



Cambodia tax alert

Market interest rate on loans for 2016

The General Department of Taxation (GDT) has determined the market interest rate on loans in Khmer Riels (KHR) and USD for 2016 as stated in Notification No.2142 GDT dated 2 February 2017, as follows:

1. For loans denominated in KHR, the market rate is **15.29%** per annum resulted from average calculation using the average interest rates of the 3 largest local commercial banks while the other 9 largest local commercial banks do not provide loans denominated in KHR.
2. For loans denominated in USD, the rate is **9.47%** per annum resulted from average calculation using the average interest rates of the 12 largest local commercial banks.

Thus, any interest expense which exceeds the market interest for 2016 shall be a non-deductible expense for 2016 Tax on Profit calculation after adjustment of the allowed interest rate per instruction MEF GDT 151 dated 22 January 2014 paragraph 3 as follows:

- Not exceed 120% of the market interest rate on the borrowing from a non-related party; and
- Not exceed the market interest rate on the borrowing from a related party.

Should you have any questions, please contact us our tax director, Ms Kimsroy CHHIV, via kchhiv@deloitte.com.

Deloitte (Cambodia) Co., Ltd.
P.O. Box 1150, Floor 8, Unit 8
#66, Preah Monivong Blvd
Sangkat Wat Phnom
Khan Duan Penh
Phnom Penh, Cambodia
www.deloitte.com/kh

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

About Deloitte Southeast Asia

Deloitte Southeast Asia Ltd – a member firm of Deloitte Touche Tohmatsu Limited comprising Deloitte practices operating in Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises.

Comprising 290 partners and over 7,400 professionals in 25 office locations, the subsidiaries and affiliates of Deloitte Southeast Asia Ltd combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region.

All services are provided through the individual country practices, their subsidiaries and affiliates which are separate and independent legal entities.

About Deloitte Cambodia

In Cambodia, services are provided by Deloitte (Cambodia) Co., Ltd. and its subsidiaries and affiliates.

© 2017 Deloitte (Cambodia) Co., Ltd.