

# TAX CODE OF THE REPUBLIC OF KAZAKHSTAN

June 12, 2001

## Table of Contents

<b>PART I. GENERAL .....</b>	<b>20</b>
<b>SECTION 1. GENERAL PROVISIONS .....</b>	<b>20</b>
<b>CHAPTER 1. General Provisions.....</b>	<b>20</b>
Article 1. Relations regulated by the Tax Code.....	20
Article 2. Tax legislation of the Republic of Kazakhstan.....	20
Article 3. Jurisdiction of tax legislation.....	20
Article 4. Principles of Taxation in the Republic of Kazakhstan .....	20
Article 5. The Principle of Obligation of Taxation.....	20
Article 6. The Principle of Certainty of Taxation.....	21
Article 7. Equity Principle of Taxation.....	21
Article 8. The Unity Principle of Tax System .....	21
Article 9. The Publicity Principle of Tax Legislation.....	21
Article 10. Definitions .....	21
<b>CHAPTER 2. Rights and obligations of a taxpayer and a tax agent. Representation in tax relations.....</b>	<b>24</b>
Article 11. Taxpayer's rights .....	24
Article 12. Taxpayers' obligations.....	24
Article 13. Rights and Obligations of Tax Agent.....	24
Article 14. Representation in tax Relations, Regulated by this Code.....	25
<b>CHAPTER 3. Tax authorities. Customs bodies. Cooperation of tax authorities with other state bodies.....</b>	<b>25</b>
Article 15. Organization and Duties of Tax Service.....	25
Article 16. Rights of Tax Bodies .....	25
Article 17. Obligations of Tax Bodies .....	26
Article 18. Conflict of Interests .....	27
Article 19. Powers of Customs Bodies on Tax Collection .....	27
Article 20. Powers of Authorized Bodies .....	27
Article 21. Powers of Local Executive Bodies .....	27
Article 22. Interaction of Tax Bodies with Other State Bodies .....	28
Article 23. Legal and Social Protection of Tax Officials.....	28
<b>SECTION 2. TAX OBLIGATIONS.....</b>	<b>29</b>
<b>CHAPTER 4. General Provisions.....</b>	<b>29</b>
Article 24. Tax Obligations.....	29
Article 25. Objects of Taxation and Objects Related to Taxation .....	29
Article 26. Tax Base .....	29
Article 27. Tax Rate.....	29
Article 28. Tax Period.....	29
<b>CHAPTER 5. Fulfillment Of Tax Obligations .....</b>	<b>29</b>
Article 29. Fulfillment of Tax Obligations .....	29
Article 30. Computation of Taxes and Other Mandatory Payments to the Revenue When Fulfilling Tax Obligations.....	30

Article 31. Notice of Assessment of the Tax Bodies .....	30
Article 32. Due Dates for Fulfillment of Tax Obligations.....	31
Article 33. Procedure for Repayment by Taxpayer of Tax Arrears.....	31
Article 34. Fulfillment of Tax Obligations of a Legal Entity Being Liquidated .....	32
Article 35. Fulfillment of Tax Obligations upon Reorganization of Legal Entity....	32
Article 36. Repayment of Tax Arrears of the Deceased Individual.....	32
Article 37. Fulfillment of Tax Obligations of Individuals Recognized by Court as Missing.....	32
Article 38. Periods of Limitation for Tax Obligations.....	33
CHAPTER 6. Crediting And Refunding Of Overpaid Taxes And Other Mandatory Payments To The Revenue When Making Settlements With The Budget On Fulfillment Of Tax Obligations .....	33
Article 39. Overpaid Tax Credit When Making Settlements with the Budget on Fulfillment of Tax Obligations .....	33
Article 40. Refund of Overpaid Tax and Other Mandatory Payments When Fulfilling Tax Obligations.....	33
CHAPTER 7. Change Of Due Dates For Payment Of Taxes.....	34
Article 41. Definition and General Conditions for Change of Due Dates for Payment of Tax .....	34
Article 42. The Agency Authorized to Decide to Change Due Dates for Fulfillment of Tax Obligations on Tax Payment.....	34
Article 43. Termination of Validity of Decisions on Changing of Due Dates for Payment of Tax .....	34
Article 44. Procedure for Enforced Collection and Disposal of Pledged Property of Taxpayer .....	35
CHAPTER 8. Ways For Securing Fulfillment Of Tax Obligations Overdue.....	35
Article 45. Ways for Securing Payment of Tax Overdue .....	35
Article 46. Interest on Overdue Taxes and Other Mandatory Payments to the Revenue.....	35
Article 47. Suspension of Expendable Transactions on Bank Accounts of Taxpayer .....	36
Article 48. Decision on Lien on Property of Taxpayer against Tax Arrears of a Taxpayer .....	36
CHAPTER 9. Measures On Enforced Collection Of Tax Arrears .....	37
Article 49. Measures on Enforced Collection of Tax Arrears .....	37
Article 50. Enforced Collection of Tax Arrears from Bank Accounts .....	37
Article 51 . Collection of Tax Arrears from Ready Money of a Taxpayer.....	38
Article 52. Enforced Collection of Tax Arrears from Accounts of his Debtors .....	38
Article 53. Enforced Collection of Tax Arrears from Disposal of a Taxpayer's Property under Lien. ....	39
Article 54. Procedure for Disposal of the taxpayer's Property Attached against Tax Arrears .....	39
Article 55. Obligatory Additional Issue of Shares of Taxpayer (Joint Stock Company).....	39
Article 56. Recognition of Taxpayer as Bankrupt .....	40
CHAPTER 10. Grounds For Termination Of Tax Obligations .....	40

Article 57. Termination of Tax Obligations of Individuals .....	40
Article 58. Termination of Tax Obligations of Legal Entities .....	40
<b>PART II. SPECIAL .....</b>	<b>41</b>
<b>SECTION 3. GENERAL PROVISIONS .....</b>	<b>41</b>
CHAPTER 11. Types of Taxes And Other Mandatory Payments To The Revenue ...	41
Article 59. General Provisions .....	41
Article 60. Taxes .....	41
Article 61. Fees .....	41
Article 62. Payments .....	41
Article 63. State duty .....	42
Article 64. Custom payments .....	42
CHAPTER 12. Rules Of Tax Accounting And Tax Reports .....	42
Article 65. Rules of Tax Accounting .....	42
Article 66. Compilation and Storage of Tax Accounting Documents .....	42
Article 67. Separate Record Keeping and Rules for its Conduct .....	43
Article 68. Tax Reports .....	43
Article 69. Procedure for Compiling and Filing Tax Reports .....	44
Article 70. Extension of a Deadline for Filing Tax Returns .....	45
Article 71. Entering Changes and Amendments to Tax Reports .....	45
Article 72. Period for Storage of Tax Reports .....	45
CHAPTER 13. Tax Accounting In The Case Of Certain Transactions .....	45
Article 73. Control in Case of Transfer Pricing .....	45
§2 Taxation in Other Cases .....	46
Article 74. Finance Lease .....	46
Article 75. Common Equity .....	46
Article 76. Procedure for Determining of Objects of Taxation in Certain Cases ...	46
<b>SECTION 4. CORPORATE INCOME TAX .....</b>	<b>47</b>
CHAPTER 14. General Provisions .....	47
Article 77. Payers .....	47
Article 78. Objects of taxation .....	47
CHAPTER 15. Taxable Income .....	47
Article 79. Taxable income .....	47
§ 1. Aggregate annual income .....	47
Article 80. Aggregate annual income .....	47
Article 81. Income from Sale of Goods (Work, Services) .....	48
Article 82. Gain from Sale of Buildings, Constructions and Structures or Other Non- depreciable Assets .....	48
Article 83. Income from the Writing off of Debt Obligations .....	49
Article 84. Income Accruing from Bad Liabilities .....	49
Article 85. Income Accruing from Reducing the Allocations to Reserve Funds of Banks .....	49
Article 86. Income from Debt Assignment .....	50
Article 87. Income from Excess of the Disposed Fixed Assets Value over the Pool Book Value of the Class .....	50
Article 88. Income from the Excess of the Shutting-in Operations Provisions over the Actual Expense to Cover the Reclamation and Closing Costs .....	50

Article 89. Compensations for Deductions Previously Made.....	50
Article 90. Property Received on Gratuity Basis.....	50
Article 91. Adjustment of Aggregate Annual Income .....	51
§ 2. Deductions .....	51
Article 92. Deductions .....	51
Article 93. Business Travel Reimbursement and Entertainment Expense Deductions .....	51
Article 94. Interest Deduction.....	52
Article 95. Deduction on a Paid-up Doubtful Liability .....	53
Article 96. Doubtful Claim Deduction.....	53
Article 97. Deduction for Allocations to Reserve Funds.....	53
Article 98. Deductions for expenditures on research and development, project- design, and experimental-design work .....	54
Article 99. Deduction for Insurance Premiums Payments (Contributions).....	54
Article 100. Deductions for Social Benefits Payments.....	54
Article 101. Deductions for Expenditures on Geological Surveying and Work to Prepare for the Extraction of Natural Resources and Other Mineral Users' Deductions .....	54
Article 102. Deduction for Exchange Rate Loss .....	55
Article 103. Deduction of Taxes.....	55
Article 104. Nondeductible Expenses.....	55
§ 3. Deductions on Fixed Assets.....	56
Article 105. Fixed Assets.....	56
Article 106. Cost of Fixed Assets .....	56
Article 107. Determination of Depreciation Costs for Fixed Assets .....	56
Article 108. Determination of Balance Value of Subgroups .....	57
Article 109. Increases and Decreases in the Fixed Assets Stock.....	57
Article 110. Depreciation Marginal Rates for Fixed Assets.....	58
Article 111. Other Deductions for Fixed Assets.....	60
Article 112. Fixed Assets Transferred (Received) under Finance Leasing .....	61
Article 113. Repair Expenses Deduction.....	61
Article 114. Income and Deductions Under Long-Term Contracts.....	61
CHAPTER 16. Separate Provisions on Taxation of Certain Categories of Taxpayers	61
Article 115. Taxation of insurance (re-insurance) agencies .....	61
Article 116. Income and Expense Accounting of Insurance (Re-Insurance) Organizations .....	62
Article 117. Corporate Income Tax Rates .....	62
Article 118. Corporate Income Tax Return and Computation.....	62
Article 119. Time of Corporate Income Tax Payment .....	62
Article 120. Taxation of Noncommercial Organizations.....	62
Article 121. Taxation of Organizations Engaging in Social Sphere Activities .....	63
CHAPTER 17. Adjustment of Taxable Income .....	64
Article 122. Adjustment of Taxable Income.....	64
CHAPTER 18. Losses .....	64
Article 123. Concept of Loss .....	64
Article 124. Carryover of Losses.....	64

CHAPTER 19. Procedure And Due Dates For Calculating And Payment Of Corporate Income Tax .....	65
Article 125. Determination of Corporate Income Tax.....	65
Article 126. Computation of Advance Payments .....	65
Article 127. Time and Procedure for Payment of Corporate Income Tax.....	66
Article 128. Payment of Corporate Income Tax by a Taxpayer with Subdivisions .	66
Article 129. Foreign tax credit.....	66
Article 130. Income received in states with concessional taxation .....	67
CHAPTER 20. Withholding Of Tax At Source Of Payment .....	67
Article 131. Income Taxed at Source of Payment.....	67
Article 132. Procedure for Computation of Tax Withheld at the Source of Payment .....	68
Article 133. Time for Remitting Tax Withheld at Source of Payment.....	68
Article 134. Calculation on Withholding of Tax at Source of Payment.....	68
CHAPTER 21. Tax Rates .....	68
Article 135. Tax Rates .....	68
CHAPTER 22. Tax Period And Tax Return.....	68
Article 136. Tax Period.....	68
Article 137. Tax Return .....	69
SECTION 5. INVESTMENT TAX INCENTIVES .....	70
Article 138. Investment Tax Incentives .....	70
Article 139. Procedure for Application of Investment Tax Incentives.....	70
Article 140. Expiration of incentives.....	70
SECTION 6. PERSONAL INCOME TAX.....	72
CHAPTER 23. General Provisions.....	72
Article 141. Payers.....	72
Article 142. Specific terms of taxation of individuals - nonresidents.....	72
Article 143. Objects of Taxation.....	72
Article 144. Income not subject to taxation .....	72
Article 145. Tax Rates .....	74
CHAPTER 24. Income Taxed At The Source Of Payment.....	75
Article 146. Income Taxed at Source of Payment .....	75
Article 147. The procedure for tax computation and tax payment .....	75
Article 148. Personal Income Tax Computation.....	75
§ 1. Income of an Employee Taxed at the Source of Payment.....	75
Article 149. Income of an Employee Taxed at the Source of Payment.....	75
Article 150. Income of an Employee in kind.....	75
Article 151. Income of employee in form of material profit .....	76
Article 152. Tax Deductions.....	76
Article 153. Calculation and Withholding of Tax .....	76
Article 154. Income from Lump Sum Payments .....	77
Article 155. Computation of Tax .....	77
§ 3. Pension Payments from Accumulative Pension Funds, Taxed at the Source of Payment.....	77
Article 156. Pension Payments taxed at the source of income .....	77
Article 157. Determination of the Tax .....	77

§4. Income in the Form of Dividends, Interests and Winnings, Taxed at the Source of Payment.....	77
Article 158. Determination of the Tax.....	77
§ 5. Scholarships.....	78
Article 159. Scholarships.....	78
Article 160. Determination of tax amount.....	78
§ 6. Income received under accrual insurance agreements taxed at the source of payment.....	78
Article 161. Income received under accumulative insurance.....	78
Article 162. Determination of the sum of tax.....	78
CHAPTER 25. Income not Subject to Taxation at Source of Payment.....	78
Article 163. Income not subject for taxation at the source of payment.....	78
Article 164. Computation of Personal Income Tax with regard to Income not Taxed at Source of Payment.....	78
Article 165. Tax Payment Deadline.....	79
§ 1. Property Income.....	79
Article 166. Property income.....	79
§ 2. Income of Lawyers and Private Notaries.....	79
Article 167. Income of lawyers and private notaries.....	79
Article 168. Tax Computation and Payment.....	79
§ 3. Taxable Income of Individual Entrepreneur.....	80
Article 169. Taxable Income of an Individual Entrepreneur.....	80
§ 4. Other income.....	80
Article 170. Other Income not taxed at source of payment.....	80
CHAPTER 26. Personal Income Tax Return.....	80
Article 171. Personal income tax return.....	80
Article 172. Personal income tax return deadline.....	80
Article 173. Foreign tax credit.....	80
Article 174. Tax payment not confirmed.....	81
SECTION 7. TAXATION OF INCOME OF NONRESIDENTS.....	82
CHAPTER 27. General Provisions.....	82
Article 175. General Provisions.....	82
Article 176. Residents and Nonresidents.....	82
Article 177. Permanent Establishment of a Nonresident.....	83
Article 178. Income of nonresidents derived from the sources in the Republic of Kazakhstan.....	84
CHAPTER 28. Taxation Of Income Of Nonresident Legal Entities Carrying Out Business Activity In The Republic Of Kazakhstan Without A Permanent Establishment.....	86
Article 179. Procedure for Computation and Withholding of Income Tax at Source of Payment.....	86
Article 180. Rates of Withholding Income Tax.....	87
Article 181. Due Dates and Procedure for Payment of Withholding Income Tax at the Source of Payment.....	87
Article 182. Reporting to a Tax authority.....	87

Article 183. Specific features of computation and payment of tax on income from capital gain from sales of securities .....	87
CHAPTER 29. Procedure for Taxation of Income of Nonresident Legal Entities Carrying out Activities in the Republic of Kazakhstan Through a Permanent Establishment .....	88
Article 184. Specific Features of Determination of Taxable Income of a Nonresident Legal Entity Carrying out Activities through a Permanent Establishment.....	88
Article 185. The procedure for taxation of net income of a nonresident legal entity carrying out business through a permanent establishment .....	88
Article 186. The procedure for taxation of income of nonresident legal resident in some cases.....	89
CHAPTER 30. Procedure for taxation of income of nonresident individuals.....	89
Article 187. Procedure for Computation, Withholding and Payment of Income Tax at Source of Payment .....	89
Article 188. Reporting to Tax Authorities .....	90
Article 189. Procedure for Computation and Payment of Personal Income Tax by Nonresident Individual whose Activity leads to Permanent Establishment .....	90
Article 190. Procedure for taxation of income of a nonresident individual in some cases .....	90
Article 191. Procedure and Timing for Advance Payment of the Personal Income Tax .....	90
Article 192. Statement on Estimated Amount of Personal Income Tax and Personal Income Tax Return .....	91
CHAPTER 31. Special Provisions on International Conventions.....	91
Article 193. Conditions of application of international treaty .....	91
Article 194. Procedure for Administration of Conventions.....	91
Article 195. Methods to allow management and general administrative expenses of head office of nonresident legal entity for deductions for taxation purposes of income derived in the Republic of Kazakhstan .....	92
Article 196. Proportional method of expenses allocation .....	92
Article 197. Method of direct allocation of expenses .....	93
Article 198. Procedure for Tax Payment from Income of nonresidents derived in the Republic of Kazakhstan without Permanent Establishment .....	93
Article 199. Procedure for application of Convention to taxation of income derived from providing transport services in international conveyance .....	95
Article 200. Procedure for Application of Tax Treaties to Taxation of Dividends, Remuneration (Interest), Royalty.....	95
Article 201. Procedure for application of Convention to taxation of net income derived from activities in the Republic of Kazakhstan through permanent establishment.....	96
Article 202. Procedure for application of Convention to taxation of other income derived from sources in the Republic of Kazakhstan .....	96
Article 203. General requirements for submission of tax treaty benefit claim .....	96
Article 204. Certificate on tax withheld and paid in the Republic of Kazakhstan...	97
SECTION 8. VALUE ADDED TAX .....	98
CHAPTER 32. General Provisions.....	98

Article 205. Concept of Value Added Tax .....	98
Article 206. Objects of taxation .....	98
Article 207. Payers .....	98
CHAPTER 33. Registration for VAT .....	98
Article 208. Requirements of Registration for Value Added Tax .....	98
Article 209. VAT Registration Certificate .....	99
Article 210. De-registration .....	99
<i>CHAPTER 34. Taxable Turnover and Taxable Imports</i> .....	100
Article 211. Turnover on sales of goods (work, services) .....	100
Article 212. Meaning of Taxable Turnover .....	101
Article 213. Taxable Imports .....	101
Article 214. Sales Turnovers Made under Contracts of Commission .....	101
Article 215. Place of disposal of Goods, Works or Services .....	102
Article 216. Time of Sales Turnover .....	102
CHAPTER 35. Determination of the Value of Taxable Turnover and of Taxable Import .....	103
Article 217. Taxable Turnover .....	103
Article 218. Adjustment of Taxable Turnover .....	104
Article 219. Adjustment of the Taxable Amount in the Case of Doubtful Claims	104
Article 220. Amount of a Taxable Import .....	104
Article 221. Taxable Turnover for Works or Services Provided by Nonresidents Who are not VAT Payers in the Republic of Kazakhstan .....	105
CHAPTER 36. Zero-rated Turnover .....	105
Article 222. Export of Goods .....	105
Article 223. Confirmation of Export of Goods .....	105
Article 224. Taxation of Works or Services Incidental to International Transportation .....	106
CHAPTER 37. Exempt Turnovers and Imports .....	107
Article 225. Turnovers Exempted from VAT .....	107
Article 226. Supplies Relating to Land and Dwelling Buildings .....	107
Article 227. Financial Services .....	108
Article 228. Finance Lease of Assets .....	109
Article 229. Services of Non-Profit Organizations .....	109
Article 230. Geological Exploration and Survey .....	109
Article 231. Services, Works Supplied in the Field of Culture, Science and Education .....	109
Article 232. Medical and Veterinary Goods and Services .....	110
Article 233. Sale of Enterprises .....	110
Article 234. Exempt Imports .....	110
CHAPTER 38. VAT Credit .....	111
Article 235. Crediting VAT .....	111
1. Subject to other provisions of this Chapter, any recipient of goods, works or services shall be allowed while determining the sum of VAT payable to Revenue to claim as a credit the sum of VAT payable for the goods, including fixed assets, work and services providing that the purchased goods or services are (to be) used for purposes of taxable turnover and also providing that --- .....	111

Article 236. Uncreditable VAT.....	112
Article 237. Adjustment of the Amounts Claimed as VAT Credit.....	112
Article 238. Adjustment of VAT Credits for Doubtful Liabilities .....	113
Article 239. Crediting for VAT Where Some Sales Turnovers are VAT Exempt Turnovers .....	113
Article 240. Proportionate Method .....	113
Article 241. Separate Method .....	113
CHAPTER 39. VAT Invoices.....	114
Article 242. The Invoice .....	114
Article 243. VAT Invoices Where Value of Turnover is Adjusted .....	115
CHAPTER 40. Procedure for the Calculation and Payment of Tax.....	115
Article 244. VAT Payable to Revenue .....	115
Article 245. Rates of VAT .....	115
Article 246. Taxable Period .....	115
Article 247. Tax Return .....	116
Article 248. Due Dates for Payment of Tax .....	116
Article 249. Changed Due Dates for VAT on Imports .....	116
Article 250. Payment of VAT on Imports by Offset .....	117
CHAPTER 41. Accounting for VAT to Revenue.....	117
Article 251. Relation with the Revenue in cases of excess of the tax amount credited over the tax amount assessed for a tax period.....	117
Article 252. VAT Refund on zero rated turnovers .....	118
Article 253. Refund of VAT Paid on Goods (Works or Services) Purchased for the Moneys of Grants.....	119
Article 254. Refund to Diplomatic or Equivalent Missions Accredited in the Republic of Kazakhstan .....	120
SECTION 9. DUTIES OF EXCISE .....	121
CHAPTER 42. General Provisions.....	121
Article 255. Scope of Excise Duty.....	121
Article 256. Taxpayers.....	121
Article 257. List of Excisable Goods and Activities.....	121
Article 258. Excise Tax Rates.....	122
CHAPTER 43. Taxation of Excisable Goods Produced or Sold in the Republic of Kazakhstan and Excisable Activities .....	122
Article 259. Taxation object .....	122
Article 260. The date of transaction.....	123
Article 261. Tax base .....	123
Article 262. Specific terms of taxation of all kinds of spirit in case of various rates applicable .....	124
Article 263. Loss of and damage to excisable goods.....	124
Article 264. Damage to, Loss of Excise Duty Stamps.....	124
Article 265. Criteria for determination of wholesale and retail trade of gasoline (except for aircraft motor gasoline) and diesel fuel within the territory of the Republic of Kazakhstan .....	125
Article 266. Taxation of Gambling Business Activities .....	125
Article 267. Taxation of Lottery Organization and Holding .....	125

Article 268. Confirmation of export of excisable goods.....	125
Article 269. Determination of Tax Amount.....	126
Article 270. Tax deductions.....	126
Article 271. Due Dates for Excise Tax Payment.....	127
Article 272. Place of Tax Payment.....	127
Article 273. Procedure for computation and payment of excise tax by taxpayers for their structural subdivisions.....	127
Article 274. Tax period.....	128
Article 275. Tax return.....	128
CHAPTER 44. Taxation of excisable goods imported.....	128
Article 276. Tax base of excisable goods imported.....	128
Article 277. Terms of payment of excise on imported excisable goods.....	128
Article 278. Import of excisable goods exempt from tax.....	129
SECTION 10. TAXATION OF SUBSURFACE USERS.....	130
CHAPTER 45. General Provisions.....	130
Article 279. Relations regulated by this Section.....	130
Article 280. Payers.....	130
Article 281. Taxation of subsurface users prior to concluding a subsurface use contract.....	130
Article 282. Establishment of the Tax Regime under subsurface use contract.....	130
6. In case of processing of by-product minerals, not stipulated by the contract, for commercial purposes, the subsurface user shall make payments with respect to such products under the procedure, established by Article 281 of this Code.....	131
Article 283. Taxation regime models of subsurface use contracts.....	131
Article 284. Taxation Regime for Operations not Pertaining to Subsurface use....	131
Article 285. Taxation in case of change of tax legislation.....	131
Article 286. Tax Appraisal.....	132
CHAPTER 46. Bonuses.....	132
Article 287. General provisions on bonuses.....	132
§ 1. Subscription bonus.....	132
Article 288. The procedure of establishment of subscription bonus.....	132
Article 289. Term of Payment of Subscription Bonus.....	133
Article 290. Tax return.....	133
§ 2. Bonus of Commercial Discovery.....	133
Article 291. The procedure of establishment of Bonus of Commercial Discovery.....	133
Article 292. Amount of Commercial Discovery Bonus.....	133
Article 293. Term of Payment of Commercial Discovery Bonus.....	133
Article 294. Tax return.....	133
CHAPTER 47. Royalty.....	134
Article 295. General provisions on royalty.....	134
Article 296. Payers.....	134
Article 297. The procedure of establishment of Royalty.....	134
Article 298. Object for imposing royalty.....	135
Article 299. Procedure of establishment of value of mineral resources.....	135
Article 300. Royalty rates for Common Mineral Resources and Underground Waters.....	135

Article 301. Terms of Payment.....	136
Article 302. Tax period.....	136
Article 303. Determination of object for imposing royalty in case sales are absent .....	136
Article 304. Tax return.....	137
CHAPTER 48. Excess profit tax.....	137
Article 305. Payers.....	137
Article 306. Taxable object.....	137
Article 307. Procedure of tax computation.....	137
Article 308. Excess profit tax rate.....	139
Article 309. Tax Period.....	139
Article 310. Term of Tax payment.....	139
Article 311. Tax Return.....	139
CHAPTER 49. Production Sharing Contract.....	139
Article 312. Basic terms of contract on production sharing.....	139
Article 313. Composition of reimbursable expenses at conclusion of Production Sharing Contract.....	140
Article 314. Establishment and payment of royalty and the share of the Republic of Kazakhstan in production sharing in kind.....	141
SECTION 11. SOCIAL TAX.....	142
CHAPTER 50. General Provisions.....	142
Article 315. Payers.....	142
Article 316. Object of taxation.....	142
Article 317. Tax Rates.....	142
CHAPTER 51. Procedure for Computation and Payment of Tax.....	143
Article 318. Procedure for Computation of Social Tax.....	143
Article 319. Payment of Social Tax.....	143
Article 320. Special features of Social Tax Payment by State Institutions.....	143
Article 321. Procedure of Computation and Payment of Social Tax by structural subdivisions.....	143
CHAPTER 52. Tax return.....	143
Article 322. Social Tax return and Computation of the Social Tax for structural subdivisions.....	144
SECTION 12. LAND TAX.....	145
CHAPTER 53. General Provisions.....	145
Article 323. General Provisions.....	145
Article 324. Payers.....	145
Article 325. Determination of a Taxpayer in Certain Cases.....	146
Article 326. Objects of Taxation.....	146
Article 327. Determination of Objects of Taxation in Certain Cases.....	147
Article 328. Tax Base.....	147
CHAPTER 54. Tax Rates.....	147
§ 1. Tax Rates Applied to Agricultural Land.....	147
Article 329. Base Tax Rates Applied to Land for Agricultural Use.....	147
Article 330. Base Tax Rates Applied to Agricultural Lands Rendered to Individuals .....	150

Article 331. Tax Rates Applied to Non-agricultural Lands Used for Agricultural Purposes .....	150
§2. Tax Rates Applied to Land Under Localities .....	150
Article 332. Base Tax Rates Applied to Lands Under Localities (except for land plot pertaining to house).....	150
Article 333. Base Tax Rates Applied to Land Pertaining to a House.....	151
§3. Tax Rates Applied to Land of Industrial Use .....	151
Article 334. Base Tax Rates Applied to Land of Industrial Use Located out of Localities.....	151
Article 335. Tax Rates Applied to Lands of Industrial Use Located within the Limits of Localities .....	153
§4. Tax Rates Applied to Special Protected Preserve Lands and Land for Forest and Water Funds.....	154
Article 336. Tax rates applied to special protected preserve lands and land for forest and water funds.....	154
§ 5. Tax Rates Applied to Land Plots Occupied by Parking Lots, Gas Stations and Markets .....	154
Article 337. Tax Rates Applied to Land Plots Occupied by Parking Lots, Gas Stations and Markets.....	154
§ 6. Adjustment of Base Tax Rates.....	155
Article 338. Amendments to Base Tax Rates .....	155
CHAPTER 55. Procedure of computation and tax payment .....	155
Article 339. General procedure of computation and payment of the tax.....	155
Article 340. Procedure of computation and tax payment by legal entities .....	156
Article 341. Special features of tax computation in certain cases .....	157
Article 342. Procedure of land tax computation and due dates of payment by individuals.....	157
CHAPTER 56. Tax Period And Tax return.....	158
Article 343. Tax Period.....	158
Article 344. Tax return.....	158
SECTION 13. TAX ON VEHICLES .....	159
CHAPTER 57. General Provisions.....	159
Article 345. Taxpayers.....	159
Article 346. Objects of taxation .....	159
CHAPTER 58. Tax Rates .....	159
Article 347. Tax rates.....	159
CHAPTER 59. Procedure Of Computation And Due Dates Of Tax Payment.....	161
Article 348. Procedure of computation and due dates of tax payment .....	161
CHAPTER 60. Tax Period And Tax Return.....	162
Article 349. Tax period .....	162
Article 350. Tax Return .....	162
SECTION 14. TAX ON PROPERTY .....	163
CHAPTER 61. Property tax for legal entities and individual entrepreneurs.....	163
Article 351. Taxpayers.....	163
Article 352. Determination of a taxpayer in certain cases .....	163
Article 353. Object of Taxation .....	163

Article 354. Tax base .....	164
Article 355. Tax rates.....	164
Article 356. Procedure of tax computation and tax payment.....	165
Article 357. Computation and Payment of tax in certain cases .....	165
Article 358. Tax Period.....	166
Article 359. Tax Reporting .....	166
Article 360. Special features of tax reports submission by legal entities having structural subdivisions .....	166
CHAPTER 62. Property tax for individuals .....	167
Article 361. Taxpayers.....	167
Article 362. Determination of a taxpayer in certain cases .....	167
Article 363. Object of Taxation .....	167
Article 364. Tax base .....	168
Article 365. Tax rates.....	168
Article 366. The Procedure of Calculation and Tax Payment .....	168
Article 367. Tax period.....	169
SECTION 15. SPECIAL TAXATION REGIMES .....	170
CHAPTER 63. General Provisions.....	170
Article 368 . General Provisions.....	170
Article 369. Special features of application of special tax regimes.....	170
CHAPTER 64. Special Taxation Regime For Small Business Entities.....	171
§ 1. General Provisions .....	171
Article 370. General provisions .....	171
Article 371. Terms of Applying Special Tax Regime .....	171
§ 2 Special Taxation Regime Based on one-time Coupon .....	172
Article 372. General Provisions.....	172
Article 373. Procedure of Carrying out Settlements with the Budget Based on one-time Coupon.....	172
§ 3 Special Taxation Regime Based Patent .....	173
Article 374. General Provisions.....	173
Article 375. Procedure of Carrying our Settlements with the Budget Based on Patent .....	173
§ 4 Special Taxation Regime Based on Simplified Return.....	174
Article 376. General Provisions.....	174
Article 377. Procedure of Carrying out Settlements with the Budget based on Simplified Return.....	174
Rate .....	175
CHAPTER 65. Special Taxation Regime For Peasants' Farms .....	175
Article 378. General Provisions.....	175
Article 379. Specifics of Application of Special Taxation Regime.....	176
Article 380. Procedure of Computation and Payment of Single Land Tax .....	177
Article 381. Special Features of Taxation in case of transfer (receipt) of land plots into lease .....	177
Article 382. Tax Reports on Single Land Tax .....	177
4) information on employed labourers for the forthcoming tax period with obligatory indication of data necessary for computing social tax amounts. ....	178

Article 383. Specific features of Computation and Payment of Certain Types of Taxes and Other Mandatory Payments to the Budget .....	178
Article 384. Submission of Tax Reports on Certain Types of Taxes and Other Mandatory Payments to the Budget.....	179
CHAPTER 66. Special Taxation Regime For Legal Entities – Producers Of Agricultural Products .....	179
Article 385. General Provisions.....	179
Article 386. Tax Period.....	180
Article 387. Procedure of Issuing Patent .....	180
Article 388. Procedure of Computation of Taxes Included in the Calculation of Patent Value .....	180
Article 389. Procedure and Term of Payment of Taxes.....	181
Article 390. Specific Features of Computation, Payment of Certain Types of Taxes and Other Mandatory Payments not Included in the Calculation of Patent Value and Submission of Tax Reports on them.....	181
CHAPTER 67. Special Taxation Regime For Certain Types Of Entrepreneurial Activity .....	182
Article 391 Basic Terms Used in This Chapter .....	182
Article 392 General Provisions.....	183
Article 393. Object of Taxation by Fixed Aggregate Tax .....	184
Article 394. Rates of Fixed Aggregate Tax .....	184
Article 395. Procedure of Computation and Payment of Fixed Aggregate Tax.....	184
Article 396. Taxation Period and Tax Return.....	185
Article 397. Procedure of Registration (Re-registration) of Taxable Objects by Fixed Aggregate Tax.....	185
SECTION 16. OTHER MANDATORY PAYMENTS.....	186
CHAPTER 68. Fee For State Registration Of Legal Entities.....	186
Article 398. General provisions .....	186
Article 399. Fee payers .....	186
Article 400. Procedure of Computation, Payment of Fee and reimbursement of the amounts paid .....	186
CHAPTER 69. Fee For State Registration Of Individual Entrepreneurs .....	186
Article 401. General provisions .....	186
Article 402. Fee payers .....	186
Article 403. Procedure of Computation, payment of fee and reimbursement of the amounts paid .....	187
CHAPTER 70. Fee For State Registration Of Immovable Property Rights And Transactions with Them.....	187
Article 404. General provisions .....	187
Article 405. Fee payers .....	187
Article 406. Procedure of Calculation, payment of fee and reimbursement of the amounts paid .....	187
CHAPTER 71. Fee For State Registration Of Radio Electronic Facilities And High-Frequency Devices.....	188
Article 407. General provisions .....	188
Article 408. Payers.....	188

Article 409. Procedure of computation, payment of fee and reimbursement of the amounts paid .....	188
CHAPTER 72. Fee For Registration Of Mechanical Vehicles And Trailers .....	188
Article 410. General provisions .....	188
Article 411. Fee payers .....	189
Article 412. Procedure of computation, payment of fee and reimbursement of the amounts paid .....	189
CHAPTER 73. Fee For State Registration Of Sea, River And Small Ships .....	189
Article 413. General provisions .....	189
Article 414 Fee payers .....	189
Article 415 Procedure of calculation, payment of fee and reimbursement of the amounts paid .....	189
CHAPTER 74. Fee For State Registration Of Civil Aircrafts .....	190
Article 416 General provisions .....	190
Article 417. Fee payers .....	190
Article 418. Procedure of calculation, payment of fee and reimbursement of the amounts paid .....	190
CHAPTER 75. Fee For State Registration of Medicines .....	190
Article 419. General provisions .....	190
Article 420. Fee Payers .....	190
Article 421. Fee Rates .....	190
Article 422. Procedure of calculation and payment of the and reimbursement of the amounts paid .....	191
CHAPTER 76. Fee For Transit Of Motor Vehicles Through The Territory Of The Republic Of Kazakhstan .....	191
Article 419. General provisions .....	191
Article 420. Fee payers .....	191
Article 421. Procedure of calculation and payment of fee .....	191
CHAPTER 77. Auction Fee .....	192
Article 426. General provisions .....	192
Article 427. Fee payers .....	192
Article 428. Object of taxation .....	192
Article 429. Fee rates .....	192
Article 430. Procedure of calculation and payment of fee .....	193
Article 431. Tax return .....	193
CHAPTER 78. Stamp duty .....	193
Article 432. General provisions .....	193
Article 433. Stamp duty payers .....	194
Article 434. Stamp duty rates .....	194
Article 435. Procedure of calculation and payment of stamp duty .....	194
Article 436. Tax period .....	195
Article 437. Tax return .....	195
CHAPTER 79. License Fee For The Right To Carry Out Certain Types Of Activities .....	195
Article 438. General provisions .....	195
Article 439. Fee payers .....	195

Article 440. Procedure of calculation and payment of fee and reimbursement of the amounts paid .....	195
CHAPTER 80. Fee For Permission to Use Radio Frequency Spectrum for Radio and TV Broadcasting Organizations.....	195
Article 441. General provisions .....	195
Article 442. Fee Payers .....	196
Article 443. Fee Rates.....	196
Article 444. Procedure of calculation, payment of fee and reimbursement of the amounts paid .....	196
CHAPTER 81. Fee For Use Of Land Plots .....	196
Article 445. General provisions .....	196
Article 446. Payers.....	197
Article 447. Fee rates .....	197
Article 448. Procedure of calculation and payment.....	197
Article 449. Tax Period.....	197
Article 450. Tax Reports.....	198
CHAPTER 82. Fee For Use Of Water Resources from Surface Sources.....	198
Article 451. General provisions .....	198
Article 452. Payers.....	198
Article 453. Object of taxation.....	198
Article 454. Fee rates .....	199
Article 455. Procedure of calculation and payment.....	199
Article 456. Special Features of calculation and Payment of Fee by Certain Categories of Taxpayers. ....	199
Article 457. Tax period.....	200
Article 458. Tax accounts .....	200
CHAPTER 83. Fees For Environmental Pollution.....	200
Article 459. General provisions .....	200
Article 460. Payers.....	201
Article 461. Object of taxation.....	201
Article 462. Fee rates .....	201
Article 463. Procedure of calculation and payment.....	201
Article 464. Tax period .....	201
Article 465. Tax return.....	202
CHAPTER 84. Fee For Fauna Use.....	202
Article 466. General provisions .....	202
Article 467. Payers.....	202
Article 468. Fee rates .....	203
Article 469. Procedure of calculation and payment.....	203
CHAPTER 85. Fee For Forest Use.....	203
Article 470. General provisions .....	203
Article 471. Payers.....	204
Article 472. Objects of taxation .....	204
Article 473. Fee rates .....	204
Article 474. Procedure of calculation and payment.....	204
CHAPTER 86. Fee For Use Of Specially Protected Natural Areas .....	204

Article 475. General provisions .....	204
Article 476. Payers.....	205
Article 477. Fee rates .....	205
Article 478. Procedure and due dates of payment .....	205
CHAPTER 87. Fee For Use Of Radio Frequency Spectrum.....	205
Article 479. General provisions .....	205
Article 480. Payers.....	206
Article 481. Fee rates .....	206
Article 482. Procedure of calculation and payment.....	206
Article 483. Tax Period.....	206
Article 484. Tax Accounts.....	207
CHAPTER 88. Fee For Use Of Navigable Waterways .....	207
Article 485. General provisions .....	207
Article 486. Payers.....	207
Article 487. Fee rates .....	207
Article 488. Procedure of calculation and payment.....	207
CHAPTER 88. Fee For Placement Of Outdoor (Visual) Advertising.....	208
Article 489. General provisions .....	208
Article 490. Payers.....	208
Article 491. Fee Rates.....	209
Article 492. Procedure of calculation and payment.....	209
CHAPTER 90. State Duty .....	209
§1. State Duty.....	209
Article 493. General provisions .....	209
Article 494. Payers.....	209
Article 495. Objects of collection .....	209
Article 496. State duty rates in courts.....	210
Article 497. State Duty Rates for Notary Actions .....	211
Article 498. State Duty Rates for Registration of Civil Status Acts.....	212
Article 499. State duty rates for issuance of exit documents, acquisition of the citizenship of the Republic of Kazakhstan, restoration of the citizenship of the Republic of Kazakhstan or termination of the citizenship of the Republic of Kazakhstan.....	213
Article 500. State duty rates for performance of other actions.....	213
Article 501. Exemptions from state duty payment in courts .....	214
Article 502. Exemptions from state duty payment for performance of notary actions .....	215
Article 503. Exemption from state duty payment for registration of civil status acts .....	216
Article 504. Exemption from state duty payment for restoration of citizenship of persons who were forced to leave the territory of the Republic of Kazakhstan .....	216
Article 505. Exemption from state duty payment in case of departure from the Republic of Kazakhstan .....	216
Article 506. Exemption from state duty payment for performance of other actions .....	217
Article 507. Procedure of state duty payment.....	217

Article 508. Procedure of state duty reimbursement .....	218
§1. Consular Fee.....	218
Article 509. General provisions .....	218
Article 510. Consular fee payers.....	218
Article 511. Consular fee rates.....	218
Article 512. Actions on the basis of which consular fee is collected .....	218
Article 513. Exemption from consular fee payment in certain cases .....	219
Article 514. Procedure of consular fee payment.....	219
CHAPTER 91. Customs Duties.....	220
Article 515. General provisions .....	220
Article 516. Types of customs duties.....	220
<b>PART III. TAX ADMINISTRATION .....</b>	<b>221</b>
SECTION 17. GENERAL PROVISIONS .....	221
CHAPTER 92. Main Provisions.....	221
Article 517. Tax Control.....	221
Article 518. Tax confidentiality.....	221
Article 519. Accounting of payments to the budget .....	222
CHAPTER 93. Registration of Taxpayers.....	222
Article 520. Terms and Definitions Used in This Chapter .....	222
Article 521. State Registration of Taxpayers.....	222
Article 522. Term of State Registration of Taxpayers .....	223
Article 523. Taxpayer Registration Number.....	223
Article 524. Taxpayer Registration.....	223
Article 525. Elimination from State register of taxpayers .....	225
Article 526. Responsibilities of Banks and Organizations carrying out certain types of banking operations.....	225
Article 527. Special Features of registration in tax bodies of non-resident legal entities and individuals .....	226
Article 528. Responsibility of a Taxpayer in the Process of Registration .....	227
Article 529. Cooperation of Authorized Bodies in Taxpayers Registration Process .....	227
Article 530. Duties of Authorized Bodies in Registration Process.....	227
Article 531. Special features of registration of taxpayers carrying out certain types of activity.....	228
Article 532. Registration of value added tax payers .....	229
CHAPTER 94. Tax Audit.....	229
Article 533. Concept and Types of Tax Audit.....	229
Article 534. Periodicity of Tax Audits.....	229
Article 535. Terms of carrying out Tax Audits.....	230
CHAPTER 95. Tax Audit Procedure.....	230
Article 536. Grounds for carrying out Tax Audits.....	230
Article 537. Beginning of carrying out a Tax Audit.....	231
Article 538. Access of Officials of a tax service body on the territory or to Premises for carrying out a tax audit.....	231
Article 539. Withdrawal of Documents .....	232
Article 540. Tax Audit Completion .....	232

Article 541. Decision on the results of a tax audit.....	233
CHAPTER 96. Body Control .....	233
Article 542. Notion of Body Control .....	233
Article 543. Body Control Results.....	233
CHAPTER 97. Monitoring .....	234
Article 544. Concept of Taxpayer Monitoring .....	234
Article 545. Taxpayers Subject to Monitoring .....	234
CHAPTER 98. Use Of Cash Registers With Fiscal Memory.....	234
Article 546. Use of Cash Registers with Fiscal Memory.....	234
Article 547. Requirements to the use of Cash registers with Fiscal Memory.....	235
Article 548. Tax Control over the procedure of applying and using cash registers with fiscal memory .....	235
CHAPTER 99. Control Over Excisable Goods, Over Observance Of Procedures of Registration, Storage, Evaluation And Sale Of The Property transferred to the ownership of The Government, Control over Authorized Bodies.....	235
Article 549. Control over excisable goods.....	235
Article 550. Control over compliance with the procedures of registering, storing, evaluating and selling the property transferred to the ownership of the government .....	236
Article 551. Control over authorized bodies.....	236
SECTION 18. APPEAL OF TAX AUDIT RESULTS AND ACTIONS .....	237
CHAPTER 100. Procedure of Filing Appeals Against Tax Audit Results.....	237
Article 552. Bodies Considering Taxpayer Complaints related to Tax audit results .....	237
Article 553. Procedure of appealing by a taxpayer.....	237
Article 554. Form and Content of a Taxpayer Appeal.....	237
Article 555. Consideration of a taxpayer appeal.....	238
Article 556. Content of the decision of a higher rank tax body.....	238
Article 557. Results of Filing an Appeal to a higher rank tax body .....	238
Article 558. Reconsideration of Decision in an authorized state body.....	238
Article 559. Procedure and Terms for Appeal to an Authorized State Body .....	238
Article 560. Form and content of considering an appeal filed to an authorized state body.....	239
Article 561. Procedure of considering an appeal filed to an authorized state body	239
Article 562. Making Decision on an Appeal Filed to an Authorized State Body...	239
Article 563. Content of the decision of an authorized state body.....	239
Article 564. Results of Filing an Appeal to an Authorized State Body .....	239
Article 565. Results of filing an appeal to court .....	240
CHAPTER 101. Procedure of Appealing Against the Actions (Inaction) of Officials of Tax service Bodies.....	240
Article 566. Right to Appeal.....	240
Article 567. Procedure of Appeal .....	240
Article 568. Responsibility of officials of tax service bodies for violation of the tax legislation.....	240

## PART I. GENERAL

---

### SECTION 1. GENERAL PROVISIONS

#### *CHAPTER 1. General Provisions*

##### **Article 1. Relations regulated by the Tax Code**

1. This Code regulates authoritative relations on determining, introducing and procedure of calculation and payment of taxes and other mandatory payments to the revenue as well as relations between the State and a taxpayer, connected with fulfilment of tax obligations.

##### **Article 2. Tax legislation of the Republic of Kazakhstan**

1. Tax legislation of the Republic of Kazakhstan shall be this Code and normative legislative acts, the adoption of which is envisaged by this Code.
2. Liability for payment of taxes and other mandatory payments to the budget that are not stipulated by this Code cannot be imposed on anyone.
3. Taxes and other mandatory payments to the revenue shall be determined, introduced, amended or cancelled under procedure and conditions stipulated by this Code.
4. In case of contradictions between this Code and other legislative acts of the Republic of Kazakhstan for the purposes of taxation the provisions of this Code shall prevail. Provisions that regulate tax relations shall not be included into non-tax legislation, except for cases stipulated by this Code.
6. If an international agreement, which has been ratified by the Republic of Kazakhstan, establishes rules other than those laid down in this Code, the rules of this agreement shall be applied.

##### **Article 3. Jurisdiction of tax legislation**

1. Jurisdiction of the tax legislation shall cover the whole territory of the Republic of Kazakhstan, as well as individuals, legal entities and their structural subdivisions.
2. Legislative acts of the Republic of Kazakhstan introducing amendments and additions to the present Code related to new taxes and other mandatory payments to the budget, and changes of tax rates and tax base for the current taxes and other mandatory payments to the revenue, can be adopted no later than 1 December of the current year and put into force not earlier than 1 January of the year following the year of adoption.

##### **Article 4. Principles of Taxation in the Republic of Kazakhstan**

1. Tax legislation is based on principles of mandatory nature of payment of taxes and other mandatory payments to the revenue, certainty and equity of taxation, unity of tax system and publicity of tax legislation.
2. Provisions of the tax legislation of the Republic of Kazakhstan cannot contradict the taxation principles set in this Code.

##### **Article 5. The Principle of Obligation of Taxation**

Taxpayers must fulfil their tax obligations in accordance with the tax legislation in full and within the established time frames.

**Article 6. The Principle of Certainty of Taxation**

Taxes and other mandatory payments to the revenue of the Republic of Kazakhstan shall be definite. The definiteness of taxation means a possibility of deriving from the tax legislation of all grounds and the procedure of arising, fulfilment and termination of tax obligations of a taxpayer.

**Article 7. Equity Principle of Taxation**

1. Taxation in the Republic of Kazakhstan is universal and mandatory.
2. Individual tax benefits are prohibited.

**Article 8. The Unity Principle of Tax System**

Tax system of the Republic of Kazakhstan is unified in the whole territory of the Republic of Kazakhstan in respect of all taxpayers.

**Article 9. The Publicity Principle of Tax Legislation**

Normative legal acts regulating taxation issues shall be subject to mandatory publication in official editions

**Article 10. Definitions**

1. Definitions are applied in this Code for the purposes of taxation:

- 1) charity – assets provided free of charge to individuals for providing them social support and to non-profit organizations for supporting their charter activity;
- 2) interest – payments on credits; on assets given (received) under finance leasing or to trust management; on deposits; on accumulative insurance agreements; on debt instruments – discounts or coupons (with regard to the discount or premium on the primary issue value or purchase value);
- 3) winnings – any types of income in kind and in cash received by a taxpayer in contests, competitions (Olympiads), festivals, on lotteries, drawings, including drawings on deposits and debt instruments;
- 4) grant – assets, provided free of charge by States, Governments of states, international and state organizations, foreign non-governmental public organizations and funds performing charitable operations at an international level in compliance with the Constitution of the Republic of Kazakhstan, listed by the Government of the Republic of Kazakhstan upon resolution of state agencies to the Republic of Kazakhstan, Government of the Republic of Kazakhstan, legal entities, as well as to individuals; by foreign individuals and stateless persons – to the Republic of Kazakhstan and the Government of the Republic of Kazakhstan for achieving the set goals (objectives);
- 5) humanitarian aid – assets provided free of charge to the Government of the Republic of Kazakhstan in form of food, consumer goods, equipment, outfit, medications, other goods delivered by other countries and international organizations for improving living conditions of population as well as for prevention and elimination of emergency of military, ecological, manmade and environmental nature, distributed by the Government of the Republic of Kazakhstan through authorized bodies.
- 6) dividends – income subject to payment on shares; part of net income, distributed by a legal entity among its stockholders, founders; income from distribution of property in

case of liquidation of a legal entity, and in case of withdrawal by a founder, participant of equity interest in the legal entity, except for property contributed by a founder, participant to registered capital;

7) discount on debt instruments – difference between the face value and the initial placement value or purchase value of debt instruments;

8) debt instruments – financial instruments certifying borrowing relationships. Debt instruments include government securities, bonds and other securities recognized as debt instruments under the legislative acts of the Republic of Kazakhstan;

9) equity participation – equity participation by assets of legal entities and individuals in jointly created organizations, consortiums, except for joint stock companies.

10) other mandatory payments – mandatory monetary allocations (fees, duties, charges and other payments) to the revenue made in the set amounts;

11) an individual entrepreneur – an individual – resident or non-resident, carrying out entrepreneurial activity without creating a legal entity;

12) other separate subdivision of a legal entity – any territorial subdivision separate from the legal entity, at the place of location of which stationary work places are equipped, which performs part of functions of the legal entity. The work place shall be deemed as stationary if it is formed for more than one month.

13) currency exchange (gain/loss) – differential occurring on transactions, settled in foreign currency. This differential occurs as a result of reflecting of transactions in financial accounting in the national currency during the period from the date of a transaction and the date of settlement on this transaction;

14) coupon on debt instruments – amount paid (payable) by an issuer above the face value of debt instruments according to the issuing conditions;

15) entity – an individual and a legal entity; an individual – citizen of the Republic of Kazakhstan, citizen of a foreign state, entity without citizenship; legal entity – an organization formed in accordance with the legislation of the Republic of Kazakhstan or a foreign state (a foreign legal entity). A company, organization or other corporate body created in accordance with the legislation of foreign states shall be recognized for purposes of this Code as an independent legal entity irrespective whether they have or not the status of a legal entity in the foreign state where they are formed;

16) accrual method – an accounting method that allows irrespective of the time of payment to account income and expenses from the date when works were performed, services were provided, goods were shipped for the purpose of their sales and posting the assets;

17) taxes – mandatory payments, unilaterally established by the government under legislative procedure, made to the revenue in the determined amounts, and are of non-reimbursable and gratuitous nature;

18) tax arrears – amount of arrears and outstanding fines and penalties;

19) a taxpayer – an entity that is payer of taxes and other mandatory payments to the revenue;

20) a tax agent – a legal entity, an individual entrepreneur which are responsible in accordance with this Code for computation, withholding and transferring of taxes withholding at source of payment;

- 21) tax regime – a set of provisions of the tax legislation applied by a taxpayer for the computation of all tax obligations related to the payment of taxes and other mandatory payments to the revenue stipulated by this Code;
  - 22) arrears – taxes and other mandatory payments to the revenue assessed but not paid on due dates;
  - 23) capital assets – tangible assets with service life of more than one year;
  - 24) interest on debt instruments – difference between the initial placement value or purchase value and the face value of debt instruments with issuing conditions providing for a coupon.
  - 25) derivative securities – securities certifying the rights of the securities in relation to a base asset. Derivative securities include: options, forwards, futures, deposit receipts, warrants and other securities recognized as derivative under the law of the Republic of Kazakhstan. Base assets can include standardized lots of goods, securities, currency and financial instruments;
  - 26) disposal – shipment of goods, execution of work and providing of services for sale, barter, gratuitous transfer, as well as transfer of goods pledged to a pledgee;
  - 27) royalty – payment for: the right to use subsoil assets when extracting minerals and processing of technogenic formations;  
use or the right to use copyrights, software, patents, designs or models, trade marks or other similar rights; use or the right to use industrial, commercial or scientific equipment; use of know-how; use or the right to use movies, videos, sound records or other records; providing relative technical assistance;
  - 28) special tax regime – special procedure for settlements with the budget set up for certain categories of taxpayers, providing for a simplified computation and payment of some taxes and related reporting;
  - 29) subdivision of a legal entity – an affiliate, representation and other separate subdivision;
  - 30) commodity nomenclature of foreign economic activity – code system of commodity classification based on harmonized system of description and coding of goods;
  - 31) authorized state body – central executive body of the Republic of Kazakhstan ensuring tax control over fulfilment of tax obligations to the state.
  - 32) authorized bodies – state bodies of the Republic of Kazakhstan, except for tax bodies, authorized by the Government of the Republic of Kazakhstan to compute and (or) collect mandatory payments to the revenue;
  - 33) electronic document of a taxpayer – a document made and transmitted in the established electronic form, encrypted and certified by an electronic signature and having the force of a reporting document after it has been received and checked for authenticity;
  - 34) electronic signature of a taxpayer – a special encryption instrument securing authenticity, integrity and copyright of electronic documents.
  - 35) securities – shares, debt instruments, derivatives and other items of property rights recognized as securities under the law of the Republic of Kazakhstan.
2. Other special concepts and terms of the tax legislation shall be used with meanings determined by relevant Articles of this Code.
  3. The concepts of the Civil and other branches of law of the Republic of Kazakhstan used in this Code shall be construed as they are in the relevant branches of law, unless otherwise is stipulated by this Code.

**CHAPTER 2. Rights and obligations of a taxpayer and a  
tax agent. Representation in tax relations**

**Article 11. Taxpayer's rights**

1. Taxpayers shall be entitled to:

- 1) obtain information from tax bodies about taxes and other mandatory payments to the revenue in effect, and amendments made to tax legislation;
- 2) represent his interests regarding the issues of tax relations in person or via his representative;
- 3) receive the results of tax monitoring;
- 4) submit to tax bodies explanations on computation and payment of taxes and other mandatory payments to the revenue based on tax monitoring results;
- 5) receive a statement from taxpayer's account on status of settlements with the revenue on fulfilment of tax obligations;
- 6) under the procedure set by this Code and other legislative acts of the Republic of Kazakhstan, appeal notifications on tax audit reports of tax bodies and actions (negligence) of their tax officials;
- 7) demand keeping secrecy of tax information;
- 8) refuse from presenting information or documents not relevant for taxation.

2. A taxpayer shall have other rights stipulated by the tax legislation of the Republic of Kazakhstan.

**Article 12. Taxpayers' obligations**

1. Taxpayers must:

- 1) fulfil tax obligations in full and on due dates under this Code;
- 2) fulfil legitimate requirements of tax body on elimination of identified tax violations, as well as not impede lawful activity of tax bodies when performing their functional duties;
- 3) on the basis of an order of tax authorities allow tax officials to examine the property that is the object of taxation and the object related to taxation;
- 4) submit tax reports and other documents under the procedure envisaged by this Code;
- 5) make payments with customers in the process of carrying out trade transactions or rendering services, by way of ready money, bank payment cards, checks, with the use of cash machines with fiscal memory, and give a control check to the customer in accordance with the Code.

2. Taxpayers shall fulfil other obligations envisaged by this Code.

**Article 13. Rights and Obligations of Tax Agent**

1. A tax agent shall have the same rights and bear the same responsibilities as a taxpayer, unless otherwise is stipulated by the Code.

2. A tax agent must:

- 1) compute in a correct and timely manner taxes withheld at source of payment in accordance with the Special Part of this Code;
- 2) withhold appropriate taxes from taxpayer and transfer them to the revenue under the procedure and on due dates stipulated by this Code;

- 3) keep records of income paid to taxpayers, as well as amounts of taxes withheld and transferred to the revenue, including those related to each taxpayer personally;
- 4) submit to the tax authority of the place of registration tax reports under the procedure established by the Special Part of this Code.

#### **Article 14. Representation in tax Relations, Regulated by this Code**

1. A taxpayer is entitled to participate in the relations regulated by the tax legislation via the lawful or authorized representative.
2. As a lawful representative of a taxpayer shall be recognized the person authorized to represent the taxpayer based on the law.
3. As an authorized representative of a taxpayer shall be recognized an individual or a legal entity authorized by the taxpayer to represent his interests in relations with tax bodies. An authorized representative of a taxpayer shall act on the basis of a letter of attorney (foundation documents) issued by the taxpayer, which precisely lists his authority.
4. Personal participation of a taxpayer in the relations regulated by the tax legislation shall not deprive him of the right to have a representative, as well as participation of a representative shall not deprive a taxpayer of the right to personal participation in the aforesaid relations.
5. Action (inaction) of representatives of a taxpayer taken with respect to participation of this taxpayer in relations regulated by the tax legislation shall be recognized as actions (inaction) of the taxpayer.

### ***CHAPTER 3. Tax authorities. Customs bodies. Cooperation of tax authorities with other state bodies.***

#### **Article 15. Organization and Duties of Tax Service**

1. Tax bodies are responsible for ensuring full collection of taxes and other mandatory payments to revenue, timely and complete transfer of mandatory pension contributions, and also for performing tax monitoring over the fulfilment by a taxpayer of tax obligations.
2. Bodies of tax service consist of the authorized state body and tax bodies.
3. Tax bodies include tax committees of oblasts, cities of Astana and Almaty, inter-raion tax committees, raion, town tax committees, and committees of town districts.
4. Tax bodies are in direct vertical subordination to the appropriate superior tax body and do not relate to local executive bodies.
5. The authorized state body shall govern the tax bodies.
6. Top officials of tax bodies shall be appointed by the top official of the authorized state body.

#### **Article 16. Rights of Tax Bodies**

1. Tax bodies shall have the right to:
  - 1) develop and approve normative legislative acts stipulated by this Code;
  - 2) within its competence clarify and make comments on arising, fulfilment and termination of tax obligations;

- 3) conduct tax monitoring under the procedure set by this Code;
  - 4) check financial documents of a taxpayer, accounting books, reports, estimates, money on hand, securities, calculations, tax returns and other documents related to fulfilment of tax obligations in compliance with the requirements established by legislative acts of the Republic of Kazakhstan;
  - 5) demand from a taxpayer submission of documents on computation and payment (withholding and remittance) of taxes and other mandatory payments to the revenue prepared in the forms established by the authorized state body, instructions on their completion, and also documents confirming the correct computation and timely payment (withholding and remittance) of taxes and other mandatory payments to the revenue, mandatory pension contributions to pension funds;
  - 6) during tax audit performed according to the procedure set by the legislative acts of the Republic of Kazakhstan seize taxpayer's documents that evidence tax violations;
  - 7) examine any of objects of taxation used for deriving income and objects related to taxation, irrespective of the place of their location, conduct property inventory of a taxpayer (except for dwelling facilities);
  - 8) obtain from a taxpayer under the list approved by the Government of the Republic of Kazakhstan, the information in an electronic form under the procedure established by the authorized state body;
  - 9) as for matters related to the taxation of a taxpayer – legal entity or an individual entrepreneur under audit obtain from banks and organizations conducting certain types of banking transactions, information on existence and numbers of his (its) bank accounts, on balance and cash flow on these accounts in compliance with the requirements established by legislative acts of the Republic of Kazakhstan on disclosure of information of commercial, banking and other secrecy protected by law;
  - 10) determine with application of indirect method the tax obligations of a taxpayer in cases stipulated by the Special Part of this Code;
  - 11) bring actions to courts in accordance with the legislation of the Republic of Kazakhstan.
2. Bodies of tax service shall also have other rights stipulated by legislative acts of the Republic of Kazakhstan.

#### **Article 17. Obligations of Tax Bodies**

1. Tax bodies must:
  - 1) respect taxpayer's rights;
  - 2) protect the interests of the state;
  - 3) perform tax monitoring of fulfilment of tax obligations by a taxpayer and of timely withholding and remittance of mandatory pension contributions to accrual pension funds;
  - 4) keep in the established procedure records of taxpayers, objects of taxation and objects related to taxation, records of assessed and paid taxes and other mandatory payments to the revenue;
  - 5) explain the procedure for completing forms of the established tax reports;
  - 6) conduct tax audits strictly under orders;
  - 7) keep tax secrecy in accordance with the provisions of this Code;
  - 8) deliver to a taxpayer a notice on fulfilment of tax obligation on due dates and in cases, envisaged by this Code;

- 9) deliver at a taxpayer's request within 3 days a statement from his personal account on the status of settlements with the revenue related to fulfilment of tax obligations;
  - 10) assure 5 years safety of copies of tax invoices given to a taxpayer to confirm payment of taxes and other mandatory payments to the revenue;
  - 11) perform control over compliance with the procedure for taking inventory, storage, assessment and disposal of property confiscated by the government and also over complete and timely remittance to the revenue of the proceeds from disposal of property.
  - 12) take measures to provide fulfilment of tax obligations and enforce recovery of tax debts from a taxpayer in compliance with the present Code.
  - 13) impose administrative fines on taxpayers in compliance with the Administrative Code of the Republic of Kazakhstan.
2. When tax bodies identify during tax audit facts of premeditated evasion of taxes and other mandatory payment to the revenue, as well as facts of premeditated and false bankruptcy, indicating a violation, they shall send to the relevant law enforcement bodies materials within their competence, for making a procedural decision in accordance with the legislative acts of the Republic of Kazakhstan.
3. Tax bodies shall also fulfil other obligations stipulated by the Code.

