

Technical Update TU004/2022

ISSUED IN JUNE 2022

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

THIS NEWSLETTER COVERS

1. INSTRUCTION NO.12093 GDT ON THE ADDITIONAL RULES FOR VALUE ADDED TAX FOR TANGIBLE FIXED ASSETS
2. INSTRUCTION NO. 13099 GDT ON THE IMPLEMENTATION OF E-COMMERCE SYSTEM AND TAXPAYMENT PROCEDURES FOR NON-RESIDENT TAXPAYERS
3. INSTRUCTION NO.045 ACAR/IST ON EXTENSION OF SUBMITTING THE FINANCIAL STATEMENT FOR YEAR 2021 FOR NON-PROFIT ORGANIZATION WHICH ARE UNAUDITED BY THE INDEPENDENT AUDITOR TO ACCOUNTING AND AUDITING REGULATOR

I. INSTRUCTION NO. 12093 GDT ON THE ADDITIONAL RULES FOR VALUE ADDED TAX FOR TANGIBLE FIXED ASSETS DATED 7 JUNE 2022

This notification might be interesting to the General Taxpayers.

To comply with Law on Taxation (LOT), instruction 15301, and to strengthen the implementation of tax collection mechanism, the General Department of Taxation outlines additional rules for VAT on tangible fixed assets that no longer used in business as follow:

1. Tangible fixed assets that are no longer use in business, either has or has not claimed VAT input credit, when being disposes will subject to VAT 10% even the sold tangible fixed asset is under the condition that can be used or waste.
2. Tangible fixed assets that no longer use in business, then being demolished or damaged by any reason or that no selling value will not subject to VAT 10% but need to be proved with valid supporting documents. For tangible fixed assets that are to be demolished with accounting net book value of KHR200,000 and above, the enterprise must notify to the GDT 10 working days in advance, and the GDT will allocate tax officer for inspection within 10 working days after receiving the notification letter.
3. Tangible fixed assets that already claimed the VAT input credit and has already been used in the business and later on stop being used then being donated for charitable contribution as mentioned in the Article 16 of LOT will not consider as being sold which subject to VAT and tax on income as below condition:
 - Tangible fixed asset class 2 which used more than 3 years, the remaining value followed accounting and its amount is no more than 1,000,000 Riel of each fixed assets
 - Tangible fixed asset class 3 and 4 which used more than 5 years, the remaining value followed accounting and its amount is no more than 2,000,000 Riel of each fixed assets
4. Tangible fixed asset class 1 which has just finished the construction or newly purchase with VAT credit and has not been put into used, does not treat as selling which subject to VAT. In the condition that the tangible fixed assets have been put into used in the business then have stopped using more than 1 year, the entities shall notify to the GDT which certify the appropriate reasons on stopped using the assets to not subject to VAT 10%'s obligation.
5. "Tangible fixed asset has stopped using" refers to any fixed asset that the entities have kept and not used in the business to generate profit more than 1 year.

II. INSTRUCTION NO. 13099 GDT ON THE IMPLEMENTATION OF E-COMMERCE SYSTEM AND TAXPAYMENT PROCEDURES FOR NON-RESIDENT TAXPAYERS DATED 15 JUNE 2022

This notification might be interesting to all non-resident taxpayers.

In accordance with Notification No. 20522 on the Implementation of VAT on e-commerce as part of the modernization of the tax administration, the GDT has officially launched the E-Commerce Tax System to effectively and efficiently facilitate the filing of VAT returns for non-resident taxpayers in a transparent, convenient, and reliable manner. Non-resident taxpayers whose supply digital goods, digital services, or any e-commerce activities via an electronic system to the Kingdom of Cambodia shall file the monthly VAT returns and make the payment effectively from 1 April 2022 onward via the E-Commerce Tax System. Non-resident taxpayers shall file their monthly VAT returns via the E-Commerce Tax System and pay the due VAT amounts by the 25th of the following month of which the related transactions occurred. In order to access the E-Commerce Tax System, the non-resident taxpayers shall complete the following steps:

1. Access to the system

Taxpayers who do not have a user account with the GDT's system shall go to the website: <https://www.tax.gov.kh/en/e-service> and fill in the required information as follows:

- Name in English
- Gender
- Date of Birth
- Nationality
- Residential Identification Number/ Passport Number
- Email
- Phone number
- Type of users (1. Taxpayer, 2. Tax service agent, and 3. Enterprise's representative)
- Check the box: "***I hereby certify that the above information given is true and correct.***"

Then, continue to complete setting up the account as instructed in the system.

For those who already have GDT accounts they can directly visit the website: <https://www.tax.gov.kh/en/e-service> and access the system by entering Email and Password and then click the Log in button without having to re-register.

2. Procedure for filing VAT returns in the system

Taxpayers shall log in to E-Commerce Tax System icon via <https://www.tax.gov.kh/en/e-service> and choose the Enterprise Declaration List.

For the user account which does not have the registered enterprise declaration shall Add New Enterprise by entering information of the registered nonresident taxpayer who is supplying digital goods and digital services such as *Tax Identification Number (TIN)*, *Registered Card Number*, and *Email of Owner or Representative*. Then, continue to complete setting up the enterprise as instructed in the system.

