



Cambodia Tax Alert

Rules to implement VAT on foreign e-commerce activities amended

Greetings from your Tax & Legal team at Deloitte Cambodia.

We are pleased to update you on the following:

The General Department of Taxation (GDT) of Cambodia's Ministry of Economy and Finance (MEF) issued Instruction No. 2520 on 24 January 2023 amending the rules for the implementation of VAT on foreign e-commerce activities. The instruction will be effective 60 days following the date it was signed (24 January 2023 inclusive) and will supersede Instruction No. 20522 issued on 8 December 2021.

Instruction No. 2520 mainly revises the simplified VAT registration requirements as follows:

- Non-residents that derived annual turnover of at least KHR 250 million (around USD 62,500) in the prior year or expecting to derive turnover of at least KHR 60 million (around USD 15,000) for three consecutive months in the current year from e-commerce transactions with Cambodian consumers will be required to register for VAT purposes in Cambodia under the simplified VAT registration system within 30 days after meeting the turnover threshold.

- However, non-residents that only supply digital goods or digital services to (or enter into e-commerce transactions with) their own subsidiary or branch office in Cambodia will not be required to register under the simplified VAT registration system. However, the subsidiary or branch office will be required to notify the GDT of the supply they have received.

The instruction also provides the following clarification: For B2B (business-to-business) transactions, self-declaration taxpayers who purchase digital goods or digital services from (or enter into e-commerce transactions with) non-residents are allowed to adjust the VAT amount based on the credit notes issued by them. However, the VAT credit in these credit notes may only be offset against the reverse charge VAT.

Contacts

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



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