



May 2018

Cambodia news brief

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



Subject:

Guidelines on the implementation of tax obligations for Associations and Non-Governmental Organisations (NGOs) (*Prakas No. 464 MEF.BrK dated 12 April 2018*)

The following report may be of interest to:
Associations and NGOs

The Ministry of Economy and Finance (MEF) issued Prakas No.464 to provide guidelines for the implementation of tax obligations for Associations and NGOs that carry out their activities in Cambodia. The Associations and NGOs are required to register with the tax authorities in accordance with the tax law and regulations.

Under the Law on Taxation (LOT) and the Prakas, income will be exempt from Income Tax if:

1. any NGO is organised and exclusively operated for the specific purposes of religion, charity, science, literature or education, and no part of their properties or income is used for any private interests, and
2. any Association whose income is not used for private interests of shareholders or natural person.

To obtain the exemption of the above Income Tax, the Associations and NGOs shall submit their application to the General Department of Taxation for approval.

Income from business activities, even if used for serving charitable activities, are not exempt from Income Tax. The income is subject to the standard Income Tax rate at 20%, and a separate Income Tax return must be filed within the deadline with the tax authorities.

Besides Income Tax, the Associations and NGOs shall fulfil their obligations for Withholding Tax (WHT) under new Articles 25, 26 (one), and 31 of the LOT, and pay Tax on Salary and other taxes in accordance with current tax law and provisions.