#### **Article 18. Conflict of Interests**

Tax officials shall not perform their duties with respect to a taxpayer who is either a close relative (parents, spouses, brothers, sisters, children) of next of kin (brother, sisters, parents, and children of spouses) of the official, or in case of direct or indirect financial interest.

#### **Article 19. Powers of Customs Bodies on Tax Collection**

Customs bodies shall in accordance with this Code and Customs legislation of the Republic of Kazakhstan perform collection of taxes and other mandatory payments to the revenue with regard to goods moving across the customs border of the Republic of Kazakhstan.

#### **Article 20. Powers of Authorized Bodies**

Powers of authorized bodies on collection of mandatory payments to the revenue shall be established by the Special Part of this Code.

#### **Article 21. Powers of Local Executive Bodies**

1. Local executive bodies may collect taxes on property, transport vehicles and land paid by individual taxpayers.
2. Local executive bodies shall collect the aforementioned tax based on a receipt being a restricted access document, set by an authorized state body and the Ministry of Finance of the Republic of Kazakhstan.
3. Local executive bodies are obliged to:
  - 1) issue receipts confirming the payment of tax to individual taxpayers;
  - 2) timely (within one day upon issuing the receipt confirming the tax payment) and to the full remit the amount of tax paid to a bank; in case of

absence of a bank in a locality, the amount of tax paid shall be remitted to a local revenue within 3 working days;

- 3) ensure correct filing and safety of the receipts;
- 4) submit reports on use of the receipts and transfer of funds to a bank (local revenue) to a tax body under the procedure and within deadlines set by an authorized state body.

#### **Article 22. Interaction of Tax Bodies with Other State Bodies**

1. Tax bodies shall interact with central and local government agencies, undertake joint control measures, provide mutual information exchange.
2. State bodies shall assist tax authorities in fulfilling the objectives on exercising control over compliance with the tax legislation.
3. Tax and Customs bodies shall perform their missions on providing tax monitoring in cooperation with each other.
4. Tax bodies and local executive bodies shall interact with regard to collection of taxes.

#### **Article 23. Legal and Social Protection of Tax Officials**

1. While on duty, officers of the tax service are protected by the Law.
2. An officer of tax bodies who, while on duty, has sustained a health injury of medium gravity shall be paid a lump sum compensation in the amount of five times of his monthly salary from the Republican budget, which shall subsequently be recovered from offenders under the laws of the Republic of Kazakhstan.
3. An officer of tax bodies, who while on duty has sustained a severe health injury that made him disable to continue his professional activity, shall be paid a lump-sum compensation paid from the republican budget in the amount of five annual salaries, which shall subsequently be recovered from offenders, as well as the differential between his salary and pension (life long).
4. In case of demise of an officer of tax bodies being on official duty, the family or dependents (heirs) of the deceased shall be paid:
  - 1) a lump-sum allowance in the amount of the 10 year salary of the deceased, based on his last position, from the republican budget;
  - 2) a state social allowance for loss of bread-winner in the amount and under the procedure established by the legislation of the Republic of Kazakhstan.
5. Damage caused to the officer of tax bodies or his property as well as damage caused to his family members and close relatives and their property in connection with performance of his duties shall be compensated in full from the Republican budget, which subsequently shall be recovered from the offenders.

## **SECTION 2. TAX OBLIGATIONS**

### ***CHAPTER 4. General Provisions***

#### **Article 24. Tax Obligations**

1. Tax obligation shall be the obligation of a taxpayer to the state, which arises under the tax legislation, by virtue of which a taxpayer must register with the tax authority, determine objects of taxation and objects related to taxation, compute taxes and other mandatory payments to the revenue, make tax reports and file them on due dates and pay taxes and other mandatory payments to the revenue.

2. The State in the person of the tax body is entitled to demand from a taxpayer to fulfil his tax obligations in full, and in case of non-fulfilment or improper fulfilment – to enforce their fulfilment under the procedure stipulated by the Code.

#### **Article 25. Objects of Taxation and Objects Related to Taxation**

Objects of taxation and objects related to taxation shall be assets and actions upon presence of which tax obligation arises.

Object of taxation and object related to taxation on each type of tax and mandatory payment to the revenue shall be determined in accordance with the Special Part of the Code.

#### **Article 26. Tax Base**

Tax base is value, material or other characteristic of a taxable object and object related to taxation, and on the basis of which the amount of taxes and other mandatory payments due to the revenue shall be assessed.

#### **Article 27. Tax Rate**

1. Tax rate is an amount of tax assessment on a unit of tax base.

2. Tax rate should be set in percents or in absolute amount to a tax base unit.

#### **Article 28. Tax Period**

Period of time set for separate taxes and other mandatory payments to the revenue according to the Special part of the Code at the end of which tax base is determined and taxes and other mandatory payments payable to the revenue are computed shall be the tax period.

### ***CHAPTER 5. Fulfilment Of Tax Obligations***

#### **Article 29. Fulfilment of Tax Obligations**

1. A taxpayer shall fulfil his tax obligations independently, unless otherwise is stipulated by the Code.

2. For fulfilment of tax obligations a taxpayer shall:

1) register with tax authorities;

2) keep record of objects of taxation and objects related to taxation;

- 3) compute amounts of tax and other mandatory payments to the revenue based on objects of taxation and objects related to taxation, tax base and tax rate;
- 4) prepare tax reports and file them with tax authorities under the established procedure and on due dates;
- 5) pay computed and assessed taxes and mandatory payments to the revenue under the procedure and on due dates, established by the tax legislation, as well as interests and penalties in case of failure to fulfil tax obligations.

Taxpayer shall fulfil his tax obligations under the procedure and on due dates established by the Code.

3. Taxpayer is entitled to fulfil his tax obligations in advance.

4. Tax obligation fulfilled in a non-cash form is deemed fulfilled from the day of receipt of acceptance of a payment draft to the value of taxes and other mandatory payments from a bank or other organization performing some banking operations; when in cash – from the moment of payment by a taxpayer of a relevant amount to a bank or an authorized agency.

5. A taxpayer's tax obligation fulfilled by a tax agent shall be deemed fulfilled from the moment of withdrawal.

6. A tax obligation on payment of taxes can also be fulfilled under the procedure set by the Article 39 of the Code, through offsets.

7. An obligation for payment of taxes and other mandatory payments to the revenue shall be fulfilled in Tenge, except for cases when payment in kind or in foreign currency is envisaged by legislative acts of the Republic of Kazakhstan and provisions of contracts on subsurface use.

### **Article 30. Computation of Taxes and Other Mandatory Payments to the Revenue When Fulfilling Tax Obligations**

1. Tax agents shall compute the amount of taxes withheld at the source of payment.

2. In cases provided for by the Special part of the Code, the responsibility for the computation of certain types of taxes and other mandatory payments to the revenue may be entrusted to the tax body and authorized bodies.

### **Article 31. Notice of Assessment of the Tax Bodies**

1. A written notice to taxpayer sent by tax body on a requirement to fulfil by the latter of tax obligations shall be a notice of assessment.

2. Types of notice shall be limited by types specified below and shall be sent to a taxpayer on the following due dates:

1) a notice on the amount of taxes and other mandatory payments to the revenue assessed by tax body in accordance with item 2 of Article 30 of the Code – no later than three working days since assessment;

2) a notice on the amount of taxes and other mandatory payments to the revenue, interest and penalty assessed based on results of tax audit – no later than 5 working days since making the decision on the tax audit report;

3) notice on amount of credits of tax overpaid against payment of other taxes – no later than 5 working days since credit was made;

- 4) notice on measures taken to ensure fulfilment of tax obligation overdue – up to expiration of the dates specified in sub-sections 1 and 2 item 1 article 47 and in item 1 Article 48;
  - 5) notice on measures on enforced collection of tax arrears – no later than 5 working days before taking actions on enforcement;
  - 6) notice on recovery of tax arrears from bank accounts of taxpayer's debtors – no later than 5 working days before the action on recovery is taken;
  - 7) notice on elimination of tax violations identified by tax bodies on the results of desk audit – no later than 2 working days since the day when tax violations were identified;
  - 8) notice on the amount of tax and other mandatory payments to the revenue, interest and penalty assessed based on results of appeal investigation – no later than 5 working days since the day when a decision on the taxpayer's appeal was made;
  - 9) notice on elimination of the tax legislation violations – within five days after the violations were revealed.
3. The notice shall contain full name of taxpayer (first name, patronymic name and last name); taxpayer identification number; date of notice; amount of tax obligation; demand to fulfil the tax obligation; the ground for sending a notice; procedure for appeal. Forms of notice shall be established by the Responsible State Agency
4. The notice shall be delivered to a taxpayer (a representative) in person against signed acknowledgment of receipt or otherwise with acknowledgement of sending and receipt.
5. The provisions stipulated in this Article should also apply with respect to the notice delivered to a tax agent.

### **Article 32. Due Dates for Fulfilment of Tax Obligations**

1. Due dates for fulfilling of tax obligations are set by the Code. In this respect the beginning of the period established by the Code should be the day following the day of actual event or legal action that determines beginning of the period. The period expires at the end of the last day of the period established by the Code. If the last day of the period falls on a non-working day the period expires at the end of the following working day.
2. When tax bodies send a notification of charged taxes, other mandatory payments to the budget, penalties and fines as a result of a tax monitoring, the tax obligation shall be fulfilled within 10 working days from the moment of notification of the taxpayer.
3. If a taxpayer agrees with the amount of taxes, other mandatory payments to the budget, penalties and fines (except for charged excise and taxes withheld at the source of payment) specified in a notification, the period of fulfilment of the obligation at the taxpayer's application can be extended up to 60 working days. In this case the specified amount shall be paid to the budget with penalties for every day of extension, in equal portions after every 15 working day within the period.

### **Article 33. Procedure for Repayment by Taxpayer of Tax Arrears**

Repayment of tax arrears shall be made in the following sequence:

- 1) interest assessed;
- 2) penalties assessed;
- 3) amount of arrears.

#### **Article 34. Fulfilment of Tax Obligations of a Legal Entity Being Liquidated**

1. Tax arrears of the legal entity being liquidated shall be repaid from monetary funds of foregoing legal entity, including proceeds from sale of its property, in the sequence established by the legislation of the Republic of Kazakhstan. In this respect tax arrears of structural subdivisions of the legal entity being liquidated must be also repaid. A tax obligation arisen during the period of liquidation shall be fulfilled as it arises, under the procedure and within deadlines set by the tax legislation of the Republic of Kazakhstan.

2. If the property of a legal entity being liquidated is not sufficient for repayment of tax arrears in full the remaining part of tax arrears shall be repaid by founders (participants) of a legal entity being liquidated in cases established by the legislation of the Republic of Kazakhstan.

3. If a legal entity being liquidated made overpayment of taxes and other mandatory payments to the revenue, the excess amount shall be credited against other tax arrears of the legal entity being liquidated under the procedure established by Article 39 of the Code.

If the legal entity being liquidated has no tax arrears the amount of overpaid taxes and other mandatory payments shall be refunded to this legal entity.

#### **Article 35. Fulfilment of Tax Obligations upon Reorganization of Legal Entity**

1. Fulfilment of tax obligations of the reorganized legal entity shall be imposed on its successor (successors).

2. Determination of a successor (successors) and also a share of participation of successors in repayment of tax arrears of the reorganized legal entity shall be performed under the Civil Law of the Republic of Kazakhstan.

3. Reorganization of legal entity does not change time limits for fulfilment of its tax obligations by successor (successors) of this legal entity.

4. Amount of tax and other mandatory payments overpaid by the legal entity before its reorganization shall be credited by tax authority against repayment of the tax arrears of the reorganized legal entity.

5. In case the legal entity being reorganized does not have tax arrears the amount of tax and other mandatory payments to the revenue overpaid by this legal entity shall be refunded to its successor.

#### **Article 36. Repayment of Tax Arrears of the Deceased Individual**

1. Tax arrears of the deceased individual, formed as of the day of his demise, shall be repaid by his heir (heirs) within the value of the inherited property and in proportion to share in the inheritance as of the date of receipt of the inheritance.

2. In case a heir is lacking, tax arrears of an individual formed as of the day of his demise shall be deemed as repaid.

#### **Article 37. Fulfilment of Tax Obligations of Individuals Recognized by Court as Missing**

1. In case the court recognizes an individual as missing, the tax obligations with respect to this individual shall be suspended from the day when the decision was made.

2. Tax arrears of the individual recognized by court, as missing shall be repaid by a person authorized by the custody body to manage the property of this missing individual.
3. If the property of an individual recognized under the established procedure as missing is insufficient to repay his tax arrears, the outstanding part of tax arrears of the missing individual shall be written off by the tax body based on court decision on insufficiency of property.
4. In case of cancellation of the decision recognizing a person as missing the validity of tax arrears previously written off by tax authorities shall be restored, regardless of the period of limitation established for tax obligations.

**Article 38. Periods of Limitation for Tax Obligations**

1. Tax bodies may assess or revise the assessed amount of taxes and other mandatory payments to the revenue during 5 years of expiry of the tax period.
2. A taxpayer is entitled to demand for crediting or refund of overpaid taxes and other mandatory payments to the revenue during 5 years of the expiry of the tax period.

***CHAPTER 6. Crediting And Refunding Of Overpaid Taxes And Other Mandatory Payments To The Revenue When Making Settlements With The Budget On Fulfilment Of Tax Obligations***

**Article 39. Overpaid Tax Credit When Making Settlements with the Budget on Fulfilment of Tax Obligations**

1. Overpaid tax amount shall be the difference between the amount of tax paid and the tax assessed for a tax period.
2. The amount of tax overpaid to the revenue shall be credited against tax arrears upon submission of an application by a taxpayer in the following order:
  - 1) against interest and penalties on the given tax
  - 2) against interest and penalties on other taxes;
  - 3) against other tax arrears;
  - 4) against forthcoming payments of the given tax and other types of taxes.
3. The overpaid tax shall be credited by the tax body at the place of payment of taxes under the procedure established by this Article, unless otherwise is stipulated by the Code.
4. The amount of overpaid tax to revenue shall not be credited against tax arrears of other taxpayer.

**Article 40. Refund of Overpaid Tax and Other Mandatory Payments When Fulfilling Tax Obligations**

1. The overpaid amount of tax shall be remitted to the bank account of a taxpayer under his application upon completion of crediting stipulated by Article 39 of the Code.
2. Refund of overpaid tax shall be performed at the place of tax payment within 15 working days of the date of filing application for refund, unless otherwise is stipulated by the Code.

3. In case of non-compliance with the due dates, established by item 2 of this Article, an interest in the amount of 1,5 fold the official refinancing rate, established by the National Bank of the Republic of Kazakhstan shall be accrued for each day of non-compliance.

4. Refund of other mandatory payments overpaid to revenue shall be made in under this Article, unless otherwise provided by the Code.

## ***CHAPTER 7. Change Of Due Dates For Payment Of Taxes***

### **Article 41. Definition and General Conditions for Change of Due Dates for Payment of Tax**

1. Change of due dates for fulfilment of obligation on payment of taxes shall mean postponement of the deadline established by the Code for payment of taxes (except taxes withheld at source of payment and excises) on the basis of a motivated application of a taxpayer for later period but for no longer than ten months of a calendar year.

2. The right for fulfilment of tax obligations on amended due dates is not subject to assignment.

3. Change of due dates for payment of taxes shall not exempt the taxpayer from payment of interest for late payment of tax in accordance with Article 46 of the Code, except for cases established by Special Part of the Code.

4. Change of due dates for payment of tax shall be made against pledged property of the taxpayer or against bank guarantee, except for cases established by Special Part of the Code.

5. The procedure for changing due dates for payment of tax against pledge of taxpayer and bank guarantee shall be determined by the Government of the Republic of Kazakhstan.

### **Article 42. The Agency Authorized to Decide to Change Due Dates for Fulfilment of Tax Obligations on Tax Payment**

1. A decision on changing due dates for fulfilment of tax obligation on tax payment made to the republican budget, and also distributed between the republican and local budgets, shall be made by the authorized state agency upon agreement with the Ministry of Finance of the Republic of Kazakhstan.

2. A decision on changing due dates for payment of taxes in full to local budgets shall be made by the tax office where the taxpayer is registered on agreement with a local executive agency.

### **Article 43. Termination of Validity of Decisions on Changing of Due Dates for Payment of Tax**

1. Validity of decision on changing the due dates for payment of tax shall be terminated when the specified validity period expires.

2. Validity of decision on changing the due dates for fulfilment of tax obligation on tax payment shall be terminated ahead of schedule if a taxpayer has paid all his taxes within the period specified in the decision, or violates the conditions of change of due dates for payment of tax.

**Article 44. Procedure for Enforced Collection and Disposal of Pledged Property of Taxpayer**

1. In case of non-fulfilment or improper fulfilment of requirements for changing due dates for fulfilment of tax obligation, secured by a pledge (bank guarantee), the tax authorities are entitled to collect tax from the pledged property of a taxpayer or claim fulfilment of bank guarantee.

2. Disposal of pledged property of a taxpayer shall be made in accordance with the procedure stipulated by the Civil Laws of the Republic of Kazakhstan.

***CHAPTER 8. Ways For Securing Fulfilment Of Tax Obligations Overdue***

**Article 45. Ways for Securing Payment of Tax Overdue**

Fulfilment of the taxpayer' tax obligation overdue may be secured by means of:

- 1) interest accrual on outstanding amount of tax and other mandatory payments to the revenue;
- 2) suspension of expense operations on bank accounts;
- 3) lien on property against tax arrears of a taxpayer;

**Article 46. Interest on Overdue Taxes and Other Mandatory Payments to the Revenue**

1. Interest shall mean the amount established by item 3 of this Article assessed on the amount of tax overdue

2. The amount of interest shall be assessed and paid regardless of whether or not enforcement measures on repayment of tax arrears, and also other types of accountability for tax violation are imposed.

3. Interest shall be assessed for each day of delay of fulfilment of tax obligations beginning from the day following the due date for payment of tax and other obligatory payment to revenue, inclusive of the day of payment to the revenue, in the amount of 1,5 fold of official refinancing rate set by the National Bank of the Republic of Kazakhstan, for each day of delay.

4. Interest shall be accrued on banks and institutions conducting certain types of banking operations for non-compliance with the sequence of writing-off from bank accounts of amounts of taxes and other mandatory payments, penalties and also for late transfer of tax amounts and other mandatory payments written-off from bank accounts of the taxpayer to the account of Treasury of the Ministry of Finance of the Republic of Kazakhstan.

5. Penalties shall not be imposed on arrears of taxpayer declared a bankrupt from the day when court decision was awarded or with respect to which decision on enforced liquidation was made, from the day of coming in effect of such a decision.

6. Interest shall not be assessed with respect to creditors of banks being liquidated for untimely repayment of tax arrears if the sole reason for arrears formation is liquidation of the bank, from the day of coming into effect of the decision on bank forced liquidation.

7. Interest shall not be assessed on the amount of arrears redemption of which under the decision of court requires additional issuance of shares, from the day of coming in effect

of the court decision on additional shares issuance and until completion of their distribution.

8. Interest shall not be assessed on the amount of arrears from the day of coming in effect of the court decision on recognition of an individual as missing until its abrogation.

#### **Article 47. Suspension of Expendable Transactions on Bank Accounts of Taxpayer**

1. Suspension of debit transactions with bank accounts (except for correspondent accounts) of a legal entity or an individual entrepreneur shall be made under the procedure established by the legislation of the Republic of Kazakhstan in the following cases:

1) taxpayer fails to file tax reports within 10 working days upon expiry of due dates for filing tax reports;

2) tax arrears are not repaid in 30 working days from the due date for payment;

3) tax officials are prevented from making tax audit and inspection of taxation objects and objects related to taxation, except for the cases when tax officials violate the procedure of tax audit set by the Code.

Suspension of debit transactions with bank accounts shall be performed with notification of taxpayer on due dates established by Article 31 of the Code. The suspension shall apply to all debit transactions except for transactions on repayment of tax arrears.

2. The order of tax body on suspension of debit transactions on bank accounts of taxpayer shall be issued in the form established by the Responsible State Agency in cooperation with the National Bank of the Republic of Kazakhstan, and shall come into force from the day of receipt of the order by the bank or the institution conducting special types of banking operations.

3. An order of a tax body on suspension of debit transactions on the taxpayer's bank accounts is subject to an unconditional execution by banks and institutions performing certain types of banking operations

4. The order on suspension of debit transactions on bank accounts shall be cancelled by the tax body which issued such an order, no later than one working day, following the day when reasons for suspending operations on bank accounts were eliminated.

5. When a taxpayer filed an appeal against the amount of taxes, other mandatory payments to the revenue, penalties and fines due by results of a tax audit, the suspension of debit transactions on banking accounts shall not be made.

#### **Article 48. Decision on Lien on Property of Taxpayer against Tax Arrears of a Taxpayer**

1. In case of non-repayment of tax arrears within 10 working days from the day when order on suspension of operations on bank accounts of a legal entity is issued, a taxpayer's property shall be placed under lien against tax arrears of the taxpayer. In this respect a notification shall be delivered to the legal entity on due dates established by Article 31 of the Code.

Decision on lien on property shall be issued in the form established by an authorized state body.

2. Decision on lien on taxpayer's property shall be made in relation to the property belonging to him under the right of ownership or on business management (except for the

cases when the agreement on assignment of property to business management prohibits its alienation).

Upon placing a lien on a taxpayer's property transferred to a financial leasing and (or) pledged, seizure of the property and change of the contract conditions shall be prohibited from the moment when a decision on placing a lien was made and until cancellation of the decision.

3. A decision on lien of property of a taxpayer shall be made by a tax body based on the information about the amount of arrears on the taxpayer's account.

4. Based on the decision on attachment of property, a document on taking property inventory shall be made for the amount of tax arrears with notifying the taxpayer of the liability for infringement of terms of ownership, use and disposal of the property.

Inventory of the property attached shall be made on the basis of market price, determined based on accounting data or on the result of independent assessment made in accordance with the legislation on assessment activities in the Republic of Kazakhstan, in form of a document made in two copies in the form and under the procedure established by the authorized state body.

Tax body must hand in to the taxpayer, present during the process of lien on property, a decision on lien of property and a copy of document on the property inventory.

5. The decision on property attachment shall be cancelled by a tax body within one working day from the day of repayment of tax arrears by a taxpayer.

## ***CHAPTER 9. Measures On Enforced Collection Of Tax Arrears***

### **Article 49. Measures on Enforced Collection of Tax Arrears**

Following application of ways of securing payment of tax overdue to taxpayer tax bodies are entitled to take measures of enforcement, except for the cases when a taxpayer filed an appeal against a tax audit report. Enforced collection of tax overdue shall be performed based on a notification to be delivered to a taxpayer in accordance with Article 31 of the Code. Enforced collection of tax arrears shall be performed:

- 1) from the funds in bank accounts;
- 2) from ready money;
- 3) from bank account of debtors;
- 4) from disposal of property under lien;
- 5) by obligatory additional issue of shares.

### **Article 50. Enforced Collection of Tax Arrears from Bank Accounts**

1. In case of failure to pay or to pay full amounts of tax arrears assessed to a taxpayer based on returns and (or) computations, and also under results of tax audits, tax authorities are entitled to perform enforced collection of the arrears from bank accounts of legal entities and individual entrepreneurs without taxpayer's consent.

2. Enforced collection of tax arrears from taxpayer's bank accounts shall be performed on the basis of a collection order issued by tax authority.

3. When a bank executes an order of a tax authority on collection of tax arrears from one bank account of a taxpayer, collection orders of the tax authority on other accounts of the taxpayer in the same bank shall be returned by the bank to the tax authority without

execution, with a payment document attached confirming the fact of execution of the first mentioned collection order of the tax authority, if the orders were issued for the same amount, the same type of arrears, and the same accounting period.

4. Collection orders shall be issued in the form established by normative legislative acts of the Republic of Kazakhstan and shall specify the bank accounts of a taxpayer or a tax agent from which tax arrears are to be collected.

5. If no money is available on Tenge bank accounts of a taxpayer, tax arrears shall be collected from foreign currency bank accounts of the taxpayer based on collection orders issued in tenge by tax authorities.

6. Tax arrears collection order shall be executed by a bank or an institution conducting banking operations in the first priority order, within 1 working day following the day of the foregoing order receipt, within the amount present on the banking account.

7. In case of money shortage or unavailability on the bank account of a taxpayer, collection order shall be executed upon receipt of funds on this account.

8. In case if no money is available on the taxpayer's banking account to which the collection order was issued, the bank which accepted the collection order for execution shall close the taxpayer's account as set by the legislation and return the aforementioned collection order to a relevant tax office, alongside with the notice on closing the taxpayer's account.

#### **Article 51. Collection of Tax Arrears from Ready Money of a Taxpayer**

1. Collection of tax arrears from ready money shall be made in case there is no money available on bank accounts.

2. Collection of tax arrears from ready money shall mean seizure by a tax body of cash of a taxpayer (including foreign currency) reflected in accounting (cash) books and records. Collection of tax arrears from ready money of a taxpayer shall be made by a tax body on the basis of a notice on enforced fulfilment of the tax obligation on repayment of the tax arrears.

3. Seizure of ready money shall be documented in form of act on seizure, in the form approved by the authorized state body.

5. Cash collected from the taxpayer shall be handed over to the bank or the institution conducting certain types of banking operations no later than one working day from the day of collection, for its depositing in bank accounts of taxpayer and further transfer to the revenue. In case there are no bank accounts, cash collected shall be remitted to the revenue no later than one working day from the day of collection.

#### **Article 52. Enforced Collection of Tax Arrears from Accounts of his Debtors**

1. If no money is available on taxpayer's bank accounts, including ready money, the tax body is entitled to collect tax arrears from bank accounts of third parties having liability before a taxpayer (further – debtors) within the amount of tax arrears. In this respect a notification on enforced collection of tax arrears of taxpayer from their bank accounts against repayment of the tax arrears of the taxpayer within the amounts acknowledged by the debtors to the taxpayers as a sum of debt on the current moment under the contracts shall be delivered to debtors.

No later than 20 working days from the day of receipt of a notification the debtor must submit to the tax body that issued the notification the reconciliation report on mutual settlements made jointly with the taxpayer as of the date of notification receipt.

2. A reconciliation report on mutual settlements between the taxpayer and his debtor shall contain the following information:

- 1) name of a taxpayer and his debtor and their RNTs;
- 2) name of the tax body with which the taxpayer and his debtor are registered;
- 3) requisites of the taxpayer's and his debtor's bank accounts;
- 4) the debtor's amount payable to the taxpayer;
- 5) legal requisites, stamp and signatures of the taxpayer and his debtor;
- 6) the issuance date of the reconciliation report.

3. Based on the reconciliation report on mutual settlements the tax body shall issue a collection order with regard to bank account of the debtor on enforced collection of the taxpayer's tax arrears.

4. The debtor's bank or institution conducting certain types of banking operations must execute the collection order issued by the tax body on enforced collection of the taxpayer's tax arrears in accordance with the requirements determined by Article 50 of the Code.

5. In case of availability a reconciliation report made up according to the provisions of the present Article on mutual settlements, in case the debtor makes payments in favour of the taxpayer within 90 working days from the day of delivering a notification by tax bodies, the tax body is entitled to issue a collection order with regard to the debtor's bank account on collection of tax arrears of the taxpayer within the amount of made payments.

#### **Article 53. Enforced Collection of Tax Arrears from Disposal of a Taxpayer's Property under Lien.**

1. Tax bodies are entitled without the consent of taxpayer – legal entity and an individual entrepreneur to enforce collection of tax arrears on the attached property of a taxpayer, within the amounts of tax arrears, if there is no money on his bank accounts, no ready money and no money on bank accounts of his debtors.

2. Taxpayer must secure safety and proper maintenance of the property under lien until cancellation of the lien. Upon failure to do so the taxpayer must indemnify costs incurred on preparing the property attached for auction sales and will bear responsibility for illegal actions taken with regard to the foregoing property under the legislative acts of the Republic of Kazakhstan.

#### **Article 54. Procedure for Disposal of the taxpayer's Property Attached against Tax Arrears**

Disposal of the property attached shall be performed at a special auction, the procedure thereof shall be established by the Government of the Republic of Kazakhstan.

#### **Article 55. Obligatory Additional Issue of Shares of Taxpayer (Joint Stock Company)**

In case of failure to repay tax arrears by taxpayer (joint stock company) after taking all the actions specified in subparagraphs 1) through 4) of Article 49 of the Code, tax bodies

are entitled to initiate litigation for obligatory additional issue of shares under the procedure set by the legislation of the Republic of Kazakhstan.

**Article 56. Recognition of Taxpayer as Bankrupt**

1. In case of failure to repay tax arrears by legal entity, individual entrepreneur after taking all the measures specified in Article 49 of the Code, the tax body is entitled to take actions on recognizing him as bankrupt as set by the legislative acts of the Republic of Kazakhstan.

2. Procedure for liquidation of a legal entity recognized as bankrupt shall be performed in accordance with the bankruptcy legislation of the Republic of Kazakhstan.

***CHAPTER 10. Grounds For Termination Of Tax Obligations***

**Article 57. Termination of Tax Obligations of Individuals**

Tax obligations of an individual shall be terminated upon:

- 1) his death;
- 2) coming into effect of the court decision recognizing him as deceased.

**Article 58. Termination of Tax Obligations of Legal Entities**

Tax obligations of a legal entity shall be terminated upon:

- 1) complete liquidation;
- 2) complete reorganization through acquisition (with regard to the legal entity being acquired), merger, split-off and transformation.

## PART II. SPECIAL

---

### SECTION 3. GENERAL PROVISIONS

#### *CHAPTER 11. Types of Taxes And Other Mandatory Payments To The Revenue*

##### **Article 59. General Provisions**

1. In the Republic of Kazakhstan there are taxes and mandatory payments to the budget, specified by the Code.
2. Taxes may be direct and indirect. Indirect taxes shall comprise the value added tax and excises.
3. Amounts of taxes and other mandatory payments shall be remitted to revenues of relevant budgets under the procedures set forth in the Budget System Law of the Republic of Kazakhstan and in the legislation on the republican budget for the relevant year.

##### **Article 60. Taxes**

1. Corporate Income Tax
2. Personal Income Tax
3. Value Added Tax
4. Excise Tax
5. Taxes and Special Payments of Subsurface Users
6. Social tax
7. Land tax
8. Tax on motor vehicles
9. Property tax

##### **Article 61. Fees**

1. Fee for state registration of legal entities
2. Fee for state registration of individual entrepreneurs
3. Fee for state registration of title to immovable property and right to trade that property
4. Fee for state registration of radio electronic and high frequency devices.
5. Fee for state registration of motor vehicles and trailers
6. Fee for state registration of sea, river and small-size vessels
7. Fee for state registration of civil aircraft
8. Fee for state registration of drugs and medical preparations
9. Fee for transiting the territory of the Republic of Kazakhstan by a motor vehicle
10. Auction fee
11. Stamp duty
12. Licensing fee for the right to carry out certain types of activity
13. Fee for licensing the use of radio frequency resources for radio and television broadcasting

##### **Article 62. Payments**

1. Land fee
2. Fee on usage of water resources of surface springs

3. Payments for the environment pollution
4. Wild life use fee
5. Fee for use of forests
6. Charge for the use of environment protection reserves
7. Fee on use of radio frequency resources
8. Fee on use of navigable waterways
9. Payments for placing of objects of outdoors (visual) advertisement

**Article 63. State duty**

1. State duty

**Article 64. Custom payments**

1. Customs duty
2. Customs fee
4. Payment
5. Fees

***CHAPTER 12. Rules Of Tax Accounting And Tax Reports***

**Article 65. Rules of Tax Accounting**

1. Taxpayers shall determine taxable objects and taxation-related objects under accrual method and on conditions set by the Code.
2. For the purpose of taxation any transaction in foreign currency shall be converted in the national currency of the Republic of Kazakhstan – Tenge:  
at the official rate of the National Bank of the Republic of Kazakhstan on the day of transaction (payment);  
as for currency that is not rated by the National Bank of the Republic of Kazakhstan, -  
at the cross rate to the US dollar (USD);
3. Accounting of inventory for taxation purposes shall be performed according to accounting standards.
4. Barter transactions with respect to all taxes shall be considered as sale of goods (work, services) at applicable prices, with the mandatory filling of invoices.

**Article 66. Compilation and Storage of Tax Accounting Documents**

1. Tax accounting documents contain source documents, accounting registers and other documents which are the basis for determining objects of taxation and objects related to taxation, as well as for computation of tax obligation.
2. Tax accounting documents shall be prepared on paper and/or in electronic format and stored during the statute of limitation established by the Code for each type of taxes or other mandatory payment to which such documentation relates, beginning from the tax period following for the period in which the documents were made, except for the cases provided for by §§ 3 and 4 of this Article.
3. Tax accounting documents of taxpayers performing their activities under subsurface use contracts shall be stored during the statute of limitation, established by the Code for the tax period following the period of the contract expiration.

4. Documents verifying the value of fixed assets, including those given (obtained) under a financial leasing agreement shall be stored during the statute of limitation, established by the Code for the last taxation period in which depreciation costs are calculated for such assets. Documents verifying the value of fixed assets not subject to depreciation for taxation purposes shall be stored for the statute of limitation set by the Code for a tax period in which the assets were realized.

5. Source documents and accounting registers shall be prepared by taxpayer in the official or the Russian language.

In the case where a document is made in a foreign language, the tax authorities may request that a translation into the official or the Russian language is to be made.

6. Where tax reporting is maintained in the electronic form, the taxpayer is required to submit hard copies of the records in the course of tax monitoring or a tax audit, if so requested by the tax administration.

#### **Article 67. Separate Record Keeping and Rules for its Conduct**

1. Taxpayers performing activities for which different taxation conditions are set by the Code shall keep separate records of objects of taxation and objects related to taxation.

2. Separate record keeping shall be performed by taxpayers by means of calculations based on accounting data. Such computation shall be performed separately for each type of activity (for subsurface users – by each mineral deposit, unless otherwise is provided for by the subsurface use contract).

3. All income and expenses related to a certain type of activity shall be supported by appropriate documentary evidence.

#### **Article 68. Tax Reports**

1. Tax reports are made of documents containing data on assessment of tax obligations, which is submitted by taxpayer to the tax authorities.

2. Tax reports shall comprise:

tax returns, taxpayer calculations for each type of tax and other mandatory payments to Revenue, for mandatory pension contributions to the accrual pension funds;  
applications for a patent to special tax regimes;  
applications to registration cards for taxation objects and taxation-related objects, in accordance with Articles 397 and 531 of the Code;  
applications to VAT refund from the budget;  
applications to use of the principles of treaties on avoidance of double taxation;  
documentation provided by taxpayers subject to electronic monitoring in accordance with the Code.

3. Tax return, statement is a written statement and (or) electronic form of document of the taxpayer, tax agent, which is submitted to tax bodies in accordance with the procedure established by the Code. Tax return (statement) shall contain information about objects of taxation and related to taxation, as well as computation of tax liability and other information related to assessment and payment of taxes and other mandatory payments to the revenue.

4. In case of deficiency of specific indicators that are to be reflected in tax returns and statements, relevant attachments to such documentation, established by the authorized state agency are not submitted.

### **Article 69. Procedure for Compiling and Filing Tax Reports**

1. Tax reports shall be made by the taxpayer or his representative or a tax agent, independently in due form and according to the procedure that are established by the authorized state agency in accordance with the provisions of the Code.

2. Tax reports are to be composed in the official or the Russian language and delivered in the hard and (or) electronic form. In the latter case, the filer - a taxpayer or a tax agent – shall supply the duplicates of the reports in hard copy if so requested by the tax administration.

3. Tax reports must be signed by a taxpayer, a tax agent (the head and the chief accountant), and stamped with the stamp of a taxpayer, tax agent. When tax reports are submitted in electronic form it must be signed by electronic signature of the head or chief accountant and stamped with electronic stamp of a legal entity. When an individual taxpayer is absent or disabled, tax reports must be signed and verified by his authorized representative.

4. Representative of a taxpayer or a tax agent, providing services in making tax reports, must sign the documentation, stamp it and indicate his taxpayer identification number.

5. When a taxpayer, tax agent completes a tax report, including the cases when the report is filed by his representative, the responsibility for credibility of the data shown in tax reports shall be placed on the taxpayer, the tax agent.

6. Tax reports shall be submitted by a taxpayer, tax agent to appropriate tax authorities under the procedure and on due dates established by the Code.

7. In case of reorganization, liquidation of a taxpayer (a legal entity), a separate tax report shall be filed for each taxpayer being reorganized (liquidated) for the period since the beginning of a tax period to the day of ending of reorganization or liquidation , based on the split, liquidation and transfer balance sheets respectively. The reports shall be submitted to tax office within 15 days since the decision on reorganization or liquidation was made.

8. Taxpayers, tax agents are entitled to choose the ways of submitting their tax reports, as follows:

1) deliver in person;

2) through registered mail with notification;

3) send in electronic form, allowing computer processing of the information, in cases established by the Responsible State Agency.

9. The delivery date of a tax report is considered to be the day on which the report is received, if dispatched by conventional means, at a tax office or the day on which the message is confirmed, in the case of the electronic mail.

Any tax report that is delivered by the filer to a post-office or other communications enterprise before the midnight of the day that is established by the Code to be the last day of filing shall be considered as timely filed, if properly stamped for the date and time of receipt by the postal service.

10. All tax reports are to be accepted by the tax administration as filed.

**Article 70. Extension of a Deadline for Filing Tax Returns**

1. Upon receipt of a written application from a taxpayer before the due date for submitting a tax return, established by the Code, the Responsible State Agency is entitled to extend a deadline for submitting a tax return for no more than 3 months.
2. Extension of deadline for filing a tax return in accordance with this Article shall not change the due date for payment of tax.

**Article 71. Entering Changes and Amendments to Tax Reports**

1. Entering changes and amendments into tax return or statement is allowed within the statute of limitation set by the Code.
2. Entering changes and amendments into tax return and (or) statement shall be made by a taxpayer by means of filing an additional tax return, and (or) statement for the tax period, to which amendments refer.
3. In the additional tax return and (or) statement only the amount of discrepancy found in comparison with the tax return and (or) statement submitted earlier shall be reflected in appropriate cells.
4. If additional tax return and (or) statement are filed prior to tax audit, the tax amounts and other mandatory payments detected by a taxpayer are to be paid to the revenue without levying fine.

**Article 72. Period for Storage of Tax Reports**

1. Tax reports shall be stored at taxpayers, tax agents and tax bodies during the period of limitation set by the Code.
2. In case of reorganization of a taxpayer, a tax agent-legal entity, the responsibilities for storage of tax reports for the active period of the reorganized entity shall be placed on the legal successor of the taxpayer.

***CHAPTER 13. Tax Accounting In The Case Of Certain Transactions*****§1. Taxation in Case of Transfer Prices****Article 73. Control in Case of Transfer Pricing**

Tax authorities are entitled to control whether the transaction falls within an appropriate price base under the procedure and in cases, stipulated by the legislative act of the Republic of Kazakhstan, which regulates the issues of state control in application of transfer prices.

In case deviation of transaction price from free market price is identified, the tax authorities shall adjust taxation objects and tax obligations in accordance with the legislation of the Republic of Kazakhstan.

## **§2 Taxation in Other Cases**

### **Article 74. Finance Lease**

1. Transfer of depreciable fixed assets under finance lease agreement concluded under the legislation of the Republic of Kazakhstan, is finance leasing if it meets the following requirements :

- 1) Transfer of fixed assets to lessee and (or) giving a right to a lessee to purchase fixed assets at a fixed price is determined by lease agreement;
- 2) the rental period exceeds 80% of service life of fixed assets;

The value of fixed assets transferred (received) to finance lease (on lease) shall be determined as on the day of signing a lease.

For taxation purposes such a transaction is deemed as purchase of fixed assets by a lessee. In this case the lessee is deemed as owner of fixed assets and leasing payments - as credit payments provided to the lessee.

2. For purposes of this Article period of finance lease may include additional period for which a lessee is entitled to extend finance lease under provisions of a lease agreement.

### **Article 75. Common Equity**

When an agreement on common equity exists, as well as an agreement on joint business operations, as well as any other agreement providing for at least two owners, but without forming a legal entity, objects subject to taxation and related to taxation shall be recorded and taxed respectively at each owner under the procedure established by the Code.

### **Article 76. Procedure for Determining of Objects of Taxation in Certain Cases**

1. In case of failure to comply with the procedure for keeping records, loss or destruction of books and records due to force majeure circumstances, tax authorities shall determine taxation objects and objects related to taxation by means of indirect methods (assets, liabilities, turnover, production costs).

2. If an individual shows the income, which does not conform to the expenses incurred for personal purposes, including purchase of property, tax authorities shall determine income and tax on the bases of expenses incurred, with consideration of income of previous periods.

3. Income shall be taxed also in cases when the legitimacy is disputed by other entities or authorities.

4. If the court decides that income is to be seized and paid to the budget in cases stipulated by legislation acts of the Republic of Kazakhstan, such income shall be seized less the amount of tax paid on it.

## SECTION 4. CORPORATE INCOME TAX

### *CHAPTER 14. General Provisions*

#### **Article 77. Payers**

1. Payers of the corporate income tax shall be legal entities-residents of the Republic of Kazakhstan, except for the National Bank of the Republic of Kazakhstan and public institutions, and nonresident legal entities engaging in activity in the Republic of Kazakhstan via a permanent establishment, or deriving income from a source in the Republic of Kazakhstan (hereinafter collectively referred to throughout this Section as “taxpayers”).
2. The legal entities applying the special tax regime shall pay corporate income tax according to provisions under Articles 368 – 377, 385 – 397 of the Code.

#### **Article 78. Objects of taxation**

Objects of corporate income taxation consist of:

- 1) taxable income;
- 2) income taxed at the source of payment;
- 3) net income of nonresident legal entities performing activity in the Republic of Kazakhstan via a permanent establishment.

### *CHAPTER 15. Taxable Income*

#### **Article 79. Taxable income**

Taxable income is determined as the difference between the aggregate annual income and the deductions stipulated by Articles 80-103, 105-114 of the Code, taking into account adjustments made in accordance with Article 122 of the Code. The aggregate annual income is subject to adjustment in accordance with Article 91 of the Code.

#### **§ 1. Aggregate annual income**

##### **Article 80. Aggregate annual income**

1. Aggregate annual income of a resident legal entity consists of income subject to be received (actually received) in the Republic of Kazakhstan and outside the Republic of Kazakhstan within a tax period.  
Aggregate annual income of a legal entity – non-resident carrying out activity in the Republic of Kazakhstan via a permanent establishment shall be determined in accordance with Article 184 of the Code.
2. Aggregate annual income comprises all types of taxpayer’s income, including:
  - 1) income from the disposal of goods (work, services);
  - 2) income from capital gain on the sale of buildings, constructions, structures as well as other non-depreciable assets;
  - 3) income from writing off of debt obligations;
  - 4) income from bad debts;
  - 5) income from the rent of property;

- 6) income from reduced provisions of banks and organizations conducting certain types of banking transactions, which are allowed under the legislation of the Republic of Kazakhstan to form provisions;
- 7) income from assignment of debt;
- 8) income received for consent to limit or cease entrepreneurial activity ;
- 9) income from the excess of the disposed fixed assets over the balance value of the subgroup;
- 10) income from the excess of the amount of shutting-in operations provisions over the actual expense to cover the reclamation and closing costs;
- 11) income received from a distribution of receipts from a common share interest;
- 12) imposed or acknowledged by a debtor penalties, interest, and sanctions of other form, except for refunded penalties previously groundlessly charged to the revenue, unless these amounts were previously deducted from the aggregate income;
- 13) compensated deductions;
- 14) property, performed work or rendered services received on gratuity basis;
- 15) dividends;
- 16) interest income;
- 17) exchange rate gain;
- 18) winnings;
- 19) royalties;
- 20) excess of income over expenditures received from exploitation of social sphere objects.

**Article 81. Income from Sale of Goods (Work, Services)**

1. Income from sale of goods (work, services) consists of cost of goods sold, work performed or services rendered, less the amounts paid in value added and excise taxes, unless otherwise provided by the legislation of the Republic of Kazakhstan with regard to the state control in case of transfer pricing.

2. Income from sale of goods (work, or services) is subject to adjustment where:

- 1) the goods are returned in full or in part;
- 2) the nature of the transaction is changed;
- 3) the previously agreed consideration for the goods, work or services sold is altered;
- 4) receipt of the difference in prices of goods (work, services) sold when payment is made in Tenge.

The adjustment is to be made on the results of the tax period in which any of the above changes occurred

**Article 82. Gain from Sale of Buildings, Constructions and Structures or Other Non-depreciable Assets**

1. Gain is formed from the sale of buildings, constructions and structures as well as other non-depreciable assets. Assets not subject to depreciation include:

- 1) land plots;
- 2) construction in progress;
- 3) uninstalled equipment;
- 4) fixed assets and intangible assets that are not being used by the taxpayer in the production of goods, performance of work or rendering services;

- 5) securities;
  - 6) equity interest in a legal entity of any organizational and legal type;
  - 7) fixed assets the cost of which was previously deducted according to the tax legislation being in force before January 1<sup>st</sup> 2000;
  - 8) fixed assets entered into use within an investment project, depreciated according to the Articles 138-140 of the Code.
2. The gain is determined as the difference between the amounts received on the sale of the above assets and their balance-sheet values, with the exception of the cases stipulated by §§ 3 and 4 of this Article.
- Balance-sheet value is defined as the value of an asset that is shown in the balance sheet on the first day of the month in which the asset was sold;
3. In the case of sale of buildings, constructions or structures used in entrepreneurial activity, the gain (loss) is determined as the difference between the sale price and the residual value determined in the tax accounting.
4. The gain on sale of securities, shall be determined as follows:
- for all types of securities except for debt securities – as a positive difference between the sales price and purchase price;
  - for debt securities – as a positive difference, less coupon, between the sales price and purchase price, taking into account depreciation, discount or premium at the date of sale.

#### **Article 83. Income from the Writing off of Debt Obligations**

1. Income from the writing off of debt obligations may be represented by ---
- 1) write-off of taxpayer's indebtedness by his creditor;
  - 2) write-off due to expiry of the period of limitation established by the legislative acts of the Republic of Kazakhstan, with the exception of obligations classed as doubtful in accordance with the Code;
  - 3) write-off under court decision.
2. The amount of income received as a result of write-off of liabilities equals to the amount of the written-off accounts payable.

#### **Article 84. Income Accruing from Bad Liabilities**

Liabilities in respect of acquired goods, work or services as well as income and other payments incurred to workers defined in accordance with § 2 of Article 149 of the Code that remain outstanding 3 years since their occurrence are to be qualified as doubtful and included in the taxpayer's aggregate annual income, except for the VAT which is subject to restoration on mutual offsets with the revenue at the rate used at the moment when accounts payable arose.

#### **Article 85. Income Accruing from Reducing the Allocations to Reserve Funds of Banks**

The amount of provisions previously deducted by a debtor in execution of a liability to a bank or an institution performing certain banking operations, shall be deemed as an income from reduced provisions. The amount of provisions shall be included into the income in the amount proportional to the amount of liability executed by a debtor. The amount of provisions previously deducted at the moment of reduction of debtor's liability

based on an indemnity contract, innovation contract, reassignment of liability through a cession contract and (or) on other grounds provided by the legislation of the Republic of Kazakhstan shall also be deemed as an income. Besides, the amount of reduced provisions previously deducted during re-rating of liabilities shall be deemed as income.

**Article 86. Income from Debt Assignment**

The income from debt assignment shall be the income of a taxpayer determined as a positive difference between the amount repaid by a debtor with respect to the principal amount plus any amounts accrued on the principal and the purchase cost of the instrument by a taxpayer.

**Article 87. Income from Excess of the Disposed Fixed Assets Value over the Pool Book Value of the Class**

If the value of the disposed fixed assets of a subgroup exceeds the subgroup's pool book value at the beginning of the taxable period with account of the value of the fixed assets received in the tax period, then the amount of the excess is to be included in the aggregate annual income. The pool book value of the subgroup is zeroed at the end of the taxable period.

**Article 88. Income from the Excess of the Shutting-in Operations Provisions over the Actual Expense to Cover the Reclamation and Closing Costs**

1. If the actual expense of shutting-in operations is less than the provisions made against reclamation and closing costs, then the balance is included in the mineral user's aggregate annual income.

2. Where the shutting-in operations have not been performed in the period stipulated by the reclamation program decreed by the appropriate state authority, the total of the reclamation and closing provisions (reserve fund) is included in the aggregate annual income of the taxable period to which the shutting-in operation were assigned.

**Article 89. Compensations for Deductions Previously Made**

1. The income from compensated deductions includes the amounts of---

- 1) the claims previously deducted as doubtful but satisfied in subsequent tax periods;
- 2) the subsidies received from the state budget for defrayal of expenses (outlays);
- 3) other outlays received by the taxpayer to offset expenditures (losses), which previously were allowed for deduction.

Any amounts under this Article are attributed to the tax periods in which they were paid.

2. Amount of insurance premiums subject to return (returned) by an insurance company to an insurer upon expiration or anticipatory termination of a non-accrual insurance company, previously deducted by an insurer, shall be included into an aggregate annual income of a period in which they were deducted, the insurer shall mandatory notify tax authorities at the place of registration on rise of the income.

**Article 90. Property Received on Gratuity Basis**

1. Any item of property, work or services made available to the taxpayer without pay is treated as income, except as otherwise provided in this Article.

2. Exceptions under §1 include ---

- 1) assets contributed to the capital;
- 3) subsidies received from the state budget.

### **Article 91. Adjustment of Aggregate Annual Income**

1. The items not included in aggregate annual income are:

- 1) dividends received from legal entities - residents of the Republic of Kazakhstan and previously taxed at the source of payment in the Republic of Kazakhstan;
- 2) excess of the sales value over its face value, obtained by the stock issuer at the moment of distribution, and capital gain obtained by a stock issuer at the moment of shares realization;
- 3) gain from the sale of stock that qualifies for listings A and B at a stock exchange;
- 4) yield on operations with government securities;
- 5) value of the property received as humanitarian aid provided under circumstances of emergency of environmental and technogenic nature and where such aid has been utilized for intended purposes.
- 6) value of fixed assets received free of charge by a state enterprise from a state body or a state enterprise based on the decision of the Government of the Republic of Kazakhstan;
- 7) investment income received in accordance with the pensions legislation and allocated to personal pension accounts;

2. Where the method of valuing assets in one taxable period is altered against the method employed in the preceding taxable period, the aggregate annual income of the current taxable period is to be increased by the amount of the positive difference or reduced by the amount of the negative difference that results from the change in the valuation method.

Transfer by a taxpayer to a different method of valuing assets shall be made by a taxpayer from the beginning of a tax period with notification of the tax bodies.

## **§ 2. Deductions**

### **Article 92. Deductions**

1. Taxpayer's expenses connected with the receipt of aggregate annual income shall be deducted from taxable income, except expenses not subject to deduction under the Code.

2. The Code determines the cases of deduction of expenses within the limits.

Deductions are allowed with documents available, which confirm expenses related to receipt of aggregate annual income. These expenses are allowed for deductions in that tax period when they actually were incurred, except for deferrals. Future period expenses shall be deducted in the period to which they relate.

3. Any losses incurred by natural monopoly enterprises are allowed for deduction within the limits that are determined by legislation of the Republic of Kazakhstan.

4. In the case where the same expense is to be reported in several expense accounts, the deduction is claimed for such an expense only once in computing the taxable income.

5. Fines and penalties linked to receipt of the aggregate annual income, imposed or acknowledged, other than that payable to the state budget, are allowed for deduction.

### **Article 93. Business Travel Reimbursement and Entertainment Expense Deductions**

1. The reimbursable expenditures incurred in business travel are deducted in respect of---

- 1) actual costs of the travel to the place of assigned destination and return, including the cost of reservation;
- 2) the actual cost of the lodging, including the cost of reservation;
- 3) the per diem expenses for the entire duration of the mission, in the amount of not exceeding the 2-fold monthly index for business trips within the Republic of Kazakhstan;
- 4) per diem for the entire duration of a business trip outside of the Republic of Kazakhstan within the limits set by the Government of the Republic of Kazakhstan.

2. Business representation expenses consist of expenditures incurred in connection with reception and servicing of persons on occasions serving the purpose of establishing and maintaining of mutual cooperation, or of participants arriving to attend board-of-directors, review committee or shareholders meetings. Business representation expenses include the cost of running official receptions for the above persons and the provision of the guests with transportation, coffee-breaks and the translation services (by the non-staff translators).

Any outlays for presentations, dinner-parties, entertainment, recreation or diversion are not included in the representation expenses under this article and may not be claimed for deduction.

Representation expenses are deductible within the limits of the norms established by the Government of the Republic of Kazakhstan.

#### **Article 94. Interest Deduction**

1. Deduction is allowed in respect of:

- 1) interest on credits (loans) that is actually paid, including finance leasing, with exception for such interest on the credits (loans) received for the purposes of construction as is paid during the period of construction;
- 2) interest on the property possessed under trusteeship;
- 3) discount or coupon (considering discount or bonuses) paid by the issuer to the holders of debt instruments in accordance with the terms of their issue and distribution;
- 4) interest on bank deposits.

2. Interest expenses:

1) on credits (loans) including finance lease, deposits, bonds received and (or) distributed in tenge, as well as on the property possessed under trusteeship is deductible within the amount determined with application of 1,5 fold official rate of refinance established by the National bank of the Republic of Kazakhstan;

2) on credits (loans), including financial lease, deposits, and bonds denominated in a foreign currency is deductible within the amount determined at 2 fold the LIBOR.

In addition to the limits set by the present paragraph, maximum amount of interest on credits (loans) subject to deduction shall be limited by the following amount:

The amount of interest paid to a resident legal entity, subject to deduction,

Plus

The amount calculated as an amount of interest taxed at the source of payment, multiplied by the rate of income tax withheld, divided by the corporate income tax rate of 30%.

The additional limits shall not apply to financial institutions.

3. The refinance rate of the National Bank of the Republic of Kazakhstan and the rate of LIBOR are applied at the moment of registration of a deposit, bonds, property, or credit (loan).

4. In cases of establishment of a floating rate for interest calculation on a credit (loan) according to the agreement, the refinance rate of the National Bank of the Republic of Kazakhstan and the rate of LIBOR are applied at the date of change of the floating rate according to the agreement.

#### **Article 95. Deduction on a Paid-up Doubtful Liability**

If doubtful liabilities previously included in the income are paid up by taxpayer to a creditor, then the paid amount is allowed for deduction. The claim is to be made in the amount previously included in the income and in the tax period in which the payment has been made.

#### **Article 96. Doubtful Claim Deduction**

1. Doubtful claims – claims resulting from sales of goods, performing of work or service rendering to legal entities and individual entrepreneurs – residents of the Republic of Kazakhstan and to legal entities – nonresidents carrying on their business in the Republic of Kazakhstan through permanent establishment and not satisfied during three years beginning from the moment of the rise of the claim;

claims on sold goods, performed work and rendered services not satisfied due to recognition of a taxpayer - debtor as bankrupt in accordance with the legislation of the Republic of Kazakhstan.

2. Claims recognized as doubtful in accordance with the Code are subject to deduction.

A taxpayer deducts doubtful claims where the following conditions are met:

1) if they are reflected in books and records at the time when deduction was made;

2) only in the case of availability of the properly executed documents as follows: invoices; written notice to the tax authority of the taxpayer registration on deduction of these expenses.

3. In case a debtor is recognized as a bankrupt, additional documents other than those specified in item 2 of this Article shall be submitted such as a court decision recognizing the debtor as bankrupt and a decision of justice bodies on removing him from the state Register. If a taxpayer meets the aforementioned requirements he shall be entitled to deduct the doubtful claim on the results of the tax period in which a taxpayer – debtor was recognized as a bankrupt.

4. Meeting of requirements specified in sub-item 2 of item 2 of this Article is not required in the case of the doubtful claims arising in the settlement of accounts with the public in the sectors of utilities and communications.

#### **Article 97. Deduction for Allocations to Reserve Funds**

1. A mineral user is entitled to deduct allocations to shutting-in operations (reserve) fund, providing the operations are carried on the basis of a contract concluded in accordance with the legislation.

The amounts and procedure for making allocations to provisions against future reclamation and closing costs are to be stipulated in the mineral contract.

2. Banks and organizations engaging in certain banking transactions shall be entitled to deduct expenses related to formation of provisions (reserves) against the following doubtful and bad assets and contingent liabilities: deposits, including balance on correspondent accounts, placed in other banks; loans (except finance lease) provided to other banks and customers; receivables on documentary accounts and guarantees; contingency liabilities on credits unpaid, guarantees issued or accepted. Procedure for qualifying assets and contingent liabilities as doubtful or bad is established by the National bank of the Republic of Kazakhstan in consultation with an authorized state agency.

3. No allocations to reserve funds other than the allocations specified in this Article shall be deductible.

**Article 98. Deductions for expenditures on research and development, project-design, and experimental-design work**

Deductions are taken for expenses on research and development, project-design, and experimental-design work connected with derivation of income, with the exception of expenses on acquisition of fixed assets, their installation, and other capital expenses. The basis for deducting the above expenses is provided by the design and estimate documentation, completion-of-the-work statement as well as other documents certifying conducting of relevant scientific-research, project-design and experimental-design work.

**Article 99. Deduction for Insurance Premiums Payments (Contributions)**

1. Insurance premiums subject to payment (paid) by an insurer under insurance agreements shall be deducted, with the exception for insurance premiums under agreements of accumulate insurance shall be subject to deduction by types of insurance, within limits set by an authorized body on regulation and control of the insurance activities in agreement with the Ministry of Finance of the Republic of Kazakhstan.

2. The banks that are partners in the system of collective security (insurance) with respect to bank deposits held by physical persons are entitled to deduct all of the obligatory calendar, additional and extraordinary allocations that are made in connection with securing (insuring) the deposits held by individuals.

**Article 100. Deductions for Social Benefits Payments**

Expenses charged by a taxpayer on payment of temporary disability of employees, maternity leaves shall be deductible. Also deductible are the payments toward the mitigation of the hardship caused to an employee by a mutilation or other damage to health occurring in performance of his duties in the amount determined by the legislation of the Republic of Kazakhstan.

**Article 101. Deductions for Expenditures on Geological Surveying and Work to Prepare for the Extraction of Natural Resources and Other Mineral Users' Deductions**

1. Expenses incurred by a mineral user on geological surveying, exploration and the work to prepare for extraction of natural resources during the period of assessment and site-development as well as administrative costs, paid signing bonus and commercial discovery bonus form a separate group deductible from aggregate annual income in the

form of amortization charges, made from the onset of extraction operations at the rates that are within the mineral user's discretion, but should not be higher than the limiting norm for amortization of 25 percent.

These expenses must be reduced by the amount of the revenue that accrues to a mineral user from the conduct of contract activities during the period of performing the geological survey and the work to prepare for extraction of natural resources, except that this adjustment may not affect

- 1) the income from sale of mineral resources and
- 2) the amounts excludable from aggregate annual income under Article 91 of the Code.
2. This procedure set in item 1 of this Article also applies to expenses on intangible assets borne by a taxpayer in connection with the acquisition of rights for geological surveying and the processing or exploitation of natural resources.
3. Expenses actually borne by a mineral user on training of Kazakhstani staff and development of social sphere of regions shall be deductible within the amounts set by contracts for mineral use.

#### **Article 102. Deduction for Exchange Rate Loss**

1. Negative exchange rate amounts connected with receipt of aggregate annual income shall be deducted in accordance with this Article.
2. Negative exchange rate amounts that occur upon payment of the construction loans (credits) during the period of construction shall be charged to the object cost.
3. The maximal exchange rate loss subject to deduction is limited to any exchange rate gain of a taxpayer plus 50 percent of taxable income. For purposes of this Article the taxable income shall be determined as the difference between the aggregate annual income and deductions of a taxpayer with no allowance for his exchange rate gain or loss. Residual amount of negative exchange rate difference, not subject to deduction in the period it occurred by provisions of this Article, shall be compensated in the further tax periods according to the provisions of the present item within the limitation period set by the present Code.

#### **Article 103. Deduction of Taxes**

1. Deduction is allowed for the assessed amounts of any taxes paid to the revenue, except for ---
  - 1) taxes pending the determination of the aggregate annual income;
  - 2) corporate income tax and income taxes paid on the territory of the Republic of Kazakhstan and in other states;
  - 3) excess profit tax.
2. Taxes paid during the current tax period for the previous tax period shall be a deduction of the tax period in which the payment was made.

#### **Article 104. Nondeductible Expenses**

Deductions are not allowed for:

- 1) expenses, not connected with receipt of aggregate annual income;
- 2) expenses on construction and acquisition of fixed assets and other capital expenses;
- 3) penalties and interest payable (paid) to the state budget;

- 4) expenses connected with receipt of aggregate annual income, exceeding the limits allowed for deduction set by the Code ;
- 5) amount of other mandatory payments to budget payable (paid) beyond norms established by normative legal acts of the Republic of Kazakhstan.
- 6) expenses on construction, exploitation and maintenance of facilities that are not used in business activity;
- 7) value of assets transferred, work executed and services provided by a taxpayer on a gratuity basis.

### **§ 3. Deductions on Fixed Assets**

#### **Article 105. Fixed Assets**

1. Fixed assets are tangible and intangible assets entered on a taxpayer's balance sheet and used for production of aggregate annual income.
2. Intangible assets are intangible objects used for a long period of time (more than one year) for the purpose of receiving aggregate annual income.

#### **Article 106. Cost of Fixed Assets**

1. The original cost of fixed assets includes the expenses on their acquisition, manufacture, construction, assembly and installation and also expenses that increase their value, other than deductible expenses.
2. The original value of fixed assets that represent contribution of a founder, participant to capital shall be the value determined in accordance with regulations of the civil legislation of the Republic of Kazakhstan.  
The original value of the fixed assets received as a gift is determined according to the receipt-and-transfer statement, but not exceeding their free market value.
3. The interest on the construction credits (loans) that is paid (payable) in the course of construction shall be added to the cost of construction.
4. The original value of intangible assets shall consist of costs on their acquisition, including costs of participants, founders.
5. The value of fixed assets is deductible through determination of depreciation costs under the procedure and conditions established by the Code.

