



Frequently Asked Questions (FAQs) for Implementing the Value Added Tax on E-Commerce Transactions

អគ្គនាយកដ្ឋានពន្ធដារ នៃក្រសួងសេដ្ឋកិច្ចនិងហិរញ្ញវត្ថុ

អាសយដ្ឋាន : ផ្លូវលេខ ៥២២-៥២៤, កែងមហាវិថីសហព័ន្ធរុស្ស៊ី (១១០) និង
ម៉ៅសេតុង (២៤៥), សង្កាត់ទឹកល្អក់១, ខណ្ឌទួលគោក, រាជធានីភ្នំពេញ
ទូរស័ព្ទ : (855) 23 886 708
សារអេឡិចត្រូនិក : gdt@tax.gov.kh

Question 1:

What are Sub-Decree No. 65 ANKR.BK (Sub-Decree 65) and Prakas No. 542 MEF.PK (Prakas 542) all about and to whom they apply?

Answer:

Sub-Decree 65 and Prakas 542 cover the supplies of digital goods or services via electronic systems or any e-commerce activities carrying out by non-resident suppliers from the outside of Kingdom of Cambodia into the Kingdom of Cambodia, and resident taxpayers who receive the supplies of digital goods or services or any e-commerce activities from non-resident taxpayers. The following types of taxpayers are required to comply with Sub-Decree 65 and Prakas 542:

1. Non-resident taxpayers (suppliers of digital goods and services for the purpose of these regulations), are those who do not have permanent establishments (PE) in the Kingdom of Cambodia, and who supply digital goods or digital services and/or e-commerce activities to customers in the Kingdom of Cambodia. These regulations also apply to non-resident electronic platform operators; and
2. Self-assessment taxpayers (tax registered customers of e-commerce for the purpose of these regulations) in Cambodia are those who receive digital goods, services and/or e-commerce activities from non-resident taxpayers.

Question 2:

What is the purpose and objective of introducing VAT on e-commerce?

Answer:

The introduction of VAT on e-commerce is a way for collecting VAT from the consumers who are purchasing digital goods and digital services from non-resident suppliers via electronic systems. The current VAT in Cambodia was in fact introduced in 1999 and it requires local suppliers to charge 10% VAT on their invoices on the supplies of goods and services to their customers. In the today's emerging digital economy environment, to ensure a fair playing field and fair competition between local suppliers and non-resident suppliers who do not have permanent establishment in Cambodia, VAT shall also be charged at a rate of 10% on the digital goods and digital services supplied by non-resident suppliers into Cambodia.

Question 3:

What are digital goods?

Answer:

Digital goods are intangible goods that are ordered, supplied, and delivered entirely via an electronic system.

Question 4:

What is a digital service?

Answer:

A digital service is a service that is transacted via an electronic system.

Question 5:

What is e-commerce?

Answer:

Based on Sub-Decree 65, e-commerce refers to commercial activities involving purchasing, selling, renting, exchanging of goods or services, including business activities and civil activities via an electronic system. e-commerce includes, but not limited to, business activities or transactions, as set out in the Annex of Sub-Decree 65.

Question 6:

What are some of the examples of e-commerce activities?

Answer:

A list of some of the examples of e-commerce provided in the annex to Sub-Decree 65 are as follows:

- Electronic order of tangible products
- Ordering and downloading digital products
- Ordering and downloading digital products for commercial use of the copyright
- Updates and add-ons
- Limited duration software and other digital information licenses
- Single-use software or other digital products
- Application hosting separate licenses
- Application hosting-bundle contracts
- Application service Provider (ASP)
- ASP License Fee
- Website hosting
- Software maintenance
- Data warehousing
- Customer support over a computer network
- Data retrieval
- Delivery of exclusive/high value data
- Advertising
- Electronic access to professional advice
- Technical Information
- Information delivery
- Access to an interactive website
- Online shopping portals
- Online auctions
- Sales referral programs
- Content acquisition transaction
- Streamed (real time) web-based broadcasting
- Carriage fees
- Subscription to a website allowing the downloading of digital products.

Question 7:

What is an electronic platform operator?

Answer:

An electronic platform operator refers to a non-resident taxpayer who supplies services, receives payments, and delivers digital goods or services to purchasers via electronic platforms on behalf of non-resident suppliers via an electronic system.

Question 8:

How can taxpayers determine whether the digital service or e-commerce activity is rendered in Cambodia?

