THE CODE
OF THE REPUBLIC OF KAZAKHSTAN

ON TAXES AND OTHER OBLIGATORY PAYMENTS TO THE BUDGET (THE TAX CODE)

Effective January 1, 2015

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THE CODE
OF THE REPUBLIC OF KAZAKHSTAN

ON TAXES AND OTHER OBLIGATORY PAYMENTS TO THE BUDGET (THE TAX CODE)

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*Effective January, 2015**

1. GENERAL PART

Section 1. General Provisions

CHAPTER 1. FUNDAMENTAL PROVISIONS

Article 1. The Relations Regulated by this Code

This Code shall regulate the government-directed relations associated with establishing, introduction and the procedure for the payment of taxes and other obligatory payments to the budget as well as relations between the state and the taxpayer (the tax agent) which are associated with the performance of tax obligations.

Article 2. The Tax Legislation of the Republic of Kazakhstan

1. The tax legislation of the Republic of Kazakhstan shall be based upon the Republic of Kazakhstan Constitution, it shall consist of this Code, and also regulatory legal acts the adoption of which is specified by this Code.

2. No one may be burdened with the duty to pay taxes and other obligatory payments to the budget, which are not specified by this Code.

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* With amendments and additions introduced in accordance with laws of the Republic of Kazakhstan: *№ 164-V LRK of 15.01.2014; № 177-V LRK of 07.03.2014; № 189-V LRK of 11.04.2014; № 195-V LRK of 17.04.2014;№ 203-V LRK of 16.05.2014; № 208-V LRK of 10.06.2014 (italicized)*, № 209-V LRK of 12.06.2014; № 210-V LRK of 18.06.2014; № 214-V LRK of 30.06.2014; № 225-V LRK of 02.07.2014; № 227-V LRK of 03.07.2014; № 233-V LRK of 04.07.2014 (underlined); *№ 239-V LRK of 03.10.2014; № 248-V LRK of 07.11.2014; № 254-V LRK of 17.11.2014 (italicized. underlined)*; ***№ 257-V LRK of 28.11.2014; (black italicized)***; ***№ 269-V LRK of 24.12.2014; № 271-V LRK of 29.12.2014 (black italicized, underlined).***

{~} symbol in the text means that certain words, phrases, sentences or the whole parts are excluded from the text as a result of the introduction of additions and amendments in the Law of the Republic of Kazakhstan.

3. Taxes and other obligatory payments to the budget shall be established, introduced, altered or abolished in accordance with the procedure and on the terms established by this Code.

4. Where a contradiction exists between this Code and other legislative acts of the Republic of Kazakhstan, for taxation purposes the provisions of this Code shall apply. It shall be prohibited to include rules regulating tax relations into non-tax legislation of the Republic of Kazakhstan, except for the cases specified by this Code.

5. Where an international treaty ratified by the Republic of Kazakhstan establishes other rules than those which are contained in this Code, the rules of said treaty shall apply.

Article 3. Validity of the Tax Legislation

1. Tax legislation of the Republic of Kazakhstan shall be effective in the entire territory of the Republic of Kazakhstan and it shall apply to natural persons, legal persons and their structural units.

2. Legislative acts of the Republic of Kazakhstan which introduce amendments and additions to this Code, except for amendments and additions concerning tax administration, special considerations in establishing tax reporting, as well as improving the status of taxpayers (tax agents) may be adopted not later than the 1st December of current year and enter into force not previously than the 1st January of the year following a year of their adoption.

Article 4. The Taxation Principles in the Republic of Kazakhstan

1. The tax legislation of the Republic of Kazakhstan shall be based upon the taxation principles. The principles of the obligatory nature, of the certainty, fairness of taxation, unity of the tax system and publicity of the tax legislation of the Republic of Kazakhstan shall be recognised as the taxation principles.

2. Provisions of the tax legislation of the Republic of Kazakhstan may not contradict the taxation principles established by this Code.

Article 5. The Principle of the Obligatory Nature of Taxation

The taxpayers shall be obliged to perform tax obligations, the tax agents – the obligation of the assessment, withholding and transferring taxes in accordance with the tax legislation of the Republic of Kazakhstan in full volume and within established time.

Article 6. The Principle of Certainty of Taxation

Taxes and other obligatory payments to the budget of the Republic of Kazakhstan must be well-defined. The certainty of taxation shall be understood as establishing in the tax legislation of the Republic of Kazakhstan of all reasons and procedure for the emergence, implementation and termination of tax obligations of taxpayers, duties of tax agents with regard to the assessment, withholding and transfer of taxes.

Article 7. The Principle of Fairness of Taxation

1. Taxation in the Republic of Kazakhstan shall be universal and obligatory.

2. It shall be prohibited to grant tax privileges of individual nature.

Article 8. The Principle of Unity of the Tax System

The tax system of the Republic of Kazakhstan shall be uniform in the entire territory of the Republic of Kazakhstan with regard to all taxpayers (tax agents).

Article 9. The Principle of Publicity of Tax Legislation of the Republic of Kazakhstan

Regulatory legal acts which regulate issues of taxation shall be subject to obligatory publication in official publications.

Article 10. The Tax Policy

The tax policy shall mean a set of measures for the establishment of new and the abolition of effective taxes and other obligatory payments to the budget, the alteration of rates, items of taxations and items associated with the taxation, the tax base on taxes and other obligatory payments to the budget for the purpose of ensuring the financial demands of the state on the basis of observance of the balance of economic interests of the state and the taxpayers.

Article 11. The Consulting Council for Taxation Matters

1. For the purpose of developing proposals on the elimination of ambiguities, inaccuracies, and contradictions which may emerge in the course of implementation of tax obligations, and also on the suppression of possible schemes of evasion from payment of taxes and other obligatory payments to the budget, the Government of the Republic of Kazakhstan may establish a Consulting Council.

2. The Government of the Republic of Kazakhstan shall approve the membership of, and the regulations on, the Consulting Council.

Article 12. The Fundamental Definitions Used in This Code

1. The fundamental definitions which are used in this Code for taxation purposes are as follows:

1) information processing services – services of performing the collection and compilation, systematization of information files of data and providing users with the results of processing such information;

2) special tax regime – special procedure of settlements with the budget which is established for certain categories of taxpayers and which provides for the application of a simplified procedure for the assessment and payment of certain types of taxes and payments for land plot use, as well as for the presentation of tax reports on them;

3) securities – shares, debt securities, depositary receipts, unit shares of investment funds and Islamic securities;

4) other obligatory payments – obligatory money contributions to the budget in the form of payments, effected in the amounts and events, established by the Code;

5) arrears – computed, assessed and not paid in time amounts of taxes and other obligatory payments to the budget, including advance and (or) current payments thereof, except for those shown in the notices on results of tax audits during the period of appeal in accordance with the procedure established by the Republic of Kazakhstan legislation with regard to amounts in dispute;

6) debt securities – governmental issued securities, bonds and other securities, which are recognised as debt securities in accordance with the Republic of Kazakhstan legislation;

7) discount on debt securities – difference between the nominal value and the value of the primary placement (without considering coupons) or purchase price (without considering coupons) of debt securities;

8) coupon of debt securities (henceforth – coupon) – amount paid (to be paid) by the issuer in excess of the nominal value of debt securities in accordance with the terms of the issue;

9) premium on debt securities – difference between the value of the primary placement (without considering coupon) or purchase price (without considering coupon) and the nominal value of debt securities whose terms of issue provide for the payment on the coupon;

10) market currency rate:

average weighted exchange rate of the tenge to foreign currency which forms during the main session of the stock exchange functioning in the territory of the Republic of Kazakhstan and determined in accordance with the procedure established by the National Bank of the Republic of Kazakhstan in conjunction with the authorised state body carrying out the regulation of activities in the sphere of accounting and financial reporting, and tenge exchange rate to foreign currency, in which the stock exchange functioning in the Republic of Kazakhstan territory does not trade, shall be computed by using cross-rates in accordance with the procedure established by the National Bank of the Republic of Kazakhstan in conjunction with the authorised state body carrying out the regulation of activities in the sphere of accounting and financial reporting;

10-1) web-based application – a personified and protected from unauthorized access Internet-resource of the authorized body designed to enable taxpayers to get electronic tax services and fulfil their tax obligations;

11) grant – assets provided on a charge-free basis for attaining certain objectives (achievements) as follows:

by states, governments of states to the Republic of Kazakhstan, the Government of the Republic of Kazakhstan, natural persons and also legal persons;

by international and governmental organisations, foreign and Kazakhstani non-governmental public organisations and foundations whose business has a charitable and (or) international nature and does not contradict the Republic of Kazakhstan Constitution, which are included into the list established by the Republic of Kazakhstan Government pursuant to the resolution of the state authorities, to the Republic of Kazakhstan, the Government of the Republic of Kazakhstan, natural persons and legal persons;

by foreigners and stateless persons – to the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

For the purposes of this Code the the assets provided on a charge-free basis by Kazakhstani non-governmental social funds within the framework of the intergovernmental organization the Party of which is the Republic of Kazakhstan, and which is aimed to support (render assistance to) low-income groups in the Republic of Kazakhsatan to achieve objectives (tasks) specified by such agreement shall be recognized as a grant;

12) humanitarian assistance – assets which are granted to the Republic of Kazakhstan in the form of food, consumer goods, machinery, equipment, medical items and pharmaceuticals, other assets sent from foreign countries and international organisations for improving living standards and consumer conditions of the public, and also prevention and liquidation of emergency situations of military, ecological, natural, technogenic nature which is distributed by the Republic of Kazakhstan Government through authorised organisations;

13) sponsor assistance – assets which are provided on a charge-free basis for the purpose of promoting information about a person that renders such assistance as follows:

to natural persons in the form of financial (except for social) support for the participation in competitions, contests, exhibitions, shows and for development of creative, scientific, science and technology, inventor activities, enhancing the level of education and sports skills;

to non-for-profit organisations for the attainment of their charter objectives;

14) dividends – income to be paid on shares, including on shares which are the underlying assets of depositary receipts; income to be paid on unit shares of unit-share investment funds, except for income on unit shares when they are purchased by the managing company of the fund; in the form of portion of the net income which is distributed by a legal person between its foundation parties, participants;

income from distribution of assets in the case of liquidation of a legal person or in the case of reduction of charter fund through pro rata decrease of amounts of foundation parties', participants' contributions or by full or partial repayment of shares of foundation parties, participants and also in the case of the return to a foundation party, participant of a share or its part in the legal person; income subject to payment under Islamic participation certificate; income which is received by a shareholder, participant, foundation party or their related parties from a legal person in the form of:

a positive difference between the market price of goods, works, and services and the price at which such goods, works, and services were sold to the shareholder, partner, founder or their associated party;

a negative difference between the market price of goods, works, and services and the price at which such goods, works, and services were acquired from the shareholder, partner, founder or their associated party;

amounts of expenditures or obligations not relating to entrepreneurial activity of a legal person which arise with its shareholder, participant, foundation party or their related parties before third parties, to be repaid by the legal person without its compensation by the shareholder, foundation party, participant or their related parties to a given legal person;

any assets and material benefits which are granted by a legal person to its shareholder, participant, foundation party, or their related parties, except for income specified in Articles 163-165 of this Code, and income from sales of goods, work, and services.

The income from distribution of property specified in this subparagraph shall be determined as follows:

Д = Сп – Су, where:

Д – income from distribution of property;

Сп – cost of the property (to be) received at distribution of the property, including that (to be) received instead of previously contributed one;

Су – cost of the property specified in the constituent documents of the legal entity but not exceeding the actually paid contribution.

The positive or negative difference mentioned in this paragraph shall be determined when adjusting taxable items. In that respect, adjustment of items shall be carried out in the cases of, and in accordance with, the procedure as established by the Republic of Kazakhstan legislation concerning transfer pricing. For the purposes of this subparagraph interrelated parties are determined in accordance with paragraph 1-1 of this Article;

15) designer services – services associated with designing artistic forms, exterior of items, architecture of buildings, interior of offices; artistic design;

16) false enterprise – a subject of private entrepreneurship which establishment and/or management is recognized as false entrepreneurship by a sentence or resolution of a court which entered into legal force in accordance with legislation of the Republic of Kazakhstan;

17) personal property of a natural person – assets of a natural person in a material form possessed under the right of ownership or being its portion in the common property and not intended for the use for entrepreneurship objectives;

17-1) Subsoil use contract is an agreement between the competent authority or authorized body for exploration and use of mineral resources, or local executive body of the region, city of national status, capital in accordance with the competence established by the legislation of the Republic of Kazakhstan concerning mineral resources and subsoil use, and an individual and/or legal entity for exploration, mining, combined exploration and mining of mineral resources, or for construction and/or operation of subsurface structures, not connected with exploration and/or mining, or for national geological study of subsurface resources. For the purposes of this Code the term “Subsoil Use Contract” shall also include other forms of provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan;

18) subsurface users – natural persons and legal persons who have the right to carry out subsurface use operations, including petroleum operations in the territory of the Republic of Kazakhstan in accordance with the Republic of Kazakhstan legislative acts;

19) structural unit of a legal person – a affiliate, representation;

19-1) Investment gold – gold with certificate or any other document issued by the conformity assessment authority or testing laboratory accredited in accordance with the procedure established by the legislation of the Republic of Kazakhstan on assessment of conformity of such gold to the national or international quality standard, and corresponding to the following conditions:

for gold coins:

such gold coins shall not have numismatic value;

purity of gold equals to or exceeds 900 thousandths per 1 000 units of gross mass (which corresponds to 900 standard, 900 pro mille, 90.0 percent or 21,6 carat).

For the purposes of this Code coins in the national currency shall not be recognized as investment gold.

In addition, a gold coin shall be recognized as having numismatic value provided that it corresponds to one of the following conditions:

it was minted before year 1800;

it was minted by the technology which enables to acquire mirror surface of proof quality;

having the issue circulation of not more than 1,000 copies;

its market price exceeds cost of gold, contained in the coin, for more than 80 percent.

Market price of a gold coin shall be determined by way of multiplying a.m. gold fix (price quotation) which is set by the London Bullion Market Association as at the date of sales of gold coin, by the market currency rate determined for the date;

for the rest gold:

such gold shall be manufactured in a shape of a bar and (or) plate;

purity of such gold shall be equal to or exceed 995 thousands per 1,000 units of ligature mass (which corresponds to 995 standard, 995 pro mille, 99.5 percent or 23.88 carat);»;

20) engineering services – engineering-consultancy services, work of research, planning and designing work, work of computation-analytical nature, preparation of technical feasibility studies of projects, elaboration of advice in the sphere of organising production facilities and management, marketing of goods;

20-1) Islamic securities – Islamic lease certificates and Islamic participation certificates;

20-2) professional mediator – a mediator carrying out the professional activities in accordance with the legislation of the Republic of Kazakhstan concerning mediation;

21) contract activities – business of subsurface users which is carried out in accordance with contractual provisions of subsurface use contracts;

non-disclosure agreement – a contract (agreement) between the subsoil user and competent authority for research and use of subsurface resources that is used as a basis for disclosure of geological information. Such contracts (agreements) shall also include a contract (agreement) for acquisition of information;

22) non-contract business – any other business of a subsurface user, which is not directly specified in the provisions of a subsurface use contract;

23) consultancy services – services on providing explanations, recommendations, advice and other forms of consultations, including the determination and/or evaluation of problems and/or possibilities of a person, for the purpose of solving managerial, economic, financial, investment issues, including issues of strategic planning, organization and running of business, personnel management;

24) charity assistance – property donated free of charge:

to individuals as social support; to non-profit organizations in order to support their statutory activities;

to organizations operating in the social sphere in order to enable the carrying out by the said organizations of the activities specified in paragraph 2 of Article 135 of this Code;

to organizations operating in the social sphere and corresponding to the conditions specified in paragraph 3 of Article 135 of this Code;

24-1) social support of an individual – a compensation-free transfer by the tax agent of the property within the limit of the 55-fold amount of the minimum wage established by the law concerning the republican budget and applicable as at the beginning of the respective financial year to an individual entitled to social support in accordance with the legislation of the Republic of Kazakhstan over the year.

The list of categories of persons covered by this subparagraph shall be determined by the authorized state body in charge of the state planning as agreed with the authorized body;

25) participatory interest – share participation of an individual and/or legal entity in joint activity, authorized capital of a legal entity, other than joint-stock companies and mutual investment funds;

26) employee – a natural person who is in employment relations with the employer who directly performs work in accordance with an employment agreement (contract); state employee; member of the board of directors of a joint-stock company, except for state employees; foreigner or stateless person engages for work under a contract for soliciting personnel by a non-resident, whose employment does not form a permanent establishment in accordance with the provisions of paragraph 7 of Article 191 of this Code, for a resident or for another non-resident who carries out business in the Republic of Kazakhstan through a permanent establishment;

27) marketing services – services associated with the research, analysis, planning and prediction in the sphere of production and handling of goods, work, services for the purposes of identifying steps to create better economic conditions for the production and handling of the goods, work, services, including description of goods, work, services, elaboration of price policies and advertising strategies;

28) {~};

28-1) public revenue body – a state body ensuring, within the limits of its competence, the receipt of taxes, customs duties and other mandatory payments to the budget, implementation of customs procedures in the Republic of Kazakhstan, exercising authorities on the prevention, identification, solution and investigation of crimes and offenses referred to the competence of this body by the laws of the Republic of Kazakhstan, as well as exercising any other authorities stipulated by the legislation of the Republic of Kazakhstan;

29) sales – shipment and (or) transfer of goods or other property, performance of work, rendering of services for the purpose of selling, exchanging, charge-free donation, as well as transfer of pledged goods to the pledge-holder;

30) royalty – payments for:

mineral use rights in the course of production of useful minerals and processing of technogenic formations;

the use or right to use copy rights, software, patents, drawings or models, trade marks or other similar types of rights; use or right to use industrial equipment, in particular sea and air craft to be leased in accordance with the bareboat-charter or demise-charter, as well as merchant or research equipment; use of the «know-how»; use or right to use films, video films, sound records or other recording facilities;

31) tax agent – an individual entrepreneur, private notary, private officer of justice, advocate, professional mediator, legal entity, including non-resident legal entity that are entrusted with the duty of assessment, withholding and transfer of taxes withheld at source in accordance with this Code;

32) tax arrears – amount of underpayment and unpaid amounts of fines and penalties. The tax arrears shall not include the amounts of fines as stated in the notice on the results of tax audit, and also the amounts of penalties stated in a resolution on imposition of administrative sanction during a period of appeal in the procedure as established by the Republic of Kazakhstan legislation in part related to the appeal;

33) tax regime – set of rules of the tax legislation of the Republic of Kazakhstan, which are used by the taxpayer when computing all tax obligations relating to payment of taxes and other obligatory payments to the budget as established by this Code;

34) taxes – obligatory monetary payments to the budget as established by the state through legislation in a unilateral procedure, except for the cases specified in this Code, which are paid in certain amounts, which are irrevocable and non-refundable;

35) taxpayer is an entity and/or a structural subdivision of a legal entity who is a payer of taxes and other obligatory payments to the budget;

36) taxpayer's (tax agent) official account – a document, in particular in an electronic form for accounting for the assessed, computed (reduced) and paid (considering off-set and refunded) amounts of taxes and other obligatory payments to the budget, obligatory obligatory pension contributions, obligatory professional pension contributions, social assessments, and also amounts of fines and penalties;

37) electronic document of the taxpayer – electronic document transmitted in an established electronic format, certified with an electronic digital signature of the taxpayer, after its acceptance and confirmation of authenticity;

38) electronic digital signature of the taxpayer – sequence of electronic digital symbols created by means of the electronic digital signature and confirming the accuracy of an electronic document, its belonging to the taxpayer and invariability of its contents;

39) interest – any payments as follows:

relating to a loan (advance, micro loan), except for the borrowed (lent) principal of a loan (advance, micro loan), commission fee for transfers of funds by banks and other payments to a person who for the borrower is not lender, related party;

relating to a credit (loan) for which the right of claim has been assigned by the bank to a subsidiary organization which acquires doubtful and bad assets of the parent bank, except for the received (paid) amount of credit (loan), fees for money transfers to banks and other payments to a person who is not a lender or a related party to the borrower;

Relating to a credit (loan) for which the right of claim has been assessed by the bank to an organization specializing in enhancement of quality of loan portfolio of second-tier banks with 100% voting shares owned by the National Bank of the Republic of Kazakhstan, except for the received (paid out) credit (loan) amount, fees for money transfers to banks, and other payments to a person who is not a lender or a related party to the borrower;

Relating to transfer of property under a financial leasing agreement, including payments to a related party in connection with such agreement except for:

the cost at which such property was received (transferred);

payments connected with the change in the amount of leasing;

payments in case of application of a factor (index) un accordance with the terms and conditions of the terms and conditions of the financial leasing agreement, payments to a person who is not a lessor or related party to the lessee;

relating to deposits (savings), except for the amount of deposit (savings) and payment to a person who is not for the party which received deposit (savings) is not the depositor (contributor), related party;

relating to accumulation insurance agreements, except for amount of insurance amounts to a person who is not for the insurer for the insurant, related party;

relating to debt securities in the form of a discount or a coupon (subject to discount or premium from the price of the primary allocation and (or) purchase price) and commission fees to the person who for the person paying the interest is a holder of that person's debt securities, related party;

relating to a bill of exchange, except for amounts specified in the bill of exchange, commission fees to the person who for the bill of exchange maker is not a holder of his bills of exchange, related party;

relating to repo transactions – in the form of a difference between the closing price and the opening price of repo;

relating to Islamic lease certificates.

For the purposes of this subparagraph the interest shall also mean the interests paid on bank account agreements.

39-1) tour operator's services – services of an individual entrepreneur or legal entity licensed for tourist operator activities (tour operator activities) in accordance with the legislation of the Republic of Kazakhstan concerning tourist activities, involving the sale of a tourism product formed by the same to travel agents and tourists;

40) derivative financial instrument – agreement which value depends on the amount (including fluctuations of the value) of the underlying asset of the agreement, which specifies the performance of a settlement under a given agreement in the future. Options, futures, forwards, swaps and other derivative financial instruments, in particular those that represent a combination of the above derivative securities are referred to derivative financial instruments.

Goods, standard batches of commodities, securities, currency, indices, interest rates and other assets that have a market value, a future event or a circumstance, derivative financial instruments may be underlying assets;

41) person – natural person or legal person; natural person – citizen of the Republic of Kazakhstan, foreigner or stateless person; legal person – organisation formed in accordance with the Republic of Kazakhstan or foreign country legislation (non-resident legal person). For the purposes of this Code a company, organisation or another corporate formation, formed in accordance with the legislation of a foreign country, shall be recognised as independent legal persons, irrespective of whether they have the status of a legal person of the foreign state where they were formed;

41-1) an authorized legal entity shall be a legal entity determined by the authorized body and involved in the sale of taxpayer's (tax agent's) property with restricted disposal;

42) authorised state bodies – state authorities of the Republic of Kazakhstan, except for the tax authorities and local executive bodies who are authorised by the Republic of Kazakhstan Government to carry out the assessment and (or) collection of other obligatory payments to the budget, and also interacting in accordance with this Code with the tax authoritieswithin the bounds of their authority as established by the Republic of Kazakhstan laws, Decrees of President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan;

43) authorised body – state authority carrying out guidance in the sphere of ensuring collection of taxes and other obligatory payments to the budget;

44) winnings – any types of income in kind and in cash which are received by taxpayers at competitions, contests (olympiads, events, on lotteries, drawings, including drawings on deposits and debt securities, as well as income in the form of material benefits, as received in gambling and (or) from wagers);

45) electronic taxpayer – taxpayer who interacts *with the tax authorities* by electronic methods on the basis of an agreement concluded *with the tax authorities* on the use and recognition of the electronic digital signature in the exchange of electronic documents in accordance with the procedure established by this Code;

45-1) electronic invoicing system is an information system of the central authorized agency for administration of the budget used for acceptance, processing, registration, transfer, and storage of invoices issued in electronic form;

46) the operator – a legal person, registered or determined in accordance with the Legislative Acts of the Republic of Kazakhstan by subsurface users carrying out operations of subsurface use as members of a simple partnership (consortium) under the products sharing agreement (contract);

47) import of goods – import of goods into the territory of the Custom Union, executed in conformity with the Custom Legislation of the Custom Union and (or) Custom Legislation of the Republic of Kazakhstan from the territory of another state – member of the Custom Union.

1-1. For the purposes of this Code related parties shall mean individuals and/or legal entities having relationships meeting one or several of the following conditions:

1) one person shall be recognized as an affiliated person of another person in accordance with the regulations of the Republic of Kazakhstan;

2) one person is a major partner in another person;

3) the persons are bound by an agreement under which one of them shall have the right to determine decisions to be made by another person;

4) a legal entity is under control of a major partner or official of another legal entity;

5) a major shareholder, major partner or official of a legal entity is a major shareholder, major partner or official of another legal entity;

6) a legal entity together with another legal entity is controlled by a third party;

7) a person jointly with its affiliated persons holds, uses, and disposes of ten and more per cent of participatory interest in a legal entity or legal entities specified in subparagraphs 2) to 6) of this paragraph;

8) an individual is an official of a legal entity specified in subparagraphs 2) to 7) of this paragraph, other than an independent director of a share-stock company;

9) an individual is a close relative or a relative in-law or by marriage (brother, sister, parent, son or daughter of the spouse of a major partner or official of the legal entity.

For the purpose of this paragraph major partner shall mean a partner holding a share in the assets of a legal entity other than joint-stock companies making up ten and more per cent.

Control over a legal entity shall be the power to determine decisions to be made by the legal entity.

Associated parties shall not include persons if the only basis for their association is the participation of the national managing holding in the authorized capital of a bank as a major shareholder and/or participation of officials of the national managing holding in the management body of such bank arising after January 1, 2009.

2. Other special definitions and terms of the tax legislation of the Republic of Kazakhstan shall be used in accordance with their meanings defined in the relevant Articles of this Code.

3. Definitions of civil law and other branches of the Republic of Kazakhstan legislation, which are used in this Code, shall be used in accordance with the meaning as they are used in those branches of the legislation of the Republic of Kazakhstan, unless otherwise specified by this Code.

CHAPTER 2. THE RIGHTS AND OBLIGATIONS OF THE TAXPAYER AND THE TAX AGENT. REPRESENTATION IN TAX RELATIONS

Article 13. The Rights of the Taxpayer

1. The taxpayer shall have the following rights:

1) to receive *from the tax authorities* information on present taxes and other obligatory payments to the budget, on changes in the tax legislation of the Republic of Kazakhstan, explanations in respect of the procedure for completion of tax forms;

2) to represent own interests in the relations, which are regulated by the tax legislation of the Republic of Kazakhstan, personally or through own representative or with participation of a tax consultant;

2-1) to make an agreement for conducting an audit with respect to taxes in accordance with the legislation of the Republic of Kazakhstan concerning audit activities;

3) to receive results of tax supervision in cases established by this Code;

4) to receive free of charge from the tax authority the standards of rendering of state services approved in accordance with the procedure established by the Legislation of the Republic of Kazakhstan, sheets of the established forms of tax applications and (or) software, which is necessary to present tax reports and application in the electronic format;

5) through an application, to receive from the tax authority duplicates of the tax reports, which were previously presented by the taxpayer;

6) to present *to the tax authorities* explanations in respect of the assessment and payment of taxes and other obligatory payments to the budget according to the results of tax supervision;

7) not later than in two working days from the time of receipt by the tax authority of a tax application, to receive an excerpt from the personal account concerning the status of settlements with the budget in respect of the fulfilment of the tax obligation, as well as the obligations on the assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions, the calculation and payment of social assessments;

8) upon tax application, to receive in the procedure and within the time limits as established by this Code a certificate of income gained by a non-resident from sources in the Republic of Kazakhstan and withheld (paid) taxes;

8-1) upon request, to receive in the procedure and within the time limits as established by this Code information on the absence (presence) of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions;

9) to receive information on details which are necessary to complete a payment document, for the purposes of fulfilling the tax liability of payment of taxes and other obligatory payments to the budget, as well as information on the procedure for payment of taxes and other obligatory payments to the budget within one working day from the time of applying to the tax authority for said information;

10) to appeal in accordance with the procedure established by this Code and other legislative acts of the Republic of Kazakhstan a notice concerning results of the tax audit and (or) a decision of a higher tax authority, which was passed according to results of the consideration of the complaint against the notice, as well as acts (omission) of officials of the tax service authorities;

11) to demand observance of tax secrecy;

12) to receive free of charge state services, which are rendered *by the tax authorities* in accordance with this Code;

13) to fix in writing questions, which the official of the tax service authority has raised during the course of conducting of a tax audit, and to coordinate with him a document, which presents said questions;

14) not to present information and documents, which do not pertain to taxable items and (or) items related to taxation, except for information and documents, the presentation of which is directly specified by the tax legislation of the Republic of Kazakhstan, legislation of the Republic of Kazakhstan concerning transfer pricing, as well as by the legislation of the Republic of Kazakhstan concerning state regulation of manufacture and turnover of certain types of excisable goods;

15) to choose either procedure for the fulfillment of the tax liability when ceasing the activities, as stipulated by this Code.

2. The taxpayer shall have the right to participate by using electronic methods in relations, which are regulated by the tax legislation of the Republic of Kazakhstan, in accordance with the procedure established by this Code.

3. The taxpayer shall have other rights specified by the tax legislation of the Republic of Kazakhstan.

Article 14. Obligations of the Taxpayer

1. The taxpayer shall be obliged as follows:

1) to fulfil timely and in full volume the tax liability in accordance with this Code;

2) to fulfil other lawful requirements of officials *of the tax authorities* concerning the removal of exposed violations of the tax legislation of the Republic of Kazakhstan, as well as not to hinder lawful activities where they perform official functions;

3) on the basis of an injunction, to admit officials *of the tax authorities* to examine assets, which are a taxable item and (or) an item related to taxation;

3-1) to submit at request of the tax authorities the agreement for conducting an audit with respect to taxes and the audit report on taxes to the tax authorities in accordance with this Code, where such agreement is made;

4) to disclose information and other documents specified by the legislation of the Republic of Kazakhstan concerning transfer pricing;

5) to apply cash registers and to observe the procedure for their application established by this Code;

6) to file with the tax authority a tax application for conducting a documentary audit due to cessation of entrepreneurial activities of an individual entrepreneur, activities of a private notary, private officer of justice, advocate, and professional mediator, permanent establishment, non-resident legal entity, through reorganization by spin-off and/or liquidation of a legal entity (except as otherwise provided for in this Code);

7) to inform the tax authorities of the forthcoming receipt of excisable goods (other than light motor vehicles) to be imported from member states of the Customs Union in the procedure established by the authorized body.

For the purpose of this subparagraph, the procedure for notification of import (export) of goods shall be approved by the authorized body;

8) to notify the tax authorities in the following cases:

In case of temporary import of goods into the Republic of Kazakhstan from the Customs Union member states to be consequently exported from the Republic of Kazakhstan without any changes in the properties and characteristics of the imported goods;

In case of temporary export of goods from the Republic of Kazakhstan to the territory of the Customs Union member states to be consequently imported to the Republic of without any changes in the properties and characteristics of the exported goods.

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2. The taxpayer shall perform other obligations stipulated by this Code.

Article 15. Rights and Obligations of the Tax Agent

1. The tax agent shall have the same rights and bear the same obligations as the taxpayer, unless it is otherwise specified by this Code.

2. The tax agent shall also be obliged:

1) accurately and timely to assess taxes which are withheld at the source of payment in accordance with the Special Part of this Code;

2) to withhold appropriate taxes from a taxpayer and transfer them to the budget in accordance with the procedure and time, which are stipulated by this Code;

3) keep accounting for income paid to taxpayers, as well as amounts of taxes withheld and transferred to the budget, in particular personally by each taxpayer;

4) to present to the tax authority in the place of registration tax reports in accordance with the procedure established by the Special Part of this Code.

3. The tax agent shall perform other obligations specified by this Code.

Article 16. The Support and Protection of the Rights of the Taxpayer (Tax Agent)

1. The taxpayer (tax agent) shall be guaranteed the protection of his rights and legitimate interests.

2. The protection of rights and legitimate interests of the taxpayer (tax agent) shall be performed in accordance with the procedure stipulated by this Code and other legislative acts of the Republic of Kazakhstan.

Article 17. Representation in Tax Relations Which Are Regulated by This Code

1. A taxpayer (tax agent) shall have the right to participate in relations, which are regulated by the tax legislation of the Republic of Kazakhstan, through its legal or authorized representative unless otherwise provided in this paragraph.

The provisions of this paragraph are not applicable in case when a taxpayer, which was deregistered for value-added tax by the decision of the Tax Service Authority pursuant to paragraph 4 of Article 571 of the Code, of tax accounting on value-added tax within the period in which he was deregistered.

2. A person, who is authorised to represent the taxpayer (tax agent) on the basis of legislative acts of the Republic of Kazakhstan, shall be recognised a legal representative of the taxpayer (tax agent).

3. An individual or legal entity authorized by the taxpayer (tax agent) to represent its interests in the relationships *with the tax authorities*, other participants of the relationships regulated by the tax legislation of the Republic of Kazakhstan shall be recognized as the Authorized Representative of the taxpayer (tax agent).

The authorized representative of a taxpayer (tax agent) – which is a physical person, including an individual entrepreneur, shall act on the basis of notarized power of attorney, or a power of attorney equated to the notarized power of attorney, issued by such taxpayer (tax agent) in accordance with the civil legislation of the Republic of Kazakhstan, which indicates the exact list of authorities of the authorized representative.

The authorized representative of a taxpayer (tax agent) – which is a legal entity or structural unit of a legal entity, shall act on the basis of the foundation documents of the taxpayer (tax agent) and (or) its power of attorney that is issued in accordance with the civil legislation of the Republic of Kazakhstan, in which a specific list of powers of the authorized representative is specified.

4. The personal participation of the taxpayer (tax agent) in the relations, which are regulated by the tax legislation of the Republic of Kazakhstan, shall not deprive its right to have the representative and equally the participation of the representative shall not deprive the taxpayer (tax agent) of the right to participate personally in the specified relations.

5. Acts (omission of act) of the representative of the taxpayer (tax agent), which were done in connection with the participation of said taxpayer (tax agent) in the relations, that are regulated by the tax legislation of the Republic of Kazakhstan, shall be recognised as acts (omission) of the taxpayer (tax agent) within the framework of the powers which were granted by the taxpayer to said representative on the basis of the documents specified in paragraph 3 of this Article.

Article 17-1. Participation in the tax relations through the operator when carrying out operations of subsurface use under the products sharing agreement (contract)

1. The subsurface users, which carry out subsurface use operations as members of a simple partnership (consortium) under the products sharing agreement (contract), shall have the right to participate in the relations, which are regulated by the Tax Legislation of the Republic of Kazakhstan, through an operator.

2. The powers of the operator in the relations, which are regulated by the Legislation of the Republic of Kazakhstan, shall be determined in accordance with the products sharing agreement (contract) in the section, which does not contravene with the Code.

3. When executing tax obligations in accordance with the subparagraph 2) of paragraph 3 of Article 308-1 of this Code, operator shall have all the rights and liabilities provided by the Code for taxpayers (tax agents), and tax administration procedure that is provided by the Code shall be applied to such taxpayers (tax agents).

4. Actions (inactivity) of an operator, conducted on behalf of and (or) under instructions of subsurface users, in the view of participation of such subsurface users in the relations, which are regulated by the Tax Legislation of the Republic of Kazakhstan, shall be recognized as actions (inactivity) of such subsurface users and operator acting on their behalf and (or) under their instructions.

CHAPTER 3. TAX AUTHORITIES. INTERACTION OF TAX AUTHORITIES WITH OTHER STATE BODIES

Article 18. Objectives and System of Tax Authorities

1. The objectives *of the tax authorities* shall be as follows:

1) ensuring of the fullness and timeliness of receipt of taxes and other obligatory payments by the budget;

2) ensuring of the fullness and timeliness of computation, withholding and transfer of obligatory pension contributions to the uniform accumulative pension fund (henceforth – obligatory pension contributions) and computation and payment of social assessments to the State Fund for Social Insurance (henceforth – social assessments);

2-1) ensuring of the fullness and timeliness of computation, withholding and transfer of obligatory professional pension contributions to the uniform accumulative pension fund (henceforth – obligatory professional pension contributions);

3) participation in the implementation of the tax policy of the Republic of Kazakhstan;

4) ensuring the economic security of the Republic of Kazakhstan within their competence;

5) ensuring the compliance with the tax legislation of the Republic of Kazakhstan.

2. The tax authorities of the Republic of Kazakhstan are public revenue bodies ensuring, within the limits of its competence, the receipt of taxes, and other mandatory payments to the budget, as well as exercising any other authorities stipulated by the legislation of the Republic of Kazakhstan (hereinafter – the tax authorities).

The system of tax authorities shall comprise the authorized body and territorial units of the authorized body for oblasts, cities of Astana and Almaty, districts, cities and urban districts, as well as interdistrict territorial units. In the event of organization of special economic zones, territorial units of the authorized body may be established in the territory of such zones.

The tax authorities shall have the codes approved by authorized body.

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4. The tax authorities shall be directly vertically subordinated to the relevant superior tax service authority and they shall not be recognised as local executive bodies.

5. The authorised body shall perform the guidance of the tax authorities.

6. *The tax authorities* have their symbol. The Description *of the tax service authorities'* symbol and procedure of its use shall be approved by the authorized body.

Article 19. Rights of the Tax authorities

1. The tax authoritiesshall have the following rights:

1) within their competence, to elaborate and approve regulatory legal acts, which are stipulated by this Code;

2) to perform tax supervision;

3) to carry out international cooperation in respect of taxation issues;

4) to demand from a taxpayer (tax agent, operator) to grant the right of access to viewing the data of a software intended for automation of book-keeping and tax accounting and (or) information system, which comprise data of primary accounting documents, accounting registers, information on taxable items and (or) items related to taxation in case of the use of by the taxpayer (tax agent, operator) of such software and/or information system, except for the right of access to viewing the data of a software and (or) information

system of banks and other organizations which perform certain types of banking transactions, which contain the information on banking accounts of their clients, which constitute a banking secret in accordance with legislative acts of the Republic of Kazakhstan;

5) to demand from a taxpayer (tax agent, operator) to present documents, which confirm the correctness of assessment and timeliness of payment (withholding and transfer) of taxes and other obligatory payments to the budget, the fullness and timeliness of assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions, and computation and payment of social assessments, written explanations in respect of tax forms compiled by the taxpayer (tax agent, operator), and also financial reports of the taxpayer (tax agent), in particular consolidated financial reports of the resident taxpayer (tax agent), including financial reports of its subsidiary companies, which are situated beyond the boundaries of the Republic of Kazakhstan, with the attachment of an auditor's report in case, where obligatory audit is established for such a person by legislative acts of the Republic of Kazakhstan;

6) in the course of a tax audit in accordance with the procedure determined by the Administrative Violations Code of the Republic of Kazakhstan, to seize documents from a taxpayer (tax agent, operator), which evidence the commitment of tax violations;

7) on the basis of an injunction, to examine assets, which are a taxable item and (or) item related to taxation, irrespective of the place of its location, to take an inventory of assets of a taxpayer (tax agent, operator) (except for housing premises);

8) to receive from banks and organisations, which carry out certain types of banking transactions, information which submission is specified by subparagraphs 1) and 4) of Article 581 of this Code;

9) to receive from banks and organisations, which carry out certain types of banking transactions, information on the availability and numbers of bank accounts, on balances and cash flow on those accounts in compliance with requirements, which are established by the legislative acts of the Republic of Kazakhstan to disclosure of information that constitutes commercial, bank and other law protected secrets, in relation to persons indicated in subparagraph 12) of Article 581 of this Code;

10) to identify, by an indirect method, the taxable items and (or) items related to taxation, in accordance with the procedure established by this Code;

11) to solicit specialists for tax audits;

12) to bring to courts claims in respect of declaring transactions ineffective, liquidation of a legal person on the bases which are stipulated in subparagraphs 1), 2) of paragraph 2 of Article 49 of the Civil Code of the Republic of Kazakhstan, as well as other claims, in accordance with the legislation of the Republic of Kazakhstan.

2. The tax authoritiesshall have the right to perform the implementation of the objectives entrusted by the legislative acts of the Republic of Kazakhstan, by using electronic methods in compliance with the procedure established by this Code.

3. *The tax authorities* shall also have other rights specified by the legislation of the Republic of Kazakhstan.

Article 20. Obligations of the Tax authorities

1. The tax authorities shall be obliged as follows:

1) to observe rights of the taxpayer (tax agent);

2) to protect interests of the state;

3) to perform tax supervision of the fulfillment by the taxpayer (operator) of the tax liability, by the tax agent (operator) of the obligation of assessment, withholding and transfer of taxes in accordance with the procedure established by this Code, as well as over the fullness of calculation and timeliness of payment of social assessments, timeliness of assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions;

4) to keep record of taxpayers, taxable items and (or) items related to taxation, record of calculated, assessed and paid taxes and other obligatory payments to the budget, of calculated, withheld and transferred obligatory pension contributions, obligatory professional pension contributions, and calculated and paid social assessments;

5) within their competence, to make explanation and to give comments in relation to the arising, fulfilment and discharge of the tax liability;

6) to present to a taxpayer (tax agent) information on present taxes and other obligatory payments to the budget, on modifications in the tax legislation of the Republic of Kazakhstan, to explain the procedure for completion of tax forms;

6-1) annually at the request to provide the National Chamber of Entrepreneurs of the Republic of Kazakhstan with the information about the names of the individual entrepreneur, legal entity, and the identification numbers of the business entities having cumulative annual income that meets the criteria established by the Law of the Republic of Kazakhstan concerning the National Chamber of Entrepreneurs of the Republic of Kazakhstan;

7) to present free of charge to a taxpayer (tax agent) the standards of rendering of state services approved in accordance with the procedure established by the Legislation of the Republic of Kazakhstan, sheets of the established forms of tax applications and (or) software, which is necessary to present tax reports and applications in the electronic format;

8) to conduct a tax audit strictly according to the injunction;

9) to make off-setting and (or) refunding of amounts of taxes, other obligatory payments and fines to the budget, which were paid in excess, and excess of the amount of the value-added tax, which is included in the offset, over the assessed tax amount, refunding fines in accordance with the procedure and timing, which are established by this Code;

10) to observe tax secret in accordance with provisions of this Code;

11) to hand over to a taxpayer (tax agent, operator) a notice concerning fulfillment of the tax liability and (or) its copy in cases specified by this Code, the obligation on the withholding and transfer of obligatory pension contributions, obligatory professional pension contributions and payment of social assessments within the time and in cases, which are specified by this Code;

12) upon tax application by a taxpayer (tax agent, operator), to present in the procedure and within the time limits as established by this Code a certificate of income gained by a non-resident from sources in the Republic of Kazakhstan and withheld (paid) taxes;

12-1) convey in the procedure and within the time limits as established by this Code information on the absence (presence) of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions;

13) to accept tax reports and tax applications in accordance with the procedure and timing, which are established by this Code;

14) to demand from the taxpayer (tax agent, operator) to remove exposed violations of the tax legislation of the Republic of Kazakhstan and to supervise fulfilling of those requirements within their competence;

15) not later than two working days from the time of receipt of a tax application of the taxpayer (tax agent), to present an excerpt from its personal account concerning the status of settlements within the budget in respect of fulfilment of the tax liability, and also obligations on the transfer of obligatory pension contributions, obligatory professional pension contributions and payment of social assessments;

16) within their competence, to present to a taxpayer (tax agent) information on details, which are necessary to complete a payment document on payment of taxes and other obligatory payments to the budget, fines and penalties subject to be paid to the budget, as well as information on the procedure for payment of taxes and other obligatory payments to the budget, fines and penalties subject to be paid to the budget, social assessments and transfer of obligatory pension contributions, obligatory professional pension contributions within one working day from the time of applying for said information to the tax authority;

17) to ensure within five years safekeeping of documents or copy documents, which confirm the fact of payment of taxes and other obligatory payments to the budget;

18) to give access to the information system *of the tax authorities* to the authorized body for financial monitoring in accordance with legislation of the Republic of Kazakhstan;

19) to give access to an electronic taxpayer to view its own personal account;

20) pursuant to a request of the taxpayer (tax agent) to make verification of settlements in relation to fulfilment of the tax liability, and also the liabilities concerning obligatory pension contributions, obligatory professional pension contributions, social assessments of a tax agent – to fulfil the liability to assess and transfer taxes, to introduce adjustments to the personal account in accordance with the procedure stipulated by this Code;

21) to render state services in accordance with the standards and regulations of rendering state services, which are approved in accordance with the procedure established by the Legislation of the Republic of Kazakhstan;

22) to place on an Internet resource, in the procedure and in cases established by this Code, the data on taxpayers (tax agents):

which have tax arrears;

recognized as inoperative in accordance with the tax legislation of the Republic of Kazakhstan;

recognized as false businesses based on a court sentence or ruling that has entered into legal force;

the registration of which has been declared invalid based on a judicial act that has entered into legal force;

23) to exercise supervision of the compliance with the procedure for accounting, storage, evaluation, further use and selling of assets, which were converted into the state property, over the fullness and timelines of transfer of them to an appropriate authorised state body in accordance with the legislation of the Republic of Kazakhstan, and also over the fullness and timelines of receipt of money by the budget in case of their selling;

24) to perform supervision of activity of authorised state bodies and local executive bodies in relation to issues of the correctness of assessment, fullness of collection and timelines of transfer of taxes and other obligatory payments to the budget;

25) to apply methods for ensuring the fulfilment of the tax liability and to collect tax arrears from a taxpayer (tax agent, operator) according to the compulsory procedure in compliance with this Code;

26) to consider a complaint of the taxpayer (tax agent, operator) against a notice concerning results of the tax inspection and (or) decision of the higher *tax authority*, which was passed according to results of the consideration of the complaint against the notice, and also acts (omission) of officials *of the tax authorities*, in accordance with the procedure and within the time, which are established by this Code;

27) to impose upon a taxpayer (tax agent) administrative penalties in accordance with the Administrative Violations Code of the Republic of Kazakhstan.

2. Should any facts of willful evasion of taxes and other obligatory payments to the budget, and deliberate false bankruptcy constituting a criminal offence be identified in the course of the tax audit, the tax authoritiesshall deliver to the appropriate law enforcement bodies the materials being under their jurisdiction in order to pass a procedural decision in accordance with the legislative acts of the Republic of Kazakhstan.

3. The tax authoritiesshall also perform other functions specified by the tax legislation of the Republic of Kazakhstan.

Article 21. Conflict of Interests

An official of the tax authoritiesshall be prohibited to perform official functions in relation to a taxpayer (tax agent), who is a close relative (parents, children, adoptive parents, adopted children, brothers and sisters of the whole blood, half-brothers and sisters, grandfather, grandmother, grandchildren) spouses, or in-law relative (brothers, sisters, parents and children of spouses), and also if there is a direct or indirect financial interest.

Article 22. {~}

Article 23. Powers of Local Executive Bodies

1. Akims of settlements, villages, village districts (henceforth – akims) shall organise collecting taxes on property, transport vehicles, land tax, which are payable by a taxpayer – a natural person.

2. The collection of taxes specified in paragraph 1 of this Article shall be carried out based on a receipt being a strictly accountable document. The receipt form shall be established by the authorized body.

3. When organising collection of the taxes, which are specified in paragraph 1 of this Arti cle, akims shall ensure:

1) handing over to the taxpayer – a natural person of a notice concerning the tax amount, within the time of not later than five working days from the day of assessment;

2) issue to the natural person – taxpayer of a receipt that confirms the fact of such payment;

3) transfer of tax amounts to a bank or organisation, which carries out certain types of banking transactions, daily not later than on the next operating day, when the money was received, for their further transfer to the budget. In the event that daily receipts of money are an amount, which is less than the ten times the monthly assessment index established by the law concerning the republic's budget and valid as at 1 January of the appropriate financial year, and also if there is no bank or organisation, which carries out certain types of banking transactions, in the settlement, transfer of money shall be effected one time per three operating days;

4) correctness of completion and safekeeping of receipts;

5) submission of reports on the use of receipts, as well as on the transfer of tax amounts to the bank or organization engaged in certain banking transactions, to the tax authority in the procedure and within the time limits established by the authorized body.

Article 24. Interaction of Tax Authorities with Authorized State Bodies, the National Bank of the Republic of Kazakhstan, the National Motorway Management Operator and Local Executive Bodies

1. The tax authoritiesshall interact with authorised state bodies and local executive bodies, elaborate and undertake joint measures of supervision in accordance with legislation of the Republic of Kazakhstan, ensure mutual exchange of information.

2. Authorised state bodies and local executive bodies shall be obliged to render assistance to the tax authoritiesin fulfilment of tasks for the performance of tax supervision.

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4. The tax authoritiesand local executive bodies shall interact with each other in the performance of collection of taxes in accordance with the procedure established by Article 23 of this Code.

5. The powers of authorized state bodies, local executive bodies and the National Motorway Management Operator related to collection of other obligatory payments to the budget and submission of data thereon shall be determined by the Special Part of this Code.

6. The tax authoritiesshall have the right to interact with authorised state bodies and local executive bodies by electronic methods in accordance with the procedure established by this Code.

6-1. In the course of the tax audit, the Tax authoritiesshall interact with the National Bank of the Republic of Kazakhstan in terms of receiving an opinion with respect to the taxpayer under audit on the compliance of the amount of insurance reserves for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses with the requirements stipulated by the legislation of the Republic of Kazakhstan concerning insurance and insurance activities.

The National Bank of the Republic of Kazakhstan upon request of the authorized body shall provide such opinion in the procedure determined by the authorized body jointly with the National Bank of the Republic of Kazakhstan.

Article 25. Material Support, Legal and Social Protection of Officials of the Tax authorities

1. When performing official duties the official of the tax authoritiesshall be protected by law.

2. Non-fulfilment of lawful requirements of the official of the tax service authorities, insulting, threatening, violence or infringement on life, health, property of the official of the tax authoritiesor members of the family of such person due to such person's official activity, other acts, which hinder the official of the tax authoritiesto fulfil official duties, shall entail responsibility established by the laws of the Republic of Kazakhstan.

3. Where an official of the tax authoritiesis inflicted and caused a medium degree harm to health due to the performance of official activity, such person shall be paid a lump sum compensation in an amount of five monthly salaries from the funds of the republic's budget.

4. Where serious harm is inflicted or caused to health of an official of the tax authoritiesdue to the performance of such person official activity, which prevents such person from further involvement in professional activities, such person shall be paid a lump sum compensation in an amount of five-year money allowances from the funds of the republic's budget, as well as the difference between the amount of such person's official salary rate and pension (life).

5. In the event of death of an official *of the tax authorities* due to the performance of such person's official duties, the family of the deceased or such person's dependents (legatees) shall:

1) be paid a lump sum benefit in an amount of ten-year money allowances of the deceased in accordance with the last occupied position, from the funds of the republic's budget;

2) be granted a state social benefit for the loss of the breadwinner in amounts and in accordance with the procedure established by the legislation of the Republic of Kazakhstan concerning state social benefits for disablement, loss of the breadwinner and for old age in the Republic of Kazakhstan.

6. Harm caused to health and property of the official *of the tax authorities*, and also harm caused to health and property of members of the family and close relatives of the official *of the tax authorities* due to the fulfilment of such person's official duties, shall be compensated in accordance with the legislation of the Republic of Kazakhstan.

SECTION 2. Tax Liability

CHAPTER 4. GENERAL PROVISIONS

Article 26. Tax Liability

1. The tax liability shall be a taxpayer's liability to the state, which arises in accordance with the tax legislation of the Republic of Kazakhstan, by virtue of which the taxpayer is obliged to be registered by the tax authority, identify taxable items and (or) items related to

taxation, assess *and pay* taxes and other obligatory payments to the budget, *as well as advance and current payments thereof,* make tax forms, present tax forms, except for tax registers, to the tax authority within the established time.

2. The state represented *by the tax authority* shall have the right to require from the taxpayer *(tax agent)* to fulfil its tax liability in full volume, and, in the event of the non-fulfilment or improper fulfilment of the tax liability, to apply methods for ensuring of it and measures for compulsory fulfilment in accordance with the procedure specified by this Code.

Article 27. A Taxable Item and (or) Item Related to Taxation

The taxable item and (or) item related to taxation shall be assets and actions, with the existence of which and on the basis of which the tax liability arises with the taxpayer.

Article 28. The Tax Base

The tax base shall constitute the value, physical or other parameters of a taxable item, on the basis of which amounts of taxes and other obligatory payments, which are payable to the budget, are determined.

Article 29. The Tax Rate

1. The tax rate shall be a measure of the tax liability for the assessment of tax and other obligatory payments to the budget per unit of measurement of the taxable item or tax base.

2. The tax rate shall be established in per cent or in an absolute amount per unit of measurement of the taxable item or tax base.

Article 30. The Tax Period

The tax period means a period of time, which is established in application to certain types of taxes and other obligatory payments to the budget, upon the end of which the taxable item, tax base shall be determined, the amount of taxes and other obligatory payments, which are payable to the budget, shall be assessed.

CHAPTER 5. FULFILMENT OF TAX LIABILITIES

Article 31. Fulfilment of the Tax Liability

1. Fulfilment of the tax liability shall be performed by the taxpayer independently, unless it is established otherwise by this Code.

2. In fulfilment of the tax liability the taxpayer shall perform the following acts:

1) register with the tax authority;

2) keep records of taxable items and (or) items related to taxation;

3) calculate, proceeding from taxable items and items related to taxation, the tax base and tax rates, amounts of taxes and other obligatory payments, which are payable to the budget, as well as advance and current payments thereof;

4) make and present, except for tax registers, tax forms *to the tax authorities* in accordance with the established procedure;

5) pay calculated and assessed amounts of taxes and other obligatory payments to the budget, advance and current payments in respect of taxes and other obligatory payments to the budget in accordance with special part of this Code.

3. The tax liability must be fulfilled by the taxpayer in accordance with the procedure and within the time, which are established by the tax legislation of the Republic of Kazakhstan.

4. The taxpayer shall have the right to fulfil the tax liability ahead of time.

5. The tax liability of the taxpayer in respect of payment of taxes and other obligatory payments to the budget, and also the obligation of payment of fines and penalties, which is fulfilled in the cashless form, shall be considered as fulfilled from the day of receipt of the acceptance of the payment order to the amount of taxes and other obligatory payments to the budget from the bank or organisation, which carries out certain types of banking transactions, or from the day of effecting of the payment via automated teller machines or other electronic devices, and in the cash form – from the time of placement by the taxpayer of said amounts at the bank or organisation, which carries out certain types of banking transactions, authorised state body, local executive body.

6. In payment of taxes, other obligatory payments to the budget, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions by a taxpayer's authorised representative in cases established by this Code, the remitter of money shall specify in the payment documents the surname, name, patronymic (if any) or the official name of the taxpayer and its identification number.

7. The tax liability of the taxpayer in respect of payment of a tax, which is fulfilled by a tax agent, shall be considered as fulfilled from the day of withholding of the tax.

8. The tax liability of payment of taxes, charges, and also the liability of payment of fines may be fulfilled by making off-sets in accordance with the procedure established by Article 599 of this Code.

9. The tax liability of payment of taxes, other obligatory payments to the budget, and also the liability of payment of fines and penalties shall be fulfilled in the national currency, except for cases stipulated by this Code, legislative acts of the Republic of Kazakhstan, which regulate business of joint-stock companies, and also cases where the legislation of the Republic of Kazakhstan and provisions of subsurface use contracts stipulate payment in kind or payment in a foreign currency.

Article 32. Special Considerations in Assessment of Taxes and Other Obligatory Payments to the Budget in Fulfilment of the Tax Liability

1. Assessment of the amount of taxes, which are withheld at the source of payment, shall be performed by the tax agent.

2. In cases specified by the Special Part of this Code, the liability of assessment of the amount of certain types of taxes and other obligatory payments to the budget may be entrusted to the tax authority and authorised state bodies.

Article 33. Timing of Fulfilment of the Tax Liability

Timing of fulfilment of the tax liability is established by this Code. In this respect the course of the term established by this Code shall start on the next day after an actual event or legal act, which determined the beginning of the term of fulfilment of the tax liability. The term shall expire at the end of the last day of the period established by this Code. Where the last day of the term falls on a non-working day, the term shall expire at the end of the next working day.

Article 34. Procedure for Payment of Tax Arrears

Tax liabilities shall be paid as follows:

1) amount in arrears;

2) assessed penalty;

3) amount of fines.

Article 35. Fulfilment of the Tax Liability Where Property Is Transferred into Trust Management

1. Income receivable (received), expenses payable (incurred) and property, which was purchased and (or) received by the trust manager in the process of performance of duties entrusted to such person, shall be recognised as income, expenses and property of the founder of trust management under a property trust management agreement, or of a beneficiary in other cases of arising of trust management.

Income of the trust manager in the form of remuneration shall be recognised as an expense of the founder of trust management under the property trust management agreement, or of the beneficiary in other cases of arising of trust management.

In case where the implementation of the tax liability is entrusted to the trust manager, the positive difference between the income of the founder of trust management or of the beneficiary and his expenses, which are specified by this paragraph, decreased by the amount of the losses of such founder or the beneficiary for previous tax periods carried forward, and also by the amount of tax liability which implementation is imposed on the trust manager shall be net income from trust management of the founder of trust management under the property trust management agreement, or of the beneficiary in other cases of arising of trust management.

Excess of the expenses which are specified by this paragraph over the income of the founder of trust management under the property trust management agreement, or of the beneficiary in other cases of arising of trust management shall be the loss from trust management of the founder of trust management under the property trust management agreement, or of the beneficiary in other cases of arising of trust management.

2. Income of the trust manager from trust management shall be remuneration as specified by an act on the establishment of the property trust management. Expenses related to the performance of trust management shall be recognised an expenses of the trust manager, unless the specified act provides for compensation of expenses of the trust manager at costs of the founder of trust management under the property trust management agreement, or of the beneficiary in other cases of arising of trust management.

3. Fulfilment of the tax liability of the founder of trust management under the property trust management agreement, or of the beneficiary in other cases of arising of trust management:

1) with respect to taxes and other obligatory payments to the budget, except for value added tax – may be imposed by such founder or beneficiary on the basis of an act of the establishment of trust management of property to the trust manage, except for cases specified by paragraph 4 of this Article;

2) with respect value added tax – shall be entrusted to the trust manager in cases and in accordance with the procedure established by Section 8 and Articles 568 – 571 of this Code.

Where the fulfilment of the tax liability of assessment, payment or withholding of taxes, other obligatory payments to the budget is entrusted to the tax manager, such a trust manager must be registered with the tax authority in accordance with the procedure established by Chapter 81 of this Code.

In this case the trust manager shall fulfil the tax obligations relating to assessment, payment or withholding of taxes and other compulsoty payments under the trust management agreement from the date of:

state registration of the trust management right in the event that such right is subject to state registration in accordance with the legislation of the Republic of Kazakhstan;

signature of the trust management agreement in the event that the trust management right is not subject to state registration in accordance with the legislation of the Republic of Kazakhstan.

4. The founder of trust management under the property trust management agreement, or of the beneficiary in other cases of arising of trust management shall independently fulfil the tax liability, except for the tax liability under value added tax arising with him in connection with the transfer of property into trust management, in accordance with the procedure established by this Code in any of the following cases:

1) where the fulfilment of the tax liability is not entrusted to the trust manager;

2) where the trust manager on the day of arising of trust management is referred to persons who apply the provisions of Articles 134, 135, 135-1, 181, 182 and/or Chapter 63 of this Code.

5. Where property is transferred in trust management, the trust manager shall be obliged to keep separate accounting in accordance with Article 58 of this Code for the purposes of fulfilling the tax liability.

6. The transfer to the trust manager of property by the founder of trust management under the property trust management agreement or by the beneficiary in other cases of arising of trust management shall not be a sale of such property, and it shall not be recognised as income of the trust manager.

7. The return of property by the trust manager in case of termination of the validity of the document, which is a basis for the arising of trust management, shall not be a sale of such property, and it shall not be recognised as income (loss) of the founder of trust management under the property trust management agreement or by the beneficiary in other cases of arising of trust management.

8. Where the trust manager is entrusted to fulfil the tax liability of the assessment, payment or withholding of amounts of taxes and other obligatory payments to the budget and also to make and to submit tax for the founder of trust management under the property trust management agreement or by the beneficiary in other cases of arising of trust management, the fulfilment of such tax liability shall be carried out on behalf of the person who is the trust manager at the rates and in accordance with the procedure, which are established by the Special Part of this Code for the persons to which the trust manager is referred.

In this respect the trust manager shall compile and submit tax forms, on the whole, for the entire activity, including the activity carried out in the interests of the founder of trust management and/or beneficiary, unless otherwise is established by Articles 58 and 64 of this Code.

Article 36. Special Considerations in the Fulfilment of a Tax Liability in Case of Transfer of Property into Trust Management

1. Where property is transferred into trust management by a natural person, on whom the obligation is imposed of presentation of the declaration specified by paragraph 2 of Article 185 of this Code, the tax liability of compilation and presentation of such a declaration shall be fulfilled by said natural person.

2. The legal person, individual businessman in respect of income, which is received from the bank under trust transactions, as well as the natural person and the legal person in the transfer of the property into trust management to the trust manager who is a non-resident shall fulfil the tax liability independently.

3. The tax liability of a natural person, who is not an individual businessman, in respect of income from trust transactions carried out by the bank, which is a tax agent, shall be performed by the bank in the form of fulfilling duties of a tax agent.

4. The trust management founder is entitled not to register as an individual entrepreneur, if under the property trust management agreement and other cases of trust management origination specified by the legislation of the Republic of Kazakhstan fulfillment of the tax liability of the trust manager founder is entrusted in full to the trust manager.

Article 37. Fulfilment of the Tax Liability of a Legal Person, Which Is Under Liquidation, and also Where a Structural Unit, Permanent Establishment of a Non-Resident Legal Person Ceases Business in the Republic of Kazakhstan

1. Within three working days from the day of passing of the decision concerning the liquidation, a resident legal person shall inform in writing about it the tax authority in the place of its location.

2. Within three working days from the day of approval of the interim liquidation balance-sheet the legal person under liquidation shall present to the tax authority in the place of its location simultaneously:

1) a tax application for conducting of documentary audit;

2) liquidation tax reports;

3) a certificate of registration in respect of the value-added tax or an explanation on paper in its loss or damage (if it is a value-added tax payer);

4) a tax application to be removed from the value added tax register.

The documents specified in subpars. 3) and 4) of the first part of this paragraph shall be submitted in case when the legal entity under liquidation is a value added tax payer.

3. Liquidation tax reports shall be compiled by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments, in respect of which the legal person under liquidation is a payer and (or) tax agent, for the time from the beginning of the tax period, in which the tax application for conducting of documentary audit is presented, to the date of presentation of such application.

Where the term of presentation of regular tax reports matures after presentation of liquidation tax reports, presentation of such regular tax reports shall be carried out not later than the date of presentation of liquidation tax reports.

4. The legal person under liquidation shall pay taxes, other obligatory payments to the budget and social assessments, transfer obligatory pension contributions, obligatory professional pension contributions which are presented in the liquidation tax reports, not later than ten calendar days from the day of presentation to the tax authority of the liquidation tax reports.

Where the term of payment of taxes, other obligatory payments to the budget, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions, which are indicated in the tax reports presented prior to the liquidation tax reports, matures after the expiration of the time, which is specified in the first part of this paragraph, the payment (transfer) shall be carried out not later than ten calendar days from the day of presentation of the liquidation tax reports to the tax authority.

5. The documentary audit must be started by the tax authorities not later than twenty working days after the receipt by the tax authority of the tax application from the legal person under liquidation.

6. Tax arrears of the legal person under liquidation, which arise, in particular, on the bases specified in paragraphs 4 and 11 of this Article, shall be paid at the expense of its money, including those received from sales of its assets, in accordance with priority established by the legislative acts of the Republic of Kazakhstan. In this respect, there shall be paid in the same way tax arrears of structural units of the legal person under liquidation, tax arrears of permanent establishments, structural units of a non-resident legal person in case of fulfilment by such non-resident legal person of tax liabilities in aggregate in relation to a group of permanent establishments, branches, representations through the permanent establishment, structural unit, which terminate the activity.

7. Where assets of the legal person under liquidation are not sufficient to pay tax arrears in full volume, the remaining part of tax arrears shall be paid by the founders (participants) of the legal person under liquidation in cases, which are established by the legislative acts of the Republic of Kazakhstan.

8. Where the legal person under liquidation has amounts of taxes, charges and fines, which were paid in excess, then the mentioned amounts shall be offset towards payment of tax arrears of the legal person under liquidation in accordance with the procedure established by Article 599 of this Code.

Where the legal person under liquidation has erroneously paid amounts of taxes and other obligatory payments to the budget, the indicated amounts shall be subject to the offset in the procedure as established by Article 601 of this Code.

9. Where the legal person under liquidation, prior to its deregistration with regard to value-added tax, has an excess amount (that is refundable pursuant to Article 272 of this Code) of the value-added tax, which is referred to the offset, over the assessed tax amount, said excess shall be refunded to the legal person under liquidation in accordance with the procedure established by Articles 273, 600 and 603 of this Code.

10. Where the legal person under liquidation has no tax arrears:

1) erroneously paid amounts of taxes and other obligatory payments to the budget shall be refunded to that legal person in the procedure as established by Article 601 of this Code;

2) amounts of taxes, charge, and fines, which were paid in excess, shall be refunded to said legal person in accordance with the procedure established by Articles 602 of this Code;

3) paid amounts of other obligatory payments to the budget shall be refunded to that legal person in the procedure as established by Article 606 of this Code;

4) paid amount of fine shall be refundable to the legal person on the basis and pursuant to the procedure established by Article 605 of the Code;

5) amounts of custom duties, taxes, customs fees and penalties, collected by the Custom Authorities, paid in excess (erroneously) shall be refundable to the legal person according to the procedure established by the customs legislation of the Republic of Kazakhstan.

11. Where there emerges a tax liability of payment of taxes and other obligatory payments to the budget, social assessments, liability of the transfer of obligatory pension contributions, obligatory professional pension contributions for the period from the date of presentation of the liquidation tax reports and to the date of completion of the liquidation tax audit, the legal person under liquidation shall be obliged to fulfil such a tax liability on the basis of a notice of the tax authority, which is indicated in subparagraph 3) of paragraph 2 of Article 607 of this Code.

12. Upon completion of the document audit the legal entity under liquidation shall simultaneously present to the tax authority for the place of its location:

1) its liquidation balance-sheet;

2) a statement from the bank and/or organization engaged in certain types of banking operations confirming closure of the existing bank accounts;

3) {~}.

The legal entity under liquidation shall provide the documents specified in this paragraph within three working days from the date of completion of the document audit provided that all the following conditions are met:

1) no tax liabilities or outstanding compulsory obligatory pension contributions, obligatory professional pension contributions and social contributions;

2) no overpaid taxes, payments or penalties;

3) no the amounts of taxes, other compulsory payments to the budget, penalties and fines paid by mistake;

4) no value-added tax to be offset which would exceed the amount of the assessed tax to be refund in accordance with Articles 273 and 274 of this Code;

5) no non-executed tax application for offset and/or refund of customs duties, taxes, customs duties, and penalties charged by customs authorities overpaid or paid by mistake.

Shall there be any tax liability, outstanding compulsory obligatory pension contributions, obligatory professional pension contributions and social contributions, overpaid amounts of taxes, payments and penalties, mistakenly paid taxes or other compulsory payments to the budget, penalties and fines and/or value-added tax to be offset which exceeds the amount of the assessed tax to be refunded in accordance with Articles 273 and 274 of this Code, legal entity under liquidation shall provide the documents specified in this paragraph within three working days from the date whichever is the later:

1) from the date of repayment of the tax liability or outstanding compulsory obligatory pension contributions, obligatory professional pension contributions and social contributions;

2) from the date of refund of the overpaid taxes, payments, and penalties;

3) from the date of refund of mistakenly paid amounts of taxes, other compulsory payments to the budget, penalties, and fines;

4) from the date of return of the amount of the VAT to be offset which exceeds the amount of the assessed tax to be refunded in accordance with Articles 273 and 274 of this Code;

5) from the date of return of the amounts of customs duties, taxes, customs charges and penalties collected by customs authorities which have been paid in excess (by mistake).

13. The fulfilment of the tax liability of a structural unit of a non-resident legal person, and also of a permanent establishment of a non-resident legal person, which ceases business in the Republic of Kazakhstan, shall be carried out in accordance with the procedure established by this Article.

14. The provisions of this Article shall not apply to resident legal entities under liquidation, where they choose the special considerations in the fulfillment of the tax liabilities established by Articles 37-1 or 37-2 of this Code.

Article 37-1. The features of execution of tax obligations by certain categories of the legal entity to be liquidated residents

1. This Article establishes the features of execution of tax obligation of a legal entity to be liquidated which also meets the following conditions:

1) is not a payer of value added tax;

2) does not apply a special tax treatment for the legal entities, which produce agricultural and aquacultural (fish farming) products, and rural consumer cooperatives;

3) is not reorganised or is not the legal successor of a reorganised legal entity;

4) is not included in the plan of tax audits on the basis of risk assessment activities.

This Article shall apply to legal entities that meet the conditions specified in this paragraph, within the action limitation period provided for in Article 46 of this Code. This paragraph shall also apply to legal entities, the period from the establishment of which has been less than the action limitation period established by Article 46 of this Code.

2. A legal entity in the case of a decision on liquidation where it has its registered office at the same time submits to the tax authority:

1) a tax statement of termination;

2) a tax statement of deregistration for certain activities given there is such registration;

3) liquidation tax reports;

4) a tax statement of deregistration of a cash machine in the manner prescribed in Article 648 of this Code.

The document referred to in subparagraph 4) of this paragraph is presented by the legal entity to be liquidated in the case of registration of the cash register at the tax authority.

3. Liquidation tax reports are prepared by type of tax and other mandatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social contributions for which the legal entity to be liquidated has been the payer and (or) tax agent from the beginning of the tax period in which the tax statement of termination is submitted to the date of submission of such a statement.

If the deadline for submission of the next tax reports becomes due after submission of the liquidation tax reports, such regular tax reports are submitted not later than the date of submission of the liquidation tax reports.

4. The legal entity to be liquidated pays taxes and other mandatory payments to the budget, social contributions, makes mandatory pension payments as shown in the liquidation tax reports no later than ten calendar days from the date of submission to the tax authorities of the liquidation tax reports.

If the deadline for the payment of taxes and other mandatory payments to the budget, social security contributions, transfer of obligatory pension contributions, obligatory professional pension contributions as presented in the tax reports submitted to the liquidation tax reporting becomes due after the expiry of the period specified in the first part of this paragraph, the payment (transfer) is done no later than ten calendar days from the date of submission to the tax authorities of the liquidation tax reports.

5. A tax authority within three working days of the receipt of the tax statement of termination of the legal entity to be liquidated sends a request for the period, during which no tax audit was carried out in respect of the legal entity, within the action limitation period provided for in Article 46 of this Code:

1) to the authorised state bodies concerning submission of the information on transactions with property subject to state registration made by a legal entity, which discontinues operations, as well as concerning its assets on the date of receipt of the request of the tax authority;

2) to the customs authorities concerning submission of the information on the foreign-trade transactions made by a legal entity, which discontinues operations, as well as concerning a proof of no outstanding customs-duty and tax payments on the date of receipt of the request of the tax authority;

3) to the banks and (or) organisations engaged in certain types of banking operations concerning presentation of the information on the balance and movement of money in the bank accounts of a legal entity, which discontinues operations, on the date of receipt of the request of the tax authority.

The information at the request of a tax authority referred to in this paragraph shall be submitted not later than twenty working days of their receipt unless otherwise provided by subparagraph 12) of Article 581 of this Code.

6. A tax authority within ten working days of receipt of all the information required by paragraph 5 of this Article shall exercise a cameral tax check and make a report in the manner prescribed by this Code.

The report presents the cameral tax check results and the settlement of tax liabilities and other mandatory payments to the budget and social contributions.

The report is made in at least two copies and signed by the officials of a tax authority. One copy shall be presented not later than three working days after its signing to the liquidated legal person against signature or sent by registered mail with acknowledgment.

In case of return by a postal or another communications organisation of the report submitted by a tax authority to the liquidated taxpayer (tax agent) by registered mail with acknowledgment, the date of delivery of such a report shall be the date of tax audit involving attesting witnesses on the grounds and in the manner prescribed by this Code.

7. In case of violations based on the cameral tax check findings, the legal entity to be liquidated within five working days of receipt of the report shall be provided with a notification to eliminate the violations based on the cameral tax check findings in the manner prescribed by Article 84 of this Code.

A notification to eliminate the violations based on the cameral tax check findings is executed by a legal entity to be liquidated in accordance with Article 587 of this Code.

In case of failure to execute a notification and (or) disagreement of the tax authorities with the explanation given by the taxpayer, a documentary tax audit shall be executed in respect of the legal entity to be liquidated. The documentary tax audit should be started no later than ten working days after the expiration of such notification and (or) receipt of an explanation of the disagreement on the identified violations.

8. The tax debt of the legal entity to be liquidated, which also occurs on the grounds referred to in paragraph 4 of this Article, shall be repaid at the expense of its money including the proceeds from the sale of the assets, in order of priority established by the legislative instruments of the Republic of Kazakhstan.

9. If the assets of the legal entity to be liquidated are not enough to pay the full tax debt, the remaining portion of the tax debt is paid off by the founders (members) of the legal entity to be liquidated in the cases provided for by legislative instruments of the Republic of Kazakhstan.

10. In the absence of tax debts in the legal entity to be liquidated:

1) the taxes and other mandatory amounts erroneously paid to the budget shall be refunded to this legal entity in the manner established by Article 601 of this Code;

2) overpaid taxes, fees, charges and fines shall be refunded to this legal entity in accordance with Article 602 of this Code;

3) the paid amounts of other mandatory payments to the budget shall be refunded to this legal entity in the manner established by Article 606 of this Code;

4) the amount of fines paid shall be refunded to this legal entity on the grounds and in the manner established by Article 605 of this Code;

5) the amounts of customs duties, taxes, customs fees and penalties levied by the customs authorities overpaid (erroneously paid) to the budget shall be refunded to this legal entity in accordance with the customs legislation of the Republic of Kazakhstan.

11. The liquidated entity where it has its registered office at once submits to the tax authority:

1) a balance sheet at liquidation;

2) a statement on closing the existing bank accounts of a bank and (or) an organisation engaged in certain types of banking operations.

The legal entity to be liquidated shall present the documents referred to in this paragraph within three working days of receipt of the report on the cameral tax check findings in the absence of tax arrears, obligatory pension contributions, obligatory professional pension contributions arrears and the arrears in social contributions.

12. In case of violations revealed by the cameral tax check, tax arrears, obligatory pension contributions, obligatory professional pension contributions arrears and the arrears in social contributions, the legal entity to be liquidated shall submit the documents referred to in paragraph 11 of this Article, within three working days from the date of repayment of tax arrears, obligatory pension contributions, obligatory professional pension contributions arrears and the arrears in social contributions provided that the violations identified by the cameral tax check are eliminated.

13. Following submission of the documents specified in paragraph 11 of this Article and fulfilment of the provisions set out in paragraphs 11 and 12 of this Article, the tax authority shall send the public agency in charge of the state registration, re-registration of legal entities, state registration of termination of activities of legal entities, record registration, re-registration, removal from record registration of structural units, a proof of no (outstanding) tax arrears, pension arrears and the arrears in social contributions with respect to the legal entity to be liquidated in the manner and within the time frame stipulated by Article 598 of this Code.

Article 37-2. Special Considerations in the Fulfillment of the Tax Liability by Certain Categories of Resident Legal Entities Under Liquidation and Individual Entrepreneurs Ceasing Their Activities By Results of the Audit Report On Taxes

1. This Article stipulates the special considerations in the fulfillment of the tax liability by certain categories of resident legal entities under liquidation and individual entrepreneurs ceasing their activities, where the following conditions are concurrently met:

1) the aggregate amount of total annual income considering the adjustments of a legal entity under liquidation or an individual entrepreneur ceasing his/her activities for the period of the statute of limitations as established by Article 46 of this Code does not exceed the 60,000-fold amount of the monthly calculation index stipulated by the law concerning the republican budget and applicable as at January 1 of the respective financial year;

2) an audit report on taxes drafted by an audit organization at least twenty calendar days prior to the date of submission of the tax application for cessation of activities to the tax authorities is available.

Moreover, should any liabilities to assess and pay taxes and any other mandatory payments to the budget, assess, withhold, or transfer mandatory pension contributions, mandatory professional pension contributions, assess and pay social contributions arise by results of the audit report on taxes, such liabilities shall be subject to fulfillment by a legal entity under liquidation or an individual entrepreneur ceasing his/her activities within ten calendar days from the day following the date of service of the audit report on taxes by the audit organization upon such taxpayer.

2. A resident legal entity, where a decision on the liquidation is made, an individual entrepreneur, where a decision on the cessation of activities is made, shall simultaneously submit to the tax authority at the place of its/his location:

1) a tax application for cessation of activities;

2) a tax application for deregistration with respect to certain activities, where such registration is available;

3) liquidation tax reports;

4) an audit report on taxes drafted by an audit organization;

5) a certificate of value-added tax registration, or a hard-copy explanation in case of its loss or damage;

6) a tax application for value-added tax deregistration;

7) a tax application for deregistration of a cash register machine in the procedure prescribed in Article 648 of this Code.

The documents specified in subparagraphs 5) and 6) of the first part of this paragraph shall be submitted where a legal entity under liquidation or an individual entrepreneur ceasing his/her activities is a value-added tax payer.

The document specified in subparagraph 7) of the first part of this paragraph shall be submitted by a legal entity under liquidation or an individual entrepreneur ceasing his/her activities where a cash register machine has been registered with the tax authority.

3. Liquidation tax reports shall be compiled by types of taxes, other mandatory payments to the budget, mandatory pension contributions, mandatory professional pension contributions and social contributions, with respect to which a legal person

under liquidation or an individual entrepreneur ceasing his/her activities is a payer and (or) tax agent, for the period from the beginning of the tax period, in which the tax application for cessation of activities was submitted till the date of submission of such application.

In the event that the regular tax reports submission becomes due after the submission of liquidation tax reports, such regular tax reports shall be submitted on or before the date of submission of liquidation tax reports.

4. A legal entity under liquidation or an individual entrepreneur ceasing his/her activities shall pay taxes and other mandatory payments to the budget, transfer mandatory pension contributions, mandatory professional pension contributions and social contributions disclosed in liquidation tax reports within ten calendar days from the date of submission of liquidation tax reports to the tax authority.

In the event that the payment of taxes and other mandatory payments to the budget, transfer of mandatory pension contributions, mandatory professional pension contributions and social contributions disclosed in tax reports submitted prior to the liquidation tax reports submission becomes due after the expiration of the time limit specified in the first part of this paragraph, the payment (transfer) shall be effected within ten calendar days from the date of submission of liquidation tax reports to the tax authority.

5. Where a legal entity under liquidation or an individual entrepreneur ceasing his/her activities has no tax arrears present:

1) erroneously paid amounts of taxes and other obligatory payments to the budget shall be refunded to such taxpayer in the procedure established by Article 601 of this Code;

2) amounts of taxes, charges, fees and penalties paid in excess shall be refunded to such taxpayer in the procedure established by Article 602 of this Code;

3) paid amounts of other obligatory payments to the budget shall be refunded to taxpayer in the procedure established by Article 606 of this Code;

4) paid amounts of fines shall be refunded to such taxpayer based on the grounds and in the procedure established by Article 605 of the Code;

5) excess (erroneous) amounts of customs duties, taxes, customs charges and fees collected by the customs authorities and paid to the budget shall be refunded to such taxpayer in the procedure established by the customs legislation of the Republic of Kazakhstan.

6. The tax authority shall conduct an in-house audit in the procedure stipulated by Article 586 of this Code within ten working days from the date of receipt of the documents specified in paragraph 2 of this Article.

Should any violations be identified by the tax authorities by results of the in-house audit, a notice demanding rectification of violations identified shall be served upon the legal entity under liquidation or the individual entrepreneur ceasing his/her activities in the procedure established by Chapter 84 of this Code.

The notice demanding rectification of violations identified by results of the in-house audit shall be fulfilled by the legal entity under liquidation or the individual entrepreneur ceasing his/her activities in the procedure established by Article 587 of this Code.

The payment (transfer) of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions shall be effected by a taxpayer within ten calendar days from the date of fulfillment of the notice demanding rectification of violations identified by results of the in-house audit.

7. Should the notice be not fulfilled, and (or) should the tax authorities disagree with the explanations provided by the taxpayer with respect to the legal entity under liquidation or the individual entrepreneur ceasing his/her activities, the tax authority shall conduct a documentary tax audit in terms of facts and circumstances identified with respect to such taxpayer, which have served as grounds for the assignment of such audit.

8. Where the provisions specified in paragraphs 4, 5, and 6 of this Article are have been fulfilled, there are no tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions present, and the violations identified by results of the in-house audit conducted by the tax authority have been rectified, the legal entity under liquidation or the individual entrepreneur ceasing his/her activities shall submit to the tax authority at the place of its/his location:

1) a liquidation balance sheet;

2) a statement of closing of bank accounts available issues by a bank or an organization engaged in certain banking operations.

The legal entity under liquidation shall submit the documents specified in this paragraph within fifteen working days from the date of receipt of the documents specified in paragraph 2 of this Article, provided that there are no tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions present.

6) дополнить статьей 37-2 следующего содержания:

Should there be any violations identified by results of the in-house audit, or should any tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions be present, the legal entity under liquidation shall submit the documents specified in this paragraph within three working days from the date of payment of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions, provided that the violations identified by results of the in-house audit have been rectified.

9. Upon the fulfillment of provisions specified in paragraph 8 of this Article, the tax authority shall forward to the state authority in charge of the state registration and reregistration of legal entities, state registration of cessation of activities of legal entities, record registration, reregistration, and deregistration of structural units the data on the absence (presence) of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions

with respect to the legal entity under liquidation in the procedure and within the time limits established by Article 598 of this Code.

10. The tax liability of an individual entrepreneur who has ceased his/her activities, shall be deemed fulfilled upon the in-house audit completion, provided that tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions are absent or have been paid in full, and the violations identified by results of the in-house audit have been rectified in full.

11. The date of tax liability fulfillment in accordance with paragraph 10 of this Article shall be the date of deregistration of an individual entrepreneur by the tax authority.

12. The tax authority shall, within three working days from the date specified in paragraph 11 of this Article, make a decision on the deregistration of an individual entrepreneur.

The information on the deregistration of such individual entrepreneur shall be placed on the Internet resource of the authorized body.

13. The tax authority shall, within three working days from the expiry of the time limit for payment (transfer) of tax arrears, arrears of mandatory pension contributions mandatory professional pension contributions, and social contributions stipulated by paragraph 6 of this Article, make a decision on the denial of deregistration of an individual entrepreneur.

The failure to fulfill the provisions set forth in this Article by an individual entrepreneur shall also form a ground for the denial of deregistration as an individual entrepreneur.

The information on the denial of deregistration of such individual entrepreneur shall be placed on the Internet resource of the authorized body.

Article 38. Fulfilment of the Tax Liability of a Resident Legal Person's Structural Unit, Which Ceases Business

1. When having passed a decision concerning the cessation of business of its structural unit the resident legal person shall present simultaneously to the tax authority in the place of location of the structural unit:

1) a tax application concerning the cessation of business;

2) a copy decision of the resident legal person concerning the cessation of business of the structural unit;

3) liquidation tax reports of the structural unit, unless it is established otherwise by this Article.

2. Where the legal person's structural unit, which ceases business, is recognised as an independent payer of taxes, charges, obligatory pension contributions, obligatory professional pension contributions and social assessments, appropriate liquidation tax reports shall be compiled for the time from the beginning of the tax period, in which the decision is passed concerning the cessation of business of the structural unit of the legal person, to the date of presentation of the tax application concerning the cessation of business.

Where the term of presentation of regular tax reports matures after presentation of liquidation tax reports, presentation of such regular tax reports shall be carried out not later than the date of presentation of liquidation tax reports.

3. Payment of taxes, charges, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions, which are presented in the liquidation tax reports stipulated by paragraph 2 of this Article, shall be carried out by the legal person's structural unit, which ceases business, not later than ten calendar days from the day of presentation of the liquidation tax reports to the tax authority.

Where the time of payment of taxes, charges, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions and social assessments, which are indicated in the tax reports presented prior to the liquidation tax reports, mature after the expiration of the time, which is specified in the first part of this paragraph, the payment (transfer) shall be carried out not later than ten calendar days from the day of presentation of the liquidation tax reports.

4. Where the legal person's structural unit, which ceases business, is not recognised as an independent payer of taxes, charges, obligatory pension contributions, obligatory professional pension contributions and social assessments, no liquidation tax reports shall be presented.

5. Tax arrears, arrears of obligatory pension contributions, obligatory professional pension contributions and social assessments of the structural unit, which ceases business, shall be paid at the expense of money of the legal person that formed said structural unit.

6. After the payment of tax arrears, arrears of obligatory pension contributions, obligatory professional pension contributions and social assessments in full volume the legal person, which formed the structural unit that ceases business, shall present to the tax authority in the place of location of said structural unit a statement from the bank and (or) organisation, which carries out certain types of banking transactions, concerning the closure of existing bank accounts of the structural unit which ceases business.

Article 39. Fulfilment of the Tax Liability in Case of Re-organisation of a Legal Person by way of merger, accession, separation

1. Within three working days from the day of passing of a decision concerning reorganization by way of merger, accession, separation, the legal person shall in writing inform about it the tax authority in the place of location.

Within three working days from the day of approval of the transfer act the legal entity under reorganisation by way of merger, accession, shall present simultaneously to the tax authority in the place of location:

1) liquidation tax reports;

2) certificate on registration in respect of the value-added tax or an explanation on paper in case of its loss or damage;

3) a tax application for deregistration as a VAT payer;

4) transfer act.

The liquidation tax reports shall be compiled by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments, in respect of which the legal person under

reorganisation by way of merger, accession, is a payer and (or) tax agent, for the time from the beginning of the tax period, in which the obligation to present such reporting emerged, to the date of its submission; The documents mentioned in subparagraphs 2) and 3) of the second part of this paragraph shall be submitted in the event that a legal entity under reorganisation by way of merger, accession, is a VAT payer.

The obligation to submit liquidation tax reports in the event of reorganization by merger shall be imposed on each legal entity which has become a member of the newly established legal entity, in the event of reorganization by accession – on the acceded legal entity.

In the event that the date of submission of the regular tax reports occurs after submission of the liquidation tax reports, such regular tax reports shall be provided on or before the date of submission of the liquidation tax reports.

In the event of reorganization of a legal entity by separation such legal entity shall submit the specified balance to the tax authority for the place of its location within three working days from the date of approval of the separation balance-sheet.

1-1. The fulfillment of the tax liability of the reorganised legal person shall be entrusted to its legal successor (successors).

