



Cambodia Tax Alert

Withholding tax and specific tax rates reduced for certain airline activities

Greetings from your Tax & Legal team at Deloitte Cambodia.

We are pleased to update you on the following:

The Cambodia Ministry of Economy and Finance (MEF) issued Instruction No. 009 on 7 June 2024 to ease airlines' tax burden related to certain activities.

Generally, any resident taxpayer carrying on a business, including a permanent establishment of a nonresident taxpayer, that pays Cambodian-sourced income to nonresidents must withhold and pay 14% withholding tax to the tax authority. In addition, a specific tax applies to the importation or the domestic production or supply of certain goods or services for use in Cambodia, in particular goods or services that are luxurious, not necessary for daily activities, and that affect health or society. The rate of specific tax for air passenger services is 10%.

According to the above mentioned MEF Instruction, for the period from 1 June 2024 to 31 May 2027:

1. The withholding tax rate for the leasing from foreign companies of aircraft used domestically will be reduced from 14% to 10%.
2. The specific tax rate for air passenger services will be reduced from 10% to 5% for both domestic and foreign airlines.

Contacts

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

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