KPMG

Technical Update

October 2023

Public Lighting Tax

(Sub-Decree no. 286 SD.Prk, dated 20 September 2023)

Effective from 1 January 2024, the updated rate for Public Lighting Tax (PLT) shall be 5 (five) percent for the supply of all alcohol[i] and beverage[ii] or tobacco[iii] products in the Kingdom of Cambodia. The rules and procedures on the collection of public lighting tax shall be further determined by the Prakas of the Ministry of Economy and Finance (MoEF), while any contrary provisions to this Sub-Decree shall be abrogated.

Our comments

This Sub-Decree effectively increases the PLT rate from 3 (three) percent to 5 (five) percent starting in 2024. It can be noted that the 2023 Law on Taxation provides that PLT shall be due and payable at the first stage of the supply chain only. However, MoEF's Prakas has not determined the basis for calculating PLT. Affected taxpayers, especially those in the alcohol and tobacco industries, shall be fully aware of the change in the applicable tax rate and other relevant updates to ensure proper compliance.

Advertisement Tax

(Sub-Decree no. 287 SD.Prk, dated 20 September 2023)

This Sub-Decree is issued to determine the rate and basis of calculating tax on advertisement, which shall be implemented on all forms of advertising (both movable and immovable) in the Kingdom of Cambodia.

For the purpose of this Sub-Decree, the term **"advertisement"** is defined as:

1. Commercial advertising leaflets made of rubber, plain paper, strips, or other items;
2. Business labels for remarking the name, location, head office, office, or business place;
3. Posters for commercial purposes.

The tax on advertisement shall be determined as follows:

No	Type of Advertisement	Tax Rate	Additional Conditions
1	**Commercial advertising leaflets made of plain paper**		
a	With a surface area not exceeding $0.4m^2$	KHR500/page	If there is a foreign letter, the rate shall be KHR1,500/page
b	With a surface area exceeding $0.4m^2$	KHR700/page	If there is a foreign letter, the rate shall be KHR2,100/page

[i] According to the 2023 Law on Taxation, the term "alcohol" means as all kinds of products that contain alcohol.
[ii] The term "beverage" means alcohol made from soaking various ingredients such as beer or alcoholic drink.
[iii] The term "tobacco" means a whole or part of products made from tobacco leaves as raw material and produced for smoking.

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No	Type of Advertisement	Tax Rate	Additional Conditions
2	**Commercial advertising leaflets made of rubber, strips, or other items**		
a	With a surface area not exceeding $0.4m^2$	KHR700/tab	If there is a foreign letter, the rate shall be KHR2,100/tab
b	With a surface area from $0.4m^2$ to $1m^2$ *Note: If more than 100dm ^{2}, it shall be considered a poster*	KHR1,000/tab	If there is a foreign letter, the rate shall be KHR3,000/tab

No	Type of Advertisement	Tax Rate	Additional Tax Rate if there is a foreign letter[iv]
3	**Business label as defined by this Sub-Decree**		
a	Without light on the parallel street	KHR100/dm^2[iv]/year	KHR200
b	Without light on the street corner	KHR150/dm^2/year	KHR300
c	With light on the parallel street	KHR200/dm^2/year	KHR400
d	With light on the street corner	KHR250/dm2/year	KHR500
4	**Posters as defined by this Sub-Decree**		
a	Without light on the parallel street	KHR500/dm^2/year	KHR1,000
b	Without light on the street corner	KHR700/dm^2/year	KHR1,400
c	With light on the parallel street	KHR700/dm^2/year	KHR1,400
d	With light on the street corner	KHR1,000/dm^2/year	KHR2,000
e	Attached or connected to or directly drawn to any kind of transportation	KHR1,500/dm^2/year	KHR3,000

Our comments

The 2023 Law on Taxation replaces the term "stamp tax" with the term "Advertisement Tax" which is further reiterated with the issuance of this Sub-Decree. Notably, the tax rates determined in this Sub-Decree remain the same as the rates provided in previous regulations (i.e., Sub-Decree 40 SD.Prk dated 31 March 2015 and Prakas 982 MEF.Prk dated 18 August 2015). However, it is expected that further Prakas or Instruction will be issued to clarify the implementation of this tax.

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

[iv] If there is a foreign letter, this additional tax rate shall be calculated as per each additional foreign letter and per one decimeter height or fraction.
[v] dm^2 = square decimeter

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