1-1. The fulfillment of the tax liability of the reorganized legal person shall be entrusted to its legal successor (successors), except for submission of the tax reports referred to in subparagraph 1) of the second part of paragraph 1 of this Article. (From 01.01.2016)

1-2. Establishment of the legal successor (successors), and also share of participation of the legal successor (successors) in extinguishment of tax arrears of the reorganised legal person shall be in accordance with civil legislation of the Republic of Kazakhstan.

2. Reorganisation of the legal person shall not be a basis for the successor (successors) of said legal person to alter timing of fulfilment of its tax liability of payment of taxes, other obligatory payments to the budget.

3. Where the legal person, which is under reorganisation, has amounts of taxes, charges and fines, which were paid to the budget in excess, said amounts shall be offset towards payment of tax arrears of the legal person under reorganisation in accordance with the procedure established by Article 599 of this Code.

Where the legal person, which is under reorganisation, has erroneously paid amounts of taxes, charges and fines to the budget, said amounts shall be subject to offset in accordance with the procedure established by Article 601 of this Code.

4. Where the legal person under reorganisation has no tax arrears:

1) erroneously paid amounts of taxes and other obligatory payments to the budget shall be refunded to its successor (successors) proportionally to the share in assets, which is received by it (them) in the reorganization in accordance with the procedure established by Article 601 of this Code;

2) amounts of taxes, charges and fines, which were paid to the budget in excess, shall be refunded to its successor (successors) proportionally to the share in assets, which is received by it (them) in the reorganization the procedure established by Article 602 of this Code;

3) amounts of other obligatory payments to the budget shall be refunded to its successor (successors) proportionally to the share in assets, which is received by it (them) in the reorganization the procedure established by Article 606 of this Code.

4-1. In the event of legal entity reorganization by demerger pursuant to the resolution of the Government of the Republic of Kazakhstan, the excess amount of value-added tax of a legal entity under reorganization being a value-added tax payer accumulated as at the reorganization date shall be transferred to its successor (successors).

For this purpose, the excess amount of value-added tax to be transferred to the successor (successors) of a legal entity being reorganized by demerger shall be determined in proportion to the share of depreciated book value of fixed assets transferred to such successor (successors).

The depreciated book value of fixed assets shall be determined based on a spin-off balance sheet of a legal entity being reorganized by demerger.

This paragraph shall apply to the extent that the controlling interest in a legal entity being reorganized by demerger is owned by the national management holding.

5. {~}.

6. The tax authority within ten working days from the date of receipt of the information of the national registers of identification numbers on reorganization of the legal entity by way of:

1) merger, shall transfer the balance on the official accounts of the legal persons, which entered in the newly emerged legal person, to the tax authority in the place of location of the newly emerged legal person on the basis of a transfer act;

2) accession, shall transfer the balance on the official account of the acceding legal person to the tax authority in the place of location of the legal person, to which said legal person acceded, on the basis of a transfer act;

3) {~};

4) separation, shall transfer the balance on the official account of account of the legal person which separated the newly-formed legal person to the tax authority in the place of location of the newly emerged legal person, on the basis of a separation balance-sheet.

The procedure for transfer of the balance on the official account of a legal person under reorganisation is established by Article 595 of this Code.

Article 39-1. Fulfillment of the Tax Liability of a Permanent Establishment without Opening a Branch (Representative Office) of a Non-Resident Legal Entity in the Event of Transfer of the Rights and Liabilities due to Existence of a Place of Effective Management (Location of the Actual Management Body) in the Republic of Kazakhstan

1. If a non-resident legal entity has a permanent establishment without opening a branch (representative office) in the Republic of Kazakhstan and has made a decision to transfer the place of its effective management (location of the actual management body) from a foreign country to the Republic of Kazakhstan must be obliged to inform the tax authority for the place of location of such permanent establishment in writing within three working days upon applying for registration as a taxpayer in accordance with Article 562 paragraph 1-1 hereof concerning transfer of rights and obligations by such permanent establishment to a legal entity having a place of effective management (location of the actual management body) in the Republic of Kazakhstan.

Within fifteen calendar days from the date of registration as a taxpayer the permanent establishment of the specified non-resident legal entity must submit the following documents to the tax authority:

1) application to tax authorities for deregistration;

2) liquidation tax accounts;

3) deed of transfer.

The liquidation tax accounts shall be prepared in terms of tax types, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social contributions with respect to which the permanent establishment transferring its rights and obligations is a payer and/or tax agent for the period from the beginning of the tax period when the obligation to submit such accounts has arisen to the date of presentation thereof to the tax authority.

If the date for submission of regular tax accounts falls after the date when the liquidation tax accounts are to be submitted, such regular tax accounts shall be submitted not later than the date of submission of the liquidation tax accounts.

2. Fulfillment of a tax obligation of a permanent establishment transferring its rights and obligations to a legal entity shall be imposed on such legal entity established under the laws of the foreign state having its place of effective management (location of the actual management body) in the Republic of Kazakhstan (assignee).

3. The transfer by a permanent establishment of its rights and obligations to a legal entity shall not be a ground for change of the period for fulfillment of its obligation to pay taxes and other obligatory payments to the budget by the legal entity established under the laws of the foreign state having its place of effective management (location of the actual management body) in the Republic of Kazakhstan.

4. If the permanent establishment transferring its rights and obligations to a legal entity has no taxes payable, the taxes, payments and penalties to the budget which have been paid in excess (by mistake) shall be repayable to the legal entity established under the laws of the foreign state having the place of effective management (location of the actual management body) located in the Republic of Kazakhstan.

5. Within ten working days from the date of receipt of the documents specified in paragraph 1 of this Article the Tax Authority shall transfer the balance of the personal account of the permanent establishment transferring its rights and obligations to a legal entity to the tax authority for the location of the legal entity to which the rights and obligations of the permanent establishment are transferred on the basis of the deed of transfer according to the procedure established by Article 595 hereof.

Article 40. Fulfilment of the Tax Liability of a Legal Person in Case of Reorganisation by Way of Division

1. Within three working days following the day on which a decision on reorganization by way of division is made the legal person shall notify in a written form the tax authority at the place of its location.

When reorganizing by way of division the legal person shall present simultaneously to the tax authority in the place of location within three working days from the day of approval of the division balance-sheet the following documents:

1) a tax application for conducting of a documentary audit;

2) liquidation tax reports;

3) a certificate of registration as a VAT payer or explanation on a paper in the event that said certificate is lost or damaged;

4) a tax application for deregistration as a VAT payer.

The documents mentioned in subparagraphs 3) and 4) of the second part of this paragraph shall be submitted in the event that a legal entity under reorganisation by way of separation is a VAT payer.

2. Liquidation tax reports shall be compiled by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments, in respect of which the reorganised person is a payer and (or) tax agent, for the time from the beginning of the tax period, in which the tax application for conducting of documentary audit is presented, to the date of presentation of such application.

Where the term of presentation of regular tax reports matures after presentation of liquidation tax reports, presentation of such regular tax reports shall be carried out not later than the date of presentation of liquidation tax reports.

3. The payment of taxes, other obligatory payments to the budget, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions that are presented in the liquidation tax reports, shall be made by the legal person under reorganisation not later than in ten calendar days from the day of submission to the tax authority of the liquidation tax reports.

In the event that the time of payment of taxes, other obligatory payments to the budget, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions, which are presented in the tax reports that were submitted prior to the liquidation tax reports, occurs upon the expiration of the period specified in the first part of this paragraph, the payment (transfer) shall be carried out not later than in ten calendar days from the day of submission of the liquidation tax reports.

4. The documentary audit must be started by the tax authority not later than in twenty working days after the receipt by it of a tax application of the legal person under reorganisation.

5. After the completion of the documentary audit in case of reorganisation by division the legal person under reorganisation shall submit simultaneously to the tax authority in the place of location:

1) dividing balance-sheet;

2) a statement from the bank and (or) organisation which carries out certain types of banking transactions, concerning the closure of bank accounts it had;

3) {~}.

In the event that a legal person under reorganization has amounts of taxes, charges and fines to the budget, which were paid in excess, then the mentioned amounts shall be subject to offset towards payment of tax arrears of the legal person under reorganization according to the procedure established by Article 599 of this Code.

Where the legal person under reorganization has erroneously paid amounts of taxes, charges and fines to the budget, the indicated amounts shall be subject to offset in the procedure established by Article 601 of this Code.

Where the legal person under reorganization has no tax arrears:

1) erroneously paid amounts of taxes and other obligatory payments to the budget shall be refunded to its successor (successors) proportionally to the share in assets, which is received by it (them) in the reorganization in accordance with the procedure established by Article 601 of this Code;

2) amounts of taxes, charges and fines, which were paid to the budget in excess, shall be refunded to its successor (successors) proportionally to the share in assets, which is received by it (them) in the reorganization according to the procedure established by Article 602 of this Code;

3) amounts of other obligatory payments to the budget shall be refunded to its successor (successors) proportionally to the share in assets, which is received by it (them) in the reorganization according to the procedure established by Article 606 of this Codeя;

4) amounts of customs duties, taxes, customs fees and penalties, collected by the Custom Authorities, paid in excess (erroneously) shall be refundable to its cessionary (cessionaries) in proportion to the share in the property, acquired by him (them) in case of reorganization pursuant to the procedure established by the customs legislation of the Republic of Kazakhstan;

5) the amounts of fines paid in excess (by mistake) shall be returned to its successor (successors) in proportion to the share in the property received by such successor (successors) in the event of reorganization, in accordance with the procedure established by Article 605 of this Code.

The legal entity being reorganized shall submit the documents specified in this paragraph within three working days upon completion of the document audit provided that all the following conditions are met:

1) no tax liability, outstanding obligatory pension contributions, obligatory professional pension contributions and social contributions;

2) no overpaid amounts of taxes, payments, and penalties;

3) no mistakenly paid amounts of taxes, other compulsory payments to the budget, penalties, and fines;

4) no non-executed tax application for offset and/or refund of overpaid (paid by mistake) amounts of customs duties, taxes, customs charges, and penalties changed by customs authorities.

If there is a tax liability, outstanding obligatory pension contributions, obligatory professional pension contributions and social contributions, overpaid taxes, payments, and penalties, or amounts of taxes, other compulsory payments to the budget, penalties, and fines paid by mistake, the legal entity being reorganized shall provide the documents specified in this paragraph within three working days from the date, whichever is later:

1) from the date of repayment of the tax liability, outstanding obligatory pension contributions, obligatory professional pension contributions and social contributions;

2) from the date of return of the overpaid amounts of taxes, payments, and penalties;

3) from the date of return of the mistakenly paid amounts of taxes, other compulsory payments to the budget, penalties, and fines;

4) from the date of return of the amounts of customs duties, taxes, customs charges, and penalties charged by customs authorities which have been paid in excess (by mistake).

6. {~}.

Within ten working days from the date of receiving the information from the national registers of identification numbers the tax authority shall transfer the balance on the official accounts of the separated legal person to the tax authority in the place of location of the newly emerged legal persons, on the basis of a separation balance-sheet in accordance with Article 595 of this Code.

6-1. The fulfillment of the tax liability of the reorganised legal person shall be entrusted to its legal successor (successors).

6-1. The fulfillment of the tax liability of the reorganized legal person shall be entrusted to its legal successor (successors), except for submission of the tax reports referred to in subparagraph 2) of the second part of paragraph 1 of this Article. (From 01.01.2016)

6-2. Establishment of the legal successor (successors), and also share of participation of the legal successor (successors) in extinguishment of tax arrears of the reorganised legal person shall be in accordance with civil legislation of the Republic of Kazakhstan.

7. Reorganisation of the legal person shall not be a basis for the successor (successors) of said legal person to alter timing of fulfillment of its tax liability of payment of taxes, other obligatory payments to the budget.

Article 41. The Fulfilment of the Tax Liability of an Individual Entrepreneur, Who Ceases Activity

1. Within a month from the time of passing a decision concerning the cessation of activity, the individual entrepreneur shall submit simultaneously to the tax authority in the place of his/ her location:

1) a tax application for conducting of a documentary audit;

2) liquidation tax reports;

3) {~};

4) a certificate on registration for value-added tax or an explanation on paper in case of its loss or damage;

5) {~};

6) a tax application to be removed from the value added tax register.

The documents specified by subpars 4) and 6) of the first part of this paragraph shall be submitted in the event the individual entrepreneur who ceases its activities, is a value-added tax payer.

2. Liquidation tax reports shall be compiled by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments, of which the individual entrepreneur ceasing activity is a payer and (or) a tax agent, for the time from the beginning of the tax period, in which the tax application for conducting of a documentary audit was submitted, till the date of presentation of such an application.

If the date for submission of the regular tax reports shall be after provision of the liquidation tax reports, such regular tax reports shall be submitted on or before the date of provision of the liquidation tax reports.

3. The payment of taxes and other obligatory payments to the budget, social assessments, the transfer of obligatory pension contributions, obligatory professional pension contributions, which are presented in the liquidation tax reports, shall be carried out by the individual entrepreneur, who ceases activity, not later than in ten calendar days from the day of submission to the tax authority of the liquidation tax reports.

In the event that the time of payment of taxes and other obligatory payments to the budget, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions, which are presented in the tax reports submitted before the liquidation tax reports, occurs after the expiration of the time specified in the first part of this paragraph, the payment (transfer) shall be carried out not later than in ten calendar days from the day of submission of the liquidation tax reports.

4. The documentary audit must be started not later than in twenty working days after the receipt by the tax authority of the tax application of the individual entrepreneur, who ceases activity.

5. Tax arrears of an individual entrepreneur, who ceases activity, shall be paid at the expense of such individual entrepreneur's funds, including those received from selling of such individual entrepreneur's assets, in accordance with the priority sequence established by the legislative acts of the Republic of Kazakhstan.

6. Where an individual entrepreneur, who ceases activity, has amounts of taxes, charges and fines, which were paid in excess, then the mentioned amounts shall be offset towards payment of tax arrears of such individual entrepreneur, who ceases activity, in accordance with the procedure established by Article 599 of this Code.

Where an individual entrepreneur, who ceases activity, has erroneously paid amounts of taxes, charges and fines, the indicated amounts shall be subject to the offset in accordance with the procedure as established by Article 601 of this Code.

7. Where the individual entrepreneur, who ceases activity, has no tax arrears:

1) amounts of taxes and other obligatory payments to the budget, which were paid erroneously, shall be refunded to such individual entrepreneur in accordance with the procedure established by Article 601 of this Code;

2) amounts of taxes, charges and fines, which were paid to the budget in excess, shall be refunded to such individual entrepreneur in accordance with the procedure established by Article 602 of this Code;

3) paid amounts of other obligatory payments to the budget, shall be refunded to such individual entrepreneur in accordance with the procedure established by Article 606 of this Code;

4) paid amounts of fines shall be refundable to an individual entrepreneur in accordance with the procedure established by Article 605 of the Code;

5) amounts of customs duties, taxes, customs fees and penalties, collected by the Custom Authorities, paid in excess (erroneously) shall be refundable to an individual entrepreneur in accordance with the procedure established by the customs legislation of the Republic of Kazakhstan.

8. The tax liability of an individual entrepreneur, who has ceased his/her activities, shall be deemed fulfilled upon the documentary audit completion, provided that tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions, including those identified by results of the documentary audit are absent or paid in full within the time limits set forth in Article 608 of this Code.

9. The date of striking the individual entrepreneur off registration with the tax authority shall be the date of fulfilment of the tax liability in accordance with paragraph 8 of this Article.

10. The tax authority shall, within three business days from the date of tax liability fulfillment in accordance with paragraph 8 of this Article, deregister an individual entrepreneur and place the information on the deregistration of such individual entrepreneur on the Internet resource of the authorized body.

10-1 The deregistration of an individual entrepreneur may be denied based on the presence of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions not paid within the time limits set forth in Article 608 of this Code.

The information on individual entrepreneurs, the deregistration of which has been denied pursuant to this paragraph, shall be placed on the Internet resource of the authorized body within three business days after the expiration of the payment time limit specified in paragraph 8 of this Article.

11. The provisions of this Article shall not extend to individual entrepreneurs in case of application of special considerations in the tax liability fulfillment at cessation of activities in accordance with this Code.

Article 42. Fulfillment of the Tax Liability of a Private Notary, Private Officer of Justice, Advocate, and Professional Mediator Ceasing Their Activities

Within a month from the date of making a decision to cease notarial activities, advocacy, activities on writs of execution enforcement or dispute resolution through mediation, a private notary, private officer of justice, advocate, and professional mediator shall simultaneously submit to the tax authority at the place of his/ her location:

1) a tax application for conducting a documentary audit;

2) liquidation tax reports;

2. Liquidation tax reports shall be compiled by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social contributions, with the respect to which a private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities is a payer and (or) a tax agent, for the period from the beginning of the tax period, in which the tax application for conducting a documentary audit was submitted, till the date of submission of such application.

In the event that the regular tax reports submission becomes due after the submission of liquidation tax reports, such regular tax reports shall be submitted on or before the date of submission of liquidation tax reports.

3. The payment of taxes and other obligatory payments to the budget disclosed in liquidation tax reports, shall be carried out by a private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities within ten calendar days from the date of submission of liquidation tax reports to the tax authority.

In the event that the payment of taxes and other obligatory payments to the budget, social contributions, transfer of obligatory pension contributions, obligatory professional pension contributions disclosed in tax reports submitted prior to the liquidation tax reports submission, becomes due after the expiration of the time line specified in the first part of this paragraph, the payment (transfer) shall be effected within ten calendar days from the date of the liquidation tax reports submission.

4. The documentary audit shall be started within twenty working days after the receipt by the tax authority of the tax application from a private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities.

5. Where a private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities has paid any excess amounts of taxes, charges, and fines, such excess amounts shall be offset against the payment of tax arrears of the private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities, in the procedure established by Article 599 of this Code.

Where a private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities has paid any erroneous amounts of taxes, charges and fines to the budget, such erroneous amounts shall be offset in the procedure established by Article 601 of this Code.

6. Where a private notary, private officer of justice, advocate, and professional mediator ceasing his /her activities has no tax arrears present:

1) erroneous amounts of taxes and other obligatory payments to the budget shall be refunded to such private notary, private officer of justice, advocate, and professional mediator in the procedure established by Article 601 of this Code;

2) excess amounts of taxes, charges and fines to the budget shall be refunded to such private notary, private officer of justice, advocate, and professional mediator in the procedure established by Article 602 of this Code;

3) paid amounts of other obligatory payments to the budget shall be refunded to such private notary, private officer of justice, advocate, and professional mediator in the procedure established by Article 606 of this Code;

4) paid amounts of penalties shall be refunded to such private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities in the procedure established by Article 605 of the Code;

5) excess (erroneous) amounts of customs duties, taxes, customs duties and fees collected by the customs authorities shall be refunded to such private notary, private officer of justice, advocate, and professional mediator ceasing his/her activities in the procedure established by the customs legislation of the Republic of Kazakhstan.

7. The tax liability of a private notary, private officer of justice, advocate, and professional mediator. who has ceased his/her activities, shall be deemed fulfilled upon the documentary audit completion, provided that tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions, including those identified by results of the documentary audit are absent or paid in full within the time limits set forth in Article 608 of this Code

8. The date of tax liability fulfillment in accordance with paragraph 7 of this Article shall be the date of deregistration of a private notary, private officer of justice, advocate, and professional mediator by the tax authority.

9. The tax authority shall, within three business days from the date of tax liability fulfillment in accordance with paragraph 7 of this Article, deregister a private notary, private officer of justice, advocate, and professional mediator and place the information on the deregistration of such private notary, private officer of justice, advocate, and professional mediator on the Internet resource of the authorized body.

10. The deregistration of a private notary, private officer of justice, advocate, and professional mediator may be denied based on the presence of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions not paid within the time limits set forth in Article 608 of this Code.

The information on private notaries, private officers of justice, advocates, and professional mediators, the deregistration of which has been denied pursuant to this paragraph, shall be placed on the Internet resource of the authorized body within three business days after the expiration of payment time limit specified in paragraph 7 of this Article.

Article 43. Special Considerations in the Fulfilment of the Tax Obligations by Certain Categories of Individual Entrepreneurs in Case of Termination of Activities

1. This Article provides for special considerations in the fulfilment of the tax obligations of an individual entrepreneur who terminates his/her activities, and who meets the following criteria:

1) The person is not a VAT payer;

2) {~};

3) The person has not been included into the plan of tax audits on the basis of the results of risk assessment system activities.

This Article shall apply to individual entrepreneurs conforming to the conditions determined by this paragraph during the statute of limitations established in paragraph 2 of Article 46 of this Code. The provisions of this paragraph shall also extend to individual entrepreneurs if the period of their registration as individual entrepreneurs is shorter than the statute of limitations established in paragraph 2 of Article 46 of this Code.

2. If an individual entrepreneur makes a decision to discontinue his/her enterprise, he/she shall at the same time file the following documents with the tax authority at the location of the enterprise:

1) a tax statement of termination of the activities;

2) a tax application for deregistration for certain activities, if such registration was made;

3) liquidation tax reports;

4) – 5) {~};

6) tax application for the deregistration of the cash register machine according to the procedure provided for in Article 648 of this Code.

The document specified in subparagraph 6) of this paragraph shall be filed by the individual entrepreneur discontinuing his/her activities, if the cash register machine has been registered with the tax authority.

3. Liquidation tax reports shall be compiled by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social insurance contributions, in respect of which the individual entrepreneur discontinuing his/her activities is a tax payer (tax agent) for the time from the beginning of the tax period in which the tax statement about termination of the enterprise is presented to the date of submission thereof.

If the date of submission of the regular tax reports occurs after submission of the liquidation tax reports,

Such regular tax reports shall be provided on or before the date of submission of the liquidation tax reports.

4. An individual entrepreneur discontinuing his/her enterprise shall pay the taxes, other obligatory payments to the budget, social insurance contributions, transfer obligatory pension contributions, obligatory professional pension contributions which are presented in the liquidation tax reports within ten calendar days from the day of submission of the liquidation tax reports to the tax authority.

In the event that the date of payment of taxes, other obligatory payments to the budget, social insurance contributions, and obligatory pension contributions, obligatory professional pension contributions, which are presented in the tax reports submitted before the liquidation tax reports, occurs upon the expiration of the time specified in the first part of this paragraph, the payment (transfer) shall be carried out within ten calendar days from the date of submission of the liquidation tax reports to the tax authority.

5. Within three working days upon receipt of the tax statement of termination filed by the individual entrepreneur, the tax authority must direct a request:

1) to the authorized state agencies for provision of information on transactions with the property subject to state registration made by the individual being the individual entrepreneur terminating its activities and about his/her property as on the date of receipt of the tax statement of termination;

2) to the customs authorities for information about foreign-trade transactions made by the individual being an individual entrepreneur discontinuing its activities, and for a proof of no outstanding customs duties and taxes as of the date on or after the date of receipt of the request from the tax authority;

3) to the banks and/or organizations engaged in certain types of banking operations, for information on the balances and movements of money in the bank accounts of the individual entrepreneur discontinuing its activities as on the date of receipt of the tax statement of termination of the activities.

The transaction details referred to in subparagraphs 1) and 2) of this paragraph, and the information about the movement of money in the bank accounts shall be provided for the period during which no tax audit was carried out with respect to the individual entrepreneur discontinuing his/her activities within the period of limitation established in Article 46 of this Code to the date of receipt by the tax authority of the tax statement of termination of the activity.

6. The information requested by the tax authority referred to in paragraph 5 of this Article shall be provided within twenty working days from the receipt of the request, unless otherwise is provided for in subparagraph 12) of Article 581 of this Code.

7. Within ten working days from receipt of all information the tax authority must carry out an in-house audit and prepare its report according to the procedure established by this Code.

The report shall include the results of the in-house audit and the status of settlements in respect of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social insurance contributions.

The report shall be executed in at least two copies and signed by officials of the tax authority. One copy of the report shall be delivered to the individual entrepreneur against his/her signature within three working days after signature thereof or be sent to him/her by registered mail with delivery notification.

In case of return by a postal or another communications organisation of the report sent by the tax service body to the individual entrepreneur by registered mail with delivery notification, the date of the tax inspection on the grounds and in accordance with the procedure established by this Code shall be deemed to be the date of delivery of such report.

8. If the in-house audit identifies any violations, an injunction to rectify the violations identified as a result of the in-house audit shall be sent to the individual entrepreneur within five working days from the date of receipt of the report according to the procedure established in Chapter 84 of this Code.

The violations identified as a result of the in-house audit shall be rectified by the individual entrepreneur according to the procedure established by Article 587 of this Code.

If the injunction to rectify the violations is not executed and/or the tax authorities disagree with the explanations provided by the taxpayer with respect to the individual entrepreneur discontinuing his/her activity, a tax audit of the documents shall be carried out. In that case the documentary tax audit shall be started within ten working days after the expiration of the period for execution of such injunction and/or receipt of the explanation about disagreement with respect to the identified violations.

9. The tax arrears of the individual entrepreneur discontinuing his/her activities shall be paid out of the funds of the said individual entrepreneur including the money received from sale of his/her assets in accordance with the priority established by the statutes of the Republic of Kazakhstan.

10. If the individual entrepreneur discontinuing the activity has any amounts of taxes, charges and penalties paid to the budget in excess, the specified amounts are to be offset towards repayment of the tax arrears of this individual entrepreneur according to the procedure established by Article 599 of this Code.

Where the individual entrepreneur discontinuing the activity has any amounts of taxes, charges and penalties paid to the budget by mistake, the specified amounts shall be offset according to the procedure established by Article 601 of this Code.

11. If the individual entrepreneur discontinuing the activity has no tax arrears:

1) the amounts of taxes and other obligatory payments paid to the budget by mistake shall be refunded to that taxpayer according to the procedure established by Article 601 of this Code;

2) the amounts of taxes, levies, charges, and penalties paid to the budget in excess shall be refunded to that taxpayer according to the procedure established by Article 602 of this Code;

3) the amounts of other obligatory payments paid to the budget shall be refunded to that taxpayer according to the procedure established by Article 606 of this Code;

4) the amounts of the penalties paid shall be refunded to that taxpayer according to the procedure established by Article 605 of this Code;

5) the amounts of customs duties, taxes, customs fees, and penalties charged by the customs authorities paid in excess (by mistake) to the budget shall be refunded to that taxpayer according to the procedure established by the customs legislations of the Republic of Kazakhstan.

12. The payment (transfer) of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions shall be effected by a taxpayer within ten calendar days from the date of drafting an opinion or fulfillment of a notice demanding rectification of violations identified by results of the in-house audit.

13. An individual entrepreneur shall be deemed deregistered as an individual entrepreneur from the date of:

1) drafting an opinion – provided that no violations have been identified by results of the in-house audit, and there are no tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions present;

2) fulfillment of a notice demanding rectification of violations identified by results of the in-house audit – in case if such violations have been identified, and provided that there are no tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions present;

3) payment of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions present – in case there are tax arrears present, and provided that the violations identified by results of the in-house audit have been rectified in full.

The information on the deregistration of an individual entrepreneur in the procedure set forth in this paragraph shall be placed on the Internet resource of the authorized body within three business days from the date of deregistration of such individual entrepreneur.

The deregistration of an individual entrepreneur may be denied based on the presence of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions not paid within the time limits set forth in paragraph 12 of this Article.

The information on individual entrepreneurs, the deregistration of which has been denied pursuant to this paragraph, shall be placed on the Internet resource of the authorized body within three business days after the expiration of payment time limit specified in paragraph 12 of this Article.

14 – 15. {~}.

Article 43-1. Cessation of Activities of Certain Categories of Individual Entrepreneurs Using the Simplified Procedure

1. The cessation of activities of certain categories of individual entrepreneurs using the simplified procedure shall be performed without conducting an in-house audit as set forth in Article 586 of this Code based on:

1) a taxpayer's tax application for the cessation of his/her activities, or

2) a written consent contained in a tax application for the suspension (extension, resumption) of tax reports submission, or in a patent cost estimation.

2. Individual entrepreneurs being citizens of the Republic of Kazakhstan or oralmans simultaneously conforming to the following conditions as at the time of submission of a tax application for the cessation of activities shall be subject to cessation of activities using the simplified procedure:

1) not registered as value-added tax payers;

2) not carrying out joint venture activities;

3) not being payers of single tax on land applying the separate accounting of income and expenses, property by types of activities not covered by the special tax regime for peasant economies and farming enterprises;

4) not carrying out certain activities specified in paragraph 1 of Article 574 of this Code;

5) not included in the tax audit plan based on the results of the risk assessment system measures implemented;

6) not having any tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions present.

This Article shall apply to individual entrepreneurs conforming to the conditions determined by subparagraphs 1) – 5) of the first part of this paragraph during the statute of limitations established in paragraph 2 of Article 46 of this Code, until the date of submission of a tax application for the cessation of activities, or the occurrence of events specified in paragraph 5 of this Article.

3. When ceasing activities using the simplified procedure based on the grounds specified in subparagraph 1) of the first part of paragraph 1 of this Article, an individual entrepreneur shall simultaneously submit to the tax authority at the place of his/her location:

1) a tax application for the cessation of activities;

2) liquidation tax reports;

3) a tax application for the deregistration of a cash register machine (if any) in the procedure stipulated by Article 648 of this Code.

Liquidation tax reports shall be compiled by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social contributions, with the respect to which an individual

entrepreneur ceasing his/her activities is a payer and (or) a tax agent, for the period from the beginning of the tax period, in which the tax application for the cessation of activities was submitted, till the date of submission of such application.

In the event that the regular tax reports submission becomes due after the submission of liquidation tax reports, such regular tax reports shall be submitted on or before the date of submission of liquidation tax reports.

4. When ceasing activities using the simplified procedure based on the grounds specified in subparagraph 1) of the first part of paragraph 1 of this Article, the payment of taxes and other obligatory payments to the budget, social contributions, transfer of obligatory pension contributions, obligatory professional pension contributions disclosed in liquidation tax reports, shall be carried out within ten calendar days from the date of submission of liquidation tax reports to the tax authority.

In the event that the payment of taxes and other obligatory payments to the budget, social contributions, transfer of obligatory pension contributions, obligatory professional pension contributions disclosed in tax reports submitted prior to the liquidation tax reports submission, becomes due after the expiration of the time line specified in the first part of this paragraph, the payment (transfer) shall be effected within ten calendar days from the date of the liquidation tax reports submission.

The tax authority shall, within three business days from the date of tax liability fulfillment in accordance with this paragraph, deregister an individual entrepreneur and place the information on the deregistration of such individual entrepreneur on the Internet resource of the authorized body.

The tax authority shall deny deregistration of an individual entrepreneur and place the corresponding information on the Internet resource of the authorized body in the cases as follows:

1) failure to comply with the conditions specified in paragraph 2 of this Article, and (or) failure to fulfill the requirements of paragraph 3 of this Article within three business days from the date of submission of a tax application for the cessation of activities;

2) failure to fulfill the requirements specified in this paragraph within three business days from the expiration of the time limit for payment of taxes and other obligatory payments to the budget, social contributions, transfer of obligatory pension contributions, obligatory professional pension contributions.

5. Individual entrepreneurs shall be subject to cessation of activities using the simplified procedure based on the grounds specified in subparagraph 2) of the first part of paragraph 1 of this Article, where:

1) they apply the special tax regime based on a patent and have failed to submit a regular patent cost estimation within sixty calendar days after the patent expiration, or the end of the activities suspension period;

2) they have suspended the submission of tax reports and failed to submit tax reports within sixty calendar days after the expiration of time line for the submission of tax reports, established by this Code, after the end of the activities suspension period.

In the cases specified in this paragraph, the deregistration of an individual entrepreneur shall be performed by the tax authority at the place of location of such individual entrepreneur:

provided that the conditions specified in paragraph 2 of this Article are met;

provided that there are no cash register machines registered with the tax authority;

within three business days after the expiration of either time limit as set forth in subparagraphs 1) and 2) of the first part of this paragraph.

The information on the deregistration of an individual entrepreneur in the procedure specified in this paragraph shall be placed on the Internet resource of the authorized body within three business days after the expiration of either time limit set forth in subparagraphs 1) and 2) of the first part of this paragraph.

6. A taxpayer shall be recognized as deregistered as an individual entrepreneur from the day following the date of:

payment of taxes and other obligatory payments to the budget, social contributions, transfer of obligatory pension contributions, obligatory professional pension contributions – when ceasing activities using the simplified procedure based on the grounds specified in subparagraph 1) of the first part of paragraph 1 of this Article;

expiration of the recent patent (except for the cases of activities suspension) – when ceasing activities using the simplified procedure based on the grounds specified in subparagraph 2) of the first part of paragraph 1 of this Article;

end of the activities suspension period specified in a tax application for the suspension (extension, resumption) of tax reports submission – when ceasing activities using the simplified procedure based on the grounds specified in subparagraph 2) of the first part of paragraph 1 of this Article.

7. The tax authorities shall be entitled to conduct an in-house audit in accordance with Article 586 of this Code with respect to an individual deregistered as an individual entrepreneur in the procedure set forth in this Article for the period of his/her activities as an individual entrepreneur during the statute of limitations established in paragraph 2 of Article 46 of this Code.

Should any violation be identified by results of the in-house audit, the tax authority shall send to an individual a notice demanding rectification of violations identified by results of the in-house audit, in the procedure specified in subparagraph 7) of paragraph 2 of Article 607 of this Code.

The notice demanding rectification of violations identified by results of the in-house audit shall be fulfilled by such individual in accordance with paragraph 2 of Article 587 of this Code.

The assessment of tax liabilities with respect to taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions, and social contributions pertaining to the activities carried out during the period of registration as an individual entrepreneur shall be performed pursuant to the tax legislation of the Republic of Kazakhstan applicable as at the time of creation of obligations to pay the same.

Should an individual fail to fulfill the notice, and (or) should the tax authorities disagree with the representations provided, the tax authority shall be entitled to conduct a documentary audit with respect to such individual.

Article 44. The Fulfilment of the Tax Liability of a Natural person Who Is Recognised as Missing

1. The tax liability of a natural person shall be suspended from the time of recognition of such natural person as missing on the basis of a court decision entered into force.

2. Tax arrears of a natural person recognised as missing by a court shall be paid by a person, upon whom the obligation is imposed for guarding property of the natural person recognised as missing.

3. Where property of a natural person recognised as missing is not sufficient to pay tax arrears, then the unpaid part of such person's tax arrears shall be written off by the tax authority on the basis of a court decision concerning the insufficiency of property.

4. Where a court has cancelled the decision concerning the recognition of the person as missing, the effect of the tax arrears, which were previously written off by the tax authority, shall be resumed in accordance with the judicial procedure irrespective of the statute of limitation that is established by Article 46 of this Code.

Article 45. Payment of Tax Arrears of a Deceased Natural Person

1. Tax arrears, which are formed on the day of death of a natural person or at the time such person is announced as deceased on the basis of a court decision entered into force, shall be paid by a heir (heirs) within the cost of inherited property and proportionally to the portion in the legacy as on the date of its receipt.

Where the property of a deceased natural person, and also of a natural person announced as deceased on the basis of a court decision entered into force is not sufficient to pay tax arrears, then the unpaid part of tax arrears shall be written off by the tax authority on the basis of a court decision concerning the insufficiency of property.

2. In case where a heir (heirs) is (are) a minor (minors), the obligation to pay tax arrears of a natural person, which were formed on the day of such person's death or at the time of announcement of such person as deceased, within the limits of the value of inherited property and proportional to the portion in the legacy as on the date of its receipt, shall be imposed on such heir (heirs) only on the basis of a court decision entered into force.

3. Tax arrears of a natural person, which are formed on the day of his death or at the time such person is announced as deceased on the basis of a court decision entered into force, shall be considered as paid in cases where:

1) a minor heir (minor heirs) is (are) exempt from the fulfilment of the tax liability to pay such arrears on the basis of a court decision entered into force;

2) there is no heir (heirs).

Where a court has cancelled the decision concerning the announcement of the natural person as deceased, the effect of the tax arrears, which were previously written off by the tax authority, shall be resumed in accordance with the judicial procedure irrespective of the statute of limitation that is established by Article 46 of this Code.

4. The provisions of this Article shall also apply to an individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator deceased or declared deceased based on a court judgment that has entered into legal force.

Article 46. Statute of Limitation for the Tax Liability and Claim

1. The statute of limitation for the tax liability and claim is a period of time, within which:

1) the tax service authority shall have the right to assess or revise an assessed, calculated amount of taxes and other obligatory payments to the budget;

2) the taxpayer (tax agent) shall have the right to submit tax reports, introduce amendments and additions to tax reports, revoke tax reports;

3) the taxpayer (tax agent) shall have the right to require offset and (or) refund of taxes and other obligatory payments to the budget, fines;

4) the tax service authority shall be obliged to make offsetting and (or) refunding taxes and other obligatory payments to the budget, fines.

2. Unless otherwise is provided for by this Article, the period of limitation with respect to the tax liability and claim shall be five years. The limitation period shall begin after the end of the respective tax period, except for the cases provided for by this Article.

3. With respect to taxpayers operating under subsoil use contracts, the tax service body shall have the right to assess or revise the assessed or accrued amount of the excess profit tax, taxes and other obligatory payments to the budget, with one of the following indicators being used in the calculation methodology: internal rate of return (IRR), or internal revenue rate, or R-factor (earning yield), and the corporate income tax with respect to the deductions for the cost of elimination of consequences from development of the fields and related adjustment of the total annual income in accordance with Articles 94 and 107 of this Code – during the effective period of a subsoil use contract and five years after the end of the effective period of a subsoil use contract.

3-1. Upon the application of Chapter 17-1 of this Code, a taxpayer shall be obliged, and the tax service body shall be entitled to calculate, accrue or revise the calculated or accrued amount of taxes and other obligatory payments to the budget during the validity period of an investment contract for priority investment project implementation and five years after the expiry or any other termination of the mentioned investment contract.

The provisions of this paragraph shall not extend to the fulfillment of tax liability related the value added tax and excise duty.

4. The assessment or revision of the calculated amount of taxes and other obligatory payments to the budget with respect to transactions with a taxpayer recognized as false business, or with respect to an action (actions) on issuing an invoice committed by a private business entity without any actual performance of work, rendering of services, or shipment of goods shall be performed by the tax service authority within the statute of limitations with respect to the tax liability and claim after the entry of the corresponding court sentence or judgment into legal force.

5. Unless otherwise provided for by this paragraph, where the taxpayer (tax agent) has submitted additional tax reports for the period, for which the statute of limitation established by paragraph 1 of this Article expires less than in one calendar year, the specified statute of limitation shall be extended for one calendar year in respect of the assessment and (or) revision of the assessed amount of taxes and other obligatory payments to the budget.

Where the taxpayer (tax agent) has submitted additional tax reports as amended and supplemented with regard to tax loss carrying for the period for which the statute of limitation established by paragraph 1 of this Article expires less than in one calendar year, the specified statute of limitation shall be extended for three calendar years in respect of the assessment and (or) revision of the assessed amount of corporate income to the budget.

6. In respect of taxes and other obligatory payments to the budget, fines, which are subject to offset and (or) refund by the tax authorities in accordance with the procedure established by this Code, the statute of limitation to make offset and (or) refund shall be five years after the end of the tax period, except for the case established by Article 548 of this Code.

For the purpose of refund by the tax authorities of the verified excess amount of value-added tax, the claim for refund of which has been filed by a taxpayer within the statute of limitations set forth in paragraph 2 of this Article, the statute of limitations to make refund and (or) offset provided for in Article 600 of this Code shall be five years after the end of the tax period, in which the fairness of the excess amount of value-added tax reclaimed was verified, including through appealing the tax audit results pursuant to the legislation of the Republic of Kazakhstan.

6-1. Where subparagraph 3) of paragraph 1 of Article 133 of this Code applies, the taxpayer, tax service authority shall be entitled to revise, assess or accrue the amount of the taxable income adjustment, and the amounts of the corporate income tax or individual income tax – during the period of training of the individual and within five years from the date of completion of training of the individual.

7. Where the statute of limitation in respect of the tax liability and claim, expires within the period the taxpayer (tax agent) appeals in accordance with the procedure established by the legislation of the Republic of Kazakhstan a notice concerning results of the tax inspection and (or) decision of the higher tax service body, which was passed according to results of consideration of the complaint against the notice, and also act (omission of act) of officials of the tax service authorities, the statute of limitation shall be extended in respect of the part under appeal until the decision that is passed according to results of the consideration of the application (complaint) is fulfilled.

8. Where the statute of limitation with respect to the tax liability and claim expires during the period of consideration of the application of a non-resident for return of income tax from the budget or a bank deposit in escrow on the basis of an international treaty or appeal by the non-resident in accordance with the procedure established by the legislation of the Republic of Kazakhstan of the decision made by the tax authority made on the basis of the results of consideration of the application for refund of the income from the budget or bank deposit in escrow on the basis of the international treaty, or appeal by the non-resident of the decision made by the authorized body on the basis of the consideration of the non-resident's appeal against the decision of the tax authority specified in this paragraph, the statute of limitation shall be extended until the judgment made subject to the results of the consideration of the application (claim).

9. Where the statute of limitation with respect to the tax liability and claim expires during the period of implementation by the authorized body of the mutual agreement procedure in accordance with Article 226 hereof, the statute of limitation shall be extended until the judgment of the authorized and/or competent body of the foreign country is made on the basis of the results of the mutual agreement procedure.

10. Should requests be sent during the tax audit in accordance with the legislation of the Republic of Kazakhstan for transfer pricing information the limitation period with respect to revision of the assessed or accrued amount of taxes and other obligatory payments to the budget shall be suspended for a period of sending requests and receiving documents and/or information to the requests.

In this case the total limitation period with respect to the revision of the assessed and accrued tax amounts and other obligatory payments to the budget including the suspension period shall not exceed seven years.

CHAPTER 6. ALTERATION OF TIMING FOR THE FULFILMENT OF THE TAX LIABILITY WITH RESPECT TO PAYMENT OF TAXES, OTHER OBLIGATORY PAYMENTS TO THE BUDGET, AND/OR PENALTIES. GROUND FOR TERMINATION OF THE TAX LIABILITY

Article 47. General Provisions

The time limits for fulfillment of the tax liability to pay taxes, other mandatory payments to the budget, and (or) penalties shall be altered through changing:

1) time limits for fulfillment of the tax liability to pay taxes and (or) penalties based on the taxpayer's application in the procedure set forth in Articles 47-1 – 51, 52, and 53 of this Code;

2) time limits for fulfillment of the tax liability to pay the assessed amounts of taxes, other mandatory payments to the budget, and (or) penalties specified in the notice of the tax audit results in the procedure set forth in Articles 51-1 and 52 of this Code;

3) time limits for fulfillment of the tax liability to pay taxes of an organization under restructuring in the procedure set forth in Article 51-2 of this Code;

4) time limits for payment of indirect taxes on imported goods in the procedure set forth in Article 51-3 of this Code.

Unless otherwise provided for by this Chapter, the alteration of the time limits for fulfillment of the tax liability to pay taxes and other mandatory payments to the budget shall not exempt the taxpayer from penalties for the untimely payment of taxes and other mandatory payments to the budget in accordance with Article 610 of this Code.

Article 47-1. Alteration of Time Limits for Fulfillment of the Tax Liability to Pay Taxes and (or) Penalties Based on the Taxpayer's Application

1. The alteration of time limits for fulfillment of the tax liability to pay taxes and (or) penalties based on the taxpayer's application shall mean a deferral of the due date stipulated by this Code for payment of taxes (other than taxes withheld at source, excise duties, and value-added tax on imported goods) and (or) penalties to a later date, but such extension shall not exceed twelve calendar months.

The taxpayer's application for alteration of time limits for fulfillment of the tax liability to pay taxes and (or) penalties shall contain the grounds for the requested deferral of the due date for payment of taxes and (or) penalties.

2. The right to fulfill the tax liability with altered time limits shall not be assigned.

3. The alteration of time limits for fulfillment of the tax liability to pay taxes and (or) penalties set forth in this Article shall be performed against pledge of property of the taxpayer, and (or) any third party, and (or) against bank guarantee.

Article 48. Body Authorized to Make Decisions Concerning the Alteration of Time Limits for Fulfillment of the Tax Liability to Pay Taxes and (or) Penalties Based on the Taxpayer's Application

1. A decision concerning the alteration of time limits for fulfillment of the tax liability to pay taxes and (or) penalties to be transferred to the state budget, or to be distributed among the state budget and local budgets, as provided for in Article 47-1 of this Code, shall be made by the authorized body, unless otherwise provided for by the laws of the Republic of Kazakhstan.

2. A decision concerning the alteration of time limits for fulfillment of the tax liability to pay taxes and (or) penalties to be transferred in full to local budgets, as provided for in Article 47-1 of this Code, shall be made by a tax authority at the place of taxpayer's registration.

Article 49. The Procedure for the Alteration of Timing for Fulfilment of the Tax Liability in Respect of Payment of Taxes and (or) Fines Against a Bank Guarantee

In this case the period for fulfilment of the tax obligation to pay taxes (other than withholding, excise, and valued added taxes on imported goods) shall be extended for a period not exceeding twelve calendar months.

2. The bank guarantee must be irrevocable. The contents of a bank guarantee agreement must be consistent with requirements established by the legislation of the Republic of Kazakhstan.

3. Not later than in fifteen calendar days from the day of receipt of the taxpayer's application the tax service authority shall pass one of the following decisions, which enter into force from the day of signing:

1) concerning the alteration of the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines with the attachment of a schedule for fulfilment of the tax liability coordinated with the taxpayer, which establishes the timing for payment of taxes and (or) fines and which is an integral part of said decision;

2) concerning the denial to alter the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines.

4. The decision concerning the alteration of the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines must comprise an indication to the type and amount of tax and (or) fines, in respect of which the timing for payment was altered, the surname, name, patronymic (if any) or the business name of the taxpayer, identification number, and term of validity of the decision.

5. The decision concerning the denial to alter the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines shall be passed where the taxpayer does not comply with provisions of this Chapter.

Article 50. The Procedure for the Alteration of Timing for Fulfilment of the Tax Liability in Respect of Payment of Taxes and (or) Fines Against a Pledge of Property

In this case the period for fulfilment of the tax obligation to pay taxes (other than withholding, excise, and valued added taxes on imported goods) shall be extended for a period not exceeding twelve calendar months.

2. Not later than in fifteen calendar days from the day of receipt of the taxpayer's application the tax service authority shall pass one of the following decisions, which enter in force from the day of signing:

1) concerning the alteration of the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines with the attachment of a schedule for fulfilment of the tax liability coordinated with the taxpayer, which establishes timing for payment of taxes and (or) fines and which is an integral part of said decision;

2) concerning the denial to alter the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines.

3. The decision concerning the alteration of the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines must comprise an indication to the type and amount of tax and (or) fines, in respect of which the timing for payment was altered, the surname, name, patronymic (if any) or the business name of the taxpayer, identification number, and term of validity of the decision.

4. The decision concerning the denial to alter the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines shall be passed where the taxpayer does not comply with provisions of this Chapter.

Article 51. The Procedure for the Conclusion of a Property Pledge Agreement

1. A property pledge agreement shall be concluded between the taxpayer and (or) third person and the tax authority in the place of registration of the taxpayer within fifteen calendar days from the day of receipt of the taxpayer's written application for conclusion of a pledge agreement, with the attachment of an appraiser's report concerning the evaluation of the market price of the property, which is pledged.

The appraiser's report concerning the evaluation of the market price of the pledged property must be compiled not previously than fifteen calendar days before the date of submission by the taxpayer of the written application for conclusion of a pledge agreement.

2. A property pledge agreement shall be concluded where the following terms are observed:

1) the contents of the pledge agreement is consistent with requirements established by the legislation of the Republic of Kazakhstan;

2) property, which is pledged, must be realizable, insured against loss or damage, and its market price must be not less than the amount of taxes and penalties payable to the budget. The following may not be pledge items:

life support items;
electric, thermal and other types of energy;
arrested property;
property, in respect of which there are restrictions imposed by the state bodies;
property, which is charged with rights of third persons;
perishable raw materials, foodstuffs;
property rights;

3) no repledge of property, which is pledged, shall be allowed;

4) in cases where the legislative acts of the Republic of Kazakhstan provide for obligatory state registration of a property pledge agreement, the taxpayer shall ensure its registration with the appropriate registration body after the conclusion of the pledge agreement, and immediately submit to the tax service authority, which passes a decision concerning the alteration of the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines, a document that confirms the registration of the pledge agreement.

Article 51-1. The procedure for changing the deadline for the fulfilment of the tax liability to pay the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report

1. An application for alteration of time limits for fulfillment of the tax liability to pay the assessed amounts of taxes and other mandatory payments to the budget, and (or) penalties specified in the notice of the tax audit results shall be submitted by a taxpayer (tax agent) to the tax authority being superior with respect to the tax authority, with which the taxpayer is registered at the place of its/his location within thirty working days from the date of service of the notice of the tax audit results, where the taxpayer (tax agent) agrees with the specified amounts, and such amounts comply with the conditions provided for by paragraph 2 of the Article. The application shall be accompanied by:

1) a tax liability fulfillment schedule providing for the payment of the assessed amounts of taxes and other mandatory payments to the budget, and (or) penalties specified in the notice of the tax audit results;

2) a written acknowledgement of the taxpayer's belonging to one of the categories of private enterprises, as established by the legislation of the Republic of Kazakhstan concerning private entrepreneurship, issued by the authorized body in charge of the entrepreneurship.

a tax liability execution schedule providing for the payment of the accrued tax amounts and other mandatory payments to the budget and (or) the penalties specified in the tax audit report;

a written confirmation of the tax payer's belonging to one of the categories of private entrepreneurs, as established by the legislation of the Republic of Kazakhstan on private entrepreneurship, issued by the authorised body for entrepreneurship.

If the taxpayer (tax agent) within the time stipulated by the first part of this paragraph made a partial payment of the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report, such a taxpayer (tax agent) has the right to submit a statement about the change of the tax liability to pay the remainder of the amount of taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report.

2. Changing the deadline for the fulfilment of the tax liability to pay the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report, is performed in accordance with this Article, if such amounts in the aggregate are not less:

a three-thousand-fold size of the monthly calculation index established by the law on the republican budget and the corresponding financial year in force as of 1 January, in which the application is submitted, for small businesses;

a one-hundred-fifty-three-thousand-fold size of the monthly calculation index established by the law on the republican budget and the corresponding financial year in force as of 1 January, in which the application is submitted, for medium-sized businesses;

a three-hundred-thousand-fold size of the monthly calculation index established by the law on the republican budget and the corresponding financial year in force as of 1 January, in which the application is submitted, for large businesses.

3. The provisions of this Article shall not apply to taxpayers that meet one of the following conditions:

the period from the date of registration as a taxpayer to the date of submission of an application under paragraph 1 of this Article is less than five years;

the tax burden factor determined as the ratio of the calculated and (or) accrued amount of taxes and other mandatory payments into the budget to the gross annual income of a legal entity (the income of an individual entrepreneur) excluding adjustments for the calendar year preceding the year of the submission of an application for rescheduling of tax liability on payment of the amount of taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report, below the industry average value set by the authorised body.

In the submission to the tax authority of an application referred to in paragraph 1 of this Article during the period prior to the date of submission of a declaration on the corporate (individual) income tax for the calendar year preceding the year of application, the tax burden factor is determined as the ratio of the calculated and (or) accrued taxes and other mandatory payments to the budget of the gross annual income of a legal entity (the income of an individual entrepreneur) excluding adjustments for the last calendar year for which on the date of application submission of the corporate (individual) income tax declaration is due.

4. Should a taxpayer (tax agent) miss the deadline for submission of applications established by paragraph 1 of this Article due to the temporary disability of an individual, with respect to whom the tax audit has been conducted, as well as the head and (or) chief accountant (if any) of the taxpayer (tax agent), to restore the missed deadline such taxpayer (tax agent) may, within ten working days after the end of the period of temporary disability of the persons specified in this paragraph, submit an application and a petition to the tax authority being superior to the tax authority, with which the taxpayer is registered at the place of its/his location.

This paragraph applies to the taxpayer (tax agent) the organisational structure of which does not provide for the presence of persons to act for the above-mentioned persons in their absence.

The application for restoration of the missed time limit is accompanied by the document:

confirming the period of temporary disability of the persons referred to in the first part of this paragraph;

establishing the organisational structure of a taxpayer (tax agent).

5. Changing the deadline for the fulfilment of the tax liability to pay the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report is carried out for a period of not more than thirty six calendar months.

6. No later than fifteen calendar days from receipt of the taxpayer's (tax agent's) application, a tax authority shall take one of the following decisions with effect from the date of signature.

1) On the change of the tax liability to pay the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report, along with a tax liability execution schedule agreed with the taxpayer, which sets the dates for payment of the taxes and other mandatory payments to the budget, and (or) penalties, and is an integral part of the decision;

2) On refusal to change the tax liability execution deadlines concerning the amount of the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report and the reasons for refusal.

7. In case *the tax authority* takes a decision referred to in subparagraph 1) of paragraph 6 of this Article, the taxpayer (tax agent) is required to make payment of the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report by monthly equal instalments over the effective period of such a decision in accordance with the approved schedule.

8. The decision to change the dates of tax liability to pay the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report shall specify the type and amount of the accrued taxes and other mandatory payments to the budget and (or) penalties by which the terms of payment, surname, first name, middle name (if any) or the name of the taxpayer (tax agent), the identification number and expiration date of the decision are changed.

9. A decision to refuse to change the dates of tax liability to pay the accrued taxes and other mandatory payments to the budget and (or) the penalties specified in the tax audit report is taken in case of non-compliance by the taxpayer (tax agent) with the provisions and (or) non-compliance with this Article.

Article 51-2. The procedure for changing a due date for fulfillment of a tax liability to pay the tax of a restructured organization

1. This Article shall be applied by an organization to be restructured to the corporate income tax assessed and to be paid for the tax period during which such organization has restructured its liabilities to creditors as per the restructuring plan approved by the court. For the purposes of this Article an organization to be restructured shall mean a taxpayer, other than second tier banks, which meets all the following conditions:

1) this is a resident legal entity with state shareholding;

2) the restructurisation for fulfillment by such legal entity of the liabilities to the creditors is effected in accordance with the procedure provided for by Article 6-1 of the Law of the Republic of Kazakhstan concerning Banks and Banking Activities in the Republic of Kazakhstan »;

3) the organization is a member of a bank conglomerate as a parent organization other than banks as on the date of the court decision concerning restructurisation for fulfillment by such legal entity of the liabilities to the creditors.

2. Change of a due date for fulfillment of a tax liability to pay the corporate income tax of an organization to be restructured shall mean an extension of the tax payment period provided for by this Code for a later due date for fulfillment of tax liabilities to the creditors provided for by the restructuring plan, but not later than for ten years from the date provided for by Article 142 of this Code for payment of the corporate income tax assessed and to be paid for the tax period specified in paragraph 1 of this Article.

In that case the due date for fulfillment of a tax liability to pay the corporate income tax shall be changed subject to the terms and conditions provided for by paragraph 3 of this Article.

The organization to be restructured may apply the provisions of this Article only once.

3. The organization to be restructured must submit to the tax authority for the place of its location a notice of the change in the due date for fulfillment of the tax liability to pay the corporate income tax in accordance with this Article within the period provided for submission of the corporate income tax return for the tax period specified in paragraph 1 of this Article.

Along with the notice the organization to be restructured shall provide the following documents:

1) a copy of the restructuring plan approved by the National Bank of the Republic of Kazakhstan certified by a notary;

2) a copy of the legally effective court decision concerning restructurisation certified by the court;

3) a copy of the legally effective court decision concerning approval of the restructurisation plan certified by the court.

4. A due date for fulfillment of the tax liability on the corporate income tax in accordance with this Article shall be changed without accrual of any penalties for late payment of such tax or pledging property of the taxpayer and (or) a third party, and (or) bank guarantee as security.

5. A due date for fulfillment of the tax liability on the corporate income tax in accordance with this Article shall not be changed if the taxpayer fails to comply with the provisions of this Article.

Article 51-3. Procedure for Altering the Time Limit for Payment of Indirect Taxes on Imported Goods

1. The time limit for payment of indirect taxes on imported goods may be altered with respect to:

1) value-added tax;

2) excise duty, except for excise duty on imported goods subject to marking in accordance with this Code.

The provisions of this Article shall not apply to goods imported from the territory of member states of the Customs Union.

2. The ground for altering the time limit for payment of indirect taxes on imported goods shall be a declaration for goods being under the customs procedure of release for domestic consumption submitted to the customs authority in accordance with the customs legislation of the Customs Union, and (or) the customs legislation of the Republic of Kazakhstan.

3. The time limit for payment of indirect taxes on imported goods shall be altered provided that:

1) the documents for the customs clearance of such imported goods, as stipulated by the customs legislation of the Customs Union, and (or) the customs legislation of the Republic of Kazakhstan, have been submitted to the customs authority in full;

2) the persons are not falling into the category of persons not entitled to the alteration of the time limit for payment of indirect taxes provided for in this Article by results of applying the risk management system established by the authorized body.

4. . The time limit for payment of indirect taxes on imported goods shall be altered by means of entering by the tax authority of the tax amount assessed to the taxpayer's account with the due date on the 20th day of the month following the month, in

which imported goods were released for domestic consumption in accordance with the customs legislation of the Customs Union, and (or) the customs legislation of the Republic of Kazakhstan.

5. The alteration of the time limit for payment of indirect taxes on imported goods shall exempt the taxpayer from penalties, where the tax liability to pay value-added tax and excise duty on imported goods has been fulfilled in accordance with this Article within the altered time limit.

Article 52. Termination of Validity of a Decision Concerning the Alteration of the Timing for Fulfilment of the Tax Obligation to Pay Taxes, Other Obligatory Payments to the Budget, and/or Penalties

1. The effect of the decision concerning the alteration of the timing for fulfilment of the tax liability in respect of payment of taxes and (or) fines shall be terminated upon the expiration of the validity term established in it.

2. The validity of a decision concerning the alteration of the timing for fulfilment of the tax obligation to pay taxes, other obligatory payments to the budget, and/or penalties shall terminate, including prematurely, in the event that:

1) the taxpayer has paid the whole amount of the taxes, other obligatory payments to the budget and/or penalties before the expiry of the period provided for by the decision;

2) the taxpayer fails to meet the schedule for fulfillment of the tax obligation to pay taxes, other obligatory payments to the budget and/or penalties;

3) a complaint has been filed with respect to the notice of the tax audit results within the period of time specified in the decision of the tax service agency concerning alteration of the timing for the fulfillment of the tax obligation to pay the accrued taxes, other obligatory payments to the budget and/or penalties specified in the notice of the tax audit results.

Upon the occurrence of an event provided for by this subparagraph the validity of the decision concerning alteration of timing for the fulfillment of the tax obligation to pay such taxes, other obligatory payments to the budget and/or penalties shall terminate from the date of the decision made *by the tax authority* and specified in subparagraph 1) of paragraph 6 of Article 51-1 of this Code.

Article 53. The Procedure for Levying of Execution and Selling of Pledged Property, and also of Claims for Fulfilment of a Bank Guarantee

1. Where the timing for fulfilment of the tax liability, which is secured by a pledge of property of the taxpayer and (or) third person and (or) by a bank guarantee, is violated, the tax authority shall levy execution upon the pledged property of the taxpayer and (or) third person or claim to fulfil the bank guarantee.

2. Selling the property pledged by the taxpayer and (or) third person shall be performed in compulsory non-judicial procedure in accordance with the civil legislation of the Republic of Kazakhstan.

Article 54. Cessation of the Tax Liability

1. The tax liability of a natural person shall be ceased:

1) in connection with his death;

2) with the announcement of such person as deceased on the basis of a court decision that entered into force.

2. The tax liability of an individual entrepreneur shall be ceased after the cessation by the individual entrepreneur of activity in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

3. The tax liability of a legal person shall be ceased:

1) after its liquidation;

2) after reorganisation by accession (in relation to the acceded legal person), merger and division.

2. SPECIAL PART

SECTION 3. General Provisions

Article 55. Types of Taxes, Other Obligatory Payments to the Budget

1. The following taxes shall be in effect in the Republic of Kazakhstan:

1) taxes:

corporate income tax;
personal income tax;
value-added tax;
excise duty;
export rent tax;
special payments and taxes of subsurface users;
social tax;
tax on transport vehicles;
land tax;
property tax;
tax on gambling business;
fixed tax;
uniform land tax;

2) other obligatory payments to the budget:

state duty;
levies:

registration levies;
levy for passage of motor vehicles through the territory of the Republic of Kazakhstan;
levy from auctions;
licensing fee for the right to engage in certain types of activity;
levy for issuing permits to use the radio frequency spectrum to television and radio broadcast organisations;
charge for certification in the sphere of civil aviation;
payments:
payment for use of land plots;
payment for use of water resources from surface sources;
payment for discharges into the environment;
payment for use of wild life;
payment for forestry use;
payment for the use of especially-protected natural territories;
payment for use of the radio frequency spectrum;
payment for providing long-distance and (or) international telephone, as well as cellular communications;
payment for use of navigable waterways;
payment for placement of outdoor (visual) advertisements.

1-1. For the purposes of application of international treaties value-added tax and excise duties are recognized as indirect taxes.

2. Amounts of taxes, other obligatory payments to the budget shall be received by the revenues of the relevant budgets in accordance with the procedure defined by the Budget Code of the Republic of Kazakhstan and by the law concerning the Republic's Budget for the relevant fiscal year.

CHAPTER 7. THE TAX ACCOUNTING

Article 56. The Tax Accounting and Accounting Documentation

1. The tax accounting – procedure for the maintenance by the taxpayer (tax agent) of accounting documentation in accordance with the requirements of this Code for the purposes of summarising and categorising information concerning taxation items and (or) items relating to taxation, as well as for the assessment of taxes and other obligatory payments to the budget and for the compilation of tax reports.

Cumulative tax accounting – tax accounting, effected by an authorizied representative of the parties to the joint activity agreement both on such activity and on the participation share of each party to the joint activity agreement.

2. Unless otherwise is provided for by paragraph 2-1 of this Article, the tax accounting shall be based on the accounting records. The procedure for maintaining accounting records shall be established by the legislation of the Republic of Kazakhstan concerning accounting and financial statements.

2-1. Individual entrepreneurs who in accordance with the statute of the Republic of Kazakhstan concerning accounting and preparation of financial statements do not keep accounting records and financial statements, shall organize and maintain tax accounting in accordance with the rules approved by the authorized agency, this Chapter and Chapter 7-1 of this Code.

3. The taxpayer (tax agent) independently and (or) through an authorizied representative of the parties to the joint activity agreement, responsible for the cumulative tax accounting, shall organize tax accounting and determine the forms of summarising and categorising information for the tax purposes in the form of tax registers in such a way as to provide for the following:

1) formation of full and reliable information concerning accounting procedures for the purposes of taxation of transactions performed by the taxpayer (tax agent) during the tax period;
2) explanation of each line of tax reporting forms;
3) true compilation of tax reports;
4) submission of information to the tax authoritiesfor tax supervision.

4. A taxpayer (tax agent) shall independently develop and approve a tax accounting policy, unless otherwise established by this paragraph.

Taxpayers applying the special tax regime for small enterprises, and individual entrepreneurs applying the special tax regime for peasant economies and farming enterprises with respect to the activities covered by such special tax regime, shall adopt a tax accounting policy developed independently in the form established by the authorized body.

5. A tax accounting policy – document adopted by the taxpayer (tax agent), which establishes the procedure for the maintenance of tax accounting in compliance with the requirements of this Code.

A tax accounting policy except for the tax accounting policy of the individual entrepreneurs specified in paragraph 2-1 of this Article, may be included as a separate section into the accounting policy developed in accordance with the international standards of financial statements and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements.

6. Accounting documentation shall comprise the following:

1) accounting documentation – for persons, which shall be liable to keep such documentation pursuant to the legislative act on accounting and financial reporting;
1-1) basic accounting documents – for individual entrepreneurs specified in paragraph 2-1 of this Article;
2) tax forms;
3) tax accounting policy;
4) other documents which are the basis for determining taxable items and (or) items relating to taxation, as well as for the assessment of tax liability.

Article 57. The Tax Accounting Rules

1. Unless otherwise provided for by this Code, the taxpayer (tax agent) shall carry out the maintenance of accounting in tenge by using the accruals method and in accordance with the procedure and on conditions established by this Code.

2. The accrual basis is an accounting method providing that the results of the operations and other events shall be recognized upon occurrence thereof, including the date of completion of works, provision of services, shipment and transfer of goods to the buyer or its authorized person for the purpose of marketing or recognition of the assets rather than from the date of receipt or payment of money or equivalents.

3. The taxpayer (tax agent) on the basis of the tax accounting based upon the results of the tax period, shall determine taxable items and (or) items relating to taxation, and assess taxes and other obligatory payments to the budget.

4. Unless it is otherwise specified by this Code, accounting for exchange rate difference for taxation purposes shall be carried out in accordance with international standards of financial reporting and requirements of the Republic of Kazakhstan legislation concerning accounting and financial reporting.

5. Accounting for inventories for taxation purposes shall be carried out in accordance with the international standards of financial accounting and the Republic of Kazakhstan legislation concerning accounting and financial reporting, unless otherwise specified by this Code.

6. A barter transaction, a transfer to the pledge holder of a pledged item in the case of failure of the debtor to perform the obligation secured with the pledge, for taxation purposes shall be recognised as sale of goods, performance of work, rendering of services.

Article 58. Rules for the Maintenance of the Separate Tax Accounting

1. The taxpayer who carries out types of business for which this Code provides different taxation requirements, shall be obliged to maintain separate accounting for taxable items and (or) items relating to taxation for the purposes of the assessment of tax obligations in respect of such types of business.

1-1. A taxpayer executing a reduction in the corporate income tax assessed as per Article 139 of this Code, when maintaining the separate tax accounting in accordance with this Article, shall apportion general expenses by the relative share of income gained (to be gained) from the activities, with respect to which the corporate income tax reduction is executed, and other activities, in the total amount of income gained (to be gained) for the reporting tax period.

2. Subsurface users shall be obliged to maintain separate tax accounts for taxable items and (or) items relating to taxation for the assessment of tax obligations in relation to contract business separately from non-contract business, in accordance with the procedure specified in Article 310 of this Code.

3. Transactions in derivative financial instruments shall not be recognised as subsurface use transactions (contract business).

4. In the case specified in paragraph 4 of Article 80 of this Code, the authorised representative of the participants of an agreement on joint business, shall be obliged to maintain separate tax accounting for taxable items and (or) items relating to taxation for the joint business and for other business.

5. The trust manager shall be obliged to maintain separate tax accounting for taxable items and (or) items relating to taxation for the business in relation to the trust management as carried out in the interest of the founder of the trust management in accordance with the property trust management agreement or the beneficiary in any other cases of emergence of the trust management, and in relation to other business.

5-1. In the event of gaining taxable incomes being subject to taxation in accordance with the standard procedure, a legal entity applying a special tax regime for small business entities must keep separate accounting records of the taxation items and/or entities connected with taxation, for the purpose of assessment of tax liabilities in accordance with the standard procedure separately from the tax liabilities in the special tax regime for small business entities.

5-2. An organization engaged in organizing and holding the international specialized exhibition in the territory of the Republic of Kazakhstan must maintain separate tax accounting on taxable activities and assets and (or) activities and assets connected with taxation for the purpose of assessment of the tax liabilities for the respective activities as specified in paragraph 1 of Article 135-3 of this Code, and other activities.

6. Separate tax accounting shall be maintained by the taxpayer on the basis of accounting documentation in compliance with the requirements established by this Code.

The taxpayer cannot unite taxable items and (or) items relating to taxation for the purpose of assessment of tax obligations under the types of business for which this Code establishes the requirements to the maintenance of separate tax accounting.

7. Unless otherwise provided for in paragraph 1-1 of this Article, a taxpayer shall independently establish the procedure for separate tax accounting in the tax accounting policy, including the list of general income and expenses, methods for the apportionment of such income and expenses between different activities, with respect to which this Code establishes different taxation requirements.

In that respect, general income and costs of a taxpayer in a reporting tax period shall be understood as income and costs of the taxpayer, in particular income and costs relating to common fixed assets which have no direct cause-effect relation to the performance of separate type of business and which may not be in full volume assigned to one type of businesses for which this Code establishes different taxation requirements.

8. Where in the tax accounting policy no procedure is established for the apportionment of general income and costs, for which this Code establishes different taxation requirements, the tax authoritiesin the course of conducting a tax audit shall carry out the apportionment of such income and costs in accordance with the procedure established by subparagraph 1) of paragraph 9 of Article 310 of this Code.

Article 59. The Requirements Concerning the Compilation and Storage of Accounting Documentation

1. Accounting documentation shall be compiled on paper and (or) electronic media and it shall be presented *to the tax authorities* when conducting tax audits.

2. Accounting documentation shall be compiled by the taxpayer (tax agent) in the Kazakh or Russian language.

When there are certain documents which are compiled in foreign languages, the tax service authority shall have the right to require their translation into the Kazakh or Russian language.

3. A taxpayer (tax agent) maintaining accounting records in electronic form must in the course of a tax inspection pursuant to the request of officials from *the tax authorities* provide hard copies of such documents, other than invoices registered with the information electronic invoicing system.

4. Accounting documentation shall be kept until the expiry of the statute of limitations as established by Article 46 of this Code for each type of tax or another obligatory payment to the budget, to which such documentation relates, beginning from the tax period following the period in which accounting documentation is compiled, except for the cases specified in paragraphs 5 and 6 of this Article.

5. Accounting documentation which confirms the value of fixed assets, in particular those transferred (received) under finance leases, shall be kept until the expiry of the statute of limitations as established by Article 46 of this Code, which begins from the end of the last tax period in which the depreciation assessment are made on such assets.

6. Accounting documentation which confirms the value of assets which are not subject to depreciation for taxation purposes, shall be kept until the expiry of the statute of limitations as established by Article 46 of this Code, which begins from the end of the tax period in which the disposal or complete utilisation of such assets took place.

7. In the case of reorganisation of a taxpayer (tax agent) which is a legal person, the duty of storage of accounting documentation of the reorganised person shall be imposed on its legal successor (successors).

Article 60. Tax Accounting Policy Requirements

1. The following provisions must be established in the tax accounting policy:

1) the forms and the procedure for the compilation of tax registers elaborated by the taxpayer (tax agent) independently;

2) the list of the types of business which are carried out in accordance with the general classifier of the types of economic activity as approved by the authorised state body for issues of standardisation;

3) titles of official persons who are in charge of the compliance with the tax accounting policy;

4) the procedure for maintaining separate tax accounting in the case of performing the types of business for which this Code provides different taxation requirements, in compliance with the rules established in Article 58 of this Code;

5) the procedure for the maintenance of separate tax accounting in the case of performing subsurface use operations;

6) methods which are selected by the taxpayer for the recognition as deductions for the purposes of the assessment of the corporate income tax as well as for offsetting value-added tax, as specified by this Code;

7) policy with regard to defining risks for hedging, items to be hedged and hedging instruments to be used for them, technique for the assessment of the hedging efficiency degree in case of hedging transactions;

8) policy of income accounting on Islamic securities in case of transactions with Islamic securities;

9) rates of depreciation for each subgroup, group of fixed assets taking into account provisions of paragraph 2 of Article 120 of this Code;

10) in case of issuance in accordance with this Code of invoices by structural units of the resident legal person, who is payer of the value-added tax, – as related to structural units, issuing invoices:

code of each of such structural unit, used for numbering of invoices for identification of such structural units;

maximum number of digits, used for numbering issued invoices;

11) maximum number of digits, used for numbering invoices at the time of issuance thereof.

The provisions of subparagraphs 5), 9), 10), and 11) of this paragraph shall not extend to the individual entrepreneurs who, in compliance with the law of the Republic of Kazakhstan concerning accounting and financial statements, do not keep accounting records and financial statements.

2. The tax accounting policy in the case of joint operation, shall be elaborated and approved by the participants of an agreement for joint operation, in accordance with the procedure and on the grounds as established by this Code.

2-1. When carrying out subsurface use activity as a member of a simple partnership (consortium) under the product sharing agreement (contract) the tax accounting policy along with the requirements of paragraph 1 of this Article shall contain the adopted, in accordance with paragraph 3 of Article 308-1 of the Code, method of fulfillment of tax obligation on each type of taxes and other obligatory payments to the budget provided by the tax legislation of the Republic of Kazakhstan by members of a simple partnership and (or) operator.

3. Provisions established in the tax accounting policy as provided in subparagraphs 1), 4)-6) of paragraph 1 of this Article shall be valid for a calendar year.

4. When carrying out business which were not previously specified in the tax accounting policy, the taxpayer (tax agent) must introduce appropriate amendments and or additions to the tax accounting poly.

5. Amendments and (or) additions to the tax accounting policies shall be introduced by taxpayers (tax agents) by using one of the following methods:

1) approval of a new tax accounting policy or a new section in the accounting policy elaborated in accordance with the international accounting standards and the requirements of the Republic of Kazakhstan legislation concerning accounting and financial reporting;

2) introduction of amendments and (or) additions to the existing tax accounting policy or to the section of the existing accounting policy elaborated in accordance with the international accounting standards and the requirements of the Republic of Kazakhstan legislation concerning accounting and financial reporting.

6. Introduction by the taxpayer (tax agent) of amendments and (or) additions to the tax accounting policy shall be prohibited in the following cases:

1) of a tax period under audit – when integrated and topical audits are carried out;

2) of an appealed tax period – during the period of submission and processing of a complaint based upon a notice of results of a tax audit and (or) decision of the superior tax service authority, passed on the results of consideration of a complaint based upon a notice, subject to restored timing for the submission of such complaint.

CHAPTER 7-1. SPECIAL CONSIDERATIONS IN THE MAINTENANCE OF TAX ACCOUNTING BY INDIVIDUAL ENTREPRENEURS, WHICH CARRY OUT NO ACCOUNTING, AND FINANCIAL REPORTING IN ACCORDANCE WITH THE LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN ON ACCOUNTING AND FINANCIAL REPORTING

Article 60-1. General provisions

For the purpose of application of the rules of this Code with regard to tax accounting and the procedure for determination and fulfilment of the tax liability by individual entrepreneurs, which carry out no accounting, and financial reporting in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting, the following definitions are used:

1) assets – the properties controlled by an individual entrepreneur and are expected to generate future economic benefits;

2) initial accounting documents – a documentary evidence in both hard copy and electronic form of the fact of a transaction or an event and the right to settlement thereof, which provides the basis for maintaining of tax records;

3) biological asset – an animal or a plant designed and suitable for use in agriculture;

4) equity – a share in the assets of an individual entrepreneur after deducting all liabilities;

5) intangible asset – an identifiable non-monetary asset without any physical form for use in the production or for administrative purposes including renting out to others;

6) liability – a present obligation of an individual entrepreneur, the settlement of which will result in the retirement of resources embodying economic benefits;

7) fixed assets – tangible assets that:

are designed for use in the production or for administrative purposes, in the sale of goods, performance of work, rendering of services including for renting out to others;

to be used for more than one year;

8) Revenues – an increase in economic benefits during the accounting period in the form of inflow of or increase in assets or decrease in liabilities that result in increase in equity other than the increases relating to contributions of a member participating in the equity;

9) inventory – the assets designed for sale as well as for use in the production process, for administrative purposes, or for the performance of work, rendering of services.

Article 60-2. Forms of initial accounting documents and the preparation requirements

1. Individual entrepreneurs who are not involved in accounting and financial reporting in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting shall use the initial accounting documents, the forms and requirements for the preparation of which are approved by an authorised body.

2. Entries in the tax register are made on the basis of initial documents.

Article 60-3. Specifics for tax accounting

1. Individual entrepreneurs convert to KZT the transactions made in foreign currencies using the exchange rates at the date of the transaction. The exchange rate difference shall not be considered for tax purposes.

2. In tax accounting, inventories (hereinafter inventories) are recognised at cost when they received by an individual entrepreneur or an authorised person, including after their production by an individual entrepreneur, as a result of dismantling of fixed assets by transferring from other assets.

The cost of inventories includes the expenditures incurred in acquiring, processing and other costs incurred to reach the current status of the inventories and deliver them to the current location.

The acquisition costs include import duties, taxes (other than the reimbursable ones), the cost of shipping, handling and other costs directly attributable to the acquisition. Trade discounts granted by the supplier, charge-back by the supplier and other similar discounts and rebates are deducted in determining the costs.

The costs of conversion of inventories include the costs that are directly related to the processing of raw materials into finished products including direct labour costs and manufacturing overheads.

For taxation purposes, the unit cost of inventories is determined based on the actual costs stipulated by the second part of this paragraph per unit of inventories.

An individual entrepreneur is entitled to determine for taxation purposes the unit cost of inventory according to the weighted average cost method. Following the weighted average cost method the cost of inventory is determined as the average cost of inventory at the beginning of the period and similar inventories purchased (made) during the period. This method is performed by an individual entrepreneur by recording in the tax accounting policy.

Individual entrepreneurs engaged in the production of goods as well as individual entrepreneurs who choose the weighted average cost method, recognise inventories when they arrive and depart in the tax registers, the form of which is developed independently by individual entrepreneurs.

Receipt of inventories by internal displacement shall not be considered as income of an individual entrepreneur. Internal displacement of inventories shall be understood as moving them from one inventory custodian designated by the individual entrepreneur to another inventory custodian designated by the same individual entrepreneur.

Transfer of inventories in custody or as customer's raw materials for taxation purposes of an individual entrepreneur shall not be considered as retirement of inventories.

Inventories shall be received in custody by an individual entrepreneur on the basis of a custodial services contract or on the basis of a notice of non-acceptance, if an individual entrepreneur has received inventories and lawfully refused to accept the invoices of the

payment orders of the suppliers of these inventories and their payment. The cost of these inventories shall not be considered as income of an individual entrepreneur.

Asset retirement is:

1) termination of recognition as an asset including the sale of inventories on the side, transfer without charge, use in the production process, use in the performance of works, use in rendering of services and for other purposes, in the transfer as a contribution to the share capital, in exchange, identifying shortfalls in inventories, theft, property damage, expiration, obsolescence and other cases of loss of consumer characteristics;

2) reclassification of assets including the transfer in the fixed assets, other assets.

CHAPTER 8. THE TAX FORMS

Article 61. Tax Return and the Procedure for Their Compilation

1. The tax forms shall comprise tax reporting, tax applications and tax registers.

2. Tax forms shall be completed by taxpayer (tax agent)s on paper and (or) on electronic medium in the Kazakh or Russian language.

3. Tax forms compiled on paper must be signed by the taxpayer (tax agent) or by their representatives, and also certified by the seal of the taxpayer (tax agent) or their representative, who in the cases established by the Republic of Kazakhstan legislation shall have a seal with their business name.

Tax forms compiled on an electronic medium, except for tax registers must be certified with an electronic digital signature of the taxpayer (tax agent).

Article 62. Period of Storing Tax Forms

1. Tax forms shall be kept by the taxpayer (tax agent) during the period of the statute of limitations as established by Article 46 of this Code.

2. In the case of reorganisation of a taxpayer (tax agent) who is a legal person, the obligation of keeping tax forms for the person so reorganised, shall be entrusted to its legal successor (successors).

§ 1. Tax Reports

Article 63. General Provisions

1. Tax reports – documents of the taxpayer (tax agent) which are filed to the tax authoritiesin accordance with the procedure established by this Code, which contains information on the taxpayer (tax agent), on taxable items and (or) items relating to taxation, and also on the assessment of tax obligations, obligatory pension contributions, obligatory professional pension contributions, and social contributions.

Tax reporting shall be drawn up in accordance with the requirements of format and logic test approved by the authorized body.

2. Tax reporting shall comprise tax declarations, assessments, supplements to them which are subject to compilation and presentation by the taxpayer (tax agent) by type of tax, other obligatory payments to the budget, obligatory pension contributions, *obligatory pension contributions, obligatory professional pension contributions*, and social contributions as well as reporting relating to monitoring which is filed by major taxpayers who are subject to monitoring, indirect tax declarations on imported goods, import entry forms and indirect taxes payment statements. Tax reporting forms and rules for their compilation shall be approved by the competent authority subject to provisions of Articles 65-67 of this Code.

3. The tax reports, except for the declaration on indirect taxes on imported goods, application for importation of goods and payment of indirect taxes, shall be subdivided into the following types:

1) initial – tax reporting submitted by a person for the tax period within which a taxpayer was registered and/or tax liabilities for the first time occurred on certain types of taxes and other obligatory payments to budget, as well as the liability as to assess, withhold, and transfer obligatory pension contributions, obligatory professional pension contributions, and assessment and payment of social contributions, against which such person is a taxpayer (tax agent);

2) regular – tax reports presented by a person for the tax period in which the taxpayer was registered and/or a tax liability occurred with respect to certain types of taxes or other obligatory payments to the budget, a liability with respect to accrual, withdrawal and transfer of obligatory pension contributions, obligatory professional pension contributions, and with respect to assessment and payment of social insurance contributions for which this person is a taxpayer (tax agent), and following the results of the tax period – in case of retirement of the taxation items during the tax period.

For the purpose of Chapter 37-1 of this Code, tax reports submitted by a person that has imported goods, for the period, in which such goods were accounted, shall be the regular tax declaration with respect to indirect taxes on imported goods;

3) additional – tax reports which are presented by persons in cases of introducing amendments and (or) additions to previously filed tax reports for a tax period to which such amendments and (or) addition relate and/or additions by types of taxes and other obligatory payments to the budget, and also with regard to obligatory pension contributions, obligatory professional pension contributions and social assessments of which a given person is a taxpayer (tax agent);

4) additional by notice – tax reports which are presented by persons in cases of introductions of amendments and (or) additions to previously filed tax reports for a tax period in which the tax authority found violations as a result of in-house supervision, by types of taxes and other obligatory payments to the budget, and also with regard to obligatory pension contributions, obligatory professional pension contributions and social assessments of which a given person is a taxpayer (tax agent);

5) liquidation – tax reports which are presented by persons in the case of termination of activity in the case of reorganisation of the taxpayer, by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professi*onal pension contributions* and social assessments, of which a given person is a taxpayer (tax agent), and also in the cases of deregistration for value-added tax.

Article 64. Special Considerations in Compiling Tax Reports

1. In the cases specified by this Code, the taxpayers who carry out types of business for which different taxation conditions are established, shall compile tax reports separately for each type of business.

The taxpayers who have transferred within a calendar year from a special tax regime for legal entities engaged in production of agricultural products and rural consumer's cooperatives to the generally accepted procedure shall compile tax reports separately for the application period in the mention calendar year:

of special tax regime;

of generally accepted procedure.

2. Subsurface users for whom this Code specifies the requirement of maintaining separate tax accounting shall compile tax reports in accordance with the procedure specified by this Code.

3. Where a taxpayer belongs to a category of taxpayers, for which the authorized body established different tax forms, such taxpayer shall compile tax reports in the forms as provided for each category of taxpayers, to which the taxpayer belongs.

Article 65. Special Considerations in Establishing Tax Reporting on Corporate Income Tax

1. The authorized body shall approve declaration forms for corporate income tax with supplements to such declarations, separately for each of the following categories of taxpayers:

1) {~};

2) non-for-profit organisations;

3) {~};

4) subsurface users that carry on business under production sharing contract or subsurface use contract, approved by the President of the Republic of Kazakhstan, the provisions of which explicitly provide for stability of the tax regime;

4-1) subsoil users carrying out operations under the subsoil use contracts, except for:

those carrying out subsoil use operations in respect of widespread mineral resources, underground waters and therapeutic muds;

those indicated in subparagraph 4) of this par.;

5) other payers of corporate income tax, which are not specified in subparagraphs 2), 4) and 4-1) of this paragraph, for which the tax declaration compilation and submission obligation is established.

2. Corporate income tax declarations are intended for declaring by corporate income tax payers of income which are included into the aggregate annual income, deductible costs, their adjustments, taxable income (loss), income and costs which reduce the taxable income, losses to be carried forward, amounts of the tax assessed for a tax period, and amounts of taxes which reduce the amounts of the tax assessed for a tax period.

Supplements to corporate income tax declarations are intended for detailed presentation of information concerning the assessment of tax obligations, which is used *by the tax authorities* for the purposes of tax supervision.

Forms of the supplements to corporate income tax declarations may contain the following information:

1) on income (losses) from capital gain;

2) on income and costs relating to doubtful obligations, doubtful claims, write-offs of liabilities and claims, particularly relating to creditors and debtors;

3) on income and costs relating to interest. The form of this supplement on interest costs may be established in relation to recipients of interest;

4) on costs associated with goods sold, work performed, services rendered. The form of this supplement may be established in relation to suppliers for the persons who are not payers of value-added tax;

5) documents for the release of goods from the state material reserve issued by the state material reserves department of the authorized body, broken down by buyers;

6) deductible managerial and general administrative expenses of a non-resident legal entity connected with performance of operations in the Republic of Kazakhstan through its permanent establishment;

7) on investment-related tax preferences;

8) on income and costs which reduce taxable income. The form of this supplement may be established in relation to recipients of charge-free transferred assets, sponsor's assistance;

9) on depreciation charges, repair costs and other deductions relating to fixed assets;

10) on income from foreign sources, in particular on amount of income or part of income of companies registered or located in countries with privileged taxation and also amounts of foreign tax paid and credited. The form of this provision may be established in relation to persons from whom such income is received;

11) on assessment of tax obligations under standard tax privileges granted;

12) on income exempt from taxation in accordance with international treaties;

13) reconciliation of the income and costs statement with the corporate income tax declaration.

14) on income (loss) under swap. The form of this supplement may be established in relations to contracting parties;

15) on items of taxation and/or items related to taxation, tax obligation in relation to the founders of property trust management and/or beneficiaries in other cases of arising of trust management;

16) on managerial and general administrative costs of a resident to be referred to deductions by a permanent establishment of the resident located outside the boundaries of the Republic of Kazakhstan;

17) concerning taxation objects and (or) taxation related objects to assess corporate income tax on types of activities in respect of which separate accounting is envisaged in accordance with Article 58 and (or) par. 4 of Article 448 of this Code;

18) the information which shall be specified in the annual financial accounts of a corporate income tax payer prepared in accordance with international accounting standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting.

3. For certain categories of taxpayers, in addition to information specified in paragraph 2 of this Article, the forms of supplements to the corporate income tax declaration may contain the following information:

1) for insurance, reinsurance organisations, mutual insurance companies – concerning income from reducing the size of provisions (reserves) created and costs of creating provisions (reserves);

2) for non-for-profit organisations:

on income and costs relating to assets received (transferred) free of charge, on admission fees, on membership fees. The form of this supplement may be established in relation to persons who transferred and received assets free of charge, in relation to persons who paid and received admission fees, membership fees;

on costs of maintenance of non-profit organisations;

on costs associated with organisation and holding events;

3) for subsurface users carrying on business in accordance with subsurface use contracts or production sharing agreements as follows:

on assessments to the Fund for Liquidation of Consequences of Fields Development;

on distribution of net income and net income directed towards increasing the authorised capital of the resident legal person with the reservation of the share participation of each foundation party, participant;

on taxable items and (or) items relating to taxation in relation to the assessment of corporate income tax separately for each subsurface use contract;

on special consideration in computation of taxable items and (or) items relating to taxation, amounts of tax under subsurface use contracts as specified in Article 308-1 of this Code;

on costs of geological studies, exploration and preparatory work to production of natural resources and other costs of subsurface users;

4) for banks and organisations carrying out certain types of banking transactions on the basis of licenses and persons that carry out such transactions without licenses within the powers established by the Republic of Kazakhstan legislative acts as follows:

on income from selling goods, performance of work, rendering of services in relation to the types of goods, work, services;

on income from reduction of provisions (reserves) created and costs of creating provisions (reserves) (for the persons who have the right to deductions in accordance with Article 106 of this Code);

on contributions for guaranteeing deposits of physical persons.