Answer:

Taxpayers can determine whether the digital service or e-commerce activity is rendered in Cambodia based on the information that is provided by customers as follow:

- Payment information (e.g., credit card or bank account information)
- Residence information (e.g., home address, billing address)
- Access information (SIM Card code, IP address).

If one or more of the above indicators are identified, then a determination can be made that the digital service or e-commerce activity has occurred in Cambodia.

Question 9:

When does VAT on e-commerce come into effect?

Answer:

According to Notification No. 776 GDT issued on 17 January 2022, the effective date for implementing Prakas No 542 MEF.PK is from 1 April 2022 onward.

Question 10:

Who is a taxable person under Prakas No. 542 MEF.PK?

Answer:

A taxable person is defined in Prakas 542 MEF.PK as:

1. A non-resident taxpayer who, including an electronic platform operator, supplies digital goods or services or any e-commerce activity into the Kingdom of Cambodia that meets the Simplified VAT registration threshold:
 - annual turnover from 250 million Riels (approximately USD62.5k) or more, or
 - expects to have any 3-month-consecutive turnover period completed in the current calendar year from 60 million Riels (approximately USD15k) or more
2. A self-assessment taxpayer who receives the supply of digital goods or services and/or any e-commerce activity from non-resident taxpayers.

Question 11:

What is the threshold for Simplified VAT registration?

Answer:

A non-resident taxpayer who provides digital goods, services or e-commerce activities to Cambodian customers with annual turnover from 250 million Riels (approximately USD 62.5k) or more or who expects to have any 3-month-consecutive period completed in the current calendar year from 60

million Riels (approximately USD 15k) or more, shall have the obligation to complete registration for Simplified VAT within 30 days after the turnover threshold has been met. The Simplified VAT registration is for VAT purposes only.

A non-resident taxpayer can voluntarily register for Simplified VAT even if their turnover from the provision of digital goods, digital services, or e-commerce activities to customers in Cambodia does not fall within the above outlined thresholds.

Question 12:

What is the procedure to apply for Simplified VAT registration?

Answer:

A non-resident taxpayer, who is required to register for Simplified VAT in Cambodia, shall complete the prescribed VAT Application Form (NR-76) with the following supporting requirements:

- Their overseas tax registration certificate;
- Valid identification documents of the owner or representative (ID card or passport);
- 2 current 35mm x 45mm photos, not older than 3 months and with a white background, of the director or representative;
- Bank account confirmation issued by or printed from the bank of the non-resident taxpayer;
- An application fee of Khmer Riels 400,000 (approximately USD100).

Question 13:

Does a non-resident taxpayer require to establish a permanent establishment (PE) in Cambodia to be qualified for Simplified VAT registration?

Answer:

No, a non-resident taxpayer does not require to have a PE in Cambodia to register for Simplified VAT registration.

Question 14:

Will the Simplified VAT registration of non-resident taxpayer constitute a permanent establishment (PE) for income tax purposes?

Answer:

No, this Simplified VAT registration is for VAT purposes only.

Question 15:

What are non-taxable supplies under Sub-Decree No. 65 ANKR.BK and Prakas No. 542 MEF.PK?

Answer:

The supply of digital goods or digital services or any e-commerce activity that are determined to be non-taxable supplies as outlined in Article 57 of the Law on Taxation shall be considered as non-taxable supplies.

Question 16:

If a self-assessment taxpayer imports tangible goods to Cambodia, is he/she required to apply the Reverse Charge mechanism?

Answer:

