in this chapter means Value Added Tax (VAT).

**SECTION 2****GENERAL PRINCIPLES****Article 58: Taxable Person**

Taxable Person means any person who is subject to tax under the self-assessment regime and makes a taxable supply as stated in Article 59 of this Law. For the purpose of this Article, non-resident person who supply digital goods or digital services to the Kingdom of Cambodia shall be considered as taxable person.

**Article 59: Taxable Supply**

Except for contrary provisions in this chapter, the term "Taxable Supply" means:

- 1- The supply of goods or services by a taxable person in the Kingdom of Cambodia.
- 2- The appropriation of goods or services for own use by the taxable person.
- 3- Providing as a gift or supply at the lower cost of goods or services by the taxable person.
- 4- The supply of digital goods or digital services in the Kingdom of Cambodia as stated in Article 58 of this Law.
- 5- The import of goods into the customs territory of the Kingdom of Cambodia.

**Article 60: Taxable Value**

The taxable value shall be determined as follows:

- 1- The taxable value of any supply shall be the price of the goods or services that the seller charged from the purchaser. The taxable value includes any costs for transportation and other items payable to the seller for that supply, including any taxes but excluding the Value Added Tax.
- 2- When the payment for a taxable supply involves any consideration other than money for the direct or indirect benefit to the seller, that consideration shall be included in the taxable value at its fair market value.
- 3- The taxable value for any imported goods shall be the customs charge value including customs duties and any taxes upon import.
- 4- If the taxable value of the goods or services supplied does not represent the real value, the tax administration may determine a value for such goods or services and such value shall be presumed to be the correct value until there is a proof otherwise to the satisfaction of the tax administration.
- 5- The taxable value of used goods that the taxable person regularly purchases from consumers for resale or sells on behalf of other person shall be the difference between the selling price and the purchasing price, or the commission from the sale of those goods.

**Article 61: Time of Supply**

The time of supply shall be determined as follows:

- 1- The Value Added Tax becomes due and payable at the time of supply.
- 2- The time of supply of goods or services shall be the time by which the seller shall issue the invoice or the time that the seller issued the invoice if that invoice is issued before the time shall be issued by the seller.
- 3- The Value Added Tax Invoice shall be issued within 7 (Seven) days after the goods are shipped or services rendered or after payment if the payment occurred before the goods are shipped or services rendered. If a shipment is not accompanied by an invoice, there shall be attached a shipping document which has been properly recorded in the shipping journal.
- 4- For the supply of goods or services which are made continuously or which involve multiple payments, the time of supply shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.
- 5- In case of the import of goods, the time of supply shall be the time the importer submits a declaration to the customs administration in accordance with the Law and regulations in force.

**Article 62: Place of Supply**

The place of supply shall be determined as follows:

- 1- The supply of goods is deemed to have taken place in the Kingdom of Cambodia if the goods is delivered in the Kingdom of Cambodia, whether that delivery takes on the characteristic of a transfer of the right to use or to dispose. In case, where the supply shall include transportation, the supply is treated to have taken place in the Kingdom of Cambodia if the goods is in the Kingdom of Cambodia when the transportation starts.

- 2- The supply of service is deemed to have taken place in the Kingdom of Cambodia if the service is performed in the Kingdom of Cambodia, except that:
- a- The supply of service in connection with immovable property is deemed to have taken place where the immovable property is located.
  - b- The supply of service in connection with transport is deemed to have taken place where the transport occurs.
- 3- Goods are deemed to have imported into the Kingdom of Cambodia if they are brought within the customs territory of the Kingdom of Cambodia.

**Article 63: Non-Taxable Supplies**

Non-taxable supplies are as follows:

- 1- Educational services.
- 2- Public postal service.
- 3- Hospital, clinic, medical, and dental services and the incidental sale of medical and dental goods related to the performance of such services.
- 4- The service of transportation of passengers by a wholly state owned public transportation system.
- 5- Insurance services.
- 6- Electrical power and clean water supplies.
- 7- Locally unprocessed agricultural products.
- 8- Solid or liquid waste collection services.
- 9- Primary financial services which shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.
- 10- The importation of materials for personal use that are exempted from customs duties in the value level which shall be determined by the Prakas of the Minister of Ministry of Economy and Finance.
- 11- Non-profit activities in the public interest recognized by the Minister of Ministry of Economy and Finance.

**Article 64: Non-Taxable Supplies for Diplomatic Missions and International Organizations**

Non-taxable supplies for diplomatic missions and international organizations shall be determined as follows:

- 1- The imports or domestic purchases of goods or services by foreign diplomatic and consular missions, international organizations and agencies of technical cooperation of other governments for use to fulfill their official function shall be treated as non-taxable supplies. Non-taxable supplies shall only be allowed on the confirmation by the chief of mission to the tax administration that the goods imported for purpose of the use as above.

- 2- The imports or domestic purchases of goods or services for the personal use of the official personnel of foreign diplomatic and consular missions, international organizations and agencies of technical cooperation of other governments as stated in paragraph 1 of this Article shall be treated as non-taxable supplies only for those items that are on an enumerated list which shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.
- 3- The non-taxable supplies in this Article shall be based on the principle of reciprocity between the governments concerned.

### SECTION 3

#### TAX RATE AND TAX AMOUNT DETERMINATION

##### **Article 65: Tax Rate**

The tax rate shall be determined as follows:

- 1- The Value Added Tax shall be imposed at the rate of 10 (Ten) percent on the taxable value of each taxable supply in the Kingdom of Cambodia.
- 2- The Value Added Tax shall be imposed at the rate of 0 (Zero) percent on the taxable value of each taxable supply of goods exported from the Kingdom of Cambodia and of the taxable supply of a service rendered outside of the Kingdom of Cambodia as stated in Article 62 of this Law.

3- The tax administration may use a number of documents to certify that export has actually occurred including customs declaration of customs administration, import documents from the country of import, executed letter of credit and payments received by a domestic bank.

##### **Article 66: Tax Amount Determination**

The Tax Amount shall be determined as follows:

- 1- The tax that determined under Article 65 of this Law shall become a liability to the state at the time of supply.
- 2- The tax amount to be paid to the state is equal to the total output tax by the rates in Article 65 of this Law deduct the total input tax credit allowed for the same month.

##### **Article 67: Tangible Capital Assets that Cease to be Used in the Business**

In case, a tangible capital asset of any business received a tax credit under Article 68 of this Law ceased to be used in the business of the taxable person, such asset shall be treated as sold and shall be taxable for its then fair market value at the time of cessation of use.

**Article 68: Input Tax Credit and Non-Taxable Supplies**

The input tax credit and the non-taxable supplies shall be determined as follows:

1- The tax amount paid by a taxable person on goods or services for use in the business which are supplied by another taxable person or the tax amount paid by the taxable person as an importer on imported goods or services for use in his own business shall become an input tax credit deductible against the output tax. Input means any goods or services purchased and output means any goods or services sold.

2- In case, the purchased goods or services are used partly for taxable supplies and partly for non-taxable supplies, the tax credit shall be allowed only for that portion used for taxable supplies.

3- For the non-taxable supply of goods or services to by foreign diplomatic and consular missions, international organizations and agencies of technical cooperation of other governments as stated in Article 64 of this Law, the supplier shall be allowed the input tax credit regardless of the conditions as stated in paragraph 2 of this Article.

**Article 69: Necessary Documentation to Claim an Input Tax Credit**

A request for an input tax credit shall attach with:

- 1- A Value Added Tax invoice, drawn up in accordance with Article 78 of this Law.
- 2- The import customs declaration made in accordance with the Law on Customs and tax receipts or other payment receipts of the customs administration.

**Article 70: Input Tax Not Allowed as a Tax Credit**

The input tax that shall not be allowed as a tax credit includes the tax amount paid by a taxable person on the expenses such as entertainment or amusement, recreation the purchase of automobiles or the purchase of certain petroleum products.

**SECTION 4****TAX PAYMENT****Article 71: Obligation of Tax Declaration and Tax Payment**

Taxable Person shall be obligated to submit the tax declaration and tax payment for every month to the tax administration no later than the 20<sup>th</sup> day of the following month which the supply is made.

**Article 72: Treatment of Excess Credits**

If the input tax paid by the taxable person under Article 65 of this Law exceeds the output tax collected by that person for any month:

- 1- The excess shall be used as a tax credit against any outstanding liability of such person for the tax for prior months.
- 2- The remainder of the excess shall be treated as an input tax credit under Article 68 of this Law for the following month.

**Article 73: Refunds for Exporters**

The tax administration shall refund:

- 1- The monthly excess input tax credits according to the request of the taxable person who has a primary export activity if that person showed proper certified documents of exports and complied correctly with the obligations of maintaining the accounting record and other documents.
- 2- The tax amount paid by foreign tourists on the purchase of goods from taxable person for use outside the Kingdom of Cambodia.

**Article 74: Refunds Where Excess Credits Continue for 3 (Three) Months or More**

If the taxable person has excess input tax credits for 3 (three) months or more that person may apply for a tax refund at the end of the third month or in any month thereafter. To be received a tax refund for any month, the request must be submitted in a period of 20 (Twenty) days after the close of such month.

**Article 75: Application of the Value Added Tax for Qualified Investment Projects**

The supply of domestic production inputs for the implementation of Qualified Investment Projects as stated in the relevant provisions of the Law on Investment of the Kingdom of Cambodia is subject to Value Added Tax at the rate of 0 (Zero) percent.

**Article 76: Responsibility for the Tax Collection and Tax Payment**

The responsibility for the tax collection and tax payment shall be determined as follows:

- 1- A taxable person or importer has the obligation to pay the tax imposed by Article 65 of this Law with respect to every taxable supply in which the taxable person or importer engaged.
- 2- Special conditions for the responsibility of the purchaser for the tax amount where the supplier does not have permanent establishment in the Kingdom of Cambodia or where there are other obstacles to the collection of the tax amount from the supplier shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

3- Any person making a supply of goods or services on behalf of the owner, other than as an employee of any person, and having control of the supply shall be treated as a taxable person with respect to that supply.

## SECTION 5

### ADMINISTRATIVE PROVISIONS

#### Article 77: Registration

The registration shall be determined as follows:

1- A taxable person as stated in Article 58 of this Law shall complete registration for the Value Added Tax within a period of 15 (Fifteen) days after the day on which that person became a taxable person.

2- A person that required to register and failed to register, the tax administration may register that person from the time that the person should have registered. The person so registered shall be liable for all tax amount in Article 65 of this Law from the date the person should have registered.

3- For a group of two or more related person where one or more of those person is not a taxable person, the tax administration may treat a taxable person as registered in respect to all or part of the related economic activities. If none of the related person is a taxable person, the tax administration may register one or more of those person of the group in respect to all or part of the related economic activities.

4- For registration purposes and with the approval of the tax administration, a group of taxable person who are related as defined in Article 57 of this Law, the activities of various members of the group may be treated as the activities of the only one designated member. In such case, each member of the group shall undertake jointly and severally liable for compliance with the provisions of this chapter.

#### Article 78: Value Added Tax Invoice

The Value Added Tax Invoice shall be determined as follows:

1- Any taxable person who makes a supply shall provide the Value Added Tax Invoice with the title of "Value Added Tax Invoice" and shall contain the serially numbered to the purchaser who is the taxpayer under the self-assessment regime, and shall issue commercial invoices to purchaser who is not under the self-assessment regime.

2- Any person cannot issue any invoice or other document indicating an amount which claims to be tax on the supply of any goods or services unless such person is a taxable person registered according to Article 77 of this Law, and the supplied goods or services are taxable goods or services.

3- Without prejudice to any other penalties, if any invoice falsely claimed to be a Value Added Tax invoice and that invoice showed that an tax amount is payable, the person issued such invoice shall pay to the tax administration within 7 (Seven) days after the issued date of the invoice with any amount shown on the invoice whether or not such tax amount paid otherwise.

4- In case of sales at retail where most sales are not done with a taxable person, the invoice as required in paragraph 1 of this Article shall be considered as fully satisfied if the seller provided a detailed cash register receipt or other documentation.

5- For import, the customs declaration of entry properly filled and contained certification of the tax payment shall be used as the control document for establishing eligibility for a tax credit.

**Article 79: Failure to Issue Value Added Tax Invoice**

The failure to issue the tax invoices shall be subject to penalties as follows:

1- Without prejudice to any other penalties, if the tax administration finds for a second time that any business establishment of a taxable person has failed to issue the required invoice, the tax administration may lock and seal the business establishment for a specified period not exceeding 7 (Seven) days.

2- If any business establishment which has been closed under paragraph 1 of this Article committed again such an offense, that business establishment may again be closed for a specified period not exceeding 7 (Seven) days.

**Article 80: Books, Records, and Information**

The books, records, and information for Value Added Tax shall be determined as follows:

1- The taxable person shall use the cash record system determined by the tax administration maintain copies of all invoices issued and all invoices received.

