

# Technical update

January 2026



## Tax Incentives for the Agriculture Sector

(Prakas no. 962 MEF.Prk.GDT, dated 19 November 2025)

This Prakas provides certain tax incentives and relief granted to the Agriculture Sector, particularly those involved in the cultivation, production, domestic supply, or export of paddy, rice, corn, soybeans, pepper, cassava, cashew nuts, rubber, Pailin longan, mango, banana, animal husbandry, and aquaculture and domestic palm oil products as raw materials for animal feed.

Below is the summary of the tax incentives/relief granted, valid until the **end of 2027**:

- The Value Added Tax (VAT) on local supply of goods/services to enterprises that cultivate, produce, supply domestically or export the above-mentioned agricultural products shall be borne by the state (i.e., VAT state-charged).
- The VAT on the supply of local palm oil as raw materials for animal feed production shall also be borne by the state (i.e., VAT state-charged).
- Enterprises that are suppliers as stated above shall not be required to charge VAT on their supplies but shall be allowed input tax credits related to the supplies.
- Enterprises that cultivate, produce, supply domestically, or export the above-mentioned agricultural products shall also receive the following tax relief:
  - Minimum Tax (MT) suspension
  - Prepayment of Tax on Income (PTol) suspension
  - Withholding tax (WHT) exemption on payments for the supply of services provided by non-VAT registered suppliers

To be eligible for such tax incentives, the above-impacted taxpayers must meet the following conditions; otherwise, the tax incentives will be revoked:

- a. Request a state-borne VAT certificate from the General Department of Taxation (GDT).
- b. Attach the list of suppliers of goods or services with the monthly VAT declaration.
- c. Maintain accounting records in accordance with applicable laws and legal regulations.
- d. Submit (monthly and annual) tax declarations to the GDT according to the format, time, and place determined by the GDT.

On a related note, the GDT issued Instruction no. 076 GDT dated 2 January 2026 to provide guidance on the procedure for requesting state-borne VAT incentives for the supply of goods and services in the E-Filing system.

Meanwhile, enterprises that supply domestic palm oil products as raw materials for the production of animal feed must attach a list of the enterprises receiving the supplies to the monthly VAT declaration, in order to be eligible for the state-borne VAT incentive.

## Our Comments:

The government acknowledges the potential of this industry to contribute to the local economy, and as such, it has extended the similar tax incentives/relief previously granted under Prakas No. 170, dated 20 March 2024. It is important to highlight that the eligible taxpayers must comply with the conditions set out under this Prakas to remain eligible for the said tax incentives/relief.

## State-borne VAT on Basic Food for the Daily Livelihood

*(Prakas no. 948 MEF.Prk.GDT, dated 17 November 2025)*

This Prakas provides that the VAT on the supply of locally produced goods that are basic food, shall be borne by the state (i.e., VAT state-charged), effective from 1 January 2026 onwards.

This state-borne VAT provision shall cover the following locally produced items that are essential for daily living, and valid until the **end of 2028**:

1. Livestock product either fresh meat, or processed by fermented, marinated, or smoked.
2. All types of pet eggs, whether fresh or processed.
3. All types of freshwater or saltwater fish, including lobsters/prawns, shrimps, baby shrimps, crabs, and all types of shellfish, whether fresh or processed by fermented, marinated, or smoked.
4. All types of sugar that are not in the form of candy.
5. All kinds of salt.
6. All kinds of fish sauce or soy sauce.

The state-borne VAT provision does not apply to the supply of the same items, or food, supplied by restaurants.

## Our Comments:

The government's objective of applying the VAT state-charged provisions on these items considered as basic goods and necessities would, in a way, alleviate the concerns of its citizens on the rising cost of living. Impacted businesses in the retail sector (e.g., grocery stores, etc.) must ensure the proper implementation of the VAT state-charge mechanism on these supplies, and ensure keeping the relevant documentation (e.g., VAT state-charge invoice, accounting records, etc.) to mitigate any future tax risk.

## Procedures for Recording and Declaring Taxes on Transactions that Occur and Are Recorded in the Accounting Records Before Payment

*(Instruction no. 37705 GDT, dated 2 December 2025)*

This GDT Instruction was issued to clarify the tax implications and documentary requirements regarding accrued revenue or expenses.

In accordance with the 2023 Law on Taxation (LoT) and the Prakas on Tax on Income (ToI), taxpayers are required to comply with the CIFRS by maintaining accounting records on an accrual basis. In accordance with the accrual basis of accounting, taxpayers must record accrued expenses in the relevant period, regardless of whether the payment has been made. For WHT purposes, such accrued expense shall already trigger the applicable WHT obligations.

Below are the salient provisions of this Instruction:

## A. On accrued expenses

Description	Details
<b>Voucher format</b>	Accrued expenses must be supported by a Purchase Voucher, containing at least the following information: <ul style="list-style-type: none"> <li>• Name (or description) of the document</li> <li>• Document number and date</li> <li>• Account code and sub-account code used</li> <li>• Amount recorded (Debit and Credit)</li> <li>• Description</li> <li>• Date, name, and signature (of the preparer and approver)</li> </ul>
<b>Recording in the Purchase Journal</b>	Accrued expenses must be reported in the Purchase Journal, disclosing the voucher number, date, amount, and description.
<b>WHT implication on accrued expenses</b>	Accrued expenses recorded in the books shall be subject to the applicable WHT rules in accordance with Articles 44 and 45 of the Tol Prakas, and shall be reported in the WHT schedule in the monthly tax declaration.
<b>Input VAT claim on accrued expenses</b>	Taxpayers shall not record any input tax credit for accrued expenses until a valid tax invoice has been received.
<b>Upon receipt of actual invoice</b>	<ul style="list-style-type: none"> <li>• If the accrued expense amount is higher than the actual amount per invoice, the overpaid WHT may be offset against the WHT payable for the current month. Any remaining WHT credit may be carried forward to offset the WHT payable in the following month</li> <li>• If the accrued expense amount is lower than the actual amount per invoice, the additional WHT (on the shortfall amount) shall be declared and paid in the current month.</li> </ul>

