



## FY2026 SEA TP Guide: Cambodia

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## Regulatory framework

<b>Governing laws and guidelines</b>	<ul style="list-style-type: none"> <li>• Prakas No. 574</li> <li>• Instruction No. 14256</li> </ul>
<b>OECD alignment</b>	Mainly based on the Organisation for Economic Co-operation and Development (OECD) Guidelines



## Documentation requirements

<b>Type of requirement</b>	<ul style="list-style-type: none"> <li>• Includes Local File preparation</li> <li>• Previous year Local File can be used for the current year as long as there is no change in the comparable and controlled transactions that affect the transfer pricing method, except for the annual update of financial indicators for comparables.</li> <li>• It is recommended that the Local File be prepared on an annual basis (new benchmarking for the first year and updates for the next 2 years).</li> </ul>
<b>Threshold</b>	<p>Entities engaged in domestic and cross-border transactions with related parties are required to prepare documentation.</p> <p>Taxpayers will be exempted from preparing the Local File for any taxable year if they meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>• Annual turnover of less than KHR 8 billion (approximately US\$2 million) and total assets of less than KHR 4 billion (approximately US\$1 million); and</li> <li>• Related party transactions of less than KHR1 billion (approximately US\$250,000) for goods, assets, services, or royalties, as well as other types of transactions other than loan transactions.</li> </ul> <p>Loan transactions from related party will be exempted from the arm’s length principle if the taxpayer has documentation related to interest as described in Instruction No. 14256.</p> <p>More specifically, a resident taxpayer, other than a bank or financial institution, will be exempted from the arm’s length principle and will not be required to prepare documents related to interest if it is either:</p> <ul style="list-style-type: none"> <li>• An enterprise incorporated for less than three taxable years from the date of tax registration;</li> <li>• A single-member private limited company entering into a loan transaction with a shareholder and the loan has a balance in any period of less than KHR 3 billion (approximately US\$750,000); or</li> <li>• A sole proprietorship entering into a loan transaction with the entity’s owner, spouse, or dependent children.</li> </ul> <p>Prakas No. 574 is effective from 1 January 2025.</p>

<b>Deadline</b>	<ul style="list-style-type: none"> <li>• No specific deadline for submitting the Local File.</li> <li>• It is recommended that the documents must be prepared in advance of the Tax on Income (TOI) return to minimize risks associated with transfer pricing (TP) audit and to complete the reporting required for related parties in the TOI return.</li> </ul>
<b>Country-specific requirements</b>	Technically, the Local File should be prepared in Khmer; however, in practice, the English version is also acceptable by the tax authorities.
<b>Safe harbors</b>	No safe harbors exist in the local TP regulations.
<b>Penalties</b>	Without considering other penalties, the failure to fulfill the obligations as stated in Article 17 of Prakas No. 574 will result in the revocation of the certificate of tax compliance or the re-evaluation of tax compliance, as well as subjecting taxpayers to the penalties outlined in Article 235 of the Law on Taxation (LOT). If necessary, the tax administration may investigate and initiate legal action for criminal tax offenses as stipulated in Articles 242 and 243 of the LOT.



## Transfer pricing forms and reporting deadline

<b>Type of requirement</b>	<p>Under TOI return, there are two requirements to complete in GDT's e-filing:</p> <ul style="list-style-type: none"> <li>• Complete information regarding related party transactions in Step 14 of the TOI return.</li> <li>• Select "Yes" or "No" on whether the enterprise prepares and keeps the Local File as stated in TP Prakas.</li> </ul>
<b>Deadline</b>	<ul style="list-style-type: none"> <li>• The TOI return must be filed within 3 months after the tax year-end.</li> <li>• Loan notification to the GDT is not required based on Instruction No. 14256.</li> </ul>



## Alternate dispute resolution

<b>Advance pricing arrangements (APAs)</b>	N/A
<b>Mutual agreement procedure (MAP)</b>	N/A



## Other local peculiarities

<b>Tax audits</b>	There is separate TP audit, so the tax authority may reassess it under normal tax audit case.
<b>Secondary adjustments</b>	A secondary adjustment refers to an adjustment arising from a tax reassessment of transactions resulting from a primary adjustment. For the purpose of this paragraph, transactions arising from the primary adjustment include dividends, equity contributions, and loans.
<b>Judicial precedents</b>	N/A
<b>Developments and rising issues</b>	<ul style="list-style-type: none"> <li>• Tax authorities may use the median or upper quartile as a basis for counter-argument with taxpayers.</li> <li>• Cambodia has no local database for comparable companies to date, so they may rely on their internal database for TP assessment purposes.</li> <li>• There is a question on the selection of TP methodology and comparable companies from them.</li> <li>• There could be a major challenge on supporting documents or evidence of related party transactions, particularly if partial relevant expenses are disallowed or an additional profit margin is deemed necessary for TOI reassessment purposes.</li> </ul>

# Contacts



## Kimsroy Chhiv

Tax & Legal Leader  
Deloitte Cambodia

+855 95 666 919  
Kchhiv@deloitte.com



## Vuthy Sreng

Tax & Legal Partner  
Deloitte Cambodia

+855 85 997 879  
Vsreng@deloitte.com

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