

# Technical Update

January 2022

## Delay on the implementation of the Value Added Tax (VAT) on E-commerce transactions

*(Notification no. 776 GDT, dated 17 January 2022)*

Following our highlight in our December 2021 Technical Update on Implementation of VAT on E-Commerce transactions, the General Department of Taxation (GDT) issued Notification no. 776 GDT, dated 17 January 2022, to further delay the implementation of the VAT on E-commerce transactions until 31 March 2022 to give taxpayers enough time to prepare and implement this new VAT on E-commerce transactions smoothly and effectively starting from 1 April 2022 onward.

Accordingly, the first taxable month for taxpayers to report E-commerce transactions shall cover April 2022 and the VAT on E-commerce return/declaration shall be due by May 2022. Note, however, non-resident taxpayers providing E-commerce supplies in Cambodia must complete their simplified VAT registration process prior to 1 April 2022. Failure to register and/or declare the tax returns and pay the VAT to the GDT on time shall be subject to penalties provided under the tax laws and regulations in effect.

### Our comments

As of date, it is noted that the GDT's IT infrastructures and the process for simplified VAT registration are not yet fully ready (i.e. only physical submission and the payment of tax registration fee in cash are available at this stage), and hence, this period of delay should provide the GDT ample time to finalize and streamline its simplified VAT registration process, particularly its online registration and payment process.

On the other hand, impacted taxpayers should utilize this delay period to revisit their current business models and processes, complete their simplified VAT registration, and to conduct impact/readiness assessment to ensure a smooth implementation of this new regulation by 1 April 2022.

## VAT State-charge for basic daily food

*(Prakas no. 009 MEF.Prk, dated 11 January 2022)*

The Ministry of Economy and Finance (MEF) issued Prakas no. 009 MEF.Prk, effective from 11 January 2022, to determine that VAT on certain basic food for the daily living of the people shall be allowed as a state-charge. The basic food covered under this Prakas no. 009 is defined as follows:

- Meat from domesticated animals such as cattle, buffalo, goat, sheep, pig, chicken, duck, either fresh, salted, or smoked;
- Eggs from domesticated fowls of all kinds, either fresh, salted, or smoked;
- Fresh and saltwater fish of all kinds, including lobster, shrimp, crab, and shellfish of all kinds, either fresh, salted, or smoked;
- Sugar of all kinds, which is not characterized as candy;

- Salt of all kinds; and
- Fish sauce and soy sauce of all kinds.

The VAT on the domestic supply of the above basic food shall be treated as a state-charge for a period of two years from 1 January 2022 to 31 December 2023. Food supplied by restaurants shall be excluded from the above.

## Our comments

The above Prakas no. 009, which is essentially an extension of the previously issued Prakas no.168,( dated 21 February 2020 which expired at the end of December 2021), for another two years from 1 January 2022 to 31 December 2023, and aims to support the living standard of local citizens by rendering the daily necessary food more accessible and affordable. Nevertheless, taxpayers should still ensure compliance with tax obligations (e.g., invoice issuance, VAT declaration, etc.) regarding VAT state-charge transactions.

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

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