

Annex III

Law of the Republic of Kazakhstan "On Amendments and Addenda to Legislative Acts of the Republic of Kazakhstan on Taxation" No. 11-III ZRK of 13 December, 2004,

Article 1. To amend and add the following legislative acts of the Republic of Kazakhstan:

1. *Civil Procedural Code of the Republic of Kazakhstan* as of 13 July 1999 (Gazette of the Parliament of the Republic of Kazakhstan, 1999, No. 18, p. 644; 2000, No. 3-4, p. 66; No. 10, p. 244; 2001, No. 8, p. 52; No.15-16, p. 239; No. 21-22, p. 281; No. 24, p. 338; 2002, No. 17, p. 155; 2003, No. 10, p. 49; No. 14, p. 109; No. 15, p. 138; 2004, No. 5, p. 25; No. 17, p. 97):

1) to eliminate part two of article 104;

2) to eliminate article 105.

2. *Administrative Violations Code of the Republic of Kazakhstan* as of 30 January 2001 (Gazette of the Parliament of the Republic of Kazakhstan, 2001, No. 5-6, p. 24; No. 17-18, p. 241; No. 21-22, p. 281; 2002, No. 4, p. 33; No. 17, p. 155; 2003, No. 1-2, p. 3; No. 4, p. 25; No. 5, p. 30; No. 11, p. 56, 64, 68; No. 14, p. 109; No. 15, p. 122, 139; No. 18, p. 142; No. 21-22, p. 160; No. 23, p. 171; 2004, No. 6, p. 42; No. 10, p. 55; No. 15, p. 86; No. 17, p. 97):

1) replace words "amounts of penalties specified in part three of the present article" with words "or less than fixed amounts of penalties specified in part three of the present article" in part four of article 48;

2) part two of article 69 to reword as follows:

"2. A natural person shall not be held administratively responsible for an administrative corruption violation as well as for a violation of law in taxation after one year since the date of it's commission; a juridical person (including private entrepreneurs) shall not be held administratively responsible for an administrative corruption violation after three years since the date of commission and for a violation of law in taxation, after five years since the date of it's commission.";

3) article 88 to reword as follows:

"Article 88. Violation of pension law of the Republic of Kazakhstan

1. Failure to implement duties on timely pension payments, transactions and withdrawals by pension accumulation funds as stipulated in the pension legislation of the Republic of Kazakhstan -

shall entail a penalty in the amount of up to twenty monthly calculation indices for officials and in the amount of up to fifty monthly calculation indices for juridical persons.

2. Failure to implement duties on payment of pensions in full amount and in fixed time by Pension Payment Center's officials, as stipulated in the pension laws of the Republic of Kazakhstan -

shall entail a penalty in the amount of up to twenty monthly calculation indices.

3. Failure to implement or improper execution by natural person, individual entrepreneur, private notary, lawyer, juridical person or officials, of the duties stipulated in the pension

legislation of the Republic of Kazakhstan, committed in the way of :

- failure to submit to the tax authority the list of pension accumulation funds' depositors for benefit of which the debts on pension deposits liabilities shall be recovered;
- failure to submit to the tax authority the list of pension accumulation funds with indication of the total amount of debt for each pension accumulation fund;
- failure to submit to the tax authority estimates on calculated, deducted (charged) and transferred amounts of compulsory pension deposits in time determined by the pension legislation of the Republic of Kazakhstan;
- failure to keep primary accounting of calculated, deducted (charged) and transferred amounts of compulsory pension deposits per employee in accordance with the procedure established by the legislation of the Republic of Kazakhstan;
- failure to provide depositors with information on calculated, deducted (charged) and transferred amounts of compulsory pension deposits in terms determined by the pension legislation of the Republic of Kazakhstan;
- untimely and (or) incomplete calculation, deduction (charging) and (or) payment (transfer) of compulsory pension deposits to the pension accumulation funds, -

shall entail penalty in the amount from ten to twenty monthly calculation indices for a natural person, in the amount from twenty to forty monthly calculation indices for private entrepreneurs, private notaries, lawyers, and officials, and from one hundred to two hundred monthly calculation indices for juridical persons.

4. If the actions specified in part three of this article were repeated within one year since the previous administrative penalty,

they shall entail a penalty in the amount from twenty to forty monthly calculation indices for a natural person, from forty to eighty monthly calculation indices, for private entrepreneurs, private notaries, lawyers, and officials, and from two hundred to four hundred monthly calculation indices, for juridical persons.";

4) the second paragraph of article 205-1 to reword as follows:

"shall entail a penalty in the amount from twenty to forty monthly calculation indices for a natural person and individual entrepreneurs, and from forty to sixty monthly calculation indices, for juridical persons.";

5) parts one - three of article 206 to reword as follows:

"1. Failure to submit tax reporting to the tax authority by a taxpayer in term determined by the legislative acts of the Republic of Kazakhstan, except for the case stipulated in the part three of this article, -

shall entail a penalty in the amount from ten to twenty monthly calculation indices for a natural person, from forty to fifty monthly calculation indices, for individual entrepreneurs and officials, and from sixty to eighty monthly calculation indices, for juridical persons.

2. Failure to submit tax reporting to the tax authority by a taxpayer within ninety days since the term of submission of such reporting, determined by the legislative acts of the Republic of Kazakhstan –

shall entail a penalty in the amount from twenty to forty monthly calculation indices for a natural persons, from fifty to seventy monthly calculation indices, for individual entrepreneurs and officials, and from eighty to one hundred monthly calculation indices, for juridical persons.

3. Failure to submit in term determined by the authorized state body, or refusal by a taxpayer to submit documents (including the electronic version) as well as tax reporting on electronic monitoring, necessary for taxpayers monitoring –

shall entail a penalty in the amount from twenty to fifty monthly calculation indices for individual entrepreneurs and officers, and from two hundred to five hundred monthly calculation indices, for juridical persons.";

6) article 207:

to replace words "fifty percent of the cost of concealed asset" with words "one hundred and fifty percent of the amount of taxes and other compulsory payments to be paid for the concealed asset" in the second paragraph of part one;

to replace words "one hundred percent of the cost of concealed assets" with words "two hundred percent of the amount of taxes and other compulsory payments to be paid for the concealed assets" in the second paragraph of part two;

7) to replace "of charged" with "of calculated" in part four of article 209;

8) article 358 to reword as follows:

"Article 358. Failure to implement duties determined in the tax legislation, by local executive authorities and other authorized bodies.

1. Failure to transfer, untimely or incomplete transfer of the due tax amounts and other compulsory payments to the budget, according to the tax legislation, by specified herein local executive authorities or authorized bodies, -

shall entail penalties in the amount from twenty to forty monthly calculation indices for officials.

2. Failure to submit, untimely, unreliable or incomplete submission, by local executive authorities and other authorized bodies, of the information determined by the tax legislation for the submission to tax authorities, -

shall entail a penalty in the amount from twenty to forty monthly calculation indices for officials.

3. Failure to issue and (or) issue of one-time tax certificates on the cost below the one, fixed by the local executive authorities or authorized bodies, as well as violation of the tax legislation requirements for organization of the work on issuing one-time tax certificates, -

shall entail a penalty in the amount from twenty to forty monthly calculation indices for officials.

4. If the actions, specified in parts one, two and three of this article, were repeated within one year since the previous administrative penalty, -

they shall entail a penalty in the amount from fifty to seventy monthly calculation indices for officials.";

9) to replace words "part three" with words "parts three, four" in part one of article 570;

10) to insert words ", and on cases related to the execution of a tax liability, for the period of appeal" in part two of article 647;

11) to insert words ", and upon resolution on imposition of administrative penalty for a tax violation, within five years since it entered into force" in part one of article 703;

12) to insert the second paragraph to part two of article 709 as follows:

"The resolution on enforced recovery of penalty for tax administrative violation shall be sent by the court to the tax authority, that made up the protocol on administrative violation and (or) imposed an administrative penalty, in order to recover the amount of penalty in accordance with the procedure established by the tax legislation of the Republic of Kazakhstan."

3. Code of the Republic of Kazakhstan "On Taxes and Other Compulsory Payments to the Budget" (Tax Code) as of 12 June 2001 (Gazette of the Parliament of the Republic of Kazakhstan, 2001, No. 11-12, p. 168; 2002, No. 6, p. 73, 75; No. 19-20, p. 171; 2003, No. 1-2, p. 6; No. 4, p. 25; No. 11, p. 56; No. 15, p. 133, 139; No. 21-22, p. 160; No. 24, p. 178; 2004, No. 5, p. 30; No. 14, p. 82; No. 20, p. 116):

1) replace words "by the participants, founders", "of the participants, founders" with the words "by the founders, participants", "of the founders, participants" correspondingly;

2) paragraph 1 of article 10:

in subparagraph (6) after words "payment on equity issues" to insert words "income, subject to payment on shares of unit investment fund, except for the income on shares when they were bought out by the fund managing company;"; after words "to the charter capital" insert words ", except for the property allocated by the resident juridical person among its founders, participants, and aimed to increase the charter capital with keeping the share of each founder, participant";

to insert the second paragraph as follows:

"dividends do not include the income aimed to increase the charter capital of the resident juridical person upon distribution of net income with keeping the share of each founder, participant;";

to insert words "and unit investment trusts" in subparagraph (9);

to insert subparagraph (28-1) as follows:

"28-1) sponsored assistance is a property granted for free with the purpose to distribute information about the person who renders such an assistance to:

- natural persons in form of financial (other than social) support of participation in competitions, contests, exhibitions, and parades as well as development of creative, scientific, scientific technical, invention activities, and enhancing level of education and sports skills;

- non-profit organizations for the implementation of their stated objectives;";

3) to insert words "discontinuance of business activity by an individual entrepreneur" after the words "in the view of" in subparagraph 6) of paragraph 1 of article 12;

4) to insert the second paragraph to subparagraph 9) of paragraph 1 of article 16 as follows:

"information specified in this subparagraph related to an inactive juridical person shall be inquired, regardless of any tax inspection of such an entity, in accordance with the procedure established by the authorized state body upon coordination with the authorized body on regulation and supervision of financial market and financial organizations;";

5) to replace words "article 39" with words "articles 39 and 252" in paragraph 6 of article 29;

6) paragraph 2 of article 31:

to replace words ", fines and penalties " with words "and fine" in subparagraphs 2) and 8);

to eliminate words "and in paragraph 1 of article 48" in subparagraph 4);

to insert words "the beginning" after the words "days before" in subparagraph 5);

to replace word "five" with the word "ten" in subparagraph 6);

7) article 32:

in paragraph 2 to replace words ", fines and penalties" with the words "and fine"; to replace word "ten" with the word "fifteen";

in paragraph 3 to replace words ", fines and penalties " with " and fine ";

8) article 33 to reword as follows:

"Article 33. Procedure on Tax Debts Repayment

Tax debt shall be repaid in accordance with the following order:

- 1) charged fines;

- 2) tax arrears amount;
- 3) penalties amount.";

9) article 38:

to insert words "of excess profit tax, as well as" after the words "charged amount" in paragraph 1-1;

to replace words "internal rate of return (IRR) indices and R-factor (profitability index) shall be used" with words "one of the following indices shall be used: internal rate of return (IRR) or R-factor (profitability index)";

insert paragraph 1-2 as follows:

"1-2. If a taxpayer submits additional tax reporting for the period on which limitation period, determined in paragraph 1 of this article, expires within less than one calendar year, the said limitation period shall be extended for one more calendar year in relation to charging and (or) revision of the charged amount of taxes and other compulsory payments to the budget.";

paragraph 2 to reword as follows:

"2. A taxpayer has a right to demand offset of the overpaid tax amounts and other compulsory payments to the budget within five years after the end of the tax period and (or) within five years after the completion of a duration of a contract on use of subsurface resources concerning taxes specified in paragraph 1-1 of this article.";

10) article 39:

paragraph 2 to reword forth as follows:

"2. The amount of overpaid tax must be set off on the account of tax debts recovery:

1) without the taxpayers application on the account of the fine and penalties on this type of tax;

2) upon the taxpayer's application within ten working days since the date of application submission in the following order:

- 1) on the account of repayment of fine and penalties on other types of taxes;
- 2) on the account of repayment of arrears on other types of taxes;
- 3) on the account of this and other types of taxes to be paid.";

to replace words "2-multiple" with "2.5-multiple" in paragraph 3-1;

11) to replace words "2-multiple " with "2.5-multiple " in paragraph 3 of article 40;

12) to insert part two to article 45 as follows:

"The methods of ensuring execution of defaulted tax liability, specified in subparagraphs 2) and 3) of this article, shall be applied when sending a notification to the taxpayer in time determined by article 31 of the present Code.";

13) to replace words "2-multiple" with "2.5-multiple " in paragraph 3 of article 46;

14) article 47:

to eliminate words "shall be made with notification of the taxpayer in terms determined by article 31 of the present Code" from part two of paragraph 1;

to replace words ", fines and penalties" with words "and fines" in paragraph 5;

15) article 48:

to eliminate the second sentence of part one of paragraph 1;

part two of paragraph 2 to reword as follows:

"When making a resolution on limitation of disposal of a taxpayer's property, transferred to financial leasing and (or) mortgage, the tax authorities shall be prohibited from seizure of the property until expiration of the contract, and the taxpayer shall be prohibited from changing

provisions of such a contract (extension of the contract duration, subleasing and (or) mortgage again) since the moment when the tax body makes the resolution on this property and until the cancellation of the resolution.";

to insert part three to paragraph 4 as follows:

"When making the inventory of property, the taxpayer must provide copies of documents, attested by a notary, acknowledging the ownership and (or) right of operative management of such property.";

16) second sentence of the first paragraph of article 49 to reword as follows:

"Before enforcing a penalty the taxpayer shall be notified in accordance with article 31 of this Code.";

17) article 50:

to insert words ", except for the amount of money to be the security of bank loans, in the amount of the outstanding principal of the specified loan" to paragraph 2;

paragraph 7 to reword as follows:

"7. In case of absence or insufficient amount of money on the bank account(s) of the taxpayer, when the client has been charged several claims, the bank shall collect the client's money to recover the tax debt according to receipts of money on such account(s) and in the priority order determined by the Civil Code of the Republic of Kazakhstan.";

18) article 51:

to insert words "or insufficiency" after "absence" in paragraph 1;

to eliminate part two from paragraph 2;

19) article 52:

paragraph 1 to reword as follows:

"1 In case of absence or insufficient amount of money in cash and on the bank account(s) of the taxpayer, the tax authority has the right to collect money, within the amount of the tax debt, from the bank accounts of third parties having the debt owed to the taxpayer (hereinafter - the debtors).";

to insert paragraphs 1-1 – 1-4 as follows:

"1-1. Within ten working days since the date of receipt of a notification on taking measures of enforced collection of tax debts, the taxpayer must provide the tax authority, that sent the notification, with the list of debtors and specify the amounts of debts receivable.