#### **Article 107. Determination of Depreciation Costs for Fixed Assets**

1. Depreciation costs on fixed assets shall be determined under depreciation sub-groups. Fixed assets, on which depreciation costs are not charged, include the following:
  - 1) land;
  - 2) productive livestock;
  - 3) museum valuables;
  - 4) architecture and art monuments;
  - 5) car roads, pavements, boulevards, public parks;
  - 6) capital construction in process;
  - 7) film fund objects;
  - 8) fixed assets previously depreciated according to the tax legislation of the Republic of Kazakhstan being in use before January 1<sup>st</sup> 2000;
  - 9) fixed assets entered into use within investment projects.

2. Depreciation costs under each subgroup are calculated by applying the rates within the depreciation norms indicated in Article 110 of the Code to the balance value of the subgroup as at the end of the tax period.

In case of liquidation or reorganization of a taxpayer, depreciation costs shall be adjusted to the period of activity in a tax period.

3. Depreciation on constructions, buildings and structures shall be charged by each item separately.

#### **Article 108. Determination of Balance Value of Subgroups**

1. The total amounts called as the balance value of a subgroup will be drawn up for each depreciation subgroup at the beginning of tax period.

2. The balance value of a subgroup as at the end of tax period is the amount determined as follows:

the balance value of the subgroup at the beginning of the taxable period, that is, the balance value of the subgroup at the end of the previous tax period, reduced by the amount of depreciation charges determined for the previous tax period, and with account taken of adjustments made under Articles 111 and 113 (2) of the Code;

plus

the value of fixed assets, determined under Article 109 of the Code, added to the subgroup in the tax period;

minus

the value of fixed assets removed during the tax period, determined under Article 109 of the Code.

#### **Article 109. Increases and Decreases in the Fixed Assets Stock**

1. Fixed assets added to groups under acquisition, gift or contribution to the authorized capital stock will increase the balance value of the subgroup by the amount determined under Article 106 of the Code.

2. The removal of fixed assets from subgroup will decrease the balance value of subgroups by:

the amount of the sale price, in case of sale or transfer to a financial lease;

in the case of transfer as a contribution to a charter fund - by value determined according to the Article 106 of the Code.

the amount determined on the basis of insurance payments payable to the insured by the insurance company in accordance with insurance contract, - in case of write-off, loss, destruction or damage.

at balance sheet value – in case of transfer on gratuity basis.

3. In the case of the sale of a part of a fixed asset, the value the asset has at the time of disposal is divided between the remaining and the sold parts.

**Article 110. Depreciation Marginal Rates for Fixed Assets**

1. Fixed assets subject to depreciation are divided into groups and subgroups with the following marginal rates of depreciation:

<i>No of groups</i>	<i>Fixed Asset</i>	<i>Limiting depreciation norm (%)</i>
<b>I</b>	<b><i>Buildings, structures</i></b>	
1	<i>Buildings, structures</i>	8
<b>II</b>	<b><i>Constructions</i></b>	
1	<i>Oil and gas wells</i>	20
2	<i>Oil and gas depositaries</i>	10
3	<i>Ship, water canals</i>	10
4	<i>Bridges</i>	7
5	<i>Dikes, dams</i>	7
6	<i>River and sea mooring constructions</i>	7
7	<i>Railway lines of enterprises</i>	8
8	<i>Embankment constructions</i>	7
9	<i>Reservoirs, cisterns, tanks, and other capacities</i>	8
10	<i>Domestic and inter-economical irrigation network</i>	7
11	<i>Closed collector- drainage network</i>	7
12	<i>Take-off, landing lines. Ways, aircraft parking places</i>	8
13	<i>Constructions in parks and zoos</i>	8
14	<i>Sporting, sanitary constructions</i>	10
15	<i>Greenhouses and hot-houses</i>	10
16	<i>Other constructions</i>	7
<b>III</b>	<b><i>Transmission devices</i></b>	
1	<i>Devices and lines of electric transmission and communication</i>	10
2	<i>Domestic gas pipelines and pipelines</i>	8
3	<i>Water pipeline, sewerage and heating networks</i>	7
4	<i>Other</i>	7
<b>IV</b>	<b><i>Power machines and equipment</i></b>	
1	<i>Heating technical equipment</i>	15
2	<i>Turbine equipment and gas turbine installations</i>	15
3	<i>Electric engines and diesel generators</i>	10
4	<i>Complex installations</i>	8
5	<i>Other power machines and equipment (except mobile transport)</i>	7
<b>V</b>	<b><i>Operating machines and equipment by types of activities (except mobile transport)</i></b>	
1	<i>Machines and equipment for ferrous and non-ferrous metallurgy</i>	20

2	<i>Machines and equipment for chemical industry</i>	20
3	<i>Machines and equipment for oil refining and oil chemical industry</i>	20
4	<i>Machines and equipment for oil and gas production</i>	15
5	<i>Machines and equipment for mining industry, including sand-pit trucks with a 40 ton and bigger capacity</i>	25
6	<i>Equipment for electronic industry</i>	20
7	<i>Machines and equipment for manufacturing construction materials</i>	20
8	<i>Machines and equipment for wood processing, cellulose- paper industry</i>	20
9	<i>Machines and equipment for printing industry</i>	15
10	<i>Machines and equipment for light industry</i>	20
11	<i>Equipment for food, fish, meat, and dairy industry</i>	20
12	<i>Machines and equipment for trade and catering</i>	15
13	<i>Equipment for manufacturing transport, machines, and mechanisms</i>	20
14	<i>Agricultural tractors, machines, and equipment</i>	20
15	<i>Machines and equipment for founding production, equipment for abrading and diamond production</i>	20
16	<i>Digital electronic equipment for commutation and data transmission, equipment for digital systems, transmissions, digital measuring communication equipment</i>	25
17	<i>Equipment for satellite, cell communication, radio telephone, paging and trunk communication</i>	15
18	<i>Analogue equipment for commutation transmission system</i>	10
19	<i>Specialized equipment for movie studios, equipment for medical and micro-biological industry</i>	8
20	<i>Machines and equipment for other branches</i>	10
<b>VI</b>	<b><i>Other machines and equipment (except mobile transport)</i></b>	
1	<i>Industrial tractors</i>	20
2	<i>Metal cutting equipment</i>	15
3	<i>Compressor machines and equipment</i>	15
4	<i>Blacksmith's-press equipment</i>	15
5	<i>Pumps</i>	20
6	<i>Lifting-transportation, loading-unloading machines and equipment, machines for land, sand-pit, and road construction work</i>	15

7	<i>Machines and equipment for piling work, breaking-grinding, sorting, dressing equipment</i>	20
8	<i>Machines and equipment for under-water technical work</i>	20
9	<i>Machines and equipment for electrical welding and cutting</i>	10
10	<i>Reservoirs of all types for technological processes</i>	8
11	<i>Equipment for coin manufacturing</i>	20
12	<i>Other machines and equipment</i>	10
<b>VII</b>	<b><i>Mobile transport</i></b>	
1	<i>Rolling stock</i>	15
2	<i>Sea, river fleet, fishing industry fleet</i>	10
3	<i>Movable stock of automobile transport, production transport (except cars and taxis)</i>	10
4	<i>Cars and taxis</i>	7
5	<i>Main pipelines</i>	15
6	<i>Municipal transport</i>	10
7	<i>Air transport</i>	15
8	<i>Other vehicles</i>	7
<b>VIII</b>	<b><i>Computers, peripheral devices and data processing equipment</i></b>	
1	<i>Computers</i>	25
2	<i>Peripheral devices and data processing equipment</i>	20
<b>IX</b>	<b><i>Fixed assets not included into other groups</i></b>	
1	<i>Perennial plants</i>	8
2	<i>Intangible assets</i>	15
3	<i>Office furniture</i>	10
4	<i>Instruments, production and other implements and accessories</i>	8
5	<i>Copying equipment</i>	20
6	<i>Measuring and regulating devices and facilities, laboratory equipment</i>	10

2. On fixed assets put into operation for the first time, a taxpayer shall have the right during the first tax period of exploitation to compute depreciation costs at double rates provided that these fixed assets are used for deriving aggregate annual income for no less than 3 years. These fixed assets during the first tax period of exploitation shall be recorded separately from the balance value of a subgroup. During the following tax period these fixed assets shall be included in the balance value of the relevant subgroup.

#### **Article 111. Other Deductions for Fixed Assets**

1. If all fixed assets of a subgroup have been withdrawn, the balance value of the subgroup at the end of the taxable period is deductible.

2. A taxpayer shall have the right to deduct the balance value of the subgroup provided that its amount at the end of the taxable period is less than 100 monthly index.
3. A taxpayer shall be entitled to make extra deductions on fixed assets in accordance with the Articles 138-140 of the Code.

**Article 112. Fixed Assets Transferred (Received) under Finance Leasing**

1. Value of fixed assets transferred (received) on terms of finance lease (by finance leasing) is charged by the lessee in the balance value of the subgroup..
2. The balance value of the relevant subgroup at a lessee shall be decreased by the value of fixed assets transferred under finance leasing if the assets were included in balance value of the group prior to finance lease.

**Article 113. Repair Expenses Deduction**

1. Deductions are permitted in respect of each group for actual expenditures borne by the taxpayer on the repair of fixed assets belonging to that group.
2. The amount of the actual repair expenses incurred with respect of each subgroup, is deductible within 15 percent of the balance value of the group at the end of the taxable period. The amount exceeding this limit shall go to increase the balance value of the group.
3. The amounts of repair expenses that are attributable to the subsidies received from the state budget shall not be deductible and shall not increase the balance of the groups.

**§ 4. Income and Deductions Under Long-Term Contracts**

**Article 114. Income and Deductions Under Long-Term Contracts**

1. Income and deductions related to long-term contracts are recorded during a tax period based on their actual completion.  
A long-term contract is the contract (agreement) for shipment of goods, provision of services signed for more than one year.
2. The percentage of completion of a contract is determined by comparing the expenses borne during the tax period against the total estimated expenses under the contract.

***CHAPTER 16. Separate Provisions on Taxation of Certain Categories of Taxpayers***

**Article 115. Taxation of insurance (re-insurance) agencies**

1. Object of corporate income tax of insurance (re-insurance) organizations with regard to their insurance and re-insurance activities, including activities related to placement of insurance premiums, consists of the income in the form of insurance premium receivable (received) from insurers and re-insurers during the tax period under insurance (re-insurance) contracts.  
When an insurance (re-insurance) organization performs re-insurance operations associated with transfer of risks to the re-insurance organization, relevant insurance premiums paid under re-insurance contracts, shall not be recognized as object of tax of the insurance (re-insurance) organization.

2. Object of corporate income tax on income receivable (received) from other activities not specified in item 1 of this Article, shall be the taxable income determined as the difference between aggregate annual income and deductions, stipulated by the Code.

**Article 116. Income and Expense Accounting of Insurance (Re-Insurance) Organizations**

For the purpose of taxation insurance (re-insurance) organizations must maintain separate records on the income from insurance and re-insurance activity, including investment income from allocation of insurance premiums, and on income and expenses from other activities not specified in item 1 of Article 115 of the Code.

**Article 117. Corporate Income Tax Rates**

1. An insurance (re-insurance) organization shall pay corporate income tax in a form of fixed charges under insurance (re-insurance) contracts at the following rates:

- 1) for non-accumulative insurance (re-insurance) – 4 % of the insurance payments receivable (received);
- 2) for accumulative insurance (re-insurance) – 2 % of insurance payments receivable (received).

2. Income, specified in item 2 of Article 115 of the Code, received (receivable) by insurance (re-insurance) organizations within the tax period is subject to corporate income tax at the rate specified in item 1 of Article 135 of the Code.

**Article 118. Corporate Income Tax Return and Computation**

1. Insurance (re-insurance) organizations on income in the form of premiums shall present to tax bodies monthly computation of corporate income tax assessed for the month no later than the 15<sup>th</sup> date of the month following the reporting one.

2. At the end of the tax period insurance (re-insurance) organizations are obliged to file returns on all incomes in the time established in Article 137 of the Code.

3. Final computation and payment of corporate income tax is made on due dates established by Article 127 of the Code.

**Article 119. Time of Corporate Income Tax Payment**

1. Insurance (re-insurance) organizations pay corporate income tax on income in the form of premiums, receivable (received) from the insurer and re-insurers under insurance (re-insurance) contracts, by the 15<sup>th</sup> day of the month following the reporting month.

2. On income, received (receivable) within the tax period, except for income specified in point 1 of Article 115 of the Code, the advance payments are paid under the procedure established in Article 126 of the Code.

**§ 2. Taxation of Other categories of Taxpayers**

**Article 120. Taxation of Noncommercial Organizations**

1. For purposes of the Code, any organization which is the noncommercial organization under civil law of the Republic of Kazakhstan shall be taken to be a noncommercial

organization, except for any such joint stock companies, establishments and consumer cooperatives as do not meet the following requirements---

- 1) the purpose of making profit as such is not pursued;
- 2) the received net income or the property is not distributed among the participants;
2. Providing the requirements under item 1 are met, income of noncommercial organizations in the form of remuneration, grants, sign-up or membership fees, or as charitable contributions or donated property or allocations and offerings provided free of charge shall not be subject to tax.
3. In case the requirements under item 1 are not met, the income of noncommercial organizations shall be subject to tax under the general procedure.
4. Any income which is not specified in item 2 of this Article, is subject to tax under the generally established procedure.

In this regard, noncommercial organizations are required to maintain separate records for tax-free income under this Article and for income subject to tax under the general procedure.

#### **Article 121. Taxation of Organizations Engaging in Social Sphere Activities**

1. Organizations carrying out activity in the social sphere consist of organizations that conduct exclusively the following types of activity---

- 1) performance of any medical services other than those of a cosmetologist;
- 2) provision under appropriate licenses services in the area of pre-school upbringing and training;  
primary, basic, secondary and supplementary general education;  
primary, secondary, higher and post-graduate vocational education; as well as professional retraining and advance training ;
- 3) scientific research, sport (except for sports shows at a fee), culture (except for show business), services on conservation of items of historical and cultural heritage, historical values, as well as any activities relating to social protection and social security of adolescents, senior citizens and the disabled;
- 4) library services;

2. Organizations engaging in social sphere activities also consist of organizations that meet the following requirements;

- employing in any given tax period the disabled persons at the level of at least 51 percent of the total number of employees;
- incurring a payroll cost that in any given tax period comprises to at least 51 percent (for special institutions that employ dumb, deaf and blind disabled individuals – 35%) of the total payroll expenses.

Provisions set in this Article are not applied to organizations deriving income from production and sales of excisable goods and excisable types of activity.

3. The income received by the organizations indicated in items 1,2 of this Article, and also funds received in the form of grants, or as charitable contributions or donated property or allocations and offerings provided free of charge shall not be taxed where they are allocated to performing of specified kinds of activity.

4. In case the requirements under this Article are not met, the income derived shall be subject to tax under the procedure established by the Code.

## ***CHAPTER 17. Adjustment of Taxable Income***

### **Article 122. Adjustment of Taxable Income**

1. Deduction in the amount of 2 percent of the taxable income is allowed with respect to:
  - 1) expenses actually borne by the taxpayer for maintaining social sphere objects;
  - 2) property transferred in the form of a gift to noncommercial organizations;
  - 3) targeted social support provided to individuals, in accordance with the legislation of the Republic of Kazakhstan .
2. Taxpayers employing disabled persons are entitled to a deduction in the amount of 2 times the payroll of the disabled plus 50 percent of the social tax liability for the wages and other payments to the disabled.
3. Taxpayers deduct taxable income in the amount of remuneration arising from finance leasing of capital assets provided for more than 3 years with their subsequent transfer to the lessee.
4. Organizations effecting certain kinds of banking transactions, whose exclusive activity is agricultural crediting, reduce taxable income by the amount of income derived from this activity.
5. In case if a taxpayer realizes the fixed assets newly put into operation, which were depreciated under item 2 of Article 110 of the Code before expiry of three years period, the amount additionally deducted shall be included in taxable income of a taxpayer in the tax period in which the assets were disposed.

## ***CHAPTER 18. Losses***

### **Article 123. Concept of Loss**

1. Loss from business activity shall be defined as excess of deductions over the adjusted aggregate annual income.
2. The following shall be understood as a loss from sales of securities:
  - for securities, except for promissory notes – negative difference between the sale price and purchase price;
  - for promissory notes – negative difference between the sale price and purchase price subject to discounted depreciation and (or) interest accrued by the date of sale.

### **Article 124. Carryover of Losses**

1. Business losses, as well as losses arising from disposal of buildings, structures or constructions used in business of a taxpayer are carried forward for a period of up to full three years to cover at the expense of the taxable income the future tax periods.

In the case of activity carried on under mineral agreements, losses are carried forward for a period of full seven years.

Provisions of this Article shall not apply to losses of a taxpayer for a tax period resulted from depreciation costs deducted, which were determined under item 2 of Article 110 of the Code.
2. Losses arising from sale of securities other than common stock and bonds qualifying for “A” and “B” listing at stock exchange are compensated from gains received from the

sale of other securities, with the exception of gains received from the sale of stock and bonds qualifying for “A” and “B” listing at stock exchange.

If the losses cannot be compensated in the same taxable period, they are to be carried forward for a period of up to three years and compensated from the gains from the sale of other securities, with the exception of gains received from the sale of the stock and bonds qualifying for “A” and “B” listing at the stock exchange.

## ***CHAPTER 19. Procedure And Due Dates For Calculating And Payment Of Corporate Income Tax***

### **Article 125. Determination of Corporate Income Tax**

Corporate income tax for a tax period shall be computed through application of the rate established by item 1 of Article 135 of the Code, taking into account adjustments made according to the Article 122 of the Code, to taxable income reduced by losses carried over under Article 124 of the Code.

### **Article 126. Computation of Advance Payments**

1. Corporate income tax is payable in the course of a tax period in the form of advance payments under the procedure set by the Code.
2. The amount of advance corporate income tax payments to be paid in the course of a tax period is computed by a taxpayer as the total tax liability indicated in the corporate tax return for the previous tax period taking into account estimated amount of corporate income tax for the current tax period.
3. Advance payments payable during the time preceding the filing of the corporate income tax return shall be determined as average monthly payments made in the preceding tax period.
4. Advance payments payable by a taxpayer shall be paid in equal portions within the tax period.
5. Computation of advance payments to be paid for the period prior to filing of the corporate income tax return shall be made and submitted by a taxpayer to the tax authority of the place of his registration by 20 January of the year following the reporting one.
6. Computation of advance payments to be paid after filing of the corporate income tax return shall be submitted by a taxpayer during 20 working days from the date of tax return filing.
7. On the basis of the tax period results the taxpayers which have incurred losses or have not had taxable income – within 20 working days after the filing of a corporate tax return, and newly created taxpayers - within 20 working days after their creation – shall submit to tax authorities a computation of estimated advance payments to be paid for the tax period.
8. With a justified written application submitted to tax authorities a taxpayer in conferment with tax authority is entitled during a tax period to submit an adjusted computation of advance payments.

**Article 127. Time and Procedure for Payment of Corporate Income Tax**

1. Taxpayers shall pay corporate income tax at the place of their location, unless otherwise is stipulated by Article 128 of the Code.
2. Taxpayers must make advance payments on corporate income tax to the budget every month during the tax period established by Article 136 of the Code, not later than the 20<sup>th</sup> date of the current month, in the amount determined under Article 126 of the Code.
3. Advance payments of corporate income tax paid in the course of a tax period shall be credited against the corporate income tax liability shown on the corporate income tax return for the taxable period.
4. Taxpayers shall make final payment (calculation) of corporate Income tax on the results of tax period within no later than 10 working days after the date established for filing the corporate income tax return.

**Article 128. Payment of Corporate Income Tax by a Taxpayer with Subdivisions**

1. Taxpayers having structural subdivisions are required to register structural subdivisions in the territorial tax office at the place of location and inform the territorial tax office of the registration of their branch organizations.
2. Computation of corporate income tax by the taxpayer, having structural subdivisions, shall be made for the legal entity as a whole with allocation of advance payments and corporate income tax by structural subdivisions under the results of a tax period under the procedure, established by the Authorized State Agency.
3. Taxpayers under the procedure established by the legislation of the Republic of Kazakhstan shall make payment of corporate income tax for their subdivisions to appropriate budgets at the place of their location or to appropriate budgets of cities of Astana, Almaty or to oblast budgets.
4. Taxpayers having subdivisions are to submit the calculation on advance payments, payable in the course of the tax period, to the tax office in its location place, and copies of calculations to the tax offices in places of subdivisions' location and registration within the deadline established in Article 126 of the Code.

Where advance payments for subdivisions are made to corresponding budgets of cities Astana, Almaty or oblast budgets, the copies of calculations shall be submitted to tax offices of cities of Astana, Almaty or oblast tax offices.

The copy of calculation must be certified by the tax office of the taxpayer's registration place.

5. Taxpayers having structural subdivisions are required to inform the tax offices in the place of registration of their subdivisions of the amounts of corporate income tax payable by the subdivision at the end of the taxable period in accordance with the procedure and the form established by the authorized state Agency.

**Article 129. Foreign tax credit**

1. Amounts of income tax paid outside the Republic of Kazakhstan on income received by a taxpayer outside the Republic of Kazakhstan shall be credited upon payment of corporate income tax in the Republic of Kazakhstan.

2. The amount of the credit stipulated by item 1 of this Article is determined for each state separately, proceeding from the amount of tax actually paid for the income received by a taxpayer in each country. The amount of the tax credited must not exceed the amount of tax assessed in the Republic of Kazakhstan on that income at the rate established by Article 135 of the Code.

3. Item 1 of this Article does not apply to taxes withheld in states that are parties to a Treaty on avoidance of double taxation and prevention from tax evasion on income and capital, from income and capital of a legal entity or an individual – resident of the Republic of Kazakhstan, which under the provisions of this Treaty is subject to tax in the Republic of Kazakhstan.

#### **Article 130. Income received in states with concessional taxation**

1. If a resident directly or indirectly holds 10 percent or more of the authorized capital of a legal entity – non-resident or 10 percent or more of voting shares of this legal entity – non-resident, which on its turn receives income in a state with concessional taxation, then the portion of such income pertaining to the resident is included in his taxable income. This provision also applies to participation of a resident in other businesses that do not form a legal entity.

2. A foreign state is considered to be a state with concessional (preferential) taxation if its tax rate is 1/3 lower than that determined in accordance with the Code, or if laws on the confidentiality of financial information or company information exist which allow secrecy to be maintained concerning the actual owner of property or recipient of income.

### ***CHAPTER 20. Withholding Of Tax At Source Of Payment***

#### **Article 131. Income Taxed at Source of Payment**

1. Income subject to taxation at source of payment includes ---

1) dividends;

2) interest on deposits, except for the interest payable to physical persons on deposits in banks and organizations conducting certain banking transactions with a license issued by the National Bank of the Republic of Kazakhstan;

3) winnings;

4) income of non-residents from sources in the Republic of Kazakhstan determined in accordance with Article 178 of the Code.

5) interest paid to legal entities except for the interest paid to banks – residents, accumulative pension funds, lessors, and on promissory notes ;

6) Interest on debt securities (promissory notes) in the form of coupon paid by the issuer in accordance with the issue terms.

2. The amount of tax withheld from winnings or remuneration when there are documents to confirm the withholding of the tax at the source of payment, shall be credited against corporate income tax assessed by the taxpayer for the tax period.

**Article 132. Procedure for Computation of Tax Withheld at the Source of Payment**

1. The amount of tax is determined by the tax agent by applying the rate stipulated in item 2 of Article 135 of the Code to the paid amount of the income that is subject to taxation at the source of payment.
2. The withholding from the income taxed at the source of payment specified in Article 131 of the Code is made by the tax agent regardless of the form or place of payment .

**Article 133. Time for Remitting Tax Withheld at Source of Payment**

Tax agents are obliged to transfer tax amounts withheld at the source of payment within 5 working days following the month in which the payment was made unless otherwise is stipulated by the Code.

**Article 134. Calculation on Withholding of Tax at Source of Payment**

Tax agents must submit computation on tax amounts withheld at the source of payment not later than the 15<sup>th</sup> date of the month following the quarter.

***CHAPTER 21. Tax Rates***

**Article 135. Tax Rates**

1. Taxable income of taxpayer, taking into account adjustments made according to Article 122 of the Code, reduced by the amount of losses carried forward in accordance with the procedure under Article 124 of the Code, shall be subject to taxation at the rate of 30 percent.

Taxable income of a taxpayer for whom land is the major means of production, with allowance for adjustments made according Article 122 of the Code, less the amount of losses carried forward according to Article 124 of the Code, shall be taxed at the rate of 10%.

2. Income taxed at source of payment, except for income of non-residents from the Kazakhstani sources, is to be taxed at source of payment at the rate of 15 percent.
3. Income of non-residents from a source in Kazakhstan, determined under Article 178 of the Code, are taxed at the rates specified in Article 180 of the Code.
4. In addition to corporate income tax, net income of a nonresident legal entity engaging in activities in the Republic of Kazakhstan through a permanent establishment is subject to tax at the rate of 15 percent, under the procedure established by Article 185 of the Code.

***CHAPTER 22. Tax Period And Tax Return***

**Article 136. Tax Period**

1. The tax period for a corporate income tax is a calendar year.
2. If an organization is formed after the beginning of a calendar year, the first tax period for such an organization shall be the period beginning from the day of its formation to the end of a calendar year.

In this case the day of state registration of the organization with an authorized agency shall be recognized as the day of its creation.

3. If an organization is liquidated (reorganized) before to the end of a calendar year the last tax period for the organization shall be the period from the beginning of the year to the day of completion of liquidation (reorganization).

4. If an organization that was formed after the beginning of a calendar year is liquidated (reorganized) prior to the end of this year, the tax period for such an organization shall be the period beginning from the day of formation to the day of completion of liquidation (reorganization).

#### **Article 137. Tax Return**

1. Taxpayers of a corporate income tax shall file a return for corporate income tax to the tax authorities before April 1 of the year following the reporting tax period except for legal entities applying special taxation regime under Articles 368-377, 385-397 of the Code.

2. Corporate income tax return consists of the return and its annexes disclosing information on taxable objects and objects related to corporate income taxation.

## **SECTION 5. INVESTMENT TAX INCENTIVES**

### **Article 138. Investment Tax Incentives**

Investment tax incentives shall be provided on Corporate Income Tax and Property Tax. Under Investment Tax Incentives a taxpayer that invests in fixed assets for renovation, extension and modernization of existing production capacities is entitled to additional deduction from aggregate annual income, and to a relief from Property Tax on capital assets newly put into use within an investment project (investment program) with a purpose of creation of new and expansion and modernization of ongoing production.

### **Article 139. Procedure for Application of Investment Tax Incentives**

1. Investment tax incentives (hereinafter referred to as – the incentives) shall be provided to taxpayers that newly put into use the capital assets within an investment project (investment program).

2. The incentives shall be provided to a taxpayer in accordance with the contract setting the date for a beginning of application of incentives. Original copy of the contract shall be transferred to a tax office at the place of the taxpayer's registration with the following timing:

from 1 January of the year following the year when the new capital assets were put into use, - by a taxpayer performing economical activities at the moment of conclusion of the contract;

from the moment when the new capital assets were put into use – by a newly created taxpayer;

Procedures for development and conclusion of the contract shall be set by a legislative act regulating the issues of state protection of investments.

3. To apply the Corporate Income Tax incentives on newly introduced fixed assets within the investment project, a taxpayer shall not include the value of these fixed assets into the balance value of the subgroup, and keep separate records for them.

4. Corporate Income Tax incentives give a taxpayer a right to deduct value of the fixed assets in question from aggregate annual income, in equal instalments depending on the period of validity of the incentives.

5. Property tax incentives shall mean a relief from payment of Property tax on fixed assets newly put into use within an investment project (investment program), during the period of validity of Corporate Income Tax Incentives.

When the period of validity of the Property Tax Incentives expires, a taxpayer shall pay property tax under the procedure established by Articles 351-360 of the present Code.

6. Period of validity of incentives shall be determined in each particular case depending on the size and payback period of investment, but can not exceed 5 years from the date specified in item 2 of this Article.

### **Article 140. Expiration of incentives**

1. Tax incentives shall expire after a deadline set in the contract outlining the payback period of investment, taking into account item 6 Article 139 of this Code. Period of validity of the incentives may be terminated before the deadline.

Period of validity of investment incentive may be cancelled before expiration date by mutual agreement of parties, or in unilateral order by any party, in cases specified by legislation of the Republic of Kazakhstan.

2. In case when an investment incentive is cancelled before the expiration date, a taxpayer must pay taxes and be held accountable under the procedure stipulated by the Code and the legislative acts of the Republic of Kazakhstan.

## SECTION 6. PERSONAL INCOME TAX

### *CHAPTER 23. General Provisions*

#### **Article 141. Payers**

Payers of the personal income tax shall be individuals having objects of taxation determined in accordance with Article 143 of the Code (hereinafter in this section “taxpayers”).

#### **Article 142. Specific terms of taxation of individuals - nonresidents**

Nonresident individuals shall compute, pay and file returns on the individual income tax in accordance with Articles 141-174, except cases specified in Articles 187-192 of the Code.

#### **Article 143. Objects of Taxation**

The objects of taxation for personal income tax except for incomes specified in Article 144 of the Code shall be:

- 1) income of a taxpayer subject to taxation at the source of payment;
- 2) income of a taxpayer not subject to taxation at the source of payment

#### **Article 144. Income not subject to taxation**

1. The following is not recognized as an object of personal income tax:

- 1) Targeted social assistance, benefits and compensations except those related to labour remuneration paid from the state budget in amounts set by the legislation of the Republic of Kazakhstan;
- 2) Alimony for children and dependants;
- 3) Compensation connected with payments to a person who has sustained an injury or contracted a disease as a consequence of carrying out his/her occupation according to the legislation of the Republic of Kazakhstan (except for compensation of lost salary);
- 4) Remuneration paid to individuals on their bank deposits, including deposits in organizations, carrying out certain types of banking transactions under the license issued by the National Bank of the Republic of Kazakhstan and remuneration on debt instruments ;
- 5) Income from transactions with state securities;
- 6) All types of payments received by military and internal affairs servicemen with relation to their official duties;
- 7) Lottery winnings within 5 monthly calculation indices;
- 8) Payments for public works and professional training, that is made at the expense of the state budget and grants within minimum wage amount determined by the legislation act of the Republic of Kazakhstan for the relevant year;
- 9) Payments from grants (except payments in the form of wages);
- 10) Allowances in cases when constant work involves travelling, or connected with business travels within the servicing sites in amounts set by the legislation of the Republic of Kazakhstan;

11) payments pursuant to the legislation of the Republic of Kazakhstan on social protection of persons – sufferers from ecological disaster or nuclear tests on the testing nuclear area;

12) Income of participants of the Great Patriotic War 1941-1945 and people equated to them, handicapped persons of I and II groups, and one parent of a disabled child within 480-times of monthly calculated index amount for a tax year; income of handicapped persons of III group within 240-times monthly calculated index amount per year;

13) Income from capital gain on sale of shares listed in the “A” and “B” official lists of the stock exchange;

14) Lump sum payments made from the state budget (except for salaries);

15) Lump sum benefits provided for payment for medical services (except for cosmetic services), childbirth benefits or funeral allowances, certified by appropriate documentation, within 50 times monthly calculated index within a tax year;

16) Reimbursement of business trip expenses in amounts specified in Article 92 of the Code;

17) Reimbursement of trip, property transportation and renting expenses incurred with the transfer of employee to other location together with the organization, confirmed by documents;

18) Official income of diplomatic or consular officers - not residents of the Republic of Kazakhstan;

19) Official income of foreign individuals – public servants of a foreign state, where their income is subject for taxation;

20) Paid from national budget official incomes in foreign currency of individuals – nationals of the Republic of Kazakhstan on diplomatic service and diplomatic representatives of the Republic of Kazakhstan abroad equated to them;

21) Pension payments from the State Payment Pension Centre;

22) Pension and insurance payments paid from voluntary pension contributions;

23) Allowances of employees engaged in geologic-exploring, topographic- geodesic and other works in the field in amounts set by legislation of the Republic of Kazakhstan;

24) Premiums on deposits into housing construction savings (state premium) paid from the republican budget within limits set by the legislation of the Republic of Kazakhstan;

25) Employer expenses for occupational training and retraining of the employed with regard to their profession related to their production activities according to the legislation of the Republic of Kazakhstan;

26) Expenses of an employer related to providing housing and food within per diems stipulated by Article 93 of the Code to employees engaged in shift work during their operation on the site, and expenses related to transportation of employees to the work site and back, and to providing labour and leisure conditions;

27) Social allowances on pregnancy and maternity benefits and also social allowances to women (men) who adopted children, in amounts set by the legislation of the Republic of Kazakhstan;

28) Scholarships paid to the students in educational institutions within state scholarship amount set by the legislation of the Republic of Kazakhstan;

29) Cost of provided uniform, special tools, special footwear, other means of individual safeguard and first medical aid, soap, degreasers, milk or other similar food

provided for medical and prophylactic purposes, in accordance with the legislation of the Republic of Kazakhstan;

30) Value of the property received by an individual from another individual as a gift or inheritance;

31) Value of the property received as a humanitarian, charitable aid;

32) Insurance payments for occupational injuries of a worker while performing labour (service) duties paid under mandatory employer's responsibility insurance contract;

33) Insurance payments connected with insurance case and made in case of any type of insurance during the validity of the insurance contract, except for income specified in Article 161 of the Code;

34) Insurance premium payments made by an employer under contracts of mandatory insurance of their employees ;

35) Amounts of dividends, interests, winnings previously taxed at the resource of payment in case supporting documents on tax withholding from the source of payment are available;

36) Compensation of material damage, awarded under the court decision;

37) Amounts of pension payments received from accumulative pension funds, directed to insurance organizations for life insurance, to pay insurance premiums under contracts on accumulative insurance (annuity).

2. To obtain the benefit mentioned in the subparagraph 12) Paragraph 1 of the present Article, except for income mentioned in Article 149 of the Code, a taxpayer has to file an individual income tax return to a tax office at the place of registration.

#### **Article 145. Tax Rates**

1. The taxable income of a taxpayer, except for income stipulated by paragraphs 2 and 3 of this Article, received for a tax period shall be the subject to taxation, at the following rates:

Within the 15-fold yearly index amount	5 per cent of the taxable income
15 - to 40 – fold yearly index amount	tax liability on the 15-fold yearly index amount + 10 per cent on the excess of that amount
40 - to 600 – fold yearly index amount	tax liability on the 40-fold yearly index amount + 20 per cent on the excess of that amount
From 600 and more	tax liability on the 600-fold yearly index amount + 30 per cent on the excess of that amount

2. Income in the form of dividends, interests (except for remuneration under the cumulative insurance contracts) and winnings is subject to taxation at 15 per cent.

3. Income of lawyers, and private notaries is subject to taxation at 10 per cent.

## ***CHAPTER 24. Income Taxed At The Source Of Payment***

### **Article 146. Income Taxed at Source of Payment**

The following income is an income taxed at the source of payment:

- 1) Income of an employee;
- 2) Income as a one time payment
- 3) Pension payments from accumulative pension funds;
- 4) Dividends, interests and winnings;
- 5) Scholarships;
- 6) Income received under cumulative insurance

### **Article 147. The procedure for tax computation and tax payment**

1. Personal income tax shall be computed and withheld by the tax agents not later than the day of payment of the income taxed at source of payment, unless otherwise is provided by the Code.
2. Tax agents shall transfer the tax during five working days following the last day of income payment of the reporting month, to the place of location of taxpayers, unless otherwise provided by the Code.
3. Procedure and deadlines for payment of personal income tax made by tax agents applying special taxation regimes for activities set in the paragraph 1 Article 378, and the paragraph 1 Article 385, are specified in the Articles 383 and 390 of the Code.

### **Article 148. Personal Income Tax Computation**

1. Tax agents shall submit to the tax authorities for each quarter computation of personal income tax from income, taxed at the source of payment not later than the 15th day of a month following the reporting quarter.  
Tax agents shall submit computation of personal income tax at the place of tax payment.
2. Tax agents applying special taxation regime for activities set in the paragraph 1 Article 378, and the paragraph 1 Article 385, shall submit computation of personal income tax in accordance with the Articles 384 and 390 of the Code.

## **§ 1. Income of an Employee Taxed at the Source of Payment**

### **Article 149. Income of an Employee Taxed at the Source of Payment**

1. Income of an employee taxed at the source of payment shall be the income paid by an employer and reduced by tax deductions stipulated by the Article 152 of the Code.
2. Income of an employee may comprise any income paid by employers in cash or in kind, including income in the form of welfare, social allowances or other material profits.

### **Article 150. Income of an Employee in kind**

1. Income in kind received by an employee shall include:

- 1) work remuneration in kind;
- 2) goods, received by an employee, works executed in the interests of an employee, gratuitous services to an employee;
- 3) goods (works, services) received by an employee from a third person and paid by an employer;
2. Income in kind of an employee shall be value of such goods (works, services), including relevant amount of value added tax and excise.

#### **Article 151. Income of employee in form of material profit**

Income of an employee received in a form of material profit, including the following:

- 1) Negative difference between value of goods (works, services) sold to an employee and acquisition price or cost price of these goods (works, services);
- 2) Writings – off of debt amounts or employee’s obligations upon the decision of an employer;
- 3) Expenses incurred by an employer on payment of insurance premiums under the contracts on insurance of his employees;
- 4) Employer’s expenditures to reimburse employee’s costs, not relevant to his activities.

#### **Article 152. Tax Deductions**

1. From the income of an employee taxed at the source of payment for each month during the tax period the following amounts shall be the subject to deduction:

- 1) amount of a monthly calculated index established by the legislative act of the Republic of Kazakhstan for a relevant month of income calculation;
- 2) amount of a monthly calculation index for each family member, dependant employee, beginning from the month when dependence occurred. Deductions indicated shall be applied to the income of only one taxpayer – member of the family.

For the purposes of this Article, family shall mean spouses, children and parents living together and maintaining common household (including temporary absents).

A dependent is a member of a taxpayer’s family whose living is supported by that individual, and who has his own source of income for a month in the amount not exceeding a monthly index.

- 3) mandatory pension contributions to accumulative pension funds in amounts established by the legislation of the Republic of Kazakhstan;

2. The right to claim a deduction according to the subparagraphs 1) and 2), paragraph 1 of the present Article shall be granted to a taxpayer only with regard to the income received from only one chosen employer and on the base of taxpayer’s claim and supporting documents presented to that employer

#### **Article 153. Calculation and Withholding of Tax**

1. Amount of personal income tax on the employee’s income shall be computed with the application of the rate, established by item 1 of Article 145 of the Code, to the income of an employee that is subject to withholding tax at the source of payment for a tax year.

2. Computation and withholding of the personal income tax is performed monthly on the progressive basis in accordance with the procedure established by the authorized state body.

3. In case when an employee is dismissed before the end of a tax year, a tax agent shall reassess the amount of individual income tax due, based on the amount of income actually earned during the period worked, and provide the employee with the certificate on the amount of income earned and tax actually paid.

In case of changing a work place, an individual shall submit the assessment certificate on income earned and tax paid at a previous workplace, to a tax agent at the new workplace,

## **§ 2. Income from Lump Sum Payments Taxed at the Source of Payment**

### **Article 154. Income from Lump Sum Payments**

Incomes from lump sum payments shall be taxpayers' incomes from civil contracts concluded by legal entities and individual entrepreneurs according to the legislation of the Republic of Kazakhstan, and other lump sum payments to individuals.

### **Article 155. Computation of Tax**

The amount of personal income tax shall be computed with application of the rates established in item 1 of Article 145 of the Code to the income from lump sum payments taxed at the source of payment and reduced by the amount of obligatory pension contributions into cumulative pension funds, in the amount and cases established by the legislation of the Republic of Kazakhstan.

## **§ 3. Pension Payments from Accumulative Pension Funds, Taxed at the Source of Payment**

### **Article 156. Pension Payments taxed at the source of income**

Pension payments taxed at the source of payment shall be the payments made by accumulative pension funds from pension savings of taxpayers and reduced by the amount of a monthly calculated index set by the legislative act of the Republic of Kazakhstan for the appropriate month of income computation.

### **Article 157. Determination of the Tax**

Amount of personal income tax shall be computed according to the procedure specified in Article 153 of the Code.

## **§4. Income in the Form of Dividends, Interests and Winnings, Taxed at the Source of Payment.**

### **Article 158. Determination of the Tax**

Amount of personal income tax due shall be assessed through application of the rate set by the paragraph 2 Article 145 to the individual income in the form of dividends, interest and winning, and withheld accordance with the Articles 131-134 of the Code.

## **§ 5. Scholarships**

### **Article 159. Scholarships**

Scholarship, taxed at the source of payment shall mean money given to persons studying in educational institutions, except amounts specified in subparagraph 28) of Article 144 of the Code and amounts paid to researchers, artists, journalists and other individuals.

### **Article 160. Determination of tax amount**

The amount of personal income tax shall be computed by application of the rate under item 1 of Article 145 of the Code to the amount of scholarship paid.

## **§ 6. Income received under accrual insurance agreements taxed at the source of payment.**

### **Article 161. Income received under accumulative insurance**

1. Personal income received under accrual insurance contract comprises insurance payments made by insurance agencies, insurance premiums, paid from:
  - pension payments in pension savings funds;
  - funds of employers.
2. Personal income received under accrual insurance contract also includes an excess of the sum of insurance payments made by an insurance agency over the sum of insurance premiums

### **Article 162. Determination of the sum of tax**

The sum of personal income tax is determined by application of the rate established by item 1 of Article 145 of the Code to the sum of income paid under the accumulative insurance contracts.

## ***CHAPTER 25. Income not Subject to Taxation at Source of Payment***

### **Article 163. Income not subject for taxation at the source of payment**

Income not subject to taxation at the source of payment shall be:

- 1) Property income
- 2) Taxable income of an individual entrepreneur;
- 3) Income of lawyers and private notary ;
- 4) Other income determined according to Article 170 of the Code

### **Article 164. Computation of Personal Income Tax with regard to Income not Taxed at Source of Payment**

1. Computation of personal income tax on income which is not taxed at the source of payment shall be made by a taxpayer independently by applying the rates established by item 1 of Article 145 to the amount of income not taxed at the source of payment less tax deductions according to Article 152, except for income of advocates and private notaries computed according to Article 168 of the Code.

2. When a taxpayer has several types of income not taxed at the source of payment, except for income of advocates and private notaries, computation of personal income tax shall be made by the taxpayer independently by applying the rates established by item 1 of Article 145 of the Code to the total amount of all income not taxed at the source of payment.
3. Individual entrepreneurs shall compute and pay the advance payments within a tax year according to Articles 126 – 127 of the Code.

#### **Article 165. Tax Payment Deadline**

1. Amount of individual income tax for the tax year taking into account previously paid advance payment in cases determined by the Code shall be paid by a taxpayer individually within 10 working days after the deadline for filing returns for personal income tax.
2. Individual entrepreneurs under the special tax regime shall pay personal income tax on income specified in sub-item 2) of Article 163, according to the procedure and due time as established by Articles 368-384, 391-397 of the Code.

### **§ 1. Property Income**

#### **Article 166. Property income**

1. Property income of taxpayers include:
  - 1) gains from the sale of property not used in entrepreneur activities:
    - a) immovable property on the right of property less than 1 year
    - b) securities, and share equity in a legal entity;
    - c) precious jewels and precious metals, jewellery made of them, and other objects containing precious jewels and precious metals, as well as works of art and rarities.
  - 2) income from the rental of property, except for the income taxed at source of payment according to Articles 154, 155 of the Code;
2. Capital gains from sale of property listed in subparagraph 1 of paragraph 1 of this Article shall be the positive difference between sales value of property and its assessed value, but no less than acquisition price.
3. Value increase at the sale of securities shall be assessed according to item 4 of Article 82 of the Code.

### **§ 2. Income of Lawyers and Private Notaries**

#### **Article 167. Income of lawyers and private notaries**

Income of lawyers and private notaries shall be all incomes gained from lawyers and notary activities, including payment for legal assistance, notary services, and amounts received from reimbursement of expenses on advocacy and representation.

#### **Article 168. Tax Computation and Payment**

1. Amount of personal income tax imposed on income of lawyers and private notaries shall be computed every month through application of rate specified in item 3 of the Article 145 of the Code to the amount of incomes received.

2. Amount of personal income tax for the reporting month shall be paid not later than the 5<sup>th</sup> day of the month following the reporting month.

### **§ 3. Taxable Income of Individual Entrepreneur**

#### **Article 169. Taxable Income of an Individual Entrepreneur**

Taxable income of individual entrepreneur shall be computed according to Articles 79-124 of the Code.

### **§ 4. Other income**

#### **Article 170. Other Income not taxed at source of payment**

Other incomes which are not be taxed at the source of payment shall be incomes not specified in Articles 149-162 of the Code, including those received outside the territory of the Republic of Kazakhstan.

## ***CHAPTER 26. Personal Income Tax Return***

#### **Article 171. Personal income tax return**

Tax returns on personal income of individuals shall be filed in forms established by an authorized state body by the following resident taxpayers:

- 1) taxpayers having income that is not subject to tax at source of payment;
- 2) taxpayers that made in the tax year a large one-time purchase in the amount exceeding 2000 of the monthly calculated indices, except for housing construction and purchase of construction materials for housing construction;
- 3) Individuals receiving income beyond the territory of the Republic of Kazakhstan;
- 4) individuals having money on bank deposits in foreign banks beyond the territory of the Republic of Kazakhstan;
- 5) persons applying the legislation on public officials, except for servicemen on a fixed period service;
- 6) Members of Parliament of the Republic of Kazakhstan, judges

#### **Article 172. Personal income tax return deadline**

1. Personal income tax return shall be submitted to the tax bodies at the place of registration before the March 31<sup>st</sup> of the year, following the tax year.
2. Individual entrepreneurs under the special tax regime shall not submit personal income tax return on incomes from activities covered by the special tax regime.

#### **Article 173. Foreign tax credit**

Amounts of personal income tax, paid beyond the territory of the Republic of Kazakhstan, shall be credited at the moment of payment the tax in the Republic of Kazakhstan in accordance with item 2 and 3 on the Article 129 of the Code.

**Article 174. Tax payment not confirmed**

If payment of personal income tax is not confirmed by a taxpayer filing personal income tax return according to subparagraphs 2,3,5 and 6 of the Article 171, personal income tax shall be computed through application of the rate, specified in paragraph 1 of Article 145 of the Code, to the income on which tax payment is not confirmed.

## SECTION 7. TAXATION OF INCOME OF NONRESIDENTS

### *CHAPTER 27. General Provisions*

#### **Article 175. General Provisions**

The section shall apply to corporate and personal income taxation of income of nonresident legal entities and individuals deriving income from the sources in the Republic of Kazakhstan.

#### **Article 176. Residents and Nonresidents**

1. For the purposes of the Code residents of the Republic of Kazakhstan shall mean individuals, who live in the Republic of Kazakhstan or have their center of vital interests in the Republic of Kazakhstan, or those listed in item 4 of this Article.

2. An individual shall be deemed as living in the Republic of Kazakhstan for the certain tax period if he (she) has been residing in the Republic of Kazakhstan for not less than 183 calendar days in any consequent 12 -month period ending in the given tax period.

An individual shall also be deemed as living in the Republic of Kazakhstan for the current tax period if the number of days of stay in the Republic of Kazakhstan in given tax period and two previous tax periods determined with application to each tax period of stated below factors is not less than 183 calendar days:

the number of days of residence in given tax period - 1,

the number of days of residence in the first previous tax period - 1/3,

the number of days of residence in the second previous tax period - 1/6.

If during a current tax period an individual has lived in the Republic of Kazakhstan less than 30 calendar days, such individual is not deemed as living in the Republic of Kazakhstan.

For purposes of given item an individual is considered as non-resident for the period following the last day of his (her) stay in the Republic of Kazakhstan if the individual does not become a resident in the year following the year when residence of this individual in the Republic of Kazakhstan ends.

3. A physical person shall be deemed as having the center of vital interests in the Republic of Kazakhstan if the following requirements are simultaneously fulfilled:

1) an individual has a citizenship of the Republic of Kazakhstan or permission for residing in the Republic of Kazakhstan (residence permit);

2) a family and (or) close relatives of the individual live in the Republic of Kazakhstan;

3) individual and (or) the members of his (her) family have immovable property in the Republic of Kazakhstan, on the base of ownership or other bases, which is available for live at any time to him (her) and (or) his (her) family members.

4. Those individuals shall be deemed as residents of the Republic of Kazakhstan irrespectively of time of their residence and any other criteria, stipulated by this Article, who are citizens of the Republic of Kazakhstan, and individuals applied for citizenship in the Republic of Kazakhstan or for permission to permanently reside in the Republic of Kazakhstan without citizenship of the Republic of Kazakhstan:

dispatched on mission abroad by the state authorities including employees of diplomatic, consular establishments, international organizations as well as the members of their families;

the members of crews of transport means belonging to legal entities or citizens of the Republic of Kazakhstan carrying out regular international shipments;  
military and civil servicemen of military camps, divisions or groups, formations dislocated outside of the Republic of Kazakhstan;  
persons working on the sites outside of the territory of the Republic of Kazakhstan and in the ownership of the Republic of Kazakhstan, or nationals of the Republic of Kazakhstan (in this amount on the base of concession agreements);  
students, on-the-job and practical trainees, studying or having internship during the whole period of study or internship outside of the Republic of Kazakhstan;  
instructors and scientists teaching, consulting and conducting research for the whole period of teaching and fulfilment of related works outside of the Republic of Kazakhstan.

5. For the purposes of the Code the residents shall mean legal entities created under the legislation of the Republic of Kazakhstan, and (or) other legal entities the place of effective management (effective management organs) of which is situated in the Republic of Kazakhstan;  
A place of effective management (actual management organ) shall mean a place where the main administration and basic commercial decisions needed for carrying out of entrepreneurial activity of a legal entity are taken.

6. For the purposes of the Code nonresidents shall mean legal entities and individuals that are not residents according to this Article.

#### **Article 177. Permanent Establishment of a Nonresident**

1. A permanent establishment of a nonresident in the Republic of Kazakhstan shall mean a permanent place through which it carries out entrepreneurial activity, in whole or in part, including activity effected through an authorized person, in particular:

- 1) any place of activity related to manufacturing, processing, assembling, packing, delivering, selling of goods regardless of the terms of carried out activities;
- 2) any place of management, an affiliate, a branch, a subsidiary, a representative office, a bureau, an office, an agency, a factory, a workshop, a laboratory, a shop, a warehouse situated in the Republic of Kazakhstan regardless of the terms of carried out activities;
- 3) any place of carrying out an activity related to extraction of natural resources including a place of extraction of hydrocarbons: a mine, petroleum and gas well, quarry, ground or sea derricks and (or) wells, regardless of the terms of carried out activities;
- 4) any place of carrying out of activity (including monitoring and supervision activity) which involves work with oil and gas pipes; survey and (or) exploration of mineral deposits; installation, montage, assembling, repair, launch and (or) maintenance of equipment, regardless of terms of activity carried on ;
- 5) any other place of carrying out of activity related to exploitation of slot machines (including play stations), computer nets and channels of communication, attractions, transport or other infrastructure regardless of the terms of carried out activities.

2. Construction site, montage or assembling object, design works form a permanent establishment regardless of the terms of works performed.  
In this respect a construction site (object) shall mean, in particular, the place of carrying out activity to erect and (or) reconstruct objects of real estate, including construction of buildings, structures and (or) carrying out of assembling works, construction and (or)

reconstruction of bridges, roads, channels, laying pipelines, installation of energy, technological or other equipment and (or) carrying out of similar works.

A construction site ceases its presence from the day following the day of signing the act on receipt of an object (scope of performed work) for exploitation and full payment for construction .

3. A non-resident also forms permanent establishment in the Republic of Kazakhstan if he (she):

1) collects insurance payments and (or) carries out insurance or reinsurance of risks in the Republic of Kazakhstan through his (her) authorized representative;

2) renders services on the territory of the Republic of Kazakhstan continuously during over 90 days in any consequent 12-month period ending in this taxation period through employees or staff employed for these purposes;

3) is a participant of a partnership (joint activities contract) established under the legislation of the Republic of Kazakhstan and functioning on the territory of the Republic of Kazakhstan;

4) carries out exhibitions in the Republic of Kazakhstan on paid base and (or) where property is sold;

5) on base of treaty relationship vests resident or non-resident with the right to present his (her) interests in the Republic of Kazakhstan, to act or to conclude contracts (treaties, agreements) on his (her) behalf.

4. Temporary or seasonal breaks during the activities listed in given Article do not cause a liquidation of a permanent establishment.

5. A nonresident carrying out entrepreneurial activity in the Republic of Kazakhstan through an independent intermediary (broker and (or) other independent agent acting on a basis of an authorization contract, commission, consignment, or other similar contract), not authorized to sign contracts on behalf of that nonresident does not constitute a permanent establishment.

An intermediary with independent status shall mean a person acting within its regular (basic) activity and being independent from a nonresident both in legal and economic terms.

6. Affiliated company of a nonresident legal entity created according to the legislation of the Republic of Kazakhstan shall not constitute to a permanent establishment of its parent company, unless the relations between an affiliate and a parent company meet the requirements set forth by sub-item 5 of item 3 of this Article.

7. Operations of a non-resident shall form a permanent establishment according to the provisions of this Article regardless of whether it is registered with a tax body.

### **Article 178. Income of nonresidents derived from the sources in the Republic of Kazakhstan**

The following types of income shall be recognized as income of nonresidents from the sources which are located in the Republic of Kazakhstan:

1) income from the sales of goods, works performed, services rendered on the territory of the Republic of Kazakhstan;

2) income received from managerial, financial (except for risk insurance and re-insurance services), consultation, auditor, marketing, juridical (except for advocates), agent's, information services rendered to residents or non-residents in connection with activity in

the Republic of Kazakhstan through permanent establishment regardless of actual place of services rendered;

3) income from capital gain received as a result of sales of:

property located in the Republic of Kazakhstan;

shares and securities issued by residents and equity shares in legal entity – resident or property, located in the Republic of Kazakhstan;

4) income from assignment of rights to claim debt to residents or nonresidents in connection with activity in the Republic of Kazakhstan through a permanent establishment;

5) penalties (fines, interest) for failure to fulfil or improper fulfilment of obligations by nonresidents, arising in the course of the activity in the Republic of Kazakhstan, and residents, including obligations under the contracts (agreements, treaties) concluded on performance of works (rendering of services), and (or) under international trade contracts on delivery of goods;

6) income as dividends received from resident legal entity and income from share equity of a resident legal entity;

7) income in the form of remuneration (interest) except for interest on promissory notes received from:

residents,

nonresidents having a permanent establishment or property situated in the Republic of Kazakhstan, if debts of this nonresident refer to his (her) permanent establishment or property;

8) income in a form of interest on promissory notes received from:

resident issuers,

nonresident issuers having permanent establishments or property located in the Republic of Kazakhstan, provided the debt of the nonresidents relates to the permanent establishment or property;

9) income in form of royalty received from residents or nonresidents relative to activity in the Republic of Kazakhstan through permanent establishment.

10) income from rental of property located in the Republic of Kazakhstan,

11) income from real property located in the Republic of Kazakhstan

12) income in form of insurance premiums paid under contracts of insurance and reinsurance of risks in the Republic of Kazakhstan;

13) income from transport services in international transportation where the Republic of Kazakhstan is a party;

14) income from activities in the Republic of Kazakhstan under individual employment contracts (agreements) or other civil contracts;

15) directors' fees and (or) other payments derived by members of supreme managing body (board of directors, management board and suchlike) of a resident legal entity regardless of where the person has actually completed his managing duties;

16) additional benefits paid with regard to living in the Republic of Kazakhstan;

17) reimbursement of expenses incurred by an employer or hirer for in kind or social benefits or other material benefits of nonresident individuals working in the Republic of Kazakhstan, including catering, housing expenses, cost of education of kids in educational institution, vacation expenses, including travelling of family members for a vacation.

- 18) pension payments made by accumulative pension funds, residents of the Republic of Kazakhstan;
- 19) income received by workers of arts, theatre, radio, TV and movie actors, musicians, sportsmen, artists from activity in the Republic of Kazakhstan, regardless of who receives the payments;
- 20) winnings paid by the residents;
- 21) income derived from rendering of independent (professional) services in the Republic of Kazakhstan
- 22) incomes in the form of property received on gratuity basis, including income derived from that property situated in the Republic of Kazakhstan;
- 23) other incomes not stated in above mentioned items arising on base of activities in the Republic of Kazakhstan.

***CHAPTER 28. Taxation Of Income Of Nonresident Legal Entities Carrying Out Business Activity In The Republic Of Kazakhstan Without A Permanent Establishment***

**Article 179. Procedure for Computation and Withholding of Income Tax at Source of Payment**

1. Income of nonresident legal entity stipulated in Article 178 of the Code, not connected with permanent establishment in the Republic of Kazakhstan shall be the subject to income tax at source of payment without deductions at the rates specified in Article 180 of the Code.
2. The payment of income shall mean a transfer of money in cash and (or) wire transfer, in the form of securities, goods, property, works performed, services rendered.
3. Taxation at source of payment shall not be applicable to:
  - 1) payments connected with foreign trade delivery of goods to the territory of the Republic of Kazakhstan;
  - 2) income from rendering services connected with opening and transaction of loro accounts of resident banks and settling accounts on them;
  - 3) income from capital gain from sales of securities;
  - 4) remuneration on state securities,
  - 5) payments connected with adjustment on quality of cost of raw oil transported through single pipeline system outside the Republic of Kazakhstan;
  - 6) amounts of interest accumulated (accrued) on promissory notes paid by resident purchasers (not issuers) to non-residents at purchase.
4. Taxation of income of a nonresident at the source of payment is carried out irrespective of income distribution by a nonresident in favour of the third party and (or) its affiliates in other states.
5. Procedure of assessment and withholding of income tax on remuneration on loan securities at the source of payment, set by the subparagraph 8) Article 178 of the Code shall be set by an authorized state agency.
6. A person (including nonresident carrying out activities in the Republic of Kazakhstan through the permanent establishment) paying incomes shall be responsible for computation and withholding of income tax at the source of payment and its transfer to the budget. Such person shall mean a tax agent under item 1 of Article 10 of the Code.

A non-resident shall be recognized as a tax agent from the moment of beginning of operations in the Republic of Kazakhstan, provided the period of its operations exceeds the period established for forming a permanent establishment.

7. Income tax at the source of payment is withheld irrespective of the manner of payment and place of carrying out payment of income.

#### **Article 180. Rates of Withholding Income Tax**

Income of a nonresident from the sources in the Republic of Kazakhstan, not related to a permanent establishment, shall be taxable at the source of payment at the following rates:

1) dividends, income from equity share and remuneration	15%
2) insurance payments made under risk insurance contracts	10%
3) insurance premiums made under risk re-insurance contracts	5%
4) income from transport services in international transportation	5%
5) income stipulated by Article 178 of the Code, excluding income specified in sub-items 1-4 of this Article	20%

#### **Article 181. Due Dates and Procedure for Payment of Withholding Income Tax at the Source of Payment**

1. Withholding income tax at source of payment imposed on income of a nonresident legal entity shall be transferred to budget:

- 1) on paid amounts of income - within 5 working days after the end of month when payment of that income is made;
- 2) on accrued but not paid amounts of income in case of attributing them to deductions - within 10 working days after the end of term stipulated for filing corporate income tax return.

Provision of the present subparagraph shall not apply to interest on loan securities to be paid off upon expiration of the period set by the present subparagraph

#### **Article 182. Reporting to a Tax authority**

Tax agents shall submit reports on income paid (assessed) and tax withheld to local tax authority at the place of registration on a quarterly basis prior to the 15th day of a month following the reporting quarter when obligation to withhold income tax at source of payment arose.

#### **Article 183. Specific features of computation and payment of tax on income from capital gain from sales of securities**

1. Income of a non-resident from capital gain from sales of securities issued by residents shall be taxed at the rate stipulated by Article 180 of the Code, except for income from capital gain from sales of bonds and shares included in the official registers “A” and “B” of the stock exchange.

2. Computation of corporate income tax shall be made by a non-resident legal entity independently, and the tax shall be paid within 10 working days from the moment when the income is received, with a mandatory submission of a corporate tax return to a tax body at the place of registration of the issuer.

***CHAPTER 29. Procedure for Taxation of Income of Nonresident Legal Entities  
Carrying out Activities in the Republic of Kazakhstan Through a Permanent  
Establishment.***

**Article 184. Specific Features of Determination of Taxable Income of a Nonresident Legal Entity Carrying out Activities through a Permanent Establishment**

1. Procedure for computation and payment of corporate income tax by a nonresident legal entity carrying out activities through a permanent establishment in the Republic of Kazakhstan is performed under the provisions of this Article and Articles 79-135 of the Code.

2. All types of income in respect of activity of a permanent establishment shall be deemed to be income of a nonresident legal entity.

3. If nonresident legal entity carries on business similar to that which is carried on through a permanent establishment, the income derived from such an activity shall be considered as income from activity through a permanent establishment.

4. Deductions shall mean expenses directly related to deriving of income from activities on the territory of the Republic of Kazakhstan through a permanent establishment, except for expenses not subject to deductions under the, Code regardless whether they are born within the Republic of Kazakhstan or outside of it.

5. Nonresident legal entity shall not deduct the amounts, incurred by that permanent establishment in the form of:

- 1) royalty, fees, charges and other payments for use or right to use property or intellectual property of that nonresident legal entity;
- 2) commission fees for the services rendered;
- 3) remuneration (interest) paid on loans granted by that nonresident legal entity;
- 4) expenses not related to deriving of income from activities of nonresident legal entity on the territory of the Republic of Kazakhstan;
- 5) expenses which are not confirmed by documents;
- 6) management expenses of nonresident legal entity born outside of the Republic of Kazakhstan.

