



ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ
KINGDOM OF CAMBODIA
Nation Religion King

ក្រសួងសេដ្ឋកិច្ច និង ហិរញ្ញវត្ថុ
MINISTRY OF ECONOMY AND FINANCE

N° 542 MEF/ PK

(Unofficial Translation)

PRAKAS
ON
RULES AND PROCEDURES FOR IMPLEMENTING THE VALUE ADDED TAX ON
E-COMMERCE TRANSACTIONS

Deputy Prime Minister
Minister of Economy and Finance

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0918/925 dated 06 September 2018 on the Appointment of the Royal Government of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0320/421 dated 30 March 2020 on the Appointment and Revision of the Composition of the Royal Government of Cambodia;
- Having seen the Royal Kram No. NS/RKM/0618/012 dated 28 June 2018 promulgating the Law on Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. NS/RKM/0196/18 dated 24 January 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Royal Kram No. NS/RKM/0508/016 dated 13 May 2008 promulgating the Law on Public Finance System;
- Having seen the Royal Kram No. NS/RKM/0297/03 dated 24 February 1997 promulgating the Law on Taxation;
- Having seen the Royal Kram No. NS/RKM/0303/010 dated 31 March 2003 promulgating the Law on the Amendment of the Law on Taxation;
- Having seen the Royal Kram No. NS/RKM/1119/017 dated 02 November 2019 promulgating the Law on E-Commerce;
- Having seen the Sub-Decree No. 488 ANKr.BK dated 16 October 2013 on Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Sub-Decree No. 75 ANKr.BK dated 25 May 2017 on the Revision of the Sub-Decree No. 488 ANKr.BK dated 16 October 2013 on Organization and Functioning of the Ministry of Economy and Finance;
- Having seen the Sub-Decree No. 114 ANKr.BK dated 24 December 1999 on the Value Added Tax;

- Having seen Sub-Decree No. 65 ANKr.BK dated 08 April 2021 on Implementing the Value Added Tax on E-Commerce;
- Pursuant to the necessity of the Minister of Economy and Finance;

HEREBY DECIDES

Article 1.. Purpose

The purpose of this Prakas is to determine the rules and procedures on implementing and managing the collection of Value Added Tax (VAT) from the supply of digital goods or services being commercially transacted via an electronic system by non-resident taxpayers who do not have permanent establishment in the Kingdom of Cambodia for consuming in the Kingdom of Cambodia in accordance with Sub-Decree No. 65 ANKr.BK dated on 08 April 2021 on Implementing the VAT on E-Commerce.

Article 2.. Scope

This Prakas shall cover the supply of digital goods or services via an electronic system or any e-commerce activity carrying out by non-resident suppliers from the outside of the Kingdom of Cambodia into the Kingdom of Cambodia, and resident taxpayers who receive the supply of digital goods or services or any e-commerce activity from the non-resident taxpayers.

Article 3.. Taxable Person

For the purpose of this Prakas, taxable person refers to:

- 1- Non-resident taxpayers who supply digital goods or services or any e-commerce activity into the Kingdom of Cambodia which have obligation to register for VAT according to the Article 11 of this Prakas.
- 2- The self-assessment taxpayers who receive the supply of digital goods or services or any e-commerce activity from the non-resident taxpayers.

Article 4.. Non-Taxable Supply

The supply of digital goods or services or any e-commerce activity of goods or services as stipulated in the Article 57 of the Law on Taxation shall be considered as a non-taxable supply.

Article 5.. Taxable Value

For the purpose of this Prakas, taxable value shall be determined as below:

- 1- The taxable value for any supply shall be a value of digital goods or services which the seller charged the purchaser.
- 2- In case, the payment for a taxable supply involved in any compensation other than money for the direct or indirect benefit of the supplier, this compensation shall be included in the taxable value at its fair market value.

- 3- If the taxable value of the supplied digital goods or services does not represent the real value, the tax administration may determine a value and such that value shall be presumed to be the fair value until the proven evidence otherwise to the satisfaction of the tax administration.

Article 6.. Time of Supply

The VAT becomes due and payable at the time of supply. The time of supply shall be determined as followed:

- 1- For the non-resident taxpayers, the time of supply is the prior time of any time which invoice is issued or the time which digital goods are delivered or digital services are completed or the payment is received.

