16th Mar 2026

Overview of Prakas No. 648 on Tax Obligations for Airway Transportation Business Activities

The Ministry of Economy and Finance has issued Prakas No. 648 on 12 August 2025, establishing the tax obligations for enterprises engaged in passenger and/or cargo airway transportation activities. This Prakas applies to resident and non-resident enterprises, including those operating in the Kingdom of Cambodia through permanent establishments.

1. Purpose and Scope

The Purpose and scope of Prakas No. 648 are as follows:

- Establish rules and procedures for the implementation of the Tax on Income ("TOI"),Specific Tax ("SPT"), and Value-Added Tax ("VAT") for taxpayers engages in the business of passengers and/or cargo airway transportation.
- Applyto both resident and non-resident taxpayers engaged in the business of passengers and/or cargo airway transportation in the Kingdom of Cambodia.

2. Key Definitions

- Passengers and/or cargo airway transportation refers to passengers and/or cargo airway transportation both domestic and international flights.
- Resident Enterprises, Non-Resident Enterprises and Permanent Establishments ("PEs") refers enterprises engaged in passengers and/or cargo airway transportation, meaning an enterprise that uses aircraft or other airway transportation to carry passengers and/or goods for business purposes.
- Gross Income means the income derived from airway transportation activities including passenger revenue, cargo fees, excess baggage fees, seat selection or upgrade fees, commissions earned from passenger and/or cargo transport activities, income distributed from the parent company, revenue from in-flight sales of food and merchandise, flight modification fees, passengers data amendment fees, no-show fees, and other related income (excluding civil aviation fees, airport security fees, and passenger service fees). It also includes income derived from activities other than passengers and/or cargo airway transportation, such as commissions, interest, rental income, and other income.

3. Tax Obligations

- **Tax on Income**
  - Resident taxpayers are subject to TOI on both Cambodian and foreign source income, whereas non-resident taxpayers are subject to TOI only on income sources from Cambodia:
    - **Resident Enterprises** shall be obligated to apply the income tax rate of 20% on their realized taxable income.
    - **Non-Resident Enterprises** shall be obligated to apply the income tax rate of 20% on Cambodian sources income.
- Specific Tax
  - The activity of passenger airway transportation shall be subject to the SPT in the month the service is rendered, applicable to both Resident Enterprises and Non-Resident Enterprises, at the following rates:
  - Domestic flights: economy class KHR 10,000 (approximately USD 2.5), business class and first class KHR 16,000 (approximately USD 4) per passenger per flight.
  - International flights departing from the Kingdom of Cambodia: economy class KHR 40,000 (approximately USD 10), business class KHR 60,000 (approximately USD 15), and first class KHR 80,000 (approximately USD 20) per passenger per flight.
- Value-Added Tax
  - The activity of passengers and/or cargo airway transportation shall be subject to the VAT upon issuance of the invoice, at the following rates:
  - Domestic flights: 10%
  - International flights: 0%

- Tax Declaration
    - Resident Enterprises, PEs of Non-Resident Enterprises are required to file monthly and annual tax returns, as well as comply with other applicable tax obligations. However, PEs are not required to pay annual TOI.
- Double Taxation Agreement
    - Enterprises engaged in passengers and/or cargo airway transportation that are enterprises of a Contracting Party to a Double Taxation Agreement ("DTA") with the Kingdom of Cambodia shall with the provisions of the relevant agreement.

4. Adjustment of Taxation Provisions Governing the Aviation Sector

Tax Type	Previous Applicable Regulations	Prakas No. 648
TOI	Tax base = Total number of passengers departing from Cambodia x One-way ticket price.	Resident taxpayers shall comply with the provisions of the TOI regulations. TOI for a Non-Resident Enterprise shall be calculated at 3% (15% x 20%) of Cambodian sources Gross Income derived from passenger and/or cargo airway transportation activities conducted within Cambodia or from outbound flights departing from Cambodia to the first destination, as recognized at the Point of Uplift.
SPT	Tax base = Total number of passengers first Departing from Cambodia x One-way ticket price.	Domestic flights:Economy Class: KHR 10,000 (approximately USD 2.5)Business/First Class: KHR 16,000 (approximately USD 4) International flights:Economy Class: KHR 10,000 (approximately USD 2.5)Business Class: KHR 60,000 (approximately USD 15)First Class: KHR 80,000 (approximately USD 20)
VAT	A 10% VAT rate applies to domestic flights, and a 0% VAT rate applies to international flights.	A 10% VAT rate applies to domestic flights, and a 0% VAT rate applies international flights. The VAT taxable base is the ticket price and related transportation charges, excluding civil aviation fees, airport security service charges, and passenger service fees. In addition, supplies of fuel, meals, and passenger amenities for international flights are subject to a 0% VAT rate.
Withholding Tax and Other Taxes	Generally applied in accordance with the Law on Taxation for Withholding Tax rates of 10%, 15%, and 14%.	Resident taxpayers are required to comply with all applicable laws and regulations. Non-Resident Enterprises or PEs are not required to pay the Prepayment of Tax on Income ("PTI"), Minimum Tax ("MT"), and Withholding Tax ("WHT") on Cambodian sources income, except for: WHT on rent from movable and immovable property, andTax on Salary ("TOS") for resident individuals.

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