

## Tax Obligation for Members of the Board of Directors or Director of Enterprises



30 June 2025

On 20 June 2025, an Instruction No. 19116 on Tax Obligation for Member of the Board of Directors or Director of Enterprises (the “Instruction”), was issued by the General Department of Taxation (the “GDT”). Pursuant to this Instruction, tax obligations on the members of the board of directors (the “BOD Members”) or director of enterprises are set out as follows:

### **1. BOD Members or Director of Enterprises that are considered as an employee:**

A member of the board of directors or director of enterprises who is considered an employee (as determined in Clause 4 of the Prakas No. 575 on Tax on Salary, dated 19 September 2024) and works in an enterprise in Cambodia, is subject to the tax on salary on any salary received from that work, regardless of where the salary is paid or whether or not he or she possesses a work permit. This includes an individual on a secondment from a parent company or headquarters abroad to work in Cambodia.

### **2. BOD Members or Director of Enterprises that are not considered as an employee:**

An individual who does not meet the conditions of being an employee is subject to withholding tax (“WHT”) on services, as governed by Articles 25 and 26 of the Law on Taxation. This applies to a non-resident individual providing services (with or without a work permit) or a resident or non-resident individual performing independent work for an enterprise in Cambodia. The rate for withholding tax shall be as follows:

- at the rate of 14% WHT for a non-resident individual
- at the rate of 15% WHT for a resident individual

However, if there is no payment for the services performed by both a resident and non-resident individual, the enterprise is obligated to follow the rules and procedures for allocating income and expenses among related parties for the service carried out by such individual and apply a 14% or 15% WHT, depending on the residential status of the individual.

### **3. BOD Members or Director of Enterprises not subject to tax on salary:**

An individual is not subject to tax on salary if he or she meets the following conditions:

- He or she is named in the enterprise's articles of incorporation or patent tax certificate but is neither present nor regularly managing the enterprise's business in Cambodia.

- His or her roles is limited to participating in occasional board and shareholder meetings.
- He or she does not receive a salary from the enterprise in Cambodia.

For further details, please refer to a copy of this Instruction in Khmer language, which can be downloaded from the link below. Should you have any queries, please contact Mr. Som Lysimeng, Legal Assistant at [lysimeng.som@sxhlaw.com](mailto:lysimeng.som@sxhlaw.com).



## INSTRUCTION

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**Further information**

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