

Technical Update

October 2022



Use of Exchange Rates for Self-Assessment Regime Taxpayers

(Instruction no. 26118.GDT, dated 28 October 2022)

The General Department of Taxation (GDT) has issued Instruction no. 26118 GDT, dated 28 October 2022, to clarify the official exchange rates to be used by the Self-Assessment Regime Taxpayers which is effective from the date of this signing instruction (i.e., 28 October 2022) onwards.

Transaction	Applicable Exchange Rate
1. Issuance of invoice	<ul style="list-style-type: none"> Taxpayers must use the official daily exchange rate, which is issued by the National Bank of Cambodia (NBC) or the market exchange rate which is not lower than the NBC's official daily exchange rate for the purpose of disclosing the total value in Khmer riel for invoice issuance. In case that the taxpayers have incurred supplies on the non-working day or before the NBC has not issued an official exchange rate for a particular day, taxpayers shall use the available official exchange rate of the preceding day (e.g., one day before the non-working day). Non-resident E-commerce suppliers under simplified VAT registration suppliers are not required to disclose the total value in Khmer riel in issuing the invoice. However, they are still required to use the monthly official exchange rates (see point 3 below) for the monthly declaration and payment of their VAT on E-commerce transactions in Cambodia.
2. Salary exchange rate	<ul style="list-style-type: none"> The NBC's official exchange rate every 15th of each month shall be used to calculate salary taxes. If the 15th falls on a non-working day, taxpayers shall use the available official exchange rate of the preceding day (e.g., one day before the non-working day).
3. Monthly tax declaration	<ul style="list-style-type: none"> The NBC's official exchange rate issued on the last day each month shall be used to calculate monthly taxes, including the VAT on E-commerce declaration by non-resident E-commerce suppliers and any transaction with no Khmer riels equivalent reflected on the invoice.
4. Annual tax declaration	<ul style="list-style-type: none"> The NBC's official exchange rate issued on the last day of December of each year shall be used to calculate annual taxes.

Any previous regulations on the implementation for the use of exchange rates by self-assessment taxpayers (i.e., Instruction no. 10362 GDT, dated 17 May 2022) shall be abrogated.

Our comments

The previous Instruction no. 10362 GDT dated 17 May 2022 requires taxpayers to apply the GDT official exchange rates, effective from 1 June 2022. However, this new instruction repeals that rule by reinstating the use of the official exchange rates issued by the NBC. It is noted that the GDT only provides exchange rates from USD to KHR so reinstating the use of the NBC exchange rates is more appropriate as NBC provides a more comprehensive list of exchange rates. However, the GDT needs to clarify what is the market exchange rate that taxpayers can use in lieu of the NBC rate as mentioned in point 1 above.

From 28 October 2022 onwards, VAT-registered taxpayers should apply the NBC's prescribed exchange rates in complying with their tax obligations in Cambodia.

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

Contact us

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