Kingdom of Cambodia

Nation Religion King

[LOGO]

MINISTRY OF ECONOMY AND FINANCE

03/Dec/2024

PRAKAS

ON

THE GUIDELINES FOR THE IMPLEMENTATION OF THE SUB-DECREE ON TAX INCENTIVES FOR THE DEVELOPMENT OF THE INFORMAL ECONOMY

DEPUTY PRIME MINISTER

MINISTER OF ECONOMY AND FINANCE

- Having seen the Constitution of the Kingdom of Cambodia
- Having seen Royal Decree No. NS/RKT/0823/1981 dated August 22, 2023, on the Appointment of the Royal Government of the Kingdom of Cambodia
- Having seen Royal Decree No. NS/RKT/0224/205 dated February 21, 2024, on the Appointment to Supplement the Composition of the Royal Government of the Kingdom of Cambodia
- Having seen Royal Decree No. NS/RKT/0924/1169 dated September 20, 2024, on the Adjustment and Appointment of the Composition of the Royal Government of the Kingdom of Cambodia
- Having seen Royal Decree No. NS/RKT/1124/1477 dated November 20, 2024, on the Adjustment and Appointment to Supplement the Composition of the Royal Government of the Kingdom of Cambodia

- Having seen Royal Kram No. NS/RKM/0618/012 dated June 28, 2018, promulgating the Law on the Organization and Functioning of the Council of Ministers
- Having seen Royal Kram No. NS/RKM/0196/18 dated January 24, 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance
- Having seen Royal Kram No. NS/RKM/0323/001 dated March 10, 2023, promulgating the Law on the Public Financial System
- Having seen Royal Kram No. NS/RKM/0523/004 dated May 16, 2023, promulgating the Law on Taxation
- Having seen Sub-Decree No. 43 ANKr.BK dated February 28, 2022, on the Organization and Functioning of the Ministry of Economy and Finance
- Having seen Sub-Decree No. 84 ANKr.BK dated June 10, 2020, on Business Registration via Information Technology System
- Having seen Sub-Decree No. 272 ANKr.BK dated November 29, 2024, on Tax Incentives for the Development of the Informal Economy
- Having seen Prakas No. 009 MEF.Prk dated January 12, 2021, on the Classification of Taxpayers under the Self-Assessment Regime
- Having seen Prakas No. 701 MEF.Prk dated August 14, 2020, on Tax Registration and Taxpayer Information Update

- Pursuant to the necessary requirements of the Ministry of Economy and Finance

HEREBY DECIDES

Article 1.

This Prakas aims to determine the rules and procedures for tax incentives to develop the informal economy for enterprises in priority sectors.

Article 2.

This Prakas has the scope of application to small and medium enterprises that register to conduct any business in the priority sectors as follows:

- Voluntary tax registration
- Wholesale, retail, and repair
- Accommodation and food services
- Crafts; and
- Agricultural communities.

Article 3.

For the purpose of this Prakas:

1. **Small enterprise** refers to a sole proprietorship or a partnership enterprise that:

a. Has an annual turnover from 250 million Riels to 1,000 million Riels or has annual business assets from 200 million Riels to 1,000 million Riels for the agricultural sector (agricultural communities), services (accommodation and food services), and commerce (wholesale, retail, and repair); or

b. Has an annual turnover from 250 million Riels to 1,600 million Riels or has annual business assets from 200 million Riels to 2,000 million Riels for the industrial sector (crafts); or

c. Has a turnover in any three consecutive months ending in the current calendar year of 60 million Riels or more; or

d. Expects to have a turnover in the next three consecutive months of 60 million Riels or more; or

e. Participates in bidding, price consultation, or price surveying for the supply of goods or services using the state budget, including Phasi (market tolls); or

f. Has from 5 to 49 workers or employees.

Small enterprises are considered as Small Taxpayers.

