

**Kingdom of Cambodia
Nation Religion King**

**Ministry of Economy and Finance
No. 542 SHV.PRK**

**Prakas
On**

Formalities and Procedure of VAT implementation for E-Commerce Operators

**Deputy Prime Minister
Minister of Ministry of Economy and Finance**

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0918/925 dated 06 September 2018 on the Appointment of the Government of the Kingdom of Cambodia;
- Having seen Royal Decree No. NS/RKT/0320/421 dated 30 March 2020 on the Revision and Addition of the Composition of the Government of the Kingdom of Cambodia;
- Having seen Royal Kram No. NS/RKM/0618/012 dated 28 June 2018 promulgating the law on the Organization and Functioning of the Council of Ministers;
- Having seen Royal Kram No. NS/RKM/0196/18 dated 24 January 1996 promulgating the Establishment of the ministry of Economy and finance;
- Having seen Royal Kram No. NS/RKM/0508/016 dated 13 May 2008 promulgating the law on Public Finance system;
- Having seen Royal Kram No. NS/RKM/0297/03 dated 24 February 1997 promulgating the Fiscal Law;
- Having seen Royal Kram No. NS/RKM/0303/010 dated 31 March 2003 promulgating the amendment of the Fiscal Law;
- Having seen Royal Kram No. NS/RKM/1119/017 dated 02 November 2019 promulgating the law on E-Commerce
- Having seen Sub-Decree No. 488 RNKR.BK dated 16 October 2013 on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 75 RNK.BK dated 25 May 2017 on the Revision Sub-Decree No 488 RNK.BK dated 16 October 2013 on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen Sub-Decree No.114 RNK.BK dated 24 December 1999 on Value Added Tax
- Having seen Sub-Decree No. 65 RNK.BK dated 08 April 2021 on implementation of Value Added Tax on E-Commerce
- Pursuant to the necessity of the Ministry of Economy and Finance;

Hereby Decide

Article 1. Purpose

This Prakas aims to define the rules and procedures for the implementation and management of VAT on the supply of digital goods or digital services operated by e-commerce by non-resident taxpayers who do not have a permanent institution in the Kingdom of Cambodia for use according with Sub-decree no.65 RNKr.BK dated 08 April 2021 on implementation of VAT on E-commerce.

Article 2. Scope

This Prakas shall be applicable for the supplies of digital goods or digital services electronically or for all electronic business activities carried out by non-resident suppliers from oversea to Cambodia and for all resident taxpayers who supply of digital goods or digital service or for all E-commerce activities from Non-resident taxpayers.

Article 3. Taxable Person

Taxable Person on this prakas is focus on as following:

1. Non-Resident Taxpayers who supply of digital goods or digital service or for all e-commerce activities into Cambodia and must be obligation to VAT registration as stated in article 11.
2. Self-declared taxpayer who receives supplies of digital goods or digital service or all E-commerce activities from Non-resident taxpayers.

Article 4. Non- Taxable Supplies

The supply of digital goods or digital service or all E-commerce activities or service as stated in article 57 of the Law on Taxation shall be non-taxable supply.

Article 5. Taxable value

Taxable value in this prakas if defined as following:

1. Taxable value of supply is a price of digital goods or digital service which seller received from buyer.
2. In case that payment for a taxable supply is a compensation other than cash for the direct or indirect benefit to suppliers, that compensation shall be included in the taxable value as market price.
3. If the taxable value of the digital goods or digital services supplied does not represent the real price, the tax administration may determine a price, and that price shall be deemed valid until there are proof that approved by the tax administration.

Article 6: Supply Time

VAT shall due and payment when supply. Supply time shall be defined as following:

1. For Non-Resident taxpayers, the time of supply is the first of the time when the invoice is issued or when the digital goods are delivered or the digital service is completed or the payment is received.
2. For Self-assessment taxpayers who receive supply of digital goods or digital service or all E-commerce activities, shall be the reverse charge of the non-resident supplier the time of

supply is the first of the time when the digital goods are delivered, or the digital service is completed, or the payment is due or paid.

Article 7. Tax Rate

VAT is defined at the rate of 10% of the VAT on the supply of digital goods or digital services or any e-commerce activities.

Article 8. Input Tax Credit

For the supplies of digital goods or digital services from business to business, the tax levied by the taxable person as stated in paragraph 2 of article 3 paid by the Reverse Charge is allowed as an input tax credit. Input tax credit is implemented according with article 29 till article 39 and article 41 of sub-decree on VAT.

Article 9. Tax obligations for the supply of digital goods or digital services from Business to Consumers

The taxable person as stated in paragraph 1 of Article 3, who supplies digital goods or digital services or all e-commerce activities to customers who are not registered under the Tax self-assessment or consumers in Cambodia, shall have obligation to file a declaration and pay VAT to the tax administration no later than the 20th day after the month that supplied.

For example, a non-resident "A" supplied digital goods with Tax price \$50 000 in May 2021 to consumers in Cambodia (not a self-assessment taxpayers). Non-resident "A" must issue an invoice including the price of goods and tax of \$ 55,000 or issue invoice of goods \$ 50,000 plus VAT of \$ 5,000.

Therefore, the non-resident person "A" must calculate the tax using in Riel exchange rate to file a declaration and pay the VAT to the tax administration no later than June 20, 2021.

