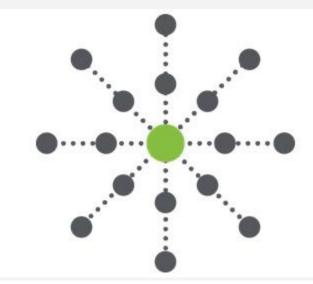
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Southeast Asia (SEA) | SEA Transfer Pricing Centre | 17 September 2018



SEA Transfer Pricing Centre— Cambodia tax alert

Expanding perspectives and possibilities

Interest rate rules on related party loans

On 10 October 2017, The Kingdom of Cambodia's Ministry of Economy and Finance issued Prakas No. 986, a Transfer Pricing regulation that provides guidelines on the allocation of income and expenses among related parties. In line with this, the General Department of Taxation issued Instruction No. 11946 on 21 August 2018, to clarify the determination of the interest rate between related parties.

Instruction No. 11946 provides as follows:

- An enterprise engaged in loan transactions with related parties shall determine the interest rate by following the Arm's Length Principle as set forth in the Prakas No. 986.
- The enterprise is not required to submit the loan agreements to the tax administration for approval. However, the taxpayer shall hold, record and maintain all loan-related documents and shall submit these to the tax administration if required, as mentioned in Article 18 of the Prakas No. 986.

Instruction No. 11946 applies to loan transactions among related parties only. For loan transactions between non-related parties, the

enterprise shall continue to abide by the instructions set out in Instruction No. 151.

Contact

If you have any questions, or would like additional information on the topics covered in this alert, please contact:

Carlo Navarro SEA Transfer Pricing Leader Deloitte Philippines

Vietnam Tax Leader Deloitte Vietnam

Thomas McClelland

+63 2 581 9035 canavarro@deloitte.com +84 28 3910 0751 tmcclelland@deloitte.com

For any other Transfer Pricing matters, please contact the SEA Transfer Pricing team below, or your usual contact in Deloitte.

Transfer Pricing services

Philippines

Carlo Navarro (SEA Leader) Brunei	canavarro@deloitte.com
See Jee Chang	jcsee@deloitte.com

Cambodia

Kimsroy Chhiv

Guam

Jennie Chiu

Indonesia

Roy David Kiantiong

Lao PDR

Anthony Visate Loh

Malaysia

Theresa Goh

kchhiv@deloitte.com

jenchiu@deloitte.com

rkiantiong@deloitte.com

aloh@deloitte.com

tgoh@deloitte.com

Myanmar	
Aye Cho	aycho@deloitte.com
Singapore	
See Jee Chang	jcsee@deloitte.com
Thailand	
Stuart Simons	ssimons@deloitte.com
Vietnam	
Thomas McClelland	tmcclelland@deloitte.com

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The SEA Transfer Pricing Centre in the Philippines stands at the forefront of transfer pricing in the region and will give you unrivalled access to Deloitte's approach, tools, and specialisation. This results in an exceptional level of cost-efficiency and speed, while providing you with top-quality documentation. The SEA Transfer Pricing Centre is supported by partners and professionals with extensive experience serving Multinational Companies in the region. From strategy to implementation, we are ready to deliver.



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