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CAMBODIA

Legal and Tax Digest

April 2026

Taxation

*Instruction No. 006 dated April 3, 2026 issued by the Ministry of Economy and Finance (“**MEF**”) introducing “**State-Borne Value Added Tax (“VAT”) Relief on Diesel and Liquefied Petroleum Gas (“LPG”) Supplies**”*

In response to rising global fuel prices and continued economic pressure, the MEF has introduced a state-borne VAT mechanism applicable to the domestic supply of diesel and LPG. This targeted fiscal relief initiative is aimed at reducing the financial burden on citizens and businesses while stabilizing the prices of essential fuel products.

Under this instruction, the government will bear the full 10% VAT applicable to the supply of diesel and LPG, thereby relieving final consumers from paying VAT on these products.

The measure entered into effect from April 1, 2026 and will remain in force until further notice.

Obligations of suppliers engaged in the importation and distribution of diesel and LPG products in Cambodia

Invoicing requirements:

- For taxpayers under the self-assessment regime, a VAT invoice must be issued without charging VAT and should indicate “State-Borne VAT” in place of the standard “10% VAT.”
- For final consumers who are not under the self-assessment regime, a standard invoice must be issued, with the sales price not subject to VAT.

Monthly tax declaration (e-filing system)

In the e-filing system, under the “Purchase and Sales Journal” function, suppliers must select the transaction type as “State-borne VAT.”

Input VAT credit entitlement

The notification provides clarity on how to handle input VAT credits. VAT incurred at the rate of 4% and/or 10% on the importation or domestic purchase of diesel and LPG remains fully creditable as input VAT, provided that entities maintain proper supporting documentation, including customs declarations, VAT invoices, and valid payment records.

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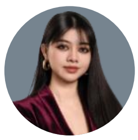

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