**Article 185. The procedure for taxation of net income of a nonresident legal entity carrying out business through a permanent establishment**

1. The net income of a nonresident legal entity derived from activity of a permanent establishment in the Republic of Kazakhstan shall be the subject to tax at the rate of 15 per cents.

Net income shall mean taxable income reduced by the amount of corporate income tax.

2. The amount of tax levied on net income shall be indicated in tax returns for corporate income tax.

3. The payment of tax from the net income of a permanent establishment of a nonresident legal entity shall be made during 10 calendar days after the date stipulated for presentation of declaration on corporate income tax.

**Article 186. The procedure for taxation of income of nonresident legal resident in some cases**

Income of non-resident legal entity from activities through permanent establishment in the Republic of Kazakhstan not registered in tax body shall be subject to income tax at the source of payment without deductions.

Income tax at the sources of payment withheld by a tax agent shall be credited as paying off tax duties of non-resident carrying out activity through permanent establishment.

***CHAPTER 30. Procedure for taxation of income of nonresident individuals***

**Article 187. Procedure for Computation, Withholding and Payment of Income Tax at Source of Payment**

1. Income of nonresident individuals specified in Article 178 of the Code not related to permanent establishment of such an entity shall be subject to income tax at source of payment under procedure and in time limits determined by provisions of Articles 179 – 181 of the Code, except:

- 1) income stated in paragraph 2 of this Article;
- 2) income from individual entrepreneurial activity through permanent establishment in the Republic of Kazakhstan;
- 3) remuneration on bank deposits;
- 4) payments connected with foreign trade delivery of goods to the territory of the Republic of Kazakhstan;
- 5) income from capital gain from sales of securities.
- 6) remuneration on state securities;
- 7) amounts of accumulated (accrued) interest on promissory notes at purchase, paid by resident purchasers (not issuers) to non-residents..

2. Income of individual – nonresident set by the subparagraphs 14)-18) of Article 178 of the Code, including other types of income, set by the Articles 149-151 of the Code is subject to tax at source of payment under procedures and in time limits establishment by the Articles 147, 153 of the Code but without deductions regarding such income.

3. Procedures for assessment and withholding of income tax on the interest on loan securities at the source of payment, set by the subparagraph 8) of Article 178 of the Code, shall be set by an authorized state agency.

4. A person (including nonresident carrying out business activity in the Republic of Kazakhstan through a permanent establishment) paying income shall be responsible for computation, withholding and payment of income tax at source of payment to the state budget. Such person shall be deemed as a tax agent under paragraph 1 Article 10 of the Code.

A nonresident shall be recognized as a tax agent from the moment of beginning of operations in the Republic of Kazakhstan, provided the period of its operations exceeds the period established for forming a permanent establishment.

5. Income tax at source of payment is withheld irrespective of the form of payment and place of income payment.

**Article 188. Reporting to Tax Authorities**

Tax agents shall submit reports on income tax to be withheld within deadlines set by the Article 182 of the Code to the tax office at the place of registration.

**Article 189. Procedure for Computation and Payment of Personal Income Tax by Nonresident Individual whose Activity leads to Permanent Establishment**

1. Nonresident individual carrying out individual entrepreneurial activity in the Republic of Kazakhstan through a permanent establishment pays off personal income tax on incomes connected with such activities, reduced by amounts of deductions directly born regarding to such incomes except expenses not to be deducted under the provisions of item 5 of Article 184 and provisions of the Code.

Dependent personal services (works hired) rendered by nonresident individual do not lead to permanent establishment of this individual.

2. Procedure for determination of taxable income, computations and payments of personal income tax is carried out under provisions of this article and Articles 163-170 of the Code.

3. A nonresident individual shall pay individual income tax independently in a time stipulated in Article 191 of the Code.

**Article 190. Procedure for taxation of income of a nonresident individual in some cases**

1. Income of a nonresident individual received from sources in the Republic of Kazakhstan, not taxed at the source of payment and not related to a permanent establishment of the individual, including income from capital gain from sale of securities issued by residents, shall be taxed without any deductions, at the rates established by Article 180 of the Code.

2. Income from capital gain from sale of shares and bonds listed in the official registers "A" and "B" of the stock exchange shall not be taxable.

3. Computation and payment of individual income tax shall be made by a non-resident individual independently in a time stipulated by item 5 of Article 191 of the Code.

**Article 191. Procedure and Timing for Advance Payment of the Personal Income Tax**

1. The following non-resident individuals make advance payments of the personal income tax:

1) individuals - nonresidents deriving income from individual entrepreneurial activity in the Republic of Kazakhstan through a permanent establishment,

2) individuals - nonresidents deriving income stipulated in the paragraphs 14)-17) Article 178 of the Code, including other types of income set by the Articles 149-151 of the Code, except income taxed at source of payment.

2. Advance payment on individual income tax for the period of carrying out activities is made by nonresident individual specified in paragraph 1 of this Article in terms and under procedures established by the Code.

3. Amounts of advance payments on personal income tax paid by equal stakes during the period of carrying out business activity in the Republic of Kazakhstan by individual -

nonresident are determined on the basis of tax amount stated in statement on estimation of personal income tax.

Nonresident individuals listed in the subparagraph 2) paragraph 1 of the present Article shall attach to the application on proposed amount of personal income tax, an individual labour agreement (contract) or another civil contract certifying the amount of taxable income declared.

4. Amounts paid in advance shall be accounted as payment of personal income tax imposed to nonresident individual for current taxation period.

5. Final computation and payment of personal income tax shall be made within 10 working days from the day of filing return on personal income tax for the tax period, but no later than 10 working days before the departure from the Republic of Kazakhstan.

#### **Article 192. Statement on Estimated Amount of Personal Income Tax and Personal Income Tax Return**

1. Nonresident individuals stipulated in Article 191 of the Code shall submit a statement on estimated amount of personal income tax to tax authorities at the place of stay for the period of business performance within 30 working days since the day of arrival to the Republic of Kazakhstan.

2. The following nonresident individuals shall file personal income tax return to tax authorities at the place of stay within the period stipulated in Article 172 of the Code or in case of cessation of entrepreneurial activity and departure from the Republic of Kazakhstan during this taxation period no later than 10 working days before departure from the Republic of Kazakhstan;

those receiving income from sources in the Republic of Kazakhstan not taxed at the source of payment;

nonresidents carrying out entrepreneurial activity in the Republic of Kazakhstan for more than 30 calendar days or deriving income from sources in the Republic of Kazakhstan which exceeds 500 times the monthly calculated index during the taxation period.

### ***CHAPTER 31. Special Provisions on International Conventions***

#### **Article 193. Conditions of application of international treaty**

1. Provisions of a convention to avoid double taxation and prevent avoidance from taxation for incomes or property (capital) to which the Republic of Kazakhstan is a signatory (hereinafter, for the purposes of Articles 193-204 of the Code, referred to as Convention) shall be applied to persons that are residents of one or both states which have concluded such a Convention.

2. Provision of paragraph 1 of the present Article shall not apply to a resident of a state with which the Convention has been signed, if the aforementioned resident uses provisions of the Convention for a benefit or another entity not being a resident of a state with which the Convention was signed.

#### **Article 194. Procedure for Administration of Conventions**

Convention is managed under procedure stipulated by authorized state body according to provisions of Articles 193-204 of the Code.

**Article 195. Methods to allow management and general administrative expenses of head office of nonresident legal entity for deductions for taxation purposes of income derived in the Republic of Kazakhstan**

1. If the provisions of international treaties in determining taxable income of a nonresident legal entity derived from its activity in the Republic of Kazakhstan through a permanent establishment allow deduction of management expenses born in order to determine the above stated taxable income both inside and outside of the Republic of Kazakhstan, the amount of that expenses is determined under the one of the following methods:

1) proportional method of expenses allocation;

2) method of direct attribution of expenses to deductions.

2. A nonresident legal entity shall chose one of the aforementioned methods for deductions of management and general administrative expenses independently.

3. Chosen method of allocating management or general administrative expenses (including procedure to compute calculation index used when proportional method of expenses allocation is applied) to deductions of permanent establishment is applied annually and may be changed only on agreement with tax body.

**Article 196. Proportional method of expenses allocation**

1. Under the proportional method the amount of management and general administrative expenses mentioned in Article 195 of the Code subject to deductions of a permanent establishment is determined as the product of amount of such expenses and a calculation index.

2. Calculation index is determined with one of the following methods:

1) ratio of the amount of aggregate annual income derived by nonresident legal entity from activity in the Republic of Kazakhstan through a permanent establishment for the tax period to the total amount of aggregate annual income of nonresident legal entity whole for the same tax period;

2) determination of average for three indicators:

ratio of the amount of aggregate annual income derived by nonresident legal entity from activity in the Republic of Kazakhstan through a permanent establishment for the tax period to the total amount of aggregate annual income of nonresident legal entity in whole for the same tax period;

the ratio of the value of capital assets in the financial statement of a permanent establishment in the Republic of Kazakhstan as of the end of the reporting period to the total value of assets of a nonresident legal entity in whole for the same tax period;

the ratio of the amount of salary schedule of personnel employed by the permanent establishment in the Republic of Kazakhstan as of the end of the tax period to total amount of salary schedule of personnel of nonresident legal entity in whole for the same tax period.

One of the above methods of calculation of the index shall be determined by nonresident legal entity independently

3. The amount of management and general administrative expenses determined through calculations shall be deductible for the permanent establishment subject to availability of confirming documents.

4. The confirming documents shall be:

1) copy of financial report of a nonresident legal entity, which discloses, depending on the nature of the calculation index determined by the nonresident legal entity:

total amount of aggregate annual income as a whole; or

total payroll of the personnel as a whole; or

initial and residual value of capital assets as a whole; and

total amount of expenses broken down by items, including breakdown by managerial and general administration expenses.

2) copy of auditor's resolution of financial statements of nonresident legal entity (when auditing the financial accounting of such entity) ;

5. Calculation of amounts of above-mentioned expenses allocated for deduction to permanent establishment in the Republic of Kazakhstan shall be attached to the corporate income tax return filed to the appropriate tax body of the Republic of Kazakhstan.

6. In the case if managerial and administration expenses subject to proportional allocation are not reflected in the financial statements, the amount of such expenses shall not be allocated to deductions to permanent establishment.

#### **Article 197. Method of direct allocation of expenses**

1. Under the method of direct allocation of managerial and administrative expenses of a non-resident shall be deductible for that permanent establishment in the Republic of Kazakhstan if they are definable and incurred directly with obtaining income from activity in the Republic of Kazakhstan through a permanent establishment.

Those expenses are deductible for permanent establishment only at the presence of confirming documents.

2. The confirming documents shall be:

1) accounting documents, confirming the expenses incurred by a nonresident legal entity on the territory of the Republic of Kazakhstan for the purpose to derive income from activity through the permanent establishment;

2) copies of accounting documents confirming expenses incurred by a nonresident legal entity outside the Republic of Kazakhstan with the purpose of earning income from activity in the Republic of Kazakhstan through the permanent establishment.

#### **Article 198. Procedure for Tax Payment from Income of nonresidents derived in the Republic of Kazakhstan without Permanent Establishment**

1. The procedure for payment of income tax under this Article shall be applied to any income of nonresidents from the activity in the Republic of Kazakhstan, which does not involve opening a permanent establishment according to provisions of international treaty, except for income specified in Articles 199-202 of the Code, unless otherwise is stipulated by the said Articles.

2. A nonresident stated in item 1 of this Article deriving income from sources in the Republic of Kazakhstan has the right to apply procedure of making payments stipulated in this Article. In case of non-application of provisions of this Article, tax agent shall withhold and remit income tax at source of payment to the state budget of the Republic of Kazakhstan, according to the general procedure.

3. Nonresident deriving income, a tax agent and resident bank (hereinafter - bank) determined by the tax agent shall conclude a contract on conventional bank account

according to the template approved by the parties to a contract, taking into account the provisions of this Article.

4. A tax agent shall register the contract on the conventional bank account within 10 working days upon signing a contract on conventional bank account. Copy of the contract, alongside with the copy of a receipt certifying transfer of the income tax to a conventional banking account shall be submitted to a tax office.

5. Provisions of the present Article shall apply only to those conventional banking account contracts registered with a tax office. Only the conventional banking account contracts complying with the provisions of the present Article shall be subject to registration

6. A tax agent at the moment of payment of income to a nonresident shall withhold income tax at the source of payment at the rate established by Article 180 of the Code and remit the amount withheld to a conventional deposit for the benefit of a nonresident.

7. If conditions of the Convention are fulfilled, the nonresident presents a statement under the procedure and in a format approved by the authorized state body to tax body in order to return earlier withheld amount of income tax.

8. Tax body considers the presented statement and necessary documents, takes decision on the statement and informs the nonresident and bank about it.

9. When the bank receives statement on return of withheld income tax certified by tax body, the bank presents the non-resident who has applied such statement with the right to control the amount deposited on conventional bank account within the amount in the statement with added bank interests.

10. When a nonresident does not agree with negative decision of a tax authority, the former is entitled to appeal to an authorized state body of the Republic of Kazakhstan within 10 working days beginning from the date of receipt of the claim (and, if necessary, invite to participation a competent authority of a residence state) requesting recurring consideration of the issue on rightful application of tax treaty provisions with simultaneous notification of the tax body about the appeal against the decision of a tax authority.

11. Upon a negative decision on the claim and in the case of failure to submit in due time by the nonresident of the notification about appeal against the decision of a tax authority, a tax authority at the end of 10 working days since refusal was received by nonresident to apply provisions of the Convention shall send an order to transfer the amount of income tax stated in the claim and placed in the conventional (escrow) bank account as well as accrued remuneration to the budget of the Republic of Kazakhstan supplementing the document confirming refusal to exempt nonresident from income tax.

12. When the bank receives the documents stipulated in paragraph 11 of this Article from tax authority it shall remit the amount of income tax on conventional bank deposit with accrued bank remuneration to the budget of the Republic of Kazakhstan.

Such amount of tax withheld shall be credited against tax obligations of that nonresident to the state revenue.

13. Conventional bank deposits can be open both in the national or foreign currency. When a conventional bank deposit is open in a foreign currency, the income tax and interests shall be transferred to the budget in the national currency converted at the official exchange rate of the National Bank of RK at the moment of payment.

14. Neither nonresident nor tax agent shall be entitled to exercise control over amounts of income tax deposited on conventional bank account, before the decision of tax authority is made.

15. In case of breach of the contract on conventional bank account and, timeliness of transfer of tax income withheld to the state budget, which happened through the bank's fault, the bank shall bear responsibility in accordance with the legislative acts of the Republic of Kazakhstan.

16. If the bank is unable to discharge obligations on remittance of income tax placed on conventional bank deposit to the budget of the Republic of Kazakhstan, obligation to credit income tax at the source of payment, bank remuneration and penalties for untimely remittance of tax to the budget is imposed on tax agent.

17. Tax authorities of the Republic of Kazakhstan shall maintain records of amounts of income tax:

- 1) placed on conventional bank deposits;
- 2) paid to nonresidents who have right to apply Convention's provisions;
- 3) remitted to the state budget of the Republic of Kazakhstan.

#### **Article 199. Procedure for application of Convention to taxation of income derived from providing transport services in international conveyance**

1. Incomes from rendering of international shipment services, one of party of which is the Republic of Kazakhstan, which are received by a nonresident legal entity entitled to apply Convention's provisions are subject to exemption from tax without submitting a claim for application of the Convention provisions based on a document certifying the residency, if it has a permanent establishment connected with such activities in the Republic of Kazakhstan.

Nonresident legal entity shall keep separate account of amounts of income from rendering of international transportation services in international conveyance (not subject to tax under Convention) and from rendering transportation services on the territory of the Republic of Kazakhstan (subject to tax), and reflect the aforementioned income in the corporate income tax return.

The total amount of taxable income in the corporate income tax return shall be reduced by the amount of taxable income subject to exemption from tax under the Convention, computed on the principle of separate accounting.

A taxpayer who applies provision of a Convention improperly, which caused failure to pay or incomplete payment of taxes, shall be liable under the legislative acts of the Republic of Kazakhstan.

2. Income of a legal entity - nonresident exploiting transport vehicles for international shipment, one party of which is the Republic of Kazakhstan, and without a permanent establishment in the Republic of Kazakhstan, and entitled to apply Convention's provisions are subject to exemption from taxation under procedure established in Article 198 of the Code.

#### **Article 200. Procedure for Application of Tax Treaties to Taxation of Dividends, Remuneration (Interest), Royalty**

1. While paying income to a non-resident in a form of dividends, remuneration (interests), royalties, a tax agent has the right to apply provisions of a relevant

Convention, without submission of a claim on application of the Convention's provisions on the basis of the document confirming the residence, if the non-resident is a final receiver of the income and has the right to apply provisions of a Convention.

2. A tax agent shall reflect the amount of income paid (calculated), and taxes withheld according to the Conventions, as well as income tax rate and the name of Conventions in the calculation of income tax to be withheld at the source of payment, which is submitted to a tax office.

3. A tax agent shall be responsible in accordance with the legislative acts of the Republic of Kazakhstan for wrongful application of Convention's provisions and also for incomplete and untimely remittance of tax to the state budget.

**Article 201. Procedure for application of Convention to taxation of net income derived from activities in the Republic of Kazakhstan through permanent establishment**

1. A nonresident has the right to apply provisions of a Convention with regard to taxation of net income from operations carried out in the Republic of Kazakhstan through a permanent establishment without filing a claim on application of a Convention based on documents certifying his residency, provided the nonresident is a final receiver of net income and has the right to apply provisions of a Convention.

2. A nonresident legal entity shall indicate in the declaration on corporate income tax the rate, amount of tax on net income and the title of a Convention on the basis of which the appropriate tax rate was applied.

3. A nonresident legal entity shall be responsible under the law of the Republic of Kazakhstan for an improper application of Convention's provisions and also for incomplete and untimely remittance of tax to the revenue.

**Article 202. Procedure for application of Convention to taxation of other income derived from sources in the Republic of Kazakhstan**

1. A nonresident deriving income from sources in the Republic of Kazakhstan except incomes stipulated in Articles 198-201 of the Code shall have the right to submit a claim in a form established by an authorized state agency for application of Convention's provisions to the tax body where a tax agent is registered before paying off income.

2. Tax body considers the claim and in case if given information is adequate, it certifies the submitted claim.

3. If Convention's provisions are applied wrongfully the tax body gives reasonable refusal to the nonresident.

4. In case of disagreement with negative decision of the tax body, the nonresident has the right to appeal to authorized state body (and invite for participation competent body of resident country if necessary) with a claim to reconsider the question of appropriateness of application of Convention's provisions.

**Article 203. General requirements for submission of tax treaty benefit claim**

Tax Convention benefit claim in form established by authorized state body shall be accepted by a tax authority only in the following cases:

1) submission with the claim of the following documents:

copies of contracts (agreements, treaties) on executing works (services) or for other purposes;

copies of foundation documents;

breakdowns of income from transport services in international transportation and on the territory of the Republic of Kazakhstan;

act of works performed in respect of different works performed by nonresident, the act on transfer of object to exploitation upon completion of construction, invoice or payment documents confirming the receipt of income for services rendered;

2) presentation of accounting documents by a tax agent, confirming the amounts of income assessed and (or) paid and taxes withheld;

3) the confirmation of residence of the claimed party by competent or authorized body of the state with which the Republic of Kazakhstan has concluded a tax treaty (on a blank form of a claimer, or to enclose the document certifying residence). For purposes of this Article and the Articles 198-202 of the Code, the nonresident entitled to apply the provisions of a relevant treaty, in case of change of his registration data in the state of residency, shall submit a document certifying his residency, taking into account changed data, under the procedure set by the aforementioned Articles.

4) diplomatic or consular legalization of the signature or a seal of the body confirming residence of a nonresident (the document confirming the residency) according to the procedure set by the legislation of the Republic of Kazakhstan or international treaties, to which the Republic of Kazakhstan is a signatory.

**Article 204. Certificate on tax withheld and paid in the Republic of Kazakhstan**

Upon request of a nonresident the tax body shall submit a certificate on amounts of income derived from sources in the Republic of Kazakhstan, and taxes withheld.

## **SECTION 8. VALUE ADDED TAX**

### ***CHAPTER 32. General Provisions***

#### **Article 205. Concept of Value Added Tax**

The value added tax (VAT) is a collection to Revenue of a portion of the value of any taxable turnover on sale, which is added in the process of the production and turnover of goods, works or services, or a deduction to Revenue upon importation of goods onto the territory of the Republic of Kazakhstan. The amount of VAT payable to Revenue with respect to the taxable turnover is determined as the difference between the sum of tax that is charged on the sale of goods (works, services) and the sum of value added tax that is paid on the purchase of goods (work, services).

#### **Article 206. Objects of taxation**

The objects of taxation for the value added tax are---

- 1) taxable turnover;
- 2) taxable imports.

#### **Article 207. Payers**

1. A VAT payer is a person who is registered or is required to be registered as a VAT payer in the Republic of Kazakhstan according to Article 208 of the Code.
2. In the case of imports, a VAT payer is any person carrying out import of goods onto the territory of the Republic of Kazakhstan in accordance with the customs legislation of the Republic of Kazakhstan.

### ***CHAPTER 33. Registration for VAT***

#### **Article 208. Requirements of Registration for Value Added Tax**

1. A person is required to file an application with the tax administration to be registered for VAT no later than the 15th day after the close of any period (of up to 12 months long) in which the gross receipts from the supplies of goods (work, services) exceed the minimum stipulated in item 3 of the present Article.
2. In determining the sales turnover no account shall be taken of sales turnover that is exempt of tax under Article 225 of the Code, or of the turnover on sale of the individual's personal property, providing such property is not used for purposes of business activity. For purposes of item 1 of this Article, when determining the size of turnover of sale, any taxpayer settling accounts with Revenue under the special tax regime provided for peasant (farmer) enterprises shall be allowed not to include therein the sales turnover arising from the activities taxed under such special tax regime. In the case of a legal entity with structural subdivision, the sales turnover is determined with account of the sales turnover carried out by all of the entity's subdivisions.
3. The minimum turnover of supplies shall be determined to be 10,000 times the monthly index factor in effect in the last month of the period referred to in item 1 of this Article.

4. A person who is not liable to register under item 1 of this Article but who is carrying on or contemplating a disposal of goods (work, services) subject to value added tax, may voluntarily apply to the tax administration for such VAT registration.

5. Registration for VAT takes effect on the first day of the month following the month in which the person is obliged to apply, or voluntarily applies, for registration.

Any person that filed an application for registration as a VAT payer with tax authorities within 10 working days after its state registration, shall become a VAT payer upon receiving a VAT payer certificate issued by a tax office.

6. The Responsible State Agency upon the VAT payer's application may consent to grant the status of an independent VAT payer to any of the subdivisions of a VAT payer entity.

7. The VAT payer whose structural subdivisions are recognized as independent VAT payers under item 6 of the present Article, shall submit by itself (or through its subdivisions) an application for VAT registration to the tax authorities at the place of location of its structural subdivisions.

8. The act of registration entitles the person to claim credit under the Article 235 of the Code for any VAT carried by the person's stock (including fixed assets) on the date of registration.

9. VAT registration shall be enforceable upon discovery of the facts falling under the provisions of item 1 of this Article by the tax administration.

#### **Article 209. VAT Registration Certificate**

1. A tax office that registers a person for VAT must issue that person a VAT registration certificate that includes ---

1) name of, and basic data on, the entity

2) the taxpayer's TIN (RNT) assigned in accordance with Article 523 of the Code

3) the effective date of registration for VAT pursuant to item 5 of Article 208 of the Code.

The form of the Certificate of VAT Registration is a document of strict accounting and is distributed to taxpayer free of charge.

The design of the Certificate as well as the procedure for its issuance are established in accordance with the Code by the Responsible State Agency.

2. The VAT Registration Certificate is to be kept by the VAT payer. If a person's registration for VAT is cancelled, the tax authorities are required to withdraw the issued certificate of registration.

#### **Article 210. De-registration**

1. If during the most recent 12-month period the value of a VAT payer's taxable turnover is below the minimum turnover of taxable turnover, the VAT payer may apply to the office of VAT registration to have his registration for VAT cancelled.

A VAT payer may not exercise this right during the first two years of registration.

2. If a person who is a VAT payer has ceased the activity that is connected with taxable supplies, such person is required to file an application for VAT de-registration not later than six months after the tax period in which such activity was discontinued.

If the tax administration identify an inactive legal entity that is a VAT payer, the cancellation of such entity's VAT registration shall be performed in accordance of the procedure established for the purpose by the Responsible State Agency.

3. In the case of a liquidation of a legal entity that is a VAT payer, the affected payer of the VAT shall have its VAT registration terminated from the date of removal from State Register of Taxpayer.

4. Cancellation of VAT registration takes effect on the first day of the taxable period following the period in which a request for cancellation is made.

5. The stock (including any capital assets) held by the person at the time of de-registration on which a credit has been previously claimed under Article 235 of the Code shall be treated as taxable turnover.

### ***CHAPTER 34. Taxable Turnover and Taxable Imports***

#### **Article 211. Turnover on sales of goods (work, services)**

1. In the case of goods, the term “ sales turnover” means

1) the transfer of a right to dispose of the goods as the owner, including---

- sale of goods;

- shipment of goods, including in exchange for other goods ( works, services);

- export of goods;

- gratuitous transfer of goods;

- contributing to authorized capital;

- supply of goods by an employer to an employee as a payment in kind;

2) delivery of goods on an instalment plan, including finance lease;

3) the handing over of goods pursuant to a dealer-trade contract;

4) the transfer of pledged assets (goods) by a pledgor to a pledgee in the case of default;

5) the application of the goods purchased for purposes of business to activities not connected with business or to private use of a VAT payer, his employees, shareholders or other persons.

6) the supply of goods by a subdivision of an entity to another subdivision of the same entity, where each is a VAT payer in its own right as provided for in item 6 of Article 208 of the Code.

2. In the case of a work or a service, the term “turnover” means any – including gratuitous - fulfilment of a work or rendering of a service, and comprises any activity carried out for a consideration which is not a supply of goods and may include ---

1) the granting of the right to possess or use goods under contracts of hire of assets (rent);

2) the granting of the right to use objects of intellectual property, including those which are transferred as contribution to authorized capital stock;

3) the execution of work, provision of services by an employer to an employee in payment of wages or salary.

4) the fulfilment of works or rendering of services among the subdivisions of the same legal entity, each of which is a VAT payer in its own right according to item 6 of Article 208 of the Code.

3. The term “sales turnover” does not include ---

- 1) transfer or gift of goods for advertising purposes, where the value of unit does not exceed two monthly calculated indices;
- 2) the shipment of the customer's goods by the customer to a contractor for the purpose of manufacturing and(or) assembly and(or) repair of any finished goods. Where the manufacture and(or) assembly and(or) repair takes place outside of the Republic of Kazakhstan, the shipment of the mentioned goods is not considered as sales turnover if the exportation was carried out under the Customs legislation of the Republic of Kazakhstan under the regime of "Processing of goods outside of the customs territory". In the event that the regime of processing transforms into the regime of exportation, the previously exported customer's goods or the products of their processing shall be the turnover on disposal;
- 3) the delivery of reusable containers. Reusable containers are the containers the value of which is not included in the value of the goods supplied therein and which are to be returned on such terms and conditions as are stipulated in the purchase contract (agreement), but not later than a six-month period. If the container has not been returned in the specified time, such containers shall be included in the sales turnover.
- 4) the returns;
- 5) the exportation of the goods outside the Republic of Kazakhstan, that are to be used in exhibitions or cultural and sports events, and which are subject to re-importation on the terms and at the time that are stipulated in the contract, provided that the contract meets the requirements of the "Temporary-export-of-goods" customs regime as provided by the customs legislation of the Republic of Kazakhstan.

#### **Article 212. Meaning of Taxable Turnover**

1. Taxable turnover is any turnover of goods (works, services) made by a VAT payer, which is not

- 1) a VAT exempt turnover as provided for in the Code, or
- 2) a turnover carried out outside of the Republic of Kazakhstan.

The place of disposal of goods (works, services) is determined as provided under Article 215 of this Code.

2. Any work or service received from a nonresident who is not a VAT payer in the Republic of Kazakhstan shall be included in the taxable turnover of the recipient according to the procedure under Article 221 of the Code.

#### **Article 213. Taxable Imports**

The term "taxable imports" means goods (other than goods that are exempt under Article 234 of the Code) which are (have been) imported into the territory of the Republic of Kazakhstan and are subject to customs clearance as provided by the customs legislation of the Republic of Kazakhstan.

#### **Article 214. Sales Turnovers Made under Contracts of Commission**

1. A supply of goods, execution of works or rendering services made by an agent acting on behalf and at the expense of the principal shall not be treated as sales turnover made by the agent.

2. The provision under item 1 of this Article does not apply to ---

- 1) work or services provided by an agent to a principal;

2) any goods received from a nonresident principal who is not a VAT payer in the Republic of Kazakhstan. Such a supply shall be treated as an agent's supply.

**Article 215. Place of disposal of Goods, Works or Services**

1. The place of realization of goods is —

1) if the goods are transported (dispatched) by the supplier, the recipient, or a third party, the place where such goods are when the dispatch or transport begins;  
2) the place where the goods are transferred to a recipient - in other cases.

2. The place of fulfilment of works or rendering of services is:

1) the place where immovable property is located, if the works or services are directly connected with that property;

2) the place where the works or services are actually carried out, if they are connected with movable property;

3) the place where services are actually carried out, if they are rendered in the field of culture, art, education, physical fitness, or sports;

4) place of the entrepreneurial or any other activity of a purchaser of works or services.

This sub-item applies to the following works or services ---

- the assignment of rights to use objects of intellectual property;

- consulting, auditing, engineering, judicial, accounting, legal, advertising and data processing services;

- the supply of staff;

- the leasing of movable property (except for vehicles of transportation organizations);

- services of an agent on purchase of goods (work, services), as well as an agent that engages a person on behalf of the main participant in a contract to perform the services that are described in this subparagraph;

- communication services;

- tour operation services.

5) carrying out entrepreneurial or any other activity of the person who fulfils the works (renders services) in any of the cases that are not covered by (1)-(4) of this paragraph .

3. Where a supply of goods (work, services) is ancillary to another supply of goods (work, services), the place of such ancillary realization shall be taken to be the same as the place of the main supply.

4. For purposes of subparagraph 4) of paragraph 2 above, If a recipient of goods (works, services) has more than one place of entrepreneurial or any other activity, the place of supply is the location where the services are consumed.

5. In applying point 2 of this Article, the place for the fulfilment of works or rendering of services that are described in more than one of the subparagraphs in point 1 of this Article shall be determined according to the subparagraph that comes first.

**Article 216. Time of Sales Turnover**

1. Unless otherwise is stipulated in item 2 of this Article, the sales turnover takes place on the day on which the goods are dispatched for delivery.

If the dispatch does not take place, then the date of the sales turnover is the day on which the transfer of the ownership of goods occurs.

2. In the case of a transfer of pledged property (goods) from a pledger to a pledgee, the pledger's date of the transaction is the day on which the pledgee's claim in respect of the property (goods) takes effect.

Where goods are used in case mentioned in sub-item 5 of item q of Article 211, the date of the sales turnover is the day on which the goods are delivered for such use.

In cases mention in item 5 of Article 210, the date of sales turnover is the last day of the taxable period in which an application for cancellation of VAT registration is made.

3. The date of taxable turnover on realization of work, services is the day on which any of the following events occurs first ---

1) a VAT invoice showing the amount of the tax is issued for work, services;

2) the works or services are supplied;

4. Where a work is fulfilled or a service is rendered on a continual basis, the date of a taxable turnover on sale is the day on which either of the events below takes place first ---

1) issuance of a VAT invoice showing the amount of the tax, or

2) receipt of each of a series of payments (regardless of the form in which the payment is made).

5. Where goods, works or services are supplied to employees in payment of wages or salaries, the date of the sales turnover is the day on which the goods, works or services are supplied to the employees.

6. Where a work or a service is received from a nonresident who is not a VAT payer in the Republic of Kazakhstan, the date of turnover is the day on which the work or the services is received.

### ***CHAPTER 35. Determination of the Value of Taxable Turnover and of Taxable Import***

#### **Article 217. Taxable Turnover**

1. The size of taxable turnover is determined on the basis of value of the realized goods (work, services), proceeding from prices and tariffs, net of VAT, that are in effect with the parties to the transaction, unless otherwise is stipulated by the present Article and legislation of the Republic of Kazakhstan on issues of state control over application of transfer prices.

2. In the case of a gratuitous transfer of goods or in the cases under item 5 of Article 210 of the Code, the taxable turnover is determined proceeding from the level of prices in effect on the date of supply, net of VAT, but not lower than their book balance value.

For purposes of this paragraph, the term "book balance value" means the value of goods as given by the books on the date of supply.

3. In the case of a transfer of pledged assets (goods) by a pledger, the taxable amount for the pledger's turnover is determined as the amount of the loan that has been received on the security of the supplied pledged property (goods), net of VAT.

4. In the case of a supply of goods on terms of payment in instalments, the taxable amount is determined in accordance with item 1 of this Article and shall be the sum total of all the payments stipulated by the relevant contract.

5. In the case of a supply of services for which the payment is made by a third party, the value of the taxable turnover shall include the amount of the commission fee.

6. In determining the taxable amount, excise taxes imposed on excisable goods or excisable activities shall be included.

7. In the case of disposal of goods on which no VAT credit is allowed in accordance with Article 235 of the Code, the size of taxable turnover shall be determined as the positive difference between the sale price of a good and its book balance value under item 2 of this Article.

#### **Article 218. Adjustment of Taxable Turnover**

1. In the case of any price change after a supply of goods, works or services is made, the size of taxable turnover shall be adjusted accordingly.

2. The taxpayer shall adjust the taxable turnover in the following cases:

- 1) full or partial return of goods;
- 2) the terms and conditions of the transaction are changed;
- 3) if the previously agreed price or consideration for the supply of goods (works, services) is altered.
- 4) if there is a difference in the amount of the realized goods (work, services) if it is paid in tenge.

3. The adjustment of taxable turnover according to the present Article is to be effected on the basis of a supplementary VAT invoice or other documents certifying the occurrence of any of the events under item 2 of this Article.

#### **Article 219. Adjustment of the Taxable Amount in the Case of Doubtful Claims**

1. Where part or all of a consideration for a supply of goods (works, services) is a doubtful claim, the VAT payer shall be entitled to be liable for tax to Revenue in an amount equal to a corresponding decrease ---

- 1) not earlier than 3 years after the taxable period in which the VAT relating to the doubtful claim was crediting;
- 2) in the taxable period in which the judicial determination is made to remove the name of the debtor officially proclaimed to be insolvent from the State Register for legal entities.

2. Where the consideration for a supply of goods (works or services) is received after the VAT payer has used the right extended to him under item 1 above, the taxable turnover amount is to be increased by the paid amount in the taxable period in which the consideration is received.

3. Any adjustment of the taxable amount under this Article shall be carried out with due account of the conditions specified in Article 96 of the Code.

#### **Article 220. Amount of a Taxable Import**

The taxable amount for any imported supply shall be its customs value of the imported goods, which is determined in accordance with the customs legislation of the Republic of Kazakhstan, plus the sum of taxes and other obligatory payments to be made to the budget upon the import of goods into the Republic of Kazakhstan, excluding VAT.

**Article 221. Taxable Turnover for Works or Services Provided by Nonresidents Who are not VAT Payers in the Republic of Kazakhstan**

1. Any supply of works or services made in the territory of the Republic of Kazakhstan by a nonresident who is not registered for VAT in the Republic of Kazakhstan shall be treated to be the turnover of the taxpayer of the Republic of Kazakhstan, that receives work, services if the place of their realization is the Republic of Kazakhstan, shall be taxed for VAT as provided under the Code.

2. For purposes of this Article, the taxable amount of the recipient of the works or services consists of the amount of the consideration payable to the nonresident under item 1 of this Article and the amount of the tax subject to withholding at source upon the payment of income from a source within Kazakhstan.

3. The amount of VAT payable under this Article is determined by applying the rate stipulated by item 1 of Article 245 of the Code to the taxable amount. Where the payment for the received goods, services is made in a foreign currency, the taxable amount is to be recalculated in tenge using the exchange rate of the National Bank of the Republic of Kazakhstan in effect on the date of the supply.

4. The VAT determined in accordance with the provision under item 3 above must be paid on or before the due date established by Article 247 of the Code for filing VAT returns.

5. A payment receipt confirming the payment of VAT under this Article entitles the holder to claim the VAT credit as provided for by Article 235 of the Code.

6. This Article does not apply where the work or services supplied are the work or services listed in Article 225 of the Code.

***CHAPTER 36. Zero-rated Turnover***

**Article 222. Export of Goods**

1. Turnover on sale of goods for export, other than export of waste goods made of nonferrous or ferrous metals, shall be subject to VAT at a zero rate.

Export of goods means an export of goods outside of the customs territory of the Republic of Kazakhstan, performed in accordance with the customs legislation of the Republic of Kazakhstan.

2. Failure to meet the supporting documentation requirements stipulated by Article 223 with respect to export of goods makes the supplier liable for VAT at the rate under item 1 of Article 245 of the Code.

**Article 223. Confirmation of Export of Goods**

1. An export transaction in respect of goods shall be considered valid if supported by-

- 1) a contract (agreement) on delivery of exported goods;
- 2) a cargo customs declaration bearing the stamps of a clearing customs office that released the goods under the export procedure;

In the case of exportation of goods via pipelines, electricity transmission lines, or under the procedure of partial periodic declaration, the certification is provided by the customs clearance papers bearing the stamps of the issuing office;

3) duplicates of the bill of lading bearing stamps of a cross-border customs office located on the customs frontier of the Republic of Kazakhstan.

In the case of exportation of goods via pipelines or electricity transmission lines, the delivery-and-receipt statement shall be used in lieu of the bill of lading.

2. The documentation confirming the export of goods in Kazakhstan-bordering CIS member countries consists of the documents described in item 1 above, supplemented with a bill of lading issued in the country of import with respect of the goods supplied from the customs territory of the Republic of Kazakhstan in the regime of export.

Where provided for by an international agreement, the authorized body of the Republic of Kazakhstan may modify the above procedure for certification of export of goods to the CIS countries.

3. In the case of a further export of the goods previously exported from the customs territory of the Republic of Kazakhstan in the regime of processing outside the customs territory, or the products of processing, the confirmation of export is provided in accordance of items 1-2 above and the required documents include ---

1) a cargo customs declaration that serves as the grounds for altering the processing regime to the exportation regime;

2) a cargo customs declaration executed for the processing of goods outside the customs territory;

3) a duplicate cargo customs declaration executed upon the entry of goods onto the territory of a foreign state as goods under processing conducted within a customs territory (that is, under the customs control), which is certified by the customs office that issued this declaration;

4) a duplicate cargo customs declaration executed for the exportation of goods or products of processing thereof from the country of processing and certified by an issuing customs office.

#### **Article 224. Taxation of Works or Services Incidental to International Transportation**

1. Fulfilment of works or rendering of services related to international transport shall be subject to value added tax at zero rate.

2. For purposes of this Article, the works or services in connection with international transport include ---

1) the works or services of transportation, loading, unloading, reloading and escorting of goods being exported from, or transiting on, the territory of the Republic of Kazakhstan or ;

2) the works or services connected with carrying mail, passengers and luggage to locations outside of the Republic of Kazakhstan;

3) technical, commercial, air-navigational and airport-hosting services provided for international flights.

3. In the case of carrying out works or rendering services under subparagraph 1 of item 2 above, the zero rate is applied under following conditions:

1) there exists a contract (agreement) for the fulfilment of works or provision of services, which has been concluded directly with the supplier of goods being exported; or

2) the transportation transaction is documented by means of coordinated international shipping documents, and in the case of exportation via pipelines - documents confirming

the transfer of exported goods to a buyer or other persons carrying out the further delivery of the above goods to the customer;

3) in the case of transit, there is a cargo customs declaration confirming the entry of the goods into the territory of the Republic of Kazakhstan under the transit regime.

4. In the case of carrying out works or rendering services under subparagraphs 2 and 3 of item 2 above, the zero rate is applied under following conditions:

1) there exists a contract (agreement) for the fulfilment of works or provision of services, which has been concluded directly with the receiver (customer) of the works or services;

2) the transportation transaction is documented by means of coordinated international shipping documents.

### ***CHAPTER 37. Exempt Turnovers and Imports***

#### **Article 225. Turnovers Exempted from VAT**

Turnovers VAT-free shall be turnovers on disposal of the following goods (work, services):

1) postage stamps (except for collectors' stamps);

2) excise stamps (records and control stamps used for marking of excisable goods in accordance with Article 549 of the Code);

3) services provided by responsible state agencies for consideration in the form of the state duty;

4) services incident to the legal profession and that of public notaries;

5) goods (work, services) realized by the National Bank of the Republic of Kazakhstan;

6) property realized under procedure of privatisation of state-owned property;

7) transfer of fixed assets on gratuity basis to state institutions, as well as transfer of fixed assets on a gratuity basis by state institutions to state enterprises in accordance with the legislation of the Republic of Kazakhstan;

8) contributions to the charter capital;

9) return of property received as a contribution to the charter capital;

10) funeral, burial or cremation service;

11) supply of lottery tickets, except for the services of sale;

12) services that provide for informational or technological interaction among the parties to settlement transactions, including the services of gathering, processing and distribution of data to the transaction participants in the case of settlement transactions based on the use of banking cards;

13) any turnovers referred to in Articles 226-233 of the Code.

#### **Article 226. Supplies Relating to Land and Dwelling Buildings**

1. The sale, lease or sublease of buildings (parts thereof), dwelling buildings, are exempt from payment of VAT, except for:

1) the first sale of any newly constructed building (part thereof), for dwelling purposes ;

2) the sale or lease of a building (or a part thereof) being employed in the hotel business;  
or

3) rendering services in respect of staying at a hotel.

The class of newly constructed dwelling buildings shall include any dwelling building that has undergone a renovation (overhaul) with a total cost of 50 or more percent of the building's initial value, providing that after such renovation the building continues to be used for housing purposes.

2. The transfer of the ownership and the right of use of a land property and (or) the lease, including sublease, of a land property, is exempt from VAT, except for the rental fee on such plots as are used for parking or storing of automobiles or other vehicles.

#### **Article 227. Financial Services**

1. Turnovers on rendering of financial services are exempt from VAT provided the service falls into the category as given in item 2 below.

2. Exempt financial services shall include ---

1) the following banking transactions, providing that any of these is performed by a holder of a corresponding license issued by the National Bank of the Republic of Kazakhstan :

- receipt of deposits, opening and maintenance of bank accounts for individuals and legal entities;

- opening and maintenance of the corresponding accounts for banks and organizations engaged in certain banking transactions;

- opening and maintenance of metal accounts for individuals and legal entities to reflect the physical quantity of the affinated metals owned by a person;

- transfer transactions, including execution of money transfer orders of individuals and legal entities;

- crediting transactions, including extension of loans in the monetary form ;

- factoring and forfeiting transactions;

- settlement transactions for individuals and legal entities, including corresponding banks, on the bank accounts;

- trustee transactions, including money management and management of affinated precious metal deposits and securities in favour and on behalf of the trustor;

- clearing transactions, including gathering, reconciliation, classification and confirmation of payments as well as carrying out offsetting and netting transactions for the clearing clients;

- pawning transactions, including extension of short-term loans on the corollary of deposited liquid securities and movable property;

- management of exchange transactions with foreign currency;

- cashing money orders (except for promissory notes);

- acting as guarantor for obligations requiring monetary fulfilment;

- opening and confirmation of the letter of credit as well as fulfilling any obligations relating thereto;

- cash transactions : receipt, delivery, calculation, changing, exchanging of currency; sorting and packing;

- custody of securities in electronic form

- delivery by banks of any pledges for the payment of a debt in the monetary form on behalf of third parties.

- 2) transactions with securities, services of professionals – partners of the securities market, as well as services of the organizations operating on the securities market under licenses obtained in accordance with the laws of the Republic of Kazakhstan;
- 3) insurance (reinsurance) transactions, including the supply of insurance brokerage (insurance agents) services on the purchase or maintenance of insurance (reinsurance) policies ;
- 4) transactions carried out via cards, checks, promissory notes and deposit certificates;
- 5) services in connection with management of pensions accounts;
- 6) services provided by savings pension funds to attract contributions, allocate and credit the investment profit to pension accounts.
- 7) sale of equity interests in enterprises' authorized capital.

**Article 228. Finance Lease of Assets**

1. The transfer of assets pursuant to a contract of lease shall be exempt from VAT in respect of remuneration amount to be received by a lessor, if
  - the transfer meets the requirements under Article 74 of the Code;
  - the lessee acquires the leased property as a capital asset.

**Article 229. Services of Non-Profit Organizations.**

1. A turnover on the services of non-profit organizations which are mentioned in item 1 of Article 120 of the Code shall be the exempt from VAT if it is connected with ---
  - 1) the services in respect of the protection and social security of children, senior citizens, war-and labour veterans and the disabled;
  - 2) the rites and ceremonies of religious organizations or with the sale of articles belonging to the field of faith;

**Article 230. Geological Exploration and Survey**

Turnovers on supply of the geological exploration and survey works shall be exempt from VAT.

Geological exploration and survey works mean a group of interrelated sequential operations that are performed in order to seek, explore, evaluate and prepare hydrocarbon and mineral deposits for excavations.

**Article 231. Services, Works Supplied in the Field of Culture, Science and Education**

1. Supplies of work and services in the field of culture, science and education are exempt from VAT where belong to one of the following areas ---
  - 1) production of theatrical performances other than light entertainment shows
  - 2) education in the sphere of pre-school upbringing and training; primary, basic, secondary, additional general education; primary, secondary, higher and postgraduate vocational education; as well as professional retraining and advance training by holders of the relevant licenses on the right to carry out such types of activities;
  - 3) scientific research works commissioned by the government;
  - 4) supplies of librarianship services.
  - 5) preservation of historical and cultural heritage, archive valuables.

**Article 232. Medical and Veterinary Goods and Services**

1. Turnovers on sale of goods (work, services) relating to the area of healthcare and veterinary medicine shall be an exempt from VAT, if it is

1) a supply of medicinal substances of any form or a supply of materials or components to make medicines;

2) a supply of medical (veterinary) articles, including artificial orthopaedic articles and materials or components to make such articles, or a supply of medical (veterinary) equipment;

3) a supply of medical (veterinary) services other than cosmetic services.

2. The list of the goods and services under paragraph 1 of this Article is established by the Government of the Republic of Kazakhstan.

**Article 233. Sale of Enterprises**

1. The sale of an enterprise or an independently functioning part of an enterprise by a VAT payer to another VAT payer is to be exempted from VAT on the basis of ---

1) a liquidation balance spreadsheet and/or a division and transfer balance spreadsheet that enumerates the assets being transferred, the sources of their creation and/or the obligations that they carry.

2) an application to be signed by the both parties to the transaction and requesting an exemption from VAT provided by this provision, which shall be furnished to the appropriate tax office not later than the 10<sup>th</sup> day after the supply.

2. Provisions of item 1 of this Article also apply to reassignment of rights under a subsurface use contract.

**Article 234. Exempt Imports**

The import of the following goods shall be exempt from VAT ---

1) the import of national or foreign currency (except for that used for numismatic purposes), and of securities;

2) the import of goods by individuals within the limits of duty-free import of goods established by the Government of the Republic of Kazakhstan;

3) the import of goods with the exception of excisable goods, supplied as humanitarian aid under the procedures established by the Government of the Republic of Kazakhstan;

4) the import of goods with the exception of excisable goods, supplied in the form of charitable contributions, including the technical assistance supplies, that are made at the level of states, governments or international organizations,;

5) the import of goods intended for official use by foreign diplomatic offices and equivalent organizations as well as for personal use by diplomatic, administrative and technical staff of the above offices or organizations, including their families residing with them and entitled to such exemption under the international agreements ratified by the Republic of Kazakhstan.

6) the import of goods that are subject to cross-border declaration in accordance with the legislation of the Republic of Kazakhstan under the customs regimes that provide for exemption from taxation;

7) the import of medicines, including substances, medical (veterinary) articles, including artificial limbs, orthopaedic products, hearing aids and medical (veterinary) equipment;

this provision also applies to materials and components to be used in the production of medicines, anti-diabetes drugs, medical (veterinary) articles, including orthopaedic items and medical (veterinary) equipment;

The list of the items described in the preceding sentence is established by the Government of the Republic of Kazakhstan.

8) the import of postage stamps (other than collector's items).

9) the import of materials to be used by the National Bank of Kazakhstan or its subdivisions in the production of banknotes;

10) the import of equipment for ATM systems;

11) import of goods performed from grants provided on the level of states, governments and international organizations.

2. The VAT exemption procedure with regard to the imports enumerated in paragraph 1 of this Article shall be established by the Government of the Republic of Kazakhstan.

## ***CHAPTER 38. VAT Credit***

### **Article 235. Crediting VAT**

1. Subject to other provisions of this Chapter, any recipient of goods, works or services shall be allowed while determining the sum of VAT payable to Revenue to claim as a credit the sum of VAT payable for the goods, including fixed assets, work and services providing that the purchased goods or services are (to be) used for purposes of taxable turnover and also providing that ---

1) the purchaser of goods (work, services) is a VAT payer of the Republic of Kazakhstan according to the Article 207 (1) of the Code;

2) an invoice on goods or services supplied has been issued by a supplier who is a VAT payer of the Republic of Kazakhstan; when a supplier is not a VAT payer, the invoice shall be marked "VAT free";

3) the VAT has been paid to Revenue, in the case of the import of goods;

4) the amount of the VAT has actually been remitted to Revenue, in any of the cases referred to in Article 221 of the Code,

2. The amount of the VAT that is creditable according to item 1 above may be represented by ---

1) the sum of the tax payable to a supplier, which is shown in a separate line in an invoice that the supplier issues;

2) the sum of the tax shown in a customs cargo declaration issued in accordance with the customs legislation of the Republic of Kazakhstan, which has been duly paid to Revenue of the Republic of Kazakhstan and is not subject to refund that is allowed under the terms of certain customs regimes;

3) the sum of the tax shown in a voucher that certifies the payment of the VAT as provided for in Article 221 of the Code;

4) the amount of the tax shown in an railway or air ticket;

5) the sum of the tax shown in any of the documents that are in use by the utilities that have their bills processed by banks;

6) the sum of the tax shown in the inventory balance report made on the date of registration for VAT in accordance with item 8 of Article 208 of the Code, providing

such amount is borne out by the provisions as contained in the subparagraphs of this paragraph;

7) the amount of the tax shown in the cash-machine receipt, in the case of a purchase of goods (works, services) for cash.

3. Credit of the VAT payable by the suppliers of the imports which fall under the special exports-and-imports taxation rules stipulated by an international agreement, shall be claimed in the manner specified by the Government of the Republic of Kazakhstan.

4. The credit of VAT is claimed for the taxable period in which the supply of goods (work, services) was made, under the procedure stipulated in item 2 of this Article.

Where the payment of VAT has been made under Article 221 of the Code, the credit is claimed for the taxable period in which the tax is actually remitted to Revenue.

5. If a payer of VAT has both taxable and nontaxable turnovers, including those exempted from VAT, the crediting of VAT is done according to the provisions of Article 239 of the Code.

#### **Article 236. Uncreditable VAT**

1. No credit is allowed if the value added tax is payable in connection with the receipt of ---

1) the goods (work, services) related to activities beyond the scope of the VAT payer's business activities;

2) the buildings (part of it) of housing resources, except for buildings of hotel;

3) the passenger cars that are acquired as capital assets;

4) the goods and services intended for repair of rented dwelling buildings, with the exception of the cases where the repair expenditure is reimbursable by the lessor under the terms of the lease agreement and constitutes the taxable turnover of the lessee who had the repair work done;

5) any gift (goods, works or services) other than the one received from outside of the Republic of Kazakhstan and on which the recipient has paid the VAT on import.

#### **Article 237. Adjustment of the Amounts Claimed as VAT Credit**

1. The amounts previously credited against VAT are subject to exclusion from the credit if--

1) the goods (work, services) were applied to uses beyond the taxable turnovers;

2) the goods, including capital goods, have been damaged or lost (unless such damage or loss results from a natural disaster);

3) the suffered loss is in excess of the limits established for natural monopolies;

4) any of the provisions stipulated by Article 242 of the Code are violated.

2. For purposes of this Article, the damage suffered by goods (property) refers to such deterioration of all or certain qualities (features) of goods (property) as renders the goods (or property) no longer fit for use as a taxable turnover.

“Loss of goods (property)” means any event resulting in the destruction or loss of goods (property), but does not include any losses of goods that fall within the rates of natural loss established by the legislation of the Republic of Kazakhstan.

3. When change of value of goods (works, services) occurred as a result of situations listed in item 2 of Article 218 of the Code, the amount of VAT previously credited shall be adjusted by the relevant amount.

4. Adjustment of the amount of VAT credited shall be made in the tax period when the cases listed in the paragraph 1 and 3 of the present Article have occurred.

**Article 238. Adjustment of VAT Credits for Doubtful Liabilities**

1. When the amount of a doubtful liability for a supply of goods (work, services) that has been previously claimed as a credit is included in the income, the amount so credited shall be excluded from the credit three years after it was credited.

If after the above exclusion from the credit, the VAT payer made payment for the goods (work, services), then the amount of the excluded credit shall be restored, and a corresponding claim made in the same period as the payment is made.

2. If a supplier-VAT payer having a outstanding liability is declared bankrupt, the exclusion of the amount previously claimed by him as a credit is done for the taxable period in which the judicial determination to exclude such bankrupt VAT payer from the state register takes effect.

3. The concept of doubtful liability is set in accordance with Article 84 of the Code.

**Article 239. Crediting for VAT Where Some Sales Turnovers are VAT Exempt Turnovers**

1. No credit is allowed for the VAT that is payable to suppliers and importers of goods, works or services that are used for purposes of exempt supplies.

2. In the case of turnovers consisting of both taxable and exempt supplies, the amount of the creditable VAT shall be determined by a VAT payer who has an option of using either a proportionate or a separate method of VAT accounting.

The elected method to determine the amount of creditable VAT is not subject to change during a taxable period.

3. VAT not subject to credit according to the present Article shall be deducted from taxable income under the procedure set by the Code.

**Article 240. Proportionate Method**

1. Under the proportionate method, the amount of VAT credited against tax is determined according to the share that the taxable supplies make of the total turnover.

2. In the case of transactions with securities, the taxable amount for the purposes of the paragraph 1 of the present Article shall be represented by the gain from the sale of securities.

**Article 241. Separate Method**

1. When determining VAT amount creditable under the separate method, separate accounts are maintained by the VAT payer on expenses and the amounts of VAT in respect of the received goods (work, services) used for the purposes of taxable and exempt turnovers.

2. The banks and organizations engaging in certain banking transactions that use the proportionate method of crediting are allowed to employ the separate method in accounting for the VAT payable on supplies related to receipt and sale of mortgaged property (goods).

## **CHAPTER 39. VAT Invoices**

### **Article 242. The Invoice**

1. All VAT payers are required to use the VAT invoice in all cases except for the cases described in item 8 of this Article.

2. Subject to item 8 of this Article, a person registered for VAT that carries out a supply of goods (work, services) which is subject to taxation for the VAT is required to write out a tax invoice showing the sum of VAT to the person who receives the goods (work, services).

3. A VAT invoice, which provides the justification for claiming a VAT credit as provided for by Article 235 of the Code, must contain the following information:

- 1) a serial number and date of issuance of the tax-invoice;
- 2) full person/company names, addresses and taxpayer registration numbers of the supplier and the recipient of the goods (work, services) as well as the number of the supplier's VAT registration certificate;
- 3) name of goods shipped, works fulfilled, or services rendered;
- 4) taxable amount;
- 5) rate of VAT;
- 6) sum of the VAT;
- 7) value of the goods (work, services) inclusive of VAT;

4. The invoice is issued no later than the date of supply and is to be certified by the signature and seal of the chief executive and chief accountant of the supplier or by other officials authorized thereto.

5. Unless otherwise stated in this paragraph, the taxable amount should be specified for each item of goods (work, services) on the invoice.

The taxable amount is allowed to be shown without a breakdown only in cases where the invoice has for its attachment a list of the supplied goods (works, services). If such a list is attached, the invoice should contain a reference to its title, serial number and date of issuance.

6. The VAT payers who are legal entities using the special tax regime for agricultural producers shall issue invoices in the format and manner established by the Authorized State Agency.

The VAT payers under this paragraph may not issue invoices any of which is for a total amount that exceeds the tax liability under paragraph 2 of Article 388 of this Code.

7. The value of goods (work, services) and the sum of VAT are given in the national currency of the Republic of Kazakhstan, except where a supply is a supply under a international trade contract or in other cases stipulated by the laws of the Republic of Kazakhstan.

8. No VAT invoice is required

- 1) on paying the bills for public utilities and communications services in a bank where the settlement of accounts with the public is done on the basis of the source documents that provide the basis for maintenance of accounting;
- 2) on paying a transportation fare through purchase of a ticket.
- 3) on issuing a cash-machine receipt to the customer, in the case of selling goods (works, services) for cash.

4) on provision of goods (works, services) exempt from VAT.

**Article 243. VAT Invoices Where Value of Turnover is Adjusted**

1. When the amount of taxable supply is adjusted, an additional VAT invoice shall be filed, including:

- 1) a serial number and a date of issuance of an additional VAT invoice.
- 2) a serial number and a date of issuance of an original VAT invoice to which the additional VAT invoice is a supplement;
- 3) a name, address and registration number of a supplier and a recipient of goods (works, services);
- 4) an amount of supply adjustment net of VAT;
- 5) the amount of VAT due.

2. An additional invoice shall be filed by a supplier of goods (works, services), and certified by a recipient of the goods (works, services).

***CHAPTER 40. Procedure for the Calculation and Payment of Tax***

**Article 244. VAT Payable to Revenue**

The sum of value added tax payable to Revenue in respect of taxable turnover is determined as the difference between the sum of tax charged on the taxable supplies in accordance with Article 245 of the Code and the sum of tax creditable under Article 235 of the Code.

**Article 245. Rates of VAT**

1. The rate of VAT is equal to 16% and applicable to the taxable amount, except as provided in item 2 of this Article.
2. The zero rate of VAT applies to turnover on sale of goods (work, services) specified in Articles 222 through 224 of the Code.
3. The rate of VAT for imports is 16% of the taxable amount of an imported supply that is established by Article 220 of the Code.

**Article 246. Taxable Period**

1. The tax period in respect of VAT is a calendar month, except as provided in item 2 and item 3 of this Article.
  2. Where an average monthly amount of the VAT payable to Revenue for the preceding quarter is less than 1,000 times the monthly index factor, the taxable period shall be one quarter.
  3. The taxable period for VAT payers establishing a special regime for legal entities – agricultural goods producers for payment of VAT on supplies made in the course of activities falling under the special tax regime provisions is a tax year.
- The taxable period for the VAT payable to Revenue in connection with other activities is established as provided for in items 1 and 2 of this Article.

**Article 247. Tax Return**

1. A VAT payer is required to file a VAT return for each taxable period not later than the 15th day of the month following the taxable period unless otherwise provided by item 2 of this Article.
2. The VAT payers who are legal entities using the special tax regime for agricultural producers shall file a VAT return for each taxable period not later than the 15th day of the month following the accounting quarter.
3. For the purposes of this Article, the return is filed together with a list of invoices for the goods (works, services) that have been purchased during the accounting period (which, in the case of paragraph 2 of this Article is a accounting quarter) providing that the taxable supply of the reported accounting period is in excess of 150,000 Tenge. The format for the list of invoices is established by the Authorized State Agency.

**Article 248. Due Dates for Payment of Tax**

1. Except as otherwise provided in Article 389 of the Code, a VAT payer is required to pay the tax to Revenue for every taxable period on or before the day established for filing the VAT return.
2. VAT on imports must be paid on the day established by the customs legislation of the Republic of Kazakhstan for the payment of customs duties, except for VAT payable by taxpayers in cases mentioned in Article 250 of the Code.
3. Due dates for payment of VAT on imports may be changed by the tax administration as provided by Article 249 of the Code.

**Article 249. Changed Due Dates for VAT on Imports**

1. Due dates for payment of VAT on imports may be changed by the tax authorities with regard to the following supplies ---
  - 1) goods imported for industrial processing
  - 2) imported water, gas or electricity.
2. For the purposes of this Article, “industrial processing of goods” means a further use of the goods in production process, provided that at least one of the following conditions is satisfied:
  - 1) the product (a commodity) yielded by the industrial processing has a commodity code, that is different at a level of any of the first four digits, from the code of the original good used, where such code is assigned based on the classification of goods for foreign trade;
  - 2) the commodity is to be given a chemical treatment, using additional labour.
3. For the purposes of this Article, the change of the due dates for payment of VAT is done together with granting a relief of interest for a period extending for three months from the date of filing the cargo customs declaration with a customs office.
4. The documents required for the purpose of obtaining the change of VAT due dates under this Article include ---
  - 1) an application;
  - 2) a copy of the purchase agreement (a contract) for goods;To justify the deferment given in accordance with the present Article, tax bodies are entitled to perform an inspection of production capacities of a VAT payer.

5. The VAT payers importing goods for industrial processing on a regular basis shall be granted a permission for the goods customs clearance with VAT deferment, valid during a calendar year.

The permission shall serve as a basis for the customs clearance with VAT deferment within three months from the day on which the customs body accepted the cargo customs declaration.

To obtain a permission, a taxpayer shall submit the documents listed in the paragraph 4 of this Article, alongside with the report of tax bodies at the place of VAT payer's registration, certifying the presence of necessary production capacities and premises, to an authorized state body.

6. The deferred amounts of the VAT are collected by the tax administration during a three-month period by offsetting the debt against the current payment of the VAT liability.

Any amount of the deferred tax that remains unpaid after that period is subject to interest, which begins in accruing on the day that follows the last day of the deferment period.

7. If the commodities should be supplied without prior industrial processing, they are subject to taxation for VAT in accordance with Article 244 of the Code plus the statutory interest according to the established procedure.

