



Technical Update

February 2024

Exemptions, reliefs, delay, and suspension of tax(es) applicable to the real estate sector

(Notification no. 001 MEF.GDT, dated 4 January 2024)

Pursuant to the government’s decision during the 19th Government-Private Sector Forum, this notification was issued by the Ministry of Economy and Finance (MEF) to notify the general public of the following:

I. Stamp Duty (SD) exemption on the transfer of immovable property

Value of Housing Development (e.g., Borey)	Tax Exemption / Relief	Conditions
Less than or equal to USD70,000	SD exemption until the end of 2024	<ul style="list-style-type: none"> Applicable to Sale and Purchase Agreements (SPA) dated from 25 February 2020 to 31 December 2024. The value of the immovable property per SPA should be reflective of the fair market value (FMV) and properly supported by an SD declaration. The original copy of the SPA shall be submitted in addition to other documents to process the SD payment.
Over USD70,000	Allow to deduct USD70,000 from the basis calculation of Stamp Duty until the end of 2024.	<ul style="list-style-type: none"> The immovable property is from a residential development company registered with the MEF (under the Real Estate Business & Pawnshop Regulator Department) or the MEF’s department in the provinces which has a valid real estate business license. The General Department of Taxation (GDT) reserves the right to inspect and reassess the value of the property where they consider the price per SPA is not reflective of the FMV.

II. Capital Gains Tax (CGT)

Continue to delay the implementation of the Capital Gains Tax (CGT) on six types of capital gains including tax on gains from immovable properties, leases, investment assets, goodwill, intellectual property and foreign currencies until the end of 2024.

III. Tax on Immovable Properties

For registered immovable properties	For non-registered immovable properties
<p>Immovable properties with an erroneous declaration as to value, size, type, or life (for buildings) shall not be subject to tax reassessment until the end of 2023. This includes exemption from the basic tax, additional tax, interest, and administrative penalties.</p> <p>From 2024 onwards, the prevailing laws and regulations in force must be complied with.</p>	<p>Permit the registration and tax payment from the year in possession or the last beneficiary of the immovable properties (with or without title/deed)</p>
<p>Owners shall only pay the basic tax amount, without additional taxes and interest, until the end of June 2024.</p>	

IV. Tax on Unused Land

The implementation of the Tax on Unused Land shall be delayed until the end of 2024. For purposes of implementation from 2025 onwards, the MEF will issue tax regulations to reduce the criteria for tax exemption based on the following premises:

1. Land that is subject to Tax on Unused Land refers to the land outside the taxable area on immovable properties.
2. Land that is subject to Tax on Unused Land shall be reduced by 5 hectares per site.
3. Land with more than 5 hectares shall be exempt from Tax on Unused Land in accordance with any of the following conditions:
 - Agricultural land that is currently cultivated with the approval of the committee or sub-committee of land valuation for Tax on Unused Land
 - Land that is currently used for the economic activities of a physical person or legal person that has been registered with the GDT
 - Land, with or without construction, under a lease agreement
 - Land that is in the possession of the Royal Government or government institutions
 - Land under economic concession which is leased from the state, or community land
 - State-owned land which is leased to any physical person or legal person for other economic activity as per contract or as per agreement between the two parties
 - Land in a Special Economic Zone that directly serves agricultural, industrial, and/or service activities
 - Land that has been registered as an asset of an enterprise in the field of education and vocational training serving the educational and vocational training purpose of the enterprise. In case that this land has been sold or does not serve the above purpose, tax obligations shall be fulfilled as per the prevailing laws in force.

All the above-mentioned tax exemptions, reliefs, delays, and suspensions shall not be applicable to taxes, including administrative penalties, that have already been paid.

Our comments

It can be observed that the real estate industry is one of the adversely impacted sectors brought by COVID-19. Hence, these tax exemptions, reliefs, delays, and suspensions provided by the government will not only ease the tax burdens on property owners and real estate investors but will also stimulate economic growth in the real estate market. However, to be eligible for the above-mentioned benefits, taxpayers must ensure that they meet the stated conditions and have sufficient documentation to justify their case.

In addition, the further delay in the implementation of the CGT regime by 2025 presents an opportunity for impacted taxpayers to conduct tax planning strategies and business restructuring exercises to minimize the impact of this new tax regime in the future. Impacted taxpayers should initiate a discussion on this matter with their trusted advisors.

Incentives under the Double Taxation Agreement (DTA)

(Instruction no. 180 GDT, dated 3 January 2024)

The GDT issued this Instruction to clarify that the validity of the DTA incentives, in all cases, shall be effective for one whole year from **1st January** of the current tax year.

Taxpayers must apply for DTA benefits and ensure full compliance with the relevant tax laws and regulations before receiving approval from the GDT.

