

Technical Update TU005/2024

Issued in May 2024

These articles covered the important regulations issued by:

- Ministry of Economics and Finance (MOEF)
- General Department of Taxation (GDT)

The coverage of this newsletter are on the following areas:

1. PRAKAS NO. 168 MOEF ON PUBLIC LIGHTING TAX
2. PRAKAS NO.170.MOEF ON THE TAX INCENTIVE FOR AGRICULTURE SECTOR
3. PRAKAS NO.171.MOEF ON VAT STATE CHARGE FOR BASIC DAILY FOOD
4. PRAKAS NO.172.MOEF ON THE TAX INCENTIVE FOR EDUCATION SECTOR
5. PRAKAS NO. 173 MOEF ON ACCOMODATION TAX
6. INSTRUCTION NO. 11936 GDT ON SUBMISSION OF ADMINISTRATIVE LETTERS VIA GDT E-ADMINISTRATION
7. INSTRUCTION NO. 13804 GDT ON MINIMUM TAX (MT) EXEMPTION FOR THE QUALIFIED INVESTMENT PROJECT (QIP)

I. PRAKAS NO. 168 MOEF ON PUBLIC LIGHTING TAX DATED 20 MARCH 2024

General taxpayers engaged in supply of alcohol and beverage or tobacco might find this Prakas intriguing

The GDT has issued a new Prakas to update the implement of public lighting tax (PLT) from the rate 3% of all stage of supplies to the rate 5% first time supply only which the burden is on the producer or importer.

Distributors and/or retailers will not be subject to 5% PLT again, unless, the products are being used as the raw material to re-create another final products. In such cases, that would consider as first time supply.

II. PRAKAS NO. 170 MEF ON THE TAX INCENTIVE FOR AGRICULTURE SECTOR DATED 20 MARCH 2024

General taxpayers engaged in the agriculture sector might find this Parkas intriguing

The MEF has extended this tax incentive **until the end of 2025**, the tax incentives to agricultural enterprises producing rice, corn, bean, pepper, cassava, cashew nuts and rubber for domestic supply and/or export. These incentives now also include the agricultural enterprises producing Pailin longan, mango, banana, aquaculture, animal husbandry and local palm oil that use these products as raw material for animal feed.

The tax incentive includes:

- Value Added Tax ("VAT"): shall be allowed as state charge on the supplies of goods and services to the agricultural enterprises mentioned above. The supplier shall not impose the VAT on the supplies to those agricultural enterprises, but shall be allowed for VAT credit on the supplies related to those supplies to the agricultural enterprises.
- Prepayment on Tax on Income and Minimum Tax exemption
- Withholding Tax ("WHT"): shall be exempted on the 15% Withholding Tax on the service fees paid to individual

The agricultural enterprises shall fulfill the followings to enjoy the incentive:

- Obtain the VAT state charge certificate from the General Department of Taxation
- Attach a list of the suppliers of the goods or services with the monthly VAT tax return
- Maintain proper accounting record in accordance with the laws
- Timely and properly file the tax returns in accordance with the laws
- Attach a list of the purchasers with the monthly VAT tax return (for enterprise producing local oil palm product as raw material for animal feed).

III. PRAKAS NO. 171 MEF ON VAT STATE CHARGE FOR BASIC DAILY FOOD DATED 20 MARCH 2024

General taxpayers engaged in local supply of basic daily food might find this Prakas intriguing

The MEF has continued to allow the VAT state charge **until the end of 2028** on local supply on basic daily food.

IV. PRAKAS NO. 172 MEF ON THE TAX INCENTIVE FOR EDUCATION SECTOR DATED 20 MARCH 2024

General taxpayers engaged in the education sector might find this Prakas intriguing

The MEF has extended the tax incentives for education sector **until the end of 2028**.

The tax incentive includes:

- Exempted on the **Tax on Income, Prepayment on Tax on Income**, and the **Minimum Tax**
- **Value Added Tax ("VAT")**: shall be treated as non taxable supply on the supplies of educational services and goods or other services for education including food and accommodation for students. The VAT credit related to the non taxable supplies shall not be allowed for credit, but for expenses.
- **Withholding Tax ("WHT")**: shall be exempted on managements or consultations or other similar service, or interests and dividend. The educational institutes shall record and maintain invoices, payment documents in accordance with the laws.

The educational institutes shall fulfill the followings to enjoy the incentives:

- Register at the General Department of Taxation
- Timely and properly file the tax returns in accordance with the laws
- Maintain proper accounting record in accordance with the laws
- Submit the independence audited report to the General Department of Taxation for the educational institute whose annual revenue exceeds 4000M Khmer Riel.

V. PRAKAS NO. 173 MEF ON ACCOMODATION TAX DATED 20 MARCH 2024

General taxpayers engaged in the supply of hotel service might find this Parkas intriguing

The MEF has issued a new Prakas No. 173 on the Accommodation Tax on 20 March 2024. It contains the same practice as before which shall be determined by the rate of 2% on the accommodation fee.

**VI. INSTRUCTION NO. 11936 GDT ON THE SUBMISSION OF ADMINISTRATIVE LETTERS VIA GDT
E-ADMINISTRATION DATED 21 MARCH 2024**

General taxpayers might find this Parkas intriguing

For convenience and time-saving, the GDT has set up a program called “GDT e-Administration” for submitting administrative letters to the General Department of Taxation or district/provincial tax branches.

Through this program, all tax-payers can submit application, administrative letters as well as document as following:

1. Application to update enterprise information
2. Application to pay registration tax on the transfer of ownership or possession of immovable property
3. Application to protest the tax re-assessment
4. Application to pay taxes by installments
5. Application to obtain a certificate or a permit
6. Application, administrative letters and document, etc.

**VII. INSTRUCTION NO. 13804 GDT ON MINIMUM TAX (MT) EXEMPTION FOR THE QUALIFIED
INVESTMENT PROJECT (QIP) DATED 8 APRIL 2024**

Qualified Investment Project might find this Parkas intriguing

To entitle the MT exemption, all QIP(s) shall obtain an independent audit report and maintain proper accounting record.

Furthermore, newly registered QIP(s) is entitled to exemption of the MT for the first year with no requirement to submit the Audited Financial Statement (AFS) to the GDT. However, in subsequent year, the QIP(s) are required to submit the AFS to GDT by no longer than *June of each year*.

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