



## CLIENT REMINDER: FOR THE YEAR ENDING 31 DECEMBER 2017

Year 2017 is ending soon, we would like to remind about the corporate compliance obligation for the Company registering in the Kingdom of Cambodia as below:

### ANNUAL STATUTORY AUDIT

By Law:

- ▀ Meet two out of the three criteria as following, the Company is required to be audited by an Independent Auditor registering in the list of KICPAA (Kampuchea Institute of Certified Public Accountants and Auditors) as per Article 16 of the Cambodian Law on Accounting and Auditing.
  - ✓ Annual income starting from 3,000 million riels onwards (Approximately USD 750,000)
  - ✓ An average of the Company's assets starting from 2,000 million riels onwards (Approximately USD 500,000)
  - ✓ An average of the Company's employees exceeds 100 people
- ▀ All qualified investment projects registered with CDC (Cambodian Development Council) are required to be audited by an independent Auditor registering in the list of KICPAA as per Cambodian Investment Law.
- ▀ Audit is required to finish within six (6) months after the financial year ending.

### ANNUAL TAX RETURN

- ▀ As stated in Article 29 of Cambodian Law on Taxation ("CLoT"), real regime tax payers are required to submit its annual tax return to the General Department of Taxation ("GDT") within a period of three (3) months after the end of the tax year (say 31 December 2017). The last day of the submission of the annual tax return will fall on 31 March 2018.
- ▀ An enterprise which has made no profit must as well submit its annual tax return in the same manner as enterprise realizing a profit.
- ▀ Together with the annual tax return, an enterprise is required to submit its balance sheet, income statement and the related parties' transactions regarding to sales and purchases as per Notification No. 1458 dated 27 February 2015.
- ▀ Failure to submit the annual tax return by the above deadline, GDT is entitled by law to impose interest at 2% per month and penalties up to 40% of an unpaid tax. In addition, as per Article 133 of CLoT, where there is evidence that an enterprise has obstructed the implementation of the

tax provision, an enterprise will be imposed penalties of 2 million riels (approximately USD 500).

### ANNUAL PATENT TAX

- ▀ Real regime tax payers are required to submit and pay its annual patent tax for 2018 to the GDT within the first three (3) months of the year 2018. The last day of the submission of the annual patent tax will fall on 31 March 2018.
- ▀ Currently, GDT divided the taxpayer in to tree types, Small, Medium, and Large. Small tax payer is required to pay 400,000 riels (Approximately USD 100) per business activity. Medium tax payer is required to pay 1,200,000 riels (Approximate USD 300) per business activity. Large tax payer is required to pay 3,000,000 riels (Approximate USD 750) or 5,000,000 riels (Approximate USD 1,250) depending on the turnover of the business. A separate patent tax is required for each difference business activity or for each province or capital.
- ▀ The same penalties to the Annual Tax Return are imposed by GDT for the failure.

## **FOREIGN LABOR OBLIGATION (QUOTA)**

- ¶ The requirement of foreign worker for an enterprise shall be planned ahead if the owners, directors of enterprise could not recruit any Cambodian to fulfill their desirable needs. Enterprise is required to make a request for the need of foreign worker from the Ministry of Labor and Vocational Training ("MLVT") by the end of November each year based on the Prakas 196 of the MLVT.
- ¶ As mentioned in the Prakas as well, the Ministry allows to recruit the foreign workers up to 10% (1 foreigner for 10 Cambodian workers) of the total number of Cambodian workers. In case the need is over 10%, the request letter shall mention clearly about the position, technical or professional skill of those foreigner workers.
- ¶ Failure to comply with this Law, Enterprise is at risk of being imposed by the authority of penalties from 61 days to 90 days of the daily payroll expenses and/or being in prison from 1 to 30 days.

## **FOREIGN LABOR OBLIGATION (WORK PERMIT)**

- ¶ As per Prakas 195 of the MLVT, the owners, directors of enterprise who employs foreign workers shall properly fill the application for work permit and employment card. The work permit is required to submit by the end of March each year. The yearly charge of each foreigner is

400,000 riels (Approximately USD 100).

- ¶ The same penalties to the Quota are imposed by the authority for the failure.

## **ANNUAL DECLARATION OF COMMERCIAL ENTERPRISE COMPLIANCE ("ADCE")**

- ¶ As per Article 7 of the Law on Commercial Enterprises, each Partnership or Company shall complete its annual declaration form and submit to the Ministry of Commerce ("MoC") about its status annually and in the timely manner.
- ¶ In the previous implementation, partnership or company has to prepare this declaration called Annual Declaration for Commercial Enterprise ("ADCE") to the MoC within the period from January to March of the following year. After January 4, 2016, companies under the law required to re-register online (Prakas No. 299 dated December 29, 2015), the deadline of ADCE has changed to three months after the date of the notification from the MoC which is the following year of the date of re-registration or the date of incorporation if the Company was registered after January 4, 2016.
- ¶ Due to the notification is online alerted through mail, therefore, the company shall be careful about this matter, the email that the alert sent out is the one that the company uses during the re-registration or during incorporation. The official registration fee of ADCE is KHR

80,000 (Approximately USD 20). In case of late submission, the penalty will be KHR 1,000,000 (Approximately USD 250)

## **CERTIFICATE OF COMPLIANCE ("COC") FOR QUALIFIED INVESTMENT PROJECTS ("QIPS")**

- ¶ As per Article 18 of the sub-decree on the implementation of amendment of Cambodian Investment Law, in order to retain its investment incentive, all QIPs are required to submit the following documents to the CDC by no later than ninety (90) working days of the following financial year. The CDC may revoke a QIPs' CoC if it's not satisfied with the information required to be lodged.
  - ✓ An annual financial statement for the year ending 31 December 2017
  - ✓ A Certification of tax compliance for the year ending 31 December 2017. This certificate will be issued by GDT when all monthly and annual tax returns have been properly lodged by an Enterprise.
  - ✓ Quarterly report on the actual importation of immovable property, production equipment and production input for the year ending 31 December 2017.
  - ✓ Quarterly report on the actual exportation of the finished goods for the year ending 31 December 2017.
  - ✓ Investment information sheet (Form CIB 01S)

## EXECUTIVE SUMMARY

**PAT Professional** is a Cambodian owned Certified Public Accountant Firm with office at Parkways square in Phnom Penh Capital. PAT Professional is establishing a national brand that serve every client invested in Cambodia.

PAT Professional provides a wide range of professional services such as Audit and Assurance, Taxation, Accounting, Consultation and Training. PAT Professional is a Certified Public Accountants recognized by



Kampuchea Institute of Certified Public Accountants and Auditors ("KICPAA").

PAT Professional provides clients with forward thinking advice that helps them to break through complex business and financial issues by understanding their needs and bringing together the right team to address them. We, Together, is our slogan. With PAT Professional, your complexity is our challenges and your success is our success.

## CORE VALUES

Strong values have been at the heart of PAT Professional since its establishment. They guide us in our daily actions, providing a common base of values that all PAT Professional's teams and partners share and respect. These values are detailed in PAT Professional's Charter, individually signed by each employee.

## COMPANY OWNERSHIP/LEGAL ENTITY

PAT Professional, a Cambodian owned Certified Public Accountants Firm, has been granted a license to operate the business in Cambodia by Ministry of Commerce as a single private limited company and admitted as active member of KICPAA under the license number 00056.

## PAT PROFESSIONAL LIMITED

### OUR SERVICES:

- # **Audit and Assurance**
- # **Professional Accounting**
- # **Tax Declaration Agency**
- # **Consultation**
- # **Training and Recruitment**

### CONTACT US

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