Our comments

Previously, for first-time applications, DTA incentives were generally effective from the date of approval up to the end of the calendar year. Hence, taxpayers were not able to fully enjoy the DTA incentives if the DTA certificates were granted during the later part of the year. This new instruction will allow taxpayers to avail of the DTA incentives for a full year, once the DTA approval is granted by the GDT. However, taxpayers may need to revisit, and if needed, amend the tax declarations that were filed prior to obtaining the DTA approval to apply the DTA benefit of reduced tax rate.

To maximize the available DTA incentives, taxpayers are recommended to take early actions in submitting DTA requests while ensuring proper compliance with the prevailing laws and regulations to obtain a favourable response from the GDT.

Procedures for online amendment of the monthly tax declaration

(Instruction no. 45417 GDT, dated 25 December 2023)

The GDT has issued this Instruction to provide guidance on the procedures for the online amendment of monthly tax declarations. To ensure effective implementation, the GDT detailed the following procedures:

Step 1	<p>Go to “e-Filing System”, select the function “Adjustment on Tax Return” and choose the type of tax(es) that need to be amended:</p> <ul style="list-style-type: none">• Adjustment to the Purchase and Sale Journal• Adjustment for Withholding Tax• Adjustment for Salary and Fringe Benefits
Step 2	<p>Choose between Headquarter or Branch (if applicable), select the date and click on “Adjustment Record” and further select the type of amendment as below:</p> <ul style="list-style-type: none">• To add a new transaction(s), select “Add New Record”, input the transaction information that has not been declared, and click “Save”.• To edit transaction(s), select “Edit Record”, search for the transaction(s) that need to be amended, and click “Edit Invoice”• To delete the transaction(s), select “Delete Record” and search for the transaction that needs to be deleted. Click “Delete Invoice” and input the reason for deleting the transaction and click “Okay”.
Step 3	<ul style="list-style-type: none">• Go to the “Monthly Tax Return Adjustment” tab• Choose the formula to calculate VAT, select date, click “Search” and verify the results• If the results are correct, tick “I have already read and confirmed that the information for adjustments is correct” then select “Save and Submit”• After this step, you may extract the request form for amendment of the monthly tax declaration.

Step 4

After the submission of the request form, taxpayers shall proceed to tax payment:

- Where there is additional tax payable, or the tax amount remains unchanged, taxpayers shall use the barcode on the request form to make payment via the e-Payment system or directly at local GDT-partnered commercial banks, without having to wait for an official response from GDT.
- Where there is credit carried forward, taxpayers must wait for an official response from the GDT. Taxpayers can only use the credit to carry forward to the following month after approval from the GDT.

After the submission of the request form, the GDT will either approve or reject the request and taxpayers can receive the official response from the GDT via the e-Filing system. Taxpayers can also check the status of the amendment request by using the mobile application “GDT Check & Track” by scanning the QR code on the request form.

Our Comments

This online amendment process introduced by the GDT marks a commendable move towards efficiency as it streamlines the inconvenient process of manually submitting the request letter to the GDT. This will also encourage taxpayers to conduct self-review and voluntary amendments to their tax declarations as they can now navigate the amendment process with greater ease and efficiency.

In light of this new Instruction, taxpayers are highly recommended to conduct a self-review of their tax compliance process (e.g., doing a tax health check, tax process review, etc.) to identify areas which need further improvement. Amendment of the impacted monthly tax declaration should be considered, as necessary.

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

Contact us

Phnom Penh

PO Box 2352
35th Floor, GIA Tower,
Sopheak Mongkul Street, Diamond Island,
Sangkat Tonle Bassac, Khan Chomkarmon,
Phnom Penh, Kingdom of Cambodia
T +855 (17) 666 537 | +855 (81) 533 999

Scan to visit our website: kpmg.com.kh
Email: kpmg@kpmg.com.kh



Michael Gordon
Senior Advisor,
Partner

T +855 17 666 537
E mgordon@kpmg.com.kh

Nguon Socheata
Director

T +855 17 666 537
E nsocheata@kpmg.com.kh

Andrea Godfrey
Partner

T +855 17 666 537
E andregodfrey@kpmg.com.kh

Song Kunthol
Director

T +855 17 666 537
E skunthol@kpmg.com.kh

Tan Mona
Partner

T +855 17 666 537
E tmona@kpmg.com.kh

Mom Rinsey Tola
Director

T +855 17 666 537
E mtola@kpmg.com.kh

So Dary
Partner

T +855 17 666 537
E daryso@kpmg.com.kh

Sok Chanrasmey
Director

T +855 17 666 537
E schanrasmey@kpmg.com.kh

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG Cambodia Ltd., a Cambodian single member private limited company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.