If the taxpayer fails to submit the list of debtors within the term specified herein, the tax authority shall make a tax inspection of the taxpayer.

1-2. On the basis of the provided list of debtors or a tax inspection report, confirming the amount of accounts receivable, the tax authority shall notify the debtors on collection of money from their bank accounts to cover the tax debts of the taxpayer within the amounts of accounts receivable.

Within ten working days since the date of receipt of the notification, with the exception of the case stipulated by this article, the debtor must provide the tax authority, that sent the notification, with the mutual settlements verification document made jointly with the taxpayer as of the date of the receipt of the notification.

If the debtor fails to submit the mutual settlements verification document within the term specified in this paragraph, the tax authority shall make a tax inspection of the specified debtors.

1-3. Debtors may be exempted from submission of a mutual settlements verification document, provided that they have the tax inspection report supporting the amount of debts receivable and the notification on collection of money from the debtors bank accounts.

1-4. In case of repayment of the tax debt by the taxpayer, the list of debtors or the mutual settlements verification document is not submitted.";

to insert words "or a tax inspection report supporting the amount of debts receivable" after the words "mutual settlements" in paragraph 3;

20) to insert words "or insufficiency" after the word "absence" in paragraph 1 of article 53;

21) to replace words "Law of the Republic of Kazakhstan "On Budget System" with words "Budget Code of the Republic of Kazakhstan" in paragraph 3 of article 59;

22) to insert paragraph 4-1 to article 60 as follows:

"4-1. Rent tax for exported crude oil, condensed gas.";

23) to insert paragraph 3-1 to article 61 as follows:

" 3-1. Commission for the state registration of the pledge of movable property.";

24) article 67:

paragraph 2 to reword forth as follows:

"2. Taxpayers shall keep separate accounting based on the book-keeping data, taking into account the peculiarities specified in this Code. Separate accounting shall be kept for each type of activity, until otherwise stipulated in this article.";

to insert paragraph 2-1 as follows:

"2-1. Subsurface user must keep separate accounting for the calculation of tax liabilities on contract activity, until otherwise stipulated in the contract on subsurface use.";

25) in article 68:

to insert words "taking into account the provisions of article 67 of the present Code" to paragraph 1;

in paragraph 2:

to eliminate the third paragraph;

to replace words "for obtaining accounting registration cards" with the words "on registration and re-registration" in the fifth paragraph;

26) in article 69:

to insert parts two and three to paragraph 1 as follows:

"Taxpayers carrying out the types of activities, for which the present Code provides different taxation schemes, shall make tax reporting separately for each type of activity.

Subsurface users subject for necessity to keep separate taxation accounting, shall make tax reporting separately for the contract activity and for the activity made beyond the contract framework, until otherwise is stipulated in the contract on subsurface use.";

To replace words "of tax authorities" with the words "the authorized state body" in paragraph 2;

to insert words "(juridical person)" after the word "Taxpayer" in part one of paragraph 7;

to insert paragraph 7-1 as follows:

"7-1. An individual entrepreneur, within three days since the day of making the decision on the discontinuance of entrepreneurial activity, shall notify in writing the tax authority.

During one month from the day of making decision on discontinuance of the entrepreneurial activity an individual entrepreneur shall submit to the tax authority the tax reporting, made for the time since the beginning of the tax period and to the date of discontinuance of the entrepreneurial activity.

Along with the tax reporting specified in this paragraph, an individual entrepreneur shall submit an application on making a documents examination in connection with the discontinuance of the entrepreneurial activity.";

To insert paragraph 11 as follows:

"11. Taxpayers with separate taxation scheme shall submit tax reporting separately for each type of activity, and the subsurface users, for each contract on subsurface use, until otherwise is

stipulated in this Code and (or) contract on subsurface use.";

27) paragraph 1 of article 74 to reword as follows:

"1. Transfer of a property by a leasing contract made in accordance with the legislation of the Republic of Kazakhstan for a period over three years shall be qualified as financial leasing, if it meets one of the following criteria:

1) the leasing contract determines the transfer of the property to the ownership of the lessee and (or) the transfer of the right to purchase the property at a fixed price;

2) the financial leasing term exceeds seventy five percent of the period of the useful service life of the property transferred on financial leasing;

3) the current (discounted) value of leasing payments for the entire period of the financial leasing exceeds ninety percent of the value of the property transferred on financial leasing.

The value of the property transferred (received) on financial leasing (on leasing) shall be determined at the moment of leasing agreement conclusion.

The property, transferred on financial leasing, includes the objects of leasing to be received by the lessee as a fixed assets in case of internal leasing, as well as by the lessee or sub-lessee in case of international leasing.";

28) to insert words ", except for the owners of unit investment trust shares" to article 75;

29) in article 76:

to eliminate words "which were the result of force-major circumstances" from paragraph 1; to insert words "in accordance with the procedure determined by the authorized state body upon coordination with the authorized state body of the Republic of Kazakhstan, carrying out elaboration and implementation of the state tax budget policy";

to replace words "with offset" with words "without offset" in paragraph 4;

30) to insert subparagraph 15-1) to paragraph 2 of article 80 as follows:

"15-1) income generated from distribution of the net income and directed to the increase of the charter capital of a resident juridical person with keeping the share of each founder, participant;"

31) in article 82:

to replace words "paragraphs 3 and 4" with words "paragraphs 3-5" in part one of the paragraph 2;

in paragraph 4:

to insert words "and contribution" after the word "securities" in the first paragraph;

to insert words "and contribution" after the word "securities" in the second paragraph;

to insert word "(deposit)" after "acquisition cost";

to insert paragraph 5 as follows:

"5. Upon selling assets specified in subparagraphs 7) and 8) of paragraph 1 of this article, the capital gains shall be defined in the amount of the cost of disposal.";

32) to insert words ", including the liabilities not demanded by the creditor at the moment of approving the liquidation balance during the taxpayer liquidation" to subparagraph 1) of paragraph 1 of article 83;

33) to insert article 87-1 as follows:

"Article 87-1. Incomes from the adjustment of the expenses on geological exploration and preparation for extraction of mineral resources as well as other expenses of subsurface users.

If the level of income, adjusting in accordance with the article 101 of this Code expenses which form a separate group, exceeds the amount of the latter as of the beginning of the tax

period with taking into account the expenses incurred during the tax period, the exceeding value shall be included into the aggregate annual income. The amount of such a group will be zero by the end of the tax year.";

34) to insert subparagraph 3) - 5) to paragraph 2 of article 90 as follows:

"3) the sum of compulsory, additional and emergency payments by banks to the organization ensuring the compulsory collective guaranteeing (insurance) of natural persons' contributions (deposits);

4) the sum of compulsory and emergency payments by insurance organizations to the Insurance Payments Guaranteeing Fund;

5) amounts of money received by the organization ensuring the compulsory collective guaranteeing (insurance) of natural persons' contributions (deposits) and by the Insurance Payments Guaranteeing Fund to meet their requirements on compensated contributions (deposits) and paid guarantee and compensation payments.";

35) to insert subparagraph 9) and 10) to paragraph 1 of article 91 as follows:

"9) investment returns, obtained by unit trusts and joint stock investment funds, in accordance with the legislation of the Republic of Kazakhstan on investment funds, on accounts in the custody and being on these accounts;

10) income obtained on distribution of net income and allocated to increase the charter capital of a resident juridical person with keeping the shares of each founder and participant.";

36) in article 93:

to replace word "two" with word "three" in subparagraph 3) of paragraph 1;

to replace "refreshment (buffet) service during negotiations" with words "food expenses during negotiations as well as expenses" in part one of paragraph 2;

37) article 98 to reword as follows:

"Article 98. Deductions of expenses on scientific research and scientific technical works.

Expenses on scientific research and scientific technical works, except for the expenses on purchase of capital assets, their installation and other capital expenses, shall be qualified as deductions. The design estimated documentation, certificate of implemented works and other documents supporting conducting such a scientific research and technical work, shall be the legal ground for allocating such expenses on deductions.";

38) to eliminate words "by insurance classes within the scope determined by the authorized body on regulation and supervision of insurance activity upon coordination with the Ministry of Finance of the Republic of Kazakhstan" from paragraph 1 of article 99;

39) paragraphs 1 and 2 of article 101 to reword as follows:

"1. Expenses on geological research, exploration and preparation works for extraction of mineral resources, made by the subsurface user before the beginning of extraction after commercial discovery in the period of evaluation and site arrangements; general administrative costs; the amounts of paid subscription bonus and commercial discovery bonus, including expenses on the purchase of capital assets and intangible assets as well as other expenses to be deducted in accordance with this Code, except for the expenses on sale of extracted mineral resources, shall make a separate group and shall be deducted from the aggregate annual income as amortization charges since the beginning of the extraction after the commercial discovery of mineral resources at rates defined by the subsurface user, but not exceeding the marginal amortization rate (25%).

For the purposes of the present article the extraction after commercial discovery means the beginning of industrial extraction of mineral resources after the approval of the mineral resources

deposits by the authorized body in the field of subsurface geological exploration, protection and use.

Such expenses made after creation of a separate group, shall be allocated on it's increase.

These expenses shall be adjusted by deduction of the amount of income obtained by the subsurface user from the activity carried out in framework of the contract concluded, in the period of geological exploration and preparation work for the industrial extraction of natural resources, including income from transferring a part of the right for the subsurface utilization, except for:

1) income obtained from sale of mineral resources;

2) income to be deducted from the aggregate annual income in accordance with the article 91 of this Code.

2. The procedure established in paragraph 1 of this article shall also be applied to expenses on purchase of intangible assets incurred by the taxpayer in connection with the acquisition of the subsurface use right.";

40) in article 104:

subparagraph 2) to reword as follows:

"2) expenses on construction and purchase of fixed assets, intangible assets, and other capital expenses incurred by the taxpayer with no connection to earning of the aggregate annual income;"

to insert subparagraph 8) as follows:

"8) the amount of additional payment paid by the subsurface user operating under a production sharing agreement.";

41) article 105 to reword as follows:

"Article 105. Fixed assets

Fixed assets are the capital assets and intangible assets registered in the taxpayer's balance sheet in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting as well as in accordance with the accounting standards, and which are used for earning the aggregate annual income, except for the capital assets and intangible assets put into operation by the subsurface user before the beginning of extraction after the commercial discovery, and which are registered for the taxation purposes in accordance with article 101 of the present Code.";

42) in article 106:

to insert words "in accordance with articles 92-103 of this Code" to paragraph 1;

to insert words "and (or) creation" after the word "purchase" in paragraph 4;

43) in article 107:

in paragraph 1:

to eliminate subparagraph 2);

to insert words ", and the cost of which is the subject for reference (referred) to deductions in accordance with articles 138-140 of this Code" to subparagraph 9);

to eliminate words "but not exceeding the limit" from part one of paragraph 2;

paragraph 3 to reword as follows:

"3. For buildings, constructions and facilities, for the purpose of accounting income and deductions on fixed assets, the accounting shall be kept separately for each object, and the cost of capital asset of the group I shall be equaled to the subgroup cost balance.";

44) article 108 to reword as follows:

"Article 108. Depreciation Groups and Subgroups Cost Balance Evaluation

1. In the beginning of a tax period the total amounts, called group cost balance, shall be

evaluated for each depreciation group.

Cost balance of the group I includes subgroups cost balances by each object of capital assets.

Groups II, III, IV and V cost balances include subgroups' cost balances separate for each tax period.

2. A subgroup cost balance at the end of a tax period shall be evaluated as follows:

1) by the cost balances of subgroups created in previous tax periods:

cost balance of a subgroup at the beginning of a tax period defined as the cost balance of a subgroup at the end of the previous tax period minus the amount of depreciation payments calculated in the previous tax period, as well as taking into account the corrections made according to paragraphs 1 and 2 of article 111 and paragraphs 2 and 4 of article 113 of this Code,

minus

fixed assets withdrawn during the tax period in accordance with the procedure determined in the article 109 of this Code;

2) by the cost balances of subgroups created during the tax period:

fixed assets incoming during the tax period in accordance with the procedure determined in accordance with the article 109 of this Code,

minus

fixed assets withdrawn in the tax period in accordance with the procedure determined in accordance with the article 109 of this Code.

3. The cost balances of subgroups as of 1 January 2006 (determined as cost balances of subgroups at the end of the previous tax period minus the amount of depreciation payments calculated in the previous tax period as well as with taking into account the corrections made in accordance with the tax legislation of the Republic of Kazakhstan, that was effective before 1 January 2006, shall be distributed by groups determined in article 110 of this Code.

Cost balances of subgroups determined as of 1 January 2006 and included into group V, shall be qualified as in-coming fixed assets in 2006.

