



Monday, 8<sup>th</sup> day of the waxing moon, Month of  
Paoth, Year of Pig of the first cycle, BE 2563  
Phnom Penh, 10<sup>th</sup> June, 2019

## **Guideline**

### **Regarding**

#### **The determination of supporting documents confirming the supply of services for use outside the Kingdom of Cambodia subject to value-added tax at the rate of zero percent**

In compliance with Articles 45 and 54 of Sub-Decree no. 114 ANKr.BK, dated 24 December 1999, on Value Added Tax, the supply of services performed outside the Kingdom of Cambodia shall be subject to value-added tax at the rate of zero percent. The scope of this provision shall also include the supply of services for use outside the Kingdom of Cambodia, which has **sufficient supporting documents for the General Department of Taxation to examine and decide upon.**

Therefore, the General Department of Taxation would like to issue guidance on the calculation of value-added tax at the rate of zero percent on the supply of services performed outside the Kingdom of Cambodia and the supply of services for use outside the Kingdom of Cambodia as follows:

#### **1. Regarding the supply of services performed outside the Kingdom of Cambodia**

The supply of services shall be considered to have been performed outside the Kingdom of Cambodia only if the service was carried out outside Cambodia by a resident enterprise of Cambodia. The performance of such services outside Cambodia may be implemented by a Cambodian resident enterprise through sending and/or employing personnel or technical experts outside the Kingdom of Cambodia to perform work there.

**Example:** Enterprise A (a Cambodian resident) sends or employs personnel or technical experts from Cambodia or hires personnel or technical experts outside Cambodia to supply services such as legal, accounting, tax, commercial consulting, research, or other analysis services, etc., to a non-resident outside Cambodia. This supply of services is subject to value-added tax at the rate of zero percent.

#### **2. Regarding the supply of services for use outside the Kingdom of Cambodia**

**A.** The supply of services shall be considered for use outside Cambodia **only if the service was performed in Cambodia by a Cambodian resident enterprise**, and is intended exclusively and directly for use outside Cambodia by a non-resident individual.

**B.** The resident taxpayer is responsible for tax administration of the VAT amount that this person has determined to apply at a zero percent rate, based on having determined that the service supply meets the conditions stated in point A, item 2 of this guideline.

**Example:** Enterprise A (a Cambodian resident) provides layout designing services for a modern building, software development, or other compositions to enterprise B abroad. Enterprise A is deemed to have performed the service for use outside Cambodia only if enterprise B uses the design, software, or composition outside Cambodia and must have the documentary evidence specified in point 3 below. These service supplies are subject to VAT at zero percent.

**C.** The supply of services is not considered for use outside Cambodia if the service was performed in Cambodia by a Cambodian resident enterprise and is used by a non-resident for commercial purposes or economic benefit within Cambodia at any time.

**Example 1:** Enterprise A (a Cambodian resident) provides consulting services such as legal, accounting, tax, commercial, research, or other data analysis related to Cambodia to enterprise B abroad. Enterprise A is considered to have provided services in Cambodia for use in Cambodia, because those services are used for business purposes or other economic interests within Cambodia. VAT at the rate of 10% shall be applied.

**Example 2:** Enterprise A (a Cambodian resident) analyzes or inspects product quality for the purpose of exporting goods from Cambodia to enterprise B abroad. In this case, the service was performed and used in Cambodia before export. This supply of services is subject to VAT at the rate of 10%.

### **3. Supporting documents for the supply of services for use outside the Kingdom of Cambodia**

To benefit from the zero percent VAT rate, sufficient supporting documents must be provided as follows:

- A. A contract specifying clearly the service fee, type of service, and place where the service will be performed;
- B. Payment documents showing funds from outside Cambodia to a bank account within Cambodia;
- C. Original legal invoice;
- D. Auditable accounting documents.

The General Department of Taxation strongly hopes that all enterprises will comply with the contents of this guideline effectively.

**Representative of the Royal Government  
In charge as Director General of the General Department of Taxation**

[Stamp: Kingdom of Cambodia  
Ministry of Economy and Finance,  
General Department of Taxation]

[Handwritten signature]

**Kong Vibol**

(This non-official translation has been provided by [Simili Consulting Co., Ltd.](#))