



TaxBrief

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FIDES Certified Public Accountants & Auditors

The Ministry of Economy and Finance (MEF) has recently issued the Prakas on accommodation tax and tax holidays that would have an impact on doing business in Cambodia for the *hotel and export-oriented textile* industries.

TaxBrief is prepared by FIDES for the benefit of our clients and prospective clients. It provides in summary update of the changes in the tax regulations in Cambodia.

Accommodation Tax (AT)

According to the Prakas issued by the MEF dated 14 July 2005, hotel owner/management has the obligations to collect accommodation tax with effect from 1 September 2005.

The term "hotel" is defined to include hotel, hotel apartment, hotel resort, motel, lodge, bungalow, guesthouse, tourist camping ground and other similar accommodation places.

AT is levied at a rate of 2% on room charge inclusive of all taxes and service charge, but *exclusive of value added tax*. For real regime taxpayer, the tax collected shall be payable to the tax authorities by the 15th day of the following month.

Extension of Tax Holidays

The Prakas issued by the MEF dated 17 June 2005 confirms the decision of the Cambodian Government to extend the exemption from tax on profit eligible by qualified investment project (QIP) in the export-oriented textile industry. The extension is for a further *two (2) years* with effect from the expiry date of the previous exemption granted to the QIP.

QIP will need to apply to the Council for the Development for the extension.

For further information, advice or assistance, please contact *MS RANY CHUNG*, Partner, or FIDES Taxation Service team.

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