Cost balances of groups II, III, and IV determined as of 1 January 2006 shall be registered separately from the cost balances of corresponding groups.";

45) paragraphs 1 and 2 of article 109 to reword as follows:

"1. In-coming fixed assets, upon purchase, receipt for free, and receipt as contribution to the charter capital, shall be accounted according to the cost, determined in accordance with the article 106 of this Code in the following order:

on group I - shall create a cost balance of the corresponding subgroup;

on groups II, III, IV and V - shall be included into the cost balance of the subgroup of the tax period in which incoming took place.

2. Withdrawn fixed assets shall reduce the cost balance of corresponding subgroups (on group I) or the cost balance of subgroups of corresponding tax periods (on groups II, III, IV and V):

- upon selling, transfer on financial leasing - at the cost of disposal;
- upon transfer as a contribution into the charter capital - at the cost defined in accordance with the article 106 of this Code;
- upon write-off, loss, liquidation, damage in cases of insurance of fixed assets - at the cost determined based on the amount of insurance payments paid by the insurance company to the insured in accordance with the insurance contract, in other cases - at the balance cost;
- upon transfer for free - at the balance cost.";

46) article 110 to reword as follows:

"Article 110. Fixed Assets Depreciation Rates.

Fixed assets subject to depreciation shall be distributed by groups with the following

depreciation rates:

Group No.	Fixed asset name	Depreciation rate (%)
I	Buildings, constructions, except for transfer utilities, oil and gas wells	8
II	Oil and gas wells, machinery and equipment, except for mining industry machinery and equipment as well as vehicles and transport equipment	20
III	Mining industry machinery and equipment, including mine dump trucks with the capacity 40 tons and more	25
IV	Office equipment and computers	50
V	Fixed assets, not included in other groups	15

47) paragraph 2 of article 111 to reword as follows:

"2. The value of the cost balance of the group I subgroup shall be deducted and becomes equal to zero if the cost balance of this subgroup at the end of tax period makes less than 10 percent of the initial cost.

Group II, III, IV and V subgroup cost balance shall be deducted if the cost balance of this subgroup at the end of tax period makes the amount less than 10 percent of the cost balance of such a subgroup at the end of the tax period, in which it was created, taking into account corrections made in the said tax period in accordance with paragraphs 2 and 4 of article 113 of this Code, but not earlier than the following term expires since the moment of creation:

Group No.	Fixed asset name	Maximal depreciation term (years)
II	Oil and gas wells, machinery and equipment, except for mining industry machinery and equipment, as well as vehicles and transport equipment	11
III	Mining industry machinery and equipment, including mine dump trucks with capacity 40 tons and more	9
IV	Office equipment and computers	4
V	Fixed assets, not included in other groups	15

48) to insert article 111-1 as follows:

"Article 111-1. Deductions for fixed assets excluded from groups cost balances

1. Cost balances of subgroups determined as of 1 January 2006 in accordance with the tax legislation of the Republic of Kazakhstan, being effective before 1 January 2006 and referred to groups II, III and IV shall be referred to deductions in equal parts during the following terms of time:

5 years for groups II and III;

2 years for group IV.

The deductible sum shall be determined as the subgroup cost balance at the end of a tax period divided by the number of years left before the expiration of the term specified herein.

2. The cost balance of specified subgroups at the end of a tax period shall be defined as

follows:

cost balance at the beginning of a tax period defined as the subgroup cost balance at the end of the previous tax period minus the deductible amount calculated in the previous tax period in accordance with the paragraph 1 of this article,

minus

fixed assets disposed in the tax period at the cost defined in accordance with the article 109 of this Code.";

49) article 113 to reword as follows:

"Article 113. Deductions on Repair Expenses

1. Deduction is admitted for each group on actual expenses, made by the taxpayer for the repair of capital assets, included into this group and (or) registered in the taxpayer's accounting balance sheet in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting, as well as with the accounting standards, provided that they are used for earning the aggregate annual income.

2. The sum of actual expenses for the repair of fixed assets is deducted within the following limits, defined based on the group cost balance at the end of the tax period increased by the value of the corresponding subgroup cost balance defined, in accordance with the article 111-1 of this Code, at the end of the tax period:

Group No.	Name of fixed assets	Maximal rate (%)
I	Buildings, constructions, except for transfer utilities, oil and gas wells	5
II	Oil and gas wells, machinery and equipment, except for mining industry machinery and equipment, vehicles and transport equipment	15
III	Mining industry machinery and equipment, including mine dump trucks with capacity 40 tons and more	15
IV	Office equipment and computers	5
V	Fixed assets, not included in other groups	10

Sum exceeding the specified maximal rate:

On group I:

if an asset included into the subgroup cost balance was actually disposed at the end of the tax period, it shall reduce the corresponding level of income from the capital gains or income from the excess cost of the disposed fixed asset over the subgroup cost balance, in proportion to the actual expenses and (or) it shall not increase the corresponding subgroup cost balance;

in other cases - it shall increase the corresponding subgroup cost balance in proportion to the actual expenses;

as for fixed assets not included into the cost balance of the group - it shall make or increase the cost balance of a separate subgroup;

on groups II, III, IV and V - it shall make or increase the cost balance of a subgroup in the tax period in which the repair was made.

3. Expenses on repair made on the account of subsidies received from the budget, shall not be referred to deductions and shall not increase the balance cost of a group.

4. The sum of actual expenses on repair of fixed assets commissioned in the framework of an investment project, the cost of which is deductible (referred to deductions) in accordance with articles 138-140 of this Code, shall be deducted in accordance with the procedure defined in paragraph 2 of this article.";

50) in article 115:

to insert words "returned upon cancellation of the insurance (reinsurance) contracts as well as in the amount of the insurance premiums" after the words "insurance premium sum" to part one of paragraph 1;

to insert words "and compulsory payments to the Insurance Payments Guaranteeing Fund";

to insert words "returned upon cancellation of the insurance (reinsurance) contracts as well as in the amount of the insurance premiums" after "insurance premium sum" to part two of paragraph 2;

51) in paragraph 1 of article 117:

to insert words "except for annuity insurance" after the word "(reinsurance)" in subparagraph 2);

to insert subparagraph 3) as follows:

"3) for annuity insurance - 1 percent of the insurance premiums to be received (received).";

52) paragraph 6 of article 119-1 to reword as follows:

"6. Until otherwise is stipulated by this paragraph, provisions of paragraph 4 of this article shall be applied during five years since the day of approval of putting into operation of the production units by state acceptance commissions.

Depending on the type of activity and amount of investments into fixed assets, the Government of the Republic of Kazakhstan may set other terms for application of the provisions of paragraph 4 of this article, but not exceeding ten years since the day of approval of putting into operation of the production units with complete technological cycle by state acceptance commissions.

The Government of the Republic of Kazakhstan shall determine the procedure on application of provisions of paragraph 4 of this article for a period exceeding five years.";

53) in article 120:

to insert words "and sponsored" after the word "charity" in paragraph 2;

to replace word "accepted" with "commonly accepted" in paragraph 5;

54) in article 122:

in paragraph 1:

to replace the word "two" with the word "three" in the first paragraph;

to insert subparagraph 2-1) as follows:

"2-1) sponsored assistance, if supported with the taxpayer's resolution on the basis of an application of the person receiving the assistance;";

to insert words "that was effective before 1 January 2006" after the word "Code" in paragraph 5;

55) to eliminate part three of paragraph 1 of article 124;

56) in article 130:

to replace word "of person" with the words "of a non-resident person, determined based on the resident's share in the charter capital of such a non-resident juridical person";

to insert part two to paragraph 2 as follows:

"The Government of the Republic of Kazakhstan shall determine the list of such countries.";

57) in paragraph 1-1 of article 131:

to insert words ",unit investment trusts and joint stock investment funds" after words "pension assets" in subparagraph 2);

to insert subparagraph 3) as follows:

"3) dividends for the shares of unit investment trusts and joint stock investment funds.";

58) in article 138:

to insert words "either exemption from the corporate income tax or" after the words "this is" in part two;

to eliminate words "purchased and";

to insert part three as follows:

"For the purpose of application of investment tax preferences, the fixed assets commissioned for the first time in the framework of an investment project, including reconstructed objects in the amount of actually incurred expenses on reconstruction, shall be qualified as newly commissioned/acquired assets.";

59) article 139 to reword as follows:

"Article 139. Procedure on Application of Tax Preferences

1. Investment tax preferences (hereinafter referred to as the preferences) shall be granted to taxpayers - juridical persons – carrying out implementation of an investment project.

2. Preferences shall be granted to taxpayers in accordance with the contract (a copy of which, attested by a notary, is submitted to the tax authority on place of the taxpayer registration) providing the date of beginning of preferences application within the following terms:

- since 1 January of the year next to the year of commissioning of fixed assets - for the taxpayers already operating at the date of a contract conclusion;
- since the day of commissioning of production units by state acceptance commissions for newly created taxpayers.

3. Corporate income tax preferences for newly created taxpayers, carrying out activity exclusively in the framework of investment project(s) establishing new productions, entitle them with the right to reduce by one hundred percent the corporate income tax calculated in accordance with article 125 of this Code.

4. Corporate income tax preferences for taxpayers implementing an investment project on enlargement and upgrading existing production units, and which do not comply with the conditions of paragraph 3 of this article, entitle them with the right to refer to deductions from the aggregate annual income the cost of fixed assets commissioned in the framework of the investment project, except for the fixed assets not subject to depreciation, specified in subparagraphs 1)- 8) of paragraph 1 of article 107 of this Code, by equal parts depending on the period of preferences validity.

5. The legislation of the Republic of Kazakhstan on investments shall determine the procedure and conditions for granting preferences.

6. For the purpose of this article the newly created taxpayers shall be recognized as taxpayers that were officially registered within the calendar year of the contract conclusion.

7. To apply the corporate income tax preferences specified in paragraph 4 herein, a taxpayer shall keep a separate account of the newly commissioned fixed assets and shall not include their cost into the cost balance of the subgroup.

8. Upon the expiration of the property tax and land tax preferences, a taxpayer shall pay the property tax in accordance with the procedure determined in articles 351-360, and the land tax, in accordance with the procedure determined in articles 323-344 of this Code.

9. Until otherwise provided by this paragraph, the corporate income tax preferences validity period shall not exceed five calendar years since the date specified in paragraph 2 of this article, and shall be defined individually for each case depending on the type of activity and level of investments into fixed assets.

Depending on the type of activity and level of investments into fixed assets, the Government of the Republic of Kazakhstan may set other validity periods for corporate income tax preferences, but not exceeding ten calendar years since the date specified in paragraph 2 of this article.

The property tax and land tax preferences validity periods shall be defined individually for each case depending on the type of activity and level of investments into fixed assets, but not exceeding five calendar years since the date specified in paragraph 2 of this article.";

60) to replace figure "5" with "9" in paragraph 1 of article 140;

61) to insert chapter 22-3 as follows:

"Chapter 22-3. Taxation of organizations selling goods of its own production, including certified goods, with high value added

Article 140-7. General Provisions

1. Until otherwise provided by this article, the organizations complying with all of the following conditions shall be qualified as organizations selling its own products with high value added:

1) incomes from sale of goods of their own production, the list of which is approved by the Government of the Republic of Kazakhstan, makes at least 90 percent.

Sale of construction objects shall not be qualified as sale of own products;

2) The share of value added in the income from sale of goods (services) makes at least 40 percent.

The amount of added value shall be determined as follows:

accrued income of employees for the tax period, except for material and social benefits,

plus

sum of amortization payments charged for the tax period in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting as well as accounting standards,

plus

amount of taxes calculated by the taxpayer according to tax declarations for the tax period, except for indirect taxes and on-payment detainable taxes,

plus (minus)

net income (loss) determined without accounting income (loss) from emergency situations in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting as well as accounting standards;

3) Tax load coefficient, determined as the amount of taxes calculated by the taxpayer for the tax period according to tax declarations, except for indirect and on-payment detainable taxes, divided by the amount of income from the sale of goods (works, services), makes at least 12 percent.

2. The following shall not be qualified as organizations selling own products with high value added:

- subsurface users;
- excisable goods manufacturers;
- organizations operating under special tax regimes;
- organizations carrying out activity in petrochemical industry and calculating its corporate income tax taking into account the provisions of article 119-1 of this Code;
- organizations operating in territories of special economic zones created for the purpose of technology development, and which calculate the corporate income tax taking into account the provisions of article 140-2 of this Code;
- organizations operating in the territory of special economic zone "Seaport Aktau" and calculating the corporate income tax, land tax and property tax in accordance with the provisions of article 140-5 of this Code.

Article 140-8. Tax Calculation

The organizations specified in article 140-7 herein shall calculate taxes in accordance with the procedure stipulated by this Code, taking into account special provisions of article 140-9 of the present Code.

Article 140-9. Corporate income tax calculation, procedure and terms of payment.

1. Until otherwise provided by paragraph 2 of this article, the amount of the corporate income tax, calculated in accordance with article 125 of this Code, shall be reduced by 30 percent of the amount of the corporate income tax, related to the goods of own production specified in subparagraph 1) of paragraph 1 of article 140-7 of the present Code.

The amount of the corporate income tax related to the goods of own production shall be defined based on the specific weight of incomes to be received (or received) from sale of own products determined in subparagraph 1) of paragraph 1 of article 140-7 of the present Code in the aggregate annual income.

2. In case of having income from sale of certified goods of own production, the amount of the corporate income tax calculated in accordance with article 125 of this Code, shall be reduced by 50 percent of the amount of the corporate income tax for the certified goods of own production within one tax period, next to the year of introduction of the management system in accordance with the legislative act of the Republic of Kazakhstan.

The amount of the corporate income tax for certified goods of own production shall be determined based on the specific weight of incomes to be received (received) from sale of certified goods of own production determined in subparagraph 1) of paragraph 1 of article 140-7 of this Code, in the aggregate annual income.

