KPMG

Technical Update

December 2023

Encouragement to Enterprises to Comply with their Accounting and Auditing Obligations

(Notification no. 033/23 ACAR, dated 7 November 2023)

The Accounting and Auditing Regulator (ACAR) issued a Notification to provide encouragement and relief to Enterprises to fulfill their accounting and auditing obligations following the request of Enterprises and the government's encouragement policy in the 7th mandate of the National Assembly. Accordingly, ACAR has decided as follows:

1. Enterprises which are not obliged to have an independent Financial Statement audit and have not yet fulfilled the obligation to submit Financial Statements for the years of 2021 and 2022 to ACAR, can submit their Financial Statements through the E-filing system until the 29th February 2024.
2. For Enterprises which do not have a Financial Reporting Identification Number (FIN Number) issued by ACAR, which is required in order to submit Financial Statements through the ACAR E-filing system, an Enterprise can request a FIN Number through the online system (https://efiling.acar.gov.kh/auth/login) no later than the 15th January 2024.
3. Enterprises which are obliged to have an independent Financial Statement audit and Enterprises which are not obliged to have an independent Financial Statement audit which already received a penalty letter from ACAR, but have not yet processed the payment to ACAR before the release of this notification, can submit a protest and explanation letter to ACAR with relevant supporting documents as evidence that it has already fulfilled its obligation, no later than the 31st December 2023.

Our Comments

The Notification provides encouragement to Enterprises to fulfill their accounting and auditing obligations but does not state whether enterprises lodging Financial Statements after the official due dates stated in the law will be penalized for late filing. However, the government appears to be seeking to promote a forgiving approach to promote increased levels of compliance with the Law on Accounting and Auditing so we hope that ACAR will take a lenient approach when determining whether to apply penalties to Enterprises lodging their Financial Statements within the requested timelines set out in the Notification.

Regardless of this fact, penalties for non-compliance with the Law on Accounting and Auditing increase progressively over time, so we recommend that both audit and non-audit Enterprises which have not received any penalty letter from ACAR should take this opportunity to register a FIN Number and submit their Financial Statements by the required deadline. Also, both Audit Enterprises and Non-audit Enterprises which have already received a penalty letter from ACAR are encouraged to submit a protest letter with reasonable arguments and appropriate supporting documents to ACAR as soon as possible.

As committed accounting advisors to our clients, we welcome any opportunities to discuss the relevance of the above matters to your business.

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