



TAX UPDATE

Chief Audit Bureau / Department of Large Taxpayer

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General Department of Taxation

Forum on Business and Investment Climate of Cambodia

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NATIONAL REVENUES

GDCE  **Imported Tax**

GDT  **In land Revenue**

MEF  **Non-Tax Revenue**

LAW AND LEGISLATIONS



LAW ON TAXATION

- 2/1997 Law on Taxation was promulgated and Self-Assessment was introduced.
- 3/2003 Law on Taxation was amended in some articles. We are on the way to draft and amendment.
- All tax provisions contain in the Finance Acts and the Law on Taxation



TAX SYSTEM AND ADMINISTRATION

- Profit tax, Salary tax, VAT, Excise Tax, Withholding Tax and Administration rules and Procedures.
- We have two type regimes:
 - Real regime (Self-Assessment System)
 - Official Assessment System



THE MAJOR TYPES OF TAXES

Tax on Profit, Minimum Tax, Additional Profit Tax on Dividend distribution, Tax on Salary and Fringe benefit, Value Added Tax, Withholding Tax, Public Lighting Tax, Excise Tax, Accommodation Tax, Entertainment Tax .



OTHER TAXES

Other taxes such as Patent Tax, Stamp Tax, Tax on Unused Land, Transfer Tax, Tax on Means of Transportation.

Our goals for influencing willing participation



Easy for people to participate

It is easy to do the right thing and hard not to



Contemporary and tailored service

Co-designing integrated services to make it easy to get it right and interact online

Focus on prevention before correction, while maintaining strong focus on deliberate evasion



Purposeful and respectful relationships

Work collectively with business, industry bodies and government to influence taxpayers towards willing participation



Professional and productive organisation

Service orientated culture focused on stronger relationship management capabilities

Policy of Public Financial Management Reform of the Government of Cambodia

Managing risk – from *full assessment* to *tailored engagement*



GDT assessment

Self assessment

Streamlined self-assessment

Risk approach

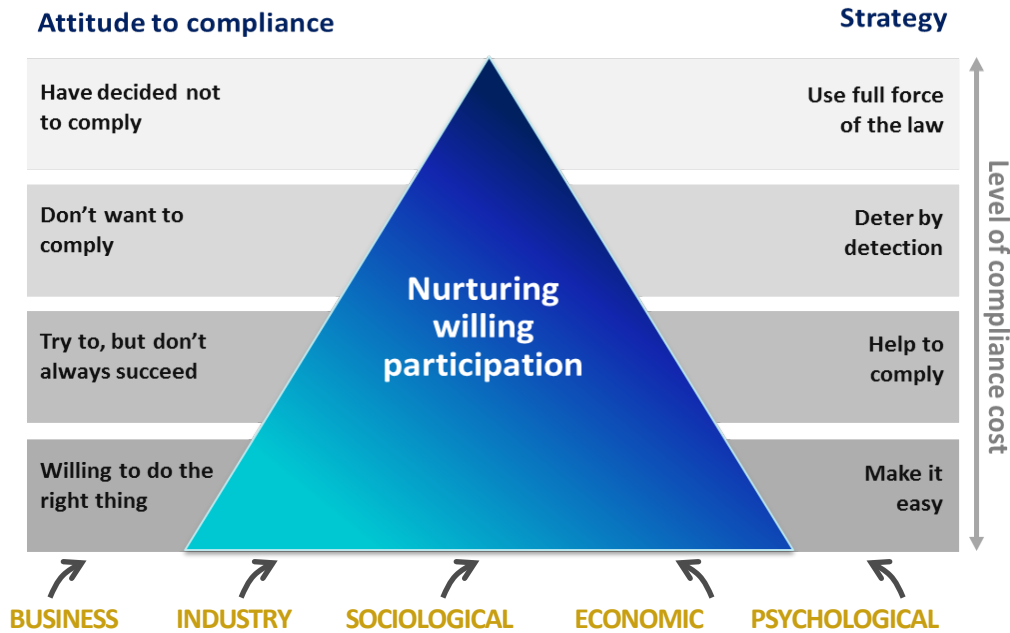
- No risk tolerance
- No risk differentiation, random selection
- Risk aversion
- Compliance model and risk differentiation framework
- Sensible risk management
- Tailored engagement based on risk
- Transparency and assurance

Administration

- Full disclosure
- 100% assessment
- Paper based
- Regional divisions
- Based on true and correct statements
- Risk based reviews and audits
- Towards data automation
- Market based divisions
- Integrated digital solutions
- Stronger relationships
- Smarter use of data to detect risk
- Whole of client and whole of government