For the purposes of this paragraph, certified goods of own production are the goods self-manufactured by the juridical persons - winners of the prize of the Government of the Republic of Kazakhstan "For Quality Achievements", specified in subparagraph 1) of paragraph 1 of article 140-7 of this Code, the process of production of which has been certified in accordance with the procedure established by a legal act of the Republic of Kazakhstan according to international standards ISO 9000 and 14000 of quality management and environment management system.

3. The reduction of the tax amount, stipulated in paragraphs 1 and 2 of this article, is applied also when calculating the amount of prepayment for the corporate income tax, determined in accordance with the article 126 of the present Code.";

62) in article 144:

to insert subparagraphs 5-1) and 5-2) as follows:

"5-1) dividends of shares in unit investment trusts and joint stock investment funds, as well as incomes from shares of unit investment funds upon their redemption by the fund's managing company;

5-2) income from distribution of the net income and allocated to increase the charter capital of a resident juridical person with keeping the shares of each founder and participant;"

to insert ", financial police" after "internal affairs" in subparagraph (6);

to eliminate words "within the amount of 480 monthly calculation indices for a tax year" from subparagraph 12);

to eliminate words "1941-1945";

to replace "50 multiple" with "70 multiple" in subparagraph 15);

to insert words ", as well as pension payments made by pension accumulation funds from the pension savings inherited in accordance with the procedure established by the legislation of the Republic of Kazakhstan" to subparagraph (30);

to insert words "and sponsored" after the word "charity" in subparagraph 31);

to insert words "occurred during the contract period" after the word "case" in subparagraph 33); to eliminate words "during the contract period";

to insert words "and (or) accumulation" after "compulsory" in subparagraph 34);

to insert subparagraph 39) as follows:

"39) voluntary professional pension contributions to the accumulation pension funds in the amount determined by the legislation of the Republic of Kazakhstan.";

63) to replace figure "5" with "15" in paragraph 2 of article 147;

64) in paragraph 1 of article 152:

to eliminate subparagraph 5);

to eliminate words "life and health, within the amount of 5-multiple monthly calculation indices determined by the law on the national budget for the corresponding financial year" from subparagraph 6);

to insert subparagraph 7) as follows:

"7) sums, allocated for repayment of interest on housing loans obtained by a resident natural person from housing construction saving banks for repair, construction or purchase of housing in the territory of the Republic of Kazakhstan.";

65) in article 155:

to eliminate words ", reduced on the amount of compulsory pension payments to the accumulation pension funds in the amount and in cases determined by the legislation of the Republic of Kazakhstan";

66) to insert the fourth paragraph to paragraph 1 of article 161 as follows:

"on the account of insurance premiums paid by employer in favor of employee according to insurance saving agreements.";

67) in paragraph 3 of article 164:

to insert subparagraph 3) to part one as follows:

"3) citizens of the Republic of Kazakhstan obtaining incomes from rendering of services, carrying-out works in the Republic of Kazakhstan to persons who are not tax agents.";

to replace words "person defined in subparagraph 1)" with words "persons defined in subparagraphs 1) and 3)" in part two;

68) in article 166:

to insert subparagraph d) to subparagraph 1) of paragraph 1 as follows:

"d) mechanical vehicles and trailers subject to state registration, that are less than one year on the ownership right or received on the basis of a letter of attorney for driving the mechanical vehicle and (or) trailer with the right of alienation";

in paragraph 2:

to replace words "estimated cost, but not lower than the cost" with the word "cost";

to insert part two as follows:

"If the purchase cost is not applicable, the increment of value shall be defined as a positive difference between the cost of sale of property and the estimated cost.";

69) to eliminate subparagraph 2) of paragraph 1 of article 171;

70) to insert part three to paragraph 6-1 of article 177 as follows:

"If the conditions of this paragraph have been met, and if a non-resident provides services on supply of foreign labor beyond the territory of the Republic of Kazakhstan, than such services of a non-resident shall be qualified as services provided beyond the territory of the Republic of Kazakhstan.";

71) in article 179:

to insert words ", maid on the account of repayment of debts owed to a non-resident for payment of income from sources in the Republic of Kazakhstan" to paragraph 2;

in paragraph 3:

to eliminate words "except for remuneration" from subparagraph 8);

to insert subparagraph 9) as follows:

"9) incomes from carrying-out works, providing of services beyond the territory of the Republic of Kazakhstan not specified in subparagraph 2) of article 178 of the present Code.";

to insert paragraph 4-1 as follows:

"4-1. If the contracts made with a non-residents include provisions stipulating execution of different types of works (services) in the territory of the Republic of Kazakhstan and abroad, the procedure of calculation and deduction of the income tax from the source of payment, established by this article, shall be applied for each type of works (services) separately. Every phase of works (services) carried out by a non-resident in the framework of the single production-technological cycle, shall be considered as a separate type of works (services) for the purposes of calculation and deduction of the income tax from non-resident's income at the source of payment.

At that the total amount of non-resident's income on the above mentioned contracts shall be reasonably distributed into incomes obtained from the execution of works (services) in the territory of the Republic of Kazakhstan and abroad.

For the purposes of application of the present paragraph provisions, a non-resident must provide the recipient of services with copies of accounting documentation supporting the justification of distribution of the total amount of non-resident's income into the incomes obtained from the execution of works (services) in the territory of the Republic of Kazakhstan and the incomes obtained from the execution of works (services) beyond its territory.

Upon the unjustified distribution of the non-resident's income which resulted in understatement of the amount of the non-resident's income subject to taxation in the Republic of Kazakhstan in accordance with the provisions of this article, the aggregate sum of the non-resident's income, obtained on the above mentioned contracts from the execution of works and providing services both in the territory of the Republic of Kazakhstan and abroad, shall be a subject for taxation.";

72) to insert words "the taxation procedure for which was defined in article 189 of this Code" to subparagraph 2) of paragraph 1 of article 187;

73) in article 187-1:

part two of paragraph 2 to reword as follows:

"In the next tax periods the individual income tax shall be calculated by the tax agent based on the amount of the actual tax liability of a non-resident natural person specified in the estimation of the individual income tax from incomes of foreign citizens and stateless persons for the previous tax period. At that, the calculation of advance payments on the individual income tax for the period before the submission of the individual income tax estimation for the previous tax period relying, is made based on the estimated amount of individual income tax for the reporting tax period, but not less than the charged amounts of average monthly advance payments on individual income tax for the previous tax period.";

to replace word "application" with words "justification of the reasons for adjustment" in paragraph 6;

74) in paragraph 2 of article 188:

to replace words "of the calendar year" with words "of the reporting tax period" in part one; to insert part two as follows:

"At that in the subsequent tax periods the tax agent must, after the submission of the calculation of the individual income tax, additionally submit adjusted calculation of the amounts of advance payments on the individual income tax for the reporting tax period within twenty working days from the day of its submission, but not later than 20th April of the reporting tax period.";

75) in article 190:

to replace figure "5" with the figure "7" in paragraph 3;

to replace figure "2" with the figure "1" in paragraph 4;

76) article 191 to reword as follows:

"Article 191. Procedure and terms of payment of advance payments and individual income tax

1. The following non-resident natural persons shall pay individual income tax by advance payments:

1) non-resident natural persons obtaining income from individual entrepreneurial activity in the Republic of Kazakhstan through permanent establishment, except for persons working under special tax regimes in accordance with this Code;

2) non-resident natural persons obtaining income determined in subparagraphs 14), 16) and 17) of the article 178 of the present Code, including other incomes determined in articles 149-151 of the present Code, except for the incomes subject to income tax at the source of payment.

2. Non-resident natural persons specified in subparagraph 2) of paragraph 1 of this article shall calculate the individual income tax by application of the rate defined in paragraph 1 of article 145 of this Code, to the amount of calculated income without deductions.

3. A non-resident natural person shall calculate advance payments on the individual income tax in the first tax period in the following order:

1) by a non-resident natural person specified in subparagraph 1) of paragraph 1 of this article, taking into account the provisions of article 189 of this Code, based on the amount of income expected to be obtained during the tax period;

2) by a non-resident natural person specified in subparagraph 2) of paragraph 1 of this article, taking into account the provisions of paragraph 2 of this article, based on the amount of income stated in the individual service contract (agreement);

In the subsequent tax periods the calculation of the advance payments on individual income tax is made by the non-resident natural person based on the amount of actual tax liability of the non-resident natural person, stated in the individual income tax declaration for the previous tax period. At that, the calculation of the individual income tax advance payments for the period before the submission of the individual income tax declaration for the previous tax period is made by the non-resident natural person based on the expected amount of individual income tax for the reporting tax period, but not less than the charged average monthly advance payments for the previous tax period.

4. During the tax period the non-resident natural person shall make individual income tax advance payments every month not later than 20th day of the current month.

5. The amounts of individual income tax advance payments to be paid by the non-resident natural person during the tax period shall be indicated in the estimation of the amounts of individual income tax advance payments.

Non-resident natural persons shall submit the individual income tax advance payments estimation to the tax authority at the place of their registration before the deadline defined in paragraph 1 of article 192 of this Code.

Non-resident natural persons specified in subparagraph 2) of paragraph 1 of this article while submitting the individual income tax advance payments estimation, must enclose a copy of individual service contract (agreement) or any other civil contract supporting the declared amount of taxable income.

6. The paid amounts of advance payments shall be counted on the account of the individual income tax charged for a non-resident natural person for the current tax period.

7. The final calculation and payment of the individual income tax shall be made not later than in ten working days after the deadline for submission of individual income tax declaration for the tax period.

Non-resident natural persons shall submit an individual income tax declaration on the

results of tax period to the tax authority at the place of it's registration by the deadline defined in paragraph 2 of article 192 of this Code.

8. Non-resident natural person has a right during the tax period to submit to the tax authority an adjusted estimation of amounts of individual income tax advance payments for the subsequent months of the tax period. Upon adjustment of the amounts of individual income tax advance payments in the direction of decreasing it, the non-resident natural person must submit a justification of reasons for such an adjustment in writing to the tax authority along with the above estimation.";

77) heading and paragraph 1 of article 192 to reword as follows:

"Article 192. Procedure on Computing Individual Income Tax Advance Payments and Individual Income Tax Declaration

1. Non-resident natural persons specified in article 191 herein must submit estimation of individual income tax advance payments for the activity period to the tax authorities at the place of their registration within twenty five working days since the registration day as defined by article 527 herein, and for the subsequent tax periods - not later than 20th January of the reporting tax period. At that in the subsequent tax periods a taxpayer after the submission of declaration shall additionally submit the corrected estimation of individual income tax advance payments for the reporting tax period within twenty working days since the submission of the declaration, but not later than 20th April of the tax period.";

78) to replace figures "202" with figures "201-1" in paragraph 1 of article 198;

79) to replace words "final recipient of the net income and has the right for application of provisions of a relevant international agreement" with words "resident of the country, with that an international agreement has been concluded, and if a corresponding international agreement provides for a special procedure for taxation of net income of a non-resident from activity in the Republic of Kazakhstan through a permanent establishment, which is different from the procedure defined in article 185 herein" in paragraph 1 of article 201;

80) to replace figures "202" with figures "201-1" in subparagraph 3) of article 203;

81) paragraph 1 of article 207 to reword as follows:

"1. Value added tax payers shall be:

1) the following persons registered for VAT in the Republic of Kazakhstan in accordance with the article 208 of this Code:

- individual entrepreneurs;
- juridical persons, except for state institutions;
- non-residents, carrying out activity in the Republic of Kazakhstan through a permanent establishment;

2) juridical person's structural units qualified as independent value added taxpayers in accordance with the paragraph 6 of article 208 herein.";

82) article 208 to reword as follows:

"Article 208. Requirements to value added taxpayer registration

1. Persons specified in subparagraph 1) of paragraph 1 of article 207 herein must submit an application on value added tax registration to the tax authority within fifteen calendar days since the last day of any period (not exceeding twelve months) at the end of which the turnover volume from the sale of goods (works, services) has exceeded the minimal sales turnover set in paragraph 3 of this article.

2. In defining the sales turnover the sales turnover exempted from tax in accordance with article 225 herein, and the turnover from sales of personal property of a natural person, if such

property is not used for entrepreneurial activity shall not be taken into account

For the purposes of paragraph 1 of this article, a taxpayer making payments with the budget under the special tax regime for farms may take no account of sales turnover from the activity under this special tax regime when defining the volume of sales turnover.

If a juridical person has structural units the sales turnover volume shall be determined taking into account the turnovers from sales of all the structural units of this person.

3. The minimal sales turnover shall be 12,000 monthly calculation indices defined in the last month of the period specified in paragraph 1 of this article.

4. A person who is not a subject to the compulsory value added tax registration according to the paragraph 1 of this article, but is selling or plans to sell goods (works, services) that are subject to the value added tax, may voluntarily apply to the tax authority for the value added tax registration.

5. Persons specified in subparagraph 1) of paragraph 1 of article 207 herein shall become value added taxpayers on the first day of the month following the month of application for the value added tax registration.

If an individual entrepreneur submits the application for VAT registration within ten working days since the individual entrepreneurship state registration, such a person shall become a value added tax payer from the day of the individual entrepreneurship state registration.

If a juridical person, except for state institutions, or a non-resident acting in the Republic of Kazakhstan through a permanent establishment, submits the application for VAT registration to the tax authority within ten working days after the state registration, such persons shall become a value added tax payers from the day of the state registration as taxpayers.

6. Upon a request from a VAT payer juridical person, the authorized governmental body can consider such a person's structural units as an individual VAT payers, until otherwise provided by paragraph 3 of article 208-1 herein.

7. A VAT payer juridical person with structural units qualified as individual VAT payers in accordance with the paragraph 6 of this article, shall submit (or authorize its structural units to submit) application for VAT registration to the tax bodies at the place of the structural units location.

