

UPDATE ON THE CAMBODIAN TAXATION OF INTERNATIONAL AIRLINES:

WHAT HAS CHANGED AFTER THE MEETING WITH GDT ON 27 SEPTEMBER 2023?

BREAKFAST BRIEFING

📍 VDB LOI CAMBODIA OFFICE

📅 October 19, 2023



INTRODUCTION

On 27 September 2023, thanks to Cambodia Airports, IATA and the Department of Civil Aviation, the GDT joined a tax seminar to brief the airlines on various tax implications of their industry. Rightly or wrongly, many airlines were surprised to learn interpretations by the GDT that day on the tax rules which were new to them. Using the “uplift-rule” to allocate income to Cambodia for international airlines, sale of online tickets and Specific Tax, and the question of withholding tax on leasing of aircraft are some examples in this regard. Now, after the GDT has clarified or perhaps re-clarified some of these important tax principles, what changes for the taxation of these foreign airlines? What was new? What are the implications? That is the subject of VDB Loi’s updated briefing on taxation of airlines in Cambodia, free of charge for clients and invitees.

HIGHLIGHTS

Client briefing on *the implications of what the GDT said at the 27 September meeting*

- Tickets sold online or outside of Cambodia: GDT’s view on Application of the 10% Specific Tax
- The GDT apparently now choosing the “UPLIFT-method” for the income tax of foreign non-DTA airlines: how to calculate and what is the impact?
- Does Cambodian withholding tax apply to aircraft lease payments? A detailed look at law and DTA aspects
- GDT points of view shared on 27 September 2023: Which are supported by law or regulations? Which may be debatable or subject to change?
- Service fees, shared costs, allocation of global expenses from the head office: What is the GDT position on Cambodian tax consequences?
- Code-sharing, airlines acting as agents for other airlines: Are the tax consequences clear?
- The tax exemptions of art. 8 Double Taxation Agreements: Does it include every income? Does it include lease fees?

SPEAKERS



Edwin Vanderbruggen
Senior Partner

Edwin has 30 years of experience as a tax consultant and spent several years as a full-time internal adviser with the tax authorities in Cambodia. He is recognized for his impressive knowledge and experience with tax planning, high-stakes tax disputes, and transfer pricing. He has assisted oil and gas supermajors, telecoms, power producers, and a wide range of multinationals in Cambodia with these matters. Edwin is a former professor of tax law at several universities in Europe and in Asia, and published numerous textbooks and scholarly articles on international taxation.



Laysym Sim
Partner

Laysym is an experienced tax adviser with a degree in management. He has over 19 years of work experience, including with KPMG and DFDL in Cambodia, where he was responsible for relations with the tax authorities. He has advised on tax planning for large property projects, on employee benefits, and has conducted tax due diligence on several major acquisitions in Cambodia. He has worked with a wide variety of clients, focusing particularly on the real estate and transportation industries.



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BRIEFING EVENT**

TIME	PROGRAM
	TOPIC 1: GDT INTERPRETATIONS OF THE RULES ON TAXATION OF AIRLINES
09:15AM - 09:30AM	<ul style="list-style-type: none"> • Specific tax and “domestic sale” • “Uplift-rule”: which revenue of global airlines is taxable in Cambodia? • Withholding tax: leasing fees and service fees • Tax on salary of employees in international traffic
	TOPIC 2: BRANCHES OF NON-DTA AIRLINES
09:30AM - 09:45AM	<ul style="list-style-type: none"> • Rules to determine income and net-profit • Tax on Salary • Withholding taxes • Tax audit process • Transfer pricing
	TOPIC 3: CAMBODIAN TAXATION OF INTERNATIONAL AIRLINES (WITH DOUBLE TAXATION AGREEMENTS)
09:45AM - 10:05AM	<ul style="list-style-type: none"> • Exemption of income for airline abroad under Article 8 DTA • What kind of income falls under Article 8 DTA? (Tickets, sale of goods, F&B, ...?) • What kind of taxpayer can invoke the exemption under Article 8? • What is “international traffic”? • Airlines with mixed activities, partnerships, leasing of aircraft
	TOPIC 4: EXAMPLES, CASE STUDIES AND DISCUSSION
10:00AM - 10:15AM	<ul style="list-style-type: none"> • Leasing of aircraft • Shared services • Transfer pricing case study
10:15AM	Q&A

EVENT LOCATION



VDB LOI OFFICE CAMBODIA
 No. 33, Street 294 (corner of Street 29)
 Sangkat Tonle Bassac
 Khan Chamkarmorn
 Phnom Penh 120101

HOW TO REGISTER AND ATTEND?

Registration is free of charge for VDB Loi clients and invitees. Send your info (Name, Position, Company, Email, Contact Number) to Kathryn Ortega (kathryn.ortega@vdb-loi.com) or scan QR Code for online registration.

SCAN HERE FOR ONLINE REGISTRATION



<https://s.id/1V2hi>