4. The authorized body shall approve the following forms of assessments for amounts of corporate income tax:

1) assessment of amounts of advance payments of corporate income tax, to be paid for the period prior to the submission of declarations;

2) assessment of amounts of advance payments of corporate income tax to be paid for the period after submission of declarations;

3) assessment of corporate income tax withheld at source of payment from income of the resident;

4) assessment of corporate income tax withheld at source of payment from income of the non-resident.

5. The assessments specified in subparagraphs 1), 2) of paragraph 4 of this Article are intended for the assessment of amounts of advance payments of corporate income tax for current tax period and they shall be presented by taxpayers for whom this Code establishes the obligation of assessment and payment of amounts of advance payments of corporate income tax.

6. The assessments specified in subparagraphs 3), 4) of paragraph 4 of this Article shall be submitted by tax agents for presentation of information on the assessment of tax obligations, which is used for the tax supervision.

The form of supplement to the assessment of corporate income tax withheld at source of payment from income of a resident, may contain the following information in relation to the recipients of the income, on:

1) amounts of income to be paid;

2) amounts of income paid;

3) corporate income tax rates;

4) amounts of tax withheld at source of payment

5) amounts of tax actually paid.

The form of supplement to the assessment of corporate income tax withheld at source of payment from income of a non-resident, may contain the following information in relation to the recipients of income:

1) general identification data on the taxpayer;

2) on taxable items, including those exempt from taxation in accordance with an international treaty;

3) on tax rates;

4) on application of international treaties;

5) on periods of carrying on business in the Republic of Kazakhstan;

6) on amounts of assessed tax in accordance with this Code or an international treaty.

Article 66. Special Considerations in Establishing Value-Added Tax Reporting

1. Value-added tax declarations are intended for the assessment of amounts of value-added tax by value-added tax payers and for presentation of the following information on:

1) amounts of taxable and non-taxable turnovers;

2) amounts of taxable import;

3) amounts of purchase of goods, performance of work, rendering of services in the territory of the Republic of Kazakhstan;

4) amounts of value-added tax to be offset;

5) selected method for offsetting amounts of value-added tax and results of its application;

6) excess amounts of value-added tax to be offset over amounts of the assessed value-added tax, in particular at the end of the tax period;

7) assessment of amounts of value-added tax.

Value-added tax declarations may contain the requirement of the refund of excess of value-added tax to be offset over the assessed amount of value-added tax.

For this purpose the claim for refund of the amount of the value added tax to be offset that was paid in excess of the value added tax accrued can be reflected in a regular and/or liquidation returns on value added tax.

2. Supplements to value-added tax declarations are intended for detailed presentation in them of information on assessment of tax liabilities, as used by the tax authoritiesfor the tax supervision purposes.

Forms of supplements to the value-added tax declarations may contain the following information on:

1) turnovers from sales, which are taxable at a zero rate;

2) turnovers from sales, which are exempt from value-added tax;

3) work, services purchased from a non-resident, and amount of value-added tax to be paid for such non-resident;

4) adjustment of amounts of taxable turnovers and amounts of value-added tax to be offset.

5) documents for the release of goods from the state material reserve issued by the state material reserves department of the authorized civil protection body, broken down by buyers;

6) statement of import of goods and payment of indirect taxes of a taxpayer of a member state of the Customs Union that has imported goods from the territory of the Republic of Kazakhstan.

Article 67. Special Considerations in Establishing Tax Reporting on Personal Income Tax and Social Tax

1. The authorized body shall approve the following declaration forms of personal income tax and social tax with supplements to this declaration:

1) personal income tax and social income tax declaration for citizens of the Republic of Kazakhstan for the following categories of taxpayers who are tax agents:

resident legal persons of the Republic of Kazakhstan, except for legal persons who use the special tax regime for small business entities on the basis of simplified declarations;

non-resident legal persons who carry on business in the Republic of Kazakhstan through a permanent establishment;

individual entrepreneurs, except for those using special tax regimes for peasant or farmer holdings, for small business entities on the basis of the simplified declaration;

private notaries;

advocates;

private officers of justice;

professional mediators;

2) personal income tax and social income tax declaration for foreigners and stateless persons for the following categories of taxpayers who are tax agents:

resident legal persons of the Republic of Kazakhstan, except for legal persons using the special tax regime for small business entities on the basis of the simplified declaration;

non-resident legal persons carrying on business in the Republic of Kazakhstan through a permanent establishment;

individual entrepreneurs, except for those applying special tax regimes for peasant or farmer holdings, for small business entities on the basis of the simplified declaration;

3) personal income tax declaration with the supplements to such declaration separately for each category of taxpayers:

individual entrepreneurs, except for those that apply special tax regimes for peasant or farmer holdings, for small business entities on the basis of patents or simplified declarations, non-resident natural persons of the Republic of Kazakhstan;

natural persons specified in paragraph 2 of Article 185 of this Code;

natural persons who received income not taxable at source of payment (except for individual entrepreneurs), taxpayers who received income beyond the boundaries of the Republic of Kazakhstan, natural persons who have funds in accounts of foreign banks which are beyond the boundaries of the Republic of Kazakhstan.

2. Reports on individual income tax and social tax for citizens of the Republic of Kazakhstan for tax agents, agents for obligatory pension contributions, obligatory professional pension contributions in accordance with the legislation of the Republic of Kazakhstan concerning pension fund scheme and payers of social insurance contributions in accordance with the legislation of the Republic of Kazakhstan concerning compulsory social insurance (except for those applying special regimes for peasant or farm holdings on the basis of a simplified report and patent regime) are intended to present information on:

1) income of individuals for which individual income tax, obligatory pension contributions, obligatory professional pension contributions, including those for their own benefit are assessed and withheld, and also social tax and social insurance contributions are assessed including those for their own benefit;

2) – 3) {~};

4) on amounts of assessed tax obligations, obligatory pension contributions, obligatory professional pension contributions, social assessments.

Supplements to personal income tax and social income tax declarations are intended for detailed presentation of information on the assessment of the tax liability, as used by the tax authoritiesfor the purposes of the tax supervision.

The forms of supplements to individual income tax and social tax declarations may contain data on:

the amounts of individual income tax and social tax assessed with respect to structural units;

the social tax assessment by taxpayers with respect to the activities performed under each subsoil use contract.

The provisions of this paragraph shall also apply to personal income tax and social tax declarations for tax agents with respect to natural persons of the Republic of Kazakhstan presented for structural units of a natural person.

3. Personal income tax and social income tax declarations of foreigners and stateless persons for tax agents, are intended for presentation of the following information:

1) on income of foreigners and stateless persons, on whom personal income tax, obligatory pension contributions, obligatory professional pension contributions are assessed, and also social tax and social assessments are assessed;

1-1) amounts by which the accrued social allowances exceed the accrued amount of contributions to the State Social Insurance Fund;

2) on amounts of income of foreigners and stateless persons assessed but not paid, which are referred by the tax agent to deductions, on which personal income tax is assessed;

3) on amounts of assessed and due to be paid to the budget taxes and other obligatory payments and also obligatory pension contributions, obligatory professional pension contributions, social assessments in accordance with this Code or an international treaty.

Supplements to personal income tax and social income tax declarations are intended for detailed presentation of information on the computation of the tax liability, as used by the tax authoritiesfor the purposes of the tax supervision.

The forms of supplements to the individual income tax and social tax returns may contain the information concerning assessment of social tax by the taxpayers on the activity performed under each subsoil use contract, assessment of individual income tax on the income of foreigners and persons without citizenship being residents and non-residents, and assessment of individual income and social taxes, including the information in terms of the structural units.

In this case the supplements on assessment of individual income tax on the income of foreigners and persons without citizenship being residents and non-residents may contain the following data broken down by recipients of income:

1) general identification data on the taxpayer;

2) on taxable items, including those exempt from taxation in accordance with an international treaty;

3) on tax rates;

4) on application of international treaties;

5) on periods of carrying on business in the Republic of Kazakhstan;

6) on amounts of assessed personal income tax and social tax, including those under structural units, in accordance with this Code or an international treaty;

7) on tax deductions.

The provisions of this paragraph shall also apply to personal income tax and social tax declarations for tax agents with respect to foreigners and stateless persons to be presented for structural units of a natural person.

4. Personal income tax and social income tax declarations of individual entrepreneurs shall be presented by individual entrepreneurs, except for those applying special tax regimes for peasant and farmer holdings, for small business entities on the basis of a patent or simplified declaration.

This declaration is intended for taxpayers declaring the following:

income included into the aggregate annual income;

costs referred to deductions;

adjustment of income and deductions;

taxable income (loss);

income and costs which reduce the taxable income;

losses to be carried forward, assessed amount of tax.

Supplements to personal income tax declarations are intended for detailed presentation of information on the assessment of the tax liability, as used by the tax authoritiesfor the purposes of the tax supervision.

Forms of the supplements to the personal income tax declaration may contain the following information:

1) as specified in subparagraphs 1)-6), 8) – 10), 12) – 15) of paragraph 2 of Article 65 of this Code;

2) on tax deductions as established by paragraph 1 of Article 166 of this Code.

5. Personal income tax and property declaration shall be submitted by natural persons, as specified in paragraph 2 of Article 185 of this Code.

This declaration is intended for declaring by taxpayers of received income, assessed and paid amount of personal income tax on income not taxable at source of payment, amounts of withheld personal income tax on income taxed at source of payment.

Supplements to personal income tax and property declaration are intended for detailed presentation of information on the assessment of tax liabilities, the availability under the right of ownership of property located in the territory of the Republic of Kazakhstan and/or beyond its boundaries, as used by the tax authoritiesfor the purposes of the tax supervision.

Forms of supplements to the declaration may contain the following information:

1) on income taxable at source of payment;

2) on property income and other types of income;

3) on property which is under the right of ownership.

6. Personal income tax declaration for other categories of natural persons shall be submitted by natural persons not specified in paragraphs 4 and 5 of this Article, including those who received income not taxable at source of payment (except for individual entrepreneurs), and also by natural persons who have funds in accounts in foreign banks which are outside the boundaries of the Republic of Kazakhstan.

This declaration is intended for declaring of income of natural persons, tax deductions, assessment of the amount of personal income tax.

Supplements to declaration are intended for detailed presentation of information on the types and amounts of income, on assessment of tax liability, as used by the tax authoritiesfor the purposes of the tax supervision.

Forms of supplements to the declaration may contain the following information:

1) on property income and other types of income;

2) on income of a private notary, private officer of justice, advocate, and professional mediator;

3) on income received from sources in foreign states, in particular on income received in a country with privileged taxation, and also concerning amounts of paid foreign tax and offset of foreign tax. The form of this supplement may be established with regard to persons from whom such income was received;

4) on income exempt from taxation in accordance with international treaties;

5) on income of natural persons who have funds in accounts in foreign banks which are beyond the boundaries of the Republic of Kazakhstan, on the availability of funds in such accounts.

Article 68. The Procedure for Submission of Tax Reports

1. Tax reports shall be submitted by the taxpayer (tax agent) to the tax authorities in accordance with the procedure and timing established by this Code.

2. Where a taxpayer belongs to a category of taxpayers for which the authorized body established different forms of tax reports, then such taxpayer must present tax reports in accordance with the forms provided for each category of taxpayers to which such taxpayer belongs.

3. Taxpayers (tax agents) shall have the right to present tax reports, unless otherwise established by this Article, to appropriate tax authorities, as follows, at their discretion:

1) by personal appearance – in hard copy. Taxpayers (tax agents) shall be entitled to submit tax reports, except for value-added tax reports and monitoring reports, in hard copy through public service centers;

2) by mail by registered delivery letter with notification – on paper;

3) in an electronic form allowing for computer processing of information – by way of the system for acceptance and processing of tax reports.

Provisions of subparagraph 2) of this paragraph shall not apply to reports:

on monitoring, which are submitted by a major taxpayers, which are subject to monitoring;

on value-added tax, which are submitted by the taxpayers, which are not payers of the value-added tax after they have been deregistered for the value-added tax by the decision of the Tax Service Authority in accordance with paragraph 4 of Article 571 of the Code.

The provisions of subparagraph 3) of the first part of this paragraph shall not apply to value-added tax reports submitted by taxpayers not being value-added tax payers after their value-added tax deregistration based on a decision of the tax authority under paragraph 4 of Article 571 of this Code, as well as by those recognized as inoperative in the procedure established by paragraphs 2 and 3 of Article 579 of this Code.

4. In the case of submission by personal appearance on paper, tax reports shall be submitted in two copies. One copy of tax reports shall be returned to the taxpayer (tax agent) with the note of the tax authority.

5. The structure of the electronic format of tax reports, software for the compilation and presentation of tax report in an electronic form, format and logic test requirements for tax reports preparation, and updates of such software shall be posted on the Internet resource of the authorized body on a permanent basis not later than thirty working days prior to the time of submission of tax reports.

6. After the submission of liquidation tax reports, a taxpayer (tax agent) shall not be entitled to submit to the tax authority any subsequent tax reports, except for additional tax reports and (or) additional tax reports by notice, unless otherwise specified in this paragraph.

Liquidation tax reports submitted for an incomplete tax period shall be equated to regular tax reports for the tax period in the cases as follows:

1) amendment by a taxpayer (tax agent) of the decision on liquidation, reorganization by spin-off after the tax audit completion;

2) amendment by a taxpayer of the decision to cease entrepreneurial activities prior to the deregistration as an individual entrepreneur;

3) delivery of a decision to deny deregistration as an individual entrepreneur as provided for in paragraph 4 of Article 43-1 of this Code.

For subsequent tax periods after the date of liquidation tax reports submission, a taxpayer shall submit tax reports to the appropriate tax authorities in the procedure and within the time limits as established by this Code.

7. Tax reports shall not be presented where there are no taxable items, except for tax reports specified in Article 149, in paragraph 1 of Article 162, in Articles 185, 270, 296 and 364, 437 of this Code.

The obligation of presenting tax reports on value-added tax shall apply to persons who are registered as value-added tax payers.

The obligation to submit the tax reports in excise covers taxpayers who are registered with the Tax Authorities in accordance with subpars. 1), 2), 3) and 5) (except for the wholesale trade of tobacco products) of par. 1 of Article 574 of this Code.

8. Supplements to declarations, assessments shall not be presented where information to be presented in them is not available.

Article 69. The Procedure for Revoking Tax Reports

1. Unless otherwise established by this paragraph, a taxpayer (tax agent) shall submit a tax application for the revocation of tax reports, specified in paragraphs 2 and 3 of this Article, to the Tax Authority in the place of registration accounting of the taxpayer (tax agent).

In the event that tax reports should be revoked in accordance with subparagraph 3-1) of paragraph 3 of this Article a taxpayer (tax agent) shall file a tax petition for revocation of the tax reports with the tax authority for the location of submission of such reports.

Tax reports shall be subject to revocation from the system of receipt and processing of tax reports *by the tax authority* on the basis of the said tax application of the taxpayer (tax agent), and also in the case, specified in part three of paragraph 2 of this Article, inclusive of all additional forms of tax reports submitted within the specified tax period.

Simultaneously with tax application on revocation of tax reports, submitted on the basis of subparagraph 2) of paragraph 2 of this Article, the taxpayer (tax agent) shall be obliged to submit tax reports in accordance with paragraph 2 of Article 68 of this Code.

Revocation of tax reports, presented for the tax period, specified in tax application, shall be performed using one of the following methods:

1) by method of removal, in which case revoked tax reports shall be removed from the central subsystem of the system of receipt and processing of tax reports;

2) by method of alteration, in which case amendments and (or) additions announced by the taxpayer (tax agent) shall be entered in the previously presented tax reports.

2. Revocation of the following tax reports shall be carried out by method of removal:

1) liquidation tax reports in the event that the taxpayer has made a decision in accordance with Articles 37, 38, 40, 41 and 42 of this Code to resume the activities before the commencement of a tax inspection;

2) presented by the taxpayer with breach of conditions of paragraph 2 of Article 68 and paragraph 5 of Article 70 of this Code;

3) presented by the taxpayer, who has no obligation to present such tax reports in accordance with this Code;

4) which is considered not submitted in accordance with paragraph 5 of Article 584 of this Code;

5) presented by the taxpayer upon expiry of the period of limitation.

Unless otherwise established by this paragraph, in case of revocation of tax reports by method of removal, the tax authority at the place of registration accounting shall perform reversal of assessed (reduced) sums of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social contributions for revoked tax reports in accounts of the taxpayer (tax agent).

In the event of revocation of tax reports, which shall be considered as not submitted under subparagraph 2) of paragraph 5 of Article 584 of the Code, the reversal of the sums specified in the first part of this paragraph shall be performed by the tax authority at the place of submission of such reports.

The tax authority shall revoke a tax report without tax petition by removal in case of non-performance by the taxpayer (tax agent) of the injunction specified in paragraph 4 of this Article. The report should be revoked on the basis of a decision of the tax authority concerning revocation of the tax report according to the form established by the authorized body.

3. Revocation of the following tax reports shall be carried out by method of alteration:

1) tax reports, in which currency code is not specified or specified inaccurately;

2) tax reports, in which number and (or) date of the subsurface use contract is not specified or specified inaccurately;

3) tax reports, in which residence status is not specified or specified inaccurately;

3-1) in which code *of tax authority* is specified inaccurately;

3-2) in which tax period is specified inaccurately;

3-3) in which code of tax reports is specified inaccurately;

4) liquidation tax reports in the event that the taxpayer has made a decision pursuant to Articles 37, 37-1, 38, and 40 – 43 of this Code to resume the activities after the tax inspection or upon completion of in-house audit.

In case of revocation of tax reports by way of alteration in accounts of the taxpayer (tax agent) by the Tax Authority in the place of registration, the reversal of sums stated in the revoked tax reports with subsequent statement of data on tax reports in the account, inclusive of the declared alterations and (or) additions shall be perform.

4. Where taxpayer (tax agent) has not presented tax application on revocation of tax reporting specified in subparagraphs 2) – 5) of the first part of paragraph 2 of this Article, *the tax authority*, within established terms, shall send to the taxpayer (tax agent) the injunction, specified in subparagraph 9) of paragraph 2 of Article 607 of this Code.

5. A taxpayer (tax agent) may not revoke submitted tax reports:

1) for the tax period under audit – during the period of conducting integrated and topical audits of types of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments as specified in the injunction for the performance of the audit;

2) for the appealed tax period – during the period of submission and processing of a complaint against the results of a tax audit and (or) decision of the superior *tax authority* passed upon the results of processing a complaint against an injunction in view of the restored period for the submission of such complaint.

6. The tax authorities must revoke tax reports and send a notice of revocation thereof according to the form established by the authorized body to the taxpayer (tax agent):

1) within five working days from the date of filing such petition in the event of revocation of the tax reports on the basis of tax petition of the taxpayer (tax agent) specified in paragraph 1 of this Article;

2) within two working days upon completion of the period provided for execution of the injunction specified in paragraph 4 of this Article on the basis of the decision of the tax authority specified in paragraph 2 of this Article.

7. This Article should not apply to the cases provided for by Article 276-22 of this Code.

Article 70. Introduction of Amendments and Additions to Tax Reports

1. Introduction of amendments and additions to tax reports shall be carried out by the taxpayer (tax agent) by way of compiling additional tax reports for the tax period to which those amendments and additions relate.

In case of amendment and alteration of tax reports for a tax period the submission time expires before the date of entry of identification numbers applied for transfer of obligatory pension contributions, obligatory professional pension contributions and social insurance contributions, and for fulfillment of tax obligations in accordance with the legislation of the Republic of Kazakhstan concerning national registers of identification numbers, the taxpayer registration number must be specified.

2. In the additional tax reports, the following shall be specified in appropriate lines:

1) difference between amounts shown in the previously submitted tax reports and actual tax liability for the tax period – where amounts in previously presented tax reports are changed;

2) new values – in case of changes in other data of the previously submitted tax reports.

3. When submitting additional and (or) additional by notice tax reports found out by the taxpayer (tax agent) or Tax Authority based on the results of office control in accordance with Articles 586, 587 of this Code, the amount of taxes, other obligatory payments, as well as obligatory pension contributions, obligatory professional pension contributions and social deductions shall be paid into the budget without bringing the taxpayer (tax agent) to responsibility established by the Laws of the Republic of Kazakhstan.

4. The taxpayer (tax agent) shall have the right to submit additional liquidation tax reports prior to the beginning of a tax audit which is carried out by the tax authority pursuant to the tax application of the taxpayer for liquidation, reorganisation by way of division or termination of activity.

5. Introduction of amendments and additions to relevant reports by taxpayers (tax agents) shall be prohibited, as follows:

1) to those for a tax period under audit – when conducting (taking into account extension and suspension) integrated and topical audits of types of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments, as specified in the injunction for conducting the tax audit;

2) to those for the appealed tax period – when submitting and processing complaints against a notice on results of a tax audit and (or) decision of the superior *tax authority*, passed upon results of processing a complaint against a notice, subject to restored period for the submission of such complaint, relating to the types of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments specified in the taxpayer (tax agent)'s complaint;

3) those relating to claims for refund of value-added tax;

4) for advance payments of corporate income tax for the months after maturity of the advance payments;

5) after the 20th of January of the current year – for corporate income tax prepayments that shall be paid for the period up to the submission of the corporate income tax return for the preceding tax period;

6) after the 20th of December of the current tax period – for the corporate income tax prepayments that shall be paid for the period after the submission of the corporate income tax return for the preceding tax period;

7) with respect to a change in the method for deduction of managerial and general administrative expenses of a non-resident legal entity.

Article 71. Extension of Periods for Submission of Monitoring Tax Reports

A major taxpayer, who is subject to monitoring, shall have the right to extend the period for submission of the monitoring reports, as specified in Article 624 of this Code, up to sixty calendar days.

Where a decision has been made as to extend the period for monitoring reports submission, a major taxpayer subject to monitoring shall be obliged to notify the tax authority at the place of registration to that effect at least ten working days prior to the expiration of the period for monitoring reports submission. The notice shall be provided in the form established by the authorized body, including through public service centers.

Article 72. Extension of Periods for Submission of Tax Reports Except for Monitoring Tax Reports

1. The taxpayer (tax agent) shall have a right to extend a period for submission of tax reports on condition that they are submitted in an electronic form, except for monitoring reports and tax reporting on indirect taxes in case of import of goods into the territory of the Republic of Kazakhstan from the territories of the Custom Union member states.

2. In order to extend the period for tax reports submission pursuant to this Article, a taxpayer (tax agent) shall send to the tax authority at the place of registration, including through public service centers, a notice of extension of the period for tax reports submission drawn up in the form established by the authorized body.

The taxpayer (tax agent) shall send the application for extension of tax reporting submission period in hard copy or in electronic format, which allows for computer processing of information by means of the system for receiving and processing tax reports, before expiration of the period stipulated by this Code for submission of tax reporting.

Extension of periods for submission of tax reports shall apply to tax reports which are filed by the taxpayer (tax agent) during the calendar year in which the tax application for extending a period for submission of tax reports was submitted to the tax authority.

3. Timing for the submission of tax reports shall be extended for a period of the following:

1) in the case of corporate income tax or personal income tax – not more than thirty calendar days from the date established for the submission of the declaration;

2) in the case of other types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social contributions – not more than fifteen calendar days from the date established for the submission of the declaration and (or) assessment.

Extension of a period for submission of tax reports shall not apply to periods for the submission of assessments of amounts of advance payments specified in Article 141 of this Code;

4. Extension of periods for submission of tax reports shall not change timing of payment of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions, and social contributions.

Article 73. The Procedure for Suspension (Resumption) of Submission of Tax Reports by the Taxpayer (Tax Agent)

1. In the procedure established by this Article, a taxpayer (tax agent) shall be entitled based on a tax application for the suspension (extension, resumption) of tax reports submission:

1) to suspend the submission of tax reports;

2) to extend the period for submission of tax reports;

3) to resume the submission of tax reports, unless otherwise specified by this Article.

In the case of taking a decision to suspend the activities, a taxpayer (tax agent) shall submit to the tax authority at the place of its location:

1) a tax application for the suspension (extension, resumption) of tax reports submission for the coming period.

2) tax reports by types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social contributions from the beginning of the tax period until the date of suspending the activities specified in the application for the suspension (extension, resumption) of tax reports submission. Where regular tax reports submission becomes due after the submission of the tax application, such regular tax reports shall be submitted on or before the date of submission of the tax application.

The period of suspension of tax reports submission considering its extension shall not exceed the period specified by Article 46 of this Code.

2. Within three working days from the date of receipt of a tax application for the suspension (extension, resumption) of tax reporting, the tax authority shall adopt a decision to suspend tax reporting, or to deny the suspension of tax reporting in the form developed by the authorized body and approved by the Government of the Republic of Kazakhstan.

3. A decision on suspending submission of tax reports or on denial of suspending submission of tax reports shall be delivered to the taxpayer (tax agent) personally with the receipt of the signature, or in a different manner confirming the facts of sending and receiving.

4. A decision on denial of suspending submission of tax reports shall be taken in the event that:

1) the taxpayer (tax agent) has tax arrears, obligatory pension contributions arrears, obligatory professional pension contributions arrears, social contributions arrears at the date of filing the application;

2) a taxpayer (tax agent) has failed to submit:

tax reports specified in subparagraph 2) of the second part of paragraph 1 of this Article;

a tax application on the value-added tax registration in the case specified in subparagraph 3) of the second part of paragraph 1 of this Article;

3) the tax authority has recognized the taxpayer to be inactive in accordance with Article 579 of this Code.

5. In the event that the tax authority takes a decision to deny suspension of submission of tax reports, the taxpayer (tax agent) shall submit tax reports in accordance with the procedure established by this Code.

6. A decision on suspension of submission of tax reports received by the taxpayer (tax agent) shall be recognised as reason for non-submission of tax reports during the period of such suspension of submission of tax reports, as specified in the tax application for the suspension (extension, resumption) of submission of tax reports, unless otherwise established by this Article. Non-submission of tax reports specified in this paragraph shall be equated to submission of tax reports with zero parameters.

7. In the event that the taxpayer (tax agent) takes a decision to resume business prior to the expiry of a period for the suspension of business, such taxpayer (tax agent) shall submit to the tax authority in the place of the taxpayer (tax agent)'s location prior to the expiry of the period of the suspension of business, a tax application for resumption of business and the tax reports in accordance with the procedure established by this Code.

8. After the expiry of a period of suspension of business as specified in the decision for the suspension of submission of tax reports, the taxpayer (tax agent) shall be obliged to submit to the tax authority tax reports in accordance with the procedure established by this Code, unless otherwise is stated in par. 9 of this Article.

9. The taxpayer is entitled not later than expiration of period of the current suspension of submission of tax reports to submit an application on suspension (extension, resumption) of submission of tax reports to the tax authorities.

In the case of submitting a tax application for suspension (extension, resumption) of submission of tax reports, that period shall be extended for a period as specified in such application, subject to the provisions of paragraph 1 of this Article. A tax application shall be recognised as the basis for non-submission of tax reports for the forthcoming tax periods until the date of resumption of business on the condition that the note is made by the tax authority confirming the acceptance of such application.

10. In the event that the tax authority finds facts of resumption of business by the taxpayer (tax agent) during a period of its suspension, the tax authorities without notifying said persons, shall recognise as terminated such period of suspension of submission of tax reports from the date of resumption of business.

For the purpose of this paragraph the resumption of the activity shall be commencement of the activities by the taxpayer (tax agent) who suspended their activity in accordance with this Article, the activity resulting in incurrence of liability related to assessment and payment of taxes and other compulsory payments to the budget in accordance with the special part of this Code.

11. Provisions of this Article shall not apply to the following taxpayers:

1) individual entrepreneurs who use special tax regimes for peasant or farmer holdings, for small business entities on the basis of patents;

2) individual entrepreneurs or legal persons who are payers of a tax on gambling business and/or fixed tax;

3) legal persons who apply a special tax regime for legal persons-manufacturers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives.

12. Provisions of this Article shall not apply to the procedure and timing for the submission of tax reports on taxes on property, transport vehicles and land, charges for the use of land plots.

Article 74. The Procedure for Suspension (Resumption) of Submission of Tax Reports by an Individual Entrepreneur Enjoying the Special Tax Regime for Small Business Entities on the Basis of a Patent

1. In the procedure established by this Article, a taxpayer (tax agent) shall be entitled based on a tax application for the suspension (extension, resumption) of tax reports submission:

1) to suspend submission of tax reports;

2) to extend a period of suspension of submission of tax reports;

In case of suspension of activities by an individual entrepreneur applying the special tax regime based on a patent, a tax application for the suspension (extension, resumption) of tax reports submission for the coming period shall be submitted to the tax authority at the place of location prior to the patent expiration. The period of suspension of tax reports submission considering its extension shall not exceed thirty-six calendar months from the beginning of the period of suspension of tax reports submission.

2. A decision of the tax authority to suspend tax reporting shall be issued in the form developed by the authorized body and approved by the Government of the Republic of Kazakhstan on the day of the tax application filing.

3. A decision on suspension of submission of tax reports shall be handed over to the taxpayer or to his representative personal under the signature or in another manner which confirms the fact of sending and receipt.

3-1. A decision on suspension of submission of tax accounts shall be made if the taxpayer (tax agent) has any taxes, obligatory pension contributions, obligatory professional pension contributions and social contributions payable, as on the date of the applying or in the event of the taxpayer's (tax agent) failure to provide the tax accounts as specified in paragraph 1 hereof.

4. A decision to suspend the submission of tax reports shall form a ground for the non-submission of a patent cost estimation for the period from the date indicated in the tax application for the suspension of tax reports submission until the date of resumption of activities.

5. The taxpayer shall be considered as having resumed the activity after expiration of the period of suspension of activity, unless otherwise established by this Article.

6. The taxpayer shall have the right to file a tax application with the tax authority for suspension (extension, resumption) of tax reporting on or before the date of completion of the current period of tax reporting suspension. Such application shall be a ground for non-provision of patent cost estimation up to the operation resumption date specified in the application.

7. The taxpayer shall have the right to resume the operation before the expiry of the period of suspension of the operations by submission to the tax authorities of patent cost estimates for the forthcoming period starting from the operation resumption date.

8. In the event that a taxpayer submits a patent cost estimates during the period of tax reporting suspension, the taxpayer shall be recognized as having resumed the operation from the operation resumption date specified in these estimates.

9. Should a taxpayer fail to file a tax application or a regular patent cost estimation as specified in paragraphs 6 and 7 of this Article within sixty calendar days after the patent expiration, a taxpayer shall be deregistered as an individual entrepreneur in the procedure set forth in Article 43-1 of this Code.

9-1. If the tax authority identifies any facts of resumption by the taxpayer (tax agent) of its operation during the period of the suspension thereof the tax authorities shall recognize the period of suspension of submission of the tax accounts as discontinued from the date of the resumption of the operation with written notice being given to such taxpayer (tax agent).

For the purpose of this paragraph the resumption of the activity shall mean the commencement by the taxpayer (tax agent) of its operation which has been suspended in accordance with this Article and resulted in incurrence of a liability relating to the assessment and payment of the taxes and other obligatory payments to the budget in accordance with the special part of this Code.

10. Provisions of this Article shall not apply to the procedure and period of submission of tax reports with respect on property, transport vehicles and land tax, and charge for the use of land plots.

§ 2. Tax Application

Article 75. General Provisions

1. Tax application – a document of the taxpayer (tax agent), which is submitted to the tax service authority for the purpose of the exercise of the taxpayer's (tax agent's) rights and performance of duties in the cases specified by this Code.

2. Tax application forms shall be approved by the authorized body.

Article 76. The Procedure for the Submission of a Tax Application

1. A tax application shall be submitted by the taxpayer (tax agent) to the tax authoritiesin accordance with the procedure and timing established by this Code.

2. Taxpayers (tax agents) shall be entitled to file a tax application to the appropriate tax authorities, unless otherwise established by this Code, at their discretion by means as follows:

1) by personal appearance – in hard copy;

2) by registered mail with delivery notification – in hard copy;

3) in electronic form enabling computer-assisted information processing – in the form of a taxpayer's electronic document.

Taxpayers (tax agents) shall be entitled to file a tax application through public service centers.

The list of tax applications, which may be filed through public service centers, shall be established by the authorized body jointly with the authorized informatization body.

3. When filing a tax application on paper by personal appearance, the indicated tax form shall be compiled in two copies, one copy shall be returned to the taxpayer (tax agent) with the note of the tax authority.

4. The structure of the electronic format of a tax application, the software for the compilation and submission of tax applications in an electronic form and updates of such software, shall be posted on the Internet resource of the authorised body not later than the 1st January of current year.

5. The introduction of amendments and (or) additions to tax applications shall be carried out in the cases and in accordance with the procedure established by this Code.

§ 3. Tax Registers

Article 77. Tax Registers

1. A tax register – a document of the taxpayer (tax agent) which contains information on taxable items and (or) items relating to taxation.

Tax registers are intended for summarising and categorising information, facilitating tax accounting objectives specified in paragraph 3 of Article 56 of this Code.

Formulation of tax accounting data shall be carried out by way of recording information which is used for the purposes of taxation, in a chronological order and by ensuring comparability of tax accounting data between tax periods (in particular, in relation to transactions the results of which are accounted for in several tax periods, affect the size of taxable items in subsequent tax periods, or are carried forward for several years).

Tax registers shall be maintained in accordance with the special-purpose forms. Forms of tax registers and the procedure for recording tax accounting data in the same shall be independently elaborated by a taxpayer (tax agent), except for the tax register forms established by the authorized body, and shall be stipulated by the tax accounting policy.

The accuracy of presentation of business transactions in tax registers shall be confirmed by persons who sign them.

2. The tax registers shall comprise the following:

1) tax registers which are compiled by the taxpayer (tax agent) independently in accordance with the forms established by the taxpayer (tax agent) in the tax accounting policy subject to provisions of Article 56 of this Code;

2) tax registers compiled by a taxpayer (tax agent), for which the compilation forms and rules are established by the authorized body.

3. Tax registers must contain the following obligatory details:

1) title of the register;

2) identification number of the taxpayer (tax agent);

3) period for which a register is compiled;

4) surname, name, patronymic (where available) of the person in charge of compiling such register.

4. The authorized body shall have the right to establish tax register forms for the disclosure of the following information:

1) on applying exemptions from taxation, reduction of taxable income under corporate income tax, investment-related tax preferences;

2) on computing value balances of groups (subgroups) of fixed assets and subsequent costs relating to fixed assets;

3) on derivative financial instruments;

3-1) on amounts of management and general administrative expenses of a non-resident legal person attributed to deductions of its permanent establishment in the Republic of Kazakhstan;

3-2) property transferred under financial lease;

3-3) on accounting the reductions in the amounts of claims against debtors stipulated by subparagraphs 7) and 8) of paragraph 2 of Article 90 of this Code;

4) on invoices drawn up and received by a value-added tax payer;

5) {~};

6) on accounting the purchase of agricultural products from a person engaged in personal subsidiary farming by a procurement organization operating in the agribusiness industry, and the sale thereof;

7) on tour operator's services – in terms of inbound and outbound tourism.

The provisions of this paragraph shall not apply to individual entrepreneurs who in accordance with the regulations of the Republic of Kazakhstan concerning accounting and financial statements do not keep accounting records and do not prepare financial statements.

4-1. For individual entrepreneurs, who in accordance with the law of the Republic of Kazakhstan concerning accounting and financial statements do not keep accounting records and do not prepare financial statements, the authorized body shall have the right to establish tax register forms for the disclosure of the following information:

1) revenue accounting;

2) accounting of acquired goods, works, and services;

3) accounting of individuals' income taxed at source, tax liabilities with respect to such income, obligations with respect to accounting of obligatory pension contributions, obligatory professional pension contributions and social insurance contributions, including all taxes and contributions;

4) accounting of tax obligations with respect to:

emissions tax;

charge for the use of water resources from surface sources.

5. In the case of maintaining tax registers on paper, correction of mistakes in such tax registers must be motivated and confirmed by the signature of the person in charge who made a correction, by specifying the date and reasons for so introduced corrections.

6. Tax registers shall be presented to officers *of the tax authorities* on paper, and (or) electronic media when documentary tax audits are carried out – pursuant to request *of tax authorities'* officers who carry out such audits.

When forming tax registers in electronic format the taxpayer (tax agent) shall be obliged during the tax inspection at the request of officials *of the tax authority* to file tax registers on electronic media and hard copies of such tax registers, certified with signatures of director and persons (person) responsible for formation of such tax registers of a taxpayer (tax agent) and also with a stamp of the taxpayer (tax agent), except when a taxpayer (tax agent) has no stamp for reasons specified by the legislation of the Republic of Kazakhstan.

CHAPTER 9. SPECIAL CONSIDERATIONS IN TAX ACCOUNTING

Article 78. Financial Leases

1. Unless otherwise provided for by this Article, financial lease shall mean a transfer of assets under a leasing agreements concluded in accordance with the legislation of the Republic of Kazakhstan for a period exceeding three years provided that it meets one of the following requirements:

1) transfer of assets into possession of a lessee and (or) providing the lessee with the right to purchase assets at a fixed price as defined in the lease agreement;

2) period of a finance lease exceeds seventy-five percent of the useful life of the assets to be transferred in accordance with the finance lease;

3) current (discounted) value of the lease payments for the entire period of the finance lease exceeds ninety per cent of the value of the assets to be transferred under the finance lease.

Secondary leasing of leased property is also considered as financial leasing.

Secondary lease shall mean provision to other lessee(s) on lease of leasing items which remain the property of the lessor as a result of termination or cancellation of a lease agreement or as a result of modification thereof due to change in the number of leasing items (for the purpose of this Article hereinafter referred to as the "Primary Leasing Agreement"), provided that all the following conditions are met:

the date of termination, cancellation of amendment of primary leasing contract, and the date of conclusion of secondary leasing contract (contracts) fall within the same tax period determined in article 269 of this Code;

secondary leasing contract (contracts) has the provisions stipulated in primary leasing contract except for the provisions determining the quantity of leased objects, leasing payments, and leasing terms;

the quantity of objects transferred under secondary leasing does not exceed the total quantity of objects transferred under the primary leasing contract;

if the primary leasing contract provides for the annuity payment method – the total amount of leasing payments under secondary leasing contract (contracts) does not exceed the total amount of leasing payments under primary leasing contract minus the amount of leasing payments assessed as of the date of leasing contract termination;

if the primary leasing contract provides for the method of payment in equal shares – the price of object transferred into secondary leasing does not exceed the price of leased object under the primary leasing contract minus the amount of leasing payments assessed as of the date of leasing contract termination, the amount of fee rate under secondary leasing contract (contracts) does not exceed the amount of fee rate under the primary leasing contract;

the objects are transferred into the secondary leasing for the terms not less than three years.

Transfer of property on financial lease shall be considered as a sale of the property by a lessor to a lessee. In this case the lessee shall be deemed an owner of the lease item, and the leasing payments shall be considered as payments on a loan extended to the lessee.

For the purposes of this article:

annuity payment method – the method of lease payments calculation where lease payments are determined in equal shares paid at regular intervals;

equal shares payment method – the method of lease payments calculation where lease payments, except for leasing remuneration, are determined in equal amounts.

2. Where a lease agreement provides for the lessee's right to extend the period of a finance lease, the period of the finance lease shall be determined in view of the period for which the actual extension is made.

3. Value of the assets transferred (received) under a finance lease (through leasing) shall be determined as of the date of concluding the lease agreement.

Assets under a lease, to be received by the lessee as main assets, investments into real estate, biological assets, shall be recognised as assets to be transferred under a finance lease.

4. Financial lease shall not include:

1) leasing transactions in the case of termination of underlying leasing agreements prior to the expiry of three years from the date of conclusion of such agreements, except for the following cases:

recognition of the lessee as bankrupt in accordance with the legislation of the Republic of Kazakhstan concerning rehabilitation and bankruptcy and exclusion of the lessee from the National Register of Business Identification Numbers;

recognition of a natural person – lessee on the basis of a court decision which entered into force as missing or declaring his deceased, or legally incapable, or restrictedly competent, establishing his invalidity of I, II group, and also in the case of death of the natural person – lessee;

entering into legal force of a resolution of a law enforcement officer on the return of the court orders to the lesser in connection with the absence with the lessee of assets, including money, securities or income on which recourse may be taken, and where the measures taken by the law enforcement officer specified by the legislation of the Republic of Kazakhstan on enforcement proceedings and the status of law enforcement officers on disclosure of his assets, including money, securities or income turned out to be fruitless;

granting not later than date of dissolution of a lease agreement (termination of obligations under the lease agreement) of leased items to the secondary lease in compliance with the following terms:

transfer of objects under secondary leasing;

2) leasing transactions whereby amounts of lease payments (in accordance with the agreement and (or) actually paid) for the first year of the lease agreement validity is more than 50 per cent of the price of the lease item;

3) leasing transactions for which a lessee has changed as a result of substitution of persons in the obligation, except for cases of reorganization of the lessee before the expiry of three years from the date of conclusion of the leasing agreement;

3-1) leasing transactions for which a lessor has changed as a result of substitution of persons in the obligation, except for cases of reorganization of the lessor by way of transformation;

4) transactions associated with transfers of assets into sublease.

Article 79. {~}

Article 80. Performance of Joint Operations

1. Unless otherwise established by the Code, in case of agreements on conducting joint operations or other agreements providing for two and more participants to an agreement on joint operations without forming a legal person (henceforth – agreement for joint operations), taxable items and (or) items relating to taxation shall be accounted for and taxed for each participant of an agreement for joint operations, in accordance with the procedure established by this Code.

2. Each participant of an agreement on joint operations in proportion to his share participation shall independently maintain accounting for the assets, obligations, income and costs relating to joint operation for determining taxable items and (or) items relating to taxation, unless otherwise established by the Code.

3. Where in the agreement for joint operation there is no procedure for distribution of assets, obligations, income and costs relating to joint operations for determining taxable items and (or) items relating to taxation, the participants of the agreement for joint operation shall elaborate and approve the tax accounting policy for joint operations until first tax report are presented to show such procedure and tax obligations resulting from joint operations.

4. The agreement for joint operations may appoint the authorised representative of the participants of the agreement for joint operations, who is in charge for maintaining tax accounting for such operations or a portion thereof, unless otherwise established by the Code.

5. For tax purposes, assets, obligations, income and costs relating to joint operations or portion thereof, shall be accounted for by the authorised representative of the participants of the agreement for joint operations separately from the assets, obligations, income and costs relating to other business of this authorised representative.

6. Distribution of assets, obligations, income and costs relating to joint operations for determining taxable items and (or) items relating to taxation, between the participants of an agreement for joint operation shall be carried out by the participants of the agreement for joint operations and (or) by their authorised representative based upon the results of each tax period in accordance with the procedure specified in the agreement for joint operations.

Where the provisions of the agreement for joint operations and (or) tax accounting policy for joint operation does not establish the procedure for distribution of assets, obligations, income and costs for determining taxable items and (or) items relating to taxation, the participants of the agreement for joint operation and (or) authorised representative of such participants shall carry out such distribution in proportion to the participatory interests in accordance with the agreement for joint operations.

The results for distributing assets, obligations, income and costs for determining taxable items and (or) items relating to taxation, between the participants of the agreement for joint operation must be formulated in writing, signed by all participants of the agreement for joint operation and (or) by their authorised representative where available, and also confirmed with the seals (where available in the cases established by the Republic of Kazakhstan legislation). The document on the results of distributing assets, obligations, income and costs shall be presented by each participant of the agreement for joint operations to the tax authorities when conducting documentary audits.

The authorised representative of the participants of the agreement for joint operations must have copies of all documents on the basis of which the distribution of assets, obligations, income and costs was carried out, unless otherwise established by the Code.

SECTION 4. The Corporate Income Tax

CHAPTER 10. GENERAL PROVISIONS

Article 81. Payers

1. Payers of corporate income tax shall be resident legal persons of the Republic of Kazakhstan, with the exception of state institutions, as well as non-resident legal persons that carry out activities in the Republic of Kazakhstan through a permanent establishment or receive income from sources in the Republic of Kazakhstan.

2. Legal persons that apply a special tax regime on the basis of the simplified declaration shall assess and pay corporate income tax on income taxed within the framework of the indicated regimes, in accordance with Chapter 61 of this Code.

3. Payers of tax on gambling business, of fixed tax shall not be payers of corporate income tax in relation to income from carrying out the activities indicated in Articles 411 and 420 of this Code.

Article 82. Taxable Items

The following shall constitute taxable items with corporate income tax:

1) taxable income;

2) income taxable at the source of payment;

3) the net income of a non-resident legal person which carries out the activity in the Republic of Kazakhstan through a permanent establishment.

CHAPTER 11. TAXABLE INCOME

Article 83. Taxable Income

The taxable income shall be defined as the difference between the aggregate annual income subject to the adjustments stipulated by Article 99 of this Code and the deductions specified by this section.

§ 1. Aggregate Annual Income

Article 84. Aggregate Annual Income

1. The aggregate annual income of a resident legal person shall consist of income subject to be received (received) by this person both in the Republic of Kazakhstan and beyond its boundaries during a tax period.

The aggregate annual income of a non-resident legal person that carries out activities in the Republic of Kazakhstan through a permanent establishment shall consist of income stated in Article 198 of this Code.

Income from sources outside the boundaries of the Republic of Kazakhstan received by a resident legal person shall be subject to taxation in the procedure as established in this section and Chapter 27 of this Code.

2. For the purpose of taxation, the following shall not be considered as income:

1) value of assets received as a contribution to the charter capital;

2) amount of money received by the issuer from the placement of the shares issued by it;

3) unless otherwise specified by this Code, for the taxpayer who transfers assets on a free-of-charge basis – the value of assets transferred free of charge. The value of work performed and services rendered shall be determined in the amount of costs incurred in connection with such performance of work, rendering of services;

4) amount of the reduction of the size of tax liability in cases as specified by this Code;

5) income arising in connection with the change of the value of assets and/or obligations recognized as income in bookkeeping in accordance with the international standards of the financial reporting and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting, excepting those subject to be received and/or paid from another person, unless otherwise is provided by this Code;

6) increase of the retained profit at the expense of the reduction of reserves on the revaluation of assets in accordance with the international standards of the financial reporting and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting;

7) income arising due to acknowledgement of liability in the accounting in accordance with the international standards of the financial reporting and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting as positive difference between the amount of the actual liability to be fulfilled and the value of this liability acknowledged in the accounting;

8) for a management company engaged in trust management of assets of a mutual investment fund on the basis of the license for investment portfolio management – the investment income gained by mutual investment funds in accordance with the legislation of the Republic of Kazakhstan concerning investment funds and recognized as such by the custodian of the mutual investment fund, except for the fees to such management company;

9) for a person/entity who manufactured excise goods specified in subparagraph 5) of Article 279 of this Code using raw materials supplied by the customer, – the amount of the reimbursement to be received (already received) in fulfilment of the tax obligation by such person/entity to pay excise tax for excisable goods being a product of processing the raw materials supplied by the customer;

10) the value of the property received by a state owned enterprise from the governmental agency in the form of:

Fixed assets assigned to such enterprise on the basis of the right of economic management or operating management;

Money for acquisition of fixed assets to be assigned to such enterprise on the basis of the right of economic management or operating management.

Article 85. Income To be Included into Aggregate Annual Income

1. The aggregate annual income shall comprise all types of income of a taxpayer:

1) income from sales;

1-1) income of an insurance or reinsurance organization under insurance or reinsurance agreements;

2) income from a capital gain;

3) income from derivative financial instruments;

4) income from writing off liabilities;

5) income from doubtful obligations;

6) income from the reduction of amounts of the provisions (reserves) formed by a taxpayer who has the right to deduct the amount of the provisions (reserves) in accordance with Article 106 paragraphs 1, 3, and 4 of this Code;

7) income from the reduction of insurance reserves formed by insurance, reinsurance organizations under agreements of insurance, re-insurance;

8) income from the assignment of a right of claim;

9) income received for consent to restrict or terminate entrepreneurial activity;

10) income from the disposal of fixed assets;

11) income from adjustment of costs associated with geological studies and preparatory work for the production of natural resources as well as other costs of subsoil users;

12) income from excess of an amount of assessments into the fund for liquidation of fields development consequences of over the amount of actual costs associated with liquidation of fields development consequences;

13) income received from carrying out joint activity;

14) fines, penalties as awarded or recognised by the debtor and other types of sanctions, except for previously unreasonably withheld fines that are refunded from the budget, if such amounts have not been previously referred to deductions;

15) compensations received for deductions made previously;

16) income in the form of assets received free of charge;

17) dividends;

18) interest on deposit, debt security, promissory note, Islamic lease certificate;

19) the amount by which the foreign exchange gain exceeds the foreign exchange loss. The foreign exchange difference amount shall be determined in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting;

20) winnings;

21) income received from operation of social sphere facilities;

22) income from selling an enterprise as going concern;

22-1) income from investment deposit laced at Islamic bank;

23) net income from trust management of the property of the founder received (subject to be received) by the founder of trust management under a contract for trust management or of beneficiary in other cases of arising of trust management;

23-1) income of a state owned enterprise gained in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan in connection with depreciation of fixed assets assigned to such enterprise on the basis of the right of economic management or operating management;

24) other income not stated in subparagraphs 1) – 23) of this paragraph.

2. If the same income may be reflected in several items of income, such income shall be included into the total annual income only once.

Unless otherwise provided for by this Code, for the purposes of this Section income shall be recognized (including the date of recognition thereof) in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements.

In the event that the income recognition procedure provided for by the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements differs from the income determination and recognition procedure in accordance with this Code, the specified income shall be recognized for taxation purposes only once in accordance with the procedure established by this Code.

3. For the purposes of this Section, in case where the act of establishment of trust management entrusts the taxpayer who is the trust manager to fulfil the tax obligation for the founder of property trust management or beneficiary, the aggregate annual income of such taxpayer shall include the income of the founder of trust management under a property trust management contract or of the beneficiary in other cases of arising of trust management.

4. The taxpayer shall have a right to adjust income in accordance with Articles 131 and 132 of this Code. The total annual income subject to adjustments, in accordance with Articles 131 and 132 of this Code, may have a negative value thereat.

Article 86. Income From Sales

1. Income from sales is cost of goods, works, services sold, except foe income included into the aggregate annual income in accordance with Articles 87– 98 of this Code, as well as income stated in par. 2 of Article 111 of this Code, in the part not exceeding the amount of expenses stated in par. 1 of Article 111 of this Code, unless otherwise in envisaged by the transfer pricing legislation of the Republic of Kazakhstan.

Cost of goods, works, services sold shall not include the amounts of value-added tax and excise duties.

2. For the purpose of this Section the following shall also be referred to income from rendering of services:

1) income in the form of remuneration under a credit (loan, microcredit), repo transactions;

2) income in the form of remuneration related to the transfer of assets into financial lease;

3) royalty;

4) income from property leasing.

Article 87. Income From Capital Gain

1. Income from increase in value shall arise from:

1) sale of non-depreciable assets, other than assets purchased for state requirements in accordance with legislative acts of the Republic of Kazakhstan;

2) transfer of non-depreciable assets as a contribution to the authorized capital;

3) retirement of non-depreciable assets as a result of reorganization by way of merger, amalgamation, splitting or separation.

In the event specified in subparagraph 1) of this paragraph, income from increase in value shall be recognized in the tax period in which the non-depreciable asset was sold.

In the event specified in subparagraph 2) of this paragraph, income from increase in value shall be recognized in the tax period in which the non-depreciable asset was transferred as a contribution to the authorized capital.

In the event specified in subparagraph 3) of this paragraph, income from increase in value shall be recognized:

At the time of reorganization by way of merger, amalgamation, splitting – in the tax period for which the liquidation tax reports have been submitted;

At the time of reorganization by way of separation – in the tax period in which the separation balance sheet was approved.

2. For the purposes of this Article assets not subject to depreciation shall include:

1) land plots;

2) objects of construction in progress;

3) equipment for installation;

4) assets with service life over one year that are not used in the activity aimed to generate income;

4-1) assets with service life exceeding one year which cannot be classified among fixed assets in accordance with subparagraph 1-1) of paragraph 2 of Article 116 of this Code;

5) securities;

6) participation shares;

6-1) investment gold;

7) fixed assets which cost is fully attributed to deductions in accordance with the tax legislation of the Republic of Kazakhstan applicable prior to 1 January 2000;

8) assets put into operation within the framework of the investment project under contracts concluded prior to 1 January 2009 in accordance with the legislation of the Republic of Kazakhstan on investments, which cost is attributed to deductions in full;

9) assets referred to objects of social sphere in accordance with paragraph 2 of Article 97 of this Code.

3. In the case indicated in subpar. 1) of par. 1 of this Article (except for cases stipulated by pars. 5, 6 and 11 of this Article) capital gain shall be determined by each of the assets as a positive difference between cost of sales and historical cost.

In the case indicated in subparagraph 2) of paragraph 1 of this Article (except for cases stipulated by pars. 5, 6 and 11 of this Article) capital gain shall be determined by each of the assets as a positive difference between cost of the asset determined on the basis of contribution value stated in the constitutional documents of legal entity and historical cost.

In the case indicated in subpar. 3) of par. 1 of this Article (Article (except for cases stipulated by pars. 5, 6 and 11 of this Article) capital gain shall be determined by each of the assets as a positive difference between cost recorded in the deed of assignment or de-merger balance sheet and historical cost.

4. Unless otherwise provided for in paragraph 12 of this Article, the historical cost of the assets specified in subparagraphs 1), 2), 3), 4), and 4-1) of paragraph 2 of this Article shall mean the total expenditures for acquisition, production, construction, and other costs increasing the cost of the assets, including after they have been purchased, in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements, except for:

costs (expenditures) which are not deductible in accordance with this Code, except for costs indicated in subpar. 14) of Article 115 of this Code;

costs (expenditures), to be referred to deductions in accordance with second part of paragraph 12 of Article 100 of this Code;

costs (expenditures) with respect to which the taxpayer has a right for deductions on the basis of paragraph 6 and paragraph 13 of Article 100, as well as Articles 101 – 114 of this Code;

depreciation charges;

4-1. The historical cost of the assets specified in subparagraphs 7) and 8) of paragraph 2 of this Article shall be recognized as equal to zero.

4-2. The historical cost of the assets specified in subparagraph 9) of paragraph 2 of this Article shall be a balance-sheet value of such assets as on the date of retirement net of revaluations and depreciations.

5. With respect to securities, except for debt securities, as well as participation shares, the following shall be recognized as capital gain by each item of secutities:

1) in case of sale – a positive difference between selling price and historical cost (contribution);

2) in case of transfer as a contribution to the authorized capital – the positive difference between the value of the security, participatory interest, determined on the basis of the value of the contribution specified in the statutory documents of the legal entity and the historic cost of securities, participatory interest;

3) in case of disposal through reorganization of a legal entity through merger, combination, de-merger or separation – a positive difference between cost recorded in the deed of assignment or de-merger balance sheet and historical cost (contribution)».

6. With respect to debt securities the following shall be recognized as capital gain by each security:

1) in case of sale – as a positive difference, less coupon, between selling price and historical cost taking into account amortization of discount and (or) premium on the date of sale;

2) in case of transfer as contribution to the charter capital – a positive difference, less coupon, between cost of debt securities determined on the basis of contribution value stated in the constitutional documents of legal entity and historical cost taking into account amortization of discount and (or) premium on the date of sale;

3) in case of disposal through reorganization of a legal entity through merger, combination, de-merger or separation – a positive difference, less coupon, between cost recorded in the deed of assignment or de-merger balance sheet and historical cost taking into account amortization of discount and (or) premium on the date of sale.

7. For the purposes of this Article historical cost of securities and participation shares is an aggregation of actual costs to purchase them, purchase related costs, which increase cost of securities and participation shares in the cases envisaged by International Financial Reporting Standards and requirements of laws of the Republic of Kazakhstan concerning business accounting and financial reporting, as well as cost of contribution to the charter capital.

8. Unless otherwise provided for by this Article, the cost of contribution to the authorized capital shall be the cost specified in the statutory documents of a legal entity, but not exceeding the amount of the actually paid contribution.

8-1. Income from the increase in the value at sale of the securities shall be included into the aggregate annual income subject to paragraphs 2, 3, 4, 4-1 and 4-2 of Article 137 of this Code.

9 – 10. {~}.

11. For assets indicated in subpars. 7) and 8) of par. 2 of this Article capital gain shall be defined for each asset:

1) in case of sale – in the amount of selling cost;

2) in case of transfer as a contribution to the charter capital – in the amount of cost of the asset determined on the basis of contribution value stated in the constitutional documents of legal entity;

3) in case of disposal through reorganization of a legal entity through merger, combination, de-merger or separation – in the amount of cost recorded in the deed of assignment or de-merger balance sheet.

12. If non-depreciable assets have been received free-on-charge, for the purposes of this Article the historical cost of such assets shall be the cost included into the aggregate annual income as a cost of donated assets in accordance with this Code, subject to the costs specified in paragraphs 4 and 7 of this Article that are attributed to increase in the historical cost of non-depreciable assets.

Article 88. Income From Writing Off Obligations

1. The following shall be referred to income from write-off of liabilities:

1) write-off of liabilities from the taxpayer by his creditor;

2) liabilities unclaimed by the creditor at the time of the approval of the liquidation balance sheet in the case of liquidation of the taxpayer;

3) write-off of liabilities in connection with expiry of the statute of limitations as established by the legislative acts of the Republic of Kazakhstan;

4) write-off of liabilities pursuant to a court ruling that entered into legal force.

2. An amount of income received as a result of writing off liabilities shall be equal to the amount of liabilities (except for the amount of value added tax), subject to repayment in accordance with source documents of the taxpayer as of date:

of write-off in cases, specified in subparagraphs 1), 3) and 4) of paragraph 1 of this Article;

the approval of the liquidation balance sheet in case, specified in subparagraph 2) of paragraph 1 of this Article.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to the liabilities recognized as doubtful in accordance with this Code.

4. The reduction of the amount of liabilities in connection with their assignment under a contract of purchase-and-sale of an enterprise as going concern shall not be referred to income from the write-off of liabilities.

Article 89. Income from Doubtful Liabilities

1. The liabilities incurred in connection with acquired goods (works, services) and accrued income to the employees determined in accordance with paragraph 2 of Article 163 of this Code, and not satisfied within three years as defined in accordance with the procedure established by paragraph 2 of this Article shall be recognized as doubtful. The income from doubtful liabilities in connection with obtained credits (loans, microcredits) shall not include the amount of the obtained credit (loan, microcredit).

The specified doubtful liabilities shall be included into the total annual income of the taxpayer, except for the value added tax which shall not be taken as an offset in accordance with the procedure established by Section 8 of this Code.

2. The income from doubtful liabilities shall be recognized in the tax period of the expiry of the three year period from:

1) the day following the maturity date for payment of interest in accordance with terms and conditions of the loan (credit, microcredit) agreement – for doubtful liabilities incurred under loan (credit, microcredit) agreements;

2) the day following the maturity date for leasing payment in accordance with the terms and conditions of the lease agreements – for doubtful liabilities incurred under lease agreements;

3) the day of accrual of income to the employees in accordance with paragraph 2 of Article 163 of this Code – for doubtful liabilities incurred in connection with accrued income to the employees;

4) for the doubtful liabilities not specified in subparagraphs 1) – 3) of this paragraph:

From the day following the day of expiration of the period for fulfillment of the liability with respect to the acquired goods (works, services) for which the fulfillment period has been defined;

From the day of transfer of goods, performance of works, provision of services with respect to the liability connected with the acquired goods (works, services), for which no fulfillment period has been defined.

Article 89-1. Income of Insurance or Reinsurance Organization under Insurance or Reinsurance Agreements

1. The following types of income of an insurance or reinsurance organization shall be recognized as income of an insurance or reinsurance organization under insurance or reinsurance agreements:

1) insurance premiums (payments);

2) reinsurance assets created for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses;

3) compensation of costs connected with insurance payments;

4) other income under insurance (reinsurance) agreements, other than incomes specified in paragraph 3 of Article 90 and Article 95 of this Code.

2. This Article shall not apply to insurance (reinsurance) agreements under which the income in the form of insurance premiums in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting has been recognized in full before January 1, 2012.

3. Income of an insurance (reinsurance) organization in the form of reinsurance assets created for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses shall be a positive difference between the amount of reinsurance assets created in accordance with the legislation of the Republic of Kazakhstan concerning insurance and insurance activities for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses as of the end of the reporting tax period and the amount of such assets as of the end of the previous tax period.

4. Compensation of costs incurred by an insurance (reinsurance) organization connected with insurance premiums on the basis of the right of recourse against the harm-doer and (or) reinsurance organization under the reinsurance agreement shall be recognized as income of an insurance (reinsurance) organization in the form of compensation of costs connected with insurance payments.

In this case, according to an agreement for cash value insurance (reinsurance), agreement for no cash value life insurance (reinsurance) that has become effective before January 1, 2012, under which the income in the form of insurance payments are

recognized in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, including those after December 31, 2011, the income of an insurance (reinsurance) organization in the form of compensation for the costs connected with insurance payments shall be determined according to the following formula:

Д * (А/Б), where:

Д – income (to be) received during the accounting tax period in the form of compensation for costs connected with insurance payments;

А – insurance contributions (to be) received after December 31, 2011 up to the date of recognition of the income in the form of compensation of costs connected with insurance payments in the accounting tax period;

Б – insurance contributions (to be) received from the agreement effective date up to the date of recognition of the income in the form of compensation for the costs connected with insurance payments in the accounting tax period.

Article 90. Income From Reducing Amounts of Provisions, Reserves Made

1. The following shall be recognized as income from reduction of the amount of the provisions (reserves) created by the taxpayer who has the right to deduct the amount of the cost of provisioning *in accordance with paragraphs 1, 1-1, 1-3, 3 and 4 of Article 106 of this Code*, Unless otherwise provided for by this Article:

1) amounts of provisions (reserves) previously recognized as deductions to the amount proportional to the amount of the fulfillment at fulfillment by the debtor of the claim;

2) amounts of provisions (reserves) previously recognized as deductions, in the event of reduction of the amount of the claim to the debtor on the basis of an accord and satisfaction agreement, contract of novation, subrogation by entering into an assignment agreement and/or as otherwise provided for by the legislation of the Republic of Kazakhstan to the amount proportional to the amount by which the claim is reduced;

3) amounts of reduction of the provisions (reserves) previously recognized as deductions to the amount proportional to the amount of the reclassified claim in case of reclassification of claims.

1-1. The following shall be recognized as income from reduction of the amount of the provisions (reserves) created by the taxpayer who has the right to deduct the amount of the cost of provisioning in accordance with paragraph 1-1 of Article 106 of this Code:

1) amounts of the provisions (reserves) that have been previously recognized as deductions to the amount proportional to the amount of the fulfillment in the event that the debtor fulfills the claim;

2) amounts of the provisions (reserves) that have been previously recognized as deductions in the event of reduction of the amount of claims to a debtor on the basis of an accord and satisfaction agreement, contract of novation, claim assignment agreement by conclusion of an assignment agreement and/or otherwise, as may be provided for by the legislation of the Republic of Kazakhstan to the amount proportional to the amount by which claim is reduced;

3) the amount by which the provisions (reserves) that have previously been recognized as deductions were reduced, to the amount proportional to the amount of the reclassified claim in case of reclassification of claims;

4) the amounts of the provisions (reserves) that shall be recognized as deductions in the current and/or previous tax periods recognized in the accounting records as of December 31, 2017 in accordance with the international financial reporting standards against doubtful and bad assets provided to a bank subsidiary for acquisition of rights of claim of the banks with respect to the credits (loans) recognized as doubtful and bad assets. The amounts of the provisions (reserves) specified in this subparagraph shall be included into the aggregate annual income of the bank for the tax period which falls on 2017.

1-2. A negative difference between the amount of the dynamic provision determined at the end of the reporting tax period and the amount of the dynamic provision determined at the end of the preceding tax period shall be recognized as income from reduction of the amount of the provisions (reserves).

This paragraph shall be applicable by a taxpayer who has the right to deductions in accordance with paragraph 1-2 of Article 106 of this Code.

2. The amounts of the provisions (reserves) that have been previously recognized as deductions in case of reduction of the amount of claims to the debtor shall not be recognized as income from reduction of the amount of provisions (reserves) created by a taxpayer who has the right to deduct the amount of the cost of provisioning *in accordance with paragraphs 1, 1-1, 1-3, 3 and 4 of Article 106 of this Code* in case of:

1) removal from the National Register of Business Identification Numbers due to the liquidation of the legal entity – a judgment debtor on the grounds established by statutes of the Republic of Kazakhstan;

2) an individual being a debtor is recognized as missing, legally incapable or partially incapacitated based on a legally effective court judgment, or is declared dead based on a legally effective court judgment;

2-1) an individual being a debtor is declared a disabled person of group I, II, and in case of death of an individual being a debtor;

3) enactment of an order of judicial enforcement agent concerning return of the enforcement document to the taxpayer who has the right to deduct the amount of the expenses connected with creation of provisions (reserves) *in accordance with paragraphs 1, 1-1, 1-3, 3 and 4 of Article 106 of this Code*, if the debtor and the third persons being jointly and severally liable or bearing subsidiary responsibility to the taxpayer who has the right to deduct the amount of the expenses connected with creation of provisions (reserves) *in accordance with paragraphs 1, 1-1, 1-3, 3 and 4 of Article 106 of this Code,* own no property including money, securities, or income on which recovery may be enforced, and the measures for identification of his/her property or income taken by the judicial enforcement agent in accordance with the legislations of the Republic of Kazakhstan concerning enforcement proceedings and status of judicial enforcement agents proved to be ineffective;

4) enactment of the court decision concerning rejection to the taxpayer who has the right to deduct the amount of the expenses connected with creation of provisions (reserves) *in accordance with paragraphs 1, 1-1, 1-3, 3 and 4 of Article 106 of this Code,* in enforcement recovery on the Debtor's property, including money, securities or income;

4-1) {~};

4-2) assignment by the bank being a national development institute, the controlling interest in which is owned by the national management holding, to a legal entity as defined by the Government of the Republic of Kazakhstan of the rights of claim with respect to a credit (loan) – to the extent of a negative difference between the value of the right of claim with respect to the credit (loan), based on which such bank has implemented the assignment, and the value of the claim under such credit (loan) to be received from the debtor as at the date of assignment of the right of claim with respect to the credit (loan) pursuant to the source documents of the bank.

This subparagraph shall be applied where the decision of the management body of the bank being a national development institute, the controlling interest in which is owned by the national management holding, on the assignment of the rights of claim with respect to such credit (loan) is available;

5) deregistration as an individual entrepreneur due to recognizing an individual entrepreneur being a debtor as bankrupt in accordance with the legislation of the Republic of Kazakhstan concerning rehabilitation and bankruptcy;

6) assignment by the bank of the rights of claim with respect to a credit (loan) to the extent of a negative difference between the value of the right of claim with respect to the credit (loan), based on which the bank has implemented the assignment, and the value of the claim under such credit (loan) to be received by the bank from the debtor as at the date of assignment of the right of claim with respect to the credit (loan) pursuant to the source documents of the bank to organizations as follows:

an organization specializing in the improvement of quality of loan portfolios of second-tier banks, one hundred percent of voting shares in which are held by the National Bank of the Republic of Kazakhstan;

a subsidiary of the bank acquiring the banks' rights of claims with respect to credits (loans) issued prior to January 1, 2012 and recognized as doubtful and bad assets;

7) reduction in the amount of claim against a debtor in accounting records in the form of an unpaid overdue credit (loan) and interest thereon, accounts receivable with respect to documentary settlements and guarantees in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting by a taxpayer entitled to deduct the amount of expenses related to creating provisions (reserves) in accordance with paragraph 1 of Article 106 of this Code in case if the right of such claim of the taxpayer against the debtor has not been terminated in full or in part in the reporting tax period pursuant to the legislation of the Republic of Kazakhstan;

8) reduction in the amount of claim against a debtor due to forgiving by a taxpayer entitled to deduct the amount of expenses related to creating provisions (reserves) in accordance with paragraph 1 of Article 106 of this Code bad debt on a credit (loan) and interest thereon within the maximum ratio of the total amount of bad debts on credits (loans) and interest thereon forgiven for the tax period to the amount of credits' (loans') principal and interest thereon as of the beginning of the tax period, provided that such maximum ratio shall be equal to 0.1.

This subparagraph shall be applied in case if bad debt on a credit (loan) and interest thereon is forgiven based on the grounds and in the procedure established by the National Bank of the Republic of Kazakhstan in consultation with the authorized body.

For the purposes of this subparagraph, the forgiveness of bad debt on a credit (loan) and interest thereon shall be the termination of the right of claim with respect to such credit (loan) and interest thereon resulting from the debt forgiveness pursuant to the civil legislation of the Republic of Kazakhstan, as well as the termination of the right of claim with respect to such credit (loan) and interest in case of sale of the pledged property, which fully secured the principal debt as of the mortgage agreement date, by auction through extrajudicial procedures at a price below the principal debt amount in accordance with the Law of the Republic of Kazakhstan "On Mortgage of Real Estate"– for the amount of the credit (loan) and interest thereon, which remains outstanding after the pledged property sale.

2.1 A bank entitled to deduct the amount of expenses related to creating provisions (reserves) in accordance with paragraph 1 of Article 106 of this Code shall not recognize as income from reducing the provisions (reserves) the amounts of provisions (reserves) previously recognized as deductions in case of forgiving credit (loan) debt in the procedure and on the terms stipulated by this paragraph.

The provisions of this paragraph shall extend to a bank:

1) which has been restructured under court ruling, and over 90 per cent of voting shares of which are held by the national management holding as at December 31, 2013;

2) which is being a successor of the bank specified in subparagraph 1) of this part by results of restructuring through absorption.

The provisions of this paragraph shall be applied to credit (loan) debt, against which the bank has created provisions (reserves) previously recognized as deductions in accordance with paragraph 1 of Article 106 of this Code, and which comprises as follows:

principal debt;

past due interest accrued after December 31, 2012

This paragraph shall be applied in case of forgiving credit (loan) debt, provided that the following conditions are concurrently met:

1) a credit (loan) was provided prior to October 1, 2009;

2) a credit (loan) debtor is specified in the list of credit (loan) debtors subject to debt forgiveness adopted by January 1, 2015 by the management body of the bank, specified in part two of this paragraph, and submitted to the authorized body by February 1, 2015;

3) credit (loan) debt is forgiven within the amount indicated in the list of credit (loan) debtors subject to debt forgiveness adopted by January 1, 2015 by the management body of the bank, specified in part two of this paragraph, and submitted to the authorized body by February 1, 2015;

4) there is one and (or) more documents supporting a credit (loan):

issued to a non-resident:

application filed with the law enforcement agency of a foreign state for the institution of criminal proceedings against the debtor being an individual and (or) an official or a person, who has had an opportunity to otherwise influence, directly or indirectly, the decisions made by the debtor being a legal entity;

claim filed in court of the Republic of Kazakhstan or a foreign state for debt recovery, enforcement of the pledge, and (or) restitution of forfeited rights to the pledge;

effective order of an officer of justice, or any other document of a foreign state on the return of the enforcement document to the bank in case if the debtor and any third parties being jointly and severally liable or bearing subsidiary liability to the bank own no property, including money, securities, or income, which could be used for debt enforcement purposes, and the measures taken for identification of his/her property or income proved to be ineffective;

effective foreign state court judgment on the dismissal of the claim for debt recovery, restitution of forfeited rights to the pledge, execution against the property, including money, securities or income of the debtor;

effective foreign state court judgment on the recognition of a debtor as bankrupt, and (or) the court ruling on the completion of bankruptcy proceedings;

document of the competent authority of a foreign state certifying the exclusion of the debtor or the pledger from the Register of Legal Entities due to liquidation;

issued to a resident:

application filed with the law enforcement agency of the Republic of Kazakhstan for the institution of criminal proceedings against the debtor being an individual and (or) an official or a person, who has had an opportunity to otherwise influence, directly or indirectly, the decisions made by the debtor being a legal entity;

document certifying the taking of measures by law enforcement agencies of the Republic of Kazakhstan under the bank's application, or the institution of criminal proceedings;

The availability of documents specified in this subparagraph shall not be required with respect to credits (loans) issued to non-residents, where:

loan debt is forgiven after the sale of the pledged property, which fully secured the principal debt as of the mortgage agreement date, by auction through extrajudicial procedures at a price below the principal debt amount;

the right of claim with respect to such credit (loan) is assigned by the bank with a discount to any third party being a non-resident as of the assignment date in case if the value of the right of claim with respect to the credit (loan) assigned is equal to the market value of the bank's right of claim specified in part two of this paragraph as indicated in a report on the appraisal carried out in accordance with the legislation of the Republic of Kazakhstan concerning valuation activities, or of a foreign state under a contract between an appraiser and such third party or such bank;

there is a documentary evidence of the impossibility to apply to a law enforcement agency or foreign state court due to the lack of:

an agreement on legal assistance in criminal and (or) civil matters between the Republic of Kazakhstan and such foreign state;

the original agreement certifying the credit (loan) issue;

a part of debt is forgiven to the debtor being a non-resident as of the forgiveness date, which part shall be determined as a difference between the credit (loan) debt amount and the market value of the bank's right of claim specified in part two of this paragraph as indicated in a report on the appraisal carried out in accordance with the legislation of the Republic of Kazakhstan concerning valuation activities, or of a foreign state under a contract between an appraiser and such third party or such bank in case if:

there is an amendment to the agreement, under which the credit (loan) was issued, signed by the debtor and providing for the forgiveness of a part of debt subject to redemption of the remaining part of debt (hereinafter – the remaining debt);

the bank specified in part two of this paragraph:

recognized the income from reducing the provisions (reserves) created in the amount of the remaining debt pursuant to paragraph 1 of Article 90 of this Code;

failed to adjust the income amount as stipulated by Articles 131 and 132 of this Code;

the amount of expenses related to provisions (reserves) against the remaining debt created after the forgiveness of a part of debt was not recognized as deductions;

5) there is information on the credit (loan) debt amount available at the credit bureau and provided by the bank pursuant to the legislation of the Republic of Kazakhstan concerning credit bureaus and formation of credit histories;

6) there is a source accounting document with respect to a credit (loan), based on which the provisions (reserves) have been created against such credit (loan) and recognized as deductions pursuant to paragraph 1 of Article 106 of this Code;

7) there is information with respect to a credit (loan) available in the credit register and provided by the bank to the National Bank of the Republic of Kazakhstan in the procedure established by the legislation of the Republic of Kazakhstan.

Furthermore, the list of credit (loan) debtors subject to debt forgiveness shall include the following data with respect to each credit (loan):

1) credit history number;

2) credit (loan) issue date;

3) name, surname, patronymic (if any) and (or) company name of a borrower (co-borrower);

4) maximum amount of debt subject to forgiveness broken down by interest accrued after December 31, 2012 and principal debt.

The provisions of this paragraph shall not extend to credits (loans) issued to a bank employee, a spouse or close relatives of a bank employee.

3. Income from reducing insurance reserves created by an insurance (reinsurance) organization shall be a negative difference between the amount of insurance reserves previously recognized as deductions and created in accordance with the legislation of the Republic of Kazakhstan concerning insurance and insurance activities for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses as of the end of the reporting tax period, and the amount of such reserves as of the end of the previous tax period.

Article 91. Income From the Assignment of a Right of Claim

Unless otherwise provided in this Article, the following shall be deemed income from the assignment of a right of claim:

1) for a taxpayer acquiring a right of claim – a positive difference between the amount to be received from the debtor under the principal debt claim, including the amounts in excess of the principal debt as at the date of assignment of the right of claim, and the acquisition cost of the right of claim;

2) for a taxpayer assigning a right of claim – a positive difference between the value of the right of claim, based on which the assignment has been implemented, and the value of the claim to be received from the debtor as at the date of assignment of the right of claim pursuant to the source documents of the taxpayer.

Income from the assignment of a right of claim shall be recognized in the tax period, in which the right of claim was assigned.

For a subsidiary acquiring doubtful and bad assets of the parent bank, a positive difference between the amount actually paid by the debtor, and the acquisition cost of the right of claim shall be deemed income from the assignment of a right of claim with respect to credits (loans) recognized as doubtful and bad assets.

Article 92. Income From Disposals of Fixed Assets

Where the value of disposed fixed assets of a subgroup (of the group I) or a group (groups II, III, IV), determined in accordance with Article 119 of this Code, exceeds the value balance of the subgroup (of group I) or of a group (groups II, III and IV) as at the beginning of the tax period subject to the value of the fixed assets received in the tax period, as well as follow-up expenses incurred in a tax period and accounted in accordance with paragraph 3 of Article 122 of this Code, the value of an excess shall be subject to inclusion into the aggregate annual income. The value balance of a given subgroup (of group I) or of a group (groups II, III and IV) at the end of a tax period shall be equal to a zero.

Income from disposal of fixed assets shall be recognized in the tax period in which such assets were disposed of in accordance with Article 119 of this Code.

Article 93. Income From Adjustment of Expenditures for Geological Studies and Operations Preparatory to Production of Natural Resources, and Other Costs of Subsurface Users

Where the amount of income which in accordance with Article 11 of this Code adjust the costs which form a separate group, exceeds the amount of the latter at the beginning of the tax period subject to costs incurred in the tax period, the amount of such excess shall be subject to inclusion into the aggregate annual income. The size of a given group as at the end of the tax period shall be equal to zero.

Article 94. Income from the Amount of Contributions to the Fund of Liquidation of Deposit Development Consequences in Excess of the Amount of the Actual Costs Incurred for Liquidation of Deposit Development Consequences

If the expenses incurred by a subsoil user in connection with liquidation of consequences of development of deposits throughout the period of the subsoil use contract validity out of the funds for liquidation of consequences of deposits, formed over the entire period of subsoil use contract validity are less than the contributions made to the specified fund, the difference shall be included into the aggregate annual income for the tax period in which the subsoil use contract validity expires.

In that case the difference to be included into the aggregate annual income shall be reduced by the amount of the adjustment of the aggregate annual income made by the subsoil user throughout the period of the subsoil use contract validity in accordance with Article 107 of this Code due to improper use by the subsoil user of the liquidation funds.

Article 95. Compensations Received in Relation to Previously Made Deductions

1. The following shall be referred to income received in the form of compensation with regard to deductions made previously:

1) amounts of claims recognised as doubtful which were previously referred to deductions and compensated in subsequent tax periods;

2) amounts received from the state budget funds to cover costs (expenditures);

3) amounts of compensation of damage paid by an insurance organization or a person who inflicted damage, except for insurance compensation indicated in Article 119 of this Code;

4) other compensations received in respect of compensation of costs which were previously referred to deductions.

The received compensation shall be considered as the income of that tax period in which it was received.

1-1. In the event that an individual compensates for the training expenses to which the taxpayer applied subparagraph 3) of paragraph 1 of Article 133 of this Code, the amount of such compensation shall be included into the taxpayer's aggregate annual income to the extent of such expenses attributed to reduction of the taxable income of previous tax periods, provided that the individual compensated for such expenses during the period including the tax period in which the individual completed the training (employment contract was terminated before the expiry of tree year period from the date of signing thereof), and subsequent tax period.

2. The amount of insurance premiums which are subject to refund or refunded by an insurance organization to the insurant in accordance with the civil legislation of the Republic of Kazakhstan under agreements of non-accumulation insurance, and which were previously referred by the insurant to deductions, shall be treated as the total annual income of that tax period in which they were subject to refund or were refunded to the insurant.

Article 96. Assets Received Free of Charge

Unless otherwise specified by this Code the value of any assets, as well as work and services received by a taxpayer free of charge, shall constitute his income.

The value of the assets received free of charge, including work and services, shall be determined on the basis of accounting data in accordance with the international standards of the financial reporting and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting.

Income in the form of donated assets, including works and services, shall be recognized in the tax period in which such property was received, the works performed, and the services provided.

The value of assets, including work, services, received in accordance with paragraph 11 of Article 100 of this Code shall not recognized as assets received free of charge.

Article 97. Income Received from Operation of Social Sphere Facilities

1. Assets owned by a taxpayer under the right of ownership and used in the carrying out the types of activity specified by this Article shall be referred to facilities of social sphere.

2. The aggregate annual income of a taxpayer shall include the excess of income subject to be received (received) over the actually incurred costs in the operation of facilities of social sphere used in the performance of the following types of activity:

1) medical activity;

2) activity in the sphere of primary education, basic secondary education, general secondary education, technical and vocational education, after-secondary education, higher education and after-higher education; additional education;

3) activity in the sphere of science, physical culture and sport, culture, rendering of services on the preservation of historical and cultural heritage, archive valuables;

4) activity on the organization of rest of employees, members of their families, employees and members of families of mutually related parties, and also operation of objects of housing stock.

3. Income received in the operation of facilities of social sphere used in the performance of the activity on the organization of public catering of employees, pre-school upbringing and education, social protection and social security of children, the aged and disabled shall be subject to inclusion into the aggregate annual income.

Article 98. Income from Selling an Enterprise as a Property Complex

1. Income from sale of an enterprise as a property complex shall be determined as the positive difference between the value of realization under a contract of purchase and sale of the enterprise as a property complex and the balance-sheet value of the transferred assets decreased by the balance-sheet value of transferred obligations, according to the date of bookkeeping on the data of realization.

2. Loss from the sale of an enterprise as a property complex shall be determined as the negative difference between the value of realization under a contract of purchase and sale of the enterprise as a property complex and the balance-sheet value of the transferred assets decreased by the balance-sheet value of transferred obligations, according to the date of bookkeeping on the data of realization.

Carrying forward of loss from the sale of an enterprise as a property complex shall be made in accordance with the procedure established by Article 137 of this Code.

Article 99. Adjustment of Aggregate Annual Income

1. The following shall be excluded from the aggregate annual income of taxpayers:

1) dividends other than:

those paid out by closed mutual funds for high-risk investments and joint-stock investment funds for high-risk investments, unless otherwise provided for in subparagraph 1-1) of this paragraph;

those paid out by a legal entity executing a 100-percent reduction in corporate income tax assessed as per Article 139 of this Code (except for organizations implementing a priority investment project under an investment contract made in accordance with the legislation of the Republic of Kazakhstan concerning investment), where such dividends have been accrued for the period being part of the tax period, in which such reduction was executed;

1-1) dividends paid out by joint-stock investment funds for high-risk investments provided that all the following conditions are complied with:

by the date of accrual of dividends the taxpayer has been holding shares or participatory interest in such joint-stock investment fund for high-risk investments for more than three years;

participation of the national development institute in the area of technology development in the authorized capital of such joint-stock investment fund for high-risk investments is more than twenty five per cent;

2) amount of obligatory calendar, additional and emergency deposits of banks received by an organization which carries out obligatory guaranteeing of deposits of physical persons;

3) amount of obligatory, additional and emergency deposits of insurance organizations received by the Fund of guaranteeing of insurance compensations;

4) amount of money received by an organization which carries out obligatory guaranteeing of deposits of physical persons and the Fund of guaranteeing of insurance compensation in the procedure of satisfaction under compensated deposits and carried out guaranteeing and compensation payments;

5) investment income received in accordance with the legislation of the Republic of Kazakhstan concerning pension support and sent into individual pension accounts;

6) investment income received in accordance with the Republic of Kazakhstan legislation on obligatory social insurance and aimed at the increasing of assets of the State Fund for Social Insurance;

7) investment income received by joint-stock investment funds from investment operations in accordance with the legislation of the Republic of Kazakhstan concerning investment funds and recorded by the custodian of the joint-stock investment fund;

8) income from the assignment of the right of claim received by a special financial company under a securitization transaction in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization;

9) net income from property trust management received (subject to be received) by the founder of trust management under a contract of property trust management or by beneficiary in other cases of arising of trust management;

10) amount of annual obligatory contributions received by the fund of guaranteeing the implementation of obligations under cotton receipts from grain-collecting organizations;

11) amount of annual obligatory contributions received by the fund of guaranteeing the implementation of obligations under grain receipts from grain-collecting organizations;

12) amount of money received by the fund of guaranteeing the implementation of obligations under cotton (grain) receipts in the procedure of satisfaction of claims under the performed guarantee payments;

13) income received by the Islamic bank in the course of cash management, received in the form of investment deposits, sent into accounts of depositors of such investment deposits and kept on such accounts. Such income shall not include remuneration of the Islamic bank;

14) income from reassignment of claim rights, received by Islamic special financial company, established in accordance with the legislation of the Republic of Kazakhstan on security market;

14-1) – 14-2) {~}.

14-3) income of a legal entity, as defined by the Government of the Republic of Kazakhstan, from the assignment of the right of claim gained in connection with the purchase from the bank being a national development institute, the controlling interest in which is owned by the national management holding, of the rights of claim with respect to credits (loans).

This subparagraph shall be applied where the decision of the management body of the bank being a national development institute, the controlling interest in which is owned by the national management holding, on the assignment of the rights of claim with respect to such credit (loan) is available;

15) income from sales, which is received (receivable) at the expense of grant funds within the framework of an intergovernmental agreement, to which the Republic of Kazakhstan is the party, and which is aimed to support (render assistance to) low-income groups in the Republic of Kazakhstan, by a non-resident legal entity carrying out business in the Republic of Kazakhstan through the permanent establishment;

16) investment income of the organization performing obligatory guaranteeing of retail deposits, which were earned from investing the special reserve assets and which were aimed at its increase.

The income from performance of the activities provided for by the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity included in the total annual income of such organization and transferred to the bank which has assigned the rights of claim with respect to doubtful and bad assets shall be excluded from the total annual income of the bank subsidiary acquiring doubtful and bad assets of the parent bank.

In that case the income receivable shall be attributed to the income from performance of the activities provided for by the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity in accordance with the procedure established by the National Bank of the Republic of Kazakhstan in consultation with the authorized body.

The income from assignment of the rights of claim received in connection with buyout from the organization which specializes in improvement of quality of loan portfolios of second-tier banks of the rights of claim under credits (loans) which have been previously assigned to such organization in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan shall be excluded from the total annual income of the bank. (For the period from 1 January 2012 to 1 January 2018 Article 99 paragraph 1 parts two, three, and four to read as follows.)

2. In the case of a transition to a different method for valuation of inventories than that which was used by the taxpayer in the previous tax period, the aggregate annual income of the taxpayer shall be subject to increase by the amount of the positive difference and reduction by the amount of the negative difference received as a result of using the new method of valuation.

The transition to a different method of valuation of inventories shall be carried out by the taxpayer from the beginning of the tax period.

§ 2. Deductions

Article 100. Deductions

1. The expenditures of a taxpayer connected with the performance of the activities aimed at earning of income shall be subject to deduction when determining the taxable income, except for the costs which are not subject to deduction in accordance with this Code.

2. In cases as specified by this Code the amount of costs referred to deductions shall not exceed the established norms.

3. Deductions shall be made by the taxpayer in the availability of documents confirming the costs connected to his activity aimed at earning of income. These costs shall be subject to deduction in that tax period in which they were actually incurred, except for the costs of future periods, to be determined in accordance with the international standards of the financial reporting and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting.

