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Kingdom of Cambodia  
Nation- Religion -King

Ministry of Economy and Finance  
No. 017/SRN/MEF/T

CIRCULAR  
on

*the Instruction for Enforcement of Taxation on Unused Land*

- Pursuant to the provisions of the Law on 1995 Financial Management promulgated by Reach Kram No. 11/NSI94, dated December 31, 1994 and the Law on Financial Regime and Provincial/city property promulgated by Reach Kram No. CS/RKM/0298/03, dated February 25, 1998.
- Enforcing the decision No. 004/SSR/MoEF, . dated August 24, 1998 regarding the collection of tax on unused land and pursuant to the spirit of the seminar on the management and collection of tax on unused land held on the 20111 and 2151 of August 1999 at Siem Reap provincial office in order to include in the jurisdiction of all provinces/cities within the Kingdom of Cambodia taxation on unused land, the Ministry of Economy and Finance hereby issues the following instructions:

1) Identification of unused land:

To ensure fair. equal treatment and transparent management and tax collection on unused land it is important to make a distinction between used land and unused land that has been purchased for re-sale at a higher price.

(a) Land with building located in residential zone;

This type of land often situated in .the cities. towns. along national roads, rivers or streams shall be considered as used land if there is a construction on such land which its owner uses as his/her principal domicile and resides in *for* 183 days or more, calculated *from* the 31st of October of the preceding year through the 30th of September of the taxation year. The owner's principal domicile is the place where the owner has actually been sleeping and eating everyday after his/her day-to-day work. For the purpose of the determination of this tax the owner shall not have more than one principal domicile.

Land with construction located in any residential zones which does not qualify as land stated in paragraph (a) above shall be considered as unused land and shall be subject to taxation thereon. .

(b) Leased land with construction and possession:

This refers to land located in residential zones or belonging to a zone having economic activity, including industrial, agricultural, commercial, tourism zones etc. ..with constructions such as residences. buildings. warehouses...etc. leased to customers for monthly or annual rentals .or subject to long-term contracts. This type of land shall be considered as used land and shall not be subject to taxation unless it produces monthly revenue of more than 80% of one-twelfth ( 1/12) of the value of the land during the taxation. year multiplied by an amount to be determined by a Prakas of the Ministry of

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Economy and Finance. the value of which shall be determined by the Appraisal Committee for Unused Land.

The leased land with construction and possession which does not qualify as land stated in paragraph (b) above shall be considered as unused land and shall be subject to taxation thereon.

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**(c) Land having economic activity according to State zoning:**

This refers to land used by its owner for economic activity, including cultivation, industry, commerce, tourism according to State zoning. This kind of land shall be considered as used land that shall not be subject to taxation unless it produces revenue more than 80% of one-twelfth ( 1/12) of the price of land during a taxation year multiply by a coefficient determined by Prakas of the Ministry of Economy and Finance and the value of which shall be determined by the Appraisal Committee for Unused Land.

Leased land having economic activity which does not qualify as land stated in paragraph (c) above shall be considered as unused land and shall be subject to taxation thereon.

In this paragraph (c), attention shall be given to the distinction between cultivating land and real farming land of citizens that is not subject to taxation and land on which merchants have planted banana, sugar

cane, and other trees with an illusory purpose of making the unused land appear as used land with the intention of avoiding taxation on unused land. In this regard to determine whether it is used land or unused land it is important to try to ascertain the monthly revenue derived from the economic activities as stated above.

**(d) State land leased to a legal entity or natural person :**

land is public land that is owned by the State whether or not it is recorded in the inventory book of State property. If the State land was leased to any legal entity or natural person and the monthly rent is less than 80% of one twelfth (1/12) of the price of land during a taxation year multiply by a coefficient determined by Prakas of the Ministry of Economy and Finance and the price of which shall be determined by the Appraisal Committee for Unused Land ,then such land shall be subject to taxation.

**(e) Land under investment agreements:**

These lands shall include land under investment or concession agreement approved by the Council for the Development of Cambodia (CDC) for investment project or short-term ,medium, or long-term concession which is approved by the Royal Government for project implementation. If the investor or concessionaire failed to operate or has not yet implemented his/her project on such investment or concession land due to force majeure , including regular flood ,landmines, or other insecurity then such land shall not be subject to taxation only if such failure or delay was certified acceptable by the specialized competent authority and the Ministry of Economy and Finance.

