
CLIENT UPDATE 2015 FEBRUARY

REGIONAL - CAMBODIA

Securities Market / IPO

New Tax Incentives for Securities Sector

On 08 January 2015, the Cambodian Royal Government issued Sub-Decree No. 01 ANKr.BK on Incentives in the Securities Sector (“**Sub-Decree**”). This Sub-Decree aims to determine the various types, activities and conditions which could be granted with tax incentives in the securities sector.

This Sub-Decree covers two types of securities players: (1) company/enterprise issuing for the sale of equity securities and/or debt securities which are licensed by the Securities and Exchange Commission of Cambodia (“**SECC**”), and registered as securities trading in the permitted securities market; and (2) public investors holding and/or purchasing-selling state securities, equity securities, and/or debt securities which are issued for sale to the public, and registered as securities trading in the permitted securities market. Public investors include both residence and non-residence investors. Investment enterprise having the characteristic of Qualified Investment Project, which is in the period of profit tax incentive as mentioned in the Law on Investment of the Kingdom of Cambodia, shall not be granted with tax incentives stated in Article 4 and 5 of this Sub-Decree.

50% Reduction of Tax on Profit: This incentive is the reduction of profit tax for 50% of the profit tax to be paid for the period of three years. Company/enterprise issuing for sale equity securities and/or debt securities, licensed by the SECC and registered as securities trading at the permitted securities market within a period of 03 years starting from the date of this Sub-Decree comes into force shall complete required formalities and submit to the General Department of Taxation through the SECC in order to be granted with tax incentives. This incentive period counts from (i) the beginning of the tax year that such securities are issued for sale to the public, in case such issuances are made within six months of the beginning of the tax year; and (ii) the beginning of the tax year after the tax year that such securities are issued for sale to the public, in case such issuances are made within six months of the end of the tax year.

Tax Amnesty: Company/enterprise issuing for sale equity securities and/or debt securities, licensed by the SECC and registered as securities trading at the permitted securities market shall be granted with tax amnesty for 5 (five) years, commencing from the date this Sub-Decree enters into force. Such tax amnesty is granted on the condition that (i) tax debt on profit founded by the independent auditor, after the General Department of Taxation (“**GDT**”) has done comprehensive audit; and (ii) tax debt on profit founded from re-audit by the GDT, after the GDT has done comprehensive audit.

50% Reduction of Withholding Tax: Finally, Article 6 of this Sub-Decree grants public investors the reduction of withholding tax of 50% (fifty percent) on the interest and/or premium received from the holding and/or purchase-sale of the state securities, equity securities and debt securities for a period of 03 (three) years commencing from the date of this Sub-Decree entering into force.

This Sub-Decree shall replace the Sub-Decree No. 70 ANKr.BK, dated 22 April 2011, on Tax Incentives in the Securities Sector.

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