#### **Article 250. Payment of VAT on Imports by Offset**

1. The VAT on the equipment or spare parts that are imported for purposes of own production shall be payable by offset as provided for in this Article. In addition, such equipment or spare parts should be present on the Government of the Republic of Kazakhstan's approval list.

2. A VAT payer shall file with the customs authority a copy of a VAT registration certificate and a statement of obligation to have the sums of the VAT payable under item 1 of this Article included in the VAT return.

The statement of obligation is filed in duplicate according to the format established by the Responsible Agency.

Based on the above statement, the goods are allowed for free circulation with no VAT paid on them, provided that the customs duties and, if applicable, the excise taxes are paid according to the established procedure.

3. The sum of the VAT specified in the obligation statement is assessed in a VAT return and simultaneously claimed as a VAT credit in accordance with Article 235 of the Code.

4. Any further supplies made of the goods under item 1 of this Article are subject to taxation for VAT in accordance with the Code.

### ***CHAPTER 41. Accounting for VAT to Revenue***

#### **Article 251. Relation with the Revenue in cases of excess of the tax amount credited over the tax amount assessed for a tax period**

1. Except as otherwise provided in the Article, any excess amount of the credited VAT over the amount of a tax liability for a taxable period shall be credited against future payments of VAT.

2. As of zero rated turnovers, any excess amount in accordance with the paragraph 1 of this Article shall be refunded to the VAT payer under the Article 252 of the Code, provided that the following conditions are satisfied:

1) the VAT payer makes supplies of goods, works or services subject to the zero rate of VAT on a regular basis;

2) the turnover of the goods or services taxed at the zero rate was at least 70% of the total turnover for a quarter that precedes a month in which an application for refund is filed.

3. Where the conditions set forth in item 2 above are not met, any excess amount shall be refunded to the VAT payer in respect of the amount credited by him for the supply of goods, works or services taxed at the zero rate after account has been taken of the person's VAT liability for prior taxable periods.

4. In determining the amount of a VAT refund under items 2 and 3 of this Article, account shall be taken of the exports in connection of which amounts in foreign currency have been credited to the person's bank accounts both those which have been opened by the person in Kazakhstan as prescribed by the applicable laws of the Republic of Kazakhstan.

5. Where the VAT payer with zero rated supplies has not applied for a VAT refund, the excess amount under item 2 of this Article shall be credited toward the forthcoming payment of VAT in the period that follows the reporting period.

6. In addition to the cases mentioned in the paragraphs 2 and 3 of the present Article, VAT shall be subject to refund in the following cases:

1) VAT paid to suppliers of goods (works, services) purchased from grant funds under the procedure set in the Article 253 of the Code;

2) VAT paid in the cases under Article 254 of the Code by diplomatic or equivalent missions on the goods, works or services that are purchased for official use by such diplomatic or equivalent missions or for personal use of the diplomatic or administrative and technical staff of such missions or the jointly residing members of the families of such staff;

3) the overpaid amount of tax due to Revenue, under the procedure set by the Articles 39 and 40 of the Code.

#### **Article 252. VAT Refund on zero rated turnovers**

1. VAT refund on zero rated supplies shall be performed within 60 working days since a tax office received the tax refund claim submitted by a taxpayer in the format set by an authorized state body, based on:

1) VAT return for the tax period in question;

2) documents mentioned in Article 223, that confirm the fact of the export of goods, works or services, or – in the case of supplies connected with international transport – the documents under Article 224 of the Code;

3) confirmation of authenticity of the tax amounts claimed to return in accordance with the validation report in the form of a report on an audit performed by the local tax administration;

2. The VAT refunds shall be carried out ---

1) by crediting of value added tax against payment of the person's outstanding debt on other taxes;

2) by crediting against the VAT payments due on imports; or

- 3) by crediting against the VAT to be paid under the Article 221 of the Code; or
  - 4) by remitting the funds to the VAT payer's bank account.
3. The remittance of the amount of a VAT refund to a VAT payer's bank account is contingent upon the absence of any arrears with respect to other taxes and mandatory payments to revenue.
- Otherwise, the amount of the refund shall be used to offset such outstanding tax debt.
4. Where during the period specified in paragraph 1 of this Article, the supplier for the VAT payer should fail to correct the infractions of the tax law that had been revealed in the course of the cross-check audit, the refund to be made to the VAT payer shall be confined to those amounts that were either cleared by the original audit or on which the appropriate corrective post-audit measures have been taken.
- The decision to audit the supplier in order to verify the authenticity of the tax claimed for refund shall be taken by the Authorized State Agency in accordance with the existing procedures that -
- 1) no cross-check audits need be made in respect of those suppliers that had been making at least one supply per month to the VAT payer requesting the refund in a twelve-month period preceding the request in question;
  - 2) a cross-check audit of a supplier (except for the above-mentioned) is otherwise mandatory where the VAT shown on the invoices issued by him is in excess of 1 million Tenge.
5. No VAT refund under the present Article shall be made to the VAT payers who a subject to the special taxation regimes provided for:
- 1) small businesses;
  - 2) farms;
  - 3) incorporated agricultural producers.

**Article 253. Refund of VAT Paid on Goods (Works or Services) Purchased for the Moneys of Grants**

1. The refund of VAT paid to supplies of goods, works or services that are purchased for moneys of grants is made within 30 days by tax authorities if ---
- 1) the grant is provided on the level of states, governments, or international organizations;
  - 2) the goods (works, services) are purchased solely to the purposes for which the grant is provided; and
  - 3) the supply of goods, execution of works or rendering of services is made under an agreement (contract) between the supplier and the beneficiary or his agent that has been appointed by the beneficiary for purposes of carrying out the aims of the grant.
2. The refund of VAT under this Article shall be done by a beneficiary according the procedures under items 2 and 3 of Article 252 of the Code, based on the documents certifying VAT payment from the grant funds.
- The list of documents certifying the fact of VAT payment from the grant funds shall be established by the Responsible State Agency.

**Article 254. Refund to Diplomatic or Equivalent Missions Accredited in the Republic of Kazakhstan.**

1. The refund of the VAT under subparagraph 2) of item 6 of Article 251 of the Code is made if it is sanctioned by the international treaties to which the Republic of Kazakhstan is a party.

2. The refund of the VAT to diplomatic and equivalent missions accredited in the Republic of Kazakhstan is carried out on the basis of the summary spreadsheets (registers) to be prepared by such missions and the copies of documents (invoices, receipts, etc.) that confirm the payment of VAT

The summary spreadsheets (registers) shall be executed in the format prescribed by the Responsible State Agency and shall be furnished by diplomatic and equivalent missions to the Ministry of Foreign Affairs of the Republic of Kazakhstan to be confirmed by an exchange of Notes on the observance of the principle of reciprocity in extending exemptions on indirect taxes (VAT and excise). After the confirmation, such summary registers shall be transferred to the tax office designated by the Responsible State Agency for the fulfilment of the refund.

If the amounts of VAT that are indicated in the attachments to the summary spreadsheets are not shown in separate lines, then the refund shall only be payable upon the receipt of a confirmation from the supplier of goods or services that the price is given in the invoice inclusive of VAT.

3. The amounts of VAT to be refunded to diplomatic and equivalent missions are payable within 30 working days after the day on which the summary registers are received from the Ministry of Foreign Affairs of the Republic of Kazakhstan by the tax administration. The amounts of VAT subject to refund from the Budget shall be paid to the diplomatic and equivalent missions by wire transfer to the corresponding bank accounts.

## SECTION 9. DUTIES OF EXCISE

### CHAPTER 42. General Provisions

#### Article 255. Scope of Excise Duty

The goods produced within the territory of the Republic of Kazakhstan and imported to the territory of the Republic of Kazakhstan, as well as the activities listed in Article 257 of this Code, shall be subject to excise.

#### Article 256. Taxpayers

1. Excise taxpayers are legal entities and individuals as follows:

- 1) Producers of excisable goods within the territory of the Republic of Kazakhstan;
- 2) Importers of excisable goods to the customs territory of the Republic of Kazakhstan;
- 3) whole and retail traders of gasoline (except for aircraft motor gasoline) and diesel fuel in the Republic of Kazakhstan;
- 4) Sellers of confiscated, ownerless excisable goods, as well as excisable goods inherited by the State and gratuitously gifted to the ownership of the State within the territory of the Republic of Kazakhstan, provided that excise tax on the goods aforementioned has not been paid before in the Republic of Kazakhstan under the legislation of the Republic of Kazakhstan;
- 5) Those who carry out excisable activities within the territory of the Republic of Kazakhstan.

2. Legal entities-nonresidents and their structural subdivisions shall also pay excise tax with consideration of provisions of paragraph 1 of this Article.

#### Article 257. List of Excisable Goods and Activities

1. The excisable goods shall be:

- 1) all kinds of spirit;
- 2) alcohol products;
- 3) tobacco products;
- 4) other tobacco containing products;
- 5) the caviar of sturgeon and salmon flesh;
- 6) jewellery made of gold, platinum or silver.
- 7) gasoline (except for the aircraft motor gasoline use), diesel fuel;
- 8) passenger cars (except for cars with manual control specially designed for handicapped people);
- 9) firearms and gas-guns (except for those purchased for the needs of the State government bodies);
- 10) crude oil, including the gas condensate;

2. The excisable activities shall be the following:

- 1) gambling business;
- 2) lottery organization and holding;

### **Article 258. Excise Tax Rates**

1. Excise tax rates are established by the Government of the Republic of Kazakhstan and fixed as percent (ad valorem rates) to value of goods, and/or in an absolute sum per measure unit (hard rates) in kind.

2. Excise tax rates for alcohol products are established in accordance with paragraph 1 of this Article or depending on the volume of waterless (one hundred percent) spirit they contain.

3. Excise tax rates for all kinds of spirit may be differentiated depending on targets of further use of the spirit.

With respect to spirit disposed for production of alcohol products, the excise tax rate may be established below the base rate, established for the spirit that is disposed to entities for purposes other than production of alcohol products.

4. For entities engaged in gambling the Government of the Republic of Kazakhstan establishes the maximum and the minimum limits of base excise tax rate on a yearly basis.

Local representative bodies establish a single excise rate within the fixed base rates for all taxpayers, carrying out their activity in the territory of one administrative and territorial unit (oblast).

## ***CHAPTER 43. Taxation of Excisable Goods Produced or Sold in the Republic of Kazakhstan and Excisable Activities***

### **Article 259. Taxation object**

1. The object liable to excise shall be:

1) the following transactions, carried out by excise taxpayer with excisable goods produced and (or) extracted, and (or) bottled:

sales of excisable goods;

transfer of excisable goods for processing (goods processed from customer's material);

transfer of excisable goods – products of processing customer's materials and other materials, including excisable materials;

contribution to charter capital;

use of excisable goods in case of payment in kind;

excisable goods, shipped by commodity producer to its subdivisions;

use by commodity producers of excisable goods produced and (or) extracted, and (or) bottled for their own production needs;

2) wholesale trade of gasoline (except for aircraft motor gasoline) and diesel fuel;

3) retail trade of gasoline (except for aircraft motor gasoline) and diesel fuel;

4) disposal of excisable goods confiscated and/or ownerless, inherited by or gratuitously gifted to the State;

5) gambling business activities

6) lottery organization and holding;

7) damage to and loss of excisable goods, excise fee labels

2. The following transactions shall be exempt from excise tax:

- 1) export of excisable goods complying with the requirements stipulated by Article 268 of this Code;
- 2) ethyl spirit within the quotas established by the authorized state body on supervision over production and turnover of ethyl spirit allotted:  
for production of medical and pharmaceutical preparations, in the case if the manufacturer obtained the license of the Republic of Kazakhstan to produce such products;  
to the State medical institutions;
- 3) spirit containing products for medical purposes (except for balms), bottled into the consumer's tare with the capacity of no more than 0,1 litre, and registered as a medication in accordance with the legislation of the Republic of Kazakhstan;

**Article 260. The date of transaction**

1. In all cases the date of transaction shall be the day of shipment (transfer) of excisable goods to consumer, unless otherwise provided in this Article.
2. In case of sales of produced excisable goods is carried out by the producer through the net of his own structural subdivisions, the date of transaction shall be the day of shipment of excisable goods to structural subdivisions.
3. In case of transfer of excisable goods – customer's materials the date of transaction shall be the day of transfer of the goods mentioned to a contractor (processor).  
When excisable goods are manufactured using customer's materials, the date of transaction shall be the day of transfer of excisable goods produced to customer or an entity, specified by the customer.
4. When excisable goods are used for own production needs, the date of transaction shall be the day of specified goods transfer for such use.
5. In the case of organization and holding of lotteries, the date of transaction shall be the day of lottery tickets release registration with tax authorities.
6. In the case of damage to excisable goods, excise labels the date of transaction shall be the day of act issued on the writing off of excisable goods (excise fee labels) damaged or the day of decision made on its further use in the production process.  
In case of loss of excisable goods, excise labels the transaction date shall be the day when the goods were lost.

**Article 261. Tax base**

1. For excisable goods to which fixed excise rates are established, tax base shall be determined as a volume of produced, sold excisable goods in kind.
2. For excisable goods to which ad valorem excise rates are established, tax base shall be determined as the value of excisable goods produced, sold, which is estimated by prices without excises and VAT, at which producer delivers the goods.
3. Tax base in case of lottery organization and holding shall be determined as the sum of receipts, declared by lottery organizer less the amounts attributed to prize fund, upon registration with tax authorities of release of lottery-tickets, excluding the amount of excise, and shall not be changed after registration.

**Article 262. Specific terms of taxation of all kinds of spirit in case of various rates applicable**

1. In case of different excise rates, established in accordance with Item 3 of Article 258 of this Code, for all kinds of spirit, tax base shall be determined separately by transactions excisable at equal rates.

2. On using the spirit, purchased by producers of alcohol products with excise rate below the basic excise rate, for purposes other than production of alcohol products, the amount of excise for this spirit shall be re-calculated and paid to the budget, proceeding from the basic excise rate, established for all kinds of spirit, being sold to non-producers of alcohol production. Re-calculation and payment of tax shall be made by the receiver of spirit.

3. Provisions of Item 2 of this Article shall be applicable also in the case of non-specified use of the spirit, purchased for production of medications and provision of medical services. Excise taxpayers on the given spirit shall be producers of medications and state medical Institutions receiving spirit excise free.

**Article 263. Loss of and damage to excisable goods**

1. In case of loss, damage to excisable goods produced, the excise tax shall be paid in full, except for emergency cases.

This provision shall also be applicable in case of damage, loss of gasoline (except for aircraft motor gasoline), diesel fuel, acquired for further sale.

2. For the purposes of this article, the events described in Item 2 of Article 237 of this Code are taken as damage, loss of excisable goods.

**Article 264. Damage to, Loss of Excise Duty Stamps**

1. Unless otherwise is stipulated in item 2 of this Article, in case of loss, damage to excise levy stamps, excise tax shall be paid in the amount of the declared assortment of goods.

Calculation of excise tax for lost (including stolen) or damaged excise levy stamps, designed for labelling alcohol products in accordance with Article 549 of this Code, shall be made on the basis of the established rates, applicable to the marked volume (container) of the capacity.

In the case of the absence of the capacity volume notice on the stamp, calculation of excise for the lost or damaged excise levy stamps shall be made on the basis of the largest volume of capacity (tare), in which the product was bottled (packed) within the tax period, preceding the period when the excise levy stamps were lost or damaged.

2. In the case of damage to and/or loss of excise levy stamps, no excise shall be paid in the following situations:

1) when damage to and/or loss of excise levy stamps occurred as a consequence of emergency cases;

2) when damaged excise levy stamps were accepted by tax bodies on the basis of the destruction write-off certificate.

**Article 265. Criteria for determination of wholesale and retail trade of gasoline (except for aircraft motor gasoline) and diesel fuel within the territory of the Republic of Kazakhstan**

1. Sale of gasoline (except for aircraft motor gasoline) and diesel fuel shall be treated as wholesale, if, according to the purchase-sale contract, the customer is obliged to accept the specified excisable goods and use them for sale in the future, provided that the suppliers, according to the purchase-sale contract, shall be:

- 1) producer of gasoline (except for aircraft motor gasoline) and diesel fuel;
- 2) taxpayer who has purchased or imported gasoline (except for aircraft motor gasoline) and diesel fuel for the purpose of their sale in the future.

2. The sale of gasoline (except for aircraft motor gasoline) and diesel fuel shall be treated as retail in the case of the following transactions conducted by the suppliers specified in Item 1 of this Article:

- 1) sale of gasoline (except for aircraft motor gasoline) and diesel fuel is carried out by legal entities (including foreign legal entities) and individual entrepreneurs for their production needs;
- 2) sale of gasoline (except for aircraft motor gasoline) and diesel fuel to individuals;
- 3) use of gasoline (except for aircraft motor gasoline) and diesel fuel, produced or purchased for further sale, for own production needs.

**Article 266. Taxation of Gambling Business Activities**

1. The object for taxation of the gambling business activities (except for lottery), shall be:

- 1) the gambling table;
- 2) gambling machine;
- 3) totalizer cash-desk;
- 4) bookmaker office cash-desk.

2. Concepts established by Item 1 of this Article shall be determined by Article 391 of this Code.

**Article 267. Taxation of Lottery Organization and Holding**

1. Taxable object for lottery shall be release of lottery tickets by the organizer of the lottery.

For purposes of this Article, “release” stands for a number of lottery tickets prepared for sale..

2. Each release of lottery tickets and its volume in money terms shall be registered with tax bodies no later than 10 calendar days before the sale of lottery tickets.

Procedure for registration of release of lottery tickets is established by the authorized state body.

**Article 268. Confirmation of export of excisable goods**

1. In case of export sale of excisable goods taxpayer in order to confirm the ground for exemption from tax in accordance with Item 2 of Article 259 of this Code must submit within 60 working days the following documents to the tax authority at the place of registration:

- 1) delivery contract for exported excisable goods;

2) cargo customs declarations or a copy of it certified by customs body, which is verified by the customs body that released the goods in the exporting regime.

In case of exportation of excisable goods through pipeline or electric power transmission lines or using the incomplete periodic declaration procedure, the export confirmation shall be a complete cargo customs declaration verified by the customs body that performed customs clearing;

3) copies of transportation or shipping documentation verified by frontier customs bodies of the Republic of Kazakhstan;

In case of exportation of excisable goods through pipeline or electric power transmission lines, transfer-acceptance statement with respect to the goods in question shall be submitted instead of copies of shipping documentation.

4) payment documents and bank receipt, confirming the actual remittance of proceeds from sale of excisable goods to the taxpayer's accounts in the Republic of Kazakhstan, opened in accordance with the legislation of the Republic of Kazakhstan.

2. In case of exportation of excisable goods to CIS member states, with which the Republic of Kazakhstan concluded international treaties, providing for exemption of excisable goods export from excise, a copy of cargo customs declaration, made in the country-importer of excisable goods, exported from the customs territory of the Republic of Kazakhstan, shall be submitted in addition.

3. In case of non-confirmation of export of excisable goods in accordance with items 1 and 2 of this Article, such a disposal shall be excisable under the procedure established by this Section for sales of excisable goods in the Republic of Kazakhstan.

#### **Article 269. Determination of Tax Amount**

1. Excise tax amount is determined by means of application of the established excise rate to tax base.

2. Excise tax amount on gambling business is determined through application of the excise rate, established for a tax period, to number of taxable objects.

If a number of taxable objects changes during the tax period, the amount of excise on the new (removed) object shall be paid in full.

#### **Article 270. Tax deductions**

1. Taxpayer has a right to decrease tax amount, determined in accordance with Article 269 of this Code by deductions established by this Article.

2. The excise amounts paid in the Republic of Kazakhstan on purchase or import of excisable goods (except for all kinds of spirit and oil, including gas condenser) to the customs territory of the Republic of Kazakhstan shall be deducted, provided that the goods foregoing are used in the future as the basic raw materials in the excisable goods production.

In accordance with this provision, deduction shall be made for the amount of excise tax determined on the basis of the volume of excisable raw materials actually used for excisable goods production during a tax period.

Provisions of this Article shall be applied also in the case of transfer of excisable goods made of the customer's excisable raw materials, provided that excise payment is confirmed by the owner of customer's excisable raw materials (materials).

#### **Article 271. Due Dates for Excise Tax Payment**

1. Excise on goods specified in the sub-items 1 – 4 of item 1 of Article 257 of this Code shall be transferred to the budget no later than the tenth day after the date of transaction.
2. On goods made of the customer's raw materials (materials), the excise shall be paid on the day of transfer of goods produced to customer or an entity specified by the customer.
3. In case of transfer of crude oil, including gas condenser, extracted in the territory of the Republic of Kazakhstan for refinery, the excise due shall be paid on the day of transfer.
4. Excise tax due on excisable goods not mentioned in items 1 and 3 of this Article shall be transferred to the budget, no later than:
  - 1) the thirteenth date of a month, on transactions that took place during the first ten days of a tax period;
  - 2) the twenty-third day of a month, on transactions that took place during the second ten days of a tax period;
  - 3) the third day of the month following the reporting month, on transactions that took place during the rest days of a tax period.
5. In case of production of excisable goods from raw material of own production, which is subject to excise, excise tax on this raw material shall be paid on due dates established for payment of excise on excisable ready-made goods.
6. Excise tax due on gambling business shall be paid under the procedure and on due dates, established by Article 395 of this Code.
7. Excise on lottery organization and holding shall be paid before or on the day of registration of release of lottery tickets, made in accordance with Article 267 of this Code.

#### **Article 272. Place of Tax Payment**

1. Excise tax shall be paid at the place of registration of excise tax payer, except for cases described in item 2 of this Article.
2. Excise taxpayers having structural subdivisions pay excise tax at the location of subdivisions under the procedure stipulated by Article 273 of this Code, if they are engaged in:
  - 1) production and (or) bottling of excisable goods listed in sub-Items 1) – 4) of Item 1 of Article 257 of this Code;
  - 2) wholesale and retail sale of gasoline (except for aircraft motor gasoline) and diesel fuel.

#### **Article 273. Procedure for computation and payment of excise tax by taxpayers for their structural subdivisions**

1. Excise tax payers, specified in item 2 of Article 272 of this Code with structural subdivisions shall register their subdivisions with tax authorities of their location and notify the tax office of the place of registration on the fact of registration of their subdivisions.
2. The amount of excise to be paid for a structural subdivision shall be determined on the basis of calculation of excise for a structural subdivision, made for each structural subdivision.
3. Computation of excise tax for a structural subdivision shall consider all excisable transactions performed by the structural subdivision during a taxation period.

4. Excise tax payers must submit a statement with computation of excise tax payable for a structural subdivision to the tax office of the place of registration and copies of the statement – to the tax office of the subdivision’s registration on due dates established by Article 275 of this Code.

5. Payment of excise tax, including current payments, for structural subdivisions shall be made by the legal entity – payer of excise tax directly from its settlement account or shall be imposed on the subdivision.

6. The procedure established by this Article shall be also used in case of excise payment by an individual entrepreneur carrying out business activity, described in item 2 of Article 272 of this Code anywhere but the place of its registration. Excise tax payment including current payments shall be made by the individual entrepreneur at the place of business.

#### **Article 274. Tax period**

Applicable to excise tax, the taxation period shall be a calendar month.

#### **Article 275. Tax return**

1. Upon completion of every tax period taxpayer shall submit excise tax return to the tax office at the place of registration, no later than the 15<sup>th</sup> date of the month, following the reporting period.

2. Excise taxpayers listed in item 2 of Article 272 of this Code shall submit statements with computation of excise tax for structural subdivisions at once with the return.

3. Excise tax return and statements with computation of excise tax for structural subdivisions shall be submitted to tax authorities no later than the 15<sup>th</sup> date of the month following the tax period.

### ***CHAPTER 44. Taxation of excisable goods imported***

#### **Article 276. Tax base of excisable goods imported**

1. Where excisable goods are imported to the customs territory of the Republic of Kazakhstan, with respect to which fixed excise tax rates are established, the tax base shall be determined as volume of imported excisable goods in kind.

2. Where excisable goods are imported with respect to which ad valorem excise tax rates are established, the tax base shall be determined as customs value of excisable goods imported, which is determined in accordance with the customs legislation of the Republic of Kazakhstan.

#### **Article 277. Terms of payment of excise on imported excisable goods**

1. Excises on imported goods are paid on the day determined by the customs legislation of the Republic of Kazakhstan for payment of customs duties, except for the cases, stipulated by point 2 of this Article.

2. Excise on imported excisable goods subject to labelling in accordance with Article 549 of this Code, are paid before or on the day of receipt of excise labels.

In case of actual import of excisable goods specified in the first part of this clause, excise tax amount will need adjustment.

**Article 278. Import of excisable goods exempt from tax**

1. Excisable goods are not subject to excise tax when imported by individuals according to standards approved by the Government of the Republic of Kazakhstan.

2. The imported goods specified below are exempt from excise tax:

1) excisable goods required for operation of transport vehicles that perform international transportation on route and in interim destination points, as well as those purchased abroad for the purpose of crash (breakage) elimination;

2) goods damaged before customs clearing at the boarder of the Republic of Kazakhstan, and thus ended up as useless for the intended purpose as goods or materials;

3) goods imported for official use by foreign diplomatic corps and representative offices with the equal status, as well as for personal use by diplomats and administrative and technical staff of such representations, including members of their families residing together with them, and are exempt from such obligations in compliance with international agreements to which the Republic of Kazakhstan is a party;

4) goods transported across the customs boarder of the Republic of Kazakhstan, which are exempt from tax within the framework of customs regimes established by the customs legislation of the Republic of Kazakhstan, except for the regime “release of goods for free circulation”;

5) alcohol containing products of medical purpose (except for balsams) bottled in the consumer’s tare with a volume capacity of no more than 0.1 litre and registered in accordance with the legislation of the Republic of Kazakhstan.

## SECTION 10. TAXATION OF SUBSURFACE USERS

### *CHAPTER 45. General Provisions*

#### **Article 279. Relations regulated by this Section**

This section determines the specifics related to the fulfilment of tax obligations that occur under subsurface use contracts and establishes a procedure for computation and payment of:

1. Excess profit tax;
2. Special payments of subsurface users:
  - 1) bonuses:
    - a) subscription;
    - b) commercial discovery;
  - 2) royalty
  - 3) share of the Republic of Kazakhstan under production sharing agreement

#### **Article 280. Payers**

Payers of excess profit tax and special payments, payable by subsurface users are individuals and legal entities, carrying out activities related to subsurface use in the Republic of Kazakhstan (further referred to as subsurface users), including extraction of mineral resources from man-made minerals formations.

#### **Article 281. Taxation of subsurface users prior to concluding a subsurface use contract**

Subsurface users extracting minerals prior to concluding a subsurface use contract shall make payments for subsurface use to the republican budget in the form of royalty, in the amounts determined by the Government of the Republic of Kazakhstan.

In this respect determination of taxable objects and terms of making such payments are made under the procedure, established by this Code for payment of royalty.

#### **Article 282. Establishment of the Tax Regime under subsurface use contract**

1. Taxation regime, established for subsurface users, is determined only under subsurface use contract, concluded under the procedure established by the Government of the Republic of Kazakhstan.

It is prohibited to include issues, regulating payment of taxes and other mandatory payments to the budget by subsurface users, into other acts associated with the activity of subsurface users.

2. The taxation regime, established by a contract, shall comply with the provisions of the tax legislation, regulating payment of taxes and other mandatory payments to the budget by legal entities and individuals, that is in effect on the date of signing (conclusion) of the contract.

3. In case amendments are made to the tax legislation within the period from the day of tax appraisal and signing date of the contract, the taxation regime is brought to compliance with changes made and tax re-appraisal takes place.

4. In case several taxpayers perform subsurface use activities under one contract, the taxation regime set by the contract is the same for all the taxpayers.

In this respect:

1) on the activity, carried out under the contract, taxpayers for taxation purposes shall maintain single consolidated accounting and pay taxes and other payments, established by the contract;

2) nonresident subsurface users, carrying out their activity under one contract on taxes, established by the contract, are subject to taxation in accordance with Articles 184 –186 of this Code.

5. The subsurface user shall keep a separate accounting for computation of tax obligations according to the taxation regime envisaged by the contract, and computation of tax obligations related to the activity that is not covered by the contract.

This provision shall not apply to contracts on extraction of common use mineral resources and (or) underground water.

6. In case of processing of by-product minerals, not stipulated by the contract, for commercial purposes, the subsurface user shall make payments with respect to such products under the procedure, established by Article 281 of this Code.

#### **Article 283. Taxation regime models of subsurface use contracts**

1. Taxation of subsurface users, based on the main types of contracts, shall follow two models:

1) the first model stipulates payment by subsurface users of all types of taxes and other mandatory payments stipulated by this Code;

2) the second model stipulates payment (transfer) by subsurface users of the share of the Republic of Kazakhstan under production sharing agreements, as well as payment of all types of taxes and other mandatory payments, stipulated by this Code, except for:

excise on crude oil and other minerals;

tax on excess profit;

land tax;

property tax;

2. The first model of taxation regime is employed in all types of contracts, except for contracts on production sharing, for which the second model is employed.

3. The share of the Republic of Kazakhstan under production sharing contracts is the source of revenue to the republican and local budgets and is collected to relevant budgets in amounts, determined by the Republican Budget Law for a relevant period.

4. Level of tax obligations of a subsurface user, stipulated by the contract with application of the second model of taxation regime, should be no less than the level under the first model.

#### **Article 284. Taxation Regime for Operations not Pertaining to Subsurface use**

Payments effected according to contract terms do not exempt subsurface users from the fulfilment of tax obligations stipulated by this Code for activities not covered by the contract in accordance with the tax legislation effective on the date of occurrence of these obligations.

#### **Article 285. Taxation in case of change of tax legislation**

1. Conditions of taxation, established by contracts for subsurface use, may be adjusted in accordance with changes in the tax legislation in consent of parties.

In case of improvement of taxation conditions for a subsurface user resulted from changes in the tax legislation, contracts on subsurface use shall be adjusted in terms of taxation conditions in order to restore economic interests of the Republic of Kazakhstan.

2. In the event of cancellation of some taxes and other mandatory payments to the budget stipulated by the contract, the subsurface user shall continue making these payments to the budget under the procedure and in amounts established by contract prior to amendments made in the contract under the procedure described in point 1 of this Article.

#### **Article 286. Tax Appraisal**

1. Tax appraisal is a mandatory appraisal that includes analysis and evaluation of a draft contract, concluded by a competent authority, with amendments and additions to it, performed with the view to determine taxation regime, including determination of special payments and taxes payable by subsurface users in accordance with the legislation of the Republic of Kazakhstan.

2. All subsurface use contracts prior to their signing are subject to mandatory tax appraisal on due dates and under the procedure established by the Government of the Republic of Kazakhstan. This provision is also applicable to amendments and additions made to earlier contracts.

3. Taxation regime established according to results of tax appraisal shall be included obligatorily in the final version of the contract without any changes and corrections.

### ***CHAPTER 46. Bonuses***

#### **Article 287. General provisions on bonuses**

1. Bonuses are fixed payments of subsurface user and shall be paid in the money form in amounts and under the procedure, established in the contract on subsurface use.

2. Subsurface user based on individual conditions of subsurface use, shall pay the following types of bonuses:

- 1) subscription bonus;
- 2) bonus of commercial discovery.

In accordance with technical-economic computations of a contract being concluded, one or both types of bonuses can be applied.

#### **§ 1. Subscription bonus**

#### **Article 288. The procedure of establishment of subscription bonus**

1. The subscription bonus is a one-time fixed payment of the subsurface user for the right to conduct activities on subsurface use on the contracted territory and shall be established upon conclusion of the contract.

2. The starting sizes of subscribed bonuses shall be determined by the Government of the Republic of Kazakhstan on the basis of computation with consideration of volume of mineral resources and economic value of the deposit.

3. The final size of the subscription bonus shall be established in the contract taking into account the economic value of deposits (territories) handled for subsurface use, but no less than starting sizes.

**Article 289. Term of Payment of Subscription Bonus**

Subscription bonus shall be due to payment to the budget on the date, established by the contract, but no later than thirty calendar days of the effective date of the contract.

**Article 290. Tax return**

Declaration on subscribed bonus shall be submitted by subsurface user to the tax office at the place of registration before the 15<sup>th</sup> date of the month following the month in which the payment is due.

**§ 2. Bonus of Commercial Discovery**

**Article 291. The procedure of establishment of Bonus of Commercial Discovery**

1. Commercial discovery implies reserves of a specific type of mineral resources, discovered within a contracted territory, which are economically efficient for extraction.
2. Commercial discovery bonus shall be established for each commercial discovery on a contracted territory, including discovery mineral resources during additional exploration of deposits, leading to increase of the originally established reserves extracted, except for cases, stipulated in point 3 of this Article.
3. Commercial discovery bonus shall not be imposed on contracts on exploration of mineral resources deposits, which do not stipulate their further extraction.

**Article 292. Amount of Commercial Discovery Bonus**

Amount of commercial discovery bonus is determined based on taxable object, tax base and tax rate.

For computation of amount of commercial discovery bonus:

- 1) taxable object is the volume of reserves of minerals extracted on the deposits, which are approved by the authorized state agency for these purposes.
- 2) tax base shall be value of the volume of approved extracted reserves of minerals. The value of extracted reserves is determined on the basis of exchange market price for the given mineral quoted as of the date of payment.
- 3) tax rate is established in percent to the value of approved reserves extracted on appropriate commercial discovery based on individual conditions of subsurface use, in each contract on subsurface use, but no less than 0.1%.

**Article 293. Term of Payment of Commercial Discovery Bonus**

The due date for payment of commercial discovery bonus shall be established by the contract.

**Article 294. Tax return**

Subsurface user submits the commercial discovery bonus return to the tax office at the place of registration before the 15<sup>th</sup> of the month, following the month when the payment became due.

## **CHAPTER 47. Royalty**

### **Article 295. General provisions on royalty**

1. Subsurface user shall pay royalty separately for every kind of mineral resources extracted within the territory of the Republic of Kazakhstan, irrespective of that if those were sold (shipped) to customers or used for personal needs.
2. The royalty established by the contract for subsurface use shall be paid in the monetary form, except for cases stipulated by point 3 of this Article.
3. In the course of activity carried out under the contract, the monetary payment of royalty may be replaced by payment in kind under the decision of the Government of the Republic of Kazakhstan under the procedure established by additional agreement with the competent body.

### **Article 296. Payers**

Royalty payers shall be subsurface users, carrying out extraction of minerals, including extraction of minerals from state owned man-made mineral formations, irrespective of the fact if their disposal took place within the reporting period.

### **Article 297. The procedure of establishment of Royalty**

1. Royalty amount is determined based on taxable object, tax base and tax rate.
2. In order to determine royalty amount:
  - 1) taxable object shall be the volume of extracted mineral resources or the volume of the first end product produced of actually extracted minerals, established by Article 298 of this Code.  
In this respect the first end product may be:
    - a) namely mineral resources:  
oil, natural gas and gas condensate;  
coal and shale oil;  
marketable ore;  
underground water, including those after rough processing;  
mica, asbestos, raw material for making construction materials;  
non-ore raw material for metallurgy;
    - b) precious metals, chemically pure metal in sand, ore, concentrate;
    - c) concentrate of ferrous, non-ferrous, less-common and radioactive metals and mining raw materials;
    - d) precious stones, semiprecious and piezooptic raw materials after rough processing;
    - e) for other mineral resources – raw minerals after rough processing;
  - 2) tax base shall be the value of mineral resources determined in accordance with Article 299 of this Section;
  - 3) tax rate is established on all kinds of mineral resources except for common found mineral resources and underground waters, in the Contract based on the economy of the project. In this regard the minimal rate of royalty shall not be less than 0,5%.

3. Royalty rates on hydrocarbons are established on a sliding scale as a percent depending on volumes of extraction. In this regard one of the following methods is used:

- 1) from the volume of accumulated hydrocarbons extracted for the whole period of activity, envisaged by the contract;
- 2) from the level of accumulated extraction for every separate year of performance under the Contract.

4. Royalty rates on solid mineral resources, including gold, silver, platinum and other precious metals and gems are established as a fixed percent for the whole period of the contract validity.

5. Royalty rate on common mineral resources and underground waters is established in accordance with Article 300 of this Section.

**Article 298. Object for imposing royalty**

Object for imposing royalty for all kinds of extracted mineral resources shall be the volume of minerals or the first end product, made from actually extracted mineral resources.

**Article 299. Procedure of establishment of value of mineral resources**

1. For royalty computation purposes, the value of minerals, extracted by subsurface users for a reporting period, except for gold, silver and platinum, shall be determined on the basis of the weighted average selling price for a reporting period for the first end product made from the extracted minerals, with no consideration of indirect taxes and actual costs for their transportation to the place of sales (shipment).

2. The value of gold, silver and platinum, extracted by subsurface user for a reporting period shall be determined on the basis of average selling price of these metals quoted for the reporting period at the London Metal Exchange.

**Article 300. Royalty rates for Common Mineral Resources and Underground Waters**

1. Royalty for common mineral resources and underground waters shall be established for all subsurface users, including those who perform their activity under contracts on extraction of other minerals, at following fixed rates:

#	Name of Mineral	Royalty Rate, in %
1	Non-Ore raw materials for metallurgy	1
2	Moulding sands, alumina containing rocks (spar, pegmatite), chalkstones, dolomites, chalkstone-dolomite rocks	1
3	Limes for food industry	1
4	Other non-ore raw materials	3,5
5	High-melting clays, kaolin, vermiculite	3,5
6	Common salt	3,5
7	Local construction materials	4,5
8	Effusive porous rocks, effusive water-containing glasses and glass-like rocks (perlite, obsidian), pebble and gravel, gravel-sand mixture, gypsum, gypsum stone, anhydrite, clay and clayey rocks (high-melting and low-melting clays, loams, argillites, aleurolites, clayey shales),	4,5

	chalk, marl, marl-chalk rocks, silicon rocks, (tripoli, flasks, diatomite), quartz-spar rocks, packstone, sedimentary, eruptic and metamorphic rocks (granite, basalt, marble) sand (construction, quartz, quartz-spar), except for moulding sand, sandstone, natural colouring agents, shell rock.	
9	Underground waters	10

2. Royalty on common minerals and underground waters shall be paid by subsurface users irrespective of the fact if those have been sold to customers or used for their own needs, except for the cases stipulated by point 3 of this Article.

3. Royalty is not paid for underground waters:

- 1) extracted by individual users at the plots of lands which belong to them on the personal property right, under the condition that the given waters are not sold to the other parties and not used for production and technologic needs in performing entrepreneur's activity;
- 2) extracted by publicly funded organizations for own business needs;
- 3) extracted by subsurface users and used as a carrier to maintain the layer pressure constant.

#### **Article 301. Terms of Payment**

Royalty for all types of minerals shall be paid no later than the 15<sup>th</sup> date of the month following the reporting period.

#### **Article 302. Tax period**

1. The tax period for royalty payment shall be a calendar month, except for the cases stipulated by point 2 of this Article.
2. Where the average royalty payments for the quarter of a year are lower than 1000 monthly calculation indexes, the tax period shall be a quarter of a year.

#### **Article 303. Determination of object for imposing royalty in case sales are absent**

1. In case of the absence of the sale of the first trade product in the tax period, except mineral resources specified in point 2 of Article 299 of this Code as well as common mineral resources, the weighted average selling price of the sale of the trade product in the last period when the sale took place is considered to be the weighted average selling price.

2. Where the sales of the first merchantable product were absolutely absent, except for the cases specified in point 2 of Article 299 of this Code, to determine the object of imposing royalty for a reporting period, the weighted average selling price shall be taken as actual costs for extraction of mineral resources.

In this regard subsurface user shall provide appropriate adjustment of royalty assessed for that reporting period when the first sale took place, on the basis of actual selling price of the first merchantable product.

3. When generally used minerals and underground waters are not marketed during the reporting period or fully used for one's own needs, average weighted disposal price for the first merchantable product shall be the subsurface user's mining and pre-processing actual costs extended by this reporting period's actual profitability rate.

In case of use of underground waters as the main component of products made and (or) services the average weighted selling price of the first merchantable product in the reporting period shall be actual costs of subsurface user incurred on their extraction and initial processing, extended by this reporting period's actual profitability rate.

**Article 304. Tax return**

Subsurface user shall submit royalty declaration to the tax office at the place of registration not later than the 10<sup>th</sup> day of the month following the tax period.

**CHAPTER 48. Excess profit tax**

**Article 305. Payers**

Payers of excess profit tax shall be subsurface users, except for those performing their activity under contracts on product sharing and contracts on extraction of common mineral resources and underground waters, provided that these contracts do not provide for extraction of other mineral resources.

**Article 306. Taxable object**

Object taxable by excess profit tax shall be the amount of net income of subsurface user by each individual contract for a reporting year, for which the subsurface user received internal rate of return (IRR) above twenty percent.

**Article 307. Procedure of tax computation**

1. Excess profit tax shall be computed at the rates established by Article 308 of this Code, on the basis of IRR as at the end of a reporting period.
2. Internal Rate of Return shall be calculated on the basis of adjusted for the index of inflation annual cash flows of subsurface user under the following formula:

$$IRR = r_1 + \frac{NPV(r_1)}{NPV(r_2) - NPV(r_1)} \times (r_2 - r_1),$$

Where:

IRR – Internal Rate of Return;

NPV – Net Present Value – index of value of return of investments, calculated on the basis of cash flows adjusted for change of value of money in the course of time, and to the discount rate;

r<sub>1</sub> – the discount rate (percent rate) when NPV is equal to the lowest positive (NPV(r<sub>1</sub>)) value;

r<sub>2</sub> – the discount rate (percent rate) when NPV is equal to the lowest negative (NPV(r<sub>2</sub>)) value;

In order to obtain more precise result of IRR, discount rates, both, when the NPV is equal to the lowest positive and to the lowest negative value, shall be approximated to each other.

Net Present Value (NPV) shall be calculated according to the following formula:

$$NPV @ r = \frac{ACF_1}{(1+r)^1} + \frac{ACF_2}{(1+r)^2} + \dots + \frac{ACF_n}{(1+r)^n}$$

where:

NPV – net present value;

ACF – Adjusted cash flow;

@r – discount rate, when NPV is equal to the lowest positive (NPV(r 1)) and the negative (NPV(r2)) values;

r – discount rate (percent rate);

1,2, ... n – period of time (year);

3. Subsurface user's annual cash flow shall be calculated as difference between received aggregate annual income and costs related to the activity performed under provisions of a contract.

4. Amount of aggregate annual income related to the activity performed under provisions of contract on subsurface use shall be determined in accordance with this Code.

5. Costs incurred by subsurface users within the validity of a contract in the reporting year shall include actual costs as follows:

1) costs capitalized in the course of subsurface use operations and depreciated in accordance with this Code (on contracts concluded on open deposits the residual value of fixed assets belonging to subsurface user and available on the day of the contract conclusion shall be classified as capital costs of the first year);

2) costs allowed for deduction in accordance with this Code, except for depreciation assessed on capital costs and interest on loans;

3) amounts of corporate income tax and tax on dividends assessed for a reporting year, as well as amount of excess profit tax, assessed for the year preceding the reporting year, calculated in accordance with this Code.

6. Subsurface user's annual cash flows shall be adjusted for inflation index beginning from the second year of the subsurface use contract's effect, under the following formula:

$$ACF(n) = \frac{CF(n)}{(1+II_1) \times (1+II_2) \times \dots \times (1+II_{n-1})},$$

where:

CF – cash flow for a reporting year, calculated in accordance with item 3 of this Article;

ACF – adjusted cash flow for the inflation index;

II – inflation index;

1,2, ..., n – period of time (year).

7. Inflation index for an appropriate year shall be determined by the authorized agency on statistics.

8. The given procedure for determining IRR shall be applicable to computation of excess profit tax, as well as for IRR for determining feasibility of draft contracts with no allowance for adjustment of cash flows for inflation index.

**Article 308. Excess profit tax rate**

1. Excess profit tax rates shall be established as a percentage to net income for a reporting year in following amounts:

<b>Internal rate of return (IRR), %</b>	<b>Excess profit tax rate</b>
Less than or equal to 20	0
More than 20 but less than or equal to 22	4
More than 22 but less than or equal to 24	8
More than 24 but less than or equal to 26	12
More than 26 but less than or equal to 28	18
More than 28 but less than or equal to 30	24
More than 30	30

**Article 309. Tax Period**

Tax period, which is stipulated for in Article 136 of this Code is applied for excess profit tax.

**Article 310. Term of Tax payment**

Excess profit tax is paid not later than the 15<sup>th</sup> of April of the year, following the tax period.

**Article 311. Tax Return**

Excess profit tax return is filed by a subsurface user to a tax body at the place of registration not later than the 10<sup>th</sup> of April of the year following the tax period.

***CHAPTER 49. Production Sharing Contract*****Article 312. Basic terms of contract on production sharing**

1. Contract on production sharing is a contract according to which the Republic of Kazakhstan gives subsurface users on compensated basis the right to extract mineral resources on the contacted territory and to perform works related to extraction on its expense, and it shall contain the following conditions:

- 1) total volume of production subject to sharing;
- 2) determination of the share of the Republic of Kazakhstan and of profitable production of subsurface user;
- 3) form of sharing (in kind, monetary) of profitable produce (produce subject to division after deduction of compensation produce);
- 4) determination of the part of extracted product which is transferred to the ownership of subsurface user for compensation of expenses related to performance of works under the contract (compensation produce);

- 5) establishment of price and determination of value of production in case the share of produce is received in money equivalent;
2. A calendar month shall be the tax period for payments of the share of the Republic of Kazakhstan on the product sharing.
3. The computation of the share of the Republic of Kazakhstan on the product division shall be submitted subsurface user to the tax office at the place of registration by the 10<sup>th</sup> of the month following the tax period.
4. The share of the Republic on the product division shall be paid not later than on the 15<sup>th</sup> of the month following the tax period.

**Article 313. Composition of reimbursable expenses at conclusion of Production Sharing Contract**

1. Reimbursable expenses are substantiated expenses of a subsurface user actually incurred in course of fulfilment of work programs. The limiting share of subsurface user purposed for redemption of reimbursable expenses shall be established individually for each contract taking into account the economic value of the exploited deposit, but it should not exceed 80% of the total volume of mineral resources mined by subsurface user during a reporting tax period. Reimbursable expenses shall be approved according to the procedure specified in the contract.

2. The following shall be included in reimbursable expenses:

1) expenses actually incurred by subsurface user before the contract comes into force:  
expenses on preparation and development of a feasibility study of the project on a stage preceding the conclusion of a contract;  
expenses on surveying, assessing and exploration works related to this project and performed before the contract comes into force;

2) expenses actually incurred by subsurface user since the effective date of a contract and during the entire duration of the contract, except for expenses under point 3 of this Article;

3. Expenses not reimbursable from the compensation production.

expenses on payment of a fee for participation in tender for subsurface use right;  
expenses on purchase of geological information;  
expenses on the items, in the part of their excess, for which the contract stipulates limitations, including those related to administrative expenses;  
expenses connected with disposal of compensation production and share of profitable production owned by subsurface user, including expenses on delivery of this production from the point of delivery (division) to the point of disposal, losses during transportation, transportation insurance expenses to the destination point, commission fees and other expenses;

expenses connected with audit of financial and economic activity conducted as demanded by shareholders (founders);

expenses occurred as a result of non-fulfilment or improper fulfilment by subsurface user of its obligations stipulated by the contract;

expenses related to payment of excursion tourist passes and travel allowances;

payments of interest on loans and use of borrowed money;

expenses related to arbitration;

penalties and interest imposed by any state bodies on subsurface user;

other expenses not related to the activity under the contract.

4. Reimbursable expenses of subsurface user are reduced: by the amount of operational revenues related to receipt of rental payments for letting property made or acquired under the contract, less expenses related to their receipt;  
by the amount of other revenues (fines, interest, forfeits, etc.) received from the activity carried out under the contract.

**Article 314. Establishment and payment of royalty and the share of the Republic of Kazakhstan in production sharing in kind**

1. In case an additional agreement to the contract on payment of royalty in kind is concluded prior to its signing it is subject to obligatory legal and tax appraisal.

2. Payment of royalty and the share of the Republic of Kazakhstan under production sharing in kind shall be equivalent to payment in money established in the Contract for such payments.

3. In case of payment of royalty and the share of the Republic of Kazakhstan under production sharing is stipulated in kind the contract shall necessarily contain:

1) the receiver, on behalf of the state, of the part of production corresponding to the royalty and the share of the Republic (further - receiver);

2) point and conditions of delivery.

4. Dates for transfer by subsurface user of the production, transferred for payment of royalty and the share of the Republic of Kazakhstan, stipulated in agreements, shall correspond to the dates for making such payments, stipulated in a subsurface use contract for payments in the monetary form.

In this respect subsurface user shall transfer the production to receiver no later than the date established for making such payments in the subsurface use contract.

5. Receiver on the date for payment, established by the subsurface use contract for payment in monetary form, shall transfer to the state budget the amount of royalty and the share of the Republic of Kazakhstan in the monetary form, calculated by subsurface user in accordance with the terms and conditions of the contract, and also independently control the timeliness and completeness of the transfer by subsurface user of an appropriate amount of production.

6. Subsurface user and receiver shall submit to tax authorities reports on sizes and due dates for payment (transfer) of royalty and the share of the Republic of Kazakhstan under contracts on production sharing in kind on due dates, established by the contract, in the form, established by an authorized state agency.

7. For failure to meet the due dates and to completely transfer to the budget the money for the products received, the receiver shall bear the responsibility in accordance with the legislative acts of the Republic of Kazakhstan.

## SECTION 11. SOCIAL TAX

### CHAPTER 50. General Provisions

#### Article 315. Payers

1. Payers of social tax shall be (further referred to as Taxpayers) :

- 1) resident legal entities of the Republic of Kazakhstan as well as non-residents conducting business in the Republic of Kazakhstan through permanent establishment;
- 2) individual entrepreneurs;
- 3) private lawyers and notaries.

2. By the decision of the legal entity its structural subdivisions may be considered as payers of social tax.

#### Article 316. Object of taxation

1. Object of taxation for payers indicated in sub-point 1) of point 1 and 2 in Article 315 shall be expenses of employer paid to employees in the form of income, determined in accordance with point 2 of Article 149 of this Code, except for payments, specified in sub-points 1), 3), 6), 8), 10), 11), 14)-17), 23), 25)-29), 31)-34) of Article 144 of this Code, and also:

- 1) payments, made from grants provided on the level of states, governments of states and international organizations;
- 2) state prizes, scholarships, established by the President of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan;
- 3) prize money, awarded for winners of sports contests, reviews, competitions;
- 4) compensations paid out on employment contract termination caused by liquidation of a company, dissolving of an employer, staff reduction or employee's military service, at the amounts fixed by the legislation of the Republic of Kazakhstan;
- 5) compensation payments made by employer to employees for unused vacation;
- 6) mandatory pension contributions to accumulative pension funds according to the legislation of the Republic of Kazakhstan;

2. Objects of taxation for payers indicated in sub-points 2) and 3) of point 1 in article 315 of this Code shall be the number of employees including payers of social tax.

#### Article 317. Tax Rates

1. Resident legal entities of the Republic of Kazakhstan as well as non-resident entities conducting business in the Republic of Kazakhstan through a permanent establishment shall pay social tax at the rate of 21%.

2. Resident legal entities of the Republic of Kazakhstan as well as non-residents, conducting business in the Republic of Kazakhstan through a permanent establishment, shall pay social tax for foreign personnel providing administrative and management, engineering technical services at the rate of 11%.

3. Individual entrepreneurs, except for those applying special taxation regimes, private lawyers and notaries shall pay social tax in the amount of 3 monthly index for themselves and 2 monthly index for each employee.

4. Specialized organizations employing disabled people with poor motor-supporting framework, poor hearing, speaking, vision, relevant to conditions of point 2 of Article 121 of this Code shall pay social tax for disabled employees at the rate of 6,5%.
5. Social tax rates for individual entrepreneurs, applying special taxation regimes, are specified in Articles 374-384 of this Code.

## ***CHAPTER 51. Procedure for Computation and Payment of Tax***

### **Article 318. Procedure for Computation of Social Tax**

1. Social tax shall be computed on a monthly basis with application of the rate set by article 317 to the social tax object determined in accordance with article 316 of this Code.
2. Legal entities and individual entrepreneurs applying special taxation regime shall compute social tax in the order established by the Articles 374 – 390 of this Code.

### **Article 319. Payment of Social Tax**

1. Social tax shall be paid not later than the 15th day of the month following the reporting month at the place of registration of a taxpayer, if other is not stipulated by this Code.
2. Social taxpayers having structural subdivisions shall pay social tax under the procedure established by article 321 of this Code.
3. Legal entities and individual entrepreneurs applying special taxation regime shall pay social tax under the procedure established by Articles 374 – 390 of this Code.

### **Article 320. Special features of Social Tax Payment by State Institutions**

1. Social tax amount computed by state institutions for a reporting month shall be reduced by the amount of social allowances paid in accordance with the legislation of the Republic of Kazakhstan for pregnancy and childbirth, sick leaves as well as for women (men) who adopted children.
2. In case of excess for a reporting period of the amount of social allowances listed in point 1 of this article over the assessed social tax, the excessive amount shall be carried forward to the next month.

### **Article 321. Procedure of Computation and Payment of Social Tax by structural subdivisions**

1. Amount of social tax payable by structural subdivisions shall be based on the computed social tax assessed on income of employees working for the given structural subdivision.
2. Legal entities shall, under the procedure established by the legislation of the Republic of Kazakhstan, pay social tax for its structural subdivisions to the relevant budgets at the place of their location either to the relevant budgets of the cities Almaty, Astana or oblast budgets.

## ***CHAPTER 52. Tax return***

**Article 322. Social Tax return and Computation of the Social Tax for structural subdivisions**

1. Social tax return is submitted to tax bodies on a quarterly basis no later than the 15th day of the month following the reporting quarter.

2. Legal entities and individual entrepreneurs applying the special taxation regime submit social tax return under the procedure established by Articles 374 – 390 of this Code.

3. The payers having structural subdivisions must submit social tax computations by structural subdivisions to the tax body at the place of headquarter registration and copies of the calculations – to the tax bodies at the place where structural subdivisions are registered within the term established for submitting social tax return.

Where social tax is paid for structural subdivisions to the relevant budgets of the cities Almaty, Astana either to oblast budgets, the copies of computations shall be submitted to the tax bodies of the cities of Astana, Almaty either to oblast tax bodies.

The copy of the computation is to be certified by the tax body at the place of taxpayer's registration.

## SECTION 12. LAND TAX

### CHAPTER 53. General Provisions

#### Article 323. General Provisions

1. For purpose of taxation all types of land are taken into consideration based on their designation and relation to the following categories:

- 1) farm land
- 2) locality land
- 3) land of industrial, transport, communication, defence and other non-agricultural purpose (further – land for industry);
- 4) specially protected preserve land, rehabilitation, recreation, historical and cultural land (further referred to as – specially protected preserve land)
- 5) land for forest fund
- 6) land for water fund
- 7) land reserves

2. The Land Legislative Act of the Republic of Kazakhstan will determine the pertinence of land to this or that category. For the purposes of taxation land of localities is divided into two groups:

- 1) locality land except for the land occupied for the housing stock with buildings and structures in it;
- 2) land occupied for the housing stock with buildings and structures in it.

3. The following land categories are tax-exempt :

- 1) specially protected preserve land
- 2) land for forest fund
- 3) land for water fund
- 4) land reserves

In case of transfer of the foregoing land (except for reserve land) for permanent use or primary free temporary use, it is subject to tax under the procedure established by Article 336 of this Code.

4. Amount of the land tax shall not be contingent on the results of business activity of landowners and land users.

5. The land tax is calculated based on:

- 1) documents confirming the ownership right, the right for permanent land use, the right for free temporary land use.
- 2) data from state quantity and quality accounting of lands as on January 1 of each year, provided by an authorized state agency for land resources management;

#### Article 324. Payers

The land taxpayers are legal entities, and individuals, possessing objects of taxation based on:

- 1) the ownership right
- 2) the permanent use right
- 3) the primary free temporary use right

2. Structural subdivisions of legal entities are considered as land taxpayers if they have objects of taxation based on the rights indicated in point 1 of this Article (further referred to as legal entities).

3. The following are exempt from land tax:

1) payers of single land tax;

2) organizations provided for by the state budget;

3) subsurface users, applying the second model of tax regime, determined in Article 283 of this Code;

4) state enterprises of penitentiary establishments of an authorized body in the sphere of execution of criminal penalties;

5) veterans of the Great Patriotic War and persons equated to them, disabled as well as one of the parents of invalids from childhood – on land plots under housing stock including auxiliary premises and constructions, and household territory;

6) Mothers with many children, awarded with the “Heroine Mother” title, awarded with “Altyn Alka” pendant – on land plots under housing stock including auxiliary premises and constructions, and household territory;

7) religious communities

4. Taxpayers specified in sub-points 2), 4)-7) of point 3 in this Article shall not be exempt from payment of land tax payable on land plots that are transferred for rent or use.

#### **Article 325. Determination of a Taxpayer in Certain Cases**

1. With respect to a land plot, which is common shared property of (commonly used by) several persons, a taxpayer is each of these persons, unless otherwise is stipulated in documents, confirming the title to land or the right for use of these land plots, or under agreement of parties.

2. In case a state certificate on title to land, right for permanent use or primary free temporary use of land is lacking, recognition of the user as a taxpayer with regard to the land plot is based on actual exercising of his title to land and the right for use.

#### **Article 326. Objects of Taxation**

1. Object of taxation is a land plot (with common ownership of a land plot – share of land).

2. The following are not subject to taxation:

1) land plots of common use in localities;

Land of common use of localities is the land occupied and designated for squares, streets, roads, embankments, parks, boulevards, reservoirs, shores, cemeteries and other facilities for the public needs (waterways, heating lines, sewerage and other engineering systems of public use).

2) land plots, occupied by the highways for common use.

Lands occupied by highways of common use in the right of way include highway foundation, intersection, conduit, artificial constructions, byroad reserves and other constructions designated for road service, auxiliaries and dwelling premises of the road service, plantings for snow-protection and decoration purposes.

3) land plots, occupied with facilities put into conservation under the decision of the Government of the Republic of Kazakhstan.

**Article 327. Determination of Objects of Taxation in Certain Cases**

1. Objects of taxation for the enterprises of the railway system in the Republic of Kazakhstan are land plots allotted in the order established by the legislation for objects of enterprises of the railway system, including land plots occupied by railways, right of way, railway stations, railroad terminals.
2. Objects of taxation for enterprises of energy and electrification system, on the balance of which the lines of electricity transmission are, are land plots allotted in the order established by the legislation to these enterprises, including the land plots occupied by fences, electricity transmission lines, and substations.
3. Objects of taxation for enterprises extracting and transporting oil and gas, on the balance of which the oil pipelines, gas pipelines are, island plots allotted in the order established by the legislation to these enterprises, including land plots, occupied by the oil-pipelines, gas pipelines.
4. Objects of taxation for operational communication enterprises, on the balance of which the radio-relay, aerial, cable communication lines are, are land plots allotted in the order established by the legislation to these enterprises, including land plots occupied with communication line fences.

**Article 328. Tax Base**

Tax base for determining land tax is a land plot area.

**CHAPTER 54. Tax Rates****§ 1. Tax Rates Applied to Agricultural Land****Article 329. Base Tax Rates Applied to Land for Agricultural Use**

1. Base rates of tax applied to land of agricultural use are established at the rate per 1 hectare and differentiated according to the quality of soils.
2. For the land of steppe and dry steppe zones of plain territories with ordinary and south chernozems, dark chestnut and chestnut soils, as well as foothill territories with dark (taupe) serozems, chestnut (brown) and foothill chernozems, the following basic rates of land tax are applied pro rata soil quality indexes:

Soil quality index	Base Tax rate in Tenge	Soil quality index	Base Tax rate in Tenge
1	2	3	4
1	0,48	51	43.42
2	0,67	52	44.49
3	0,87	53	45.55
4	1.06	54	46.65
5	1.25	55	47.71
6	1.45	56	48.77
7	1.68	57	49.83
8	1,93	58	50.95
9	2.16	59	52.01
10	2.41	60	53.07

11	2.89	61	57.90
12	3.09	62	60.63
13	3.28	63	63.26
14	3.47	64	65.95
15	3.67	65	68.61
16	3.86	66	71.31
17	4.09	67	73.96
18	4.34	68	76.66
19	4.57	69	79.32
20	4.82	70	82.02
21	5.31	71	86.85
22	5.79	72	89.55
23	6.27	73	92.19
24	6.75	74	94.89
25	7.24	75	97.56
26	7.72	76	100.26
27	8.20	77	102.91
28	8.68	78	105.61
29	9.17	79	108.27
30	9.65	80	110.97
31	14.47	81	115.80
32	15.54	82	119.02
33	16.59	83	122.21
34	18.08	84	125.45
35	18.76	85	128.67
36	19.82	86	131.86
37	20.88	87	135.10
38	22.00	88	138.32
39	23.06	89	141.51
40	24.12	90	144.75
41	28.95	91	149.57
42	30.01	92	154.40
43	31.07	93	159.22
44	32.17	94	164.05
45	33.23	95	168.87
46	34.29	96	173.70
47	35.36	97	178.52
48	36.48	98	183.35
49	37.54	99	188.17
50	38.60	100	193.00
		More than 100	202.65

3. For the lands of semi-desert, desert, foothill and desert territories with light-chestnut, brown, taupe soils, light and ordinary serozems, as well as of mountainous territories with mountain and steppe, mountainous, prairie and steppe, mountainous alpine and sub-

alpine soils the following basic rates of land tax are applied pro rata the soil quality index:

Soil quality index	Base tax rate in Tenge	Soil quality index	Base tax rate in Tenge
1	2	3	4
1	0.48	51	19.78
2	0.54	52	20.26
3	0.58	53	20.75
4	0.62	54	21.23
5	0.67	55	21.71
6	0.73	56	22.19
7	0.77	57	22.68
8	0.81	58	23.16
9	0.87	59	23.64
10	0.96	60	24.12
11	1.45	61	24.61
12	1.83	62	25.28
13	2.22	63	25.82
14	2.55	64	26.44
15	2.93	65	27.02
16	3.32	66	27.64
17	3.71	67	28.22
18	4.05	68	28.85
19	4.44	69	29.49
20	4.82	70	30.07
21	5.31	71	30.69
22	5.79	72	31.27
23	6.27	73	31.88
24	6.75	74	32.46
25	7.24	75	33.09
26	7.72	76	33.68
27	8.20	77	34.31
28	8.68	78	34.93
29	9.17	79	35.51
30	9.65	80	36.15
31	10.13	81	36.71
32	10.61	82	37.34
33	11.09	83	37.92
34	11.58	84	38.56
35	12.06	85	39.18
36	12.54	86	39.76
37	13.03	87	40.38
38	13.51	88	40.95
39	13.99	89	41.59
40	14.47	90	42.17
41	14.96	91	42.18

42	15.44	92	43.39
43	15.92	93	44.00
44	16.40	94	44.62
45	16.89	95	45.20
46	17.37	96	45.84
47	17.85	97	46.38
48	18.33	98	47.03
49	18.82	99	47.61
50	19.30	100	48.25
		More than 100	50.18

**Article 330. Base Tax Rates Applied to Agricultural Lands Rendered to Individuals**

Base Tax Rates applied to lands rendered to individuals for keeping individual farms, gardening, market gardening and “dacha” (summer-house) construction, including lands occupied under constructions are applied at the following rates:

with area up to and inclusive 0.50 hectare – 20 Tenge per 0.01 hectare;

with area exceeding 0.50 hectare – 100 Tenge per 0.01 hectare.

