



MOCK EXAM PAPER (QUESTIONS)

FOR DECEMBER 2018

Time allowed

Reading and planning: 15 minutes

Writing: 3 hours

All FIVE questions are compulsory and MUST be attempted.

Tax rates and rebates are printed on page 1.

DO NOT open this paper until you are instructed to by the supervisor.

During the reading and planning time, only the question paper may be annotated. You MUST NOT write in your answer booklet until you are instructed to by the supervisor.

This question paper must not be removed from the examination hall.

CAMBODIAN TAXATION

SUPPLEMENTARY INSTRUCTIONS

1. Calculations and answers should be rounded to the nearest US dollar or Khmer riel. Amounts of 0.5 and above are to be rounded up.
2. All allocations should be made to the nearest month.
3. All workings should be shown, except for multiple-choice questions.
4. All computations for any item of income or expense that is tax-exempt, not taxable or does not require adjustment should be indicated with a 'o', as appropriate, so that marks can be given accordingly.

TAX RATES AND REBATES

The following tax rates and rebates are to be used in answering the questions:

Value Added Tax (VAT)

Standard rate: 10%

Export: 0%

Exempt supplies: Nil (input-taxed supplies)

Corporate Income Tax (CIT)

Standard rate: 20%

Tax holiday: 0%

Withholding Tax (WHT)

Interest income from fixed-term deposits with a local bank: 6%

Interest income from non-fixed-term deposits with a local bank: 4%

Tax on Salary (ToS)

Rebate for dependent children and non-working spouse: Riel 150,000 per dependent, per month.

ToS rates for residents

Monthly taxable salary (Riel):	Cumulative tax (Riel) at top of band	Rate
0 – 1,200,000	0	0%
1,200,001 – 2,000,000	40,000	5%
2,000,001 – 8,500,000	690,000	10%
8,500,001 – 12,500,000	1,290,000	15%
12,500,001 and up		20%

ToS rate for non-residents

Flat rate: 20%

Tax on Fringe Benefits (ToFB)

Flat rate: 20%

Public Lighting Tax (PLT)

Rate: 3%

Accommodation Tax

Rate: 2%

Specific Tax (SPT) on certain merchandise and services

Rate: 3%, 10%, 30% or 35% depending on the product or service

ALL FIVE questions are compulsory and MUST be attempted

Question 1 – Multiple choice (each question is worth 2 points)

- i.** XYZ Co., Ltd. (XYZ) is 40% owned by a non-resident shareholder in Korea and 60% owned by a company (DEF Co., Ltd) based in Cambodia. In early 2018, XYZ distributed dividend out of its retained earnings after income tax of USD300,000 to its shareholders.

What is the total withholding tax liability applying to the dividend distribution to be remitted by XYZ?

- A. USD25,200
- B. USD16,800
- C. USD42,000
- D. None of the above

- ii.** DEF Co., Ltd. recorded the above dividend received from XYZ as other revenue in its 2018 income statement.

Which one of the following statements is False regarding the tax implications of the dividend income for DEF?

- A. The dividend received from XYZ is subject to 20% tax on income (ToI) in the 2018 tax year.
- B. The dividend received from XYZ is exempt from ToI for the 2018 tax year.
- C. The WHT on the dividend cannot be claimed as a credit to offset with the 2018 ToI liability.
- D. All of the above.

- iii.** ABC Cambodia (ABCC) is a subsidiary of ABC International (ABCI) based in Singapore. ABCC registered with the relevant ministries in Cambodia in 2015. Since its incorporation, ABCC has complied with the local tax regulations. **ABCC's financial and tax years end on 31 December.**

In March 2018, ABCC decided to declare dividend from the profits earned during the first quarter of 2018 to ABCI of USD250,000. Importantly, ABCC had received a confirmation letter, during February 2018, from the Cambodian tax authorities that ABCI and ABCC are qualified to be entitled to tax benefits stated under the Cambodia-Singapore Double Tax Agreement.

Calculate the applicable tax liability resulting from the above profit repatriation at the time it's paid.

- A. NiL
- B. USD 20,000
- C. USD 70,000
- D. USD 78,000

- iv.** TEC Co., Ltd. (TEC) is a local registered company operating a pub in Phnom Penh. TEC purchases beer and drinking water from a local manufacturer in Cambodian as supplies for the pub. In June 2018, TEC has these revenue streams.

1. Beer sales: USD7,931 (including all taxes/and excises)
2. Drinking water sales: USD9,900 (including all taxes/and excises)

Calculate the applicable monthly taxes on the above sale transactions.

- A. Output VAT = USD1,621, Public Lighting Tax (PLT) = USD210, and Prepayment of Corporate Income Tax (PCIT) = USD162.10
- B. Output VAT: USD1,621, PLT = USD216.30, and PCIT = USD162.10
- C. Output VAT: USD1,621, PLT = USD42, and PCIT = USD162.10
- D. None of above

- v.** Pheaktra has been working for a multi-national insurance corporation for five years. Due to his outstanding performance, his employer assigned him to an international assignment in Australia for three months from 1 July 2018 to 30 September 2018. During his international assignment, he receives his salary from the host

country (i.e. Australia) entity while his employment contract remains with the home country (i.e. Cambodia) entity.

During his overseas assignment, which of the following statements is true?

- A. Pheaktra is considered as a non-resident employee. So, he **doesn't** have any tax obligations [i.e. Tax on Salary (TOS)] in Cambodia during this assignment period.
- B. Since his employment is carried out in Australia, Pheaktra is considered a non- resident employee and is not subject to ToS in Cambodia on his employment income (i.e. including the salary earned in Cambodia).
- C. Pheaktra is considered as a resident employee. However, the salary received in Australia is considered to be foreign source income, which is not subject to ToS in Cambodia.
- D. None of the above

vi. Based on the Law on Taxation and Prakas on Tax on Salary, employees are allowed to claim rebates for their spouse and dependants. Which of the following provides an entitlement for a rebate?

- 1. **The employee's dependent minor child who is currently five years old and hasn't started school**
 - 2. **The employee's dependent** minor child who is currently 17 years old and has quit school
 - 3. **The employee's dependent minor child who** is currently 27 years old and is in a state-owned university school
 - 4. A husband who is doing a housework only
- A. 1, 2 and 3 only
 - B. 1, 3, and 4 only
 - C. 1 and 4 only
 - D. All of the above

vii. Based on Circular No. 007 MoEF dated 4 August 2017, which of the following statements is true regarding the tax incentives for silver taxpayers?