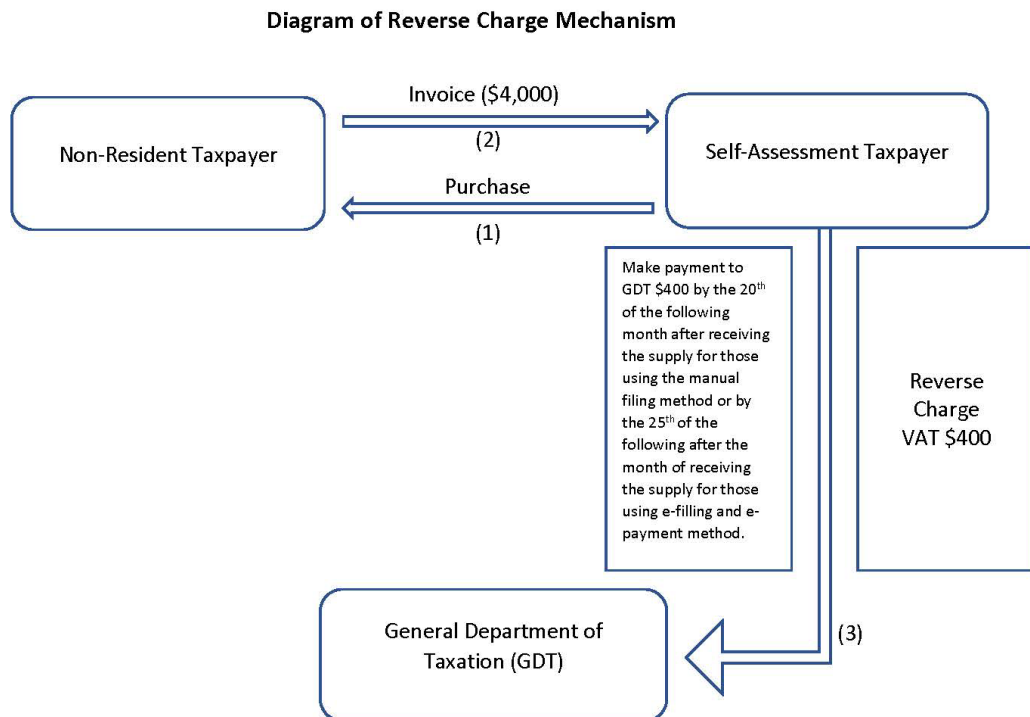
No, the imported tangible goods may be subject to VAT administered by the General Department of Customs and Excise when they go through Cambodian customs clearance processes.

Question 17:

What is a Reverse Charge?

Answer:

A Reverse Charge is the mechanism by which a self-assessment taxpayer, who receives digital goods, services, or e-commerce activities from a non-resident taxpayer, requiring to account for VAT by filing a tax return and paying the applicable VAT to the tax administration on behalf of the non-resident taxpayer for the taxable value. A self-assessment taxpayer requires to account for the applicable VAT on behalf of the non-resident taxpayer under the Reverse Charge mechanism regardless of whether or not the non-resident taxpayer has registered for Simplified VAT in Cambodia.



Question 18:

Will a self-assessment taxpayer be entitled to claim input tax if he/she accounts for VAT under the Reverse Charge mechanism?

Answer:

The VAT amount paid by a self-assessment taxpayer under the Reverse Charge mechanism shall be allowed as an input tax credit in accordance with the provisions of Article 29 to Article 39 and Article 41 of the Sub-Decree on Value Added Tax.

Question 19:

Who is required to declare and pay VAT under the Reverse Charge mechanism?

Answer:

A self-assessment taxpayer who receives the supply of digital goods, services, or any e-commerce activity from a non-resident taxpayer, whether or not a Simplified VAT registered taxpayer, shall collect VAT under the Reverse Charge mechanism at the rate of 10% and shall file VAT tax return using form NR-VAT02. Small taxpayers in the self-assessment system are exempted from the Reverse Charge obligation for five years.

Question 20:

How should the invoices be issued?

Answer:

A non-resident taxpayer who supplies digital goods or digital services or any e-commerce activity to a customer in the Kingdom of Cambodia shall issue an invoice containing in the following:

1. To non-VAT registered customers:
 - Name of the enterprise and Identification Number of the Simplified VAT Registration
 - Invoice number
 - Date of the issued invoice
 - Address: Cambodia and E-mail of the customer
 - List of goods or service
 - Unit
 - Unit price
 - Total price.
2. To self-assessment taxpayers:
 - Name of the enterprise and its Tax Identification Number
 - Invoice number
 - Date of the issued invoice
 - Name of the enterprise and Tax Identification Number of the customer
 - Address: Cambodia and E-mail of the customer
 - List of goods or service
 - Unit
 - Unit price
 - Total price.

Question 21:

If non-VAT registered customers in Cambodia make purchases of digital goods, or digital services, or any e-commerce activity from non-resident taxpayers via resident taxpayers (resident electronic platform operators), how will VAT be paid?

Answer:

Resident taxpayers (resident electronic platform operators) collect the applicable amount of VAT from the non-VAT registered customers as per their normal sales.

Question 22:

Does a self-assessment taxpayer need to issue a tax invoice to himself/herself when he/she accounts for VAT on his/her purchase under the Reverse Charge mechanism?

Answer:

No, the self-assessment taxpayer can file tax returns and pays the applicable amount of VAT based on the invoice of the non-resident supplier together with the purchase and the relevant payment documents to support the tax returns filing.

Question 23:

How does a non-resident taxpayer convert to the Khmer Riel currency if he/she receives payment in a foreign currency?

