



New annual taxable income and monthly taxable salary thresholds for individuals

(Sub-Decree No. 196 SD.Prk, dated 28 September 2022)

Effective from 1 January 2023 onwards, there shall be new thresholds for determining taxable income realised by a physical person, sole proprietorship or distributions to each member of a partnership subject to Tax on Income (ToI), as well as for determining monthly taxable salary received by the resident employees subject to Tax on Salary (ToS).

The new thresholds of income subject to annual ToI are as follows:

No.	Threshold of income subject to annual tax (Riel)				Tax Rate
1	From	0	to	18,000,000	0%
2	From	18,000,001	to	24,000,000	5%
3	From	24,000,001	to	102,000,000	10%
4	From	102,000,001	to	150,000,000	15%
5			Over	150,000,000	20%

The new thresholds of monthly taxable salary received by resident employees subject to ToS are as follows:

No.	Threshold of income subject to annual tax (Riel)				Tax Rate
1	From	0	to	1,500,000	0%
2	From	1,500,001	to	2,000,000	5%
3	From	2,000,001	to	8,500,000	10%
4	From	8,500,001	to	12,500,000	15%
5			Over	12,500,000	20%

Our comments

This new Sub-Decree further increases the threshold for taxable salary subject to the 0% ToS rate by approx. US\$50 which should be favorable for workers, especially those earning minimum wage rates.

This new Sub-Decree also adjusts the threshold for taxable income subject to ToI earned by individuals which appears to reinforce the previous intention of the government to implement a new personal income tax (PIT) regime in Cambodia. However, it remains to be seen as to 'how' and 'when' this intention will come to fruition as there has been no mechanism or guidelines issued yet regarding a new PIT regime. Nevertheless, this proposed change in the Cambodian tax landscape should be welcomed by taxpayers.

As a committed tax advisor to our clients, we welcome any opportunity to discuss the relevance of the above matters to your business.

Contact us

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