**Article 331. Tax Rates Applied to Non-agricultural Lands Used for Agricultural Purposes**

Land plots which are the part of the land under localities, industry, transport, communication, especially protected preserve lands, lands for water and forest funds and used for agricultural purposes are taxed at base rates stipulated fro in Article 329 taking into account the conditions in point 1 of Article 338 of this Code.

**§2. Tax Rates Applied to Land Under Localities**

**Article 332. Base Tax Rates Applied to Lands Under Localities (except for land plot pertaining to house)**

1. Base tax rates for lands under localities (except for land plot pertaining to house) are applied on “per square meter of surface” basis at the following rates:

Type of locality	Base tax rates for lands occupied by localities except for lands occupied by the housing stock including constructions and buildings in it (Tenge)	Base tax rate for lands occupied by the housing stock including constructions and buildings in it (Tenge)
1	2	3
Cities:		
Almaty	28.95	0.96
Astana	19.30	0.96
Aktau	9.65	0.58
Aktobe	6.75	0.58
Atyrau	8.20	0.58
Taraz	9.17	0.58
Karaganda	9.65	0.58

Kyzylorda	8.68	0.58
Kokshetau	5.79	0.58
Kostanay	6.27	0.58
Pavlodar	9.65	0.58
Petropavlovsk	5.79	0.58
Uralsk	5.79	0.58
Ust-Kamenogorsk	9.65	0.58
Shymkent	9.17	0.58
Almaty oblast:		
Cities of oblast level	6.75	0.39
Cities of rayon level	5.79	0.39
Akmola oblast:		
Cities of oblast level	5.79	0.39
Cities of rayon level	5.02	0.39
Other cities of oblast level	85 % from the rate, established for oblast center	0.39
Other cities of rayon level	75 % from the rate, established for oblast center	0.19
Settlements	0.96	0.13
Villages (auls)	0.48	0.09

### **Article 333. Base Tax Rates Applied to Land Pertaining to a House**

Land pertaining to a house is a part a land plot pertaining to locality lands, which is for house service purpose and which is not occupied for housing stock, including facilities and structures by it.

Land plots pertaining to a house are taxed at the following base tax rates:

1) for Astana and Almaty cities, and cities of oblast significance:

for areas up to and inclusive 1000 square meters – 0.20 Tenge per 1 square meter;

for areas exceeding 1000 square meters – 6.00 Tenge per 1 square meter;

By decision of local representative bodies, the tax rates for areas exceeding 1000 square meters can be lowered from 6.00 Tenge down to 0.20 Tenge per square meter.

2) for other localities:

for areas up to and inclusive 5 000 square meters – 0.20 Tenge per 1 square meter;

for areas exceeding 5 000 square meters – 1.00 Tenge per 1 square meter.

By decision of local representative bodies, the tax rates for areas exceeding 5000 square meters can be lowered from 1.00 Tenge down to 0.20 Tenge per square meter.

### **§3. Tax Rates Applied to Land of Industrial Use**

#### **Article 334. Base Tax Rates Applied to Land of Industrial Use Located out of Localities**

1. Base tax rates for industrial land situated out of localities are applied on “per hectare” basis at the following rates pro rata soil quality index:

Soil Index	Quality	Base Tax Rate in Tenge	Soil Quality Index	Base Tax Rate in Tenge
1		2	3	4
0		48.25		
1		91.67	51	2634.45
2		135.10	52	2690.23
3		178.52	53	2745.95
4		221.95	54	2801.72
5		265.37	55	2857.46
6		308.80	56	2913.24
7		352.22	57	2968.96
8		395.65	58	3024.73
9		439.07	59	3080.47
10		482.50	60	3136.25
11		530.75	61	3188.36
12		592.41	62	3247.75
13		654.08	63	3325.49
14		715.68	64	3364.61
15		777.35	65	3423.05
16		839.01	66	3489.25
17		900.67	67	3539.95
18		962.29	68	3598.39
19		1023.96	69	3656.81
20		1084.66	70	3715.25
21		1138.70	71	3769.29
22		1189.07	72	3829.64
23		1239.35	73	3890.53
24		1287.73	74	3951.67
25		1340.29	75	4012.79
26		1390.66	76	4073.88
27		1441.07	77	4135.02
28		1491.45	78	4196.15
29		1541.88	79	4257.23
30		1592.25	80	4319.34
31		1646.29	81	4371.45
32		1693.03	82	4432.57
33		1740.76	83	4493.66
34		1788.47	84	4554.80
35		1836.20	85	4615.92
36		1883.87	86	4677.01
37		1931.58	87	4738.15
38		1979.31	88	4799.27
39		2027.02	89	4860.36
40		2074.75	90	4921.50
41		2126.86	91	4975.54

Soil Index	Quality	Base Tax Rate in Tenge	Soil Quality Index	Base Tax Rate in Tenge
1		2	3	4
42		2178.19	92	5054.48
43		2228.61	93	5134.32
44		2278.98	94	5214.22
45		2329.41	95	5294.09
46		2379.79	96	5373.99
47		2340.22	97	5453.83
48		2480.57	98	5533.73
49		2531.00	99	5613.59
50		2582.34	100	5693.50
			More than 100	5790.00

2. Lands allotted for use of defence excluding those temporarily used by other land users in compliance with land legislation of the Republic of Kazakhstan are taxed in at base rates fixed in point 1 of this Article.

3. Lands allotted for use of defence, temporarily not used for defence needs and rendered to other land users for agricultural purposes are subject to taxation at the rates fixed in article 329 taking into account conditions set in point 1 of Article 338 of this Code.

4. Lands of allotted to enterprises of railway system, occupied by railroad protection forests along main railroads, are taxed at the rates set in Article 329 taking into account conditions set in point 1 of Article 338 of this Code.

### **Article 335. Tax Rates Applied to Lands of Industrial Use Located within the Limits of Localities**

1. Lands of industrial use (including mines, open pits) and their sanitary and protection, technical and other zones located within the limits of localities (except for the land indicated in point 3 of this Article) are taxed at the rates set by Article 332 taking into account conditions set in point 1 of Article 338 of this Code.

2. Base tax rates on lands of industrial use (including mines, open pits) and their sanitary and protection, technical and other zones located within localities` limits but out of localities` territories allowed for housing construction and other public needs (except lands, mentioned in point 3 of this Article) may be decreased by local representative bodies decision. Total decrease of tax rates applied to above-mentioned lands including a decrease set by point 1 of Article 338 of this Code shall not exceed 30% of base tax rate.

3. Lands of industrial use located within the localities` limits and occupied by airdrome use are taxed on base tax rates fixed by article 334 taking into account conditions in point 1 of Article 338 of this Code.

Lands of industrial use located within the localities` limits and occupied by airport use except for lands under airdrome are taxed on base tax rates fixed by article 332 taking into account conditions in point 1 of Article 338 of this Code.

For the purpose of this Code an airdrome is determined as a land with the special facilities and equipment for the takeoff, landing, taxiing, parking and servicing of aircrafts.

#### **§4. Tax Rates Applied to Special Protected Preserve Lands and Land for Forest and Water Funds**

##### **Article 336. Tax rates applied to special protected preserve lands and land for forest and water funds**

1. Special protected preserve lands and lands for forest and water funds used for agricultural purposes, are taxed at base rates set by Article 329 taking into account conditions set in point 1 of Article 338 of this Code,
2. Special protected preserve lands and lands for forest and water funds rendered into use to legal entities and individuals for purposes other than agricultural, are taxed at rates set by article 334 taking into account conditions set in point 1 of Article 338 of this Code.

#### **§ 5. Tax Rates Applied to Land Plots Occupied by Parking Lots, Gas Stations and Markets**

##### **Article 337. Tax Rates Applied to Land Plots Occupied by Parking Lots, Gas Stations and Markets**

1. Land plots occupied by parking lots and gas stations are taxed at base rates applied to lands under localities, except for lands under the housing stock inclusive buildings and structures in it, as set by Article 332 of this Code, multiplied by 10.

Lands of other categories occupied by parking lots and gas stations are taxed at rates applied to lands under localities except for those under the housing stock inclusive buildings and structures in it, as set by Article 332 of this Code for a nearest locality, multiplied by 10.

A local representative body determines a locality, base tax rates of the land for which they will be applied for when calculating the tax.

A local representative body is entitled to decrease the tax rates, but not lower than the rates set by Article 332 of this Code.

2. Lands under localities, allotted for markets, where trade places are actually located by decision of a local executive body, are taxed at rates applied to lands under the housing stock inclusive buildings and structures on it, as set by Article 332 of this Code, multiplied by 10. The rest of market territories, where market facilities are situated, is taxed at rates set by Article 332 of this Code.

Lands of other categories allotted for markets, where trade places are actually located by decision of a local executive body, are taxed at rates applied to lands under localities, except for lands under the housing stock inclusive buildings and structures in it, as set by Article 332 of this Code, multiplied by 10. The rest of market territories, where market facilities are situated, is taxed at rates set by Article 332 of this Code.

A local representative body determines a locality which base tax rates are applied in tax computation.

A local representative body is entitled to decrease the tax rates, but not lower than the rates set by Article 332 of this Code.

Provisions of the present point shall not apply to livestock markets. The land tax for livestock markets is assessed at rates set by Article 332 of this Code.

3. Coefficients indicated in this Article take effect from the moment of actual use of land plots for parking lots, gas stations and markets.

## **§ 6. Adjustment of Base Tax Rates**

### **Article 338. Amendments to Base Tax Rates**

1. Local executive bodies are entitled to increase and decrease land tax rates set by Articles 329, 330, 332, and 334 of this Code, based on drafts (charts) of land segmentation performed in accordance with the land legislation of the Republic of Kazakhstan, within 50% of the base land tax rates.

In this regard decrease or increase of land tax rates in individual order for certain taxpayers is prohibited.

2. The following payers shall apply coefficient 0.1 to the relevant rates by computation of the tax:

- 1) children rehabilitation establishments state preserves (including biosphere preserves), state natural reserves, state national natural parks, state natural parks, state zoological parks, state botanical gardens, state arboretum parks ;
- 2) legal entities specified in Article 120 of this Code, except for religious communities;
- 3) legal entities specified in Article 121 of this Code
- 4) state enterprises which main activities are fire defence of forests, fighting with fires, pests and diseases of forests, reproduction of natural biological resources and increase of ecological potential of forests;
- 5) state enterprises of fish reproduction appointment;
- 6) the state enterprise for state attestation of scientific research cadre;
- 7) treatment and industrial enterprises at psycho-neurological and tuberculosis hospitals.

3. When land tax payers, listed in point 2 of this Article, transfer a land plot or a part of it (with or without buildings, constructions and structures located on it) to a lease, use on other grounds or for use in business purposes, they shall assess the amount of tax in general order without applying the 0.1 coefficient.

## ***CHAPTER 55. Procedure of computation and tax payment***

### **Article 339. General procedure of computation and payment of the tax**

1. Computation of the tax is done by applying the appropriate tax rate to the tax base separately for each land plot.

2. The Land Tax is computed beginning the month following the month of rendering a land plot to a taxpayer if otherwise is not set in this Code.

3. In case of termination of ownership right or right for land plot use, the land tax is computed for actual time period the land was used.

4. The payment of the land tax is made to the budget at the place of location of a land plot.

5. In case of transfer of a locality from one category of localities into another during the tax year, the Land Tax in the current year is paid at the rates set earlier for the locality and next year – at the rates set for the new category of localities.

6. In case of abolishment of a locality and its inclusion into another locality the new tax rate is used for lands of abolished locality starting the year following the year when abolishment occurred.
7. If it is impossible to determine soil quality index of the land plots used by the taxpayers, an amount of land tax is computed based on soil quality index of the lands located nearby.
8. For taxable objects, which are in the common shared use, the tax is computed proportionally to their share in the land plot.
9. Procedure of computation and payment of the land tax by legal entities, conducting transactions with the budget in the special tax regime for agricultural producers, is established by Articles 385-390 of this Code.
10. The tax collection procedure for the lands, which are in business use of defence, is set by the Government of the RK.

**Article 340. Procedure of computation and tax payment by legal entities**

1. Computation of the land tax amount by taxpayers–legal entities is done independently by applying the appropriate tax rate to the tax base.
2. Legal entities compute and pay the land tax in equal instalments of annual amount during the fiscal period.
3. The instalments are paid not later than February 20, May 20, August 20, and November 20 of the current year.
4. The first instalment amount is determined as one-fourth of the amount of actually paid tax for the previous tax year.  
Amounts of instalments payable on the second, third and fourth deadlines are determined based on the amount of actual tax obligations shown in the land tax return for the previous tax year. In this respect the instalments are paid equally taking into account first instalment.
5. Upon appearance of tax obligations during the year the first instalment term is the upcoming term set in point 3 of this Article, following the date of land tax obligation appears.  
In case of transfer of objects of taxation into use or tenancy by legal entities mentioned in sub-points 2), 4) of point 3 of Article 324 of this Code, the first instalment term is the upcoming term following the date of the transfer of objects of taxation into use or tenancy.  
In this case the amounts of instalments are computed based on appropriate tax rate to the tax base, determined at the moment of appearance of tax obligation.
6. In case of appearance of tax obligations after the last term for advance payments taxpayers pay the amount of tax not later than 20th of the month following the month when the tax obligation appeared.  
In case of transfer of objects of taxation into use or tenancy by legal entities mentioned in sub-points 2), 4) of point 3 of Article 324 of this Code after the last instalment term taxpayers pay the tax amount no later than 20th of the month following the month of the transfer of objects of taxation into use or tenancy.
7. Upon appearance of obligations on computation and payment of the land tax during the year taxpayers submit calculation of instalment amounts to the local tax authority at the

place of location of the object of taxation within 30 calendar days from the day of appearance of a tax obligation.

Authorized state body sets the type and procedure of filling out of the instalments calculation form.

8. In case of transfer of rights for objects of taxation during the tax period, the amount of tax is computed for the actual period of realization of rights for a land plot.

The land tax amount is paid the budget for the actual period of the land plot ownership of an entity transferring its ownership rights before or at the moment of notary registration of the transfer of rights. In this regard the primary payer is given the amount of tax computed from of January 1 of the current year till the beginning of the month during which he transfers the land plot. To the subsequent payer, the amount of tax, computed for the period from the beginning of month during which he got the right of ownership for the land plot, is indicated in the notification on computed amount of land tax sent by tax authorities.

The annual amount of the tax may be included into the budget of one of the parties (on agreement) at the moment of registration of ownership rights for an object of taxation. On paying the annual amount of tax during the transfer of ownership rights the amounts of tax are not paid for the second time afterwards.

9. A taxpayer makes final calculation and pay land tax no later than 10 days after the deadline for tax period declaration submission.

#### **Article 341. Special features of tax computation in certain cases**

1. For land plots, on which buildings and constructions belonging to several taxpayers are situated, the land tax is computed separately for each taxpayer pro rata the area of buildings and constructions in their separate use.

2. Upon a transfer of a part of a building, construction into tenancy by legal entities mentioned in sub-points 2), 4) of point 3 in Article 324 of this Code, the land tax is computed considering the area of the leased unit in the total area of all buildings and constructions situated on the land plot.

3. In case a legal entity acquires a real estate which pertains to the housing stock, the land tax is computed based on base land tax rates for localities except lands occupied by housing stock with buildings and structures in it as set in Article 332 of this Code.

#### **Article 342. Procedure of land tax computation and due dates of payment by individuals**

1. Computation of the land tax payable by individuals is performed by tax authorities based on relevant tax rates and tax base, no later than August 1.

When rights on taxable objects are transferred during a tax period, the amount of tax is calculated taking into account provisions of the point 8 of Article 340 of this Code.

2. Individuals shall pay land tax to the budget no later than October 1 of the current year.

## ***CHAPTER 56. Tax Period And Tax return***

### **Article 343. Tax Period**

Tax period for computation and payment of the land tax is determined according to Article 136 of this Code.

### **Article 344. Tax return**

1. Taxpayers (except individuals and legal entities making transactions to the budget under special tax regime for agricultural producers) shall submit a land tax return to the tax authority at the location of objects of taxation no later than March 31 of the year following the reporting year.

Legal entities making transactions to the budget under the special tax regime for agricultural producers shall submit the land tax return within deadline set by Article 390 of this Code.

2. Legal entities mentioned in sub-points 2), 4) of point 3 of Article 324 of this Code submit tax reporting documents on objects of taxation transferred for use or tenancy under the procedure set by the legislation of the Republic of Kazakhstan.

## SECTION 13. TAX ON VEHICLES

### CHAPTER 57. General Provisions

#### Article 345. Taxpayers

1. Payers of tax on vehicles are individuals, having objects of taxation by the right of ownership and legal entities, their structural subdivisions (further referred to as legal entities) having objects of taxation by the right of ownership, economic or operative management.

2. Following taxpayers shall not pay tax on vehicles:

1) payers of single land tax within the norms of requirement in vehicles established by the Government of the Republic of Kazakhstan, and agricultural producers, including payers of the common land tax, on the specialized agricultural vehicles, the list of which is set by the Government of the Republic of Kazakhstan;

2) organizations provided for by the state budget;

3) participants of the Great Patriotic War and people equated to them –for one vehicle as an object of taxation;

4) invalids whose property are motorcycles and cars –for one vehicle as an object of taxation;

5) Heroes of the Soviet Union and Heroes of the Socialistic Labour, persons of “Khalyk Kaharmany” rank, awarded by Glory order of three levels and “Otan” order, mothers having many children, awarded with “Mother-heroine” title, awarded with “Altyn Alka”, “Kumis Alka” signs—for one vehicle as an object of taxation;

6) individuals who have trucks with time of exploitation more than 7 years, which were received as a share as a result of leaving an agricultural organization;

#### Article 346. Objects of taxation

1. Objects of taxation are vehicles, except trailers, which are subject to state registration and (or) registered by an authorized body.

2. Following objects are not objects of taxation:

1) open pit dump-body trucks with carrying capacity exceeding 40 tons;

2) special medical vehicles.

### CHAPTER 58. Tax Rates

#### Article 347. Tax rates

1. Tax rates on vehicles are established in monthly calculation indices:

Object of taxation	Tax Rate (monthly calculation index)
1. Passenger cars with capacity of an engine (cubic cm):	
up to 1100 including	4,0
exceeding 1100 to 1500	6,0
exceeding 1500 to 2000	7,0

exceeding 2000 to 2500	10,0
exceeding 2500 to 3000	17,0
exceeding 3000 to 4000	22,0
exceeding 4000	117,0
2. Trucks, special vehicles with carrying capacity to 1 ton (without trailers taken into account)	6,0
exceeding 1 ton to 1,5 ton	9,0
exceeding 1,5 ton to 5 ton	12,0
exceeding 5 ton	15,0
3. Self-propelled cars and mechanisms on pneumatic motion, except for cars and mechanisms with caterpillar motion	3,0
5. Buses	
up to 12 seats	9,0
from 12 to 25 seats	14,0
more than 25 seats	20,0
5. Motorcycles, motor-rollers, motor sledges, ships of small size (capacity of engine less 55 K.W.H.)	1,0
6. Cutters, ships, towboats, barges, yachts (capacity of engine in horse- power):	
to 160 including	6,0
from 160 to 500	18,0
from 500 to 1000	32,0
exceeding 1000	55,0
7. Aircrafts	4,0 % of monthly calculation index for each kW of power.

2. With capacity of engine of passenger cars exceeding 1500 to 2000 cubic cm, taxed at the rate of 7 monthly calculation indices, and with capacity of engine exceeding 2000 cubic cm to 2500 cubic cm, taxed at rate of 10 monthly calculation indices, exceeding 2500 cubic cm. to 3000 cubic cm, taxed at rate of 17 monthly calculation indices, and exceeding 3000 cubic cm to 4000 cubic cm, taxed at the rate of 22 monthly calculation indices, the amount of tax is increased for each unit of excess of mentioned capacity of engine by 7 tenge.

3. As for passenger vehicles term of exploitation of which exceeds 6 years till the end of established deadline of tax payment, the following adjustment factors are applied:

For the cars produced in countries of CIS:

From 6 to 15 years – 0,3;

Exceeding 15 to 25 years – 0,2;

Exceeding 25 years – 0,1.

For the rest of cars with capacity of engine:

Up to 3000 cubic cm – 0,5;

From 3000 to 4000 cubic cm – 0,7;

From 4000 and more – 1,0.

4. As for truck special vehicles produced in the countries of CIS including trucks, the term of exploitation of which exceeds 7 years till the end of the set due date of tax payment, the following adjustment factors are applied:

- From 7 to 14 years – 0,5;
- Exceeding 14 years to 20 years – 0,3
- Exceeding 20 years – 0,1.

5. Depending on the term of exploitation the following adjustment factors are applied to the rates of tax for aircraft:

for aircraft acquired after the 1st of April 1999:

- up to 5 years of exploitation – 1,0;
- from 5 to 15 years of exploitation – 2,0;
- exceeding 15 years of exploitation – 3,0;

for aircraft acquired before the 1st of April 1999:

- up to 5 years of exploitation – 1,0;
- from 5 years to 15 years of exploitation – 0,5;
- exceeding 15 years of exploitation – 0,3.

6. Term of exploitation of a vehicle is considered from the moment of issue, which is shown in the technical passport of a vehicle (manual on yearly exploitation of an aircraft).

7. Depending on a period of exploitation of an aircraft, the following adjustment coefficients are applied:

- up to 5 years of exploitation – 1,0;
- from 5 years to 10 years of exploitation – 0,5;
- from 10 years to 20 years of exploitation – 0,3;
- from 20 years to 30 years of exploitation – 0,2;
- exceeding 30 years of exploitation – 0,1.

## ***CHAPTER 59. Procedure Of Computation And Due Dates Of Tax Payment***

### **Article 348. Procedure of computation and due dates of tax payment**

1. Taxpayers compute the amount of tax independently based on objects of taxation, , tax rate and adjusting coefficients for every vehicle.

2. Payment of tax is made to the budget at the place of registration of an object of taxation not later than 1st of July of the tax period.

For purchased vehicles not before registered by an authorized body on the territory of the Republic of Kazakhstan tax is paid prior to, or at the moment of vehicle's registration. The tax amount is calculated for the period since the beginning of a month when the right of ownership arose by means of dividing the annual amount of tax by 12 and multiplying the result by the number of months left to the end of a tax period.

Procedure of paying tax on vehicles by legal entities making transactions with the budget under the special tax regime for agricultural producers is set by Articles 385-390 of this Code.

3. Taxpayers-legal entities make the final settlement on vehicle tax no later than 10 days after the beginning of deadline for submitting vehicle tax return.

4. In case of transfer of rights of ownership for objects of taxation during tax period the amount of tax is computed for the actual period of realization of rights for vehicles.

The amount of tax, subject to payment for the actual period of ownership of a transport vehicle by a person transferring the given rights, must be transferred to the budget prior to or at the moment of state registration of the transfer of ownership rights for the objects of taxation. In this regard the initial payer is given the amount of tax computed from the 1<sup>st</sup> of January of the current year till the beginning of the month during which he transfers a vehicle. For the subsequent payer, the amount of tax for a vehicle is computed for the period from the beginning of month during which he got the right of ownership for a vehicle.

In case of alienation of a vehicle, the annual amount of tax may be transferred to the budget by one of the parties (on agreement) prior to or at the moment of state registration of ownership rights for an object of taxation. On the payment of the annual amount of tax during the transfer of ownership rights, the amounts of tax are not paid for the second time afterwards.

5. The payment of tax for a vehicle by a person who is the owner of a vehicle by the right of trustee management of property on behalf of the proprietor of the vehicle is the fulfilment of tax obligation of the proprietor of a vehicle for the given reporting period.

## ***CHAPTER 60. Tax Period And Tax Return***

### **Article 349. Tax period**

Tax period for computation and payment of vehicle tax is determined according to Article 136 of this Code.

### **Article 350. Tax Return**

Taxpayers – legal entities (except legal entities, making transactions with the budget under special tax regime for agricultural producers) submit tax return on vehicles to tax bodies no later than the 31<sup>st</sup> of March of the year following the reporting year.

## SECTION 14. TAX ON PROPERTY

### *CHAPTER 61. Property tax for legal entities and individual entrepreneurs*

#### **Article 351. Taxpayers**

1. The payers of property tax are:

- 1) legal entities (including non-resident legal entities of the Republic of Kazakhstan, operating in the Republic of Kazakhstan) having an object of taxation by the ownership right, economic or operative management on the territory of the Republic of Kazakhstan;
- 2) individual entrepreneurs, having an object of taxation by the ownership right on the territory of the Republic of Kazakhstan;

2. By decision of a legal entity, its structural subdivisions are considered as taxpayers

Legal entities – non-residents of the Republic of Kazakhstan are payers of tax on objects of taxation located in the Republic of Kazakhstan.

3. Taxpayers specified in point 2 of this Article compute and pay property tax in the order specified in this Chapter for legal entities.

4. Payers of property tax are not:

1) payers of the single land tax for taxable objects within the framework of necessary norms established by the Government of the Republic of Kazakhstan.

The payers of the single land tax by taxable objects in excess of necessary norms shall pay the tax under the procedure established by this Section;

2) subsurface users, taxation of which is made using the second model of tax regime determined in Article 283 of this Code.

3) organizations provided for by the state budget;

4) The National Bank of the Republic of Kazakhstan, its affiliates and representative offices

5) state enterprises of penitentiary institutions of an authorized body in the sphere criminal law fulfilment

6) religious communities

Legal entities specified in sub-points 3)-5) of this point are not exempt from paying the tax on taxable objects transferred into use or leased.

#### **Article 352. Determination of a taxpayer in certain cases**

1. When an owner transfers objects of taxation under trustee management or rent, the trustee or leaser is deemed as a payer of the tax upon agreement with the property owner.

In this case payment of the tax by trustee or leaser is deemed as the fulfilment of tax obligation by the property owner of a taxable object for the reporting period.

2. When a taxable object is being under common property of several parties, each party is deemed as a payer of the tax.

3. One of the owners of the given taxable objects upon their agreement can be a taxpayer of objects of taxation, which are under joint property.

4. A lessee is deemed as a payer of the tax for objects transferred into financial lease.

#### **Article 353. Object of Taxation**

1. Capital assets (including objects which are part of housing stock) and intangible assets are the object of taxation for legal entities and individual entrepreneurs.

Intangible assets are intangible objects determined in accounting according to the legislation of the Republic of Kazakhstan on accounting.

2. The following shall not be the objects of taxation:

- 1) land, which is an object of land tax according to Articles 326 and 327 of this Code;
- 2) vehicles, which are an object of tax on vehicles according to Article 346 of this Code;
- 3) capital assets being under conservation by the decision of the Government of the Republic of Kazakhstan;
- 4) state automobile roads of public use and road constructions in them:  
right of way;  
construction elements of roads;  
settings and road facility constructions;  
bridges;  
overpasses;  
viaducts;  
traffic roundabouts;  
tunnels;  
shelter galleries;  
constructions and facilities for the purpose of increasing traffic safety;  
drainage systems;  
forest plantations along the roads;  
line production complexes, buildings and constructions, apartment houses.
- 5) capital assets newly put into operation as part of investment project under the procedure established by Articles 138-140 of this Code.

#### **Article 354. Tax base**

1. Average annual residual value of taxable objects, determined by accounting data is deemed as a tax base of taxable objects for legal entities and individual entrepreneurs.
2. Average annual residual value of taxable objects is determined as 1/13th of the amount received from adding of residual values of taxable objects on the first day of each month of the current tax period and on the first day of the month of the period following the reporting period.
3. For taxable objects of legal entities listed in sub-points 3)-5) of point 4 of article 351 of this Code, the tax base is determined from the share of the given taxable objects transferred into use or leaser.

#### **Article 355. Tax rates**

1. Legal entities (except those listed in point 2 of this Article) and individual entrepreneurs compute property tax at the rate of 1 % of average annual value of objects of taxation.
2. Legal entities listed below compute property tax at the rate of 0.1% of the average annual value of objects of taxation:
  - 1) legal entities determined in Article 120 of this Code, except religious communities;
  - 2) legal entities determined in Article 121 of this Code;
  - 3) organizations which main type of activity is the fulfilment of work (service) in the sphere of library services;

- 4) state enterprises performing functions in the sphere of state attestation of scientific human resources;
- 5) legal entities on objects of reservoirs, hydrojunctions and other water management constructions of nature protection appointment being in state property and financed by means of state budget;
3. Legal entities listed in point 2 of this Article on taxable objects, transferred for use or lease, compute and pay property tax at the tax rate set in point 1 of this Article.

#### **Article 356. Procedure of tax computation and tax payment**

1. Tax is computed by taxpayers independently by applying the appropriate tax rate to the tax base.
2. The procedure of tax computation and payment for legal entities making payments to the budget under the special tax regime for agricultural producers is established by Articles 385-390 of this Code.
3. On taxation objects that are under common property tax for each taxpayer is computed pro rata to its share in the property value .
4. Taxpayers during a tax period shall pay current payments on property tax which are computed by applying an appropriate tax rate to a residual cost of objects of taxation as of the beginning of a tax period determined using accounting data.
5. Tax is paid to the budget at place of location of taxation objects.
6. Amounts of current payments are paid by a taxpayer in equal parts not later than the 20th of February, 20th of May, 20th of August and 20<sup>th</sup> of November of a tax period. For newly created taxpayers and legal entities listed in sub-points 3)-5) of point 4 of Article 351 of this Code in case of transferring objects of taxation to use or lease after the last term of payment of current tax payments is next term following the date of creation of taxpayer (the date of transfer of taxable objects to use or lease). Taxpayers, created after last term of payment of current tax payments, and legal entities listed in sub-points 3)-5) of point 4 of Article 351 of this Code, in case of transferring taxable objects to use or lease after the last term of current tax payments, pay the amount of tax not later than the 20th of a month following the month of the beginning of tax period.
7. For objects of taxation acquired during a tax period, current property tax payments are determined by applying the tax rate to the tax base as of the moment of acquiring the taxable objects. Amount of current payments is paid in equal instalments within terms set by point 6 of this Article, in this case the first term of current payments is the next term following the day of acquiring taxable objects.  
For taxable objects disposed during a tax period, current property tax payments is reduced by the tax amount determined by applying the tax rate to the tax base of taxable objects disposed at the moment of disposal. The amount of tax subject to reduction is distributed in equal parts for the rest due dates of payment.
8. Taxpayer makes final computation and pays property tax not later than 10 days after the beginning of deadline for submitting tax return for the tax period.

#### **Article 357. Computation and Payment of tax in certain cases**

1. In case an individual entrepreneur carries out

entrepreneurial activity in premises which are the part of housing stock, the tax on these premises is calculated and paid in accordance with rates and in the order stipulated in Articles 361-367 of this Code.

2. In case an individual entrepreneur carries out entrepreneurial activity in premises which are removed from housing stock in the set legislation order, the tax on these premises is calculated and paid in the order set by this Chapter.

#### **Article 358. Tax Period**

1. Tax period for calculation and payment of property tax is determined according to Article 136 of this Code.

2. For legal entities listed in sub-points 3)-5) of point 4 of Article 351 of this Code, a tax period is determined upon the moment the taxable objects are transferred to use or lease till the moment this use ceases.

#### **Article 359. Tax Reporting**

1. Taxpayers (excluding legal entities carrying out the settlements with the budget under the special tax regime for agricultural producers) must submit to tax bodies at the place of location of taxable objects a statement on calculation of current payments and return.

The procedure of submission of tax reports on property tax by legal entities carrying out settlements with the budget under the special tax regime for legal entities- agricultural producers is set by Articles 385-390 of this Code.

Legal entities listed in sub-points 3)-5) of point 4 of Article 351 of this Code submit tax reports under the general established order on taxable objects transferred to use or lease.

2. Calculation of current payments on property tax is submitted not later than the 20<sup>th</sup> of February of the reporting tax period.

Newly created taxpayers submit calculation of current payments not later than the 20<sup>th</sup> day of the month following the month of registration at tax bodies.

Legal entities listed in sub-points 3)-5) of point 4 of Article 351 of this Code, on taxable objects transferred to use or lease, submit calculation of current payments not later than the 20<sup>th</sup> day of the month following the month of transferring an object to use or lease.

3. Calculation of current payments of taxable objects acquired and (or) disposed during the tax period, is submitted not later than 20<sup>th</sup> day of the month following the month at acquisition and (or) disposal of taxable objects.

4. The property tax return is submitted not later than 31<sup>st</sup> of March of the year following the reporting year.

#### **Article 360. Special features of tax reports submission by legal entities having structural subdivisions**

1. Legal entities having structural not being payers of the property tax must submit calculation of current payments of structural subdivisions to a tax body at the place of registration, and copies of calculations to tax bodies at the place of registration of structural subdivisions within the time period set in point 2 of Article 359 of this Code.

When current payments for structural subdivisions are made to relevant budgets of Astana, Almaty cities or oblast budgets, copies of calculations are submitted to tax bodies of Astana, Almaty cities or oblast tax bodies.

Copy of a calculation must be attested by a tax body at the place of registration of a legal entity.

2. Legal entities having structural subdivisions, not being payers of property tax, must notify tax bodies at the place of registration of structural subdivisions about the amount of property tax subject to payment by the structural subdivision by results of a tax period, under the procedure and in the form set by an authorized state body.

3. Legal entities having structural subdivisions being property tax payers submit tax reports in general set order.

## ***CHAPTER 62. Property tax for individuals***

### **Article 361. Taxpayers**

1. The payers of property tax for individuals are individuals having a taxable object by the right of ownership.

2. The payers of property tax for individuals shall not be:

1) militaries in service for a fixed period during period of serving a fixed period (training);

3) Heroes of the Soviet Union and Socialist Labour, veterans of the Great Patriotic War and persons equated to them;

persons honoured with the “Halyk Kaharmany” title, awarded with the Order of Glory of three degrees and the Order “Otan”; mothers having many children honoured with “Heroine Mother” title, awarded with “Altyn Alka” pendant; invalids of I and II groups; separately residing pensioners – within the value of taxable objects equal to 1 thousand of monthly calculation indices.

Persons specified in this point compute and pay tax on taxable objects transferred to use or lease in order set by this Chapter.

### **Article 362. Determination of a taxpayer in certain cases**

1. When an owner transfers taxable objects to trustee management or lease, a trustee or leaser is deemed as a payer of the tax of transferred objects upon agreement with the owner of taxable objects.

In this case payment of the tax by trustee or leaser is the fulfilment of tax obligation of an owner of taxable objects for the given tax period.

2. When a taxable object is being under common property of several parties, each party is deemed as a payer of the tax.

3. Payer of the tax on taxable objects that are in the joint property can be one of the owners of the given taxable object upon their agreement.

### **Article 363. Object of Taxation**

Taxation objects of property tax for individuals are the following objects that belong to them by the right of ownership and not used in entrepreneurial:

1) apartments, summerhouses, garages and other constructions, structures and premises located on the territory of the Republic of Kazakhstan;

2) objects of incomplete construction located on the territory of the Republic of Kazakhstan,— from the moment of residing (using).

**Article 364. Tax base**

1. Tax base for individuals is the value of taxable objects established as of January 1 of each year by an authorized body, determined by the Government of the Republic of Kazakhstan.

The procedure of determining value of taxable objects of individuals is established by the Government of the republic of Kazakhstan.

2. When a tax period lasts less than 12 months, the tax base is calculated by dividing the value of a taxable object by 12 and multiplying by the number of months in the tax period.

3) When for several objects of taxation a taxpayer is one individual, the tax base is calculated separately for each object.

**Article 365. Tax rates**

Property tax for individuals is computed depending on the value of taxable objects at the following rates:

1)Up to and including 1 000 000 tenge	0,1% of the value of taxable objects
2)From 1 000 000 up to 2 000 000 tenge	1000 tenge + 0,15% of the amount exceeding 1 000 000 tenge
3)From 2 000 000 up to 3 000 000 tenge	2 500 tenge + 0,2% of the amount exceeding 2 000 000 tenge
4)From 3 000 000 up to 4 000 000 tenge	4 500 tenge + 0,3% of the amount exceeding 3 000 000 tenge
5)From 4 000 000 up to 5 000 000 tenge	7 500 tenge + 0,4% of the amount exceeding 4 000 000 tenge
6)From 5 000 000 up to 6 000 000 tenge	11 500 tenge + 0,5% of the amount exceeding 5 000 000 tenge
7) From 6 000 000 up to 7 000 000 tenge	16 500 tenge + 0,6% of the amount exceeding 6 000 000 tenge
8) From 7 000 000 up to 8 000 000 tenge	22 500 tenge + 0,7% of the amount exceeding 7 000 000 tenge
9) From 8 000 000 up to 9 000 000 tenge	29 500 tenge + 0,8% of the amount exceeding 8 000 000 tenge
10) From 9 000 000 up to 10 000 000 tenge	37 500 tenge + 0,9% of the amount exceeding 9 000 000 tenge
11) Over 10 000 000 tenge	46 500 tenge + 1% of the amount exceeding 10 000 000 tenge

**Article 366. The Procedure of Calculation and Tax Payment**

1. Calculation of tax on taxable objects of individuals is made by tax bodies at the place of location of a taxable object, irrespective of the place of a taxpayer's residence by applying relevant tax rate to tax base within the time period not later than August 1 of a tax period.

2. Tax on a taxable object which is in common property of several individuals is calculated pro rata to their share in this property.

3. When for several objects of taxation a taxpayer is one individual, the tax base is calculated separately for each object of taxation.
4. On newly created taxable objects, tax is calculated in the tax year following the year of creation.
5. In case of destruction, destroy, demolition of a taxable object, tax amount is recalculated based on the documents issued by an authorized body confirming the fact of destruction, destroy, demolition
6. If a taxpayer during a tax period gains a right for tax exemption, tax is recalculated from the month in which this right was gained
7. Tax is paid to the budget at the place of location of a taxable object not later than the 1st of October of the reporting tax period
8. In case of transfer of ownership rights on taxable objects during a tax period, the amount of tax is computed for the actual period of realization of ownership rights for property.

The amount of tax, subject to payment for the actual period of ownership rights on taxable objects by a person transferring the ownership rights, is transferred to the budget prior to or at the moment of state registration of ownership rights. In this regard the initial payer is given the amount of tax computed from the 1<sup>st</sup> of January of the current year till the beginning of the month during which he transfers ownership rights. For the subsequent payer, in the notification of the calculated property tax sent by tax bodies, the amount of tax computed for the period from the beginning of the month during which he gained the ownership right is indicated.

The annual amount of tax may be transferred to the budget by one of the parties (on agreement), at the state registration of ownership rights for an object of taxation. In the future the indicated amounts of tax are not paid for the second time.

9. In case when at the moment of state registration (except initial registration) of the right for immovable property and transactions related to it, the value of taxable objects is not determined by a body authorized by the Government of the Republic of Kazakhstan, the tax is paid in the amount of tax accrued in the previous tax period.

#### **Article 367. Tax period**

1. A tax period for calculation and payment of property tax by individuals is determined in accordance with article 136 of this Code.
2. In case of destruction, destroy, demolition of taxable objects of individuals, the month, in which the fact of destruction, destroy or demolition has taken place, is included into the calculation of tax period.

## SECTION 15. SPECIAL TAXATION REGIMES

### *CHAPTER 63. General Provisions*

#### **Article 368 . General Provisions**

1. Special taxation regimes are stipulated for in relation to:

- 1) small business entities;
- 2) peasants' farms;
- 3) legal entities – producers of agricultural products;
- 4) certain types of entrepreneurial activity

2. One-time coupon is a document certifying the right for applying special taxation regime and confirming the fact of making settlement with the budget on individual income tax with the exception of individual income tax withheld at the source of payment.

3. Patent is a document certifying the right for applying special taxation regime and acknowledging the payment of tax amounts to the budget.

4. The form of a patent for applying a certain special taxation regime is established by an authorized state body.

5. In case of loss or spoilage of a patent, a taxpayer, upon submitting an application, is given a duplicate of the document. The spoiled patent is subject to submission by a tax payer to the tax body.

6. Registration of issued patents is made by tax bodies in the registration (issue) logs of patents.

An authorized state body establishes the form of registration logs and procedure of filling them.

7. Forms of the certificate of state registration of an individual entrepreneur, one-time coupon and patent are forms of strict reporting and given out free of charge. It is prohibited to transfer them to other persons.

#### **Article 369. Special features of application of special tax regimes.**

1. Peasant farms and legal entities- producers of agricultural goods with regard to activity not stipulated for by Articles 378 and 385 of this Code may carry out settlements with the budget under the special tax regime for small business entities

2. Settlements with the budget on realization at markets (except realization at stationary premises on the territory of markets according to lease agreements), are carried out only under special tax regime for small business entities on the basis of one-time coupon under the procedure established by Article 373 of this Code.

3. Persons listed in point 1 of Article 392 carry out settlements with the budget only under special taxation regime for certain types of entrepreneurial activity, stipulated for in Articles 391-397 of this Code.

## ***CHAPTER 64. Special Taxation Regime For Small Business Entities***

### **§ 1. General Provisions**

#### **Article 370. General provisions**

1. For purposes of this Code small business entities are individual entrepreneurs and legal entities that meet conditions established by Articles 371, 372, 374, 376 of this Code.

2. Special taxation regime establishes for small business entities the simplified procedure of computing and paying social tax and corporate or individual income tax, except individual income tax withheld at the source of payment. In this respect, the procedure of computing and paying aforementioned taxes and submitting relevant tax reports established by Articles 77-140, 315-322, and 141-174, except Articles 146-162 of this Code are not be applied to small business entities.

Computation, payment and submission of tax reports on taxes and other mandatory payments to the budget not specified in this point are made under generally established procedure.

3. Simplified procedure of computing taxes mentioned in point 2 of this Article is fulfilled by applying tax rate to the taxable object established by Articles 375, 377 of this Code.

4. Taxation object is the income for a tax period comprised of all types of income acquired (to be acquired) on the territory of Kazakhstan and outside it, excluding income that was previously taxed, if the documents certifying the tax withheld at the source of payment or (and) one-time coupon is presented.

5. Tax period for an individual entrepreneur carrying out settlements with the revenue on the patent basis is a calendar year; tax period for a small business entity carrying out settlements with the budget on the basis of a simplified return—a quarter.

6. In case when several small business entities applying special tax regime carry out several types of entrepreneurial activity, income is determined by summing up all income from all types of activity.

7. When small business entities are under special taxation regime and are payers of value added tax, the amount of VAT is not included in the income for a tax period.

#### **Article 371. Terms of Applying Special Tax Regime**

1. Small business entities have the right to independently choose only one tax regime from the below-presented procedures of computation and payment of taxes, and also submission of their tax reports:

- 1) general procedure;
- 2) special tax regime based on one-time coupon;
- 3) special tax regime based on patent;
- 4) special tax regime based on simplified tax return.

The given requirement is not applicable to persons selling goods at markets (except those selling in stationary premises on the territory of markets according to lease agreement).

2. In case of shifting to general procedure of computation and payment of taxes the following shift to a special tax regime is possible only after 2-year expiration of the general procedure application.

3. The special taxation regime is not allowed to be applied by:

- 1) legal entities having affiliates and representative offices;
- 2) affiliates and representative offices;
- 3) branches of legal entities and dependent joint-stock companies;
- 4) taxpayers having other separate structural subdivisions in different inhabited localities.

4. Special tax regime is not applied to the following types of activity:

- 1) production of excisable goods;
- 2) consultant, financial, accounting services;
- 3) sale of oil products;
- 4) glass bottles gathering and receipt;
- 5) subsurface use;
- 6) licensed activities, except:
  - medical, doctor's, veterinary;
  - production, repair and construction works on installation of gas in apartment communal domestic objects;
  - designing, mounting, setting up and technical service of means of guarding, fire signalling and fire-prevention automatic devices;
  - production and sale of fire-prevention means, equipment and means of fire protection;
  - mounting, repair and service of passenger elevators;
  - production, processing and wholesale of means and substances for disinfecting, deratization, battling of insects, and also works and services related to their use;
  - international transportation of passengers and cargoes by motor transport;
  - production and sale of medical preparations;
  - designing and research, expert, construction and mounting works, works on production of construction materials, goods and construction elements;
  - retail sale of alcohol production.

## **§ 2 Special Taxation Regime Based on one-time Coupon**

### **Article 372. General Provisions**

1. Special taxation regime based on one-time coupon is applied by individuals that conduct business on ad hoc basis.
2. Ad hoc business activity shall mean the activity with duration in total no more than 90 days a year.

### **Article 373. Procedure of Carrying out Settlements with the Budget Based on one-time Coupon**

1. The list of types of activities, including the form and procedure for issuing of one-time coupons are established by an authorized state body.
2. Value of one – time coupons is established by the decision of local representative bodies on the basis of daily average data of timekeeping observations and researches

conducted by tax body with consideration of location, type and conditions of activity carried out, quality and size of an object that serves for deriving income, and also other factors influencing on the effectiveness of business activity.

3. Individuals carrying on ad hoc business activity based on one-time coupon without employed labour force do not pay social tax and are exempt from state registration as an individual entrepreneur.

### **§ 3 Special Taxation Regime Based Patent**

#### **Article 374. General Provisions**

1. Individual entrepreneurs that meet the following conditions apply patent-based special tax regime:

- 1) not using employed labour;
- 2) conducting activity in form of individual entrepreneurship;
- 3) annual income does not exceed 1 million Tenge.

2. In case of emerging conditions that do not let to apply special tax regime based on a patent, the taxpayer on the basis of application shifts to a special tax regime based on the simplified return or to general procedure of computing and paying taxes.

3. Patent is issued to an individual entrepreneur for a time period not less than one month within one calendar year.

4. In order to get a patent, an individual entrepreneur submits to a tax body at the place of fulfilling entrepreneurial activity the application with the indication of type of activity in the form established by an authorized state body, and the Certificate on state registration of an individual entrepreneur.

In case an individual entrepreneur performs an activity subject to licensing, he/she has to submit a license for the right for performing this activity. In this case patent is issued for a time period not exceeding license's period of validity.

5. Failure to submit an application for getting a patent to a tax body at the place of performing entrepreneurial activity means that the taxpayer agrees to compute and pay taxes under the general procedure, except the case when an application for a temporary suspension of entrepreneurial activity is submitted.

6. Tax bodies issue patent during one day after submission of application and presentation of documents confirming the payment to the budget of the patent value and mandatory pension fees to pension funds.

7. Patent is not valid without presenting a Certificate on state registration of an individual entrepreneur.

#### **Article 375. Procedure of Carrying our Settlements with the Budget Based on Patent**

1. Patent value is computed by an individual entrepreneur by applying the rate in the amount of 3% to the reported income.

2. Patent value is subject to paying to the budget in equal instalments as an individual income and social taxes.

3. If entrepreneurial activity ceases before the expiration of patent, the tax amounts paid are not subject to refund or recalculation, except the case when an individual entrepreneur is recognized as incapable.

4. in case when actual income exceeds income reported at getting a patent, a taxpayer reports the excess amount during five working days and pays taxes due on this amount. Upon taxpayer's application in exchange to before issued patent a new patent with the indication of the actual income is issued to him/her.

In case when actual income is lower than income reported at getting a patent, refund of excessively paid patent value is made upon the taxpayer's application after a chronometrical survey conducted by a tax body.

#### **§ 4 Special Taxation Regime Based on Simplified Return**

##### **Article 376. General Provisions**

1. in order to shift to special taxation regime based on simplified return before the beginning of a tax period, small business entities submit the application in the form set by an authorized state body to a tax body at the place of performing an activity.

When fulfilling an activity on several objects located at different territorial-administrative units, a taxpayer independently determines a tax body for submitting an application for a special tax regime based on simplified return.

2. Special taxation regime based on simplified return is applied by small business entities that meet the following conditions:

1) for individual entrepreneurs:

average listing of employees for a tax period comprises 15 people, including the individual entrepreneur himself/herself;

marginal yield for a tax period comprises 4500,0 thousand tenge.

2) for legal entities:

average listing of employees for a tax period comprises 25 people;

marginal yield for a tax period comprises 9000,0 thousand tenge.

3. In case of not meeting conditions established in point 2 of this Article or in case of voluntary leaving the special tax regime, small business entity shifts to general procedure of computing and paying taxes on the basis of the application beginning from the quarter following the reporting quarter.

In case of the change of conditions (exceeding the coefficients) set in sub-point 1) of point 2 of this Article, an Individual entrepreneur has the right to apply a special taxation regime based on simplified return as a legal entity at changing organizational-legal form.

4. In case of shifting from general procedure of computing and paying taxes to a special tax regime based on simplified, the payment of social tax, corporate or individual income tax and submission of the relevant tax reports is carried out under the general procedure.

##### **Article 377. Procedure of Carrying out Settlements with the Budget based on Simplified Return**

1. Computation of taxes on the basis of simplified return is made by a small business entity independently by applying the appropriate tax rate to the taxable object for the reporting tax period.

2. Income of an individual entrepreneur is subject to taxation at the following rates:

<b>Income for quarter</b>	<b>Rate</b>
Up to 1500 thousand tenge	4% of income amount
Over 1500 thousand tenge to 3000	60,0 thousand tenge+7% of income

thousand tenge	amount exceeding 1500,0 thousand tenge
Over 3000 thousand tenge	165.0 thousand tenge+11 % of income amount exceeding 3000,0 thousand tenge

3. Income of a legal entity is subject to taxation at the following rates:

<b>Income for quarter</b>	<b>Rate</b>
Up to 1500 Th.Tenge	5% of income amount
Over 1500 Th.Tenge to 3000 Th.Tenge	75 thousand tenge+7% of income amount exceeding 1500,0 thousand tenge
Over 3000 Th.Tenge to 4500 Th.Tenge	180 thousand tenge+9% of income amount exceeding 3000,0 thousand tenge
Over 4500 Th.Tenge to 6500 Th.Tenge	315,0 thousand tenge+11%of income amount exceeding 4500,0 thousand tenge
Over 6500 Th.Tenge to 9000.0 Th.Tenge a quarter	535 Th.Tenge + 13% of income amount exceeding 6500 Th.Tenge

4. When an average monthly salary of employees by results of the reporting period comprised not less than threefold minimum amount of monthly salary set by the legislative act of the Republic of Kazakhstan, then the tax amounts calculated for a tax period according to points 2 and 3 of the present Article is subject to adjustment by reducing by the sum in the amount of 1.5% of tax amount for each employee, based on average listing number of workers.

5. In case of exceeding of marginal amount of income set in point 2 of Article 376 of this Code computation of tax amounts is made separately with marginal amount of income and with actually acquired amount of income. Difference between the given tax amounts is subject to paying to the budget without adjustment stipulated for in point 4 of this Article.

Only tax amount calculated from the marginal amount of income is subject to adjustment stipulated for in point 4 of this Article.

6. In case of exceeding average listing number set in point 2 of Article 376 of this Code, adjustment stipulated for in point 4 of this Article is made only for marginal listing number set in point 2 of Article 376 of this Code.

7. Simplified return is submitted to a tax body quarterly not later than 10th of a month following the reporting tax period.

8. Payment of taxes to the budget accrued on the basis of simplified tax return is made no later than the 15th of a month following the reporting tax period, in equal instalments as an individual (corporate) income tax and social tax.

9. Submission of simplified return and tax payment is made to a tax body at the place of submitting application for a special tax regime based on simplified return.

## ***CHAPTER 65. Special Taxation Regime For Peasants' Farms***

### **Article 378. General Provisions**

1. Special taxation regime for peasant's farms stipulates for a specific procedure of settlements with the budget based on the payment of single land tax is applied to the

activity of peasants' farms producing agricultural products, processing of their own agriculture products and their selling, except the activities related to production, processing and selling excisable products.

2. The right for applying of special taxation regime is given to peasants' farms if they possess land plots by the right of private property and or by the right of land use (including the right of secondary land use).

3. Peasant's farms have the right to choose independently a given special taxation regime or generally set order of taxation.

4. For the application of the special tax regime peasant's farms submit annually to a tax body at the place of the land plot location within the time period not later than 20th of February, an application in the form established by an authorized state body.

Not submitting an application by a taxpayer within the set time period means that it agrees to carry out settlements with the budget in the generally set order of taxation.

Peasant's farms created after 20<sup>th</sup> of February submit an application for the right to apply for a special tax regime on the day of getting the Certificate on state registration of an individual entrepreneur.

5. Chosen regime of taxation is not subject to change within the tax period.

6. Tax period for single land tax is one calendar year.

#### **Article 379. Specifics of Application of Special Taxation Regime**

1. Peasants' farms applying a special tax regime on the basis of paying single land tax (further referred to as payers of single land tax) are not payers of the following types of taxes:

1) individual income tax on income from the activity of a peasant's farm for which the given special tax regime is effective;

2) value added tax - on turnovers from fulfilling an activity for which the given special tax regime is effective;

3) land tax on the activity for which the given special tax regime is effective;

4) vehicle tax on taxable objects within the framework of requirement norms set by the Government of the Republic of Kazakhstan;

5) property tax on taxable objects within the framework of requirement norms set by the Government of the Republic of Kazakhstan;

2. Single land taxpayers that in accordance with sub-point 2) of point 1 of this Article are not payers of value added tax, have the right to voluntarily submit to a tax body an application for registration for the given tax.

3. In case of performing types of activities for which a special tax regime is not effective, single land taxpayers must carry out separate accounting of income and expenses (including the accrual of salary), property (including vehicles), and calculation, submit tax reports and pay relevant taxes and other mandatory payments to the budget on these types of activity in generally set order.

Provision of this point is also applied when receiving property income and other types of income not subject to withholding at the source of payment according to Article 163 of this Code.

### **Article 380. Procedure of Computation and Payment of Single Land Tax**

1. tax base for computation of single land tax is the assessed value of a land plot. Determination of the assessed value of a land plot (right for land use) is made under the procedure established by the land legislation of the Republic of Kazakhstan.
2. Computation of single land tax is made at the by applying the rate of 0,1% to the assessed value of a land plot
3. The payment of single land tax is made to the relevant budget at the place of location of a land plot twice:
  - 1) a current payment is paid within the time period not later than 20<sup>th</sup> of October of a current tax period;
  - 2) final settlement on single land tax is made (taking into account tax return) not later than the 20<sup>th</sup> of March of the tax period, following the reporting one.Within the first time period of payment, single land taxpayers pay the current payment in the amount not less than 1\2 of the total amount of single land tax computed in the single land tax return for the previous tax period. Payers of single land tax created prior to 20<sup>th</sup> of October, and also current taxpayers – in case of the change of tax base computation, make the current payment in the amount of no less than 1/2 of the tax amount computed in the current payment of single land tax. Payers of single land tax created after the 20<sup>th</sup> of October pay the total amount of tax subject to paying for the current tax period not later than the 20<sup>th</sup> of March of a year following the reporting one.
4. Computation and payment of single land tax by peasants' farms are made for the actual period of land plot ownership (taking into account changes of taxable objects).

### **Article 381. Special Features of Taxation in case of transfer (receipt) of land plots into lease**

1. When a peasants' farm transfers a land plot to lease to another peasants' farm, both parties compute and pay single land tax on this land plot based on the actual period of using the land plot indicated in the lease agreement.  
The period of use by a lessee is determined beginning from the month following month of getting a land plot into lease.  
In this case on income received (subject to be received) from transfer of a land plot to lease a peasants' farm calculates and pays taxes in generally set order.
2. When a peasants' farm transfers a land plot to lease to a taxpayer that is not payer of single land tax, obligation to compute and pay single land tax on this land plot is preserved for peasants' farm.  
In this case on income received from the transfer of a land plot to lease, peasants' farm computes and pays taxes in generally set order. While the paid amount of single land tax (within the accrued) on this land plot is related to deductions when determining taxable income.

### **Article 382. Tax Reports on Single Land Tax**

1. Payers of single land tax submit within the time period not later than the 15<sup>th</sup> of March of the current tax period to tax bodies at the place of location of land plots, the return on single land tax for the previous tax period.

2. Payer of single land tax within the time period not later than 15<sup>th</sup> of March of the first year of applying a special tax regime (during the first tax period) submits the following documents:

1) computation of current payment on single land tax for the current tax period;  
2) copy of act on the right for land use (agreement on temporary land use, including an agreement on secondary land use), certified at notary or by rural (village) executive bodies.

If case of the absence of act on the right for land use, payers of single land tax present the decision of the local executive body on giving the right for land use. Subsequently, on getting an act on the right for land use a taxpayer presents to the tax committee its copy certified at notary or by rural (village) executive bodies within 30 days from the moment of receipt.

3) a copy of the act determining the assessed value of a land plot (right for land use), issued by the authorized body on management of land resources, certified at notary or rural (village) executive bodies. In case of the absence of act, the assessed value of land plots is determined based on the assessed value of 1 hectare of land on average for the given region on data presented by the authorized body of management of land resources.

4) information on employed labourers for the forthcoming tax period with obligatory indication of data necessary for computing social tax amounts.

In the following tax periods single land taxpayer submits calculation of the current payment of single land tax and above-presented documents above only when changes take place in them.

3. Newly created taxpayers, who have chosen the given special tax regime, submit the calculation of the current payment of single land tax and documents specified in point 2 of this Article, during 30 calendar days after an application for the right to apply a special tax regime was presented.

4. When liquidation or reorganization takes place, a payer of single land tax must submit return for the past tax period within 15 days after submitting an application on cessation of activity or reorganization to a tax body.

### **Article 383. Specific features of Computation and Payment of Certain Types of Taxes and Other Mandatory Payments to the Budget**

1. Payers of single land tax monthly compute social tax amounts at the rate of 20% of monthly calculation index per each employee, including the head and members of peasant's farm.

Computation of individual income tax withheld at the source of payment is made in accordance with Articles 153, 155, 158,160 of this Code. Computation of mandatory pension fees to accrual pension funds is made in the order established by the pension legislation of the Republic of Kazakhstan. Computation of payments for environment pollution and payments for using water resources from surface sources is made in the order established in Articles 451-465 accordingly.

2. Payment of amounts of social tax, individual income tax withheld at the source of payment, mandatory pension fees to accrual pension funds, payments for environmental pollution and payments for using water resources from surface sources is made within the time period stipulated for the payment of single land tax in the following order:

- 1) within the time period not later 20<sup>th</sup> of October of the current tax period following the reporting one, amounts are paid computed for the period from January 1 till October 1;
- 2) within the time period not later than 20<sup>th</sup> of March of the tax period following the reporting one, amounts are paid computed for the period from October 1 till December 31.

**Article 384. Submission of Tax Reports on Certain Types of Taxes and Other Mandatory Payments to the Budget**

Single land taxpayers within the time period set for submitting return on single land tax, submit:

- 1) social tax return;
- 2) individual income tax return withheld at the source of payment;
- 3) report on mandatory pension fees to accrual pension funds;
- 4) return on payment for using water resources from surface sources and on payment for environmental pollution.

***CHAPTER 66. Special Taxation Regime For Legal Entities – Producers Of Agricultural Products***

**Article 385. General Provisions**

1. Special taxation regime for legal entities – producers of agricultural products stipulates for a special procedure of carrying out settlements with the budget on the basis of patent covers activities of legal entities:

- 1) producing the agricultural products with the land use, processing and selling the indicated self-produced products;
- 2) producing the agricultural products of stock-breeding and poultry (including pedigree stock-breeding) of full cycle (starting with breeding of young stock), bee-keeping, and also processing and selling the indicated self-made products.

2. Do not have the right to apply a special tax regime for legal entities – producers of agricultural products (further referred to as – special taxation regime):

- 1) legal entities having branches, affiliates and representative offices;
- 2) affiliates, representative offices and other separate structural subdivisions of legal entities;
- 3) legal entities that are affiliates of other legal entities applying the given special tax regime.

3. Special tax regime is not effective for the activity of taxpayers producing, processing and realizing excisable goods.

4. Legal entities performing activity indicated in point 1 of this Article have the right to choose independently the given tax regime or generally set order of taxation.

The chosen regime of taxation is not subject to changing during a tax period.

5. In case of performing other types of activities for which the given special taxation regime is not effective, taxpayers must carry out separate accounting of income and expenses (the accrual of salary), property (including vehicles and land plots) and make computation and payment of relevant taxes and other mandatory payments to the budget on these types of activities in generally established order.

**Article 386. Tax Period**

Tax period for tax computation, included into the calculation of patent value, is one calendar year.

**Article 387. Procedure of Issuing Patent**

1. For applying special taxation regime, a taxpayer submits annually within the time period not later than the 20<sup>th</sup> February to the tax body at the place of a land plot location an application for obtaining a patent in the form established by an authorized state body. Not submitting an application by the set time period means that it agrees to compute and pay taxes in generally set order.

