

**Legal Brief No. 7**  
**16 April 2021**

**Sub-Decree**  
**Implementation of Value-Added Tax on E-Commerce**

On 8<sup>th</sup> April 2021, the Royal Government of Cambodia issued a Sub-Decree No. 65 on the Implementation of Value-Added Tax on E-Commerce in Cambodia (“**Sub-Decree**”) in order to outline conditions and mechanisms for imposing value added tax (“**VAT**”) on digital goods and services electronically provided by non-resident taxpayers in Cambodia in accordance with Article 75 of the Law on Taxation. Below are the key highlights of the Sub-Decree.

Matters	Description
Scope	<p>The Sub-Decree applies on the provision of digital goods or electronic services or any activity of electronic commerce by non-resident suppliers from abroad into Cambodia.</p> <p><b>Electronic Commerce</b> refers to activities of buying and selling of goods and services including commercial and civil activities such as <i>electronic ordering and downloading, updates and add-ons, software and digital information license and maintenance, application and website hosting, application service provider, data warehousing and retrieval, customer support over a computer network, advertising, electronic access to professional advice, technical information and information delivery, access to an interactive website, online shopping portals and auctions, sales referral programs, content acquisition transactions, web based broadcasting, carriage fees and subscription and subscription to a website.</i> (Please refer to the Annex of the Sub-Decree for further explanation of each term)</p>
VAT Registration	<p>Non-resident taxpayer, who provides electronic commerce in Cambodia, shall register at the tax authority as self-assessed taxpayer for VAT implementation in accordance with the Prakas issued by the Ministry of Economy and Finance.</p>
VAT Payment for B2C Transactions	<p>The non-resident taxpayer, who electronically supplies goods and services to consumers (business to consumer – B2C) in Cambodia, shall declare and pay the VAT by the 20<sup>th</sup> day of the following month from the month in which the payment was made.</p>
VAT Payment for B2B Transactions	<p>The resident taxpayer, who receives the supply of digital goods or services or any e-commerce transaction from another non-resident taxpayer (business to business – B2B), must collect the VAT through the Reverse Charge mechanism, which is a mechanism where such resident taxpayer accounts themselves for the VAT output of the supply of electronic products and services on behalf of the non-resident taxpayer. Subsequently, such resident taxpayer may obtain a corresponding VAT input credit for offsetting any VAT output in accordance with applicable laws and regulations.</p>