- A. A VAT refund below KHR 200 million (approximately USD 50,000) without a VAT audit and only subject to one comprehensive tax audit every two years, and a limited audit once a year and no desk audit during the same period.
- B. A VAT refund below the threshold of KHR 500 million (approximately USD 125,000) without a VAT audit and only subject to one comprehensive tax audit every two years, a limited tax audit every year, and no desk audit during the same period.
- C. A VAT refund over the threshold of KHR 500 million (approximately USD 125,000) without a VAT audit, only subject to one comprehensive tax audit every two years, and won't have to undergo a limited or desk audit during the same period.
- D. None of the above

viii. Popcorn Cinema is a locally incorporated cinema. In June 2018, the cinema incurred the following expenses (among other operating expenses).

- 1. Direct movie purchase of USD 4,000 (excluding all taxes) from a local film production company (registered as a self-declaration taxpayer)
- 2. Direct movie purchase of USD10,000 from an overseas film production company
- 3. Payments for office rental of USD2,000 (excluding VAT) to a tax registered real-estate agent who sub-leases the office space to the Cinema.

The total WHT liability on the aforementioned expenses is:

- A. USD1,600
- B. USD2,200
- C. USD1,400
- D. None of the above

ix. To support its business operation, on 1 December 2017, Titanium Microfinance Institution (TMI) obtained a loan from an overseas shareholder of USD600,000 at an interest rate of 13% per annum and another loan from a local corporate shareholder (a financial institution) of USD400,000 at the same interest rate as the

overseas shareholder. TMI has correctly maintained all relevant supporting documents as required by the tax regulations for these loan transactions. On 31 December 2017, TMI accrued interest of USD6,500 and USD4,333 for both loans, which will be paid on 1 January 2018.

TMI's finance manager understands that under the Prakas 1129 dated 17 October 2017 on the withholding obligation on interest expense paid overseas by MFI, certain interest payments to an overseas lender by an MFI may be subject to a reduced WHT rate.

Calculate the WHT liability on the above-accrued interest expenses to be declared in the December 2017 tax return.

- A. USD650 from each shareholder
- B. USD910 from the overseas shareholder and USD650 from the local shareholder
- C. USD650 from the overseas shareholder and none (exempted) from the local shareholder
- D. No WHT liability as the interest **isn't** paid (i.e. only an accrual) in December.

x. Which of the following statements are true?

- 1. Special depreciation of tangible property shall be deducted in determining a qualified investment project (QIP)'s taxable income for a tax year if the investor elected to use the tax exemption period entitlement.
- 2. **Special depreciation is equal to 40% of the capital cost of new or used tangible property used in the QIP's manufacturing and processing.**
- 3. Tangible property that has enjoyed a deduction for special depreciation shall be held for a minimum period of five tax years after the tax year in which the special depreciation was deducted.
- 4. Tangible property that has enjoyed a deduction for special depreciation shall be held for a minimum period of four tax years after the tax year in which the special depreciation was deducted.

- A. 2 and 4
- B. 1, 2, and 4
- C. 1, and 3
- D. 1, 2 and 3

xi. Refresh Beverage Co., Ltd is a red wine distributor properly registered with the relevant authorities in Cambodia. For the year ended 31 December 2017, the company recorded the following transactions in its financial statements:

- 1. Public Lighting Tax on its sale of wine to local dealers.
- 2. Staff entertainment expenses on which 20% Tax on Fringe Benefits has been paid.
- 3. Loss on disposal of a piece of land to a non-related party.

Which of the above expenses are non-deductible expenses?

- A. 1 and 2
- B. 1 and 3
- C. 1, 2 and 3
- D. None of the above

xii. Which of these supplies are considered as a non-taxable supply for VAT purposes?

- 1. Supplies of goods and services
- 2. Supplies of electricity
- 3. International air transportation services (i.e. airlines)
- 4. Education services

- A. 1,2 and 3
- B. 2 and 4
- C. 1, and 3
- D. Only 3

xiii. Based on Article 9 of Law on Taxation, which of the following forms of income is exempt from income tax?

1. The income of the Royal Government and institutions of the Royal Government
2. The income of any organisation that is set up and operates exclusively for religious, charitable, scientific, literary, or educational purposes and no part of the assets or earnings from this is used for any private interest
3. The income of any labour organisation, or any chamber of commerce, industry, or agriculture, where the **income of these organisations isn't used for the private benefit of any shareholder or physical person**
4. **The profit from the sale of agricultural produce that a person who isn't a real regime** system of taxation taxpayer has produced by himself, whether the produce is sold in its raw state or after transformations that are an extension of habitual agricultural work.
5. Dividend received from a resident enterprise, which has been subject to CIT, additional tax on dividend distribution, and 14% WHT.

- A. 1, 2, and 3
- B. 1, 2, and 4
- C. 2, 3, and 4
- D. All of the above

xiv. GPH is a five-star hotel Located in Siem Reap province in the Kingdom of Cambodia. It is 100%-owned by an international hotel based in Singapore. GPH registered with the Ministry of Commerce (MoC), the General Department of Taxation (GDT) and other relevant Ministries in March 2008. GPH was also granted a Qualified Investment Project (QIP) status by the Council for Development of Cambodia in the same year and given investment incentives, including a tax exemption period (with a one-year priority period).

GPH generated its first revenue in 2010. Below is the company's profit and loss position.

Year	Taxable Income (USD)	Tax loss (USD)
2008	-	2,000,000
2009	-	2,000,000
2010	-	5,000,000
2011	800,000	-
2012	-	1,100,000
2013	1,000,000	-
2014	8,000,000	-

GPH has total tax loss carried forward at the year end of 2014 of:

- A. USD 300,000
- B. USD 200,000
- C. Nil
- D. USD 100,000

xv. Oudom Li has been working at ABE Co., Ltd. (ABE), a Cambodian company registered with the Ministry of Commerce and General Department of Taxation, as a General Manager. For the month of October 2018, ABE made the following payments for Oudom:

- Basic salary of USD 2,500 credited into his bank account at the end of October 2018.
- An advance salary of November 2018 salary of USD 500. The amount was credited into his bank account on 28 October 2018.
- Health insurance premium of USD 450 per annum per employee. The insurance is applicable to all employees and is paid annually to the insurer every October.
- His house rental of USD 300 per month paid by the company directly to the landlord on the first day of each month. The company pays house rental only for him.
- Reimbursement of Training on management course: USD350
- Reimbursement of school fees for his two daughters: USD700.