2- The taxable person shall properly record and maintain books and records of every transaction made together with an account showing the tax amount collected from sales and the tax amount paid on the purchases and any adjustment to sales value or tax amount in the form dertermined by the tax administration.

3- The works as stated in paragraph 2 of this Article shall implement daily and shall make total and calculate the balance at the end of each month. The taxable person shall prepare a monthly statement of Value Added Tax in the form determined by the tax administration.

4- The invoices, records and other documents related to this tax shall be kept in chronological order in a manner and at the place prescribed by the tax administration for a period of at least 10 (Ten) years after the completion of the last transaction to which they pertain to those documents.

5- Cash record system, documents and records required to maintain under this Article and other documents and records pertaining to the business of the person shall provide to tax administration for inspection upon request.

**Article 81: Special Rules for Imports**

The provisions of this chapter pertaining to imports shall be administered by the Customs Administration in accordance with the Law on Customs.

**Article 82: Cessation and Transfer of Business**

The rules for the cessation and transfer of business shall be determined as follows:

1- Within 15 (Fifteen) days after ceasing to carry on the business, the taxable person shall submit the annual income tax declaration in the form determined by the tax administration with the detailed information on sales and purchases since the last tax declaration and detailed information of all goods in stock on which tax has not been paid or on which a tax credit has been received and shall pay those tax amount due.

2- The transfer of a business from a person to another person shall not be subject to the Value Added Tax.

3- The rules and procedures for ceasing and transfer of business shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 83: Tax Credit for Stocks of Goods for a Newly Registered Person**

The tax credit for stocks of goods shall be determined as follows:

1- For a person who is newly registered and on the date of registration has stocks of goods on which the Value Added Tax has previously been paid, that person may apply to be allowed, by the tax administration, a tax credit for the tax amount paid on those stocks after the tax administration verified that any invoices or the copies of the customs declaration of entry for those goods were correct.

2- If there is an approval for the correctness of those documents, the tax administration may authorize a tax credit for supplies made within 60 days prior to the date of registration. Such a credit can be used in all declarations for this tax in accordance with the conditions as shall be determined by the tax administration.

**Article 84: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the Value Added Tax shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**CHAPTER 5**  
**SPECIFIC TAX****Article 85: Objective**

The specific tax is imposed on goods or services which is luxurious or not necessary in daily use or affect to health, social or environment.

**Article 86: Scope**

The specific tax shall apply to the importation, production or distribution of goods or specific taxable services supplied for using in the Kingdom of Cambodia.

**Article 87: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- "Specific Taxable Person" means an importer or manufacturer of goods or a supplier of specific taxable services.
- 2- "Importation" means the activity of importing goods by any person into the customs territory of the Kingdom of Cambodia.
- 3- "Importer" means any person imported by him/herself or by another person. For the purposes of this paragraph, the consignee, the ownership or the person who will become the ownership or the person who has the right to dispose of the ownership of the goods not to be subject of customs control, is also considered as an importer.
- 4- "Production" means the activity of processing raw materials, assembling, packaging and filling into semi-finished or finished products.
- 5- "Producer" means to any person who produces goods or any person who hires another person to produce goods.
- 6- "Distributor" means a person who supplies goods imported or produced by him/herself or purchased from an importer or manufacturer.
- 7- "Supply" means the sale, withdrawal for personal use, contribution or the sale of goods or services below actual value by a specific taxable person.
- 8- "Tax Stamp" means a stamp sheet on a specific taxable goods to clarified that a specific tax has been paid.
- 9- "Tax" in this chapter means the specific tax.

**Article 88: Specific Taxable Goods or Services**

Any specific taxable goods or services shall include, but not be limited to the following:

- 1- The certain goods such as:
  - a- Petroleum Products:
    - Gasoline
    - Diesel
    - Aircraft gasoline
    - Lubricants
  - b- Drinks:
    - Non-alcoholic beverages, such as drinks with gas, adding sugar or sweeteners or odors, and other non-alcoholic beverages except water and mineral water, milk and fruit or vegetable juices
    - Wine
    - Beer
    - Other beverages.
  - c- Cigarettes, cigars and all kinds of cigarettes
  - d- Electronics.
  - e- Motorcycle.
  - f- Car.
  - g- Vehicle Parts.
  - h- Plastic products.
  - i- Cosmetic products.
  - j- Glass products as construction materials.
  - k- Cements.
- 2- The certain services such as:
  - a- Telecommunication services.
  - b- Air passenger service.
  - c- Entertainment services.

3- The Royal Government shall issue Sub-Decree to add or suspend specific taxable goods or services pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 89: Tax Rate**

1- The specific tax rate shall be determined by the percentage rate on the goods or services which is the specific tax based or as an ad valorem based on weight, volume, size or quantity.

2- The specific tax rate shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 90: Tax Base**

The specific tax base shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 91: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the specific tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 6****PUBLIC LIGHTING TAX****Article 92: Objective**

The public lighting tax is imposed on the supply of all alcohol and beverage or tobacco products.

**Article 93: Scope**

The public lighting tax shall apply to the supply of all alcohol and beverage or tobacco products in the Kingdom Of Cambodia.

**Article 94: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- "Alcohol" means all kinds of products that contain alcohol.
- 2- "Beverage" means alcohol made by soaking various ingredients such as beer or alcoholic drinks.
- 3- "Tobacco" means a whole or part of products made from tobacco leaves as raw material and produced for smoking.
- 4- "Tax" in this chapter means the public lighting tax.

**Article 95: Tax Rate**

The public lighting tax rate shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 96: Tax Base**

The public lighting tax base shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 97: Time of Supply**

- 1- The public lighting tax is determined and paid at the time of initial supply.
- 2- The rules of supply shall apply in accordance with the rules of supply for Value Added Tax as stated in paragraph 1 to paragraph 4 of Article 61 of this Law.

**Article 98: Obligation of Tax Declaration and Tax Payment**

The taxable person is obliged to submit the tax declaration and pay the Public Lighting Tax every month no later than the 20<sup>th</sup> day of the following month in which the product is supplied.

**Article 99: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the public lighting tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 7****ACCOMMODATION TAX****Article 100: Objective**

The accommodation tax is imposed on the supply of accommodation services in the Kingdom of Cambodia.

**Article 101: Scope**

The accommodation tax shall apply to the accommodation service supply in the hotel in the Kingdom of Cambodia.

**Article 102: Definitions**

The key terms used in this chapter shall be defined as follows:

1- "Hotel" means a place that provides accommodation services as the rooms, beds, and provides fitness and other services according to the types of accommodation such as hotels, apartments, suites, resorts, motels, lodges, bungalows, auberge or guesthouses, tourist camps, and other similar accommodation facilities, whatever the name is. The term "Hotel" does not include rent house or short-term and long-term rental houses.

2- "Tax" in this chapter means the accommodation tax.

**Article 103: Tax Rate**

The accommodation tax rate shall be determined by the rate 2 (Two) percent.

**Article 104: Tax Base**

The accommodation tax base is the cost of accommodation including other charges, as well as taxes, excluding Value Added Tax and self-accommodation tax.

**Article 105: Time of Supply**

The rules of accommodation service supply shall apply in accordance with the rules of service supply for Value Added Tax as stated in Article 61 of this Law.

**Article 106: Obligations of Tax Declaration and Tax Payment**

Taxable person is obliged to submit the tax declaration and pay the accommodation tax every month no later than the 20<sup>th</sup> day of the following month in which the accommodation service is supplied.

**Article 107: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the accommodation tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 8****PATENT TAX****Article 108: Objective**

The patent tax is an annual tax levied on business activities according to types of taxpayers and level of turnovers.

**Article 109: Scope**

The patent tax shall apply to the taxpayer who doing businesses in the Kingdom of Cambodia.

**Article 110: Tax Exemption**

The patent tax shall be exempted as follows:

- 1- State institutions, foreign diplomatic or consular missions, international organizations and agencies of technical cooperation of other governments.
- 2- The activities of any organization that are organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes and no part of the property or incomes of which is used for any private interest.
- 3- All business activities having an annual turnover below the turnover of taxpayers under the self-assessment regime as defined in Article 6 of this Law.

**Article 111: Tax Rate**

The patent tax rate shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 112: Obligations of Tax Declaration and Tax Payment**

- 1- The patent tax shall be paid from 1<sup>st</sup> January to 31<sup>st</sup> March for the every years.
- 2- Taxpayers starting a business operation during the first 6 (Six) months of the year shall pay patent tax for one full year while those that starting a business operation during the last 6 (Six) months shall pay patent tax for half a year.

**Article 113: Taxable Business Activities and Places**

Taxable business activities and places shall be determined as follows:

- 1- Taxpayers with multiple business activities shall pay different patent taxes for each business activities.
- 2- Activities as appendix of business activities are considered as a single business activity.
- 3- Taxpayers who have branches, factories, and workshops for a business activity in the same Capital-Provinces shall pay one patent tax.
- 4- Taxpayers with business activities in different Capital-Provinces shall pay patent taxes in each Capital-Provinces which the business located.
- 5- Taxpayers who have branches, warehouses, factories and workshops for the same business activity located in different Capital-Provinces, shall pay the minimum patent tax for each type of taxpayer according to the Capital-Provinces of those business located.
- 6- In case of relocation to another Capital-Provinces or change of business activity, a new business shall pay patent tax again.

**Article 114: Patent Tax Certificate**

- 1- Tax administration shall issue the patent tax certificate after the tax is paid by the taxpayers.
- 2- Taxpayers are obliged to display valid patent tax certificate in their business premises.

**Article 115: Rule and Procedure of Tax Collection**

The rule and procedure for collecting the patent tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 9****ADVERTISEMENT/SIGNBOARD TAX****Article 116: Objective**

The advertisement tax is imposed to all types of advertisements.

**Article 117: Scope**

The advertisement tax shall apply to all forms of advertising both movable and immovable in the Kingdom of Cambodia.

**Article 118: Definitions**

For the purposes of the advertisement tax provisions, the term "Advertisement" means:

- 1- Commercial advertising leaflets made of rubber, plain paper, strips or other items.
- 2- Business label for remark the name, location, head office, office or business places.
- 3- Posters for commercial purposes.

**Article 119: Tax Exemption**

The advertisement tax shall be exempted for the advertisement in the purpose of non-profit as follow:

- 1- The labels of state institutions.
- 2- The labels of foreign embassies or consular missions, national and international organizations and agencies of technical cooperation of other governments, non-government organizations and associations.
- 3- The advertisements aimed to social education for the public benefits such as environmental care and protection, end domestic violence, protection of natural resources, traffic education and health education.

**Article 120: Tax Rate and Tax Base**

The advertisement tax rate and tax base shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 121: Obligations of Tax Declaration and Tax Payment**

The advertisement tax is paid during the period from 1<sup>st</sup> January to 31<sup>st</sup> March every year.

**Article 122: Failure to Submit the Tax Declaration and Tax Payment**

If the taxpayer does not pay the advertisement tax as stated in this chapter, the competent authority shall not issue a permit related to the labels or advertisements that has not yet paid the advertisement tax.

**Article 123: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the advertisement tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 10**  
**PETROLEUM AND MINERAL RESOURCE OPERATIONS TAX**

**SECTION 1**  
**GENERAL PROVISIONS**

**Article 124: Objective**

Petroleum and mineral resource operation tax are imposed on the petroleum and mineral resources operations of the Kingdom of Cambodia.

**Article 125: Scope**

The petroleum and mineral resource operations tax provisions shall apply to the petroleum and mineral resource operations in the territory and sovereignty of the Kingdom of Cambodia, including the seabed and subsoil under the seabed of exclusive economic zones and continental shelf as well as other areas where the Kingdom of Cambodia has sovereign rights.

**Article 126: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- For the purpose of petroleum operations:
  - a- "Petroleum" means crude oil, natural gas and other hydrocarbons in natural feature of solid, liquid, gas, and other substances compound associated with that hydrocarbon.
  - b- "Petroleum Agreement" means the production sharing contract or other form of petroleum contracts provided in accordance with the Law on Management of Petroleum and Petroleum Products and related provisions between the Royal Government of Cambodia and the relevant taxpayers to conduct the petroleum operation.
  - c- "Petroleum Operations" means activities to explore, develop and produce petroleum made in the petroleum agreement area in accordance with the petroleum agreement.
  - d- "Contract Area" means the area that is the subject of a petroleum agreement as originally granted including any part of the area that is relinquished in accordance with the petroleum agreement.
  - e- "Development Plan" means the development plan, development program and development activities for developing and producing of petroleum resources in the contract area approved by the institution.

