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INSIGHTS

TAX & COMPLIANCE

Customs duty and import VAT in Cambodia

How Cambodian importers account for customs duty, import VAT and the Customs Declaration of Entry: landed cost, input VAT credit, invoices and GDT audit evidence.



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HOW ARE CUSTOMS DUTY AND IMPORT VAT TREATED IN A CAMBODIAN COMPANY'S ACCOUNTS?

An importer pays customs duty and import VAT at the border; the Customs Declaration of Entry under Article 69 of the Law on Taxation (2023) is the evidence for both. Import VAT is 10% and is creditable on the monthly VAT return when the declaration and receipt are valid and the goods are used for taxable supplies; customs duty is part of the landed cost of inventory or the cost of the asset under IAS 2 or IAS 16. The duty rate depends on the tariff classification and origin, so the importer should confirm the HS code, the rate and any preferential treatment before the shipment arrives.

IN SHORT

- Customs duty and import VAT are separate charges at the border; the Customs Declaration of Entry supports both.
- Import VAT is 10% and may be credited on the monthly VAT return if the declaration and receipt are valid and the goods are used for taxable supplies.
- Customs duty is part of the landed cost of inventory under IAS 2, or the cost of the asset under IAS 16; it is not a VAT credit.
- The duty rate depends on the HS code and origin; confirm the classification and any preferential treatment before import.
- Related-party imports, under-invoicing and a mismatch between the customs declaration and the accounting records are common audit findings.

The border documents

An import is supported by a set of documents: the commercial invoice, the packing list, the bill of lading or airway bill, the certificate of origin, the insurance certificate and the Customs Declaration of Entry. The declaration is the key tax document: it identifies the importer, the goods, the HS code, the customs value, the duty, the import VAT and any specific or public lighting tax.

The customs value is usually the transaction value, adjusted for freight, insurance and other costs incurred to bring the goods to the border. A related-party import needs a transfer pricing analysis; the customs value and the tax price should be consistent with the arm's-length principle. The customs declaration and the accounting purchase record should agree.

The importer should keep the original declaration, the payment receipts and the supporting documents for the retention period. The GDT and the customs authority can compare the declaration to the VAT return, the inventory records and the tax return.

Customs duty and landed cost

Customs duty is determined by the HS code, the customs value and the origin of the goods. The rate can be ad valorem or specific, and preferential rates may apply under a trade agreement if the origin is supported by a certificate. The importer should confirm the classification and the origin before the shipment, because a wrong HS code can change the duty and the import VAT.

Under IAS 2, the cost of inventory includes the purchase price, import duties and other non-recoverable taxes, transport, handling and other costs directly attributable to bringing the inventory to its present location and condition. Under IAS 16, the cost of property, plant and equipment includes the purchase price, import duties and non-recoverable taxes, and directly attributable costs. The customs duty is therefore capitalised, not expensed, unless the goods are expensed.

The duty is not a VAT input credit. It is a cost of the goods or the asset. If the goods are sold, the duty is recovered through cost of sales; if the goods are capitalised, it is recovered through depreciation.

IMPORT COST ALLOCATION

Item	Accounting treatment	Evidence
Customs duty	Inventory cost (IAS 2) or asset cost (IAS 16)	Customs Declaration of Entry
Import VAT (recoverable)	VAT receivable / input credit	Declaration and import VAT receipt
Import VAT (blocked)	Cost of the goods or expense	Declaration and blocked-category analysis
Freight and insurance	Inventory or asset cost	Freight invoice, insurance certificate
Specific or public lighting tax	Cost of the goods, unless recoverable	Customs declaration / tax invoice

Import VAT and the input credit

Import VAT is 10% of the customs value plus duty and other taxable charges. A VAT-registered importer can credit the import VAT on the monthly VAT return when the Customs Declaration of Entry and the import VAT receipt are valid, the goods are used to make taxable supplies, and the

input is not in a blocked category.

