

## CLIENT UPDATE 2015 JUNE

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### TAXATION

## Tax Authority Appeals for Tax Debt Settlement

On 02 June 2015, the General Department of Taxation (the “**GDT**”) issued Notification No. 3435 GDT (the “**Notification**”), in order to invite companies to settle their tax debts.

The end of June 2015 has been set as the deadline that all companies owing state tax must settle their debts. Failure to settle the tax debt within this deadline means that the GDT could publish the names of the companies and their proprietors in the newspapers. Other stringent measures that the GDT would take against tax debtors include demanding for tax debts as provided for in the taxation regulations, ceasing import-export, freezing bank accounts and nullifying other permits and licenses.

Strengthening tax collection in order to increase state revenue is part of the series of reforms the GDT has laid down as the ASEAN Economic Community 2015 deadline looms near. The historical perception that Cambodia is a country lax in tax regulation, enforcement and collection no longer holds true, as the GDT increases its regulatory grip. To the best of our knowledge, 78 working groups have been created inside the GDT as part of this tax reform effort.

The GDT asserted its position that this tax reform would make Cambodia a level playing field by making tax compliance a legal obligation for all businesses.

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