

Cambodia news brief

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



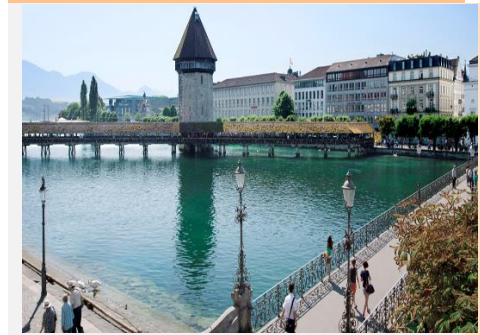
February 2017

Subject:

1. Filing and payment of 2017 patent tax
2. Market interest rates for loans for 2016 tax on profit

The following report may be of interest to:

General taxpayers



Notification of 2017 patent tax filing and payment

(Notification No. 1897 GDT dated 31 January 2017)

The General Department of Taxation (GDT) has issued a notification on how to file and pay 2017 patent tax. The notification is summarised below:

- All taxpayers must file and pay 2017 patent tax from 1 January to 31 March 2017.
- Large taxpayers can pay the patent tax at the Large Taxpayer Department (LTD), while medium and small taxpayers can pay patent tax at their local Khan or provincial tax branch or at any branch of ACLEDA Bank Plc. or Canadia Bank Plc.
- Taxpayers who have completed their tax registration update and received their tax registration ID card aren't required to file a 2017 patent tax return. They can obtain a 2017 patent tax certificate free of charge from the LTD or their local Khan or provincial tax branch. If taxpayers choose to obtain the certificate at a branch of ACLEDA Bank Plc. or Canadia Bank Plc, they will be charged Riel 4,000 (approximately US\$1) per certificate.
- A taxpayer who has a branch, warehouse, factory or workshop engaged in the same business activity in the same city or province must only pay patent tax once. If the branch, warehouse, factory or workshop is in a different city or province, additional patent tax must be paid at each city or province through the LTD, the local Khan or provincial tax branch or any branch of ACLEDA Bank Plc. or Canadia Bank Plc.
- Taxpayers with multiple business activities must pay patent tax separately for each activity.
- Taxpayers that haven't completed their tax registration or tax registration update must file a patent tax application form (Form PR008). The tax registration update must be completed before a 2017 patent tax certificate will be granted. Taxpayers are required to display a valid patent tax certificate at their business premises.

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The 2017 patent tax rates are based on the type of taxpayer and turnover.

Type of taxpayer	Patent tax
Small	KHR400,000 (approximately US\$100) per year
Medium	KHR1,200,000 (approximately US\$300) per year
Large	<ul style="list-style-type: none"> KHR3,000,000 (approximately US\$750) for turnover of up to KHR10,000,000 (approximately US\$2,500,000) KHR5,000,000 (approximately US\$1,250) for turnover over KHR10,000,000 (approximately US\$2,500,000)
	Additional patent tax of KHR3,000,000 (approximately US\$750) applies for each city or province where the taxpayer has a branch, warehouse, factory or workshop with the same business activity.

Notification of market interest rates for loans for 2016 tax on profit calculation

(Notification No. 2142 GDT dated 2 February 2017)

The General Department of Taxation has published the annual market interest rates for loans for tax on profit purposes. The market interest rate for loans denominated in United States dollars (US\$) is 9.47% per year, based on the average of the loan interest rates of 12 major commercial banks in Cambodia. The market interest rate for loans denominated in Khmer riel (KHR) is 15.29% per year based on the average of the loan interest rates of three major commercial banks in Cambodia.

The maximum interest rates for deduction purposes are:

US\$ loans	KHR loans
➤ 11.364% for third-party loans (9.47 x 120%)	➤ 18.348% for third-party loans (15.29 x 120%)
➤ 9.47% for related-party loans	➤ 15.29% for related-party loans

(Please contact us if you need a copy of any of the regulations mentioned above.)

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