

Cambodia Legal & Tax Alert: 2018 Annual Reporting Obligations

With the 2018 year well under way it is now time for enterprises in Cambodia to turn their attention to their annual compliance obligations. We summarise these below for your reference.

Please note that we will send out a separate alert concerning the submission of the 2017 Annual Tax on Income return which is due to be submitted by 31 March 2018.

2018 Patent Tax

All taxpayers operating in Cambodia are required to register and pay Patent Tax by the 31st of March each year for each business activity that they carry out.

The amount of Patent Tax payable in 2018 is dependent on the particular classification of the enterprise under the Self-Assessment Regime of Taxation. The criteria determining the various classes of taxpayer under the Self-Assessment Regime was introduced in the 2016 Law on Financial Management and was recently modified – please refer to our recent update [here](#).

The 2018 Patent Tax fees are as follows:

Self-Assessment Tax Regime	2018 Patent Tax Fee Khmer Riel (KHR)	2018 Patent Tax Fee United States Dollars (US)
Small Taxpayer	KHR 400,000	USD 100
Medium Taxpayer	KHR 1,200,000	USD 300
Large Taxpayer	KHR 3,000,000 or KHR 5,000,000*	USD 500 or USD 1,250

**If the annual turnover of the Large Taxpayer exceeds KHR 10,000 million (USD 2.5 million) then the Patent Tax payable will be USD 1,250. If the annual turnover of the Large Taxpayer is less than KHR 10,000 million (USD 2.5 million) the Patent Tax payable will be USD 500.*

Key points to note

Filing Procedures

- Patent tax is payable at the commencement of business operations and every subsequent year – payable from 1 January to 31 March.
- Large Taxpayers can pay their Patent Tax at the Department of Large Taxpayer (DLT) while Medium and Small taxpayers can pay at the Khan or Provincial tax branches where they are located or at any branch of Aceda or Canadia Bank.
- For those who wish to pay at the bank they can show their tax payment receipt to the tax office where their business is located to obtain their patent tax certificate.
- If a taxpayer has a branch office, warehouse, factory or workshop with the same business objective but in a different location (i.e. city or province) then the taxpayer is required to pay an additional Patent Tax fee of KHR 3,000,000 (USD 750) to the tax authority where the branch office, warehouse etc. is located.
- Taxpayers are obliged to display their valid patent tax certificates in their business premises.
- Taxpayers who commence business within the first 6 months of the year shall pay the patent tax fee in full while those that commence business in the last 6 months of the year shall pay half the patent tax fee.

Application for Annual Certificate of Compliance

All Cambodia enterprises that hold Qualified Investment Projects (QIP) are required to submit a application for a Certificate of Compliance (COC) by the 31st of March of each year following the year in which they obtained a Final Registration Certificate from the Council for the Development of Cambodia (CDC). If a company holding a QIP fails to obtain a COC it may lose its investment incentives.

The COC submission needs to include the following;

- A letter to the CDC requesting the COC and the approved application form (CIB 01S)
- Audited Financial Statements for the year in question.
- A Certificate of Tax Obligation Satisfaction issued by the Tax Department.
- Quarterly report on the import of materials/equipment by the QIP.
- The COC that was issued by the CDC in previous years – if applicable.
- Latest Patent Tax Certificate;
- Latest Company information extracted from the Ministry of Commerce (“MOC”) website (“Business Extract”);
- Latest Certificate of Incorporation of the Enterprise issued by the MOC;
- Latest Articles of Incorporation of the Enterprise.

There is no government fee relating to the submission of the COC.

Annual declaration of commercial enterprises

Following the issuance by the Ministry of Commerce of the Prakas on 5 April 2017 regarding the filing of Annual Declarations of Commercial Enterprises (“ADCEs”), ADCEs must now be submitted by each enterprise to the Ministry of Commerce using its online system.

Use of the online system for submission of an ADCE is now compulsory and must be performed within three months from the anniversary of the enterprise’s re-registration on the MOC’s online system. A submission made after that three month period will be subject to a penalty of KHR 2,000,000 (approx. USD 500) imposed by the MOC.



DFDL Services

In order to avoid penalties and the loss of investment incentives we can assist with preparing and filing your annual COC and Patent Tax submissions. We can also assist in preparing and submitting your ADCE via the MOC's online system.

Additionally, for limited liability companies, we can assist with your corporate secretarial needs as required by law. Our services include the maintenance of statutory records and ensuring compliance with ongoing corporate governance requirements, such as quarterly board meetings and annual general meetings.

For any further information regarding this update please contact your usual DFDL advisor or contact;

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