

Tax Alert



TAX ALERT – WEEK 1, September 2019

Tax debt settlement in installment

(Instruction 18382 GDT, dated 27 August 2019)

The General Department of Taxation (GDT) issued this Instruction for taxpayers who cannot afford to settle all tax debt at once to have the option to make installment payments.

To request for this kind of settlement, taxpayers must submit a request letter and attached documents including latest patent certificates, notification of tax reassessments, documents to verify inability to settle tax (i.e. financial statements, bank statements, etc.) document from the Ministry if there is change in tax situation.

To approve on the request above, the GDT will review on the following criteria:

- The enterprise has already done update information of the tax registration;
- Analysis of taxpayers capability to pay taxes;
- Amount of tax requested to pay in installments;
- Tax situation and compliance history; and
- Evidence to prove tax settlement by due date.

The settlement period shall be no longer than three years. Interest rates shall be exempted for 1st year, at average market rate for 2nd year and at 2% monthly for the 3rd year. Failure to settle the installments by due date will result in the approval above being removed.

Rules for use of invoice

(Prakas 723 MEF.Prk, dated 14 August 2019)

This Prakas, issued by the Ministry of Economy and Finance, aims to provide updated rules for use of invoice for self-assessment regime taxpayers. These rules include the following:

- **Format:** In addition to existing requirements such as disclosure of names, addresses, TIN, description, signatures, tax invoices shall also disclose each kind of taxes where applicable (in case the goods or services are subject to specific tax on certain merchandises or services, public lighting tax or accommodation tax) and value added tax while commercial invoice shall disclose total value inclusive of taxes.
- **Issuance:** Medium and large taxpayers must issue tax invoices to self-assessment taxpayers and commercial invoices to end-consumer. Small taxpayers must issue commercial invoices. Khmer language must always be use on invoices and any foreign language must be below. Finally, invoices must be maintained for a period of 10 years for medium and large taxpayers and 3 years for small taxpayers.
- **Exemption:** Banking, insurance and financial institutions and other business activities which cannot issue invoices are exempted from above rules. However, they must maintain proper records and documents which are verifiable. (The General Department of Taxation shall issue an Instruction for this exemption.)

- **Credit claim:** Medium and large taxpayers must attach copied or scanned invoices to claim monthly VAT input credit through the E-VAT management system. VAT from small taxpayers (suppliers) is not allowed to claim as VAT input credit but is allowed for deduction for annual tax calculation.
- **Penalty:** Individuals issuing fake invoices must pay the amount of all taxes disclosed on those invoices within 7 days after issuance date. In addition, failure to issue invoice or issuance of improper or fake invoices shall be considered as obstruction of implementation of tax provisions and shall be subject to penalties in accordance with the Law on Taxation.

The Prakas shall come into effect from **1 January 2020** onwards.

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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