

# Tax Alert



## TAX ALERT – WEEK 3, October 2019

### DTA requests online

*(Instruction 020 MEF, 12 September 2019)*

The Ministry of Economy and Finance (MEF) issued this Instruction to inform enterprises of its new online management system for applications to obtain reduced Withholding Tax (WHT) rates under existing and future Double Tax Agreements (“DTA”s) and confirmation of Cambodia Residency Certificates.

There are now three stages in the process of applying for and obtaining reduced WHT rates and Confirmation of Cambodia Residency Certificates.

1. **Completion of application form online:** requestors must log in to the GDT website <http://www.tax.gov.kh> then complete and print out the application form for requests.
2. **Submission of application form:** requestors submit the application form with required documents attached to administrative office of the Department of Administration and General Works of the General Department of Taxation. A receipt or a rejection letter will be provided depending on the completeness of the application form and documents attached.

*Please note the minimum required supporting documents when applying for a reduced rate under a DTA are as follows:*

- Certificate of Incorporation of the non-resident party;
- Certificate of Residence of the non-resident party, issued by the competent authorities of the other Contracting state;
- Company Statute of the non-resident party;
- Contract/Supporting Document related to transaction/payment being made to the non-resident party;
- Authorization Letter

Please note the minimum required supporting documents to obtain Confirmation of Cambodia Residency Certificates are the Cambodian entities Tax registration certificates including its Value Added Tax (VAT) certificate.

3. **Response to requests:** the GDT reviews the request in detail and considers for approval. Then once approval is provided, requestors may obtain the notification letter for implementing DTA rates or residency letter directly from the GDT or printed out from the system.

*Please note that Enterprises can review a guideline book on the use of the management system to implement DTAs online available on the homepage <http://www.tax.gov.kh> or contact call center 1277 or enquire in the GDT Live Chat which has an app to download on mobile phone from the App Store for iOS or Play Store for Android.*

This is a very important development for WHT agents in Cambodia, as it should help to speed up the process of gaining approval from the GDT that they are able to make a payment to a non-resident entity at a reduced WHT rate. It should however be noted that interpretations of a DTA should be undertaken by experienced tax advisors, thus consideration should be given to whether advice should be sought to understand whether certain transactions technically qualify for a reduced rate under the DTA.

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

## Contact us

### KPMG Cambodia Ltd.

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