Answer:

1. A non-resident taxpayer shall file monthly VAT returns and pay the applicable amount of VAT in Khmer Riel currency to the tax authority in Cambodia. A non-resident taxpayer, when completing the monthly VAT return (using Form NR-VAT01), can convert foreign currency to Khmer Riel currency, using the exchange rate published by the National Bank of Cambodia on the last working day of the month in which the supply took place.
https://www.nbc.org.kh/english/economic_research/exchange_rate.php
2. The self-assessment taxpayer in Cambodia who pays the applicable amount of VAT under the Reverse Charge mechanism shall file the tax return (NR-VAT02) and pay VAT in Khmer Riel currency in accordance with Instruction No. 27617 GDT dated 12 December 2019 of the General Department of Taxation.

Question 24:

How should non-resident taxpayers pay the applicable VAT to General Department of Taxation (GDT)?

Answer:

VAT payments shall be made via any local partner banks of the GDT through one of the following methods:

1. Pay directly to any local partner banks with cash or through e-payment for local payments. Non-resident taxpayer may use a representative or any tax service agent to arrange and make payment on their behalf
2. Use credit card or debit card
3. Transfer the applicable amount of VAT from overseas to the account of the GDT via the appointed local partner banks.

Question 25:

If a customer cancels the service and the non-resident taxpayer has already paid the applicable amount of VAT or if a non-resident taxpayer has overpaid, what does the said non-resident taxpayer need to do?

Answer:

A non-resident taxpayer can issue a credit note or debit note to account for the changes, and do not need to amend their previous submitted returns.

Question 26:

When should I account for VAT on e-commerce?

Answer:

VAT is due and paid at the time of supply. The time of supply refers to:

1. For non-resident taxpayers, the time of supply is the time prior to the issuance of the invoice, or the delivery of digital goods, or services is completed, or the payment is received.
2. For self-assessment taxpayers who receive the supply of digital goods or services or any e-commerce activity that are required to pay the applicable amounts of VAT under the Reverse Charge on behalf of the non-resident taxpayers, the time of supply is the time prior to the issuance of the invoices, or the receiving of digital goods, or the completion services, or the settlement of payments.

Question 27:

If a non-VAT registered customer has paid for a three-month (February to April) movie streaming service beginning from 1 February 2022, is the service provider of the streaming service required to file a VAT return and pay the applicable amount of VAT for the service provided in April 2022?

Answer:

No, based on the “time of supply” rules the service has been paid in full amount before the implementation date of VAT on e-commerce of 1 April 2022.

Question 28:

What is the VAT rate for supplies of digital goods or digital services?

Answer:

10% of the taxable value of the supplies.

Question 29:

When must a VAT return be filed?

Answer:

A VAT return shall be filed to the GDT by the 20th of the following month after receiving the supply or by the 25th of the following month for those using e-filing and e-payment method.

Question 30:

How is VAT collected?

Answer:

1. A non-resident taxpayer who supplies digital goods or services or any e-commerce activities to:
 - a. A consumer (who is not a self-assessment taxpayer) in Cambodia (Business to Consumer-B2C) shall collect VAT @10% of the taxable value of the supply and file monthly VAT return using form NR-VAT01 together with the listed detailed information in Appendix 01.
 - b. A registered self-assessment taxpayer who has made the payment via a bank account in their name, and provided their TIN and registered name, shall not collect VAT but fill out the detailed information in Appendix 02 of form NR-VAT01. If the resident taxpayer does

not make the payment to the supplier via their own bank account and does not provide their TIN or the name of the enterprise, the non-resident suppliers shall consider the transaction as B2C and invoice and collect VAT @10%.

2. A self-assessment taxpayer, excluding small taxpayers as per above, who receives the supply of digital goods or services or any e-commerce activity from a non-resident taxpayer, whether or not a VAT registered, shall collect the 10% VAT using the Reverse Charge mechanism and submitting tax return form NR-VAT02 together with the listed detailed information in Appendix 01 and Appendix 02.

Question 31:

Does a non-resident taxpayer who has registered for Simplified VAT require to pay patent tax?

Answer:

Patent tax is exempted for a non-resident taxpayer who has registered for Simplified VAT.

Question 32:

How to deregister from the Simplified VAT registration?

Answer:

In this case, the non-resident taxpayer who wishes to cease supplying digital goods or digital services or any e-commerce activity via electronic system into the Kingdom of Cambodia shall pay all the outstanding liable amount of VAT before applying for Simplified VAT De-registration. The non-resident taxpayer can submit a request letter to the GDT within 15 days after the cessation of the supplies of digital goods or digital services into the Kingdom of Cambodia.