- f- "Site Closure and Environmental Rehabilitation Plan" means the site closure and environmental rehabilitation plan of a taxpayer approved by the institution under a petroleum agreement in accordance with the Law on Management of Petroleum and Petroleum Produces.
  - g- "Prospecting Expenditure" means expenditures in exploration for preliminarily determining the geological potential petroleum without the rights to development and production.
  - h- "Exploration Expenditure" means expenditures to geological, lithology (petro-physical), geophysical, geochemical, and topography surveys, data analysis, pre-development concept engineering, exploration drilling, appraisal drilling, environmental impact feasibility studies, general overhead and other expenses incurred in the petroleum operation to determine the presence, location, quantity, and quality of petroleum resource habitat.
  - i- "Development Expenditure" means expenditure incurred, after approval of a development plan by the institution, for the construction of production facilities for petroleum operations, including preparing a site, drilling and completing production wells, and the construction of petroleum pipeline for production facilities, expenditure on purchasing of tangible and intangible assets and other activities related to the development of petroleum contractor in accordance with the conditions stated in the production permit issued by institutions.
  - j- "Site Closure and Environmental Rehabilitation Cost Reserve" means the reserve allowed for advanced cost deduction for site closure and environmental rehabilitation cost in accordance with the plan and conditions determined by institution.
  - k- "Site Closure and Environmental Rehabilitation Total Costs" means the total costs of site closure and environmental rehabilitation in a contract area approved by the institution in accordance with the taxpayer's site closure and environmental rehabilitation plan under a petroleum agreement.
  - l- "Commercial Production Commencement" means the time that the taxpayer commences the commercial production in accordance with the determination in petroleum agreement or by the institution.
- 2- For the purpose of mineral resource operations:
- a- "Mineral Resources" means any substance, whether in the form of solid, liquid, gaseous, naturally occurred on the basis of the development of geology or as the result of digging in the ground, on the ground, in the sea, under the sea, such as gemstones, coal, metal and non-metal mines, mineral water, rocks, gravels, sand, and clay. The term "Mineral Resources" does not include petroleum as defined in the sub-paragraph a of paragraph 1 of this Article.

- b- "Mineral Resource License" means a permit provided to the taxpayer issued by the institution to carry out the mineral resource operation.
- c- "Mineral Resource Operations" means any activity authorized under a license letter or mineral resource license. Mineral resource operations shall be divided into prospecting stage, exploration stage, and mineral resource business stage.
- d- "License Area" means the area which is authorized to do mineral resource operations and is the subject of a mineral resource license including any part of the area that is relinquished in accordance with the mineral resource license.
- e- "Mineral Site Closure and Environmental Rehabilitation Plan" means the environmental rehabilitation plan of the taxpayer approved by the institution under the mineral resource license. Site rehabilitation includes filling up the well, reforestation and other cleanings in the license area.
- f- "Prospecting Expenditure" means expenditures related to preliminary mineral exploration carried out on superficial land layers by using simple equipment and making a little impact on the ground to locate mineral resource occurrences.
- g- "Exploration Expenditure" means any expenditures in researching to find mineral occurrences to determine the potential, extent, quality, quantity and commercial feasibility through mineral prospecting, geological, geophysical and geochemical surveys, excavation, drilling, transport, and analysis of soils, silts, water, rocks and mineral samples as well as general administrative costs and other expenses incurred in mineral resource operation to determine the presence, location, quantity and quality of mineral resource habitat.
- h- "Development Expenditure" means incurred expenditures to develop mineral resource habitat for commercial production commences such as design plan, the construction and installation of facilities for the production, production of wells, drilling production well, and all activities related to development by taxpayers in accordance with the conditions stated in production permit issued by institution.
- i- "Site Rehabilitation Cost Reserve" means the reserve allowed for advanced cost deduction for site rehabilitation costs which carried out in accordance with the site rehabilitation plan.
- j- "Total Approved Site Rehabilitation Costs" means the total site rehabilitation costs in a license area approved by the Competent Institution with the taxpayer's site rehabilitation plan in accordance with the mineral resource license or investment agreement, and regulations on mineral resources.
- k- "Commercial Production Commencement" means the time that the taxpayer commences the commercial production in accordance with the determination in mineral resource license.

- 3- For the purpose of this chapter:
- a- "Taxpayer" means a physical person or legal person who signed petroleum agreement with the Royal Government of Cambodia or received a mineral resource License.
  - b- "Institution" means Ministry of Mines and Energy or Government Institution in charge of management of petroleum and mineral resource sectors.

## SECTION 2 INCOME TAX RATE

### Article 127: Income Tax Rate

1- Taxpayer who operates the petroleum operation and taxpayer who operates mineral resource operation as stated in Article 126 of this Law shall be subject to income tax at the rate of 30 (Thirty) percent of the taxable income for the tax year. For the purpose of this Law, the term "Taxable Income" means the net income from gross income earned from petroleum operation or mining resource operation deducts any expenses authorized by this Law.

2- In addition to the tax rate as stated in paragraph 1 of this Article, the taxpayer shall be subject to the tax on excess income at the progressive rates by tranches as specified in paragraph 3 of this Article based on the excess income ratio. The excess income ratio in any current tax year is the ration of the accumulated revenues and the accumulated expenditures from petroleum and mineral resource operation to that current tax year.

3- The tax rate of the excess income are in the table below:

No	Excess income Ratio			Tax Rate on Excess income
1		To	1.3	0 (Zero) %
2	Over	1.3	To 1.6	10 (Ten) %
3	Over	1.6	To 2	20 (Twenty) %
4	Over	2	Upward	30 (Thirty) %

4- Taxpayers shall be exempted from the minimum tax as stated in Article 24 of this Law.

## SECTION 3 DEDUCTIONS

### Article 128: Principles and Limitation on Deductions

1- Taxpayers are allowed to calculate taxable income by deducting expenses as stated in Articles 129 to Article 133 of this Law at the end of the tax year in which commercial production activities take place including other relevant current expenses in each tax year.

2- Any expenses related to petroleum or mineral resources operations in any contract or license area in any tax year shall be deductible only against the gross income arising from petroleum or mineral resources operations in that contract or license area in that year.

3- If in any tax year, the total expenses related to petroleum or mineral resources operations in a contract or license area exceed the total gross income of which resulting a loss, the loss is considered as a charge to be deducted from the taxable income realized on the following tax year. If that income is not sufficient for full deductions arising from the previous year loss, the remaining part of the loss shall be carried forward to the subsequent tax years until the tenth tax year. In case where the losses occurred more than 1 (one) year, the losses carry forward shall be applied in the order of the years in which the losses arose.

4- The losses that occurred in any contract or license area cannot be deducted against another contract or license area.

**Article 129: Interest Expense**

The taxpayer shall be allowed a deduction for interest expense according to ratio of liability 3 (Three) to equity 1 (One).

**Article 130: Site Closure and Environmental Rehabilitation or Site Rehabilitation Cost Reserve**

The site closure and environmental rehabilitation or site rehabilitation cost reserve shall be determined as follows:

1- For petroleum operations:

a- If the taxpayer has a site closure and environmental rehabilitation plan approved by the institution, the amount required for taxpayers to pay into the fund for site closure and environmental rehabilitation cost shall be considered as a cost reserve for the site closure and environmental rehabilitation cost. This cost reserve shall be allowed as a provisions and allowed to be deducted in the tax year for calculating taxable income. In case where the taxpayer does not have site closure and environmental rehabilitation cost plan approved by the institution, the deduction under this paragraph shall not be allowed.

b- The site closure and environmental rehabilitation cost reserve shall be calculated according to the total approved site closure and environmental rehabilitation cost. The site closure and environmental rehabilitation cost reserve for each year and the year that the reserve allowed to start the deduction shall be determined in accordance with the site closure and environmental rehabilitation plan.

- c- If the total actual site closure and environmental rehabilitation expenditure exceeds the total site closure and environmental rehabilitation cost reserve, that excess amount shall be allowed to deduct from annual taxable income.
- d- If at the end of site closure and environmental rehabilitation, the total actual site closure and environmental rehabilitation expenditure is less than the total site closure and environmental rehabilitation cost reserve, the different amount shall be included in the taxable income for the tax year in which site closure and environmental rehabilitation ended.
- 2- For mineral resource operations:
- a- If the taxpayer has a mining site closure and environmental rehabilitation plan approved by the institution, the amount required for taxpayers to pay into the fund for site rehabilitation cost shall be considered as a cost reserve for the mining site closure and environmental rehabilitation cost. This cost reserve shall be allowed as a provisions and allowed to be deducted in the tax year for calculating taxable income. In the case where the taxpayer does not have mining site closure and environmental rehabilitation cost plan approved by the institution, the deduction under this paragraph shall not be allowed.
- b- The site rehabilitation cost reserve shall be calculated according to the total mining site closure and environmental rehabilitation cost approved by the institution. The site rehabilitation cost reserve for each year and the year that the reserve allowed to start the deduction shall be determined in accordance with the mining site closure and environmental rehabilitation plan.
- c- If the total actual mining site closure and environmental rehabilitation expenditure exceeds the total site rehabilitation cost reserve, that excess amount shall be allowed to deduct from annual taxable income.
- d- If at the end of mining site closure and environmental rehabilitation, the total actual mining site closure and environmental rehabilitation expenditure is less than the total site rehabilitation cost reserve, the different amount shall be included in the taxable income for the tax year in which mining site closure and environmental rehabilitation ended.
- 3- The rules and procedures of managing the site closure and environmental rehabilitation or site rehabilitation cost reserve shall be determined by the Joint Prakas of the Ministry of Economy and Finance and Institutions.

**Article 131: Depreciation Method**

The depreciation method shall be determined as follows:

1- The taxpayer shall depreciate the prospecting expenditure, the exploration expenditure and development expenditure following the straight-line method in accordance with Article 132 of this Law. The taxpayer shall not depreciate the prospecting expenditure, the exploration expenditure and development expenditure in accordance with Article 15 of this Law.

2- For tangible and intangible assets, other than prospecting expenditure, the exploration expenditure and development expenditure acquired or created after the commencement of commercial production in the contract or license area, the taxpayer shall depreciate tangible assets in accordance with sub-paragraph a to sub-paragraph d of paragraph 1 of Article 13 of this Law, and depreciate intangible assets in accordance with Article 14 of this Law.

**Article 132: Straight-Line Depreciation**

The straight-line depreciation for petroleum and mineral resource operations shall be determined as follows:

1- For petroleum operations:

a- The taxpayer shall depreciate prospecting expenditure, the exploration expenditure following the straight-line method based on the expected life of the commercial production under the development plan or 5 (Five) years, whichever is shorter.

b- The taxpayer shall depreciate the development expenditure following the straight-line method based on the expected life of the commercial production of each production facility under the development plan or 10 (Ten) years for petroleum operation, whichever is shorter.

c- In case where the expected life of commercial production of any production facility under development plan is revised, the taxpayer shall adjust the depreciation of the prospecting expenditure, the exploration expenditure and development expenditure based on the new revised expected life but it shall not exceed the depreciation life under sub-paragraph a and sub-paragraph b of this paragraph.

2- For mineral resource operations:

a- The taxpayer shall depreciate the prospecting expenditure and exploration expenditure following the straight-line method based on the expected life of the commercial production under the development plan or 5 (Five) years, whichever is shorter.

b- The taxpayer shall depreciate the development expenditure following the straight-line method based on the expected life of the commercial production under the development plan or 7 (Seven) years, whichever is shorter.

- c- In case where the expected life of commercial production under development plan is revised, the taxpayer shall adjust the depreciation of the remaining prospecting expenditure, exploration expenditure and development expenditure based on the new revised expected life but it shall not exceed the depreciation life under sub-paragraph a and sub-paragraph b of this paragraph.
- d- In case where the taxpayer has development plan less than 1 (One) year, the development expenditure can be included the depreciation to the prospecting expenditure and exploration expenditure.

#### **Article 133: Commencement of Depreciation**

The commencement of depreciation shall be determined as follows:

1- The taxpayer shall depreciate the prospecting expenditure, exploration expenditure and development expenditure that incurred before the first commencement of commercial production at the end of tax year when the taxpayer initially commenced commercial production in the contract or license area.

2- After the commencement of the first commercial production in the contract or license area, if the taxpayers conduct the prospecting, exploration or continue to construct the other production facilities under development plan in the contract or license area, the taxpayer shall depreciate the prospecting expenditure, exploration expenditure and development expenditure by time as follows:

- a- At the end of each tax year for the prospecting expenditure or exploration expenditure by the order of the years in which the expenditure incurred.
- b- At the end of tax year which each production facility is used for the development expenditure.

The depreciation shall be made separately for each production facility under development plan in accordance with Article 132 of this Law and shall be consolidated for deduction in the tax year.

3- For tangible and intangible assets, other than prospecting expenditure, exploration expenditure and development expenditure, acquired or created after the commencement of commercial production in the contract or license area, the taxpayer shall depreciate at the end of tax year when those assets are used.

