

# Technical Update TU002/2022

ISSUED IN FEBRUARY TO  
APRIL 2022

These articles covered the important regulations issued by GDT and ACAR on the following area:

## THIS NEWSLETTER COVERS

1. NOTIFICATION NO. 2845 GDT ON THE MARKET INTEREST RATE ON LOAN FOR YEAR 2021
2. INSTRUCTION NO. 005 ACAR I.S.T ON FINANCIAL STATEMENT FOR ENTERPRISES WHICH ARE UNAUDITED BY INDEPENDENT AUDITOR
3. NOTIFICATION NO. 4577 ON THE DELAY THE IMPLEMENTATION ON CAPITAL GAIN TAX
4. PRAKAS NO. 217 ON THE INCENTIVES FOR VOLUNTARY SUBMITTING THE AMENDMENT TAX RETURNS
5. INSTRUCTION NO. 6900 GDT ON IMPLEMENTING THE VAT RETURN (REVERSE CHARGE) THROUGH E-FILING SYSTEM

### I. NOTIFICATION NO. 2845 GDT ON THE MARKET INTEREST RATE ON LOAN FOR YEAR 2021 DATED 10 FEBRUARY 2022

This Notification might be interest to the General Taxpayers.

Further to Prakas No. 543 MEF.PrK dated on 08 September 2021 on Tax on Salary and Notification No. 7015 GDT dated on 13 March 2020 on the Obligation of Withholding Tax on Fringe Benefit on Loan provided to Employees, the GDT determined the market interest rate on the loan FY2021 based on average of annual interest rate of 10 top domestic commercial banks as follows:

- 8.87% per annum for Khmer Riel
- 8.28% per annum for US Dollar.

The intention of this new instruction is to inform all taxpayers to implement the obligation of withholding Fringe Benefit Tax on interest of loan which was provided to employees only.

### II. INSTRUCTION NO. 005 ACAR I.S.T ON FINANCIAL STATEMENT FOR ENTERPRISES WHICH ARE UNAUDITED BY INDEPENDENT AUDITOR DATED 15 FEBRUARY 2022

This Instruction might be interests to Medium and Large taxpayers.

Further to Notification no. 002 ACAR I.S.T on the implementation of obligation to submit annual financial statement to the Accounting and Auditing Regulator (ACAR) for enterprises that not required for independent audit, the purpose of this instruction is to instruct the ACAR of Non-Bank Financial Services Authority on the form of annual financial report which enterprises shall submit to ACAR as follows:

- a. Board of Directors or Enterprise's Owner Report
- b. Financial Statements as listed below:
  - Statement of Financial Position
  - Statement of Profit or Loss and other details revenue
  - Statement of Changes in Equity
  - Statement of Cash Flow
  - Notes to Financial Statements

### III. NOTIFICATION NO. 4577 ON THE DELAY THE IMPLEMENTATION ON CAPITAL GAIN TAX DATED 09 MARCH 2022

This notification might be interesting to the General Taxpayers.

In response to the request of the Ministry of Economic and Finance and with the approval from the Cambodian Prime Minister on 21 February 2022, the GDT has issued the notification No. 4577 to delay on the implementation on capital gain tax for another 2 years to **01 January 2024** to be aligned with “Strategic Framework and Programs for Economic Recovery in the Context of Living with the COVID-19 in a New Normal 2021-2023”.

### IV. PRAKAS NO. 217 ON THE INCENTIVES FOR VOLUNTARY SUBMITTING THE AMENDMENT TAX RETURNS DATED 14 MARCH 2022

This Notification might be interesting to General Taxpayers who voluntarily wish to amend the lodged tax returns in case there was a misunderstanding or negligence made by the taxpayers or WHT agent during the prior preparation.

Further to Prakas No. 217 MEF.PrK dated on 14 March 2022, taxpayers who voluntarily amend the lodged tax returns will be received such incentives as below:

#### 1. Amendment before conducting tax audit

For the period that have not been conducted tax audit, the taxpayers or WHT agents who voluntarily amend the accounting record, tax returns, and pay on the under declared tax payment amount is subject to additional tax 10% and allow for reduction on the late interest payment as below:

- a. 50% reduction on the late interest payment when the amendment is made within 6 months after the tax declaration.
- b. 20% reduction on late interest payment when amendment is made after 6 months after the tax declaration.

