

Technical Update

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Notification on the filing of 2007 tax return

(No. 002MoEFTD, dated 14 January 2008)

We refer to our December 2007 newsletter highlighting the annual tax on profit (ToP) compliance obligation.

The Ministry of Economy and Finance (MoEF) has issued notification No. 002MoEFTD to remind companies to lodge their ToP return for the year ended 31 December 2007 to the Tax Department by 31 March 2008.

The notification asks companies to ensure that they complete the tax return accurately and in full, paying particular attention to capital contributions and employee information on page 2, the ToP calculation on pages 9 and 10, and the adjustment of loss carried forward as a result of any tax re-assessment issued by the Tax Department on page 12.

In addition, the notification reiterates that companies may incur penalties if they fail to submit a ToP return by the prescribed deadline or if the return is inaccurate. Penalties will be imposed in accordance with Articles 130-133 of the Law on Taxation.

To facilitate accurate completion of the ToP return, the Tax Department has produced an information leaflet and a ToP return in softcopy. Companies may obtain a copy from the Tax Department's offices.

New Prakas on change of tax year end

(No. 1481 MoEF.Prk.TD, dated 31 December 2007)

The MoEF has issued Prakas No. 1481 MoEF.Prk.TD, effective 31 December 2007 which allows companies, incorporated in the Kingdom of Cambodia and which have more than 51% of their ordinary share capital owned by a foreign parent company, to apply for a change in their tax year end from 31 December to the tax year end of their parent company.

To apply for a change in tax year end, a company is required to provide the following information to the Tax Department:

- a letter from the foreign parent company confirming the foreign parent company's tax year end
- a letter from the foreign parent company's auditors confirming the foreign parent company's tax year end
- a copy of the company's Memorandum and Article of Association identifying the foreign parent company.

The Prakas specifies that the Tax Department may not accept an application for a change in tax year end if implementation of the new tax year end would cause a loss of tax revenue to the department.

Certificate of Compliance for Qualified Investment Projects

On an annual basis, the Council for the Development of Cambodia (CDC) requires all Qualified Investment Projects (QIPs) to apply for a Certificate of Compliance (CoC). The CoC enables QIPs to continue to receive tax incentives granted to them under their investment license.

To obtain a CoC for 2007, QIPs are required to submit the following information to the CDC by 31 March 2008:

- Financial statements for 2007
- Certificate of tax compliance issued by the Tax Department
- Quarterly report on the actual import of raw materials and production materials
- Quarterly report on the actual export of products
- Annual inventory list of immovable properties
- Control Investment Book (Form CIB 01S).

Contact us

Low Chee Cheong
Executive Director
Tel: +855 23 216 899 (ext 221)
Fax: +855 23 216 405
e-Mail: clow@kpmg.com.kh

Tan Mona
Supervisor
Tel: +855 23 216 899 (ext 235)
Fax: +855 23 216 405
e-Mail: tmona@kpmg.com.kh

Bun Sovann
Supervisor
Tel: +855 23 216 899 (ext 234)
Fax: +855 23 216 405
e-Mail: bsovann@kpmg.com.kh

KPMG Cambodia Limited

No.2 Street 208
Sangkat Boeung Prolit
Khan 7 Makara
Phnom Penh
Kingdom of Cambodia