To *Create Tax Return*, the Company shall follow further instruction in the system then the system will display the four (4) steps as per below:

Step 1: Display the enterprise's information

Step 2: E-commerce transactions supplied to non-self-assessment taxpayers

- In the case of a single transaction, click *Add New* button
- In the case of multiple transactions within an Excel Template (Appendix 01), click *Batch Entry* button to transfer the data into the system and then click the **Save** button.

Step 3: E-commerce transactions supplied to self-assessment taxpayers

- In the case of a single transaction, click *Add New* button
- In the case of multiple transactions within an Excel Template (Appendix 02), click *Batch Entry* button to transfer the data into the system then click the **Save** button.

Step 4: Taxable Supplies

- If the non-resident taxpayer has a Tax Credit Allowable which has been approved by the GDT, the non-resident taxpayer shall enter the Tax Credit amount into the Credit Allowance text box.
- Check the box: "*We have examined all items on this return and its attached appendixes and declare that all information is true and correct and no other e-commerce transactions supplied to Cambodia have not been declared or have been under declared. We are fully liable to the laws and regulations in force for any fraudulent information.*" Then click the *Submit* button.

The taxpayers shall print out the *Payment Application for VAT* to proceed to the next step for making the payment.

Note:

In the event of the non-resident taxpayers has under-declared the VAT for any particular month, the non-resident taxpayers can complete an additional declaration by selecting the additional declaration menu. Please note that non-resident taxpayers who have under-paid or have made late submissions or late payment of their due VAT amounts shall be subject to penalties (additional tax and interest) as stipulated in the laws and regulations in force.

3. Procedure for making Tax Payments for Non-Resident Taxpayers

Non-resident taxpayers can settle the payment of the due VAT amounts to the GDT via locally appointed partnered banks in Cambodia. All bank fees incurred by the payments of the due VAT amounts will be the burden of the non-resident taxpayers. The due VAT amounts that have been paid by the non-resident taxpayers to the GDT will not be refundable. The non-resident taxpayers can pay the due VAT amounts to the GDT via the following methods:

3.1. Direct Payment

Non-resident taxpayers can use the Payment Application for VAT to make the payments of the due VAT amounts directly to the GDT via locally appointed partnered banks in cash. Via this method, non-resident taxpayers can use their representatives or any registered Tax Service Agents to facilitate the making of payments to the GDT on their behalf.

3.2. E-payment

Non-resident taxpayers can make the payments of the due VAT amounts via Credit Card or Debit Card or via local e-payment bank account. These payment methods are included in the payment function of E-Commerce Tax System. In order to make the payments, the non-resident taxpayers shall complete the following steps:

- To access the system, non-resident taxpayers shall follow the prescribed steps as stated in point 2, "Procedures for filing VAT return in the system"
- In the Declaration History menu, enter the Tax Identification Number (TIN) then click
- Search button, the system will then display the non-resident taxpayers' information Search for the Action/Review word then click the Pay Tax button, the system will then display the total due amount of VAT to be paid
- Under label "Choose Payment Method" select the available options of GDT's locally appointed partnered banks to pay the tax.

3.3 *Transfer from Overseas Bank Account to GDT's Bank Account (Inward Telegraphic Transfer)*

Non-resident taxpayers who make the payments of their due VAT amounts by transferring from their overseas bank accounts to the GDT's bank account shall complete the following steps:

- Transfer the due VAT amounts from the non-resident taxpayers' bank accounts to the GDT's bank account via any locally appointed partnered banks.
- Fill in the due VAT amounts in Form PI 01 or the Tax Payment Application printed from the E-Commerce Tax System.
- Send an email to the locally appointed partnered banks of GDT, attaching the filled-out Form PI 01 or the Tax Payment Application for VAT with the receipt of the payment.

Note:

- The money transfers procedures and requirements of each locally appointed partnered banks of the GDT are set out in the attached appendix regarding the usage of the services of the locally appointed partnered banks of GDT.
- After filing the VAT return and the making of payments of the due VAT amounts successfully, the system will then change the status from not paid to paid in the Declaration History.

4. Printing the Verification Letter of the Monthly VAT Return Filing

Non-resident taxpayers can print the Verification Letter of the Monthly VAT Return Filing after successfully making the payments by click Monthly Filing Tax Return Clarification Letter button.

To learn more about the application of E-Commerce Tax System, users can check the details in the guidebook on the introduction of E-Commerce Tax System of GDT on its website: <https://www.tax.gov.kh> or view the Tutorial Video or call to the Call Center 1277 or chat in GDT Live Chat, which can be downloaded as mobile App from the App Store for iOS or Play Store for Android.

III. INSTRUCTION NO. 045 ACAR I.S.T ON EXTENTSION OF SUBMITTING THE FINANCIAL STATEMENT FY2021 FOR NON-PROFIT ORGANIZATIONS WHICH ARE UNAUDITED BY INDEPENDENT AUDITOR TO ACCOUNTING AND AUDITING REGULATOR DATED 15 JUNE 2022

This notification might be interesting to Medium and Large Taxpayers.

As the online system E-Filing for NFPEs, for submitting the Financial Statement of non-profit organization just has been launching recently which make the non-profit organization could not complete its obligation on time yet. Hence, ACAR would like to provide the extension for another 60 days starting from 16 June 2022 until 15 August 2022.

In case of failing to fulfil the above obligation, the enterprise will subject to penalties as stated in sub-decree no. 79 SuuD.PK dated 1 June 2020 on the interim penalties for violation against the law of accounting and auditing.

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