

Technical Update

May 2024



GDT e-Administration Application

(Instruction No. 11936 GDT, dated 21 March 2024)

The General Department of Taxation (GDT) has issued this Instruction to provide guidance on the implementation of the new desktop application called “**GDT e-Administration**” which shall replace the e-Documents Submission System on E-filing.

Under the new application, taxpayers are now able to submit the following administrative letters and documents electronically without having to physically submit said documents to the GDT or tax branches:

- Letter for enterprise information update
- Letter to pay Stamp Duty on transfer of immovable property ownership or possession rights
- Administrative protest letter against tax reassessments
- Letter to request tax instalment payments
- Letter to request certificates or other approval letters
- Letter to requests through the administration and other documents.

Taxpayers are now also able to track the status of their documents through a QR code or bar code upon submission of their letters.

For submission of documents other than the abovementioned (e.g., tax declarations, request for tax agent license, request for confirmation of proper accounting records or certificate of tax compliance, request for temporary suspension or resumption of the business activity, request for residency certificate and DTA applications etc.), taxpayers shall follow the existing procedures for the respective application.

Our comments

The introduction of GDT e-Administration marks a positive step towards modernizing the tax administration in Cambodia. This new platform will reduce the administrative burden for taxpayers; it will save time and resources by eliminating the need to physically visit the GDT or tax branches to submit the abovementioned letters. In addition, the inclusion of a document tracking feature also enhances the transparency and efficiency in the tax administration process as taxpayers could now easily monitor the progress of their submission.

However, it is important to note that certain documents and other requests will still follow the current procedures in place. Furthermore, all the submitted letters/documents are still subject to review by the tax officials of the GDT and could potentially be rejected if they do not meet the relevant requirements.

Taxpayers are advised to properly organize and submit the necessary letters/documents prior the deadlines, especially for crucial documents/requests (e.g., protest letters, tax information update, etc.) to minimize the risk of late submission.

Tax Incentives for the Education Sector

(Prakas No. 172 MEF.Prk.GDT, dated 20 March 2024)

Effective from 1 January 2024, this Prakas by the MoEF clarifies the tax incentives provided to the education sector in Cambodia until **the end of 2028**.

Below are the salient details of the Prakas:

| Description | Details |
|---|---|
| Scope (Articles 2 and 3) | This Prakas is applied to all public and private educational institutions that operate exclusively for education purposes in Cambodia (i.e., from kindergarten to higher education level), including technical and professional training institutions. |
| Tax incentives (Article 4) | <p>Educational institutions in Cambodia shall be exempt from the following taxes:</p> <ul style="list-style-type: none">• Tax on Income (Tol)• Prepayment of Tax on Income (PTol)• Minimum Tax (MT)• Obligation to withhold payments on services (i.e., management, consulting, and other similar services), interest, and dividends but shall be supported by sufficient supporting documents. <p>The supply of educational services and goods or other services for educational purposes (i.e., food and accommodation for students) shall be considered as non-taxable supplies. Meanwhile, the input tax on goods and services purchased by educational institutions for the purpose of supplying goods or services shall be non-creditable but allowed as deductible expenses.</p> |
| Tax obligations of educational institutions (Article 5) | <p>To avail of the above incentives, educational institutions shall comply with the registration obligation, submit their annual and monthly tax declarations by stipulated deadlines, maintain proper accounting records, and submit the audited financial statement to the GDT where the annual turnover is above 4,000 million KHR (~USD1,000,000).</p> <p>Failure to comply with the above may lead to forfeiture of the tax incentives.</p> |
| Non-exempted tax (Article 7) | <p>Educational institutions are still obligated to declare and pay the following:</p> <ul style="list-style-type: none">• WHT on rental• Tax on Salary (ToS)• Immovable Property Tax• Patent Tax• Other taxes in accordance with the tax law and regulations in force. |

Any provisions contrary to this Prakas shall be abrogated.

Our comments

These tax incentives provided to the education sector under this new Prakas supersede the previous incentives provided under the previous Prakas no. 209, dated 2020. It is important to note that to benefit from the above incentives, taxpayers must fulfil the requirements/conditions, otherwise, the benefits may be forfeited.

As committed tax advisors to our clients, we welcome any opportunities to discuss the relevance of the above matters to your business.

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