

GDT to Extend Implementation of VAT on E-Commerce

January 2022 Publication

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Previously, the Non-Resident Taxpayers conducting E-commerce transactions in Cambodia with no permanent establishment in Cambodia and the resident taxpayer receiving the supply from such Non-Resident Taxpayer have been under the obligation to comply with newly issued rules and procedure for implementation of VAT on E-commerce from 1 January 2022. In order to provide the necessary time for compliance, the General Department of Taxation (GDT) has issued on 17 January 2022 the Notification No. 776 on the Extension for the Implementation of Prakas No. 542 dated 08 September 2021 related to Rules and Procedure for Implementation of VAT on E-Commerce (the “Notification No. 776”), which provide an extension until 01 April 2022.

Upon the Sub-Decree No. 65 on the Implementation of VAT on E-commerce issued on 08 April 2021 (the “Sub-Decree No. 65”), the Non-Resident Taxpayers who supply digital goods or digital services through electronic systems or all electronic business activities into the Kingdom of Cambodia shall declare and pay the VAT on the business to consumers E-commerce transactions to the GDT, while the resident taxpayer under the self-assessment regime who receives the supply of digital goods or digital services electronically or all electronic business activities from all Non-Resident Taxpayers shall account and pay for the output VAT on business to business E-commerce transactions on behalf of the Non-Resident Taxpayer.

While the period of implementation of the Prakas No. 542 has been extended, the Notification No. 776 does not exonerate the Non-Resident Taxpayers conducting E-commerce transactions in Cambodia with no permanent establishment in Cambodia and the resident taxpayer receiving the supply from such non-resident taxpayer from their tax obligations.

The Non-resident taxpayers conducting E-commerce transactions in Cambodia with no permanent establishment in Cambodia shall assess whether their transactions fall into the scope of the Sub-Decree No. 65 and, if so, then take the necessary steps to comply with the Rules and Procedure for Implementation of VAT on E-Commerce as provided by the Prakas No. 542, requiring them to register for Simplified VAT before 01 April 2022.

It is important to note that, failing to register, to update any relevant information, or to submit the declaration and pay the VAT on time, will result in penalties as per the laws and regulations on taxation in force.

This legal alert has been prepared for general information purposes only and is not a substitute for legal advice

For any information or questions related to the tax matters, please feel free to contact us.

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