

Technical Update

September 2026



Tax liabilities relating to business transfers, share transfers and enterprise mergers

(Prakas no. 584 MEF.Prk.GDT, dated 29 July 2026)

At a glance:

Effective date	29 July 2026
Who is affected	Taxpayers under the self-assessment regime involved in a business transfer, share transfer or merger
Key change	Prakas No. 584 clarifies how tax liabilities are allocated among transferors, transferees, successor shareholders or partners, and surviving or newly established enterprises.
Immediate action	Notify the GDT and update taxpayer information within 15 working days of the relevant transaction date.

Description	Details																									
Key requirements (Art. 3)	For a business transfer, share transfer, or merger, the relevant parties must notify the GDT and update the taxpayer's registration information within 15 working days after the date of the business transfer agreement, or after the date of approval by the Ministry of Commerce for a share transfer or merger. A new enterprise established through a merger must also complete the applicable tax registration requirements in accordance with the prevailing tax registration rules and procedures.																									
Tax liability arising from a business transfer (Art. 4)	The allocation of tax liabilities depends on the transferor's legal form, tax-clearance status, and whether it ceases or continues its business: <table><tr><th>Transferor</th><th>With tax clearance</th><th>Tax liabilities prior to transfer</th><th>Tax liabilities after transfer</th></tr><tr><td rowspan="2">I. Sole proprietorship, Partnerships</td><td>Yes</td><td>Transferor</td><td>Transferee</td></tr><tr><td>No</td><td>Transferee</td><td>Transferee</td></tr><tr><td rowspan="2">II. Legal persons, permanently ceasing their business</td><td>Yes</td><td>Transferor</td><td>Transferee</td></tr><tr><td>No</td><td>Transferee</td><td>Transferee</td></tr><tr><td rowspan="2">III. Legal persons, continuing their business</td><td>Yes</td><td>Transferor</td><td>Transferee</td></tr><tr><td>No</td><td>Transferor</td><td>Transferee</td></tr></table>	Transferor	With tax clearance	Tax liabilities prior to transfer	Tax liabilities after transfer	I. Sole proprietorship, Partnerships	Yes	Transferor	Transferee	No	Transferee	Transferee	II. Legal persons, permanently ceasing their business	Yes	Transferor	Transferee	No	Transferee	Transferee	III. Legal persons, continuing their business	Yes	Transferor	Transferee	No	Transferor	Transferee
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Tax liability arising from a business transfer (Art. 4)	VAT treatment: The business transfer is not subject to VAT if the required notification and registration update are completed, and the business continues under the transferee. Otherwise, 10% VAT applies.								
Tax liability arising from increase, decrease, or transfer of shares (Art. 5)	For a legal person that transfers, increases, or decreases its shares, successor shareholders are liable for tax liabilities in proportion to their contributed shares , based on the principle of <i>limited liability</i> . For a transfer of an interest in a partnership, the partner who is the transferee is liable for tax liabilities in proportion to the interest received .								
Tax liability arising from a merger (Art. 6)	Where two or more legal persons merge, the surviving enterprise or the new enterprise formed through the merger becomes liable for all tax liabilities of the merged enterprise.								
Extent of owners' and shareholders' tax liabilities (Art. 7)	The extent of liability depends on the legal form and capacity of the successor: <table> <tr> <th>Successor</th><th>Extent of tax liability</th></tr> <tr> <td>Owner, sole proprietor, or a general partner of a general/ limited partnership</td><td>May include contributed business assets and may extend to the owner's/general partner's personal assets.</td></tr> <tr> <td>Limited partner of a limited partnership</td><td>Limited to the amount or value of the contributed assets/capital</td></tr> <tr> <td>Shareholder of companies that are a legal person</td><td>Proportionate to the shareholder's contributed shares, based on the principle of <i>'limited liability'</i>.</td></tr> </table>	Successor	Extent of tax liability	Owner, sole proprietor, or a general partner of a general/ limited partnership	May include contributed business assets and may extend to the owner's/general partner's personal assets.	Limited partner of a limited partnership	Limited to the amount or value of the contributed assets/capital	Shareholder of companies that are a legal person	Proportionate to the shareholder's contributed shares, based on the principle of <i>'limited liability'</i> .
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Shareholder of companies that are a legal person	Proportionate to the shareholder's contributed shares, based on the principle of <i>'limited liability'</i> .								

Our Comments

This guidance is particularly relevant to business acquisitions, internal reorganizations, changes in ownership, business succession arrangements, and corporate mergers. It provides a clearer framework for allocating historical and future tax liabilities among transferors and transferees, outgoing and incoming shareholders or partners, and surviving or newly established entities involved in business restructuring transactions.

Given the potential transfer of tax obligations and exposures, taxpayers should undertake appropriate tax planning and comprehensive due diligence before implementing any business transfer, share transfer, restructuring, or merger. This can help identify and mitigate unforeseen tax liabilities arising from the transaction.

Transaction documents should therefore clearly define and allocate responsibility for historical tax exposures, while also incorporating appropriate indemnity, warranty, and recourse provisions to safeguard the interests of the parties involved.

Our Comments

Taxpayers should likewise pay close attention to the applicable administrative requirements, including the obligation to submit the required notifications and update tax registration records within the prescribed 15-working-day period. The importance of obtaining the necessary tax clearance should not be overlooked, as it may facilitate a smoother transition and reduce potential compliance risks.

In addition, the tax regulations provide potential VAT exemptions on certain qualifying business transfer transactions, subject to specific conditions. Taxpayers should therefore assess the availability of these exemptions as part of the overall transaction structuring process to help minimize the tax cost associated with the transfer.

Ultimately, taxpayers involved in mergers and acquisitions, business transfers, or corporate restructurings should carefully assess the proposed arrangement's tax implications, evaluate historical tax exposures, complete the required tax clearance procedures, coordinate the relevant requirements of the MOC and the GDT, and retain sufficient supporting documentation to substantiate the transaction and its tax treatment.

Non-VAT supply treatment for dental services

(Instruction no. 014 MEF.Instr.GDT, dated 17 August 2026)

Instruction No. 014 reaffirms that the provision of dentistry services is not subject to VAT. This treatment applies to a broad range of professional dental services, including examination, treatment, preventive care, restorative procedures, and related dental interventions, such as:

1. Dental examination and consultation
2. Dental and/or periodontal treatment
3. Tooth extraction, tooth replacement, dental implant surgery, oral surgery, tooth transplantation, and all types of soft-tissue and bone grafting
4. Restorative, preventive, prosthodontic, orthodontic, and cosmetic dental procedures

This Instruction becomes effective from the date of issuance onward.

Our Comments

Instruction No. 014 provides important clarification that qualifying dental services are treated as non-taxable supplies for VAT purposes. It enhances certainty and consistency in the VAT treatment of dental services and reduces ambiguity regarding the treatment of various dental procedures. Dental service providers should review their service offerings and related supplies to ensure that the appropriate VAT treatment is applied.

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 Tel: +855 (17) 666 537

Andrea Godfrey Partner E andreagodfrey@kpmg.com.kh	Tan Mona Partner E tmona@kpmg.com.kh	So Dary Partner E daryso@kpmg.com.kh	
Nguon Socheata Director E nsocheata@kpmg.com.kh	Song Kunthol Director E skunthol@kpmg.com.kh	Mom Rinsey Tola Director E mtola@kpmg.com.kh	Sok Chanrasmey Director E schanrasmey@kpmg.com.kh

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