Cambodia News Brief

November 2022

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

Subject:
Use of official exchange rates for taxpayers under the self-declaration regime (Instruction No. 26118 GDT dated 28 October 2022)

The following report may be of interest to:
General taxpayers

After meeting with the National Bank of Cambodia (NBC) to strengthen effective, transparent and efficient management of tax collection, especially making it easy for taxpayers to use exchange rates appropriate to market exchange rates and to make sure the mechanism to clarify invoices is clear, the General Department of Taxation (GDT) has decided to allow all taxpayers to use the official exchange rates issued daily by NBC instead and has provided the following guidelines.

1. **The daily official exchange rate**
   Taxpayers shall use the official exchange rate issued daily by the NBC or a market exchange rate, but it must not be lower than the NBC's official daily exchange rate for KHR currency for the total price of the invoice. If there are specific days or other times that the NBC doesn't issue its official exchange rate, taxpayers will use the official exchange rate that the NBC issued one day prior.

   Non-resident taxpayers who register for simplified VAT are not required to use KHR currency for the total price of the invoice. For preparing tax returns in KHR and calculating VAT to be paid, non-resident taxpayers shall use monthly official exchange rates as stated in point 3 of this Instruction.

2. **Official exchange rate for tax on salary**
   Taxpayers will use the official exchange rate issued by NBC on the 15th day of each month when calculating salary tax. If the 15th day of each month falls on a day the NBC doesn't issue its official exchange rate, taxpayers will use the NBC's official exchange rate issued one day prior.

3. **Monthly official exchange rate**
   Taxpayers will use the official exchange rate issued by NBC on the last day of each month to calculate monthly tax payments for supplies by non-resident taxpayers who have registered for simplified VAT or any transaction without KHR currency on an invoice, such as transactions supplied by a person not under the self-declaration regime or a non-resident.

4. **Annual official exchange rate**
   Taxpayers will use the official exchange rate issued by NBC on the last day of December of each year for which the annual tax returns are prepared and annual tax payments are calculated.

This new Instruction will be effective from the date of its signature. Instruction No. 10362 GDT dated 17 May 2022 on using official exchange rates for taxpayers under the self-declaration regime will be abrogated.



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