



CAM ACCOUNTING & TAX SERVICE CO., LTD.

CAMBODIA'S TRANSFER PRICING RULES & PROCEDURES 2025



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According to **Prakas 574** “On the Rules and Procedures for Income and Expense Allocation among Related Parties” dated 19 September 2024.

The definition of a “**related party**” has been broadened to include any entity that directly or indirectly controls, is controlled by, or is under common control with the taxpayer. It also includes the relationship between a **permanent establishment and its non-resident parent entity**.



“**Control**” is defined as holding **20% or more** of either the **direct equity interest** or the **voting rights** in the company’s board of directors.

However, the tax authority reserves the right to assess whether control exists—**directly or indirectly**—based on the specific circumstances of each case.

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Q 1- Does Local File Transfer Pricing Documentation require by General Tax Department?

A1: Yes, Local File Transfer Pricing (TP) Documentation is required by the General Department of Taxation (GDT) in Cambodia.

Q 2- Is each group entity in Cambodia required to prepare Local File Transfer Pricing Documentation every year?

A 2: Every Cambodian entity involved in related-party transactions is required to prepare and maintain Local File Transfer Pricing Documentation on an annual basis.



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Currently, Transfer Pricing Procedures Implementation are as below:

Aspect	Cambodia's Approach
Arm's Length Principle	Adopted, consistent with OECD
Related Party's Transactions	Loans, the purchase and sale of finished goods, raw materials purchases, leases, royalty expenses, intangible assets and technical and management service expenses.
Transfer Pricing Methods	Based on OECD methods (CUP, RPM, TNMM, etc.)
Documentation	Local File (TP documentation annually)
Dispute Resolution	No MAP yet, but local audit defense (Tax Authority Dispute Mechanism)

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How Our Transfer Pricing Team Can Support You

Compliance: We prepare Cambodian Local File Transfer Pricing Documentation, including benchmarking analyses aligned with international standards.

Audit Defense: We offer strategic advice and proactively develop documentation that strengthens your position during Cambodian tax audits.

Audit Support: With deep local expertise, we assist in navigating transfer pricing audits, leveraging knowledge of Cambodian regulations and global best practices to achieve favorable outcomes.

Strategic Planning: We assess your supply chain and related-party transactions—such as goods sales, service arrangements, financial dealings, and transfers of intangibles—to ensure tax efficiency and compliance.

Advisory Services: We provide end-to-end transfer pricing advisory tailored to the Cambodian regulatory environment.



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