

KINGDOM OF CAMBODIA
NATION RELIGION KING

MINISTRY OF ECONOMY AND FINANCE

No. 002 MEF.GDT

Phnom Penh, 24 March 2020

CIRCULAR

ON

TAX EXEMPTION ON SENIORITY PAYMENT FROM 2020

Pursuant to Prakas no. 098 MEF.PrK dated 29 January 2020 on the tax on income, Prakas no. 1173 MEF.TD.PrK dated 31 December 2003 on the tax on salary, Prakas no. 443 K.B/Pr.K.L dated 21 September 2018 on the payment of seniority and circular no. 003 MEF dated 11 April 2019 on the tax exemption for seniority payment before 2019 and seniority payment from 2019 onward and job finding service, training, transfer and management worker or apprentice to work abroad for the purpose of help improving living standard of worker of any enterprise in the Kingdom of Cambodia, the Ministry of Economy and Finance would like to instruct as follows:-

1. Exempt tax on salary for seniority payment before 2019 and seniority payment of 2019 for worker-employee who is Khmer nationality of garment, shoes and other sector according to Circular no. 003 MEF dated 11 April 2019 on the exemption of seniority payment before 2019 and seniority payment of 2019 onward and job finding service, training, transfer and manage worker or apprentice to work abroad.
2. For seniority payment from 2020 of worker-employee of garment, shoes and other sector must implement as follows:-
 - a. Exempt tax on salary for seniority payment below KHR 4,000,000 per annum
 - b. For seniority payment exceeding KHR 4,000,000 per annum is subject to tax on salary. In case seniority payment is paid twice per year, the calculation of tax on salary for seniority payment has to implement as follows:-
 - i. First payment: take the payment receive deduct by KHR 2,000,000. The remaining amount shall be added into base of monthly taxable salary for the month it is paid.
 - ii. Second payment: must implement as first payment by taking the payment received deduct by KHR 2,000,000. The remaining amount shall be added back into base of monthly taxable salary for the month it is paid.
 - c. The payment of seniority is allowed for deduction from taxable income for the tax year that the seniority payment incurred.

Unofficial translation

Receiving this Circular, the General Department of Taxation, all entity under the Ministry of Economy and Finance, related institution, factory, enterprise must cooperatively implement this Circular effectively with high responsibility from the date of this signature.

Deputy Prime Minister

Minister of the Ministry of Economy and Finance

Signed and Sealed

Aum Pornmoniroth

CC

- Council of Ministers
- Cabinet of Prime Minister
- Cabinet of Deputy Prime Ministers
- Ministry of Labor and Vocational Training
- Municipality-Province office