#### 2. Amendment during conducting tax audit

If the amendment is made during tax audit, started from receiving the tax reassessment letter, taxpayer or WHT agents are subjected to pay 10% on additional tax and 1.5% on interest based on the article 131 of Law on Taxation (LOT) also subject to tax audit procedure and result based on article 130, 131, 132 and 133 of LOT.

In this case, the paid additional tax and late interest payment are unable to offset with the additional tax and late interest resulting from notification of tax reassessment, except the taxpayer is being subjected to a tax audit for the first time.

### V. INSTRUCTION NO. 6900 GDT ON IMPLEMENTING THE VAT RETURN (REVERSE CHARGE) THROUGH E-FILING SYSTEM DATED 08 APRIL 2022

This Instruction might be interesting to the General Taxpayers who purchase digital goods or digital services from non-resident taxpayer via online.

In accordance with Notification no. 6900 GDT, self-reassessment taxpayer, who receives supplies of digital goods and digital services as well as E-commerce activities from non-resident supplier, is required to submit the VAT return (VAT reverse charge) from April 2022 Monthly Tax Return onwards through E-Filing and must follow the criteria as below:

#### For medium and large taxpayers

Medium and Large Taxpayers must submit the VAT return on E-Commerce (VAT reverse charge) through E-Filing which shall be due by 25<sup>th</sup> of the following month to avoid the additional tax of 10% of late declaration. The usage of online system (E-Filing) for medium and large taxpayers shall be implemented as follows:

#### Detailed procedure for submitting VAT reverse charge declaration

Below are the detailed procedures to the E-Filing:

- Visit the website “[www.tax.gov.kh](http://www.tax.gov.kh)” by using the registered account and choose the E-Filing for web application
- Select the company’s name
- Select “VAT reverse charge” in the “Data Entry” list
- Fill in the data of the purchase on E-Commerce:
  1. Select date;
  2. Select non-resident suppliers;
  3. Simplified VAT registration number (Company’s name/country/email);
  4. Invoice number;
  5. Select type of goods/services;
  6. Total amount exclusive of VAT; and
  7. Description
- Select “Monthly tax”
- Select the “Monthly VAT return (Reverse Charge)”
- Check the table VAT amount to be paid
- Select the “Monthly VAT return list (VAT Reverse Charge)” under the “Monthly Tax” list
- Print out the tax payment request form (VAT reverse charge)

#### Tax payment

- For the tax payment, taxpayers can pay through E-Payment and does not require to prepare the VAT reverse charge return to be submit to the tax administration. In case the tax payment is made through local bank, taxpayers must submit the tax payment receipt to the tax officer in charge.
- Select button request for VAT input credit (in this case taxpayer shall pay the “VAT reversed charge” first before requesting the VAT input credit)

## Disclaimer

The information in this document is for general information purposes only and should not be used as a substitute for consultation with professional advisors. This document is in itself not an opinion document.

This article is not comprehensive and was prepared based on information available generally and is not intended to be relied upon as professional advice. The views expressed in this article represent our perspectives as of the date of this article. We may identify additional issues as we analyse the standard and the entities, and our views may evolve during that process.

We will not accept liability for any loss or damage suffered by any person directly or indirectly through reliance upon the information contained in this article.

For further information about how Baker Tilly Cambodia can assist you and your organisation, please contact us via below.

### **Oknha Tan Khee Meng (KM Tan)**

*Managing Partner*

**M:** +855 16 988 933

**E:** km.tan@bakertilly.com.kh

### **Louis, Teh Chay Haw**

*Director, Tax & Advisory*

**M:** +855 10 326 138

**E:** louis.teh@bakertilly.com.kh

### **Neth Kangkeovoleak**

*Associate Director, Tax & Advisory*

**M:** +855 12 884 490

**E:** voleak.n@bakertilly.com.kh



[www.facebook.com/BakerTillyCambodia](https://www.facebook.com/BakerTillyCambodia)



[www.linkedin.com/company/baker-tilly-cambodia-co-ltd](https://www.linkedin.com/company/baker-tilly-cambodia-co-ltd)

## **Our Office**

Baker Tilly (Cambodia) Co., Ltd.  
No. 87, Street 294  
Sangkat Boueng Keng Kang 1  
Khan Chankarmon  
Phnom Penh, Cambodia

**T :** +855 23 987 100/  
+855 23 987 388/  
+855 15 888 233

[info@bakertilly.com.kh](mailto:info@bakertilly.com.kh)  
[www.bakertilly.com.kh](http://www.bakertilly.com.kh)