
Tax

Market Interest Rates for Fiscal Year 2016

On 2 February 2017, the General Department of Taxation (“GDT”) released Notification No. 2142, which provides for the “market rates” for determining the caps on interest rate deductions for loans in Khmer Riel (“KHR”) and United States Dollars (“USD”) for the 2016 financial year as follows:

1. For loans denominated in KHR, the market rate is 15.29% per annum based on the average interest rates of the 3 largest local commercial banks. The other 9 largest local commercial banks do not provide loans denominated in KHR.
2. For loans denominated in USD, the rate is 9.47% per annum based on the average interest rates of the 12 largest local commercial banks.

Thus, any interest expense related to respective loans in KHR and USD which exceeds the market interest for the 2016 financial year shall be a non-deductible expense for 2016 Tax on Profit calculation after the adjustment of the allowed interest rate pursuant to paragraph 3 of GDT’s Instruction No. 151 dated 22 January 2014 as follows:

- Not exceed 120% of the market interest rate on the borrowing from a non-related party; and
- Not exceed the market interest rate on the borrowing from a related party.

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ASEAN Economic Community Portal

The launch of the ASEAN Economic Community ("AEC") in December 2015, businesses looking to tap the opportunities presented by the integrated markets of the AEC can now get help a click away. Rajah & Tann Asia, United Overseas Bank and RSM Chio Lim Stone Forest, have teamed up to launch "Business in ASEAN", a portal that provides companies with a single platform that helps businesses navigate the complexities of setting up operations in ASEAN.

By tapping into the professional knowledge and resources of the three organisations through this portal, small- and medium-sized enterprises across the 10-member economic grouping can equip themselves with the tools and know-how to navigate ASEAN's business landscape. Of particular interest to businesses is the "Ask a Question" feature of the portal which enables companies to pose questions to the three organisations which have an extensive network in the region. The portal can be accessed at <http://www.businessinasean.com>.

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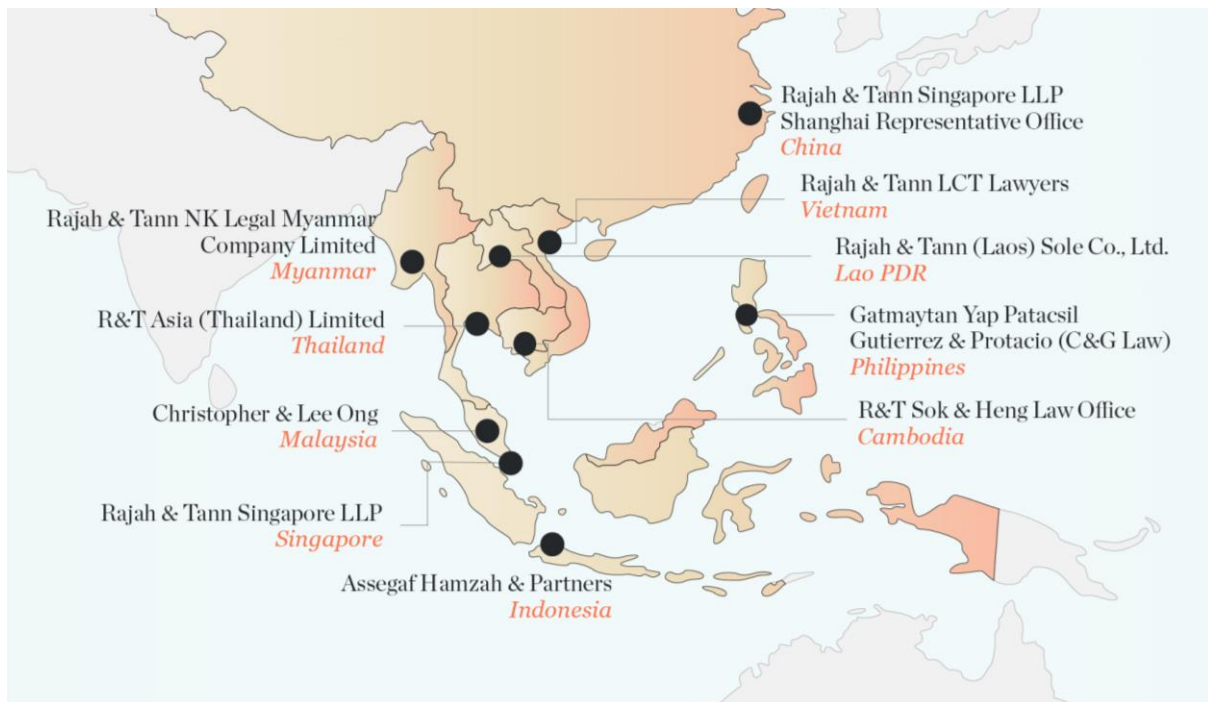
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