



Cambodia Tax Alert

New procedure for requesting VAT credits and refunds issued

Greetings from your Tax & Legal team at Deloitte Cambodia.

We are pleased to update you on the following:

Cambodia's Ministry of the Economy and Finance (MEF) issued Instruction 018 on 8 August 2023 revising the procedure for requesting VAT credits and refunds. The aim of the instruction is to strengthen the procedure's implementation by making it more effective, transparent, and efficient while rendering the process easier and faster for taxpayers.

Procedure for requesting VAT credits

To request VAT credits, medium and large taxpayers must:

- Request the credits by using their monthly tax return declaration via the General Department of Taxation (GDT)'s e-filing system;
- Request input VAT credits for local supplies or imports by taxable persons in the month of the supply or import only.
 - Note that VAT credits will be allowed only for taxable supplies, or imports that use taxable supplies. Taxpayers providing non-taxable supplies cannot request input VAT credits; and
- Have the following supporting documentation:
 - For the purchase of local goods or services: Original tax invoices meeting the criteria set out in Prakas 723 dated 14 August 2019 on

the procedure for the use of invoices. VAT credits will not be allowed for commercial invoices.

- For imports: Original customs declarations and payment receipts with the importer's correct name and information.

Procedure for requesting VAT refunds

To ensure a speedy and transparent VAT refund process and the timely settlement of VAT refunds, medium and large taxpayers (including those whose main business activity is exports or that are registered as a qualified investment project (QIP)) must:

- Submit their VAT refund request via e-filing if they have excess input VAT credits for three consecutive months. To get the VAT refund quickly, taxpayers can request refunds for three months, six months, or at most one year to save time and effort in checking with the tax authorities. In case a taxpayer carries forward input VAT credits without requesting a refund for more than a year, the timeline for refunds provided in Prakas 576 dated 19 June 2018 will not apply. VAT refunds will not be allowed at all if the taxpayer carries forward input VAT credits for more than three years;
- For input VAT credits for which a refund has not been requested before 2020, submit a letter to the GDT by the end of 2023 requesting the VAT refund (otherwise, the refund will be denied);
- Update their bank account information and enterprise information on a timely basis; and
- Provide sufficient documents and VAT accounting on a timely basis as required by the GDT; otherwise, the refund request will be suspended or disallowed until the GDT has received those documents and records.

Note that the GDT may suspend the refund temporarily if any enterprise requesting a refund has tax liabilities or is subject to a tax reassessment, until the enterprise settles the tax liabilities or completes the tax reassessment. To receive a faster response from the GDT, taxpayers should request a refund of their pre-2020 input VAT credits by the end of 2023 and of their current input VAT credits within one year.

Contacts

Should you have any comments or questions arising from this newsletter, please contact the Deloitte Cambodia tax team below.

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