- Reimbursement of his real travelling expenses to Hong Kong (including air ticket, accommodation, food) for a meeting with suppliers. He used his credit card to pay these expenses, which amounted to USD1,500.
- Oudom has two daughters who are 7 and 11 years old, respectively. His wife is also working in Cambodia, but she has not claimed the tax rebates for their two dependents.
- Oudom also looks after his elderly mother in Cambodia. His mother depends solely on him.

Assuming the exchange rate is Riel 4,000 per USD 1, ToS and ToFB liability for October 2018 in Riel is:

- A. ToS: 870,000 Riel, and ToFB: 1,200,000 Riel
- B. ToS: 1,170,000 Riel, and ToFB: 800,000 Riel
- C. ToS: 915,000 Riel, and ToFB: 800,000 Riel
- D. ToS: 2,365,000 Riel, and ToFB: 1,200,000 Riel

Question 2 – Multiple choice (each question is worth 2 points)

Part A:

Jupiter International Airline (JIA) is duly registered with the Cambodian authorities including the Ministry of Commerce and the General Department of Taxation as a self-declaration taxpayer from January 2018. JIA is 100% owned by a Vietnamese international airline company. JIA has operated both local and international passenger and cargo transportation flights. JIA has a local daily flight from Phnom Penh (PP) to Siem Reap (SR) international airport and another weekly flight from PP to Vietnam (VN) international airport.

In March 2018, JIA generated and recorded the following income:

	Siem Reap (USD)	Vietnam (USD)
Air ticket fares	12,100	55,000
Cargo fees	5,500	8,800
Administrative fees	2,200	3,300
Total	19,800	67,100

* All income includes all applicable taxes.

- i.** As stated in Section 1.1 of the Prakas on specific tax on certain merchandise and services dated 30 May 1997 and Prakas No. 1133 SHV.SCHN.TD dated 25 December 2003 on the Implementation of the collection of **specific tax on certain merchandise and services, which of JIA's forms of income is/are subject to Specific Tax (SPT)?**
1. Air ticket fares
 2. Cargo fees
 3. Administrative fees
- A. 1 only
B. 1 and 2
C. 1, 2 and 3
D. None of above
- ii.** What is the SPT rate (if applicable) for air transportation?
- A. 10% for local flights and 0% for international flights
B. 10% for both local and international flights
C. 3% for both local and international flights
D. SPT exempt
- iii.** Based on the information above, what is the total output VAT for March 2018?
- A. USD2,100
B. USD7,900
C. USD1,800
D. 0% VAT output
- iv.** Assuming JIA has a VAT input for the month of USD1,200 and has a VAT credit carried forward of USD300 from February 2018, calculate **JIA's VAT payable/credit for March 2018.**
- A. VAT payable: USD300
B. VAT credit: USD300
C. VAT payable: USD600
D. VAT credit: USD600
- v.** Based on the information above, calculate JIA's applicable SPT and PCIT for March 2018.

- A. SPT: USD6,100
PCIT: USD869
- B. SPT: USD6,000
PCIT: USD869
- C. SPT: USD6,100
PCIT: USD848
- D. SPT: USD6,000
PCIT: USD848

Part B

Sunny Beach Hotel (SBH) is 30% owned by Sunny Group Hotel (SGH), a Malaysian company, and 70% owned by Mr Sok Sambo, a Cambodian individual. SBH was duly registered with relevant local authorities in 2012. Its main business is a five-star hotel consisting of a restaurant, club/bar, and gym.

SBH was granted a tax exemption period from the Development Council of Cambodia in the same year, which consists of a trigger period and a three year tax holiday period and a year priority period. SHB generated its first revenue from the above business activities in 2012 and made taxable profit in the following year. Below is the company's profit/loss position:

Year	Profit/loss after tax (USD)
2012	(500,000)
2013	50,000
2014	600,000
2015	2,550,000
2016	(800,000)
2017	3,500,000

- i. Based on the tax regulations, how many patent tax/taxes is SBH required to pay on the above-mentioned business activities?
 - A. One: Hotel only
 - B. Two: Hotel and restaurant
 - C. Three: Hotel, restaurant, and club/bar
 - D. Four: Hotel, restaurant, club/bar, and gym
- ii. Based on the above profit/loss schedule, which of the following is true about SBH's tax exemption periods?
 - A. SBH's tax exemption period already ended in 2013 as it made taxable profit within the year.
 - B. The trigger period ended in 2012 and the three year tax holiday period ended in 2015. SBH was subject to 20% CIT in 2016 immediately.
 - C. The trigger period ended in 2013 and the three year tax holiday period ended in 2016 and priority period end in 2017. SBH was subject to 20% CIT from 2018 onward.
 - D. The trigger period ended in 2012 and the three year tax holiday period ended in 2015 and priority period end in 2016. SBH will be subject to 20% CIT from 2017 onward.
- iii. In January 2018, SBH's Board of Directors decided to distribute dividend of USD500,000 to all of its shareholders. Under Cambodian tax regulations, SBH's dividend distribution is subject to which of the below taxes:
 - 1. 20% additional tax on dividend distribution (ATDD)
 - 2. 0% ATDD

3. 14% WHT on dividend paid to SGH and no WHT on dividend paid to Mr Sambo
4. 14% WHT on dividend paid to SGH and 15% WHT on dividend paid to Mr Sambo

- A. 1 and 3
- B. 1 and 4
- C. 2 and 3
- D. 2 and 4

iv. In March 2018, SBH expanded its accounting department and incurred an additional office rental fee of USD9,000 per month and rental deposit of USD27,000 sub-leased from Mega Building Co., Ltd. (MBC). As **informed by SBH's tax consultant, MBC is a local real-estate company and the rental deposit of USD27,000 will be used to settle the last three months of the leasing terms. The rental fee and deposit above don't include 10% VAT.** WHT to be remitted to the GDT for March 2018 is:

- A. USD900
- B. USD2,700
- C. USD3,600
- D. WHT exempt

v. By referring to Prakas no. 518 MEF.Prk, dated 5 May 2017, on the implementation of WHT on dividend distribution, which of the following statement(s) is true?

