

**Kingdom of Cambodia  
Nation Religion King'**

**The Royal Government of Cambodia**



**No.: 33 OrNkr.BK**

**SUB-DECREE**

**ON**

**AMENEDMENT OF ARTICLE 15**

**OF SUB-DECREEE NO. 111 OrNkr.BK dated September 27, 2005**

**On the Implementation of the Law on Amendment to the Law on Investment of Kingdom of Cambodia**



**THE ROYAL GOVERNMENT**

- Having seen the Constitution of the Kingdom of Cambodia,
- Having seen the Royal-Decree No. NS/RKT/0918/925 dated September 06, 2018 on the Appointment of the Royal Government of the Kingdom of Cambodia,
- Having seen the Royal-Krame No. NS/RKM/0618/012 dated June 28, 2018 promulgated the Law on Organization and Functioning of the Office of the Council of Ministers,
- Having seen the Royal-Krame No. NS/RKM/0196/18 dated January 24, 1996 promulgate the Law on the Establishment of Ministry of Economy & Finance,
- Having seen the Royal-Krame No. 03/NS/94 dated August 05, 1994 promulgated the Law on Investment of the Kingdom of Cambodia,
- Having seen the Royal-Krame No. NS/RKM/0303/009 dated March 13, 2003 promulgated the Law on the Amendment of the Law on Investment of the Kingdom of Cambodia,
- Having seen the Royal-Krame No. NS/RKM/0508/016 dated May 13, 2008 promulgated the Law on the Public Financial System,
- Having seen the Royal-Krame No. NS/RKM/0707/017 dated July 20, 2007 promulgated the Law on Custom,
- Having seen the Royal-Krame No. NS/RKM/0297/03 dated February 24, 1997 promulgated the Law on Taxation,
- Having seen the Sub-Decree No. 488 OrNkr.BK dated October 16, 2013 on the Organization and Functioning of the Establishment of Ministry of Economy & Finance,
- Having seen the Sub-Decree No. 60 OrNkr.BK dated April 05, 2016 on the Organization and Functioning of the Council for the Development of Cambodia,
- In pursuant to the Request of the Minister of Ministry of Economy & Finance.

**IT'S HEREBY DECIDED**

**Article1:**

Article 15 of the Sub-Decree No. 111 OrNkr.BK dated September 27, 2005 on the Implementation of the Law on Amendment to the Law on Investment of the Kingdom of Cambodia should be amended as bellows:

**Article 15 (new) Tax on Profit**

**15.1** According to sub-article 1 of Article 14.1 of the Law on Investment, exemption period of Tax on Profit, which is Trigger Period plus 3-year period plus Priority Period.

**15.2** Trigger Period of Exemption Period of Tax on Profit is period commencing from issuance of the Final Registration Certificate ending on last day of the taxation year immediately preceding the early of 8

(a) The taxable year prior the year which QIP acquired the first taxable profit or

(b) The third taxable year after the QIP acquired the first profit from the goods and services supply which is the business activities even if the untaxable profit.

For the purpose of this sub-article and sub-article 1 of Article 14 of the Law on Investment, the taxable profit refer to the profit that calculated under the provision of the Law on Taxation regardless of the provision of the carry forward of losses as stated in Article 17 of the Law on Taxation.

**15.3** 3-Years is the period commencing from the Trigger Period is ended.

**15.4** The Priority Period is determined by Law on Financial Management commencing from the third year of the 3-years as stated in sub-article 15.3 above is ended.

**15.5** The Prepayment of the Tax on Profit does not apply to a QIP during the exemption period of Tax on Profit as stated in sub-article1 of Article 14 (new) of the Law on Investment.

**15.6** The Qualified Investment Project has a duty to record in the accounting book in according with the Law and Provision on Taxation and other Provision of the Kingdom of Cambodia.

**15.7** In the case of the Qualified Investment Project failed to record in the accounting book, the Minimum Tax should be calculated with the rate of 1% of the turnover inclusive of all taxes except Value Added Tax as stated in Article 24 (new) of the Law on Taxation.