Tailoring engagement based on indicators of risk

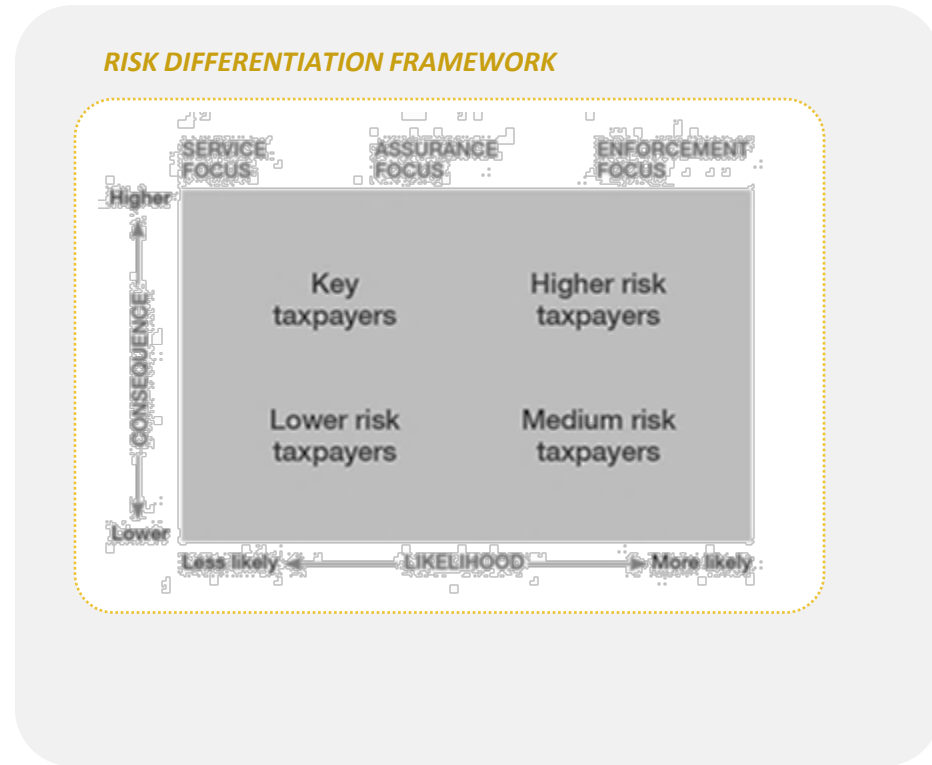
Supporting those who choose to do the right thing, and dealing with those who do not



←----- Indicators of risk ----->

Low complexity
High transparency
Behaviour and choices

High complexity
Low transparency
Behaviour and choices



Focus for 2016-17 and beyond



Determine risks

Small business

- Simple accounting
- incentives
- Correct reporting

Private and public groups

- International and cross boarder
- Integrity of business systems
- Create opportunity for more investments



Visible expectations

Provide earlier, clearer and more relevant advice to the community on our views, implications of emerging issues and the digital economy with taxpayers, business advisors and tax professionals:

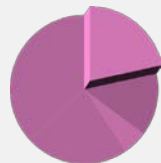
- Educational email campaigns
- Issue of assurance notifications to notify taxpayers they are doing the right thing
- Communicate higher risk behaviours and the consequences
- Development of enterprise client profile



Tailored treatment based on risk

An increasing interaction scale aimed at tailoring treatment based on level of risk:

- Use data and behavioural analytics to pre-empt and detect patterns of behaviour
 - compliant taxpayer misses 1-2 lodgment periods
- A range of communication products targeted to foster willing participation
 - desktop reviews and audit – increasing levels of examination
 - alternative Dispute Resolution and Litigation



Measure and evaluate

Review the gap between the theoretical tax base and the tax actually received
Review the tax experience and measure shifts in behaviour with those engaged
Participation in the system:

- Correct registration
- Lodgment
- Payment
- Accurate reporting

Initiatives to improve client experience



Preparing

Small business	Large Enterprises	Privately owned wealthy groups	Preparing
<p><i>More time for small business as we deliver simple and tailored services and products</i></p>	<p><i>Increased certainty and confidence</i></p>	<p><i>Increased certainty and confidence</i></p>	<p><i>Be involved in shaping the future excise experience</i></p>
<ul style="list-style-type: none"> ▪ Supporting SMEs to provide opportunities to compete in domestic and ASEAN business environment. ▪ Improved online interactions ▪ Simple accounting records. 	<ul style="list-style-type: none"> ▪ Define and progressively integrate the justified trust concept ▪ Understand the impact of the multinational anti-avoidance law on business operations ▪ Tailored compliance engagements, such as Annual compliance arrangements and Key taxpayer engagement 	<ul style="list-style-type: none"> ▪ Increased certainty through safe harbour provisions ▪ Improved online interactions ▪ Tax governance conversations that are supported by the new tax governance guide 	<ul style="list-style-type: none"> ▪ Consulted on potential law change to ensure a practical application to modern business practices and situations ▪ Involved in co-design of a future contemporary online excise system

Strengthening relationships

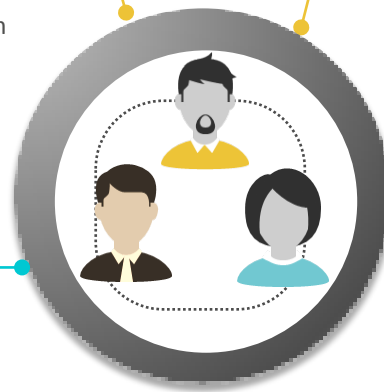
Working together to *improve experience, manage risk and co-design services for the community*

Tax professionals and software industry

- Co-designing a system enabled GDT risk model specifications to be embedded into the software, so clients receive early warning of potential error or misreporting at the point of lodgment
- Working together on Simpler BAS - enabled opportunities to be uncovered so we could transform bookkeeping for small business

Consultation groups

- VAT advisory group
- Large business liaison group
- Consultation steering group
- Private groups stakeholder group
- Special purpose groups



Government and international agencies

- Information sharing to deal with cross-border risks around tax avoidance -including sharing economy impacts
- Cooperation with other tax jurisdictions to share data and intelligence and undertake joint compliance action
- *OECD International VAT-GST Guidelines* to take steps towards applying goods and services taxes to cross border services – imported digital services

Department of human services

- Working together cross government to pilot the *Mobile government service centre* to assist people in remote geographic locations

Strong relationships *assured*

Key taxpayer engagement

customised service
early engagement

justified
trust

annual compliance
arrangements

co-operative
assurance
agreement

new pathways to encourage
willing participation

right amount of
tax paid
and **reported**
at the right time

working with our
partners in the tax
and super systems



myassurance
mytax



simpler
BAS

Connected mobile government services

Service orientated



Easy and simplified