

Kingdom of Cambodia  
Nation Religion King

Ministry of Economy and Finance  
No. 017 MoEF

Phnom Penh, 27 December 2022

Instruction  
On  
Implementation of New Rate of Tax on Salary

According to Article 4 of Sub-decree 196 OrNKr.BK dated 28 September 2022 on Annual Income Tax and Monthly Salary Tax Thresholds, the Ministry of Economy and Finance would like to give an instruction as follows:

**1. Application Period and New Progressive Tax Rates**

All enterprises that are resident taxpayers, state institutions and organizations that are obliged to withhold and pay tax on salary (TOS) shall implement the new progressive tax rates for the salary paid to employees from **January 2023 onwards** and have to submit monthly tax return of each month no later than the 20<sup>th</sup> of the following month.

Table of new progressive tax rates are as follows:

Taxable Parts of Monthly Salary	Tax Rate
From 0 Riels to 1,500,000 Riels	0%
From 1,500,001 Riels to 2,000,000 Riels	5%
From 2,000,001 Riels to 8,500,000 Riels	10%
From 8,500,001 Riels to 12,500,000 Riels	15%
More than 12,500,000 Riels	20%

**2. Allowance for spouse and dependent children**

Based on the presented evidence of the family status of civil servants, teachers, doctors and workers/employees who are responsible for feeding their children, husband or wife, the reduction of salary tax calculation basis for each dependent child and housewife spouse shall be 150,000 Riels per month. This reduction makes the salary tax calculation basis lower and makes civil servants, teachers, doctors and workers/employees, who are responsible for feeding their child, husband or wife, with a salary of between 1,500,001 Riels to 2,000,000 Riels (around from US\$375 to US\$500) free from the salary tax.

**3. Calculation of Tax on Salary**

According to new Article 42 of the Law on Taxation, the term “salary” refers to salary, remuneration, severance pay, bonus, overtime pay, other additional pays and fringe benefits paid to employees or paid for direct or indirect benefits for employees for performing work.

To calculate salary tax of the resident employees, salary tax calculation basis must be figured out by taking the total taxable salary to minus allowance for spouse and dependent children. In particular, for workers/employees of factories/enterprises, the taxable salary shall be deducted further by the benefits received from performing their work as stipulated in Circular 011 MoEF dated 06 October 2016 on Implementation of Obligation to Withhold Tax on Fringe Benefits.

Then must check which tax rate the salary tax calculation basis falls into and multiply the salary tax calculation basis by the tax rate and minus the difference-over-tax-amount for that tax rate. Difference-



over-tax-amount of each level is the sum of the tax on salary exempted from the first 1,500,000 riels salary and difference of tax amount of each level.

Table of progressive rates and difference-over-tax-amount of each level:

Taxable Parts of Monthly Salary	Tax Rate	Difference-over-tax-amount of each level
From 0 Riel to 1,500,000 Riels	0%	0 Riel
From 1,500,001 Riels to 2,000,000 Riels	5%	75,000 Riels
From 2,000,001 Riels to 8,500,000 Riels	10%	175,000 Riels
From 8,500,001 Riels to 12,500,000 Riels	15%	600,000 Riels
More than 12,500,000 Riels	20%	1,225,000 Riels

**Formula:**

Allowance for spouse and dependent children = 150,000 Riels x number of spouse and dependent children

Salary tax calculation basis (STCB) = Taxable salary (TS) - Allowance for spouse and dependent children

Tax on salary (TOS) = (STCB x Tax rate) - Difference-over-tax-amount (DOTA)

**Note:**

For workers/employees of factories and enterprises, if the taxable salary includes benefits received from performing their work, the benefits are allowed to be deducted from the taxable salary.

**Example 1:** A factory/enterprise worker/employee has a salary of 2,000,000 Riels in which he/she has a transport allowance and meal allowance of 200,000 Riels.

**A. Case of Being Single**

STCB = 2,000,000 Riels - 200,000 Riels = 1,800,000 Riels (taxed at 5%)

DOTA = 75,000 Riels

TOS = (1,800,000 Riels x 5%) - 75,000 Riels = **15,000 Riels**

**B. Case of Having a Housewife Spouse and 3 Dependent Children**

Allowance for spouse and dependent children = 150,000 Riels x 4 = 600,000 Riels

STCB = 2,000,000 Riels - 200,000 Riels - 600,000 Riels = 1,200,000 Riels (taxed at 0%)

DOTA = 0 Riels

TOS = (1,200,000 Riels x 0%) - 0 Riels = **0 Riels**



**Example 2:** A company manager has a salary of 9,000,000 Riels.

**A. Case of Being Single**

STCB = 9,000,000 Riels (taxed at 15%)

DOTA = 600,000 Riels

TOS = (9,000,000 Riels x 15%) - 600,000 Riels = **750,000 Riels**

**B. Case of Having a Housewife Spouse and 3 Dependent Children**

Allowance for spouse and dependent children = 150,000 Riels x 4 = 600,000 Riels

STCB = 9,000,000 Riels - 600,000 Riels = 8,400,000 Riels (taxed at 10%)

DOTA = 175,000 Riels



TOS = (8,400,000 Riels x 10%) - 175,000 Riels = **665,000 Riels**

The Ministry of Economy and Finance strongly hopes that all enterprises that are resident taxpayers, state institutions and organizations that are obliged to withhold and pay tax on salary will pay attention to implementing this instruction in a highly effective manner.

**Deputy Prime Minister  
Minister of Economy and Finance  
(signed and stamped)  
Akkabanditsapheacha Aun Pornmoniroth**

**Place to receive:**

- Office of the Council of Ministers
- Secretary General of the Royal Government
- Cabinet of Samdech Techo Prime Minister
- Cabinet of Samdech, H.E. Lok Chumteav Deputy Prime Minister
- All ministries/institutions
- Municipal/Provincial Administrations
- Archives

