

Technical Update

April, 2024

Prakas Tax Incentives For the Agricultural Sector

(Sub-Decree No. 170, dated 20 March 2024)

The Agricultural Sectors

This Prakas applies to the cultivation, production, local supply, or export of rice, corn, soybeans, pepper, cassava, cashew nuts, rubber, lentils Pailin, mango, bananas, as well as animal farm, aquaculture, and local palm oil products as raw materials for production and animal feed.

The State-Charge VAT

A). Local supply of goods or services to enterprises engaged in cultivation, production, local supply, or export of rice, corn, soybeans, pepper, cassava, cashew nuts, rubber, lentils Pailin, mango, bananas, animal husbandry, and aquaculture.

B). Supply of local palm oil products as raw material for animal feed production.

*The enterprise, which is the supplier as stated in the above paragraphs A and B, shall not be subject to VAT on its supply but is allowed to credit the VAT inputs which are relevant to their supply.

Tax exemptions

Enterprises that grow, produce, supply locally or export rice, corn, soybeans, peppers, cassava, cashew nuts, rubber, lentils Pailin, mango, bananas, engage in animal farm, aquaculture and supply local palm oil products, which are raw materials for animal feed production, are favored until the end of 2025 as follows:

- a) Suspend the minimum tax payment.
- b) Suspend the payment of income tax exemption.
- c) Withholding tax exemption on payment to suppliers which provide the services by persons not in the real- regime.

How to get Tax exemptions

1-To receive tax incentives for the agricultural sector, enterprises engaged in the production, supply, and export of rice, corn, soybeans, pepper, cassava, cashew nuts, rubber, lentils Pailin, mangoes, bananas, animal farm, and aquaculture must meet the following conditions:

- A). Apply for the value-added tax certificate as State-Charge from the General Department of Taxation.
- B). List of suppliers of goods or services with the monthly VAT declaration.
- C). Maintain accounting records in accordance with the laws and regulations.
- D). Submit monthly and annual tax declarations to the tax administration according to the format, timeline, and place determined by the tax administration.

2-Enterprises that supply local palm oil products, which are the raw material for animal feed production, shall attach the list of enterprises that receive the supply with the monthly VAT declaration.

3-In the case of an enterprise as stated in the first and second paragraphs of this Article, if any of the above conditions are not met, they will be subject to waive the incentive taxes.

Note: This prakas is effective from 01 January 2024 onward to encourage the farmers and SMEs company or Farm is doing business in agricultural sectors.

For more information, we welcome any opportunity to further discuss Cambodia Taxation and Accounting, which is relevant to your business.

Contact Us

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