Expenditures of future periods shall be subject to deduction in that tax period to which they refer.

4. Losses incurred by entities of natural monopoly shall be subject to deduction within the quotas as established by the legislation of the Republic of Kazakhstan.

5. In the event that same costs are provided for in several expenditure items, then said costs shall be deducted only once when computing the taxable income.

6. The awarded or recognised fines, penalties, forfeits connected to earning of the aggregate annual income shall be subject to deduction, unless otherwise established by Articles 103, 115 of this Code.

7. Interests on credits (loans) received on construction, assessed during a period of construction shall be included into the cost of the object of construction.

8. Referring to deductions of costs with respect to joint activity or its part in case of keeping the tax accounting by the authorized representative of the participants of the contract on joint activity shall be carried out on the basis of the data submitted by such representative.

9. Costs of a taxpayer for construction, acquisition of fixed assets and other cost of capital nature shall be referred to deductions in accordance with Articles 116-125 of this Code.

10. Costs incurred in the operation of items of social sphere indicated in paragraph 3 of Article 97 of this Code shall be subject to referring to deductions.

11. In case where the terms of a transaction provide for the issue by a taxpayer of the guarantee of quality of the sold goods, performed work, rendered services, the amount of actual costs of the taxpayer on the elimination of defects of sold goods, performed work, rendered goods made within the guarantee term established by the transaction shall be subject to referring to deductions in accordance with this Code.

12. Unless otherwise is stated in this Article, value added tax not subject to referring to offset under the data of the declaration of the value added tax, shall be accounted for within cost of goods, works, services purchased.

The value-added tax payer shall be entitled to deduct the value-added tax:

1) which is not subject to offset due to application of the proportional VAT deduction method in accordance with Articles 261 and 262 of this Code;

2) which shall be excluded from the tax credit in the event specified in Article 258 paragraph 1 subparagraph 1) of this Code, on the fixed assets, inventories, works, and services, used in performance of the activities for the purpose to gain income;

3) which shall be excluded from the tax credit in the event specified in Article 258 paragraph 1 subparagraph 7) of this Code, except when non-depreciable assets shall be transferred to the authorized capital.

The deductions provided for by subparagraph 1) of the second part of this paragraph shall be effected in the tax period of incurrence of the value-added tax which is not to be deducted at application of proportional method of deduction in accordance with Articles 261 and 262 of this Code.

The deductions provided for by subparagraphs 2) and 3) of the second part of this paragraph shall be effected in the tax period when the value-added tax shall be excluded from deductions.

The value-added tax to be excluded from the deductions in the cases specified in Article 258 paragraph 1 subparagraphs 1) and 7) on the non-depreciable assets shall be accounted of in accordance with Article 87 paragraph 4 of this Code.

In the event when a taxpayer of the corporate income tax is a subsurface user carrying out activity under the product sharing agreement (contract) as a member of a simple partnership (consortium) and fulfillment of tax obligations on value-added tax is imposed on the operator according to paragraph 3 of Article 271-1 of the Code, then value-added tax, which is provided with the second part of this paragraph, shall be deducted in the amount attributable to the share of the specified subsurface user according to the information specified in the value-added tax return of the operator.

13. Upon fulfillment of the requirements specified in paragraph 2 of Article 230 of this Code and de-registration of a taxpayer from the value added tax, the excess of the amount of value added tax referred to offset over the amount of the assessed value added tax formed on 1 January 2009, which was not offset against the forthcoming payments of value added tax, was not submitted for the refund under turnovers taxed at zero rate, shall be subject to deductions.

14. Deducted shall be the membership fees of entities of private entrepreneurship paid by a taxpayer to:

1) associations of entities of private entrepreneurship in accordance with the law of the Republic of Kazakhstan on private entrepreneurship within the amount of monthly assessment index as established by the law on the Republic's budget and effective as of 1 January of the relevant financial year per one employee, based on an average number of personnel per year;

2) National Chamber of Entrepreneurs of the Republic of Kazakhstan in the amount not exceeding the mandatory membership dues limit size established by the Government of the Republic of Kazakhstan.

14-1. Expenses of a taxpayer on accrued social assessments to the Fund for State Social Insurance in the amount determined by the legislation of the Republic of Kazakhstan shall be subject to deduction.

15. Unless otherwise specified by this Code, the costs arising in the bookkeeping in connection with the change of value of assets and/or obligations in the application of the international standards of the financial reporting and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting shall not be considered as costs.

16. Costs related to derivative financial instruments shall be considered in accordance with the provisions of this Code.

16-1. The cost of the goods transferred free of charge for advertising purposes (including that in form of donation) shall be recognized as deductions in the tax period in which the goods were transferred, provided that the per unit cost of such goods does not exceed a five-fold amount of the monthly assessment index established for the respective financial year by the law on the national budget in effect on the date of such transfer.

17. For the purpose of this Section in case where the trust manager by an act of the establishment of property trust management is entrusted with the fulfilment of tax obligation for the founder of property trust management or for the beneficiary, the costs of such trust manager shall include the costs of the founder of trust management under a property trust management contract or of the beneficiary in other cases of arising of trust management.

18. The taxpayer shall have a right to adjust deductions in accordance with Articles 131 and 132 of this Code. The deduction amount subject to adjustments, in accordance with Articles 131 and 132 of this Code, may have a negative value thereat.

Article 101. Deduction of Amounts of Compensation for Business Trips

The following shall qualify as compensation for business trips, subject to deduction:

1) expenses actually incurred on the outward and return journeys of the business trip, including any reservation expenses on the basis of documents confirming the expenses on journeys and reservation (including electronic ticket in the availability of a document confirming the fact of payment of their value);

2) expenses actually incurred for accommodation, including the payment for reservation on the basis of documents confirming the expenses on accommodation and reservation;

3) per diems for the time of being on a trip, in an amount as established by a decision of the taxpayer.

The period of being in a business trip shall be determined on the basis of:

Order or written direction of the employer on sending an employee to a business trip;

number of days of a business trip, based on the date of departure to the place of the business trip and the return date, indicated in the documents confirming the trip. In the absence of such documents the number of days of business trip shall be determined based on other documents confirming the date of departure to the place of business trip and/or date of return, as specified by the tax accounting policy of the taxpayer;

4) expenses incurred by the taxpayer in the execution of an entry visa (visa fee, costs of consular services, obligatory medical insurance) on the basis of documents confirming the costs of execution of entry visa (visa fee, costs of consular services, obligatory medical insurance).

Article 102. Deduction of Amounts of Entertainment Expenses

1. Entertainment expenses shall include the costs connected with reception and servicing of persons, including individuals who are not on the permanent staff of the taxpayer, incurred in connection with carrying out following events irrespective of the location thereof:

1) in order to establish and maintain collaboration;

2) in order to organize and/or hold meetings of the Board of Directors or other managing body of the taxpayer, other than executive bodies.

Entertainment expenses shall also include costs incurred in connection with:

1) transportation support for persons participating in entertainment events, except for the expenses attributed in accordance with subparagraph 1) of Article 101 of this Code to compensations in case of business travels;

2) meals for such participants during the entertainment events;

3) payment for services provided by entrepreneurs who are not on the staff of the organization;

4) rent and/or decoration of premises for entertainment events.

2. Expenses for accommodation of invited persons, procurement of visas for such persons, organization of leisure, entertainment, and rest, and the expenses that by virtue of this paragraph may not be attributed to expenses connected with transport servicing of the persons participating in the entertainment events shall not be considered entertainment expenses and shall not be deducted

The transport support related expenses shall not include expenses connected with travelling of participants of the entertainment event by railway, by sea, and by air.

3. Entertainment expenses nay be deducted on the basis of:

1) written order or written directive of the taxpayer concerning carrying out an entertainment event with specification of the purpose of the event and the persons in charge of this event;

2) budget of such event approved by the taxpayer;

3) report of persons in charge on the carried out entertainment event with specification of the date and venue, outcomes of the event, list of participants, schedule of activities, and actually incurred expenses;

4) primary and other documents confirming the grounds and fact of incurred entertainment expenses.

4. Entertainment expenses shall be deductible to the amount not exceeding 1% of the amount of the expenses incurred by the employer with respect to income of employees subject to tax as specified in paragraph 2 of Article 163 of this Code, for the tax period.

Article 103. Deduction of Interest

For the purposes of this Article, the following shall be recognized as interest:

1) interest as defined by Article 12 of this Code;

2) forfeit (penalty, fine) under a credit (loan) agreement between related parties;

3) payment for the guarantee to a related party.

1-1. Unless otherwise provided in this paragraph, the amount of interest to be recognized as deductions shall be defined on accrual basis in accordance with paragraph 2 of Article 57 of this Code.

Interest in the form of payments under obligations to a person entitled to create provisions (reserves) to be recognized as deductions in accordance with paragraphs 1, 1-1 and 3 of Article 106 of this Code shall be subject to deduction in the amount of interest actually paid:

1) in the reporting tax period within the amount of expenses recognized as expenses in the reporting tax period and (or) in tax periods preceding the reporting tax period;

2) in tax periods preceding the reporting tax period within the amount of expenses recognized as expenses in the reporting tax period.

2. The deduction of interest shall be carried out considering the provisions of paragraph 1-1 of this Article within the amount calculated using the following formula:

$$(A + E) + (AC/AO) \times (LC) \times (B + C + D), \text{ where:}$$

A is the amount of interest except for the amounts included into B, C, D, and E indices;

B is the amount of interest paid to a related party, except for the amounts included into E index;

C is the amount of interest paid to persons registered in a state with preferential taxation to be determined in accordance with Article 224 of this Code, except for the amounts included into B index;

D is the amount of interest paid to an independent party under loans extended under a deposit or secured guarantee, surety or other form of security of related parties in the case of implementation of a guarantee, surety or other form of security, except for the amounts included into C index;

E is the amount of interest for credits (loans) issued by a credit partnership established in the Republic of Kazakhstan;

LC is the limiting coefficient;

AC is the average annual amount of equity capital;

AO is the average annual amount of obligations.

When calculating the amounts of A, B, C, D, and E, interest for credits (loans) received for the construction and accrued during the period of construction shall be excluded.

For the purposes of this Article, an independent party shall be a party, which is not a related party.

3. For the purposes of paragraph 2 of this Article:

1) average annual amount of the equity capital shall be equal to the arithmetic average amount of the equity capital at the end of each month of the reporting tax period. Negative value of average annual amount the equity capital for the purpose of this Article is recognized to be zero;

2) average annual amount of the obligations shall be equal to the arithmetic average of the maximum amounts of liabilities in each month of the reporting tax period. In the calculation of the average annual amount of liabilities the following assessed liabilities shall not be taken into consideration:

on taxes, levies and other obligatory payments to the budget;

on salaries and other income of employees;

on income of future periods, except for income from related party;

on interests and commission fees;

on dividends;

3) the maximum coefficient for financial organisations shall be equal to 7, for other legal persons it shall be 4.

4. For the purposes of paragraph 2 of this Article the amount of equity capital of a permanent establishment of a non-resident legal person in the Republic of Kazakhstan shall be determined as the difference between the assets and obligations of such permanent establishment.

In this respect for the purpose of application of this paragraph the amount of equity capital of a permanent establishment of a non-resident legal person in the Republic of Kazakhstan shall be considered as if this permanent establishment were isolated and separate legal person and acted irrespective of the non-resident legal person, which permanent establishment it is.

Article 104. Deduction of Doubtful Obligations Paid

In the case where the doubtful obligations that had been previously recognised as income, have been paid by the taxpayer to the creditor, then a deduction shall be allowed in the amount of the payment so made. Such deduction shall be made within the limits of the amount previously referred to income in that tax period in which the payment was made.

The procedure for the referring to deductions specified by this Article, shall also apply in the case of payment of obligations that were previously recognised as income in accordance with Article 88 of this Code.

Article 105. Deduction of Doubtful Claims

1. Unless otherwise provided for by this paragraph, the claims arisen as a result of sale of goods, performance of works, provision of services to legal entities and individual entrepreneurs and non-resident legal entities operating in the Republic of Kazakhstan through a permanent establishment, branch or representative office, which have not been settled within three years upon origination thereof shall be recognized as doubtful. Doubtful claims shall also include claims arisen with respect to sold goods, performed works, provided services and not satisfied due to declaration of the debtor taxpayer as a bankrupt in accordance with the legislation of the Republic of Kazakhstan.

Doubtful claims shall not include claims of taxpayers who have the right to deduct costs of provisioning in accordance with paragraph 1 of Article 106 of this Code with respect to the following amounts accrued after December 31, 2012:

1) interests on deposits, including balances of the correspondent accounts with other banks;

2) interests on credits (other than financial lease) extended to other banks and customers;

3) accounts receivable with respect to documentary settlements and guarantees;

4) contingent liabilities with respect to unsecured letters of credit, issued or confirmed guarantees.

2. Claims which are recognised as doubtful in accordance with this Code shall be subject to deduction.

The referring by the taxpayer of doubtful claims to deductions shall be carried out if simultaneously the following conditions are met:

1) availability of documents confirming the emergence of a claim;

2) recording the claims in accounting at the moment of referring to deductions or referring such claims to costs (write-off) in accounting of previous periods.

3. Should a debtor be recognized as bankrupt, a copy of the court ruling on the completion of bankruptcy proceedings shall be additionally required beside the documents specified in paragraph 2 of this Article. If the above conditions are met, the taxpayer shall have the right to recognize the amount of doubtful claims as deductions at the end of the tax period, in which the court ruling on the completion of the bankruptcy proceedings came into legal force.

4. Doubtful claims shall be referred to deductions within the limits of the amount of previously recognized income from sales of goods, performance of work, and rendering of services.

Article 105-1. Deductions of Insurance (Reinsurance) Organisation

1. An insurance (reinsurance) organization shall have the right to recognize the following accrued expenses as deductions:

1) insurance payments under insurance (reinsurance) agreements;

2) cash surrender values and insurance premiums (contributions) (to be) refunded in accordance with the civil legislation of the Republic of Kazakhstan;

3) insurance premiums (contributions) (to be) paid to the reinsurer under reinsurance agreements;

4) expenses connected with creation of insurance reserves under insurance (reinsurance) agreements in accordance with paragraph 2 of Article 106 of this Code;

5) payments to insurance agents and insurance brokers under insurance (reinsurance) agreements;

6) other expenses of an insurance (reinsurance) organization connected with a profit-oriented activity.

2. The provisions of this Article shall not apply to the insurance (reinsurance) agreements under which the income in the form of insurance premiums has been fully recognized in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting before January 1, 2012.

3. For a cash value insurance (reinsurance), agreement or no cash value life insurance (reinsurance) agreement that has become effective before January 1, 2012 under which the income in the form of insurance contributions are recognized in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, including those after December 31, 2011:

1) The deduction of the expenses specified in subparagraphs 1) and 2) of paragraph 1 of this Article shall be determined according to the following formula:

Р * (А/Б), where:

Р – expenses (to be) paid in the accounting tax period;

А – insurance contributions (to be) received after December 31, 2011 up to the date of accrual of expenses in the accounting tax period;

Б – Insurance contributions (to be) received from the agreement effective date up to the date of accrual of the expenses in the accounting tax period;

2) the deduction of the expenses specified in subparagraph 3) of paragraph 1 of this Article shall not exceed the amount of the income in the form of insurance premium (contribution) recognized in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting since January 1, 2012.

Article 106. Deduction of Assessments to Reserve Funds

1. Unless otherwise provided in paragraph 2-1 of Article 90 of this Code, banks, except for a bank being a national institute for development with the controlling interest being owned by the national managing holding shall have the right to deduct the amount of the expenses connected with provisioning in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements and in accordance with the procedure established by the National Bank of the Republic of Kazakhstan upon consultation with the authorized body.

For the purpose of determining the amount of provisions (reserves), the value of the pledge or other collateral shall reduce the amount of the asset, contingent obligation, for which the provision (reserve) is being created, in cases and in the procedure stipulated by the provision (reserve) creation rules in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting approved by the National Bank of the Republic of Kazakhstan in consultation with the authorized body.

The procedure for assessment of the pledge and other collateral shall be established by the National Bank of the Republic of Kazakhstan upon consultation with the authorized agency.

This paragraph shall extend to the provisions (reserves) for the following assets and contingent liabilities, except for the assets and contingent liabilities provided in favour of related parties or to third parties under the obligations of related parties:

1) deposits including balances of correspondent accounts with other banks, and interests on such deposits accrued after December 31, 2012;

2) credits (except for finance lease) extended to other banks and customers, and interests on such credits accrued after December 31, 2012;

3) accounts receivable under documentary settlements and guarantees;

4) contingent liabilities under unsecured letters of credit, issued or confirmed guarantees.

1-1. Banks shall have the right to deduct the cost of provisioning for doubtful and bad assets provided to a bank subsidiary for purchase of the banks' rights of claim under credits (loans) extended before January 1, 2012 and recognized as doubtful and bad assets.

The list of issued permissions for establishment or acquisition of a subsidiary that acquires doubtful and bad assets of the parent bank shall be determined by the regulation of the National Bank of the Republic of Kazakhstan.

In that case the amount to be deducted shall be the amount of the expenses in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting concerning provisioning for doubtful or bad assets provided by a parent bank to its subsidiary for purchase of the rights of claim under credits (loans) recognized as doubtful and bad assets from the parent bank.

The procedure for attributing assets provided by banks to their subsidiaries for purchase of the rights of claim under credits (loans) recognized as doubtful and bad assets to the category of doubtful and bad, and the procedure for provisioning against the assets provided by parent banks to their subsidiaries shall be established by the National Bank of the Republic of Kazakhstan upon consultation with the authorized body.

Banks shall have no right to deduct the costs of provisions against doubtful and bad assets bought-out from an organization specializing in improvement of the quality of loan portfolio of second-tier banks with 100% of voting shares owned by the National Bank of the Republic of Kazakhstan.

1-2. Banks, other than a bank being a national institute for development in which the controlling interest is owned by the national managing holding, shall have the right to deduct the positive difference between the amount of dynamic provision defined at the end of the reporting tax period and the amount of the dynamic provision determined at the end of the preceding tax period.

The amount of the dynamic provision shall be determined as a difference between the amount of anticipated losses assessed in accordance with the procedure established by the National Bank of the Republic of Kazakhstan upon consultation with the authorized body, and the amount of the provisions (reserves) recognized as deductions in accordance with paragraph 1 of this Article.

1-3. Organizations engaged in certain types of banking operations on the basis of a license for banking borrowing operations shall have the right to deduct the cost of provisioning created in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements and in accordance with the procedure established by the National Bank of the Republic of Kazakhstan upon consultation with the authorized body, against credits (loans), except for:

1) financial lease;

2) credits (loans) extended in favour of related parties or to third parties under obligations of related parties.

For the purpose of determining the amount of provisions (reserves), the value of the pledge or other collateral shall reduce the amount of the asset, contingent obligation, for which the provision (reserve) is being created, in cases and in the procedure stipulated by the provision (reserve) creation rules in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting approved by the National Bank of the Republic of Kazakhstan in consultation with the authorized body.

The procedure for assessment of the pledge and other collateral shall be determined by the National Bank of the Republic of Kazakhstan upon consultation with the authorized body.

2. Insurance (reinsurance) organizations shall have the right to deduct the amount of expenses related to creating insurance reserves for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses in the amount defined as a positive difference between the amount of insurance reserves created in accordance with the legislation of the Republic of Kazakhstan concerning insurance and insurance activities for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses as of the end of the reporting tax period, and the amount of such reserves as of the end of the previous tax period.

The provisions of this paragraph shall not apply to insurance and reinsurance agreements, under which the income in the form of insurance premiums, pursuant to international accounting standards and the requirements of the law of the Republic of Kazakhstan "On Accounting and Financial Reporting", shall be recognized in full till January 1, 2012.

3. Microfinance organizations shall have the right to deduct the amounts of the expenses connected with creation of provisions (reserves) against doubtful or bad assets under extended microcredits, except for the assets extended to an affiliated party or third persons under the affiliated party's obligations.

The procedure for recognition of assets under extended microcredits as doubtful or bad, and the procedure for creation provisions (reserves) against them shall be determined by the National Bank of the Republic of Kazakhstan upon consultation with the competent authority.

4. National controlling holding company, as well as legal persons, whose main activity is carrying out borrowing or repurchase of claim rights and in which 100 per cent of voting shares (participatory interest) are held by a national controlling holding company:shall have the right to deduct amounts of expenditures used to create provisions (reserves) against the following doubtful and bad assets, contingent obligations, except for the assets and contingent obligations granted in favour of affiliated entities or to third parties under the obligations of affiliated entities (except for assets and contingent obligations of credit partnerships):

deposits, including balances in correspondent accounts placed with banks;

credits (except for finance lease), extended to banks and clients;

amounts receivable on documentary settlements and guarantees;

contingent obligations on uncovered letters of credit, guarantees issued or confirmed.

The amount of the expenditures connected with provisioning (reserves) shall be deducted to the extent of the amount of provisions (reserves) created in accordance with the procedure approved by the Government of the Republic of Kazakhstan.

The list of legal entities specified in this paragraph and the procedure for generation of such list shall be approved by the Government of the Republic of Kazakhstan.

Provisions of this paragraph shall not apply to the taxpayers specified in paragraphs 1, 2 and 3 of this Article.

Article 106-1. Deduction Due to Attrition of Reinsurance Assets

Insurance (reinsurance) organisations shall be entitled to recognize as deductions the amount of reduction in reinsurance assets for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses, which have been previously recognized as income in accordance with Article 89-1 of this Code in the amount defined as a negative difference between the amount of reinsurance assets created in accordance with the legislation of the Republic of Kazakhstan concerning insurance and insurance activities for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses as of the end of the reporting tax period and the amount of such assets as of the end of the previous tax period.

Article 107. Deduction of Costs Associated with Liquidation of Consequences of Developing Mineral Deposits and Amounts of Assessments to the Liquidation Funds

1. A subsurface user who carries out activities on the basis of a subsurface use contract concluded in the procedure as established by the legislation of the Republic of Kazakhstan shall be entitled to deduct the amounts of assessments to the liquidation fund from the aggregate annual income. The indicated deduction shall be allowed in the amount of the assessment actually made by the taxpayer for the tax period to a special escrow account in any bank in the territory of the Republic of Kazakhstan.

The amounts of, and the procedure for, the assessments to the liquidation fund shall be specified in a subsoil use contract.

In case where the authorized state body on matters of subsurface use establishes the fact of the non-targeted use by the subsurface user of the funds of liquidation fund, the amount of the funds of non-targeted use shall be subject to inclusion to the aggregate annual income of the taxpayer of that tax period in which it was admitted or found out and not eliminated in case where the period of limitation as established by Article 46 of this Code was exceeded.

2. Expenditures of a subsoil user actually incurred during the tax period for liquidation of consequences of developing mineral deposits shall be referred to deductions in that tax period in which they were incurred, except for expenditures made at the expense of the funds of liquidation fund placed in a special deposit account.

3. A taxpayer shall have the right to deduct from the aggregate annual income the amounts of assessments to the liquidation fund of waste dumps, transferred to a special deposit account in any bank of the second tier in the territory of the Republic of Kazakhstan.

The amount of, and the procedure for, the assessments to the liquidation fund of waste dumps and also the procedure for the use of the fund shall be established in accordance with the legislation of the Republic of Kazakhstan.

In case where the state body authorized for these purposes establishes the fact of the non-targeted use by the subsurface user of the funds of liquidation fund of waste dumps, the amount of the funds of non-targeted use shall be subject to inclusion to the aggregate annual income of the taxpayer of that tax period in which it was admitted.

Article 108. Deduction of Costs Associated with Scientific Research and Development Operations

Costs associated with scientific research and development operations, except for costs associated with the purchase of fixed assets, their installation and other capital costs, shall be referred to deductions. The technical assignment for scientific research and development operations, and acts of acceptance of the completed stages of such work shall be a ground for referring such costs to deductions.

Article 108-1. Deduction of Subsurface User Costs Associated with Transferring Money to the Autonomous Cluster Fund ***(from 01.01.2015)***

Costs actually incurred by a subsurface user for transferring money to the autonomous cluster fund to finance the scientific research and development pursuant to the legislation of the Republic of Kazakhstan concerning subsurface and subsurface use shall be recognized as deductions within the limit as follows: the amount calculated as one percent of the total annual income from contract operations minus costs recognized as deductions in accordance with Article 108 of this Code.

> ***Article 108-1. Deduction of Subsurface User Costs Associated with Transferring Money to the Autonomous Cluster Fund (from 01.06.2015)***
>
> ***A subsurface user shall be entitled to recognize costs actually incurred for transferring money to the autonomous cluster fund to finance projects of the participants of the Park of Innovation Technologies innovation cluster pursuant to the legislation of the Republic of Kazakhstan concerning subsurface and subsurface use as deductions within the amount of a positive difference calculated as follows:***
>
> ***the actual amount of such costs not exceeding one percent of the total annual income from contract operations by results of the tax period preceding the reporting tax period***
>
> ***minus***
>
> ***costs recognized as deductions in accordance with Article 108 of this Code.***

Article 109. Deduction of Costs Associated with Insurance Premiums

1. Insurance premium payments to be paid or paid by the insurant under insurance agreements shall be subject to deduction, except for insurance premium payments under accumulative insurance agreements.

2. The banks that are members of the system of obligatory guaranteeing of deposits of natural persons shall have the right to deduct the amounts of obligatory calendar, additional, and extraordinary contributions transferred in connection with guaranteeing deposits of natural persons.

3. Insurance, reinsurance organizations that are members of the system of guaranteeing of insurance compensations shall have the right to deduct the amounts of obligatory, additional and extraordinary contributions transferred in connection with guaranteeing insurance compensation.

4. Cotton processing organizations that are members of the system of guaranteeing of implementation of obligations under cotton receipts shall have the right to deduct the amounts of annual obligatory contributions transferred in connection with guaranteeing the implementation of obligations under cotton receipts.

5. Grain-collecting stations that are members of the system of guaranteeing of implementation of obligations under grain receipts shall have the right to deduct the amounts of annual obligatory contributions transferred in connection with guaranteeing the implementation of obligations under grain receipts.

Article 110. Deduction of Costs Associated with Work Remuneration of Employees and Other Payments to Natural Persons

1. Expenses of the employer with respect to the employee's assessed income subject to taxation, stated in paragraph 2 of Article 163 of this Code (including the employer’s expenses associated with worker’s income specified in subparagraphs 18), 19), 20) and 21) of paragraph 1 of Article 192 of this Code) shall be subject to deduction, excepting the expenses which:

1) to be included into the historical cost:

Fixed assets;

Objects of preferences;

Non-depreciable assets;

2) to be included into the production cost of the inventories;

3) to be recognized as subsequent expenditures in accordance with paragraph 3 of Article 122 of this Code.

The income of the employee in the form of expenses of the employer directed in accordance with the legislation of the Republic of Kazakhstan on training, professional improvement, re-training of the employee under speciality related to the production activity of the employer.

2. Expenses of the taxpayer in the form of payments to natural persons as defined in subparagraphs 2), 3), 7), 9)-12), 14), and 17) of paragraph 3 of Article 155 of this Code shall be subject to deduction.

3. Obligatory professional pension contributions paid by the taxpayer under pension regulations of the uniform accumulative pension fund shall be subject to deduction within the limits as established by the legislation of the Republic of Kazakhstan on pension support.

Article 111. Deductions Associated with Geological Prospecting Costs and Work Preparatory to Production of Useful Minerals and Other Deductions of Subsurface Users

1. Costs actually incurred by a subsoil user prior to the start of production after commercial discovery, for geological study, exploration, and preparatory operations for the extraction of minerals, including costs of evaluation, construction of field facilities, general administrative costs, amounts of paid subscription bonus and commercial discovery bonus, costs associated with acquisition and/or creation of fixed and intangible assets, except for the assets specified in subparagraphs 1-1), 2)-5), 7) – 11), 11-1), 12), and 13) of paragraph 2 of Article 116 of this Code, and other costs subject to deduction in accordance with this Code, shall form a separate group of depreciable assets. For this purpose the costs specified in this paragraph shall include:

1) costs connected with acquisition and/or creation of fixed and intangible assets, except for the assets specified in subparagraphs 1-1), 2) – 5), 7) – 11), 11-1), 12), and 13) of paragraph 2 of Article 116 of this Code. Such costs shall include the expenditures that are included into the original cost of such assets in accordance with paragraph 2 Article 118 of this Code, and subsequent expenditures on such assets incurred in accordance with Article 122 of this Code;

2) other costs. For this purpose, in the cases provided for by this Code, the amount of the expenditures specified in this subparagraph attributed to a separate group of depreciable assets should not exceed the established norms for recognition of such expenditures as deductions for the purpose of corporate income tax.

1-1. The costs specified in paragraph 1 of this Article, shall be deducted from the aggregate annual income in the form of amortization charges from the commencement of the production after commercial discovery of mineral resources. The amount of the amortization charges shall be calculated by application of depreciation rate to be determined at discretion of the subsoil user but not exceeding 25%, to the amount of accrued expenditures for the group of depreciable assets provided for by this paragraph as at the end of the tax period.

The specified procedure shall be also applied when a subsoil user operates under a mineral extraction contract concluded on the basis of discovery and evaluation of the deposit within the contract for exploration. The amount of the accrued expenditures for the group of depreciable assets as at the end of the last tax period under such exploration contract shall be deducted from the aggregate annual income in the form of amortization charges within the specified extraction contract.

In the event of completion of subsoil use operations within a separate contract for extraction or concurrent exploration and production provided that the subsoil user has completed the subsoil use operations after commencement of the production after commercial discovery established by this Article, the value balance of the group of depreciable assets as on the end of the last tax period shall be subject to deduction.

For the purpose of this Article and Article 111-1 of this Code the production after commercial discovery shall mean:

1) the first production of mineral resources after approval of resources by the specially authorized governmental agency of the Republic of Kazakhstan for contracts for exploration, and concurrent exploration and production with non-approved mineral reserves;

2) the first production of mineral resources after conclusion of such contracts, if such operations have been provided for by the contract work program and agreed upon by the authorized governmental agency for subsoil exploration and use – for contracts for concurrent exploration and production for which the reserves of mineral resources are registered in the State Reserve Register and confirmed by expert opinion of the specially authorized governmental agency, including the reserves requiring additional geological studying and economic-geological reevaluation.

1-2. If a well is abandoned due to the fact that no commercial hydrocarbon crude inflow was obtained at the time of the well testing (for the purpose of this paragraph hereinafter referred to as the “non-productive well”) in accordance with the legislation of the Republic of Kazakhstan concerning mineral resources and subsoil use, the costs actually incurred in connection with the construction and abandonment of such well shall be recognized as deductions as follows:

1) costs connected with the construction and/or abandonment of a non-producing well or a part of such costs incurred before the first production after commercial discovery shall be subject to deduction in accordance with the procedure established by paragraph 1 of this Article;

2) costs connected with the construction and/or abandonment of a non-producing well or a part of such costs incurred after the first production after commercial discovery shall be recognized as deductions in the tax period in which such well was abandoned.

For this purpose the costs connected with the construction and/or liquidation of a non-producing well incurred before the first production after commercial discovery shall not be excluded from the separate group of depreciable assets formed in accordance with paragraph 1 of this Article.

2. Expenses indicated in paragraph 1 of this Article shall be decreased by the amount of the following income of the subsoil user under the activity carried out within the framework of the executed subsoil use contract:

1) income received during a period of the geological studies and preparatory operations to production, excepting income subject to be excluded from the aggregate annual income in accordance with Article 99 of this Code;

2) income received from the selling of useful minerals produced prior to the start of production after a commercial discovery;

3) received from the sale of the subsoil use right or a part thereof.

3. The procedure established by paragraph 1 of this Article shall also apply to the costs of the purchase of intangible assets, incurred by a taxpayer in connection with the purchase of subsoil use right.

Article 111-1. Deductions with regard to the costs of preparatory work for the production of uranium by in-situ leaching after the start of production after the commercial discovery

1. The expenses for preparation of operating units (areas) for uranium production by in-situ leaching which have been actually incurred by a subsoil user since the start of production after the commercial discovery, form a separate group of depreciable assets. The list of such expenses is set out by the subsoil use contract.

2. The expenses referred to in paragraph 1 of this Article shall be deducted from the total annual income in the form of depreciation deduction since the start of production after the commercial discovery of mineral resources. The amount of depreciation is determined by the following formula:

$$S = \frac{C1 + C2}{V1 + V2} * V3, \text{ where:}$$

S – amount of depreciation;

C1 – the cost of a particular group of depreciable assets at the beginning of the tax period;

C2 – the costs referred to in paragraph 1 of this Article for the preparatory work for production incurred in the current tax period;

V1 – the physical volume of uranium ready for mining at the beginning of the tax period;

V2 – the physical volume of uranium reserves, in respect of which all the preparatory work for production are completed in the tax period;

V3 – the physical volume of depleted uranium for the tax period.

For the tax period in 2009 the value of an individual group of depreciable assets at the beginning of the tax period shall be considered the amount of accumulated costs to prepare for the production of uranium, as determined in accordance with paragraph 1 of this Article as of 1 January 2009.

In subsequent tax years after 2009, the value of a particular group of depreciable assets at the beginning of the tax period shall be the value of a specified group of assets at the end of the previous fiscal period as determined in the following manner:

the cost of a particular group of depreciable assets at the beginning of the tax period

plus

the costs referred to in paragraph 1 of this Article for the preparatory work for the production carried out in the current tax period,

minus

amount of depreciation for the tax period.

For the tax period in 2009 the physical volume of the uranium ready for mining at the beginning of the tax period shall be the physical volume of the uranium ready for mining as of 1 January 2009.

In subsequent tax periods after 2009, the volume of the uranium reserves ready for mining at the beginning of the tax period shall be the physical volume of the reserves ready for mining at the end of the previous fiscal period as determined in the following manner:

the physical volume of uranium ready for mining at the beginning of the tax period

plus

the physical volume of uranium reserves, in respect of which all the preparatory work for production was completed in the tax period,

minus

the volume of depleted uranium during the tax period.

In case of completion of the subsoil management activities under a separate contract for production or combined exploration and production on the condition that the subsoil user has completed the subsoil use activities after the start of production after the commercial discovery, the cost of a particular group of depreciable assets at the end of the tax period shall be subject to deduction in the tax period in which such activities are completed.

Article 112. Deduction of Subsurface User Costs for Training Kazakhstan Personnel and Development of Social Sphere of Regions

1. The expenses actually incurred by a subsoil user for training of Kazakhstan personnel and development of social sphere of regions shall be referred to deductions within the limits of amounts as established b a subsoil use contract.

2. The expenses indicated in paragraph 1 of this Article actually incurred by a subsoil user prior to the start of production after a commercial discovery shall be referred to deductions in the procedure as established in Article 111 of this Code within the limits of amounts as established b a subsoil use contract.

3. For the purpose of this Article the expenses actually incurred by a subsoil user:

1) amounts directed towards training, advance training and re-training of nationals of the Republic of Kazakhstan as well as funds transferred for these purposes to the state budget shall be recognized as the amounts used for training Kazakhstan personnel;

2) expenses on the development and maintenance of objects of social infrastructure of a region, as well as funds transferred for these purposes to the state budge shall be recognized as the amounts used for the development of social sphere of a region.

Article 113. Deduction of an Excess Amounts of Negative Exchange Difference Over Amounts of Positive Exchange Difference

In case where the amount of a negative exchange difference exceeds the amount of a positive exchange difference, the amount of difference shall be subject to deduction.

The amount of exchange difference shall be determined in accordance with the international standards of financial reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting.

Article 114. Deduction of Taxes and Other Compulsory Payments to the Budget

1. Unless otherwise is provided for by this Article, the taxes and other compulsory payments to the budget which are subject to deduction in the reporting tax period shall be the taxes and other compulsory payments to the budget paid to the budget of the Republic of Kazakhstan or other state:

1) during the reporting tax period to the extent of those accrued and/or assessed for the reporting tax period and/or the tax periods preceding the reporting tax period;

2) during the tax periods preceding the reporting tax period to the extent of those accrued and/or assessed for the reporting tax period.

In that case the paid taxes and other compulsory payments to the budget shall be determined subject to offset in accordance with the procedure established by Articles 599 and 601 of this Code.

The taxes and other compulsory payments to the budget shall be assessed and accrued in accordance with the tax legislation of the Republic of Kazakhstan or other state (for the taxes and other compulsory payments paid to the budget of other state).

2. Deduction is not applied to:

1) taxes excluded before determination of the aggregate annual income;

2) corporate income tax and taxes on incomes of legal entities which have been paid in the territory of the Republic of Kazakhstan and in other states;

3) taxes which have been paid in countries with preferential tax treatment;

4) taxes on excess profit.

Article 115. Non-Deductible Costs

The following shall not be subject to deduction:

1) expenses not connected with the activity aimed at the earning of income;

2) costs associated with transactions with a taxpayer recognized as false business based on the effective court sentence or ruling, incurred from the date of beginning of the criminal activity found by the court, except for costs associated with transactions with taxpayers not specified in the court sentence or ruling, or recognized valid by the court in the civil procedure;

3) costs associated with transactions with a taxpayer recognized as inoperative in the procedure as defined by Article 579 of this Code, incurred from the date of delivery of an order on the recognition of such taxpayer as inoperative;

4) costs associated with a deal (transaction), under which an action (actions) on issuing an invoice and (or) any other document was recognized by court as committed by a private business entity without any actual performance of work, rendering of services, or shipment of goods;

4-1) costs associated with a transaction recognized invalid on the basis of the effective court decision.

5) forfeits (penalties, fines) which are to be paid (paid) to the state budget, except for forfeits (penalties, fines) payable (paid) to the state budget under state procurement agreements;

6) amount of excess of costs, for which this Code establishes rates for referring to deductions, over the limiting amount of deduction assessed with the application of the indicated rates;

7) amount of taxes and other obligatory payments to the budget computed (assessed) and paid to the budget in excess of the amounts established by legislation of the Republic of Kazakhstan or other state (for taxes and other obligatory payments made to the budged of other state);

8) expenses associated with acquisition, production, construction, assembly, installation and other expenses, as specified by paragraph 2 of Article 97 of this Code, and also costs of their operation;

9) value of assets given by a taxpayer on a charge-free basis, unless otherwise specified by this Code. Value of work performed, services rendered charge free, shall be computed in an amount of costs incurred in connection with such performance of work, rendering of services;

10) excess of the amount of value added tax to be referred to offset over the amount of the assessed value added tax for the tax period which arise with the taxpayer who applies Article 267 of this Code;

11) assessments to reserve funds, except for deductions specified by Articles 106 and 107 of this Code;

12) value of the inventory transferred under a contract for purchase-and-sale of an enterprise as going concern;

13) the amount of additional payment made by a subsoil user who performs the activity under a production sharing agreement;

14) costs of the taxpayer to be included in accordance with Article 87 of this Code into the historic cost of the assets which are not subject to depreciation.

***** A bank subsidiary acquiring doubtful and bad assets of the parent bank shall not have the right to attribute to deduction the expenditures:

in the form of money received by such organization in accordance with the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity and transferred to the bank which has assigned the rights of claim with respect to doubtful and bad assets to such organization;

which are not connected with performance of the activities provided for by the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity.

§ 3. Deductions Relating to Fixed Assets

Article 116. Fixed Assets

1. Unless otherwise specified by this Article, the following shall be referred to fixed assets:

1) main assets, investments to immovable property, intangible and biological assets which are accounted for in the accounting balance sheet of the taxpayer in accordance with the international standards of financial reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting, and intended for the use in the activity aimed at earning income, except for assets specified in subparagraph 2) and 3) of this paragraph;

2) assets with service life over one year transferred by the concessor into possession and use to the concessionary (legal successor or a legal person specially established by the concessionary for the implementation of a concession contract) within the framework of the concession contract;

* For the period from 1 January 2012 to 1 January 2018.

3) assets with service life over one year which are objects of social sphere as specified by paragraph 3 of Article 97 of this Code;

4) assets with service life over one year which are intended for the use for more than one year in the activity aimed at earning income, received by the trustee into trust management under a trust management contract or under other act which is a ground for arising of trust property management.

2. The following shall not be referred to fixed assets:

1) main assets and intangible assets put into operation by a subsoil user prior to the start of production after a commercial discovery and accounted for the purpose of taxation in accordance with Article 111 of this Code;

1-1) assets to which amortization charges do not apply in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements, except for:

the assets specified in subparagraphs 2), 3), and 4) of paragraph 1 of this Article;

biological assets, investment in real property, to which amortization charges are not assessed since such assets are recognized at fair value in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements;

2) land;

3) museum valuables;

4) the assets specified in Article 111-1 of this Code.

5) facilities of public use: motor roads, except for motor roads which are subjects of concession, designed and (or) obtained by the concessionary within the framework of the concession contract, pavements, boulevards, public squares;

6) assets under constructions;

7) objects related to films archives;

8) national standards of units of the Republic of Kazakhstan;

9) main assets the value of which was previously fully referred to deductions in accordance with the tax legislation of the Republic of Kazakhstan effective prior to 1 January 2000;

10) intangible assets with undefined service life recognized as such and accounted in the accounting balance sheet of the taxpayer in accordance with the international standards of financial reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting;

11) assets put into operation within the framework of an investment project under contracts with provision of the right of additional deductions from the aggregate annual, which are executed prior to 1 January 2009 in accordance with the legislation of the Republic of Kazakhstan on investments;

11-1) assets put into operation within the framework of an investment project under contracts with provision of exemption from payment of corporate income tax concluded prior to 1 January 2009 in accordance with the legislation of the Republic of Kazakhstan on investments with regard to the cost allocated to deductions prior to 1 January 2009;

12) items under privileges for three tax periods following a tax period of putting such assets into operation, except for the cases specified in paragraph 13 of Article 118 of this Code;

13) assets with the service life over one year which are objects of social sphere as specified by paragraph 2 of Article 97 of this Code;

14) the assets specified of Article 111-1 of this Code.

Article 117. The Assessment of the Balance Sheet Value

1. Accounting for fixed assets shall be carried out by groups formed in accordance with a classification as established by the state body for technical regulation and metrology in the following order:

№	№ of group	Description of fixed assets
1	2	3
1.	I	Buildings, facilities, except for oil, gas wells and conveyor facilities
2.	II	Machines and equipment, except for machines and equipment for oil and gas production, and also computers and equipment for information processing
3.	III	Computers, software and equipment for information processing
4.	IV	Fixed assets not included into other groups, including oil, gas wells, transmission facilities, machines and equipment for oil and gas production

Each object of group I shall be equated to a subgroup.

2. With respect to each subgroup (of group I), group, the totals which are called the value balance of subgroup (of group I), group shall be determined at the beginning and at the end of the tax period.

The balance value of group I shall consist of the balance values of subgroups for each item of main assets and the balance value of a subgroup formed in accordance with paragraph 3 of Article 122 of this Code.

3. The remaining value of fixed assets of group I shall be the value balance of subgroups at the beginning of a tax period, considering the adjustments made in the tax period according to Article 122 of this Code.

4. Fixed assets shall be accounted:

1) for group I – in the breakdown of items of fixed assets, each of which forms a separate subgroup of the value balance of the group;

2) for groups II, III, and IV – in the breakdown of the value balances of the groups.

5. The received fixed assets shall increase the relevant balances of subgroups (under group I), groups (with respect to other groups) by the value to be determined in accordance with Article 118 of this Code, in the procedure as established by this Article.

6. The disposed fixed assets shall decrease the relevant balances of subgroups (under group I), groups (with respect to other groups) by the value to be determined in accordance with Article 119 of this Code, in the procedure as established by this Article.

7. The value balance of subgroup (of group I), group at the beginning of the tax period shall be determined as follows:

the value balance of subgroup (of group I), group at the end of the previous tax period

minus

the amount of depreciation charges assessed in the previous tax period,

minus

adjustment made according to Article 121 of this Code.

The value of the value balance of subgroup (of group I), group at the beginning of the tax period shall not be negative.

8. The value balance of subgroup (of group I), group at the end of the tax period shall be determined as follows:

the value balance of subgroup (of group I), group at the beginning of the previous tax period

plus

fixed assets received in the tax period

minus

fixed assets disposed in the tax period,

plus

adjustment made according to paragraph 3 of Article 122 of this Code.

9. The trustee shall be obliged to form separate value balances of groups (subgroups) with respect to fixed assets indicated in subparagraph 4) of paragraph 1 of Article 116 of this Code, and keep with respect to such assets a separate tax accounting on the basis of paragraph 5 of Article 58 of this Code.

10. A taxpayer is obliged to for separate value balances for groups (sub-groups) in terms of the cost not attributed to deductions prior to 1 January 2009, fixed assets put into operation prior and (or) after 1 January 2009 within the framework of an investment project under contracts with provision of exemption from payment of corporate income tax concluded prior to 1 January 2009 in accordance with the legislation of the Republic of Kazakhstan on investments.

Article 118. Receipt of Fixed Assets

1. Fixed assets in the case of purchase, including under a contract of financial lease, and by the transfer from the composition of inventory, shall increase the value balance of groups (subgroups) by the original costs of the named assets.

Recognition for taxation purposes of receipt of fixed assets means the inclusion of received assets among fixed assets.

2. Unless otherwise specified in this Article, the historic value of fixed assets shall comprise costs incurred by the taxpayer from the date of putting such fixed asset into operation. Such costs shall be costs of purchase of a fixed assets, of its manufacture, construction, assembly and installation, as well as other costs increasing its value in accordance with international accounting standards and requirements of the Republic of Kazakhstan legislation concerning accounting and financial reporting, except for the following:

costs (expenditures) not subject to deduction in accordance with this Code;

costs (expenditures) attributed to deductions in accordance with the second part of Article 100 paragraph 12 of this Code;

costs (expenditures) with respect to which the taxpayer has the right to make deductions on the basis of Article 100 paragraphs 6 and 13 of this Code, as well as Articles 101 to 114 of this Code;

depreciation charges;

costs (expenditures) emerging in accounting and which are not recognised as costs for taxation purposes in accordance with paragraph 15 of Article 100 of this Code.

3. Unless otherwise is provided for by this paragraph, the original value of the fixed asset received by way of transfer thereof from the inventories or assets held for sale shall be the balance-sheet value thereof determined as on the date of such receipt in accordance with the International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting.

The original value of the fixed asset received by way of transfer thereof from the inventories or assets held for sale, which had previously been derecognized as fixed assets, shall be the balance-sheet value thereof as determined on the date of such receipt in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting, not exceeding the value specified in Article 119 paragraph 2 of this Code.

4. In the event of receipt of fixed assets without compensation the original value of the fixed assets shall be the balance-sheet value of the received assets specified in the certificate of transfer and acceptance of the said assets subject to the actual expenditures increasing the value of such assets at the initial recognition in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting, less the costs (expenditures) which are not to be included into the original value of the fixed assets on the basis of paragraph 2 of this Article.

4-1. If a state-owned enterprise has received fixed assets assigned to such enterprise on the basis of the right of economic management or operating management from a state agency, the original value of the fixed assets shall be the balance-sheet value of the assets so received as specified in the certificate of transfer and acceptance of the said assets subject to the actual expenditures increasing the value of such assets at the initial recognition in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, less the costs (expenditures) which are not to be included into the original value of the fixed assets on the basis of paragraph 2 of this Article.

5. In the event of receipt as a contribution to the authorized capital the original value of the fixed assets shall be the value of the contribution specified in the constituent documents of the legal entity subject to the actual expenditures increasing the value of such assets at the initial recognition in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting less the costs (expenditures) which are not to be included into the original value of the fixed assets on the basis of paragraph 2 of this Article.

6. In the event of receipt of fixed assets due to reorganization by way of merger, accession, division or separation of the taxpayer the original value of such fixed assets shall be the balance-sheet value of the assets received as specified in the deed of transfer or separation balance-sheet, except in the case provided for by the second part of this paragraph subject to the actual expenditures increasing the value of such assets at the initial recognition in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting, less the costs (expenditures), which are not to be included into the original value of the fixed assets on the basis of paragraph 2 of this Article.

The value balance of a subgroup (group) of the newly formed legal entity established by way of merger, or that of the legal entity which another legal entity has acceded to, shall increase by the value of the assets to be transferred according to the tax accounting data if such value is stated in the deed of transfer in accordance with the second part of Article 119 paragraph 6 hereof.

7. In the receipt by the trustee of fixed assets into trust management the original value of such fixed assets shall be:

1) in case where with the transferring persons these assets are fixed – the value to be determined in accordance with paragraph 10 of Article 119 of this Code;

2) in other cases – the value to be determined in accordance with the data of the act of the acceptance and transfer of the mentioned assets.

8. In the receipt of fixed assets from the trustee in connection with termination of obligations under the trust management, the original value of such fixed assets shall be:

1) in case where the given assets with the trustee are fixed – the value determined in accordance with paragraph 11 of Article 119 of this Code;

2) in other cases – the value determined in accordance with paragraph 10 of Article 119 of this Code, decreased by the amount of depreciation charges. In that respect, depreciation charges shall be assessed for each tax period of trust management, based on the maximum depreciation rate as specified by this Code for the relevant group of fixed assets, as applied to the historic value reduced by amounts of depreciation charges for the previous periods.

9. In the case of receipt of fixed assets by a concessionary (legal successor or legal person intentionally established by the concessionary for the implementation of the concession contract) under the concession contract, the original value of such fixed assets shall be the value determined in accordance with paragraph 12 of Article 119 of this Code, and in the case where such value is not available – the value determined in the procedure established by the authorized body.

10. In the receipt of fixed assets by concessionaire in the termination of the concession contract the original value of such fixed assets shall be the value determined in accordance with paragraph 13 of Article 119 of this Code.

11. In the event of adoption of the generally established procedure by a taxpayer who applies a special tax regime for small business entities, the original cost of the fixed assets shall be the balance-sheet value of the fixed assets, investment in real property, intangible and biological assets that were used in the special tax regime and determined in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements unadjusted for deterioration in value and revaluation as on the date of adoption of the generally established tax assessment procedure.

This paragraph shall not be applied by taxpayers specified in paragraph 11-1 of this Article.

11-1. In the event of adoption of the generally established procedure by a taxpayer who does not keep records and financial statements in accordance with the regulations of the Republic of Kazakhstan concerning accounting and financial statements, and by a taxpayer who applies a special tax regime for small business entities who in any of the tax periods during the limitation period established by Article 46 of this Code effected settlements with the budget in accordance with the generally established procedure the original value of the fixed assets on the date of such adoption shall be the cost of acquisition of the asset less the estimated depreciation amount. For the purpose of this paragraph the cost of acquisition of the asset shall be the aggregate costs connected with acquisition, production, construction, assembly, installation, reconstruction and modernization of the fixed assets, investment in real property, intangible and biological assets, that were used in special tax regime, except for the costs (expenditures) specified in subparagraphs 1) – 5) and 7) of Article 115 of this Code.

For the purpose of this paragraph, paragraph 3 of Article 180-3 and paragraph 4 of Article 397 of this Code the reconstruction and modernization shall mean reconstruction and modernization resulted in the following:

Change, including update, of the design of the fixed asset;

Increase of the period of service of the fixed asset for more than three years;

Improvement of technical characteristics of a fixed asset as compared to its technical characteristics as on the beginning of the calendar month in which this fixed asset was temporarily taken out of operation for the reconstruction and/or modification.

In the event that an asset was received free of charge, for the purpose of this Article the cost of acquisition of such asset shall be its cost included into the taxation item in accordance with paragraph 4 of Article 427 of this Code in the form of donated assets.

For assets received in the form of charity support, inheritance, except the case provided for in the second part of this paragraph, the cost of acquisition of the asset shall be the market value of the asset as on the date of commencement of the title to this asset established in the report on the evaluation carried out under an agreement between the evaluator and taxpayer in accordance with the legislation of the Republic of Kazakhstan concerning valuation activities.

For this purpose the market value of the asset shall be determined within the period established for submission of corporate income tax return for the tax period in which the generally established procedure was adopted.

The estimated depreciation amount shall be determined as follows:

the cost of acquisition of the asset determined in accordance with this paragraph,

shall be multiplied by

marginal depreciation rate provided for by paragraph 2 of Article 120 of this Code for the fixed assets group to which the asset belongs in accordance with the classification established by the authorized governmental agency for technical regulation and metrology,

shall be multiplied by

the number of complete years of exploitation of the asset by such taxpayer.

In this case the estimated depreciation amount should not exceed the cost of acquisition of the asset.

11-2. The original value of fixed assets of an insurance (reinsurance) organization as on January 1, 2012 shall be the balance-sheet value of the fixed assets, investments in real estate, intangible assets determined in accordance with the ***International Financial*** Reporting Standards and requirements of the Republic of Kazakhstan concerning accounting and financial reporting unadjusted for revaluation or depreciation in value as on the said date.

12. Fixed assets of group I previously disposed of in connection with the temporary termination of the use during the tax period in the activity aimed at earning income shall be subject to inclusion into the value balance of group I of fixed assets in the tax period in which such fixed assets are put into operation for the use in an activity aimed at earning income, at the disposal value considering the costs which are recognised as increasing the value of such assets in accordance with Article 122 of this Code.

13. Assets on which privileges annulled, shall be subject to inclusion into the value balance of the group (subgroup) in the cases specified in paragraph 4 of Article 125 of this Code, in accordance with the historic value to be computed in accordance with the procedure established by paragraph 2 of this Article.

14. Privileged items upon expiry of three tax periods following the tax period of putting a given item into operation, except for assets specified in paragraph 13 of this Article shall be subject to inclusion into the value balance of the group (subgroup) in the case specified in paragraph 6 of Article 125 of this Code, at zero value.

Article 119. Disposal of Fixed Assets

1. Unless otherwise established by this Article, the disposal of fixed assets shall be the termination of recognition of these assets in accounting as main assets, investments into immovable property, intangible and biological assets, except for cases of termination of recognition as a result of full depreciation and/or deterioration in value, and also transfer into the composition of the assets intended for sale.

Recognition for taxation purposes of disposals of fixed assets means exclusion of disposed-of assets from among fixed assets.

2. Unless otherwise established by this Article, the value balance of a subgroup (group) shall be decreased by the balance-sheet value of disposed fixed assets determined in accordance with the international standards of financial reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting on the date of disposal.

3. In the realization of fixed assets, including under a contract of financial lease, without their transfer into the composition of inventories, the value balance of a subgroup (group) shall be decreased by the cost of disposal, except for value added tax.

Where a contract for purchase-and-sale, including a contract for purchase-and-sale of an enterprise as going concern does not determine the cost of disposal in the context of items of fixed assets, the value balance of a subgroup (group) shall be decreased by the balance-sheet value of disposed fixed assets determined in accordance with the international standards of financial reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting on the date of realization.

4. In the case of a free-of-charge transfer of fixed assets the value balance of the subgroup (group) shall be decreased by the book value of the assets transferred, according to data of the accounting, specified in the acceptance protocol on said assets.

5. When fixed assets are transferred as a contribution into the authorised capital, the value balance of the subgroup (group) shall be reduced by the value computed in accordance with the civil legislation of the Republic of Kazakhstan.

6. Unless otherwise established by this paragraph, the disposal of fixed assets as a result of the re-organization by way of merger, accession, division or separation, the value balance of a subgroup (group) of a reorganized legal entity shall be decreased by the book value of the assets transferred, stated in the transfer act or separation balance sheet.

When reorganising by way of merger, accession, the taxpayers shall be entitled to reflect in the transfer act the value of the transferred fixed assets based on tax accounting data of the reorganising legal person for the purposes of tax accounting:

1) for fixed assets of group I – book value of fixed assets, computed in accordance with the procedure, established by paragraph 3 of Article 117 of this Code;

2) for fixed assets of groups II, III, IV, provided that all fixed assets of the group were transferred – the value balance of the group, computed in accordance with the procedure, established by paragraph 8 of Article 117 of this Code.

The value balance of subgroup (group) of the legal person reorganising by way of merger, accession, shall be decreased by the cost of transferred fixed assets based on tax accounting data reflected in the transfer act in accordance with this paragraph.

7. In the withdrawal of property by the founder, participant, the value balance of a subgroup (group) shall be decreased by the value to be determined by agreement of the founders, participants.

8. In case of a loss, destruction, damage, waste of fixed assets:

1) in cases where fixed assets are insured – the value balance of a subgroup (group) shall be decreased by the value equal to the amount of insurance compensation to the insurant by the insurance organization in accordance with the insurance agreement;

2) in case where fixed assets of group I are not insured – the value balance of the relevant subgroups shall be decreased by the residual value of fixed assets to be computed in accordance with the procedure specified in paragraph 3 of Article 117 of this Code;

3) in case where fixed assets are not insured, except for assets of group I, the disposal shall not be recorded.

9. In the return by the lessee of the subject of financial lease to the lessor, the value balance of a subgroup (group) shall be decreased by the positive difference between the value of acquisition of the subject of financial lease and the amount of lease payments for a period from the date of the receipt until the date of return of the subject of lease, decreased by the amount of interest under financial lease.

10. In the transfer of fixed assets into trust management, the value balance of a group (subgroup) shall be decreased:

1) for group I – by the residual value of fixed assets;

2) for groups II, III, and IV – by the balance sheet value determined in accordance with the international standards of financial reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting on the date of transfer.

11. The trustee in the termination of the obligations under trust management shall decrease the value balance of a group (subgroup):

1) for group I – by the residual value of fixed assets assessed in the procedure as specified by paragraph 3 of Article 117 of this Code;

2) for groups II, III, and IV:

in the case of a transfer of all assets of a group – by the amount of the value balance of a group assessed in the procedure as specified by paragraph 8 of Article 117 of this Code;

in other cases – by the original value of the transferred assets assessed in accordance with Article 118 of this Code decreased by the amount of depreciation charges. In that respect, depreciation charges shall be assessed for each tax period of trust management, preceding the reporting tax period, on the basis of the maximum depreciation rate as specified by this Code for the relevant group of fixed assets as applied to the historic value reduced by the amount of depreciation charges for previous periods.

12. In the transfer of fixed assets to the concessionaire under a concession contract, the value balance of a group (subgroup) of the concessionaire shall be decreased:

1) for group I – by the residual value of fixed assets assessed in the procedure as specified by paragraph 3 of Article 117 of this Code;

2) for groups II, III, and IV – by the value determined in the procedure established by the authorized body.

13. In the transfer of fixed assets to the concessionaire in the termination of a concession contract, the value balance of a group (subgroup) of the concessionaire shall be decreased:

1) for group I – by the residual value of fixed assets assessed in the procedure as specified by paragraph 3 of Article 117 of this Code;

2) for groups II, III, and IV – by the value determined in the procedure established by the authorized body.

14. In the case of a temporary cessation to use fixed assets in activities aimed at earning income:

1) disposals shall not be recorded for fixed assets of Group I used in seasonal production;

2) for other fixed assets of Group I – the value balance of the relevant subgroups reduced by the residual value of the fixed assets as computed in accordance with the procedure specified by paragraph 3 of Article 117 of this Code. Reduction of the value balance of a subgroup shall be carried out in the case where the tax periods of a temporary suspension of operation of a fixed asset and of its putting into operation after a temporary suspension of operation do not coincide;

3) for Groups II, III, and IV, disposals shall not be recorded.

Temporary suspension of fixed assets from operation without termination of recognition of such assets in accounts as fixed assets, investments into real estate, intangible and biological assets, shall be recognized as temporary cessation of use of fixed assets.

For the purposes of this paragraph Group I fixed assets used in seasonal production shall be defined as Group I fixed assets meeting all the following conditions:

Such assets must not be in use as of the end of the accounting period due to the requirements specified in the technical documents concerning operation in specific temperature regimes;

Are involved in the manufacturing process due to climatic, natural, or technological conditions during a specific period of the calendar year but not less than three months;

In the accounting tax period, they were used in a profit-oriented activity.

Article 120. Assessment of Depreciation Charges

1. The value of fixed assets shall be referred to deductions by way of the assessment of depreciation charges in the procedure for, and on the terms of, as established by this Code.

2. Unless otherwise stated by this Article, depreciation charges with respect to each subgroup, group shall be determined by applying the rates of depreciation stated in tax accounting policy that should not be higher than the maximum rates specified by this paragraph, to the value balance of subgroup, group at the end of the tax period:

№	№ of group	Description of fixed assets	Maximum rate of depreciation (%)
1	2	3	4
1.	I	Buildings, structures, except for oil, gas wells and transmission facilities	10
2.	II	Machines and equipment, except for machines and equipment for oil and gas production, and also computers and equipment for information processing	25
3.	III	Computers, software and equipment for information processing	40
4.	IV	Fixed assets not included into other groups, including oil, gas wells, transmission facilities, machines and equipment for oil and gas production	15

2-1. Depreciation allocations for value balances of groups (sub-groups) indicated in par. 10 of Article 117 of this Code shall be determined by means of application of the maximum rates of depreciation established by this Article to such value balances of groups (sub-groups) at the end of a tax period.

3. With respect to buildings and structures, except for oil, gas wells and transmission facilities, the depreciation charges shall be separately determined for each item.

4. In case of liquidation or reorganization of a taxpayer, transition of a legal person which applies a special tax regime for entities of small-scale business on the basis of a simplified declaration to the assessment of corporate income tax in accordance with Articles 81-149 of this Code, and also in the termination of the application of a special tax regime for legal persons that are producers of agriculture produce, aquacultural (fishery) products and rural consumer cooperatives, the depreciation charges shall be adjusted for the period of activity in the tax period.

5. A taxpayer shall have the right to recognise buildings and installations of industrial designation, machinery and equipment which are for the first time put into operation in the territory of the Republic of Kazakhstan and which are in compliance with paragraph 2 of Article 123 as follows:

as fixed assets and to recognise their value as deductions in accordance with the procedure established by Articles 116–122 of this Code, or

as privileged items and to recognise their value as deductions in compliance with the requirements and in accordance with the procedure which are established by Articles 123–125 of this Code.

6. A subsurface user with regard to fixed assets first put into operation in the territory of the Republic of Kazakhstan, in the first tax period of operation shall have the right to assess depreciation charges by using double depreciation rates on the condition of using those fixed assets for the purposes of earning aggregate annual income for not less than three years. Those fixed assets in the first tax period of operation shall be accounted for separately from the value balance of the group. In the subsequent tax period those fixed assets shall be subject to inclusion into the value balance of the relevant group.

Provisions of this paragraph shall apply only to fixed assets which simultaneously meet the following requirements:

1) are assets which due to their specific use have direct cause and effect relation with the performance of activities under the subsurface use contract (contracts);

2) subsequent cots incurred by the subsurface user in the tax accounts in relation to those assets are not subject to apportionment between activities under the subsurface use contract (contracts) and non-contract activity.

7. With respect to the activities, for which a 100-percent reduction in the corporate income tax assessed as per Article 139 of this Code is provided for, taxpayers shall calculate depreciation charges using the depreciation rates as follows:

an organization implementing a priority investment project and not applying any special tax regime – in the amount of at least 50 percent of the maximum depreciation rates established by this Article;

other taxpayers – in the amount of the maximum depreciation rates established by this Article.

Article 121. Other Deductions Relating to Fixed Assets

1. After a disposal, except for a charge-free transfer, of a fixed asset of a subgroup (of Group I) an amount of value of the subgroup balance at the end of the tax period shall be recognised as loss from disposal of fixed assets of Group I.

The value balance of a given group shall be equated to zero and not subject to deduction.

2. After a disposal of all fixed assets of a group (in case of Groups II, III and IV) the value balance of the relevant group at the end of the tax period shall be subject to deduction, unless otherwise specified by this Article.

3. In the free-of-charge transfer of all fixed assets of a subgroup (group I) or a group (II, III, and IV groups) the value balance of the relevant subgroup or group shall be equated to zero and not be subject to deduction.

4. At the end of the tax period a taxpayer may refer to deduction the amount of the value balance of a subgroup or group, which is less than 300 times the monthly assessment indicator, as established by the law on the Republic's budget and valid as of the last date of the tax period.

Article 122. Deduction of Subsequent Costs

1. The subsequent expenses shall be recognized to be the actual expenses on fixed assets incurred in the operation, repair, reconstruction, modernization, maintenance and liquidation of assets indicated in paragraph 2 of this Article, including those made at the expense of reserve funds of a taxpayer, except for expenses of subsoil users made at the expense of the liquidation fund, the assessments to which are referred to deductions in accordance with Article 107 of this Code.

2. Subsequent costs, except for those specified in paragraph 3 and 6 of this Article, as well as subsequent costs which increase the original value of assets not subject to depreciation in accordance with paragraph 4 of Article 87 of this Code shall be subject to recognition as deductions in that tax period in which they were actually incurred.

The provisions of this paragraph shall be applied with respect to the following assets:

1) fixed assets and (or)

2) main assets, investments into immovable property, intangible and biological assets accounted for in the accounting of the taxpayer in accordance with the International Standards of Financial Reporting and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and intended for the use in the activity aimed at earning income except for assets indicated:

in sub-par. 1) of this paragraph;

in sub-par. 1) of paragraph 2 of Article 116 of this Code – in the period prior to the beginning of mining after commercial detection;

in sub-par. 6), 13) of par. 2 of Article 116 of this Code;

3) assets specified in Article 111-1 of this Code.

3. Unless otherwise specified by this Article, total subsequent costs to be recognised in accounts as an increase of the balance-sheet value of assets specified in subparagraph 12) of paragraph 2 of Article 116 of this Code, subparagraph 1) of paragraph 2 of this Article, and also subsequent costs as specified in paragraph 5 of Article 125 of this Code:

1) increase the value balance of a group (subgroup) of the relevant type of assets;

2) in the case of absence of the value balance of a group (subgroup) of relevant type of assets, form the value balance of a group (subgroup) of the relevant type of assets at the end of the current tax period.

Subsequent costs specified by this paragraph, shall be recognised for taxation purposes in that tax period in which they were attributed to increase of the balance value of assets in the accounting, except for the case specified in paragraph 12 of Article 118 of this Code.

4. The amount of subsequent expenses incurred by the lessee with respect to the leased main assets shall be recognised to deductions.

5. Subsequent costs for reconstruction, upgrade of buildings and installations of industrial designation, as well as of machines and equipment shall be subject to be recognised as deductions at the discretion of the taxpayer who has the right to apply investment-related tax privileges in accordance with paragraph 3 of this Article or Articles 123-125 of this Code.

6. For assets indicated in sub-par. 1) of par.2 of Article 116 of this Code the amount of subsequent costs to be incurred from the moment of beginning of mining after commercial detection of mineral resources subject to attribution to increase of the balance value of

such asset in the accounting increases the amount of accumulated expenses for the group of depreciable assets provided for in par.1 of Article 111 of this Code at the end of the tax period including the case when such amount is equal to zero at the end of the tax period.

Subsequent costs provided for in this paragraph are recognized for the purposes of taxation in that tax period in which they are attributed in the accounting to increase of the balance value of assets.

§ 4. Investment-Related Tax Privileges

Article 123. Investment-Related Tax Privileges

1. Investment-related tax privileges (henceforth – privileges) shall be applied at the discretion of the taxpayer in accordance with this Article and Articles 124, 125 of this Code and they shall consist in recognition as deductions of the value of privileged items and (or) subsequent costs associated with reconstruction, upgrade.

Legal persons of the Republic of Kazakhstan, except for those specified in paragraph 6 of this Article, shall have the right to apply privileges.

2. Buildings and installations of industrial designation, machinery and equipment which are for the first time put into operation in the territory of the Republic of Kazakhstan which for not less than three tax periods following a tax period of their putting into operation simultaneously meet the following requirements, shall be recognised as privileged items:

1) are assets which are specified in subparagraph 2) of paragraph 1 of Article 116 of this Code, or main assets;

2) are used by the taxpayer who applies privileges in activities aimed at earning income;

3) are not assets which due to their specific use have direct causal relation with the performance of activity under a subsurface use contract (contract);

4) in the tax accounting, the subsequent costs incurred by the subsurface user in relation to such assets, shall not be subject to apportionment between the activity under the subsurface use contract (contacts) and non-contract activity;

5) are not assets put into operation within the framework of an investment project under contracts concluded prior to 1 January 2009 with the legislation of the Republic of Kazakhstan on investments;

6) not being assets put into operation as part of a priority investment project under an investment contract concluded after January 1, 2014 in accordance with the legislation of the Republic of Kazakhstan concerning investment.

3. Subsequent costs associated with reconstruction, upgrade of buildings and installations of industrial designation, machinery and equipment shall be subject to recognition as deductions in that tax period in which they were actually incurred, provided such buildings and installations, machines and equipment simultaneously meet the following requirements:

1) are accounted for in the taxpayer's accounts as main assets in accordance with international accounting standards and requirements of the Republic of Kazakhstan legislation concerning accounting and financial reporting;

2) are intended for the use in activity aimed at earning income for not less than three tax periods following a tax period of putting into operation after the performance of the reconstruction, upgrade;

3) were temporarily put out of operation for a period of reconstruction, upgrade;

4) are not assets which due to their specific use have direct causal relation to the performance of activity under the subsurface use contract (contracts);

5) in tax accounting subsequent costs incurred by the subsurface user in relation to such assets are not subject to apportionment between the activity under the subsurface use contract (contracts) and non-contract activity.

For the purposes of applying privileges, reconstruction, upgrade of a main asset is a type of subsequent costs of which the following are simultaneous results:

modification, in particular renovation, reconstruction of a main asset;

increase of useful life a main asset for more than three years;

improvement of technical parameters of a main asset as compared to its technical parameters at the beginning of the calendar month in which that main asset was temporarily put out of operations for the performance of reconstruction, upgrade.

4. For the purposes of applying privileges, non-housing buildings (portions of non-housing buildings), except for the following, shall be recognised as buildings of industrial designation:

commerce buildings (portions of such buildings);

buildings of cultural-entertainment designation (portions of such buildings);

buildings of hotels, restaurants and other buildings for short-term housing, public catering (portions of such buildings);

office buildings (portions of such buildings);

garages for cars (portions of such buildings);

parking lots (portions of such buildings).

For the purposes of applying privileges, installations, except for installations for sports and places of rest, facilities of cultural-entertainment, hotel, restaurant designation, for administrative purposes, for stops or parking of cars, shall be recognised as industrial designation facilities.

5. The following shall be recognized as first putting into operation of a newly-built building (portion of a building) in the territory of the Republic of Kazakhstan, for the purposes of applying preferences:

1) when building by concluding a construction contract the transfer of a construction item by the builder to the customer after signing by the governmental acceptance commission of the act on putting of the building (portion of a building) into operation;

2) in other cases – signing by the governmental acceptance commission or an acceptance commission of an act on putting into operation of the building (portion of the building).

6. Taxpayers who meet one or more of the following conditions shall not have the right to apply privileges:

1) taxation of the taxpayer is carried out in accordance with Section 5 of this Code;

2) taxpayer carries out manufacture and (or) marketing of excisable goods specified in subparagraphs 1) – 4) of Article 279 of this Code;

3) taxpayer enjoys a special tax regime as specified in Chapter 63 of this Code.

Article 124. Applying Privileges

1. The application of privileges shall be carried out by using one of the following methods:

1) method of deduction after putting a facility into operation;

2) method of deduction prior to putting a facility into operation.

2. Applying the method of deduction after putting a facility into operation shall consist in recognition as deduction of the historic value of the privileged items, as defined in accordance with paragraphs 2 and 3 of Article 125 of this Code, in equal amounts during the first three tax period of operation or lump-sum in the tax period in which the putting into operation took place.

3. The application of the method of deduction prior to putting a facility into operation shall consist in recognition as deduction of the costs associated with construction, manufacture, purchase, assembly and installation of privileged items and also of subsequent costs associated with the reconstruction, upgrade of buildings and facilities of industrial designation, machines and equipment prior to their putting into operation in the tax period in which such costs were actually incurred.

4. Unless otherwise provided for in paragraph 5 of this Article, privileges shall be cancelled from the date of the beginning of their application, and a taxpayer shall be obliged to reduce deductions by the amount of privileges for each tax period, in which they were applied, if within three tax periods following the tax period, in which the industrial buildings and structures, machinery and equipment, to which privileges were applied, were put into operation, in any of the following cases:

1) taxpayer violated provisions of paragraphs 2-4 of Article 123 of this Code;

2) an event tool place where a taxpayer who applied preferences or such taxpayer's legal successor in the case of reorganisation of such taxpayer meets any of provisions of paragraph 6 of Article 123 of this Code.

5. In the event of legal entity reorganization by demerger pursuant to the resolution of the Government of the Republic of Kazakhstan, the cancellation of privileges of a reorganized legal entity shall not be performed where the requirement to the use of facilities, to which privileges were applied, in the activities aimed at income generation within at least three tax periods following the tax period, in which they were put into operation, as set forth in paragraph 2 of Article 123 of this Code, has not been fulfilled due to such reorganization.

This paragraph shall apply to the extent that the following conditions are concurrently met:

1) the controlling interest in a legal entity being reorganized by demerger is owned by the national management holding;

2) a legal entity under reorganization transfers facilities, to which privileges were applied, to legal entities newly established after the reorganization;

3) the transfer of facilities, to which privileges were applied, has been implemented within three years after the date of state registration of legal entities newly established after the reorganization with the agencies of justice.

Article 125. Special Considerations in Accounting for Privileged Items

1. A taxpayer shall carry out accounting for privileged items and also for subsequent costs associated with reconstruction, upgrade of buildings and industrial designation facilities, machines and equipment separately from fixed assets for three tax periods following a tax period of putting into operation of buildings and facilities of industrial designation, machines and equipment to which preferences are applied, unless otherwise specified in this Article.

Privileged items and subsequent costs associated with reconstruction, upgrade of buildings and industrial designation facilities, machines and equipment shall be accounted for in view of each item to which privileges apply.

2. The historic value of a privileged item which is a main assets shall comprise costs incurred by the taxpayer prior to the day of putting a given item into operation.

Such costs shall be recognised as costs associated with purchase of items, their manufacture, construction, assembly and installation, as well as other costs increasing its value in accordance with international accounting standards and the requirements of the Republic of Kazakhstan legislation concerning accounting and financial reporting, except for the following :

costs (expenditures), to be referred to deductions in accordance with second part of paragraph 12 of Article 100 of this Code;

costs (expenditures) with respect to which the taxpayer has a right for deductions on the basis of paragraph 6 and paragraph 13 of Article 100, as well as Articles 101 – 114 of this Code;

costs (expenditures) in relation to which the taxpayer had the right to deductions on the basis of par.6, the second part of par. 12, par. 13 of Article 100 of this Code, and also Articles 101 - 114 of this Code;

depreciation charges;

costs (expenditures) that arise in accounts and which are not considered as costs for taxation purposes in accordance with paragraph 15 of Article 100 of this Code.

3. The historic value of privileged items, which are assets specified in subparagraph 2) of paragraph 1 of Article 116 of this Code, shall be defined in accordance with the procedure specified in paragraph 9 of Article 118 of this Code.

4. Assets in relation to which privileges were annulled, shall be recognised as fixed assets from the date of their putting into operation, in case of compliance with the provisions of paragraph 1 of Article 116 of this Code and shall be included into the value balance of the group (subgroup) of such type of assets in accordance with the procedure specified in Articles 117 and 118 of this Code.

5. In the case of annulment of privileges relating to subsequent costs associated with reconstruction, upgrade of buildings and industrial designation facilities, machines and equipment such sots shall be accounted for in accordance with the procedure specified in paragraph 3 of Article 122 of this Code.

6. Privileged items upon expiry of three tax periods following a tax period of putting into operation of such privileged items, except for specified in paragraph 4 of this Article, shall be recognised as a fixed assets in case of compliance with the provisions of paragraph

1 of Article 116 of this Code and shall be included into the balance value of the group (subgroup) of such item in accordance with the procedure specified in articles 117and 118 of this Code.

§ 5. Derivative Financial Instruments

Article 126. General Provisions

1. For tax purposes, derivative financial instruments shall be divided into derivative financial instruments, used:
1) for hedging purposes;
2) for underlying asset supply purposes;
3) for other purposes.
2. Income or loss from each financial instrument shall be determined in accordance with Articles 127, 128 and paragraph 3 of Article 136 of this Code.
3. In the event that a derivative financial instrument shall be used for hedging purposes or for supply of an underlying asset, the derivative financial instrument shall be accounted of for tax purposes in accordance with Articles 129 and 130 of this Code.
4. The income specified in subparagraph 3) of paragraph 1 of Article 85 of this Code shall be formed out of income from derivative financial instruments used for the purposes specified in subparagraph 3) of paragraph 1 of this Article, and shall be determined as follows:
total amount of income from derivative financial instruments used for the purposes specified in subparagraph 3) of paragraph 1 of this Article and determined in accordance with the procedure provided for by Articles 127 and 128 of this Code,
less
the total amount of losses from derivative financial instruments used for the purposes specified in subparagraph 3) of paragraph 1 of this Article for the reporting tax period
less
the losses from derivative financial instruments deferred from previous tax periods.

Article 127. Income from Derivative Financial Instruments, other than Long Maturity Derivative Financial Instruments

1. Income from a derivative financial instrument, except for a derivative financial instrument with long maturity, the income from which shall be determined in accordance with Article 128 of this Code, shall be determined as an excess of income over expenditures from the derivative financial instrument.
For the tax accounting purposes, such income shall be recognized on the date of maturity, early or other termination of rights or obligations of the taxpayer with respect to the derivative financial instrument, and on the date of settlement of a transaction with the derivative financial instrument the claims under which shall compensate in full of in part for the obligations under the earlier transaction with the derivative financial instrument.
2. Proceeds connected with a derivative financial instrument shall be the payments to be received (already received) with respect to this derivative financial instrument in intermediate settlements during the period of the transaction, and on the date of maturity or early termination.
3. Expenses connected with a derivative financial instrument shall be the payments to be paid (already paid) in intermediate settlements with respect to this derivative financial instrument during the transaction period, and on the date of maturity or early termination.

Article 128. Income from Long Maturity Derivative Financial Instruments

1. Income from swap and other derivative financial instruments with the validity exceeding twelve months from the date of conclusion thereof and which settlements provides for payments that should be made before the maturity of the financial instrument and that depend on changes in the price, exchange rate, interest rates, indexes and other indicators established by such derivative financial instrument, shall be determined as excess of income over expenditures subject to the provisions established by this Article.
For the tax accounting purposes, income from a derivative financial instrument specified in this paragraph shall be recognized in every tax period in which the excess specified in this paragraph occurs.
2. Proceeds from the derivative financial instruments specified in paragraph 1 of this Article, shall be payments to be received (already received) with respect to these derivative financial instruments during the reporting tax period.
3. Expenses connected with the derivative financial instruments specified in paragraph 1 of this Article shall be payments to be paid (already paid) during the reporting tax period with respect to these derivative financial instruments.

Article 129. Special Considerations in Tax Accounting for Hedging Transactions

1. Hedging shall mean transactions with derivative financial instruments intended to reduce potential losses as a result of unfavourable change in the prices, exchange rate, interest rate or any other indicator of the hedged items and recognized as hedging instruments in the taxpayer's books in accordance with the International Financial Reporting Standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements. Hedged items shall be recognized to be the assets and/or liabilities, and the cash flows connected with the specified assets and/or liabilities or with anticipated transactions.
2. In order to verify the classification of transaction with derivative financial instruments as hedging transactions the taxpayer shall prepare an estimate intended to confirm that these transactions result (may result) in reduction of the amount of potential losses (income deficiency) from transactions with the hedged item.
3. Income or loss connected with the derivative financial instrument for which a hedged item shall be a specific transaction, shall be recognized in accordance with the standards provided for by this Code established for the hedged item on the date of recognition of the result of the hedged operation in the tax accounts.
4. Income or loss connected with the derivative financial instrument for which the hedged item shall not be a certain transaction, shall be accordingly included into the aggregate annual income or recognized as deductions in the tax period in which such income or loss is recognized in accordance with Articles 127 and 128 of this Code.

Article 130. Special Considerations in Tax Accounting In Case of Fulfilment by Way of Supply of Underlying Asset

1. If a derivative financial instrument is used for acquisition or disposal of an underlying asset, the expenditures to be paid (already incurred), and the payments to be received (already received) as a result of acquisition or disposal of the specified underlying asset shall not be recognized as expenditures and proceeds from the derivative financial instruments.

2. Proceeds and expenditures from the transactions specified in paragraph 1 of this Article shall be accounted of for the tax purpose in accordance with the rules of this Code established for the underlying asset.

§ 5-1. Long-term Contracts

Article 130-1. General Provisions

1. A long-term contract is defined as a contract (agreement) for production, installment, construction, that has not been completed within the tax period in which the production, installment or construction provided for by the contract have been started.

2. The amount of the losses incurred under a long-term contract during the tax period shall be deducted in accordance with Articles 100 to 125 of this Code.

3. Income under a long-term contract shall be determined at the taxpayer's discretion on the basis of the actual method or the completion method.

The chosen method for determination of income is reflected in the tax accounting policy and may not be changed during the contract validity period.

4. Tax accounting shall be kept for each long-term contract.

Article 130-2. Procedure for determination of income under long-term contracts using the actual method

1. Unless otherwise is provided for by this Article, when the actual method is applied the income under a long-term contract for the purposes of taxation for the accounting tax period shall be defined as the income (to be) received for the accounting tax period, but not less than the amount of the expenditures incurred for such period under the long-term contract.

2. In the tax periods following the tax period in which a long-term contract begins, except for the tax period of the expiry of the long-term contract, the income under the long-term contract for taxation purposes shall be determined in accordance with the procedure provided for in paragraph 3 of this Article, provided that all the following terms and conditions are met:

1) the income under the long-term contract for the accounting tax period determined in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting exceeds the amount of the expenditures to be deducted under such contract for the accounting tax period;

2) the income under a long-term contract for taxation purposes for the previous tax periods exceeds the income under such contract for the previous tax periods in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting.

3. The income under a long-term contract for taxation purposes in the case specified in paragraph 2 of this Article shall be determined to the extent of the income (to be) received for the accounting tax period reduced by the least of the following values:

1) a positive difference between the income under the long-term contract for taxation purposes for the previous tax periods and the income under such contract determined in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting for the previous tax periods;

2) a positive difference between the income under the long-term contract determined in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting for the accounting tax period and the amount of the costs under such contract to be recognized as deductions for the accounting tax period.

4. If during the long-term contract validity period, the income under the long-term contract for taxation purposes exceeds the income under such contract determined in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, so in the tax period when the long-term contract validity period expires, an adjustment shall be made in accordance with subparagraph 7) of paragraph 1 of Article 132 of this Code to the extent of such excess amount.

Article 130-3. Procedure for determination of income under long-term contract using the completion method

1. When the completion method is applied the income under a long-term contract for the purposes of taxation for the accounting tax period shall be determined in accordance with the following procedure:

The product of the total income under the long-term contract to be received under this contract for the entire validity period thereof and the performed part of such contract for the current tax period less the income under such long-term contract for taxation purposes for the previous tax periods.

2. Unless otherwise is provided for by this Article the performed part of a long-term contract shall be calculated using the following formula:

А / (А + Б), where:

А – expenditures associated with the long-term contract recognized as deductions in accordance with this Code for the previous tax periods and the accounting tax period;

Б – expenditures associated with the long-term contract to be incurred in accordance with the design and estimate documentation in the subsequent tax periods for completion of the works under the long-term contract to be recognized as deductions in the subsequent tax periods of validity of the long-term contract.

3. In the tax period when the long-term contract validity period expires, the proportion of performance of such long-term contract is equal to 1.

§ 6. Adjustment of Income and Deductions

Article 131. General Provisions

Adjustment shall mean the increase or decrease of the amount of income or deduction of the reporting tax period within the amount of the previously recognized income or deduction in cases as established by Article 132 of this Code.

Article 132. Adjustment of Income and Deductions

1. Unless otherwise provided in paragraph 2-1 of Article 90 of this Code, income or deductions shall be subject to adjustment in the following cases:

1) full or partial return of goods;

2) alteration of terms of a transaction;

3) changes of prices, compensation for sold or purchased goods, work performed, services rendered;

4) price discounts, sales discounts;

5) change of amounts to be paid in the national currency for sold or purchased goods, work performed, services rendered, based on the conditions of the agreement;

6) write off of a claim whereby adjustments shall be carried out in accordance with paragraph 2 of this Article;

7) the income under a long-term contract for taxation purpose during the contract validity period in accordance with Article 130-2 of this Code exceeds the income under such contract determined in the taxpayer's accounting records in accordance with the International Financial Reporting Standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting. In this case the adjustment shall be made by reduction of the income to the extent of such excess amount.

2. Adjustment of income shall be carried out by the lender taxpayer when writing off claims against the following:

legal person;

individual entrepreneur;

non-resident legal person carrying out activity in the Republic of Kazakhstan through a permanent establishment in accordance with the requirements relating to the functioning of such permanent establishment.

Adjustment of income specified in this paragraph shall be carried out in the following cases:

1) failure of the lender taxpayer to apply a claim in the case of liquidation of a debtor taxpayer on the date of the approval of such debtor's liquidation balance sheet;

2) writing off a claim on the basis of a court decision which entered into legal force.

Adjustments shall be carried out by simultaneous observation of the following conditions:

1) availability of primary documents which confirm the emergence of a claim;

2) recording a claim in accounts as of the date of adjustment of income or recognition as costs (write off) in accounts in previous periods. Adjustment of income shall be carried out within amount of a written-off claim and previously recognised income relating to such claim.

Provisions of this paragraph shall not apply to claims which are recognised as doubtful claims in accordance with this Code.

3. Adjustment of income shall not be carried out in case of reduction of amounts of claims due to their transfer under a purchase and sale agreement of an enterprise as a going concern.

4. Unless otherwise provided for by this paragraph, adjustment of income and deductions shall be made in the tax period in which the cases indicated in paragraph 1 of this Article occur.

Adjustment of income and deductions in accordance with subparagraph 7 of paragraph 1 of this Article shall be made in that tax period in which the long term contract shall expire.

CHAPTER 12. REDUCTION OF TAXABLE INCOME AND EXEMPTION FROM TAX OF CERTAIN CATEGORIES OF TAXPAYERS

Article 133. Reduction of Taxable Income

1. A taxpayer shall have a right to reduce the taxable income with respect to the following types of expenses:

1) in the amount of total sum not exceeding 3 percent of taxable income:

amount of excess of expenses actually incurred over income subject to be received (received) in the operation of facilities relating to the social sphere, as specified by paragraph 2 of Article 97 of this Code;

value of property transferred free of charge to:

a non-commercial organization;

an organization operating in the social sphere

a legal entity specified in unnumbered subparagraph two of paragraph 1 of Article 135-3 of this Code;

sponsorship and charity aid in the availability of a decision of a taxpayer on the basis of a request from the individual receiving the aid;

2) in the amount of twice the expenses incurred for the payment of labour of handicapped persons and for 50 percent of the amount of assessed social tax of the salaries and other payments to handicapped person;

3) expenses for training an individual not being employed by the taxpayer, provided that an agreement, under which such individual undertakes to work for the taxpayer for at least three years, is concluded.