1. WHT is due for payment at the time the retained earnings are converted to capital.
2. During the sale of shares, WHT is not applicable on the capital portion that was previously converted from retained earnings after ToI.
3. WHT **isn't** applicable at the time the retained earnings are converted to capital
4. During the liquidation or dissolution of the enterprise, WHT is applicable on the capital portion that was previously converted from retained earnings after ToI

- A. 1, 3 and 4
- B. 2, 3 and 4
- C. 3 and 4
- D. None of the above

Part C

i. In May 2016, Red Dragon issued the following invoices to customers. The invoices were inclusive of all applicable taxes (exchange rate: USD1:KHR4,063).

Invoice amount inclusive of all taxes (USD)	
Revenue from room charges	USD150,000
Revenue from the sale of alcoholic beverages	USD50,500
Revenue from massage services	USD18,000

Calculate the applicable tax liabilities (except VAT and PToI) of Red Dragon for May 2016.

- A.** Riel 25,838,811
- B.** Riel 21,774,145
- C.** Riel 22,181,380
- D.** Riel 22,340,649

ii. According to Article 131 of the Law on Taxation regarding additional tax imposed on underpaid tax, which of the following statements are correct?

1. A person who is negligent shall be liable to additional tax at 10% of the tax shortfall plus interest at 2% per annum on the tax shortfall for each month or part of a month that the tax is outstanding.
2. A person who is seriously negligent shall be liable to additional tax at 25% of the tax shortfall plus interest at 2% per month on the tax shortfall for each month or part of a month that the tax is outstanding.
3. A person who is seriously negligent shall be liable to additional tax at 10% of the tax shortfall plus interest at 2% per month on the tax shortfall for each month or part of a month that the tax is outstanding.
4. In the case of a unilateral tax assessment, the additional tax shall be 40% of the tax shortfall plus interest at 2% per annum on the tax shortfall for each month or part of a month that the tax is outstanding.

- A. 2 and 3
- B. 2, 3 and 4
- C. 1, and 2
- D. 2 only

iii. In March 2018, Cigar Co., Ltd (Cigar), a cigarette distribution company, issued an invoice to its main wholesaler of USD600,000, including all taxes, for the sale of cigarettes. Cigar's junior accountant isn't sure how much Public Lighting Tax (PLT) must be paid to the tax authorities.

Calculate the PLT payable.

- A. USD15,887
- B. USD17,476
- C. USD3,177
- D. USD18,000

iv. ABC Co., Ltd recorded the following income and expenses in July 2016 accounting book:

Income:

- Income from Sales of USD500,000, excluding VAT.
- A deposit of USD2,200 including VAT from a wholesale customer for a purchase order. The customer will pay the remaining amount when ABC delivers the goods in the second week of August 2016.
- Interest income from a fixed deposit bank account of USD900.

Expenses

- ABC imported from the head office of USD600,000, excluding VAT.
- ABC paid office rental of USD2,000 to its individual lessor.
- Gasoline expenses for the month of USD2,200, including VAT.
- A car (4-seat sedan) for business use of USD22,000, including VAT, bought from a real-regime company.
- Hotel room charges of USD550 including of VAT, for a guest from the head office.
- Meals from a Local company for an annual staff party of USD3,300, including VAT.

Assuming all invoices are valid for tax purpose, ABC's VAT credit for July 2016 is:

- A. VAT credit of USD9,981.18
- B. VAT credit of USD9,710.00
- C. VAT credit of USD12,050.00
- D. VAT credit of USD9,800.00

v. The White Bank Cambodia (WB Cambodia) was registered in Cambodia with the relevant authorities in January 2016. WB Cambodia is a subsidiary of WB Thailand (a commercial bank). WB Cambodia booked provision on loans for 2016 and 2017 following the requirements of the National Bank of Cambodia as detailed below:

Description	As at 31 December 2016 (USD)	As at 31 December 2017 (USD)
Provision on normal loans	98,428	123,035
Provision on special mention loans	253,100	316,375
Provision on substandard loans	1,028,890	1,286,113
Provision on doubtful loans	1,406,113	1,757,641
Provision on loss loans	1,406,113	1,757,641
Total	4,192,644	5,240,805

WB Cambodia had properly adjusted the loan provision in its 2016 tax on profit calculation, following the Prakas no. 1535 MEF dated 23 December 2016. How much is the loan provision to be adjusted in its 2017 tax on profit/income calculation?

- A. USD 24,607
- B. USD 63,275
- C. USD 87,882
- D. USD 351,528

Question 3

SBL Co., Ltd. is a subsidiary of a multi-national corporation supplying beer products. SBL registered with the relevant Cambodian authorities, including the Ministry of Commerce, General Department of Taxation and Council for Development of Cambodia (CDC), in early January 2017 and started operating in the same month.

SBL were granted qualified investment project (QIP) status by the CDC and received its final registration from the **CDC in January 2017 and it's entitled to a tax exemption period that consists of a trigger period**, a three-year tax holiday and a two-year priority period.

As at 31 December 2017, SBL reported the below balance sheet and income statement as below:

Assets	(USD)
Freehold buildings on leasehold land	5,558,104
Computers	1,584,801
Printer, copier machine and cars	4,751,678
Other tangible property	13,021,907
Ingredient (herb) purchases	3,600,541
Manufacturing materials purchases	3,941,694
Spare parts purchases	178,213
Manufactured finished goods (stocks of finished goods)	176,323
Operating debtors	4,916,152
Accounts receivable/trade debtors	307,018
Loans and advances – other	297,450
Cash at bank	9,674,454
WHT credit	2,727
Other current assets	233,371
Total	48,244,433
Equity and liability	
Share capital	25,000,000
Profit/loss for the period	1,368,798
Trade creditors	17,750,185
Distributors' deposits	1,000,000
Accrual - professional fees	96,236
Accrual - travel and entertainment	541,865
Accrual - freight, brand value, royalties and others	890,891
Provision - operating other	135,819
Accrual - salary and bonus	703,479
Income tax - provisional payment	549,509
Other taxes payable	207,651
Total	48,244,433

