**TOR For Guide to Tax in Cambodia**

**1- Introduction**

Tax is a vital source of revenue for most governments enabling to meet the nation need from bolstering security to improving heath care, education and alleviating poverty in the country. Over the past decade, the royal government of Cambodia has well collected of revenue with an average of 25% in 2015 (Transparency International Cambodia 2016). This is the result from a various reform undertaken by the royal government of Cambodia in order to improve the economy of the country. The tax reform has taken place since 1994[[1]](#footnote-1) that introduce the self-assessment system. However the taxation has significant reform in 1997 when the law on taxation was introduced and it has continuing being reformed each year until now. It is also interesting to note that, the beginning of 2016[[2]](#footnote-2), government has release many regulations on taxation, that was the major reform period by abolished of the estimated regime of taxation to the real regime of taxation. These including the reform of tax registration procedure, simplification of accounting rule for taxpayers, increase the minimum band threshold for tax on salary and industry specific VAT and exercise tax.

Although the tax collection has increased but it is comparatively low compared to other neighbor countries (Srun 2014). The challenges are involved with tax incentive, tax evasion and tax administration in which linked to the procedure of tax payment, avoidance in paying tax by citizen because they as not accustomed to tax culture due to the limited understanding on tax. At the same time, it also lack of information sharing to people among the government entities (Sun 2010)[[3]](#footnote-3). Similarly, recent study from the Transparency International Cambodia on Tax System in Cambodia, 2016[[4]](#footnote-4) also indicated that barriers that hinder business from registering with the tax administrations are lack of awareness of the tax system and regulations, high perception of corruption, less competitive advantage, complexity of the tax law, personal difficulties/work pressure and low transparency of public goods and service. Both studies have provided recommendation to increase citizen understanding on tax in Cambodia (Srun 2010 & Transparency International Cambodia, 2016).

Given the wide-ranging implication of revenue collection for the nation citizen, the NGO Forum on Cambodia and the budget-working group have decided to undertaken of the Guide to Tax in Cambodia.

**2- Objective:**

* Increase citizen understanding on Cambodia revenue system to contribute to the tax mobilization of the country
* Provides basic information on the role taxes play in the relationship between citizens and the state
* Expand budget and tax literacy, both within the group and among a wider audience: non-governmental organizations, researcher and medias

**3- Expected information to include in Guide**

The guide could be a relatively short and simple pamphlet or a longer document that covers a broader range of issues. It could include sections as the following:

* **General discussion on tax**. Defines taxation and explains why it is important, and outlines the characteristics of a “good” tax.
* **Tax changes over the time**. Explaining when each tax was first established and why, how it has changed over time and how they were shaped by economic, fiscal, and political circumstances. This will help readers understand the context for a particular tax. In addition, it should provide information on differences of taxation by comparing Cambodia and neighbor countries.
* **Describe the tax system in Cambodia** **and tax administration**. provide information on different type of tax, how the tax collection process works by different types. For each tax type, the guide explains what is being taxed, who pays the tax, and what the tax rates are, as well as any recent changes in the tax. The guide includes examples that show step- by-step how certain taxes are calculated. This discussion could examine taxpayers’ obligations; such as when taxes are due and who must pay them, as well as withholding and other mechanisms by which businesses pay taxes on behalf of individuals. It could also describe the organizational structure of the government’s tax administration and the size of its budget and identify some of the problems it faces.
* **Describe all major revenue sources.** The guide should document all of the major tax and non-tax revenue sources. It should provide basic information about all the major taxes, including the tax base, exceptions to the base, and tax rates. In the case of an income tax, for example, it would show the size of the standard exemption and other deductions and credits (clarifying which taxpayers are eligible for them) and then show the tax rates that apply to taxable income. For non-tax revenues, the guide should explain the source of funds and give readers a sense of their volatility. The guide could investigate biases in the tax code, for example, whether it treats men and women differently given their positions in the labor market and social living patterns.
* **Present data on revenue collections from all sources.** The guide should include data on the amount of revenue raised by each major source of tax and non-tax revenue to give the reader a sense of their relative importance. Historical data that show actual collections are usually the safest to use, because they are not subject to estimating errors. Projections may, however, be preferable if recently adopted policy changes have significantly altered the mix of taxes in the country. It also can be useful to show the changing composition of total revenues over time.
* **Highlight earmarked revenues.** The guide should clarify which, if any, revenues are dedicated to specific expenditure programs. It should indicate whether the earmarked revenues cover the programs’ full costs.
* **Describe the budget process as it relates to revenues.** The guide could include a discussion of the budget process, highlighting aspects of the process that are unique to the revenue side of the budget. Such a discussion could list the key dates in the budget process and the different types of reports relating to revenues that are released by the government during the year.
* **Define terminology.** A glossary would be a handy reference for readers unfamiliar with terms often used in tax debates, such as progressive and regressive taxes and average and marginal tax rates.

**4- Expected output:**

1. A report on guide to tax in Cambodia both in English and Khmer
2. A brief guide on tax in Cambodia with 6 pages in Khmer

**5- Methodology**

* The Service Provider/consultant must describe how it will address/deliver the demands and providing a detailed description of the essential performance characteristics, reporting conditions and quality assurance mechanisms that will be put in place, while demonstrating that the proposed methodology will be appropriate to the local conditions and context of the work.
* The service provider/consultant is expected to undertaken this assignment through a desk review of the available information, interview with relevant stakeholders if necessary.

**6- Target Audience**

The main audience for the guide is public citizen to increase their understanding on the tax in Cambodia.

**7- Estimated duration of the contract**

The duration to complete this assignment should be in the maximum of three months started from the day of the contract signed.

**8- Line for communication and reporting**

DIP Manager is the focal-point person at the NGO Forum for this consultancy

**9- Qualification for consultant**

* Good analytical skills
* Understand the Cambodia’s development framework and NGOs’ work in Cambodia
* Good understanding of the Cambodia’s revenue collection system
* Excellent oral and written communication in English
* Demonstrate expertise and experience on conducting similar assignment
* Proven experience in conducting assignments in complex institutional environments
* Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability.
* Demonstrated good public relation background
* Ability to deliver result on time

1. **Mr. Um Seiha**Deputy Director General, General Department of Taxation, Cambodia, 2012. Cambodia: Tax Revenue Reform: Issues, Further reforms, **IMF-High Level Tax Conference For Asian and Pacific Countries**, Tokyo, JAPAN [↑](#footnote-ref-1)
2. Eurocham Cambodia, 2016. Whit Book: Trade and investment Policy Recommendation. Phnom Penh [↑](#footnote-ref-2)
3. Srun keavetey, 2014. Taxation in Cambodia. [↑](#footnote-ref-3)
4. Transparency International Cambodia, 2016. Case study on Tax system in Cambodia. [↑](#footnote-ref-4)