For the purpose of this subparagraph, the training expenses shall comprise as follows:

expenses actually incurred in order to pay for training;

living expenses actually incurred within the limits established by authorized body;

a sum of money to be paid to trainees as determined by the taxpayer, but not exceeding the limits established by the authorized body;

expenses actually incurred for travelling to the place of training at entry to and back upon completion of the training.

The provisions of this subparagraph shall not apply in the following cases:

If no employment agreement has been concluded with the individual, to whose training expenses the provisions of this subparagraph were applied, within three months after the completion of training by the individual, except where training expenses were compensated by the individual in full of in part within the period including the tax period, in which the training of the individual was completed, and the subsequent tax period. In case of such compensation, the provisions of this subparagraph shall not apply to the extent of the amount of training expenses not compensated by the individual;

If the employment agreement with the individual, to whose training expenses the provisions of this subparagraph were applied, was terminated prior to the expiry of three years from the date of conclusion of the employment agreement with such individual, except where training expenses were compensated by the individual in full of in part within the period including the tax period, in which the employment agreement was terminated, and the subsequent tax period. In case of such compensation, the provisions of this subparagraph shall not apply to the extent of the amount of training expenses not compensated by the individual;

If a subsurface user applies the provisions of Article 112 of this Code to such training expenses;

4) value of property transferred free of charge to an autonomous educational organization as specified in paragraph 1 of Article 135-1 of this Code;

5) at the rate of 50 per cent of the amount of the expenses (expenditures) connected with scientific research and/or research engineering, works in connection with creation of an item of industrial property for which a protection document was issued by the authorized state agency for protection of inventions, utility models, industrial prototypes recognized as deduction in accordance with Article 108 of this Code, subject to the certificate issued by the authorized agency in the sphere of science to confirm the amount of such expenses (expenditures).

The provisions of this subparagraph shall apply if the result of such works have been implemented in the Republic of Kazakhstan what should be confirmed by the certificate issued by the authorized agency for state support of industrial innovative activity to confirm the implementation of the results of the scientific research, research engineering *{~}* in the territory of the Republic of Kazakhstan in the tax period of the state registration of the protection document. At that, the taxpayer's expenses incurred in order to obtain the protection document shall not be recognized as expenses connected with performance of scientific research, research engineering, and/or experimental development works;

6) one-fold amount of employer's expenses on employee's income accrued in the tax period and subject to recognition as deductions in accordance with paragraph 1 of Article 110 of this Code when determining taxable income as specified in paragraph 2 of Article 147 of this Code. The reduction provided for in this paragraph shall be executed with respect to taxable income chargeable at the rate set forth in paragraph 2 of Article 147 of this Code, and shall be applied by legal entities being manufacturers of agricultural products, aquaculture (fishery) products, except for legal entities applying the special tax regime for legal entities being manufacturers of agricultural products, aquaculture (fishery) products, and rural consumer cooperatives.

For the purpose of this paragraph, the value of property transferred free of charge shall be determined:

when transferring funds – in the amount of funds transferred;

when performing works, rendering services – in the amount of expenses incurred for such work performance, such services rendering;

with respect to any other property – in the amount of the book value of property transferred as specified in the Certificate of Handover and Acceptance of the said property.

2. A taxpayer shall have a right to reduce the taxable income with respect to the following types of income:

1) the interest under financial lease of the main assets, investments into real estate, biological assets except for the forfeit (penalty, fine);

> ***1) the interest under a financial lease agreement (except for forfeits, penalties, fines), where the following conditions are concurrently met:***
>
> ***the leasing subjects are:***
>
> ***specialized agricultural machinery in accordance with Section 13 of this Code;***
>
> ***process equipment in accordance with the legislation of the Republic of Kazakhstan concerning agribusiness industry pursuant to the list approved by the authorized body in charge of the agribusiness industry development as agreed with the authorized body in charge of the state planning, and the authorized body;***
>
> ***biological assets in accordance with the international financial reporting standards, and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting;***
>
> ***the financial lease agreement provides for the transfer of ownership to a leasing subject to the lessee;***
>
> ***with respect to specialized agricultural machinery, there are documents confirming the recognition of a leasing subject as specialized agricultural machinery, included in the list approved by the authorized body in charge of the agribusiness industry development as agreed with the authorized body in charge of the state planning, and the authorized body; (from 01.01.2017)***

2) interest on debt securities which on the date of the assessment of such interest are in the official list of a stock exchange functioning in the territory of the Republic of Kazakhstan;

3) interest on the state issued securities, agency bonds;

3-1) income from increase in the value at sale of state issued securities reduced by the amount of the loss from sale of the state issued securities;

3-2) income from increase in value at sale of the agency bonds reduced by the amountof losses incurred in connection with sale of the agency bonds;

4) value of property received in the form of humanitarian aid in the case of arising of emergency situations of natural and technogenic nature and used according to the designation;

5) the value of the main assets received on a free-of-charge basis by a Republic's state enterprise from a state body or a Republic's state enterprise pursuant to a decision of the Government of the Republic of Kazakhstan;

6) income from increase in the value at sale of shares or participatory interests in a legal entity or consortium reduced by the amount of loss incurred in connection with sale of the shares or participatory interests in a legal entity or consortium. This paragraph shall be applied provided that all the following conditions are met:

on the date of sale of the shares or participatory interests, the taxpayer has been a holder of these shares or participatory interests for more than three years;

the issuing legal entity or the legal entity the participatory interest in which is being sold, or a member of the consortium selling the participatory interest in such consortium is not a subsoil user;

share of the assets of the entity (entities) being a subsoil user (s) in the value of the assets of an issuing legal entity or legal entity the participatory interest in which is being disposed of, or in the total value of the assets of the consortium members the participatory interest in which is being disposed of does not exceed 50% on the date of such disposal.

For the purpose of this subparagraph a subsoil user shall not mean a subsoil user being a subsoil user only due to his right for the abstraction of underground water for its own needs;

7) the income from the increase in the value at the time of sale by public bidding method on the stock exchange functioning in the Republic of Kazakhstan, securities being on the official list of the stock exchange of that stock exchange on the date of sale, reduced by the amount of the losses from the sale by public bidding method on the stock exchange functioning in the Republic of Kazakhstan, and securities being on the official list of that stock exchange on the date of sale.

Article 134. Taxation of Non-for-Profit Organisations

1. For the purpose of this Code, an organisation registered in accordance with the form established by the civil legislation of the Republic of Kazakhstan for non-profit organisations, except for joint-stock companies, institutions and consumer cooperatives, except for cooperatives of apartment (housing) owners, which carries on business in public interests and meets the following requirements, shall be recognised as non-for-profit organisation:

1) has no objective to earn income as such;

2) does not distribute earned net income or assets between participants.

2. Income of a non-for-profit organisation under an agreement for the performance of the governmental social order, in the form of interests on deposits, grants, admission and membership fees, contributions of participants of a condominium, charity and sponsorship assistance, assets received free of charge, donations and charity on a charge-free basis shall not be subject to taxation, provided the requirements specified in paragraph 1 of this Article are complied with.

For the purposes of this paragraph, contributions of participants of a condominium shall include:

obligatory payments of apartment (housing) owners, aimed at covering general expenses on maintenance and use of common property;

payments of apartment (housing) owners, aimed at covering additional expenses, not falling into category of obligatory and providing required maintenance of the apartment house as a whole, imposed on apartment (housing) owners by their consent;

penalty at the rate, established by legislation of the Republic of Kazakhstan, computed when apartment (housing) owners are in arrears on obligatory payments towards the cost of general expenses.

Amounts of contributions and procedure of paying up of contributions of members of the condominium shall be approved by general assembly of members of the cooperative of apartment (housing) owners in accordance with the procedure, established by the legislative act of the Republic of Kazakhstan on housing relations.

3. In the case of non-compliance with the requirements specified in paragraph 1 of this Article, income of a non-for-profit organisation shall be subject to tax in accordance with the established procedure.

4. Income not specified in paragraph 2 of this Article shall be subject to tax in accordance with the general procedure.

In that case a non-for-profit organisation shall be obliged to keep separate accounting of income exempt from tax in accordance with this Article and income which is subject to tax in accordance with the general procedure.

5. When receiving income which is subject to tax in accordance with the general procedure, amounts of costs of a non-for profit organisation to be deducted shall be computed at the discretion of the taxpayer by using the proportionate or separate method.

6. Under the proportionate method total costs which are to be deducted in the total amount of costs shall be computed on the basis of the unit weight of income not specified in paragraph 2 of this Article, in to total amount of income of a non-for-profit organisation.

7. Under the separation method the taxpayer shall keep separate accounting for costs relating to income specified in paragraph 2 of this Article and costs relating to income to be taxed in accordance with the general procedure.

8. The provisions this Article shall not apply to non-for-profit organizations which shall be recognized as:

1) autonomous educational organizations in accordance with Article 135-1 of this Code;

2) organizations operating in the social sphere in accordance with Article 135 of this Code.

Article 135. Taxation of Organisations Carrying Out Operations in the Social Sphere

1. Taxpayers being organizations engaged in social activity in accordance with this Article, in assessment of an amount of the corporate income tax to be paid to the budget shall reduce the amount of the corporate income tax assessed in accordance with Article 139 of this Code by 100 per cent.

2. For the purposes of this Code, organisations which carry out business in the social sphere shall be understood as organisations which carry out the types of activity as specified in this paragraph, income from which, considering income in the form of assets and interest on deposits received free of charge are not less than 90 per cent of the total annual income of such organisations.

The following shall be recognised as the types of activity in the social sphere:

1) rendering of medical services, except for cosmetic services, sanatorium-resort services;

2) provision of services connected with primary, basic secondary, and general secondary education; technical and vocational, post-secondary, higher, and post-graduate education on the basis of appropriate licenses to carry out educational activities, as well as services of further education, pre-school education and training;

3) activities in the sphere of science (in particular performance of scientific research, use including marketing by authors of intellectual property), executed by scientific and (or) scientific and technical entities accredited by the authorized body in the sphere of science, sports (except for sporting events of commercial nature), culture (except for business activity), rendering of services of preservation (except for dissemination of information and promotion) of items of historical-cultural heritage and cultural valuables, entered into the registers of items of historical and cultural heritage or the Governmental list of monuments of history and culture in accordance with the legislation of the Republic of Kazakhstan, and also in the sphere of social protection and social support of children, the elderly and the disabled;

4) library services.

Income of organizations specified in this paragraph shall not be subject to taxation when they are directed for the performance of said types of activities.

3. For the purposes of this Code, organizations which meet the following requirements shall also be regarded as organizations carrying on business in the social sphere:

1) in a given tax period the number of disabled is not less than 51 percent of the total number of employees;

2) in a given tax period costs associated with the work remuneration of the disabled is not less than 51 percent (at specialized organizations which employ the disabled having hearing, speech, and also sight disabilities – not less than 35 percent) of the work remuneration costs.

4. Organisations which earn income from activities associated with manufacture and marketing of excisable goods, shall not be recognised as organisations carrying on business in the social sphere.

5. In the case of violation of the requirements specified in this Article, income received shall be subject to tax in accordance with the procedure established by this Code.

6. The provisions of this Article shall not apply to the organizations recognized as autonomous educational organizations as defined in Article 135-1 of this Code.

Article 135-1. Taxation of autonomous educational organizations

1. For the purpose of this Code an autonomous educational organization shall mean:

1) a non-for-profit organization established at the initiative of the First President of the Republic of Kazakhstan – Leader of the Nation – in order to ensure financing of autonomous educational organizations defined in subparagraphs 2) to 5) of this paragraph with the supreme management body being a Supreme Board of Trustees;

2) a non-for-profit educational organization, provided that all the following conditions are met:

It is established by the Government of the Republic of Kazakhstan;

Its supreme management body is the Supreme Board of Trustees established under the laws of the Republic of Kazakhstan;

It is engaged in one or more types of activities:

additional education;

educational activities in accordance with the following levels defined by the laws of the Republic of Kazakhstan:

elementary school including early childhood education and training;

secondary school;

senior high school;

post-secondary education;

higher education;

postgraduate education;

3) The legal entity provided that all the following conditions are complied with:

It shall be a joint-stock company established by the decision of the Government of the Republic of Kazakhstan;

50 and more per cent of the voting shares in such company shall be held by an entity specified in subparagraph 2) of this paragraph;

It shall perform an activity in the Public Health Area in accordance with the legislation of the Republic of Kazakhstan;

4) an organization other than that specified in subparagraph 3) of this paragraph, provided that all the following conditions are met:

50 and more per cent of voting shares (participatory interest) in such organization shall be held by entities specified in subparagraphs 2) and 3) of this paragraph, or it shall be a non-for-profit organization established only by the entities specified in subparagraph 2) of this paragraph;

At least 90 per cent of the income in the aggregate annual income including the income in the form of donated assets and interest on deposits of such organization shall be the income gained from performance of one or more of the following activities:

provision of medical services (except for cosmetological, health resort services);

additional education;

educational activity according to the following educational levels established by the laws of the Republic of Kazakhstan:

elementary school including early childhood education and training;

middle school;

senior high school;

postsecondary education;

higher education;

postgraduate education;

scientific activities, in particular:

research and development, innovation activities, scientific research works, including fundamental and applied scientific researches;

provision of consulting services in connection with the activities specified in this subparagraph.

For the purposes of this subparagraph the incomes gained from performance of the above activities shall also include the proceeds from the founder that were received and allocated for performance of the activities specified in this subparagraph;

5) an organization other than that specified in subparagraph 3) of this paragraph, provided that it meets all the following conditions:

50 and more per cent of the voting shares (participatory interest) in such organization shall be held by entities specified in

subparagraphs 2) and 3) of this paragraph, or it shall be a non-for-profit organization established exclusively by the persons specially specified in subparagraph 2) of this paragraph;

the income of such organization for the reporting tax period shall be exempted from taxation if it is engaged in one or more activities in the field of science:

research and development;

innovative;

scientific research, including fundamental and applied scientific researches.

The recognition of the activities performed by the organization as the activities in the field of science as specified in this subparagraph, shall be confirmed by the certificate of the said authorized agency in the field of science.

This subparagraph shall not apply to the organizations, if they are engaged in one or more of the following activities:

provision of medical services (except for cosmetological, health resort services);

additional education;

educational activity according to the following educational levels established by the laws of the Republic of Kazakhstan:

elementary school including early childhood education and training;

middle school;

senior high school;

postsecondary education;

higher education;

postgraduate education;

Provision of consulting services in connection with these activities;

6) an organization provided that it meets all the following conditions:

It is a non-for-profit organization established exclusively by entities specified in subparagraph 2) of this paragraph;

Provides only the following works and services:

Provision of library stock for temporary use, including those in electronic format;

Provision of computers, software, and equipment for data processing for temporary use;

The works and services shall be provided only to the following organizations:

Autonomous education organizations defined in subparagraphs 1) – 5) of this paragraph;

A non-for-profit organization, established before January 1, 2012 by the entity specified in subparagraph 2) of this paragraph, for the purpose of provision of works and services connected with organization of the maintenance of the administrative activity.

2. When an autonomous educational organization assesses the amount of the corporate income tax to be paid to the budget, the amount of the assessed corporate income tax assessed in accordance with Article 139 of this Code shall be reduced by 100 per cent.

For the tax periods during which the net income or assets received by the autonomous educational organization specified in paragraph 1 subparagraphs 3), 4), and 5) of this Article were distributed among the participants the provision of this paragraph shall not apply.

Article 135-2. Taxation of Organization in which 100% Voting Shares are Held by the National Bank of the Republic of Kazakhstan and which Specializes in Improvement of Quality of Loan Portfolios of Second-Tier Banks *(For the period from 1 January 2012 to 1 January 2018)*

1. Income of an organization which specializes in improvement of quality of loan portfolios of second-tier banks and in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan shall be subject to exemption from taxation provided that such income was gained from performance of the following activities:

1) acquisition of doubtful and bad assets from second-tier banks and sale thereof;

2) holding and sale of shares and/or participatory interests in authorized capitals of legal entities the rights of claims to which have been acquired from second-tier banks by the organization specializing in improvement of quality of loan portfolios of second-tier banks;

3) holding and sale of shares and/or bonds issued and placed by second-tier banks from which the organizations specializing in improvement of quality of loan portfolios of second-tier banks have acquired rights of claim with respect to doubtful and bad assets;

4) letting on lease or utilization of other form of compensated temporary use of the property received in accordance with the rights of claim to legal entities acquired by the organization specializing in improvement of quality of loan portfolios of second-tier banks from second-tier banks;

5) allocation of funds in securities.

In that case the incomes receivable shall be attributed to the incomes specified in this paragraph in accordance with the procedure established by the National Bank of the Republic of Kazakhstan in consultation with the authorized body.

2. The income from performance of the activities not specified in paragraph 1 of this Article shall be subject to taxation in accordance with the generally established procedure. In that case the organization specializing in improvement of quality of loan portfolios of second-tier banks in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan shall be obliged to keep separate records on the income exempt from taxes in accordance with this Article and income liable to taxation in accordance with the generally established procedure.

3. In the event that an income is received which shall be subject to taxation in accordance with the generally established procedure the amount of the expenditures of the organization specializing in improvement of quality of loan portfolios of second-tier banks in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan to be attributed to deduction shall be determined using either proportional or separate method at the option of such organization.

4. If the proportional method is applied the amount of the expenditures to be attributed to deductions in the total expenditure amount shall be determined on the basis of the proportion of the income gained from performance of the activities not specified in paragraph 1 of this Article in the total income amount.

5. If the separate method is applied, the organization specializing in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan, shall keep separate records on the expenditures related to the income received from performance of the activities specified in paragraph 1 of this Article and the expenditures related to the income which are subject to taxation in accordance with the generally established procedure.

Article 135-3. Taxation of organizations engaged in organizing and holding international specialized exhibition in the Republic of Kazakhstan

1. For the purposes of this Code the following entities shall be recognized as organizations engaged in organizing and holding international specialized exhibition in the territory of the Republic of Kazakhstan:

a legal entity established by the decision of the Government of the Republic of Kazakhstan wholly owned by the state and engaged in organizing and holding the international specialized exhibition in the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan concerning regulation of commercial activity;

a legal entity engaged in design and (or) construction of facilities for the international specialized exhibition in the territory of the Republic of Kazakhstan and included into the list of the organizations engaged in design and (or) construction of facilities for the international specialized exhibition in the Republic of Kazakhstan approved by the Government of the Republic of Kazakhstan.

2. An organization engaged in organizing and conducting the international specialized exhibition in the territory of the Republic of Kazakhstan shall reduce its corporate income tax assessed in accordance with Article 139 of this Code on the revenue from performance of the relevant activities as provided for by paragraph 1 of this Article, by 100 per cent.

The provisions of this paragraph shall not apply to the tax periods following the tax period of the completion of the international specialized exhibition in the territory of the Republic of Kazakhstan specified in the registration dossier developed by the legal entity that was established by the decision of the Government of the Republic of Kazakhstan, and approved by the international intergovernmental organization established to control the compliance with the provisions of the International Convention Relating to the International Specialized Exhibition.

3. The profits of an organization engaged in organizing and holding the international specialized exhibition in the territory of the Republic of Kazakhstan from an activity that is not specified in paragraph 1 of this Article shall be subject to corporate income tax in accordance with the generally established procedure.

4. An organization engaged in organizing and holding the international specialized exhibition in the territory of the Republic of Kazakhstan shall keep separate tax records on the taxable assets and activities and (or) assets and activities connected with taxation for the purpose of assessment of tax liabilities for the respective activities as specified in paragraph 1 of this Article and other activities. Separate tax accounting shall be also applied for distribution of overall expenditures for the proportion of the profits gained (to be gained) from respective activities specified in paragraph 1 of this Article or other activity in the total income gained (to be gained) for the accounting tax period.

5. An organization engaged in organizing and holding the international specialized exhibition in the territory of the Republic of Kazakhstan shall not be entitled to apply the provisions of this Code provided for the organizations operating in the territories of the special economic zones.

CHAPTER 13. LOSSES

Article 136. Definition of a Loss

1. The following shall be recognised as losses:

1) excess of deductions over the aggregate annual income subject to adjustments specified by Article 99 of this Code;

2) losses from selling an enterprise as a going concern.

2. The following shall be recognised as losses from selling securities:

1) in relation to securities, except for debt securities – a negative difference between the selling price and the purchase price;

2) in relation to debt securities – a negative difference between the selling price and the purchase price subject to depreciation of a discount and (or) premium on the date of selling.

3. Losses connected with a derivative financial instrument shall be determined as an excess of expenditures over proceeds to be determined in accordance with Articles 127 and 128 of this Code.

Unless otherwise provided for by this paragraph, a loss connected with a derivative financial instrument shall be recognized on the date of maturity, early or other termination of the rights, and on the date of settlement of a transaction with the derivative financial instrument the claims under which compensate in full or in part the liabilities with related to the earlier transaction with the derivative financial instrument.

Losses connected with swap or other derivative financial instrument with the maturity exceeding twelve months after conclusion thereof, the fulfillment of which provides that the payments should be made before the maturity of the financial instrument, the amount of the payments shall depend on changes in the price, exchange rate, interest rates, indexes and any other indicator established by such derivative financial instrument, shall be recognized in every tax period, in which the excess specified in the first part of this paragraph occurs.

For this purpose the loss connected with a derivative financial instrument used for the purposes specified in subparagraph 3) of paragraph 1 of Article 126 of this Code shall be deferred in accordance with the procedure established by paragraph 8 of Article 137 of this Code.

Losses connected with a derivative financial instrument used for hedging purposes shall be recognized in accordance with Article 129 of this Code.

4. The loss from selling assets not subject to depreciation indicated in subparagraphs 1), 2), and 3) of paragraph 2 of Article 87 of this Code, except for the assets redeemed for state needs, in accordance with legislative acts of the Republic of Kazakhstan, is a negative difference between selling cost and historical cost of such assets.

5. The business losses shall not include the losses specified in paragraphs 2, 3, and 4 of this Article, and the loss from retirement of Group I fixed assets.

Article 137. Carry-Forward of Losses

1. Losses from entrepreneurial activities as well as losses from the disposal of fixed assets of group I shall be carried forward on the next ten years inclusive for cancelling at the expense of taxable income of those tax periods.

1-1. The losses from disposal of assets not subject to depreciation indicated in subparagraphs 1), 2), and 3) of par.2 of Article 87 of this Code, except for the assets redeemed for state needs, in accordance with legislative acts of the Republic of Kazakhstan, shall be indemnified at the expense of capital gain received from sell-off of such assets.

In case such losses can not be indemnified in the period they were incurred in, they may be carried forward for the subsequent ten years inclusive and be indemnified at the expense capital gain received from disposal of assets not subject to depreciation indicated in pars. 1), 2) and 3) of par. 2 of Article 87 of this Code.

2. Unless otherwise established by this Article, losses arising in selling securities, shall be compensated at the expense of income from capital gains received in selling other securities, with the exception of income from capital gains received in sale of securities specified in paragraphs 3, 4, 4-1 and 4-2 of this Article.

Where those losses may not be compensated in the period in which they were incurred, they may be carried forward for the next ten years inclusive and be compensated at the expense of capital gain income received from sales of other securities, unless otherwise established by this Article.

3. The losses from sales of shares and participatory interests in a legal entity or consortium shall be compensated at the expense of the income from the increase of the value of the shares or participatory interest in a legal entity or consortium. This paragraph shall apply provided that all the following conditions are met:

on the date of sale of the shares or participatory interest, the taxpayer has been a holder of these shares or participatory interest for more than three years;

the issuing legal entity or the legal entity the participatory interest in which is being sold, or a member of the consortium selling the participatory interest in such consortium is not a subsoil user;

the share of the assets of an entity (entities) being a subsoil user (s) in the value of the assets of an issuing legal entity or a legal entity the participatory interest in which is being disposed of or in the total value of the assets of the consortium members the participatory interest in which is being disposed of does not exceed 50% on the date of such disposal.

For the purpose of this subparagraph a subsoil user shall not mean a subsoil user being a subsoil user only due to his right for the abstraction of underground water for its own needs.

4. Losses arising from the sales by using the method of open auctions at the stock exchange functioning in the territory of the Republic of Kazakhstan, of securities which are on the day of sales in the official lists of a given stock exchange, shall be compensated at the expense of capital gain from sales by the open auctions method at a stock exchange functioning in the territory of the Republic of Kazakhstan, of securities which are on the day of sales in the official lists of a given stock exchange.

4-1. Losses arising from the sales of state issued securities shall be compensated at the expense of capital gain from sales of state issued securities.

4-2. Losses arising from the sales of agent's bonds shall be compensated at the expense of capital gain from sales of agent's bonds.

5. Where losses specified in paragraphs 3, 4, 4-1 and 4-2 of this Article may not be compensated in the period in which they were incurred, then they shall not be carried forward to the next following tax periods.

6. Losses of a special-purpose financial company incurred from business which is carried out in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization, may be carried forward in securitization transactions during the period of circulation of the bonds which are secured with underlying assets.

7. The losses incurred due to application of the special tax regime for legal entities producing agriculture products, aquaculture products (fishery) and agricultural consumer co-operatives shall not be deferred to the consequent tax periods.

*7-1. The loss incurred by the bank subsidiary organization acquiring doubtful and bad assets of the parent bank shall not be deferred to the following tax periods.

8. Losses from derivative financial instruments used for the purposes specified in subparagraph 3) of paragraph 1 of Article 126 of this Code shall be compensated at the expense of income from derivative financial instruments used for the purposes specified in subparagraph 3) of paragraph 1 of Article 126 of this Code.

If such losses cannot be compensated in the period in which they were incurred, they may be deferred to the consequent ten years, inclusively, and be compensated at the expense of the income from the derivative financial instruments used for the purposes specified in subparagraph 3) of paragraph 1 of Article 126 of this Code.

9. Losses from entrepreneurial activities incurred by a legal entity, except as provided in paragraph 10 of this Article, with respect to the activities, for which a 100-percent reduction in the corporate income tax assessed as per Article 139 of this Code is provided for in this Code, shall not be carried forward to the subsequent tax periods.

* From 1 January 2012 to 1 January 2018.

10. Losses incurred by an organization implementing a priority investment project under an investment contract concluded in accordance with the legislation of the Republic of Kazakhstan concerning investment shall not be carried forward to tax periods following the tax period, in which such investment contract was terminated.

Article 138. Carry-Forward of Losses in Case of Reorganization

1. Losses, which are transferred due to the reorganization by spin-off or demerger, shall be distributed based on the participatory interests of legal successors in the taxpayer under reorganization, and shall be carried forward in the procedure defined in Article 137 of this Code.

2. In the event of legal entity reorganization by merger or acquisition pursuant to the resolution of the Government of the Republic of Kazakhstan, the losses of a legal entity under reorganization shall be transferred to its successor on a single occasion upon each reorganization, and shall be carried forward by the successor in the procedure defined in Article 137 of this Code.

CHAPTER 14. THE PROCEDURE FOR THE ASSESSMENT AND TIMING FOR PAYMENT OF CORPORATE INCOME TAX

Article 139. Assessment of Corporate Income Tax

1. Corporate income tax, except for corporate income tax on net income and corporate income tax withheld at source, shall be assessed for a tax period in the procedure as follows:

the product of the rate established by paragraph 1 or paragraph 2 of Article 147 of this Code and taxable income reduced by amounts of income and expenses specified in Article 133 of this Code, as well as by amount of losses carried forward in accordance with Article 137 of this Code,

minus

the amount of corporate income tax, with respect to which the offset is made in accordance with Article 223 of this Code,

minus

the amount of corporate income tax withheld at source in the tax period from income in the form of winnings, by which the offset is made in accordance with paragraph 2 of this Article,

minus

the amount of corporate income tax withheld at source in the form of winnings, dividends carried forward from previous tax periods in accordance with paragraph 3 of this Article,

minus

the amount of corporate income tax withheld at source in the tax period from income in the form of winnings, dividends, by which the offset is made in accordance with paragraph 2 of this Article.

2. The amount of corporate income tax payable to the budget shall be reduced by the amount of corporate income tax, which is withheld at source from income in the form of winnings, interest, dividends, where documents confirming the said tax withholding at source are available.

The provisions of this paragraph shall not apply to organizations operating in the social sphere, non-profit organizations with respect to corporate income tax withheld at source from income in the form of interest on deposits.

3. Should the amount of corporate income tax withheld at source from income in the form of interest, dividends exceed the amount of corporate income tax assessed, the difference between the amounts of corporate income tax withheld at source and corporate income tax assessed and payable to the budget shall be carried forward to the next ten tax periods inclusive ,and shall progressively reduce amounts of corporate income tax payable to the budget in those tax periods.

Article 140. Special Considerations in the Assessment and Payment of Corporate Income Tax by Certain Categories of Taxpayers

Taxpayers applying the special tax regime for legal persons which are producers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives shall carry out the assessment of corporate income tax in view of special consideration established by Article 451 of this Code.

Article 141. The Assessment of Amounts of Advance Payments

1. Unless otherwise established by paragraph 2 of this Article, taxpayers shall assess and pay advance payments of corporate income tax within current tax period in accordance with the procedure established by this Code.

2. Have the right not to assess and not to pay advance payments of corporate income tax, including the right not to submit assessments of amounts of advance payments of corporate income tax, which are due for a period before and after submission of corporate income tax declaration for the preceding tax period:

1) unless otherwise specified by this paragraph, taxpayers whose aggregate annual income considering adjustments related to the tax period preceding the previous tax period does not exceed an amount equal to 325000-times amount of the monthly assessment index established by the law concerning the republic's budget and effective as of the 1st January of the financial year coming before the previous financial year;

2) unless otherwise is established by paragraph 11 of this Article, newly-formed (established) taxpayers – within the tax period in which the state (accounting) registration was performed by the body of justice, and also within the next tax period;

3) newly-registered by the tax authorities as taxpayers, non-resident legal persons carrying on business in the Republic of Kazakhstan through a permanent establishment without opening of an affiliate, representation – within the tax period in which the registration by the tax authorities was carried out, and also within the next tax period;

4) taxpayers, conforming to conditions of paragraph 1 of Article 134 {~} of this Code;
5) taxpayers conforming to the provisions of paragraph 1 of Article 135-1 of the Tax Code;
6) taxpayers, conforming to conditions of paragraphs 2 and 3 of the Article 135 of this Code;
7) taxpayers, conforming to conditions of paragraph 1 of the Article 150 of this Code;
8) a legal entity established by the resolution of the Government of the Republic of Kazakhstan with one hundred-percent state participation in the charter capital, and engaged in the arrangement and holding of an international specialized exhibition in the territory of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan concerning the regulation of trading activities.

The provisions of this subparagraph shall not extend to tax periods following the tax period, within which the closing date of an international specialized exhibition, held in the territory of the Republic of Kazakhstan and specified in the registration dossier developed by a legal entity established by the resolution of the Government of the Republic of Kazakhstan and approved by an international governmental organization created to exercise control over the fulfillment of provisions of the international agreement on the international specialized exhibition holding, falls.

3. Amounts of advance payments of corporate income tax, which are due for a period before submission of corporate income tax declaration for the preceding tax period, computed in accordance with paragraph 4 of this Article, shall be paid in equal portions during the first quarter of the reporting tax period.

Amounts of advance payments of corporate income tax which are due for the period after submission of corporate income tax declaration for the preceding tax period, assessed in accordance with paragraphs 6 and 7 of this Article, shall be paid in equal portions during the second, third, fourth quarters of the reporting tax period.

Amount of adjustment of advance payments of corporate income tax, carried out in accordance with paragraph 8 of this Article, shall be evenly distributed in months of the reporting tax period, for which advance payments of corporate income tax are not yet due.

4. Assessments of amounts of advance payments of corporate income tax, which are due for a period before submission of corporate income tax declarations for the preceding tax period, shall be submitted to the tax authorities in the place of location taxpayers for the first quarter of the reporting tax period not later than on the 20th January of the reporting tax period.

Amounts of advance payments of corporate income tax, which are due for the period before the submission of corporate income tax declarations for the preceding tax period, shall be assessed as one fourth of the total sum of advance payments which is computed in the assessments of amounts of advance payments for the preceding tax period.

4-1. In case, if the taxpayer did not assess advance payments of corporate income tax for the preceding tax period, amounts of advance payments of corporate income tax, which are due for the period before the submission of corporate income tax declarations for the preceding tax period, shall be assessed as based on assumed amount of corporate income tax for the current tax period.

5. Assessments of amounts of advance payments of corporate income tax which are due for the period after submission of corporate income tax declarations for the preceding tax period, shall be submitted by taxpayers within twenty calendar days from the day of submission of them for the second, third, fourth quarters of the reporting tax period.

6. Amounts of advance payments of corporate income tax, which are payable for the period after submission of corporate income tax declarations for the preceding tax period, shall be assessed as three fourths of the amount of corporate income tax which was assessed for the preceding tax period in accordance with paragraph 1 of Article 139 and Article 199 of this Code.

7. Taxpayers who are liable to calculate and make advance payments on corporate income tax according to this Article, who incurred losses or who have no taxable income on the results of the previous tax period shall be obliged within twenty calendar days from the day of submission of corporate income tax declarations for the previous tax period to submit to the tax authorities the assessments of amounts of advance payments on the basis of the expected amounts of corporate income tax for the current tax period.

8. Within a reporting tax period taxpayers shall have the right to submit additional assessment of amounts of advance payments of corporate income tax, except for additional assessment of amounts of advance payments of corporate income due for the period before submission of corporate income tax declarations for the preceding tax period. In such case, additional assessment of amounts of advance payments of corporate income tax, due for the period after submission of corporate income tax declarations for the preceding tax period, shall be compiled based on assumed amount of income for the reporting tax period and shall be submitted for the reporting tax period months, for which advance payments of corporate income tax are not yet due.

Amounts of advance payments of corporate income tax which are due for the period after the submission of corporate income tax declarations for the previous tax period, subject to adjustments which are specified in additional assessments of amounts of advance payments of corporate income tax may not have negative value.

Additional assessments of amounts of advance payments of corporate income tax due for the period after the submission of corporate income tax declarations for the previous tax period, may be submitted not later than the 20th December of the tax period.

9. Where a period for the submission of corporate income tax declarations for the previous tax period is extended:

1) the amount of corporate income tax subject to advance payment for the period after submission of a corporate income tax declaration for the previous tax period shall be calculated in accordance with the procedure established in par. 6 of this Article including the period for which the deadline for submission of a corporate income tax declaration for the previous tax period is extended;

2) a taxpayer shall pay an amount of advance payment for the period for which submission of the specified declaration is extended based on the estimated amount of advance payment subject to payment for the period after submission of a corporate income tax declaration for the previous tax period.

Positive difference between the amount of advance payments for the period for which submission of the specified declaration is extended calculated based on the amount of advance payments for corporate income tax subject to payment for the period after submission of a corporate income tax declaration for the previous tax period and the amount of advance payments paid for the period for which submission of a corporate income tax declaration for the previous tax period is extended is recognized as a debt with regard to advance payments for corporate income tax.

10. {~}.

11. A newly-established legal entity formed in the result of reorganization by way of division or separation calculates amounts of advance payments for corporate income tax in the tax period in which such reorganization takes place as well as during two following tax periods in case a legal entity reorganized by way of division or separation used to calculate amounts of advance payments for corporate income tax in the tax period in which such reorganization took place.

In the tax period in which reorganization by way of division or separation took place as well as during two following tax periods, the amount of advance payments for corporate income tax subject to payment for the period before and after submission of a corporate income tax declaration for the previous tax period shall be calculated by a newly-established legal entity formed in the result of reorganization by way of division or separation based on the estimated amount of corporate income tax for the current tax period.

12. The provisions of this Article shall not apply to the taxpayers specified in Article 51-2 of this Code during the tax period when such taxpayers are restructuring their liabilities to creditors as per the restructuring plan approved by the court.

Article 142. Timing and Procedure for Payment of Corporate Income Tax

1. Taxpayers shall effect payment of corporate income tax in the place of location.

Non-resident legal persons carrying on business in the Republic of Kazakhstan through a permanent establishment shall effect payment of corporate income tax in the place of location of the permanent establishment.

2. The taxpayers specified in paragraph 1 of Article 141 of this Code shall be obliged for each month to pay to the budget advance payments of corporate income tax within the tax period as established by Article 148 of this Code, not later than the 25th day of each month in amounts computed in accordance with Article 141 of this Code.

3. Amounts of advance payments paid to the budget within a tax period shall be reckoned towards the payment of corporate income tax assessed according to the corporate income tax declaration for the reporting tax period.

Taxpayers shall make payments of corporate income tax upon the results of the tax period not later than ten calendar days after the date established for the submission of declarations.

CHAPTER 15. CORPORATE INCOME TAX WITHHELD AT SOURCE OF PAYMENT

Article 143. Income Taxable at Source of Payment

1. The following shall be recognised as income which is taxed at source of payment, unless otherwise specified by paragraph 2 of this Article:

1) prizes paid by the legal person-resident of the Republic of Kazakhstan, the legal person-non-resident of the Republic of Kazakhstan to the legal person-resident of the Republic of Kazakhstan, the legal person-non-resident of the Republic of Kazakhstan who has a permanent establishment in the Republic of Kazakhstan;

2) income of non-residents from sources in the Republic of Kazakhstan which are computed in accordance with Article 192 of this Code, not related to permanent establishments of such non-residents, with the exception of those specified in subparagraph 2-1) of this paragraph;

2-1) income, specified in subparagraph 9) of paragraph 1 of Article 192 of this Code, which is paid to the branch, representative office or permanent establishment of non-resident;

3) remuneration paid by the legal person-resident of the Republic of Kazakhstan, the legal person-non-resident of the Republic of Kazakhstan to the legal person-resident of the Republic of Kazakhstan, the legal person-non-resident of the Republic of Kazakhstan who has a permanent establishment in the Republic of Kazakhstan;

4) dividends specified in unnamed subparagraph of subparagraph 1) of paragraph 1 of Article 99 of this Code.

2. The following shall not be taxed at source of payment:

1) interest on state issue securities and agent's bonds;

2) interest to be paid to a single pension savings fund or voluntary pension savings fund, insurance organizations engaged in activities in the life insurance industry, mutual investment fund and joint stock investment fund, and National Social Insurance Fund;

3) interest on debt securities which on the date of the assessment of such interest are in the official list of a stock exchange functioning in the territory of the Republic of Kazakhstan;

4) interest on credits (loans) which is payable to organisations carrying out bank lending transactions on the basis of a licence;

5) interest on loans (advances) which is payable to credit partnerships;

6) interest on loans loan (advances) which is payable to specialised financial companies that were formed in accordance with the legislation of the Republic of Kazakhstan on project financing and securitization for securitization transactions;

7) interest on a loan (advance), deposit, which is payable to a resident bank;

8) interest on financial leases which is payable to a resident lessor;

9) premium received under repo transactions;

10) interest on microcredits to be paid to microfinance organizations;

11) premium payable with regard to debt securities:

to organizations carrying out professional activities in the security market;

to legal entities through organizations carrying out professional activities in the security market;

12) The interest on the deposits to be paid to:

non-for-profit organizations other than those registered as joint stock companies, establishments and consumer cooperatives, except for cooperatives of owners of premises (apartments);

autonomous educational organizations specified in subparagraphs 1) and 2) of paragraph 1 of Article 135-1 of this Code.

Article 144. The Procedure for the Assessment of Corporate Income Tax Withheld at Source of Payment

1. Amounts of corporate income tax withheld at source of payment shall be computed by tax agents by the application of the rates established by paragraph 3 of Article 147 of this Code to amounts of payable income which is taxable at source of payment.

2. Tax agents shall be obliged to withhold tax which is to be withheld at source of payment when paying income specified in Article 143, exept incomes provided with subparagraph 2) of paragraph 1 of the Article 143 of this Code irrespective of the form and place of payment of income.

3. A legal entity by its decision shall be entitled to recognize its structural unit as a tax agent for the corporate income tax withheld at source of payment with respect to the income taxable at source of payment of the income paid (to be paid) to such structural unit.

Unless otherwise is established by this Article, the decision of the legal entity or revocation of such decision shall be put into effect from the January 1 of the year following the year when such decision was made.

Where a newly formed structural unit shall be recognized as a tax agent, the decision of the legal entity concerning such recognition shall be put in effect from the date of establishment of such structural unit or from January 1 of the year following the year of establishment of such structural unit.

The provisions of this paragraph shall not apply to corporate income tax withheld at source of payment from the income paid (to be paid) to a non-resident legal entity operating in the Republic of Kazakhstan without incorporation of a permanent establishment.

Article 144-1. Procedure for Taxation of Income of Non-Resident Legal Entities Operating without Incorporation of Permanent Establishment in the Republic of Kazakhstan

The assessment, deduction, and transfer of corporate income tax on income of non-resident legal entities operating without incorporation of a permanent establishment in the Republic of Kazakhstan which are provided for by Article 143 paragraph 1 subparagraph 2) of this Code, and submission of tax accounts shall be performed in accordance with the procedure established by Chapter 23 of this Code.

Article 145. The Procedure for the Transfer of Corporate Income Tax Withheld at Source of Payment

1. Tax agents shall be obliged to transfer amounts of corporate income tax withheld at source of payment not later than twenty-five calendar days after the end of the month in which the payment was made, unless otherwise specified by this Code.

2. Transfers of amounts of corporate income tax withheld at source of payment shall be carried out in the place of location of the tax agent.

Non-resident legal persons carrying out activity in the Republic of Kazakhstan through a permanent establishment shall effect transfers of amounts of corporate income tax withheld at source of payment to the budget in the place of location of the permanent establishment.

Article 146. Assessments of Corporate Income Tax Withheld at Source of Payment

Tax agents shall be obliged to submit assessments of amounts of corporate income tax withheld at source of payment not later than the 15th day of the second month following the quarter in which a payment was made.

CHAPTER 16. TAX RATES, TAX PERIOD AND TAX DECLARATION

Article 147. Tax Rates

1. Taxpayers' taxable income reduced by amounts of income and costs, as specified in Article 133 of this Code, and by amounts of losses which are carried forward in accordance with the procedure established by Article 137 of this Code, shall be subject to tax at a rate of 20 per cent, unless it is otherwise established by paragraph 2 of this Article.

2. Taxable income of legal entities that are producers of agricultural products, apicultural products, aquaculture (fishery) products, decreased by the amount of incomes and losses provided for by Article 133 of this Code, and by the amount of losses to be deferred in accordance with the procedure established by Article 137 of this Code shall be liable to tax at the rate of 10 per cent if such income is generated from operations connected with production of agricultural products, apicultural products, aquaculture (fishery) products, and with processing and selling of the specified products of own production.

For the purposes of this Code the income gained from activities connected with production of agricultural products, apicultural products, aquaculture products (fishery), processing and sale of the specified products of own production *shall among others include budgetary subsidies* granted to legal entities being producers of agriculture products, apicultural products, aquaculture (fishery) products, for the following purposes::

1) reduction in interest rates on leasing agricultural machinery and process equipment, as well as on loans for process equipment for agribusiness industry entities;

2) preservation and development of the genetic resources of high value plant varieties and species of agricultural animals, birds, and fish;

3) seed breeding development;

4) enhancement of productivity and quality of animal products;

5) enhancement of productivity and quality of aquaculture (fishery) products;

6) enhancement of productivity and quality of plant products, reduction of cost of fuel and lubricants and other inventory required for carrying spring field and harvesting works by funding the production of priority cultures;

7) reduction of the cost of fertilizers (except for organic ones) for domestic producers of agricultural goods;

8) reduction of the cost of herbicides, biological agents (entomophages) and biological preparations intended for treatment of agricultural crops for protection of plants for domestic producers of agricultural goods;

9) development of pedigree livestock farming;

10) establishing and growing (including recovery) of perennial plantings of fruit and berry crops and grape;

11) protected agricultural cropping;

12) reduction of the transport costs in case of export of agricultural products. (From 01.01.2009);

13) refund of a part of expenses incurred by an agribusiness industry entity when making investments aimed at creating new or expanding the existing production facilities to manufacture agricultural products.

3. Income taxable at source of payment, except for non-residents' income from sources in the Republic of Kazakhstan, shall be subject to tax at source of payment at a rate of 15 per cent.

4. Non-residents' income from sources in the Republic of Kazakhstan which is defined in accordance with subparagraphs 1)–8), 10)–29) of paragraph 1 of Article 192 of this Code, not relating to a permanent establishment of such non-residents, as well as income, specified in subparagraph 9) of paragraph 1 of Article 192 of this Code, shall be taxed in accordance with the rates established by Article 194 of this Code.

5. In addition to corporate income tax, net income of non-resident legal persons carrying on business in the Republic of Kazakhstan through a permanent establishment, shall be taxed at a rate of 15 per cent in accordance with the procedure established by Article 199 of this Code.

Article 148. The Tax Period

1. For corporate income tax, the tax period shall be a calendar year from the 1st January to the 31st December.

2. If a legal entity was formed after the beginning of a calendar year, the period of time from the day of its formation till the end of the calendar year, shall be recognized as the first tax period.

In this respect, the day of its state registration by the body of justice shall be recognized as the day of the legal entity's formation.

3. If a legal entity is liquidated or reorganized before the end of a calendar year, the period of time from the beginning of the year until the day of completion of such liquidation or reorganization, shall be recognized as last tax period for such legal entity.

4. If a legal entity formed after the beginning of a calendar year is liquidated or reorganized before the end of the same year, the period of time from the day of the formation until the day of completion of such liquidation or reorganization, shall be recognized as tax period for such legal entity.

5. If a legal entity enjoyed a special tax treatment for small business entities during a calendar year and in accordance with generally established procedure, the tax period shall not include the period of time during which the legal entity operated under the special tax treatment for small business entities.

Article 149. The Tax Declaration

1. Payers of corporate income tax shall submit to the tax authority in the place of location, the corporate income tax declarations not later than the 31st March of the year following a reporting tax period, except for non-residents who from sources in the Republic of Kazakhstan receive exclusively income which is taxable at source of payment and who do not carry on business in the Republic of Kazakhstan through a permanent establishment, unless otherwise established by this Article.

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3. A corporate income tax declaration shall consist of the declaration and the supplements to it for disclosure of information on taxable items and (or) items relating to taxation.

4. A legal entity enjoying the special tax regime for entities of small business on the basis of a simplified declaration shall not submit corporate income tax declaration on income which is taxable in accordance with paragraphs 3 and 4 of Article 427 of this Code.

SECTION 5. Taxation of Organisations Carrying out Activity in the Territory of Special Economic Zones

CHAPTER 17. TAXATION OF ORGANISATIONS CARRYING OUT ACTIVITY IN THE TERRITORIES OF SPECIAL ECONOMIC ZONES

Article 150. General Provisions

1. For the purpose of this Article, the term «organization operating in the territory of the special economic zone» shall mean a legal entity meeting all the following conditions:

1) a legal entity is registered as a taxpayer at the place of its location with the tax authority in the territory of a special economic zone, or is registered at the place of location of the facility chargeable with land tax, property tax, or land use fee, with such tax authority, where there is a tax authority in the territory of such special economic zone, or a legal entity is registered as a taxpayer at the place of its location with the territorial department of the tax authority in charge of the territory of a special economic zone, where there are no tax authorities in the territory of such special economic zone;

2) the legal entity shall be a participant of the special economic zone in accordance with the legislation of the Republic of Kazakhstan concerning special economic zones;

3) the legal entity shall have no structural units outside the territory of the special economic zone;

4) for a legal entity who is a participant of special economic zone «Park of Innovative Technologies» – at least 70 per cent of the aggregate annual income shall account for the income to be received (already received) from selling of own-produced goods, works, services, provided that the following conditions are met:

the sold goods, works, services shall be a result of performance of the activities provided for by Article 151-4 of this Code;

the goods shall be produced and sold, the works shall be performed, and the services shall be provided by a participant of special economic zone «Park of Innovative Technologies»;

5) for a legal entity being a participant of the special economic zone, other than special economic zone "Park of Innovative Technologies", at least 90 per cent of aggregate annual income of the legal entity shall be income to be received (already received) from sale of the own-produced goods, works, services provided that the following conditions are met:

the sold goods, works, services shall be a result of performance by the participant of the special economic zone of the types of activities complying with the purposes of creation of the special economic zone;

the goods shall be produced and sold, the works shall be performed, and the services shall be provided by a participant of the special economic zone.

the list of goods, works and services specified in subparagraphs 4) and 5) of the first part of this paragraph, shall be determined shall be determined by the Government of the Republic of Kazakhstan.

2. For the purpose of this Code, the term "organizations operating in the territory of "Park of Innovative Technologies" special economic zone" shall include a legal entity meeting all the following conditions:

1) the legal entity shall be registered as a taxpayer at the place of location;

2) the legal entity shall be a participant of "Park of Innovative Technologies" special economic zone in accordance with the legislation of the Republic of Kazakhstan concerning special economic zones;

3) the legal entity shall have no structural units;

4) at least 70 per cent of the aggregate annual income of the legal entity shall account for the income to be received (already received) from sale of own-produced goods, works, services, provided that the following conditions are met:

the sold goods, works, and services shall be a result of the activities provided for by Article provided for by Article 151-4 of this Code;

the goods shall be produced and sold, the works shall be performed, and the services shall be provided by a participant of "Park of Innovative Technologies" special economic zone.

The list of the goods, works, services specified in subparagraph 4) of the first part of this paragraph, shall be determined by the Government of the Republic of Kazakhstan.

The list of the legal entities specified in this paragraph shall be *approved by the* Central Executive Body effecting state control in the area of creation, functioning and abolition of special economic zones.

The procedure for determination of such list shall be determined by the Government of the Republic of Kazakhstan.

3. The organizations operating in the territories of special economic zones shall not include:

1) subsoil users;

2) organizations producing excisable goods, except for organizations engaged in production and/or assembling of excisable goods provided for by Article 279 subparagraph 6) of this Code;

3) organizations applying special taxation regimes;

4) organizations which have applied investment tax preferences;

5) organizations operating in the gambling industry.

Organizations operating in the territories of the special economic zones may not apply the provisions of this Code established for the organizations engaged in organizing and holding the international specialized exhibition in the territory of the Republic of Kazakhstan.

4. *The income gained (to be gained) shall be recognized as income from the operations specified in subparagraph 4) and 5) of the first part of paragraph 1 of this Article based on the confirmation of the local executive body for the respective Oblast, city of national status or capital, issued in the procedure and in the form established by the Government of the Republic of Kazakhstan.*

The income gained (to be gained) shall be recognized as income from the operations specified in subparagraph 4) of the first part of paragraph 2 of this Article based on the confirmation of the autonomous cluster fund, issued in the procedure and in the form established by the Government of the Republic of Kazakhstan.

5. The taxes and charges for land plot use, as well as refund of excess value-added tax on the turnovers taxable at zero rate shall be assessed in accordance with the procedure established by this Code subject to the specific aspects provided for by this Section and Articles 244-2 and 244-3 of this Code.

Article 151. {~}

Article 151-1. Taxation of Entities Operating in the Territory of Special Economic Zone «Astana New City»

1. For the purpose of application of subparagraph 5) of the first part of paragraph 1 of Article 150 of this Code the types of business activity meeting the purposes of establishment of special economic zone «Astana New City» shall be:

1) production of chemical industry products;
2) production of goods of rubber and plastics;
3) production of other non-metal mineral products;
4) manufacturing of household electric appliances;
5) manufacturing of machines and equipment;
6) metallurgy industry;
7) electric equipment including electric lightning equipment;
8) production a glass components for lighting equipment;
9) food production;
10) production of wood-pulp and cellulose, paper and carton;
11) manufacturing of furniture;
12) manufacturing of vehicles, trailers and semitrailers;
13) manufacturing of railway engines and rolling stock;
14) manufacturing of aircrafts and spaceships;
15) manufacturing of essential pharmaceutical products;
16) manufacturing of electronic details;
17) construction and commissioning of infrastructure facilities, administrative and residential complexes in accordance with design specifications and estimates;
18) construction and commissioning of hospitals and policlinics,

schools, kindergartens, museums, theatres, higher and comprehensive education institutions, libraries, schoolchildren's palaces, sports facilities in accordance with design specifications and estimates.

2. The taxes and fees for the use of land plots by entities operating in the territory of special economic zone «Astana New City» for objects subject to tax and/or taxation related objects located in the territory of the special economic zone and used in performance of the activities provided for by paragraph 1 of this Article, shall be assessed by applying:

zero factor to the applicable rates for the purpose of land tax assessment;

zero factor to the applicable for the purpose of assessment of fees for the use of land plots for a period specified in the contract for temporary use of land for a fee (rent), but not exceeding ten years from the date of the provision of the land plots on the basis of the right of temporary use of land for a fee (rent);

zero rate to the average annual value of the taxable object in assessment of tax on property.

3. Unless otherwise provided for by this paragraph, the organization operating in the territory of special economic zone «Astana New City» shall reduce the amount of corporate income tax assessed in accordance with Article 139 of this Code by 100 per cent in assessment of the amount of corporate income tax to be paid to the budget.

The provisions of this paragraph shall not apply to corporate income tax assessed on the income received (to be received) from the business activity specified in subparagraph 18) of paragraph 1 of this Article.

In the event that an entity engaged in the activities specified in subparagraph 18) of paragraph 1 of this Article is also engaged in any of the activities specified in subparagraphs 1) – 17) of paragraph 1 of this Article, for the purpose of assessment of a tax liability with respect to corporate income tax, such entity shall maintain separate accounting of the activities specified in subparagraph 18) of paragraph 1 of this Article, and other activities.

Article 151-2. Taxation of Entities Operating in the Territory of Special Economic Zone «National Industrial Petrochemical Technopark»

1. For the purpose of application of subparagraph 5) of the first part of paragraph 1 of Article 150 of this Code the types of business activity meeting the purposes of establishment of special economic zone «National Industrial Petrochemical Technopark» shall be:

1) production of chemical industry products;

2) manufacturing of petrochemical products;

3) construction and commencement of facilities designed immediately for performance of the activities provided for by subparagraphs 1) and 2) of this paragraph, to the extent of the design specifications and estimates subject to the opinion of the competent authority exercising state regulation in the area of establishment and operation for special economic zones as to compliance of the construction object with the purposes of the special economic zone.

2. The taxes and fees for the use of land plots by entities operating in the territory of special economic zone «National Industrial Petrochemical Technopark» for objects subject to tax and/or taxation related objects located in the territory of the special economic zone and used in performance of the activities provided for by subparagraphs 1) and 2) of paragraph 1 of this Article shall be assessed by applying:

zero factor to the applicable rates for the purpose of land tax assessment;

zero factor to the applicable for the purpose of assessment of fees for the use of land plots for a period specified in the contract for temporary use of land for a fee (rent), but not exceeding ten years from the date of the provision of the land plots on the basis of the right of temporary use of land for a fee (rent);

zero rate to the average annual value of the taxable object in assessment of property tax.

3. Unless otherwise provided for by this paragraph, the organization operating in the territory of special economic zone «National Industrial Petrochemical Technopark» shall reduce the amount of corporate income tax assessed in accordance with Article 139 of this Code by 100 per cent in assessment of the amount of corporate income tax to be paid to the budget.

The provisions of this paragraph shall not apply to corporate income tax assessed on the income received (to be received) from the business activity specified in subparagraph 3) of paragraph 1 of this Article.

In the event that an entity engaged in the activities specified in subparagraph 3) of paragraph 1 of this Article is also engaged in any of the activities specified in subparagraphs 1) and 2) of paragraph 1 of this Article, for the purpose of assessment of a tax liability with respect to corporate income tax, such entity shall keep separate accounting of the activities specified in subparagraph 3) of paragraph 1 of this Article, and other activities.

Article 151-3. Taxation of Entities Operating in the Territory of Special Economic Zone «Aktau Sea Port»

1. For the purposes of application of subparagraph 5) of the first part of paragraph 1 of Article 150 of this Code the types of business activity meeting the purposes of establishment of special economic zone “Aktau Sea Port” shall be:

1) production of household electric appliances;

2) manufacturing of leather goods;

3) production of chemical industry products;

4) manufacturing of rubber and plastics articles;

5) manufacturing of other non-metal mineral products;

6) metallurgy industry;

7) manufacturing of ready-made metal products;

8) manufacturing of machines and equipment;

9) manufacturing of petrochemical products;

10) warehousing and auxiliary transportation activities;

11) manufacturing of essential pharmaceutical products.

2. The taxes and fees for the use of land plots by entities operating in the territory of special economic zone “Aktau Sea Port” for objects subject to tax and/or taxation related objects located in the territory of the special economic zone and used in the activities provided for by paragraph 1 of this Article shall be assessed by applying:

zero factor to applicable rates for the purpose of land tax assessment;

zero factor to applicable rates for the purpose of assessment of fees for the use of land plots for a period specified in the contract for temporary use of land for a fee (rent), but not exceeding ten years from the date of the provision of the land plots on the basis of the right of temporary use of land for a fee (rent);

zero rate to the average annual value of the taxable object in assessment of property tax.

3. For assessment of the amount of corporate income tax to be paid to the budget, the amount of corporate income tax assessed in accordance with Article 139 of this Code shall be reduced by 100 per cent.

Article 151-4. Taxation of Entities Operating in the Territory of Special Economic Zone «Park of Innovative Technologies»

1. For the purposes of application of subparagraph 4) of the first part of paragraph 1 of Article 150 of this Code the types of business activity meeting the purposes of establishment of special economic zone «Park of Innovative Technologies» shall be:

1) design, development, implementation, and production of databases and hardware; design, development, implementation, and production of software (including software prototype);

2) services connected with storage and processing data in electronic form using head-end info communication equipment (data-centre services);

3) development of new information technologies on the basis of artificial immune and neural systems;

4) scientific research and experimental development works in the area of information technologies, telecommunications and communication, electronics, instrument engineering, inexhaustible energy sources, cost-effective use of resources and natural resource use, creation and use of new materials, production, transportation and processing of oil and gas subject to the certificate for performance of such works issued by the competent authority in the area of science;

5) manufacturing data-processing machines, reproducing equipment, addressing machines, calculators, cash registers, franking machines, ticket machines, and other office machines and equipment, electronic computers, and other data processing equipment;

6) manufacturing of electric and radio components, transmitting hardware, sound and image receiving, recording and reproducing equipment;

7) design, development, implementation and production of electronic, measurement, optical, and lightning devices;

8) educational activities in the area of innovative technologies according to the list determined by the Government of the Republic of Kazakhstan;

9) design, development, implementation and production of new materials (including prototypes);

9-1) manufacturing of household electrical devices: refrigerators, freezers, washing machines;

10) construction and commissioning of facilities intended immediately for performance of the activities provided for by subparagraphs *1) – 9-1)* of this paragraph to the extent of the design specifications and estimates subject to certificate of compliance of the construction object with the purposes of the special economic zone issued by the competent authority exercising state regulation in the area of establishment and functioning of special economic zones.

2. For the purpose of application of subparagraph 4) of the first part of paragraph 2 of Article 150 of this Code the types of business activities meeting the purposes of special economic zone “Park of Innovative Technologies” shall be:

1) design, development, implementation, and production of databases and hardware; design, development, implementation, and production of software (including software prototypes);

2) services connected with storage and processing of data in electronic form using head-end info communication equipment (data-centre services);

3) performance of scientific research and experimental development works for development and implementation of information technology related projects.

3. The taxes and fees for the use of land plots by entities operating in the territory of special economic zone «Park of Innovative Technologies» for objects subject to tax and/or taxation related taxation related objects located in the territory of the special economic zone and used in performance of the activities provided for by subparagraphs *1) – 9-1)* of paragraph 1 of this Article, shall be assessed by applying:

zero factor to applicable rates for the purpose of land tax assessment;

zero factor to applicable rates for the purpose of assessment of fees for the use of land plots for a period specified in the contract for temporary use of land for a fee (rent), but not exceeding ten years from the date of the provision of the land plots on the basis of the right of temporary use of land for a fee (rent);

zero rate to the average annual value of the taxable object in assessment of property tax.

4. Unless otherwise provided for by this paragraph, the entity operating in the territory of special economic zone “Park of Innovative Technologies” shall reduce the amount of corporate income tax assessed in accordance with Article 139 of this Code by 100 per cent for the purpose of assessment of the amount of corporate income tax to be paid to the budget.

The provisions of this paragraph shall not apply to corporate income tax assessed on the income received (to be received) from the business activity specified in subparagraph 10) of paragraph 1 of this Article.

In the event that an entity engaged in the activities specified in subparagraph 10) of paragraph 1 of this Article is also engaged in any of the activities specified in subparagraphs 1) – 9) of paragraph 1 of this Article, for the purpose of assessment of a tax liability with respect to corporate income tax, such entity shall keep separate accounting of the activities specified in subparagraph 10) of paragraph 1 of this Article, and other activities.

5. For the purpose of assessment of the social tax amount to be paid to be budget, the difference between the assessed social tax for the expenditures incurred by the employer in connection with payments in the form of income of the employees involved exclusively in the activities provided for by subparagraphs *1) – 9-1)* of paragraph 1, paragraph 2 of this Article, and the amount of the social insurance

contributions assessed in accordance with Law of the Republic of Kazakhstan Concerning Compulsory Social Insurance for such employees, shall be reduced by 100 per cent provided that all the following conditions are met:

The maximum period of the tax relief application shall be 5 years starting from the social tax period when the legal entity was included into the unified register of participants of the special economic zone in accordance with the legislation of the Republic of Kazakhstan concerning special economic zones;

The expenditures connected with payment of labour of the mentioned employers for the tax period with respect to corporate income tax shall be not less than 50 per cent of the aggregate annual income;

90 per cent of the expenses connected with payment of labour of the mentioned employees for the tax period with respect to corporate income tax shall be the expenses related to remuneration of employees being residents of the Republic of Kazakhstan.

6. In the event that at the end of the current tax period the conditions established by paragraph 5 of this Article have not been complied with, the taxpayer must:

1) assess social tax in accordance with the procedure established by Article 357 of this Code without application of the provision established by paragraph 5 of this Article;

2) submit in accordance with Article 70 of this Code additional tax reports on social tax for the tax periods in which social tax shall be assessed in accordance with Article 357 of this Code without applying the provision established by paragraph 5 of this Article within ten calendar days after the period established for submission of corporate income tax returns.

7. For the purpose of this Article, the term “new materials for different purposes” shall mean construction materials on a metal or non-metal basis, intended for application in different industries and fields of activities, that have never been used before or that have new previously unknown properties.

Article 151-5. Taxation of Entities Operating in the Territory of Special Economic Zone «Ontustik»

1. For the purpose of application of subparagraph 5) of the first part of paragraph 1 of Article 150 of this Code, the types of business activities meeting the purposes of special economic zone «Ontustik» shall be as follows:

1) manufacturing of ready-made textile goods, other than clothing;

2) manufacturing of other knitting and hosiery;

3) manufacturing of clothing, other than fur and leather clothing;

4) spinning industry, weaving and finishing works;

5) manufacturing of nonwoven goods, other than;

6) manufacturing of carpets and rugs;

7) manufacturing of wood-pulp and cellulose;

8) manufacturing of paper and paperboard;

9) manufacturing of leather goods, other than tanning and currying, dressing and dyeing of fur;

10) manufacturing of stationary.

2. The taxes and fees for the use of land plots by entities operating in the territory of special economic zone “Ontustik” for objects subject to tax and/or taxation related objects located in the territory of the special economic zone and used in performance of the activities provided for by paragraph 1 of this Article shall be assessed by applying:

zero factor to applicable rates for the purpose of land tax assessment;

zero factor to applicable rates for the purpose of assessment of fees for the use of land plots for a period specified in the contract for temporary use of land for a fee (rent), but not exceeding ten years from the date of the provision of the land plots on the basis of the right of temporary use of land for a fee (rent);

zero rate to the average annual value of the taxable object for the purpose of assessment of property tax.

3. For the purpose of assessment of corporate income tax to be paid to the budget, the amount of the corporate income tax assessed in accordance with Article 139 of this Code shall be reduced by 100 per cent.

Article 151-6.Taxation of Entities Operating in the Territory of Special Economic Zone «Burabai»

1. For the purpose of application of subparagraph 5) of the first part of paragraph 1 of Article 150 of this Code the types of business activities meeting the purposes of special economic zone “Burabai” shall be:

1) rendering of tourist services;

2) construction and commissioning of tourist accommodation facilities, sanatorium and recreation facilities provided that the following conditions are met:

The facilities to be constructed and commissioned shall not be connected with gambling business;

The facilities shall be constructed and commissioned in accordance with design specifications and estimates.

2. The taxes and fees for the use of land plots by entities operating in the territory of special economic zone “Burabai” for objects subject to tax and/or taxation related objects located in the territory of the special economic zone and used for performance of the activities provided for by paragraph 1 of this Article shall be assessed by applying:

zero factor to applicable rates for the purpose of land tax assessment;

zero factor to applicable rates for the purpose of assessment of fees for the use of land plots for a period specified in the contract for temporary use of land for a fee (rent), but not exceeding ten years from the date of the provision of the land plots on the basis of the right of temporary use of land for a fee (rent);

zero rate to the average annual value of the taxable object for the purpose of property tax assessment.

3. For the purpose of assessment of corporate income tax amount to be paid to the budget, the amount of corporate income tax assessed in accordance with Article 139 of this Code shall be reduced by 100 per cent.

Article 151-7. Taxation of organisations operating in the «Saryarka» Special Economic Zone

1. For the purposes of sub-paragraph 5) of the first part of paragraph 1 of Article 150 of this Code the activities, which are consistent with the objectives of creating the «Saryarka» Special Economic Zone, shall be as follows:

1) iron and steel industry;
2) manufacture of ready-made metal products except for machinery and equipment;
3) manufacturing of engines and turbomachinery, other than aircraft, motorcar, andmotor cycle engines;
4) manufacture of motor vehicles, trailers and semi-trailers;
5) manufacture of computers, electronic and optical products;
6) manufacture of electrical equipment;
7) manufacture of chemicals and chemical products;
8) manufacture of rubber and plastic products;
9) manufacture of building materials and non-metallic mineral products;
10) manufacture of hydraulic equipment;
11) manufacture of other pumps, compressors, plugs and valves;
12) manufacture of other cocks and faucets;
13) manufacture of bearings, gearwheels, gear and drive components;
14) manufacture of stoves, ovens, and furnace burners;
15) manufacture of hoisting and load-transfer equipment;
16) manufacture of manual electric tools;
17) manufacture of industrial refrigeration and ventilation equipment;
18) manufacture of purifying units for liquid minerals;
19) manufacture of equipment for production, dispersion or spraying of liquid minerals or powders;
20) manufacture of purifying equipment for oil refining, chemical industry, beverage industry;
21) manufacture of centrifugal machines (other than cream separators and drying units);
22) manufacture of water cooling towers for direct cooling through water recirculation;
23) manufacture of agriculture and forestry machines;
24) manufacture of equipment for metal treatment under pressure;
25) manufacture of other metal processing machines;
26) manufacture of machines and equipment for metallurgy industry;
27) manufacture of machines for mining industry, underground operations and construction;
28) manufacture of equipment for production and processing of food products, beverages and tobacco products;
29) manufacture of equipment for production of textile, dressing, fur, and leather products;
30) manufacture of equipment for production of paper and carton;
31) manufacture of equipment for processing rubber, plastics and other polymer materials.

2. In the calculation of taxes and payment for land use by the organisations, which operate in the «Saryarka» Special Economic Zone, with respect to taxable items and (or) items related to taxation located in the Special Economic Zone and used in carrying out the activities stipulated by paragraph 1 of this Article there shall be applied:

the factor 0 to the corresponding rates in the calculation of the land tax;

the factor 0 to the corresponding rates in the calculation of fees for the use of land for a period specified in the contract of the temporary paid land use (lease) but not more than ten years from the date of allotment of land plots as temporary paid land use (lease);

the rate of 0 percent of the average annual value of taxable items in the calculation of property tax.

3. In determining the amount of corporate income tax payable to the budget, the amount of corporate income tax calculated in accordance with Article 139 of the Code shall be reduced by 100 percent.

Article 151-8. Taxation of organisations operating in the «Khorgos – East Gate» Special Economic Zone

1. For the purposes of sub-paragraph 5) of the first part of paragraph 1 of Article 150 of this Code the activities, which are consistent with the objectives of creating the «Khorgos – East Gate» Special Economic Zone, shall be as follows:

1) storage facilities and supporting transport activities;
2) food production;
3) manufacture of leather products and allied products;
4) manufacture of textiles;
5) manufacture of other non-metallic mineral products;
6) manufacture of chemicals and chemical products;
7) manufacture of ready-made metal products except for machinery and equipment;
8) manufacture of the machinery and equipment not elsewhere classified;
9) construction of buildings for exhibitions, museums, warehouses and office buildings in accordance with the design and estimate documentation.

2. In the calculation of taxes and payment for land use by the organisations, which operate in the «Khorgos – East Gate» Special Economic Zone with respect to taxable items and (or) items related to taxation located in the Special Economic Zone and used in carrying out the activities stipulated by sub-paragraphs 1) – 8) of paragraph 1 of this Article there shall be applied:

the factor 0 to the corresponding rates in the calculation of the land tax;

the factor 0 to the corresponding rates in the calculation of fees for the use of land for a period specified in the contract of the temporary paid land use (lease) but not more than ten years from the date of allotment of land plots as temporary paid land use (lease);

the rate of 0 percent of the average annual value of taxable items in the calculation of property tax.

3. Unless otherwise provided for in this paragraph, an organisation operating in the «Khorgos – East Gate» Special Economic Zone shall reduce the amount of corporate income tax by 100 percent calculated in accordance with Article 139 of the Code in determining the amount of corporate income tax payable to the budget.

This paragraph does not apply to the corporate income tax calculated on income received (due) from the implementation of the activity referred to in sub-paragraph 9) of paragraph 1 of this Article.

In the event that an entity engaged in the activities specified in subparagraph 9) of paragraph 1 of this Article is also engaged in any of the activities specified in subparagraphs 1) – 8) of paragraph 1 of this Article, for the purpose of assessment of a tax liability with respect to corporate income tax, such entity shall keep separate accounting of the activities specified in subparagraph 9) of paragraph 1 of this Article, and other activities.

Article 151-9. Taxation of organisations operating in the «Pavlodar» Special Economic Zone

1. For the purposes of sub-paragraph 5) of the first part of paragraph 1 of Article 150 of this Code the activities, which are consistent with the objectives of creating the «Pavlodar» Special Economic Zone, shall be as follows:

1) manufacture of chemicals and chemical products;

2) manufacture of petrochemicals.

2. In the calculation of taxes and payment for land use by the organisations, which operate in the «Pavlodar» Special Economic Zone, with respect to taxable items and (or) items related to taxation located in the Special Economic Zone and used in carrying out the activities stipulated by paragraph 1 of this Article there shall be applied:

the factor 0 to the corresponding rates in the calculation of the land tax;

the factor 0 to the corresponding rates in the calculation of fees for the use of land for a period specified in the contract of the temporary paid land use (lease) but not more than ten years from the date of allotment of land plots as temporary paid land use (lease);

the rate of 0 percent of the average annual value of taxable items in the calculation of property tax.

3. In determining the amount of corporate income tax payable to the budget, the amount of corporate income tax calculated in accordance with Article 139 of the Code shall be reduced by 100 percent.

Article 151-10. Taxation of organisations operating in the «Chemical Park Taraz» Special Economic Zone

1. For the purposes of sub-paragraph 5) of the first part of paragraph 1 of Article 150 of this Code the activities, which are consistent with the objectives of creating the «Chemical Park Taraz» Special Economic Zone, shall be as follows:

1) manufacture of chemicals and chemical products;

2) manufacture of rubber and plastic products;

3) manufacture of other non-metallic mineral products;

4) manufacture of machinery and equipment for the chemical industry;

5) construction in accordance with the design and estimate documentation and commissioning on the basis of an acceptance certificate by the state acceptance committee of the facilities designed specifically for the implementation of the activities referred to in sub-paragraphs 1) – 4) of this paragraph, subject to a declaration of the authorised body, which carries out the state regulation of establishment and functioning of special economic zones, that the construction project meets the objectives of creating the special economic zone.

2. In the calculation of taxes and the payment for land use by the organisations, which operate in the «Chemical Park Taraz» Special Economic Zone, with respect to taxable items and (or) items related to taxation located in the Special Economic Zone and used in carrying out the activities stipulated by paragraph 1 of this Article there shall be applied:

the factor 0 to the corresponding rates in the calculation of the land tax;

the factor 0 to the corresponding rates in the calculation of fees for the use of land for a period specified in the contract of the temporary paid land use (lease) but not more than ten years from the date of allotment of land plots as temporary paid land use (lease);

the rate of 0 percent of the average annual value of taxable items in the calculation of property tax.

3. Unless otherwise provided for in this paragraph, an organisation operating in the «Chemical Park Taraz» Special Economic Zone shall reduce the amount of corporate income tax by 100 percent calculated in accordance with Article 139 of the Code in determining the amount of corporate income tax payable to the budget.

This paragraph does not apply to the corporate income tax calculated on income received (due) from the implementation of the activity referred to in sub-paragraph 5) of paragraph 1 of this Article.

In the event that an entity engaged in the activities specified in subparagraph 5) of paragraph 1 of this Article is also engaged in any of the activities specified in subparagraphs 1) – 4) of paragraph 1 of this Article, for the purpose of assessment of a tax liability with respect to corporate income tax, such entity shall keep separate accounting of the activities specified in subparagraph 5) of paragraph 1 of this Article, and other activities.

Article 152. The Tax Period and Tax Reports

The tax period, procedure and timing for the submission of tax reports in respect of taxes and other obligatory payments to the budget shall be determined in accordance with this Code.

CHAPTER 17-1 TAXATION OF AN ORGANIZATION IMPLEMENTING A PRIORITY INVESTMENT PROJECT

Article 152-1 General Provisions

1. For the purposes of this Code, an organization implementing a priority investment project shall be a legal entity concurrently meeting the conditions as follows:

1) a newly established legal entity has concluded an investment contract in accordance with the legislation of the Republic of Kazakhstan concerning investment, providing for the implementation of a priority investment project and granting of tax privileges, and is implementing an investment priority project;

2) the activities carried out are in full compliance with the list of priority activities determined for the purpose of priority investment project implementation;

3) income gained (to be gained) from the activities on priority investment project implementation shall account for at least 90 percent of the total annual income of a legal entity.

2. Should any amendments in and (or) supplements to the tax legislation of the Republic of Kazakhstan provide for the increase in the rates of taxes, duties and charges, an organization, which has concluded an investment contract for priority investment project implementation shall apply the rates of taxes, duties and charges effective as at the date of the mentioned investment contract conclusion.

3.The cases for early termination of an investment contract for priority investment project implementation shall be determined in accordance with the legislation of the Republic of Kazakhstan.

Article 152-2 Taxation of an Organization Implementing a Priority Investment Project

1. An organization implementing a priority investment project and not applying a special tax regime shall:

1) decrease its corporate tax income calculated in accordance with Article 139 of this Code by 100 per cent;

2) calculate depreciation allowances for book values of groups (subgrpoups) by applying the marginal depreciation rates specified in paragraph 2 of Article 120 of this Code to such book values of groups (subgroups) as at the end of the tax period.

The provisions of this paragraph shall be applied in case if an investment contract for priority investment project implementation provides for the 100-percent decrease in the corporate income tax.

This paragraph shall be applied:

1) from the 1st day of the month, in which an investment contract for priority investment project implementation was concluded;

2) over ten consecutive years starting from January 1 of a year following the year, in which an investment contract for priority investment project implementation was concluded, at the most.

2. For the purpose of calculating the land tax on land plots used for the priority investment project implementation, an organization implementing a priority investment project shall apply a zero factor to the appropriate land tax rates.

The provisions of this paragraph shall be applied in case if an investment contract for priority investment project implementation provides for the application of a zero factor to the land tax rates.

This paragraph shall be applied:

1) from the 1st day of the month, in which an investment contract for priority investment project implementation was concluded;

2) over ten consecutive years starting from January 1 of a year following the year, in which an investment contract for priority investment project implementation was concluded, at the most.

The provisions of part one of this paragraph shall not be applied in cases if a land plot used for the priority investment project implementation, or a part thereof (with buildings, structures and constructions located thereon, or without the same) is let or otherwise transferred for use.

3. For the purpose of calculating the property tax on items put into operation for the first time in the Republic of Kazakhstan, an organization implementing a priority investment project shall apply a zero rate to the tax base.

The provisions of this paragraph shall:

1) be applied to assets booked as fixed assets in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, and provided for in the work program being an appendix to an investment contract concluded in accordance with the legislation of the Republic of Kazakhstan concerning investment;

2) be applied in case if an investment contract for priority investment project implementation, for the purposes of calculating the property tax, provides for the application of a zero rate to the tax base.

This paragraph shall be applied:

1) from the 1st day of the month, in which the first asset was booked as fixed assets in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting;

2) over eight consecutive years starting from January 1 of a year following the year, in which the first asset was booked as fixed assets in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, at the most.

The provisions of part one of this paragraph shall not be applied in cases if taxable items are transferred for use, in trust, or let.

SECTION 6. Personal Income Tax

CHAPTER 18. GENERAL PROVISIONS

Article 153. Payers

1. Natural persons having taxable items determined in accordance with Article 155 of this Code shall be recognised as payers of personal income tax.

2. Payers of gambling business tax, fixed tax shall not be payers of personal income tax on income from carrying out of the types of activity specified in Articles 411, 420 of this Code.

3. Individual entrepreneurs enjoying the special tax regime for peasant or farmer holdings shall not be payers of personal income tax on income from the performance of an activity which is subject to such special tax regime.

Article 154. Special Considerations in Taxation of Income of Foreigners and Stateless Persons Who Are Residents of the Republic of Kazakhstan

1. The assessment, withholding and transfer of income tax at source of payment from income of foreigners or stateless persons who are residents of the Republic of Kazakhstan (henceforth – resident foreign person), as well as submission of tax reports shall be performed by the tax agent in accordance with the procedure established by this Chapter and by Chapters 19 and 202 of this Code at the rates which are specified in Article 158 of this Code.

In the assessment of income tax at source of payment in accordance with this Chapter and Chapters 19 of this Code, tax deductions established by Chapter 166 of this Code shall apply.

2. Income from sources beyond the boundaries of the Republic of Kazakhstan receivable by resident foreign persons shall be subject to taxation in accordance with the procedure established by Article 178 and Chapter 27 of this Code.

Article 154-1. The Procedure for Taxation of Income of Non-Resident Individuals

The assessment, deduction, and transfer of individual income tax on income of non-resident individuals, and provision of tax accounts shall be performed in accordance with the procedure established by Chapter 25 of this Code.

Article 155. Taxable Items

1. The following types of income of physical persons shall be subject to personal income tax:

1) income taxable at source of payment;

2) income not taxable at source of payment.

2. Taxable items shall be defined as the difference between the income which is subject to tax, in view of adjustments as specified in Article 156 of this Code, and the tax deductions in cases, in accordance with the procedure and in amounts stipulated by this Section.

3. The following shall not be recognised as income of natural persons:

1) targeted social assistance, benefits and compensations that are paid at the expense of budget funds in the amounts established by the legislation of the Republic of Kazakhstan;

2) compensation of harm caused to lives and health of natural persons in accordance with the legislation of the Republic of Kazakhstan;

3) compensation payments to employees where their work is performed on route, is of travelling nature, associated with business trips within served areas – per each day of such work in an amount of 0,35 monthly assessment index established the law concerning the republic's budget and valid on the date of accrual of such payments;

4) compensations in case of business trips, including for the purposes of training, professional improvement or retraining of the employee in accordance with the legislation of the Republic of Kazakhstan, within the Republic of Kazakhstan, unless otherwise established by this Article:

those which are established in subparagraphs 1), 2) and 4) of Article 101 of this Code;

per diems not more than 6-times amount of the monthly assessment index established by the law concerning the republic's budget and valid as of 1 January of the relevant financial year, per day – for the period when they are on a business trip within the Republic of Kazakhstan up to forty days;

per diems not more than 8-times amount of the monthly assessment index established by the law concerning the republic's budget and valid as of 1 January of the relevant financial year, per day – for the period when they are on a business trip beyond the boundaries of the Republic of Kazakhstan up to forty days;

5) compensations in case of business trips, including for the purposes of training, professional improvement or retraining of the employee in accordance with the legislation of the Republic of Kazakhstan, which are paid by state-owned institutions, except for state-owned institutions maintained at the expense of budget funds and the estimate of the National Bank of the Republic of Kazakhstan in amounts established by the legislation of the Republic of Kazakhstan;

6) compensations in case of business trips, including for the purposes of training, professional improvement or retraining of the employee in accordance with the legislation of the Republic of Kazakhstan, which are paid by state-owned institutions maintained at the expense of budget funds and the estimate of the National Bank of the Republic of Kazakhstan in amounts and procedure established by the legislation of the Republic of Kazakhstan;»;

7) compensation of expenses confirmed by documents in respect of travel, carriage of property, hire of accommodation for a period not more than thirty calendar days in case of a transfer of employees to work in another area or a relocation to another area together with the employer;

8) employer's costs not related to carrying out activity aimed at earning income and not recognised as deductions, that are not distributed among specific natural persons;

9) field allowances for employees engaged in geological prospecting, topographic-geodesic survey and research operations in field conditions, – for each calendar day of such work in a 2-time amount of the monthly assessment index established by the law concerning the republic»s budget and having effect as at January 1 of the appropriate financial year;

10) the employer's expenditures connected with ensuring subsistence of persons working on a rotational basis, during the period of being at the production facility with provision of conditions for performance of works and rest period between shifts:

for rent of housing;

for meals to the extent of per diem allowance established in subparagraph 4) of this paragraph;

11) costs relating to carriage of employees from a place of their housing (accommodation) in the Republic of Kazakhstan to a place of work and back;

12) price of providing with special clothes, special footwear, other personal protection items and first medical aid items, soap, disinfecting chemicals, milk or other equal-value foodstuffs for medical preventive nourishment according to the standards established by the legislation of the Republic of Kazakhstan;

13) insurance payments under agreements of obligatory insurance of the employees against accidents while they perform their work (service) duties, concluded by the employer in accordance with legislative act of the Republic of Kazakhstan, regulating obligatory type of insurance;

14) amounts of compensation for material damage that are awarded by court decisions;

15) amounts of dividends, interest, winnings which were previously taxed with personal income tax at source of payment where documents confirming the withholding of such tax at source of payment are available;

16) amounts of pension savings of clients of the uniform accumulative pension fund and of the voluntary accumulative pension funds which were allocated to insurance organisations for life insurance to pay insurance premiums under concluded accumulation insurance (annuity) agreements, and also repurchase amounts under pension annuity agreements that were allocated to insurance organisations in accordance with the procedure specified in the legislation of the Republic of Kazakhstan;

17) amounts of fines assessed for untimely withholding (assessment) and (or) transfer of obligatory pension contributions, obligatory professional pension contributions and social assessments in amounts established by the legislation of Republic of Kazakhstan;

18) value of assets received in the form of humanitarian assistance;

19) capital gain from sales (transfer as a contribution to the authorized capital of the legal entity) of mechanical transport vehicles and trailers which are subject to state registration in the Republic of Kazakhstan and which are held in accordance with ownership rights for one year and more from the date of registration of the ownership rights;

20) capital gain from selling (transfer as a contribution to the authorized capital of the legal entity) housing, dachas, garages, items of personal accessory farms which are held within the Republic of Kazakhstan in accordance with ownership rights for one year and more from the date of registration of ownership rights;

21) capital gain from selling land plots (transfer as contribution to the charter capital of a legal entity) and (or) land shares which are held in accordance with ownership rights in the Republic of Kazakhstan for one year and more, that were allotted from the date of commencement of the title to the date of the sale (transfer as a contribution to the charter capital of a legal entity) for personal housing construction, dacha construction, maintenance of accessory farms, for garages, on which the items specified in subparagraph 1) of paragraph 1 of Article 180-1 of this Code are situated;

22) capital gain from selling land plots (transfer as contribution to the charter capital of a legal entity) and (or) land shares located in the Republic of Kazakhstan and granted for personal housing construction, maintenance of accessory farms, gardens, dacha construction, for garages, on which items specified in subparagraph 1) of paragraph 2 of Article 180 of this Code are not situated, in the event that the period between the date of compilation of the title establishing documents on purchase and on alienation of land plots and (or) land shares is one year and more;

23) capital gain from assets purchased for state needs in accordance with the legislation of the Republic of Kazakhstan;

24) compensation of expenses of lessor natural persons, who are not individual entrepreneurs, for the maintenance and repair of assets leased or costs of the lessee for the maintenance and repair of assets leased from natural persons not offset by payments under the lease;

25) excess of the market price of underlying assets of options at the time of fulfilment of options over the price of fulfilment of the options. The price at which underlying assets of options are fixed in appropriate documents, on the basis of which options are given to natural persons, shall be recognised as the price of fulfilment of options;

26) value of the goods transferred to natural persons on a charge-free basis for promotional purposes (including donation), in the event that one item of such goods does not exceed a two-times amount of the monthly assessment index as established for the relevant financial year by the law concerning the republic's budget in effect as of the date of such transfer;

27) representative expenses with regard to reception and attendance of individuals arranged in accordance with Article 102 of this Code;

28) material benefits from saving on interest for the use of borrowed funds (loans, microcredits), received from legal persons and individual entrepreneurs, including those received by the employee from his employer;

29) income gained in the event of termination of credit (loan) obligations in accordance with the civil legislation in the following cases occurred after the credit (loan) provision to such individual:

an individual being a borrower is recognized as missing, legally incapable or partially incapacitated based on a legally effective court judgment, or is declared dead based on a legally effective court judgment;

an individual being a borrower is declared a disabled person of group I, II, and in case of death of an individual being a debtor;

an individual being a borrower and receiving welfare payments in accordance with the Law of the Republic of Kazakhstan "On Compulsory Social Insurance", such as the survivors' pension, maternity allowance, newborn child adoption benefit, child care allowance for children aged under one, has no other income besides the abovementioned payments;

entry into force of an order of an officer of justice on the return of the enforcement document to the bank in case if an individual being a borrower and any third parties being jointly and severally liable or bearing subsidiary liability to the bank own no property, including

money, securities, or income, which could be used for debt enforcement purposes, and the measures taken by the officer of justice for identification of his/her property or income in accordance with the legislation of the Republic of Kazakhstan concerning enforcement proceedings proved to be ineffective;

sale of the pledged property, which fully secured the principal debt as of the mortgage agreement date, by auction through extrajudicial procedures at a price below the principal debt amount, or transfer of title to such property to the pledge holder in accordance with the Law of the Republic of Kazakhstan "On Mortgage of Real Estate"– for the amount of the credit (loan), which remains outstanding after the pledged property sale.

The provisions of this paragraph shall not extend to the termination of obligations under a credit (loan):

issued to a bank employee, a spouse or close relatives of a bank employee, affiliated person of a bank;

with respect to which the assignment of claims and (or) the transfer of debt have taken place.

30) value of the property, including monetary assets, which have been legalized in accordance with the legislative act of the Republic of Kazakhstan on amnesty of citizens of the Republic of Kazakhstan, oralmans and persons having a permit for residence in the Republic of Kazakhstan due to legalization of their property.

