

Cambodia

News Brief



August 2024

A periodic summary of new rulings and documents for legal, tax and investment developments in Cambodia



Subjects

1. Reduction of withholding tax (WHT) and specific tax (SPT) rates for airline companies
2. Establishment of special tax audit unit under the General Department of Taxation (GDT) of the Ministry of Economy and Finance

The following report may be of interest to:

General taxpayers

Reduction of withholding tax and specific tax rates for airline companies

(Instruction 009 MEF, 7 June 2024)

The Ministry of Economy and Finance (MEF) issued Instruction 009 to provide the following instructions for implementing WHT and SPT to relieve airline companies' tax burden on the lease of aircrafts from foreign companies and the burden of people travelling by air.

1. The WHT rate will change from 14% to 10% on the aircraft lease from foreign companies by domestic airline companies.
2. The SPT rate will change from 10% to 5% on air transport service of passengers, regardless of the service provided by domestic or foreign airline companies.
3. These reductions will last for three years, from 1 June 2024 to 31 May 2027.

Establishment of special tax audit unit under the General Department of Taxation (GDT) of the Ministry of Economy and Finance

(Sub-decree 160 ANKr.BK, 16 July 2024)

The Cambodian Government issued a sub-decree to establish a special tax audit unit under the supervision of the GDT of the Ministry of Economy and Finance on 16 July 2024. The unit's rank is equal to the GDT's department level. The purpose of the newly established unit is to advance and speed up resolutions to taxpayers' problems with tax audits, to improve the business and investment environment in Cambodia.

The key roles and responsibilities of the unit include:

- managing and performing tax audit work in accordance with existing laws and the standard operating procedures for tax audits

- verifying documents and performing risk analyses for one-time comprehensive tax audits without going through desk audits or limited audits
- preparing annual tax audit planning
- performing tax audits upon taxpayers' requests, and
- informing enterprises of the reasons they're selected for a comprehensive tax audit.

The special tax audit unit can ask the Director General of the GDT to review and resolve outstanding issues in the tax audits of the enterprises it oversees, working together with other GDT units.

Enterprises that may be transferred under the supervision of this special tax audit unit include those that have received a Gold Tax Compliance Certificate and other enterprises determined by a committee to be established by the GDT.



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