

Cambodia-Malaysia Double Tax Avoidance Agreement ratified

January 2021 Publication

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On 3 September 2019 Cambodian Minister of Economy and Finance and Malaysian Minister of Foreign Affairs signed the Double Taxation Avoidance Agreement (DTA) for the elimination of double taxation concerning taxes on income and the prevention of tax evasion.

According to Royal Code NS/RKM/1120/023, dated 14 November 2020, promulgated the “Law on the Approval of the Agreement between Government of Cambodia and the Government of Malaysia on the Elimination of Double Tax Avoidance”.

General Department of Taxation issued the press release on the DTA between Cambodia and Malaysia came into force on 14 November 2020.

Before ratifying the DTA, the imposition of double taxation deterred some Malaysian investors from coming to Cambodia. Now the Malaysian Minister has finally completed the constitutional procedures for the ratification of the DTA. This ratification will enable the DTA to come into force, thus enabling two countries to implement the DTA accordingly. The DTA will further strengthen bilateral trade ties between Cambodia and Malaysia, especially more Malaysia companies are expected to explore the Business and Investment in Cambodia.

In addition, it is an incentive for investors as well as suppliers to prevent the tax burden from falling to consumers. The DTA will help lower the selling price of goods in each country and will also increase the competitiveness of their products between Cambodia and Malaysia. The agreement is a new milestone between the two countries, which will increase bilateral trade and foreign investment into Cambodia.

According to the Council for the Development of Cambodia recorded, Malaysia was the fifth-largest foreign investor in Cambodia in 2014-2018, bringing in \$481 million.

Cambodia is Malaysia's eighth-largest trading partner in ASEAN and the 50th in the world. Cambodia has currently entered into double-taxation agreements with 9 countries, which are now all enforceable. This includes the agreements with Brunei, China, Indonesia, Hongkong, Malaysia, Singapore, Thailand, South Korea and Vietnam.

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