

Technical Update

Tax and Corporate Services

May 2016

Additional update on Instruction no. 1127 on use of invoices for taxpayers under the Real Regime System

On **24 March 2016**, the Private Sector Tax Working Group (TWG) and Working Group D have met with the General Department of Taxation (GDT) to discuss the **invoicing requirements** as stated in the recent GDT's Instruction no. **1127** dated 26 January 2016 following a detailed request letter from the TWG lodged the GDT earlier (as updated in our March 2016 Technical Update).

The meeting was chaired by the GDT's Director General, H.E. Kong Vibol and representatives from the Working Groups. H.E Kong Vibol has clarified a number of unclear issues as well as providing some practicality on the implementation of the invoicing requirements as set out in the Instruction no. 1127. We summarize **the GDT's clarifications** on certain key points as below.

Invoice format

The format of the invoice is flexible, and does not need to follow the exact sample invoice as attached in the GDT's instruction no. 1127. However, the following **6 key requirements** must be included in the invoice if a taxpayer intends to claim VAT credit:-

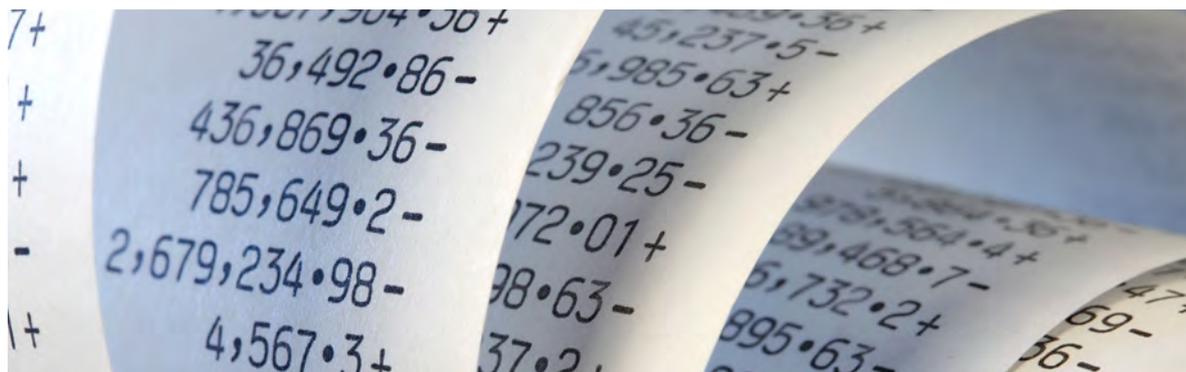
- 1) Name of the enterprise, address and VATTIN of the seller or supplier
- 2) Invoice's serial number and date of issuance
- 3) Name and address of the buyer, VATTIN and customer's signature if a Real Regime taxpayer
- 4) Description of product, quantity purchased and unit price of goods or services
- 5) Total price excluding VAT (i.e. separated from 10% VAT)
- 6) Good quality printing ink and invoice paper

The GDT has agreed to a 6 month period extension, starting from the meeting date (i.e. 24 March 2016), for the taxpayers to adjust their invoice system to comply with the requirements.

As noted the GDT will not issue any notification to inform the public regarding this extension period, but it will be internally notified to the GDT's officers for implementation

Khmer language

The invoice must be presented in Khmer Language, however, if there are any technical terms that would be difficult to translate into Khmer, English may be used for such terms.



Customer's signature

Tax Invoices must be signed by both the supplier and customer, if the VAT registered customers intend to claim VAT credits from the GDT. The invoice issuer does not need the customer to obtain a copy of the invoice signed by the customer.

Commercial Invoices do not need to be signed by the customers, as they are the end-users who will not claim VAT credit.

Invoice Serial numbers

Serial numbers should be **renewed** at the start of each year. Businesses operating in multiple locations are allowed to issue **separate** serial numbers for each location, or continuous serial numbers between the head office and branch office, if they use a computerized system that automatically generates invoice numbers for each sale.

Implementation date

From the discussion during the meeting, the GDT has given a 6 month extension, starting from the meeting date (i.e. 24 March 2016), for the taxpayers to comply with the requirements of the Instruction no. 1127 above.

Our comments

The implementation extension period of six months (i.e. until September 2016) should allow taxpayers sufficient time to adopt the requirements on the invoice issuance. The Director General has also agreed not to retrospectively implement this requirement for invoices issued prior to this requirement.

The requirement for customer's signature, as noted above, would seem to only be necessary for the VAT registered customer looking to claim credit on their purchase. In this case, the supplier would not need to keep customer-signed invoices, whereas the customer can sign on those tax invoices they intend to claim VAT credit.

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

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