
Real Estate

Press Release on the Government's Support Measures for the Development of Construction and Borey

On 12 April 2023, the General Secretariat of Economic and Financial Policy Committee ("**EFPC**") of the Royal Government of Cambodia ("**Government**") issued a Press Release No. 001 MEF on the Guidelines Regarding Support Measures for the Development of Construction and Borey ("**Press Release**").

Due to uncertainty in the global economic, financial and geopolitical situation, and in order to maintain stability and sustainability in Cambodia's construction and real estate sector, which is one of the priority sectors of economic growth, and to empower low and medium-income households to be able to afford home purchase, the Government has issued an additional "support package" as follows:

1. With respect to Borey developers ("**Developers**") that have been / are currently operating their developmental projects with a validly issued property development licence ("**Licence**") from the Real Estate and Pawnshop Regulator ("**Regulator**"), there will be a continuing deferral of the implementation of the phased taxation ("**Tax Package**"), which is to be paid in instalments, until the end of 2024. Meanwhile, with respect to Developers that have been / are currently operating their developmental projects without a valid Licence, such Developers must register and obtain a valid Licence from the Regulator by the end of 2023 in order to benefit from the deferment of the Tax Package above.
2. There will be an extension of the payment deadline for the Tax Package from 12 months to 18 months for Developers paying less than US\$1 million in taxes, and from 24 months to 36 months for Developers paying more than US\$1 million in taxes.
3. New Developers or Developers whose projects have not begun development shall pay tax in accordance with the applicable procedure in force (real regime) and maintain accurate accounting records.
4. There will be a continuing deferral of the implementation of capital gains tax for the real estate sector until the end of 2024.
5. There will be a continuing exemption of stamp duty on the transfer of ownership or possessory right over all kinds of residential housing having characteristics of a Borey and having a value of less than / equivalent to US\$70,000 until the end of 2024.

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6. Banking and financial institutions are encouraged and requested to restructure loan arrangements, if possible, on a voluntary basis and based on agreements between the banking and financial institutions and the Developers in accordance with Prakas No. B7-017-344 Prokor dated 1 December 2017 on Credit Risk Grading and Impairment Provisioning.
7. Borey housing development projects will be exempted from any penalties provided that each Developer shall comply with their obligations under Prakas No. 089 on the Management of Real Estate Development Business.
8. There will be a deferral of implementation of the Prakas No. 563 dated 10 July 2020 on the Auditing of Financial Statements by Independent Auditor issued by the Ministry of Economy and Finance until the end of 2023.

The EFPC will develop and put in place monitoring mechanisms to monitor, follow up and assess the situation of the construction and real estate sector regularly.

If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

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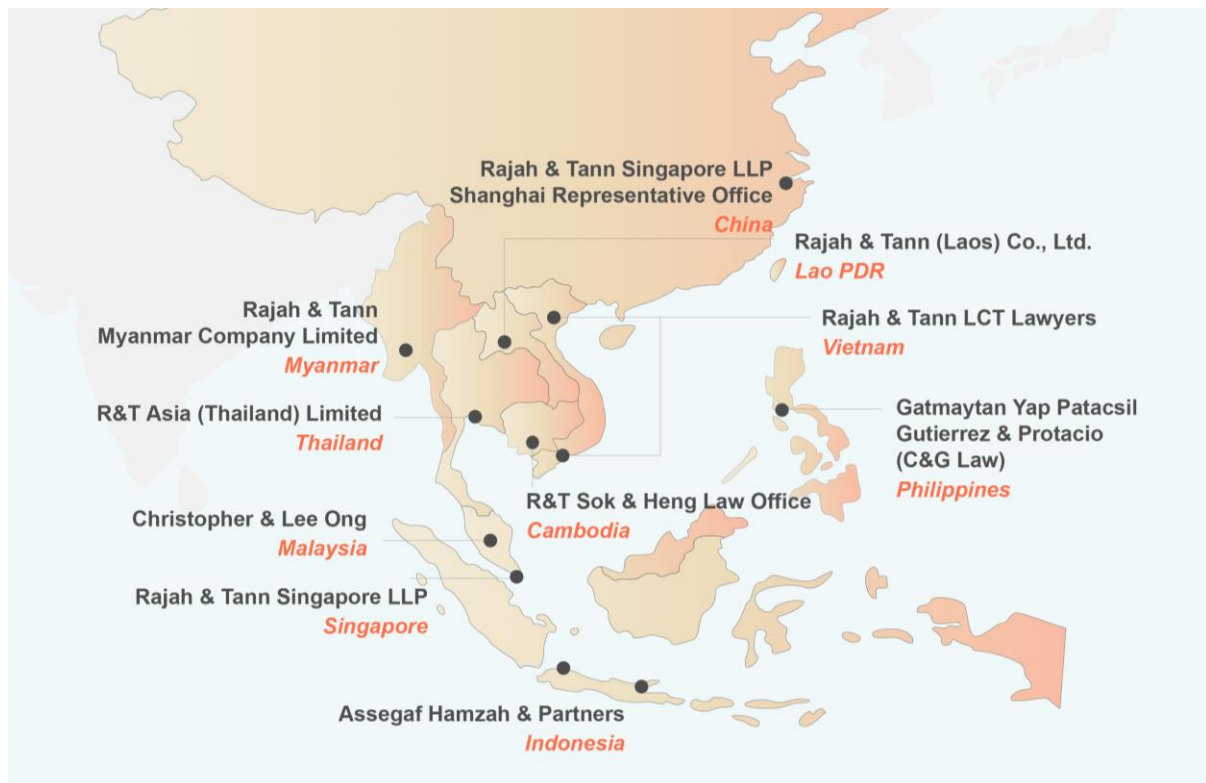
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