



Cambodia tax alert Foreign Account Tax Compliance Act (FATCA) Guidance for Financial Institutions

Cambodia's Ministry of Economy and Finance (MEF) issued guidance (Prakas No. 1459 MEF/PrK) on 31 December 2019 effective immediately to encourage compliance with the [agreement](#) between Cambodia and the United States to improve international tax compliance and to implement FATCA (intergovernmental agreement or IGA).

FATCA, which became effective on 1 July 2014, aims to identify US persons located outside of the US who are subject to US tax but who may not be paying tax on income earned outside the US. FATCA accomplishes this goal by requiring non-US entities to submit information to the US Internal Revenue Service (IRS) regarding non-US bank accounts and shareholders of non-US corporate entities. The rules motivate non-US entities to report US persons' financial account information and US shareholder ownership by imposing a 30% withholding tax on certain payments from US persons to non-US entities that do not comply with the rules and provide the required information.

The MEF's Prakas provides additional guidance for Cambodian financial institutions (FIs) to effectively manage information regarding their US reportable accounts and provide this information to the IRS. A summary of the guidance is provided below.

FI definition

An FI is a financial institution that is required to report US account information to the IRS. This includes banks, insurance companies, microfinance organizations, security companies and similar institutions, as provided in the IGA.

Online registration

1. An FI must register with the IRS via the [FATCA online registration system](#) on the IRS website.
2. The FI will receive a Global Intermediary Identification Number (GIIN) once the registration is complete.
3. The registered FI cannot re-register to obtain another GIIN.
4. The FI must notify Cambodia's General Department of Taxation (GDT) no later than 15 business days after the successful registration.
5. If the FI wishes to update or delete its information from the FATCA online registration system, it must request authorization from the GDT by providing the following supporting documentation:
 - A copy of its Patent Tax certificate;
 - A copy of its certificate of incorporation (COI);
 - An approval letter from the royal government or the relevant authorities such as a business licence issued by the National Bank of Cambodia or the MEF; and
 - A certificate of business deregistration from the Ministry of Commerce (MOC) and a tax clearance certificate (if the FI has ceased business operations).
6. An FI that does not have a reporting requirement and that wishes to be removed from the FATCA online registration system must obtain advance approval of the GDT.

Exchange of reportable US account information

In accordance with the IGA, the FI must submit the reportable US account information to the GDT using the format and standard required by the IRS and by the deadline stipulated by the GDT. The GDT then will exchange this information with the IRS annually.

If the reportable US account information must be corrected, the GDT will notify the FI of the needed change and specify a new deadline for re-submission.

Point of contact

The FI must provide to the GDT the detailed contact information of the person in charge of FATCA on behalf of the FI. If a different contact person is appointed, the FI must notify the GDT within 15 days from the appointment date.

If you have any questions or would like additional information on the topics covered in this alert, please contact:

Ms. Kimsroy CHHIV
Partner, Deloitte Cambodia
kchhiv@deloitte.com



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Deloitte (Cambodia) Co., Ltd.
P.O. Box 1150, Floor 8, Unit 8
#66, Preah Monivong Blvd
Sangkat Wat Phnom
Khan Duan Penh
Phnom Penh, Cambodia

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