

Cambodia News Brief*

A periodic summary of new rulings & other legal documents relating to legal, tax and investment developments in Cambodia

February 2007

Notification on the application for Certificate of Compliance (No. 580 CDC dated 21 February 2007)

Based on the Notification, the Council for the Development of Cambodia (CDC) requires all Qualified Investment Projects (QIP) to submit the information to the CDC to apply for a CoC for year ended 31 December 2006:

- Financial Statements.
- The Certificate of Tax Obligation Satisfaction issued by the Tax Department.
- Quarterly report on the import of materials, etc.
- CIB 01S form.

The QIP will not be entitled to tax incentives in the following year if the QIP fails to obtain the 2006 CoC from the CDC. The Notification requires QIP to fulfil the above obligations before 31 March 2007.

Letter from the Tax Department of the Ministry of Economy and Finance to the CDC (Letter No. 121 PD dated 12 February 2007)

The Tax Department has provided to CDC the names and business objectives of 94 QIPs that have outstanding tax liabilities with the Tax Department. The QIPs are mostly garment, shoe and hat manufacturers.

Our informal discussion with the CDC officers indicated that the CDC will not issue a CoC to QIPs listed in the letter unless all tax liabilities are settled with the Tax Department.

Please contact us if you require the list.

Notification on the Patent Tax Payment Obligation (No. 002 MoEF PD dated 19 January 2007)

Patent Tax is an annual tax and is calculated based on annual turnover of estimated and real regime taxpayers.

The Patent Tax return and tax payment is due by 31 March 2007.

The maximum Patent Tax is 1,140,000 Riel (approximately US\$285).

Prakas on the Adjustment of the Tariff rates and Specific Tax rates on Import Commodities (Prakas No. 001 MoEF.KV dated 5 January 2007)

Based on the Prakas which is effective from 5 January 2007, the tariff rates and Specific Tax rates on various imported goods shall be as follows:

- 15% tariff rate (Old rate – 35%):
Sub-category 22.04, 22.05, 22.06, 22.07 and 22.08.
- 10% Specific Tax rate (Old rate – 33.33%):
Sub-category 22.04, 22.05, 22.07, 2208.20, 2208.30, 2208.40, 2208.50, 2208.60 and 2208.70.

The products in sub-category 22.04 to 22.08 include wines, spirits, liquors, etc.