8. structural units of a VAT payer juridical person shall become VAT payers on the first day of the month following the month of application for VAT registration.

9. Upon registration as VAT payers, persons specified in subparagraph 1) of paragraph 1 of article 207 of this Code have a right to set the amount of value added tax on the remaining goods (including capital assets) off on the date of VAT registration in accordance with the article 235 herein.

10. The tax body is free to register persons specified in subparagraph 1) of paragraph 1 of article 207 herein as VAT payers without their applications, when it finds out cases defined in paragraph 1 of this article.";

83) to replace words "A person will no longer be the payer of" with words "Taxpayers specified in paragraph 1 of article 207 herein shall no longer be payers of" in paragraph 4 of article 210;

84) in article 211:

to insert subparagraph 7) to paragraph 1 as follows:

"7) return of goods in regime of re-import, eliminated earlier in regime of export.";

in paragraph 3:

subparagraph 4) to reword as follows:

"4) return of goods, except for return of goods in regime of re-import, eliminated earlier under regime of export;"

to insert subparagraph 6) as follows:

"6) transfer of newly created and (or) purchased by a subsurface user property, that was

utilized for subsurface use operations and which shall be transferred to the Republic of Kazakhstan in accordance with the provisions of the subsurface use contract, by a subsurface user to the ownership of the Republic of Kazakhstan.";

85) in paragraph 2 of article 216:

to insert word "herein" after "article 211" in part two;

to insert word "herein" after "article 210" in part three;

86) to insert words "or a document issued by the tax authority in accordance with the form approved by the authorized state body" after the word "document" in paragraph 5 of article 221;

87) part one of paragraph 1 of article 22 to reword as follows:

"1. Zero rate shall be applied to export sales turnover of goods.";

88) to eliminate paragraph 2 of article 223;

89) in article 225:

to eliminate subparagraph 16);

to insert subparagraph 17) as follows:

"17) Kazakhstani goods, determined in accordance with the customs legislation of the Republic of Kazakhstan, made in the territory of the "Free Warehouse" customs regime and sold in the other part of the customs territory of the Republic of Kazakhstan.

The Government of the Republic of Kazakhstan shall approve the list of goods specified in this subparagraph.";

90) to eliminate subparagraph 1) and part two of paragraph 1 of article 226;

91) in paragraph 2 of article 227:

to insert words "and transactions made without a license in accordance with the legal act of the Republic of Kazakhstan by a bank authorized for implementation of the state investment policy in accordance with a legal act of the Republic of Kazakhstan" to the first paragraph of subparagraph 1);

to insert words "and securities trading carried out without a license in accordance with a legal act of the Republic of Kazakhstan by a bank authorized for implementation of the state investment policy in accordance with a legal act of the Republic of Kazakhstan" to subparagraph 2);

92) paragraph 2 of article 228 to reword as follows:

"2. Transfer of property to the financial leasing shall be exempted from the value added tax provided that it meets the requirements specified in paragraph 1 of this article and one of the following requirements:

1) if import of the transferred property is exempted from the value added tax in accordance with subparagraph 12) of paragraph 1 of article 234 herein;

2) if the transferred property was purchased without the value added tax in accordance with subparagraph 17) of article 225 herein;"

93) in paragraph 1 of article 234:

to insert subparagraph 9-1) as follows:

"9-1) import of equipment for service with payment cards, software and spare part for such equipment imported for internal production process needs;"

subparagraph 12) to reword as follows:

"12) import of property, imported by a lessor for the purpose of transfer to the financial

leasing under financial leasing contracts.

The Government of the Republic of Kazakhstan shall approve the list of goods specified in this subparagraph and the procedure of forming such a list. This list shall include goods which are not manufactured in Kazakhstan or production of which does not cover the demand in the Republic of Kazakhstan.";

94) in article 235:

to replace words "value added tax has been paid to the budget" with words "value added tax liability has been discharged" in subparagraph 4) of paragraph 1;

in paragraph 2:

to insert words "or a document issued by the tax authority" after the word "document" in subparagraph 3);

subparagraph 4) to reword as follows:

"4) the tax amount stated in a separate line in a railway or air transport ticket with the carriers' tax identification number specified;"

to replace words "the tax has actually been paid into the budget" with words "value added tax liability has been discharged" in part two of paragraph 4;

95) article 246 to reword as follows:

"Article 246. Tax Period

1. Until otherwise provided by this article, the tax period for the value added tax shall be one calendar month.

2. If the average monthly amount of value added tax to be paid to the budget in the previous quarter makes less than 1,000 monthly calculation indices, then the tax period shall be one quarter.

3. If the offset value added tax for a calendar month exceeds the amount of charged tax, the tax period shall be either one calendar month or quarter, as defined by the VAT payer himself.

4. For the VAT payers working under the special tax regime for juridical persons manufacturers of agricultural products, the tax period on the value added tax, to be paid into the budget from the activity, subject for the specified special tax regime, shall be a tax year.

Tax period for the value added tax to be paid into the budget from the other types of activities, shall be determined in accordance with paragraphs 1-3 of this article.";

96) to insert words ", in accordance with the procedure established by the authorized customs body upon coordination with the authorized state body" to paragraph 2 of article 248;

97) in paragraph 1 of article 250:

to replace words "shall be determined" with words "and the forming procedure shall be determined" in part two;

to insert part three as follows:

"At that, such a list shall include goods which are not manufactured in Kazakhstan or production of which does not cover the demand in the Republic of Kazakhstan.";

to insert subparagraph 5) as follows:

"5) pesticides (chemical weed-killers and/or pest-killers).";

98) to replace word "taxpayer" with "VAT payer" in paragraph 4 of article 251;

to insert words ", or the goods supplied to a VAT payer by a buyer of goods exported by foreign trade barter transactions have been actually imported to the Republic of Kazakhstan";

99) paragraph 4 of article 252 to reword as follows:

"4. In case if a VAT payer's suppliers fail to eliminate violations elicited during a cross tax inspection within the period of time specified in paragraph 1 herein, the reimbursement of a tax

to such a value added taxpayers shall only be made within the sums, on which no violations have been found out or the violations have been eliminated.

A fine in the amount of 2.5-multiple official refinancing rate determined by the National Bank of the Republic of Kazakhstan shall be applied to the amount of the value added tax confirmed in accordance with this article but not reimbursed in a fixed period of time, for every day of delay.

A resolution on inspection of a value added tax payer's supplier for confirmation of reliability of the VAT amounts to be reimbursed, shall be made in accordance with the procedure established by the authorized state body, taking into account the following provisions:

1) no cross-inspections shall be made:

- of suppliers who sold goods (works, services) to the specified taxpayer at least once in a month during a twelve months period preceding the date of the submission by the taxpayer the application for the value added tax reimbursement;
- of suppliers of electrical and heat power, water, gas, and communication services;
- upon the confirmation of the reliability of the declared amounts of value added tax for reimbursement in accordance with subparagraph 3) of this paragraph;

2) suppliers (except for the ones specified in subparagraph 1) of this paragraph) who billed invoices with the value added tax exceeding KZT 1 million, are subject for a compulsory inspection;

3) if a supplier of the VAT payer is subject to the taxpayers monitoring, the tax service authorities may confirm the reliability of the declared for reimbursement amounts of VAT on the basis of tax reporting submitted by these suppliers in accordance with the present Code.";

100) to insert words "competitive mass," after the word "sale" in subparagraph 4) of paragraph 1 of article 256;

101) in paragraph 1 of article 257:

to eliminate subparagraphs 5) and 9);

to eliminate word "including" from subparagraph 10);

102) to eliminate subparagraph 3) from paragraph 2 of article 259;

103) to replace words "and oil, including condensed gas" with words "crude oil, condensed gas" in part one of paragraph 2 of article 270;

104) to replace words "including condensed gas, extracted" with words "condensed gas, extracted" in paragraph 3 of article 271;

105) to insert words ", in accordance with the procedure established by the authorized customs body upon coordination with the authorized state body" to paragraph 1 of article 277;

106) to insert section 9-1 as follows:

"Section 9-1. Rental tax for exported crude oil, condensed gas

Chapter 44-1. General Provisions

Article 278-1. Taxpayers

Natural and juridical persons, selling crude oil and condensed gas for export, except for subsurface users who have concluded production sharing agreements, are payers of the rental tax for exported crude oil and condensed gas.

Article 278-2. Object of taxation

The object of taxation by the rental tax for exported crude oil and condensed gas shall be the amount of crude oil and condensed gas sold for export.

Chapter 44-2. Calculation procedure and tax rates

Article 278-3. Calculation procedure

1. The basis for calculation of the rental tax for exported crude oil and condensed gas shall be the cost of exported crude oil and condensed gas calculated based on the amount of crude oil and condensed gas actually sold for export and the market price taking into account the discount (extra charge) for the quality of the crude oil and condensed gas in accordance with paragraph 3 of this article, minus the taxpayer's expenses on transportation.

2. The Government of the Republic of Kazakhstan shall determine the procedure on defining the market price of the sold crude oil and condensed gas.

3. A discount for the quality of crude oil, condensed gas shall only be granted in the case, if the quality parameters of the crude oil, condensed gas of the taxpayer are lower than the parameters of the mixture crude oil, condensed gas transported through the main pipeline. An extra charge for the quality of crude oil, condensed gas shall be granted if the quality parameters of the crude oil and condensed gas of the taxpayer are higher than the parameters of the mixture crude oil, condensed gas transported through the main pipeline.

Article 278-4. Rates of the Rental Tax for Exported Crude Oil, Condensed Gas

Rates of the rental tax for exported crude oil, condensed gas is established at the following rates:

Market price	Rate
less than USD 19 per barrel	0 %
USD 19 - 20 per barrel	1 %
USD 20 - 21 per barrel	4 %
USD 21 - 22 per barrel	7 %
USD 22 - 23 per barrel	10 %
USD 23 - 24 per barrel	12 %
USD 24 - 25 per barrel	14 %
USD 25 - 26 per barrel	16 %
USD 26 - 27 per barrel	17 %
USD 27 - 28 per barrel	19 %
USD 28 - 29 per barrel	21 %
USD 29 - 30 per barrel	22 %
USD 30 - 31 per barrel	23 %
USD 31 - 32 per barrel	25 %
USD 32 - 34 per barrel	26 %
USD 34 - 36 per barrel	28 %
USD 36 - 37 per barrel	29 %
USD 37 - 38 per barrel	30 %
USD 38 - 40 per barrel	31 %
over USD 40 per barrel	33 %

Chapter 44-3. Tax period, payment date, and tax declaration

Article 278-5. Tax period

One calendar month shall be the tax period for the payment of the rental tax for exported crude oil, condensed gas.

Article 278-6. Payment date

The taxpayer must pay the calculated amount of tax before the 15th day of the month following the tax period.

Article 278-7. Tax declaration

The taxpayer shall submit a declaration on the rental tax for exported crude oil, condensed gas to the tax authority at the place of registration before the 15th day of the month following the tax period.";

107) in paragraph 1 of article 279:

to insert words "and works on construction and operation of subsurface structures not related to the extraction" after the word "operations" into the first paragraph;

to eliminate subparagraph 2);

to insert subparagraph d) to subparagraph 3) as follows:

"d) additional payment of subsurface user, carrying out activity under the production sharing agreement.";

108) in article 282:

to replace the word "Calculation" with words "Calculation by the first model of the tax regime" in paragraph 1;

to replace words "Taxation conditions, defined" with words "Tax regime, defined" in paragraph 2;

to insert words "and concluded before 1 January 2004" after the words "passed compulsory tax examination";

in paragraph 3:

to replace words "Taxation conditions" with words "Tax regime" in part one;

to replace words "Taxation conditions, determined" with words "Tax regime, determined" in part two;

109) in subparagraph 2) of article 283:

to insert ", condensed gas" to the second paragraph;

to eliminate "including" from the third paragraph;

to insert the third paragraph as follows:

"royalty";

110) paragraph 1 of article 286 to reword as follows:

"1. A tax examination is a compulsory expertise including analysis and evaluation of the draft subsurface utilization contract made by competent body, as well as amendments and addenda to the draft contract, carried out in order to confirm the tax regime, including establishment of special payments and taxes for subsurface users in accordance with the legislation of the Republic of Kazakhstan.";

111) to insert words "according to the information sources approved by the Government of the Republic of Kazakhstan" after "exchange" in the second sentence of subparagraph 2) of part two of article 292;

112) to insert paragraph 1-1 to article 295 as follows:

"1-1. If subsurface utilization is carried out by means of construction and (or) operation of subsurface structures not related to the exploration and (or) extraction, the subsurface user shall pay the royalty for the volume of mineral resources extracted from the subsurface during construction of the subsurface structures as well as for the space taken by such structures in the subsurface.";

113) to insert words ", as well as persons having right for subsurface utilization for construction and (or) operation of subsurface structures not related to the exploration and (or) extraction" in article 296 ;

114) in article 297:

to insert paragraph 2-1 as follows:

"2-1. If subsurface utilization is carried out by means of construction and (or) operation of

subsurface structures not related to the exploration and (or) extraction, the taxation object shall be the amount of mineral resources extracted from the subsurface during construction of the subsurface structures as well as the space taken by such structures in the subsurface.";

to insert paragraph 3-1 as follows:

"3-1. Besides the taxable basis specified in paragraph 3 of this article, the taxable basis for calculation of royalty at the construction and (or) operation of subsurface structures not related to the exploration and (or) extraction, shall be the space taken by such structures in the subsurface.";

in paragraph 4:

subparagraph 1) to reword as follows:

"1) for the oil, including condensed gas: at a sliding scale as the percent defined depending on the level of accumulated total extraction of oil including condensed gas for each calendar year of activity at the following rates:

less than 500,000 tons	- 2 percent;
from 500,000 to 1,000,000 tons	- 2.5 percent;
from 1,000,000 to 1,500,000 tons	- 3 percent;
from 1,500,000 to 2,000,000 tons	- 3.5 percent;
from 2,000,000 to 2,500,000 tons	- 4 percent;
from 2,500,000 to 3,500,000 tons	- 4.5 percent;
from 3,500,000 to 4,500,000 tons	- 5 percent;
from 4,500,000 to 5,000,000 tons	- 5.5 percent;
over 5,000,000 tons	- 6 percent.

