

**Kingdom of Cambodia  
Nation Religion and King**

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21 August 2017

**H.E Kong Vibol**

Delegation of the Royal Government of Cambodia in charge as  
Director General of the General Department of Taxation (GDT) of the  
Ministry of Economy and Finance  
Lot 522-524, Corner Russian Federation & Mao Tsetong Blvd. Toek Laak I,  
Tuol Kork, Phnom Penh, Cambodia.

**BERNARD KRISHER JIMUSHO CO.,LTD**

**VAT TIN: K003-901700890**

**OBJECTION LETTER**

We refer to the following references:

- Letter No. 10966 GDT dated 14 July 2016 invites the Company to clarify on the tax obligations;
- Letter No. 4800 GDT dated 20 March 2017 from the GDT to confirm its tax registration and its tax obligations;
- Letter No. 9983 GDT dated 20 June 2017 on the changed in effective registration date issued by the GDT;
- Letter No. 11267 GDT dated 6 July 2017 on Tax audit mission letter that assigned the tax officer issued by the GDT;
- Letter No. 12257 GDT dated 21 July 2017 on the clarification on the tax obligation of the Company issued by the GDT;
- Notice of Tax Reassessment (NoTR) No. 13348 GDT dated 4 August 2017;
- Our respond letter to the NoTR which was lodged with the GDT on 7 August 2017;
- Letter No. 13631 GDT dated 7 August 2017 on the respond to our letter above;
- Letter No. 14317 GDT dated 15 August 2017 on the clarification of tax audit issued by the GDT.
- Letter from Mr. Bernard Krisher dated 20 August 2017 to Samdech Akka Moha Sena Padei Techo Hun Sen requesting his intervention and to request for a meeting with his daughter

Further to the above subject and references, we would like to inform you that the Cambodia Daily was founded and operates as a not-for-profit project by Mr. Bernard Krisher in year 1993, it has partially supported the operation of the charitable project to help the Ministry of Education to build more than 560 rural school buildings in Cambodia over the past 20 years with two NGOs, "Japan Relief for Cambodia" and "World Assistance for Cambodia".

In 2016 and 2017, there were many NGOs or similar entities were asked to register tax after the elimination of the estimated tax regime. We noticed there were good efforts from the GDT to educate and enforce most of the non-tax registered NGOs/entities into the taxation system after the promulgation of Financial Management Law 2016. We respect this effort of the GDT and are pleased, after a meeting with the GDT in July 2016, to prepare all the supporting documents to register with the

Ministry of Commerce (MOC) and the GDT. As a result, we completed the registration with the GDT as a medium taxpayer on 17 March 2017 with Khan Daun Penh Tax Branch.

Unfortunately, the GDT issued letter No.9983 GDT dated 20 June 2017 to revoke the VAT certificate No. K003-901700890, which was effective from 20 March 2017, and re-issue a new VAT certificate which has back-dated the effective date to 3 January 2000 with (new) VAT No. VATM201706618. Subsequently, the GDT issued letter No.11267 GDT dated 6 July 2017 and letter No. 12257 GDT dated 20 July 2017 assigning seven senior tax officers to audit the Cambodia Daily.

I have submitted a letter on 2<sup>nd</sup> August 2017 requesting a delay for a meeting with the GDT until the end of August and was surprised that the GDT issued a Notice of Tax Reassessment (NoTR) No. 13348 GDT dated 4 August 2017 a few days after the notice of tax audit, which reassessed the Cambodia Daily on the Tax on Profit, Value Added Tax, Tax on Salary, Withholding Tax and Patent tax since 2007 until 2016 amounting of KHR25,756,015,695 (approximately US\$6.3 million) inclusive of 40% penalty and 2% interest per month, which more than 50% of the total amount is the interest portion and mainly from the deemed revenue inclusive of Value Added Tax of approximately of US\$1 million per year, as the gross income/revenue).

Based on our review of the NoTR, we noted the tax officers did not have any source of financial information or any ground of reassessment. In addition, this kind of back-dated reassessment is very specifically targeting the Cambodia Daily, as we are not aware of such precedence of reassessment on others. In response, we have submitted two objection letters to this NoTR; however, it was not accepted by the GDT. As the Cambodia Daily was registered taxpayer under the legal entity of Bernard Krisher Jimusho Co., Ltd on 20 March 2017, we are pleased to comply all the tax obligations prospectively (i.e. from the date of the registration on 20 March 2017).

While we are more than willing to cooperate in an audit and to negotiate any reasonable resolution of these matters, we strongly object to your offices' release of taxpayer information on social media on 5 August 2017. The Cambodia Daily's unilateral tax reassessment was leaked on Fresh News before it was even sent to us, which is a breach of the confidentiality provisions of Article 94 of the Law on Taxation. Furthermore, there was a post on Fresh News and the Phnom Penh Post quoting H.E speech that the Cambodia Daily will be completely shut down if it fails to pay the tax liabilities by 4<sup>th</sup> September 2017. We hope the GDT will consider it's good reputation and the confidence of foreign investors to Cambodia before doing that again.

Based on the tax law, we have the rights to appeal against any tax reassessment. We wish to request H.E. to review this case again and open more dialogue to discuss before taking any measure against any assets or properties.

Please accept an assurance of our highest consideration.

Sincerely Yours,

Douglas E. Steele



General Manager