Revenue	
Turnover - manufactured beer	26,828,411
Interest income	68,168
Exchange gains – realised	119,468
Exchange gains - operating - unrealised	4,625
Exchange losses - operating - unrealised	(2,246)
Other income	50,000
Total	27,068,426
Expenses	
Cost of production of products sold - beer	10,574,112
Salaries, wages, overtime and bonus	3,455,458
Fuel and Gas	440,021
Utilities - electricity, water	542,807
Travelling and accommodation expenses	1,933,888
Rental and lease	647,481
Repairs and maintenance	177,976
Entertainment	15,411
Research and development	1,051,482
Payments to distributors - trade incentives	1,731,937
Other commission, advertising and selling expenses	55,522
Fleet - licences and vehicle taxes	18,003
Donations	42,909
Legal, external audit and tax advisory fees	179,401
Professional fees – IT consultancy and IT project management	2,018,770
Non-executive directors' fees	60,000
Building – depreciation	410,918
Computers – depreciation	146,116
Printer, copier machine and cars – depreciation	391,514
Other tangible property - depreciation	362,848
Exchange losses – realised	122,753
Insurance - property damage, business interruption and motor vehicles	64,024
Write-off - damaged materials and ingredient	278,021
Write-off - other assets	41,371
Pest control	41,359
Security service contracts	136,849
Bank charges	55,418
Total	24,996,368
Profit before tax	2,072,058
Profit tax	703,260
Profit after tax	1,368,798

Notes:

1. **The 'distributors' deposits' account comprises the below transactions:**
 - a. **Initial security deposit of USD800,000: To become one of SBL's main distributors, each agent is required to provide a security deposit of USD50,000 (interest free), which will be refunded when the agency agreement is terminated.**
 - b. Deposit for purchase orders of USD200,000, excluding applicable taxes: This cash deposit is equal to 20% of the order value and was received immediately after the dealers placed the order in December 2017. The goods will be delivered in early January 2018. The remaining balance of the order will be paid within one month of delivery of the products.
2. **The 'interest income' account represents the gross amount of interest income received by SBL from a deposit at a local bank. The bank withheld the applicable withholding tax (WHT) before paying the interest to SBL. SBL recorded this WHT amount as a tax credit (supported with proper documents) in the WHT credit account.**
3. SBL incurred staff salary and benefit expenses totalling USD4,319,323. The applicable tax on salary (ToS) of USD98,193 and tax on fringe benefits (ToFB) of USD65,199 were withheld by SBL and remitted to the GDT every month by the due date.
4. During an advertising campaign in the provinces in 2017, SBL provided samples of its locally produced beer to customers free of charge. The market value of those products was USD1,198,542, excluding applicable taxes. For accounting purposes, SBL has not recognised any income from these sample products, but the product costs were recorded in the 'cost of production of products sold' account.
5. **The 'rental and lease' account represents the land rental expense. Under the lease agreement, SBL is allowed to withhold applicable WHT from lease payments for the land.**
6. During the tax year, one of the main wholesale agents incurred a large business loss due to a fire. To support this agent's operation, SBL provided the agent a subsidy, without any conditions, of USD250,000. This amount was recorded in the 'payments to distributors - trade incentives' account in the 2017 income statement. The remaining balance of this account represents the actual incentives provided to distributors who met the sales target during the year.
7. **The 'fleet - licence and vehicle taxes' account represents the patent and road tax expenses paid during the year.**
8. The donation account consists of a USD21,500 contribution to the Red Cross and gifts for staff during Khmer New Year totalling USD21,409, on which no ToFB was paid.
9. **The 'write-off - other assets' account represents the loss on the disposal of the company's car. On 15 December 2017, one of the company's cars was involved in a serious accident during a company mission, which caused the death of an employee (who worked in the sales department). After the accident, the car was disposed as scrap for USD8,629 (excluding applicable taxes). The company also contributed USD20,000 to the funeral for the employee, although there is no provision for this type of contribution in the company's policy or the employment contract. This contribution was recorded in the 'salary, bonus and allowances' account. SBL did not pay any ToS or ToFB on this contribution because it is not part of the employee's salary or benefits.**
10. Since the car was insured, SBL received insurance compensation of USD50,000 from the insurance company on 29 December 2017. This amount was recorded in 'other income' in the income statement.
11. All accrued salary and bonus was paid on 27 January 2018. Also, there is no outstanding balances payable to related parties as at 31 December 2017.
12. **The 'write-off - damaged materials and ingredient' account balance of USD278,021 includes the value of damaged materials and ingredient actually identified and written-off during the year totalling USD142,202. The remaining balance represents the provision recorded at 31 December 2017 for damaged materials and ingredient in the 'provision - operating other' account.**
13. Generally, all expenses are supported by proper supporting documents, including applicable valid VAT invoices.
14. Below are the fixed asset details.

Assets	Historical Cost (USD)	Cost of disposal (USD)
Building	5,850,636	

Computers	1,668,212	
Printer, copier machine, and cars	5,001,766	(50,000)
Other tangible property	13,707,271	

All assets were put into use in 2017.

Other information:

- a) All expenses and income exclude VAT and other applicable taxes, unless otherwise indicated.
- b) On 31 December 2017, SBL received a gold taxpayer certificate and confirmation that it had maintained proper accounting records for the year 2017 from the GDT.

Required:

- 1- Calculate SLT's CIT liability for the year ended 2017 based on the information provided above (16 points).**

- 2- Based on the information and the CIT calculation above, please advise on the status of the QIP's tax exemption period, including the start date and expected end date (4 points).**

Question 4

- i.** Under the self-declaration system, please explain in detail on how many types of tax audit there are commonly conducted by the GDT including the statute of limitations (period of tax reassessment) and the common penalties and interest rates on the late/underpayment of taxes by stating relevant tax regulations to support your comments. **(4 points)**
- ii.** During the tax audit process, please advise the procedures for administrative protest against tax reassessment issued by the GDT as stated in the tax regulations. **(4 points)**

(Total 8 points)

Question 5:

Lux Clock Co., Ltd. (LCC) is a company which sells luxurious watches and clocks imported from Hong Kong. It has been registered with tax administration as a VAT-registered taxpayer since late 2014. In September 2018, the company recorded the transactions as followings:

Revenues:	USD
Sold watches to tax registered dealers	400,000
Total sales to retailers inclusive of VAT	660,000
Revenue from repairing watches and clocks inclusive of VAT	8,800
Credit Note- retailer asked LCC to repay the overcharged ⁽¹⁾	(11,000)
Expenses:	USD
Imported watches and clocks from Hong Kong	700,000
Salary expense for the month of Sep 2018	100,000
Purchased 1 car and 1 truck for marketing ⁽²⁾	64,000
Hired experts from Hong Kong and a local company ⁽³⁾	25,000
Shop improvement	9,000
Purchased diesel fuel and gasoline inclusive of VAT	29,900
Advertising on TV	12,000

Notes:

- a. All amounts are exclusive of VAT, unless otherwise stated.
- b. All payments made to VAT-registered taxpayers are supported properly by VAT invoices.

