



CAMBODIA - October 2017

PROPERTY TAX PAYMENT DATE EXTENDED 1

Property tax payment date extended

The General Department of Taxation (GDT), which is part of the Ministry of Economy and Finance, issued a notice of delay on property tax payments for 2017 until October 31, because some real estate owners have not yet fulfilled their tax obligations.

The notice was signed by Kong Vibol, the director general of the GDT on September 29, and states: “The property owners who fail to submit property tax payments during or after the above extension will be subject to penalties in accordance with the existing fiscal law.”

The 2017 property tax payment period ended on September 30, 2017, but this time the GDT will extent it another month for property owners.

The GDT also last month called for property owners to update their property ownership by requiring the owners to fulfill the legal property document to easily receive property information and make their property tax payment identity cards to get fast service.

To make it convenient to pay property taxes in the subsequent years, the GDT requires property owners to fill in the current addresses, their email and phone numbers clearly to provide information on the tax and to make the real estate tax payment identity cards, according to Mr. Vibol.

“Those who have real estate, if you want us to provide a good service, please come and make the real estate property identity cards,” Mr Vibol said.

“The card should last for life because the card is the identity of the property, but not for the owner. So if an owner sells their property to another person, they just transfer the ownership title to the one who buys the property, then the buyers can use the card as usual,” Mr Vibol added.

“For instance, if a property is located at Sihanoukville and the property owner came to pay the property tax in Phnom Penh using the card, then the tax will be automatically paid at Sihanoukville,” he said.

“To get the cards, property owners can come to update their property information and make the card with the GDT,” he added.

The national property tax was introduced in January 2011 to boost government revenue .The property tax is an annual payment calculated as 0.1 percent of the value of a property as estimated by the evaluation committee, based on market prices. Only properties worth 100 million riel (about \$25,000) or more can be taxed.

The move followed the passage of legislation by the National Assembly for taxation on all real estate – including land, houses, apartments and other building – in November 2009.

Anthony Galliano, the President and Group CEO of Cambodian Investment Management, said the property tax in Cambodia is a relatively benign one, especially compared with other countries.

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He added that considering the tax is triggered for properties valued at more than \$25,000, it was very negligible.

“The one percent tax has significant room to be increased in favour of higher government collections,” he said. The challenge for the General Department of Taxation, not unlike the taxation of business enterprises, is to ensure that property owners register and pay their tax obligations on the property owned.

“Property tax is a fundamental tax globally and viewed as a civic duty for property owners. It is a foundation tax base that governments count on to support their budgets.

“The Cambodian government only started levying this tax in 2011, a missed opportunity up until then, but understandable to a small degree given issues with property titling and the cultural reluctance to pay tax.

“With construction and real estate booming as the second-largest sector in the economy, the government is benefiting from the significant increase in taxable property supply and increased real estate values.”

Chrek Soknim, the CEO of Century 21 Mekong, said the property tax understanding seems to be limited, but it is not an obstacle for the government.

“It is just a starting point and also a good step for property owners to understand the tax payment because I think we are in the middle between technology and traditional methods for the property tax payment,” he said.

“When people understand about the property tax, the property collection will be on time, while for the government it will be easy to govern the property tax in the country,” he added.

Mr Vibol told Khmer Times recently that when the new law was introduced in 2011, not many property owners understood their obligations or simply did not know whether their property came under the law.

“Actually, the property tax is set to build a culture of paying tax for our people because it is not much. And the revenue we get from it, we offer it to local authorities to help them with development,” he said.

“We do appreciate our tax paying people now because they understand their obligations.”

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