



CAM ACCOUNTING & TAX SERVICE CO., LTD.

Technical Update

Prakas on the Instruction on Implementation of the Sub-Decree on Tax Incentives for Informal Economic Development

July 2024

(Prakas No. 360, dated 19 June 2024)

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Article 2 : Priority Scopes

This Prakas applies to micro, small, and medium-sized enterprises **(MSMEs)** that voluntarily register for tax in order to operate businesses in the following priority sectors:

- Wholesale, retail and repair
- Accommodation and food Services
- Handcrafts
- Agricultural communities

Article 4 : Tax Incentives

This Prakas outlines tax incentives for micro, small, and medium-sized enterprises **(MSMEs)** that voluntarily register for tax.

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1. Micro enterprises registering for tax between 2023 and 2028 are exempt from the following fees:
 - a. Tax registration fees
 - b. Information update fees
 - c. Tax registration certificate printing fees
2. Small enterprises registering for tax between 2023 and 2028 are exempt from penalties and tax liabilities related to their business activities before voluntary registration. This includes payment tax, additional tax, interest, and fines.
 - Penalty and tax liabilities including payment tax payment, additional tax, interest and fines related to the business of the enterprises for non-compliance prior to voluntary tax registration.
 - Tax registration fees, information update fees and certificate printing fees.

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- Patent tax as registered.
 - Patent tax for two years after registering for tax in 2024 or in 2025.
 - Prepayment of income tax, income tax, and minimum tax for two years after registration is approved.
3. Medium-sized enterprises that have voluntarily registered for tax between 2024 and 2025 will be exempted for as follows:
- Penalty and tax liabilities including payment tax payment, additional tax, interest and fines related to the business of the enterprises for non-compliance prior to voluntary tax registration.
 - Patent tax as registered.
 - Patent tax for two years after registering for tax in 2024 or in 2025.
 - Prepayment of income tax, income tax and minimum tax for two years after registration is approved.

Any tax exemption and all public service fees as the tax registration approved as mentioned in the Article 4 of this Prakas are considered as the government's expenses.

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Article 5 : How to receive tax incentives

MSMEs that are entitled to tax incentives shall comply the following conditions:

- The voluntary tax registration shall be registered via <https://www.registrationservices.gov.kh> (**CamDX**) or on-site registration at the tax authority that is not forced by the tax authority for the registrations.
- The business activities in one of the priority sectors of the informal economy.

Article 6 : Tax Payer Obligations

Enterprises that are entitled to tax incentives shall perform following obligations:

1. Micro enterprise shall inform the tax authority about:
 - Annual revenues as determined by tax administration (GDT) from January 1 to March 31 of the following year.

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- To update information to **GDT** within 15 days after change of address, name, business purposes, transfer, termination of business, telephone number and e-mail.
- 2- Small and medium-sized enterprises shall:
 - Inform the tax administration (**GDT**) within 15 days after the change of address, size, name, business purposes, transfer and change of shareholders, composition of the managers of the enterprise or branch, termination of business, staff in charge of tax affairs, bank account information, contact number and E-mail.
 - Maintain the accounting records and submit the tax return as determined by the tax administration (**GDT**), even if the enterprises are exempted from prepayment of income tax, income tax and minimum tax as stated in this Prakas.
 - Submit monthly and annual tax returns and other taxes in accordance with the existing laws and regulations on taxation.



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