



TaxBrief

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FIDES Certified Public Accountants & Auditors

The Prakas on “The Obligations to Submit the Financial Statements for Audit” was issued by the Ministry of Economy and Finance (“MEF”) on 26 July 2007.

The Notification on the “Value Added Tax Registration” issued by the MEF on 29 June 2007.

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.

STATUTORY AUDIT

According to the above Prakas on “The Obligations to Submit the Financial Statements for Audit”, statutory audit is required by all enterprises, natural person or legal entity with Khmer or foreign nationality domiciled in Cambodia, that meet two of the following criteria:

- (1) Annual turnover of Riels 3 billion (Approx. **US\$750,000**) and above,
- (2) Total assets of Riels 2 billion (Approx. **US\$500,000**) and above, based on the average value of assets held in that year,
- (3) Employees head count of 100 (One hundred) and above, based on the average number of head count in that year.

Statutory audit is compulsory for all qualified investment projects (“QIPs”) approved by the Council for the Development of Cambodia.

The financial statements that are subject to statutory audit must be prepared in accordance with the Cambodian Accounting Standards (“CAS”).

Statutory audit shall be effective for the financial year commencing 1 January 2007 and thereafter. The audit shall continue to apply for the subsequent years irrespective of whether or not the above criteria are met. The audit must be completed within six (6) months following the year end closing.

The enterprise may however apply to the MEF for exemption from the audit and obligations to have the financial statements prepared in accordance with the CAS, if the enterprise has had no commercial activities for a period of greater than twelve (12) months after the previous year audit.

The audit must be performed by independent auditors registered with the Kampuchea Institute of Certified Public Accountants and Auditors (“KICPAA”).

VALUE ADDED TAX REGISTRATION

As stated in the Notification mentioned above, the Tax Department may suspend or cancel the value added tax registration for enterprises that do not have taxable supplies for the period of three (3) consecutive months. The enterprise may apply for re-registration and request for a new value added tax certificate for import and export purposes in the event that it is expected to have taxable supplies in the foreseeable future.

Upon cancellation of the value added tax registration, the enterprise would no longer be able to claim the input tax charged by suppliers.

For further information, advice or assistance, please contact:
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