2. Taxpayer during the first tax period of applying the given special tax regime simultaneously with the application submits to the tax body at the place of land plot location the following documents:

- 1) copy of the certificate on state registration of a legal entity certified at notary.
- 2) copy of the act for permanent land use (agreement for a temporary land use, including secondary land use) certified at notary or rural (village) executive bodies.
- 3) list of motor vehicles available as of the beginning of a tax period and used in the activity established in point 1 of Article 385 of this Code, with the indication of coefficients necessary for calculating tax on;
- 4) list of capital assets and intangible assets that are objects of taxation of property tax and are used in the activity set in point 1 of Article 385 of this Code, with the indication of their residual value in the book-keeping report as of the beginning of a tax period, the indication of the objects that are present by the right of ownership, in trust management;
- 5) license (in case of performing a licensed activity);
- 6) copies of reports of a taxpayer (except newly created ones) for the previous 3-5 years required for certifying aggregate annual income and expenses, including the employer's expenses to the reported number of employees as their income. In this respect the indicated income is determined in accordance with point 2 of Article 149 of this Code;
- 7) computation of patent value made by a taxpayer in the form and the order established by an authorized state body;

3. In case of presence of all aforementioned documents a tax body issues patent within 5 working days.

During next tax periods taxpayers in case of submitting to a tax body an application for obtaining patent submit the documents specified in sub-points 1)- 5) of point 2 of this Article, only if the data have changed in them.

4. Newly created taxpayers submit an application for the right of applying the given special tax regime during 30 calendar days from the moment of registration.

5. Patent is issued for each tax period.

**Article 388. Procedure of Computation of Taxes Included in the Calculation of Patent Value**

1. Corporate income tax, social tax, land tax, property tax, vehicle tax, value added tax (in case if a taxpayer is registered as a payer of value added tax) are included into the calculation of patent value.

2. At the beginning of a tax period the computation of tax amounts included in the calculation of patent value is made:

1) when determining corporate income tax and value added tax—on the basis of income and expenses indicators of an entity for the previous 3-5 years. Newly created taxpayers determine income and expenses indicators on the basis of average indicators of similar enterprises.

The order of determining income and expenses indicators is established by an authorized state body.

2) when determining social tax—by means of applying the rate set by Article 317 of this Code to employer's expenses paid to employees as their income determined in accordance with point 1 of Article 316 of this Code.

In this case employer's expenses paid to employees as their income are determined by multiplying average salary of this enterprise for the previous year and the reported number of employees of the current year.

For newly created enterprises the reported amount of average salary must be not less than the amount of minimal salary established by the legislative acts of the Republic of Kazakhstan.

4) the amount of land tax, property tax and vehicle tax—in generally established order.

3. In case of the calculation of patent value tax amount subject to payment to the budget is decreased by 80%.

4. Taxpayers applying the given special tax regime are exempt from submitting returns of taxes included into the calculation of patent value except value added tax.

Return on value added tax is submitted in the order and within the time period established by article 247 of this Code.

5. If during the current tax period the objects of taxation and (or) tax base of taxes included into the calculation of patent value are changed, taxpayers recalculate the amounts of these taxes.

In this case the indicated taxpayers submit to a tax body the changed "Calculation of Patent Value" within the time period not later than 15<sup>th</sup> of March of a tax period following the reporting one.

#### **Article 389. Procedure and Term of Payment of Taxes**

Payment to the budget of tax amounts included into the calculation of patent value is made not later than 20<sup>th</sup> of May and 20<sup>th</sup> of October respectively in the amount of 1/6 and 1/2 of tax amount indicated in the calculation of patent value, and on 20<sup>th</sup> of March of the following tax period in the amount of the remaining amount of patent value with consideration of recalculations of taxes included in the calculation of patent value.

#### **Article 390. Specific Features of Computation, Payment of Certain Types of Taxes and Other Mandatory Payments not Included in the Calculation of Patent Value and Submission of Tax Reports on them**

1. Calculation of individual income tax withheld at the source of payment is made in accordance with Articles 153, 155, 158, 160 of this Code. Calculation of mandatory pension fees to accrual pension funds is made under the procedure set by the pension legislation of the Republic of Kazakhstan. Computation of the amount of payments for

using water resources from surface sources and payments for environmental pollution is made by taxpayers in the order established by Articles 451-465 respectively.

2. Payment of individual income tax withheld at the source of payment, mandatory pension fees to accrual pension funds, payments for environmental pollution and payments for using water resources from surface sources by taxpayers making settlements with the budget on the basis of patent is made in the order:

1) Amounts computed for the period from 1 January to 1 October of the current tax period are paid not later than the 20<sup>th</sup> of October;

2) Amounts computed from 1 October to 31 December are paid not later than the 20<sup>th</sup> of March of the tax period following the reporting one.

3. Legal entities – producers of agriculture products applying the special taxation regime submit not later than the 15<sup>th</sup> of March the following tax reports for the previous tax period:

1) Return on the payment for water resources use from surface sources;

2) Return on the payment for environmental pollution;

4. Legal entities – producers of agriculture products applying the special taxation regime submit the calculation of individual income tax withheld at the source of payment, and reports on mandatory pension fees to accrual pension funds within the following time period:

1) Amounts computed for the period from 1 January to 1 October of the current tax period – not later than the 15<sup>th</sup> of October;

2) Amounts computed from 1 October to 31 December – no later than the 15<sup>th</sup> of March of the tax period following the reporting one.

6. In case of activities for which the given special taxation regime is not effective, computation, payment and submission of tax reports on taxes and other mandatory payments not included into the calculation of patent value and not specified in this article, are made in generally established order.

## ***CHAPTER 67. Special Taxation Regime For Certain Types Of Entrepreneurial Activity***

### **Article 391 Basic Terms Used in This Chapter**

The terms used in this chapter mean the following:

1) Billiard table – a special table with pockets (openings in cushions) and without them, for billiard playing;

2) Gambling business – an entrepreneurial activity connected with organization and holding gambling and (or) betting for the purpose of earning income;

3) Gambling house – a place where gambling is held and (or) bets are taken: casino, totalizator, bookmaker's office, slot machines room and other gambling houses (places);

4) Game track – a special track to play bowling;

5) Gambling table – special equipment in gambling house designed for conducting gambling with any kind of winnings, in which gambling house participates through its representatives as a party or as an organizer and (or) observer;

6) Slot machine – special equipment (mechanic, electric, electronic, and other technical equipment) used for playing including holding gambling;

- 7) cart – racing fuel-efficient car, without a body, a differential and springs, two cycle engine with engine operating volume to 250 cubic sm. and maximum speed 150 km/ hour;
- 8) cash desk – specially equipped place in a gambling house (totalizator's, bookmaker's) where total amount of bets is recorded and amount of winnings subject to payment is determined;
- 9) lotto – a game using special numbered cards (pictured and otherwise signed) that are covered by chips;
- 10) bet – an agreement risked between involved two or several persons, both physical or legal, with winnings agreement of some uncertain outcome depending on fortune or circumstances;
- 11) registration card for turnover control –a document certifying the registration of turnover by taxation bodies; the form of this document is approved by an authorized state body;
- 12) stationary point – a place where entrepreneurial activity connected with providing services on bowling, carting, billiard and organization of lotto game, is carried out.

#### **Article 392 General Provisions**

1. Special tax regime for certain types of entrepreneurial activity (further referred to as special tax regime) applies to the activity of individual entrepreneurs, legal entities, their affiliates, representatives offices and other separate structural subdivisions rendering services;

- 1) in the sphere of gambling business;
- 2) of slot machines, without monetary winnings;
- 3) on bowling;
- 4) on carting;
- 5) on billiard;
- 6) of organizing lotto game.

2. Special taxation regime establishes for persons specified in point 1 of this Article (further – taxpayers) a simplified procedure of:

- 1) computation and payment of corporate or individual income tax and value added tax in the form of fixed aggregated tax.
- 2) submission of tax return on taxes indicated in sub-point 1 of this Point, and on excise in the form of unified simplified return.

The given procedure is not applied to computation, payment and submission of tax reports on individual income tax withheld at the source of payment, and individual income tax on property income and other types of income not taxed at the source of payment.

3. Corporate (individual) income tax makes 30 % of fixed aggregate tax amount, and value added tax makes 70% of the amount of fixed aggregate tax.

4. Simultaneously with the payment of fixed aggregate tax, taxpayers pay excise tax, the amount of which is determined under the procedure established by Articles 255-278 of this Code.

5. In case of other types of entrepreneurial activity not mentioned in point 1 of this Article, taxpayers must carry out separate accounting of income and expenses on these

types of activity and compute and pay corporate or individual income tax, value added tax and excise tax in generally established order.

6. Computation, payment and submission of tax reports on taxes and other mandatory payments not specified in points 2-4 of this Article are made in the order and within time period established by this Code.

7. Total number of each type of taxable objects specified in Article 393 of this Code and used at gambling houses (stationary points), change of total number of objects are subject to obligatory registration (re-registration) at tax bodies in the order established in Article 397 of this Code.

### **Article 393. Object of Taxation by Fixed Aggregate Tax**

1. Object of taxation by fixed aggregate tax is:

1) for taxpayers, conducting activity in the sphere of gambling business:

    gambling table, intended for gambling and other games in which gambling house participates through its representatives as a party;

    gambling table intended for gambling in which gambling house participates through its representatives as an organizer and (or) observer;

    slot machine with winnings;

    cash desk of totalizators;

    cash desk of bookmaker's;

2) for taxpayers providing services on slot machines without monetary winnings;

    slot machines without monetary winnings;

3) for taxpayers providing services on bowling (kegelban):

    bowling track;

4) for taxpayers providing services on carting:

    cart;

5) for taxpayers providing services on billiard:

    billiard table;

6) for taxpayers organizing lotto game:

    game organizer.

### **Article 394. Rates of Fixed Aggregate Tax**

Amounts of fixed aggregate tax rates for a unit of taxable object are established by local representative bodies on the basis of data presented by tax bodies and are unified for taxpayers located on the territory of one administrative – territorial unit.

### **Article 395. Procedure of Computation and Payment of Fixed Aggregate Tax**

1. Fixed aggregate tax subject to payment for one calendar year is determined by applying the appropriate yearly rate of tax to each object of taxation determined in Article 393 of this Code. Fixed aggregate tax subject to payment for a reporting period established in Article 396 of this Code is determined by dividing the yearly calculated amount by 12.

2. Amounts of excise tax and fixed aggregate tax are subject to payment to the budget as of the place of location of taxable objects monthly not later than 20<sup>th</sup> date of a month following the reporting one.

3. In case when a taxpayer runs several gambling houses (stationary points) in oblast (city), the fixed aggregate tax and excise tax are computed separately for objects of taxation located within the boundaries of one (city region).
4. When objects of taxation are brought into operation before the 15<sup>th</sup> of a tax period, fixed aggregate tax is computed as for a full tax period, after the 15<sup>th</sup> –as for the half of a tax period.

#### **Article 396. Taxation Period and Tax Return**

1. Tax period for computing and paying fixed aggregate tax and excise tax is a calendar month.
2. Taxpayers, no later than the 15<sup>th</sup> date of a month following the reporting one, must submit to tax bodies at the place of location of taxable objects unified simplified return on fixed aggregate tax and excise.

#### **Article 397. Procedure of Registration (Re-registration) of Taxable Objects by Fixed Aggregate Tax**

1. Registration (re-registration) of taxable objects by fixed aggregate tax is based on made on the basis of taxpayer's application submitted to a tax body at the place of location of taxable objects.

When a taxpayer runs several gambling houses (stationary points) located within one locality, by the taxpayer's will the registration of taxable objects can be made at one tax body by the taxpayer's choice.

2. A tax body on the basis of data indicated in the application fills the registration card of objects registration in two copies, authenticates both copies with seal and signature of the head of a tax body.

One copy of the registration card is left in the tax body, the other copy is given to the taxpayer.

A registration card of objects registration is given out to each gambling house (stationary point) separately taking into account taxable objects used in them. Gambling houses (stationary points) must have the original copy of the registration card of objects registration.

3. If the total number of each type of taxable objects changes, a taxpayer must submit an application to a tax body on the re-registration of objects of taxation.

Re-registration is made by introducing relevant changes in to the registration card of objects registration.

4. Registration (re-registration) of taxable objects and objects related to taxation is made by a tax body within two days from the day of submitting application and if fixed in registration (re-registration) log of objects registration.

5. Taxable objects non-registered by tax bodies are prohibited to be located on the territory of a gambling house (stationary point).

## SECTION 16. OTHER MANDATORY PAYMENTS

### *CHAPTER 68. Fee For State Registration Of Legal Entities*

#### **Article 398. General provisions**

1. Fee for state registration of legal entities (further – fee) is collected for state (accounting) registration of establishment, and termination of activity of legal entities, their affiliates and representative offices, their re-registration, and also receipt of a duplicate state registration (accounting) (further – registration) certificate by them.
2. Registration is made by an authorized body (further – registration body) in the order and in cases provided for by the legislative act of the Republic of Kazakhstan.

#### **Article 399. Fee payers**

Fee payers are legal entities and also their affiliates and representative bodies subjects to registration on accordance with the legislative act of the Republic of Kazakhstan.

#### **Article 400. Procedure of Computation, Payment of Fee and reimbursement of the amounts paid**

1. The fee is calculated at the rates established by the Government of the Republic of Kazakhstan and paid prior to submission of relevant documents to the registration body.
2. The amount of the fee is paid to the budget at the place of state registration of the fee payer as a taxpayer.
3. The amount of the paid fee is not subject to reimbursement except for cases of refusal of persons who paid the fee to perform registration prior to submission of the relevant documents to the registration body.

In this case reimbursement is made after submission by a taxpayer of a document issued by the appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

### *CHAPTER 69. Fee For State Registration Of Individual Entrepreneurs*

#### **Article 401. General provisions**

1. Fee for state registration of individual entrepreneurs (further — fee) is collected for state registration of individuals carrying out entrepreneurial activity without establishment of a legal entity on the territory of the Republic of Kazakhstan as individual entrepreneurs , and also receipt by them of duplicate document certifying the state registration (further – registration).
2. Registration is made by tax bodies (further — registration body) in the order and in cases provided for by the legislative act of the Republic of Kazakhstan.

#### **Article 402. Fee payers**

1. Fee payers are individuals subject to registration in accordance with the legislative act of the Republic of Kazakhstan.

2. Peasant farms and invalids of I, II and III groups, and also repatriates (oralmans) engaged in entrepreneurial activity without establishing a legal entity, before acquiring citizenship of the Republic of Kazakhstan are not fee payers.

**Article 403. Procedure of Computation, payment of fee and reimbursement of the amounts paid**

1. The amount of fee is calculated at the rates established by the Government of the Republic of Kazakhstan and paid prior to submission of relevant documents to the registration body.

2. The amount of the fee is paid to the budget at the place of registration.

3. The amounts of fee paid is not subject to reimbursement, except for the cases of refusal of persons who paid the fee to perform the registration prior to submission of relevant documents to the registration body.

In this case refund is made after submission by a taxpayer of a document issued by the appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

***CHAPTER 70. Fee For State Registration Of Immovable Property Rights And Transactions with Them***

**Article 404. General provisions**

1. The fee for state registration of immovable property rights and immovable property transactions (further—fee) is collected for state registration of immovable property rights and immovable property transactions (further— registration).

2. Registration is made by an authorized body (further – the registration body) in the order and in cases provided for by the legislative act of the Republic of Kazakhstan.

**Article 405. Fee payers**

1. Fee payers are legal entities and individuals who perform operations with immovable property subject to registration according to the legislative act of the Republic of Kazakhstan.

2. Fee payers are not:

1) veterans of World War II and persons with the equivalent status;

2) invalids of the 1<sup>st</sup> and 2<sup>nd</sup> categories;

3) pensioners who live separately from their relatives;

4) repatriates (oralmans) before acquiring citizenship of the Republic of Kazakhstan;

5) small business entities engaged in training and education of human resources for three years from the moment of registration.

**Article 406. Procedure of Calculation, payment of fee and reimbursement of the amounts paid**

1. The amount of the fee is calculated at the rates, established by the Government of the Republic of Kazakhstan and paid prior to submission of the relevant documents to the registration body.

2. Fee amount is to the budget at the place of registration.

3. Paid fee amount is not subject to reimbursement, except for cases of refusal of persons who paid the fee to perform registration prior to submission of the relevant documents to the registration body.

In this respect, refund is not made after submission by payer of a document issued by an appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

### ***CHAPTER 71. Fee For State Registration Of Radio Electronic Facilities And High-Frequency Devices***

#### **Article 407. General provisions**

1. Fee for state registration of radio electronic facilities and high-frequency devices, (further – fee) is collected for registration of radio electronic facilities and high-frequency devices and also for receipt of duplicate document certifying state registration (further – registration).

2. Registration is performed by the body authorized in the area of communications (further – registration body) in the order and in cases provided for by the legislative act of the Republic of Kazakhstan.

#### **Article 408. Payers**

1. Fee payers are legal entities and individuals in whose interests the registration body performs registration.

2. Government institutions are not fee payers.

#### **Article 409. Procedure of computation, payment of fee and reimbursement of the amounts paid**

1. Fee amount is calculated by the registration body at the rates established by the Government of the Republic of Kazakhstan.

2. Fee amount is paid to the budget at the place of registration prior to registration.

3. Fee paid amount is not subject to reimbursement except for the cases of refusal of persons who paid the fee to perform registration prior to submission of relevant documents to the registration body.

In this respect, refund is made after submission by a payer of a document issued by the appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

### ***CHAPTER 72. Fee For Registration Of Mechanical Vehicles And Trailers***

#### **Article 410. General provisions**

1. The fee for state registration of mechanical vehicles and trailers (further – fee) is collected for state registration (re-registration) of mechanical vehicles and trailers, and also for receipt of duplicate document certifying the state registration (further – registration).

2. Registration is performed by an authorized body (further – registration body) in the order and in cases provided for by legislation of the Republic of Kazakhstan.

**Article 411. Fee payers**

1. Fee payers are legal entities and individuals operating mechanical vehicles and trailers subject to registration.

**Article 412. Procedure of computation, payment of fee and reimbursement of the amounts paid**

1. Fee amount is calculated at the rates established by the Government of the Republic of Kazakhstan and paid prior to submission of the relevant documents to the registration body.

2. Fee amount is paid to the budget at the place of registration.

3. Paid fee amount is not subject to reimbursement except for the cases of refusal of persons who paid the fee to perform registration prior to submission of the relevant documents to the registration body

In this respect, refund is made after submission by a payer of a document issued by the appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

***CHAPTER 73. Fee For State Registration Of Sea, River And Small Ships***

**Article 413. General provisions**

1. The fee for state registration of sea, river and small ships (further – fee) is collected for state registration (re-registration) of sea, river and small ships for receipt of duplicate document certifying the state registration (further – registration).

2. Registration is performed by the authorized body in the area of transport (further – registration body) in the order and in cases provided for by the legislation of the Republic of Kazakhstan.

**Article 414 Fee payers**

Fee payers are legal entities and individuals owning ships subject to registration.

**Article 415 Procedure of calculation, payment of fee and reimbursement of the amounts paid**

1. Fee amount is calculated at the rates established by the Government of the Republic of Kazakhstan and paid prior to submission of relevant documents to the registration body.

2. Fee amount is paid to the budget at the place of registration.

3. The amount of the fee paid is not subject to reimbursement except for the cases of refusal of persons who paid the fee to perform registration prior to submission of the relevant documents to the registration body.

In this respect, refund is made after submission by a payer of a document issued by the appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

## ***CHAPTER 74. Fee For State Registration Of Civil Aircrafts***

### **Article 416 General provisions**

1. The fee for state registration of civil aircraft is (further–fee) is collected in case of state registration (re-registration) of civil aircraft and also for receipt of duplicate document certifying the state registration (further – registration).

2. Registration is performed by the authorized body in the area of transport (further – registration body) in the order and in cases provided for by the legislative act of the Republic of Kazakhstan.

### **Article 417. Fee payers**

Fee payers are legal entities and individuals owning civil aircraft, subject to registration.

### **Article 418. Procedure of calculation, payment of fee and reimbursement of the amounts paid**

1. Fee amount is calculated at the rates established by the Government of the Republic of Kazakhstan and paid prior to submission of relevant documents to the registration body.

2. Fee amount is paid to the budget at the place of registration.

3. The amount of fee paid is not subject to reimbursement except for the cases of refusal of persons who paid the fee to perform registration prior to submission of relevant documents to the registration body.

In this respect, refund is made after submission by payer of a document issued by the appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

## ***CHAPTER 75. Fee For State Registration of Medicines***

### **Article 419. General provisions**

1. The fee for state registration of medicines (further – fee) is collected for state registration (re-registration) of medicines permitted to use in the Republic of Kazakhstan according to the legislation of the Republic of Kazakhstan, for receipt of duplicate document certifying the state registration (further – registration).for issuance of a duplicate for the state registration certificate (further referred to as – the registration).

2. The registration is performed by an authorized body in the sphere of control over medicines (further – the registration body) under the procedure and in cases set by the legislation of the Republic of Kazakhstan.

### **Article 420. Fee Payers**

Fee payers are legal entities and individuals submitting medicines for registration to the registration body.

### **Article 421. Fee Rates**

The fee rates are set by the Government of the Republic of Kazakhstan.

**Article 422. Procedure of calculation and payment of the and reimbursement of the amounts paid.**

1. The fee amount is calculated by the rates set and paid prior to submission of relevant documents to the registration body.
2. The fee amount is paid to the budget the place of registration of a taxpayer.
3. The amounts of fee paid are not subject to reimbursement except for the cases of refusal of persons who paid the fee to perform registration prior to submission of relevant documents to the registration body.

In this respect, refund is made after submission by payer of a document issued by the appropriate registration body, confirming non-submission by the indicated person of documents for fulfilling registration actions.

***CHAPTER 76. Fee For Transit Of Motor Vehicles Through The Territory Of The Republic Of Kazakhstan***

**Article 419. General provisions**

1. Fee for transit of motor vehicles through the territory of the Republic of Kazakhstan (further— fee) is in the following cases:

- 1) exit from the territory of the Republic of Kazakhstan of domestic motor transport vehicles carrying out international carriage of passengers and freight;
- 2) entry (exit) to the territory of the Republic of Kazakhstan, transit through the Republic of Kazakhstan of foreign motor transport vehicles, carrying out international carriage of passengers and freight;
- 3) passage of domestic and foreign large dimension and (or) heavy freight motor transport vehicles through the territory of the Republic of Kazakhstan;
- 4) passage of domestic and foreign motor transport vehicles on state turnpike roads of the Republic of Kazakhstan.

2. Passage of motor vehicles through the territory of the Republic of Kazakhstan is carried out on the basis of permits, issued by the authorized body in the area of transport, unless otherwise is stipulated for by the legislation of the Republic of Kazakhstan for using state turnpike roads.

The procedure for passage of motor transport vehicles through the territory of the Republic of Kazakhstan and issuance of permits is established by the Government of the Republic of Kazakhstan.

**Article 420. Fee payers**

Fee payers are legal entities and individuals carrying out transportation through the territory of the Republic of Kazakhstan as described in point 1 of Article 420 of this Code.

**Article 421. Procedure of calculation and payment of fee**

1. The fee amount is calculated at the rates established by the Government of the Republic of Kazakhstan and paid before receipt of permits.

Where state turnpike roads of the Republic of Kazakhstan are used the fee is paid prior to passage through such roads.

2. The fee is transferred to the budget through a bank or in cash in designated offices of the authorized body in the area of transport on the basis of controlled access forms.

The form of controlled access documents and procedure for transferring fee amounts, paid in ready money, to the budget is established by the Ministry of Finance of the Republic of Kazakhstan with coordination with the authorized state body.

3. The fee amount is paid to the budget at the place where permit is issued and at the place where state turnpike roads are used.

4. The amounts of fee paid are not subject to reimbursement.

## ***CHAPTER 77. Auction Fee***

### **Article 426. General provisions**

The auction fee (further – fee) is collected for realization of property (including property rights) by means of auctions.

### **Article 427. Fee payers**

Fee payers are legal entities and individuals presenting property (including property rights) at auctions.

### **Article 428. Object of taxation**

1. The object of taxation is the sale value of the property (property rights) determined according to results of auction conducted.

2. The fee is not collected for value of property (property rights) sold at:

- 1) auctions conducted by the authorized state body on state property and privatisation and its territorial bodies;
- 2) auctions conducted by executive agency on enforcement of court orders for the benefit of the state;
- 3) specialized open auctions on:
  - property declared under lien by tax authorities;
  - property mortgaged with the purpose of meeting tax obligations;
  - placement of shares additionally emitted pursuant to a judicial decision;
- 4) auctions on:
  - property forfeited to the benefit of the state on the basis of writs issued by court ;
  - property declared ownerless under established procedure;
  - property transferred to the government under the established procedure.
- 5) auctions on sale of a general mass of bankrupt enterprises' estate.

### **Article 429. Fee rates**

The fee is calculated at the rate of 3% of the sale value of the property (property rights), determined according to results of auction.

**Article 430. Procedure of calculation and payment of fee**

1. The fee amount is by payers on their own through application of a rate to object of taxation.
2. While calculating the auction fee for auctions conducted by executive bodies on enforcement of writs the object of taxation is adjusted by the amount of an executive sanction to be transferred to the budget.
3. The fee is paid not later than fifteen calendar days after the date of conducting auction.
4. The amount of the fee paid is not subject to reimbursement.

**Article 431. Tax return**

1. Payers of fee submit a return on fee to tax bodies at the place of state registration as a taxpayer not later than 10 calendar days after the date of conducting auction.
2. Organizers of auctions held during a quarter submit the information in the form, established by the state authorized body, on a quarterly basis to the tax bodies at the place of their state registration as taxpayers within the time period before the 15<sup>th</sup> day of the month following the reporting quarter.

***CHAPTER 78. Stamp duty***

**Article 432. General provisions**

1. The stamp duty is paid upon composition of transfer or promissory notes (further–notes), for taking the initial action on the territory of the Republic of Kazakhstan aimed at creation, change or termination of rights and liabilities on notes (endorsing, backing, acceptance, transfer for encashment, etc.), brought to the Republic of Kazakhstan as well as for purchase of note paper on the territory of the Republic of Kazakhstan from producers of note papers or entities importing note paper to the Republic of Kazakhstan.
2. In case of non-payment or incomplete payment of the stamp duty rights proceeding from a note are suspended on the territory of the Republic of Kazakhstan until a full amount of the stamp duty is paid, and are renewed after the stamp duty is paid and a document certifying payment of the total amount of the duty stamp to the budget is paid.
3. Note paper is a special kind of stamp paper with a certain degree of protection used for making notes.  
Requirements as to the contents and form, degree of protection of note paper manufactured on the territory of the Republic of Kazakhstan as well as of that imported to the territory of the Republic of Kazakhstan, and the requirement of mandatory indication of the amount of the note in printer’s ink are established by the National Bank of the Republic of Kazakhstan.
4. Notes on the territory of the Republic of Kazakhstan can also be made on ordinary paper.
5. The duty amount on notes issued in foreign currency is determined at the official exchange rate of the National Bank of the Republic of Kazakhstan on the date when the stamp duty is paid.

### **Article 433. Stamp duty payers**

1. Stamp duty payers are legal entities and individuals:

- 1) makers of notes on plain paper;
- 2) performing on the territory of the Republic of Kazakhstan the initial action aimed at creation, change, or termination of rights and liabilities on notes (endorsing, backing, acceptance, transfer for encashment, etc.) brought to the territory of the Republic of Kazakhstan.
- 3) purchasing note paper on the territory of the Republic of Kazakhstan from producers of the note paper or entities importing note paper to the Republic of Kazakhstan.

2. Stamp duty payers are not:

- 1) the National Bank of Republic of Kazakhstan and its subdivisions – for notes issued abroad and brought to the Republic of Kazakhstan when taking the initial action aimed at creation, change, or termination of rights and liabilities on notes;
- 2) the Government of Republic of Kazakhstan – when making notes for goods purchased under certain programs of the Government of the Republic of Kazakhstan
- 3) the Ministry of Finance of the Republic of Kazakhstan – for notes issued for the reasons envisaged by sub-point 2) of this point if the Government of the Republic of Kazakhstan acts as the Guarantor of the notes.

### **Article 434. Stamp duty rates**

Stamp duty rate is set in the amount of 0.1% of the amount of the note, unless otherwise specified in Article 435 of this Code.

### **Article 435. Procedure of calculation and payment of stamp duty**

1. When calculating stamp duty subject to paying the amount of an issued note from the amount under 10,000 Tenge is rounded to 10,000 Tenge.

2. If a note is issued on note paper and the amount of the note does not exceed 10,000 Tenge, the stamp duty is considered to be paid in full.

If a note is issued on note paper and the amount of the note exceeds 10,000 Tenge, the stamp duty is considered to be paid for the sum of 10,000 Tenge; the difference between the full amount of the stamp duty and the amount of the paid stamp duty is paid to the budget.

3. Manufacturers of note paper and persons who import it to the territory of the Republic of Kazakhstan collect the stamp duty amount from persons who purchase note paper, and transfer it to the budget not later than 3 days from the moment of sales of note paper.

4. In the event of non-payment or incomplete payment of the stamp duty amount, its payment is made either by a note maker or a note holder or other persons. In this case, a person who paid the stamp duty amount has the right to claim reimbursement of the paid stamp duty amount in the order established by the legislation of the Republic of Kazakhstan.

Provisions of this point do not cover obligations of manufactures of note paper and persons importing note paper to the territory of the Republic of Kazakhstan to collect and transfer to the budget the amount of stamp duty collected from persons who purchased note paper on the territory of Kazakhstan.

5. The amount of the stamp duty paid is not subject to refund.

**Article 436. Tax period**

A calendar month is a tax period for submitting tax return for stamp duty amounts collected by manufacturers of note paper and persons who import it to the territory of the Republic of Kazakhstan.

**Article 437. Tax return**

Manufactures of note paper and persons who import it to the territory of the Republic of Kazakhstan submit tax return for the amount of the stamp duty collected during the current calendar month not later than the 10<sup>th</sup> day of the month following the reporting one.

***CHAPTER 79. License Fee For The Right To Carry Out Certain Types Of Activities*****Article 438. General provisions**

1. The license fee for the right to perform certain activities (further—fee) is charged for issuance of licenses (duplicate licenses) to carry out certain types of activities subject to licensing according to the legislation of the Republic of Kazakhstan.

2. Licenses are issued by an authorized body (further – the licensor) in the order and in cases provided for by the legislative act of the Republic of Kazakhstan.

**Article 439. Fee payers**

Fee payers are legal entities and individuals obtaining a license.

**Article 440. Procedure of calculation and payment of fee and reimbursement of the amounts paid**

1. The amount of fee is calculated at the rates established by the Government of the Republic of Kazakhstan and is paid prior to submission of relevant documents to the licensor.

2. The amount of fee is paid to the budget at the place of state registration of payer as a taxpayer.

3. The amount of the fee paid is not subject to reimbursement except for the cases of refusal of persons who paid the fee to obtain a license prior to submission of relevant documents to the licensor.

In this respect refund of tax is made after submission by a payer of a document, issued by an appropriate licensor, confirming non-submission of documents for obtaining a license by the indicated person.

***CHAPTER 80. Fee For Permission to Use Radio Frequency Spectrum for Radio and TV Broadcasting Organizations*****Article 441. General provisions**

1. Fee for the permission to use radio frequency spectrum for radio and TV broadcasting organizations (further – fee) is collected by an authorized body in the sphere of

communication for issuance of the permission (duplicate of the permission) to use radio frequency spectrum (further referred to as –permission) to TV and radio broadcasting organizations.

Provisions of the present Chapter are applied to television and radio broadcasting organizations of the Republic of Kazakhstan operating by the license issued by an authorized body in the area of communication in accordance with an authorized body in the area of mass media.

2. Procedure for issuance of the license is set by the Government of the Republic of Kazakhstan.

3. Distribution of waves (nominals) of the radio frequency spectrum can be performed on tender basis, according to the legislation of the Republic of Kazakhstan.

Non-repeat amounts collected in the process of distribution of waves (nominals) of the radio frequency spectrum by means of tender are not taken into account of the fee subject to paying in accordance with the present.

4. An authorized body in the area of communication submits the information in the form set by an authorized state body to a tax body at the place of a taxpayer's registration quarterly, not later than on 15<sup>th</sup> day of a month following the reporting quarter.

#### **Article 442. Fee Payers**

1. Fee payers are television and radio broadcasting organizations mentioned in the point 1 of Article 441 of this Code.

2. State institutions licensed to use the radio frequency spectrum to perform their main functional duties imposed on these state institutions are not fee payers.

#### **Article 443. Fee Rates**

Fee rates are set by the Government of the Republic of Kazakhstan.

#### **Article 444. Procedure of calculation, payment of fee and reimbursement of the amounts paid**

1. The amount of fee is calculated by the rates set by the Government of the Republic of Kazakhstan and paid to the budget before getting the permission in an authorized body in the sphere of communication.

2. Fee amount is paid to the budget at the place of a taxpayer's registration.

3. The amount of fee paid is not subject to reimbursement except for the case when persons who paid the fee to perform registration refuse to get the permission prior to submission of relevant documents to an authorized body in the sphere of communication.

In this case, the refund is performed after submission by a taxpayer of a document issued by a relevant authorized body and certifying non-submission by the indicated person documents for obtaining permission.

### ***CHAPTER 81. Fee For Use Of Land Plots***

#### **Article 445. General provisions**

1. The fee for use of land plots (further –fee) is collected for transfer by the state of land plots to temporary chargeable use (lease).

2. The procedure for transfer of land plots to temporary chargeable use is established by the legislative act of the Republic of Kazakhstan.
3. Territorial subdivisions of an authorized body on land management quarterly not later than 15 the day of a month following the reporting quarter submit to tax bodies at the place of location data in the form set by an authorized state body.

**Article 446. Payers**

Fee payers are legal entities and individuals who acquire a land plot for temporary chargeable use.

**Article 447. Fee rates**

The fee rates are established in accordance with the land legislation of the Republic of Kazakhstan. In this case fee rates are not lower than land tax rates.

**Article 448. Procedure of calculation and payment**

1. The amount of the fee is calculated based on the contract for temporary chargeable land use, concluded with a territorial authorized body on land resources management.

Annual amounts of fee are set in calculations made by territorial authorized bodies on land resources management.

In case of change of terms of contracts and also in the procedure of land tax calculation set by this Code, territorial authorized bodies on land management review the calculations of the fee amounts.

2. Amount of fee subject to payment for a tax period is determined based on the rates indicated in the calculations, and the period of a land plot use during the tax period.

3. The amount of fee is set not lower than the amounts of land tax calculated for the given land plot according to the present Code.

4. The fee payers pay to the budget current amounts of fee in even instalments not later than February 20, May 20, August 20 and November 20th of the current year.

5. In case of transfer by the state of land plots for temporary chargeable use later than the set time period of payment the next due date is considered as the first date of payment to the budget.

6. In case of transfer by the state of land plots for temporary chargeable use after the last due date of payment the time period of payment to the budget is considered day of the month following the month of a land plot transfer.

7. Upon the expiration of time period of temporary chargeable land use contract or in case of its annulment after beginning of a tax period, the amount of fee due to the budget for the period left is paid within 15 days after the expiration of time period of the contract.

8. The fee amount is paid to the budget at the place of location of a land plot.

9. The amount of fee paid in excess upon crediting against penalties and fines due on the fee is subject to be credited against forthcoming payments on this fee or transferred by taxpayer's application to its banking account.

**Article 449. Tax Period**

Tax period for computation and payment of fee for land plot use is determined in accordance with Article 136 of this Code.

#### **Article 450. Tax Reports**

1. Payers of fee submit calculation of the amount of current payments and return to tax bodies at the place of location of land plots.

2. Calculation of the amount of current payments is submitted not later than February 15 of a reporting tax period.

Entities which concluded the temporary chargeable land use contract after beginning of a tax period submit the calculation of the amount of current payments not later than 15<sup>th</sup> of a month following the month of contract conclusion.

3. Return on fee for land plot use is submitted by payers not later than March 31 of the year following the reporting year.

4. In the first tax period simultaneously with return, a copy of the temporary chargeable land use contract, concluded with a territorial authorized body on land resources management certified at notary is submitted.

In subsequent periods a copy of the contract certified at notary is submitted only in cases when the amount of fee or terms of the contract are changed.

5. Upon expiration of term of temporary chargeable land use contract or its termination with a territorial authorized body on land resources management after the beginning of a tax period, the return is submitted within 10 days from the day of expiration (termination) of the contract.

### ***CHAPTER 82. Fee For Use Of Water Resources from Surface Sources***

#### **Article 451. General provisions**

1. The fee for usage of water resources of surface sources (further—fee) is collected for all types of special use of water from surface sources with or without taking water away.

2. Special water use is done on the basis of permission issued by an authorized body on water resources management.

Types of special water use are determined by the water legislation of the Republic of Kazakhstan;

3. Local water resource management authorized bodies submit information in the form set by an authorized state body to tax bodies of oblasts, Astana and Almaty cities, quarterly, not later than 1<sup>st</sup> day of the second month after the reporting quarter.

#### **Article 452. Payers**

Fee payers are legal entities and individuals using water resources from surface sources by means of constructions, technical facilities and devices.

#### **Article 453. Object of taxation**

1. Object subject to fee payment is:

1) volume of water taken away from a surface water source;

2) volume of electrical power produced;

3) volume of water transportation;

4) volume fish caught and other volumes of used water.

2. The fee is not charged for floating timber without use of a ship, recreation, using excavation equipment, bog reclamation, general use of water resources performed without attaching water resources to certain citizens and without using technical constructions affecting water condition.

**Article 454. Fee rates**

1. The fee rates are set by the Government of the Republic of Kazakhstan.
2. In case of the actual water use exceeding limits set by an authorized body on water resources management, fee rates determined in point 1 of this Article are increased thrice in relation to this excess.
3. When using water objects without proper permission, fee rates set in point 1 of this Article are increased five times.

**Article 455. Procedure of calculation and payment**

1. The fee amount is calculated by a payer on his own proceeding from the actual volume of water used and established rates.
2. Payers (except payers making their settlements with the budget under special tax regimes for peasant farms and legal entities—producers of agricultural products) must pay to the budget on a monthly basis current amounts of fee for actual volume of water used not later than the 20th day of the month, following the reporting month.
3. Final fee settlement is effected within 5 days after the commencement of the term for submitting a return.
4. Fee is paid to the budget at the place of special water use set in the permission document.
5. The amount of fee overpaid after making the payment offsetting against penalty and fines on this fee is subject to transfer by a taxpayer's application to its bank account.

**Article 456. Special Features of calculation and Payment of Fee by Certain Categories of Taxpayers.**

1. Taxpayers making their settlements with the budget under special tax regimes for peasant farms and legal entities-producer of products pay amounts of payments in the following order:
  - 1) amounts of current payments calculated for the period from January 1 to October 1 of the current tax period are paid within the term not later than October 20 of the current tax period;
  - 2) amounts calculated for the period from October 1 to December 31 are paid within the term not later than March 20 of the tax period following the reporting one.
2. Industrial enterprises pay for water taken away from water supply systems for industrial needs, irrespective of the fact whether water is taken directly from water supply systems or from other industrial enterprises or organizations providing housing operational services and public utilities.
3. Organizations providing housing operational services and public utilities pay to the budget a fee for water taken from surface sources excluding volumes of water supplied to industrial enterprises.
4. Legal entities and individuals pay for cargo transportation by water sources equipped with water pumps and water regulating constructions.

5. Enterprises of heat-and-power engineering determine the amount of fee for water used for producing heat and power energy for housing operational services and public utilities at rates established for organizations providing housing operational services and public utilities.

6. Enterprises of heat-and-power engineering taking water for technological needs to cool aggregates (reciprocal water-consumption) within the limits of water use calculate the fee amount at rates established for organizations providing housing operational service and public utilities. For non-reciprocal water under-consumption the fee amount is calculated at rates established for industrial enterprises.

#### **Article 457. Tax period**

For calculating and paying to the budget of fee for use of water resources from surface sources period is determined in accordance with Article 136 of this Code.

#### **Article 458. Tax accounts**

1. Fee payers submit amounts of current payments and return to tax bodies at the place of special water use.
2. Fee payers, except those mentioned in point 4 of this Article, submit the calculation of amounts of current payments quarterly not later than 15<sup>th</sup> day of a month following the reporting quarter.
3. Fee payers, except those mentioned in point 4 of this Article, submit return of fee for water not later than March 31<sup>st</sup> of the year following the reporting tax period.
4. Taxpayers applying special tax regimes for peasant farms and legal entities-agricultural producers submit return on fee amounts not later than March 15 of the year following the reporting tax period.
5. Calculations of amounts of current payments and return on fee amounts are certified in the territorial authorized body on water resource management prior to submission to a tax body.

### ***CHAPTER 83. Fees For Environmental Pollution***

#### **Article 459. General provisions**

1. The fee for environmental pollution (further – fee) is collected for carrying out on the territory of Kazakhstan activity in the order of special nature use determined by the legislative acts of the Republic of Kazakhstan.
2. Special nature use is performed by the permission issued by an authorized body in the sphere of environmental protection.
3. Environmental pollution without special permission obtained in accordance with the established procedure is considered as excessive pollution.
4. Territorial authorized bodies in the sphere of environmental protection submit quarterly not later than 1st day of the second month following the reporting quarter to tax bodies at the place of location data in the form set by an authorized state body.

**Article 460. Payers**

Fee payers are legal entities and individuals carrying out activity on the territory of the Republic of Kazakhstan under the procedure of special use of nature.

**Article 461. Object of taxation**

The object of taxation is an actual volume of emissions within and (or) in excess of the set limits, discharge of contaminants (including emergency ones) and placement of production and consumption wastes.

**Article 462. Fee rates**

The fee rates are established yearly by local representative bodies on the basis of calculations made by an authorized body in the sphere of environmental protection.

The fee rates are increased 10 times for environmental pollution in excess of the set limits confirmed by local representative bodies on agreement with an authorized body in the sphere of environmental protection.

**Article 463. Procedure of calculation and payment**

1. The amounts of fee are calculated by taxpayers on their own on the basis of actual volume of environmental pollution and established rates.

2. For enterprises with small amounts of fee (up to 100 monthly calculation indices in total annual volume) it is permitted to collect the fee by territorial authorized bodies in the sphere of environmental protection by redemption of environment pollution limit. Redemption of limit is made with full advance payment for the reporting year while obtaining a permission.

3. Fee is paid to the budget at the place of location of the source (object) polluting the environment, indicated in the permission document.

4. Current fee amounts for actual volume of environment pollution are paid by payers not later than the 20<sup>th</sup> day of the month, following the reporting quarter, except taxpayers, indicated in points 2 and 6 of this Article.

5. Final settlement of fee is made within the time period not later than 5 days after the beginning of the term for submission of return.

6. Fee payment for environment pollution by taxpayers applying special tax regimes for peasant farms and legal entities-agricultural producers is made in the following order:

1) amounts of current payments calculated for the period from January 1 to October 1 of the current tax period are paid not later than October 20 of the current tax period;

2) amounts calculated for the period from October 1 to December 31 shall be paid not later than March 20 of the tax period following the reporting one.

7. The amount of fee overpaid to the budget upon offsetting against penalties and fines due on the fee, is subject to offsetting against forthcoming payments of the fee or to transferring by taxpayer's application to its banking account.

**Article 464. Tax period**

For calculation and payment to the budget of the fee for environment pollution the tax period is determined in accordance with Article 136 of this Code.

#### **Article 465. Tax return**

1. Payers of the fee submit return and calculation of current fee payments to tax bodies at the place of location of pollution object.
2. Payers of the fee, except those indicated in point 4 of this Article, submit the calculation of current fee payments quarterly, before 15<sup>th</sup> day of a month after the reporting quarter.
3. Payers, except indicated in point 4 of this Article, submit the environmental pollution fee return not later than March 31 of the year following the reporting tax period.
4. Taxpayers applying special tax regimes for peasant farms and legal entities-agricultural producers submit the return on fee amount not later than March 15 of the year following the reporting tax period.
5. Calculations of current payments amounts and return on fee amounts prior to submission to a tax body are authenticated in the territorial authorized body on environment protection.

### ***CHAPTER 84. Fee For Fauna Use***

#### **Article 466. General provisions**

1. The fee for fauna use (further – fee) is charged for withdrawal of animals dwelling in conditions of natural freedom out of the nature.
2. The fee for fauna use is not charged for catching animals for the purpose of marking and ringing with the subsequent release into the nature.
3. The fee for fauna use is established for the following fauna categories:  
species being the objects of hunting;  
species being the objects of fishing;  
rare and endangered by disappearance species;  
species used for other economic purposes (except hunting and fishing).
4. The fee for the use of categories of species being the objects of hunting and fishing is established only for precious species.  
The list of precious species being the objects of hunting and fishing is determined by the Government of the Republic of Kazakhstan.
5. The use of fauna is exercised on the basis of a permission issued by an authorized body on fauna management.
6. Fee for the use of rare and endangered species is established in each separate case by the Government of the Republic of Kazakhstan when issuing permission for withdrawal of these animals from the environment.  
The list of rare and endangered species is determined by the Government of the Republic of Kazakhstan.
5. Territorial subdivisions of an authorized body in the sphere of fauna management submit information in the form set by an authorized state body to tax committees of oblasts of the cities of Astana and Almaty quarterly not later than 15<sup>th</sup> day of a month following the reporting quarter.

#### **Article 467. Payers**

Fee payers are legal entities and individuals – users of fauna.

**Article 468. Fee rates**

The fee rates are established by the Government of the Republic of Kazakhstan.

**Article 469. Procedure of calculation and payment**

1. Fee amount is determined on the basis of rates and the number of animals (weight of certain species of water animals).
2. Payment of the fee amount to the budget is performed by transfer through banks or organizations carrying out certain types of bank operations or in cash in territorial subdivisions of an authorized body on fauna management.
3. Territorial subdivisions of an authorized body on fauna management receive fee amounts in cash on the basis of forms of strict documentation.  
Forms of strict documents and the procedure of the transfer of the fee amount paid to the budget in cash is established by the Government of the Republic of Kazakhstan in coordination with an authorized state body.
4. Prior to obtaining permission in territorial subdivisions of an authorized body on fauna management payers calculate on their own and pay fee amount at the established rates.
5. Fee payment to the budget is made at the place of fauna use.
6. The amount of the fee paid is not subject to reimbursement.

***CHAPTER 85. Fee For Forest Use*****Article 470. General provisions**

1. The fee for forest use (further – fee) is charged for the following types of forest use:
  - 1) timber production;
  - 2) turpentine production;
  - 3) production of supplementary forest materials (bark, wood verdure, etc.);
  - 4) sap production;
  - 5) other forest uses (haymaking, pasture of livestock, procurement of medicinal plants and technical raw material, wild fruits, nuts, mushrooms, berries and other forest foodstuffs, placement of beehives and apiaries);
  - 6) cultural, recreation and scientific research use;
  - 7) use of plots of the forest for hunting purposes.
2. The right to forest use is given under the following special permission documents, issued by territorial authorized bodies on forest management and forest owners:
  - 1) a lease contract certifying the right of the owner for a long-term use (up to 50 years) of plot of the forest;
  - 2) a wood-cutting permit, order, and forest permit certifying the owner's right for short-term (up to 1 year) use of forest resources or plots of the forest.
3. Payment of the fee amount to the budget is performed by transfer through banks or organizations carrying out certain types of bank operations or in cash in relevant body on the basis of forms of strict documentation.  
Forms of strict documents and the procedure of the transfer of the fee amount paid to the budget in cash is established by the Ministry of Finance of the Republic of Kazakhstan in coordination with an authorized state body.

4. Territorial forest management bodies and forest owners submit information in the form set by an authorized state body to tax bodies at the place of location quarterly not later than 1<sup>st</sup> day of the second month after the reporting quarter.

**Article 471. Payers**

1. The fee payers are legal entities and individuals who have obtained the right to use forest stock (hereinafter—forest users) in accordance with the order established by the legislative act of the Republic of Kazakhstan.

2. The following entities are not fee payers:

1) persons engaged in forest management including forest owners (hereinafter—forest owners) and forest users – for standing timber in cases of providing woodcutting works for sanitary purposes, maintenance of the forest stock and other actions related thereto including timber produced by the consumers of this timber;

2) forest users - in case of withdrawal of timber resources, turpentine, supplementary forests materials carried out for the purposes of scientific research. In this case, the goods produced are property of the owners of the forest stock segments, except that part used for scientific research. The list and the area of it are determined according to the program and methods of research, and are specified in an agreement or a contract concluded with territorial forest management bodies.

**Article 472. Objects of taxation**

Objects of taxation are volume of forest use and (or) areas of lands of forest transferred to use.

**Article 473. Fee rates**

1. Fee rates, excluding those indicated in point 2 of this Article are determined by local representative bodies on the basis of calculations made by an authorized forestry management body.

2. The base rates of the fee for standing timber are determined by the Government of the Republic of Kazakhstan. In this respect local representative bodies have the right to increase the rates by two times.

**Article 474. Procedure of calculation and payment**

1. Calculation procedure and due dates of payment to the budget are established by the Government of the Republic of Kazakhstan.

2. The fee amount overpaid to the budget is not subject to refund.

***CHAPTER 86. Fee For Use Of Specially Protected Natural Areas***

**Article 475. General provisions**

1. The fee for use of specially protected natural areas (hereinafter – fee) is charged for use of specially protected natural areas of the Republic of Kazakhstan for scientific, cultural and educational, study, tourism, recreation and restricted economic purposes.

2. Management of a specially protected environmental area submits information in the form set by an authorized state body to a tax body at the place of location quarterly, not later than 15<sup>th</sup> day of a month following the reporting quarter.

**Article 476. Payers**

Payers are legal entities and individuals using specially protected natural areas of the Republic of Kazakhstan.

**Article 477. Fee rates**

1. The Government of the Republic of Kazakhstan establishes the fee rates for use of specially protected area of the republican significance.
2. The fee rates for use of specially protected area of local significance are established by local representative bodies on presentation of local executive bodies.

**Article 478. Procedure and due dates of payment**

1. The fee is paid to the budget at the place of location of specially protected natural area by a transfer through banks or organization carrying out certain types of banking operations or in cash at check points or any other places specially equipped for this purpose and established by administration of specially protected natural area on the basis of forms of strict documentation.

Forms of strict documentation and procedure of transfer of the fee amounts to the budget in cash are set by the Ministry of Finance of the Republic of Kazakhstan in coordination with the authorized state body.

2. Use of specially protected natural areas by fee payers is permitted only if they have documents certifying payment.
3. The amount of the fee paid is not subject to reimbursement.

***CHAPTER 87. Fee For Use Of Radio Frequency Spectrum***

**Article 479. General provisions**

1. The fee for use of radio frequency spectrum (hereinafter – fee) is collected for dedicated nominals (bands, ranges) of radio frequency spectrum (hereinafter – nominals of radio frequency spectrum) issued by an authorized body in the area of communications.

2. The right to use the radio frequency spectrum is certified by permission documents issued by an authorized body in the area of communications in the order set by the legislation of the Republic of Kazakhstan.

3. Distribution of nominals of radio frequency spectrum may be performed on tender basis in accordance with the legislation of the Republic of Kazakhstan.

Winner of a tender submits one-time fee amount to the budget under the procedure and in the amount set by the legislation of the Republic of Kazakhstan.

4. Amounts of the one-time fee subject to paying to the budget in accordance with point 3 of the present Article are not included into the calculation of fee.

**Article 480. Payers**

1. Fee payers are legal entities and individuals who have obtained the right to use radio frequency spectrum in accordance with the procedure established by the legislative act.
2. Fee payers are not:
  - 1) state institutions using radio frequency spectrum at the fulfilment of main functional duties imposed on these state institutions;
  - 2) taxpayers indicated in Article 442 of this Code.

**Article 481. Fee rates**

Annual fee rates are established by the Government of the Republic of Kazakhstan.

**Article 482. Procedure of calculation and payment**

1. Fee calculation is made by an authorized body in the area of communications according to technical characteristics set in permission documents, based on annual rates, depending on a type of radio communication and area of using radio frequency spectrum.
2. In case when the period of using radio frequency spectrum in the reporting tax period is less than one year, fee amount is determined by dividing annual fee amount by twelve and multiplying by the relevant number of months of using radio frequency spectrum during the year.
3. Authorized bodies in the area of communications issue notification indicating the annual fee and send them to by the time not later than February of the current reporting period.
4. Upon receiving a permission document for use of radio frequency spectrum after the term set by point 3 of the present Article, an authorized body in the area of communications notifies a taxpayer indicating the fee amount not later than 20<sup>th</sup> day of a month following the month of obtaining the permission for use of radio frequency spectrum by the taxpayer.
5. Annual fee amount is paid to the budget at the place of registration of a taxpayer in equal instalments by the time not later than March 20, June 20, September 20, and December 20 of the current year.
6. In case of receiving the permission document certifying the right for use of radio frequency spectrum after the term set in point 3 of the present Article, the first term of payment is the next term following the date of the permission document.
7. Final fee settlement is made by the results of a tax period by the time not later than ten calendar days after the beginning of the term for submitting tax return.
8. The amount of fee overpaid after crediting against penalties and fines due on the fee, is subject to crediting against forthcoming payments of the given fee, or to transfer by a taxpayer's application to its banking account.

**Article 483. Tax Period**

Tax period for the fee is set according to Article 136 of this Code.

**Article 484. Tax Accounts.**

1. Taxpayers annually submit to tax bodies at the place of registration of a taxpayer calculation of current payments amounts and return on fee for the use of radio frequency spectrum.

2. Calculation of current payments amounts is submitted by the time not later than March 15<sup>th</sup> of a reporting tax period.

In case of obtaining the right for use of radio frequency spectrum after the term set by point 3 of Article 482 of this Code, a taxpayer submits calculation of current payments amounts not later than 15<sup>th</sup> day of a month following the month of receiving notification sent by an authorized body on the area of communications.

3. Return is submitted not later than March 31<sup>st</sup> of the year following the reporting tax period.

***CHAPTER 88. Fee For Use Of Navigable Waterways*****Article 485. General provisions**

1. Fee for use of navigable waterways (hereinafter – fee) is collected for use of navigable waterways of the Republic of Kazakhstan.

2. The right for use of navigable waterways of the Republic of Kazakhstan is given by an authorized body on transport control issues for each calendar year in the form of permission document.

3. In the absence of a permission document the actual use of navigable waterways of the Republic of Kazakhstan is the basis for collecting and paying fee amount to the budget.

4. An authorized body on transport control issues submits monthly not later than the 15<sup>th</sup> day of the following month to tax bodies data about persons who obtained permission document for use of navigable waterways of the Republic of Kazakhstan according to the form established by an authorized state body.

**Article 486. Payers**

1. Payers are legal entities and individuals using navigable waterways of the Republic of Kazakhstan.

2. State institutions are not fee payers.

**Article 487. Fee rates**

Fee rates are established by the Government of the Republic of Kazakhstan.

**Article 488. Procedure of calculation and payment**

1. Fee amount collected from the users of navigable waterways is calculated on the basis of the fee rate and the actual period of use of navigable waterways set in the permission document but not less the fee amount for one calendar month.

2. The monthly fee amount is calculated by dividing the amount of annual payment by the period of navigation, established by an authorized body on transport control issues for the current year.

3. The fee amounts due to payment to the budget for the current month are paid not later than the 20<sup>th</sup> day of the following month.
4. When obtaining a permission document, fee payers submit to an authorized body on transport control issues a document certifying fee payment to the budget for the first month of use of navigable waterways of the Republic of Kazakhstan.
5. For foreign legal entities and individuals in case of one-time ship entry fee payment is paid to the budget in the amount of monthly rate till the receipt of permission document. In case of presence of foreign persons in navigable waterways of the Republic of Kazakhstan during the period more than one month fee is paid to the budget in the order set by this Article.
6. The fee amounts are subject to paying to the budget at the place of using navigable waterways.
7. The amounts of paid fee are not subject to refund.

## ***CHAPTER 88. Fee For Placement Of Outdoor (Visual) Advertising***

### **Article 489. General provisions**

1. The fee for placement of outdoor (visual) advertising objects (hereinafter –fee) is collected for the right to place in the right of way of public thoroughfares and populated areas of the Republic of Kazakhstan objects of outdoor (visual) advertising in the form of posters, stands, illuminated call-outs, billboards, transparencies, placards and other objects of stationary placement of advertising.
2. Placement of an object of outdoor (visual) advertising (hereinafter—advertising object) is performed:
  - 1) on the basis of a document issued by an authorized body in the area of public thoroughfares (hereinafter—road body) for a certain term in the order established by the legislation of the Republic of Kazakhstan, — at placement of advertising objects in the right of way of public thoroughfares;
  - 2) on the basis of a permission issued in accordance with the requirements established for the procedures and conditions of placement of the outdoor (visual) advertising in populated areas by local executive bodies, — at placement of advertising objects in populated areas.Placement of advertising objects is forbidden without appropriate documents.
3. Actual use of land plots in the area of public thoroughfares for placement of advertising objects and/or their placement in populated areas without relevant permission document is the basis for collection and payment of the fee amount to the budget.
4. Road bodies and local executive bodies submit to tax bodies information according to the form established by an authorized state body about persons who obtained permission document monthly not later than the 15<sup>th</sup> day of the month.

### **Article 490. Payers**

1. Fee payers are legal entities and individuals (including individual entrepreneurs) placing advertising objects.
2. State bodies of the Republic of Kazakhstan are not fee payers on objects of outdoor (visual) advertising placed in connection with the realization their functions.

**Article 491. Fee Rates**

The fee rates are established on the basis of the size of an advertising object by:

- 1) the Government of the Republic of Kazakhstan – on advertising objects placed in the area pertaining to public thoroughfares of the republican significance;
- 2) local representative bodies - on advertising objects placed in the area pertaining to public thoroughfares of local significance and in populated areas.

**Article 492. Procedure of calculation and payment**

1. Fee amount due is calculated based on fee rates and actual period of placement of an advertising object stipulated set in permission document but no less than fee amount for a calendar month.
2. Fee amounts payable to the budget per one calendar month are paid not later than the 20<sup>th</sup> day of the following month.
3. When obtaining permission document, fee payers submit to the road body or local executive bodies a document certifying fee payment to the budget for the first month of advertising placement.
4. Fee amounts are subject to paying to the budget at the place of location of an object of outdoors (visual) advertising.
- 7 Fee amounts paid are not subject to refund.

**CHAPTER 90. State Duty****§1. State Duty****Article 493. General provisions**

The state duty is a mandatory payment charged for performance of legally binding actions and/or issuance of documents by authorized state bodies or officials.

**Article 494. Payers**

State duty payers are legal entities and individuals addressing authorized state bodies or officials about performance of legally binding actions and/or issuance of documents.

**Article 495. Objects of collection**

1. State duty is charged for:
  - 1) statements of claim filed to a court, statements (complaints) made on special proceedings, appeals, and for issuance by court of copies (duplicates) of documents;
  - 2) for performance of notary actions, and for issuance of copies (duplicates) of notarised documents;
  - 3) for registration of civil status acts, and for issuance of repeated certificates of registration of civil status acts, and also for issuance of certificates in connection with amendments, additions and restoration of records of civil status acts;
  - 4) issuance of exit documents and invitations to the Republic of Kazakhstan for foreign citizens, and also for making changes in these documents;

- 5) issuance of visas to foreigners' passports or substitute documents for exit from and entry to the Republic of Kazakhstan;
  - 6) issuance of documents for acquiring citizenship of the Republic of Kazakhstan, restoring citizenship of the Republic of Kazakhstan and termination of citizenship of the Republic of Kazakhstan;
  - 7) registration of place of residence;
  - 8) issuance of hunting licenses;
  - 9) issuance of passports and identity cards of the Republic of Kazakhstan;
  - 10) issuance of certificates giving the right to store or to store and carry, transport, import to the Republic of Kazakhstan and export from the Republic of Kazakhstan arms and ammunition;
  - 11) for registration and re-registration of civil arms (except cold steel hunting arms, pneumatic arms and gas spray devices);
2. Fixed percent rates of state duty are calculated on the basis of a monthly calculation index set by the legislation of the Republic of Kazakhstan on the date of payment of state duty, unless otherwise specified in this Code.

**Article 496. State duty rates in courts**

1. State duty for statements of claim filed to a court, statements (complaints) made on special proceedings, appeals, and for issuance by a court of copies (duplicates) of documents is charged in the following amounts:

- 1) for claims of ownership character:  
for individuals – 1% of claim amount;  
for legal entities – 3% of claim amount;
- 2) for complaints on unlawful actions of state bodies and their officials that infringe rights of individuals – 30%;
- 3) for complaints on unlawful actions of state bodies and their officials that infringe rights of legal entities – 500%;
- 4) for statements of claim challenging notifications on tax audit acts:  
for individual entrepreneurs and peasant farms – 0.1% of the calculated amount of taxes and other mandatory payments to the budget (including penalties) and fines, indicated in the notification.  
for legal entities – 1% of the calculated amount of taxes and other mandatory payments to the budget (including penalties) and fines, indicated in the notification;
- 5) for filing an application for a divorce – 30%. In case of division of property at the divorce, the duty amount is determined based on the price of a claim, in accordance with sub-point 1) of this Article;
- 6) for filing applications on division of property at the divorce with persons declared in accordance with established procedures missing or incapable as a result of mental disease or imbecility, and also with persons sentenced for imprisonment for a period of more than 3 years – in accordance with sub-point 1) of this Article;
- 7) for filing statements of claim on amendment or termination of apartment tenancy agreement, on extension of the term of acceptance of inheritance, on release of property from seizure, and for other claims of non-ownership nature or not subject to assessment -- 50%;
- 8) for statements (complaints) made on special proceedings – 50%;

- 9) for appeals of court decisions: when a statement of claim is of non-ownership nature – 50% of state duty amount charged for filing such a statement; when a statement of claim is of ownership nature – 50% of state duty amount calculated on the basis of the amount disputed by the claimant;
  - 10) for personal complaints on court decision with regard to issuance of a duplicate court order – 500%;
  - 11) for repeated issuance of copies (duplicates) of court decisions, sentences, other court enactments, and also copies of other documents issued by court at the request of parties and other persons participating in the case – 10% for each document plus 3% for each produced page;
  - 12) for statements on declaring legal entities bankrupts – 500%.
2. For statements comprising non-ownership and ownership claims at the same time – both state duties established for statements of claim of non-ownership and ownership nature are charged.