### **SECTION 4**

#### **TRANSFER OF INTEREST**

#### **Article 134: Transfer of Interest and Joint Development and Production**

1- In case where partly or fully transfers of the interest that is the right or share in petroleum agreement or mineral resource license in the form of sale-purchase, exchange or donation, the transferor and transferee taxpayer shall apply as follows:

- a- The transferor taxpayer shall record the income received from the transfer of interest in petroleum agreement or mineral resource license as the income from petroleum or mineral resource operations which is subject to income tax as stated in chapter 2 of this Law.

**b- Transferee taxpayer shall:**

- Continue to apply the tax obligations from the transferor taxpayer for the transferred interest that is the right or share received
- Continue to depreciate tangible asset, intangible asset, prospecting expenditure, exploration expenditure and development expenditure in accordance with the rule and procedure and the base that the transferor taxpayer previously made
- In case where the transferred interest in petroleum agreement, or mineral resource license exceeds the net book value, the excess value shall be deemed as goodwill. The transferee taxpayer shall depreciate following the straight-line method based on the expected life of the remaining commercial production or equal to 10 (Ten) years for petroleum operations and 7 (Seven) years for mineral resource operation, whichever is shorter
- In case where the transferred interest in petroleum agreement, or mineral resource license is less than the net book value, that difference value shall be deemed as income. The transferee taxpayer shall record as income for consequent years by dividing the income proportionate to the remaining expected life of commercial production or 10 (Ten) years for petroleum operations and 7 (Seven) years for mineral resource operations, whichever is shorter.

2- For the two or more taxpayers who are authorized to enter into joint development and production agreements to joint operations in the development and production of one or more petroleum sanctuaries located in different petroleum agreement area; the rules and procedures to be applied shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**SECTION 5****OBLIGATIONS OF THE TAXPAYER****Article 135: Obligations of the Taxpayer**

1- The non-residence taxpayers signed the petroleum agreement or mineral resource license with the Royal Government of Cambodia as stated in Article 126 of this Law shall establish a local company for a contract area in accordance with the existing Laws of the Kingdom of Cambodia within 15 (Fifteen) days before starting the economic activities.

2- Taxpayers shall submit the tax declaration and tax payment for monthly and yearly to the tax administration as determined by the Law and tax provisions.

3- The operator who is the representative of all taxpayers in the contract or license area shall provide relevant reports and documents of business operations in the contract or license area as required by the tax administration.

**Article 136: Tax Incentive**

The tax incentive for any petroleum agreement or mineral resource license that has been made before the effective date of the provisions of this chapter shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 137: Implementation of Tax Provisions**

The taxpayer who conducts the petroleum operation and the mineral resource operation as stated in Article 126 of this Law shall comply with the provisions of this chapter and other tax provisions. In case of any inconsistency, the provisions of this chapter shall prevail on other tax provisions.

**Article 138: Rule and Procedure of Tax Collection**

The rule and procedure for collecting the petroleum or mineral resource operations tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 11****IMMOVABLE PROPERTY RENTAL TAX****Article 139: Objective**

The immovable property rental tax is imposed on immovable property rental in the Kingdom of Cambodia.

**Article 140: Scope**

The immovable property rental tax shall apply to the owner or beneficiary of the immovable property who is not a taxpayer under the self-assessment regime.

**Article 141: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- "Immovable Property" means:
  - a- Building and other construction such as houses, factories, hotels, offices with its appendix.
  - b- Manual tools are equipped with industrial institutions.
  - c- Industrial and commercial installation established in place, large buildings or warehouse.
  - d- Floating houses used as accommodations or doing miscellaneous business.
  - e- Free land (land without buildings).
- 2- "Beneficiary" means the person who has the right on property provided by the property owner.
- 3- "Immovable Property Rental" means the gross wage contracted or agreed with the lessee based on the market value.

**Article 142: Tax Rate**

The immovable property rental tax rate shall be determined by 10 (Ten) percent of the immovable property rental.

**Article 143: Tax Exemption**

The immovable property rental tax shall be exempted as follows:

1- Rental fees from the immovable property rental of the Royal Government, ministries or institutions of the Royal Government.

2- Rental fees from the immovable property rental of foreign diplomatic or consular mission, international organizations and agencies of technical cooperation of other governments.

3- Rental fees from the immovable property rental of any organization or association that is:

a- Organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes.

b- No part of the rental fees is used for any private interest.

4- The amount that the tenant kept as a bailor, the owner shall return all amount to the tenant at the end of the contract.

5- The rental fees which have already withheld the tax amount by the enterprise, who is a taxpayer under the self-assessment regime in accordance with the provisions of Article 25 and Article 26 of this Law.

6- Rental fees from the immovable property rental of the enterprise, who is a taxpayer under the self-assessment regime, already included in the taxable income of the enterprise.

**Article 144: Obligation of Owner and Beneficiary**

The owner or beneficiary shall have obligations as follows:

1- There shall be registered with the tax administration in the geographical area where the immovable property located within 15 (Fifteen) days from the date of signing the lease or from the date of the contract changes in the form determined by the tax administration.

2- There shall be notified in writing to the tax administration within 15 (Fifteen) days after the termination of the lease with the date and the accuracy signature of the owner or representative mandate.

3- There shall be issued a rental bills to the tenant at the time of each payment.

4- There shall be submitted the property rental tax declaration to the tax administration according to the following deadlines:

a- Every month no later than the 20<sup>th</sup> day of the following month in which the contract requires monthly payment.

b- No later than the 20<sup>th</sup> day of the following month in which the payment is to be made with the total amount paid if the contract requires a total payment for several months.

**Article 145: Obligation of Lessee**

The lessee is obliged show the bills provided by the owner and provide other information related to the lease to the tax administration.

**Article 146: Rule and Procedure of Tax Collection**

The rule and procedure for collecting the immovable property rental tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 12****IMMOVABLE PROPERTY TAX****Article 147: Objective**

The immovable property tax is imposed on immovable properties located in the Kingdom of Cambodia.

**Article 148: Scope**

The immovable property tax shall apply to all immovable properties located in the Capital-Provinces Administration in the Kingdom of Cambodia.

**Article 149: Definitions**

For the purpose of the immovable property tax provision, the term "Immovable Property" means land, houses, buildings and other construction.

**Article 150: Tax Rate**

The immovable property tax rate is the annual tax at the rate of 0,1 (Zero point one) percent.

**Article 151: Tax Base**

The immovable property tax base is based on the immovable property value determined by the Immovable Property Evaluation Committee for the immovable property tax. The immovable property tax base and the Immovable Property Evaluation Committee for the immovable property tax shall be determined and established by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 152: Tax Exemption**

The immovable property tax shall be exempted as follows:

- 1- The Immovable property as the agricultural land.
- 2- The Immovable property owned by the Royal Government, ministries or institutions of the Royal Government.
- 3- The immovable property owned by community or any person that:
  - a- Organized and operated exclusively for religion and charitable causes.
  - b- No part of the immovable property or incomes of which is used for any private interest.

4- The immovable properties owned by a foreign diplomatic or consular mission, international organization and agencies of technical cooperation of other governments.

5- The immovable property which is the infrastructure includes: roads, bridges, system of procuring fresh water or electricity, airports, ports, railroad stations inclusive of buildings and offices that are directly involved with infrastructure activities.

**Article 153: Obligation of Tax Declaration and Tax Payment**

The owner or occupant or final beneficiary of the immovable property is obligated to submit the annual tax declaration and tax payment.

**Article 154: Rule and Procedure of Tax Collection**

The rule and procedure for collecting the immovable property tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

### CHAPTER 13

### TRANSFER TAX

**Article 155: Objective**

The transfer tax is imposed on the transfer of ownership or possession or placement of shares as immovable or movable properties, the transfer of shares, the contracts for the supply of goods or services that use the state budget and legal documents.

**Article 156: Scope**

The transfer tax shall apply to:

- 1- The transferring of ownership or possession of immovable or movable properties or placement of shares as immovable or movable properties in the company.
- 2- The transferring apart or all of the Company's shares.
- 3- Contract for supply of goods or services using the state budget.
- 4- Legal documents, including the document of a merger company dissolution and the company closure.

**Article 157: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- "Relative Unit" means:
  - between nature parents and legal children
  - between husband and wife

- between grandparents and grandchildren
  - between siblings and siblings
  - between parents-in-Law and children-in-Law
  - between grandparents-in-Law and grandson-in-Law.
- 2- "Donating" means the transfer of ownership or possession of immovable property from a living person to relatives with free of charge.
- 3- "Succession" means the transfer of ownership or possession of immovable property from the dead to relatives.
- 4- "Contracting Price" means the price stated in the contract of the supply of goods or services using the state budget.
- 5- "Value Share" means the value of the share transferring based on the market value.
- 6- "Shares" means a part or whole of the shares or interests or business sales of legal person, partnership and sole proprietorship registered or unregistered with the competent ministries and institutions.
- 7- "Immovable Property" means the land, houses, buildings and other structures, whether registered or not by the Cadastral Administration.
- 8- "Immovable Property Company" means any company that directly or indirectly occupied of the immovable property worth more than 50 (Fifty) percent of the total asset value of the company.
- 9- "Movable Property" means all types of means of transportations such as ships, ferries, boats, motorlaunchs, motorboats, vehicles, towing locomotives, trailers, semi-trailers, motorcycles, tricycles, tractors and similar machinery.
- 10- "Legal Documents" means the legal documents on the merger company dissolution and the company closure registered with the competent ministries and institutions.

**Article 158: Tax Rate**

The transfer tax shall be determined at the following rates:

- 1- 4 (Four) percent of the immovable property value for the transfer of ownership or possession of immovable property as construction and/or land or placement of shares as immovable property to the company or transfer of shares or similar interests of the immovable property companies.
- 2- 4 (Four) percent of the movable property value for the transfer of ownership or possession of movable property or placement of shares as movable property to the company.
- 3- 0.1 (Zero point one) percent of the share value for the transfer a part or whole of the company's shares.
- 4 - 0.1 (Zero point one) percent of the contracting price for contracts of the supply of goods or services using the state budget.
- 5- 1,000,000 (One million) Riels for legal documents, including the document of a merger company dissolution and the company closure.

**Article 159: Tax Base**

The transfer tax base shall be determined as follows:

1- The immovable and movable property value shall be calculated at the market value at the time of transfer of ownership or possession. The Ministry of Economy and Finance may determine the immovable and movable property value for this tax base.

2- The share value or similar benefit shall be calculated at the market value when the transfer of shares or similar benefit operation occurs.

3- The contracting price shall be calculated according to the price in the contract of the supply of goods or services using the state budget.

4- Legal documents shall be determined by 1,000,000 (One million) Riels for each legal documents.

**Article 160: Taxpayers**

The transfer tax is imposed to:

1- The transferee of the ownership or possession of immovable and movable property.

2- The transferee of ownership or possession of shares.

3- The transferee of the contract of supply goods or services using the state budget.

4- The transferee of the legal documents.

**Article 161: Tax Exemption and Tax Concessions**

The transfer tax is exempted and favored as follows:

1- Acquisition of ownership or possession of land in the concessions from the Royal Government.

2- Acquisition of ownership or possession of immovable property within relative unit.

3- Acquisition of ownership of motorcycles, all types of tricycles, tractors and all types of watercrafts with a power up to 150 (One hundred and fifty) horsepower.

4- Acquisition of ownership or possession of immovable and movable property to be recorded in the inventory of state institutions of the Kingdom of Cambodia.

5- Acquisition of ownership or possession of immovable and movable property by foreign diplomatic or consular mission, international organizations and agencies of technical cooperation of other governments.

6- Purchasing of movable property of enterprises as goods for resale.

**Article 162: Obligations of Tax Declaration and Tax Payment**

The taxpayer is obliged to submit the tax return and tax payment completely within 3 (Three) months for:

1- The transferring of ownership or possession of immovable and movable property or placement of shares as immovable and movable property to the company.

2- The transferring of a part or whole of the Company's shares.

- 3- Contract of supply of goods or services using the state budget.
- 4- Legal documents, including the document of a merger company dissolution and the company closure.

**Article 163: Failure to Submit the Tax Declaration and Tax Payment**

If any new owner or occupier does not pay the transfer tax:

- 1- The Cadastral Administration shall not issue or transfer a land title or title of possession of immovable property or similar title.
- 2- The Sub-National Administrative authorities including capital, provinces, capitals, districts, khans, communes, and villages shall not specify the transfer of possession of immovable property.
- 3- The Public Works and Transport Institution or the competent authority shall not issue new certificates for the transfer of ownership of all means of transportation and vehicles, except for motorcycles, all types of tricycles, tractors and watercrafts with a power of 150 (One hundred and fifty) horsepower.

**Article 164: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the transfer tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

## CHAPTER 14

### CAPITAL GAINS TAX

**Article 165: Objective**

The capital gains tax is imposed on the physical resident taxpayer achieved the capital gains from selling or transferring the gains in the Kingdom of Cambodia and outside Cambodia and to non-resident taxpayer achieved the capital gains from selling or transferring the gains in the Kingdom of Cambodia.

