

Tax Alert



TAX ALERT – WEEK 4, JULY 2019

Measures to prevent tax evasion and criminal offense against tax provisions

(Notification 14618 GDT, 23 July 2019)

The General Department of Taxation (GDT) issued this notification to alert taxpayers regarding noticeable fraudulent practices such as the setting up and registration of companies to issue fake tax invoices. Such tax frauds and obstructions are deemed as criminal offense by existing tax regulations and are punishable by up to 20 million riel in financial fines and up to 5 years in prison.

The GDT warns that it will soon take measures to find offenders and enforce these penalties and punishments in accordance with the law and encourage taxpayers to report any criminal offense to the GDT.

Implementation of Withholding Tax on Insurance Enterprise

(Instruction 14005 GDT, 16 July 2019)

Following the Prakas 490, dated 30 April 2018, on rules and procedures for income tax for insurance enterprises, the GDT issued Instruction 14005 GDT on 16 July 2019 to further clarify the implementation of Withholding Tax (WHT) under the aforementioned Prakas.

The application of WHT on insurance enterprises making reinsurance of life insurance to non-resident taxpayers shall be as follows:

- Payment of **net reinsurance premium** to non-resident for reinsurance of life insurance shall be subject to WHT at 14%.
- If the net reinsurance premium is negative, insurance enterprise shall be allowed to **offset** it with gross reinsurance premium in the following months.
- Life insurance enterprises that voluntarily amend tax returns to pay any under-declared tax by 31 December 2019 shall be exempted from penalty.

Double Taxation Agreement (DTA) with Hong Kong

(Hong Kong Inland Revenue Department, 26 June 2019)

Cambodia has entered another DTA with Hong Kong, following of a Press Release on **Hong Kong's** Inland Revenue Department, made in Phnom Penh and Hong Kong on 20 June 2019 and 26 June 2019 respectively.

Accordingly, the DTA will go through ratification procedures by both contracting states before officially coming into effect.

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

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Please contact us if you have any questions:

Phnom Penh

PO Box 2352
4th Floor, Delano Center
No.144, Street 169, Sangkat Veal Vong, Khan 7
Makara, Phnom Penh, Kingdom of Cambodia
T: +855 23 216 899
F: +855 23 216 405
E: kpmg@kpmg.com.kh

Michael Gordon

Senior Advisor
T: +855 23 216 899 (ext. 7222)
E: mgordon@kpmg.com.kh

Tan Mona

Partner
T: +855 23 216 899 (ext. 7221)
E: tmona@kpmg.com.kh

So Dary

Partner
T: +855 23 216 899 (ext. 7277)
E: daryso@kpmg.com.kh

Nguon Socheata

Director
T: +855 23 216 899 (ext. 7217)
E: nsocheata@kpmg.com.kh

Song Kunthol

Director
T: +855 23 216 899 (ext. 7202)
E: skunthol@kpmg.com.kh

Im Udomvityea

Associate Director
T: +855 23 216 899 (ext. 7262)
E: uim@kpmg.com.kh

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