

# Cambodia News Brief



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

**Subject:**

Supplementary instructions on implementation of value added tax (VAT) on tangible fixed assets  
(Instruction No. 12093 GDT dated 7 June 2022)

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

General taxpayers

Further to Instruction No. 15301 dated 22 June 2020, the General Department of Taxation (GDT) issued the above supplementary instructions to clarify the below points.

- 1- Regardless of whether a taxpayer has claimed the input VAT credit or not (at the time of purchase), the sale of the tangible fixed assets (which are no longer used in the taxpayer's business) as reusable assets or scraps shall be subject to 10% VAT following tax laws and regulations in force.
- 2- Any disposal of fixed assets (which are destroyed, damaged or have no sale value) shall not be subject to 10% VAT, provided there is clear evidence of the disposal. Enterprises are required to notify the GDT at least ten working days before any destruction of any fixed assets with accounting net book value (NBV) from KHR200,000 (approx. USD50). The GDT will assign tax officers to visit the destruction site within ten working days after receiving the notification.
- 3- For a charitable contribution (as stated in Article 16 of Law on Taxation) of any tangible fixed assets that the taxpayer has already claimed VAT input credit and has been used in the business, it shall not be treated as sales and so shall not be subject to 10% VAT and Tax on Income in the below cases:
  - tangible fixed asset class 2 has been used in the business for over three years, and its accounting NBV does not exceed KHR1,000,000 (approximately USD 250)
  - tangible fixed asset classes 3 and 4 have been used in the business for over five years, and its accounting NBV does not exceed KHR2,000,000 (approximately USD 500).
- 4- For tangible fixed asset class 1 (whether newly built or purchased) of which the input VAT credit has been claimed but not yet been put into use in the business is not treated as a sale and therefore not subject to 10% VAT. If a tangible fixed asset class 1 has been put into use in the business but then ceased to be used for more than one year, the enterprise [taxpayer] shall notify the GDT of the appropriate reason for stopping using the asset to be exempt from the obligation to pay 10% VAT.
- 5- The term 'tangible fixed asset which is no longer used' refers to a tangible asset maintained but not used in the business to produce any output from one year onwards.

These instructions shall be used to supplement Instruction No. 15301 GDT dated 22 June 2020 on the same subject.



For more information, please contact Pov Ratha at [ratha.pov@pwc.com](mailto:ratha.pov@pwc.com) or Heng Thy at [thy.heng@pwc.com](mailto:thy.heng@pwc.com) or call +855 (0) 23 860 606.