



Technical Update TU001/2023

ISSUED IN FEBRUARY 2023

I. INSTRUCTION NO. 560 ON PROCEDURE REQUESTING TO SUBMIT APPLICATION FOR TEMPORARY SUSPENSION OF THE BUSINESS OR REQUEST TO RESTART THE BUSINESS AND MEASURES TO SUSPEND THE VALUE ADDED TAX CERTIFICATE DATED 9 JANUARY 2023

This instruction might be interesting to the general taxpayers

The GDT has implemented the E-Filing system for requesting to submit application for temporary suspension of the business, restart the business and measures to suspend the value added tax (VAT) certificate as below:

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

THIS NEWSLETTER COVERS

1. INSTRUCTION NO.560 ON PROCEDURE REQUESTING TO SUBMIT APPLICATION FOR TEMPORARY SUSPENSION OF THE BUSINESS OR REQUEST TO RESTART THE BUSINESS AND MEASURES TO SUSPEND THE VALUE ADDED TAX CERTIFICATE
2. NOTIFICATION NO. 658 GDT ON CEASE OF FUNCTION OF RECEIPT OF MONTHLY AND ANNUAL TAX RETURN VIA E-DOCUMENTS SUBMISSION SYSTEM
3. INSTRUCTION NO. 2520 GDT ON THE ADJUSTMENT OF THE IMPLEMENTATION OF VAT ON E-COMMERCE TRANSACTIONS
4. NOTIFICATION NO. 3858 GDT ON REMINDER AND VOLUNTARY COMPLIANCE OF TAX OBLIGATION ON OTHER BUSINESS ACTIVITIES OF GAMBLING
5. PRAKAS 002 MEF ON THE EXTENSION OF PTOI EXEMPTION ON THE GARMENT AND TEXTILE INDUSTRY

<p>Application procedure</p>	<p>An enterprise shall request for the temporary suspension or restart of business via https://www.tax.gov.kh/km/e-service or submit the application to the tax administration or via an email: gdt-vatsus@tax.gov.kh.</p> <p>The tax authority shall respond through the online system, an email or a letter.</p>
<p>Period for the suspension and restart of business</p>	<p>An enterprise shall request for the temporary business suspension for no longer than six months, and shall request for the continuity within one month before the suspension period ends.</p> <p>An enterprise shall request for the restart of the business within 15 days before the restart of the business.</p>
<p>Obligation</p>	<p>An enterprise who is in the business suspension period:</p> <p>Shall:</p> <ul style="list-style-type: none"> - Submit and pay the monthly and annual tax as per Cambodian Law on Taxation. <p>Shall not:</p> <ul style="list-style-type: none"> - Issue invoices - Request or utilize the VAT credit - Import and export
<p>Measurement for VAT certificate suspension</p>	<p>The General Department of Taxation laid out a number of measurements for the VAT certificate suspension for those enterprises who declare Nil return and inactive, and who do not submit and pay the monthly tax for three executive months without the temporary business suspension approval.</p> <p><i>Details of the measurement are listed down in the notification.</i></p>
<p>Penalty</p>	<p>The enterprises, who obtain the approval for the temporary business suspension; but do not submit the monthly and annual tax, will be subject to 10% additional tax, 1.5% monthly interest, and KHR2,000,000 on the tax obstruction for each month.</p>

II. NOTIFICATION NO. 658 GDT ON CESSATION OF FUNCTION OF RECEIPT OF MONTHLY AND ANNUAL TAX RETURN VIA E-DOCUMENTS SUBMISSION SYSTEM DATED 10 JANUARY 2023

This instruction might be interesting to the general taxpayers

The GDT has decided to cease the monthly and annual tax returns submission via E-Document submission system from **10 January 2023** onwards.

III. INSTRUCTION NO. 2520 GDT ON THE ADJUSTMENT OF THE IMPLEMENTATION OF VAT ON E-COMMERCE TRANSACTIONS DATED 24 JANUARY 2023

This instruction might be interesting to all non-resident taxpayers

The General Department of Taxation issued this new instruction No. 2520 on the Adjustment of the Implementation of VAT on E-Commerce to replace the instruction No. 20522 on the Implementation of the VAT on E-Commerce dated 8 December 2021.

The new instruction No. 2520 adjusted a few main points covered in the instruction No. 20522. The adjustment of the new instruction No. 2520 are as follows:

- a) The non-resident taxpayers who supply digital goods/service or e-commerce activities to its subsidiaries or branches are required for simplified VAT registration. However, the Cambodian subsidiaries or branches shall notify to the General Department of Taxation.
- b) The requirement for the self-declaration taxpayers to make payments from their own bank accounts to the non-resident taxpayers to be considered as B2B transactions has been removed. The simplified VAT taxpayers are now required to file the VAT returns and disclose its customers' TIN numbers, entities' names and their bank accounts only.
- c) The self-declaration taxpayers, for B2B transactions, can adjust the VAT declared through the reversal charge in the previous month with the Credit Note issued by the simplified VAT taxpayers.

The instruction No. 2520 is effective in 60 days after the date of signature.

IV. NOTIFICATION NO. 3858 GDT ON REMINDER AND VOLUNTARY COMPLIANCE OF TAX OBLIGATION ON OTHER BUSINESS ACTIVITIES OF GAMBLING DATED 2 FEBRUARY 2023

This notification might be interesting to enterprise who are making the Commercial Gambling Business

The General Department of Taxation issue a notification to remind the taxpayers be compliant with the tax obligation on other business activities of gambling.

The General Department of Taxation provide tax penalty exemption including of additional tax and interest for those taxpayers who voluntarily declare and pay tax on other business activities of gambling that have not been fulfilled before the end of March 2023.

Any enterprise fails to voluntarily declare and pay within the abovementioned period will be considered an obstruction of the tax law and will be penalized in accordance with the Law on Taxation.

V. PRAKAS 002 MEF ON THE EXTENSION OF PTOI EXEMPTION ON THE GARMENT AND TEXTILE INDUSTRY DATED 6 JANUARY 2023

This regulation might be interesting to garment and textile industry

The obligation to pay the PTOI for the QIP in the garment and textile industry has been extended for another 2 years, until **December 2025**. To enjoy this benefit, the QIP Company shall comply with the following conditions:

- a) Maintain proper accounting records in accordance with the tax law and accounting regulations
- b) Pay taxes within stipulated timeline
- c) Submit the audited Financial statement to the GDT

Failure to comply with all the above conditions, the GDT has the right to revoke the extension and penalize the taxpayers in accordance with the LOT.



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