31) mandatory professional pension contributions to the unified pension savings fund in the amount established by the legislation of the Republic of Kazakhstan;

32) material benefit gained from the budget in accordance with the legislation of the Republic of Kazakhstan, including the cases of:

providing the scope of services on early childhood education and training, technical and vocational training, post-secondary, higher, postgraduate education, professional advancement and retraining of employees and specialists, as well as education at preparatory divisions of educational institutions performed in the form of a state educational order in accordance with the legislation of the Republic of Kazakhstan concerning education;

providing the guaranteed scope of free medical care;

providing rehabilitation treatment, health improvement and leisure services at health resort facilities;

providing medical preparations and medical devices;

payment of the cost of goods, work, services received by a disabled person from local executive bodies of an oblast, city of republican significance, the capital in accordance with the legislation of the Republic of Kazakhstan concerning social protection of disabled persons in the Republic of Kazakhstan.

Article 156. Income Exempt from Tax

1. The following types of income shall be exempt from income of natural persons, which is subject to tax:

1) alimony received on children and dependents;

2) interest which is paid to natural persons on their bank deposits and in organisations carrying out certain types of banking transactions on the basis of a licence;

3) interest on debt securities;

4) interest on state issued securities, agency bonds;

4-1) incomes from increment value of selling state issued securities;

4-2) incomes from increment value of selling agency bonds;

5) dividends and interest on debt securities which are entered on the date of assessment of such dividends and interest in the official list of a stock exchange functioning in the territory of the Republic of Kazakhstan;

6) {~};

7) dividends, provided that all the following conditions are met:

on the date of accrual of the dividends, the taxpayer has been a holder of the shares or participatory interest, on which the dividends are paid, for more than three years;

the legal entity paying the dividends is not a subsoil user during the period for which the dividends are paid;

the property of person (s) being a subsoil user(s) in the asset value of a legal entity that pays dividends, shall not exceed 50 per cent on the date of the dividends payment.

The provisions of this subparagraph shall be applied to the dividends received from a resident legal entity in form of:

income to be paid on the shares including those being underlying assets of depositary receipts;

part of net income to be distributed by the legal entity between its founders and partners;

income gained from distribution of assets in the event of liquidation of the legal entity or reduction of the authorized capital by proportional decrease of the contributions of the founders and partners, or by full or partial repayment of the shares of the founders and partners, and in the event of withdrawal by a founder or partner of the participatory interest in the legal entity except for the property contributed to the founder or participant as a contribution to the authorized capital.

In that case the share of the property of the person (persons) being a subsoil user (users) in the value of the assets of the legal entity paying the dividends shall be determined in accordance with Article 197 of this Code;

For the purpose of this subparagraph a subsoil user shall not mean a subsoil user being a subsoil user only due to his right for the abstraction of underground water for its own needs.

The provisions of this subparagraph shall not apply to dividends received from a legal entity executing a 100-percent reduction in corporate income tax assessed as per Article 139 of this Code, where such dividends have been accrued for the period being part of the tax period, in which such reduction was executed;

8) income of a serviceman in connection with the performance of military service, an officer of special state bodies, a law enforcement officer (other than a customs officer), an officer of the state courier service in connection with the performance of official duties;

8-1) {~};

8-2) all types of payments received in connection with the performance of official duties in other military forces and formations, law enforcement agencies (other than customs authorities), the state courier service by the persons, whose rights to have a military, special, or grade rank and to wear the official uniform have been abolished since January 1, 2012;

9) winnings in lotteries within 50 per cent of the minimum amount of wages established by the law concerning the republic's budget and valid on the date of accrual of such winnings;

10) payments in connection with the performance of public work and professional training that are carried out at the expense of funds of the budget and (or) grants, in a minimum amount of wages as established for that financial year by the law concerning the republic's budget and valid on the date of such payment;

11) payments at the expense of funds of grants (except for payments in the form of labour remuneration), unless otherwise provided for by subparagraph 11-1) of the present paragraph;

11-1) payments made at the expense of grant funds within the framework of an intergovernmental agreement, to which the Republic of Kazakhstan is the party, and which is aimed to support (render assistance to) low-income groups in the Republic of Kazakhstan;

12) payments in accordance with the legislation of the Republic of Kazakhstan concerning social protection of citizens who suffered because of ecological disasters or nuclear tests at a nuclear test ground;

13) annual income within the 55-fold minimum salary rate established by the law concerning the republic's budget and valid as at the beginning of the corresponding financial year of the following individuals:

Participants of the Great Patriotic War and individuals with equivalent status;

Individuals awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War;

Individuals who worked (served) not less than six months from 22 June 1941 through 9 May 1945 and not awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War;

Disabled individuals of Groups I, II, III;

A disabled child;

one of the parents, guardians or foster parents of a person with category «disabled child», – up to the child age of eighteen;

one of the parents, guardians or foster parents of a person recognized as invalid due to the reason «person disabled from childhood», – during the lifetime of such person;

one of adoptive parents up to the adopted child»s age of eighteen.

The provisions of this subparagraph shall not apply to administrative employees of respective educational organizations, medical organizations, organizations for social protection of population who are guardians and foster parents of the persons being in need for care and guardianship, by virtue of labour relations with such organizations;

13-1) income from personal subsidiary farming of each person engaged in personal subsidiary farming – for a year within the 24-fold amount of the minimum wage established by the law on the republican budget and effective from January 1 of the respective financial year.

For this purpose, income from personal subsidiary farming shall mean income from sales by a person engaged in personal subsidiary farming to a procurement organization operating in the agribusiness industry of the following agricultural products from personal subsidiary farming:

live dairy cattle;
live horses and other equids;
live camels and camelids;
live sheep and goats;
live pigs;
live poultry;
fresh shelled chicken eggs;
fresh cattle, pig, sheep, goat, horse and equid meat;
raw dairy cattle milk;
fresh and cooled poultry meat;
potatoes;
carrots;
cabbages;
eggplants;
tomatoes;
cucumbers;
garlic;
onions;
sugar beets;
apples;
pears;
quinces;
apricots;
cherries;
peaches;
plums;

cattle, equid, sheep, goat picked wool, coats, raw skins;

For the purpose of this subparagraph, the types of products shall be determined in accordance with the Product Classifier by Types of Economic Activity approved by the authorized state body in charge of the technical regulation.

14) исключен;

15) the income gained from increase in the value in case of disposal of the shares or participatory interest in a legal entity or consortium. This subparagraph shall apply provided that all the following conditions are met:

on the date of sale of the shares or participatory interests, the taxpayer has been a holder of these shares or participatory interest more than three years;

the issuing legal entity or the legal entity the participatory interest in which is being sold, or a member of the consortium selling the participatory interest in such consortium is not a subsoil user;

property of the entity (entities) being a subsoil user(s) in the value of the assets of the issuing legal entity or legal entity participatory interest in which is being disposed of, or in the total value of the assets of the consortium participants the participatory interest in which is being disposed of, shall not exceed 50% on the date of such disposal.

For the purpose of this subparagraph a subsoil user shall not mean a subsoil user being a subsoil user only due to his right for the abstraction of underground water for its own needs;

16) income from capital gain in case of selling by the open tender method at a stock exchange functioning in the territory of the Republic of Kazakhstan, of securities which are in the official lists of a stock exchange on the day of sale;

17) the following payments from the budget (except for payments in the form of labour remuneration) in accordance with the legislation of the Republic of Kazakhstan:

in the form of a difference between the amount of mandatory pension contributions, mandatory professional pension contributions actually paid considering the inflation rate, and the amount of pension savings in the unified pension savings fund as at the time of gaining the rights to pension payments by the recipient pursuant to the pension legislation of the Republic of Kazakhstan;

in case of inflicting harm on life and health, to public officials, including employees of special state and law enforcement authorities, military servicemen, their family members, dependents, heirs and persons entitled to receive such payments in the amounts established by the legislation of the Republic of Kazakhstan;

in the form of award to persons that advised of corruption offences or contributing to anticorruption efforts in any other way in the procedure stipulated by the Government of the Republic of Kazakhstan;

in the form of compensation for damages resulting from a natural disaster or any other emergencies;

in the form of compensatory payments paid upon termination of an employment contract in the amounts established by the legislation of the Republic of Kazakhstan;

in the form of award to awardees and participants of Universiades and members of national teams of the Republic of Kazakhstan for high results achieved at international competitions in the amounts established by the legislation of the Republic of Kazakhstan;

18) payments to pay for medical services (except for cosmetic services), when a child is born, for burial within 8-times minimum amount of wages as established by the law concerning the republic's budget and valid as at 1 January of the appropriate financial year, for each type of payments within a calendar year.

Said income shall be exempt from tax, provided that documents which confirm receipt of medical services (except for cosmetic services) and actual expenses for their payment, a child birth certificate, death confirmation or a death certificate are available;

19) official income of diplomatic or consular employees who are not citizens of the Republic of Kazakhstan;

20) official income of foreigners who are in the civil service of a foreign state in which their income is subject to tax;

21) official income in foreign currency of natural persons who are citizens of the Republic of Kazakhstan and who are in the service at diplomatic representations of the Republic of Kazakhstan abroad and representations equated to those, that are paid at the expense of funds of the budget;

22) pension payments from the State Centre for Payment of Pensions;

23) premiums on deposits of housing construction savings (premiums of the state) which are paid at the expense of funds of the budget in amounts established by the legislation of the Republic of Kazakhstan;

23-1) state premiums on education savings deposits, to be paid out of the budget funds to the amount established by the Law of the Republic of Kazakhstan concerning National Education Savings System »;

24) expenses of an employer related to the training, professional development or retraining of an employee in accordance with the legislation of the Republic of Kazakhstan in a special field associated with the employer's production activities:

in the event of formalizing a business trip to any other region – expenses actually incurred by the employer in order to pay for the training, professional development or retraining of an employee;

without formalizing a business trip to any other region:

expenses actually incurred in order to pay for the training, professional development or retraining of an employee;

employee's living expenses actually incurred within the limits established by the authorized body;

expenses actually incurred for travelling to the place of education at entry to and back upon completion of the training, professional development or retraining of an employee;

a sum of money allocated by the employer to be paid to the employee to the extent of:

6-fold amount of the monthly calculation index established by the law concerning the republican budget and valid as at January 1 of the appropriate fiscal year, per calendar day of training, professional development or retraining of an employee – during the term of training, professional development or retraining of an employee within the territory of the Republic of Kazakhstan;

8-fold amount of the monthly calculation index established by the law concerning the republican budget and valid as at January 1 of the appropriate fiscal year, per calendar day of training, professional development or retraining of an employee – during the term of training, professional development or retraining of an employee within the territory of the Republic of Kazakhstan;

25) expenses allocated for training, which were incurred in accordance with subparagraph 3) of paragraph 1 of Article 133 of this Code;

26) social payments from the State Fund for Social Insurance;

26-1) income in the form of expenditures incurred by the employer in connection with payment of maternity leaves, leaves of employees who adopted a newborn baby (babies) less the amount of the social loss-of-income payment in connection with pregnancy and childbirth, adoption of a newborn baby (babies) in accordance with the legislation of the Republic of Kazakhstan concerning obligatory social insurance, – to the extent of the minimum wage established by the National Budget Law being in effect on the date of income accrual.

The provisions of this subparagraph shall apply if the employer's expenditures specified in this subparagraph have been stipulated in the respective labor and (or) collective labour agreement, or in the employer's decree;

27) stipends which are paid to students at education organisations in amounts established by the legislation of the Republic of Kazakhstan for state stipends;

27-1) special grants of the President of the Republic of Kazakhstan and the grants of the President of the Republic of Kazakhstan established by the President of the Republic of Kazakhstan and payable by the educational institutions to the students in such institutions in the manner and amount established by the legislation of the Republic of Kazakhstan;

27-2) state scholarships established by the Government of the Republic of Kazakhstan and paid by the educational institutions to the students in such institutions in the manner and amount established by the legislation of the Republic of Kazakhstan;

27-3) payments to cover the costs related to the organisation of training and internships for the award winners of the international scholarship of the President of the Republic of Kazakhstan «Bolashak» in the manner and amount established by the legislation of the Republic of Kazakhstan;

27-4) reimbursements of travel costs to persons being trainees based on a state educational order paid in the amount established by the legislation of the Republic of Kazakhstan;

28) value of assets which are received by natural persons in the form of donation or inheritance from other natural persons. Provisions of this subparagraph shall not apply to assets which are received by individual entrepreneurs for carrying out the entrepreneurial activities, and also pension savings inherited in accordance with the procedure established by the legislation of the Republic of Kazakhstan, that are paid by the uniform accumulative pension fund and by the voluntary accumulative pension funds;

29) value of assets which are received in the form of charity and sponsor assistance;

30) value of vouchers to children camps for children who have not reached sixteen years of age;

31) insurance payments related to insurance cases occurred during the validity period of the agreement, which are payable in case of any type of insurance, except for income specified in Article 175 of this Code;

32) insurance premiums payable by employers under obligatory and (or) accumulation insurance agreements in respect of their employees;

33) insurance payments which are made in case of death of insured persons under accumulation insurance agreements;

34) {~};

35) {~};

36) net income from trust management of founders of trust management under trust management agreements or of beneficiaries in other cases of emergence of trust management which was received from resident natural persons who are trust managers;

37) material benefits from saving on interest, which are received where holders of payment cards are given bank loans, for an interest-free period as established in agreements concluded between banks and clients;

38) amounts that are included by the issuer bank at the expense of funds of the issuer bank into accounts of payment cards holders when they make cashless transfers by using payment cards;

39) dividends received from non-resident legal persons specified in paragraph 1 of Article 224 of this Code that are distributed from profit or its part which is taxed with personal income tax in the Republic of Kazakhstan in accordance with Article 224 of this Code;

40) income on investment deposit placed in the Islamic Bank;

41) material benefit virtually produced by an autonomous educational institution referred to in paragraph 1 of Article 135-1 of this Code in the form of payment (reimbursement) of living expenses, health insurance, air travel from the place of residence outside the Republic of Kazakhstan to the place of business in the Republic of Kazakhstan and back obtained by a foreign entity resident:

which is an employee of an autonomous educationl instution;

which operates in the Republic of Kazakhstan on the performance of work, rendering of services to such an autonomous educational institution;

which is an employee of a non-resident legal entity performing works, providing services to such an autonomous education institution, and which directly performs such work and provides such services;

42) expenses of an autonomous educational institution as determined by subparagraphs 1) – 5) of paragraph 1 of Article 135-1 of this Code related to the training, professional development or retraining of an individual not being employed by this autonomous educational institution, but being employed by another autonomous educational institution as determined in subparagraphs 1) to 5) of paragraph 1 of Article 135-1 of this Code, in a special field defined by a decision of the autonomous educational institution incurring such expenses:

expenses actually incurred in order to pay for the training, professional development or retraining of an individual;

trainee's living expenses actually incurred within the limits established by the authorized body;

expenses actually incurred for travelling to the place of education at entry to and back upon completion of the training, professional development or retraining of an employee;

a sum of money allocated by an autonomous educational institution to be paid to an individual to the extent of:

6-fold amount of the monthly calculation index established by the law concerning the republican budget and valid as at January 1 of the appropriate fiscal year, per calendar day of training, professional development or retraining of an employee – during the term of training, professional development or retraining of an employee outside the territory of the Republic of Kazakhstan;

8-fold amount of the monthly calculation index established by the law concerning the republican budget and valid as at January 1 of the appropriate fiscal year, per calendar day of training, professional development or retraining of an employee – during the term of training, professional development or retraining of an employee outside the territory of the Republic of Kazakhstan;

The provisions of this subparagraph shall apply in the event that the expenses are funded from and within the limits of donations received for the purpose of training, professional development or retraining by the autonomous educational institution as determined by subparagraphs 1) to 5) of paragraph 1 of Article 135-1 of this Code, which has incurred such expenses.

2. Exemption from tax on the income provided for by paragraph 1 subparagraphs 12) and 13) of this Article shall be granted for the tax periods with respect to which there are bases for application of such exemption.

In the event of provision of supporting documents in which the date from which a basis for application of adjustments arises before the date of payment of the income the taxpayer (tax agent) shall be entitled to apply the adjustments provided for by paragraph 1 subparagraphs 12) and 13) of this Article to the income for the tax period with respect to which there is a basis for application of such adjustments.

3. Income, specified in subparagraphs 12) and 13) of paragraph 1 of this Article, shall be exempted from taxable income on the basis of:

application of the individual for adjustment of taxable income with specification of the amount of such adjustment to the extent established by this Article;

copies of confirmation documents.

4. Income from personal subsidiary farming shall be exempt from taxable income provided that a procurement organization operating in the agribusiness industry submits the documents as follows:

1) certificate of availability of personal subsidiary farming in accordance with the legislation of the Republic of Kazakhstan;

2) acknowledgement from the local executive authority of the availability and use in personal subsidiary farming of:

a land plot with an indication of its area;

domestic animals with an indication of their quantity;

poultry with an indication of their quantity;

3) application for the adjustment of taxable income. For this purpose, the documents shall be submitted to a tax agent at least once in a calendar year, in which such adjustment was applied.

5.The provision of subparagraph 13-1) of paragraph 1 of this Article shall only be applied by one tax agent – a procurement organization operating in the agribusiness industry.

Article 157. Exempt Amounts of Aggregate Annual Income

For the purposes of state registration of individual entrepreneurs in accordance with the legislation of the Republic of Kazakhstan, portion of income which is exempt from personal income tax, which is subject to tax per calendar year shall be 12-times minimum amount of wages per natural person as established by the law concerning the republic's budget and valid as at 1 January of the appropriate financial year.

Article 158. Tax Rates

1. Taxpayer's income, except for income specified in paragraph 2 of this Article, shall be taxed at a rate of 10 per cent.

2. Income in the form of dividends received from sources in the Republic of Kazakhstan and beyond its boundaries shall be taxed at a rate of 5 per cent.

Article 159. The Tax Period

1. The tax period for the assessment by tax agents of personal income tax from income taxable at source of payment shall be calendar month.

2. The tax period for the assessment of personal income tax on income which is not taxable at source of payment shall be determined in accordance with Article 148 of this Code.

CHAPTER 19. INCOME TAXABLE AT SOURCE OF PAYMENT

Article 160. Income Taxable at Source of Payment

The following types of income shall be recognised as income taxable at source of payment:

1) income of employees;

2) income of natural persons from tax agents;

3) pension payments from the uniform accumulative pension fund and from the voluntary accumulative pension funds;

4) income in the form of dividends, interest, winnings;

5) stipends;

6) income under accumulation insurance agreements.

Article 161. The Assessment, Withholding and Payment of Tax

1. The assessment of personal income tax shall be performed by tax agents in relation to income taxable at source of payment when computing income subject to tax.

2. The withholding of personal income tax shall be carried out by the tax agent not later than the day of payment of income taxable at source of payment, unless otherwise specified by this Code.

3. The tax agent shall transfer the individual income tax on the paid income within twenty five calendar days following the end of the month in which the income was paid, at the place of its location, unless otherwise is provided for by this paragraph.

The income tax on the income of employees of the tax agent's structural units shall be transferred to the respective budgets at the places of location of the structural units.

A legal entity shall be entitled by its decision to recognize its structural unit as a tax agent for the individual income tax withheld at source with respect to the income withheld at source which have been paid (are to be paid) by such structural unit.

In that case the decision of the legal entity or revocation of such decision shall be put into effect from the beginning of the quarter following the quarter in which such decision was made.

If it is a newly established structural unit which is to be recognized as a tax agent the decision of the legal entity concerning such recognition shall be put into effect from the date of establishment of that structural unit or from the beginning of the quarter following the quarter in which that structural unit was established.

The structural units which by the decision of the resident legal entity have been recognized as tax agents for the purpose of Section 12 of this Code shall be recognized as independent social tax payers.

4. Assessment and withholding of tax from income from depository receipts shall be carried out by issuers of the underlying assets of such depository receipts.

5. Timing for payment of personal income tax by tax agents applying special tax regimes for small business entities on the basis of a simplified declaration and peasant or farmer holdings are established by Articles 438 and 446 of this Code.

Article 161-1. Special considerations in assessment, withholding and payment of tax by state-owned institutions

1. At the decision of the state body, its structural units and (or) territorial bodies may be considered as tax agents in relation to income of employees of state-owned institutions subordinated to them.

At the decision of the local executive body, its structural units and (or) territorial (subordinate) bodies may be considered as tax agents in relation to income of employees of state-owned institutions subordinated to them.

In this case, state-owned institutions, recognized, in accordance with the procedure established by this Article as tax agents for the purposes of section 12 of this Code, shall be recognised as the payers of social tax.

Payment of the tax shall be performed to the corresponding budgets in the place of location of the tax agent.

2. Assessment, withholding and payment of individual income tax shall be performed by the tax agent in accordance with the procedure and within terms, established by Articles 161, 163-167 of this Code.

3. Declaration for individual income tax and social tax shall be submitted by the tax agent in accordance with the procedure and within terms, established by Article 162 of this Code.

Article 162. Declarations of Personal Income Tax and Social Tax

1. Declarations of personal income tax and social tax from citizens of the Republic of Kazakhstan stipulated by paragraph 2 of Article 67 of this Code shall be submitted the tax authorities in the place of payment of tax not later than on the 15th day of the second month following the reporting quarter.

1-1. The tax agent shall submit individual income tax and social tax returns from foreign citizens and persons without citizenship to the tax authorities for the place of tax payment on a quarterly basis on or before the 15th day of the second month following the quarter including the accounting tax periods.

2. Tax agents applying special tax regimes for peasant or farmer holdings and for small businesses on the basis of a simplified declaration shall not submit declaration of personal income tax and social tax in respect of activity which is subject to those regimes.

2-1. Tax agents, which have structural units, submit annex of assessment of the amount of individual income tax and social tax for the structural units to declaration of individual income tax and social tax to the tax authority in the place of location of the structural unit.

§ 1. Income of Employees

Article 163. Income of Employees

1. Income of employees taxable at source of payments shall be determined as the difference between income of employees assessed by the employers, which is subject to tax, subject to adjustments specified in Article 156 of this Code and amounts of tax deductions specified in Article 166 of this Code.

2. Unless otherwise provided for in this Article, employee's income assessed by the employer and subject to tax shall be the following income, including income recognized in the employer's accounting records as expenses (costs) in accordance with the legislation of the Republic of Kazakhstan concerning accounting and financial reporting:

1) the money in cash and (or) non-cash forms to be transferred by the employer to the employee in his/her own subject to labour relations;

2) the employee's income in kind in accordance with Article 164 of this Code;

3) the employee's income in the form of material benefits in accordance with Article 165 of this Code.

3. The following shall not be recognised as income of employees subject to tax:

1) pension payments from the uniform accumulative pension fund and from the voluntary accumulative pension funds;

2) income in the form of dividends, interest, winnings;

3) income under accumulation insurance agreements;

4) income not taxable at source of payment as determined by Article 177 of this Code;

5) payments to employees for personal property purchased from them.

Article 164. In-kind Income of Employees

Employee in-kind income subject to taxation shall be:

1) the cost of goods, securities and share of participation and other assets the ownership of which to be transferred by the employer to the employee due to labour relationships. The value of such property shall be determined in the amount of the balance sheet value of the property taking into account the corresponding amount of value added tax and excise duties;

2) performance by the employer of works, providing services to an employee in connection with the labour relationships. The cost of work performed, services rendered in the amount determined by the employer's cost incurred in connection with the performance of work, rendering of services taking into account the corresponding amount of value added tax and excise duties;

3) The value of property received by the employer on a free-of-charge basis. The cost of works performed, services rendered to an employee from the employer free of charge in the amount determined in the amount of the employer's costs incurred in connection with the performance of works, rendering of services;

4) payment by the employer to the employee or third parties the value of goods, works performed, services rendered which the employee received from third parties.

Article 165. Income of Employees in the Form of Material Benefits

Income of employees subject to tax which is received in the form of material benefits shall comprise, in particular:

1) negative difference between the price of goods, work, services sold to employees and the purchase price or cost of those goods, work, services in the sale of goods, work, services to employees;

2) write-off pursuant to the employer's decision, of amounts of debt or obligations of the employees to them – in the case of writing-off of an employee»s amounts of debt;

3) employer's costs associated with payment of insurance premiums under insurance agreements for own employees – in the case of payment of insurance premiums under insurance agreements with own employees;

4) employer's costs associated with compensation of expenses of the employees not related to the employer's business – in the case of compensation of expenses of the employees.

Article 166. Tax Deductions

1. When determining income of employees taxable at source of payment for each month within a calendar year irrespective of periodicity of payments, the following tax deductions shall apply:

1) amount of the minimum wage established by the law concerning the republic's budget and effective as at the date on which income is accrued for the relevant month for which income is assessed. A total amount of tax deduction for the year shall not exceed the total amount of minimum wages established by the law concerning the republic's budget and effective as at the date beginning of each month of the current year;

2) amounts of obligatory pension contributions, obligatory professional pension contributions in an amount established by the legislation of the Republic of Kazakhstan concerning pension support;

3) amounts of voluntary pension contributions paid for own benefit pursuant to the Law of the Republic of Kazakhstan on pension provision;

4) amount of insurance premiums (periodic insurance installments – where the agreement provides for the insurance premium payment in installments) contributed by an individual for his/her own benefit under endowment insurance agreements;

5) amounts allocated to pay interest on loans received by resident natural persons of the Republic of Kazakhstan at housing construction savings banks to perform measures for improvement of housing conditions in the territory of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan concerning housing construction savings;

6) expenses for payment for medical services (except for cosmetic ones) in amounts and on conditions established by paragraph 6 of this Article.

2. Where amounts of tax deductions specified in subparagraph 1) of paragraph 1 of this Article exceed amounts of income of the employee subject to tax, as determined for the month subject to adjustments specified in Article 156 of this Code, reduced by amounts of obligatory pension contributions, obligatory professional pension contributions, them amounts of excess shall be carried forward progressively to the following months within the calendar year to reduce taxable income of the employee.

In the event of change of the employee during the tax period, except for cases of reorganization thereof, the amount of excees accrued for the period of work for the preceding employer, shall not be considered by the new employer.

3. Where a natural person is an employee for less than sixteen calendar days within a month, then no tax deductions in accordance with subparagraph 1) of paragraph 1 of this Article shall be made when determining income of the employee.

4. The right to tax deductions in accordance with subparagraphs 1), 3) – 6) of paragraph 1 of this Article shall be granted to the taxpayer in respect of income received only from one of employers on the basis of the applications submitted by the employee.

5. The right to tax deductions established by subparagraphs 3) – 5) of paragraph 1 of this Article shall be granted, provided the appropriate documents are present:

1) an pension support agreement at the expense of voluntary pension contributions and a document confirming payment of voluntary pension contributions;

2) an insurance agreement and a document confirming the payment of insurance premiums (periodic insurance installments – where the agreement provides for the insurance premium payment in installments);

3) a bank loan agreement with a housing construction savings bank for the performance of measures for housing conditions improvement in the territory of the Republic of Kazakhstan and a document confirming payment of interest under said loan.

6. The right to tax deductions established by subparagraph 6) of paragraph 1 of this Article shall be granted to taxpayers on the following conditions:

1) the total amount of tax deductions, provided in accordance with subparagraph 6) of paragraph 1 of this Article, and the revised amount provided in accordance with subparagraph 18) of paragraph 1 of Article 156 of this Code, collectively for the calendar year does not exceed 8-times minimum amount of wages established by the law concerning the republic's budget and valid as at 1 January of the appropriate financial year;

2) employee presented documents confirming receipt of medical services (except for cosmetic ones) and actual expenses for their payment.

Article 167. The Assessment and Withholding of Tax

Amounts of individual income tax on income of employees, taxable at source of payment shall be assessed by the application of the rate established by paragraph 1 of Article 158 of this Code to amounts of income of employees taxable at source of payment that is computed in accordance with Article 163 of this Code.

§ 2. Income of Natural Persons from the Tax Agent

Article 168. Income of a Natural Person from the Tax Agent

1. Income of natural persons from the tax agent which is taxable at source of payment shall be determined as income of natural persons from the tax agent, which is subject to tax with regard for adjustments specified in Article 156 of this Code.

Unless otherwise established by this Article, income of natural persons from the tax agent which is subject to tax shall be as follows:

1) income of natural persons under agreements of the civil-legal nature concluded with the tax agent in accordance with the legislation of the Republic of Kazakhstan;

2) payment of income to an individual including:

payment by a tax agent to an individual or third parties the value of goods, work performed, services rendered to an individual from a third party;

performance of works and rendering of services that are provided for repayment of debt and (or) on a free-of-charge basis;

forgiving debt;

reducing the size of claims against a debtor, except for the penalty written off in connection with the change of the transaction terms;

payment of interest on repo transactions.

2. For the purposes of this Article the following shall not be recognised as income subject to tax:

1) income not taxable at source of payment that is defined by Article 177 of this Code;

2) payments to natural persons for personal property purchased from them;

3) income specified in subparagraphs 1) and 3) – 6) of Article 160 of this Code.

Article 169. The Assessment of Amounts of Tax

Amounts of personal income tax shall be assessed by the application of the rate established by paragraph 1 of Article 158 of this Code to amounts of income of natural persons from tax agents, which is taxable at source of payment as defined in accordance with Article 168 of this Code.

§ 3. Pension Payments from the Uniform Accumulative Pension Fund and from the Voluntary Accumulative Pension Funds

Article 170. Pension Payments

1. Payments effected by the uniform accumulative pension fund and (or) by the voluntary accumulative pension funds shall be recognized as income in the form of pension payments subject to tax, as follows:

1) from pension savings of taxpayers which are formed at the expense of:

obligatory pension contributions in accordance with the legislation of the Republic of Kazakhstan;

voluntary occupational pension contributions in accordance with the legislation of the Republic of Kazakhstan in effect prior to January 1, 2014;

obligatory occupational pension contributions in accordance with the legislation of the Republic of Kazakhstan;

voluntary pension contributions in accordance with the conditions of pension support agreements at the expense of voluntary pension contributions;

2) in accordance with the legislation of the Republic of Kazakhstan, to resident natural persons of the Republic of Kazakhstan who have reached the pension age and who are exiting or exited for permanent residence beyond the boundaries of the Republic of Kazakhstan;

3) in accordance with the legislation of the Republic of Kazakhstan, to resident natural persons of the Republic of Kazakhstan who have not reached the pension age and who are exiting or exited for permanent residence beyond the boundaries of the Republic of Kazakhstan;

4) to natural persons in the form of pension savings inherited in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

2. Income in the form of pension payments from the uniform accumulative pension fund, which are taxable at source of payment, shall be determined as income amount in the form of pension payments which are subject to taxation, except:

1) adjustments provided for in Article 156 of this Code;

2) tax deductions in the following amounts:

in respect of payments specified in subparagraph 1) of paragraph 1 of this Article, – in an amount of one minimum wage established by the law concerning the republic's budget and valid on the date of income accrual, for each month of assessment of income, irrespective of periodicity of effecting of payments;

in respect of payments specified in subparagraph 2) of paragraph 1 of this Article, – in an amount of twelvefold minimum wage established by the law concerning the republic's budget and valid on the date of income accrual.

3. Income in the form of pension payments from the voluntary accumulative pension fund, which are taxable at source of payment, shall be determined as income amount in the form of pension payments which are subject to taxation.

Article 171. The Assessment of Amounts of Tax

Amounts of personal income tax shall be assessed by the application of the rate established by paragraph 1 of Article 158 of this Code to amounts of income in the form of pension payments, which is taxable at source of payment as determined in accordance with Article 170 of this Code.

§ 4. Income in the Form of Dividends, Interest, Winnings

Article 172. Dividends, Interest, Winnings

1. Income paid by the tax agent in the form of dividends, interest, winnings, which is subject to tax shall be recognised as income in the form of dividends, interest, winnings which is taxable at source of payment, with regard for adjustments specified in Article 156 of this Code.

For the purposes of this Section net income from trust management of founders of trust management under trust management agreements or of beneficiaries in other cases of emergence of trust management, which is received from legal persons that are trust managers shall be also recognised as dividends.

2. Amount of individual income tax shall be calculated by applying the rates set out in Article 158 of this Code to the amount of accrued income in the form of dividends, interest, winnings taxed at source.

3. Amounts of withheld personal income tax in case of payment of winnings, interest shall be recognised as offset of personal income tax assessed for the tax period by individual entrepreneurs performing the assessment and payment of taxes in accordance with the procedure established by Articles 178 and 179 of this Code, provided documents confirming the withholding of said tax at source of payment are available.

§ 5. Stipends

Article 173. Stipends

Income in the form of stipends which is taxable at source of payment shall be defined as income in the form of stipends which is subject to tax, with regard for adjustments specified in Article 156 of this Code.

Unless otherwise specified by this Article, income in the form of stipends which is subject to tax shall be money amounts which are assessed by the tax agent to be paid as follows:

to students of education institutions;

to workers of culture, science, workers of mass media and other natural persons.

Income in the form specified in subparagraphs 1) – 4) and 6) of Article 160 of this Code shall not be recognised as income in the form of stipends which is subject to tax.

Article 174. The Assessment of Amounts of Tax

Amounts of personal income tax shall be assessed by applying the rate established by paragraph 1 of Article 158 of this Code to amounts of income in the form stipends, as taxed at source of payment.

§ 6. Income from Accumulation Insurance Agreements

Article 175. Income from Accumulation Insurance Agreements

1. Income from accumulation insurance agreements which is taxed at source of payment shall be computed as the difference between income under accumulation insurance agreements, which is subject to tax with adjustments as specified by Article 156 of this Code, and tax deduction in cases and in amounts as specified in this Article.

2. The following shall be recognised as taxable income under accumulation insurance agreements:

1) insurance payments made by insurance organisations, whose insurance premiums were paid:

at the expense of pension savings in the uniform accumulative pension fund and voluntary accumulative pension funds. When determining income under accumulation insurance agreements, which is taxable at source, tax deductions in total of one minimum wage as established by the law concerning the republic's budget and in effect as of the date of accrual of income, for each month of assessment of income, irrespective of periods of making payments, shall be used with regard to such payments;

at the expense of insurance premiums, which are contributed by natural persons in their favour under accumulation insurance agreements;

at the expense of insurance premiums, which are contributed by the employer in favour of the employee under accumulation insurance agreements;

2) repurchase amounts which are payable in cases of premature termination of such agreements;

3) excess amounts of insurance payments which are made by the insurance organisation, over amounts of insurance premiums paid at the expense of funds that are not specified in subparagraph 1) of this Article.

Article 176. The Assessment of Amounts of Tax

Amounts of personal income tax shall be assessed by way of applying the rate established by paragraph 1 of Article 158 of this Code, to amounts of income under accumulation insurance agreements, which taxable at source of payment, as computed in accordance with Article 175 of this Code.

CHAPTER 20. INCOME NOT TAXABLE AT SOURCE OF PAYMENT

Article 177. Income Not Taxable At Source of Payment

Income which is not taxable at source of payment shall comprise the following types of income:

1) capital gain;

2) income of individual entrepreneurs;

3) income of private notaries, private officers of justice, advocates and professional mediators;

4) other types of income.

Property income shall not constitute income of an individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator.

Other income does not represent income indicated in subpar. 1), except for income from sources outside the Republic of Kazakhstan, as well as in subpars. 2) and 3) of the first part of this Article.

Article 178. The Assessment of Personal Income Tax on Income Which is Not Taxable At Source of Payment

1. Unless otherwise is specified by this Article and Article 182 and 184 of this Code, the assessment of personal income tax on income which is not taxable at source of payment shall be performed by the taxpayer for a tax period independently by way of applying the rate established by paragraph 1 of Article 158 of this Code to the rateable value of relevant income which is not taxable at the source of payment, except for taxpayers specified in paragraphs 4 and 5 of this Article.

In that case the amount of the assessed individual income tax shall be reduced by the amount of the individual income tax with respect to which offset is performed in accordance with Article 223 of this Code.

Rateable value of relevant income which is not taxable at source of payment shall be computed as the difference between taxable income subject to adjustments specified in Article 156 of this Code, and tax deductions established by paragraph 1 of Article 166 of this Code, subject to provisions of paragraphs 5 and 6 of Article 166 of this Code {~}.

2. Where a taxpayer has several types of income not being taxable at source, except for income of private notaries, private officers of justice, advocates, and professional mediators, the assessment of individual income tax shall be independently carried out by the taxpayer by means of applying the rate established by paragraph 1 of Article 158 of this Code to the amount of all types of income not being taxable at source.

3. The tax deductions established by paragraph 1 of Article 166 of this Code shall be applied in the assessment of personal income tax in respect of the aggregate amount of income which is not taxable at source of payment in the event that the specified deductions were not made in the course of assessment of the employee's income.

4. Individual entrepreneurs, except those specified in paragraph 5 of this Article, shall carry out the assessment of tax on income of the individual entrepreneur for a tax period independently. Total tax shall be computed by way of applying the rate specified in paragraph 1 of Article 158 of this Code to income of the individual entrepreneur, reduced by amounts of income and costs specified in Article 133 of this Code, as well as by amount of losses carried in accordance with Article 137 of this Code.

In that case the amount of the assessed individual income tax shall be reduced by the amount of the individual income tax with respect to which offset is performed in accordance with Article 223 of this Code.

5. Individual entrepreneurs who apply special tax regimes for small business entities on the basis of a patent or simplified declaration, shall perform the assessment of personal income tax on income taxable within the framework of said special tax regimes in accordance with Chapter 61 of this Code.

Article 179. Timing for Payment of the Tax

1. Payment of personal income tax upon the results of a tax period shall be carried out by the taxpayer independently in the place of location (residence) not later than ten calendar days after the time established for the submission of personal income tax declarations.

2. Individual entrepreneurs who apply the special tax regime for small business entities on the basis of a patent or simplified declaration, shall make the payment of personal income tax on income taxable within the framework of said special tax regimes, in accordance with Chapter 61 of this Code.

§ 1. Capital Gain

Article 180. Capital Gain

1. The following shall be recognised as the taxpayer's capital gain:

1) Capital gains when applying by an individual and an individual entrepreneur the special tax treatment for small business entities, property referred to in Article 180-1 of this Code;

2) Capital gains from increment in value in the transfer by an individual and an individual entrepreneur which applies the special tax treatment for small business entities, property (other than money) as a contribution to the charter capital referred to in Article 180-2 of this Code;

3) Income received by an individual who is not an individual entrepreneur from renting-out of property to non-tax agents;

4) Capital gains from increment in value in the sale of other assets of an individual entrepreneur which applies the special tax treatment for small businesses referred to in Article 180-3 of this Code

2. Property income received (receivable) by an individual in a foreign currency shall be converted into the national currency of the Republic of Kazakhstan – tenge using the exchange rates at the dates of the property sale transactions.

Article 180-1. Income from increment in value in the sale of property by an individual as well as an individual entrepreneur which applies special tax treatment for small businesses

1. The income from increment in value in the sale of property by an individual as well as an individual entrepreneur which applies special tax treatment for small businesses shall occur in the sale of following property located in the territory of the Republic of Kazakhstan:

1) dwellings, summer buildings, garages, subsistence farms as property for less than one year from the date of registration of title;

2) land plots and (or) an interest in land the designated purpose of which from the date of commencement of title to the date of sale shall be individual housing construction, country house construction, keeping a subsistence farm, for a garage, in the territory of which there are located the facilities specified in subparagraph 1) of this paragraph as property for less than one year from the date of registration of title;

3) land plots and (or) an interest in land the designated purpose of which from the date of commencement of title to the date of sale shall be individual housing construction, country house construction, keeping a subsistence farm, country house construction, for a garage, in the territory of which there are located the facilities specified in subparagraph 1) of this paragraph in the event that the period between the dates of preparation of title documents for the acquisition and disposition of a land plot and (or) an interest in land is less than one year;

4) land plots and (or) an interest in land with the designated purpose not specified in subparagraphs 2) and 3) of this paragraph;

5) investment gold;

6) real estate except as provided in subparagraphs 1) – 4) of this paragraph;

7) motor vehicles and trailers subject to state registration the right of ownership of which has been for less than one year from the date of registration of title;

8) securities, a share of participation and derivative financial instruments (except for the derivative financial instruments which are executed through the purchase or sale of an underlying asset).

2. The income from increment in value in the sale of property referred to in subparagraphs 1) – 7) of paragraph 1 of this Article shall be the positive difference between the price (value) of the sale of property and the price (value) of its purchase, unless otherwise provided by paragraphs 3 – 7 of this Article.

3. In the case of sale of real estate acquired by the participation in housing construction, the income from increment in value shall be the positive difference between the price (value) of the sale of real estate and the value of the contract on participation in housing construction.

4. In the case of sale of real estate acquired through assignment of the right to demand a share in a residential building subject to a contract on participation in housing construction, the income from increment in value shall be the positive difference between the price (value) of the sale of a real estate item and the value at which the taxpayer acquired the right to demand a share in a residential building subject to a contract on participation in housing construction.

5. In the case of sale by an individual as well as an individual entrepreneur, which applies special tax treatment for small businesses, the property specified in subparagraphs 1) – 7) of paragraph 1 of this Article, which was previously included in the taxation item in accordance with paragraph 4 of Article 427 of this Code in the form of donated assets received or that was previously defined as the income received as donated assets in accordance with Article 96 of this Code, the income from increment in value shall be the positive difference between the price (value) of the sale of property and the value of the donated assets received and previously included in income.

6. In the case of sale of an individual residential building, which has been by the person selling it, s well as the property referred to in subparagraphs 1) – 7) of paragraph 1 of this Article received as inheritance, donation (except in the case provided for in paragraph 5 of this Article), the income from increment in value shall be a positive difference between the price (value) of the sale of property and market value for the sold property at the date of commencement of ownership.

In this context, the market value shall be determined by a taxpayer not later than the deadline for submission of the individual income tax declaration for the tax period in which such property is sold. For the purpose of this paragraph, the market value shall be the value determined in the report on appraisal carried out under a contract between the appraiser and the taxpayer in accordance with the laws of the Republic of Kazakhstan on the valuation activities.

7. In the case referred to in paragraph 6 of this Article, if there is no market value determined at the date of commencement of ownership for the property for sale as provided for in subparagraphs 1) – 7) of paragraph 1 of this Article, or failure to meet the term date for determining the market value s established in paragraph 6 of this Article, and in other cases of no price (value) of the acquisition of property not referred to in paragraph 6 of this Article, the income from increment in value shall be:

1) with regard the property referred to in subparagraph 1) of paragraph 1 of this Article, the positive difference between the price (value) of the sale of property and appraised value. In this case, the appraised value shall be the value determined for the calculation of property tax by a state authority in charge of the state registration of rights to real estate, on January 1 of the year, in which the title to the sold property commenced;

2) with regard to the property referred to in subparagraphs 2) – 4) of paragraph 1 of this Article, a positive difference between the price (value) of the sale of property and cadastral (appraised) value of the land plot. In this case, the cadastral (appraised) value shall be the value determined by the authorised state body in charge of land relations, on one of the most recent dates:

the date of commencement of the title to a land plot;

the last date preceding the date of commencement of the title to a land plot;

3) with regard to the property referred to in subparagraphs 5) – 7) of paragraph 1 of this Article, the price (value) of the sale of such property.

7-1. In the event of sale by an individual of property specified in subparagraph 7) of paragraph 1 of this Article, which has previously been imported into the territory of the Republic of Kazakhstan by such individual, its purchase price (cost) shall be:

1) with respect to motor vehicles and (or) trailers imported from the territory of a state not being a member state of the Customs Union, the price (cost) specified in the agreement (contract) or any other document confirming the purchase of a motor vehicle and (or) trailer from the territory of a state not being a member state of the Customs Union, and the amounts of value-added tax and excise duty specified in the goods declaration and paid upon importation of such motor vehicles and (or) trailers;

2) with respect to motor vehicles and (or) trailers imported from the territory of a member state of the Customs Union, the price (cost) specified in the agreement (contract) or any other document confirming the purchase of a motor vehicle and (or) trailer from the territory of a member state of the Customs Union, and the amounts of value-added tax and excise duty specified in the tax declaration with respect to indirect taxes on imported goods and paid in the procedure established by this Code.

8. The income from increment in value in the sale of property referred to in subparagraph 8) of paragraph 1 of this Article shall be:

1) the positive difference between the price (value) of sale and the price (value) of purchase, if there is the price (value) of purchase. In this case, in the sale of securities acquired by an individual according to an option plan, the acquisition cost is determined at the striking rate and the option premium rate;

2) the price (value) of the sale of property, if there is no price (value) of the acquisition of property.

Article 180-2. The income from increment in value in the transfer by an individual as well as an individual entrepreneur, which applies the special tax treatment for small businesses, property (other than money), as a contribution to the charter capital

1. The income from increment in value in the transfer by an individual as well as an individual entrepreneur, which applies the special tax treatment for small businesses, property (other than money), as a contribution to the share capital occurs in the transfer of the following properties located in the territory of the Republic of Kazakhstan:

1) homes, summer buildings, garages, subsistence farms as property for less than one year from the date of registration of title;

2) land plots and (or) an interest in land the designated purpose of which from the date of commencement of title to the date of transfer as a contribution to the charter capital is the individual housing construction, country house construction, keeping a subsistence farm, for a garage at which there are the facilities referred to in subparagraph 1) of this paragraph as ownership for less than one year from the date of registration of title;

3) land plots and (or) an interest in land the designated purpose of which from the date of commencement of title to the date of transfer as a contribution to the charter capital is the individual housing construction, country house construction, keeping a subsistence farm, gardening, for a garage at which there are the facilities referred to in subparagraph 1) of this paragraph, if the period between the dates of preparation of title documents for the acquisition and disposition of land and (or) an interest in land is less than one year;

4) land plots and (or) an interest in land with the designated purpose not specified in subparagraphs 2) and 3) of this paragraph;

5) investment gold;

6) real estate except as provided in subparagraphs 1) – 4) of this paragraph;

7) motor vehicles and trailers subject to state registration the right of ownership of which has been for less than one year from the date of registration of title;

8) securities, a share of participation and derivative financial instruments (except for the derivative financial instruments which are executed through the purchase or sale of an underlying asset).

2. The income from increment in value of n individual as well as an individual entrepreneur, which applies the special tax treatment for small businesses, in the transfer as a contribution to the charter capital of the property referred to in subparagraphs 1) – 7) of paragraph 1 of this Article shall be the positive difference between the value of the property determined based on the value of the contribution specified in the founding documents of the legal entity and the value of purchase, except as set out in paragraphs 3-7 of this Article.

3. In the transfer of real property acquired through participation in the housing construction as a contribution to the charter capital of a legal entity the income from increment in value shall be the positive difference between the value of the property determined based on the value of the contribution specified in the constituent documents of a legal entity and the contract price of the share in housing construction.

4. In the transfer of real property acquired through assignment of the right to demand a share in a residential building subject to a contract on participation in housing construction as a contribution to the charter capital of a legal entity the income from increment in value shall be the positive difference between the value of the property determined based on the value of the contribution specified in the constituent documents of a legal entity and the cost at which the taxpayer acquired the right to demand a share in a residential building subject to a contract on participation in housing construction.

5. In the case of transfer by an individual as well as an individual entrepreneur, which applies the special tax treatment for small businesses, as a contribution to the charter capital of the property referred to in subparagraphs 1) to 7) of paragraph 1 of this Article, which was previously included in the taxable item in accordance with paragraph 4 of Article 427 of this Code as a donated property item received or that was previously defined as the received and donated property in accordance with Article 96 of this Code, the income from increment in value shall be the positive difference between the price (value) of the property determined on the basis of cost contributions specified in the constituent documents of a legal entity and the value of the received donated property previously included in income.

6. In the transfer as a contribution to the charter capital of an individual house built by a person transferring it and the property referred to in subparagraphs 1) to 7) of paragraph 1 of this Article received as inheritance, charity support (except in the case provided for in paragraph 5 of this Article), the income from increment in value shall be the positive difference between the price (value) of the property determined on the basis of the value of the contribution specified in the constituent documents of a legal entity and the market value of the property transferred as a contribution to the charter capital on the date of commencement of the title.

In this context, the market value shall be determined by the taxpayer not later than the deadline for submission of the individual income tax declaration for the tax period in which the transfer of property as a contribution to its charter capital takes places. For the purpose of this paragraph, the market value shall be the value determined in an appraisal report carried out under a contract between the appraiser and the taxpayer in accordance with the legislation of the Republic of Kazakhstan on the valuation activities.

7. In the case referred to in paragraph 6 of this Article, if there is no market value of the property specified in subparagraphs 1) – 7) of paragraph 1 of this Article made as a contribution to the charter capital in accordance with the constituent documents of a legal entity as defined on the date of commencement of the title or failure to observe the deadline for determining the market value of the period specified in paragraph 6 of this Article as well as in other cases when there is no price (value) of the acquisition of property not specified in paragraph 6 of this Article, the income from increment in value shall be:

1) with regard to the property referred to in subparagraph 1) of paragraph 1 of this Article, the positive difference between the value of the property determined based on the value of the contribution to the charter capital specified in the constituent documents of a legal entity and the appraised value. In this case, the appraised value shall be the value determined for the calculation of property tax by the authority in charge of the state registration of rights to real estate, on January 1 of the year, in which the title to the property transferred as a contribution to the charter capital commenced;

2) with regard to the property referred to in subparagraphs 2) – 4) of paragraph 1 of this Article, – the positive difference between the value of the property determined based on the value of the contribution specified in the constituent documents of the legal entity and the cadastral (apprised) value of the land. In this case, the cadastral (apprised) value shall be the value determined by the authorised state body in charge of land relations, on one of the most recent dates:

the date of commencement of the title to a land plot;

the last date preceding the date of commencement of the title to a land plot;

3) with regard to the property referred to in subparagraphs 5) – 7) of paragraph 1 of this Article, at the price (value) of the property transferred as a contribution to the charter capital on the basis of the constituent documents of the legal entity.

8. The income from increment in value in the transfer as a contribution to the charter capital of the property referred to in paragraph 8) of paragraph 1 of this Article shall be:

1) the positive difference between the value of the property determined on the basis of the value of the contribution specified in the founding documents of a legal entity and the value of acquisition, in the event of the price (value) of purchase. In this case, in the contribution to the charter capital of a legal entity of the securities acquired by an individual according to an option plan, the acquisition cost is determined at the striking rate and the option premium rate;

2) the price (value) of the property determined in the value of the contribution specified in the constituent documents of a legal entity, if there is no price (value) of the acquisition of property.

9. An attorney in the case of sale, transfer as a contribution to the charter capital of a motor vehicle and (or) a trailer received on the basis of a power of attorney to manage the motor vehicle and (or) trailer with the right of alienation, to determine the property income prior to the date set for the submission of the individual income tax declaration shall let the owner of the vehicle know the value for which the vehicle has been sold, transferred as a contribution to the charter capital, and the date of its sale, transfer as a contribution to the charter capital or perform the obligation to submit tax declarations on the individual income tax and payment of an individual income tax on behalf of the owner of the vehicle, which is the fulfilment of tax liability of the owner of the vehicle.

Article 180-3. Income from increment in value in the sale of other assets by an individual as well as an individual entrepreneur which applies special tax treatment for small businesses

1. For the purpose of this Article other assets shall include the assets other than inventories and claims:

1) The fixed assets except for those specified in paragraph 1 of Article 180-1 of this Code;

2) incomplete construction projects;

3) uninstalled equipment;

4) intangible assets;

5) biological assets;

6) the fixed assets the cost of which is wholly attributable to deductions in accordance with the laws of the Republic of Kazakhstan in effect prior to 1 January 2000 in the event that such fixed assets are the fixed assets in the tax period during which the individual entrepreneur made settlements of budgetary payments in the normal manner and the asset was fixed;

7) the assets put into commission in the framework of the investment project under the contracts entered into before 1 January 2009 in accordance with the laws of the Republic of Kazakhstan on investments, the cost of which is wholly attributable to deductions if the individual entrepreneur made earlier payments to the budget in the normal manner and the asset was fixed.

2. In the sale of other assets by an individual entrepreneur which applies the special tax treatment for small businesses, growth is determined for each asset as the positive difference between the price (value) of the sale and initial cost.

3. Except as otherwise provided by this Article, for the purpose of this Article the initial value of other assets shall be the aggregate of the cost of acquisition, production, construction, assemble, installation, renovation and modernisation except the expenditures (expenses) specified in subparagraphs 1) – 5) and 7) of Article 115 of this Code.

In this case the recognition of the reconstruction, modernisation shall be carried out in accordance with paragraph 11-1 of Article 118 of this Code.

4. In the event that other assets were obtained free of charge, the purpose of this Article the initial value shall be the cost of the assets included in the taxable item in accordance with paragraph 4 of Article 427 of this Code in the form of assets received free of charge.

5. In the sale of other assets received as inheritance, charity except as provided by paragraph 4 of this Article, the initial value shall be the market value of the asset on the date of commencement of the title to these assets for an individual entrepreneur which applies the special tax treatment for small businesses as defined in the appraisal report conducted on the basis of an agreement between the appraiser and individual entrepreneur in accordance with the laws of the Republic of Kazakhstan on the valuation activities.

In this context, the market value of other assets shall be determined no later than the deadline set for the submission of the individual income tax declaration for the tax period in which such assets were sold.

6. The initial value of other assets shall be equal to zero in the following cases:

1) if there is no market value of other assets determined as of the date of commencement of the title to it;

2) in the event of failure to observe the term of determination of the market value as established in paragraph 5 of this Article;

3) in the cases if there are no initial documents supporting the expenses provided for in paragraph 3 of this Article, except as provided in paragraphs 4 and 5 of this Article;

4) with regard to the assets referred to in subparagraph 6) and 7) of paragraph 1 of this Article.

§ 2. Income of Private Notaries, Private Officers of Justice, Advocates and Professional Mediators

Article 181. Income of Private Notaries, Private Officers of Justice, Advocates and Professional Mediators

All types of income gained from activities on writs of execution enforcement, notarial activities, advocacy, professional mediator's activities, including the respective fees for rendering legal assistance, performing notarial acts, as well as amounts received as compensation for costs related to the defense and representation, shall be recognized as income of private notaries, private officers of justice, advocates, and professional mediators.

Article 182. The Assessment and Payment of Tax

1. The amount of individual income tax on income of private notaries, private officers of justice, advocates, and professional mediators shall be assessed on monthly income based on the results of each month by means of applying the rate specified in paragraph 1 of Article 158 of this Code, to the amount of income gained.

2. Amounts of personal income tax shall be subject to payment monthly not later than the 5th day of the month following a month on which month's income the tax is assessed.

§ 3. Income of Individual Entrepreneurs

Article 183. Income of Individual Entrepreneurs

1. The taxable income of an individual entrepreneur shall be determined in accordance with the procedure established for determination of the item for taxation with corporate income tax in accordance with Articles 83 to 133, 136, 137, and 224 of this Code, and subject to the adjustments provided for by Article 156 of this Code, and tax deductions provided for by Article 166 paragraph 1 of this Code subject to provisions of Article 166 paragraphs 5 and 6 of this Code, unless otherwise is provided for by this Article.

1-1. While determining taxable income of an individual entrepreneur in accordance with paragraph 1 of this Article provisions of subparagraphs 2), 3), 3-1), 3-2), 6) and 7) of paragraph 2 of Article 133 of this Code are not applied.

2. Income of an individual entrepreneur who applies a special tax regime for small business entities shall be determined in accordance with paragraph 4 of Article 427 of this Code.

3. Peasant economies and farming enterprises applying the generally established procedure shall reduce taxable income pursuant to subparagraph 6) of paragraph 1 of Article 133 of this Code by the one-fold amount of employer's expenses accrued in the tax period on taxable income of employees, engaged in the activities specified in paragraph 2 of Article 147 of this Code, subject to recognition as deductions in accordance with paragraph 1 of Article 110 of this Code.

§ 4. Other Types of Income

Article 184. Other Types of Income

1. The other types of taxpayer's income subject to taxation include the following:

1) income received from sources beyond the boundaries of the Republic of Kazakhstan;

2) income of citizens of the Republic of Kazakhstan under employment agreements (contracts) and/or civil law contracts concluded with diplomatic and equated representative offices of a foreign state, consular offices of a foreign state accredited in the Republic of Kazakhstan which are not tax agents;

3) income of domestic employees earned under employment agreements concluded in accordance with the labour legislation of the Republic of Kazakhstan, except for the income provided for by subparagraph 3-1) of this paragraph;

3-1) income of migrant workers who are domestic employees – residents of the Republic of Kazakhstan received (to be received) under labour agreements concluded in accordance with the labour legislation of the Republic of Kazakhstan on the basis of a permit issued to the migrant worker;

4) income from assigning of a legal right for a share in a residential building under the agreement of share participation in housing construction;

5) income of citizens of the Republic of Kazakhstan under employment agreements (contracts) and/or civil law contracts concluded with international and national organizations, foreign and Kazakhstan non-for-profit public organizations and funds released from obligations relating to assessment, withholding, and transferring the individual income tax at source of payment in accordance with the international treaties ratified by the Republic of Kazakhstanж

6) income of mediators received in accordance with the Mediation Law of the Republic of Kazakhstan from persons who are not tax agents;

7) income from personal subsidiary farming, accounted in the rural household register in accordance with the legislation of the Republic of Kazakhstan, subject to tax, with respect to which no withholding of individual income tax at source has been performed due to the provision of misleading information to a tax agent by the person engaged in such personal subsidiary farming.

2. Taxation of the types of income specified in subparagraph 1) of paragraph 1 of this Article shall be carried out subject to special considerations as established by Chapter 27 of this Code.

2-1. Migrant workers being domestic employees – residents of the Republic of Kazakhstan, shall make an advance individual income tax payment on the income specified in subparagraph 3-1) of paragraph 1 of this Article during the tax period.

An advance payment of individual income tax shall be assessed at the rate of two-fold monthly assessment index established by the law on the national budget being effective as on January first of the respective financial year, for each month of performance of works (provision of services) of the respective period specified by the migrant worker being a domestic worker – resident of the Republic of Kazakhstan in the application for obtaining (prolongation) of the permit for the migrant worker.

The advance individual income tax payment shall be made by a migrant worker being a domestic employee – resident of the Republic of Kazakhstan at the place of temporary residence until obtaining (prolongation) of a permit for the migrant worker.

At the end of the tax period, migrant workers being domestic employees – residents of the Republic of Kazakhstan shall assess the amount of the individual income tax on the income specified in subparagraph 3-1) of paragraph 1 of this Article by applying the rate established by paragraph 1 of Article 158 of this Code to the taxable income amount.

The taxable income amount shall be defined as a sum of income received (to be received) from performance of works (provision of services) less the amount of the minimum wage established by the National Budget Law being in effect on January 1 of the respective financial year assessed for each month of performance of works (provision of services) for the corresponding period specified in the work permit to the migrant worker.

The amount of the advance payments paid by a migrant worker being a domestic employee – resident of the Republic of Kazakhstan to the budget during the tax period shall be counted against the individual income tax assessed for the accounting tax period.

If the amount of the advance payments of individual income tax made during the tax period exceeds the amount of the individual income tax assessed for the accounting tax period, such amount in excess shall not be an amount of overpaid individual income tax and shall not be subject to refund or offset.

If the amount of such advance payments of individual income tax paid during the tax period is less than the amount of the individual income tax assessed for the accounting tax period, the assessment of the individual income tax and shall be reflected in the individual income tax return, and the individual income tax under the return at the end of the tax period shall be paid by the migrant worker being domestic worker – a domestic employee – resident of the Republic of Kazakhstan at the place of temporary residence within ten calendar days from the due date for submission of the individual income tax return as provided for by paragraph 2 of Article 186 of this Code.

3. Income from assigning of a legal right for a share in a residential building under the agreement of share participation in housing construction is a positive difference between the cost of assigning of legal right and price of agreement of share participation in housing construction.

4. Income from assigning of legal right for a share in a residential building under the agreement of share participation in housing construction previously acquired by assigning of a legal right under the agreement of share participation in housing construction is a positive difference between the cost of assigning of a legal right and cost at which the taxpayer acquired the right.

CHAPTER 21. PERSONAL INCOME TAX DECLARATIONS

Article 185. Personal Income Tax Declarations

1. The following resident taxpayers shall present personal income tax declarations:

1) individual entrepreneurs;

2) private notaries, private officers of justice, advocates, and professional mediators;

3) natural persons who received capital gain;

4) natural persons earned other types of income, in particular income beyond the boundaries of the Republic of Kazakhstan;

5) natural persons who have money on bank accounts in foreign banks situated beyond the boundaries of the Republic of Kazakhstan.

2. Deputies of the Parliament of the Republic of Kazakhstan, judges, and also natural persons, upon whom the obligation of submission of declarations is imposed in accordance with the Constitutional law of the Republic of Kazakhstan «Concerning Elections», the Criminal Penal Code of the Republic of Kazakhstan and the law of the Republic of Kazakhstan «Concerning Fighting Corruption», shall submit declarations on income and taxable assets, both situated in the Republic of Kazakhstan and beyond its boundaries.

3. Individual entrepreneurs who enjoy special tax regimes for small business entities on the basis of a patent or a simplified declaration, in respect of income which are included among taxable items in accordance with Article 427 of this Code, shall not present personal income tax declarations.

Article 186. Timing for the Submission of Declarations

1. Unless otherwise is specified by this Article, personal income tax declarations shall be submitted to the tax authority in the place of location (residence) not later than the 31st March of the year following a reporting tax period, except for the cases specified by the Constitutional law of the Republic of Kazakhstan, «On Elections in the Republic of Kazakhstan», «Criminal Penal Code of the Republic of Kazakhstan» and the law of the Republic of Kazakhstan «Concerning Fighting Corruption».

2. An individual income tax return shall be submitted by migrant workers being domestic employees – residents of the Republic of Kazakhstan, who received the incomes specified in subparagraph 3-1) of paragraph 1 of Article 184 of this Code, if the individual income tax amount assessed for the accounting tax period exceeds the amount of advance individual income tax payments.

An individual income tax return on the income provided for by subparagraph 3-1) of paragraph 1 of Article 184 of this Code shall be submitted by migrant workers being domestic employees – residents of the Republic of Kazakhstan to the tax authority at the place of temporary staying on or before March 31 of the year following the accounting tax period.

In this case, if a migrant worker departs from the territory of the Republic of Kazakhstan being a domestic employee – resident of the Republic of Kazakhstan, who gained income provided for by subparagraph 3-1) of paragraph 1 of Article 184 of this Code during

the tax period, the individual income tax return(s) shall be presented before the date of departure of such person from the Republic of Kazakhstan.

Article 187. Failure to Confirm Payment of Tax

In cases of failure to confirm payment of personal income tax by taxpayers who file personal income tax declarations in accordance with subparagraph 4) of paragraph 1 and paragraph 2 of Article 185 of this Code, the assessment of personal income tax shall be by way of applying a rate established by paragraph 1 of Article 158 of this Code, to total amount of income on which payment of personal income tax is not confirmed.

SECTION 7.
Special Considerations in International Taxation

CHAPTER 22. GENERAL PROVISIONS

Article 188. The Fundamental Principles of International Taxation

1. In accordance with the provisions of this Code residents of the Republic of Kazakhstan shall pay taxes in the Republic of Kazakhstan on income received from sources of payment in and outside the Republic of Kazakhstan.

2. Non-residents in the Republic of Kazakhstan shall pay taxes in the Republic of Kazakhstan from income from sources in the Republic of Kazakhstan, in accordance with the provisions of this Code.

Non-residents who carry out business operations in the Republic of Kazakhstan through a permanent establishment shall pay in the Republic of Kazakhstan, in accordance with the provisions of this Code, also taxes from incomefrom sources beyond the boundaries of the Republic of Kazakhstan, in relation to the functioning of such permanent establishment.

3. Also, both residents and non-residents shall pay in the Republic of Kazakhstan other taxes and other obligatory payments to the budget as established by this Code, where such liability arises.

Article 189. Residents

1. Residents of the Republic of Kazakhstan for the purposes of this Code shall be understood as natural persons permanently present in the Republic of Kazakhstan nor permanently present in Kazakhstan but whose centre of vital interests is in the Republic of Kazakhstan.

2. A natural person shall be recognized permanently residing in the Republic of Kazakhstan for the current tax period provided that such person stays in the Republic of Kazakhstan for not less than one hundred and eighty-three calendar days (including days of arrival and departure) in any consecutive twelve-month period ending in the current tax period.

3. The centre of vital interests of a natural person shall be recognised as being in the Republic of Kazakhstan where the following conditions are simultaneously observed:

1) natural person has the Republic of Kazakhstan citizenship or a Republic of Kazakhstan residence permit (residence permit);

2) family and (or) close relatives of the natural person reside in the Republic of Kazakhstan;

3) natural person and (or) his family members have real estate in the Republic of Kazakhstan in accordance with ownership rights or otherwise, which is available at any time for his housing and (or) housing of his family members.

4. Natural persons who are citizens of the Republic of Kazakhstan as well as those who filed applications for the Republic of Kazakhstan citizenship or for residence permits in the Republic of Kazakhstan without becoming Republic of Kazakhstan citizens, shall be recognised resident natural persons notwithstanding the time of their residence in the Republic of Kazakhstan and any other criteria specified in this Article, as follows:

1) those seconded abroad by state authorities, in particular employees of diplomatic, consular institutions, international organisations and also family members of said natural persons;

2) crew members of transport vehicles owned by legal persons or citizens of the Republic of Kazakhstan who carry out regular international carriage;

3) military servicemen and civic personnel of military bases, military units, groups, contingents or formations, dislocated beyond the boundaries of the Republic of Kazakhstan;

4) those who work at facilities which are beyond the boundaries of the Republic of Kazakhstan and are property of the Republic of Kazakhstan or of the Republic of Kazakhstan entities (in particular on the basis of concession agreements);

5) students, probationers and trainees, who are beyond the boundaries of the Republic of Kazakhstan for the purpose of education or probation, during the entire period of training or probation;

6) teachers and scientific research workers who are beyond the boundaries of the Republic of Kazakhstan for the purpose of training, consulting or performing scientific work during the entire period of teaching or performance of said work;

7) those beyond the boundaries of the Republic of Kazakhstan for the purpose of medical treatment or passing rehabilitation or preventive treatment.

5. Also, for the purposes of this Code, legal persons formed in accordance with the Republic of Kazakhstan legislation, and (or) legal persons established in accordance with legislation of foreign state, whose effective place of management (location of actual managerial authority) is situated in the Republic of Kazakhstan, shall be recognised as residents of the Republic of Kazakhstan.

Place where meetings of the actual authority (board of directors or similar authority) are held, where the principal management and (or) supervision is carried out, and also where strategic commercial decisions which are required for the performance of business activities of the legal person are take, shall be recognised as effective place of management (place of location of the actual managerial authority).

Article 190. Non-Residents

1. For the purposes of this Code the following shall be recognised as non-residents:

1) natural persons and legal persons who are not residents in accordance with the provisions of Article 189 of this Code;

2) notwithstanding provisions of Article 189 of this Code, foreigners or stateless persons who are recognised non-residents in accordance with the provisions of an international convention for the avoidance of double taxation.

2. {~}.

Article 191. Permanent Establishment of a Non-resident

1. Unless otherwise is established by the international treaty, a permanent establishment of a non-resident in the Republic of Kazakhstan shall mean one the following places of activities in the Republic of Kazakhstan through which it carries out its entrepreneurial activity in the Republic of Kazakhstan irrespective of the period of operation:

1) any place of performance of production, processing, assembling, pre-packing, packing and/or delivery of goods;

2) any place of management;

3) any place of the geological survey of natural resources, exploration, preparation works for for mining operations and/or performance of works, provision of services for control and/or supervision for exploratory and/or mining operations;

4) any place of pipe-line connected operations (including supervision or observation);

5) {~};

6) any place of performance of operations connected with installation, setup and operation of gambling machines (including game-devices), computer networks and communication channels, amusements, and operations connected with the transport or other infrastructure;

7) place of sale of goods in the territory of the Republic of Kazakhstan, unless otherwise is provided for by paragraph 3 of this Article;

8) any place of performance of building operations and/or construction and installation works, and also provision of services connected with supervision for performance of those operations;

9) location of the branch or representative office, other than representative offices engaged in the operations specified in paragraph 4 of this Article;

10) location of the person engaged in agency operations in the Republic of Kazakhstan on behalf of the non-resident in accordance with the Insurance Operations Law of the Republic of Kazakhstan;

11) location of the resident party to an agreement of joint activity concluded with a non-resident in accordance with the legislation of a foreign country or the Republic of Kazakhstan provided that such joint activity is performed in the Republic of Kazakhstan.

2. Unless otherwise is provided for by paragraph 8 of this Article with respect to provision of services and/or performance of works in the Republic of Kazakhstan which are not provided for by paragraph 1 of this Article, a permanent establishment shall mean the place of provision of services and/or performance of works through employees or other personnel engaged by the non-resident for such purposes, if the period of such activity in the territory of the Republic of Kazakhstan exceeds one hundred and eighty three calendar days within any continuous 12-month period from the date of commencement of the entrepreneurial activity under one project or related projects.

For the purpose of this Section related projects shall mean the projects, contracts (agreements) under which they are interconnected or interdependent.

Interconnected contracts (agreements) shall mean contracts (agreements) meeting all the following conditions:

1) a non-resident and its related party provide (perform) identical or homogeneous services (works) to the same tax agent or its related party;

2) the period of time between the date of completion of provision of the services (performance of the works) under one contract (agreement) and the date of conclusion of other contract (agreement) does not exceed twelve successive months.

The interconnected contracts (agreements) are the contracts (agreements) concluded by a non-resident or its related party with a tax agent or its related party, the default on obligations under any of them by non-resident or its related party affect the performance of the obligations by such non-resident or its related party under other contract (agreement).

3. A non-resident forms a permanent establishment in the Republic of Kazakhstan in the event of selling of goods at exhibitions and fairs, being carried out in Republic of Kazakhstan if such sale continues longer than ten calendar days and unless otherwise is provided for by paragraph 8 of this Article.

4. Performance by a non-resident of preparatory and auxiliary activity in the Republic of Kazakhstan other than principal activity of the non-resident does not result in formation of a permanent establishment, provided that such activity does not continue longer than three years and unless otherwise is provided for by paragraph 8 of this Article. In this case the preparatory and auxiliary activities shall be for the non-resident itself, and not for third parties. Preparatory and auxiliary activity shall include:

1) use of any place exclusively for the purpose of storage and/or demonstration of the goods owned by the non-resident;

2) maintenance of a permanent place of operation exclusively for the purpose of purchase of goods without selling thereof;

3) maintenance of a permanent place of operation exclusively for the purpose of collection, processing and/or distribution of information, advertising or research of the market of the goods, works, and services being sold by the non-resident, provided that such activity is not the principal activity of that non-resident.

5. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, in the event that a non-resident carries out entrepreneurial activity in the Republic of Kazakhstan through its dependent agent (an individual or legal entity), such non-resident will be considered as a non-resident having a permanent establishment in connection with any activity the dependent agent carries out for the non-resident, unless otherwise is provided for by paragraph 8 of this Article.

For the purposes of this section a dependent agent shall mean a person meeting all the following conditions:

1) the person is authorized to represent the non-resident in the Republic of Kazakhstan, act and/or take certain legal acts on behalf and at the expense of the non-resident on the basis of contractual relations;

2) the person shall carry out the activity specified in subparagraph 1) of this paragraph beyond the activities of a customs representative, professional securities market participant or other broker activity (except for the insurance broker activity);

3) the activity of the person is not limited to the activities specified in paragraph 4 of this Article.

6. A subsidiary of a non-resident legal entity established in accordance with the legislation of the Republic of Kazakhstan shall be considered as a permanent establishment of the non-resident legal entity provided that the relations have arisen between the subsidiary and the non-resident legal entity in compliance with provisions of paragraph 5 of this Article. Otherwise, the subsidiary of the non-resident legal entity shall not be considered a permanent establishment of the non-resident legal entity.

7. Unless otherwise is provided for by Article 8 of this Code a non-resident providing services connected with provision of foreign personnel for work in the Republic of Kazakhstan to a legal entity, including a non-resident operating in the Republic of Kazakhstan through its permanent establishment, shall not form a permanent establishment with respect to such services in the Republic of Kazakhstan, provided that all the following conditions are met:

1) such personnel acts in the name and on behalf of the legal entity to which they have been provided;

2) a non-resident providing services connected with provision of foreign personnel shall not be liable for the results of the work of the provided personnel;

3) the income of the non-resident from rendering services associated with provision of foreign personnel for the tax period shall not exceed ten per cent of the total amount of the non-resident's expenditures related to provision of such personnel for the specified period.

To confirm the amount of the cost of rendering such services including the income of the foreign personnel, the non-resident must provide the recipient of the services with copies of supporting primary documentation. For the purpose of assessment of corporate income tax on income of a non-resident rendering services for provision of foreign personnel, subject to the conditions established by this paragraph, such services of the non-resident shall be recognized as services rendered outside the Republic of Kazakhstan.

8. A non-resident engaged in entrepreneurial activity in the Republic of Kazakhstan resulting in formation of a permanent establishment must be registered as a taxpayer with a tax authority in accordance with the procedure established by Article 562 of this Code.

If a non-resident engaged in entrepreneurial activity resulting in formation of two and more permanent establishments which shall be registered with the same tax authority, it shall register one permanent establishment in the aggregate for the group of such permanent establishments of the non-resident.

If a non-resident has a registered permanent establishment engaged in one of the activities specified in paragraphs 2, 3, 4, 5 or 7 of this Article, and is engaged in an analogue or the same activity at a place other than the place of registration of such permanent establishment, performance of such activity shall result in formation of a permanent establishment and shall be registered from the date of commencement of the analogous or the same activity.

If a non-resident resumes its activity during successive twelve months after the date of exclusion of the permanent establishment of such non-resident from the national database of taxpayers, such non-resident shall be recognized as a non-resident having formed a permanent establishment and shall be subject to registration as a taxpayer from the date of commencement of such activity. The provisions of this part shall apply in the event that the non-resident is engaged in one of the activities specified in paragraphs 2, 3 or 4 of this Article being analogous or identical to the activity of the permanent establishment of such non-resident excluded from the national database of taxpayers.

9. If non-residents are operating in the Republic of Kazakhstan on the basis of joint activities agreements:

1) the activity of each of the parties to such agreement shall form a permanent establishment provided that all the provisions set forth in this Article are met;

2) the tax obligation shall be fulfilled separately by each of the parties to such agreement in accordance with the procedure established by this Code.

10. The operation of a non-resident shall constitute a permanent establishment in accordance with the provisions of this Article irrespective of the fact that the non-resident is not registered as a taxpayer with tax authorities or that it is not registered with judicial authorities.

11. The date of commencement of the non-resident's operation in the Republic of Kazakhstan for the purpose of this Code shall mean the date:

1) of conclusion of one of the following contract (agreement, treaty) for:

performance of works or provision of services in the Republic of Kazakhstan;

authorization to act on its behalf in the Republic of Kazakhstan;

purchase of goods in the Republic of Kazakhstan for sale;

performance of works, provision of services in the Republic of Kazakhstan under the joint activities agreement;

purchase of works or services for the purpose of performance of works or provision of services in the Republic of Kazakhstan;

2) of conclusion of the first employment agreement or other civil law agreement with an individual in the Republic of Kazakhstan, or the date of arrival of an employee to the Republic of Kazakhstan for fulfilment of the conditions of the contract specified in subparagraph 1) of this paragraph. At that the date of commencement of the operation of the non-resident in the Republic of Kazakhstan may not ne earlier than one of the first dates specified in this subparagraph;

3) when the document confirming the right of the non-resident to perform the activities specified in subparagraphs 3) and 4) of paragraph 1 of this Article becomes effective.

In the event that more than one condition specified in this paragraph are met the date of commencement of the operations in the Republic of Kazakhstan shall be the earliest of the dates listed in this paragraph.

12. If a non-resident operates through its branch or representative office which does not constitute a permanent establishment in accordance with the international convention for the avoidance of double taxation or paragraph 4 of this Article, such branch or representative office of the non-resident will be subject to the provisions of this Code provided for permanent establishment of a non-

resident. In that case such branch or representative office shall be entitled to apply the provisions of the international convention for the avoidance of double taxation in accordance with Article 217 of this Code.

Article 192. Income of Non-Residents from Sources in the Republic of Kazakhstan

1. The following types of income shall be recognised as income for a non-resident from sources in the Republic of Kazakhstan:

1) income from selling goods in the territory of the Republic of Kazakhstan, and also income from selling goods which are situated in the territory of the Republic of Kazakhstan, beyond its boundaries within the framework of performance of foreign trade business;

2) income from performance of work, rendering of services on the territory of the Republic of Kazakhstan;

3) income from provision of management, financial, consulting, audit, and legal (other than services relating to representation and defense of rights and legitimate interests in courts, commercial courts or arbitration courts, and notary services) services outside the Republic of Kazakhstan.

For the purpose of this Section financial services shall mean:

the activity of participants of the insurance market (except for insurance and/or reinsurance services), or securities market;

operation of the uniform accumulative pension fund and voluntary accumulative pension funds;

bank activities, activity of organizations engaged in certain types of banking operations (other than the services provided to a structural unit of a resident of the Republic of Kazakhstan located outside the Republic of Kazakhstan for opening and maintenance of bank accounts, transfer and cash operations, organization of exchange transactions with foreign currency, acceptance of payment documents for collection);

activities of central depository and mutual insurance funds;

4) income of a person registered in a state with preferential tax treatment included in the list approved by the authorized body gained from the performance of work, rendering of services irrespective of the place of their actual performance or rendering, as well as any other income provided for by this Article.

The provisions of this subparagraph shall not apply to income gained from the rendering of tourist services to an individual in the territory of a state with preferential tax treatment by a non-resident registered in such state;

5) income from capital gain received as a result of selling the following:

Property located in the territory of the Republic of Kazakhstan the rights for which or transaction in relation to which are subject to state registration in accordance with legal acts of the Republic of Kazakhstan;

Property located in the territory of the Republic of Kazakhstan subject to state registration in accordance with legal acts of the Republic of Kazakhstan;

Securities issued by a resident as well as share participation in a resident legal person, consortium located in the Republic of Kazakhstan;

Shares issued by a non-resident as well as share participation in a non-resident legal entity, consortium, where 50 and more per cent of the value of such shares, share participation or assets of the non-resident legal person are assets located in the Republic of Kazakhstan;

6) income from assignment of rights to claim debt to a resident or non-resident who carries out business in the Republic of Kazakhstan through a permanent establishment, for the taxpayer who assigned the right of claim.

In this case the amount of such income shall be determined as a positive difference between the cost of the right of claim for which an assessment was effected, and the cost of a claim to be received from the debtor on the date of assignment of the right of claim as per primary documents of the taxpayer;

7) income from assignment of rights to claim debt from a resident or non-resident who carries out business in the Republic of Kazakhstan through a permanent establishment, for the taxpayer who acquires claim rights.

In this case the amount of such income shall be determined as a positive difference between the amount to be received from the debtor with respect to the claim for principal debt including the amount of in excess of the principal debt as on the date of assignment of the right of claim and cost of acquisition of the right of claim;

8) penalty (fine, late fees) and other types of sanctions except for the fines returned from the budget which have been unreasonably withheld earlier;

9) income in the form of dividends receivable from a resident legal person, and also from unit-share investment funds created in compliance with the legislative acts of the Republic of Kazakhstan;

10) income in form of interests other than interests on debt securities;

11) income in form of interests on debt securities received from the issuer;

12) income in form of royalty;

13) income from leasing assets situated in the Republic of Kazakhstan;

14) income received from real estate situated in the Republic of Kazakhstan;

15) income in the form of insurance premiums payable under insurance or reinsurance agreements against risks arising in the Republic of Kazakhstan;

16) income from rendering services on international carriage.

For the purposes of this Section any conveyance of passengers, baggage, goods, including mail, by marine, river ships or aircraft, motor transport vehicle or railway transport as performed between points situated in various countries, where the Republic of Kazakhstan is one of them, shall be recognised as international carriage.

The following shall not be recognised as international carriage for the purposes of this Section:

conveyance which is performed exclusively between points situated beyond the boundaries of the Republic of Kazakhstan, and also exclusively between points located in the territory of the Republic of Kazakhstan;

transportation of useful minerals through pipelines;

16-1) income in form of payment for demurrage of vessel in connection with handing operations in excess of lay days provided for in the agreement (contract) of carriage by sea;

17) income received from operation of pipelines, electric power transmission grids, fibre-optics communication lines situated in the territory of the Republic of Kazakhstan;

18) income of a non-resident natural person from business in the Republic of Kazakhstan under an employment agreement (contract);

18-1) income of migrant workers being non-resident domestic employees received (to be received) under labour agreements signed in accordance with labour legislation of the Republic of Kazakhstan on the basis of a permit given to the migrant worker;

19) fees to a chief executive and (or) other payments in favour of the members of a management body (board of directors or another authority) received by the indicated persons in connection with fulfillment of managerial duties entrusted to such persons in relation to a resident irrespective of the place of actual fulfillment of such duties;

20) additional payments of a non-resident natural person, which are paid in connection with residence in the Republic of Kazakhstan by a resident or non-resident employer;

21) income of a non-resident individual gained from his/her operations in the Republic of Kazakhstan in form of material benefit received from the employer.

for the purpose of this section the material benefit shall include:

payment and/or compensation for the cost of the goods, performed works or provided services received by a non-resident individual from third parties;

negative difference between the cost of the goods, works, or services sold to a non-resident individual and acquisition price or cost of production of those goods, works, and services;

writing-off of an amount of debt or liability of a non-resident individual;

21-1) income of a non-resident individual in the form of material benefit received from a person not being his/her employer.

for the purpose of this section the material benefit shall include:

payment and/or compensation of the cost of the goods, performed works, provided services, received by a non-resident individual from third parties;

negative difference between the cost of the goods, works, and services sold to a non-resident individual and the acquisition price or the cost of production of those goods, works, and services;

writing-off the amount of the debt or liability of a non-resident individual;

22) pension payments which are effected by the uniform accumulative pension fund and by voluntary resident accumulative pension funds;

23) income paid to workers of culture and arts: to an actor of theatre, cinema, radio, television, a musician, an artist, a sportsman, relating to activities in the Republic of Kazakhstan, regardless of how and to whom payments are made;

24) prizes paid by a resident or non-resident who has a permanent establishment in the Republic of Kazakhstan, where the payment of a prize is associated with business of such a permanent establishment;

25) income received from rendering independent personal (professional) services in the Republic of Kazakhstan;

26) income in the form of any assets received without compensation or inherited assets including works and services other than assets received by a non-resident individual from a resident individual without compensation.

The value of free-of-charge works performed and services provided shall be determined to the amount of the expenditures incurred in connection with performance of such works and services.

The value of the assets received without compensation other than free-of-charge works performed and services provided shall be determined to the amount of the balance-sheet value of such assets according to the accounting data of the person which has transferred such assets as on the date of transfer of the assets.

If the value of the assets received without compensation cannot be determined from the accounting data, as well as that of the inherited assets, the value of such assets on the date of the transfer or coming into inheritance shall be determined by one of the following ways:

on the basis of the value established by the authorized governmental body in the area of registration of rights to immovable property as per the first day of January of the respective calendar year when such property has been received;

on the basis of the quotation of the security being traded in on the Kazakhstan or foreign stock exchange on the date of the receipt (coming into inheritance) of the said security.

If the value of the assets received without compensation or inherited cannot be determined in accordance with the procedure provided for by this sub-paragraph, the value shall be determined on the basis of the property assessment report;

27) income from derivative financial instruments;

28) income received in accordance with an act on establishing trust management of property from the resident trustee manager, upon whom the duty of performing tax obligations in the Republic of Kazakhstan for the non-resident who is the founder of the trust in accordance with the agreement or the beneficiary, is not entrusted, in other cases of emergence of trust management;

28-1) income from investment deposit placed at an Islamic bank;

29) other income gained from the operations in the territory of the Republic of Kazakhstan.

For this purpose the provisions of subparagraphs 3), 4), 10) to 12), 21-1), and 24) of this Article shall be applied subject to assessment and/or payment of income by:

a resident;

a non-resident operating in the Republic of Kazakhstan through its permanent establishment, if the payments are connected with the operations or assets of such permanent establishment;

a branch or representative office of a non-resident, if the branch or the representative office is not a permanent establishment in accordance with the international treaty for the avoidance of double taxation or Article 191 paragraph 4 of this Code.

2. The income of a non-resident from sources in the Republic of Kazakhstan shall not include:

1) the income tax amount assessed on the before tax income of a non-resident in accordance with the provisions of this Code and paid to the budget of the Republic of Kazakhstan by a tax agent at its own expense;

2) reimbursement of the members of management body (board of directors or other body) for the expenses incurred in connection with the performance of management duties imposed thereon by the resident, to the extent of:

actually incurred expenses relating to the travelling to the Internet resource of performance of management duties and back including payment for the cost connected with booking, on the basis of the documents confirming such costs (including e-ticket subject of a document confirming the fact of payment of the cost thereof);

actually incurred expenses connected with rent of dwelling premises outside the Republic of Kazakhstan on the basis of the documents evidencing such expenses, nut not exceeding the limits of reimbursement of governmental officials in business trips outside Kazakhstan for expenses connected with standard single room hotel accommodation;

actually incurred expenses connected with rent of dwelling premises in the Republic of Kazakhstan on the basis of documents evidencing such expenses;

the amounts of money not exceeding 6-fold amount of monthly calculation index established by the national budget law effective on the 1st of January of the respective financial year for each calendar day of staying within the territory of the Republic of Kazakhstan for performance of managerial responsibilities during the period not exceeding forty calendar says;

the amounts of money not exceeding 8-fold amount of monthly calculation index established by the national budget law effective on the 1st January of the respective financial year for each calendar day of staying outside the Republic of Kazakhstan for performance of managerial duties during the period not exceeding forty calendar days. For that purpose the place of performance of managerial responsibilities should not coincide with the place of permanent residence.

CHAPTER 23. THE PROCEUDRE FOR TAXATION OF INCOME OF NON-RESIDENT LEGAL PERSONS CARRYING OUT OPERATIONS WITHOUT FORMING A PERMANENT ESTABLISHMENT IN THE REPUBLIC OF KAZAKHSTAN

Article 193. The Procedure for the Assessment and Withholding Corporate Income Tax at Source of Payment

1. Income of legal entity – non-resident, fulfilling activity without creation of a permanent establishment, determined by article 192 of this Code, shall be levied by withholding corporate income tax without any deductions.

In addition, withholding corporate income tax amount shall be calculated by a tax agent through the application of rates established by article 194 of this Code, to the amount of income taxed at sources specified in Article 192 of this Code.

Tax agents shall assess and withhold corporate income tax on the income to be accessed at source of payment:

1) on or before the date of income payment to a non-resident legal entity – for the accrued and paid income;

2) within the time period established by Article 149 paragraph 1 of this Code for submission of corporate income tax returns, – for the accrued and unpaid income charged to deductions.

1-1. For the purpose of this Article the increase in the value at the time of disposal of the securities or participatory interest shall be determined in accordance with Article 87 of this Code.

2. The tax agent shall withhold corporate income tax at source irrespective of the form and place of income payment to the non-resident legal entity.

3. The obligation and responsibility relating to the assessment, withholding and transfer to the budget of the corporate income tax at the source of payment shall be imposed upon the following persons who pay the non-resident income and who are recognised as tax agents:

1) an individual businessman;

2) a non-resident legal person who carries out business in the Republic of Kazakhstan through a branch, representation, in the event that the branch, representation does not form a permanent establishment in accordance with an international agreement concerning the avoidance of double taxation or paragraph 4 of Article 191 of this Code;

3) legal entity, including non-resident, fulfilling activities in the Republic of Kazakhstan through a permanent establishment.