**2) A taxable person for unused land:**

A taxable person for unused land is the owner of unused land. The tax payment shall not be considered a requirement certifying any legal land ownership. For the purpose of collection of unused land tax the term "owner" means any legal entity or natural person to whom the cadastral or local authority of khums or sangkat or higher levels issued official document recognizing his/her rights whether to permanently or temporarily use such land.

An owner who is natural person means the family ,including "father, mother, the owner ,spouse and children under his/her support " or head of family and dependant members listed in a family book issued by the competent authority.

**3) A subject of taxation and tax rate :**

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The subject of taxation is the market price of land at each city or regional level which is appraised based on the price per square meter and determined by the Appraisal Committee for Unused Land no later than the 30<sup>th</sup> of June in the taxation year. In the calculation of tax , 1,200 square meters shall be allowed to be deducted from the total area of the subject of taxation per plot of land.

This tax shall be imposed at a rate of two percent (2%) of the subject of taxation in compliance with the following calculation:

Taxable amount = (Total size of land – 1,200 square meters ) x Subject of taxation x 2%

**4) Declaration of tax payment :**

The unused land tax is a tax imposed by way of a declaration return. The owner of taxable land has an obligation to file a declaration of tax payment with his/her own calculation following the sample declaration given by the Tax Department and the tax due shall be paid in full no later than the 30<sup>th</sup> of September of each taxation year t the tax authority having jurisdiction over such land.

There shall be two(2) copies of the declaration return for each plot of land .

**5) Procedure for fixing and serious measure for collecting debt tax:**

The tax authority has the rights to inspect the subject of taxation and the tax payment made by each land owner from the 1<sup>st</sup> of October of taxation year . If inspection shows that any owner has:

- Failed to perform his/her obligation as to filing a declaration of tax payment
- Made an inadequate payment of tax by not declaring all of his/her land ; or

-delays in making tax payment on the specified date

Then the tax authority shall prepare:

(a) Tax payment reminder (Sample 1 )

A tax payment reminder shall be made by a tax authority and sent to the land owner who filed a declaration of tax payment and the owner shall have fifteen (15) days to file such declaration for unused land.

(b) A notification of unilateral determination of tax (Sample 2)

If the owner failed to perform his/her tax declaration obligation as stated in the above tax payment reminder as required by the provisions on taxation rules and procedures under Article 116 of the 1997 Law on Taxation, the tax authority must unilaterally determine such tax. In this case, the tax becomes Cue within three (3) days after the date of delivery of notice demanding a the tax debt

(c) A notification of re-determination of tax (Sample 3)

A re-determination of tax shall be applied to an owner who filed a declaration which was inadequate, incorrect or contained a mistake that caused the payment to be less than the actual tax which is stipulated in the provisions of the Law on Taxation.

The owner shall have thirty (30) days to respond to the Tax Department who is in charge of re determination of tax. During this period, the owner may accept or object to such re-determination Any. failure to reply by the owner shall be considered an acceptance of such re-determination of tax.

(d) A notice demanding debt tax for unilateral determination of tax (Sample 4-A)

-After a unilateral determination of tax the tax determination authority shall submit to the tax collection authority the result by preparing a list of fiscal debts and the notice of unilateral determination of tax. After receiving this notice the tax collection authority shall prepare a notice demanding the tax debt and shall send the notice of unilateral tax determination and notice demanding the tax debt to the owner,

-The notice demanding the tax debt shall clearly indicate the tax debt and the relevant penalty shall become due within three (3) days from the date of delivery/receipt of such notice.

(e) A notice demanding tax debt for re-determination of tax (Sample 4-8)

After receiving the list of fiscal debts from the tax determination authority the tax collection authority shall prepare a notice demanding the tax debt and send same to the owner of unused land.

-The notice demanding the tax debt shall clearly indicate the tax debt e-and the relevant penalty shall become due within thirty (30) days from the date of delivery/receipt of such notice.

(f) A reminder notice demanding debt tax (Sample 5)

-If the owner, failed to pay the tax debt within thirty (30) days from the date of delivery/receipt of such notice or within three (3) days from such date of delivery of notice demanding the tax debt for unilateral determination of tax, the tax collection authority shall furnish a reminder notice demanding the tax debt.

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Within fifteen (15) days of the receipt of the reminder notice. demanding the tax debt if the owner refrains from paying such tax debt the tax collection authority shall Implement the following measures to enforce .the tax debt.