**Article 166: Scope**

The capital gains tax shall apply to the taxpayers achieved the capital gains.

**Article 167: Definitions**

The key terms used in this chapter shall be defined as follows:

- 1- "Taxpayer" means a resident or non-resident taxpayer who has sold or transferred capital to any other person.
- 2- "Resident Taxpayers" means any physical person who has residence in or has principal place of abode in the Kingdom of Cambodia, or who is present in the Kingdom of Cambodia more than 182 (One hundred and eighty-two) days in any period of 12 (Twelve) months ending in the current tax year.

3- "Non-Resident Taxpayer" means a physical person or legal person who is not a resident taxpayer.

4- "Capital" means an immovable property, lease, investment asset, goodwill, intellectual property rights, and foreign currency.

5- "Capital Gains" means a taxable income derived from the generation of income from the sale or transfer of capital minus the allowable expenses.

**Article 168: Tax Rate**

The capital gains tax rate shall be determined by 20 (Twenty) percent.

**Article 169: Tax Exemption**

The capital gains tax shall be exempted from sale or transfer:

- 1- The property which is owned by the state institutions.
- 2- The property which is owned by foreign diplomatic or consular mission, international organizations and agencies of technical cooperation of other governments.
- 3- The residence which is the principal place of taxpayer.
- 4- The immovable properties among relative unit.
- 5- The properties used for the public interest in accordance with the Law on Expropriation.
- 6- The agricultural land is owned or occupied by the farmers with actually cultivating crops and have a residence address in the commune / sangkat where the agricultural land is located.

**Article 170: Deductible Expense Rules**

The rules for deductible expense for capital gains are as follows:

- 1- Cost-base deduction method.
- 2- Standard deduction method.

**Article 171: Obligations of Tax Declaration and Tax Payment**

Taxpayers or withholding agent shall submit tax declaration in a form determined by the tax administration and pay capital gains tax to the tax administration no more than 3 (Three) months after achieving the capital gains.

**Article 172: Rule and Procedure of Tax Collection**

The rules and procedures for collecting the capital gains tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

## CHAPTER 15

## UNUSED LAND TAX

**Article 173: Objective**

The unused land tax is imposed on unused land with construction and without construction.

**Article 174: Scope**

The unused land tax shall apply to any unused land in the Kingdom of Cambodia.

**Article 175: Definitions**

For the purposes of unused land tax provisions, the term "Unused Land" means the unused land with construction and without construction.

**Article 176: Tax Rate**

The unused land tax is the annual tax at the rate of 2 (Two) percent.

**Article 177: Tax Base**

The unused land tax base is based on the land value determined by the Land Evaluation Committee for the unused land tax. The unused land tax base and the Land Evaluation Committee for the unused land tax shall be determined and established by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 178: Tax Exemptions**

The unused land tax exemption shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 179: Obligations of Tax Declaration and Tax Payment**

The owner or occupant or final beneficiary of unused land is obliged to submit the annual tax declaration and tax payment.

**Article 180: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the unused land tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 16**  
**MEANS OF TRANSPORTATION TAX****Article 181: Objective**

The means of transportation tax is imposed on all types of means of transportation.

**Article 182: Scope**

The means of transportation tax shall apply to the means of transportation in the Kingdom of Cambodia.

**Article 183: Definitions**

For the purposes of the means of transportation tax provisions, the term "Means of Transportation" means all types of means of transportation or vehicles, such as ships, ferries, boats, motorlaunchs, motorboats, vehicles, towing locomotives, trailers, semi-trailers, motorcycles, tricycles, tractors and similar machinery.

**Article 184: Tax Rate**

1- The means of transportation tax shall be determined according to the following types of means of transportation and vehicles:

- a- Truck.
- b- Towing locomotives, trailers, semi-trailers.
- c- Car.
- d- Watercrafts.
- e- Tourist car.
- f- Vehicles or vehicles recycling.

2- The means of transportation tax rate shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 185: Taxpayers**

The means of transportation tax shall apply to the owners of all means of transportation.

**Article 186: Tax Exemption**

The means of transportation tax is exempted for:

- 1- Ambulances, fire trucks owned by the state.
- 2- Vehicles belonging to the Royal Cambodian Armed Forces Unit, Gendarmerie and National Police.
- 3- Vehicles belonging to foreign diplomatic or consular mission, international organizations and agencies of technical cooperation of other governments.
- 4- All types of motorcycles and tricycles, tractors and similar machinery and all kinds of watercrafts with a power of 150 (One hundred and fifty) horsepower or less.

**Article 187: Obligations of Tax Declaration and Tax Payment**

The owner is obliged to submit the annual tax declaration and tax payment.

**Article 188: Rules and Procedures of Tax Collection**

The rules and procedures for collecting the means of transportation tax shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**CHAPTER 17****TAX RULES AND PROCEDURES****SECTION 1****GENERAL PROVISIONS****Article 189: Objective**

1- The provisions of this chapter determined the rights and obligations of the taxpayer and the tax administration, and the procedures for the review of the tax paid.

2- The provisions of this chapter shall apply to all taxes unless a separate tax provides otherwise.

**Article 190: Definitions**

The key terms used in chapter 17 and chapter 18 shall be defined as follows:

- 1- "Tax" means any direct and indirect tax.
- 2- "Person" means a physical person or a legal person.
- 3- "Taxpayer" means a person obligated to pay tax.
- 4- "Tax Administration" means the organization of the General Department of Taxation.
- 5- "Tax Official" means all levels of tax officials who are working within the framework of the General Department of Taxation.
- 6- "Investigation" means all types of tax audits, including the investigation on violation of tax provisions.
- 7- "Tax Declaration" means documents that tax provisions required a taxpayer or withholding agent to apply under the conditions as stated in this Law.
- 8- "Withholding Agent" means a person that tax provisions required to withhold and to pay the taxes to the state budget on behalf of the third person.
- 9- "Economic Activity" means the regular or continuous or from time to time activity of a person whether or not for profit in the supply of or intent to supply goods or services to other person for the purpose of obtaining a benefit.

10- "Additional Tax" means the penalties in cash of an offense of tax provisions calculated by the determined rate on the tax amount base for the underpayment of tax or the late payment.

11- "Interest" means the interest incurred for the underpayment of tax or the late payment and calculated by the determined rate on the tax amount base for the underpayment of tax or the late payment.

**Article 191: International Agreements**

1- Provisions of international agreements related to taxation which have been ratified by the National Assembly shall take precedence over provisions of this Law.

2- The rules and procedures for the implementation of the provisions of international agreements related to taxation shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 192: Language Used in Tax Declarations and Tax Documents**

All tax declarations as well as documents and other correspondences which are necessary for tax assessment, tax collection and enforcement of tax Law compliance or involved in other procedures in the tax determination shall be made in Khmer language.

**SECTION 2**

**RIGHTS, POWERS AND OBLIGATIONS**

**Article 193: Rights and Obligations of the Taxpayer**

The rights and obligations of the taxpayer shall be determined as follows:

1- The taxpayer has the rights as follows:

- a- To be considered as confidential and used only for the purposes as specified in the tax provisions with information related to one's business activities which provided to the tax administration as stated in Article 197 of this Law.
- b- To regularly receive information concerning the process of tax system and procedure of tax assessment as stated in Article 199 and Article 211 of this Law.
- c- To receive information about one's rights including the rights to appeal as stated in Article 211 and Article 238 of this Law.
- d- To appeal as stated in this Law to every decision made by the tax administration as stated in Article 211 and Article 238 of this Law.
- e- To pay tax no more than the tax provisions determined as stated in Article 213 of this Law.

- 2- The taxpayer has the obligations as follows:
  - a- To register with the tax administration as stated in Article 203 of the Law.
  - b- To submit the tax declaration and provide information as required by tax provisions as stated in Article 201 and Article 206 of this Law.
  - c- To pay taxes according to the schedule as stated in tax provisions.
  - d- To keep, maintain, and show the book of accounts, legal documents, and other documents to the tax administration as stated in the tax provisions and Article 201 of this Law.
  - e- To present oneself to the tax administration according to the date as stated in the letter of notification of the tax administration as stated in Article 202 of this Law.
  - f- To pay tax amount, additional taxes, and other interests as determined by the tax administration according to the date as stated in the tax provisions or as notified by the tax administration in writing as stated in the tax provisions and Article 213, Article 232, and Article 233 of this Law.

**Article 194: Powers and Obligations of the Tax Administration**

The powers and obligations of the tax administration shall be determined as follows:

- 1- The tax administration has the powers as follows:
  - a- To assess the tax base of the taxpayer or the withholding agent as stated in Article 209 and Article 210 of this Law.
  - b- To require the presence of the taxpayer or the withholding agent as stated in Article 202 of this Law.
  - c- To determine other necessary documents, and legal documents that the taxpayer or the withholding agent shall keep, maintain and provide to the tax administration as stated in Article 201 and Article 230 of this Law.
  - d- To require the taxpayer or third person to provide information related to the taxpayer or withholding agent as stated in Article 202 of this Law.
  - e- To enter the residence or the business establishment of the taxpayer, the withholding agent, or a third person to obtain information related to the taxpayer or the withholding agent as stated in Article 230 of this Law.
  - f- To obtain information from state institutions concerning or related to the taxpayer or the withholding agent as stated in Article 209 of this Law.
  - g- To implement enforcement measures to the taxpayer or the withholding agent when that person failed to pay taxes, additional taxes, and other interests as required by this Law as stated in Article 217, Article 218, Article 220, Article 221 and Article 222 of this Law.
  - h- To re-determine business transactions between the related taxpayers as stated in the tax provisions.

- i- Reject or/and redefine the real substance of the transactions in case found that the taxpayer has organized or carried out any transactions that show false or unrealistic intent in order to reduce or eliminate the tax payable which contrary to the spirit of tax provisions.
- 2- The tax administration has the obligations as follows:
  - a- To collect taxes, additional taxes and other interests as stated in Article 195 of this Law.
  - b- To keep as confidential of information that the taxpayer or a third person provided and provide this information only to the person as determined by the tax provisions as stated in Article 197 and Article 244 of this Law.
  - c- To provide information to the taxpayer or the withholding agent to ensure the proper implementation of tax provisions as stated in Article 199 of this Law.
  - d- To refund or treat as tax credit for the overpaid taxes as stated in the tax provisions.
  - e- To provide a letter of notification for tax assessment to the taxpayer or the withholding agent as stated in Article 209 to Article 211 of this Law.

### SECTION 3

#### TAX ADMINISTRATION

##### Article 195: Competent Institutions

1- The institutions that are responsible for administering of the tax provisions are as follows:

- a- The General Department of Taxation of the Ministry of Economy and Finance.
- b- Other institutions of the Royal Government, which the tax provisions have empowered.

2- The tax administration has the obligations to collect taxes and apply penalties as determined by the tax provisions and to appeal to the court in the case of breach the Tax Law.

3- The tax administration is an institution that has the authority to decide on administrative penalties. The in part or in whole elimination of administrative penalties is the prerogative of the Minister of Economy and Finance. The tax administration may decide in part or in whole eliminate the administrative penalties in case of the delegation of prerogative from the Minister of Economy and Finance.

##### Article 196: Prerogative in Times of National Emergency

1- In case, the country is facing an economic-financial crisis or an emergency or any urgent need to ensure the stability of life and well-being of the people and ensure the normalization of economic and social processes, the Royal Government may decide to grant concessions, exemptions or suspend any type of taxes immediately, in whole or in part, pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

2- The concessions, exemptions or suspensions of any kind of taxes as stated in the above paragraph shall be subject to the subsequent regularization by the Financial Law.

**Article 197: Confidentiality of Tax Information**

1- The tax administration and every person who are or used to be the officials and the agents of the tax administration shall keep confidential of the information pertaining to the taxpayer that they have received during their official performances of their duties and can provide the information only to the person that this Article allowed.

2- The official and the agent of the tax administration can provide information related to the taxpayer only to:

- a- The official and other agent of the tax administration at the time and for the purpose of performing the duties according to the tax provisions.
- b- The criminal authority for the purpose of accusing for the tax violations.
- c- The court, in the process of judgment, to determine the tax payable of the taxpayer or the responsibility for the violation of the tax provisions.
- d- The competent authority related to taxation of another country in accordance with the international agreement.

3- The person who obtained the information from another who was authorized to provide the information under paragraph 2 of this Article shall keep the confidentiality of that information as determined in this Article except for any minimum level that is necessary to authorize to provide that information.

4- The information related to the taxpayer can be provided to another person if there is a written accord from the taxpayer.

**Article 198: Delivery of Information to the Taxpayer**

The delivery of information to the taxpayer shall be determined as follows:

1- A written letter or notification letter that the tax administration provides to the taxpayer shall impose an obligation on the taxpayer to the tax administration only when that letter or notification is made in written form and is delivered to the taxpayer. A written letter or notification letter as stated in this paragraph including electronic notifications which includes faxes, e-mails, etc.