Legal entity – non-resident shall be acknowledged as a tax agent from the date of registration of its branch, representative office or permanent establishment without opening a branch or a representation office with the tax authorities of the Republic of Kazakhstan;

4) a resident-issuer of an underlying asset for depository receipts;

5) a non-resident legal entity, other than those specified in paragraph 3 subparagraphs 2) and 3) of this Article who acquires securities or participatory interests, in the event of non-compliance with the conditions set forth by Article 193 paragraph 5 subparagraph 7) of this Code.

3-1. The obligation of a tax agent on withholding and transfer of corporate income tax from the source of payment shall be deemed fulfilled upon payment by the tax agent of the amount of the corporate income tax assessed on the before tax income of a non-resident in accordance with the provisions hereof at its own expense.

4. The payment of income means a transfer of money in cash and (or) a cashless forms, securities, participatory interest, goods, assets, performance of work, rendering of services, write-off or off-set of a claim of debt, which are performed towards payment of debt to a non-resident in relation to payment of income from sources in the Republic of Kazakhstan.

For the purpose of this section, in the event of taxation of dividends arisen at adjustment of taxation objects in accordance with this Code and legislation of the Republic of Kazakhstan concerning transfer pricing, the payment of income shall mean the definition of income in accordance with items two to five of part one and with part two of Article 12 paragraph 1 subparagraph 14) of this Code. Furthermore the income payment time shall be the time provided for by Article 149 paragraph 1 hereof for submission of corporate income tax returns.

4-1. If the contracts concluded with non-residents provide for performance and provision of different types of works or services in and outside the Republic of Kazakhstan, the procedure for assessment and withholding income tax at the source of payment provided for by this Article shall be applied separately to each type of works and services. Each stage of the works and services performed by a non-

resident within a single engineering and manufacturing cycle shall be considered as a separate type of works or services for the purpose of assessment and withholding of income tax at source of payment from income of the non-residents.

In this case the total amount of the income of a non-resident under the above contracts must be reasonably distributed to the income gained from performance of works and provision of services within and outside the Republic of Kazakhstan.

For the purpose of application of the provisions of this paragraph the non-resident must provide the recipient of the services with copies of the accounting records justifying the distribution of the total income of the non-resident to the income gained from performance of works or provision of services in the Republic of Kazakhstan, and to the income gained from performance of works or provision of services outside the Republic of Kazakhstan.

In case of unjustified distribution of income of a non-resident resulting in understatement of the income of a non-resident being subject to taxation in the Republic of Kazakhstan in accordance with the provisions of this Article, the tax shall be assessed on the total amount of the non-resident's income gained from performance of works or provision of services both in and outside the Republic of Kazakhstan under the above contracts.

5. The following shall be exempt from tax:

1) payments connected with supply of goods into the territory of the Republic of Kazakhstan as a part of foreign trade operations except for the services provided and works performed in the territory of the Republic of Kazakhstan in connection with this supply.

If the agreement (contract) for the supply of goods provides that the transaction price should include the expenses connected with provision of services or performance of works in the territory of the Republic of Kazakhstan, without specific stipulation in the agreement (contract) of amounts connected with acquired goods and/or such expenses, the value of the acquired goods shall be determined on the basis of the transaction price specified in the agreement (contract) subject to such expenses.

If the price of the transaction includes the expenses relating to performance of services and performance of works in the territory of the Republic of Kazakhstan under an agreement (contract) for the supply of goods and the amount relating to the acquired goods is specified separately from such expenses, the cost of the acquired goods shall be determined exclusive of the cost of such expenses;

2) income from rendering of services associated with opening and maintenance of correspondent accounts of resident banks and making of settlements on them, and also settlements by international payment cards;

3) dividends other than those to be paid to persons registered in a state with preferential tax treatment included in the list approved by the authorized body, provided that all the following conditions are concurrently met:

as at the dividend accrual date, a taxpayer has been a holder of dividend-bearing shares or participatory interests for more than three years;

a legal entity paying dividends has not been a subsurface user during the period, for which dividends are paid;

the share of property of a person(s) being a subsurface user(s) does not exceed 50 per cent of the value of assets of the legal entity paying dividends as at the date of dividend payment.

The provisions of this subparagraph shall only be applied to dividends received from a resident legal entity in the form of:

income payable on shares, including those being underlying assets of depositary receipts;

a part of net income distributable by a legal entity among its founders and partners;

income gained from the distribution of property in the case of liquidation of a legal entity or reduction in its authorized capital by means of proportional decrease in the amounts of contributions of its founders and partners, or by way of full or partial redemption of interests of its founders and partners, and in the case of withdrawal by a founder or partner of his/her participatory interest in the legal entity, except for the property contributed by the founder or partner to the authorized capital.

For this purpose the share of property of a person(s) being a subsurface user(s) in the value of assets of the legal entity paying dividends shall be determined in accordance with Article 197 of this Code;

For the purpose of this subparagraph, a subsurface user being the same solely due to its right to extract underground water for its own needs shall not be recognized as a subsurface user;

The provisions of this subparagraph shall not apply to dividends paid out by a legal entity executing a 100-percent reduction in corporate income tax assessed as per Article 139 of this Code, where such dividends have been accrued for the period being part of the tax period, in which such reduction was executed;

4) income on unit shares in open unit share investment funds where they are redeemed by the managing company of said funds;

5) dividends and interest on securities, which on the date of accrual of such dividends and interests are in the official list of a stock exchange that functions in the territory of the Republic of Kazakhstan;

6) interest on governmental issue securities, agent bonds and income from capital gain in case of selling state issue securities and agent bonds;

7) capital gain from disposal of shares issued by a legal entity or participatory interests in a legal entity or a consortium specified in subparagraph 5) of paragraph 1 of Article 192 of this Code other than income of persons registered in a state with preferential tax treatment included in the list approved by the authorized body, unless otherwise provided for by subparagraph 8) of this paragraph, provided that all the following conditions are concurrently met:

as at the day of disposal of shares or participatory interests, a taxpayer has been a holder of such shares or participatory interests for more than three years;

an issuing legal entity or a legal entity, a participatory interest in which is being disposed of, or a consortium member disposing of a participatory interest in such consortium is not a subsurface user;

the share of property of a person(s) being a subsurface user(s) does not exceed 50 per cent of the value of assets of an issuing legal entity or a legal entity, a participatory interest in which is being disposed of, or of the total value of assets of members of a consortium, a participatory interest in which is being disposed of, as at the date of such disposal;

For the purpose of this subparagraph, a subsurface user being the same solely due to its right to extract underground water for its own needs shall not be recognized as a subsurface user;

8) income from capital gain in case of selling by the open auction method at a stock exchange that functions in the territory of the Republic of Kazakhstan, or at a foreign stock exchange, securities which are in the official lists of said stock exchange on the day of sale;

9) interest on conditional bank deposits of a non-resident legal person, that is specified in Article 216 of this Code;

10) payments associated with quality-related adjustment of the price of sold crude petroleum that is transported through the main pipeline system beyond the boundaries of the Republic of Kazakhstan;

11) amounts of accumulated (assessed) interest on debt securities, paid by resident buyers when they are purchased;

12) income from transfer of main assets under finance leases in accordance with international financial lease agreements;

13) income from performance of work, rendering of services beyond the boundaries of the Republic of Kazakhstan, except for income specified in subparagraphs 3), 4) of paragraph 1 of Article 192 of this Code;

14) payments made at the expense of grant funds within the framework of an intergovernmental agreement, to which the Republic of Kazakhstan is the party, and which is aimed to support (render assistance to) low-income groups in the Republic of Kazakhstan;

15) income from performance of work, rendering of services for:

autonomous educational organizations specified in sub-paragraphs 2) and 3) of paragraph 1 of Article 135-1 of the Tax Code;

autonomous educational organizations specified in sub-paragraphs 4) and 5) of paragraph 1 of Article 135-1 of the Tax Code, with respect to the types of activities specified in sub-paragraphs 4) and 5) of paragraph 1 of Article 135-1 of the Tax Code;

16) income in form of royalty being paid by autonomous educational organizations specified in subparagraphs 2), 3), 4) и 5) of paragraph 1 of Article 135-1 of this Code;

17) {~};

18) the amount of credit (loan) debt, which has been forgiven in the procedure and on terms established by paragraph 2-1 of Article 90 of this Code.

6. Taxation of income of a non-resident legal person at the source of payment shall be performed irrespective of whether said non-resident disposes own income in favour of third parties and (or) its own structural units in other countries.

Article 194. Rates of Income Tax at Source of Payment

Income of a non-resident who carries out activity without formation of a permanent establishment, from sources in the Republic of Kazakhstan, shall be subject to taxation at the source of payment at the following rates:

1) income defined by Article 192 of this Code, except for income specified in subparagraphs 2) – 6) of this Article, – 20 per cent;

2) income specified in subparagraph 4) of Article 192 of this Code – 20 per cent;

3) insurance premiums under risks insurance agreements – 15 per cent;

4) insurance premiums under risks reinsurance agreements – 5 per cent;

5) income from rendering services on international carriage – 5 per cent;

6) income from capital gain, dividends, interest, royalty – 15 per cent.

Article 195. The Procedure and Timing for the Transfer of *Corporate* Income Tax at Source of Payment

1. Corporate income tax at the source of payment, which is withheld from income of a non-resident legal person, shall be transferred by the tax agent to the budget:

1) in respect of assessed and paid income amounts, except for the case specified in subparagraph 3) of this paragraph, – not later than twenty-five calendar days after the end of the month in which the payment of income was effected, at the market exchange rate of the currency on the date of its payment;

2) in respect of assessed but unpaid income amounts where they are recognised as deductions – not later than ten calendar days after the time established for the presentation of the corporate income tax declaration, at the market exchange rate of the currency as on the last day of the reporting period established by Article 148 of this Code, in the corporate income tax declaration, during which non-resident's income is recognised as deductions.

The provision of this subparagraph shall not apply to interest on debt securities and deposits, whose maturity occurs upon the expiration of ten calendar days after the term established for the submission of the corporate income tax declaration. In this case provisions of subparagraph 1) of paragraph 1 of this Article shall apply;

3) in case of a prepayment – not later than twenty-five calendar days after the end of a month in which income was assessed to the non-resident within the amount of prepayment, at the market exchange rate of the currency on the date of its accrual.

2. In the event that the assessed amount of income of a non-resident was recognised as deductions of the corporate income tax declaration for tax period established by Article 148 of this Code, but the payment of such an income to the non-resident was made in the following tax periods, then income tax at the source of payment shall be transferred by the tax agent to the budget within periods established by subparagraph 2) of paragraph 1 of this Article.

3. The transfer of amounts of income tax on non-resident legal person's income at the source of payment, to the budget shall be performed by the tax agent in the place of location.

The non-resident legal person which carries out activity in the Republic of Kazakhstan through a permanent establishment, shall make transfers of amounts of income tax at the source of payment from income of the non-resident to the budget in the place of its location of the permanent establishment.

Article 196. Submission of Tax Reports

The tax agent must submit the assessment of corporate income tax withheld at source of payment on the income of non-resident to the tax authority at the place of its location within the following terms:

1) for the first, second, and third quarters – on or before the 15th day of the second month following the quarter in which the income was paid to the non-resident;

2) for the fourth quarter – on or before March 31 of the year following the reporting tax period, established by Article 148 of this Code, in which the income was paid to the non-resident and/or for which the accrued but not paid income of non-resident were attributed to deductions.

Article 196-1. Special Considerations in Submission of Tax Reports

A non-resident who assesses income tax in accordance in accordance with paragraph 5-1 of Article 197 of this Code shall submit its corporate income tax return to the tax authority at the place of location within the period of time established in Article 149 of this Code.

Article 197. Calculation, deduction and transfer of tax on income from increase in cost of sales of real estate, being in the Republic of Kazakhstan, and shares, interests, related to subsoil use in the Republic of Kazakhstan

1. This article shall apply to income of non-residents from sources in the Republic of Kazakhstan from capital gain at sale:

1) property, being on the territory of the Republic of Kazakhstan, the rights for which or transactions upon which are subject to state registration in accordance with legislative acts of the Republic of Kazakhstan;

2) property, being on the territory of the Republic of Kazakhstan, subject to state registration in accordance with legislative acts of the Republic of Kazakhstan;

3) shares, issued by a resident, and participating interest in the charter capital of a legal entity-resident, being a subsoil user, or consortium, the participant (participants) of which is (are) subsoil user (subsoil users) in accordance with legislation of the Republic of Kazakhstan;

4) shares issued by a resident legal entity and participatory interest in the authorized capital of a resident legal entity or consortium in the event of non-compliance of the conditions set forth by Article 193 paragraph 5 subparagraph 7) or Article 200-1 paragraph 1 subparagraph 8) of this Code;

5) shares issued by a non-resident legal entity and participatory interest in the authorized capital of a non-resident legal entity or consortium in the event of non-compliance of the conditions set forth by Article 193 paragraph 5 subparagraph 7) or Article 200-1 paragraph 1 subparagraph 8) of this Code.

In addition, increase in cost shall be determined in accordance with the following procedure:

1) in case of sale of property specified in subparagraphs 1) and 2) of this paragraph, – as a positive difference between the cost of sale of property and its purchase cost;

2) in case of sale of shares and interests – under Article 87 of the Code.

For the purpose of this subparagraph a subsoil user shall not mean a subsoil user being a subsoil user only due to his right for the abstraction of underground water for its own needs.

1-1. For the purpose of this Article and Articles 133,156,193, and 200-1 of this Code, the share of property of a subsoil user(s) in the value of assets of a legal entity on the date of disposal of the shares (participatory interest) or payment of dividends shall be defined as a relation of the amount of the value(s) of property of a subsoil user(s) with shares or participatory interest being held by a dividend paying legal entity or a legal entity participatory interests in which are owned by a dividend paying legal entity, or shares (participatory interest) in which are being sold to the total value of assets of such legal entity.

For the purpose of this Article and Articles 133, 156, 193, and 200-1 of this Code, the share of property of a subsoil user(s) in the total value of the assets of consortium members as on the date of sale of the participatory interest shall be determined as a relation of the value(s) of the property of the subsoil user(s), the shares or participatory interests are owned by member of consortium with participatory interests are being sold to the total value of the assets of such members.

The cost of property of a subsoil user (depending on its organization legal status) shall be a balance-sheet value of:

1) the participatory interest in such subsoil user owned by a legal entity paying dividends or shares (participatory interest) in which shall not be sold;

2) the shares issued by such subsoil user and held by the legal entity paying dividends, or shares (participatory interest) in which are being sold.

The total value of assets of the legal entity paying dividends or in which shares (participatory interests) are being sold shall be the amount of balance-sheet value of all the assets of such legal entity.

The balance-sheet value of the assets shall be determined on the basis of data presented in a separate financial statement of the legal entity paying dividends or in which shares (participatory interest) are being sold, or of members of the consortium participatory interest in which is being, and such data should be prepared and approved as it is required by the laws of the state in which such legal entity or such consortium was established:

1) as on the date of payment of dividends or transfer of the title to the shares (participatory interest) to a buyer;

2) if separate financial statements are not available on the date of payment of dividends or transfer of the title to shares (participatory interest) to the buyer – as of the last reporting date preceding the date of payment of dividends or transfer of title to shares (participatory interest) to the buyer.

2. Income of a non-resident specified in paragraph 1 of this Article, except for income specified in subparagraph 8) of paragraph 5 of Article 193 of this Code, shall be subject to income tax at source of payment at a rate specified by Article 194 of this Code.

2-1. The authorized state and local executive bodies exercising governmental regulation within the competence in the area of subsurface use in accordance with the legislation of the Republic of Kazakhstan concerning subsurface resources and use of subsurface resources shall submit to the authorized body the data concerning purchase and sale of securities, participatory interests specified in paragraph 1 subparagraphs 3), 4), and 5) of this article with specification of:

1) the identification number and/or an analogue thereof in the country of residence and name of the legal entity and/or surname, name, and patronymic (if available) of an individual selling and purchasing the specified shares (participatory interests);

2) the purchase price of the specified shares (participatory interest);

3) the date of payment of income from the deal performed;

4) the data on previous activities of the purchaser including the list of the states where it has performed its activity during the last three years preceding the year when the deal was concluded;

5) the information concerning affiliation of the person selling the property with other persons (amount of direct or indirect participation).

2-2. Within three working days from the day of receipt of data from the authorized state and local executive bodies exercising state regulation within the competence in the area of subsurface in accordance with the legislation of the Republic of Kazakhstan concerning subsurface resources and use of subsurface resources, the authorized bodies will send them to the tax authority for the location of the legal entity holding the right to use subsurface resources in the Republic of Kazakhstan, specified in Article 197 paragraph 1 subparagraphs 3), 4), and 5) of this Code with concurrent notification of a person being his/her immediate vertical subordinate of the tax authority.

3. The tax authority for the location of a legal entity holding the right to use subsurface resources in the Republic of Kazakhstan must send information about the purchaser of the shares (participatory interests) and purchase price of such shares (participatory interests) to such legal entity within five working days upon receipt of the data specified in paragraph 2-1 of this article.

4. The person who sells shares, participatory interest, real estate, shall be obliged to present to the buyer who is the tax agent, a copy document confirming the purchase price (of the investment).

Where the tax agent fails to present to the tax agent a document confirming the purchase price (of the investment), the selling price shall be subject to income tax at the source of payment.

5. The obligation and responsibility for the assessment, withholding, and transfer of income tax at source of payment to the budget shall be imposed on the tax agent paying the income.

For this purpose the non-resident legal entity shall be recognized as a tax agent irrespective of whether the non-resident has a permanent establishment, as well as a branch, or representative office in the Republic of Kazakhstan, the operation of which should not result in establishment of a permanent establishment in accordance with the provisions of this Code or international treaty.

5-1. A non-resident receiving income in the form of capital gain specified in paragraph 1 of this Article from a person who is not a tax agent shall assess income tax independently by applying a rate established by Article 194 of this Code to the amount of such income.

6. A non-resident which is a tax agent, should be registered as a taxpayer by the tax authority in accordance with the procedure established by Article 562 of this Code.

7. Income tax at the source of payment shall be withheld by the tax agent at the time of payment of income to the non-resident, irrespective of the form and place of making payment of income.

8. Tax agent shall transfer the income tax amount to the budget within the terms established by Article 195 of this Code.

The income tax assessed in accordance with paragraph 5-1 of this Article shall be transferred to the budget within ten calendar days after the date established for submission of tax reports.

Tax agents shall submit tax accounts on the income tax withheld at source of payment from income of non-residents within the terms established by Articles 196 and 203 of this Code to the tax authority for the place of their registration in the Republic of Kazakhstan.

Non-residents assessing income tax in accordance with paragraph 5-1 of this Article shall submit income tax returns within the time specified in Articles 196-1 and 205 of this Code.

9. Income tax may be paid at the expense of a tax agent (taxpayer) by a resident legal entity being a subsoil user. In this case such resident legal entity shall transfer the income tax to the budget within twenty five calendar days following the month when the amount of the income tax was received from the tax agent (taxpayer). Such resident legal entity shall submit tax accounts on the income tax withheld at source of payment from the income of a non-resident to the tax authority for the place of location of the resident legal entity in the Republic of Kazakhstan on or before the 15th day of the second month following the quarter in which the amount of income tax was received from the tax agent.

The amount of the income tax transferred by a tax agent (taxpayer) to a resident legal entity being a subsoil user specified in subparagraphs 3), 4), and 5) of the first part of paragraph 1 of this Article shall not recognized as income of such resident legal entity.

10. If the tax agent does not apply the provisions of paragraphs 8 and 9 of this article the resident legal entity being a subsoil user shall have the right to pay independently the income tax on the capital gain for the non-resident within twenty five calendar days following the end of the month of receipt of the data specified in paragraph 3 of this article at its own expense.

If the income tax is paid in accordance with this paragraph the resident legal entity specified in paragraph 1 subparagraphs 3), 4), and 5) of this article must present the tax accounts on the withholding income tax on the non-resident's income to the tax authority for the place of its location on or before the 15th day of the second month following the quarter when the data specified in paragraph 3 of this article were received.

In that case the tax amount paid for the non-resident shall not be deductible at determination of taxable income of a legal entity being a user of subsurface resources.

11. If a tax agent (taxpayer), resident legal entity being a subsoil user specified in subparagraphs 3), 4), and 5) of the first part of paragraph 1 of this Article, provisions of paragraphs 7, 8, 9, and 10 of this Article the fulfillment of such obligations shall be imposed on the resident legal entity being a subsoil user in accordance with the procedure provided for by Chapters 85 and 86 of this Code.

CHAPTER 24. THE PROCEDURE FOR THE TAXATION OF INCOME OF NON-RESIDENT LEGAL PERSONS CARRYING ON BUSINESS IN THE REPUBLIC OF KAZAKHSTAN THROUGH A PERMANENT ESTABLISHMENT

Article 198. Determining Taxable Income

1. Unless otherwise is established by this article and article 200 of this Code, the determination of taxable income, calculation and payment of corporate income tax on legal entity – non-resident's income from fulfilling activities in the Republic of Kazakhstan through permanent establishment shall be performed in accordance with the provisions of this article and articles 83 – 149 of this Code.

1-1. A non-resident legal entity operating in the Republic of Kazakhstan through its permanent establishment for the purpose of assessment of the amount of the corporate income tax to be paid to the budget shall reduce the amount of the corporate income tax assessed in accordance with Articles 139 and 199 of this Code by 100% if at least 90 per cent of the received income in the total annual income of such non-resident legal entity are the following income from:

1) performance of works or provision of services to autonomous educational organizations specified in Article 135-1 paragraph 1 subparagraphs 2) and 3) of this Code;

2) performance of works or provision of services to autonomous educational organizations specified in Article 135-1 paragraph 1 subparagraphs 4) and 5) of this Code relating to the activities provided for by Article 135-1 paragraph 1 subparagraph 4) of this Code.

2. Aggregate annual income of a non-resident legal person from carrying on business in the Republic of Kazakhstan through a permanent establishment shall be comprise the following types of income associated with the functioning of a permanent establishment, which are received (receivable) from the date of the beginning of carrying out activity in the Republic of Kazakhstan:

1) income from sources in the Republic of Kazakhstan specified in Article 192 of this Code;

2) income specified in paragraph 1 of Article 85 of this Code, which are not mentioned in subparagraph 1) of this paragraph;

3) income received by a permanent establishment of the non-resident legal person from sources beyond the boundaries of the Republic of Kazakhstan, in particular through employees or other hired personnel;

4) income of the non-resident legal person, in particular income of its structural units in other countries, which are received from carrying out activity in the Republic of Kazakhstan, that is identical or similar to that which is carried out through the permanent establishment of said non-resident legal person in the Republic of Kazakhstan.

3. In the event that a non-resident carries out business activity both in the Republic of Kazakhstan and beyond its boundaries within the framework of one project or related projects that are to be implemented together with its permanent establishment in the Republic of Kazakhstan, income of such permanent establishment shall be income, which it would receive, if it were a separate and individual legal person that is engaged in the same or identical activity in the same or similar conditions, and if it operates independently from the non-resident legal person, whose permanent establishment it is.

Income of a permanent establishment for the purposes of applying this paragraph shall be determined in respect with the Republic of Kazakhstan legislation norms concerning transfer pricing.

4. Where goods manufactured by a permanent establishment of a non-resident legal person in the Republic of Kazakhstan are sold by another structural unit of the non-resident legal person which is situated beyond the boundaries of the Republic of Kazakhstan, income of such a permanent establishment of the non-resident legal person shall be income, which it would receive, if it was a separate and independent legal person that is engaged in the same or identical activity under the same or similar conditions, and if it operated independently from the non-resident legal person, whose permanent establishment it is.

Income of a permanent establishment for the purposes of applying this paragraph shall be determined in respect with the Republic of Kazakhstan legislation norms concerning transfer pricing.

5. Costs directly related with earning income from business in the Republic of Kazakhstan through a permanent establishment, regardless of whether they are incurred in the Republic of Kazakhstan or beyond its boundaries, except for costs which are not deductible in accordance with this Code, shall be recognised as deductions.

6. A non-resident legal person shall not have the right to recognise as deductions of its permanent establishment, the amounts which are charged to the permanent establishment as the following:

1) royalty, fees, levies and other payments for using or receiving the right of use property or intellectual property of said non-resident legal person;

2) income from services which were rendered by the non-resident legal person to its permanent establishment;

3) interest on loans issued by said non-resident legal person to its permanent establishment;

4) costs which are not associated with earning income from activity of the non-resident legal person through a permanent establishment in the Republic of Kazakhstan;

5) costs not confirmed with documents;

6) managerial and general administrative costs of the non-resident legal person as defined by paragraph 2 of Article 208 of this Code that are not connected with performance of the activity in the Republic of Kazakhstan through a permanent establishment.

Article 199. The Procedure for Taxation of Net Income

1. Net income of a non-resident legal person from activity in the Republic of Kazakhstan through a permanent establishment shall be subject to corporate income tax on net income at a rate of 15 per cent.

Net income shall be determined as follows:

taxable income reduced by the amount of the income and expenses provided for by Article 133 of this Code and by the amount of the expenses to be deferred in accordance with Article 137 of this Code

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the amount of the corporate income tax assessed by application of the rate, established by Article 147 paragraph 1 or paragraph 2 of this Code, and taxable income reduced и the amount of the income and expenses provided for by Article 133 of this Code, and to the amount of the expenses to be deferred in accordance with Article 137 of this Code.

2. The assessed amount of corporate income tax on net income shall be presented in the corporate income tax declaration.

3. A non-resident legal person shall be obliged to make payment of corporate income tax on net income from activity through a permanent establishment within ten calendar days after the time established for the submission of the corporate income tax declaration.

Article 200. Procedure for taxation of income in individual cases

1. If legal entity – non-resident has on the territory of the Republic of Kazakhstan more than one permanent establishment, non-resident shall be entitled to pay corporate income tax in aggregate upon group of permanent establishments of this legal entity – non-resident through one of its permanent establishments.

In addition, legal entity – non-resident shall not later than December 31 of the year, preceding the reporting tax period, provide the following authorities with written notifications:

1) authorized body with notification, what permanent establishment will perform calculation and payment of corporate income tax;

2) tax authorities upon location of its permanent establishments with a notification that selected permanent establishment will perform payment of tax to budget upon all its permanent establishments.

Corporate income tax amount, to be paid to budget, in this case shall be calculated from an aggregate of taxable income of permanent establishments of legal entity – non-resident, being on the territory of the Republic of Kazakhstan.

In addition, a selected permanent establishment upon its location shall submit a general return on corporate income tax upon the whole group of such permanent establishments of legal entity – non-resident.

2. Tax agent performing payment of income specified in sub-par 2) of par 1 of article 192, sub-par 4) of par 2 and par 3 of article 198 of this Code, shall make calculation, deduction and transfer of corporate income tax on specified income without any deductions at the rate established by sub-par 1) of article 194 of this Code, provided that following conditions are simultaneously available:

1) non-availability of a contract concluded with branch, representative office of legal entity – non-resident, legal entity – non-resident, fulfilling activities in the Republic of Kazakhstan through a permanent establishment without opening a branch, representative office;

2) non-availability of invoice on goods, works, services sold, issued by branch, representative office, permanent establishment of legal entity – non-resident without opening branch, representative office.

Withholding corporate income tax deducted by a tax agent on legal entity – non-resident's income, shall be offset at the expense of repayment of tax liabilities of permanent establishment of this legal entity – non-resident.

In addition, legal entity – non-resident fulfilling activities in the Republic of Kazakhstan through permanent establishment shall calculate corporate income tax under retrospective procedure in accordance with articles 198, 199 of this Code, starting from the date of formation of a permanent establishment, and submit return on corporate income tax to the tax authority upon location of permanent establishment with the inclusion of specified income.

Corporate income tax amount, calculated by legal entity – non-resident, fulfilling activities in the Republic of Kazakhstan through permanent establishment, shall be decreased by amount of withholding corporate income tax, levied on income of such legal entity – non-resident in accordance with this clause. Decrease shall be performed provided that documents, confirming deduction of tax by a tax agent are available.

Positive difference between amount of withholding corporate income tax, levied on income of legal entity – non-resident in accordance with this clause, and amount of corporate income tax, calculated by legal entity – non-resident, fulfilling activities in the Republic of Kazakhstan through permanent establishment, shall be transferred for subsequent ten tax periods inclusive and sequentially decreases amounts of corporate income tax subject to payment to budget of these tax periods.

3. The income of a non-resident legal entity not registered with tax authorities as a taxpayer contrary to the requirements of Article 562 hereof gained from operations in the Republic of Kazakhstan through permanent establishment shall be subject to corporate income tax at source of payment without deductions at the rate established by Article 194 subparagraph 1) hereof.

A non-resident legal entity operating through a permanent establishment registered with tax authorities as a taxpayer with violation of the terms established by Article 562 of this Code must specify the tax objects and the taxation related objects originated over the period from the date of establishment of the permanent establishment to the date of registration thereof with the tax authority in the initial returns for the relevant types of taxes, assess and fulfill the tax payment obligations arisen in this connection, other than tax obligations of the tax agents.

In that case the amount of the corporate income tax assessed by such non-resident legal entity for the period from the date of creation of the permanent establishment to the date of registration thereof with the tax authority shall decrease by the amount of the corporate income tax withheld at source of payment in accordance with this paragraph on the income of such non-resident legal entity for the specified period.

Such decrease shall be effected subject to available documents confirming the fact of tax withholding by the tax agent.

CHAPTER 25. THE PROCEDURE FOR TAXATION OF INCOME OF NON-RESIDENT NATURAL PERSONS

Article 200-1. Tax-exempt income of a non-resident individual

1. The following types of income of a non-resident individual shall be tax-exempt:

1) interests paid to non-resident individuals on their deposits with banks and organizations engaged in certain types of banking operations on the basis of the license of the National Bank of the Republic of Kazakhstan;

2) payments connected with delivery of goods to the territory of the Republic of Kazakhstan as a part of foreign trade activity other than the services provided in the territory of the Republic of Kazakhstan connected with a contract relating to this foreign trade activity;

3) amounts of accumulated (accrued) interests on debt securities at the time of purchase thereof paid for by resident purchasers;

4) dividends other than those to be paid to persons registered in a state with preferential tax treatment included in the list approved by the authorized body, provided that all the following conditions are concurrently met:

as at the dividend accrual date, a taxpayer has been a holder of dividend-bearing shares or participatory interests for more than three years;

a legal entity paying dividends has not been a subsurface user during the period, for which dividends are paid;

the share of property of a person(s) being a subsurface user(s) does not exceed 50 per cent of the value of assets of the legal entity paying dividends as at the date of dividend payment.

The provisions of this subparagraph shall only be applied to dividends received from a resident legal entity in the form of:

income payable on shares, including those being underlying assets of depositary receipts;

a part of net income distributable by a legal entity among its founders and partners;

income gained from the distribution of property in the case of liquidation of a legal entity or reduction in its authorized capital by means of proportional decrease in the amounts of contributions of its founders and partners, or by way of full or partial redemption of interests of its founders and partners, and in the case of withdrawal by a founder or partner of his/her participatory interest in a legal entity, except for the property contributed by the founder or partner to the authorized capital.

For this purpose the share of property of a person(s) being a subsurface user(s) in the value of assets of the legal entity paying dividends shall be determined in accordance with Article 197 of this Code;

For the purpose of this subparagraph, a subsurface user being the same solely due to its right to extract underground water for its own needs shall not be recognized as a subsurface user;

The provisions of this subparagraph shall not apply to dividends paid out by a legal entity executing a 100-percent reduction in corporate income tax assessed as per Article 139 of this Code, where such dividends have been accrued for the period being part of the tax period, in which such reduction was executed;

5) income from shares in an open-ended mutual fund in case of buyout of the fund by its managing company;

6) dividends and interests on securities being on the official list of the stock exchange functioning in the territory of the Republic of Kazakhstan on the date of accrual of such dividends and interests;

7) interest on the state issue-grade securities, agency bonds and income from increase in value at selling the state issue-grade securities and agency bonds;

8) capital gain from disposal of shares issued by a legal entity or participatory interests in a legal entity or a consortium specified in subparagraph 5) of paragraph 1 of Article 192 of this Code other than income of persons registered in a state with preferential tax treatment included in the list approved by the authorized body, unless otherwise provided for by subparagraph 9) of this paragraph, provided that all the following conditions are concurrently met:

as at the day of disposal of shares or participatory interests, the taxpayer has been a holder of such shares or participatory interests for more than three years;

an issuing legal entity or a legal entity, a participatory interest in which is being disposed of, or a consortium member disposing of a participatory interest in such consortium is not a subsurface user;

the share of property of a person(s) being a subsurface user(s) does not exceed 50 per cent of the value of assets of an issuing legal entity or a legal entity, a participatory interest in which is being disposed of, or of the total value of assets of members of a consortium, a participatory interest in which is being disposed of, as at the date of such disposal;

For the purpose of this subparagraph, a subsurface user being the same solely due to its right to extract underground water for its own needs shall not be recognized as a subsurface user;

9) income from increase in the value at the time of open bid sale on the stock exchange functioning in the Republic of Kazakhstan, or a foreign stock exchange of the securities quoted on official list of the relevant stock exchange ;

10) income from performance of works or provision of services outside the Republic of Kazakhstan, other than the income specified in Article 192 paragraph 1 subparagraphs 3) and 4) of this Code;

11) income from an investment deposit with an Islamic bank;

12) payments effected out of funds granted under the intergovernmental agreement to which the Republic of Kazakhstan is a party and aimed at support (assistance) to low-income citizens in the Republic of Kazakhstan;

13) material benefit actually incurred by an autonomous educational organization specified in paragraph 1 of Article 135-1 of this Code in the form of payment (reimbursement for) the expenses connected with accommodation, medical insurance, travelling by air from the place of residence outside the Republic of Kazakhstan to the place of the business activity in the Republic of Kazakhstan and back to the place of residence, received by a non-resident individual, who is:

An employee of such autonomous educational organization;

Engaged in the activities in the Republic of Kazakhstan connected with performance of works, provision of services to such autonomous educational organization;

An employee of a non-resident legal entity that performs works, provides services to such autonomous educational organization, and immediately performs such works and provides such services;

14) the amount of credit (loan) debt, which has been forgiven in the procedure and on terms established by paragraph 2-1 of Article 90 of this Code.

Article 201. The Procedure for the Assessment, Withholding and Transfers of Individual Income Tax at Source of Payment

1. Income of a non-resident individual defined in Article 192 paragraph 1 of this Code, shall be subject to individual income tax at source of payment at the rates specified in Article 194 hereof before tax deductions, unless otherwise is provided for by this Article.

The tax agent shall assess and withhold individual income tax on the income to be charged at source on or before the date of income payment to the non-resident individual.

If the income is paid in a foreign currency the income amount being taxed at the source of payment shall be translated into tenge at the market foreign currency exchange prevailing at the income payment date.

The tax agent shall transfer individual income tax on income of a non-resident individual to the budget at its location before the 25th day of the month following the month during which the tax shall be withheld in accordance with this paragraph.

1-1. For the purpose of this article the increase in the value at the time of disposal of the securities and participatory interests shall be determined in accordance with Article 87 hereof.

2. Notwithstanding the provisions of this Article, the assessment, withholding and transfers of individual income tax at source of payment to the budget in respect of non-resident natural person's income specified in paragraph 1 of Article 197 of this Code, except for

income specified in subparagraphs 9), 10) of paragraph 1 of Article 200-1 of this Code, shall be performed in accordance with Article 197 of this Code.

3. Tax agents shall assess individual withholding income tax by applying the rate established by Article 158 paragraph 1 of this Code to the amount of income withheld at source of payment determined in Article 192 paragraph 1 subparagraphs 18), 19), 20), 21), and 22) of this Code, including the income types specified in Article 163 paragraph 2 of this Code subject to the provision of Article 155 paragraph 3 of this Code, without tax deduction.

Tax agents shall withhold individual income tax at source of payment on or before the date of income payment to a non-resident individual except as provided for in paragraph 5 of this article.

Tax agents must transfer the amounts of individual income tax withheld at source of payment within the terms established by Article 161 here of.

4. Tax agents shall withhold individual income tax at source of payment irrespective of the form and place of income payment to non-resident individuals.

5. If the foreign personnel is provided by a non-resident the operations of which constitutes no permanent establishment in the Republic of Kazakhstan in accordance with Article 191 paragraph 7 of this Code, the income of such personnel gained from operations in the Republic of Kazakhstan shall be subject to individual income tax withheld at source of payment.

In that case the object of individual income tax shall be income of non-resident individuals, including other material benefit received by such personnel in connection with the operations in the Republic of Kazakhstan.

If income is paid to the personnel provided by a non-resident the taxation base for the purpose of assessment of individual income tax shall be determined by tax agents on the basis of the documents provided by the non-resident in accordance with Article 191 paragraph 7 of this Code.

The individual income tax at source of payment shall be withheld from the income of the foreign personnel by tax agents at the time of income payment to a non-resident legal entity for the foreign staff provision services.

Tax agents shall assess individual income tax to be withheld at source of payment by application of the rate established by Article 158 paragraph 1 of this Code to the amount of income of the foreign personnel determined in accordance with this paragraph subject to the provisions of Article 155 paragraph 3 of this Code, without tax deductions.

The tax agent must transfer the amounts of individual income tax withheld at source of payment within the terms established by Article 161 hereof.

6. The obligation and responsibility for the assessment, withholding and transfers of individual income tax at source of payment to the budget shall be entrusted to the following persons, which pay income to a non-resident and who are recognised as tax agents:

1) an individual entrepreneur;

2) a non-resident legal person carrying out activity in the Republic of Kazakhstan through a branch, representation, in the event that the branch, representation do not form a permanent establishment in accordance with an international agreement concerning the avoidance of double taxation or paragraph 4 of Article 191 of this Code;

3) legal entity, including non-resident, fulfilling activities in the Republic of Kazakhstan through permanent establishment.

In addition, legal entity – non-resident shall be acknowledged as a tax agent from the date of registration of its branch, representative office or permanent establishment without opening branch or representative office with the tax authorities of the Republic of Kazakhstan;

For the purposes of this chapter a resident legal entity by its decision shall have the right to recognize its organization department as a tax agent on the individual income tax withheld at source of payment of the income paid (to be paid) to such organization department according to the procedure established by Article 161 hereof;

4) a legal person, in particular a non-resident carrying out activity in the Republic of Kazakhstan through a permanent establishment, to which foreign personnel was provided by a non-resident whose activity does not form a permanent establishment in accordance with the provisions of paragraph 7 of Article 191 of this Code;

5) a resident issuer of the underlying assets of depository receipts;

6) a non-resident legal entity, other than those specified in paragraph 6 subparagraphs 2), 3), and 4) of this Article, acquiring securities, participatory interests, in the event of non-compliance with the conditions established by Article 200-1 paragraph 1 subparagraph 8) of this Code.

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9. If a tax agent pais the amount of individual income tax assessed from income of a non-resident in accordance with the provisions hereof, at its own expense without withholding thereof the tax agent's obligation to withhold and transfer individual income tax at source of payment shall be considered as performed.

Article 202. The Procedure for Taxation of Income of Foreign Employees of a Non-Resident Legal Person Not Having a Permanent Establishment in the Republic of Kazakhstan

Provisions of this Article shall apply to taxation of income of foreigners or stateless persons who are employees of non-resident legal person that does not have permanent establishment in the Republic of Kazakhstan, which is defined by subparagraphs 18), 20), 21) of paragraph 1 of Article 192 of this Code, in particular income defined by Article 163 of this Code, unless otherwise established by paragraph 5 of Article 201 of this Code. In that case, provisions of this Article shall apply in the case of simultaneous observance of the following conditions:

1) the foreigner or stateless person is an employee of a non-resident legal person having no permanent establishment in the Republic of Kazakhstan;

2) the foreigner or stateless person is recognised permanently present in the Republic of Kazakhstan for current tax period, in accordance with paragraph 2 of Article 189 of this Code.

In the event that the foreigner or stateless person is not recognised for current tax period and permanently present in the Republic of Kazakhstan, then income of such person specified in subparagraphs 18), 20) 21) of paragraph 1 of Article 192 of this Code, including income specified in Article 163 of this Code, shall not be subject to taxation.

2. The obligation and responsibility for the assessment, withholding and transfer of personal income tax at the source of payment to the budget from income of a foreigner or stateless person specified in paragraph 1 of this Article, shall be entrusted to the legal person (in particular the non-resident carrying out activity through a permanent establishment), for which the work is performed, services are rendered by the non-resident legal person. Such person shall be recognised as tax agent.

3. The assessment of personal income tax shall be made from income of the foreigner or stateless person specified in the employment agreement (contract) which is concluded between the foreigner or stateless person and the non-resident legal person, without making tax deductions in accordance with the rates established by Article 158 of this Code. In this respect, a non-resident legal person shall be obliged to present to the tax agent a notarised copy of the individual employment agreements (contracts) which are concluded with foreigners or stateless persons, who are seconded to the Republic of Kazakhstan.

4. The tax agent must assess and withhold individual income tax at source of payment on or before the form and place of payment of income.

5. The tax agent must transfer individual income tax on the income of a foreigner of person without citizenship to the budget at the place of the tax agent's location on or before 25th day of the month following the month, when the tax shall be withheld in accordance with paragraph 4 of this Article.

Article 203. Submission of Personal Income Tax and Social Tax Declarations on Foreigners and Stateless Persons

Personal income tax and social tax declarations on foreigners and stateless persons shall be submitted by the tax agent to the tax authority in the place of tax payment every quarter not later than the 15th day of the second month coming after the quarter that includes reporting tax periods.

Article 204. The Procedure for Taxation of Income of the Non-Resident Natural Person in Certain Cases

1. Provisions of this Article shall apply to income of a non-resident natural person, received from sources in the Republic of Kazakhstan from persons who are not tax agents in accordance with provisions of this Code.

2. Unless otherwise is specified by this Article, the assessment of personal income tax from income of a non-resident natural person, which is specified in paragraph 1 of this Article, shall be made by the application of the rate established by Article 194 of this Code to the assessed income amount without making of deductions.

3. Unless otherwise is specified by this Article, the payment of personal income tax shall be made by the non-resident natural person independently not later than ten calendar days after the time established for the submission of the personal income tax declaration for the tax period.

4. Migrant workers being non-resident domestic employees shall make an advance individual income tax payment on the income specified in subparagraph 18-1) of paragraph 1 of Article 192 of this Code during the tax period.

The advance individual income tax payment shall be assessed at the rate of two-fold monthly assessment index established by the National Budget Law being in effect as on January first of the respective financial year for each month of performance of works (provision of services) of the respective period specified by the migrant worker being a non-resident domestic employee in the application for obtaining (prolongation) of a migrant worker permit.

A migrant worker being a non-resident domestic employee shall make an advance individual income tax payment at the place of temporary residence until obtaining (prolongation) of a migrant worker permit.

At the end of the tax period migrant workers being non-resident domestic employees shall assess the amount of individual income tax for the tax period on the income specified in subparagraph 18-1) of paragraph 1 of Article 192 of this Code by applying the rate established by paragraph 1 of Article 158 of this Code to the taxable income amount.

The taxable income amount shall be defined as an amount of income received (to be received) from performance of works (provision of services), less the amount of the minimum salary established by the National Budget Law effective as of January first of the respective financial year, assessed for each month of performance of works (provision of services) of the respective period specified in the migrant worker permit.

The amount of advance payments made by a migrant worker being a non-resident domestic employee to the budget during the tax period shall be accounted against the individual income tax assessed for the accounting tax period.

If the amount of the advance individual income tax payments made during the tax period exceeds the amount of individual income tax assessed for the accounting tax period, the amount in excess shall not be treated as an amount of overpaid individual income tax and shall not be subject to refund or offset.

If the amount of the advance individual income tax payments made during the tax period is less than the amount of the individual income tax assessed for the accounting tax period, the assessment of the individual income tax shall be reflected in the individual income tax return, and the migrant worker being a non-resident domestic employee shall pay the individual income tax under declaration on the results of the tax period at the place of temporary residence within ten calendar days after the due date for submission of the individual income tax return provided for by Article 205 of this Code.

Article 205. Submission of Personal Income Tax Declarations

Unless otherwise is specified by this Article, the personal income tax declaration shall be submitted to the tax authority in the place of presence (housing) of the taxpayer not later than the 31st March of the year following the reporting tax period, by the non-resident natural

person who receives income from sources in the Republic of Kazakhstan, which is not subject to personal income tax at the source of payment in accordance with this Code.

If non-resident individuals shall leave the Republic of Kazakhstan during the current tax period without subsequent entrance into the territory of the Republic of Kazakhstan till March 31 of the year following the current tax period such non-resident individuals shall have the right to submit their individual tax returns and pay the individual income tax during current tax period. In which case the individual income tax declaration shall be submitted for the period from the beginning of the current tax period to the date of leaving the Republic of Kazakhstan.

Individual income tax returns shall be submitted by migrant workers being non-resident domestic employees, who received income specified in subparagraph 18-1) of paragraph 1 of Article 192 of this Code if the amount of individual income tax assessed for the accounting tax period exceeds the amount of advance individual income tax payments.

The individual income tax return for income provided for by subparagraph 18-1) of paragraph 1 of Article 192 of this Code shall be submitted by migrant workers being non-resident domestic employees to the tax authority at the place of temporary residence on or before March 31 of the year following the accounting tax period.

If a migrant worker being a non-resident domestic employee who received incomes provided for by subparagraph 18-1) of paragraph 1 of Article 192 of this Code during the tax period, leaves from the Republic of Kazakhstan, the individual income tax return(s) shall be submitted before the date of departure of such person from the Republic of Kazakhstan.

CHAPTER 26. SPECIAL PROVISIONS CONCERNING INTERNATIONAL TREATIES

Article 206. Conditions of Applying International Treaties

1. Provisions of an international treaty for the avoidance of double taxation and prevention of fiscal evasion in respect of taxes on income or assets (capital), to which the Republic of Kazakhstan is a signatory (henceforth for the purposes of this Chapter and Chapter 27 of this Code – international treaty) shall apply to persons who are residents of one or both countries that concluded such a treaty.

2. The provision of paragraph 1 of this Article shall not apply to a resident of a country with which an international treaty is concluded, if that resident uses provisions of the said international treaty in the interests of another person that is not a resident of the country with which the international treaty is concluded.

Article 207. The Procedure for the Application of International Treaties

The application of provisions of international treaties shall be carried out in accordance with the procedure established by this Code and appropriate international treaty.

Article 208. The Methods for Recognition as Deductions of Managerial and General Administrative Expense of a Non-Resident Legal Entity for the Purpose of Taxation of Income from Sources in the Republic of Kazakhstan

1. In the event that provisions of an international treaty when computing taxable income of a non-resident legal entity from the operations in the Republic of Kazakhstan through a permanent establishment allow deducting managerial and general administrative expense incurred by the non-resident legal entity (hereinafter referred to as the “distributable expenditures of a non-resident legal entity), the amount of such expenses shall be determined using one of the following methods:

1) the method of proportionate distribution of costs;

2) the method of direct (straight) recognition of costs as deductions.

For the purpose of this Article and Articles 209 – 211 of this Code, managerial and general administrative expenses actually incurred by a non-resident legal entity in connection with the operations in the Republic of Kazakhstan through a permanent establishment both within and outside the Republic of Kazakhstan shall be recognized as distributable costs of the non-resident legal entity.

In that case distributable expenses of a non-resident legal entity shall not include:

managerial and general administrative expense incurred immediately by a branch or representative office of a non-resident legal entity the operation of which resulted in creation of a permanent establishment in the Republic of Kazakhstan, or permanent establishment of a non-resident legal entity without opening of a branch or representative office in the Republic of Kazakhstan to be recognized as deductions in accordance with Articles 100 – 111, 111-1, 112 – 122 of this Code (hereinafter referred to as the “managerial and general administrative expense of a permanent establishment in the Republic of Kazakhstan”);

managerial and general administrative expenses incurred immediately by branches, representative offices or permanent establishments of a non-resident legal entity in other countries that are not connected with the operations of the permanent establishment registered as a taxpayer in the Republic of Kazakhstan (hereinafter referred to as the “managerial and general administrative expense of permanent establishments in other countries);

managerial and general administrative expenses of a non-resident legal entity not connected with the operation of the permanent establishment registered in the Republic of Kazakhstan.

2. Managerial and general administrative expenses shall be expenses connected with the management of the organization, remuneration to the managerial personnel not related to the production process.

3. A non-resident legal entity shall at its discretion apply only one of the specified methods for recognition of the distributable expenses of the non-resident legal entity as deductions during the reporting tax period.

The applicable method of recognition of distributable expense of the non-resident legal entity as deductions shall be specified in the appendix to the corporate income tax returns containing information relating to managerialим and general administrative expenses of the non-resident legal entity to be recognized as deductions.

4. Distributable expenses of a non-resident legal entity shall be recognized as deductions by a permanent establishment in the Republic of Kazakhstan only provided that conditions of the international treaty are complied with and the non-resident legal entity has the following supporting documents:

1) a notarially certified copy of a document confirming the residence of non-resident legal entity in accordance with requirements of paragraphs 4 and 5 of Article 219 of this Code;

2) copies of the financial statements of the permanent establishment in the Republic of Kazakhstan;

3) copies of the financial statements of the non-resident legal entity, executed in accordance with the requirements of the legislation of the state in which such legal entity was established and/or a resident of which such legal entity is, certified with the seal of the non-resident legal entity (if available) bearing its name, and by the signature of the CEO.

In this case the total amount of the managerial and general administrative expenses of the non-resident legal entity shall be shown in a separate line in the financial statements specified in this subparagraph;

4) breakdown of the amount of the managerial and general administrative expenses specified in the financial statements provided for in subparagraph 3) of this paragraph, with specification of:

distributable expenses of the non-resident legal entity by types of the expenses;

managerial and general administrative expenses of the permanent establishment in the Republic of Kazakhstan;

5) copies of the auditor»s opinion on the financial statements of the non-resident legal entity (where the audit of financial statements of such entity was concluded).

The financial statements specified in subparagraphs 2) and 3) of the first part of this paragraph, depending on the selected method for determination of the calculation index, shall reflect the following data:

1) the total amount of the aggregate annual income, in general;

2) the total amount of expenses for work remuneration to personnel;

3) the initial (current) and the balance sheet value of main assets in total.

In the event that the documents specified in this paragraph are executed in a foreign language, they must be translated into Kazakh or Russian, and the translation shall be certified by a notary according to the proceure established by the legislation of the Republic of Kazakhstan.

5. A notarially certified copy of the document confirming the residence as specified in subparagraph 1) of the first part of paragraph 4 of this Article shall be submitted by the non-resident legal entity to the relevant tax authority within the time specified for submission of corporate income tax returns.

6. In the event that the requirements set forth in this Article are not complied with, the distributable income of the non-resident legal entity should not be accepted for deduction by the permanent establishment in the Republic of Kazakhstan.

Article 209. The Method of Proportionate Distribution of Costs

1. Where the method of proportionate distribution is used, the amount of distributable expenses of a non-resident legal entity which are specified in paragraph 2 of Article 208 of this Code to be recognized as deductions by a permanent establishment in the Republic of Kazakhstan, shall be determined as a product of the amount of the distributable expenses of the non-resident legal entity and calculation index.

2. The assessment index shall be calculated according to one of the following methods at the discretion of the non-resident legal person:

1) a ratio of the amount of the aggregate annual income earned by the non-resident legal person from carrying out activity in the Republic of Kazakhstan through a permanent establishment in the reporting tax period, to the total amount of the aggregate annual income of the non-resident legal person as a whole for said tax period;

2) computation of an average value (AV) by three parameters:

a ratio of the amount of the aggregate annual income earned by the non-resident legal person from carrying out activity in the Republic of Kazakhstan through a permanent establishment for the reporting tax period, to the total amount of the aggregate annual income of the non-resident legal person as a whole for said tax period (I);

a ratio of the historic (current) value of the main assets which are entered in the financial reports of the permanent establishment in the Republic of Kazakhstan, as at the end of the reporting tax period, to the total historic (current) value of the main assets of the non-resident legal person as a whole for same tax period (MA);

a ratio of the amount of personnel work remuneration costs, those employed by the permanent establishment in the Republic of Kazakhstan, as at the end of the reporting tax period, to the total work remuneration costs of the personnel of the non-resident legal person as a whole for the same tax period (WR).

The average value shall be computed according to the formula:

$$AV = (I + MA + WR) / 3.$$

Article 210. Special Considerations in the Computation of the Assessment Index When Applying the Method of Proportionate Distribution of Costs in Certain Cases

1. Where the length of tax periods in the Republic of Kazakhstan and the country of residence of the taxpayer do not coincide, or the dates of the beginning and end of tax periods do not coincide in the Republic of Kazakhstan and the country of residence of the taxpayer while equal in said tax periods duration, the taxpayer shall be obliged to adjust data of the financial reports of the non-resident legal person in the country of residence, which are used in the assessment of the amounts of managerial and general administrative expenses that are subject to recognition as deductions of the permanent establishment.

In order to adjust data of financial reports of the taxpayer in the country of residence, the adjustment coefficient (C) shall be applied, which brings into conformity the tax period of the taxpayer in the country of residence with the tax period in the Republic of Kazakhstan.

2. The coefficient (C) shall be determined as a ratio of the number of months of the tax period of the taxpayer in the country of residence, which are within the framework of the tax period in the Republic of Kazakhstan, to the number of months of the tax period of the taxpayer in the country of residence.

In the event that the framework of a reporting tax period in the Republic of Kazakhstan comprises fully or partially two tax periods of the taxpayer in the country of residence, two coefficients (C1, C2) shall be applied.

3. Data of financial reports of the taxpayer in the country of residence shall be adjusted as follows:

$$C1 \times FR\ (CR)1 + C2 \times FR\ (CR)2,$$

where C1 = TP(CR)1 / TP (CR)3; C2 = TP (CR)2 / TP (CR)3,

and:

TP (CR)1 – number of months of one tax period of the taxpayer in the country of residence, which are within the framework of the tax period in the Republic of Kazakhstan;

TP (CR)2 – number of months of the other tax period of the taxpayer in the country of residence, which are within the framework of the tax period in the Republic of Kazakhstan;

TP (CR)3 – total number of months of the tax period of the taxpayer in the country of residence;

FR (CR)1 – financial reports of the taxpayer in the country of residence for one tax period of the taxpayer in the country of residence, which is within the framework of the tax period in the Republic of Kazakhstan;

FR (CR)2 – financial reports of the taxpayer in the country of residence for the other tax period of the taxpayer in the country of residence, which is within the framework of the tax period in the Republic of Kazakhstan.

Article 211. The Method of Direct (Straight) Recognition of Costs as Deductions

1. The method of direct (straight) recognition of distributable expenses of a non-resident legal entity as deductions shall be used where the non-resident legal entity maintains separate accounting of income and expenditures (including managerial and general administrative expenses) incurred by the head office and permanent establishments in the Republic of Kazakhstan and other countries.

2. A permanent establishment in the Republic of Kazakhstan shall recognize distributable expenses of a non-resident legal entity as deductions in accordance with this Article, if they can be determined on the basis of supporting documents and were immediately incurred for the purpose of gaining income from the operation in the Republic of Kazakhstan through a permanent establishment, and subject to the documents specified in paragraph 4 of Article 208 of this Code.

3. Said expenses shall be recognised as deductions of the permanent establishment only if confirming documents are available and they are translated into the Kazakh or Russian language.

4. The supporting documents shall be as follows:

1) primary accounting documents confirming distributable expenses incurred by the non-resident legal entity in the territory of the Republic of Kazakhstan for the purpose to derive income from the operation in the Republic of Kazakhstan through a permanent establishment;

2) copies of primary accounting documents confirming distributable expenses incurred by the non-resident legal entity outside the Republic of Kazakhstan for the purpose to derive income from the operation in the Republic of Kazakhstan through a permanent establishment;

3) tax registries for accounting for distributable expenses incurred by the non-resident legal entity both in and outside the Republic of Kazakhstan for the purpose to derive income from the operation in the Republic of Kazakhstan through a permanent establishment, that are compiled on the basis of primary accounting documents confirming such expenses.

A form of the tax registry, a procedure for completion thereof shall be approved in the tax accounting policy of the non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment.

Article 212. Procedure for Application of the International Treaty with Respect to Full Exemption from Taxation of Income of a Non-Resident Received from Sources in the Republic of Kazakhstan

1. A tax agent shall be entitled to apply exemption from taxation independently in the event that the tax agent pays income to a non-resident or charges the income accrued but unpaid to a non-resident to deductions, if such non-resident is a resident of a country being a party to the international treaty.

2. The procedure for application of the international treaty provisions established by this Article shall apply to taxation of a non-resident's income provided for by Article 192 of this Code, other than the income with respect to which the procedure for application of the international treaty provisions is provided for in Articles 212-1, 212-2, 213, 214, and 215 of this Code and the income provided for by Article 197 of this Code.

3. The international treaty shall apply provided that the non-resident provides a document confirming the residency to the tax agent in compliance with the requirements of Article 219 paragraphs 4 and 5 of this Code.

In that case the non-resident shall provide such document confirming the residency to the tax agent on or before one of the following dates whichever is the earliest, except for the case provided for by paragraph 2 of this article:

1) December 31 of the calendar year during which the income was paid to the non-resident or the unpaid income of the non-resident was charged to deductions;

2) date of commencement of a scheduled tax inspection for the quarter when the income was paid to the non-resident ended in the calendar year when such tax inspection respect to fulfillment of the tax obligation to pay income tax withheld at source of payment;

3) not later than five working days prior to completion of the unscheduled tax inspection for the quarter when the income was paid to the non-resident ended in the calendar year during which such tax inspection for fulfillment of the tax obligation to pay the withholding tax at source of payment is carried out. The date of completion of the unscheduled tax inspection shall be determined in accordance with the decree.

4. If a non-resident provides services or performs works in the territory of the Republic of Kazakhstan within the period of time not resulting to formation of a permanent establishment in the Republic of Kazakhstan, for the purpose of the provisions of the international treaty a non-resident legal entity shall provide the tax agent with a notarially certified copy of the statutory documents or extract from the trade register (register of members or other similar document provided for by the legislation of the state the non-resident is registered in) specifying the founders (partners) and majority shareholders of the non-resident legal entity, together with the document specified in paragraph 3 of this article.

The tax agent on the basis of the presented documents and agreement (contract) for provision of services or performance of works shall establish the fact of formation by the non-resident of a permanent establishment as a result of performance of the services or works under such agreement (contract) and associated projects, if any.

If it is established that the non-resident has formed a permanent establishment in the Republic of Kazakhstan the tax agent may not apply the provisions of the international treaty in terms of exemption of income of non-residents in the Republic of Kazakhstan.

5. If the services or works are performed in the territory of the Republic of Kazakhstan within a time period not resulting in formation of a permanent establishment in the Republic of Kazakhstan, as a part of a joint operation agreement, for the purpose of application of the international treaty provisions the non-resident legal entity being a party to that agreement shall provide a notarially certified copy of the joint operation agreement or other document confirming its participatory interest in the joint activity to the tax agent together with the document specified in paragraphs 3 and 4 of this article.

If the non-resident forms no permanent establishment as a result of provision of services and performance of works under the terms of such agreement (contract) and associated projects, the tax agent shall be entitled to apply the provisions of the international treaty to the income the non-resident legal entity proportionally to the share of its participation in the joint operations specified in the agreement for joint operations or other document confirming the share of its participation in the joint activity.

6. The tax agents must specify in the tax accounts to be submitted to the tax authority the amounts of the accrued (paid) income to non-residents and deducted or exempted taxes in accordance with the provisions of international treaties, the income tax rates, and names of the international treaties.

In that case the tax agent must provide to the tax authority for the place of its location a copy of the document confirming the residency of the non-resident taxpayer in compliance with the requirements of paragraphs 4 and 5 of Article 219 of this Code. A copy of such documents shall be provided within three calendar days from the date specified for submission of the tax reports that are to be submitted after submission of such document by the non-resident to its tax agent in accordance with paragraph 3 of this Article.

7. In case of unlawful application of provisions of the international treaty resulting in nonpayment or partial payment of the tax to the state budget, the tax agent shall be liable in accordance with the laws of the Republic of Kazakhstan.

Article 212-1. Procedure for Application of International Treaty with Respect to Tax Exemption or Application of a Reduced Tax Rate to Income of a Non-Resident in Form of Dividends, Interests and/or Royalty Received from Sources in the Republic of Kazakhstan

1. In the event of payment of income to a non-resident in form of dividends, interests and/or royalty or charging of unpaid income of a non-resident in form of interests and/or royalty to deductions the tax agent be entitled to apply independently the exemption from taxation or a reduced tax rate provided for by the relevant international treaty, provided that such non-resident is a ultimate (actual) recipient of the income and resident of a country being a party to the international treaty.

For the purpose of this section the ultimate (actual) recipient (beneficiary) of income shall mean a person who holds the right of ownership, use, or disposal of the income and is not an intermediary with respect to such income, or agent, or nominal holder.

2. If the interest is paid to the ultimate (actual) recipient (beneficiary) of income through an intermediary, the tax agent shall be entitled to apply exemption or a reduced income tax rate provided for by the relevant international treaty with the state of which ultimate (actual) recipient (beneficiary) of income is a resident provided that all the following conditions are met:

1) the agreement (contract) specifies the interest amounts for each person being an ultimate (actual) recipient (beneficiary) of the interest through intermediary with specification of information of such person (surname, name and patronymic (if available) of the individual or name of the legal entity; number of tax registration in the country of incorporation (or its analogue), if any; number of state registration in the country of incorporation (or its analogue), if any;

2) the tax agent is provided with a document confirming the residency of the person being an ultimate (actual) recipient (beneficiary) of the interest in compliance with the requirements of Article 219 paragraphs 4 and 5 of this Code.

In that case the document confirming the residency shall be presented to the tax agent on or before one of the dates specified in Article 212 paragraph 3 of this Code, whichever is the earliest.

3. The tax agent must specify in the tax accounts to be submitted to the tax authority the amounts of the accrued (paid) income to the non-resident and the taxes deducted or exempted from deduction in accordance with provisions of international treaties, income tax rates and names of the international treaties.

In that case the tax agent must provide to the tax authority for the place of its location a copy of the document confirming the residency of the non-resident taxpayer (of the ultimate (actual) recipient (owner) of the income) in compliance with the requirements of paragraphs 4 and 5 of Article 219 of this Code. Such copy shall be submitted within three calendar days from the date specified for submission of the tax reports that are to be submitted after submission of such document by the non-resident to the tax agent in one of the dates specified in paragraph 3 of Article 212 of this Code.

4. If the tax agent does not apply the provisions of the international treaty to payment of income in form of interest to a non-resident through intermediary according to the procedure provided for by paragraph 2 of this article, the tax agent must withhold income tax at source of payment at the rate established by Article 194 of this Code.

The amount of the income tax withheld must be transferred within the time period established by Article 195 of this Code.

5. A non-resident ultimate (actual) recipient (beneficiary) of income shall have the right to claim for return of refund of the overpaid income tax withheld at source of payment in accordance with the provisions of the international treaty, if a tax agent has transferred the income tax withheld at source of payment to such non-resident to the budget.

At that case the non-resident ultimate (actual) recipient (beneficiary) of the income must provide the tax agent with a notarially certified copy of:

1) the agreement (contract) concluded with an intermediary with specification of the interest of such non-resident and information about such person (surname, name, patronymic (if available) of the individual or name of the legal entity; numbers of tax registration in the country of incorporation (or an analogue thereof), if any; numbers of state registration in the country of incorporation (or an analogue thereof);

2) the document confirming the residency of such person for the period during which he/it received the income in form of interest meeting the requirements of Article 219 paragraphs 4 and 5 of this Code.

The non-resident shall present the documents specified in this paragraph before the expiry of the period of limitation provided for by Article 46 of this Code from the date of the last transfer of income tax withheld at source of payment to budget, unless other terms are provided for by the international treaty.

In that case the overpaid income tax shall be refunded to the non-resident ultimate (actual) recipient (beneficiary) of income by the tax agent.

6. If the conditions of paragraph 5 of this article are complied with the tax agent shall be entitled to submit to the tax authority for the place of its location an additional account for income tax withheld at source of payment with respect to the amount of the reduction in the event of application of a reduced tax rate or exemption from taxation for the tax period when the income tax on the income of the non-resident ultimate (actual) recipient (beneficiary) of the income in form of interest was deducted and transferred.

In the case referred to above the excess amount of the income tax withheld at source of payment shall be offset to the tax agent in accordance with the procedure established by Article 599 of this Code.

7. In case of unlawful application of provisions of the international treaty resulting in nonpayment or partial payment of the tax to the budget, the tax agent shall be liable in accordance with the laws of the Republic of Kazakhstan.

Article 212-2. Procedure for Application of International Treaty with Respect to Partial Tax Exemption of Income of Non-Resident in Form of Dividends on Shares Being Underlying Asset of Depository receipts

1. When income in form of dividends on shares being underlying assets of depository receipts is paid to a non-resident ultimate (actual) recipient (beneficiary) of income through a nominal holder of the depository receipts the tax agent shall be entitled to apply a reduced income tax rate provided for by the relevant international treaty with the state of tax residency of the ultimate (actual) recipient (beneficiary) of such income, provided that all the following conditions are met:

1) there is a list of holders of depository receipts with specification of:

surnames, names, and patronymics (if any) of individuals or names of legal entities being holders of depository receipts the underlying assets of which are the shares issued by a resident of the Republic of Kazakhstan;

the number and type of depository receipts;

description and details of identification documents of individuals, or numbers and dates of state registration of legal entities.

The list of depository receipts holders shall be made by the following persons:

an organization authorized to carry out depository activity in the securities market in the Republic of Kazakhstan if there is an agreement for keeping records and confirmation of rights of ownership with respect to the depository receipts concluded between the resident issuing the shares being an underlying asset of depository receipts and such organization;

or

other organization authorized to carry out depository activity in the security market of a foreign state, if there is an agreement for keeping records and confirmation of rights of ownership with respect to the depository receipts concluded between the resident issuing the shares being an underlying asset of depository receipts and such organization;

2) there is a document confirming the residency of the person being an ultimate (actual) recipient (beneficiary) of the dividends on the shares being an underlying asset of the depository receipts in compliance with the requirements of Article 219 paragraphs 4 and 5 of this Code.

In that case the document confirming the residency shall be presented to the tax agent on or before one of the dates specified in Article 212 paragraph 3 of this Code, whichever is the earliest.

2. The tax agent must specify in the tax accounts to be submitted to the tax authority the amounts of the accrued (paid) income and withheld or exempted taxes in accordance with the provisions of the international treaties, income tax rates and names of the international treaties.

In that case the tax agent must provide to the tax authority for the place of its location a copy of the document confirming the residency of the non-resident taxpayer in compliance with the requirements of paragraphs 4 and 5 of Article 219 of this Code. Such copy shall be submitted within three calendar days from the date specified for submission of the tax reports that are to be submitted after submission of such document by the non-resident to the tax agent in one of the dates specified in paragraph 3 of Article 212 of this Code.

3. If a tax agent does not apply provisions of the international treaty to payment of income in form of dividends on shares being an underlying asset of the depository receipts to a non-resident in accordance with the procedure provided for by paragraph 1 of this article, the tax agent must withhold income tax at the source of payment at the rate provided for by Article 194 of this Code.

The income tax amount must be transferred to the budget within the terms provided for by Article 195 paragraph 1 subparagraph 1) of this Code.

4. A non-resident ultimate (actual) recipient of income shall have the right to reclaim the excess income tax withheld at source of payment in accordance with provisions of the international treaty if the tax agent has transferred an income tax withheld from the income of such non-resident to the budget.

In that case the non-resident must provide the tax agent with a notarially certified copy of:

1) the document confirming the title to the depository receipts the underlying assets of are the shares issued by a resident;

2) the document confirming the residency of such person for the period when he/it received the income in form of dividends meeting the requirements of Article 219 paragraphs 4 and 5 of this Code.

The non-resident shall present the documents specified in this paragraph before the expiry of the period of limitation provided for by Article 46 of this Code from the date of the last transfer of income tax withheld at source of payment to the budget, unless other terms are provided for by the international treaty.

In that case the overpaid income tax shall be refunded by the tax agent.

5. A tax agent shall have the right to submit to the tax authority for the place of its location an additional account with respect to income tax to be withheld at source of payment for the amount of reduction of the income tax in the event of application of a reduced income tax rate for the tax period when income tax from the income of a non-resident in form of dividends on the shares being an underlying asset of the depository receipts was withheld and transferred.

In the case referred to above the excess amount of the income tax withheld at source of payment shall be offset to the tax agent in accordance with the procedure established by Article 599 of this Code.

6. In case of unlawful application of provisions of the international treaty resulting in nonpayment or partial payment of the tax to the state budget, the tax agent shall be liable in accordance with the laws of the Republic of Kazakhstan.

Article 213. The Procedure for Applying International Treaties in Respect of Exemption from Tax of Income of a Non-Resident from Rendering Services on International Carriage, Through a Permanent Establishment

1. A non-resident shall have the right to apply provisions of the international treaty in respect of exemption from taxation of income from rendering services on international conveyance, where the Republic of Kazakhstan is one of the parties, provided such non-resident is the beneficial owner of income and a resident of the country, with which the international treaty is concluded.

Applying an international treaty in respect of exemption from tax shall be allowed only if the non-resident has on the date of submission of the corporate income tax declaration a document confirming the residence, which is consistent with requirements of paragraphs 4 and 5 of Article 219 of this Code.

A notarised copy document confirming the residence shall be submitted by the taxpayer to the tax authority in the place of location of the permanent establishment when the corporate income tax declaration is submitted.

2. A non-resident shall be obliged to specify in the corporate income tax declaration the tax amount, rate and name of the international treaty, on the basis of which such a rate was applied.

3. For this purpose, a non-resident legal entity shall maintain separate accounting of income from services on international carriage (not subject to tax in accordance with the international treaty) and on carriage (transportation) between locations in the territory of the Republic of Kazakhstan (subject to tax).

4. The amount of the expenses incurred in connection with provision of international transportation serices shall be determined by direct or proportional method.

In this case the taxpayer shall have the right at the taxpayer's discretion to apply one of those methods of assessment of expenses. The selected method shall be used yearly and it may be changed only in coordination with the tax authority which is higher in relation to the tax authority in the place of location of the taxpayer (except for the authorised body), prior to the beginning of a reporting tax period.

5. The direct method provides for determination of relevant costs on the basis of keeping separate records of expenses connected with provision of international transport services (non-taxable in accordance with the international treaty) and expenses in connection with provision of (taxable) carriage (transportation) services between locations in the territory of the Republic of Kazakhstan.

6. The proportional method provides for computation of said costs as a product of multiplying the share and total amount of expenses of the non-resident connected with performing activities directed to receive income from sources in the Republic of Kazakhstan, for a reporting tax period. The share shall be determined as a ratio of the amount of income from rendering transport services in international conveyance and the total amount of income received from sources in the Republic of Kazakhstan.

7. In case of the unlawful application of provisions of the international treaty, which resulted in non-payment or incomplete payment of tax to the budget, the taxpayer shall be held responsible in accordance with the laws of the Republic of Kazakhstan.

Article 214. The Procedure for Applying International Treaties in Respect of Partial Exemption from Tax of Net Income from Business of a Non-Resident in the Republic of Kazakhstan, Through a Permanent Establishment

1. A non-resident shall have the right to apply a reduced rate of tax on net income from activity in the Republic of Kazakhstan through a permanent establishment as provided for by the relevant international treaty, if it is a resident of a country with which an international treaty is concluded, and such an international treaty provides for a taxation procedure of net income of a non-resident which differs from the procedure established by Article 199 of this Code.

Applying a reduced tax rate shall be allowed only if the non-resident has on the date of submission of the corporate income tax declaration a document confirming the residence, which is consistent with requirements of paragraphs 4 and 5 of Article 219 of this Code.

A notarised copy document confirming the residence shall be presented by the non-resident to the tax authority in the place of location of the permanent establishment when the corporate income tax declaration is submitted.

2. The non-resident shall be obliged to specify in the corporate income tax declaration the amount of tax on net income, rate and name of the international treaty, on the basis of which such a rate was applied.

3. In case of unlawful application of provisions of an international treaty resulting in non-payment or incomplete payment of tax to the budget, the non-resident taxpayer shall be held responsible in accordance with the laws of the Republic of Kazakhstan.

Article 215. The Procedure for Applying International Treaties in Respect of Exemption from Tax of Income of a Non-Resident, Received from Persons Who Are Not Tax Agents

1. A non-resident natural person shall have the right to apply provisions of an international treaty in respect of exemption from tax of income specified in Article 204 of this Code, provided such non-person is the beneficial owner of income and resident of a country with which the international treaty is concluded.

The application of an international treaty in respect of exemption from tax shall be allowed only if the non-resident has on the date of submission of the personal income tax declaration a document confirming residence which is consistent with requirements of paragraphs 4 and 5 of Article 219 of this Code.

A notarised copy document confirming residence shall be submitted by a non-resident taxpayer to the tax authority in the place of accommodation (housing) when filing the personal income tax declaration.

2. Amounts of assessed (received) income and amounts of taxes paid (exempt from payment) in accordance with the provisions of an international treaty and the name of the international treaty shall be specified by the non-resident natural person in the personal income tax declaration.

3. In case of absence of a document confirming residence at the time of submission of the personal income tax declaration the non-resident natural person shall be obliged to make the payment of personal income tax to the budget in accordance with the procedure and timing as established by Article 204 of this Code.

In this respect where personal income tax is paid to the budget from income received from sources in the Republic of Kazakhstan by a non-resident natural person who has the right to apply provisions of the relevant international treaty, such a non-resident shall have the right to refund of paid personal tax from the budget in accordance with the procedure established by Article 217 of this Code.

Article 216. The Procedure for the Transfer of Income Tax from Income of a Non-Resident to the Budget or into a Conditional Bank Deposit

1. Where the tax agent does not apply the procedure established by Articles 212, 212-1 and 212-2 of this Code, the tax agent shall be obliged at the time of payment of income to a non-resident to withhold the tax at source of payment at the rate determined by paragraph 1 of Article 158 or Article 194 of this Code, and transfer the amount of withheld income tax in accordance with the time established by Articles 161, 195 of this Code, to the budget or into a conditional bank deposit opened for the non-resident.

The procedure for the transfer of income tax into a conditional bank deposit shall be applied only to income tax withheld from income of a non-resident from the performance of work, rendering of services in the Republic of Kazakhstan, which do not cause the formation of a permanent establishment.

2. The non-resident receiving income, the tax agent and the resident bank determined by the tax agent shall conclude an agreement for the opening of a conditional bank deposit for the non-resident according to the form coordinated by the participants in the agreement prior to the time established for the transfer by the tax agent of income tax from income of the non-resident.

3. A conditional bank deposit shall be opened in the national or foreign currency. Where the conditional bank deposit is opened in a foreign currency, amounts of income tax and bank interest in the national currency that are translated in accordance with the market exchange rate of the currency as on the date of transfer of the tax to the budget, shall be transferred to the budget.

4. A bank, on the account of which a conditional bank deposit is made, shall be obliged to submit a cash flow statement for the reporting quarter in the form established by the authorized body to the tax authority at the place of location of the tax agent no later than on the fifteenth day of the month following the reporting quarter. The statement shall be submitted for the quarters, in which cash flow on the account, on which the conditional bank deposit is made, took place.

The introduction of amendments and (or) additions to the statement and its submission shall be carried out in the cases and in the procedure established by this Code for tax reports.

5. The tax agent shall be obliged to submit to the tax authority in the place of own location:

1) the agreement for the conditional bank deposit within ten calendar days from the day of its signature (a copy such of agreement shall be stored by said tax authority);

2) an assessment of corporate income tax withheld at the source of payment from income of non-residents in accordance with the timing established by Article 196 of this Code, which presents amounts of income tax transferred into the conditional bank deposit.

6. The tax authority in the place of location of the tax agent shall be obliged to register an agreement or deny registration of such agreement for conditional bank deposit within two calendar days from the moment of presentation of such an agreement by the tax agent. In this respect only to the agreement for a conditional bank deposit whose provisions do not contradict provisions of this Article shall be subject to registration. Non-compliance of a conditional bank deposit agreement with the provisions of this Article shall be recognised as reason for denial of registration.

7. Neither the non-resident nor the tax agent shall have the right to dispose of the income tax amount placed into the conditional bank deposit, until the tax authority takes a decision in favour of the non-resident.

8. Provisions of this Article shall apply only to an agreement concerning the conditional bank deposit registered by the tax authority.

9. Where there is no registration by the tax authority of the agreement concerning the conditional bank deposit on the date of transfer of income tax to be withheld at the source of payment as determined in accordance with Article 195 of this Code, the payment of income tax shall be made to the budget in accordance with the established timing.

10. The tax agent shall be obliged to specify in the assessment submitted to the tax authority, amounts of assessed (paid) income and withheld taxes withheld, and also rates used in the assessment of income.

11. The tax authority shall be obliged to maintain the accounting for the following amounts of income tax:

those placed into conditional bank deposits;

those refunded to non-residents who have the right to apply provisions of an international treaty;

those transferred to the budget.

Article 217. Procedure for Refund of Income Tax from the Budget or Conditional Bank Deposit

1. A non-resident shall have right to reclaim income tax in accordance with provisions of the international treaty according to the procedure established by this Article in case of:

1) transfer of income tax on the non-resident's income received from sources in the Republic of Kazakhstan by a tax agent to conditional bank deposit or budget;

2) carrying out activities in the Republic of Kazakhstan by a non-resident through its branch or representative office and the activities do not result in formation of a permanent establishment in accordance with the international treaty;

3) payment of income tax by a taxpayer in accordance with provisions hereof.

In that case the non-resident must submit an application to the tax authority for refund of the paid income tax from the budget or conditional bank deposit on the basis of the international treaty (hereinafter in the context of this article and Article 218 of this Code referred to as the "Application") with attachment of the documents provided for by Article 219 hereof.

2. The non-resident shall submit two copies of the application to the tax authority being superior to the tax authority for the place of its location (residency) unless otherwise is provided for by this paragraph.

If a tax agent is registered at the place of location (residency) with the tax authority being directly subordinate to the competent authority, the application shall be submitted to such tax authority.

The date of submission of the application to the tax authority (depending on the way of submission thereof) shall be:

1) the date of receipt of the application by the tax authority in the event if the application is filed by personal delivery;

2) the date of receipt of the application by the tax authority if the application is submitted by registered mail with delivery notification.

3. Subject to compliance with the conditions of the international treaty and performance of works or provision of services in the Republic of Kazakhstan, except for performance of works or provision of services under long-term contracts, the non-resident shall submit the application upon completion of performance of the works or provision of the services in the Republic of Kazakhstan.

For the purpose of this section a long-term contract shall mean a contract (agreement) for works or services which has not been completed within twelve months from the date of signature thereof.

4. A taxpayer shall submit its application to the tax authority before expiry of the period of limitation provided for by Article 46 of this Code from the date of the last placement of the income tax amount into a conditional bank deposit or from the date of the last transfer of the income tax to the budget, unless otherwise is provided for by the international treaty.

With respect to long-term contracts non-residents shall submit their applications to the tax authorities upon actual contract performance before the expiry of the period of limitation provided for by Article 46 of this Code, unless otherwise is provided for by the international treaty.

5. The tax authority shall refuse in consideration of the application in the event of:

1) submission by the non-resident of its application after the expiration of the period provided for by paragraph 4 of this article. In that case the non-resident shall not submit application to the tax authority again;

2) non-compliance of the residency confirming document with the requirements established by Article 219 paragraphs 4 and 5 of this Code;

3) non-resident's failure to submit the documents provided for by Article 219 of this Code;

4) non-resident's failure to comply with the provisions of paragraph 2 of this article.

In that case the decision of the tax authority concerning refusal in consideration of the application shall be sent to the non-resident with attachment of the application and presented documents within seven working days upon receipt thereof by the tax authority with specification of the reasons for refusal, with written acknowledgement of receipt or by registered mail with delivery notification.

If the tax authority refuses to consider the application on the basis of the reasons provided for by subparagraphs 2), 3), and 4) of this paragraph, the non-residents shall be entitled to submit their applications again provided that they will eliminate the committed violations within the terms provided for in paragraph 4 of this article.

6. The tax authority shall consider the application within thirty working days upon submission thereof by the non-resident.

However, the application consideration period specified in this paragraph shall suspend for a period:

1) of specialized audit referred to in paragraph 8 of this article;

2) from the date of sending by the tax authority of a request specified in paragraphs 7, 9, and 10 of this article, before the date of receipt of an answer to such request.

7. In the process of consideration of the non-resident's application the tax authority shall be entitled to send a request to other tax authorities, governmental agencies, competent authorities in a foreign state, banks and organizations engaged in certain types of banking operations, and other organizations operating in the territory of the Republic of Kazakhstan, for necessary information, and to the non-resident with respect to the tax refund relating matters.

8. In the process of consideration of the non-resident's application the tax authority shall carry out a specialized audit with respect to the refund of the paid income tax from the budget or conditional bank deposit on the basis of the tax application of the non-resident in accordance with the procedure provided for by 89 of this Code, except for the case specified in paragraph 10 of this article.

9. If a non-resident has a representative office or branch in the Republic of Kazakhstan, the tax authority considering the application must send to the tax authority for place of location of the representative office or branch a request for performance of an unscheduled comprehensive tax audit of the non-resident for the period of the statute of limitations as established by Article 46 of this Code with respect to fulfillment by the non-resident of its tax obligations and existence of a permanent establishment in the Republic of Kazakhstan.

10. In the event of liquidation, bankruptcy of a tax agent, the tax authority shall be entitled to send a request to the competent authority in the country of residency of the non-resident the application of which is under consideration concerning provision of information about relationships between the tax agent and the non-resident.

In this connection the decision referred to in paragraph 11 of this article shall be made on the basis of the information received from the competent authority in the country of residency of the non-resident on the request of the tax service authorities, and/or data stated in the accounts on income tax withheld at source of payment provided by the liquidated or recognized bankrupt by the tax agent.

In the event that the foreign competent authority refuses in writing to provide information on the request on the grounds provided for by the first part of this paragraph, or failure to provide information during the period exceeding two years the tax authority must refuse in consideration of the application. In that case the taxpayer shall be entitled to request for a mutual agreement procedure in accordance with the provisions of Article 226 of this Code.

11. Based on the results of the consideration of the non-resident's application by the tax authority one of the following decisions shall be made:

1) to refund the income tax withheld at source of payment, fully or partially;

2) to refuse to refund the income tax withheld at source of payment.

The tax authority's decision shall be executed in writing and signed by the head officer of his/her deputy.

If the tax authority makes a decision to refund the income tax withheld at source of payment fully or partially, the income tax amount to be refunded in accordance with the provisions of the international treaty shall be specified on the submitted application, and the application shall be certified by the signature of the head officer of his/her deputy and with the seal of the tax authority.

The decision of the tax authority made on the basis of the results of consideration of the application for refund of the income tax withheld at source of payment shall contain:

1) the date of the decision;

2) the name of the tax authority which made the decision;

3) the full name of the non-resident submitted the application;

4) the number of the tax registration in the state of incorporation of the non-resident (or an analogue thereof), if any;

5) the income tax amount to be refunded to the non-resident from the budget or conditional bank deposit, if a decision is made to refund the income tax;

6) if a decision is made not to refund the income tax withheld at source of payment, – the motivation with reference to the regulations of the legislation of the Republic of Kazakhstan and/or with specification of the information received on the basis of the request of the tax service body from the foreign competent authority the tax authority was governed by in making such decision.

12. If a superior tax authority made a decision to refund the income tax withheld at source of payment fully or partially, such tax authority shall send copies of the decision and application of the non-resident to the tax authority at the place of location (residency) and registration of the tax agent which has withheld the income tax at the source of payment from the income of the non-resident.

13. If the income tax was paid to the budget and the tax authority has made a decision to refund the income tax withheld at source of payment, the tax authority with which the tax agent is registered at the place of its location (residency) shall refund the income tax amount to the non-resident from the budget in accordance with the provisions of the international treaty in accordance with the procedure provided for by Article 602 of this Code within thirty working days from the date of such decision.

14. In the event that the income tax is transferred to the conditional bank deposit and the tax authority has made a decision to refund the income tax withheld at source of payment the bank shall refund the income tax amount from the conditional bank deposit specified in the application and the amount of the bank interests to the non-resident. In that case the non-resident itself shall provide the application certified by the tax authority to the bank.

15. The decision of the tax authority with one copy of the non-resident's application attached shall be issued to the non-resident with written acknowledgement of receipt or sent by registered mail with notification of delivery.

The date of receipt of the decision of the tax authority by the non-resident shall be the date of delivery or signature of the non-resident in the notification of the postal or other communication organization.

16. If the non-resident disagrees with the decision of the tax authority specified in paragraph 11 of this article, the non-resident shall be entitled to appeal against the decision to the competent authority within ninety calendar days upon receipt of the decision of the tax authority.

In that case the non-resident must send:

1) to the competent authority – a written appeal with attached copy of the decision of the tax authority, and documents provided for by Article 219 of this Code except for the application;

2) to the tax authority the decision of which is appealed against by the non-resident, – a copy of the appeal sent to the competent authority.

The appeal must contain:

1) the date of signing of the appeal by the non-resident;

2) the surname, name and patronymic (if any), or full name of the person submitting the appeal, his (its) place of residency (location);

3) the number of the tax registration in the country of incorporation of the non-resident (or an analogue thereof) if any;

4) the name of the tax authority the decision of which is appealed against by the non-resident;

5) the circumstances under which the non-resident submitting an appeal bases its requirements and evidences confirming these circumstances;

6) the list of the attached documents.

17. The competent authority shall send a decision of refusal in consideration of the non-resident's appeal to the non-resident within five working days from the date of appeal in the following cases:

1) the non-resident submitted the appeal upon expiry of the period provided for by paragraph 16 of this article;

2) the content of the appeal does not comply with the requirements provided for by paragraph 16 of this article;

3) non-compliance of the document confirming the residency with the requirements set forth by paragraphs 4 and 5 of Article 219 of this Code;

4) the non-resident fails to provide the documents provided for by Article 219 of this Code;

5) submission by the non-resident of an appeal (petition) to court with respect to the decision of the tax authority referred to in paragraph 11 of this article.

In the event that the competent authority refuses to consider the appeal on the grounds provided for by subparagraphs 2), 3), and 4) of this paragraph, the non-resident shall have the right to submit it again within ninety calendar days from the receipt of the refusal to consider the appeal provided that the non-resident will remedy the violations.

18. The competent authority shall consider the appeal within thirty working days from the date of submission thereof by the non-resident.

19. The period for consideration of the non-resident's appeal shall be suspended if the competent authority sends a request to the foreign competent authority or governmental agencies of the Republic of Kazakhstan and to the non-resident with respect to the questions connected with consideration of the non-resident's application, for necessary information – until receipt of such information.

20. According to the results of consideration of the non-resident's appeal the competent authority shall make one of the following decisions:

1) to refund the income tax withheld at source of payment, fully or partially;

2) to refuse to refund the income tax withheld at source of payment.

The decision of the competent authority shall be executed in writing and signed by the head officer or the deputy head officer and delivered to the non-resident by hand or sent by registered mail with delivery notification.