Question 33:

Is the provision of virtual education subject to e-commerce VAT?

Answer:

The provision of virtual education is not subject to VAT if the provided educational institution is recognized by the government of the non-resident country and is conducted live, otherwise it is subject to VAT on e-commerce. (e.g., pre-recording or E-learning)

Question 34:

For the required photographs of the non-resident taxpayers for Simplified VAT registration, are non-resident taxpayers required to be physically present for photographs taken in Cambodia?

Answer:

The representatives of the non-resident taxpayers can submit the required photographs of the non-resident taxpayers on their behalf.

Question 35:

Non-resident taxpayers do not have to collect the 10% VAT if the customers are B2B and makes payments from the company's bank account. What about B2B customers who make payments via credit cards?

Answer:

The same procedure applies for the payment via bank account or by using credit card if the bank account and credit card account is in the name of the enterprise.

Question 36:

How do non-resident taxpayers issue invoices for B2C and B2B (Business to Business) customers?

Answer:

- Non-resident taxpayers shall issue a tax invoice and collect the applicable amount of VAT from consumers (for B2C)
- For B2B transactions, no VAT is charged by the non-resident taxpayers in the invoices being issued. The self-assessment taxpayers will need to declare and pay 10% VAT on behalf of the non-resident taxpayers under the Reverse Charge mechanism.

The non-resident taxpayers shall not collect the 10% VAT, but shall have the obligation to fill out the detailed information in Appendix 02 of the VAT tax return using form NR-VAT 01.

Question 37:

If a non-resident taxpayer does not have sufficient information to determine if the customer is B2B and has effectively charged the 10% VAT, can the B2B customer claim the VAT credit based on the non-resident taxpayer's invoice?

Answer:

Self-assessment taxpayers who paid 10% VAT amount using the Reverse Charge mechanism shall be allowed an input tax credit in accordance with the provisions of Article 29 to Article 39 and Article 41 of the Sub-Decree on VAT. Based on the effective rules and regulations, VAT charged by a non-resident can be claimed as an input credit if the invoice includes the VATIN of the purchaser. GDT will verify with the purchaser to confirm if the purchases were for business purposes.

Question 38:

If a B2B customer doesn't provide their TIN to the non-resident taxpayer on time and the non-resident taxpayer has charged the B2B customer the applicable amount of VAT as B2C, and thereafter attempting to request a VAT refund, is this approach allowed?

Answer:

If the self-assessment taxpayer failed to inform the non-resident taxpayer about their VAT-TIN and did not make the payment via their company bank account and in the name of the enterprise, the non-resident taxpayer shall consider the enterprise as a non-registered taxpayer and invoice and collects the 10% VAT. Based on the effective rules and regulations, no VAT refund is allowed if the VAT-TIN of the purchaser does not record on the invoice.

Question 39:

Assuming the non-resident taxpayer issues credit notes to relevant customers to adjust some billed amounts and if such actions cause some reductions or increases in the due amount of VAT, can such adjustments be done in the next VAT return?

Answer:

Yes, if the adjustment has been done to correct the wrong billing amount, the non-resident taxpayer can issue credit notes in the following month and fill out the listed detailed information in the Appendix of the VAT tax return using form NR-VAT01.

Question 40:

Can GDT do away with the transaction listing to be filed with VAT return?

Answer:

The non-resident taxpayer needs to fill out the name of the self-assessment taxpayers and other required listed information in Appendix 02 of the VAT tax return using form NR-VAT01 for B2B. However, for B2C, the non-resident taxpayer can complete the information in a statement format (grouping by activities) by types of digital goods or digital services.

Question 41:

If a non-resident taxpayer is uncertain whether a service is regarded as a digital service, what should be done to address this issue?

Answer:

A non-resident taxpayer can send a letter to the General Department of Taxation to request a ruling or clarification on whether such a service is considered a digital one.

Question 42:

Is an intercompany royalty charge considered to be under scope of this regulation?

Answer:

It depends on the nature of "Royalty" charge, if the royalty is related to using online platform, then "YES" it is within the scope of an e-commerce activity.

Question 43:

If a self-assessment taxpayer receives a VAT invoice from a Simplified VAT registered non-resident taxpayer, is the self-assessment taxpayer still required to withhold withholding taxes?

