

Cambodia News Brief

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

Subjects:

1. Authorisation of tax debt instalment payments
2. Rules for using invoices

The following report may be of interest to:

General taxpayers

Authorisation of tax debt instalment payments

(Instruction No. 18382, dated 27 August 2019)

To comply with Prakas No. 571, the General Department of Taxation (GDT) has provided guidelines for tax debt instalment payments as follows:

Taxpayers can apply to the GDT for tax debt instalment payments by attaching relevant documents such as latest patent tax certificate, notification letter of tax debt collection, proof of inability to pay taxes for one time, etc.

The GDT will review or analyse some criteria including taxpayer's registration update, taxpayer's ability for tax debt payments, instalment amount requested, taxpayer's compliance with tax law and regulations, and evidence of taxpayer's ability to pay instalments on time.

The period for tax debt instalment payments shall be a maximum of three years, and the interest rates are:

- The first year: exempt from interest;
- The second year: average market interest rate calculated by the GDT; and
- The third year: additional interest of 2% per month.

If a taxpayer fails to meet the approved instalment schedule, the GDT will revoke its approval and the taxpayer will be subject to penalty and interest, as well as other fines under tax law and regulations.

Rules for using invoices

(Prakas No. 723, dated 14 August 2019)

The Ministry of Economy and Finance has issued Prakas 723 to strengthen the rules for proper use of invoices to ensure the effectiveness and transparency of tax collection.

Under this Prakas, invoices are classified into tax invoices and commercial invoices:

1. Tax invoices require the following data: (i) enterprise name, address, and tax identification number of seller or supplier; (ii) invoice serial numbers and issuance date; (iii) name and address of buyer, as well as tax identification number; (iv) description of goods or service, quantity and unit price; (v) total price of each good, exclusive of all taxes; (vi) each tax amount (i.e. specific tax, public lighting tax, and accommodation tax) and value-added tax (VAT); and (vii) signature and name of seller and buyer.
2. Commercial invoices require the following data: (i) enterprise name, address, and tax identification number of seller or supplier; (ii) invoice serial numbers and issuance date; (iii) name and address of buyer; (iv) description of goods or service, quantity and unit price; (v) price inclusive of taxes of each good; and (vi) signature and name of seller.

Medium and large taxpayers supplying goods or services shall issue tax invoices to customers who are self-declaration regime taxpayers, and issue commercial invoices to end-user customers. Small taxpayers shall issue commercial invoices to their customers.

Financial and banking institutions, insurance enterprises, and other business operations that aren't able to issue invoices are exempt from the above invoicing obligations but other clear and valid records or documentation are required to be reviewed by the tax authority.

It's important to note that medium and large taxpayers aren't allowed to input credit claims on purchases from small taxpayers, but the disallowed input VAT is treated as a deductible expense for corporate income tax calculation purposes.

Anyone who issues fake invoices will be required to pay taxes as shown on the fake invoice within seven days of the date of issuing that invoice. Failure to issue invoices, or issuance of improper or fake invoices will be considered as acts of obstruction in implementing tax regulations and will be penalised under the tax law. This Prakas will be effective from 1 January 2020 onwards. Any provision contrary to this Prakas shall be abrogated.



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