**15.8** The Qualified Investment Project which request to expand the investment activities will be acquired the incentive the exemption period of Tax on Profit but in the case of expansion of that project will be followed up with any term and conditions as bellows:

- The expansion of existing production,

- The expansion through the diversification of the production that under the distant relative with the same product name,

- The expansion with the new modern technology which enhance the production or protect the environment

- The infrastructure expansion for serving the local telecommunication services.

- 15.9** "QIP Expansion" refer to the expansion of investment activities of the Qualified Investment Project which has received the Final Registration Certificate from the Council for Development of Cambodia or Sub-Committee of Investment of Provincial-Municipal.
- 15.10** "Expansion Capital of QIP" refer to the Investment Project Cost to expand the Qualified Investment Project which will be used for investment on construction materials and new production equipment only.
- 15.11** The expansion Capital of QIP is at least in equal of minimum capital as stated in Section 2, Annex 1 of the Sub-Decree No. 111 OrNkr.BK dated September 27, 2005 on the Implementation the Law on Amendment to the Law on Investment of the Kingdom of Cambodia.
- 15.12** The expansion of QIP must acquire the exemption period of Tax on Profit with the rule of Trigger Period plus 3-year period plus priority period as bellows:
- Trigger Period: commencing from the period of acknowledgement as the expansion project of QIP and ending when the QIP of this expansion have received the first profit.
  - Priority Period: should be determined in accordance with the Law on Financial Management came into force
  - For the Profit which will be exempted the tax for expand of QIP is equal of total profit multiple with the Rate of Expand Capital of QIP. Rate of Expansion Capital of QIP is equal of Expansion Capital of QIP divide with Total Investment Project Cost. Total Investment Project Cost is equal of Old Investment Project Cost plus Expansion Capital of QIP which will be acquired the incentive. The Rule of Calculation as bellows:

Profit which must acquire the incentive for exemption of Tax on Profit = Total Profit x Rate of Expansion Capital of QIP

$$\text{Rate of Expansion Capital of QIP} = \frac{\text{Expansion Capital of QIP of Incentive}}{\text{Total Investment Project Cost}}$$

Total Investment Project Cost = Old Investment Project Cost + Expansion Capital of QIP of Incentive

- Prepayment of Tax on Profit on the QIP expansion does not apply during the exemption period of Tax of Profit
- 15.13** The acknowledgement of QIP under the condition of expand and should be inspected in order to grant or revoke the incentive. For QIP under the condition of expansion should be followed through the inter-institutions mechanism led by Ministry of Economy & Finance by participation from the Council for Development of Cambodia in accordance with legal procedure and guideline determined by Declaration of

Minister of Ministry of Economy & Finance. Inter-Institutions Mechanism play the role as executive entity and was established through the Declaration of Minister of Ministry of Economy & Finance.

**15.14** QIP who request for expansion should be submitted to the Inter-Institutions Mechanism. Ministry of Economy & Finance should be replied back during the period of time in 45 of working days after received the application.

**15.15** The incentive as stated on point 15.12 above, will not be allowed for:

- Purchase or transfer the other Qualified Investment Project who already acquired the incentive of Tax on Profit.

- Supplement of old Investment Project Cost

**Article2:**

Any provision that contrary to this Sub-Decree will be abrogated.

**Article3:**

Minister in Charge of the Office of the Council of Ministers, Minister of Ministry of Economy & Finance, The Council for Development of Cambodia, Ministers of All Ministries/Institutions and Chairman of All relevant Institutions, Governor of Provincial-Municipals should be implemented this Sub-Decree with duties respectively from the date of signature.

**Phnom Penh, February 13, 2019**

**Prime Minister**

**Samdech Akka Moha Seina Padei Techo Hun Sen**

**Having submitted To**

**Samdech Akka Moha Sena Padei Techo Hun Sen**

**For Signature**

**Deputy Prime Minister, Minister of Economy & Finance**

**Deputy Chairman of The Council for Development of Cambodia**

**Signature**

**Signature**

**H.E Ph.D Oun Ponmonirath**

**Chhin Bun Sean**

**CC:**

- **Ministry of Royal Palace**
- **General Secretariat of Constitutional Council**
- **General Secretariat of Senate**
- **General Secretariat of National Assembly**
- **Cabinet of Prime Minister**
- **Cabinet of Deputy Prime Ministers,**
- **As Article 3**
- **Royal Gazette**
- **DoC-Archive**