2. **Medium enterprise** refers to a person who meets any of the following conditions:

a. Has an annual turnover of more than 1,000 million Riels to 4,000 million Riels or has annual business assets of more than 1,000 million Riels to 2,000 million Riels for the agricultural sector (agricultural communities);

b. Has an annual turnover of more than 1,000 million Riels to 6,000 million Riels or has annual business assets of more than 1,000 million Riels to 2,000 million Riels for the services sector (accommodation and food services) and commerce (wholesale, retail, and repair); or

c. Has an annual turnover of more than 1,600 million Riels to 8,000 million Riels or has annual business assets of more than 2,000 million Riels to 4,000 million Riels for the industrial sector (crafts); or

d. Is an enterprise registered as a legal entity or a representative office; or

e. Has from 50 to 199 workers or employees.

Medium enterprises are considered as Medium Taxpayers.

3. **Voluntary tax registration** refers to the tax registration of an enterprise through the business registration website https://www.registrationservices.gov.kh (CamDX) or directly at the tax administration, which is not a unilateral registration by the tax administration.
4. **Turnover** refers to the value of the supply of goods or services which are the business activities of the taxpayer.
5. **Assets** refers to properties used in the business, which include short-term assets and long-term assets.

Article 4.

Small enterprises and medium enterprises shall receive tax incentives as follows:

1. For voluntary tax registration in 2023-2028, small enterprises shall receive the following exemptions:

    - Penalties and tax liabilities, including taxes, additional taxes, interest, and cash fines directly related to the enterprise's business for past non-compliance prior to the voluntary tax registration;

- Tax registration service fees, information update service fees, and certificate of registration printing service fees;
- Patent tax at the time of tax registration;
- Patent tax for a period of 2 years after successful tax registration in 2024 or 2025;
- Prepayment of Tax on Income, Tax on Income, and Minimum Tax for a period of 2 years after tax registration, calculated from the year of approval for tax registration and the subsequent taxable year.

2. For voluntary tax registration in 2024-2025, medium enterprises shall receive the following exemptions:
    - Penalties and tax liabilities, including taxes, additional taxes, interest, and cash fines directly related to the enterprise's business for past non-compliance prior to the voluntary tax registration;
    - Patent tax at the time of tax registration;
    - Patent tax for a period of 2 years after successful tax registration in 2024 or 2025;
    - Prepayment of Tax on Income, Tax on Income, and Minimum Tax for a period of 2 years after tax registration, calculated from the year of approval for tax registration and the subsequent taxable year.

All exemptions of taxes and public service fees at the time of tax registration and after receiving the approval for tax registration as stipulated in Article 4 of this Prakas shall be considered as the burden of the State.

Article 5.

Small enterprises and medium enterprises eligible to receive tax incentives must comply with the following conditions:

- Voluntarily register for tax through the business registration website https://www.registrationservices.gov.kh (CamDX) or directly at the tax administration, which is not a unilateral registration by the tax administration;
- Be in the priority sectors of the informal economy as stipulated in Article 2 of this Prakas.

The formalities and procedures for the implementation of this Prakas shall be determined by the guidelines of the General Department of Taxation.

Article 6.

Small enterprises and medium enterprises that receive these tax incentives must fulfill the following obligations:

- Notify the tax administration within 15 days following a change of address, form, name, business objective, transfer and change of shareholders, composition of enterprise or branch managers, cessation of business, person in charge of tax affairs, bank account information, contact information, telephone number, and email;

- Maintain accounting records and submit tax returns as determined by the tax administration, even though exempted from the Prepayment of Tax on Income, Tax on Income, and Minimum Tax as stipulated in this Prakas;
- Submit returns and pay other monthly and annual taxes in accordance with the laws and valid legal instruments on taxation.

Article 7.

Any provisions contrary to this Prakas shall be abrogated.

Article 8.

Delegate Ministers attached to the Prime Minister, Director of the Cabinet, Secretary-General, Royal Government Delegates in charge as Directors-General of the General Department or Directors-General of all General Departments, Inspector General of the General Inspectorate, and Heads of Units under the Ministry of Economy and Finance shall be responsible for implementing this Prakas according to their respective duties from the date of signature onwards.