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# UPDATE

on COVID-19

The Belt and Road Initiative Tax  
Administration Cooperation Mechanism

## ***EDITOR'S NOTE:***

At this critical moment in the world's fight against the COVID-19, the Special Edition of the BRITACOM Update on COVID-19 is issued, aiming to provide a platform for BRITACOM Council Members, Observers and other stakeholders to exchange views and share experience in responding to the outbreak. Issue 13 is about response of the Tax Policy Measures in Response to COVID-19 Crisis provided by General Department of Taxation of the Kingdom of Cambodia. Later we will share more experience of tax administrations from countries and regions and views of international organizations and tax experts with you. If you would like to make contributions to the Special Edition, please contact us via email [britacom@163.com](mailto:britacom@163.com).

## Tax Policy Measures in Response to COVID-19 Crisis

Georgia, as the vast majority of countries around the globe, could not avoid the spread of COVID-19. Thanks to the government's quick reaction to the potential pandemic threat declared by the WHO, Georgia could keep the rate of infection relatively low, compared with its neighbours in the region and many other countries in Europe. This article introduces the countermeasures taken by Georgia from the following aspects.

### 1. Measures to Support Tourism Sector

Exemption of monthly taxes for 4 months from February to May, 2020 for hotel and guesthouse which registered with the General Department of Taxation in Siem Reap. Hotels and guesthouses are still obliged to file tax returns and use the online VAT system (E-VAT) every month for the tax exemption period,

No comprehensive audit for the year of 2020 for hotels and guesthouses registered with the General Department of Taxation having business activities in Siem Reap.

#### Reference

- Instruction No.002 MEF dated 25 February 2020 on the Implementation of the Royal Government's decision on tax policy measures to reduce the impacts on hotels, guesthouses and real estates.
- Letter No.1313 MEF dated 25 February 2020 on the Implementation of Government's emergency intervention measures to support tourism, garments, footwear and bags, and economic growth.

### 2. Measure to Address in Real Estate Sector

The Government has exempted the registration tax for a year from February, 2020 to January, 2021 for those who bought house/settlement of worth less than US \$70,000 from a residential development company registered with the Ministry of Economy and Finance and at the Municipal/Provincial Departments of Economics and Finance.

#### Reference

- Instruction No.002 MEF dated 06 March 2020 on the Implementation of the Royal Government's decision on tax policy measures to reduce the impacts on hotels, guesthouses business and real estates dated 25 February 2020.
- Clarification No.6343 GDT

### 3. Tax Exemption on Seniority Indemnity Payments

Tax waiving on seniority indemnity payments before 2019 and tax waiving on seniority indemnity payments on 2020 for the amount below 1,000 USD.

## Reference

- Circular No.002 MEF dated 24 March 2020 on the exemption of seniority tax from 2020

## 4. Additional Measures Aimed at Assisting the Private Sector and Employees

### A. Aviation Sector

Minimum tax exemption for three months from March to May, 2020 for Cambodian airlines.

Delayed payment of civil airfare for six months with the permission for those airlines to prepare for debt payment by installment after the delayed period.

### B. Tourism Sector

Expanding on all types of monthly tax exemption for three months from March to May, 2020 for hotels, guesthouses, restaurants and travel agencies which registered with General Department of Taxation having business activities in Phnom Penh, Siem Reap, Sihanoukville, Kep, Kampot, Bavet and Poipet. These business owners are still obligated to file a tax return and use the online tax administration (E-VAT) every month during the exemption period.

The taxpayer is required to file the 2019 income tax return by the end of March, 2020 at the earliest, but tax payment is allowed to be paid off every month until November, 2020.

Expand the scope of the Contribution Mechanism of 20% minimum wage (20% of \$190) from the Government to employees affected by closing or suspension of business of hotels, guesthouses, restaurants and travel agencies which registered with the General Department of Taxation. The subsidy of 20% of the minimum salary is required in conjunction with the conditions for attending a one/two-week training course organized by the Ministry of Tourism.

There is no requirement to pay for contributions on employment and healthcare risks regime (National Social Security Fund) benefits during suspension or business suspension.

## Reference

- Note of Prime Minister of the Kingdom of Cambodia dated March 30, 2020 on Letter 2265 MEF dated 27 March 2020 on the Report of the Meeting of the Economic Policy and Finance for the second round of intervention measures to control the effects of the Covid-19 pandemic.



## BRITACOM Update

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