

**Kingdom of Cambodia**  
**Nation – Religion – King**

**Ministry of Economy and Finance**

**No. 1821**

**Prakas on**  
**The Procedure for Management of Patent Tax Collection**

**Preamble**

**Minister of Economy and Finance decided**

**Article 1: Objective**

This Prakas aims to set the procedure for management of patent tax collection in accordance with article 12 of the Financial Act year 2016 which was promulgated by the Royal Kram number 1215/016 dated December 17<sup>th</sup> 2015.

**Article 2: Purpose**

This Prakas has the purpose to set the procedure for management of patent tax collection on business activities of taxpayers.

**Article 3: Scope**

This Prakas applies to taxpayers under the self-assessed regime with businesses in Cambodia.

**Article 4: Objective of the Tax**

Patent tax is an annual tax levied on business activities according to types of taxpayers and level of turnovers.

**Article 5: Tax Payment**

Tax payment is decided as below.

1. Taxpayers with multiple business activities shall pay multiple patent taxes for each business activities.  
For example, a taxpayer with business activities in import-export, transportation, and hotel shall pay patent taxes for 3 different business activities.
2. Related activities of business activities are considered as a single business activity.  
For example, a hotel with entertainment clubs, restaurants, massage parlors, fitness clubs, or other activities related to hotel activity under direct management of one taxpayer and located in the same compound with the hotel shall pay one patent tax.
3. Taxpayers with branches, warehouses, factories, and workshops for a business activity in the same capital – provinces shall pay one patent tax.

*Unofficial Translation by the Council for the Development of Cambodia.*

4. Taxpayers with business activities in different capital – provinces shall pay patent taxes in each capital – provinces of business activities.

#### **Article 6: Amount of Patent Tax**

Amount of patent tax are decided as below.

1. Small Taxpayers shall pay an annual patent tax of 400,000 Riel.
2. Medium Taxpayers shall pay an annual patent tax of 1,200,000 Riel.
3. Large Taxpayers with turnover:
  - a. Over 2 billion Riel and less than 10 billion Riel shall pay an annual patent tax of 3 million Riel.
  - b. Over 10 billion Riel shall pay an annual patent tax of 5 million Riel.

Large taxpayers with branches, warehouses, factories, and workshops for the same business activity located in different capital – provinces shall pay patent tax of 3 million Riel in capital – provinces of those business activity location.

#### **Article 7: Date of Patent Tax Payment**

Patent tax shall be paid at the commencement of business operation and from January 01<sup>st</sup> to March 31<sup>st</sup> for the following years. Patent tax shall be paid at the tax administration where taxpayers have its business.

Taxpayers who commence business operation during the first 6 months of the year shall pay patent tax for one full year while those that commence business operation during the last 6 months shall pay patent tax for half a year.

#### **Article 8: Patent Tax**

Patent tax is valid only for taxpayers with name in the patent certificate. In case of change of location to different capital – provinces or change of business activity, a new patent tax shall be paid.

In order to join bidding or quotation of price for supply of goods or service, taxpayers shall have patent certificates with business activities in line with those of bidding or quotation.

Taxpayers are obliged to display valid patent certificates in their business premises.

#### **Article 9: Change of Ownership**

For business with change of owners and old owners have paid patent text, new owners shall not pay new patent tax in case the following two conditions are fulfilled.

1. No change of business activities.
2. New owners are parents, spouse, children, or legal successors of old owners.

#### **Article 10: Void**

Any regulations in contrary to this Prakas is void.

#### **Article 11: Implementation**

Chief of Cabinet, Secretary General, Delegate of the Royal Government / Director General of the General Department of Taxation, all Director General of General Departments, General Inspector, and head

of units under the Ministry of Economy and Finance, and all relevant enterprises must implement this Prakas effectively from the date of signature.

Phnom Penh, December 25<sup>th</sup> 2015

**Dr. Aun Porn Monyrath**