..

Seizure of accounts at the debtor's bank;

Cessation of his/her import-export operations

Attachment and auction of property of debtor;

Cancellation of authorizations and licenses.

The Committee for Demanding Fiscal Debt of each province/city shall have the duties to perform- the above tasks,

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6. The Penalties:

Any insufficient, or late payment of tax or failure to file a tax declaration shall be subject to Articles 116 and 117 of the 1997 Law on Taxation. Under Article 134 of the said law the Owner shall pay an additional tax at the rates of 10% , 25%, or 40% of the outstanding balance of actual tax plus interest of 2% of outstanding balance of each month or of part of the month in which the outstanding balance has not been paid.

7. The incentives for collection of tax on unused land:

The incentives for collection of actual tax and its effectiveness is defined in the Law on Taxation promulgated by Reach Kram No. NS/RKM/0297/03, dated February 24, 1997 under Article 97 which states that "the Ministry of Economy and Finance shall establish an incentive system for tax administration official", moreover, in order to ensure the effectiveness of tax collection for unused land the Ministry of Economy and Finance shall authorize the creation of monetary rewards to be managed and allocated by provincial/city tax authority. The source of such monetary rewards shall be the revenues from tax on unused land. The person who is eligible to receive such tax shall include, tax administration officials, communal authorities, district authorities, committees, and appraisal sub-committees for unused land.

The deduction rate for the reward shall be ten (10%) percent of the unused land tax revenues which is -authorized to be deducted prior to payment into provincial/city treasury and shall be deposited in a separate account created for the purpose of the rewards.

The distribution of the reward shall be proportioned as follows:

- 1) Ten (10%) percent allocated to appraisal committee for unused land;
- 2) Fifteen (15%) percent allocated for the tax department;
- 3) Twenty (20%) percent allocated for the provincial/city tax authority;
- 4) Twenty-five (25%) percent allocated for appraisal sub-committee for unused land;
- 5) Fifteen (15%) percent allocated for district authority; and
- 6) Fifteen (15%) percent allocated for communal authority.

Such distribution of reward shall apply only to the province/city, district, and commune that received revenues from tax on unused land. The tax authority shall distribute the reward each month based on the proportions above and shall report to the Tax Department at the end of each month.

The monetary rewards shall be managed in proper accounting records as instructed by the Ministry of Economy and Finance.

This Circular shall become *effective* from the date of signature.

Phnom Penh December 1, 1999

For Senior Minister  
Minister of Economy and Finance

Secretary of State  
Kong Vibol

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**Kingdom of Cambodia  
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Ministry of Economy and Finance .

Tax Department

Provincial/city tax authority .....

No. ....land tax

Date.....

**REMINDER  
Tax Declaration for Unused Land**

TO: Mr. /Mrs. ....

Address:.....

Based on an inspection of the status of your fiscal tax, we have found that you have not submitted to provincial/city tax authority a tax declaration concerning the following:

-Tax on unused land for fiscal year: .....

-Location: Zone number .....Village:..... Khum/sangkat:.....  
.district/khan:.....province/city:..... land deed no.....  
dated .....

It is noted that you violated the provisions of the Law on Taxation of the Kingdom of Cambodia., in particular. Article 32 of the 1995 Law on Financial Management and Article 104 of the 1997 Law on Taxation. We will allow fifteen (15) days from the date you receive this reminder for you to appear and attend to your taxation obligations as defined by the law. If such specified duration elapses. you shall be subject to a unilateral determination of tax by the tax authority as defined by Article 116 of the Law on Taxation of the Kingdom of Cambodia.

In addition. you will be fined under Articles 131, 132, and 133 of the Law on Taxation. Any delay for the purpose of avoiding payment of such tax will render you subject to criminal prosecution.

Please accept the assurance of my highest consideration.

Provincial/city Tax Authority :

Director -



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Sample 2

Ministry of Economy and Finance  
Tax Department  
Provincial/city tax authority .....  
No..... land tax

Date .....

*NOTICE*  
*of*  
*Unilateral Determination of Tax*

TO: Mr./ Mrs.: .....  
Address: .....

Based on an inspection of your land in connection with tax on used land for year:.....

Due to your failure in fulfilling your taxation obligations as defined by the law and Article 116 of the 1997 law on Taxation , the tax authority has made a unilateral determination on the tax due as calculated on the reverse side of this notice.