Article 10. Tax obligations for the supply of digital goods or digital services from Business to Business

1. The taxable person as stated in paragraph 1 of article 3, who supplies digital goods or digital services or all e-commerce activities to taxable person as stated in paragraph 2 of article 3, is obliged to submit a declaration to Tax administration no later than the 20th after the month that supplied, but does not require the pay of VAT.
2. The taxable person, as stated in paragraph 2 of Article 3, who receive supplies of digital goods or digital services, or any e-commerce activity carried out by a non-resident person shall collect the tax by the Reverse Charge then submit the declaration and Pay VAT to the Tax administration no later than the 20th day after the month that supplied.

For example, A Non-Resident "A" supplied a digital product to Company "B" who self-assessment resident taxpayers. Non-resident "A" issued a tax invoice of \$ 4,000 in May 2021. In this case, when Company "B" makes the payment of \$ 4,000 to the non-resident "A" and Company "B" must calculate the VAT on the amount of \$ 4,000 multiplied 10% equal to \$ 400 using the exchange rate into khmer riel to submit the declaration and pay VAT to the Tax administration no later than June 20, 2021.

Article 11. VAT Registration

1. Taxpayers as stated in paragraph 1 of Article 3, who supply digital goods or digital services or all e-commerce activities to Cambodia have an annual turnover of 250 million Riels or expected to have

turnover for three consecutive months completed in the current calendar year of 60 million Riels, it is obliged to complete the Simplified VAT registration within 30 days after the turnover is due to register as stated in this paragraph.

2. Completion of the VAT registration application is defined in Khmer or English by doing the following:
 - a. E-registration through the website <https://www.tax.gov.kh> in the form and information defined by the Tax administration or submit directly with the Tax administration.
 - b. For E-registration or direct registration with the tax administration, non-resident taxpayers can choose to use the Tax agency to facilitate registration in Cambodia.
 - c. Requirement documents as following:
 - Application form of VAT registration
 - Non-Resident Taxpayers certificate
 - Identity Card or Passport of the owner or Representative
 - 2 sheets of Photo of Director or Representative no later than 3 months, size 35×45mm with white background
 - Certificate of Bank Account information of Non-Resident Taxpayers issued by or printed out of the Non-resident taxpayer banking system

Above mentioned Requirement Documents could be use in foreign language but shall be translate in Khmer or English.

3. Non-Resident Taxpayers who registered as stated in paragraph 1 of this article shall be under Department of Large Taxpayers.
4. Public Service fee of registration and information update of taxpayers is defined as below:
 - a) 400 000 Riel, for VAT Registration
 - b) 200 000 Riel, for Taxpayers' information update as following:
 - Enterprise's name
 - Address
 - Manager composition
5. Taxpayers will receive decision of VAT registration or update information from 7 days to 10 days of working day.
6. Official Documents of registration or update information shall be PDF file which provided by Tax administration as following:
 - Simplified VAT Registration Certificate
 - Tax Registration Card
 - Notification Letter on the fulfillment of tax obligations
7. The tax administration has the right to register the value added tax unilaterally in case the taxpayer does not come to register or does not come to register at the invitation of the tax administration based on the information and data provided by the tax administration.

Article 12. Tax Invoice

1. Taxable person as stated in paragraph 1 of article 3 shall issue invoice and collect tax money from all consumers. Invoice at least shall have information as following:
 - a) Name, Address and TIN of Non-Resident Taxpayers
 - b) Name, Address and/or TIN of Client
 - c) Invoice number and invoicing date
 - d) Detail of digital products or digital which supplied
 - e) Taxable Value and VAT or Total price of supplied included with Tax.

2. The taxable person as stated in paragraph 2 of Article 3, who receives a taxable supply of digital goods or digital services or any e-commerce activities, shall be tax reverse of the non-resident supplier, whether or not the non-resident supplier VAT registered and shall VAT payment declaration base on the invoice of the non-resident supplier with supporting documents for the purchase and payment.
3. Invoice shall be use in foreign language with translation in Khmer or English.

Article 13. Inventory Recording and information

1. Taxable person as stated in paragraph 1 of article 3 shall prepare monthly report on transaction of supplies in form that defined by GDT.
2. Taxable person as stated in paragraph 2 of Article 3 shall prepare inventory, Record and VAT information as stated in article 79 of Law on Taxation.

Article 14. Favorable tax obligations

1. Taxable person as stated in paragraph 1 of article 3 shall favors Patent Tax obligations.
2. Taxable person as stated in paragraph 2 of Article 3, Small taxpayers registered in accordance with applicable law on taxation and regulations are exempted from the VAT obligation through the Reserve Charge method as stated in Article 10 within 5 years from this Prakas into force.

Article 15. Penalties

Taxable person as stated in Article 3 who does not register or update the information or does not file a declaration and pay tax to the Tax administration shall be punished as stated in the law and Tax provisions in force.

Article 16. Abrogation

All provisions contrary to this Prakas are abrogated.

Article 17. Implementation

Minister Delegate to the Prime Minister, Chief of Cabinet, Secretary General, Delegate of the Royal Government in charge of the Director General of the General Department of Taxation or all Director General of General Departments, General Inspector, and head of units under the Ministry of Economy and Finance must implement this Prakas effectively from the date of signature.

Recipients:

- Ministers' council
- Cabinet of Prime Minister
- Cabinet of Deputy Prime Minister
- Capital / Provincial Hall
- As Article 17 "for implementation"
- Royal Gazette
- Document – Achieve

Phnom Penh, 08th Septmeber 2021
Deputy Prime Minister
Minister of Ministry of Economy and Finance

(signed and sealed)
Dr. Aun Pornmoniroth