



VINAYA LEGAL UPDATE

February 2021

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We offer advice on a full range of legal issues, including corporate and commercial, litigation and dispute resolution, intellectual property, and immigration and naturalization.....

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SUMMARY

- I. Notification on Annual Income Tax Return for the Year Ended 2020**
- II. Prakas on Licensing of Precious Metals and Stones Import-Export Business**
- III. Notification on the Amendment of Special Tax Rate on Certain Vehicle Products**

RESERVE CLAUSE

This article has a purpose to provide general knowledge on Cambodia's Business legal framework. It is unnecessarily to be comprehensive. It does not constitute and must not be considered as legal advice for any particular reader. Thus, reader should seek advice tailored to his/her specific circumstance. VINAYA Law Firm exclusively owns the copyright of this article. In case, you desire to reproduce or otherwise use of this article or any part of it, it is your sole responsibility, and unnecessarily reflects our law firm's opinion

I. Notification on Annual Income Tax Return for the Year Ended 2020

On 28 January 2021, the General Department of Taxation had issued a notification no. 1861 អង្គ to notify all taxable person to file their annual income tax return through online system starting from the year 2020 where they shall submit their tax return at the latest by 31 March 2021. Additionally, the GDT also provided guidance to the filing of tax return obligations as follows:

- Enterprises that have taxable year as calendar year (from 1 January to 31 December) shall file and pay annual income tax return for year 2020 at the latest by 31 March 2021.
- Enterprises that are permitted to have taxable year different from calendar year shall file and pay annual income tax return at the latest within 3 months after the end of the taxable year.
- Enterprises that have many branches shall file tax return on total combined annual income of the main branch and all other branches by attaching annexes such as name list of the income and expense account, and table of long-term assets of each branch.
- Enterprises that operate many Qualified Investment Projects (QIPs) or operate many other projects with or without QIPs that have different tax exemption or are taxed at different rates shall file and pay annual income tax return as stated from clause 1 to 3 above and shall fulfill obligations as stated in Prakas No. 1127 dated 11 October 2016 on tax obligations of enterprises that operate multi-operation.
- Individual or tax agents that are responsible to communicate with tax administration and to file monthly, annual tax return on behalf of taxable person shall have staff identification card or written power of attorney from taxable person for tax agents as stipulated in article 106 of the Law on Taxation and Prakas No. 455 dated 12 April 2013 on tax agents.

II. Prakas on Licensing of Precious Metals and Stones Import-Export Business

On 26 January 2021, the National Bank of Cambodia (NBC) had issued a new Prakas No. ៣៩០២១.០៥២ ជ្រ.កំ abrogating the old Prakas No. ៣៩០៩.២២២ ជ្រ.កំ dated 29 December 2009 regulating all banking and financial institutions and enterprises operating business of import-export of precious metals and stones that are considered as currency. All banking and financial institutions and enterprises that wish to operate business of import-export precious metals and stones shall apply for the license from the NBC. Precious metals are gold, silver, platinum and precious stones are stones that haven't yet made into jewelry.

Only licensed banking and financial institutions from NBC, and incorporated enterprises from the Ministry of Commerce (MOC) may apply for this license. Along with other requirements for the application, these institutions shall have a proper Accounting Recording System in place. The examination fee for the application is 2,000,000 riels. If granted, the license to operate the business has a validity of three (3) years where the annual license fee is 5,000,000 riels.

The banking and financial institutions, and enterprises shall request for declaration from NBC for every import or export of precious metals and/or stones. The declaration fee is 2,000,000 million riels, and each application for the declaration shall not exceed 1,000

kilograms. The declaration can be used twice with a validity of 30 days period. After every import/export, banking and financial institutions and enterprises shall report to NBC by providing the declaration (yellow slip) registered by customs officials within 15 days. Furthermore, all banking and financial institutions, and enterprises that operate this business shall provide semiannual reports to NBC as well as to comply with other regulations as stipulated in this Prakas as well as the Law on Anti-Money Laundering and Financing of Terrorism, and Law on Against Financing of Weapon of Mass Destruction.

III. Notification on the Amendment of Special Tax Rate on Certain Vehicle Products

On 16 February 2021, the General Department of Customs and Excise issued a notification based on the sub-decree no. 18 $\text{##81\text{q}.0\text{q}}$ on the amendment of special tax rate on certain vehicle products. From 1st March 2021 onward, the government will reduce the special tax rate on certain vehicle products namely family vehicles, certain trucks, and pure electric passenger vehicles, based on the registration date of customs declaration.

I. Family Vehicles						
Energy Type Engine Cylinder	Only Gasoline		Only Diesel		Hybrid	
	Special Tax Rate (%)		Special Tax Rate (%)		Special Tax Rate (%)	
	Old	New	Old	New	Old	New
Less than 1000 cc	30	20			30	20
More than 1000 cc to 2500 cc	60	50	60	50	60	50
More than 2500 cc to 3000 cc			60*			
More than 3000 cc	70	55	70	55	65	50
Note:						
- All types of limousine other than pure electric type shall have the special tax rate reduced from 70% to 55%						
- *Vehicles with engine cylinder over 2500cc to 3000cc using diesel (except all types of house vehicles and assembled 2WD vehicles other than sedan)						
- ** Vehicles with engine cylinder over 2500cc to 3000cc using diesel which are house vehicles and assembled 2WD vehicles (other than sedan).						
II. Pure Electric Vehicles			Special Tax Rate (%)			
			Old	New		
Family vehicles and passenger vehicles			30	10		
III. Trucks			Special Tax Rate (%)			
			Old	New		
Semi-Trailer Trucks			40	25		
Trucks with Gross Vehicle Weight (Vehicle Weight + Freight Weight) > 5 Tons			40	30		
IV. Dump Trucks, Crane Trucks, and Other Specialized Vehicles			Special Tax Rate (%)			
			Old	New		
Dump Trucks, Crane Trucks, Drill Trucks, Concrete Mixing Trucks, Mobile Explosive Manufacturing Vehicles, and other similar types			40	30		