



Transfer Pricing in Cambodia

Annual compliance requirements



TP Forms (Appendices)

- ❖ **TP Forms (Annex 1)** – Information on related parties and related party transactions.
- ❖ **Annex 1** must be submitted together with the annual corporate income tax return within **three months** after fiscal year ending.



TP Documentation

- ❖ **TP Documentation (Local File)** – Specific information on related party transactions of the local taxpayer and analysis of such transactions including the Transfer Pricing method.
- ❖ No specific deadline. But the **Local File** must be available upon request by the local tax authority during the future tax audit event

TP administration & enforcement



Commonly seen TP audit cases

- ❖ Any enterprise continuously making losses or having low profitability
- ❖ Transfer Pricing compliance
- ❖ Transfer Pricing of complex transactions, intra-group services, royalty payments for intangibles, and financial transactions
- ❖ Multinational enterprises having significant transactions with related parties
- ❖ Validation of the comparable companies selected in the TP documentation
- ❖ Imposing profitability adjustments resulting in multiple administrative challenges.



TP assessments and penalties

- ❖ Withdrawal of taxpayer's certificate of tax compliance
- ❖ Tax authority TP adjustment, resulting in additional tax
- ❖ Tax penalties, ranging from 10% to 40% of any additional tax arising from any adjustment made, plus interest charge of 1.5% (per month)
- ❖ Criminal charges (imprisonment or further monetary punishment)
- ❖ High risk of unilateral assessment/deemed assessment.



TP dispute resolutions

- ❖ Implement a new or refreshed TP policy
- ❖ Analyze comparability basis used by the taxpayer vs tax authority and conduct functional analysis and benchmarking, etc.
- ❖ Negotiate a compromise position with local authorities or seek relief from higher authority
- ❖ Domestic remedies (i.e., appeal, litigation)

How KPMG can support

1

Transfer Pricing compliance support

2

Transfer Pricing consulting and advisory

3

Transfer Pricing controversy and dispute resolutions

Contact us

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