

Tax

Implementation of Tax on Salary Changes

With reference to the 2018 Law on Financial Management on changes to the monthly Tax on Salary (“TOS”) bands, the Ministry of Economy and Finance issued Instruction No. 002 dated 15 January 2018 providing a summary and working examples of how these changes will be implemented.

Pursuant to Instruction No. 002, commencing 1 January 2018, all resident enterprises including government institutions, organisations and other enterprises have an obligation to withhold and pay the TOS for resident employees as below:

Monthly salary in Khmer Riel	Monthly salary Approx. USD equivalent	TOS Rate Band
0 - 1,200,000	0 – 300	0
1,200,001 - 2,000,000	300 – 500	5%
2,000,001 - 8,500,000	500 - 2,125	10%
8,500,001 - 12,500,000	2,125 - 3,125	15%
12,500,001 upwards	3,125 upwards	20%

It is noted that the thresholds for the first three bands have been increased in Instruction No. 002.

Below is the outdated TOS rate bands:

Monthly salary in Khmer Riel	Monthly salary Approx. USD equivalent	TOS Rate Band
0 - 1,000,000	0 - 250	0
1,000,001 - 1,500,000	250 - 375	5%
1,500,001 - 8,500,000	375 - 2,125	10%
8,500,001 - 12,500,000	2,125 - 3,125	15%
12,500,001 upwards	3,125 upwards	20%

Instruction No. 002 is effective for salary payments for the month of January 2018 onwards.

Contacts



HENG Chhay
Managing Partner

D +855 23 963 112 / 113
F +855 23 963 116
heng.chhay@rajahtann.com



HOUT Sotheary
Partner

D +855 23 963 112 / 113
F +855 23 963 116
hout.sotheary@rajahtann.com



CHUM Socheat
Tax Manager

D +855 23 963 112 / 113
F +855 23 963 116
chum.socheat@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
F +65 6225 9630
sg.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN NK LEGAL | *Myanmar*

Rajah & Tann NK Legal Myanmar Company Limited

T +95 9 73040763 / +95 1 657902 / +95 1 657903
F +95 1 9665537
mm.rajahtannasia.com

RAJAH & TANN 立杰上海
SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL
GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 894 0377 to 79 / +632 894 4931 to 32 / +632 552 1977
F +632 552 1978
www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 8 3821 2673
F +84 28 3520 8206

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Sole Co., Ltd.

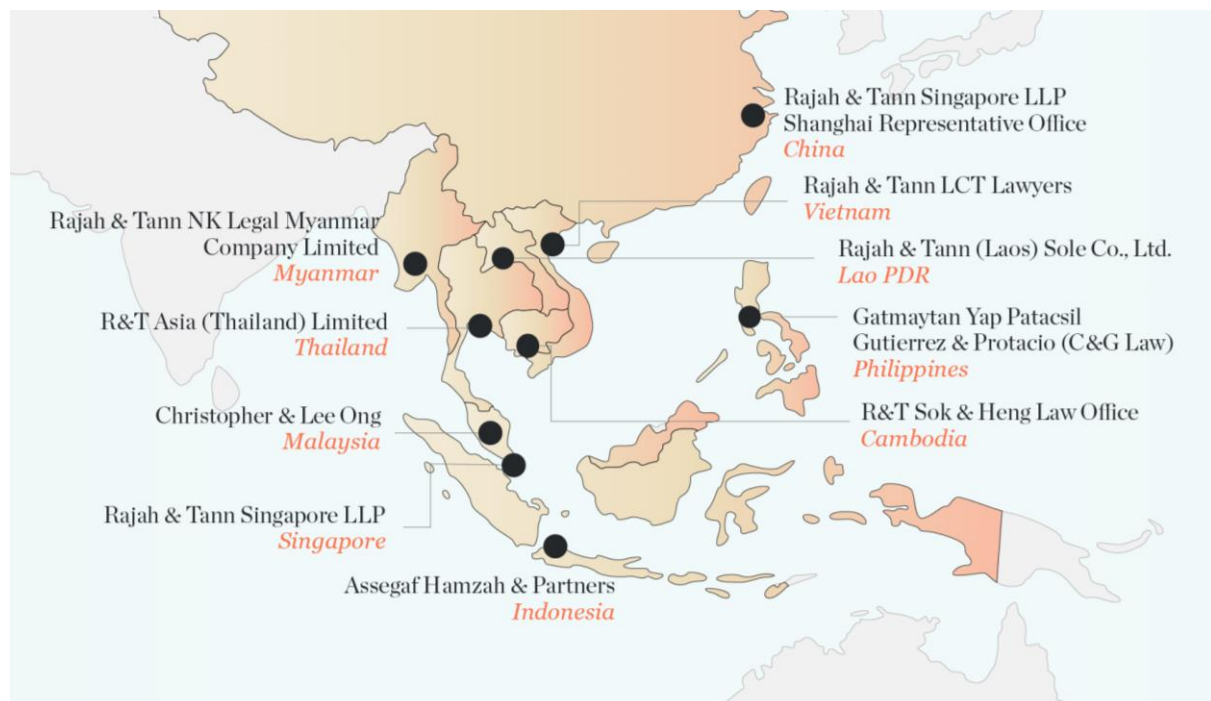
T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

Hanoi Office

T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Member firms are constituted and regulated in accordance with local legal requirements and where regulations require, are independently owned and managed. Services are provided independently by each Member firm pursuant to the applicable terms of engagement between the Member firm and the client.

Our Regional Presence



R&T Sok & Heng Law Office provides top quality and incisive legal services to domestic and international clients; in local and cross-border transactions; on day-to-day operations and the most challenging transactions. As one of the leading law firms in Cambodia, R&T Sok & Heng Law Office helps clients achieve their goals by combining international standard with local expertise.

R&T Sok & Heng Law Office is part of Rajah & Tann Asia, a network of local law firms in Singapore, Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. Our Asian network also includes regional desks focused on Japan and South Asia.

The contents of this Update are owned by R&T Sok & Heng Law Office and subject to copyright protection under the laws of Cambodia and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of R&T Sok & Heng Law Office.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in R&T Sok & Heng Law Office.