- 2- For the self-assessment taxpayers who receive the supply of digital goods or services or any e-commerce activity that reversely charges VAT on behalf of the non-resident suppliers, the time of the supply is the prior time of any time which digital goods is received or digital services are completed, or the payment is due or paid.

Article 7.. Tax Rate

The VAT shall be imposed at the rate of 10 percent on the taxable value of the supply of digital goods or services or any e-commerce activity.

Article 8.. Input Tax Credit

For the supply of digital goods or services from business to business, the tax amount which taxable person as stated in the paragraph 2 of the Article 3 paid by the Reverse Charge mechanism shall be allowed to be an input tax credit. The input tax credit shall be allowed in accordance with the provisions of Article 29 to Article 39 and Article 41 of the Sub-Decree on VAT.

Article 9.. Tax Obligation on the Supply of Digital Goods or Services from Business to Consumer (B2C)

Taxable persons as stated in the paragraph 1 of the Article 3 who supply the digital goods or services or any e-commerce activity to the customers who are not registered self-assessment taxpayers or the consumers in the Kingdom of Cambodia shall have obligation to file the tax return and pay the 10% VAT to the tax administration by the 20th of the following month of supply.

Example: Non-resident person “A” supplied digital goods with the taxable value of 50,000 USD in May 2021 to the consumer in the Kingdom of Cambodia (not a self-assessment taxpayer). Non-resident person “A” shall issue the invoice including the goods value and the VAT at the amount of 55,000 USD or issue the invoice with the goods value at 50,000 USD plus VAT at 5,000 USD.

So the non-resident person “A” shall calculate the VAT using the official exchange rate in Khmer Riel currency to file the tax return and pay the VAT to the tax administration by the 20th June 2021.

Article 10.. Tax Obligation on the Supply of Digital Goods or Services from Business to Business (B2B)

1- Taxable persons as stated in the paragraph 1 of the Article 3 who supply the digital goods or services or any e-commerce activity to the taxable persons as stated in the paragraph 2 of the Article 3 shall have the obligation to file the tax return to the tax administration by the 20th of the following month of supply but not required to pay the VAT.

2- Taxable persons as stated in the paragraph 2 of the Article 3 who receive the supply of digital goods or services or any e-commerce activity from non-resident persons shall collect the VAT by Reverse Charge mechanism, file the tax return and pay 10% VAT to the tax administration by the 20th of the following month of supply.

Example: Non-resident person "A" supplied the digital goods to the company "B" who is a registered self-assessment taxpayer. The non-resident "A" issued the invoice with the taxable value of 4,000 USD in May 2021. In this case, when the company "B" makes a payment of 4,000 USD to the non-resident person "A", the company "B" shall calculate the VAT amount of 4,000 USD multiplied by 10% which is equal to 400 USD using the official exchange rate in Khmer Riel currency to file the tax return and pay the 10% VAT amount to the tax administration by the 20th June 2021.

Article 11.. Registration for VAT

1- Taxable persons as stated in the paragraph 1 of the Article 3, who supply the digital goods or services or any e-commerce activity into the Kingdom of Cambodia with the annual turnover from 250 million Riel or more or expect to have any 3-month-consecutive turnover period completed in the current calendar year from 60 million Riel or more, shall have the obligation to completely register for the Simplified VAT (Simplified VAT Registration) within 30 days after the due turnover for the registration as stated in this paragraph.

2- The filling of VAT registered application form is determined in Khmer Language or English Language as following:

A- Register via an electronic system (e-registration) via website <https://www.tax.gov.kh> based on the form and information specified by the tax administration or on-site register with the tax administration;

B- For the registration via the website or on-site registration with tax administration, non-resident taxpayers can use the services of registered Tax Service Agents to facilitate the Simplified VAT Registration in the Kingdom of Cambodia;

C- The required documents for the Simplified VAT Registration are as below:

- Application form for the Simplified VAT Registration;
- Registration certificate of the non-resident taxpayer;
- The valid identified document of the owner or representative (Identity Card or Passport);
- Two current passport size photos of the director or representative taken within the last 3 months in the size of 35x45 mm with a white background;

- A letter certified the non-resident taxpayer's bank account information issued by or printed out from the bank.

