

TIWB Programme N° L2016-0003

Host Administration:

Cambodia's General Department of Taxation (GDT)

Expert Sources:

**Organisation for Economic Co-operation and Development (OECD) and
World Bank Group (WBG)**

Programme Dates:

December 2016 - March 2017

This was one of the first pilot tax audit programmes under the TIWB initiative. The experts provided assistance to the GDT on two anonymised audit cases in the manufacturing and hospitality industries. The OECD and WBG experts also reviewed and proposed modifications to GDT's draft transfer pricing (TP) guidelines prepared. The support was provided onsite during country visits in the specified programme dates.

Impact of the practical audit assistance programme

The TP programme helped Cambodia achieve the following results:

- **Human Resource development - Skill and Knowledge Transfer:** GDT's TP audit unit (25 officials) learned more about collecting and understanding financial information, evidence of arm's length behaviour and TP documentation. Skills were developed to perform functional analysis of the taxpayer and its related parties, to apply the profit split method and to identify comparability issues. A general overview of the BEPS Project was provided to upscale GDT's technical understanding of the international tax arena.
- **Institutional Development – Legislative changes, tools, process and procedures:** TIWB Experts recommended that Cambodia become a signatory to the [Multilateral Instrument](#), which can help implement measures to strengthen existing tax treaties to protect governments against tax avoidance strategies and misuse of tax treaties. A General Anti-Avoidance Rule was also suggested to be incorporated in their legislation.
- **Other Outcomes:** The mission provided a fruitful foundation for future TIWB-style assistance providing capacity building and support in domestic resource mobilisation.
- **Lessons Learned:** Interactive methods and discussions helped to foster the engagement of the participants.