



Cambodia: Updates on E-commerce laws and regulations

Expanding perspectives and possibilities

Greetings from your Tax & Legal team at Deloitte SEA. We hope that you and your loved ones are staying safe and healthy despite these challenging times. As we navigate ourselves through this trying period, we are committed to giving you the support you need.

We are pleased to share the following with you.

Cambodia: Updates on E-commerce laws and regulations

On 2 November 2020, the law on electronic commerce (E-commerce) was issued but it was disseminated for six months before implementation.

On 27 August 2020, the Royal Government of Cambodia issued a Sub-Decree No. 134 which determines the types, procedures for granting permit or license to intermediaries and individuals providing E-commerce services and exemptions. This Sub-decree defines the exemption, types, procedures, and conditions for the issuance of licenses and certificates of trust in E-commerce for the purpose of governing E-commerce operations in Cambodia and internationally.

A business license is required for an individual, private enterprises, legal entities and branches of foreign companies that operate E-commerce activities in the Kingdom or offer services from Cambodia to overseas or from overseas to Cambodia. The Licenses for E-commerce services must be granted to the following legal entities and branches of foreign companies that will conduct E-commerce transactions and activities:

- E-commerce website services;
- E-commerce platform services;
- Online marketing services;
- Online auction website services;
- Other similar services provided through software or smart devices for the promotion of e-commerce.

In addition, the Sub-Decree also outlines that an electronic business certificate must be issued to the individual persons or private enterprises who run electronic business in the kingdom, including those who use social media or electronic systems as a means of supplying or buying goods and/or services. The validity of the electronic business certificate lasts two years from the date of issuance of the license by the Ministry of Commerce while the E-commerce license is valid for three years.

The Ministry of Economy and Finance (MEF) has also issued an updated TOI Prakas No. 098 on 29 January 2020. This Prakas amended the definition of Permanent Establishment (PE) to include E-commerce business activities performed by a non-resident, which those goods/services are supplied or consumed in Cambodia.

Then, the MEF issued a Prakas No.701 on the tax registration and update which impose the requirement on the tax registration to all taxpayers who perform business activities in Cambodia, including those who perform business activities via electronic system.

Deloitte's views

The above updated laws and regulations impact both Cambodian and offshore provider doing business in Cambodia via electronic platform (e-platform). With the current E-commerce law and permit license, they are required to register on the activities related to the sale of goods or services in Cambodia via any e-platform with relevant authorities including the General Department of Taxation. However, to date, there is no tax regulations which provide specific tax treatment for the supply of digital goods/services yet.

We have not seen the tax authority strictly enforce the tax registration requirement for E-commerce business suppliers, but soon, they will strictly implement the above provisions and take necessary actions such as blocking the Uniform Resource Locator (URL) to restrict the E-commerce suppliers from doing business in Cambodia if the E-commerce providers fail to register with the relevant authorities and get permit license.

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