Additional Information:

- c. ⁽¹⁾ The Credit Note was issued as the accountant of LCC issued an invoice to a retailer with the amount of \$11,000 inclusive of VAT more than the original cost. In addition, the accountant already declared and paid to the tax department for August 2018. On the 24th of September, the retailer found out that overpaid amount and came to claim back the bills from LCC.
- d. ⁽²⁾ The car and truck were purchased from VAT-registered Company. Corolla 2014 for advertising staffs for travelling to province costs \$20,000 exclusive of VAT; and a truck for advertising and promotion event costs \$44,000 exclusive of VAT
- e. ⁽³⁾ The two months services for experts from Hong Kong charged \$10,000, the rest charged by a Singaporean-owned company incorporated in Cambodia.
- f. VAT carried forward from August 2018 amount \$55,000

Required: Calculate VAT payable by (LCC) for September 2018.

(12 points)



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**MOCK EXAM PAPER
FOR DECEMBER 2018**

ANSWERS

CAMBODIAN TAXATION

Answer 1:

i. B

Dividend distribution		USD
Resident shareholder (60% ownership)		180,000
Non-resident shareholder (40% ownership)		120,000
Withholding Tax (WHT) on dividend distribution		
Resident shareholder		Exempt
Non-resident shareholder 1,2000*14%		16,800
Total tax liability		16,800

ii. D

iii. C

Additional Tax on dividend distribution (ATDD)		USD
Dividend declared out of profit before tax	(a)	250,000
Additional Tax on dividend distribution at 20%	(b)	50,000
Withholding Tax (WHT) on dividend distribution		
WHT base (a-b)	(c)	200,000
WHT at a reduced rate of 10% under DTA		20,000
Total tax liability		70,000

iv. C

		Amount inclusive of VAT
	Beer	7,931
	Drinking water	9,900
		Tax base (exclusive of VAT)
VAT	Beer (a)	7,210
	Drinking water	9,000
	Total (b)	16,210
	VAT at 10%	1,621
PLT for beer	Base [(a)/1.03 x 20%]	1,400
	Rate	3%
	PLT	42
PCIT	PCIT = (b) x 1%	162.10

v. D

vi. C

vii. A

viii. C

Description	Amount excluding VAT (USD)	WHT rates	WHT (USD)
Purchase of movie from a local film production company	4,000	Exempted (*)	-

To the overseas film production company	10,000	14%	1,400
Rental fee paid to real estate agent	2,000	Exempted (**)	-
Total			1,400

(*) Under notification no.18410.GDT issued by the General Department of Taxation on 3 November 2016, this payment is exempt from WHT until the end of 2018.

(**) Under the above Prakas, payment of the rental expense is exempt from WHT.

ix. C

Lenders	Accrued interest expenses	WHT rate	WHT
Overseas	65,000	10% (*)	650
Local	4,333	Exempted	
Total			650

(*) Based on the Prakas 1129 dated 17 October 2017, interest expense paid overseas by a local MFI is subject to a reduced WHT rate at 10%.

x. A

xi. D

xii. B

xiii. D

xiv. D

Year	Taxable profit	Tax loss	Loss allowance for the period	Accumulated losses allowance	Loss carried forward
	USD	USD	USD	USD	USD
2008	-	2,000,000		1,800,000	Forfeit
2009	-	2,000,000	2,000,000	2,000,000	-
2010	-	5,000,000	5,000,000	5,000,000	-
2011	800,000	-	-	-	-
2012		1,100,000	1,000,000	1,000,000	100,000
2013	1,000,000		-	-	-
2014	8,000,000		-	-	-
Total	9,800,000	12,000,000	8,000,000	9,800,000	100,000

xv. B

Oudom's ToS liability for October 2018

	USD	RIEL
Basic salary	2,500	
Advance salary	500	
Taxable salary before deduction	3,000	
Exchange Rate USD 1= 4,000		
In Riel		12,000,000
Rebate children(150,000 * 2)		300,000
Taxable amount in Riel		11,700,000
ToS on first riel 8,500,000		690,000

	Remaining balance 3,200,000 *15%		480,000
	ToS for October 2018 in Riel		1,170,000
ToFB for Oudom for October 2018			
Tax on Fringe Benefit (ToFB)			
	House rental		US\$ 300
	Reimbursement for school fees for his two daughter		US\$ 700
	ToFB @ 20%		US\$ 200
	ToFB in Riel		800,000 Riel

Answer 2:

Part A

- i.** A
- ii.** B
- iii.** A

	Air ticket fares		Cargo fees		Administrative fees		Total VAT output
	SR	VN	SR	VN	SR	VN	
Amount including all taxes	12,100	55,000	5,500	8,800	2,200	3,300	
Amount excluding VAT/1.1	11,000	55,000	5,000	8,800	2,000	3,000	
VAT @ 10%	1,100	N/A	500	N/A	200	300	2,100
VAT @ 0%	N/A	-	N/A	-	N/A	N/A	-

* Based on Articles 59 and 64 of the LoT, all self-declaration taxpayers are required to charge 10% VAT on taxable supplies. This includes transport in Cambodia and other service fees.

Based on Articles 54 of the VAT Sub-Decree, a VAT rate of 0% applies to services rendered outside Cambodia and to exported goods. This includes the supply of international transportation or services connected thereto.

So, airline operators are required to charge 10% VAT on tickets for domestic flights, e.g. a flight from Phnom Penh to Siem Reap, and cargo fees. For the flight from Phnom Penh to Vietnam and its cargo fees, the trip is regarded as an international flight and is subject to 0% VAT.

Note that 10% VAT applies to administrative fees charged for changing or cancelling tickets etc. Technically, these administrative charges **aren't** related to the transport of passengers or goods from Cambodia. So, these charges are subject to VAT at 10% as the services are performed in Cambodia.