2- When the tax provisions require the tax administration to provide a letter or notification to a person in writing, that letter or notification shall be considered as correctly delivered only if that letter or notification has been delivered to that person or sent by registered mail to the legal address of that person. The electronic notification as stated in paragraph 1 of this Article shall be deemed as properly delivered if sending to the last address provided by the taxpayer to the tax administration.

3- The date of the letter or notification is the date of delivery to the person. In case where the letter or notification is sent by registered mail, the date of the letter or notification is the date of the stamp on the registered letter of the bureau of post. In the case of electronic notifications, the date of the notification is the date on which the message was sent.

4- The letter or notification shall be considered correctly delivered and received if the conditions under paragraph 2 of this Article are satisfied even if the person who is notified, refused to accept the delivery or refused to accept the registered mail.

5- If the address of a person has changed and the person has failed to notify the tax administration of the change, the letter or notification sent to the last known address shall be considered correctly delivered and received.

6- If for any reason the letter or notification cannot be delivered to the taxpayers as stated in paragraph 1 to paragraph 5 of this Article, the letter or notification shall be considered correctly delivered if the tax administration has:

- a- Affixed the letter or notification to the door of the residence or the business place of the taxpayers, or
- b- Published in news, radio, television or website of the tax administration requiring the taxpayers to come to the tax administration office no later than 15 (Fifteen) days from the date of publication.

**Article 199: Publicity and Explanation of Tax Provisions**

1- The Tax Administration shall prepare short explanatory booklets about the important contents of each taxes.

2- For any tax type that the tax administration determines to disseminate and explain the local tax officials shall conduct the dissemination to the taxpayers to make them be aware of the obligations and rights.

**Article 200: Incentives for Tax Collection**

1- The Ministry of Economy and Finance shall establish an incentive system for the tax administration.

2- The rules and procedures for implementing the incentive system shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 201: The Keeping, Maintain Accounting Records, Legal and Financial Documents**

1- The taxpayer shall keep and maintain the accounting records, supporting legal documents, and other financial documents as determined by the tax provisions and shall submit those books and documents as required by tax administration.

2- The taxpayer who has no obligation to keep book of accounts according to International Financial Reporting Standards of Cambodia defined by the Prakas of the Minister of the Ministry of Economy and Finance shall keep a journal with chronological order recording of all incomes and expenses pertaining to the business in line with a form determined by tax administration.

3- In case, the taxpayer fails to keep and maintain the book of accounts or improper maintains the accounting records in accordance with the prescribed conditions, the income and expenses shall be determined by the tax administration.

4- The person who keep and maintain the accounting records, other documents, or journals as determined by the tax provisions or other provisions shall maintain those books of accounting or documents for a period of 10 (Ten) years for the medium and large taxpayers and 3 (Three) years for the small taxpayers starting from the end of the tax year.

5- The taxpayer shall be issued the invoice for every business transaction. The rules of the invoice shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

6- The taxpayer shall correctly record the details of the invoice in the journals of account.

#### **Article 202: Rights to Receive Information**

1- For the purpose of determining the tax payable of any person or for the purpose of collecting the taxes, or to fulfill the required conditions in accordance with the international agreements, the tax administration can issue a letter of notification to the taxpayer or a third person, including banks, insurance enterprise and other financial institutions to:

a- Provide information related to the taxpayer or related person as stated in the letter of notification such as information on suppliers, clients, or bank accounts.

b- Present oneself at the time and place as designated in the letter of notification for the purpose of presenting or providing information, documents, or data that are in the possession of that person which clearly stated in the letter of notification.

2- In addition to the information required as stated in paragraph 1 of this Article, the letter of notification shall contain the name and the identification number of the taxpayer person (if available), and signature of the tax administration issuing the letter of notification.

3- The taxpayer or third party, including bank, insurance enterprise and other financial institution, shall submit the report or reply letter to the tax administration within 30 (Thirty) days after receiving the notification letter on the information related to taxpayer.

4- Any person may report the information related to taxation to the tax administration.

5- Professional secrecy shall not inhibit the implementation of this Article and other Articles of this Law.

#### **Article 203: Obligation for Registration and Updatation**

1- Person shall register at the tax administration within 15 (Fifteen) days after that person began economic activity or other activities, including the activities of institutions or organizations as stated in paragraph 3 of Article 5 of this Law.

2- Person shall notify to the tax administration within 15 (Fifteen) days after changing the address, form, name, object of the business, transfer, cessation of the business, management teams or the person in charge of tax affairs for the enterprise.

3- The rules and procedures of registration and updatation shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 204: Certificate of Registration and Tax Identification Number**

1- When the registration is completed, the tax administration shall issue a certificate of registration which includes the tax identification number of the person. This identification number shall be used on documents related to taxes.

2- All Units under the Ministry of Economy and Finance shall use the identification number in this Article. All contracts with state institutions shall place the tax identification number to be treated as valid.

**Article 205: The Right of the Tax Administration to Register Taxpayers**

The tax administration has the right to register for the person who are required by the Law to register and failed to register. In case, the tax administration can determine the effective date of the registration.

**SECTION 4****TAX DECLARATIONS****Article 206: Submission of the Tax Declaration**

The Submission of the Tax Declaration shall be determined as follows:

1- The taxpayer or withholding agent shall submit a tax declaration to the tax administration according to the form, the time and the place determined by the tax administration.

2- The tax declaration shall be signed by the taxpayer or legal representative of the taxpayer.

3- All investors shall submit a monthly tax return for each month and an annual tax return for that tax year, and pay all taxes as determined by each tax provision.

4- All investors shall attach the certificate from the Council for the Development of Cambodia (CDC) that certified the compliance with the annual tax return for that tax year.

5- Taxpayers or withholding agents or all investors can submit tax declarations as stated in paragraph 1 and paragraph 3 of this Article within the electronic declaration system of the General Department of Taxation with the same value of the written tax declaration which is the original documents.

**Article 207: Submission of the information declaration and other documents**

Any person who makes payments to other person shall submit to the tax administration the information declaration and other documents on that payment in the form as determined by the tax administration.

**Article 208: The Taxpayer's Representative**

1- The taxpayer can transfer the right in written form to another person's representative to carry out activities on one behalf of tasks related to taxation. The taxpayer can set limits on this transfer of right. The taxpayer shall be directly responsible for every activity of the person who is his/her legal representative or the person who received the transfer of right from him/her until the tax administration received the confirmation in written form from the taxpayer about the cancellation of that transfer of right.

2- The person who is the taxpayer's representative shall have the right on behalf of the taxpayer to:

- Submit tax declarations
- Present reports and other correspondences
- Pay taxes as determined by the tax provisions
- Make protests
- Perform all obligations for which the taxpayer shall be responsible for the Law and tax provisions.

3- The person who is the representative of the taxpayer within 15 (Fifteen) days shall provide the information to tax administration with the evidence in written form of that transfer of right.

4- The person licensed as a tax agent shall be a taxpayer representative and can supply the services related to taxation to the taxpayers. The rules and procedures for the management of tax agents shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**SECTION 5****TAX ASSESSMENT****Article 209: Tax Assessment**

The tax amount shall be determined as follows:

1- In case, the taxpayer's tax amount is paid through the withholding method and the taxpayer does not have the obligation to make the tax declaration, the taxpayer's tax assessment shall be the assessment of the tax amount withheld in the calendar year.

2- In case, the taxpayer or withholding agent has the obligation to submit a tax declaration, the tax assessment of the taxpayer or withholding agent shall be the tax assessment that the taxpayer or withholding agent calculated on the tax declaration that submitted to the tax administration.

3- In case, the taxpayer or withholding agent has the obligation to submit a tax declaration but did not do so, did not maintain proper accounting records or other documents as required, or does not provide the necessary information to the tax administration to assess the tax properly the tax assessment of the taxpayer or withholding agent shall be the unilateral tax assessment made by the tax administration and delivered to that person. The unilateral tax assessment shall be based on:

- a- Information mentioned in the tax declarations or in other documents submitted by the taxpayer to the tax administration.
  - b- Information mentioned in the information declaration.
  - c- Other information received by the tax administration.
- 4- If there is a basis indicating that the tax collection can suffer, the tax administration may assess the tax on the taxpayer at any time.

**Article 210: Tax Re-Assessment and Period of Tax Re-Assessment**

The tax re-assessment and period of tax re-assessment shall be processed as follows:

1- For tax assessment based on paragraph 1 of Article 209 of this Law, the tax administration can re-assess the tax within 3 (Three) years following the calendar year in which the withholding took place.

2- For tax assessment based on paragraph 2 and paragraph 3 of Article 209 of this Law, the tax administration can re-assess the tax in any period of time as follows:

- a- Within 3 (Three) years after the date the tax declaration was submitted.
- b- Within 10 (Ten) years after the date the tax declaration was required to submit if there is evidence of the obstruction of the implementation of the tax provisions.
- c- At any time with the written consent of the taxpayer.

3- The taxpayer or withholding agent can request to revise a tax declaration within 3 (Three) years after the submitting date of the tax declaration in paragraph 2 of Article 209 of this Law on the basis of an error or an oversight made by the taxpayer in the previous tax declaration. If the revised tax declaration results caused a refund or credit of tax, the tax administration can verify under the tax auditing procedures.

4- The taxpayer or withholding agent can request the tax administration to revise a tax re-assessment within 3 (Three) years after the date the tax administration made the tax re-assessment on the basis of additional information that the taxpayer or the tax administration did not obtain during that tax re-assessment.

5- In case, a taxpayer or withholding agent revises its own tax assessment or requests the tax administration to revise a tax re-assessment, the statute of limitations for tax re-assessment under paragraph 1 and paragraph 2 of this Article will apply from the date the revised tax declaration was submitted or from the date the tax administration revises the tax re-assessment.

6- The rules and procedures of the tax re-assessment and period of tax re-assessment shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 211: Procedure of Tax Re-Assessment**

The tax re-assessment shall be processed according to procedures as follows:

1- The tax administration shall provide a letter of notification for tax re-assessment to the taxpayer.

2- The taxpayer has 30 (Thirty) days to reply to the tax re-assessment to the units in charge of the tax re-assessment. Within this period, the taxpayer can accept or refuse the tax re-assessment. The taxpayer shall be considered to have accepted the tax re-assessment if the taxpayer fails to reply.

3- If there is a refusal over the tax re-assessment, the taxpayer shall submit a protest to the Director General of the General Department of Taxation according to the procedures as stated in Article 236 of this Law.

4- The units in charge of the tax re-assessment of the General Department of Taxation shall forward the results of the tax re-assessment to the tax collection units within a period of 30 (Thirty) days after the issue of the letter of notification for tax re-assessment.

**Article 212: Burden of Proof**

1- In case, the taxpayer failed to maintain sufficient documents or failed to provide sufficient information, the tax administration has the right to assess the taxes on the taxpayer on the basis of the specific information available to the tax administration.

2- In case, the taxable income or the income declared by the taxpayer is much difference compared to the purchase of assets or other things which make the taxpayer's expenditure conspicuous, the tax administration has the right to assess the tax on the basis of the estimated income appropriated to the amount of expenditures to buy those conspicuous assets or other things.

3- Finding any proof to verify that the tax amount assessed inappropriately by the tax administration as in paragraphs 1 and paragraph 2 of this Article is incorrect, is the burden of the taxpayer.

**SECTION 6****TAX COLLECTION****Article 213: Tax Payment**

The tax payment shall be determined as follows:

1- Tax amount is due and payable within the period of time that the tax provisions required to submit a tax declaration.

2- A tax liability is due and payable within 30 (Thirty) days after delivery of a letter of notification for the collection of tax liability.

3- A tax liability is due and payable within 3 (Three) days after delivery of a letter of notification for the collection of tax liability as stated in paragraph 4 of Article 209 of this Law.

4- The Minister of the Ministry of Economy and Finance shall issue the Prakas on rules and procedures to:

- Schedule the collection of tax liability to avoid the risk of a loss from uncollectable tax
- Consider a tax liability as an uncollectable tax.

5- The statute of limitations of the extinction on the tax liability rights is 10 (Ten) years from the date on which the tax liability is notified to the taxpayer. The rules and procedures of suspension or postponing of the statute of limitations shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 214:** Liability of Directors, Managers, or Owners

If the directors, managers or owners of any enterprise know or intend to cause the enterprise not to declare or to underdeclared tax in violation of the tax provisions or not allow to pay the withheld tax to the tax administration, those directors, managers or owners shall be personally liable for the tax amount to be paid.

**Article 215:** Business or Share Transfer and Merger of Enterprises

1- In case of business or share transfer, the new owner shall be responsible for all tax liabilities of the business or enterprise.