Answer:

VAT for e-commerce applies to the supply of digital goods, digital services or any e-commerce activity from a non-resident supplier to a consumer in the Kingdom of Cambodia. Other applicable taxes, such as withholding tax do not fall under the scope of the VAT on e-commerce regulations and shall apply based on Cambodia tax law and regulations in force. It is advised to take note that a Simplified VAT registered non-resident taxpayer is not considered to be a self-assessment taxpayer/consumer for the purpose of determining whether a payment is exempted from Withholding (WHT) under Article 48(2) of the Prakas on Tax on Income No. 098 dated 29 January 2020.

Question 44:

What are the criteria for identifying a B2B and B2C transaction?

Answer:

B2C transactions refer to transactions between businesses to consumers, whereas B2B transactions refer to transactions between businesses to businesses. A self-assessment taxpayer shall notify the non-resident taxpayer of their VAT TIN together with their bank account in their name. If the taxpayer fails to inform or does not follow the required payment processes, the non-resident taxpayer shall consider this situation/transaction as a supply to a consumer (B2C) and collect VAT @10%. To allow the non-resident taxpayer to be able to claim a VAT input credit from a situation where VAT TIN

was provided but not with the proper bank account details, the non-resident taxpayer will treat the transaction as B2C type but will still need to provide the necessary details as stated in Append 02 of the NR-VAT 01 declaration.

Question 45:

Can the VAT Reverse Charge be included in the normal monthly VAT declarations?

Answer:

Yes, the VAT Reverse Charge shall be completed in a separate declaration by the self-assessment taxpayers.

Question 46:

What are some of the prescribed obligations of the monthly VAT return and payment for non-resident e-commerce providers who are registered under the Simplified VAT regime?

Answer:

Non-resident taxpayers who have registered for Simplified VAT shall file VAT returns and make the applicable tax payments on monthly basis in Khmer Riel currency as follows:

- For supplies to consumers (non-registered taxpayers) in Cambodia (B2C): shall collect VAT @10% of the taxable value and file monthly VAT return using form NR-VAT01 together with the listed detailed information in Appendix 01.
- For supplies to a self-assessment taxpayer who provides and makes payments using their registered bank account (in the name of their entity): shall not charge and collect VAT but shall complete the listed detailed information in Appendix 02 of form NR-VAT 01. If the payment is not made by the entity's bank account, the non-resident taxpayer shall consider this transaction as a B2C supply and will invoice and collect VAT @10%.

Question 47:

What is the Simplified VAT registration process?

Answer:

Simplified VAT registration refers to VAT registration for e-commerce purposes. It is referred to as a simplified process as it has less required supporting documents as well as the procedural requirements than the standard tax registration process in Cambodia. For more information on the Simplified VAT registration process, please refer to Instruction No. 20522 GDT dated 08 December 2021 on Implementation of Value Added Tax on e-commerce.

Question 48:

Can the claim back of the VAT input that have been paid via "Reverse Charge" be done for the payments that have been made to non-resident taxpayers who have not registered for Simplified VAT Registration in Cambodia, but the annual turnover exceeds USD 62,500?

Answer:

VAT amounts that have been paid by a self-assessment taxpayer under the Reverse Charge mechanism shall be allowed as an input tax credit in accordance with the provisions of Article 29 to Article 39 and Article 41 of the Sub-Decree on Value Added Tax.

Question 49:

If a self-assessment taxpayer "Company A" received digital service from non-resident taxpayer, Does Company A still pay withholding tax 14% in addition to the 10% VAT Reverse Charge?

Answer:

VAT for e-commerce is applied for the supply of digital goods, or digital services, or any e-commerce activity from non-resident suppliers to consumers in the Kingdom of Cambodia. Other applicable taxes, such as withholding tax, are not in the scope of VAT on e-commerce, and shall apply based on Cambodia tax laws and regulations in force.

Question 50:

What is the difference between VAT on e-commerce and Withholding Tax (WHT)?

Answer:

VAT on e-commerce and Withholding Tax on non-resident are two different types of taxes. VAT on e-commerce is the tax collected from consumers/users by the suppliers based on the prices of the supplied goods and services. In simple terms, VAT on e-commerce is a consumption tax on the supplies of digital goods and services supplied by non-resident suppliers, meaning that end consumers/users pay the 10% VAT. Withholding Tax, on the other hand, is an income type of tax withheld by resident self-assessment taxpayers on a number of types of income from services, rent, interest, royalties, dividends etc. to pay to Tax Administration. The applicable rate depends on whether the recipients of the incomes are residents or non-residents.