- iv.** C

VAT credit carried forward	300
VAT input for February 2018	1,200
VAT output for February 2018	(2,100)
VAT payable	(600)

- v.** D

	SR	VN	Total
Turnover incl. VAT	19,800	67,100	86,900
VAT	(1,800)	(300)	(2,100)
Turnover excl. VAT	18,000	66,800	848,000

PCIT @ 1%	180	668	848
Total ticket fares incl. all taxes	12,100	55,000	67,100
Total ticket fares excl. VAT	11,000	55,000	66,000
SPT base = (A)/1.1	10,000	50,000	60,000
SPT @ 10%	1,000	5,000	6,000

Part B

i. A

* According to Prakas No. 1821 MEF.PrK dated 25 December 2015, activities that are associated with a business activity are considered together as one business activity. For example, a hotel that has a club/bar, restaurant, massage and gym or other activities, that are associated with hotel activity and are under the direct control of the same taxpayer and located in the same location as the hotel, is required to pay only one patent tax.

ii. D

iii. C

iv. D

* Based on Instruction No. 18410 GDT dated 3 November 2016, the real estate company (i.e. MBC) that sub-leases real estate in Cambodia has obligations to withhold 10% WHT on payments of rental fees from the property's owner. If the real estate company sub-leases the property to a self-declaration taxpayer client (i.e. SBH), SBH doesn't need to withhold WHT on rental payment from the real estate company.

v. C

Part C

i	D						
			Amount inclusive of all taxes (USD) [a]	Amount exclusive of VAT [b=a/1.1]	SPT/ACT/PLT Base [c=b/(1+d)]	Tax rate [d]	Total taxes [e=c x d]
	Revenue from room	150,000	136,363.64	133,689.84	2%	2,673.80	
	Revenue from sale of alcoholic products	50,500	45,909.09	44,571.93	3%	1,337.16	
	Revenue from massage services	18,000	16,363.64	14,876.04	10%	1,487.60	
	Total in USD	218,500	198,636.37	193,137.81		5,498.56	
Total in Riel @4,063						22,340,649	
ii	D						
iii	C						
				USD			
	Amount inclusive VAT [a]			600,000			
	Amount excluding VAT [b=a/1.1]			545,455			
	PLT base c = [b/1.03]			529,568			
PLT payable c@20%@ 3%			3,177				

D

iv

Expense	Amount including VAT	VAT base	Allowed input VAT	Remark
Import of products		600,000.00	60,000.00	
Office rental	2,000.00	-	-	
Gasoline	2,200.00	-	-	Not allowed as input VAT under Article 31 of VAT Sub-Decree
Car (4-seat sedan)	22,000.00	-	-	
Hotel room charge	550.00	-	-	
Meal	3,200.00	-	-	
Total in USD			60,000.00	

Income	Amount including VAT	VAT base	VAT output
Sale		500,000.00	50,000
Deposit	2,200.00	2,000.00	200.00
Interest income	900.00	-	-
Total in USD			50,200.00

Total VAT output for July 2016 **50,200.00**
Total VAT input for July 2016 **(60,000.00)**
Total VAT Credit for July 2016 (9,800.00)

C

Provision schedule

v

Description	Balance as 31 December 2016	Balance as 31 December 2017	Increase/ (Decrease)
Provision on normal loans	98,428	123,035	24,607
Provision on special mention loans	253,100	316,375	63,275
Grand total			87,882

Based on Article 8 of Prakas no. 1535 MEF.PrK dated 23 December 2016, provision for normal and special mention loans are not allowed for deduction for tax on profit purpose.

Answer 3:**1. CIT computation****For the year ended 31 December 2017**

	Note	USD	USD
Accounting profit before tax			2,072,058
Add back:			
Accounting depreciation		1,311,396	
Unrealised exchange loss for the year 2017		2,246	
Entertainment expense		15,411	
Increase in provision (for obsolete ingredient (herb) and material)	W1	135,819	
Donations (gifts to staff)	N1	21,409	
Subsidy to support agent	N2	250,000	
Cash deposit on purchase order (Unearned revenue)	N3	200,000	
Supplies of goods free of charge	N4	1,198,542	
Accounting loss on disposal of fixed assets		41,371	
Contribution to staff member's funeral (donation)	N2	20,000	
Obsolete stock (ingredient (herb) and material) written off		-	
Subtotal			3,196,194
Less:			
Tax depreciation		(5,116,376)	
Insurance compensation		-	
Unrealised exchange gains for the year 2017		(4,625)	
Subtotal			(5,121,001)
Net profit before charitable contribution and interest adjustment			147,251
Add: Non-deductible charitable contribution expenses			13,062
Taxable profit during the period			160,313
Less: Tax loss brought forward			-
Taxable profit			160,313
CIT @ 0%			-
Less: WHT credit		(2,727)	(2,727)
WHT credit carried forward			(2,727)

Notes:

N1: Based on Section 5.6.6 of the ToP Prakas, entertainment for the use of any means in connection with these activities **aren't** deductible for CIT purposes. So the gifts for staff during Khmer New Year of USD21,409, of which no ToFB was paid, is non-deductible.

N2: Based on Section 5.10.3, donations **aren't** deductible for CIT purposes. A donation of USD250,000 as a subsidy to support an agent and contribute to a staff member's **funeral aren't** deductible for CIT purposes.

N3: Under the ToP Prakas, income must be recorded at the time of supply. For the supply of goods or services, this is the earlier of the time when the supplier must issue an invoice (i.e. within seven days after the goods are shipped or services are rendered or **after the payment is received**) and when the supplier does issue an invoice.

As the 20% cash deposit amount of USD200,000 was received immediately after the dealers placed an order during December 2017, while goods would be delivered in early January 2018, the cash deposit is considered as taxable income in 2017.

N4: There are various sections in the ToP Prakas that look to treat the value of gifts or goods supplied at less than their true value as assessable income. The market value of free goods or gifts provided to customers must be added back as taxable income in the tax calculation.

N5: For 2017 CIT calculation purposes, SBL **is subject to 0% CIT (as it's still in the tax exemption period)** and is also exempted from 1% Minimum Tax on the annual total turnover as SBL received a gold tax compliance certificate and confirmation of proper accounting records from the GDT. The certificate is valid for two years.