2- In case of merger of two or more enterprises, the enterprise that continues or arises from the merger of two or more shall be liable for all tax liabilities.

## SECTION 7

### POWER OF THE TAX ADMINISTRATION IN TAX COLLECTION

**Article 216:** Letter or Reminder Letter of Notification for the Collection of Tax Liability

1- As stated in paragraph 4 of Article 211 of this Law, the tax administration shall issue a letter of notification for the collection of tax liability with the tax amount, additional taxes, interests and fines to the taxpayer. The taxpayer has 30 (Thirty) days to pay the tax liability as stated in this paragraph.

2- In case, the taxpayer unable to pay the tax liability as stated in paragraph 1 of this Article, the tax administration shall issue a reminder letter of notification for the collection of tax liability.

3- The tax administration may apply the proceeding enforcement measure as stated in Article 217, Article 218, Article 220, Article 221 and Article 222 of this Law at least 15 (Fifteen) days after receiving reminder letter of notification for the collection of tax liability as stated in paragraph 2 of this Article.

**Article 217: Seizure and Lien on the Properties of Taxpayers**

The seizure and lien on the properties of taxpayers shall be determined as follows:

1- If any person who is obliged to pay tax as required by the tax provisions, neglects or refuses to pay tax after a reminder letter of notification for the collection of tax liability is properly delivered, the tax administration shall have the seizure and lien on that person's properties in accordance with the tax liability. The tax administration must send a reminder letter of notification for the collection of tax liability to the taxpayer at least 15 (Fifteen) days before proceeding with any enforcement measure as stated in Article 218, Article 220, Article 221, and Article 222 of this Law.

2- The seizure and lien on the taxpayer's properties incurred on the date the reminder letter of notification for the collection of tax liability is delivered to the taxpayer as stated in Article 198 of this Law.

3- If the conditions of this Article are properly completed, the seizure and lien on the properties as stated in paragraph 1 of this Article shall have validity and priority over all other rights existed before or after that seizure and lien on the taxpayer's property except otherwise provided in the Bankruptcy Law and other provisions relating to the Real Rights. The tax administration shall make a public declaration of the taxpayer's properties which has been decided to be seized by the tax administration. All the real rights on taxpayer's properties who has been decided to be seized by the tax administration after the date of the public announcement of the tax administration cannot against the priority rights of the tax administration on the property. The modality and procedure of the public declaration on taxpayer's properties which is seized by the tax administration shall be determined by the Prakas of the Minister of the Ministry Economy and Finance.

4- Expenses for seizure, inspection and maintenance of this property is the burden of the taxpayer.

5- Any person can make a protest to the tax administration in order to request the removal of the seizure and lien on his own property as stated in paragraph 1 of this Article by alleging an error in imposing that seizure and lien.

6- If the tax administration found that the imposition of the seizure and lien on that property was in error, the tax administration shall issue a certificate confirming the removal of the seizure and lien on the property within 10 (Ten) days after finding and together with a statement in the certificate that the imposition of the seizure and lien was erroneous.

**Article 218: Usufructuary Rights, Provisional Disposition and Confiscation**

The usufructuary rights, provisional disposition, and confiscation of the property of taxpayers shall be determined as follows:

1- In case of necessity and to ensure the payment of tax liability, the tax administration has the usufructuary rights on taxpayer's properties who have been seized.

2- In addition to the usufructuary rights as stated in paragraph 1 of this Article, the tax administration may file a lawsuit to the court to confiscate the taxpayer's properties for the purpose of ensuring the payment of tax liability. While there is no final decision has been made on the confiscation of taxpayer's properties and in case of obtaining permission by warrant of the court that receiving the complaint, the tax administration may provisional disposition of taxpayer's properties in the form of a sale off, and the amount from the provisional disposition will be retained in a provisional account of the tax administration.

3- The person holding or managing the taxpayer's properties confiscated by the tax administration under paragraph 2 of this Article can not return those properties to the taxpayer or use those properties to make various payments except for payments authorized by the tax administration.

4- For the properties in cash, the tax administration may confiscate the taxpayer's cash or the cash that the taxpayer will receive without having to follow the procedure as stated in paragraph 2 of this Article.

**Article 219: Disposal of Confiscated Property**

In case of the sale of property after the confiscation of the taxpayer's properties, the amount of sales in excess of the taxpayer's tax liability under this Law shall be returned to the taxpayer, except as otherwise, there shall be have other disposal of the court in accordance with the Law in force.

**Article 220: The Freezing of Bank Accounts**

1- The tax administration may freeze the taxpayer's accounts at the bank by the tax administration's letter of notification which goes into effect immediately after the delivery of that letter to the bank. The freezing of bank accounts under this article includes all the forms of freezing of transactions.

2- Under this notification to freeze the bank accounts, the bank cannot open new accounts for the same taxpayer and cannot make payments from those accounts, except for the payments prescribed by the tax administration for settling the payable taxes, additional taxes, interests, and other fines.

3- The frozen bank accounts can only be reopened unless there is a letter of notification from tax administration.

4- The bank that did not comply with the letter of notification in paragraph 1 of this Article shall be responsible to the tax administration to the extent of the amount in the taxpayer's accounts when the letter of notification was delivered.

**Article 221: Stopping the Export-Import Operations**

1- The tax administration may stop the export-import operations. Stopping the export-import operations means the detention by the customs administration of imported goods to the taxpayer and the goods to be exported by the taxpayer by the tax administration's letter of notification which goes into effect immediately after the delivery of that letter to the customs administration.

2- The tax administration can confiscate, usufructuary, provisional disposition of the taxpayer's goods which are detained by the customs administration according to the conditions as stated in Article 218 of this Law.

3- The release of stopping the export-import operation shall be implemented by the tax administration's letter of notification.

4- Goods detained by the customs administration that do not belong to the taxpayer shall be released from this detention with the approval from the tax administration.

**Article 222: Nullifying of Permit and License**

The tax administration can issue of a letter of notification to the competent authorities requesting them to nullify various permits and licenses of the taxpayer to implement any activity.

**CHAPTER 18**

**PENNALTIES**

**SECTION 1**

**GENERAL PROVISIONS**

**Article 223: Negligence**

The taxpayer or withholding agent is considered negligent if the tax amount paid is less than the tax amount as determined by tax provisions by no more than 10 (Ten) percent or failed to pay tax at the date determined by Law and other legal documents.

**Article 224: Serious Negligence**

The taxpayer or withholding agent is considered seriously negligent if the tax amount paid is less than the tax amount as determined by the tax provisions by more than 10 (Ten) percent.

**Article 225: Obstructing the Implementation of the Tax Provision**

There shall be considered as an act of obstruction of the implementation of tax provisions for acts contrary to the provisions of this Law and other relevant legal documents as follows:

- 1- Failure to register with the tax administration in accordance with the provisions of this Law and other relevant legal documents.
- 2- Failure to notify the tax administration of any change in the registration.
- 3- Failure to submit the tax declaration.
- 4- Failure to use the recording system determined by the tax administration.
- 5- Failure to issue the invoices.
- 6- Failure to provide information or submit reports on request.
- 7- Failure to allow the tax administration access to accounting records and other documents.
- 8- Failure to maintain proper accounting records and other documents.
- 9- Attempts to obstruct the assessment or the collection of taxes.
- 10- Making or providing fraudulent records, documents, reports, or other information.
- 11- Conceals or deliberately destroys book of accounts, records, documents, reports or other information.
- 12- Issue the fraudulent invoices.
- 13- Failure to allow the tax administration to enter the business to determine and collect taxes.

**Article 226: Tax Evasion**

- 1- Tax evasion is the any acts committed with willful and premeditated organized with the intention of eliminating the tax amount that required to pay.
- 2- There shall be also deem as negligence on any case as follows:
  - a- The serious negligence as stated in Article 224 of this Law which is committed two separate occasions within a period of 3 (Three) calendar years.
  - b- The serious negligence as stated in Article 224 of this Law which is committed three or more separate occasions within a period of 10 (Ten) calendar years.

**Article 227: Reasons of Extinction of Criminal Actions**

1- Coordination with the tax administration by the payment of taxes, additional taxes and interest leads to be extinct of a charge in a criminal action for criminal violations on tax provisions. In case, the tax administration shall make a records of this coordination and delivery it to the competent prosecutor institution or the competent judiciary.

2- The provisions of paragraph 1 of this Article shall not apply to criminal violations punishment under other Criminal Laws.

## SECTION 2

## AUTHORITY OF THE TAX ADMINISTRATION

**Article 228:** Competence to Sue for Criminal Violations

1- The tax administration is only the institution that has competent in the investigation and creating the case files related to criminal violations on tax provisions in accordance with this Law and the Code of Criminal Procedure of the Kingdom of Cambodia.

2- The tax administration may also has competent in the investigation and creating the case files related to other criminal violations related to criminal violations on tax provisions with the permission of the prosecutor.

**Article 229:** Accreditation of Tax Officers

1- The tax officer shall be qualified as a judicial police officer and a judicial police agent to examine the criminal violations on the tax provisions.

2- The modality and procedures of providing qualification to tax officials shall be determined by the joint Prakas of the Minister of Justice and the Minister of Economy and Finance.

3- All operations of tax officials related to criminal violations on tax provisions shall implement in accordance with the provisions of the Code of Criminal Procedure. The tax administration has the right to request the cooperation from the competent institutions to participate in the suppression of criminal violations of tax provisions.

**Article 230:** Power of Investigation

The tax officials shall have the power of investigation as follows:

1- The tax officer has the right to enter the business establishment or the place where considered as the business establishment to check the accounting records, all kinds of tax declarations and other relevant documents to assess the taxes. Entering into the business establishment as stated in this paragraph shall be made during the business hours or at any time in accordance with the warrant issued by the prosecution or the judiciary.

2- The tax officer that has legally entered the business establishment or the place where considered as the business establishment as stated in paragraph 1 of this Article have the right to:

- a- Prepare a list or copy documents, including electronic documents in that place.
- b- Seize documents or other evidences that can become information for assessing the tax payable of any person by making a record on that Seizure.
- c- Install the other control instruments or seal on the detained goods if they are related to any application of tax.
- d- Prepare lists of assets, raw materials, work in progress, finished products, and other stocks/ inventories.

- e- Seize and lien of the taxpayer property to secure tax liability.
- f- Remand in custody of a taxpayer who commits a criminal violation on tax provisions in accordance with the Code of Criminal Procedure of the Kingdom of Cambodia.

3- In all cases, when the criminal violations on the tax provisions found within the framework of the investigation of the tax officials, the operation of the tax official related to the collection of evidence, record and implementation of all other necessary criminal procedures, including the remand in custody of suspects, shall be carried out by a tax official who has the qualification as judicial police officer or judicial police agent and shall comply with the Code of Criminal Procedure of the Kingdom of Cambodia.

4- The tax administration can require bank institutions in the Kingdom of Cambodia to provide information about the taxpayer's accounts or relevant person at the bank or detain the taxpayer's account or relevant person, in case there have evidence that he/she has committed tax evasion.

5- During entering for investigations, the tax official shall have appropriate behavior and avoid any possible damage to the honor and business of the taxpayer.

### SECTION 3

#### ADMINISTRATIVE PENALTIES

##### Article 231: Types of Administrative Penalties

1- Administrative penalties prescribed in this Law include additional taxes, interests, fines, suspension or revocation of licenses, temporary closure of business, and other administrative penalties determined by the Prakas of the Minister of the Ministry of Economy and Finance.

2- The decision to impose the administrative penalties is the tax administration's authority. The competent units of the tax administration may have the right to decide on the administrative penalties as determined by legal documents in force. Appeals against the decision of the competent units of the tax administration shall be implemented in accordance with Article 236 of this Law.

##### Article 232: Implementation of Additional Tax

1- Additional tax shall apply to an offense of the tax provisions.

2- The additional tax for the underpayment of tax or the late payment shall be calculated separately from a fine for obstruction of the implementation of the tax provisions.

3- In case of the underpayment of tax, the additional taxes and interests shall be due and payable in the same manner as that underpaid tax amount.

4- In any case, the implementation of additional taxes shall not affect the implementation of criminal penalties for an offense on the tax provisions.

**Article 233: Additional Tax and Interest**

Additional Tax and Interest shall be determined as follows:

1- For a person who commits negligent as stated in Article 223 of this Law, additional tax shall be 10 (Ten) percent of the amount of the underpaid tax plus 1.5 (One point five) percent interest on the amount of the underpaid tax for each month or part of a month that the amount of the underpaid tax is not paid.

2- For a person who commits seriously negligent as stated in Article 224 of this Law, additional tax shall be 25 (Twenty-five) percent of the amount of the underpaid tax plus 1.5 (One point five) percent interest on the amount of the underpaid tax for each month or part of a month that the amount of the underpaid tax is not paid.