In case if it is planned to extract gaseous hydrocarbons along with liquid hydrocarbons, to compute the royalty the gaseous hydrocarbons shall be converted into oil at the following ratio: 1,000 cubic meter (m³) of gaseous hydrocarbons shall be equal to 0.857 ton of oil;"

to insert the second paragraph to subparagraph 2) as follows:

"The royalty rates defined by this Code shall be applied to all kinds of mineral resources regardless of the type of extraction.";

to insert paragraph 4-1 as follows:

"4-1. The Government of the Republic of Kazakhstan shall approve the royalty rates to the taxable basis defined in paragraph 3-1 of this article.";

to insert paragraph 6 as follows:

"6. No royalty shall be paid for the liquid hydrocarbons pumped back to the subsurface.";

115) to eliminate article 47-1;

116) to insert words "in which the ratio of accumulated proceeds to accumulated expenses exceeds 1.2" to article 306;

117) article 306-1 to reword as follows:

"Article 306-1. Taxable basis

The taxable basis shall be the part of the net income of a subsurface user by each separate contract for the tax period exceeding 20 percent of the amount of deductions stipulated in articles 92-103, 105-114 of this Code at the end of the taxable period.

In this section the net income shall be determined as a difference between the taxable income and the corporate income tax as well as the tax for the net income of a non-resident's permanent establishment.

The taxable basis is adjusted to the amount of actually incurred expenses on training of Kazakhstani staff and (or) increase of fixed assets, but not exceeding ten percent of the taxable basis.";

118) articles 307 and 308 to reword as follows:

"Article 307. Calculation procedure

1. The tax for excess profit for a tax period shall be calculated by means of application of the rate defined in article 308 herein, to the taxable basis defined in article 306-1 herein, taking into account the adjustments.

2. Accumulated proceeds shall be defined as the aggregate annual income obtained by a subsurface user since the date of contract conclusion.

3. Accumulated expenses shall be defined as the amount of deductible expenses incurred by a subsurface user since the contract conclusion date, except for the expenses adjusting the taxable basis in accordance with article 306-1 herein.

Article 308. Excess profit tax rates

The excess profit tax rates shall be set as follows:

Ratio of the accumulated proceeds to accumulated expenses	Rate
less than 1.2	0 percent
from 1.2 to 1.3	10 percent
from 1.3 to 1.4	20 percent
from 1.4 to 1.5	30 percent
from 1.5 to 1.6	40 percent
from 1.6 to 1.7	50 percent
over 1.7	60 percent

119) in paragraph 2 of article 312:

to eliminate words "after payment of the royalty" from subparagraph 2);

to set subparagraph 3) as follows:

"3) defining the part of extracted production to be shared after the deduction of the compensatory production (profitable production);";

120) in article 312-1:

paragraph 2 to reword as follows:

"2. Value of extracted production is established in accordance with article 313-4 of this Code.";

in paragraph 4:

to insert part four as follows:

"For purposes of the this article reimbursable expenses mean reimbursable expenses determined in accordance with article 313 of this Code, and other expenses not included into reimbursable expenses authorized to the deduction from the aggregate annual income and indicated in articles 92-103, 105-114 of this Code.";

in the second paragraph of part five to replace figures "2,068" with figure "2";

in paragraph 5 to replace words "SDNn is the real cost of taxes paid during accounting period excepting the share of the Republic of Kazakhstan in profitable production" with words "SDNn is the real cost of taxes and compulsory payments into the budget paid during accounting period excepting the share of the Republic of Kazakhstan on the production sharing";

figures "7,51" to replace with "7,5";

to eliminate the second sentence from part one of paragraph 6;

to insert figures "1/12" to paragraph 7 after words "taking into account";

to eliminate paragraph 9;

121) to insert paragraph 5 to article 313 as follows:

"5. Actually incurred expenses without surcharges (uplift) are subject to reimbursement.";

122) to eliminate subparagraph 18) of article 313-1;

123) to insert articles 313-3 and 313-4 as follows:

“Article 313-3. Accounting of compensatory and profitable production.

1. Subsurface user keeps account of compensatory and profitable production in national currency and according to the rules of tax accounting determined by this Code, taking into consideration provisions of this article.

2. Subsurface user shall provide keeping the compensatory production accounting in a way to exclude double reflection of the same expenses in compensatory production.

Article 313-4. Calculation of value of extracted production

1. Value of extracted production is established in the sharing point and determined for each accounting period as product of extracted production volume, measured in the sharing point and expressed in tons, per average price of selling in the sharing point during such accounting period.

Sharing point of production is determined by the subsurface use contract.

2. Average price of production selling constitutes the total amount of income from products selling for accounting period disregarding indirect taxes minus expenses connected with such products selling and not included into reimbursable expenses according to subparagraph 5) of article 313-1 of this Code for accounting period, divided to the corresponding total volume of sold products for accounting period.

3. Upon the full lack of products selling during accounting period, average price of products selling for accounting period, where the last products selling with subsequent adjustment has taken place, is taken as an average price of products selling.

4. Cost of extracted products may be subject to adjustment in accordance with the legislation of the Republic of Kazakhstan on state control on application of transfer prices.

In case if the cost adjustment of extracted products entails alteration of triggers values determined in paragraph 3 of article 312-1 of this Code, then the share rate of the Republic of Kazakhstan on production sharing and additional payment of subsurface user fulfilling activity under the contract on production sharing, is subject to the adjustment.”;

124) to insert chapter 49-1 as follows:

“Chapter 49-1. Additional payment of subsurface user carrying out activity under the contract on production sharing

Article 314-4. Payers

Subsurface users concluded contracts on production sharing are the payers of the additional payment of subsurface user carrying out activity under the contract on production sharing.

Article 314-5. Procedure on computing the additional payment of subsurface user carrying out activity under the contract on production sharing

1. In case when earnings share of the state in taxable period makes less than ten percent till the moment of investments return and less than forty percent in subsequent periods from the value of the total volume of extracted production received by the subsurface user during the tax period, then the corresponding difference is paid by the subsurface user into the budget according to this section.

2. For the purposes of this article share of the state earnings means tax obligations executed by the subsurface user during tax period constituting the share of the Republic of Kazakhstan on production sharing, taxes and other compulsory payments into the budget.

Share of the state earnings does not include the value added tax and taxes in which respect the subsurface user acts as the fiscal agent.

3. If in the totals of any tax period the amount of earnings will be less than the value indicated in paragraph 1 of the this article, then the corresponding difference is paid by the

subsurface user into the budget referring to the share of the Republic of Kazakhstan on terms stipulated by paragraph 4 of article 127 of this Code.

Article 314-6. Tax period.

The calendar year is the tax period on the additional payment of the subsurface user carrying out activity under the contract on production sharing.

Article 314-7. Due date of the additional payment of the subsurface resources user fulfilling activity under the contract on production sharing

Additional payment of the subsurface user fulfilling activity under the contract on production sharing, is paid not later than fifteen days after maturing date of declaration's presentation.

Article 314-8. Tax declaration

Declaration on the additional payment of the subsurface user carrying out activity under the contract on production sharing, is presented by the subsurface user to the tax authority at the place of registration in the period of time determined by article 137 of this Code.”;

125) in article 315:

paragraph 1 to reword as follows:

“1. Payers of social tax are:

1) individual entrepreneurs with the exception of entrepreneurs fulfilling settlements with the budget on the basis of one-time certificate;

2) private notaries, lawyers;

3) juridical persons – residents of the Republic of Kazakhstan, unless otherwise stipulated by paragraph 2 of this article;

4) non-residents fulfilling activity in the Republic of Kazakhstan through the permanent establishment, branches and representations.”;

to replace the word “person” with words “person-resident” in paragraph 2;

126) in paragraph 1 of article 316:

to insert figures “,39)” to the first paragraph after figures “(31)-34)”;

to eliminate subparagraph 7);

127) to eliminate word “of foreign juridical persons” from the first paragraph of paragraphs 1 and 2 of article 317;

128) in article 318:

paragraph 1 to reword as follows:

“1. Unless otherwise is stipulated by this article, calculation of social tax is made by means of rates application, determined in paragraphs 1, 2 and 4 of article 317 of this Code, reduced by the rate of social allocations into the State Fund of Social Insurance, calculated in accordance with the legislative act of the Republic of Kazakhstan on the compulsory social insurance to the object of social taxation determined in accordance with article 316 of this Code, for the fiscal year.

Calculation of the social tax is made monthly with progressive total in accordance with the procedure determined by the authorized state body.”;

to insert paragraph 1-1 as follows:

“1-1. Individual entrepreneurs with exception of entrepreneurs applying special tax treatments, except special tax treatment for certain types of activity, private notaries, lawyers, reduce amounts of the social tax calculated by means of rates application determined by paragraph 3 of article 317 of this Code, to the amount of social allocations into the State Fund of

the Social Insurance calculated in accordance with the legislative act of the Republic of Kazakhstan on the compulsory social insurance.”;

129) in article 325:

in paragraph 1:

to insert words “with exception of land plot being the part of the assets of the unit investment trust” after words “some persons”;

to insert part two as follows:

“Management company of this unit investment trust is the payer of the land tax on this land plot being the part of the assets of the unit investment trust.”;

to insert paragraph 3 as follows:

“3. Leas-holder is the payer of the land tax on this land plot transferred (received) into financial leasing along with the estate property object in accordance with the financial leasing agreement.”;

130) in article 338:

to replace word “article” with words “paragraph 1 of article” in subparagraph 3) of paragraph 2;

to insert paragraph 2-2 as follows:

“2-2. Upon tax calculation juridical persons determined in paragraph 2 of article 121 of this Code, apply the coefficient 0 to the corresponding rates.”;

131) in article 345:

to insert words “, unless otherwise is stipulated in this article” to paragraph 1;

to insert paragraph 1-1 as follows:

“1-1. Leas-holder is the payer of the vehicle tax on objects of taxation, transferred (received) under the financial leasing agreement.”;

132) to replace the word “Payers” with words “Payers – juridical persons” in article 350;

to eliminate words “of natural persons not being the individual entrepreneurs, private notaries, lawyers, and”;

133) in article 352:

to insert words “with exception of taxation objects, included into assets of the unit investment trust” after words “some persons” in paragraph 2;

to insert paragraph 5 as follows:

“5. Management company of the unit investment trust is the payer of tax on the taxation objects included into the assets of the unit investment trust.”;

134) in article 353:

part two of paragraph 1 to reword as follows:

“Capital assets and intangible assets are material and non-material objects determined in the accounting in accordance with the legislation of the Republic of Kazakhstan on the accounting and financial accountability and the accounting standards.”;

in paragraph 2:

fourteenth paragraph of subparagraph 4) to reword as follows:

“line dwelling houses and complexes of road-operational service”;

135) to replace words “subparagraphs 3)-5)” with words “subparagraph 5)” in paragraph 3 of article 354;

136) to insert words “and farms” to subparagraph 6) of paragraph 2 of article 355;

137) article 357 to reword as follows:

“Article 357. Calculation and payment of tax in individual cases

Upon premises used in entrepreneurial activity, the individual entrepreneur computes and pays tax at the rates and in the order determined by this chapter.”;

138) in paragraph 2 of article 361:

to eliminate words “participants of Great Patriotic War and persons equated with them” from subparagraph 2);

to eliminate words “invalids of I and II groups”;

to insert subparagraph 3) as follows:

“3) participants of Great Patriotic War and persons equated with them, invalids of I and II groups within one thousand five hundred monthly calculated indices determined by the law on the national budget for corresponding financial year from the total value of all taxation objects being on the right of property.”;

139) to replace the word “levying” with “taxation” in paragraphs 3 and 4 of article 370;

140) in article 372:

to insert words “, and persons determined in paragraph 2 of article 369 of this Code” to paragraph 1;

to replace the word “year” with words “calendar year with exception of the activity carried out on the basis of agreements concluded with fiscal agents” in paragraph 2;

141) in article 374:

to insert part two to paragraph 4 as follows:

“For obtaining of regular patent the application for obtaining of the patent is presented prior to the termination of the previous patent.”;

to insert paragraph 8 as follows:

“8. Calculations on social assessments into the State Fund of the Social Insurance and compulsory pension contributions to accumulation pension funds are not submitted to tax authorities by the tax payer applying special tax treatment on the basis of the patent.”;

142) paragraph 2 of article 375 to reword as follows:

“2. The cost of the patent is subject to payment into the budget in the form of:

1) individual income tax – at the rate of ½ part of the patent cost;

2) social tax – at the rate of ½ part of the patent cost minus the amount of social allocations into the State Fund of the Social Insurance calculated in accordance with the legislative act of the Republic of Kazakhstan on compulsory social insurance.”;

143) to insert parts 2 and 3 to paragraph 1 of article 376 as follows:

“Newly created juridical persons submit the application for use of special tax regime on the basis of the simplified declaration to tax authority within ten working days after the state registration of the juridical person.

Newly created individual entrepreneurs submit the application for use of special tax regime on the basis of the simplified declaration during the day of registration at the place of the activity’s fulfillment.”;

144) in article 377:

to replace the word “levying” with the word “taxation” in paragraph 1;

to set paragraph 8 as follows:

“8. Payment of taxes into the budget charged upon the simplified declaration, is fulfilled in the form of the individual (corporate) income tax and social tax not later than the 15th day of the month following the reporting tax period.

