

Notification on the delay in paying the 2011 Tax on Immovable Property (No.23 MoEF.GDT dated 20 September 2011)

Reference is made to our Technical Update issued for May 2011 in relation to the Tax on Immovable Property (TIP), which is implemented from the year 2011. We would like to highlight certain important points of the TIP and a number of changes on deadline and calculation base as follows:

TIP registration deadline

- Taxpayers who have an immovable property valued below 100 million Riel (approximately USD25,000) are not required to register with the tax administration. However, in such cases it is required to complete the immovable property information in the form provided by the Commune-Sangkat authority and return the completed form to the Commune-Sangkat authority for record purposes at the latest 10 working days after receiving the form.
- Taxpayers who have an immovable property valued in excess of 100 million Riel (approximately USD25,000) shall register with the tax administration at the location of the immovable property.
- Taxpayers who have several properties valued in excess of 100 million Riel (approximately USD25,000) shall register, submit tax returns, and pay tax separately for each property. TIP is required to be paid in Khmer Riel.

TIP calculation method

Taxpayers shall calculate the TIP following the immovable property price determined by the Real Estate Evaluation Committee which is publicly available at the Sangkat and Khan Hall. The calculation is as follows:

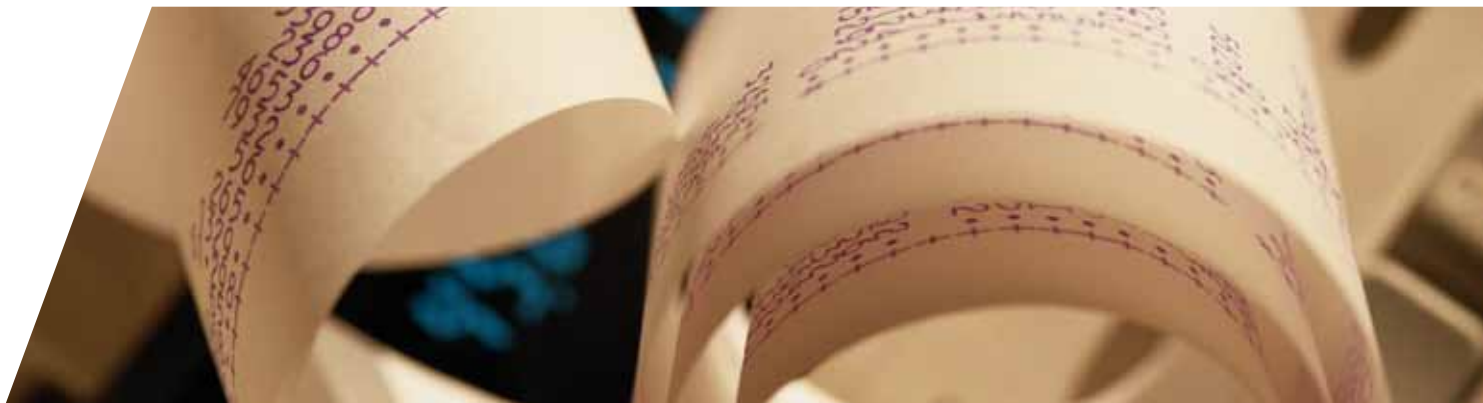
Tax base = (value of the immovable property x 80%) - 100 million Riel

TIP payable = Tax base x 0.1%

Payment deadline

The deadline to pay TIP was initially stated to be on 30 September each year (i.e. 2011 TIP is due on 30 September 2011). However, the Ministry of Economy and Finance (MoEF) issued a notification (no. 23 MoEF.GDT dated 20 September 2011) to delay the deadline for the 2011 TIP payment to 30 November 2011, due to the fact that this TIP is a new self-declaration tax and taxpayers will need to understand its basis. Also, there were a number of public holidays this September.

It should be noted that failure to register and pay the TIP by the statutory deadline may result in penalty being imposed by the Tax Office.



Prakas on Charitable Contribution (No. 656 MEF.PK dated 19 September 2011)

The MoEF issued a Prakas (no. 656 MEF.PK dated 19 September 2011) to allow a company to claim a deduction for contributions that were made by the Company through the CTN or Bayon television funds to support:

- Soldiers who were victims of the frontline battle; and
- Victims of the stampede at Koh Pich (Diamond Island)

The contributions are deductible when calculating the taxable profit for years 2010 and 2011, provided that the contributions can be substantiated.

In addition, this Prakas may also impact the tax position of the Company for the year-ended 2010 annual ToP if the Company incurred the particular contributions and had added back in the 2010 tax on profit computation. In this case, we have been verbally advised by the Tax Office that the Company can request for an amendment of the year-ended 2010 ToP return for claiming back the add-back of these contribution expenses. It is therefore recommended that the Company reviews its 2010 tax position, if this is the case.



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