## B. On accrued revenue

Description	Details
<b>Voucher format</b>	Similar to accrued expenses, accrued revenue must also be supported by a Sale Voucher, containing similar details of information.
<b>Recording in the Sales Journal</b>	Accrued revenue must be reported in the Sales Journal, disclosing the voucher number, date, amount, and description.
<b>PTol implication on accrued revenue</b>	Accrual of revenue arising from the main business activity and subsidiary income (i.e., considered as “turnover”) shall be subject to PTol.
<b>VAT output on accrued revenue</b>	Accrued revenue is not subject to VAT until the taxpayer issues the actual tax invoice.
<b>Upon issuance of actual invoice</b>	<ul style="list-style-type: none"> <li>• If the accrued revenue amount is higher than the actual amount per invoice, the overpaid PTol may be offset against the PTol payable for the current month. Any remaining PTol credit may be carried forward to offset the PTol payable in the following month</li> <li>• If the accrued revenue amount is lower than the actual amount per invoice, the additional PTol (on the shortfall amount) shall be declared and paid in the current month</li> <li>• The VAT output shall be based on the actual amount per tax invoice issued</li> </ul>

The Instruction further provides that estimates of accrued revenue or expenses must be made based on historical transaction data for similar or comparable transactions (e.g., according to the duration, or the amount of usage per month, etc.).

On a related note, the GDT issued Instruction no. 37706 to provide guidance on how to declare the accrued revenue/expense transactions in the E-filing system.

#### Our Comments:

The previous Instructions issued by the GDT focus on the WHT obligations of taxpayers in respect of accrued expenses. This Instruction further reinforces that rule, and at the same time, clarifies the tax implications on accrued revenue. In effect, it would be reasonable to expect that timing differences would arise between the PTol/Tol declaration and the VAT output declaration on the accrued, as well as in the WHT and VAT input declaration on accrued expenses. It is very important that taxpayers perform a regular reconciliation of these timing differences to properly justify the tax declarations submitted to the GDT. Needless to say, the keeping of the relevant supporting documents (e.g., vouchers, invoices, accounting records, etc.) is equally vital.

Crucially, taxpayers shall ensure that tax invoices are properly issued in accordance with the Sub-decree on VAT, which requires that invoices be issued no later than 7 days after the goods are shipped or services are rendered, or after payment is made if payment occurs before the goods are shipped or services are rendered.

Meanwhile, it would be worth noting that the recording of the accrued revenue and expenses must be made in accordance with the accrual principle under the Cambodian International Financial Reporting Standards (CIFRS). Taxpayers are recommended to consult with their respective accounting advisors to understand this accounting concept to ensure proper compliance with this Instruction.

## Suspension of Prepayment of Tax on Income (PTol) to 2028

*(Prakas no. 1123 MEF.Prk.GDT, dated 26 December 2025)*

This Prakas provides temporary tax relief for the textile and garment industry by granting PTol suspension until the **end of 2028**.

The PTol suspension shall apply to Qualified Investment Projects (QIP) in the textile and garment industry whose Income Tax Holiday (ITH) incentives have already expired, including textile enterprises, clothing manufacturing enterprises, footwear manufacturing enterprises, handbag and briefcase manufacturing enterprises, and hat manufacturing enterprises, as well as enterprises producing brand labels for clothing, glove manufacturing enterprises, sock manufacturing enterprises, towel manufacturing enterprises, pillowcase manufacturing enterprises, duvet cover manufacturing enterprises, bedsheet manufacturing enterprises, and tablecloth manufacturing enterprises for export. To qualify for such relief, the impacted taxpayer must: (1) maintain accurate accounting records, (2) submit tax declarations and pay the applicable taxes on time, and (3) provide an independent auditor's report to the GDT.

#### Our Comments:

This PTol suspension is an extension of the same tax relief provided to the textile and garment sector in previous years. This sector is one of the backbones of the Cambodian economy, and this tax relief echoes the government's efforts to make this sector more sustainable, promote exports, and create a positive impact for workers and citizens who benefit from this sector.

As committed tax advisors to our clients, we welcome any opportunities to discuss the relevance of the above matters to your business.

# Contact us

Email: [info@kpmg.com.kh](mailto:info@kpmg.com.kh) Tel: +855 (17) 666 537

**Andrea Godfrey**

Partner

E [andreagodfrey@kpmg.com.kh](mailto:andreagodfrey@kpmg.com.kh)

**Tan Mona**

Partner

E [tmona@kpmg.com.kh](mailto:tmona@kpmg.com.kh)

**So Dary**

Partner

E [daryso@kpmg.com.kh](mailto:daryso@kpmg.com.kh)

**Nguon Socheata**

Director

E [nsocheata@kpmg.com.kh](mailto:nsocheata@kpmg.com.kh)

**Song Kunthol**

Director

E [skunthol@kpmg.com.kh](mailto:skunthol@kpmg.com.kh)

**Mom Rinsey Tola**

Director

E [mtola@kpmg.com.kh](mailto:mtola@kpmg.com.kh)

**Sok Chanrasmey**

Director

E [schanrasmey@kpmg.com.kh](mailto:schanrasmey@kpmg.com.kh)

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