3- In case of a unilateral tax assessment, additional tax shall be 40 (Forty) percent of the amount of the underpaid tax plus 1.5 (One point five) percent interest on the amount of the underpaid tax for each month or part of a month that the amount of the underpaid tax is not paid.

4- In case of a unilateral tax assessment for the non-submission of a tax declaration, additional tax shall be 40 (Forty) percent of the amount of the tax assessed plus 1.5 (One point five) percent interest on the amount of the tax assessed for each month or part of a month that the tax amount is not paid.

5- If a person failed to pay tax within 15 (Fifteen) days after receiving a reminder letter of notification for the collection of tax liability, additional tax shall be 25 (Twenty-five) percent of the amount of the late tax payment plus 1.5 (One point five) percent interest on the amount of the late tax payment for each month or part of a month that the tax amount is not paid.

6- The additional tax for the late payment of the means of transport tax and transfer tax shall be 100 (One hundred) percent of the tax to be paid.

7- The interest, as stated in this article, shall be calculated from the first day of the following the month in which the tax shall be paid. For the income tax, the interest shall be calculated from the first day of the following month for which the last month for filing the declaration of the annual result that expired. Interest shall not be applied during the period of tax re-assessment under Article 211 of this Law or within 30 (Thirty) days after delivery of the letter of notification for the collection of tax liability according to Article 213 of this Law.

**Article 234: Written Warning**

A written warning shall be given by the tax administration to any person who obstructs the implementation of any tax provision as stated in paragraph 1, paragraph 2 and paragraph 3 of Article 225 of this Law.

**Article 235: A Fine for Obstructing the Implementation of the Tax Provisions**

A fine for obstructing the implementation of the tax provisions shall be determined as follows:

1- Without prejudice to any administrative penalties, There shall be punishable by the fine of 5,000,000 (Five million) Riels by the tax administration for person who have received the written warnings more than 2 (Two) times from the tax administration and continue to commit an act of obstruction of the implementation of any tax provisions as stated in paragraph 1, paragraph 2 and paragraph 3 of Article 225 of this Law.

2- Without prejudice to any administrative penalties, There shall be punishable by the fine of 10,000,000 (Ten million) Riels by the tax administration for the person who obstructs the implementation of any tax provisions as stated in paragraph 4, paragraph 5, paragraph 6, paragraph 7 and paragraph 8 of Article 225 of this Law.

3- In case, the person who has been decided to pay the fine as stated in paragraph 1 or paragraph 2 of this Article and that person has committed an act obstructing the implementation of any tax provision as stated in paragraph 1, paragraph 2, paragraph 3, paragraph 4, paragraph 5, paragraph 6, paragraph 7, and paragraph 8 of Article 225 of this Law again, that person be subject to criminal violations as stated in Article 243 of This Law.

**SECTION 4****SETTLEMENT OF THE TAXPAYER'S PROTEST****Article 236: Rules for Administrative Protests**

The rules for the settlement of the taxpayer's protest on tax issues shall be determined as follows:

1- A taxpayer who did not satisfy with the tax re-assessment, fine or other decision made by the competent units of the tax administration can file a protest to the Director General of the General Department of Taxation. The protest shall be limited only to the facts or other information contained in the tax re-assessment, the decision or the procedures of the tax re-assessment.

2- The administrative protest shall be made in writing according to the form as stated in the Article 237 of this Law, and shall be submitted to the tax administration no later than 30 (Thirty) days after the day that the taxpayer received the letter of notification for the collection of tax liability, fine or other decision made by the competent units of the tax administration.

3- The administrative protest does not relieve the taxpayer from the obligation to pay taxes, additional taxes, interests and other fines as specified in the letter of notification for the collection of tax liability, fine or other decision made by the competent units of the tax administration.

**Article 237: Contents of the Administrative Protest of the Taxpayer**

1- An administrative protest can only be accepted if the letter of protest has the contents as follows:

- a- Identification number of the taxpayer who makes the letter of protest.
- b- Reference to the assessment, decision, or results which are the objects of the letter of protest.
- c- Facts or acts which are the objects of the letter of protest.
- d- Reasons of the protest.
- e- Date and signature of the taxpayer and signature of the taxpayer's authorized representative.

2- The rules and procedures of protest settlement shall be determined by the Prakas of the Minister of the Ministry of Economy and Finance.

**Article 238: Decision by the Tax Administration**

1- The tax administration shall issue a new decision no later than 60 (Sixty) days after the date the letter of protest is received to confirm the correctness or incorrectness, in whole or in part, of the tax assessment or other decision that the taxpayer protest. The tax administration shall also state the basis of this decision.

2- If the taxpayer does not accept this new decision by the tax administration, the taxpayer can file a letter of protest to the Committee of Tax Dispute Resolution no later than 30 (Thirty) days after the date receiving the decision.

**Article 239: Committee of Tax Dispute Resolution**

1- There shall be established the Tax Dispute Resolution Committee which is responsible for reviewing and resolving the protest of taxpayers who are dissatisfied with the decision or final measures of the General Department of Taxation related to tax disputes.

2- The organizing and functioning of the Committee of Tax Dispute Resolution shall be determined by Sub-Decree pursuant to the proposal of the Minister of the Ministry of Economy and Finance.

**Article 240: Appeal to the Court**

1- The taxpayer has the right to appeal to the competent court against the decision of the Committee of Tax Dispute Resolution no later than 30 (Thirty) days after receiving notification of that decision.

2- The taxpayer shall deposit in the national treasury an amount of money or property at least equal to the tax amount related to the dispute before filing the appeal to the court. The rules and procedures of determination and deposition shall be determined by the Minister of the Ministry Economy and Finance.

**Article 241: Implementation of the Decision on the Fine**

- 1- The tax administration may use authorize determined by this Law to ensure the effectiveness of the implementation of the decision on fines once it is finalized.
- 2- In case of necessity and to ensure the effectiveness of the implementation of the decision on the final fine, the provisions of unitary chapter (General Provision) of Title 1 (General Provisions), Unitary chapter (Imprisonment in Lieu of Payment) of Title 3 (Imprisonment in Lieu of Payment) of the Book 8 of the Code of Criminal Procedure shall apply in case the decision on fines is finalized.

**SECTION 5****CRIMINAL PENALTIES****Article 242: Tax Evasion**

Without prejudice to any other criminal violations, a director, a manager, an owner of any enterprise or a person entrusted with a responsibility for an enterprise who commits an act of tax evasion as stated in Article 226 of this Law shall be punished for imprisonment from 1 (One) year to 5 (Five) years and a fine from 100,000,000 (One hundred million) Riels to 200,000,000 (Two hundred million) Riels.

**Article 243: Obstructing the Implementation of the Tax Provision**

Without prejudice to any other criminal violations, there shall be punished for imprisonment from 1 (One) month to 1 (One) year and a fine from 50,000,000 (Fifty million) Riels to 100,000,000 (One hundred million) Riels for any person who commits any acts obstructing the implementation of tax provisions as follows:

- 1- Attempts to obstruct the assessment or the tax collection.
- 2- Making or providing fraudulent records, documents, reports, or other information.
- 3- Conceals or deliberately destroys book of accounts, records, documents, reports or other information.
- 4- Issue the fraudulent invoices.
- 5- Failure to allow the tax administration to enter the business to determine and collect taxes.

**Article 244: Revealing the Confidentiality of Tax Information**

Without prejudice to any other criminal violations, any person who reveal the confidential of tax information in violation of Article 197 of this law shall be punished for imprisonment from 1 (One) month to 1 (One) year and a fine from 50,000,000 (Fifty million) Riels to 100,000,000 (One hundred million) Riels.

**Article 245: Professional as Tax Agent Without License**

Without prejudice to any other criminal violations, a person who have a professional as a tax agent without license shall be punished for imprisonment from 1 (One) month to 1 (One) year and a fine of 10,000,000 (Ten million) Riels to 20,000,000 (Twenty million) Riels.

**Article 246: Failure to Pay the Collected Tax**

Without prejudice to any other criminal violations, a person who fails to pay the collected tax shall be punished for imprisonment from 1 (One) year to 3 (Three) years and a fine of 50,000,000 (Fifty million) Riels to 100,000,000 (One hundred million) Riels.

**Article 247: Tax Collection Without Permission**

Without prejudice to any other criminal violations, a person who collects taxes without the permission of the state or permission determined in this Law or other legal documents shall be punished for imprisonment for 1 (One) year to 3 (Three) years and a fine from 50,000,000 (Fifty million) Riels to 100,000,000 (One hundred million) Riels.

**Article 248: Administrative Responsibilities of Tax Officials**

Any tax officials, who violates the provisions of this Law and other relevant provisions in force in the performance of his functions and duties, shall be subject to administrative penalties in accordance with the Law and other legal documents in force. This administrative penalties is not an obstacle to prosecution and criminal prosecution, as well as civil liability under this Law and other legal documents in force.

**Article 249: Responsibilities of Legal Person**

1- A legal person may be declared to be criminally liable as stated in Article 42 (Criminal Responsibility of Legal Entities) of the Criminal Code for the violations stated in Article 242, Article 243, Article 245, Article 246, Article 247, and Article 250 of this Law.

2- For legal person who commit offense as stated in Article 242 of this Law shall be punished for a fine from 100,000,000 (One hundred million) Riels to 200,000,000 (Two hundred million) Riels.

3- For legal person who commit offense as stated in Article 243, Article 246, and Article 247 of this Law shall be punished for a fine from 50,000,000 (fifty million) Riels to 100,000,000 (One hundred million) Riels.

4- For legal person who commit offense as stated in Article 245 of this Law shall be punished for a fine from 10,000,000 (Ten million) Riels to 20,000,000 (Twenty million) Riels.

5- For legal person who commit offense as stated in Article 250 of this Law shall be punished for a fine of 50,000,000 (Fifty million) Riels to 200,000,000 (Two hundred million) Riels.

6- A legal person may be declared one or more additional penalties as stated in Article 168 (Additional Penalties Applicable to Legal Entities) of the Criminal Code of the Kingdom of Cambodia.

**Article 250: Responsibilities of Initiator and Accomplice**

The initiator or accomplice such as supporting, abetting, deliberately advises or induces another person to commit such criminal violations on the tax provisions as stated in this law and other relevant legal documents, shall be punished in the same as the perpetrator.

**Article 251: The Commitment of Corruption Violations**

1- For the violations as stated in paragraph 3 of Article 243, Article 246 and Article 247 of this law, which are committed by any civil servant or a citizen entrusted with public mandate by an election, shall be defined as corruption violations which shall be punished according to the Anti-Corruption Law and will be under the exclusive authority of the Anti-Corruption Unit to investigate and create corruption case files to the court.

2- The investigation of corruption violations in the tax sector and create corruption case files in this sector to the court is the exclusive authority of the Anti-Corruption Unit in accordance with the Anti-Corruption Law.

**Article 252: Implementation of Other Criminal Laws**

The implementation of the provisions of Chapter 18 of this Law does not preclude the implementation of other criminal Laws in case the acts defined as the offenses in this Law are the offenses prescribed in other Criminal Laws.

## CHAPTER 19

### TRANSITORY PROVISIONS

**Article 253: Transitory Provision**

All legal documents that are implemented base on the Law on Taxation promulgated by Royal Kram No NS/RKM/0297/03 dated 24 February 1997, Law on the Amendment of the Law on Taxation promulgated by Royal Kram No NS/RKM/0303/010 dated 31 March 2003 and subsequent amendments shall be remain in force untill a new legal documents replaced in accordance with the provisions of this Law.

**CHAPTER 20**  
**CLOSING PROVISIONS****Article 254: Abrogation**

Law on Taxation promulgated by Royal Kram No NS/RKM/0297/03 dated 24 February 1997 and the Law on the Amendment of the Law on Taxation promulgated by Royal Kram No NS/RKM/0303/010 dated 31 March 2003 and any provisions contrary to this Law shall be abrogated.

**Article 255: Promulgation**

This Law is promulgated urgently.

Royal Palace, 16 May 2023  
**Royal Signature**

PRL.2305.894

**NORODOM SIHAMONI**

Respectfully submitted to His Majesty the King for Signature  
**Prime Minister**

**SAMDECH AKKA MOHA SENA PADEI TECHO HUN SEN**

Respectfully submitted to  
**SAMDECH AKKA MOHA SENA PADEI TECHO HUN SEN**  
**Deputy Prime Minister**  
**Minister of The Ministry of Economy and Finance**

**Dr . AUN PORNMONIROTH**

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**Permanent Deputy Prime Minister**  
**Minister in Charge of the Council of Ministers**

**BIN CHHIN**

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**Prime Minister**

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Respectfully submitted to  
**SAMDECH AKKA MOHA SENA PADEI TECO HUN SEN**  
**Deputy Prime Minister**  
**Minister of The Ministry of Economy and Finance**

**Dr . AUN PORNMONIROTH**

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**Permanent Deputy Prime Minister**  
**Minister in Charge of the Council of Ministers**

**BIN CHHIN**