



Cambodia tax alert

Sub-decree on implementation mechanism for VAT on foreign e-commerce

On 8 April 2021, Cambodia’s government issued sub-decree No. 65 setting out the mechanism to implement the value added tax (VAT) on electronic supplies of digital goods and services for domestic consumption made by nonresidents who do not have a permanent establishment (PE) in Cambodia. Other e-commerce activities conducted electronically in Cambodia will be subject to VAT based on the existing VAT regulations.

Below is a summary of the tax requirements laid out in the sub-decree:

VAT registration requirement	VAT obligations	Detailed rules and procedures
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<p>Nonresidents without a PE in Cambodia who conduct e-commerce activities are only required to register for VAT as self-declaration taxpayers.</p>	<ul style="list-style-type: none"> • Nonresidents who supply digital goods or services electronically to, or conduct e-commerce activities for, consumers in Cambodia in business-to-consumer (B2C) transactions must file a VAT return and pay the tax to the tax administration by the 20th day of the month following the month that the payment is settled. • Under the business-to-business (B2B) model, resident taxpayers who purchase digital goods or services electronically from, or otherwise enter into e-commerce transactions with, nonresident taxpayers are required to collect output VAT based on the “reverse charge mechanism” by declaring and paying the tax to the tax administration. In such cases, resident taxpayers may claim the collected output VAT as an input VAT credit based on the existing tax laws and regulations. • bb 	<p>Detailed rules and procedures will be published in a separate Prakas by the Minister of Economy and Finance.</p>
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The sub-decree defines relevant terms as follows:

1. “E-commerce” means activities such as purchasing, selling, renting, and exchanging goods or services via electronic systems, including commercial and non-commercial activities or operations.
2. “B2B” means the supply of goods or services from one enterprise to another.
3. “B2C” means the supply of goods or service from an enterprise to consumers.
4. “Digital goods” means intangible goods that are ordered, supplied, and delivered via electronic systems.
5. “Digital services” means services that are provided via electronic systems.
6. “Reverse charge” means the method by which the recipients of digital goods or services via electronic systems must calculate output VAT on behalf of the taxable suppliers.

The sub-decree also provides in its appendix a list of various forms of e-commerce activities and operations via electronic systems and relevant explanations.

If you have any questions or would like additional information on the topics covered in this alert, please contact the Deloitte Cambodia tax team below.

Best regards,

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