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Tax Registration in Cambodia

Introduction

Under Cambodian Tax law, any legal entity, business groups, sole proprietorships or any person including non-governmental organizations (NGO) must register at the Tax Administration Office within 15 working days after beginning economic activity or registering at Ministry of Commerce (MoC) and other relevant Ministries.

These entities must inform the Tax Administration Office of the transfer or cessation of the business within 15 days. Within the same period of time they should also inform the Tax Administration Office of any change of leadership or person(s) in charge of the tax matters of the enterprise or of any changes of address, forms, names, or business purpose.

This report will highlight the content of the Prakas No. 1139 of 9 October 2014 regarding the Tax Registration.

Process of Registration

The registration can be done at the Tax Administration or via e-registration on the General Department of Taxation's (GDT) website. The registration fee is 400,000 Khmer riel (\$100) for real regime taxpayers and 20,000 Khmer riel (\$5) for estimate regime taxpayers.

The Tax Administration Office will issue a registration certificate and a registration ID within 1 to 7 working days for e-registration and within 7 to 10 working days for direct applications to the tax office.

Entities that have registered before November 01, 2014 must update their registration after notification from the Tax Administration Office. Following this update, the Tax Administration



Office will issue a new registration certificate. Real regime taxpayers have to pay 200,000 Khmer riel (\$ 50) and 10,000 Khmer riel (\$ 2.50) for this updating.

Required Documents for Tax Registration

Real Regime Taxpayer

The Chairman, owner or president of the organization must take a photo and fingerprints at the Tax Administration. They need to also complete an application form and provide the tax officer with the following original ministry documents and/or certified copies:

Sole proprietorship and legal entity

1. Registration documents issued by the Ministry of Commerce (MoC) or the relevant ministries:
 - a. Registration certificate from MoC or other relevant ministries
 - b. Memorandum and Article of Association for legal entity
 - c. Registration certificate of capital deposit in bank
2. Documents regarding the Chairman, director, owner and shareholders
 - a. Khmer ID Card or Passport
 - b. Family book, resident book or resident certificate issued by authority
 - c. A photo of chairman, director, owners, shareholders or representative persons which was taken less than 3 months. Photo size is 35mm x 45mm with name and signed by chairman
3. Documents about office, branch and warehouse
 - a. Lease agreement or ownership certificate of property
 - b. Receipt of immovable property tax and property information
4. Other documents
 - a. Registration Certificate from Council for the Development of Cambodia (CDC), Cambodia Specialized Economic Zone Board (CSEZB) or Sub-committee of Investment (For Qualified Investment Project-QIP)
 - b. License issued by relevant ministries (if any)

ABOUT US

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cambodianlaw.wordpress.com

BNG Legal believes expanding access to legal information is crucial to rule of law. To that end, several of our legal professionals write a blog discussing recent developments in the legal landscape.

LEGAL DATABASE

The laws and regulations in our database are based upon the Official Gazettes, law compendiums and other collections from the ministries and institutions of the Royal Government of Cambodia. These are available to the public through our partner site, www.bnglaw.net.

Non-Government Organization

1. Approval letter issued by authorized ministries
2. MAA or MOU with authorized ministry
3. Document about president
 - a. Khmer ID Card or Passport
 - b. Family book, resident book or resident certificate issued by authority
4. Document about office
 - a. Lease agreement or ownership certificate of property
 - b. Receipt of immovable property tax and property information

Estimate Regime Taxpayer

The persons concerned must complete the application form with the requested information by the Tax Administration. They should also include original ministry documents and/or certified copies as below:

1. Approval letter issued by authorized ministry (If any)
2. License issued by authorized ministry (If any)
3. Khmer ID card or Passport
4. Lease agreement or ownership certificate of property
5. Receipt of immovable property tax and property information (If any)
6. A photo which was taken less than 3 months. Photo size is 35mm x 45mm size with name and signed on the back of photo

Branch Registration

Registered entities which established branch(es) must request a branch certificate letter at the Tax Administration or via E-registration. The requested original ministry documents or certified copies as below:

1. Approval letter of branch establishment from MoC or relevant ministry
2. Document of branch location
 - a. Lease agreement or owner certificate of property
 - b. Receipt of immovable property tax and property information

Rights of Tax Administration of Registration

Under Article 103 of the Law on Taxation, the Tax Administration Office has the right to register a legal entity who has failed to register while it was required to do by the law. In this case, the Tax Administration Office can determine the effective date of registration.

The Tax Administration Office has the right to

reject the registration if the chairman, director, owner, shareholder or representatives have tax liability. The Tax Administration Office will approve the registration request if the tax liability is paid or if any agreement is made. The Taxpayer has the right to file a complaint by way of a letter addressed to the GDT to review the rejection decision. If the taxpayer does not agree with the decision from the GDT, the taxpayer has the right to file another complaint by way of a letter addressed to the Ministry of Economy and Finance (MoEF).

Penalty

Under Article 128 of The Law on Taxation, failure to register or to notify the Tax Administration of any change in the registration shall be treated as obstructing the implementation of tax provision.

According to Article 133 of the Law on Taxation, in case of obstruction to the implementation of tax provisions, additional taxes for each failure shall be paid as below:

1. Two millions Khmer riel for a person or a taxpayer under the real regime system of taxation.
2. Five-hundred thousand Khmer riel for a taxpayer under estimated regime system of taxation.

Legal Update

Notification No. 048 Dated 09 January 2015 issued by General Department of Taxation on the application of Salary Tax which amended by Finance Law 2015

Based on the financial Management Law 2015, salary tax for resident employee is calculated by progressive rate as below:

New Taxable Base	Previous Taxable Base	Rate
0 to 800,000 (< \$ 200)	0 to 500,000 (< \$ 125)	0%
800,001 to 1,250,000 (\$ 200 to \$ 312.50)	500,001 to 1,250,000 (\$ 125 to \$ 312.50)	5%
1,250,001 to 8,500,000 (\$ 312.50 to \$ 2,125)	1,250,001 to 8,500,000 (\$ 312.50 to \$ 2,125)	10%
8,500,001 to 12,500,000 (\$ 2,125 to \$ 3,125)	8,500,001 to 12,500,000 (\$ 2,125 to \$ 3,125)	15%
More than 12,500,000 (> \$ 3,125)	More than 12,500,000 (> \$ 3,125)	20%

This rate is effective from January 2015 monthly tax filing. Anyway, the fixed rate 20% for non-resident employee remains the same.