

# Cambodia NEWS Brief

December 2021



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

## **Subject:**

Implementation of value added tax (VAT) on e-commerce  
(Instruction No. 20522 GDT dated 8 December 2021)

## **The following report may be of interest to:**

General taxpayers

To comply with sub-decree 65 and Prakas 542, the General Department of Taxation (GDT) has provided its instructions for implementation of VAT on e-commerce as follows.

### **Taxable supplies**

Sub-decree 65 and Prakas 542 applies to digital goods/services or e-commerce activities electronically traded and supplied by taxable persons (non-resident taxpayers) and electronic platform operators that do not have a permanent establishment (PE) in Cambodia from outside Cambodia to self-declaration regime enterprise residents or/and physical persons in Cambodia. Electronic platform operators refer to non-resident taxpayers who provide services, receive settlement payments and deliver digital goods/services to buyers via electronic platforms in the name of non-resident e-commerce suppliers.

As for e-commerce transactions or activities supplied in Cambodia by resident taxpayers, they are not in the scope of this Instruction but must comply with the tax law and regulations in force.

### **Non-taxable supplies**

Supplies of digital goods/services or e-commerce activities as stated in Article 57 of the tax law shall be considered as non-taxable supplies.

Under a Prakas 542, non-resident taxpayers who (i) provide supplies of digital goods/services or e-commerce activities from outside Cambodia to Cambodia with annual turnover from KHR250m (approx. USD62,500) or total expected turnover for three consecutive months ending in the current calendar year from KHR60m (approx. USD15,000), shall be obliged to register for simplified VAT within 30 days and (ii) have been providing supplies of digital goods/services with annual turnover from KHR250m (approx. USD62,500) starting from 1 January 2021 to 31 December 2021 are obliged to register for simplified VAT no later than 31 December 2021.

### **Monthly submission of returns and payments of the VAT**

- a. Non-resident taxpayers who provide supplies of digital goods/services or e-commerce activities from outside Cambodia to customers in Cambodia shall be obliged to collect 10% VAT from resident persons not registered under the self-declaration regime, submit VAT returns and pay VAT to GDT monthly.



In case enterprise taxpayers are registered under the self-declaration regime but do not make direct payments to the non-resident suppliers through the bank account under the enterprise's name, they shall be considered as taxpayers not registered under the self-declaration regime, and non-resident suppliers shall have an obligation to collect VAT and declare it to the GDT.

- b. Self-declaration regime taxpayers who receive supplies of digital goods/services or e-commerce activities from non-resident taxpayers shall collect the VAT reverse charge at the rate of 10%, submit the returns and pay it to the GDT monthly.
- c. Small taxpayers under the self-declaration regime shall be exempt from the VAT reverse charge for five years from 8 September 2021.

### **Penalties**

Taxable persons who fail to register or update information or submit returns and pay VAT to the GDT are subject to penalties as stated in the tax law and regulations in force.

The registration process, issuance of the invoice, exchange rates for VAT calculation, means of VAT payment, and procedures for management and control are detailed in this Instruction. The GDT has designed new VAT returns for VAT on e-commerce. The GDT has delayed VAT implementation on e-commerce to 31 December 2021 (the implementation will be effective from 1 January 2022).



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