



TaxBrief

July 2009

FIDES Certified Public Accountants & Auditors

Prakas no. 600 MEF.PK on “Tax on Profit for Qualified Investment Project” issued by the Ministry of Economy and Finance (“MEF”) on 15 July 2009.

Prakas no. 599 MEF.PK on “Deductibility of Withholding Tax” issued by the MEF on 15 July 2009.

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.

TAX ON PROFIT FOR QIP

In the above Prakas, it is confirmed that Qualified Investment Project (“QIP”) shall continue to enjoy the reduced tax rate of 9% for tax on profit for a transitional period of five (5) years, with effect from 1 January 2006 to 31 December 2010.

From 1 January 2011 onwards, QIP will be subject to tax on profit at a rate of 20% of taxable profits.

QIP shall only be entitled to the tax incentives if it has obtained the annual certificate of compliance.

DEDUCTIBILITY OF WITHHOLDING TAX

In the above Prakas, the General Department of Taxation (“GDT”) has confirmed that the withhold tax portion in which enterprise computes on the gross up basis and paid on behalf of supplier, shall not be deductible for tax purposes.

TAX ON TRANSPORTION

In the Notice on “Tax on Transportation for 2009” no. 1328 GDT.N.DLT issued by the Department of Large Taxpayers of the GDT dated 8 July 2009, enterprise is required to declare tax on transportation in the prepayment of profit tax return under Box 18 “Other Taxes”. An annex may be completed by enterprise and submit to the GDT together with the tax return.

Tax on transportation must be paid between 15 July 2009 to 15 October 2009.

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