**Article 497. State Duty Rates for Notary Actions**

1. For performance of notary actions, and also for issuance of copies (duplicates) of notarised documents state duty is charged in the following amounts:
  - 1) For attestation of contracts on alienation of immovable property (land plots, houses, apartments, dachas, garages, constructions and other immovable property) in urban area:
    - if one of the parties is a legal entity – 1000% of transaction value;
    - for property valued up to 30 monthly calculation indexes:
      - to children, spouse, parents, brothers and sisters, grandchildren – 5% of transaction cost;
      - to other persons – 10% of transaction cost;
    - for property valued at more than 30 monthly calculation indexes:
      - to children, spouse, parents, brothers and sisters, grandchildren – 500%;
      - to other persons – 700%;
  - 2) For attestation of contracts on alienation of immovable property (land plots, houses, apartments, dachas, garages, constructions and other immovable property) in rural area:
    - if one of the parties is a legal entity – 100%;
    - to children, spouse, parents, brothers and sisters, grandchildren – 50%;
    - to other persons – 70%;
  - 3) For attestation of contracts on alienation of motor vehicles:
    - if one of the parties is represented by a legal entity – 700%;
    - to children, spouse, parents, brothers and sisters, grandchildren – 200%;
    - to other persons – 500%;
  - 4) For attestation of contracts of tenancy, debt, advances, leasing, work contracts, marriage contracts, contracts of division of property in joint ownership, of inherited property, alimony agreements, statutory agreements – 500%;
  - 5) for attestation of last wills – 100%
  - 6) for issuing inheritance right certificates – 100 % for every issued certificate;
  - 7) for issuing certificates about property rights to a share in joint property of spouses and other persons who own property as of common joint property right - 100 %;
  - 8) for attestation of powers of attorney for the right to use and manage property - 50 %;

- 9) for attestation of powers of attorney for the right to use and drive vehicles without right for sale - 100%;
- 10) for attestation of powers of attorney for the right to sell, donate, or exchange vehicles - 200%;
- 11) for attestation of other powers of attorney:
  - for individuals- 10%;
  - for legal entities- 50%;
- 12) for taking measures to secure inherited property – 100 %;
- 13) for marine protest – 50 %;
- 14) for authentication of copies of documents and extracts of documents (per page):
  - for individuals – 5%;
  - for legal entities – 10%;
- 15) for authentication of signatures on documents and also translation from one language to another (per each document):
  - for individuals – 3%;
  - for legal entities – 10%;
- 16 ) for handing over applications of individuals and legal entities to other individuals and legal entities – 20 %;
- 17 ) for issuing notarised copies of documents- 20 %;
- 18) for issuing a duplicate – 100%;
- 19) for authentication of signatures when opening bank accounts - (per each document):
  - for individuals – 10%;
  - for legal entities – 50%;
- 20 ) for certification of pledge agreements – 700%;
- 21) for making a protest of bill and for certification of non-payment of a bill – 50 %;
- 22) for storage of documents and securities – 10% per each month;
- 23) for certification of contracts of guarantee and warrant - 50 %;
- 24) for other notary actions stipulated for by other legislative acts of the republic of Kazakhstan- 20 %.

**Article 498. State Duty Rates for Registration of Civil Status Acts**

1. For registration of civil status acts and also for repeated issuance to the citizens of certificates on registration of civil status acts and also certificates in connection with change, addition, correction and restoration of records of birth, marriage, divorce, death acts state duty is collected in the following amounts:

- 1) for registration of birth, affiliation, adoption by citizens of the Republic of Kazakhstan – 100 %;
- 2) for state registration of marriage – 30 %;
- 3) for state registration of divorce:
  - based on mutual agreement of spouses without under age children 18 – 200%
  - based on the court decision – 150 % (from one or both spouses);
  - based on the court decision, concerning persons declared in accordance with established procedures missing or incapable as a result of a mental disease or imbecility, or persons sentenced to imprisonment for a period of more than 3 years - 10%
- 4) for registration of the change of name, surname, or patronymic name, nationality and sex - 10%;

- for each document of a spouse or children issued under this provision – 10%;
- 5) for issue of certificates related to changes, additions, corrections and restoration of records in birth, marriage, divorce, death acts – 10 %;
  - 6) for issue of repeated certificates on registration of civil status acts -100%;
  - 7) for registration of adoption performed by foreign citizens – 200%.
2. Registration of death and also issue of certificates caused by mistakes made at the time of registration of civil status acts is done without collection of state duty.

**Article 499. State duty rates for issuance of exit documents, acquisition of the citizenship of the Republic of Kazakhstan, restoration of the citizenship of the Republic of Kazakhstan or termination of the citizenship of the Republic of Kazakhstan**

1. For actions related to acquisition of the citizenship of the Republic of Kazakhstan, restoration or termination of the citizenship of the Republic of Kazakhstan, and also to entry to the Republic of Kazakhstan or exit state duty is collected in the following amounts:

- 1) for issuance or extension of visas for foreigners and persons without citizenship giving rights to:
  - exit the Republic of Kazakhstan – 50 %,
  - enter the Republic of Kazakhstan and exit the Republic of Kazakhstan - 100%;
- 2) for issuance of visas giving the right for multiple crossing of the border to foreigners and persons without citizenship -200%;
- 3) for making amendments in the documents giving right to exit and enter the Republic of Kazakhstan for citizens of the Republic of Kazakhstan, and also for foreigners and for persons without citizenship permanently residing on the territory of the Republic of Kazakhstan -100%;
- 4) for issuance of invitation documents from abroad to the citizens of the Republic of Kazakhstan, foreigners and persons without citizenship– 50 % for every invited person;
- 5) for issuance of documents concerning acquisition of the citizenship of the Republic of Kazakhstan, restoration of the citizenship of the Republic of Kazakhstan, termination of the citizenship of the Republic of Kazakhstan – 100%;
- 6) for issuance of documents in exchange for spoilt documents on invitation to the Republic of Kazakhstan – in the amounts respectively indicated in points 1), 2),4) of this Article.

**Article 500. State duty rates for performance of other actions.**

1. For performance of other actions state duty is collected in the following amounts:

- 1) for registration of the place of residence – 10 %;
- 2) for issuance of hunting licenses – 10 %;
- 3) for issuance of :
  - a passport of a citizen of the Republic of Kazakhstan – 400%;
  - an identification card of a citizen of the Republic of Kazakhstan – 20 %;
- 4) for issuance of:
  - permissions to import arms and ammunitions – 200 %;
  - permissions to export arms and ammunitions – 200 %;
  - permissions to purchase arms and ammunitions – 50 %;

permissions to store arms and ammunitions – 50 %;  
permissions to store and carry arms and ammunitions – 100 %;  
permissions to transport arms and ammunitions – 200 %;  
permissions to re-register arms and ammunitions – 100 %;  
permissions to sell arms and ammunitions for commission – 100 %;  
5) for registration and re-registration of civil arms (except cold-steel hunting, pneumatic and gas spray devices) - 10 %;  
6) for making changes in identification documents – 10 %;  
7) for sales and purchase, donation, exchange of mechanical vehicles and trailers:  
for mechanical vehicles – in the amount of tax on vehicles;  
for trailers with load capacity of up to 750 kg excluding special trailers and trailers-dachas – 100 %;  
for other trailers – 500 %.

### **Article 501. Exemptions from state duty payment in courts**

1. From payment of state duty in courts are exempt:

- 1) plaintiffs – for suits for wages recovery and other claims related to labour activity;
- 2) plaintiffs- for claims related to copyright, and also the right to invention, innovation, efficiency proposals and industry samples;
- 3) plaintiffs – for alimony claims;
- 4) plaintiffs – for claims related to indemnification for the damage caused by injuries or other health damages, and also for death of the breadwinner;
- 5) plaintiffs – for claims related to indemnification for the damage caused by a crime;
- 6) individuals – for appeals on divorce suits;
- 7) individuals and legal entities, except those not related to the case – for issuance of documents for them related to criminal cases and alimony suits;
- 8) plaintiffs – for claims related to enforced collection to the state budget of money as reimbursement of the damage caused to the state by violation of the nature protection legislation of the Republic of Kazakhstan;
- 9) professional schools and lyceums providing training of qualified workers and working personnel with higher qualifications – for claims related to reimbursement of expenditures incurred by the government for maintenance of students who left schools without permission or were expelled;
- 10) individuals – for appeals concerning criminal cases aimed to challenge rightfulness of indemnification of material damage caused by the crime;
- 11) individuals and legal entities filing petitions with the court in cases stipulated for by the legislation to defend the rights and interests of other people or of the state protected by law;
- 12) plaintiffs – participants of Great Patriotic War and persons with an equivalent status, disabled of the 1<sup>st</sup> and 2<sup>nd</sup> categories – for all cases and documents;
- 13) plaintiffs – repatriates (oralmans) for all cases and documents related to acquiring the citizenship of the Republic of Kazakhstan;
- 14) individuals and legal entities – for filing applications to the court:  
on cancellation of the judicial decision about termination of the case proceedings or on upholding of the court decision about termination of the case proceedings or on leaving an application without consideration;

on postponement or extension of the period of enforcement of a decision;  
 on changes of methods and procedures of enforcement of a decision;  
 on securing suits and substitution of one type of securing by another;  
 on reconsideration of decisions, and resolutions of the court as a result of newly discovered evidence;  
 on cancellation or reduction of the penalties imposed by court decisions;  
 on changes of enforcement of court decisions about restoration of missed terms;  
 and also complaints:  
 on bailiffs' actions;  
 private complaints on court decisions to refuse to cancel or decrease penalties;  
 other private complaints on court decisions;  
 complaints on resolutions on cases about administrative criminal offence;  
 on cancellation of court judgement by default;  
 on annexation to reclaiming petitions and appeals for review;  
 15) prosecution bodies – on all suits;  
 16) state institutions – when filing suits and appeal against court decisions on issues within their competence, except cases aimed to protect interests of the third party;  
 17) public organizations for disabled– when filing suits on issues within their competence;  
 18) insurers and insured - on suits arising from contracts of mandatory insurance;  
 19) plaintiffs and defendants – on disputes related to reimbursement of damage caused to a citizen by unlawful conviction, unlawful custody as preventive punishment or by unlawful imposition of an administrative penalty in the form of arrest or correctional labour;  
 20) the National Bank of the Republic of Kazakhstan, its affiliates and representative offices – when filing suits on issues within their competence.  
 21) liquidation committees on banks under forced liquidation – on claims for recovery of loan debt and recognition of debtors of banks under liquidation as bankrupts.

**Article 502. Exemptions from state duty payment for performance of notary actions**

1. From payment of state duty when performing notary actions are exempt:

- 1) individuals – for certifying their last will, contracts on donations of property in the state's favour;
- 2) state institutions– for issuance of certificates (duplicate certificates) for the right of the state to inherit, and also for all documents necessary to receive these certificates (duplicate certificates);
- 3) individuals – for issuance to them of certificates for inheritance right;
  - property of persons who died defending the Republic of Kazakhstan, as a result of fulfilment of other state or social responsibilities or fulfilling the duty of the citizen of the Republic of Kazakhstan to save a human life, protect state property and law order;
  - a house (an apartment) or a share in a house-building cooperative provided that the heir lived with the estate-leaver not less than 3 years as of the day of death of the estate-leaver and continues to live in this house (apartment) after his death;
  - insurance payments under insurance contracts, state bonds, salary payments, copyright money, author's fees and reward for discovery, invention and industrial samples;
  - property of rehabilitated citizens;

- 4) participants of Great Patriotic War and persons with an equivalent status, disabled of the 1<sup>st</sup> and 2<sup>nd</sup> categories for all notary actions;
- 5) repatriates (oralmans) – for all notary actions related to acquiring the citizenship of the Republic of Kazakhstan;
- 6) the National Bank of the Republic of Kazakhstan, its affiliates and representative offices – when requesting to perform notary actions concerning issues within their competence;
- 7) mothers having many children honoured with the “Mother Heroine” title, awarded with “Altyn Alka” and “Kumis Alka” pendants – for all notary actions;
- 8) individuals suffering from a chronic mental disease put under guardianship in the order set by the legislation – for receipt of certificates of property inheritance.
- 9) union “Voluntary society of disabled of Kazakhstan” (VSDK), Kazakh society of deaf (KSD), Kazakh society of blind (KSB), and also their production enterprises—on all notary actions.

**Article 503. Exemption from state duty payment for registration of civil status acts**

From state duty payment for registration of civil status acts are exempt:

- 1) participants of Great Patriotic War, disabled of all categories, guardians (trustees), state and social organizations – for registration and repeated issuance of birth certificates;
- 2) individuals – for issuance of certificates in case of a change, addition and correction of records in birth, death, adoption certificates, caused by mistakes made upon registration of civil status acts;
- 3) individuals – for repeated issuance or replacement of certificates of death of rehabilitated relatives issued earlier;
- 4) individuals – for amendments, additions in records because of adoption.

**Article 504. Exemption from state duty payment for restoration of citizenship of persons who were forced to leave the territory of the Republic of Kazakhstan**

The persons who were forced to leave the territory of the Republic of Kazakhstan in the period of mass repression, forced collectivisation, as a result of other anti-human political actions and their descendants are exempt from state duty payment for restoration of the citizenship in case they express the wish to restore the citizenship of the Republic of Kazakhstan.

The given exemption from state duty payment is provided once.

**Article 505. Exemption from state duty payment in case of departure from the Republic of Kazakhstan**

From state duty payment in case of departure from the Republic of Kazakhstan are exempt:

- 1) heroes of the Soviet Union and of Socialist Labour, persons awarded with the medal of Glory of the 3 categories and of Labour Glory of the 3 categories, “Altyn Kiran”, “Halyk Kaharmany”, “Otan”, participants and disabled soldiers of Great Patriotic War and other disabled with an equivalent status, disabled from infancy, disabled of the 1<sup>st</sup> category and accompanying him/her person and also disabled of the 2<sup>nd</sup> category, who suffered from the Chernobyl disaster;

2) individuals summoned to the court of other states in accordance with agreements on granting legal aid in civil, family and criminal cases as parties, witnesses and experts in civil and criminal cases, —for issuance to them of documents for leaving abroad.

**Article 506. Exemption from state duty payment for performance of other actions**

1. From state duty payment for registration of the place of residence:

1) elderly and disabled persons living in old people's home in boarding houses for disabled;

2) students of boarding schools and professional schools and professional lyceums at total state support and living in dormitories.

3) repatriates (oralmans) before acquiring the citizenship of the Republic of Kazakhstan;

2. From state duty payment for issuance of a hunting license are exempt: hunting specialists, professional hunters and staff hunters – for issuance and extension of hunting licenses.

3. State duty is not collected:

1) in case of transactions on alienation of mechanical vehicles and trailers between close relatives (parents, children, adoptive parents, adopted children, full and half brothers and sisters, grandparents, grandchildren);

2) in case of transactions on alienation of mechanical vehicles and trailers produced in the Republic of Kazakhstan;

3) in case of filing a civil claim under criminal case.

**Article 507. Procedure of state duty payment**

1. State duty is paid in cash, by money transfer through banks or organizations carrying out separate types of banking operations.

2. State duty is paid:

1) in cases considered in courts – prior to filing of a corresponding claim (complaint) or appeal for review and also in case of issuance by a court of copies of documents;

2) for fulfilment of notary actions and also for issuance of copies of documents, duplicates —when acquiring notary stamps from authorized bodies;

3) for state registration of civil status acts, for making corrections and amendments in the records of civil status acts when filing corresponding applications and also for repeated issuance of certificates – at their issuance;

4) for state registration of divorce on mutual agreement of spouses without under age children—at the registration of the act;

5) for registration of citizens' place of residence – prior to issuance of relevant documents;

6) for issuance of passports and identity cards of citizens of the Republic of Kazakhstan – prior to issuance of relevant documents;

7) for issuance of hunting licenses – prior to issuance of relevant documents;

8) for issuance of permissions to store or store and carry, transport, import to the territory of the Republic of Kazakhstan and export from the territory of the Republic of Kazakhstan arms and ammunitions – prior to issuance relevant documents;

9) for registration and re-registration of civil arms (except cold-steel hunting, pneumatic weapons, and gas spray devices) – prior to issuance of relevant documents;

10) in cases related to the acquisition of the citizenship of the Republic of Kazakhstan or termination of the citizenship of the Republic of Kazakhstan and also to departure from or entry to the Republic of Kazakhstan – prior to issuance of relevant documents.

#### **Article 508. Procedure of state duty reimbursement**

1. The paid state duty is reimbursed partially or in full in the cases:

- 1) in case the fee amount paid exceeds the amount required by this Code, except cases when plaintiff reduces his claims;
- 2) return of a claim (complaint) or refusal to accept such a claim (complaint) and also refusal of notaries or authorized persons to perform notary actions;
- 3) when a case is dismissed or a suit is left without consideration if a case is not subject to consideration in court and also when a plaintiff does not adhere to procedures of initial dispute resolution established for this kind of cases or if a suit is filed by an incapable person;
- 4) refusal of persons who paid state duty to perform a legally binding action or to receive a document prior to addressing a body that performs this legally binding action;
- 5) in other cases established by the legislative acts of the Republic of Kazakhstan.

2. A tax body considers state duty refund claim after receiving from a taxpayer a document of a relevant body being grounds for state duty refund, and also document certifying payment of state duty, if the aforementioned documents are submitted to a tax body before the expiration of one-year period from the day of payment of state duty amount to the budget.

Refund is entered in a taxpayer's banking account.

#### **§1. Consular Fee**

##### **Article 509. General provisions**

Consular fee is a type of state duty collected by diplomatic representatives and consular institutions of the Republic of Kazakhstan from legal entities and citizens of the Republic of Kazakhstan and also from foreign citizens and persons without citizenship, foreign legal entities for performance of consular actions and issuance of legally binding documents.

##### **Article 510. Consular fee payers**

Consular fee payers are legal entities and citizens of the Republic of Kazakhstan and also from foreign legal entities, foreign citizens and persons without citizenship in whose interests consular actions are performed and legally binding documents are issued.

##### **Article 511. Consular fee rates**

1. Base minimum and maximum rates of consular fees are established by the Government of the Republic of Kazakhstan.
2. The Ministry of Foreign Affairs of the Republic of Kazakhstan is entitled to set specific fee rates within the limits of the basic rates of consular fees.

##### **Article 512. Actions on the basis of which consular fee is collected**

Consular fee is collected for the following consular actions:

- 1) issuance of a service passport, passport of a citizen of the Republic of Kazakhstan and issuance of visas of the Republic of Kazakhstan;
- 2) issuance of applications of citizens of the Republic of Kazakhstan concerning their stay abroad;
- 3) issuance of documents on citizenship issues of the Republic of Kazakhstan;
- 4) registration of civil status acts;
- 5) demand of documents;
- 6) legalization of documents;
- 7) performance of notary actions;
- 8) other actions established by the Government of the Republic of Kazakhstan;

**Article 513. Exemption from consular fee payment in certain cases**

Consular fee is not collected:

- 1) in cases provided for in Articles 502-506 of this Code;
- 2) from individuals and legal entities of countries having the agreement on reciprocal refusal to collect consular fees with the Republic of Kazakhstan;
- 3) for demand of inquiries for documents on family, civil and criminal cases, alimony, state benefits and pensions, adoption authorities and separate citizens of countries with which the Republic of Kazakhstan has concluded agreements on legal aid;
- 4) in other cases set by the Government of the Republic of Kazakhstan.

**Article 514. Procedure of consular fee payment**

1. Consular fee is paid prior to performance of consular actions.
2. Diplomatic representatives and consular institutions of the Republic of Kazakhstan perform consular actions after the payer pays consular fee.
3. Payment of consular fee is made in the currency of the country on the territory of which consular actions are performed or in any free convertible currency.
4. Payment of consular fees on the territory of the Republic of Kazakhstan the rate of which is established in US dollars is made in tenge at the official rate established by the National Bank of the Republic of Kazakhstan on the date of payment.
5. Consular fee is paid:
  - 1) on the territory of the Republic of Kazakhstan – through banks or other institutions performing certain types of banking operations to the budget at the place of performance of consular actions or in cash in consular institutions on the basis of forms of strict documentation;
  - 2) outside the territory of the Republic of Kazakhstan – through banks or other institutions performing certain types of banking operations to a special (transit) bank account of a diplomatic representative or consular institution without the right of economic use or in cash in consular institutions on the basis of forms of strict documentation.
6. Forms of strict documentation are established by the Ministry of Finance of the Republic of Kazakhstan upon agreement with an authorized state body.
7. The procedure of transfer to the budget of consular fees amounts and also procedure of transfer to a special (transit) bank account of a diplomatic representative or consular institution of consular fees paid abroad in cash are established by the Ministry of Finance

of the Republic of Kazakhstan upon agreement with the Ministry of Foreign Affairs of the Republic of Kazakhstan.

8. Amounts of consular fees paid are not subject to refund.

## ***CHAPTER 91. Customs Duties***

### **Article 515. General provisions**

1. When carrying out customs activity, customs bodies of the Republic of Kazakhstan collect customs duties established by the customs legislation of the Republic of Kazakhstan.

2. Taxpayers, procedure of calculation, payment, reimbursement and also exemptions from customs duties are determined by the customs legislation of the Republic of Kazakhstan.

3. The rates of customs duties are established by the Government of the Republic of Kazakhstan.

### **Article 516. Types of customs duties**

In case of transfer of goods through the customs border of the Republic of Kazakhstan and in other cases set by the customs legislation of the Republic of Kazakhstan the following types of customs duties are paid:

- 1) customs duty;
- 2) customs clearance fee;
- 3) customs fee for storage of goods;
- 4) customs fee for customs support;
- 5) fee for licenses issued by customs bodies of the Republic of Kazakhstan ;
- 6) fee for a qualifications certificate of a customs clearance expert;
- 7) payment for a preliminary decision.

## PART III. TAX ADMINISTRATION

---

### SECTION 17. GENERAL PROVISIONS

#### *CHAPTER 92. Main Provisions*

##### **Article 517. Tax Control**

1. Tax control is a control exercised by tax service bodies over the administration of the tax legislation by full and timely transfer of mandatory pension fees to accrual pension funds.
2. Tax control is carried out in the following forms:
  - 1) registration of taxpayers;
  - 2) registration of taxable objects or objects related to taxation;
  - 3) accounting of payments to the budget;
  - 4) registration of VAT taxpayers;
  - 5) tax audits;
  - 6) tax office control;
  - 7) monitoring of financial and economic activity of taxpayers;
  - 8) rules of the use of cash registers with fiscal memory;
  - 9) marking of certain types of excisable goods and establishment of excise tax offices;
  - 10) checking of keeping the order of accounting, assessing and realizing of property entitled to the state use.
3. Customs bodies carry out tax control within their competence on collection of taxes and other mandatory payments to the budget subject to payment in relation with goods transfer across the borders of the Republic of Kazakhstan in accordance with this Code and the customs legislation of the Republic of Kazakhstan.

##### **Article 518. Tax confidentiality**

1. Tax confidentiality is represented by any information received by tax service body about taxpayers with the exception of information:
  - 1) about registration number of a taxpayer;
  - 2) on amounts of taxes and other mandatory payments paid by a taxpayer (tax agent) to the budget for a tax year with the exceptions of individuals;
  - 3) provided to law-enforcement bodies in order to prosecute according to the law persons committing tax offence or crime; to courts in the process of considering cases on the determination of tax obligations of a taxpayer or liabilities for tax offence and crime;
  - 4) provided to tax or law-enforcement bodies of other states, international organizations according to international agreements (treaties) on mutual cooperation between tax or law-enforcement bodies to which the Republic of Kazakhstan is a party and also according to agreements concluded between the Republic of Kazakhstan and international organizations.
2. Information concerning a taxpayer cannot be presented to other person without written permission of a taxpayer.
3. Tax confidentiality is not subject to revelation by bodies of tax service, their officials except cases stipulated for by this Code.

4. Officials of tax service bodies do not have the right to disclose information representing tax confidentiality both during the period of work in tax service bodies and after their dismissal.

5. Loss of documents containing confidential tax information or disclosure of such information is subject to liability stipulated for by legislative acts of the republic of Kazakhstan.

#### **Article 519. Accounting of payments to the budget**

1. Accounting of payments to the budget is performed by a tax body by means of reflecting in personal taxpayer's account tax obligations fulfillment on accrued and received amounts of taxes and other mandatory payments to the budget and also amounts of penalties and fines.

2. Accounting of payments of taxes and other mandatory payments to the budget is carried out according to unified budget classification.

3. Procedure of accounting of personal accounts is established by an authorized state body.

### ***CHAPTER 93. Registration of Taxpayers***

#### **Article 520. Terms and Definitions Used in This Chapter**

1. State register of taxpayers of the Republic of Kazakhstan is a system of state database of registration of taxpayers, which is maintained by an authorized state body with the purpose of control over the correct way of calculation and timely payment of taxes and other mandatory payments to the budget.

2. State registration of taxpayers is entering of information about a taxpayer to state register of taxpayers of the Republic of Kazakhstan.

3. Registration number of a taxpayer is a number universal with respect to all types of taxes and mandatory payments to the budget that is assigned to a taxpayer person at its state registration as a taxpayer and the entry of corresponding data into state register of taxpayers of the Republic of Kazakhstan.

4. Registration is registering of a taxpayer in a tax body as a result of which taxpayer's place of location, its objects of taxation and objects related to taxation are fixed and also registering of current changes of accounting characteristics of a taxpayer. 5. Taxpayer Certificate is a document certifying the assignment of a taxpayer registration number being the form of strict documentation and which is issued to a taxpayer at its registration in state register of taxpayers of the republic of Kazakhstan.

#### **Article 521. State Registration of Taxpayers**

1. To state registration as a taxpayer of the Republic of Kazakhstan is subject:

1) legal entities, their structural subdivisions including non-residents, carrying out activity in the Republic of Kazakhstan— at the place of location or carrying out an activity;

2) individuals-residents who are payers of taxes and other mandatory payments to the budget—at the place of residence;

- 3) individuals—non-residents carrying out individual entrepreneurial activity through a permanent establishment—at the place of staying in the Republic of Kazakhstan;
  - 4) non-residents possessing in the Republic of Kazakhstan objects of taxation—at the place of location and (or) at the place of registration of taxable objects.
2. State register of taxpayers of the Republic of Kazakhstan is maintained by an authorized state body.
  3. Procedure of forming and maintaining state register of taxpayers of the Republic of Kazakhstan is established by the Government of the Republic of Kazakhstan.
  4. State registration of a taxpayer can be performed during the first registration process fulfilled during the term set for registration.

#### **Article 522. Term of State Registration of Taxpayers**

1. Individuals are obliged to turn to a tax body for state registration and obtaining registration number of a taxpayer within 10 day from the moment of appearance of tax obligations stipulated for in this Code.
2. Legal entities, their structural subdivisions are obliged to turn to a tax body for state registration and obtaining registration number of a taxpayer within 10 days from the moment of their state (accounting) registration in justice body of the Republic of Kazakhstan.

#### **Article 523. Taxpayer Registration Number**

1. State registration is performed by an authorized state body with assigning registration number of a taxpayer and issuance of a taxpayer certificate within 2 workdays after submission of application by a taxpayer to a tax body for state registration.
2. Taxpayer registration number should be indicated in tax accounting documents submitted by a taxpayer, and also in other documents, related to the fulfilment of tax obligations.
3. Taxpayer registration number should be specified in every document related to tax obligations sent by a tax body to a taxpayer.
4. Procedure of assigning, changing or annulment of a taxpayer registration number is established by an authorized state body.

#### **Article 524. Taxpayer Registration**

1. Registration of taxpayers is performed after registration of a taxpayer in tax bodies.
2. A taxpayer must register in a tax body:
  - 1) for a legal entity, its structural subdivisions and also foreign legal entity carrying out its activity in the Republic of Kazakhstan:  
at the place of location of a legal entity, its structural subdivision;  
at the place of carrying out an activity;  
at the place of location and (or) registration of taxable objects and objects related to taxation;
  - 2) for an individual:  
at the place of residence;  
at the place of location and (or) registration of taxable objects;  
at the place of carrying out entrepreneurial activity.

3. Registration of individuals at the place of location of taxable objects is made by a tax body on the basis of information received from authorized bodies responsible for accounting and (or) registration of taxable objects according to Article 530 of this Code. Location of a taxable object is determined by the purpose of this Article as:

- 1) for immovable property (land) - the place of its actual location;
- 2) for vehicles - the place of state registration of vehicles or in its absence—the place of location (residence) of the property owner.

4. An individual possessing a registration certificate as a private entrepreneur and carrying out its activity without establishing a legal entity, is subject to registration at the place of residence.

5. When registering a structural subdivision an application for its registration must include a taxpayer registration number of the legal entity, which created this structural subdivision.

6. Taxpayer's application for registration is submitted to a tax body in one of the stipulated forms:

- 1) an application form filled in block letters;
- 2) a printout of an electronic form;
- 3) The form of an electronic file certified with an electronic signature.

7. When submitting an application legal entity-resident, its structural subdivision simultaneously with a registration application submit copies of registration certificates, statistical card, statutory documents certified in the established order. List of documents presented by a legal entity-resident, its structural subdivision is established by the legislation of the Republic of Kazakhstan.

When registering individuals information about taxpayers include their personal data:

- 1) surname, name, patronymic name;
- 2) date and place of birth ;
- 3) address of residence
- 4) series and number of birth certificate for under age individuals, identification card, issued by bodies of the Ministry of Internal Affairs of the Republic of Kazakhstan, passport for non-residents of the Republic of Kazakhstan.

8. A tax body carries out registration within two working days from the moment of registration application by a taxpayer with the issuance of registration confirmation.

9. In case of a change of registration data indicated by a legal entity or an individual-individual entrepreneur in registration application, a taxpayer is obliged to inform a tax body about it within ten working days from the moment of a change in these data.

10. In case of a change of the place of location or place of carrying out an activity of a legal entity or an individual, a taxpayer is obliged to inform the tax body where it was registered about the change of the place of location or the place of carrying out an activity and register at a new place of location or place of carrying out an activity with preserving the former taxpayer registration number within ten working days.

11. Procedure of state registration of taxpayers and the registration process are established by an authorized state body.

12. Procedure of accounting of taxable objects is established by an authorized state body.

**Article 525. Elimination from State register of taxpayers**

1. Elimination from State register of taxpayers of the Republic of Kazakhstan is carried out on the basis of Articles 57, 58 of this Code in relation to cessation of tax obligations.
2. Conditional elimination of a taxpayer from State register of taxpayers of the republic of Kazakhstan is carried out in case of meeting by a taxpayer characteristics of an idle legal entity and individual entrepreneur set by legislative acts of the Republic of Kazakhstan and not having tax indebtedness with the preservation of a taxpayer registration number.

**Article 526. Responsibilities of Banks and Organizations carrying out certain types of banking operations**

Banks or organizations carrying out certain types of banking operations are obliged:

- 1) when opening bank accounts for a taxpayer (except individuals-non-residents and foreign banks-correspondents) to record a taxpayer registration, inform a tax body of opening of certain bank accounts for a taxpayer-legal entity and individual entrepreneur within 3 working days;
- 2) not to carry out operations on bank accounts without indicating a taxpayer registration number in payment documents, except bills and payment documents on the basis of which receipt or issue of cash by bank from bank accounts of individuals-non-residents are carried out;
- 3) to control the correct way of indicating a taxpayer registration number in accordance with the structure of registration number when processing payment documents;
- 4) to execute in the first place in case of availability of money on customer's account payment orders of taxpayers on payment of taxes and other mandatory payments to the budget from bank accounts. In the same manner to execute collection orders of tax bodies on collection of taxes and other mandatory payments to the budget, penalties and fines not paid within the set terms not later than one operational day from the day of receipt of the notice from tax bodies.
- 5) to transfer amounts of taxes and other mandatory payments to the budget to the account of the Treasury of the Ministry of Finance of the Republic of Kazakhstan on the date of execution of charge-off operations with bank accounts of a taxpayer;
- 6) to provide access to officials of tax service bodies with an order presented to audit the executed operations with bank accounts of a legal entity or individual entrepreneur being audited for money available on these accounts.
- 7) to terminate all disbursement operations with bank accounts of a taxpayer – legal entity and individual entrepreneur under the decision made by a tax body, in cases stipulated for in this Code, in the order set by the legislative acts of the Republic of Kazakhstan except operations on paying the tax debt.
- 8) in case when bank writes off the debt of borrower to notify a tax body at the place of registration of the taxpayer on income appearance from the write off of debt within one month.

**Article 527. Special Features of registration in tax bodies of non-resident legal entities and individuals**

1. The state registration as a taxpayer of the Republic of Kazakhstan with the assignment of registration number is required for:

1) non-resident individuals carrying out individual business activity in the Republic of Kazakhstan through a permanent establishment—at the place of staying.

2) non-resident legal entities carrying out an activity in the Republic of Kazakhstan through a permanent establishment—at the place of location of a permanent establishment.

3) non-resident legal entities carrying out an activity in the Republic of Kazakhstan without a permanent establishment – at the place of carrying out an activity.

2. Non-resident individual carrying out individual entrepreneurial activity in the Republic of Kazakhstan through a permanent establishment must register with a tax body within 10 working days from the day of arrival in the Republic of Kazakhstan or commencement of carrying out entrepreneurial activity.

Other non-resident individuals must register in a tax body at the moment of acquiring the residence status of the republic of Kazakhstan.

3. Non-resident legal entity carrying out an activity in the Republic of Kazakhstan must register in a tax body within ten working days from the day of commencement of carrying out an activity.

4. An individual or a legal entity including a non-resident the activity of which in accordance with sub-point 5 of point 3 of Article 177 of this Code is considered as a permanent establishment must submit to a tax body an application for registration of a non-resident legal entity within 10 working days from the date of a relevant agreement (contract, treaty) signing, or in the absence of the indicated agreement, within 10 working days from the date of the actual carrying out of this activity in order to assign a taxpayer registration number to a legal entity-non-resident.

5. Date of the beginning of carrying out an activity of a non-resident in the Republic of Kazakhstan is considered to be on of the following dates:

1) the date of a contract (treaty, agreement) conclusion:

on fulfilment of works (providing of services) in the Republic of Kazakhstan;

on providing body to act on its behalf in the Republic of Kazakhstan;

on purchase of goods in the Republic of Kazakhstan for the purpose of sale;

on conducting joint operations (participation in a partnership) in the Republic of Kazakhstan;

on acquisition of works (services) with the purpose of carrying out an activity in the Republic of Kazakhstan;

2) the date of conclusion of an individual labour contract or any other contract of a civil legal character with an individual in the Republic of Kazakhstan;

3) the date of an agreement conclusion stating the opening of a body (purchase and sale agreement, lease agreement).

In case of presence of several conditions of this point the date of the beginning of carrying out an activity in the Republic of Kazakhstan is considered the date of concluding the first of the indicated contracts (agreements, treaties).

6. Non-residents, not indicated in point 1 of this Article, arriving in the Republic of Kazakhstan for the purpose of making profit from the sources in the Republic of Kazakhstan must submit an application to a tax body during ten working day period from the day of arrival in the Republic of Kazakhstan stating the commencement of an activity.

**Article 528. Responsibility of a Taxpayer in the Process of Registration**

Taxpayer according to the legislative acts of the Republic of Kazakhstan is responsible for the violation of the term of taxpayer state registration; reliability of submitted data when obtaining a taxpayer registration number and registering and also for the correct way of filling the taxpayer registration number in tax accounts and in other cases established by legislative acts of the Republic of Kazakhstan.

**Article 529. Cooperation of Authorized Bodies in Taxpayers Registration Process**

Tax service bodies cooperate with the following authorized bodies in the process of taxpayer registration:

- 1) Carrying out state registration, re-registration, or liquidation of legal entities;
- 2) statistical issues;
- 3) accounting and (or) registration of taxable objects and objects related to taxation;
- 4) issuing licenses, certificates and other documents of permissive and registration character;
- 5) carrying out registration of individuals at the place of residence in the Republic of Kazakhstan;
- 6) carrying out registration of civil status acts;
- 7) carrying out notary actions;
- 8) guardianship and trusteeship;
- 9) other authorized bodies established by the Government of the Republic of Kazakhstan.

**Article 530. Duties of Authorized Bodies in Registration Process**

1. Authorized bodies specified in Article 529 of this Code are required to submit to tax service bodies at the place of location information concerning taxpayers having taxable objects and objects related to taxation within 10 working days from the date of entering of relevant data in accordance with the order established by an authorized state body.

2. Authorized bodies performing accounting and (or) registration of taxable objects, objects of collection of other mandatory payments, are obliged to submit information about taxpayers and also taxable objects, objects of collection of other mandatory payments to tax service bodies at the place of their accounting and (or) registration within the terms and on the forms set by an authorized state body.

3. Authorized bodies issuing licenses, certificates and other documents of permissive and registration character must submit to tax service bodies at the place of their location information about taxpayers to which licenses, certificates and other documents of permissive and registration character were issued (cancelled or expired) within 10 working days from the moment of their issue (cancellation or expiration).

4. An authorized body registering the arrival (departure) of foreign individuals is obliged to submit to a tax service body information about arrived foreign individuals with the

indication of the purpose, place and term of arrival not later than 10 working days after the registration of their arrival (departure).

5. Authorized bodies collecting mandatory payments to the budget, accounting of taxable objects and objects related to taxation are required to indicate a taxpayer registration number in tax accounts.

**Article 531. Special features of registration of taxpayers carrying out certain types of activity**

1. A taxpayer conducting an activity stipulated for in this Article must notify a tax body of the commencement and termination of:

- 1) wholesale or retail sale of gasoline (except for aircraft fuel), diesel fuel;
- 2) production and sale of alcohol production;
- 3) purchase of glassware container;
- 4) organization, carrying out lotteries and sale of lottery tickets;
- 5) gambling.

Registration of the commencement of the activity is carried out in the presence of a relevant taxpayer license, in case the given activity requires licensing.

2. Taxpayer carrying on types of activity specified in point 1 of this Article is required to register taxable objects and objects related to taxation in a tax body by submitting an application prior to their use in entrepreneurial activity.

3. A tax body on the basis of data indicated in the application fills registration card for registering objects in two copies, and certifies both copies with the stamp and signature of the head of a tax body.

A registration card for registering objects is a document certifying registration of taxable objects and objects related to taxation in tax bodies.

One copy of registration card for registering objects is left in a tax body; the second one is given to a taxpayer.

In case of a change in the data indicated in registration card of registering objects a taxpayer must submit to a relevant tax body an application for re-registration of taxable objects and objects to taxation.

4. Application for registration (re-registration) of taxable objects and objects related to taxation is submitted by a taxpayer to the tax body at the place of location, unless otherwise is stipulated for by this Code.

Registration (re-registration) of taxable objects and objects related to taxation is made by a tax body within two working days from the day of submission of an application and is recorded in the registration (re-registration) log for registering objects.

5. Use of taxable objects and objects related to taxation not registered in tax bodies is subject to liability in accordance with a legislative act of the Republic of Kazakhstan.

6. A taxpayer carrying on activities on organizing, conducting drawing of lotteries and sale of lottery tickets is required to register in a tax body each issuance of lottery tickets 10 days prior to their sales.

7. The procedure of registration of taxpayers carrying on certain types of activity, specified in point 1 of this Article, is established by the authorized state body.

**Article 532. Registration of value added tax payers**

1. Requirements for registration of value added taxpayers are established in the special part of this Code.
2. The procedure of registration of value added taxpayers is established by an authorized state body.

**CHAPTER 94. Tax Audit**

**Article 533. Concept and Types of Tax Audit**

1. Tax audit is checking exercised by tax service bodies of conforming to tax legislation of the Republic of Kazakhstan. Participants of tax audit are officials of tax service bodies, designated in order, and a taxpayer.
2. Tax audits are carried out exclusively by tax service bodies.
3. Tax audit is subdivided into the following types:
  - 1) document audit;
  - 2) unannounced audit;
  - 3) time-study.
4. Document audits are subdivided into the following types:
  - 1) a complex audit—audit of the fulfilment of tax obligations on all types of taxes and other mandatory payments to the budget;
  - 2) a subject audit— audit of the fulfilment of tax obligations on certain types of taxes and other mandatory payments to the budget;
  - 3) a counter audit—audit carried out in relation of the third parties in case when conducting tax audits a tax body needs additional information about the right way of reflecting in tax accounts of a taxpayer’s operations related the indicated parties.
5. Unannounced audit is conducted by tax bodies in relation to separate taxpayers on issues of their conforming to certain requirements of the legislation of the Republic of Kazakhstan, namely:
  - 1) registration of taxpayers in tax bodies;
  - 2) correct use of cash registers with fiscal memory;
  - 3) presence of and other permissive documents;
  - 4) observing the rules of production, storage and sale of excisable goods.
6. Time-studies are made by tax bodies in order to determine the size of actual income of a taxpayer and actual costs associated with getting income. Time-studies are made according to the order set by an authorized state body.
7. A tax audit must not suspend operations of a taxpayer, except for cases stipulated for by legislative acts of the Republic of Kazakhstan.
8. A tax bodies has the right to audit structural subdivisions of a legal entity irrespective of the fact of auditing the legal entity.

**Article 534. Periodicity of Tax Audits**

1. Tax audits are conducted with the following periodicity:
  - 1) complex - no more than once a year;

2) subject- no more than once half a year on one and the same type of tax and other mandatory payment to the budget;

2. Restrictions stipulated for in point 1 of this Article are not applicable to the following cases:

1) when carrying out document audits undertaken in relation to reorganization or liquidation of a legal entity and cessation of an activity by an individual entrepreneur and also in case of value added tax deregistration on the basis of a taxpayer's application. In this respect the audit is to be carried out not later than within 30 calendar days after receiving a taxpayer's application.

2) when carrying out document audits undertaken in relation to the expiration of a mineral use contract;

3) any of the cross-check audits;

4) any project audit that is undertaken on the basis of a VAT taxable person's claim for verification of the amount claimed for refund;

5) any audit exercise that is performed by a higher rank tax body in its supervisory capacity to control the quality of prior audits done by line bodies, or any additional audit that is conducted under the decision of the tax appeal body.

6) extraordinary document audits that are carried out under the order of the head of the Authorized state body in respect of a specific taxpayer or can otherwise be conducted under the provisions of the criminal procedure law of the Republic of Kazakhstan.

#### **Article 535. Terms of carrying out Tax Audits**

1. Term of conducting tax audits indicated in provided orders is not to be more than thirty working days from the moment of order delivery, if otherwise is not provided in this Article;

2. When conducting a tax audit of a legal entity with structural subdivision, the term of conducting a tax audit can be extended by a tax body up to 60 working days.

3. When auditing complicated issues the term of conducting a tax audit can be extended by a higher rank tax service body up to 50 working days for a legal entity without structural subdivision, and up to 80 working days for a legal entity with structural division. Particularly complicated issues are confirmed by a grounded written resolution of a higher rank tax service body issued to a taxpayer.

4. Term of conducting a tax audit is suspended for time periods between moments of giving a taxpayer requirements of a tax body for submitting documents and submission by a taxpayer required documents at conducting a tax audit, and also at the moment of receiving data and documents by a tax body demand.

5. Terms of conducting time-studies are set in accordance with the order of conducting time-studies approved by an authorized state body.

### ***CHAPTER 95. Tax Audit Procedure***

#### **Article 536. Grounds for carrying out Tax Audits**

1. Grounds for carrying out a tax audit is an order containing the following requisites:

1) date and registration number of the order;

2) name of a tax body that issued the order;

- 3) full name of a taxpayer;
  - 4) taxpayer's registration number;
  - 5) type of an audit;
  - 6) positions, surnames, names and patronymic names of auditors;
  - 7) term of carrying out an audit;
  - 8) tax period being audited in case of documentary audits.
2. When assigning unannounced audits the order should contain the area being audited, issues subject to examination in the process of an audit and also data stipulated for in point 1, except sub-points 3), 4) and 7) of this Article.
  3. When assigning subject, counter audits the order indicates type of a tax being audited and other mandatory payment to the budget.
  4. The order must be signed by the head of a tax service body, its deputy, certified by stamp seal and registered in a special log in accordance with the order set by an authorized state body.
  5. In case of extending terms of an audit stipulated for in Article 535 of this Code an additional order is issued where number and date of registration of a subsequent order are indicated.
  6. Only one tax audit can be carried out on the basis of one order.

**Article 537. Beginning of carrying out a Tax Audit**

1. The moment of giving out an order to a taxpayer (tax agent) is considered to be the beginning of carrying out a tax audit.
2. Officials of a tax service body conducting a tax audit are required to submit an official identity card to a taxpayer (tax agent).
3. An official of a tax service body conducting a tax audit except unannounced audits submits to a taxpayer an original order. Its knowledge and receipt of the order are marked by a taxpayer (tax agent) in a in the copy of the order.
4. When carrying out unannounced audits a taxpayer receives an original order for reading and also its copy is given out. Its knowledge and receipt of the copy are marked in the original order
5. Refusal of a taxpayer (tax agent) to accept an order is not the basis for cancelling a tax audit.
6. During the period of carrying out tax audits a taxpayer is not allowed to make changes and additions to tax accounts of the tax period being audited.

**Article 538. Access of Officials of a tax service body on the territory or to Premises for carrying out a tax audit**

1. A taxpayer must provide access to officials of a tax service body conducting a tax audit on the territory or to premises (except premises of residence) used for profit making or to the of taxations and objects related to taxation for investigation.
2. In case of denying access to officials of a tax service body conducting a tax audit on the indicated territory or to premises (except premises of residence) a protocol is issued.
3. A protocol is signed by officials of a tax service body conducting a tax audit and a taxpayer (tax agent). In case of refusal to sign the indicated protocol a taxpayer (tax agent) is obliged to submit written grounds of the reason of refusal.

4. Officials of a tax service body must have special permits if they are necessary for access to the territory or to premises of a taxpayer according to the legislative acts of the Republic of Kazakhstan.

5. Taxpayer has the right to deny access of officials of a tax service body on the territory or to premises for conducting a tax audit in cases if:

- an order is not given out or issued in the set procedure;
- terms of an audit indicated in the order are premature or expired;
- data of a person are not indicated in the order;
- documents are requested with no relation to the tax period being audited.

#### **Article 539. Withdrawal of Documents**

Withdrawal of documents is made in accordance with the legislative acts of the Republic of Kazakhstan.

#### **Article 540. Tax Audit Completion**

1. Upon completion of a tax audit an official of a tax service body draws up an act of a tax audit specifying:

- 1) the place of conducting a tax audit and the date of drawing up the act;
- 2) the type of an audit;
- 3) positions, surnames, names and patronymic names of officials of a tax service body who have carried out a tax audit;
- 4) surnames, names and patronymic names or full name of the taxpayer (tax agent);
- 5) the place of location, bank requisites of the taxpayer (tax agent) and also its registration number;
- 6) surnames, names and patronymic names of the head and officials of the taxpayer (tax agent) responsible for the maintenance of tax and bookkeeping accounting and for the payment of taxes and other mandatory payments to the budget;
- 7) information about the prior audit and the measures taken to eliminate the previously identified violations of the tax legislation of the Republic of Kazakhstan;
- 8) the audited tax period and general information about the documents submitted by the taxpayer (tax agent) for conducting the tax audit;
- 9) a detailed description of the tax violation with the reference to the relevant norm of the tax legislation of the Republic of Kazakhstan;
- 10) the results of the tax audit;

2. The date of completion of a tax audit is considered to be the date of submitting the act of a tax audit to the taxpayer.

3. In case when on the completion of a tax audit there were no violations of the tax legislation identified, the act of a tax audit is specially marked for this matter.

4. Required copies of documents, calculations made by an official of a tax service body and other material received in the process of a tax audit are attached to the act of a tax audit.

5. The act of a tax audit is made up in the number not less than two copies and is signed by officials of a tax service body who have carried out a tax audit.

6. The act of a tax audit is registered in a special log of registration of acts of a tax audits and notices, which must be numbered, laced and stamped with the seal of a tax service body.

7. One copy of the act of a tax audit is given to a taxpayer (tax agent). The receipt of the act of a tax audit is obligatorily marked by a taxpayer (tax agent) to certify the receipt.

**Article 541. Decision on the results of a tax audit**

1. Upon the completion of a tax audit, based on the results reflected in the act of a tax audit, a tax service body draws up a notice about the assessed amounts of taxes and other mandatory payments to the budget, penalties and fines, which is sent to a taxpayer (tax agent) within the terms set according to Article 31 of this Code.

2. Registration of a notice about the assessed amounts of taxes, other mandatory payments to the budget, penalties and fines and the act of a tax audit is made by a tax service body under one number except the case stipulated for in point 5 of this Article.

3. A notice about the assessed taxes and other mandatory payments to the budget, penalties and fines and the act of a tax audit should contain the following requisites and data;

- 1) date and number of registration of the notice and the act of a tax audit;
- 2) surname, name and patronymic name of full name of the taxpayer;
- 3) taxpayer registration number;
- 4) the amount of assessed taxes and other mandatory payments to the budget, penalties and fines;
- 5) payment requirement and terms of payment;
- 6) requisites of relevant taxes and other mandatory payments to the budget, penalties and fines;
- 7) terms and place for filing an appeal;

4. The taxpayer that received a notice about the assessed taxes and other mandatory payments to the budget, penalties and fines, must meet it within the terms set in the notice, if the taxpayer did not appeal the results of a tax audit.

5. In case when upon the completion of a tax audit violations of the tax legislation were not identified, the notice about the results of a tax audit is not given.

***CHAPTER 96. Body Control***

**Article 542. Notion of Body Control**

1. Body control is control carried out directly by a tax body on the basis of examination and analysis of tax accounts and other documents submitted by a taxpayer.

2. Body control is carried out directly in the place of location of a tax body.

**Article 543. Body Control Results**

In case of finding out mistakes in tax accounts by a tax body, revealing contradictions in the data of tax accounts and also exceeding conditions stipulated for small business entities a notice is sent to a taxpayer according to Article 31 of this Code for independent elimination of the mistakes made and also about the shift to the generally procedure of taxation.

## ***CHAPTER 97. Monitoring***

### **Article 544. Concept of Taxpayer Monitoring**

1. Taxpayer monitoring is carried out by applying a system of observations of financial economic activity of taxpayers in order to determine their actual taxable base and conducting the analysis of the soundness of forming cost price of goods (works, services), complying with financial, currency legislation of the republic of Kazakhstan and used market prices.
2. Electronic monitoring is a type of monitoring set in point 1 of this Article with the submission of information in the electronic document form certified by an electronic signature.
3. Monitoring of taxpayers is carried out at the republican and regional levels.

### **Article 545. Taxpayers Subject to Monitoring**

1. The list of taxpayers that are subject to monitoring at the republican level is established by the Government of the Republic of Kazakhstan.
2. The list of taxpayers that are subject to monitoring at the regional level is established by the Responsible State Body.
3. Taxpayers subject to monitoring submit tax accounts in the order set by an authorized state body.

## ***CHAPTER 98. Use Of Cash Registers With Fiscal Memory***

### **Article 546. Use of Cash Registers with Fiscal Memory**

1. On the territory of the Republic of Kazakhstan the settlement of monetary accounts with customers carried out in the course of trade operations or rendering services in cash, bank payment cards or checks is effected with obligatory use of cash registers with fiscal memory and issuance of a control check to the customer.

The provision of this point is not applied to money settlements of:

- 1) individual entrepreneurs (except realizing excisable goods):  
carrying out activity on the basis of one-time coupon or patent within the framework of a special tax regime for small business entities;  
if 6 months did not expire from the moment of the state registration of the taxpayer as an individual entrepreneur;  
carrying out activity under special tax regime for peasant farms;
  - 2) taxpayers:  
carrying out activity under a special tax regime established by Articles 391 – 397 of this Code;  
in the part of providing services to the population with issuance of receipts, tickets, coupons, signs of mail payment and other equalled to checks of strict documentation in the forms approved by the Ministry of Finance of the Republic of Kazakhstan.
2. The procedure of using cash registers with fiscal memory is established by the Government of the Republic of Kazakhstan.

3. Cash registers with fiscal memory are electronic devices with a fiscal memory unit and (or) computer systems for banks, which are used for registration of settlement of accounts with customers in the trade of goods and rendering services and provide unmanipulatable shift-on-shift recording and autonomously powered long-term storage of information. An authorized state body approves the State register of cash registers with fiscal memory permitted for the use in the Republic of Kazakhstan.

4. In case a cash register with fiscal memory is not in working condition or the power is off checks may be used and issued to a customer under the procedure stipulated for in by sub-point 2) of point 1 of this Article.

**Article 547. Requirements to the use of Cash registers with Fiscal Memory**

When using cash registers with fiscal memory the following requirements are presented:

- 1) prior to an activity a cash register with fiscal memory is registered in a tax body at the place of carrying out an activity;
- 2) cash registers with fiscal memory are registered for technical service;
- 3) the issuance of checks generated by the cash register with fiscal memory is carried out;
- 4) access to the cash registers with fiscal memory to an official of a tax service body is provided.

**Article 548. Tax Control over the procedure of applying and using cash registers with fiscal memory**

Tax bodies:

- 1) exercise control over the compliance with the procedure of application and use of cash registers with fiscal memory;
- 2) use data stored in fiscal memory blocks of cash registers with fiscal memory for conducting tax audits of the fulfilment of a taxpayer of obligation to pay taxes and other mandatory payments to the budget.

***CHAPTER 99. Control Over Excisable Goods, Over Observance Of Procedures of Registration, Storage, Evaluation And Sale Of The Property transferred to the ownership of The Government, Control over Authorized Bodies***

**Article 549. Control over excisable goods**

1. Goods specified in sub-points 1)-4) of Article 257 of this Code, with the exception of beer, are subject to marking with excise duty stamps and accounting control stamps under the procedure and conditions established by the Government of the Republic of Kazakhstan.

2. Producers and importers of excisable goods are responsible for marking excisable goods specified in point 1 of this Article with excise duty stamps and accounting control stamps.

3. A tax body exercises control over the abidance by producers of excisable goods by the rules of marking certain types of excisable goods under the procedure established by an authorized state body.

4. A tax body establishes excise duty control bodies on the territory of a taxpayer producing excisable goods under the procedure established by an authorized state body.

**Article 550. Control over compliance with the procedures of registering, storing, evaluating and selling the property transferred to the ownership of the government**

1. A tax body exercises control over compliance with the procedures of registration, storage, evaluation and disposal of the property transferred to the ownership of the government, as well as over the full and timely transfer to the budget of money received from its sale.

2. The procedures of registration, storage, evaluation and sale of the property transferred to the ownership of the government are established by the Government of the Republic of Kazakhstan.

**Article 551. Control over authorized bodies**

Tax service bodies exercise control over authorized bodies on the issues of the right way of calculation, full collection and timely transfer of other mandatory payments to the budget.

## **SECTION 18. APPEAL OF TAX AUDIT RESULTS AND ACTIONS**

### ***CHAPTER 100. Procedure of Filing Appeals Against Tax Audit Results***

#### **Article 552. Bodies Considering Taxpayer Complaints related to Tax audit results**

1. In accordance with provisions of this Code consideration of taxpayer complaints on the notice about the act of a tax audit is carried out by a tax body of a higher rank.
2. Taxpayer has the right to appeal to court:
  - 1) the notice about the act of a tax audit on the amounts of taxes, penalties and fines calculated;
  - 2) the notice about the act of a tax audit with respect to action (inaction) of officials of tax service bodies.

#### **Article 553. Procedure of appealing by a taxpayer**

1. A complaint on the notice about the act of a tax audit is submitted to a higher rank tax body within ten working days from the moment of issuance of the notice to a taxpayer.
2. A copy of complaint must be sent to the tax body that conducted a tax audit.
3. Taxpayer's complaint submitted in the set order is subject to registration in a tax body on the day of its receipt.
4. Taxpayer having submitted a complaint to a higher rank tax body can recall it on the basis of a written application prior to the moment of decision on this complaint was made. Complaint recall of a taxpayer does not deprive it from the right to file a complaint again if the terms set by point 1 of this Article are met.

#### **Article 554. Form and Content of a Taxpayer Appeal**

1. A taxpayer appeal is submitted in writing.
2. The appeal must include ---
  - 1) date of filing a taxpayer appeal;
  - 2) name of a higher rank tax body to which an appeal is submitted;
  - 3) surname, name and patronymic name or full name of the person filing an appeal, its place of residence (location) and bank requisites;
  - 4) taxpayer registration number;
  - 5) name of the tax body that conducted tax audit;
  - 6) circumstances on which the person filing an appeal bases its demands and evidence confirming these circumstances;
  - 7) a list of attached documents;
3. Other data significant for a court to solve a dispute can be indicated in an appeal.
4. An appeal is signed by a taxpayer - appellant.
5. An appeal has the following attachments ---
  - 1) copies of the act and the notice;
  - 2) documents confirming the circumstances on the basis of which the appellant grounds its demands;
  - 3) other documents related to the case.

**Article 555. Consideration of a taxpayer appeal**

1. According to a taxpayer appeal a grounded decision is made within the term not later than 15 working days from the moment of registration of the appeal in a tax body.
2. On the results of considering a taxpayer appeal against the notice about the act of a tax audit a higher rank tax body makes one of the following decisions:
  - 1) to leave the appealed notice about the act of a tax audit unchanged and decline the appeal
  - 2) to cancel the appealed notice about the act of a tax audit in full or in part.

**Article 556. Content of the decision of a higher rank tax body**

Decision of a higher rank tax body on the results of consideration of an appeal must include ---

- 1) place and date of making the decision;
- 2) name of tax body considering taxpayer appeal;
- 3) surname, name and patronymic name or full name of a taxpayer filing an appeal;
- 4) summary of the appealed notice about the act of a tax audit;
- 5) the substance of an appeal;
- 6) grounds with the reference to provisions of the tax legislation which was complied with when making a decision about the appeal.

**Article 557. Results of Filing an Appeal to a higher rank tax body**

1. Filing a taxpayer appeal to a higher rank tax body suspends the fulfilment of the appealed notice about the act of a tax audit.
2. Fulfilment of the notice about the act of a tax audit is suspended till submitting a written decision of a higher rank tax body.
3. In case of cancellation of the notice about the act of a tax audit the act of a tax audit is also cancelled.

**Article 558. Reconsideration of Decision in an authorized state body**

1. According to provisions stipulated for in this Code reconsideration of the decision about the results of appeal consideration is carried out by an authorized state body.
2. Any interference with the activity of an authorized state body when fulfilling its duties on appeal consideration.
3. Decisions of an authorized body made on the basis and in the order set by this Code are mandatory for tax bodies.

**Article 559. Procedure and Terms for Appeal to an Authorized State Body**

1. The appeal to an authorized state body is filed within 5 working days from the moment of receiving by a taxpayer decision about the results of appeal consideration or the absence of the decision of a higher rank tax body after the term indicated in point 1 of Article 555 of this Code has expired.
2. In case of missing the term set in point 1 of this Article on a grounded excuse this term can be restored by an authorized state body by the request of the taxpayer filing an appeal.

3. Filing of an appeal to an authorized state body is carried in the order stipulated for in Article 553 of this Code taking into account the provisions of this Article.
4. A copy of an appeal must be sent by a taxpayer to a higher rank tax body considering the taxpayer's appeal.

**Article 560. Form and content of considering an appeal filed to an authorized state body**

1. An appeal filed to an authorized state body must have the form and content meeting the requirements set in Article 554 of this Code.
2. An appeal filed to an authorized state body must have an attachment of a copy of the decision of a higher rank tax body considering a taxpayer's appeal.

**Article 561. Procedure of considering an appeal filed to an authorized state body**

1. An appeal filed to an authorized state body submitted in the order set by this Code is considered by an authorized state body within the term not later than fifteen working days from the day of its registration except cases stipulated in point 2 of Article 564 of this Code.
2. After the completion of considering the case in substance an authorized state body makes a grounded decision in the written form and sends or gives it to a taxpayer-appeler and also sends its copy to a tax body considering the taxpayer's appeal.

**Article 562. Making Decision on an Appeal Filed to an Authorized State Body**

According to the results of consideration of an appeal an authorized state body has the right:

- 1) decline the appeal;
- 2) annul the appealed decision of a tax body;
- 3) change the decision or make a new one.

**Article 563. Content of the decision of an authorized state body**

The decision of an authorized state body must contain:

- 1) place and date of making the decision;
- 2) surname, name, patronymic name or full name of the taxpayer filing an appeal;
- 3) summary content of the appealed decision of a higher rank tax body;
- 4) the substance of an appeal;
- 5) grounds and conclusion with the reference to norms of the tax legislation.

**Article 564. Results of Filing an Appeal to an Authorized State Body**

1. Filing of an appeal to an authorized state body suspends the fulfilment of the appealed notice about the act of a tax audit till a written decision is made.
2. In case stipulated fro in sub-point 3) of Article 562 of this Code an additional tax audit is carried out within fifteen working says from the day of cancellation of the appealed notice about the act of a tax audit and decision about the assignment of an additional audit and in this respect the term of considering an appeal is suspended for the period of conducting an additional audit.
3. An additional tax audit specified in point 2 of this Article is conducted directly by an authorized state body.

4. In case of cancellation the notice about the act of a tax audit the act of a tax audit is also cancelled.

**Article 565. Results of filing an appeal to court**

Filing an appeal to court suspends the fulfilment of the appealed notice about the act of a tax audit.

***CHAPTER 101. Procedure of Appealing Against the Actions (Inaction) of Officials of Tax service Bodies***

**Article 566. Right to Appeal**

Every taxpayer has the right to file an appeal against actions (inaction) of officials of tax service bodies to a higher rank tax body or to court.

**Article 567. Procedure of Appeal**

Actions (inaction) of officials of tax service bodies are appealed against in the order stipulated for by the legislative acts of the Republic of Kazakhstan.

**Article 568. Responsibility of officials of tax service bodies for violation of the tax legislation**

Officials of tax service bodies offending the tax legislation are responsible in the order established by the legislative acts of the Republic of Kazakhstan.

**President of  
the Republic of Kazakhstan**

**N. Nazarbayev**

**Astana, June 12, 2001  
№ 209-II 3RK**