Working 1: Provision schedule

Description	Beginning balance	Balance as 31 December 2017	Increase/ (Decrease)
Provision – Operating other	-	135,819	135,819
Grand total			135,819

Working 2: Tax depreciation

Assets	Historical cost	Addition in 2017	Proceeds from disposal	2017 Dep. base	Class	Dep. rate	2017 Dep.
Class 1: Building	5,850,636	-	-	5,850,636	1	5%	292,532
Class 2: Computer	1,668,212	-	-	1,668,212	2	50%	834,106
Class 3: Printer, copier machine, and cars	5,001,766	-	(8,629)	4,993,137	3	25%	1,248,284
Class 4: Other tangible properties	13,707,271	-	-	13,707,271	4	20%	2,741,454
	26,227,885	-		26,219,256			5,116,376

Working 3: Charitable contributions

	USD
Net profit before charitable contribution adjustment	147,251
Add: Charitable contributions	21,500
Adjusted profit for calculating maximum deductible contributions	168,751
Maximum deductible charitable contributions @ 5%	8,438
Deductible contributions during the period	8,438
Charitable contributions to be added back	13,062

2. Under the Law on Investment (LoI) and based on the letter to SBL's QIP registration certificate, the QIP tax exemption period consists of a trigger period + three years + the priority period. The trigger period of the tax holiday is the period starting on the date the final registration certificate is issued by the CDC and ending on the last day of the taxation year, which is whichever is the earlier of these two cases:

- If the QIP derives income from the investment activity in respect of the sale of goods or services, the third taxation year after the taxation year in which the income is first derived.
- If the QIP derives a taxable profit, the preceding taxation year in which the profit is first derived.

Local manufacturing of beers was granted a QIP in January 2017 and enabled entitlement to tax exemption periods which consist of the trigger period, three-year tax holiday, and two-year priority period.

Based on the CIT calculation above, SBL generated taxable profit in the first year of operation. In this case, the trigger period ended immediately. The three-year tax holiday starts from 2017 to 2019, followed by the two-year priority period from 2020 to 2021. Hence, SBL's **tax holiday period starts from 2017 to 2021**. SBL will be subject to 20% CIT from 2022 onward.

Answer 4:

i. Types of tax audit:

There are two types of tax audits commonly conducted by the GDT. These are:

- A comprehensive audit: Tax is audited by the Enterprise Audit Department (EAD) of the GDT. The EAD will review all taxes, including annual CIT and monthly taxes. In practice, any tax year that is audited by the EAD is considered closed.
- A limited or desk audit - The tax is audited by the Large Taxpayers Department (LTD) or the Tax Branch (TB) of the GDT. The LTD/TB only reviews monthly taxes and not the annual CIT. A tax year that has been audited by the LTD/TB is still subject to another comprehensive tax audit by the EAD team. It's common for taxes that have been audited by the LTD/TB to be audited again by the EAD.

Statute of limitations:

Under Article 117 of the Law on Taxation (LoT), the statute of limitations for conducting a tax audit is three years from the submission of tax returns, or up to ten years if there is an obstruction of the implementation of the tax laws, or at any time with the written consent of the taxpayers.

The term 'obstruction of the implementation of the tax laws' is widely defined to include a failure to keep proper records, failure to notify the tax administration of any changes in the tax registration, failure to submit a nil return, or failure to provide access to accounting records.

Penalty and interest rate:

Under the LoT, any tax shortfall is subject to a penalty of 10%, 25%, or 40% of the shortfall and interest at 2% per month. If taxpayers voluntarily disclose the underpayment, the penalties and interest on the late payment are:

- 10% penalty if the shortfall is less than 10% of the total tax liability, plus 2% monthly interest, or
- 25% if the shortfall is more than 10% of the total tax liability, plus 2% monthly interest.

Taxpayers may face a maximum penalty of 40% and 2% monthly interest if the tax authority reassesses tax on a unilateral basis. In practice, the GDT usually applies the 25% penalty rate if it believes the taxpayer was cooperative during the tax audit.

ii. The procedures for administrative protest against tax reassessment are as follows:

Under Article 118 of the LoT, the tax administration shall issue a notice of tax reassessment (NoTR) to the taxpayers, and is required to forward the NoTR to the tax collection office within 30 days after the issue date. After receiving the NoTR, taxpayers could file a formal protest letter with the GDT if they disagree with any of the reassessment basis in the NoTR.

First objection:

A taxpayer will be deemed to have accepted the formal NoTR if they fail to reply to the GDT within 30 working days of the receipt date. They must provide a valid basis for objecting to the reassessed items in their objection letter and attach the NoTR and relevant supporting documents or other evidence. Once the objection letter has been submitted to the GDT, the GDT has 60 working days from the receipt date to review and resolve the case and respond to the taxpayers with its new decisions.

Second revised NoTR:

If the taxpayer agrees with the revised NoTR, they must pay any remaining reassessed tax liabilities, plus penalty and interest, based on the revised NoTR to the GDT. But if the taxpayer still disagrees with the NoTR, they can object to the revised NoTR by submitting a second objection letter to the Tax Arbitration Council (TAC) within 30 working days of the receipt date and submitting a copy of the objection to the GDT based on Article 123 of the LoT and Article 15 of Prakas 1470. Once the objection letter has been submitted to the TAC, the TAC has 60 working days to review and resolve the case and respond to the taxpayer.

Court appeal: If the taxpayer disagrees with the TAC's decision, they can bring the case to a competent court within 30 working days after receiving the decision.

Answer 5:**Calculate VAT credit/payable by (LCC) for September 2018**

Calculation of output VAT	Given	Working	VAT Base	VAT	Output VAT
	USD	USD	USD	Rate	USD
Revenues:					
Sold watches to tax registered dealer	400,000	-	400,000	10%	40,000
Total sales to retailers inclusive of VAT	660,000	660,000/1.1	600,000	10%	60,000
Revenue from repairing watches and clocks inclusive of VAT	8,800	8,800/1.1	8,000	10%	800
Retailor Overcharged	(11,000)	(11,00/1.1)	(10,000)	10%	(1,000)
Total		-		-	<u>99,800</u>

Calculation of Input VAT	Given	Working	Base for VAT	VAT Rate	Input VAT
Expenses:	-	-	-	-	-
Imported watches and clocks from Hong Kong	700,000	-	700,000	10%	70,000
Salary expense for the month of September	100,000	-	-	-	-
Purchased 1 car and 1 truck for marketing (2)	44,000	-	44,000	10%	4,400
Hired experts from Switzerland and a local company (3)	15,000	-	15,000	10%	1,500
Shop improvement	9,000	-	9,000	10%	900
Purchased diesel fuel and gasoline inclusive of VAT	29,900	-	-	-	-
Advertising on TV	12,000	-	12,000	10%	1,200
Total				-	<u>78,000</u>
<u>VAT carried forward from August 2018</u>	<u>55,000</u>	-	-	-	<u>55,000</u>

VAT Carried forward for September 2018

34,200