These above required documents can be used in a foreign language by showing or translating into Khmer language or into English language.

3- Non-resident taxpayers who registered as stated in the paragraph 1 of this Article shall be under the management of Department of Large Taxpayers of the GDT.

4- Service fees for registering and updating the information of a taxpayer are determined as below:

A- 400,000 Riel for the Simplified VAT Registration;

B- 200,000 Riel for updating the information of a taxpayer:

- Enterprise's name;
- Address;
- Management composition.

5- The taxpayer can get the approval of the Simplified VAT Registration or the update of information within 7 to 10 working days.

6- Official documents of the Simplified VAT Registration or the update of information that tax administration shall provide to the taxpayer in the digital forms (PDF) are as below:

A- Certificate of the Simplified VAT Registration;

B- Tax registration card;

C- Letter of notification of the tax obligation.

7- Tax administration has the rights to register the obligation of VAT unilaterally if the taxpayer failed to register or failed to register after the invitation by the tax administration, based on the information and data that the tax administration has had.

Article 12.. Tax Invoice

1- Taxable persons as stated in the paragraph 1 of the Article 3 shall issue tax invoice and collect 10% VAT amount from the consumers. The invoice shall contain at least as below:

A- Name, address and Tax Identification Number of the Simplified VAT Registration of the non-resident taxpayer;

B- Name, address and/or VAT Registration Identification Number of the customer;

C- Invoice number and date of the issued invoice;

D- Description of the supplied digital goods or services;

E- Taxable value and VAT or the total value of supply including VAT.

2- Taxable persons as stated in the paragraph 2 of the Article 3 who receive the taxable supply of digital goods or services or any e-commerce activity shall charge 10% VAT on behalf of the non-resident suppliers, even if the non-resident suppliers have registered or have not registered for VAT, shall file the tax return of VAT based on the invoice of non-resident suppliers with the supporting documents of the purchases and the payments.

3- The invoice can be made in foreign language by showing in Khmer language or English language.

Article 13.. Book of Accounts, Records and Information

1. Taxable persons as stated in paragraph 1 of Article 3 shall prepare monthly report on the supplied transactions in the form as specified by the tax administration.
2. Taxable persons as stated in paragraph 2 of Article 3 shall prepare book of accounts, records and information of VAT as stipulated in Article 79 of the Law on Taxation.

Article 14.. Exemption from Tax Obligation

- 1- Taxable persons as stated in the paragraph 1 of the Article 3 shall be exempted from the obligation of paying the Patent Tax.
- 2- Taxable persons as stated in the paragraph 2 of the Article 3 who are small taxpayers, registered in accordance with the existing tax law and regulations shall be exempted from the Reverse Charge mechanism of 10% VAT obligation as stated in the Article 10 for the period of 5 years starting from the date of this Prakas comes into effect.

Article 15.. Penalties

A taxable person as stated in the Article 3 who failed to register or failed to update the information or failed to file the tax return and failed to pay the VAT amounts to the tax administration shall be subject to penalties as stipulated in tax law and regulations in force.

Article 16.. Abrogation

All provisions contrary to this Prakas shall be abrogated.

Article 17.. Application

Ministers Attached to the Prime Minister, Cabinet Director, Secretary General of General Secretariat, Delegates of the Royal Government in Charge as the Directors General or all Directors General of all General Departments, Inspector General of the General Inspectorate, and all Heads of Units under the supervision of the Ministry of Economy and Finance shall respectively be responsible for implementing this Prakas from the signing date onwards.

Phnom Penh, 08 September 2021

Deputy Prime Minister
Minister of Economy and Finance

Receiving Places:

- Office of the Council of Ministers;
- Cabinet of the Prime Minister;
- Cabinet of the Deputy Prime Ministers;
- Capital / Provincial Halls;
- As stated in Article 17 "for implementation";
- Royal Gazette;
- Documentation-Chronology.

(signature and seal)

Akka Pundit Sapheacha AUN PORNMNIROTH