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Tax

## Market Interest Rates for Fiscal Year 2017

On 15 February 2018, the General Department of Taxation (“**GDT**”) released Notification No. 2126, which provides for the “market rates” for determining the caps on interest rate deductions for borrowings in Khmer Riel (“**KHR**”) and United States Dollar (“**USD**”) for financial year 2017. The market rates are as follows:

1. For borrowings denominated in KHR, the market rate is 12.12% per annum based on the average interest rates of the 6 large local commercial banks. The other 2 large local commercial banks do not provide loans denominated in KHR.
2. For borrowings denominated in USD, the rate is 9.31% per annum based on the average interest rates of the 8 large local commercial banks.

Thus, any interest expense related to respective borrowings in KHR and USD which exceeds the market interest for financial year 2017 shall be a non-deductible expense for 2017 Tax on Income 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.

## Contacts



**HENG Chhay**  
Managing Partner

D +855 23 963 112 / 113  
F +855 23 963 116  
[heng.chhay@rajahtann.com](mailto:heng.chhay@rajahtann.com)



**HOUT Sotheary**  
Partner

D +855 23 963 112 / 113  
F +855 23 963 116  
[hout.sotheary@rajahtann.com](mailto:hout.sotheary@rajahtann.com)



**CHUM Socheat**  
Tax Manager

D +855 23 963 112 / 113  
F +855 23 963 116  
[chum.socheat@rajahtann.com](mailto:chum.socheat@rajahtann.com)

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## 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.**

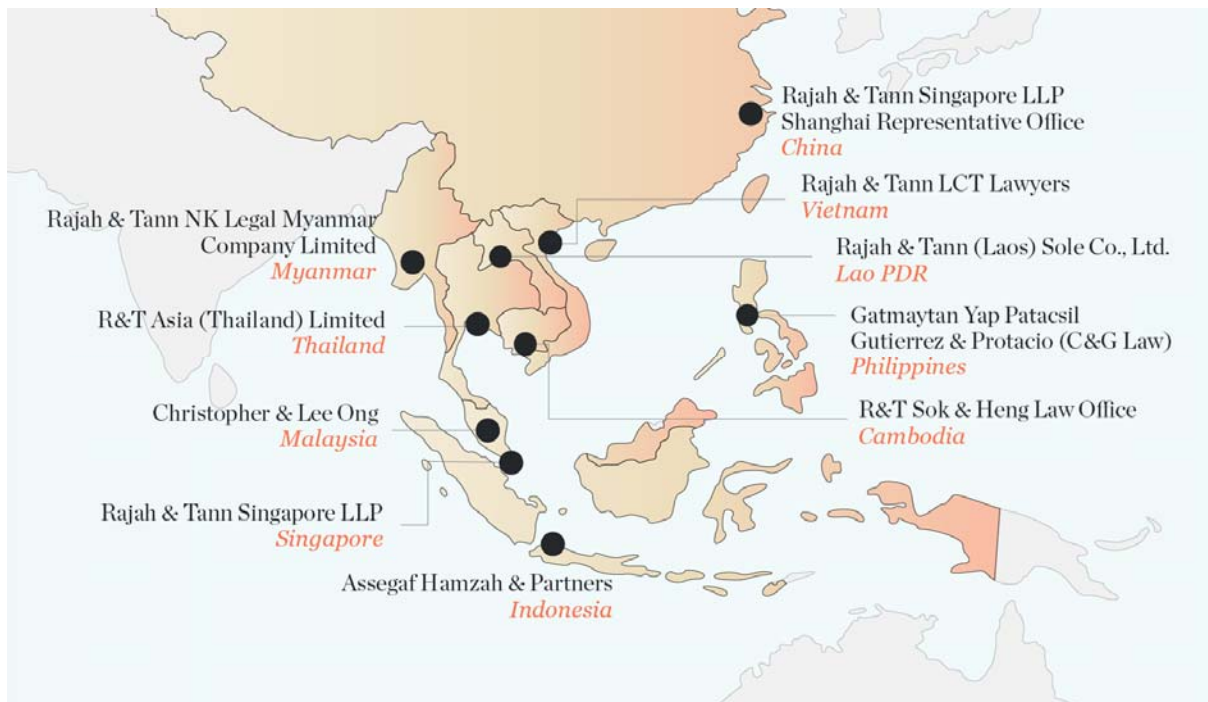
T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

**Hanoi Office**

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

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