Please be informed that. by application of Articles 131 and 132 of the Law on Taxation, promulgated by Reach Kram NS/RKM/0297/03, dated February 24, 1997 in addition to the tax due, 40% extra and a monthly interest of 2% of the specified tax amount shall be added

Please accept the assurance of my highest consideration. .

Provincial/city Tax Authority

Director

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Sample 3

Ministry of Economy and Finance  
Tax Department  
Provincial/city tax authority .....  
No..... land tax

Date .....

NOTICE

*of*

*Re-determination of Tax*

TO: Mr./ Mrs.: .....  
Address: .....

Based on a review on your declaration and examination over tax on used land for year: the tax authority shall change the data as basis for calculation or tax on unused land and you are required *to make an additional payment due to the grounds specified on the reverse side of this notice*

You have a duration of thirty (30) days to send your approval or comments to us. A failure to respond within the specified period shall be considered accepting decision of the tax authority.

Please be informed that. by application of Articles 131 and 132 of the Law on Taxation 1997. the fixed tax amount shall include the 10% or 25% of and monthly interest of 2% of specified tax amount

Please accept the assurance of my highest consideration

Provincial/city Tax Authority

Director

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Sample 4-A  
(3 days)

Ministry of Economy and Finance  
Tax Department  
Provincial/city tax authority .....  
No..... land tax

Date .....

**NOTICE  
for  
Demanding of Debt Tax**

TO: Mr./ Mrs.: .....  
Address: # ..... Street: ..... Khum/sangkat: ..... district/khan .....  
province/city: ..... Phone: ..... P .0. Box.....

Based on an inspection to status of fiscal tax, we found that you have not paid:

- the amount of: .....
- as tax on unused land for year: .....

Under Article 107 of the Law on Taxation, you have a duration of three (3) days from the date of receiving of this notice to appear and make such payment at our Cashier office. A failure to make payment within the specified period the amount due shall include the 10% of and monthly interest of 2% of specified tax amount as provided in Article 132 of the 1997 Law on Taxation

Note:

Account number: .....

Date of taxation: .....

Provincial/city Tax Authority  
Director

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Sample 4-B  
(30 days)

Ministry of Economy and Finance  
Tax Department  
Provincial/city tax authority .....  
No..... land tax

Date .....

NOTICE  
*for*  
*Demanding of Debt Tax*

TO: Mr./ Mrs.: .....  
Address: # ..... Street: ..... Khum/sangkat: ..... district/khan .....  
province/city: ..... Phone: ..... P .O. Box: .....

Based on an inspection to status of fiscal tax, we found that you have not paid:

- the amount of: .....
- as tax on unused land for year: .....

Under Article 107 of the Law on Taxation, you have a duration of three (30) days from the date of receiving of this notice to appear and make such payment at our Cashier office. A failure to make payment within the specified period the amount due shall include the 10% of and monthly interest of 2% of specified tax amount as provided in Article 132 of the 1997 Law on Taxation

Note:

Account number: .....

Date of taxation: .....

Provincial/city Tax Authority  
Director

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Sample 5

Ministry of Economy and Finance  
Tax Department  
Provincial/city tax authority .....  
No..... land tax

Date .....

**REMINDER  
for  
Demanding of Debt Tax**

TO: Mr./ Mrs.: .....  
Address: #..... Street:..... Khum/sangkat:..... district/khan.....  
province/city: ..... Phone:..... P .0. Box.....

After an inspection to status of your fiscal tax, we found that you have riot paid

- the amount of: .....
- as tax on unused land for year: .....

We have informed you through a Notice for Demanding Debt Tax No: ..... dated: .....  
and giving you thirty (30) days from the date of receiving of Notice for Demanding Debt  
Tax to appear and pay the amount specified above.

Once again, we give you another duration of fifteen (15) days from the date of receiving  
of this Reminder ! for Demanding Debt Tax to appear and make such payment, including  
the 10% of and monthly interest of 2% of specified tax amount:..... total  
amount due: .....

Any failure to make payment within this fifteen (15) days, 25% of and monthly interests  
of 2% of the amount due shall be included to date you appear and pay the tax and  
penalties and shall extend to seizure pf your property as provided in Article 111 of the  
Law on Taxation. ~

Note:

Account number:.....  
Date of taxation: .....

Provincial/city Tax Authority  
Director