The declaration must show the importer's VAT TIN and the import VAT. A declaration in the name of a freight forwarder or a related party may not support the importer's credit. The accounting entry should record the import VAT as a receivable, not as part of the inventory cost, when it is recoverable.

If the goods are used for exempt supplies, the import VAT is not creditable and becomes part of the cost. If the goods are used partly for taxable and partly for exempt supplies, the importer applies the partial credit rules and documents the allocation.

Accounting and reconciliation

The importer should reconcile the customs declaration to the purchase ledger, the inventory records and the VAT return. The customs value, the duty, the import VAT and the supplier invoice should agree. A difference can indicate a wrong exchange rate, an unrecorded cost, a misclassified item or a declaration that belongs to another shipment.

The landed cost should be recorded at the time the goods are received, not when the supplier invoice is paid. The import VAT should be recorded in the VAT ledger when the declaration is received. The duty and the non-recoverable taxes should be allocated to the inventory or the asset, and the cost of sales should follow the inventory flow.

A company that imports through a related party or a freight forwarder should confirm the title, the customs value and the VAT TIN. The accounting records should show the importer of record and the party that bears the cost; a mismatch is a common audit finding.

> **The declaration is the tax invoice**
>
> For an import, the Customs Declaration of Entry and the import VAT receipt are the evidence for the input credit and the landed cost. A commercial invoice alone does not support the import VAT.

Audit and compliance

The GDT and the customs authority can compare the import declarations to the VAT return, the inventory records, the cost of sales and the related-party transactions. Common findings are a wrong HS code, an undervalued related-party import, a missing declaration, import VAT claimed without a valid receipt, and duty expensed instead of capitalised.

The auditor should test the import population for completeness, agree the declarations to the ledger and the VAT return, and review the transfer pricing for related-party imports. The auditor should also consider the specific tax and public lighting tax that may apply to the goods, and the customs value used for the duty.

A company that discovers an error should correct the declaration and the VAT return under the applicable amendment rules, not simply adjust the accounting entry. The tax correction and the accounting correction should be documented together.

- Customs Declaration of Entry, invoice, packing list, bill of lading and certificate of origin.
- HS code, customs value, duty and import VAT reconciliation.
- Import VAT credit support and blocked-category analysis.
- Landed cost allocation to inventory or fixed assets.
- Related-party import and transfer pricing documentation.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Is import VAT recoverable?

Yes, if the importer is VAT-registered, the goods are used to make taxable supplies, the Customs Declaration of Entry and import VAT receipt are valid, and the input is not in a blocked category. Otherwise it becomes part of the cost.

Is customs duty deductible for Tax on Income?

Customs duty is part of the cost of the inventory or the asset. It is recovered through cost of sales or depreciation under the tax rules, not claimed as a separate current-year expense. The tax treatment should follow the Law on Taxation and the GDT rules.

What if the supplier is a related party?

The customs value and the tax price should be consistent with the arm's-length principle. The importer should have a transfer pricing analysis and support the customs value with the commercial documents. A related-party import at an undervalue is a common audit finding.

Can a freight forwarder's invoice support the import VAT credit?

Not by itself. The credit needs the Customs Declaration of Entry and the import VAT receipt in the importer's name, together with the commercial documents. The freight forwarder's invoice supports the freight cost, not the import VAT.

SOURCES

Where the rules come from

01 Law on Taxation (Royal Kram NS/RKM/0523/004, 16 May 2023), Art. 69 (customs declaration of entry) and Chapter 4 (VAT) — Kingdom of Cambodia

02 Prakas 099 on VAT — Ministry of Economy and Finance / General Department of Taxation

03 IAS 2 Inventories and IAS 16 Property, Plant and Equipment — IFRS Foundation

04 General Department of Taxation (https://www.tax.gov.kh) — GDT

05 Cambodia customs law and the Customs Declaration of Entry — General Department of Customs and Excise