At that the individual (corporate) income tax is subject to the payment at the rate of ½ of calculated amount of taxes under simplified declaration, social tax – at the rate of ½ of calculated amount of taxes under simplified declaration, minus amount of social allocations into the State Fund of the Social Insurance calculated in accordance with the legislative act of the Republic of Kazakhstan on compulsory social insurance.”;

145) to insert fourth and fifth parts to paragraph 4 of article 378 as follows:

“Upon the beginning of right to the land after the 20th of February on the territory of another administrative-territorial unit, the farm submits application to the tax authority for the right to use special tax regime during thirty calendar days since the registration date at the location of this land plot.

In case of the right’s accrual to the land after the 20th of February the application for right to use special tax regime is submitted to tax authority by tax payers carrying out types of activity not covered by this special tax regime, also during thirty calendar days since the registration date at the location of this land plot.”;

146) to replace the word “levying” with “taxation” in subparagraphs 4) and 5) of paragraph 1 of article 379;

147) in article 380:

to replace the word “Basis” with words “Taxation object” in paragraph 1;

to replace the word “levying” with “taxation” in paragraph 4;

148) to eliminate paragraph 2 of article 381;

149) to replace the word “tax” with words “and social taxes” in paragraph 1 of article 382;

150) in article 383:

in paragraph 1:

to replace the word “including” with words “as well as” in part 1;

to insert parts two and three as follows:

“Calculated amount of the social tax is subject to reduction to the amount of social allocations into the State Fund of the Social Insurance calculated in accordance with the legislative act of the Republic of Kazakhstan on compulsory social insurance.

Upon the amount excess of social allocations into the State Fund of the Social Insurance over the amount of the social tax, the sum of the social tax is equal to zero.”;

to insert paragraph 3 as follows:

“3. Payment of the social tax and individual income tax deducted from the payment source, is made at the location of land plots.”;

151) in article 384:

to replace the word “tax” with words “and social taxes” in the first paragraph;

to eliminate subparagraph 1);

152) in article 387:

to eliminate subparagraphs 3) and 4) of paragraph 2;

in paragraph 4:

to replace words “registration” with “state registration of juridical persons”;

to insert parts two and three as follows:

“Upon the right’s accrual to the land plot after the 20th of February on the territory of another administrative-territorial unit the application for right to use special tax regime is submitted to tax authority by the tax payer during thirty calendar days since the registration date at the location of this land plot.

In case of the right’s accrual to the land after the 20th of February the application for right to use special tax regime is submitted to tax authority by tax payers carrying out types of activity not covered by this special tax regime, also during thirty calendar days since the registration date at the location of this land plot.”;

153) in article 388:

to insert words “(reduced to the amount of social allocations into the State Fund of the Social Insurance calculated in accordance with the legislative act of the Republic of Kazakhstan on compulsory social insurance)” after words “social tax” to paragraph 1;

to replace the word “levying” with “taxation” in paragraph 5;

to insert words “submit the modified calculation of the patent cost to the tax authority not later than the 15th of March of taxable period following the accounting period”;

154) to insert words “at the location of land plots” after the word “is carried out” to article 389;

155) to insert paragraph 2-1 to article 390 as follows:

“2-1. Payment of the individual income tax deducted from the payment source, is made at the location of land plots.”;

156) to replace the word “levying” with “taxation” in subparagraph 11) of article 391, in paragraph 7 of article 392, articles 395 and 396;

157) in article 397:

to replace the word “levying” with “taxation” in paragraph 1;

in paragraph 3:

to insert words “during ten working days since the rise of these alterations” to part one;

to insert part three as follows:

“Upon the termination of the implementation of activity’s types determined in paragraph 1 of article 392 of this Code, and upon the withdrawal of the total number of the taxation objects (stationary point), the objects registration card is subject for the submission to tax authority during ten working days since the moment of termination of the activity, withdrawal of taxation objects (stationary point).”;

158) to insert chapter 70-1 as follows:

“Chapter 70-1. Commission for the state registration of chattel mortgage.

Article 406-1. General provisions

1. Commission for the state registration of chattel mortgage (hereinafter referred to as the “commission”) is collected upon the state registration of chattel mortgage and upon the obtaining of the document duplicate certifying the state registration (hereinafter referred to as the “registration”).

2. The registration is fulfilled by the authorized body (hereinafter referred to as the “registering body”) according to the procedure and in cases determined by legislative act of the Republic of Kazakhstan.

Article 406-2. Commission payers

1. Commission payers are natural and juridical persons fulfilling the registration of chattel mortgage subject to the registration in accordance with the legislative act of the Republic of Kazakhstan.

2. The following persons are not the commission payers:
1) participants of the Great Patriotic War and persons equated with them;
2) invalids of I and II groups;
3) repatriates (oralmans) before the acquisition of the nationality of the Republic of Kazakhstan.

Article 406-3. Procedure on computing, commission payment and refund of paid amounts

1. Commission amount is calculated at rates determined by the Government of the Republic of Kazakhstan and paid prior to the submission of corresponding documents to the registering body.

2. Commission amount is deposited into the budget at the place of registration.

3. Refund of paid commission amounts is not made with the exception of cases of refusal of persons paid the commission, from the registration making before the submission of corresponding documents to the registering body.

At that the refund is made after presenting by payer the document issued by the corresponding registering body certifying that the said person has not submitted documents for the fulfillment of registration actions.”;

159) subparagraph 1) of paragraph 2 of article 428 to reword as follows:

“1) from auctions carried out by authorized state body fulfilling rights of possession, accommodation and disposition of state property objects, its territorial bodies;”;

160) paragraph 4 of article 430 to reword as follows:

“4. The amount of paid commission is not subject to the refund with the exception of cases when the court invalidates sales transaction of auction’s articles.”;

161) to eliminate the word “declaration” in paragraph 5 of article 450;

to insert words “amounts calculation of current payments” after the word “is submitted”;

to insert the word “calendar” after the word “ten”;

162) to replace the word “permission” with words “of the permissive document” in paragraph 2 of article 451 and paragraph 3 of article 454;

163) paragraph 2 of article 466 to reword as follows:

“2. Payment is not collected if animals are caught for marking, ringing, relocation, acclimatization and interbreeding for research and economic purposes with their subsequent release to the natural environment.”;

164) to insert words “, indicated in the permissive document” to paragraph 6 of article 488;

165) in paragraph 1 of article 495:

to insert subparagraph 8-1) as follows:

“8-1) for issue of licenses for import and export of rare specimens of animals and sturgeons, and animals being under the threat of dying-out, their parts and derivatives;”;

subparagraph 11) to reword as follows:

“11) for registration and re-registration of each unit of civil, official arms of natural and juridical persons (with the exception of cold hunting, signal, fire-arms without barrel, mechanical sprayers, aerosol and other devices equipped with lachrymatory (tear) or irritating substances, pneumatic arms with muzzle energy no more than 7,5 joule and with caliber to 4,5 mm inclusive);”;

to insert words “, of certificates of tractor driver and machinist” after the word “certificates” to subparagraph 13);

to insert word “mechanical” after the word “registration”;

166) to eliminate words “and penalties” from the second and the third paragraphs of subparagraph 4) of paragraph 1 of article 496.

167) in article 500:

to insert subparagraph 2-1) as follows:

“2-1) for issue of licenses for import and export of rare specimens of animals and sturgeons, and animals being under the threat of dying-out, their parts and derivatives – 200 percent;”;

subparagraph 4 to reword as follows:

“4) for issue:

of the license for import of civil, official arms and its cartridges – 200 percent;

of the license for export of civil, official arms and its cartridges – 200 percent;

of the license for storage of civil, official arms and its cartridges – 100 percent;

of the license for storage and bearing of civil, official arms and its cartridges – 100 percent;

of the license for the transportation of civil, official arms and its cartridges – 200 percent;

of the order to the commission sale of civil, official arms and its cartridges – 100 percent;

to juridical persons;

of the license for import of civil arms and its cartridges – 50 percent;

of the license for export of civil arms and its cartridges – 50 percent;

of the license for acquisition of civil arms and its cartridges – 50 percent;

of the license for storage of civil arms and its cartridges – 50 percent;

of the license for storage and bearing of civil arms and its cartridges – 50 percent;

of the license for the transportation of civil arms and its cartridges – 10 percent;

of the order to the commission sale of civil arms and its cartridges – 50 percent;

to natural persons;”;

subparagraph 5) to reword as follows:

“5) for registration and re-registration of each unit of civil, official arms of natural and juridical persons (with the exception of cold, hunting, signal, fire-arms without barrel, mechanical sprayers, aerosol and other devices equipped with lachrymatory or irritating substances, pneumatic arms with muzzle energy no more than 7,5 joule and with caliber to 4,5 mm inclusive) – 10 percent;”;

to insert subparagraph 9) as follows:

“9) for issue:

of the certificate of tractor-driver and machinist – 50 percent;

state registration number plate for tractors, motor vehicle chassis and mechanisms manufactured on the basis of tractors, trailers to them including trailers with mounted special equipment, self-propelled agricultural, melioration and road-building machinery and mechanisms – 100 percent;

of the technical passport for state registration of tractors, motor vehicle chassis and mechanisms manufactured on the basis of tractors, trailers to them including trailers with mounted special equipment, self-propelled agricultural, melioration and road-building machines and mechanisms – 50 percent.”;

168) in article 501:

to insert subparagraph 11-1) as follows:

“11-1) attorney (agent) applied to the court with the suit on the repayment of budget credits, as well as state loans and loans guaranteed by the state in accordance with the budget legislation of the Republic of Kazakhstan;”;

to replace the word “of banks” with words “financial organizations” in subparagraph 21);

to eliminate the word “loan”;

to insert subparagraph 22) as follows:

“22) banks authorized for the implementation of state investment policy in accordance with the legislative act of the Republic of Kazakhstan upon filing the suits:

on the collection of debts on credits given on the repayable basis at the expense of budget funds;

on recovery of debtor’s property;

on bankruptcy of debtors in connection with non-execution of their obligations on foreign state loans and loans guaranteed by the state, as well as loans granted at the expense of budget funds.”;

169) to insert words “and certificates of stateless persons” after words “Republic of Kazakhstan” to paragraph 4 of article 506;

to insert words “aged people living in aged people’s homes, orphans and children remained without parents care, fully depending on the state security and living in children’s homes and hostel organizations,” after words “invalids of I and II groups”;

170) in paragraph 2 of article 507:

to insert words “, of certificates of tractor-driver and machinist” after the word “of certificates” to subparagraph 6-1);

to insert the word “mechanical” after the word “of the registration”;

to insert subparagraph 7-1) as follows:

“7-1) for issue of licenses for import and export of rare specimens of animals and sturgeons, and animals being under the threat of dying-out, their part and derivatives – to the issue of correspondent documents;”;

subparagraph 9) to reword as follows:

“9) for registration and re-registration of each unit of civil, official arms of natural and juridical persons (with the exception of cold, hunting, signal, fire-arms without barrel, mechanical sprayers, aerosol and other devices equipped with lachrymatory or irritating substances, pneumatic arms with muzzle energy no more than 7,5 joule and with caliber to 4,5 mm inclusive) - till the issue of correspondent documents;”;

171) to insert part two to paragraph 5 of article 520 as follows:

“The form of the tax payer certificate is determined by authorized state body.”;

172) to replace words “With a view of this paragraph as inactive” with the word “Inactive” in part two of paragraph 2 of article 525;

173) subparagraph 4) of article 526 to reword as follows:

“4) in the priority order to execute payment orders of the tax payer for payment of taxes and other compulsory payments into the budget from the banking account upon the adequacy of the client’s funds on the banking account (accounts) for the satisfaction of all demands made to the client. In the same order to execute collection instructions of tax authorities for collection of taxes amounts and other compulsory payments into the budget, as well as fines and penalties which are not paid in specified periods of time, not later than one operational day since the date of the receipt of tax authorities instruction.

In case of the absence or insufficiency of funds on banking account (accounts) for the satisfaction of all demands made to the client, bank withdraws funds on the account of recovery of tax debts in the priority order determined by the Civil Code of the Republic of Kazakhstan;”;

174) to insert the seventh paragraph to subparagraph 2) of paragraph 4 of article 533 as follows:

“on issues of determination of mutual settlements between the tax payer and its debtors;”;

175) in article 534:

to insert words “, on issues of the state regulation of manufacture and turnover of certain types of excisable goods” after the word “the budget” to sub-paragraph 2) of paragraph 1;

sub-paragraph 4) of paragraph 2 to reword as follows:

“4) on carrying out subject examinations:

conducted on the basis of the tax payer’s application, with the object of reliability of value added tax amounts submitted for the refund, as well as for elimination of violations, in which connection the licensor has suspended the validity of the license;

on issues of determination of mutual settlements between the tax payer and its debtors in accordance with article 52 of this Code;”;

176) in article 536:

paragraph 3 to reword as follows:

“3. The following shall be indicated in the instructions upon the assignment of subject, cross examinations:

examined types of tax and other compulsory payment into the budget;

issues of the completeness and promptitude of the deduction and (or) transferring of compulsory pension contributions into accumulating pension funds, social allocations into the State Fund of the Social Insurance;

issues of execution of obligations determined by this Code, by banks and organizations carrying out certain types of banking operations;

issue of state control on the application of transfer prices;

issues of state regulation of manufacture and turnover of certain types of excisable goods;

issues of determination of mutual settlements between the tax payer and its debtors.”;

to insert words “and (or) alterations of examined tax period” after the word “examination” to paragraph 5;

177) to replace words “, fines and penalties” with words “and fines” in paragraphs 1-4 of article 541;

178) to replace the word “, approved” with words “and periods of time that have been approved ” in paragraph 3 of article 545;

179) to insert words “and by local executive” after the word “authorized” to the heading of article 99;

180) paragraphs 1 and 2 of article 549 to reword as follows”

“1. Goods determined in subparagraph 2) of article 257 of this Code, with the exception of wine products and beer, are subject to marking with excise marks and registration-control marks, as well as goods determined in subparagraphs 3) and 4) of article 257 of this Code, are subject to marking with excise marks and registration-control marks in the order and on terms determined by the Government of the Republic of Kazakhstan.

