KPMG

Technical update

January 2026

New Capital Gain Tax (CGT) Prakas

(Prakas No. 1130 MEF.Prk.GDT, dated 31 December 2025, and Instruction No. 022, dated 31 December 2025)

This new CGT Prakas No. 1130 supersedes the previous CGT Prakas No. 496, dated 18 July 2025, and provides some updates and clarifications on some of the key provisions under the new CGT regime.

We have summarized below the key changes under the new CGT Prakas No. 1130 vs. the old CGT Prakas No. 496. You may also check this link for our technical update summarizing the key provisions under the old CGT Prakas No. 496

Description	New CGT Prakas no. 1130	Old CGT Prakas no. 496
14% WHT on Retained Earnings ("RE") (14% WHT on "deemed dividend") **[Article 6(3)]**	The tax provisions imposing WHT on RE (i.e., for transfer of shares held by non-residents) shall be applicable.	Exemption from the applicable WHT on RE shall apply to the transfer of shares (wholly or partly) by a non-resident.
Deductible cost for share transfer **[Articles 10(3&4)]**	• The balance of the RE (i.e., including RE previously converted into capital), as well as reserves attributable to the shares transferred, shall be allowed to be deducted from the selling price/consideration of the share transfer transaction. • The RE amount already claimed as a deduction (and subjected to the applicable WHT) shall not be deductible in any subsequent sale or transfer of shares, nor is it subject to WHT upon actual payment of dividends.	• No existing provisions
Gains realized by a taxpayer under the self-assessment regime (i.e., VAT-registered) **[Article 16]**	• Article 16 clarifies that the sale or transfer of capital held by a taxpayer under the self-assessment regime shall be governed by the provisions on Prakas on Tax on Income (ToI)	• Not explicitly mentioned under the old CGT Prakas
Effective Date **[Articles 18(1&2)]**	• CGT on immovable property shall apply to capital gains arising from 1 January 2027 onwards • CGT on other types of capital assets (other than immovable property) shall apply to capital gains realized from 1 January 2026 onwards	• CGT on immovable property shall apply to capital gains arising from 1 January 2026 onwards • CGT on other types of capital assets (other than immovable property) shall apply to capital gains realized from 1 September 2025 onwards • The above-mentioned effective dates on the implementation of the old CGT Prakas no 496 were subsequently suspended

Meanwhile, Instruction No. 022 provides some practical examples of the calculation of CGT on various types of transactions covered by CGT Prakas 1130. We provide below the key highlights of Instruction No. 022, implementing the provisions of the new CGT Prakas No. 1130.

Description	Details
1. Sample calculation of taxable gain	Instruction no. 022 provides sample scenarios and calculations of CGT on different types of transactions subject to CGT, as well as the basis of the deductible costs/expenses.
2. Deductible cost on transfer of immovable properties	For the transfer of immovable properties, the taxpayer has the option to apply: (1) lump-sum method, i.e., an 80% cost deduction from the income derived on the sale or transfer, or (2) actual cost deduction method. To claim actual deductions, the taxpayer must keep the relevant supporting documents (e.g., sale/purchase agreement, relevant invoices supporting the acquisition, and directly attributable costs, etc.); otherwise, the actual cost deduction method cannot be applied.
3. Determining fair market value (FMV)	Transactions or events (e.g., donation, withdrawal, dissolution) that are treated as sales or transfers subject to CGT but are **not backed by contract** shall be based on **FMV**. In this case, the following methods may be used to determine the FMV of shares: ***1. Market approach*** (i.e., comparing the value of the enterprise with the value of the same or similar enterprises) ***2. Income approach*** (i.e., converting future cash flows into a single current value) ***3. Cost approach*** (i.e., valuing the enterprise with reference to the cost of acquiring the same asset, whether by purchase or construction ***4. Evaluation by Independent Appraiser*** Taxpayers may choose any of the above-mentioned methods that are appropriate for the circumstances of the enterprise. The GDT reserves the right to reassess the FMV where they do not consider that the value determined by the abovementioned methods does not represent the true value.
4. "Nil" CGT declaration	Sale or transfer of capital assets exempt from CGT, or with a "nil" tax payable, must also follow the CGT declaration process with the GDT to register or record relevant data.
5. CGT declaration process and processing ownership transfer	Instruction no. 022 clarifies that the CGT declaration process and payment must be made together with the Stamp Duty payment before the transfer of ownership can be processed with the relevant government ministry. The same Instruction also mentioned the facilities or options on how the taxpayer can file and pay the CGT payable; however, the details of the CGT declaration process, as well as the CGT declaration forms, are not yet available as of this date.

Our Comments:

Prakas No. 1130 is the third version of the CGT regulation issued since the government's stated its intention to implement a new CGT regime in 2022 through Prakas No. 346. The significant change introduced under the new CGT Prakas No. 1130 is what can be included as a deductible cost in the calculation of the capital gain. The new Prakas, allows the balance of the RE (i.e., including RE previously converted into capital) to be deducted from the selling price/consideration of the share transfer transaction. However, the RE amount, which is deducted in the CGT calculation, will now trigger the 14% WHT, as applicable. The application of WHT was previously exempted under the second version of the CGT Prakas where no deduction of retained earnings was allowed. As observed, this calculation method for CGT appears to be unique to Cambodia, as other tax jurisdictions do not have this mechanism.

Another key area of concern is determining the FMV of shares for transactions not supported by a sale and purchase agreement (SPA). Although Instruction no. 022 provides four different options for determining the FMV, to be applied according to the taxpayer's circumstance, there are no further guidelines or conditions on determining the most appropriate method(s) (or hierarchy) of determining the FMV of the transaction. Simply put, the "most suitable method" applied by the taxpayer would still be vulnerable to challenges/reassessment from the GDT and conducting the FMV exercise for either option could entail a great deal of administrative and financial burden to the taxpayer.

- In addition to the above, the concerns we previously raised regarding the existing provisions of the CGT regime in Cambodia remain unresolved in this latest CGT Prakas as follows:
- The net capital gains calculation does not apply asset indexation, which may lead to valuation distortions on subsequent disposals. There is still no rollover relief for replacement assets and no relief for intragroup restructurings.
- The tax treatment of indirect share transfers remains unclear, although the Prakas indicates that related matters will be addressed separately.
- Declaration and payment obligations continue to fall on the Cambodian investee or payment agents, who may lack sufficient information to determine gains or losses. This creates practical challenges in withholding or recovering CGT from income recipients, especially non-residents, after remitting tax to the GDT.

Although the 20% CGT has been implemented, it is still novel; therefore, impacted taxpayers are highly encouraged to seek expert advice to navigate the effects of these changes on their portfolios or any restructuring plans.

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

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