

Cambodia Newsbrief



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



Subjects

1. Tax liabilities for business transfer, share transfer and mergers of enterprises
2. Tax incentives for investment in Government securities issued in 2026
3. Classification of QIP income under tax exemption (holiday) period and tax incentive period
4. Management of alcoholic products and sugary beverages

The following report may be of interest to: **general taxpayers.**

Tax liabilities for business transfer, share transfer and mergers of enterprises

(Prakas 584 MEF dated 29 July 2026)

The purpose of this Prakas is to set out rules and procedures for tax debt liabilities for business transfer, share transfer and mergers of enterprises. It applies to taxpayers doing their business in Cambodia.

1. Sole proprietorship or partnership

- a. The transferee of a sole proprietorship or partnership will only be responsible for any tax debts **after** the date of the business transfer if the transferor applies to the General Department of Taxation (GDT) for tax clearance for their business operations and takes responsibility for all tax debts incurred as of the date of their business transfer.
- b. If the transferor of a sole proprietorship or a partnership does not apply for the tax clearance, the transferee will be liable for all tax debts arising **before** the date of the business transfer.

2. Legal entity

- a. If the transferor intends to cease its business operation after the business transfer and applies to the GDT for tax clearance, all tax debts incurred prior to the business transfer are the transferor's obligations. The transferee enterprise is only liable for tax debts arising after the date of the business transfer. If the transferor **does not** apply to the GDT for tax clearance after the business transfer, the tax debts incurred before the business transfer are the transferee's obligations.
- b. If the transferor enterprise continues its business operation, all tax debts by the date of business transfer are the obligation of the transferor enterprise even though it applies or does not apply to the GDT for tax clearance. The transferee is only liable for tax debts after the business transfer.

3. Business transfer involving VAT

Business transfer will not be subject to VAT, if the requirements for notification and information update [with the GDT] under this Prakas are fulfilled for continuation of the business under the transferee. If these requirements are not fulfilled, the 10% VAT will be applied under VAT regulation.

4. Transfer, increase or decrease of shares of legal entity or partnership interest

- a. If a legal entity transfers, increases or decreases shares, its new shareholders are responsible for tax debts in proportion to their invested shares in accordance with the limited liability rules.
- b. For a partnership, any transfers of the interest by any partner, the new partner is liable for tax debts in a proportion to the acquired interest of the partnership.

5. Enterprise merger

The surviving enterprise or new enterprise that results from a merger of two or more enterprises must be liable for all tax debts of the merged enterprises.

6. Limit of tax debt liabilities of owners or shareholders

- a. New owner (transferee) of the sole proprietorship or new general partners (transferee) of a general or limited partnership are liable for tax debts without limit to the amount or value of capital they agreed to contribute, and also their personal assets.
- b. New limited liability partners (transferee) of a limited partnership are liable only for the amount or value of the capital they agreed to contribute.
- c. Shareholders of a limited liability legal entity are liable for tax debts in proportion to their invested shares based on the limited liability rules.

7. In case of tax fraud or tax evasion

Shareholders are liable for tax debts deriving from tax fraud or evasion in proportion to their invested shares in the legal entity.

Tax incentives for investment in government securities issued in 2026

(Notification 007 MEF dated 21 July 2026)

On 21 July 2026, the Ministry of Economy and Finance (MEF) issued Notification 007 on tax incentives for investment in government securities issued in 2026. The notification provides the following key tax incentives for local and foreign investors investing in government securities issued in 2026:

- **Tax on income (TOI) on interest:** Full income tax exemption on interest earned from government securities issued in 2026.
- **Withholding tax (resident taxpayers):** Withholding tax on interest is reduced by 50% from 6% to 3%.
- **Withholding tax (non-resident taxpayers):** Withholding tax on interest is reduced by 50% from 14% to 7%.
- **Capital gains tax (CGT):** Full CGT exemption on the purchase and trading of government securities.

Classification of QIP Income under tax exemption (holiday) period and tax incentive period

(Instruction 35495 GDT dated 17 November 2025)

The GDT issued instruction 35495 to provide additional clarifications for the classification of income from Qualified Investment Projects (QIPs) under income tax exemption period (tax holiday) and tax incentive period in compliance with the Tax Law, Investment Law and Prakas 578.

I. QIP income is exempt from income tax

1. The first income derived from QIP business activities is the basis used to count the starting date of income tax exemption.
2. QIP's subsidiary and other income below are allowed to be included in tax-exempt income, and are not used as a basis for counting the commencement of income tax exemption period:
 - a. Subsidiary income as stated in Article 18 of Prakas No. 578 MEF dated 19 September 2024 on income tax, except for rental income and royalties.
 - b. Other income as stated in Article 19 of Prakas No. 578 MEF dated 19 September 2024 on income tax, except for income from the sale of immovable property, securities, shares, dividends and financial income.
 - c. Rental income, royalties, gains from the sale of immovable property, securities, shares, dividends and financial income that do not exceed KHR250 million (approx. USD 62,500) per year.

II. QIP income is subject to income tax

1. Besides the income stated in point 1 above, other income is subject to standard income tax rate and must be registered as a separate business activity in accordance with the regulation on multi-project enterprises.
2. For the income stated in sub-paragraph c of paragraph 2 above, if the amount exceeds KHR250 million (approx. USD 62,500) per year, it is not required for the separate tax registration, but the enterprise needs to calculate and declare income tax separately from the income from the QIP business activities.

Management of alcoholic products and sugary beverages

(Instruction 011 MEF dated 29 June 2026)

The Ministry of Economy and Finance (MEF) issued Instruction 011 to provide additional guidance for enterprises involved in producing, importing or distributing alcoholic products and sugary beverages in addition to letter 4528 MEF dated 4 May 2026:

1. Ceasing prize promotions

Enterprises must cease all types of prize promotions linked to alcoholic products and sugary beverages by 30 September 2026. The ban applies to any type of prizes, including offers or exchanges of can rings, bottle caps, packaging, lucky draws, scratch, coupons, QR codes and other digital reward programmes. Free distribution or provision of alcoholic products and sugary beverages is strictly prohibited starting from the date of this instruction.

Producers and distributors must immediately stop ordering, importing or manufacturing can rings, bottle caps or packaging that contain prize-based promotions.

2. Permitted trade discounts

The commercial incentives are permitted through the following trade discounts:

- a. The trade discounts do not exceed 15% of the recorded invoice price.
- b. The trade discounts on near-expiry products (within 60 days of the expiry date) cannot exceed 25% of the recorded invoice price. For this scheme, enterprises must notify the GDT in advance.

3. Non-alcoholic products and non-sugary beverages gifts

Additional gifts such as glasses, umbrellas, ice buckets, bottled water, clothing, hats or travel packages may be allowed to be offered. However, the gift value must not exceed 5% of the recorded sale invoice of the alcoholic products and sugary beverages.



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