2. Manufacturers and importers of excisable goods as well as competitive managers selling the property (assets) of the bankrupt, make the marking with excise marks and registration-control marks of excisable goods indicated in paragraph 1 of this article.

Manufacturers and importers of excisable goods as well as competitive managers selling the property (assets) of the bankrupt are responsible for the correctness of marking with excise marks and registration-control marks of excisable goods indicated in paragraph 1 of this article.”;

181) in article 551:

to insert the words “and by local executive” after the word “authorized” to the heading and the text;

to insert words “taxes and” after the word “transfer of”;

182) to replace words “, fines and penalties” with words “and fines” in paragraph 2 of article 552;

183) in paragraph 1 of article 555:

to eliminate words “in tax authority”;

to insert part 2 as follows:

“On tax payers complaints subject to monitoring, the tax service body considering such complaint, has the right to prolong the said period, but not longer than for fifteen working days.”.

184) to insert part two to paragraph 1 of article 557-4 as follows:

“On tax payers complaints subject to monitoring, authorized state body has the right to prolong the said period, but not longer than for fifteen working days.”.

4. To the Budget Code of the Republic of Kazakhstan of 24 April 2004 (Gazette of Parliament of the Republic of Kazakhstan No. 8-9, article 53 of 2004; No. 20, article 116):

1) in paragraph 1 of article 46:

to eliminate the word “including” in subparagraph 4);

subparagraphs 5) and 6) to reword as follows:

“5) rental tax to exported crude oil, condensed gas;

6) excess profit tax;”;

to insert subparagraph 9-1) as follows:

“9-1) the additional payment of subsurface user carrying out the activity under the production sharing agreement;”;

2) in paragraph 1 of article 48:

to eliminate the sixth and the seventh paragraphs of subparagraph 7);

to insert subparagraph 19-1) as follows:

“19-1) fee for the state registration of chattel mortgage;”;

3) in paragraph 1 of article 49:

to eliminate the sixth and the seventh paragraphs of subparagraph 7);

to insert subparagraph 14-1) as follows:

“14-1) fee for the state registration of chattel mortgage;”;

5. To the Law of the Republic of Kazakhstan “On Banks and Banking Activity in the Republic of Kazakhstan” of 31 August 1995 (Gazette of the Supreme Council of the Republic of Kazakhstan No. 15-16, article 106 of 1995; Gazette of the Parliament of the Republic of Kazakhstan No.2, article 184 of 1996; No.15, article 281; No.19, article 370; No.5, article 58 of 1997; No. 13-14, article 205; No.22, article 333; No.11-12, article 176 of 1998; No.17-18, article 224; No.20, article 727 of 1999; No.3-4, article 66 of 2000; No.22, article 408; No.8, article 52 of 2001; No.9, article 86; No.17, article 155 of 2002; No.5, article 31 of 2003; No.10, article 51; No.11, articles 56, 67; No.15, articles 138, 139; No. 11-12, article 66 of 2004; No.16, article 91):

to insert words “, as well as with respect to the inactive juridical person” to subparagraph e) of paragraph 6 of article 50.

6. To the Law of the Republic of Kazakhstan “On Provision of Pensions in the Republic of Kazakhstan” of 20 June 1997 (Gazette of the Parliament of the Republic of Kazakhstan No.12, article 186 of 1997; No.24, article 437 of 1998; No.8, article 237 of 1999; No.23, article 925;

No.17-18, article 245 of 2001; No.20, article 257; No.1, article 1 of 2002; No.23-24, article 198; No.1-2, article 9 of 2003, No.11, article 56; No.15, article 139; No.21-22, article 160; No.11-12, article 66 of 2004):

to insert paragraph 7 to article 22 as follows:

“7. Compulsory pension contributions, deducted from incomes of former employees (left for permanent residence outside of the Republic of Kazakhstan, considered as missing or died in accordance with the procedure determined by the legislation of the Republic of Kazakhstan), not having, as of 1 January 2005, the social individual code and (or) tax identification number, and (or) pension agreement with accumulation pension funds, are transferred in accordance with the procedure determined by the Government of the Republic of Kazakhstan.”;

2) article 22-4 to reword as follows:

“Article 22-4. Responsibility for untimely deduction and transfer of compulsory pension contributions

1. Amounts of compulsory pension contributions not deducted (not charged) in time and (or) not transferred by the agent on the assumption of actual payment and income’s acquisition by the depositor, are collected by tax authorities or subject to the transfer by agents in favor of depositors of compulsory pension contributions with imposed fine at the rate of 2,5-multiple official rate of refinancing, determined by the National Bank of the Republic of Kazakhstan, for each day of delay (including payment date to the Center).

2. In case of incomplete and (or) untimely transfer of compulsory pension contributions, tax authorities have the right to collect funds from banking accounts of agents within arisen debts of compulsory pension contributions.

Collection of debts of compulsory pension contributions is made on the basis of notification sent to the agent in accordance with the procedure determined by the Government of the Republic of Kazakhstan.

3. The agent shall submit the following documents to the tax authority during five working days from the day of notification’s receipt:

1) lists of depositors of accumulation pension funds in which favor debts of compulsory pension contributions are collected;

2) lists of accumulation pension funds with indication of total amount of debts of each accumulation pension fund.

Collection of debts of compulsory pension contributions from banking accounts of agents is made on the basis of the collection order of tax authority.

In case of absence or insufficiency of funds on banking account (accounts) for satisfaction of all requirements made to the client, the bank withdraws funds of the client in the priority order determined by the Civil Code of the Republic of Kazakhstan.

4. Upon the decision of tax authorities in case, if the agent has not submitted lists of depositors of accumulation pension funds in which favor debts of compulsory pension contributions are collected and in the presence of debts of compulsory pension contributions, banks and organizations carrying out certain types of banking operations, shall suspend all expenses operations on banking account (accounts) of agents and execute instructions relating to the transfer of compulsory pension contributions and tax indebtedness in accordance with the procedure determined by the legislation of the Republic of Kazakhstan.

Decision of tax authority on the suspension of expenses operations on banking account (accounts) is reversed by tax authority made the decision on the suspension of expenses operations, not later than one working day following the day of reasons elimination of the suspension of expenses operations on banking account (accounts).

5.If the agent has no banking account, tax authority forecloses on cash money of the agent in accordance with the procedure determined by the Government of the Republic of Kazakhstan.

6. Banks and organizations carrying out certain types of banking operations, shall transfer amounts of compulsory pension contributions through the Center at the day of withdrawal of the amounts from banking accounts of agents.”;

3) paragraph 1 of article 24 to reword as follows:

“1. Agents submit the calculation of calculated, deducted (charged) and transferred amounts of compulsory pension contributions to tax authorities quarterly, in time prior to the fifteenth day of the month following the reporting quarter, unless otherwise is stipulated by the legislation of the Republic of Kazakhstan. Payment form and order of its presentation are established by authorized body providing the tax control for execution of tax obligations before the state upon the agreement with the central executive body in the sphere of the social protection of population.”.

7. To the Law of the Republic of Kazakhstan “On Payments and Funds Transfer” of 29 June 1998 (Gazette of the Parliament of the Republic of Kazakhstan No.11-12, article 177 of 1998; No.24, article 445; No.3-4, article 66 of 2000; No.4, article 25 of 2003; No.10, articles 49, 51; No.15, article 138):

to insert part 2 to paragraph 2 of article 14 as follows:

“ Collection instructions of tax service bodies to the collection of debts on compulsory pension contributions are submitted to banks with enclosure of lists of accumulation pension funds depositors in which favor debts are collected.”.

8. To the Law of the Republic of Kazakhstan “On the Registration of Chattel Mortgage” of 30 June 1998 (Gazette of the Parliament of the Republic of Kazakhstan No.13, article 196 of 1998; No.11, article 67 of 2003):

1) in article 6:

to insert words “in accordance with legislative acts of the Republic of Kazakhstan” to paragraph 3;

to eliminate the third sentence from paragraph 4;

2) in article 9:

to insert the second sentence to part two of paragraph 2 as follows:

“The document certifying the payment of a fee for the state registration of chattel mortgage to the budget, shall be enclosed to the application.”;

to eliminate paragraph 5;

3) to insert articles 9-1 and 9-2 as follows

“Article 9-1. Fee for the state registration of chattel mortgage

Fee for the state registration of chattel mortgage is levied in accordance with the procedure determined by the Tax Code of the Republic of Kazakhstan.

Article 9-2. Payment for information service and correction of errors in registration documents made through the applicant’s fault

In accordance with the legislation of the Republic of Kazakhstan a registering authority collects payment for rendering of information service, as well as for correction of errors in registration documents made through the applicant’s fault.”;

4) in article 11:

subparagraph 4) of paragraph 1 to reword as follows:

“4) there is no document certifying the payment of the fee for the state registration of chattel mortgage to the budget.”;

to eliminate paragraph 4;

5) to eliminate paragraph 2 of article 15;

6) to eliminate paragraphs 4 and 5 of article 18;

7) to insert subparagraph 6) to paragraph 1 of article 21 as follows:

“6) completeness of the fee collection for the state registration of chattel mortgage.”.

9. To the Law of the Republic of Kazakhstan “On the State Control for the Turnover of Certain Types of Arms” of 30 December 1998 (Gazette of the Parliament of the Republic of Kazakhstan No.24, article 448 of 1998; No.4, article 34 of 2002):

1) in paragraph 5 of article 15:

to replace words “nonrecurring fees are collected” with words “the state duty is collected in accordance with the tax legislation of the Republic of Kazakhstan”;

to eliminate the second sentence;

2) paragraph 8 of article 26 to reword as follows:

“ In accordance with the tax legislation of the Republic of Kazakhstan the state duty for issue of permit for import and export of arms and cartridges to them to and from the Republic of Kazakhstan is collected.”;

3) subparagraph 7) of article 28 to reword as follows:

“7) approves rates of license fee for the right to carry out certain types of activity;”.

10. To the Law of the Republic of Kazakhstan “On the State Regulation of Manufacture and Turnover of Ethyl Alcohol and Alcohol Products” of 16 July 1999 (Gazette of the Parliament of the Republic of Kazakhstan No.20, article 720 of 1999; No.5, article 27 of 2004):

to insert words “, except for the spirit-based medical products registered as the medicine in accordance with the legislation of the Republic of Kazakhstan” to subparagraph 1) of article 1.

11. To the Law of the Republic of Kazakhstan “On Development Bank of Kazakhstan” of 25 April 2001 (Gazette of the Parliament of the Republic of Kazakhstan No.9, article 85 of 2001; No.11, article 56 of 2003; No.12, article 83; No.15, article 139; No.15, article 85 of 2004):

to eliminate article 26.

12. To the Law of the Republic of Kazakhstan “On Compulsory Social Insurance” of 25 April 2003 (Gazette of the Parliament of the Republic of Kazakhstan No.9, article 41 of 2003):

1) to eliminate part two of paragraph 2 of article 15;

2) in article 16:

paragraph 1 to reword as follows:

“1. Social allocations to the fund are paid by the payer by means of payments through the bank account of the Center not later than the 15th day of the month following the reporting month, unless otherwise is specified by legislative acts of the Republic of Kazakhstan.”;

to eliminate paragraph 2;

3) in article 17:

to replace words “2-multiple” with words “2.5-multiple” in paragraph 1;

paragraph 2 to reword as follows:

“2. In case of incomplete and (or) untimely transfer of social allocations, tax authorities have the right to collect funds from banking accounts of the payer within arisen debts.

Collection of debts on social allocations is made on the basis of the collection order of tax authority with sending a notification to the payer in the order determined by the Government of the Republic of Kazakhstan.

The payer shall submit to the tax authority the list of compulsory social insurance system members for whom social allocations are made, in terms determined by the Government of the Republic of Kazakhstan.

In case of absence or insufficiency of funds on banking account (accounts) for satisfaction of all requirements made to the client, bank withdraws the funds of the client in the priority order determined by the Civil Code of the Republic of Kazakhstan.”;

to insert paragraph 4 as follows:

“4. If the payer has no banking accounts, the tax authority forecloses on cash of the payer in accordance with the procedure determined by the Government of the Republic of Kazakhstan.”;

4) in article 18:

to replace the word “calculations” with “calculation”;

to insert the second part as follows:

“Form of payment and order of it’s submission are established by authorized body providing the tax control for the execution of tax liabilities before the state upon the agreement with the central executive body in the sphere of the social protection of population.”.

13. To the Law of the Republic of Kazakhstan “On Joint-Stock Companies” of 13 May 2003 (Gazette of the Parliament of the Republic of Kazakhstan No.10, article 55 of 2003; No.21-22, article 160):

in article 32:

the heading to reword as follows:

“Article 32. Repayment of tax debts of the company with the state’s participation in the charter capital for account of the declared shares of the company”;

to replace words “debts of the company with state’s participation in the charter capital on taxes and other compulsory payments into the budget” with words “tax debts of the company with the state’s participation in the charter capital” in the first paragraph of paragraph 1.

14. To the Law of the Republic of Kazakhstan “On Amendments and Addenda into the Legislation of the Republic of Kazakhstan on Taxation Issues” of 29 November 2003 (Gazette of the Parliament of the Republic of Kazakhstan No.21-22, article 160 of 2003):

to eliminate article 2.

Article 2. This Law comes into force since 1 January 2005 except for subparagraphs 42)-49), the sixth paragraph of subparagraph 54), subparagraph 55) of paragraph 3 of article 1, which come into force since 1 January 2006.

President
Republic of Kazakhstan
N. NAZARBAYEV