

# Technical Update TU002/2024

Issued in February 2024

These articles covered the important regulations issued by

- Ministry of Economics and Finance (MOEF)

The coverage of this newsletter are on the following areas:

1. PRAKAS NO. 120.MOEF ON THE SUSPENSION OF PAYMENT ON PREPAYMENT OF TAX ON INCOME (PTOI) FOR GARMENT AND TEXTILES INDUSTRY
2. PRAKAS NO. 119.MOEF ON THE TAX INCENTIVE FOR TOURISM INDUSTRY

## **I. PRAKAS NO. 120 MOEF ON THE SUSPENSION OF PAYMENT ON PREPAYMENT OF TAX ON INCOME (PTOI) FOR GARMENT AND TEXTILES INDUSTRY DATED 8 FEBRUARY 2024**

### **General taxpayers engaged in the garment and textiles industry might find this Parkas intriguing**

Qualified Investment Project (QIP) enterprises in the garment and textiles industry, whose income tax exemption period has expired such as textile, garment manufacturing, footwear, handbag manufacturing, hat manufacturing and those enterprises which manufacture branding apparel, glove, socks, towel, pillowcase, blanket, bedsheet and tablecloth for exportation are permitted to defer the payment of their Prepayment of Tax on Income (PTOI) until the end of 2025.

In order to be eligible for suspension of PTOI, these enterprises must meet 3 conditions as below:

1. Maintain proper accounting record in accordance to Cambodia law and regulation of taxation and accounting
2. Submit tax returns and pay all types of taxes by the timeline basis
3. Submit the external audit report annually to tax administration

## **II. PRAKAS NO. 119 MOEF ON THE TAX INCENTIVE FOR TOURISM INDUSTRY DATED 8 FEBRUARY 2024**

### **General taxpayers engaged in the tourism industry might find this Prakas intriguing**

Enterprises in the tourism industry located in Phnom Penh, Siem Reap, Sihanoukville, Kompot and Kep province including hotel, guest house, restaurant and the travel agency, whose legally registered with the GDT will be getting tax incentives as below:

#### **In Siem Reap:**

1. All types of monthly tax payments, except VAT and accommodation tax, are exempted from October 2023 until June 2024.
2. The Annual Tax on Income (TOI) for the financial year 2023 is exempted. However, the paid Prepayment of Tax on Income (PTOI) can be offset against the TOI for the financial year 2024.
3. All tax liabilities that occurred prior to the financial year 2023, including the tax amount, additional tax of 25%, and accumulated interest charges, are exempted.
4. Tax audit for year 2020 to 2023 will not be conducted.

#### **In Phnom Penh, Sihanoukville, Kep and Kompot province:**

1. Tax audit for year 2020 to 2023 will not have been conducted.

Additionally, during the tax incentive period, all enterprises are required to fulfill obligations by submitting the tax returns (i.e. monthly tax and TOI) to the tax administration accordingly and shall record and maintain accounting record and information related to business activities in accordance to the Cambodia tax law and regulation properly.

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### Let us be of assistance to you.

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

## Contact Our Experts

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

Managing Partner

M: +855 16 988 933

E: [km.tan@bakertilly.com.kh](mailto:km.tan@bakertilly.com.kh)

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

Director, Tax & Advisory

M: +855 10 326 138

E: [louis.teh@bakertilly.com.kh](mailto:louis.teh@bakertilly.com.kh)

### Our Office

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



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