The date of receipt of the decision of the tax authority by the non-resident shall be the date of delivery or signature of the non-resident in the notification of the postal or other communication organization.

The decision of the competent authority made on the results of consideration of the appeal must contain:

1) date of the decision;

2) full name of the non-resident submitted the application;

3) the number of tax registration in the state of incorporation of the non-resident (or an analogue thereof) if any;

4) the income tax amount to be refunded to the non-resident from the budget or conditional bank deposit, if a decision is made to refund the income tax;

5) if it is decided to refuse to refund the income tax withheld at source of payment, – the motivation with reference to the regulations of the legislation of the Republic of Kazakhstan and/or with specification of the information received on the basis of the request of the of the tax service body from the foreign competent authority the tax authority was governed by in making such decision.

21. A copy of the decision of the competent authority shall be sent to the tax authority the decision of which was appealed against by the non-resident.

If the competent authority makes a decision to refund the income tax withheld at source of payment, the tax authority the decision of which was appealed against by the non-resident shall specify on the application which has been earlier submitted by the non-resident to such tax authority the income tax amount to be refunded in accordance with the provisions of the international treaty. The date of certification of the application shall be the date of receipt of a copy of the decision of the competent authority by such tax authority. In that case the application shall be certified by the signature of the head officer or the deputy head officer and seal of such tax authority and delivered to the to the non-resident by hand or sent by registered mail with notification of delivery or filed by personal delivery.

The higher tax authority the decision of which the non-resident appealed against shall send copies of the said decision and certified application of such non-resident to the tax authority with which the respective tax agent is registered at the place of location (residency).

22. If the non-resident submits an appeal (petition) to the court against the decision referred to in paragraphs 11 or 20 of this article within the term established in Article 218 paragraph 1 of this Code, the collection order to the bank for transfer of the tax amount placed into the conditional bank deposit to the budget shall be suspended from the date of the appeal (petition) acceptance for proceedings to the time of the judicial act entering into legal force.

Article 218. The Procedure for the Transfer of Income Tax From the Conditional Bank Deposit into the Budget

1. The tax authority must send a collection order to the bank for transfer of the tax amount placed into the conditional bank deposit within the following terms:

1) if no copy of an appeal of a non-resident referred to in Article 217 paragraph 16 hereof is received, – upon the expiration of ninety calendar days from the date of receipt by the non-resident of a decision specified in Article 217 paragraph 11 of this Code;

2) if a non-resident submits an appeal against the decision referred to in Article 217 paragraph 11 of this Code to the competent authority – upon the expiration of ninety calendar days from the date of receipt by the non-resident of a decision specified in Article 217 paragraph 20 of this Code;

3) if the court makes a decision of dismissal of the appeal (petition) referred to in Article 217 paragraph 22 of this Code, in full or in part – within five calendar days from entering of such decision into force.

In that case of *the tax authorities* or court has made a decision of partial refund of the income tax withheld at source of payment, the collection order shall be sent for the tax amount placed into the conditional bank deposit corresponding with the part of the declined application of the non-resident.

2. Where the non-resident has presented to the tax authority no application until the term established by paragraph 4 of Article 217 of this Code, the tax authority shall be obliged within fifteen calendar days upon the expiration of the above-mentioned period to send to the bank a collection order for the transfer into the budget of the amount of tax depoInternet resourced in the conditional bank deposit.

3. Together with the collection order, the tax authority shall send to the bank a request concerning amounts of bank interest accrued from the time of placement of the income tax amount on the non-resident's conditional bank deposit until its transfer to the budget, in the procedure and form established by the authorized body as agreed with the National Bank of the Republic of Kazakhstan.

4. The bank shall, within two calendar days from the day of receipt of the request, send to the tax authority information on accrued amounts of bank interest in the form established by the authorized body as agreed with the National Bank of the Republic of Kazakhstan.

The introduction of amendments and (or) additions to information on accrued amounts of bank interest and its submission shall be carried out in the cases and in the procedure established by this Code for tax reports.

5. Within two calendar days after the receipt of information on assessed amounts of bank interest the tax authority shall be obliged to send to the bank a collection order for the collection of the bank interest amount to the budget.

6. Not later than one operating day following a day of receipt of the collection order the bank shall be obliged to transfer amounts of income tax depoInternet resourced in the conditional bank account and assessed bank interest, to the budget.

7. In case of violation of conditions of the agreement for the conditional bank deposit and non-timely transfer of withheld amounts of income tax to the budget which occurred because of the fault of the bank, the bank shall be held responsible in accordance with the laws of the Republic of Kazakhstan.

8. Where it is impossible for the bank to fulfil obligations of the transfer of income tax amounts placed into the conditional bank deposit to the budget, the obligation of transfer of income tax at source of payment, of bank interest and penal sanctions for untimely transfer of tax to the budget shall be entrusted to the tax agent.

Article 219. Requirements Applicable to Documents Confirming Residence, and Tax Applications for Refund of Paid Income Tax From the Budget or Conditional Bank Deposit on the Basis of an International Agreement

1. In the case of applying Article 218 of this Code, a tax application for refund of paid income tax from the budget or conditional bank deposit on the basis of an international treaty, shall be presented by non-resident to the tax authority with the following attachments:

1) notarised copy contracts (agreements, transactions) for the performance of work, rendering of services or for other purposes;

2) notarized copies of foundation documents or an extract from the trade register (register of shareholders or any other similar document stipulated by legislation of the state where nonresident is registered) with the details of the founders (participants) and majority shareholders of the non-resident legal person;

3) copy bookkeeping documents confirming amounts of earned income and withheld (paid) taxes;

4) a document confirming residence that is issued by the competent authority of the state of residence, or its notarised copy;

5) copies of identification documents of non-resident individuals being employees or other workers employed by the non-resident for performance of work or services in the territory of the Republic of Kazakhstan and documents confirming the period of stay in the Republic of Kazakhstan.

2. In the event that the non-resident submits a tax application for refund of paid income tax from the budget or conditional bank deposit on the basis of an international treaty from income earned on shares which are an underlying asset of depository receipts, the following documents shall be attached to the application:

1) a statement of account received from the Joint-Stock Company 'Central Depository of Securities' containing the following:

the surname, name, patronymic (where available) of the non-resident;

information on the number and type of depository receipts;

title and details of the personal identification document (for natural persons), number and date of the state registration of the non-resident (for the legal person);

2) decision of the general meeting of shareholders of the issuer of shares which are an underlying asset of depository receipts, on the payment of dividends for a certain period specifying amounts of dividends per share and the date of compiling the list of shareholders who have the right to receive dividends;

3) statement of currency account on received amounts of dividends;

4) document confirming residence of such a non-resident consistent with the requirements of paragraphs 4 and 5 of this Article.

3. In the event that the documents specified in paragraphs 1 and 2 of this Article are in a foreign language, the non-resident shall be obliged to attach their notarised translation in the Kazakh or Russian language.

4. For the purpose of this chapter, a document confirming the residency of a non-resident shall be an official document evidencing that the non-resident recipient of income is a resident of a state with which the Republic of Kazakhstan has concluded an international treaty.

A non-resident shall be recognized as a resident of a state with which the Republic of Kazakhstan has concluded an international treaty during the period of time specified in the document confirming the residency of the non-resident.

If a document confirming residence does not contain a period of the non-residents residency, the non-resident shall be recognized as a resident of the state with which the Republic of Kazakhstan has concluded an international treaty, during a calendar year, in which such document was issued.

A document confirming the residency of a non-resident shall be certified by a competent authority of the foreign state where the non-resident recipient of income is a resident.

5. Unless otherwise specified in this paragraph or by an international treaty to which the Republic of Kazakhstan is a party, signature and seal of the body that certified the document confirming the residency of the non-resident, as well as a signature and seal of a foreign notary in case of notarial certification of copies of the documents specified in subparagraphs 1), 2), and 4) of paragraph 1 of this Article shall be subject to diplomatic or consular legalization in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

In the event that the authorized body and the competent body of a foreign state come to a mutual agreement providing for other procedure for legalization of documents confirming the residency as a part of the international treaty, the specified procedure shall apply.

Article 220. Certificates on Amounts of Income Received from Sources in the Republic of Kazakhstan and Amounts of Withheld (Paid) Taxes

1. For the purposes of obtaining offsets of taxes paid in the Republic of Kazakhstan or the deduction of income from sources in the Republic of Kazakhstan in the country of residence, the non-resident shall have the right to receive from the tax authority a certificate on amounts of income received from sources in the Republic of Kazakhstan and amounts of withheld (paid) taxes.

2. In order to obtain a certificate on amounts of income received from sources in the Republic of Kazakhstan and amounts of withheld (paid) taxes, the non-resident shall be obliged to submit a tax application to the tax authority as specified hereunder:

1) a non-resident legal person carrying on business in the Republic of Kazakhstan without forming a permanent establishment, – in the place of location of the tax agent;

2) a non-resident legal person carrying out activity in the Republic of Kazakhstan through a permanent establishment, – in the place of location of the permanent establishment;

3) a foreigner or stateless person – in the place of location of the tax agent;

4) a foreigner or stateless person independently paying taxes on income from sources in the Republic of Kazakhstan, – in the place of accommodation (housing) in the Republic of Kazakhstan.

3. A certificate on amounts of income received from sources in the Republic of Kazakhstan and amounts of taxes withheld (paid) shall be issued by the tax authority not later than fifteen calendar days from the last of the following dates:

submission of tax application;

submission by a non-resident taxpayer and (or) a tax agent of the corresponding form of the tax report, in which taxable amounts of accrued income of the non-resident are reflected.

4. Where finding discrepancy of data in a non-resident's tax application and data presented in the forms of tax reports of the taxpayer and/or tax agent, and also in the case of non-payment of tax of the taxpayer and (or) tax agent has tax arrears in respect of payment of tax from the income of non-residents on the date of filing a tax application, the tax authority shall forward to the non-resident a written denial of issuing a certificate.

5. In the event of failure of the non-resident to file a tax application, the tax authority shall not issue a certificate on amounts of income received from sources in the Republic of Kazakhstan and amounts of taxes withheld (paid).

6. The statement of the income received from sources in the Republic of Kazakhstan and taxes withheld (paid) shall be issued to a non-resident against the signature in the register of issued documents.

CHAPTER 27. SPECIAL CONSIDERATIONS IN TAXATION OF INCOME OF RESIDENTS FROM FOREIGN ECONOMIC OPERATIONS

Article 221. Income of Residents Received from Sources Beyond the Boundaries of the Republic of Kazakhstan

1. For the purposes of this Code income of residents from sources beyond the boundaries of the Republic of Kazakhstan, irrespective of the place of payment, shall be recognised as all the types of income which are not income from sources in the Republic of Kazakhstan.

2. A resident taxpayer shall be obliged to present in the declaration in the Republic of Kazakhstan income from sources beyond the boundaries of the Republic of Kazakhstan, in particular from sources in countries with privileged taxation.

Article 221-1. Procedure for Determination of Income of an individual and of an individual entrepreneur applying a special tax regime for small business entities, from Sale of Assets Received from sources outside the Republic of Kazakhstan

1. Unless otherwise is provided for by this Article, the income of an individual and of an individual entrepreneur applying a special tax regime for small business entities, gained from sale of the assets from the sources outside the Republic of Kazakhstan shall be the sale price of the assets.

2. In case of sale of the assets the income of an individual and of an individual entrepreneur applying a special tax regime for small business entities, received from sources outside the Republic of Kazakhstan, shall be determined as a positive gain between the cost of assets sale and cost of acquisition in the event that the following assets are being sold:

1) the assets located outside the Republic of Kazakhstan the title to, or deals with, which shall be subject to the state registration with a competent authority of the foreign state in accordance with the legislation of the foreign state;

2) the assets located outside the Republic of Kazakhstan which are subject to state registration with a competent authority of the foreign state in accordance with the legislation of the foreign state.

3. In the event of disposal of securities other than debt securities the income of an individual and of an individual entrepreneur applying a special tax regime for small business entities, gained from sources outside the Republic of Kazakhstan shall be defined as a positive difference between the cost of disposal and cost of acquisition thereof.

4. In the event of disposal of debt securities the income of an individual and of an individual entrepreneur applying a special tax regime for small business entities, gained from sources outside the Republic of Kazakhstan shall be determined as a positive difference without excluding the coupon between the cost of disposal and cost of acquisition subject to discount and/or premium amortization on the date of disposal.

5. In the event of disposal of a participatory interest the income of an individual and of an individual entrepreneur applying a special tax regime for small business entities, gained from sources outside the Republic of Kazakhstan shall be determined as a positive difference between the cost of disposal and the cost of acquisition (contribution).

6. The provision of paragraph 2 of this article shall not apply in the following cases:

1) the immovable property is located in the territory of a state with preferential tax treatment;

2) the title to movable property or deals connected with movable property are registered with a competent authority of a state with preferential tax treatment.

7. The provisions of paragraphs 3, 4, and 5 of this article shall not apply if the income specified in paragraphs 3, 4, and 5 of this article have been received from sources in a state with preferential tax treatment.

8. The provisions of paragraphs 2, 3, 4, and 5 of this article shall be applied on the basis of the following documents confirming:

1) the cost of acquisition of the assets (value of the contribution);

2) the cost of disposal of the assets;

3) the registration of the assets and/or title to the assets and/or deals relating to the property with the competent authority of a foreign state in accordance with the legislation of the foreign state.

Article 222. The Procedure for Recognition as Deductions of Costs of Resident Legal Persons, in Connection with Activities Aimed at Earning of Income Beyond the Boundaries of the Republic of Kazakhstan

1. A resident taxpayer shall recognise as deductions in the Republic of Kazakhstan costs in connection with activities aimed at earning of income, in particular income from sources beyond the boundaries of the Republic of Kazakhstan, in accordance with the procedure established by provisions of Sections 4 and 6 of this Code.

2. A resident taxpayer shall recognise as deductions of its own permanent establishment situated in a foreign state, the costs incurred both in the Republic of Kazakhstan and beyond its boundaries in connection with activities aimed at earning of income from sources beyond the boundaries of the Republic of Kazakhstan through the permanent establishment, in accordance with provisions of tax legislation of such foreign state.

3. When computing the taxable income of a permanent establishment of a resident legal person in a foreign state, it shall be allowed to recognise as deductions managerial and general administrative expenses incurred both in the Republic of Kazakhstan and beyond its boundaries for the purpose of earning such taxable income in accordance with provisions of tax legislation of such foreign state or international treaty.

4. Amounts of managerial and general administrative expenses shall be recognised as deductions in a foreign state from whose sources income was earned by the resident legal person, in accordance with the procedure provided for by tax legislation of such a foreign state.

In the event that tax legislation of the foreign state, from whose sources income was earned by the resident legal person, or the international treaty allows deduction of managerial and general administrative expenses, but also the tax legislation of the foreign state does not provide a procedure for the recognition as deductions of such costs, the resident taxpayer shall recognise as deductions managerial and general administrative expenses in said foreign state in accordance with the procedure stipulated by Articles 208–211 of this Code.

Article 223. Offset of Foreign Tax

1. Amounts of taxes paid beyond the boundaries of the Republic of Kazakhstan on income or of taxes similar to income tax, from income received by the resident taxpayer from sources beyond the boundaries of the Republic of Kazakhstan, shall be subject to offset towards payment of corporate or personal income tax in the Republic of Kazakhstan, provided a document confirming the payment of such tax is available.

A certificate of the income received from sources in a foreign state and taxes paid issued and/or confirmed by the tax authority of the foreign state shall be recognized as such document.

In the event that a certificate of the income received from the sources in a foreign state and taxes paid issued and/or confirmed by the tax authority of the foreign state is executed in a foreign language it must be translated into the Kazakh or Russian language and the translation thereof must be certified by a notary in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

If the taxes paid in a foreign state are set off against the payment of corporate or individual income tax the taxpayer shall have the right to present the statement referred to in this paragraph at the request of the tax authority for the purpose of in-house audit.

2. Offset of foreign tax shall not be granted in the Republic of Kazakhstan from the following types of income of a resident taxpayer from sources beyond the boundaries of the Republic of Kazakhstan:

1) exempt from tax in accordance with provisions of this Code;

2) subject to adjustment in accordance with Article 99 of this Code;

3) taxable in the Republic of Kazakhstan in accordance with provisions of the international treaty, irrespective of the fact of payment and (or) withholding of taxes from such income in the foreign state within the excessively paid amount of tax in the foreign state. In this respect, amounts of tax paid in excess shall be determined as the difference between the actually paid tax amount and the amount of tax to be paid in the foreign state in accordance with the provisions of the international treaty.

3. Amounts to be offset as provided for by this Article, shall be determined for each foreign state separately.

In that respect, amounts of tax to be offset, shall represent the smaller of the following amounts:

1) amount of tax actually paid in a foreign state from income received by the resident taxpayer from sources beyond the boundaries of the Republic of Kazakhstan;

2) amounts of income tax from income from sources beyond the boundaries of the Republic of Kazakhstan, assessed in the Republic of Kazakhstan in accordance with the provisions of this Chapter and Sections 4 or 6 of this Code, and also provisions of the international treaty.

A taxpayer within the period of the statute of limitations as established by Article 46 of this Code, shall carry out offsets of foreign income tax from income from sources beyond the boundaries of the Republic of Kazakhstan in a tax period in which said income is to be received (is received).

In the event that the income is recognized in a foreign state during the tax period other than the tax period during which the specified income is recognized in accordance herewith, the resident taxpayer shall be entitled to offset the foreign income tax on the income from sources outside the Republic of Kazakhstan during the tax period for such the income was accrued in accordance with the tax legislation of the Republic of Kazakhstan.

4. In order to assess the total amount of credit of income tax paid in a foreign state from income received from sources in that state, the resident shall compile appropriate supplement to the corporate or personal income tax declaration.

Article 224. Income Received in a Country with Preferential Tax Treatment

1. For the purpose of this Article a non-resident located and/or registered in a state with preferential tax treatment shall mean a non-resident legal entity meeting all the following conditions:

1) the non-resident is registered in a state with preferential tax treatment;

2) 10 and more per cent of its authorized capital or voting shares are directly or indirectly held by a resident of the Republic of Kazakhstan.

A part of income of non-residents located and/or registered in a state (states) with preferential tax treatment shall be included into the taxable income and, failing a taxable income, shall decrease the loss of the resident of the Republic of Kazakhstan who directly or indirectly holds 10 and more per cent in the authorized capital or voting shares of such non-residents.

The provisions of this paragraph shall also apply to participation of the resident in other forms of organization of entrepreneurial activity without incorporation of a legal entity where the participatory interest directly or indirectly makes up 10 and more per cent.

The provisions of this paragraph shall not be applicable to indirect participation of the resident in authorized capital of a non-resident located and/or registered in a state (states) with preferential tax treatment and/or to indirect holding by a resident of voting shares of such non-resident through other resident.

A part of income of non-residents located and/or registered in a state with preferential tax treatment, which is to be included into the taxable income and, failing taxable income, reduce the loss of the resident of the Republic of Kazakhstan, shall be determined on the basis of the participatory interest of the resident in the authorized capital and/or the ratio of ownership of voting shares in such non-resident legal entities (hereinafter referred to as the “Income to be Consolidated”) according to the following formula:

$$П = П1 \times Д1 + П2 \times Д2 + \ldots + Пn \times Дn,$$

where:

П – income to be consolidated;

П1, П2, Пn – income amount of the reporting period after taxation recognized in a separate financial accounts of each non-resident located and/or registered in a state with preferential tax treatment;

Д1, Д2, Дn – share of direct or indirect participation of the resident in the authorized capital of each non-resident located and/or registered in a state with preferential tax treatment, or the share of the direct of indirect holding by the resident of the voting shares in such non-resident.

For the purpose of this article a period the duration of which complies with the duration of the reporting tax period as defined by Article 148 of this Code shall be recognized as a reporting period.

If the duration or the beginning and ending dates of the reporting period and reporting tax period determined in accordance with by Article 148 of this Code in a state with preferential tax treatment differs from those in the Republic of Kazakhstan, the taxpayer must adjust the income amount using the adjustment coefficients (К1, К2) as follows:

$$П1, П2, Пn = Пy \times К1 + Пy+1 \times К2,$$

$$К1 = \frac{НП\ (СР)1}{НП\ (СР)3},$$

$$К2 = \frac{НП\ (СР)2}{НП\ (СР)3},$$

where:

П1, П2, Пn – income amount of the reporting period after taxation recognized in separate finsncial accounts of each non-resident located and/or registered in a state with preferential tax treatment;

НП (СР)1 – number of months of one reporting period in the state with preferential tax treatment within the reporting tax period in the Republic of Kazakhstan;

НП (СР)2 – number of months of the following reporting period in the state with preferential tax treatment within the reporting tax period in the Republic of Kazakhstan;

НП (СР)3 – total number of months of the reporting period in the state with preferential tax treatment;

Пy – income amount of the non-resident located and/or registered in a state with preferential tax treatment after taxation for one reporting period in such state a part of which shall be included into the reporting tax period in the Republic of Kazakhstan;

Пy+1 – amount of income of the non-resident located and/or registered in a state with preferential tax treatment after taxation for another reporting period in such state a part of which shall be included into the reporting tax period in the Republic of Kazakhstan.

For the purpose of this article the share of indirect participation of the resident in the authorized capital or indirect holding by the resident of the voting shares in a non-resident located and/or registered in a state with preferential tax treatment (hereinafter referred to as the “share of indirect participation or holding”) shall be determined in accordance with the following formula:

$$X = X1 * X2^* \ldots ^*Xn * 100,$$

where:

X – share of indirect participation or holding in per cents;

X1 – factor of direct participation of the resident in the authorized capital of the non-resident located and/or registered in the state with preferential tax treatment or direct holding by the resident of shares in such non-resident;

X2, …, Xn – factor of direct participation of each non-resident located and/or registered in a state with preferential tax treatment in the authorized capital of other non-resident located and/or registered in a state with preferential tax treatment or direct holding by each non-resident located and/or registered in a state with preferential tax treatment of shares in other non-resident located and/or registered in a state with preferential tax treatment.

2. The amount of income for the reporting period after taxation of each non-resident located and/or registered in a state with preferential tax treatment a part of which shall be taken into account in determination of the part of income which shall be included into

the taxable income in accordance with paragraph 1 of this article, and failing the taxable income reduce the loss of the resident in the Republic of Kazakhstan must be confirmed by separate financial accounts of such non-resident.

The income of each non-resident located and/or registered in a state with preferential tax treatment as per the data of its separate financial accounts for the purpose of application of the provisions of this article by the resident of the Republic of Kazakhstan shall be translated into tenge with application of the arithmetic mean market exchange rate for the reporting period covered by such accounts.

3. The resident specified in paragraph 1 of this article must submit to the tax authority for the place of its location (residency) on or before December 31 of the year following the reporting tax period, a statement prepared by it concerning non-residents located and/or registered in a state with preferential tax treatment, 10 and more per cent of the authorized capital or voting shares of which are directly or indirectly held by it. Such statement must contain data about the name of the non-resident legal entities, the number of their tax registration in the country of incorporation (or an analogue thereof), if any, and the numbers of state registration in the country of incorporation (or an analogue thereof).

The resident specified in paragraph 1 of this article must also present copies of the following documents with the attached notarially certified translation thereof into Kazakhs or Russian:

1) consolidated financial accounts of the resident legal entity (if the resident legal entity has a subsidiary located and/or registered in a state with preferential tax treatment);

2) separate financial accounts of each non-resident located and/or registered in a state with preferential tax treatment;

3) auditor's opinion on each financial account specified in this paragraph if compulsory audit of such financial accounts is provided for the above persons by the legislation of the Republic of Kazakhstan or other foreign country.

4. A foreign state or an administrative-territorial unit thereof shall be recognized as a state with preferential tax treatment, provided that they meet one of the following conditions:

1) the income tax rate in such state or administrative-territorial unit is below 10 per cent;

2) such state or administrative-territorial unit has laws concerning confidentiality of financial information or laws allowing to observe secrecy with respect to an actual owner of assets, income or actual owners, partners, founders, shareholders of a legal entity (company). The provisions of this subparagraph shall not apply to the states or administrative-territorial units of the states, with which the Republic of Kazakhstan has concluded an international treaty providing for the exchange of information between the competent authorities, unless a written refusal is received by the authorized body from the competent authority of a foreign state or a administrative-territorial unit thereof with respect to provision of the information, the exchange of which is provided for by the above international treaty, or where the competent authority of a foreign state or an administrative-territorial unit thereof failed to provide such information within a period exceeding two years after the relevant request sending by the authorized body.

The list of states with preferential tax treatment shall be approved by the authorized body.

5. The provisions of this article shall be applied irrespective of the privileges, investment tax preferences, most favoured nation treatment, and other terms of taxation provided in the Republic of Kazakhstan and/or established by the legislation of the Republic of Kazakhstan for residents, which are more favourable than those provided for by this Code.

Article 225. The Procedure for the Application of an International Treaty by a Resident in a Foreign Country

1. In the event that a resident performes activities in a foreign country with which the Republic of Kazakhstan has concluded an international treaty, when observing conditions of such international treaty the resident shall have the right to apply in such country provisions of that international treaty.

2. Provisions of the international treaty shall apply to income of a resident from sources beyond the boundaries of the Republic of Kazakhstan, provided that conditions established by Article 206 of this Code are observed.

3. In order to prove the Republic of Kazakhstan residency for the purpose of the international treaty application, and for other purposes, a person shall provide a tax application for the proof of residency to the tax authority being superior with respect to the tax authority, with which such person is registered at the place of location (residence), unless otherwise provided for in this paragraph.

Should a person be registered at the place of location (residence) with the tax authority being an immediate subordinate to the authorized body, a tax application for the proof of residency shall be submitted to such tax authority.

For this purpose, the persons mentioned below shall submit to the tax authority, together with the application for the proof of residence, the following documents:

1) a foreign legal entity being a resident due to having its place of effective management located in the Republic of Kazakhstan – a notarized copy of a document confirming that the place of effective management (location of the actual management body) of such legal entity is located in the Republic of Kazakhstan (minutes of the general meeting of the board, or similar body specifying the place of holding the same, or any other documents confirming the location of the place of main management and (or) control, as well as taking strategic commercial decisions required to carry out entrepreneurial activities of a legal entity);

2) a citizen of the Republic of Kazakhstan being a resident – copy of an identity card, or passport of the Republic of Kazakhstan;

3) a foreigner or stateless person being a resident – notarized copies of:

an international passport, or stateless person's identity card;

Republic of Kazakhstan residence permit (if any);

document confirming the period of staying in the Republic of Kazakhstan (a visa or any other documents).

4. On the results of consideration of the tax application for confirmation of residency the tax authority within fifteen calendar days from the date of submission there of:

1) shall issue to the person a document confirming the residency of such person according to the form established by the competent authority.

The tax authority shall confirm the residency of the person for each calendar year specified in the tax application for confirmation of the residency within the period of limitation established by Article 46 of this Code;

2) shall make a motivated decision concerning refusal in confirmation of the residency of the person.

The tax authority shall refuse in confirmation of residency to the person if the latter does not comply with the conditions set forth by Article 189 of this Code.

4-1. If the document of residency confirmation is lost, the tax authority issued such document shall issue a duplicate document within fifteen calendar days from the date of submission of the application by the resident.

5. In the event a resident believes that taxation of income in a foreign country contradicts provisions of relevant international treaty, he may petition to the competent authority of the foreign country or to the authorised body with an application to examine the issue of lawfulness of applying provisions of the international treaty in relation to taxation of his income.

Article 226. Mutual Agreement Procedure

1. A resident or national of the Republic of Kazakhstan shall have the right to apply to the competent authority for mutual agreement procedure with the competent authority of the foreign state with which the Republic of Kazakhstan has concluded an international treaty in order to discuss the question of application of the international treaty, if, in its/his opinion, the actions of one or both contracting states result or will result to the taxation not in compliance with the provisions of such international treaty.

2. The application must contain the circumstances on which the requirements of the resident or national of the Republic of Kazakhstan are based on, and the proves confirming these circumstances.

The resident or national of the Republic of Kazakhstan must attach to such application copies of accounting documents confirming the amounts of the income received (to be received) and/or taxes withheld (if the taxes have been withheld) in a foreign state with which the Republic of Kazakhstan has concluded an international treaty along with the notarially certified copies of:

1) the contracts (agreements, treaties) for performance of works, provision of services or other purposes;

2) for legal entities – copies of the constituent documents or extract from the trade register with specification of founders (partners) and majority shareholder of the resident legal entity;

3) the documents specified in Article 225 paragraph 3, subparagraphs 1), 2), and 3) of this Code.

The resident or national of the Republic of Kazakhstan shall have the right to provide other documents not specified in this paragraph which are required for carrying out the mutual agreement procedure.

3. The competent authority shall have the right to request in writing for provision by the resident or national of the Republic of Kazakhstan of any additional documents required for the mutual agreement procedure.

4. The resident or national of the Republic of Kazakhstan must submit the application before the expiration of the period of limitation established by Article 46 of this Code from the date of occurrence of the tax obligation in the foreign state not in compliance with the provisions of the international treaty, unless other terms are not provided for by the international treaty.

5. Within five working days from the date of submission of the application the competent authority shall send its written decision of refusal in consideration of the application by registered mail to the resident or national of the Republic of Kazakhstan in the following cases:

1) the resident or national of the Republic of Kazakhstan has submitted an application for the procedure of mutual agreement with the competent authority of the state with which the Republic of Kazakhstan has not concluded an international treaty;

2) the resident or national of the Republic of Kazakhstan has submitted an application after the expiration of the period provided for by paragraph 4 of this article;

3) the resident or national of the Republic of Kazakhstan has failed to provide the documents provided for by paragraph 2 of this article.

In the event that the competent authority refuses to consider the application upon a basis provided for by subparagraph 3) of this paragraph the resident or national of the Republic of Kazakhstan shall be entitled to submit the application again within the period of time established by paragraph 4 of this article subject to elimination of the violations committed.

6. The competent authority shall consider the application of the resident or national of the Republic of Kazakhstan within forty five calendar days from the date of the receipt of such application, except for the cases specified in paragraph 5 of this article.

7. On the basis of the consideration of the application of the resident or citizen of the Republic of Kazakhstan by the competent authority one of the following decisions shall be made:

1) to refuse in the mutual agreement procedure;

2) to carry out the mutual agreement procedure.

8. The competent authority shall make a decision to refuse in the mutual agreement procedure in the following cases:

1) the grounds specified in the application of the resident or national of the Republic of Kazakhstan do not comply with the provisions of the international treaty of the Republic of Kazakhstan;

2) the resident or national of the Republic of Kazakhstan has provided inadequate information;

3) the resident or national of the Republic of Kazakhstan failed to provide the documents provided for by paragraph 3 of this article in course of consideration of the application.

The decision of refusal to carry out the mutual agreement procedure shall be sent to the resident or national of the Republic of Kazakhstan in writing by registered mail within two working days from the date of such decision.

9. In the event that a decision to carry out the mutual agreement procedure is made the competent authority shall address a request to the competent authority of the foreign state for carrying out such procedure.

10. The competent authority shall discontinue the mutual agreement procedure commenced on the basis of the application of the resident or national of the Republic of Kazakhstan with the competent authority of the foreign state in the event that:

1) an application for termination of the mutual agreement procedure is submitted by the resident or national of the Republic of Kazakhstan;

2) it is found out in the course of the mutual agreement procedure that the resident or national of the Republic of Kazakhstan has provided inadequate information;

3) the resident or national of the Republic of Kazakhstan failed to provide the documents provided for by paragraph 3 of this article in the course of the mutual agreement procedure.

11. The competent authority shall send to the resident or national of the Republic of Kazakhstan the information about the decision made on the results of the mutual agreement procedure in writing by registered mail within seven working days from the date of the receipt of the ultimate answer with respect to taxation of the income of such resident or national of the Republic of Kazakhstan from the competent authority of the foreign state to the request of the competent authority.

12. The person shall be entitled to apply to the competent authority for the procedure of mutual agreement with the competent authority of the foreign state with which the Republic of Kazakhstan has concluded the international treaty with respect to determination of the residency status.

Such person shall submit the application to the competent authority with the documents specified in paragraph 2 subparagraph 2) of this article and Article 225 paragraph 3 subparagraphs 1), 2), and 3) of this Code attached.

For the purpose of this paragraph the procedure provided for by paragraphs 1 to 11 of this article shall be applied to the mutual agreement procedure.

13. The competent authority shall send the decision made as a result of the mutual agreement procedure carried out on the basis of the request of the competent authority of the foreign state in writing to the tax authority which had sent to the taxpayer one of the notifications specified in Article 607 paragraph 2 subparagraphs 2) and 8) of this Code in connection with which the non-resident of the specified state had initiated the conduction of such procedure.

The decision made on the results of the mutual agreement procedure carried out in accordance with this Article shall be binding on the tax authorities.

Article 227. Assistance in Collection of Taxes

1. The authorised body in accordance with the provisions of an international treaty for the purposes of implementing an unfulfilled tax liability, shall have the right to request the assistance of the competent authority of the foreign country by way of forwarding a tax claim in accordance with the form established by the authorised body. A tax claim shall be forwarded to the competent authority of the foreign country in the case of non-fulfilment or incomplete fulfilment of a tax liability by a non-resident relating to income from sources in the Republic of Kazakhstan, and also from income of a permanent establishment of a non-resident from sources beyond the boundaries of the Republic of Kazakhstan, exclusively after applying all the allowed measures of enforced collection as established by this Code.

2. When receiving a request for assistance from the competent authority of a foreign country, the authorised body shall have the right to secure the implementation of the resident's tax liability that emerged in the foreign country. In this case the authorised body shall examine the lawfulness of payment of taxes from the resident's income from sources in the foreign country in accordance with the provisions of the international treaty and pass a resolution.

3. In the event that a positive resolution is passed in respect of the request of the competent authority of the foreign country, the authorised body in accordance with the provisions of the international treaty shall ensure the implementation of tax liabilities by the resident in accordance with the procedure established by this Code. Amounts of tax shall be transferred by the resident taxpayer pursuant to a claim from the authorised body to the account of the competent authority of the foreign country as is specified in the request for the assistance in collection of taxes, that was forwarded in accordance with the provisions of the international treaty.

4. The authorised body shall consider requests of a competent authority of a foreign country based on the principles of reciprocity.

5. Provisions of this Article shall apply as long as the statute of limitations does not expire, as established by Article 46 of this Code, unless otherwise specified by an international treaty.

Article 227-1. Procedure for Fulfillment of the Tax Liability by a Tax Agent with Respect to the Income Paid to Residents in Form of Dividends on the Shares Being the Underlying Asset of Depositary Receipts, and for Refund of Income Tax Withheld at Source of Payment

1. In the event that income in form of dividends on the shares being the underlying asset of depository receipts shall be paid to a resident ultimate (actual) recipient (owner) of the income through a nominal holder of depository receipts the tax agent shall have the right to exempt such income from the income tax at source of payment in cases and in accordance with the procedure provided for by this Code, or to apply the income tax rate provided for by paragraph 2 of Article 158 of this Code to income of the resident individual, provided that all the following conditions are met:

1) there is a list of holders of depository receipts or of a document confirming the title to the depository receipts with specification:

Surnames, names, and patronymics (if available) of the individuals or names of the legal entities being holders of depository receipts;

information about the number and type of the depository receipts;

names and details of identification documents for the individuals or numbers and dates of state registration for the legal entities being holders of depository receipts;

2) there is a notarially certified copy of the certificate of taxpayer of the Republic of Kazakhstan of the person being an ultimate (actual) recipient (owner) of dividends on the shares being the underlying asset of depository receipts.

In that case the notarially certified copy of the certificate of taxpayer of the Republic of Kazakhstan shall be provided to the tax agent on or before one of the dates specified in Article 212 paragraph 3 of this Code, whichever is earlier.

The list of holders of depository receipts specified in subparagraph 1) of this paragraph shall be compiled by the organization authorized to carry out depository activities in the securities market of the Republic of Kazakhstan or a foreign state, in the event that an

agreement for recording and confirming the title to the depository receipts has been concluded between the resident issuing the shares being the underlying asset of the depository receipts and such organization.

The document confirming the title to depository receipts specified in subparagraph 1) of this paragraph shall be issued by one of the following persons providing nominal holding services in accordance with the regulations of the Republic of Kazakhstan:

An organization authorized to carry out depository activities in the securities market of the Republic of Kazakhstan or a foreign state;

A professional participant of the securities market of the Republic of Kazakhstan engaged in the registration of financial instruments and money of customers and the confirmation of rights relating thereto, the storage of documentary financial instruments of customers with undertaking obligations to ensure safety thereof;

Other organization providing services relating to nominal holding of securities, and engaged in recording and confirmation of titles to securities and registration of transactions with securities of such holders.

2. The tax agent must specify the amounts of the accrued (paid) income and withheld or exempted taxes in accordance herewith, and the income tax rates in the tax accounts submitted to the tax authority.

In that case the tax agent must provide a notarized copy of the certificate of resident taxpayer of the Republic of Kazakhstan to the tax authority for the place of its location. A copy of such document shall be submitted within three calendar days from the date of submission of the tax accounts the date for submission of which is after provision of such document to the tax agent by the resident on one of the dates specified in Article 212 paragraph 3 of this Code.

3. If the tax agent does not apply the provisions hereof at payment of the income in form of dividends on the shares being the underlying asset of the depository receipts to the resident in accordance with the procedure established by paragraph 1 of this article, the tax agent must withhold income tax at source of payment at the rate established by Article 194 of this Code.

The amount of the income tax withheld must be transferred within the period of time established by Article 195 paragraph 1 subparagraph 1) of this Code.

4. The resident ultimate (actual) recipient of the income shall be entitled to claim refund of the income tax withheld in excess at source of payment in accordance herewith if the tax agent has transferred the income tax withheld from the income of such resident to the budget.

In that case the resident must provide the tax agent with a notarially certified copy of the following documents for the period when the resident received income in form of dividends:

1) document confirming the title to the depository receipts;

2) certificate of taxpayer of the Republic of Kazakhstan;

3) document confirming the receipt of income in form dividends on the shares being the underlying asset of the depository receipts.

The resident shall provide the documents specified in this paragraph before the expiration of the period of limitation established by Article 46 of this Code from the date of the last transfer of the income tax withheld at source of payment to the budget.

In that case the income tax withheld in excess shall be refunded to the resident by the tax agent.

5. The tax agent shall have the right to provide to the tax authority for the place of its location an additional calculation on the income tax withheld at source of income to the reduction amount at application of the tax rate established for residents or exemption from taxation for the tax period in which the income tax was withheld from the income of the resident in form of dividends on the shares being an underlying asset of depository receipts and transferred.

In the case referred to above the overpaid income tax withheld at source of payment shall be off-set to the tax agent in accordance with the procedure established by Article 599 of this Code.

SECTION 8. Value-Added Tax

CHAPTER 28. GENERAL PROVISIONS

Article 228. Payers

1. The following shall be payers of value-added tax:

1) persons registered for value-added tax in the Republic of Kazakhstan:

individual entrepreneurs;

resident legal persons, except for state institutions;

non-residents carrying out activity in the Republic of Kazakhstan through an affiliate, representation;

trust managers performing turnovers from sales of goods, work, services under trust management agreements with founders of trust management or with beneficiaries in other cases of emergence of trust management;

2) persons importing goods in the territory of the Republic of Kazakhstan in accordance with the customs legislation of the Custom Union and (or) customs legislation of the Republic of Kazakhstan.

2. Registration for value-added tax shall be made in accordance with Articles 569, 570 of this Code.

Article 229. Taxable Items

The following shall be recognised as taxable items in respect of value-added tax:

1) taxable turnovers;

2) taxable import.

CHAPTER 29. TAXABLE TURNOVERS

Article 230. Definition of the Taxable Turnover

1. The taxable turnover shall be turnovers performed by a value-added tax payer:

1) from sales of goods, work, services in the Republic of Kazakhstan, except for exempt turnovers specified in Article 232 of this Code;

2) from purchases of work, services from a non-resident in the case as set forth in Article 241 of this Code.

1-1. The turnover from sale of goods, works, services of a structural unit of a resident legal entity, registered as a permanent establishment in the territory of a foreign state, provided that the Republic of Kazakhstan is not recognized as a place of supply, shall not be sales turnover of a legal entity being a payer of value added tax in the Republic of Kazakhstan.

1-2. A branch, representative office of a non-resident legal entity shall recognize the turnover from sales of work, services, provided that either of the following conditions is met:

availability of a contract made with a branch, representative office of a non-resident legal entity;

availability of an invoice for work, services issued by a branch, representative office of a non-resident legal entity;

availability of an Acceptance Certificate for Work Performed, Services Rendered executed by a branch, representative office of a non-resident legal entity;

availability of a contract made with a non-resident legal entity stating that work will be performed, and services will be rendered by a branch, representative office of such non-resident legal entity;

an Acceptance Certificate for Work Performed, Services Rendered executed by a non-resident legal entity specifies that the work was performed, and services were rendered by a branch, representative office of such non-resident legal entity;

income for work performed, services rendered is paid to a branch, representative office of a non-resident legal entity.

2. Where the person is struck off registration for value-added tax, residuals of goods (in particular relating to main assets, intangible and biological assets, investments in real estate) for which value-added tax was recognised as offset in accordance with Article 256 of this Code shall be taxable turnover.

The provision of this paragraph shall not apply if a legal person is struck off registration for value-added tax in connection with its reorganisation, provided that all the legal persons newly organised as a result of the merger or the legal person which acquired the other legal person (legal persons) are value-added tax payers after the reorganisation.

3. For the purposes of this Section the goods shall include property other than works, services and money, including money in foreign currency.

Article 231. Turnovers from Sales of Goods, Work, Services

1. Turnovers from sales of goods mean:

1) the transfer of rights of ownership in respect of goods, in particular:

sales of goods;

sale of an enterprise in general as a going concern;

shipment of goods, in particular barter for other goods, work, services;

charge-free transfer of goods;

transfer of goods by the employer to an employee as work remuneration;

transfer of pledged property (goods) by a pledger, if debt is not repaid;

1-1) export of the goods;

2) shipment of goods, including on conditions of making payments by installments, and (or) in exchange for any other goods, work, services;

3) transfer of assets in financial leases;

4) shipment of goods under a commission agreement;

5) {~};

6) return of goods according to the re-import customs procedure, which were earlier exported according to the export regime.

2. Turnovers from sales of goods, work mean any performance of work or rendering of services, in particular free of charge, and also any activity against remuneration which is different from sales of goods, in particular:

1) transfer of assets into temporary possession and use under property hire agreements;

2) transfer of rights to intellectual property items;

3) performance of work, rendering of services by the employer to an employee as work remuneration;

4) assignment of rights of claim relating to sales of goods, work, services, except for advance payments and penal sanctions;

5) agreement to limit or terminate business activity;

6) extension of credit (loan, micro credit).

3. The following shall not be recognised as turnovers from sales:

1) transfer of assets as a contribution to the authorised capital;

2) return of assets, which were transferred as a contribution to the authorised capital;

3) transfer of goods without compensation for promotion purposes (including that in the form of donation) if the cost per unit of such goods does not exceed the 5-fold monthly calculation index established for the respective financial year by the Law on the National Budget and being in effect on the date of such transfer;

4) shipment of give-and-take goods by the customer to the contractor for the latter to manufacture, process, assemble (mount, install), repair finished products and (or) to construct items. In case of manufacture, processing, assemblage, repair beyond the boundaries of the Custom Union shipment of mentioned goods shall not be recognised as turnovers from sales where their exportation is performed under the customs procedure for processing outside the customs territory' in compliance with the customs legislation of the Custom Union and (or) customs legislation of the Republic of Kazakhstan;

5) shipment of returnable containers. Returnable containers shall be containers the price of which is not entered in the sale price of products supplied in them and which are returnable to the supplier in accordance with conditions and timing that are established by the agreement (contract) for supply of those products, but not more than the period whose duration is six months. Where containers are not returned by the established time, the price of such containers shall be entered in turnover from sales;

6) return of goods, except for return of goods in accordance with the re-import customs procedure, which were earlier exported according to the export regime;

7) export of goods beyond the boundaries of the Custom Union for conducting exhibitions, other cultural and sport events, which are subject to re-import on conditions and in accordance with terms, which are established by the agreement, if such exportation is formulated in the customs procedure of temporary export in compliance with the customs legislation of the Custom Union and (or) customs legislation of the Republic of Kazakhstan;

8) transfer by the subsurface user to ownership of the Republic of Kazakhstan of assets newly made and (or) purchased by the subsurface user which were used to perform subsurface use operations and which are to be transferred to the Republic of Kazakhstan in accordance with conditions of the concluded subsurface use contract;

9) placement of issue securities by an issuer;

10) transfer of main assets, intangible assets and other assets of a reorganised legal entity to its successor (successors);

11) transfer of a concession item to the party, which granted the concession, and also further transfer of a concession items to a concessionaire (successor or legal person specially organised exclusively by the concessionaire to implement the concession agreement) for operation within the framework of the concession agreement;

12) turnover from sales of personal property of a natural person where such assets are not used by the said person for the purposes of business activity;

13) transfer to the trust manager of assets by the founder of trust management under the property trust management agreement or by the beneficiary in other cases of emergence of trust management;

14) return of assets by the trust manager in case of termination of the validity of the document that was a basis for the emergence of trust management;

15) transfer by the trust manager of net income from trust management to the founder of trust management under the property trust management agreement or to the beneficiary in other cases of emergence of trust management;

16) receipt by the depositor (customer) of the interest accrued and/or paid to him under bank account agreement and/or bank deposit;

17) transfer of the ownership of a property by a natural monopoly entity without compensation to the Republic of Kazakhstan under a concession agreement concluded before 2006 in accordance with the decision of the Government of the Republic of Kazakhstan, if such agreement provides for necessity of modernization and repair of the property;

18) subsidy of a procurement organization operating in the agribusiness industry of the value-added tax amount paid to the budget within the amount of value-added tax assessed;

19) receipt by a non-profit organization, established in the legal form of a fund solely to ensure the financing of operations of a legal entity specified in unnumbered subparagraph two of paragraph 1 of Article 135-3 of this Code, of payments from the budget as part of the budget program aimed at the targeted allocation;

20) receipt by a legal entity specified in unnumbered subparagraph two of paragraph 1 of Article 135-3 of this Code from a non-profit organization specified in subparagraph 19) of this paragraph, of funds received by such non-profit organization as part of the budget program aimed at the targeted allocation;

21) exploitation by a concessionary of a state-owned concession item with the application of an availability charge under concession projects of special significance, the list of which shall be determined by the Government of the Republic of Kazakhstan;

22) management by a concessionary of a concession item with the application of an availability charge under concession projects of special significance, the list of which shall be determined by the Government of the Republic of Kazakhstan.

Article 232. Exempt Turnovers

Exempt turnovers shall be turnovers from sales of goods, work, services:

1) which are exempt from value-added tax in accordance with this Code;

2) the place of sales of which is not the Republic of Kazakhstan.

Unless otherwise established by this Article, the place of sales of goods, work, services shall be determined in accordance with Article 236 of this Code.

The place of sales of goods, works, services are determined in the Custom Union under Article 276-5 of the Code.

Article 233. Turnovers from Sales (Purchase), Which Are Carried Out in Accordance with Agency Agreements

1. *Sales* of goods, performance of work or rendering of services, and also purchase of goods, work, services by an commitment on behalf and at the expense of the principal shall not be recognised as committent's turnovers from sales (purchase).

2. The provision of paragraph 1 of this Article shall not apply in relation to:

1) {~};

2) sales of goods received from the non-resident principal, which is not a value-added tax payer in the Republic of Kazakhstan and which does not carry out activity through an affiliate, representation. In this case shipment of goods shall be recognised as committent's turnovers from sales;

3) sales of goods, performance of works, rendering services, and purchase of goods, works, services by the operator in the events provided by paragraph 3 of Article 271-1 of the Code.

Статья 233-1. Turnovers performed on the conditions consistent with the provisions of commission agreement

1. Sales of goods, performance of works, rendering services on terms corresponding with the terms of the agency agreements shall not be recognized as turnover from sales of a commissioner.

2. Provisions of paragraph 1 of this Article shall not apply in relation to the sales of goods, received from a non-resident-committent, which is not a payer of a value-added tax in the Republic of Kazakhstan and does not carry out activity through an affiliate, representative office. In this case the sales of goods shall be recognizied as a commisioner's turnover from sales.

Article 234. Turnovers from Sales (Purchase), Which Are Carried out IN Accordance with Trust Management Agreements

Sales of goods, performance of work, rendering of services, purchase of goods, work, services performed by the trust manager in accordance with the trust manager agreement or other document that is a basis for the emergence of trust management shall be recognised as trust manager's turnovers from sales (purchase).

Article 235. Turnovers from Sales (Purchase), Which Are Carried Out Within the Framework of Joint Operation Agreements

1. In cases where sales of goods, work and services is carried out by an committent on behalf and (or) under the commission of the participant (participants) in a joint operation agreement:

1) an invoice shall be issued on behalf of one of the participants in the joint operation agreement or on behalf of the agent with indication of details of the participant (participants) in the joint operation agreement on the line allocated for the supplier (seller);

2) when invoices are compiled, the total amount of the turnover, and also the amount of the turnover which falls on each of the participants in accordance with conditions of the joint operation agreement, shall be presented.

2. In the event that an invoice shall be issued in paper the original invoice shall be issued to the buyer of the goods, works, and services and to each party to the joint venture agreement.

3. Where the participant (participants) in the joint operation agreement or the agent purchase goods, work or services within the framework of such activity, the following must be entered in invoices received from the supplier (seller):

1) details of the participant (participants) in the joint operation agreement depending on the number of participants in joint operation or of the agent;

2) purchase amount, in particular amounts of value-added tax which falls on each of the participants in the joint operation agreement.

4. In the event that an invoice shall be issued in paper the number of original invoices to be issued in such cases should correspond to the number of the parties to the joint venture agreement for the performance of which the goods, works, and services are acquired.

5. Provisions of this Article shall not apply in case of sales (purchase) of goods, works, services by the operator in the events established by paragraph 3 of Article 271-1 of the Code.

Article 236. Place of Selling Goods, Work, Services

1. The place of selling goods shall be a place:

1) of the beginning of transportation of goods where goods are transported (sent) by a supplier, recipient or third person;

2) in other cases – a place of the transfer of goods to a recipient.

2. The place of selling work, services shall be a place:

1) of situation of real estate where work, services are directly related to said estate.

The place of state registration of rights to real estate or the place of actual location, in the case of absence of obligation of state registration of such assets, shall be recognised as place of location of real estate.

For the purposes of this Article real estate shall be understood as buildings, structures, perennial plantations and other assets that are firmly fixed to land, that is items of which relocation is impossible without unreasonable damage to their designation. In that respect for the purpose of this Article the property, which is not considered as real estate under this paragraph, shall be recognizied as movable estate;

2) actual performance of work, services if they are related to mobile estate.

Such work, services shall comprise: mounting, assemblage, repair, technical servicing;

3) actual rendering of services where such services are recognised as services in the sphere of culture, entertainment, science, fine arts, education, physical culture or sport.

For the purposes of this subparagraph services in the sphere of entertainment shall comprise services of the entertainment-leisure destination which are rendered at entertainment establishments (gambling establishments, night clubs, cafe-bars, restaurants, Internet-cafes, computer, billiard, bawling clubs and cinemas, other buildings, premises, structures);

4) performance of business or any other activity to buyers of work, services.

Unless otherwise specified in this subparagraph, the territory of the Republic of Kazakhstan shall be the place of carrying out of entrepreneurial activities or any other activities of a buyer of work, services, where the buyer of work, services is present in the territory of the Republic of Kazakhstan based on the state (record) registration with the agencies of justice, or based on the registration with the tax authorities as an individual entrepreneur.

Where a non-resident is buyer of work, services, and the recipient is an affiliate or representation of such non-resident, the record registration of which was carried out by the judicial authorities of the Republic of Kazakhstan, then the place of sales shall be understood as the Republic of Kazakhstan.

The provisions of this paragraph shall apply in relation to the following work, services:

transfer of rights to use intellectual property items;

consulting, auditing, engineering, designing, marketing, legal, bookkeeping, advocate, advertising services, and also services for providing and (or) processing of information, except for distribution of products of mass media, and also providing of access to mass information posted on internet-resource;

providing personnel;

letting on rent of mobile estate (except for transport vehicles);

services of an agent in purchase of goods, work, services, and also attraction of persons to render services stipulated by this subparagraph on behalf of the principal participant in the agreement (contract);

communication services;

consent to limit or terminate business activity against remuneration;

services of radio and television services;

{~};

services associated with providing freight carriages and containers in lease and or for use;

5) carrying out of entrepreneurial activities or any other activities of a person performing work, renderings services that are not provided for by subparagraphs 1) – 4) of this paragraph, and paragraph 4 of this Article.

The territory of the Republic of Kazakhstan shall be recognized as the place of carrying out of entrepreneurial activities or any other activities of a person performing work, rendering services that are not provided for by subparagraphs 1) – 4) of this paragraph, where such person is present in the territory of the Republic of Kazakhstan based on the state (record) registration with the agencies of justice, or based on the registration with the tax authorities as an individual entrepreneur.

3. Where sales of goods, work, services have the subsidiary nature in relation to sales of other basic goods, work, services, the place of sales of basic goods, work, services shall be recognised as a place of such subsidiary sales.

4. The Republic of Kazakhstan shall not be recognised as place of sales of work, services, when rendering services associated with the carriage of passengers and baggage, transportation of goods, including mail, in the case of simultaneous meeting the following conditions:

passengers, transported goods (mail, baggage) are not imported into the territory of the Republic of Kazakhstan;

passengers, transported goods (mail, baggage) are not exported beyond the boundaries of the Republic of Kazakhstan territory;

passengers are not carried, goods (mail, baggage) are not transported in the territory of the Republic of Kazakhstan.

5. When paragraph 2 of this Article is applied, the place of performance of work or rendering of services that are specified more than in one subparagraph shall be determined according to the first subparagraph out of them.

Article 237. Date of Commission of Sales Turnovers

1. Unless otherwise is provided for by this Article, the effective date of the goods sale turnover shall be:

1) the date of transfer of the goods, in accordance with the civil legislation of the Republic of Kazakhstan, at the place of location thereof to the buyer or a person specified by the buyer and engaged in delivery of the goods, if the goods are to be transferred to the recipient (buyer) or to the person authorized by the recipient at the place of location of the goods;

2) where the terms and conditions of the agreement provide for the supplier's (seller's) responsibility as to deliver the goods:

the date when the goods are transferred to the person appointed by the supplier (seller), who carries out delivery of the goods, including his authorized representative;

the date of goods' loading on the carrier vehicle of the supplier (seller);

3) in other cases – the date of signing, by the supplier (seller) and the recipient (buyer), the document confirming the fact of transferring such goods executed in accordance with the legislation of the Republic of Kazakhstan concerning accounting and financial reporting.

1-1. Unless otherwise provided by this Article, the effective date of the goods/services sale turnover shall be the date of the work performance/provision of services.

In that case the date of performance or the works or provision of the services shall be the date of signing specified in:

certificate of delivery and acceptance of the works or services;

document (other than an invoice) confirming the performance of work, or rendering of services executed in accordance with the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, where an Acceptance Certificate for Work Performed, Services Rendered is not available.

2. When rendering services related to extension of a credit (loan, microcredit), transportation of passengers, luggage, cargo-luggage and mail by railway, bank operations, the effective date of turnover from sales of work, services shall be the earliest of the following dates:

1) date of issuance of invoice with value added tax;

2) date of receipt of each payment (irrespective of the form of settlement);

3) the date of recognition of the works performed and services provided in the books.

2-1. For sale of electric power, water, gas, communication services, utility services, services connected with carriage of passenger, luggage and freights by air transport, services connected with carriage of cargo through a main trunk pipeline system the date of the turnover on the sale of works or services shall be defined as the last day of the calendar month when such works were performed or services provided.

2-2. For performance of the works or the services the delivery of which shall be documented in accordance with the legislation of the Republic of Kazakhstan concerning railway transport, date of the turnover on the sale of works or services shall be defined as the latest date specified in the document confirming the fact of performance of the works or provision of the services.

2-3. When providing (transferring) the property for temporary possession and use, where an Acceptance Certificate for Work Performed, Services Rendered for a calendar month has not been executed by the end of such month, but the payment for such months has been made, the effective date of turnover from sales of work, services shall be the last day of such calendar month.

3. Where goods are exported under the export customs procedure, the following shall be recognised as a date of commission of turnovers from selling goods:

1) the date of actual crossing of the frontier of the Custom Union at a checkpoint that is determined in accordance with the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan;

2) the date of registration of a full declaration of goods bearing marks of the customs authority that performed the customs declaration procedure, in the cases as follows:

in case of exportation of goods under the customs export procedure with the use of the periodical customs declaration procedure;

in case of exportation of goods under the customs export procedure with the use of the temporary customs declaration procedure.

3-1. In the event that goods exported previously under the export procedure shall be imported under the re-import procedure, the following shall be recognized as the date of the turnover from the sale of the goods:

1) the date of actual crossing the customs frontier of the Customs Union at a border checkpoint in the event of exportation of goods under the export procedure without the use of the periodical or temporary declaration procedure, that is determined in accordance with the customs legislation customs legislation of the Republic of Kazakhstan;

2) the date of registration of the full declaration of goods bearing the marks of the customs authority that performed the customs clearance procedure in case of exportation of the goods under the export procedure using periodical or temporary declaration procedure.

4. Where pledged assets (goods) are transferred by the pledger, the date of commission of the sale turnover for the pledger shall be one of the following dates which takes place:

1) the day of transfer of the right of ownership in respect of the pledge item from the pledger to the winner of the bidding that was conducted in the process of applying claims to the pledged assets;

2) the day of transfer of the right of ownership in respect of the pledge item from the pledger to the holder of the pledge where the bidding was announced invalid.

5. In case of deregistration for value-added tax the date of commission of sales turnovers in respect of the taxable turnover specified in paragraph 2 of Article 230 of this Code shall be:

1) the date of filing by the value added tax payer a tax application for removal from the VAT registration or a tax application specified in Articles 37, 39, 39-1, 40 and 41 of this Code;

2) the date specified in paragraph 6 of Article 571 of this Code in case of striking off registration for value-added tax under a decision of the tax authority.

6. Where the lessor transfers into a financial lease assets which are received by the lessee as main assets, investments into real estate, biological assets, except for transfers under returnable lease agreements, the following shall be recognised as a date of commission of sales turnovers:

1) the maturity date established by the financial lease agreement for receipt by the lessor of a periodical lease payment, except for the cases specified in subparagraphs 2) and 3) of this paragraph;

2) in the event that according to the financial lease agreement the maturity date for receipt by the lessor of the lease payment is established before the date of the transfer of assets to the lessee, the date of transfer of assets into financial lease shall be recognised as a date of commission of the turnover;

3) where the lessee has paid ahead of time lease payments provided for by the financial lease agreement, the last date of commission of the sale turnover under the said financial lease agreement shall be recognised as a date of final settlement.

7. Where the lessor transfers under the returnable lease agreement assets which are received by the lessee (seller) as main assets, investments into real estate, biological assets, the date of transfer of assets into financial lease shall be recognised as a date of commission of the sale turnover.

8. Should the documents specified in unnumbered subparagraphs two and three of part two of paragraph 1-1 of this Article not become available within one calendar year, the effective date of sales turnover shall be the earliest of the following dates:

1) the date of issue of invoice with value-added tax;

2) the date of receipt of each payment (irrespective of the form of payment).

9. If works or services are bought from a non-resident who is not a value-added tax payer in the Republic of Kazakhstan and does not operate through its branch or representative office, the date of commission of the purchase turnover shall be considered the date of signing specified in:

certificate of delivery and acceptance of the works or services;

document confirming the fact of performance of the works/provision of the services executed in accordance with the legislation of the Republic of Kazakhstan concerning accounting and financial reporting or railway transport legislation of the Republic of Kazakhstan.

10. If more than one date is specified in the documents defined by this Article except for those defined in paragraphs 2 and 2-1 of this Article, the latest of the specified dates shall be considered the date of signature of the document.

11. The effective date of sales turnover under an amended invoice shall be determined based on the effective date of sales turnover specified in the invoice being cancelled.

12. The effective date of sales turnover under an additional invoice shall be determined as follows:

1) in the case as set forth in subparagraph 1) of paragraph 1 of Article 265 of this Code, based on the date of occurrence of the events specified in Article 239 of this Code;

2) in the case as set forth in subparagraph 2) of paragraph 1 of Article 265 of this Code, based on the date of issue of an additional invoice, but in any case no later than the ending date of the period, within which an additional invoice is to be issued in accordance with Article 265 of this Code.

CHAPTER 30. DETERMINING AMOUNTS OF TAXABLE TURNOVERS

Article 238. Amounts of Taxable Turnovers

1. Amounts of taxable turnovers shall be determined on the basis of the price of sold goods, work, services proceeding from prices and tariffs applied by the participants to the transaction without inclusion of value-added tax in them, unless it is provided for otherwise by this Article and legislation of the Republic of Kazakhstan that regulates transfer pricing.

2. In case of charge-free transfers of goods, and also in the cases provided for by paragraph 2 of Article 230 of this Code amounts of *taxable* turnovers shall be determined basing on the price level formed on the date of commission of sales turnovers without inclusion of value-added tax in them but not lower than their book value.

For the purposes of this paragraph the book value is a value of goods recorded in the accounting as on the date of sales of them.

2-1. Unless otherwise provided for by this Article, the amount of the taxable turnover of the works and services performed without compensation shall be determined on the basis of the cost of the goods, works and services used for performance of such works, services, provided that the value added tax was recognized as offset at the time of acquisition thereof.

In this case the value of the fixed assets in the event of provision thereof for the use without compensation for inclusion thereof into the taxable turnover shall be determined as follows:

$$Cfa = (VATpurch / Pul) * (Tf) / (VAT\%),$$

where:

Cfa is the cost of the fixed asset to be included into the taxable turnover in case of transfer thereof for the use without compendation;

VATpurch – the input VAT balance at purchase of fized assets;

Pul – period of useful life of the fixed asset determined in accordance with the international financial reporting standards financial reporting standards and legislation of the Republic of Kazakhstan concerning accounting and financial reporting assessed in calendar months;

Tf – actual number of months of the transfer for the use that coincide with the reporting tax period;

VAT % – the value added tax rate in per cent in effect on the date of the transfer for use.

3. Where rights of claim is assigned in respect of sold goods, work, services subject to value-added tax, except for advance payments and penal sanctions, amounts of taxable turnovers shall be determined as a positive difference between the price of the right of claim, in respect of which the assignment is made, and the price of the claim, which is receivable from the debtor as on the date of assignment of the right of claim, according to the initial documents of the taxpayer.

3-1. In cases, provided for by subparagraphs 5) and 6) of paragraph 2 of Article 231 of the Code, the amount of taxable turnover shall be determined on the basis of interest:

Under an agreement for limitation or termination of the entrepreneurial activity;

Under an agreement for extension of a credit (loan, microcredit).

4. Where pledge assets (goods) are transferred by the pledger, the amount of pledger's taxable turnover shall be determined based on the price of pledge assets (goods) being sold net of value-added tax.

5. Where goods are sold on conditions of payment by instalments, amounts of taxable turnovers shall be determined in accordance with paragraph 1 of this Article with regard for all the due payments provided for by conditions of the contract.

6. Where services are rendered that are related to payments for third persons, amounts of taxable turnovers shall comprise commission fees.

7. Unless otherwise is provided for by this paragraph, the amount of taxable turnover shall include the amounts of excise taxes on excisable goods.

The taxable turnover of manufacturer of excisable goods specified in subparagraph 5) of Article 279 of this Code, who delivers toll processing services, shall not include the amount of the excise tax payable (paid), pursuant to the provisions of this Code, when transferring the goods that are the product of toll processing.

8. In case of sales of goods for which value-added tax, specified in the invoices issued at purchase of such goods, shall not be subject to offsetting, in compliance with tax legislation of the Republic of Kazakhstan that was effective on the date of purchase of them, amounts of taxable turnovers shall be determined as a positive difference between the sale price and the book value of goods determined in accordance with paragraph 2 of this Article.

9. In case of transfers of the right of possession and (or) use, and (or) disposal of land plots purchased without value-added tax, the sales turnovers shall be determined as capital gain in case of selling land plots in compliance with the procedure stipulated by Article 87 of this Code.

9-1. Where cars bought by a legal entity from individuals are being sold to an individual, the sales turnover shall be determined as a positive difference between the cost of sales and cost of acquisition.

10. In the event of transfer of assets into financial lease to be received by the lessee as a fixed asset, investments into real property, biological assets except for the transfer under redemption leasing agreement, the amount of the taxable turnover shall be determined:

1) on the date of the turnover specified in subparagraph 1) of paragraph 6 of Article 237 of this Code on the basis of the amount of the lease payment established in accordance with the financial lease agreement without inclusion of the amount of interest on the financial lease and value added tax;

2) on the date of the turnover specified in subparagraph 2) of paragraph 6 of Article 237 of this Code on the basis of the amount of all periodic lease payments without inclusion of the amount of the interest on the financial lease and value added tax, the maturity of which is established before the date of transfer of the assets to the lessee in accordance with the financial lease agreement;

3) on the date of the turnover specified in subparagraph 3) of paragraph 6 of Article 237 of this Code, as a difference between the total amount of all lease payments received (receivable) under the financial lease agreement not including the amounts of interest on financial lease and value added tax and the amount of the taxable turnover determined as the total of the amounts of taxable turnovers falling on the previous dates of the sales turnover in accordance with this agreement.

11. Where assets are transferred under a returnable lease agreement which are receivable by the lessee (seller) as main assets, investments into real estate, biological assets, amounts of sales turnovers shall be determined in accordance with paragraph 1 of this Article.

12. In the event that services under the freight forwarding agreement the amount of the forwarder's taxable turnover shall be determined on the basis of its fees under the freight forwarding agreement.

12-1. When rendering tour operator's services on outbound tourism, the taxable turnover amount shall be determined as the difference between the sales cost of a tourism product and the cost of services on insurance, transportation of passengers, and accommodation, in particular, meals where included in the accommodation cost.

13. Where an enterprise is sold in total as a going concern, amounts of taxable turnovers shall be determined on the basis of the book value of assets that are transferred in the sale of the enterprise as a going concern in respect of which value-added tax was earlier recognised as offset:

1) that is increased by the positive difference between the sale price under the enterprise purchase-sale contract and the book value of assets transferred, and reduced by the book value of liabilities transferred, according to data of the accounting as on the date of sale;

2) that is reduced by the negative difference between the sale price under the enterprise purchase-sale contract and the book value of assets transferred, and reduced by the book value of liabilities transferred, according to data of the accounting as on the date of sale.

14. In case of sales of goods, performance of works, provision of services by an agent on behalf and at the expense of the principal the amount of the taxable turnover of the principal shall be determined on the basis of the compensation under the agency agreement.

15. When selling goods, performing work, rendering services on the conditions consistent with the provisions of an agency agreement, amounts of taxable turnover of a commissionaire shall be determined on the basis of the commissioner's commission fee.

16. When periodicals or other mass media products are sold, including ones placed on Internet-resource in publicly available telecommunication networks, amount of taxable turnover shall be determined on the basis of cost, being the cost of sold in reporting tax period periodicals and other mass media products.

17. If requirements established by article 78 of this Code are not met, amount of exempt turnover during transfer of property to financial leasing shall be acknowledged as taxed from the date of turnover, specified in clause 6 of article 237 of this Code.

18. The amount of taxable turnover of a taxpayer who has previously exported the goods in accordance with the customs export procedure, in case of importation of the goods under the reimportation procedure shall be determined in proportion to the quantity of the imported goods in measurement units applied during the export clearance, on the basis of the value of these goods, for which the turnover of the sales of goods for export was shown in the value added tax return.

19. Transactions in foreign currency for the purpose of this section shall be transalted into national currency of the Republic of Kazakhstan – KZT, with application of the market currecncy exchange rate as at the date of execution of the turnover.

20. Unless otherwise established by the Code, the provisions of this section on determination of the amount of taxable turnover (including its adjustment) shall apply for determination of amounts of tax exempt turnovers.

Article 239. Adjustment of Amounts of Taxable Turnovers

1. In the event that the price of sold goods, work, services changes towards some side, amounts of taxable turnovers shall be adjusted accordingly.

2. Adjustment of amounts of taxpayer's taxable turnovers shall be made in cases of:

1) full or partial return of goods, except the cases when the goods that have been previously exported under the export procedure are imported under the procedure for reimport;

2) change of conditions of the transaction;

3) change of the price of, compensation for sold goods, work, services;

4) discount on prices, discount on sales;

5) obtaining of a difference from the price of sold goods, work, services where they are paid for in the tenge;

6) return of containers that were included in sales turnovers in accordance with subparagraph 5) of paragraph 3 of Article 231 of this Code.

3. Adjustment of amounts of taxable turnovers in accordance with this Article shall be carried out by observing simultaneously the following conditions:

1) availability of documents which are the basis for carrying out adjustments in the cases specified in paragraph 2 of this Article;

2) availability of an additional invoice, in which a negative (positive) value of taxable turnover and value-added tax is contained.

Adjustment of amounts of taxable turnover towards reduction must not exceed amounts of previously recorded taxable turnover from selling such goods, performance of such work, rendering of such services.

4. Adjustment of amounts of taxable turnovers in accordance with this Article shall be carried out for the tax period, in which cases, specified in paragraph 2 of this Article had occurred.

Amount of adjustment of the value-added tax in accordance with this Article shall be determined at the rate, effective as of date of carrying out sales turnover.

Article 240. Adjustment of Amounts of Taxable Turnovers from Doubtful Claims

1. Where a part or all amount of the claim relating to sold goods, work, services is recognised as a doubtful claim, the value-added tax payer shall have the right to reduce amounts of taxable turnovers in respect of such a claim in the cases as follows:

1) upon the expiration of three years from the beginning of the tax period, in which value-added tax associated with the occurrence of the doubtful claim was accounted for;

2) in the tax period in which the bodies of justice made a decision to exclude the debtor who has been declared bankrupt from the National Register of Business Identification Numbers.

Adjustment of amounts of taxable turnovers in accordance with this paragraph shall be made provided that conditions specified in Article 105 of this Code are observed.

2. Reduction of amounts of taxable turnovers in respect of doubtful claims shall be made within the amounts of earlier recorded taxable turnovers from sales of goods, performance of work, rendering of services applying value-added tax rate valid as of the date of turnover from sales.

3. Where payments for sold goods, work, services are received after the value-added tax payer enjoyed the right granted to the taxpayer by paragraph 1 of this Article, amounts of taxable turnovers shall be increased by the amount of the said payment in that tax period in which the payment was received.

Article 241. Taxable Turnover When Purchasing Work, Services from a Non-Resident

1. Unless otherwise set forth in paragraph 6 of this Article, work, services provided by a non-resident shall be recognized as the turnover of a taxpayer of the Republic of Kazakhstan receiving such work, services, where the place of their sales is the Republic of Kazakhstan, and shall be chargeable to value-added tax in accordance with this Code.

2. For the purposes of this Article amounts of taxable turnovers with a recipient of work, services shall be determined basing on the price of purchased work, services specified in paragraph 1 of this Article including taxes, except for value-added tax.

3. The amount of value-added tax payable in accordance with this Article shall be determined by applying the rate provided for by paragraph 1 of Article 268 of this Code to the amount of taxable turnovers. In the event that the payment for received work, services is made in foreign currencies, taxable turnovers shall be translated to the tenge at the market exchange rate of the currency as on the date of commission of turnovers.

4. Amount of value added tax assessed in accordance with paragraph 3 of this Article to be paid on or before the 25th day of the second month following the reporting tax period.

5. The payment document or document issued by the tax authority under the form established by the authorised body that confirms the payment of value-added tax in accordance with this Article, shall grant the right to offset the tax amount in accordance with Article 256 of this Code.

6. Provisions of this Article shall not apply if:

1) provided work, services are work, services listed in Article 248 of this Code;

2) the cost of the works and services specified in paragraph 1 of this Article shall be included into the customs value of the imported goods as determined in accordance with the customs legislation of the Republic of Kazakhstan for which the value-added tax on the imported goods has been paid to the budget of the Republic of Kazakhstan and is not to be refunded in accordance with the customs legislation of the Republic of Kazakhstan;

3) works have been performed and services have been rendered to:

autonomous educational organizations specified in sub-paragraphs 2) and 3) of paragraph 1 of Article 135-1 of the Tax Code;

autonomous educational organizations specified in sub-paragraphs 4) and 5) of paragraph 1 of Article 135-1 of the Tax Code, with respect to the types of activities specified in sub-paragraphs 4) and 5) of paragraph 1 of Article 135-1of the Tax Code;

4) the cost of works and services specified in paragraph 1 of this Article included into the amount of the taxable imports to be determined in accordance with Article 276-8 of this Code, for which the value added tax on the goods being imported from the states members of the Customs Union has been paid to the budget of the Republic of Kazakhstan and is not subject to return in accordance with Chapter 37-1 of this Code;

5) work, services are recognized as the turnover of a branch, representative office of a non-resident legal entity in accordance with paragraph 1-2 of Article 230 of this Code.

CHAPTER 31. TURNOVERS TAXABLE AT A ZERO RATE

Article 242. Export of Goods

Turnovers from sales of goods for export shall be taxed at a zero rate.

Export of goods shall be exportation of goods from the customs territory of the Custom Union which is performed in accordance with the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan.

Article 243. Confirmation of Export of Goods

1. The documents confirming export of goods shall be as follows:

1) an agreement (contract) for supply of exported goods;

2) a copy of declaration of goods with marks of the customs authority performing release of goods in the export customs procedure, and also with a mark of the customs authority situated at the checkpoint on the customs border of the Custom Union, except for the cases specified in subparagraph 3) of this Article;

3) a copy of full declaration of goods with marks of the customs authority performed customs declaration in the cases as follows:

where goods are exported in the export customs procedure by the main pipelines system or by electric power transmission lines;

where goods are exported in the export customs procedure with application of periodical customs declaration procedure;

where goods are exported in the export customs procedure with application of temporary customs declaration procedure;

4) copy consignment documents.

Where goods are exported in the export customs procedure by the main pipelines system or by electric power transmission lines, an act of receipt-transfer of goods shall be submitted instead of copy consignment documents;

5) a confirmation of the authorised state body in the field of protection of intellectual property rights concerning a right to the intellectual property item, and also its price where the intellectual property item is exported.

2. Where further exportation of goods, which were earlier exported beyond the limits of the customs territory of the Custom Union in the customs procedure of processing outside the customs territory, or of products of their processing is performed, confirmation of export shall be made in accordance with paragraph 1 of this Article, and also on the basis of the following documents:

1) a copy of declaration of goods in accordance with which the change of the customs procedure of processing outside of the customs territory for the customs procedure is performed;

2) a copy of declaration of goods formulated in the customs procedure of processing of goods outside the customs territory;

3) a copy of declaration of goods formulated in case of import of goods in the territory of a foreign state in the customs procedure of processing of goods outside the customs territory (processing of goods for internal use) that is attested by the customs authority which made such a formulation;

4) a copy of declaration of goods in accordance with which the change of the customs procedure of processing of goods for internal use in the territory of a foreign state to the customs procedure of release of goods for free circulation in the territory of a foreign state or to the export customs procedure is made.

3. A goods declaration in the form of an electronic document, for which there is a notice from customs authorities in the information systems of tax authorities concerning actual export of the goods, shall also serve as a document confirming export of the goods. If a goods declaration in the form of an electronic document as provided for by this paragraph is available, presentation of the documents specified in subparagraphs 2) and 3) of paragraph 1 and subparagraphs 1) and 2) of paragraph 2 of this Article is not required.

Article 244. Taxation of International Carriage

1. Turnovers from sales of the following services of international carriage shall be taxed as a zero rate:

1) transportation of goods, in particular mail, exported from the territory of the Republic of Kazakhstan and imported in the territory of the Republic of Kazakhstan;

2) transportation of transit freights in the territory of the Republic of Kazakhstan;

3) carriage of passengers and luggage in international communication.

2. For the purposes of paragraph 1 of this Article a carriage shall be considered international if the carriage is confirmed by standard international carriage documents as provided for in paragraph 3 of this Article.

Unless otherwise is provided for in this paragraph, in case of carriage of passengers abroad from the Republic of Kazakhstan, exported goods in the territory of the Republic of Kazakhstan by several transport organizations the place of beginning of the carriage of passengers, transportation of goods (mail, luggage) by the transport organization carrying out the carriage/transportation to the boundary of the Republic of Kazakhstan shall be recognized as the place of beginning of the international carriage.

Unless otherwise is provided for in this paragraph, in case of carriage of passengers into the territory of the Republic of Kazakhstan, imported goods (mail, luggage) by several transport organizations the carriage by the transport organization by the transport of which the passengers, goods (mail, luggage) were transported into the territory of the Republic of Kazakhstan shall be considered an international carriage.

3. For the purposes of this Article the following shall be recognised as standard international carriage documents:

1) in case of carriage of freights:

in international automobile communication – a consignment note;

in international and interstate communication on railway transport – a waybill of the standard form;

on air transport – a waybill;

on sea transport – consignment note or sea waybill;

by main pipelines system:

copy of the declaration of the goods being subject to the customs procedures for export and issue for domestic consumption, for the settlement period or declaration of goods which have been subject to the customs procedure for customs transit for the settlement period;

acceptance Certificates for Work Performed, Services Rendered, Goods Delivery and Acceptance Certificates from the seller, or any other persons that have previously been delivering the specified goods to the buyer, or any other persons engaged in further delivery of the specified goods;

an invoices;

2) in case of carriage of passengers and luggage:

on automobile transport:

in case of regular carriage – a statement of sales of travel tickets which were sold in the Republic of Kazakhstan, and also assessment lists for passenger tickets which were made by bus stations (bus terminals) along the route;

in case of irregular carriages – a list of passengers;

on railway transport:

a statement of sales of travel, carriage and post documents sold in the Republic of Kazakhstan;

an assessment list of passenger tickets sold in the Republic of Kazakhstan for international communication;

a balance-sheet list for mutual settlements relating to passenger carriage between railway line administrations and a statement of formulation of travel and carriage documents;

on air transport:

a general declaration;

a passenger manifest;

a cargo manifest;

a lodgit (central load scheme);

aggregate load list (travel ticket and luggage receipt).

4. A goods declaration in the form of an electronic document, for which there is a notice from customs authorities in the information systems of tax authorities concerning actual export of the goods, shall also serve as a document confirming export of the goods. If a goods declaration in the form of an electronic document as provided for by this paragraph is available, presentation of the documents specified in part seven of subparagraph 1) of paragraph 3 of this Article is not required.

Article 244-1. Taxation of sales of petroleum, oil, and lubricants performed by airports when re-fueling Aircrafts of foreign air companies that carry out international flights, international air carriages

1. Turnover from sales of petroleum, oil, and lubricants performed by airports when re-fueling Aircrafts of foreign air companies which carry out international flights, international air carriages, shall be taxed at a zero rate.

The provisions of this Article shall be applied to the airports engaged in sales of petroleum, oil, and lubricants when re-fueling aircrafts of foreign air companies carrying out international flights, international air carriages.

2. For the purpose of this Article:

1) foreign air companies shall be recognized air companies of foreign states, including those of states that are members of the Custom Union;

2) an international flight shall be recognized a flight of an Aircraft during which the Aircraft crosses the border of a foreign state;

3) an international air carriage shall be recognized an air carriage during which the points of departure and destination, regardless of whether there is a interruption in transportation or reloading, are located:

on the territory of two or more states;

on the territory of one state if a stop is provided for on the territory of another state.

Provisions of passage 3 of subparagraph 3) of the first part of this paragraph shall not be applicable if the point of departure and destination is territory of the Republic of Kazakhstan.

3. Documents conforming turnovers taxed at a zero rate, in case of sales of petroleum, oil, and lubricants performed by airports when re-fueling aircrafts of foreign companies which carry out international flights, international air carriages, shall be:

1) contract of the airport with a foreign company that provides for and (or) includes sales of petroleum, oil, and lubricants, – when performing regular flights;

request of a foreign company and (or) contract (agreement) of the airport with the foreign company – when performing occasional flights.

In such case the following data must be specified in the request:

name of the air company, including the state in which it was registered;

{~};

the date of proposed landing of the aircraft.

In case of landing of an aircraft due to force-majeure circumstances, the request provided for by this subparagraph shall not be filled out.

For the purpose of this subparagraph:

a regular flight shall be recognized a flight which is performed in accordance with the schedule, determined and announced by the air company in the procedure specified by the legislation of the Republic of Kazakhstan On the use of air space of the Republic of Kazakhstan and aviation activities;

an occasional flight shall be recognized a flight which does not fall under the determination of a regular flight;

2) fuel distribution form or request for the re-fueling of a foreign aircraft providing the following information:

name of the air company;

quantity of petroleum, oil, and lubricants;

date of re-fueling of the aircraft;

signatures of the aircraft's pilot in command or representative of the foreign company and employee of the corresponding airport authority that performs re-fueling;

3) copies of shipping (carriage), commercial and/or other documents bearing notes of the customs authority confirming the fact of re-fuelling with petroleum, oil, and lubricants of aircrafts of foreign air companies which carry out international flights, international air carriages, in the event of re-fuelling foreign aircrafts carrying out international flights, international air carriages, other than the flights in which respect neither customs clearance nor customs control are provided for by the legislation of the Customs Union and/or customs laws of the Republic of Kazakhstan;

4) document confirming payment by the foreign company for the petroleum, oil, and lubricants sold by the airport;

5) {~};

6) report of the official from the authorized body in the area of civil aviation involved in limited scope audit for assurance of the value-added tax amounts claimed for refund, confirming the fact of flight performance by the aircraft of a foreign air company and the quantity of petroleum, oil, and lubricants sold (broken down by the air companies) in accordance with the form and procedure approved by the authorized body in consultation with the authorized body in the area of civil aviation.

In this case the report provided for above in this subparagraph shall be issued by the official of the authorized civil aviation body in case of the flights in which respect neither customs clearance nor customs control are provided for by the legislation of the Customs Union and/or customs laws of the Republic of Kazakhstan.

Article 244-2. Taxation of Goods to Be Sold to the Territory of the Special Economic Zone

1. Sale of goods that are fully consumed in the process of carrying out the activities meeting the purposes of creation of the special economic zones as per the list of the goods specified by the Government of the Republic of Kazakhstan to the territory of a special economic zone shall be subject to VAT at a zero rate.

For the purposes of this Article the goods referred to in Part One of this Paragraph shall mean the goods under customs clearance (control) to be placed (placed) under a customs procedure of free customs zone.

2. The documents confirming turnovers taxable at a zero rate and received from sales of goods fully consumed in the process of carrying out activities eligible for creation of special economic zones shall be as follows:

1) an agreement (contract) for supply of goods with entities operating in the territory of special economic zones;

2) copy freight declaration and (or) shipment (transportation), commercial and (or) other documents with the list of goods enclosed and respective checks by the relevant customs authority in charge of release of the goods under the customs procedure of free customs zone;

3) copy consignment documents in support of goods shipment by the entities as specified in Sub-Paragraph 1) of this Paragraph;

4) copy documents in support of goods receipt by the entities as specified in Sub-Paragraph 1) of this Paragraph.

2-1. A goods declaration in the form of an electronic document received by tax authorities through information channels from customs authorities, shall also serve as a document confirming the turnovers taxable at the rate of 0%. If a goods declaration in the form of an electronic document as provided for by this paragraph is available, presentation of a copy of the goods declaration specified in subparagraph 2) of paragraph 2 of this Article is not required.

3. The excess value added tax shall be refunded to the suppliers of the goods that are sold to the territory of a special economic zone with respect to the imported goods actually consumed in the process of carrying out activities meeting the purposes of creation of the special economic zones upon receipt of confirmation from the tax authority located in the territory of special economic zone. The confirmation shall be based on a document of utilization of the imported goods in the process of carrying out activities meeting the purposes of creation of the special economic zones that shall be issued at a request from the tax authority located in the territory of the special economic zone or a governing body of the respective special economic zone.

4. The management company or the autonomous cluster fund shall issue a document in support of the actual consumption of imported goods in the course of carrying out activities eligible for the creation of special economic zones.

The document referred to in Part One of this Paragraph shall be issued against financial security.

Should the information contained in the document referred to in Part One of this Paragraph be recognized inadequate budget losses shall be recovered from the financial security.

Means for creation of financial security for the purposes of budget losses recovery shall as follows:

money;

bank guarantee;

surety;

property mortgage;

contract of insurance.

The management company or the autonomous cluster fund shall be entitled to opt for any means of financial security creation, including by combining two or several means.

5. The management company or the autonomous cluster fund shall submit to the tax authority located in the territory of the special economic zone the documents in support of the availability to the management company or the autonomous cluster fund of financial security equivalent to at least the 205,000-fold monthly calculation index established by the law on the state budget.

The procedure for creation of financial security, submission of the documents in support of the availability of financial security to the management company or the autonomous cluster fund, as well as the procedure of budget losses recovery from financial security resources shall be established by the Government of the Republic of Kazakhstan.

Article 244-3. Special Considerations in Taxation of Goods to be Sold to the Territory of Special Economic Zone «Astana New City»

1. Unless otherwise specified in Article 244-2 of this Code the sales of goods that are fully consumed in the process of construction and commissioning of infrastructure facilities, hospitals, policlinics, schools, kindergartens, museums, theatres, higher and comprehensive education institutions, libraries, schoolchildren»s palaces, sports complexes, administrative and residential complexes in accordance with the design specifications and estimates as per the list of the goods determined by the Government of the Republic of Kazakhstan to the territory of special economic zone “Astana New City” shall be subject to a value-added tax levying at a zero rate.

For the purposes of this Article goods fully consumed in the process of construction shall mean the goods directly used for construction of infrastructure facilities, in-patient and out-patient health facilities (hospitals and policlinics), schools, kindergartens, museums, theatres, higher and comprehensive education institutions, libraries, schoolchildren’s palaces, sport facilities, administrative and residential clusters (except electric power, petrol, diesel fuel and water) provided these goods are under customs clearance (control) and are placed under a relevant customs procedure of free customs zone.

2. The documents confirming turnovers taxable at a zero rate in line with this Article shall be as follows:

1) an agreement (contract) for supply of goods with entities engaged in the territory of special economic zone “Astana New City” in construction of the facilities as specified in Paragraph 1 of this Article;

2) copy freight declaration and (or) shipment (transportation), commercial and (or) other documents with the list of goods enclosed and respective checks by the relevant customs authority in charge of release of the goods under the customs procedure of free customs zone;

3) copy consignment documents in support of goods shipment by the entities as specified in Sub-Paragraph 1) of this Paragraph;

4) copy documents in support of goods receipt by the entities as specified in Sub-Paragraph 1) of this Paragraph.

2-1. A goods declaration in the form of an electronic document received by tax authorities through information channels from customs authorities, shall also serve as a document confirming the turnovers taxable at the rate of 0%. If a goods declaration in the form of an electronic document as provided for by this paragraph is available, presentation of a copy of the goods declaration specified in subparagraph 2) of paragraph 2 of this Article is not required.

3. The excess value added tax shall be refunded to suppliers of the goods being sold to the territory of special economic zone “Astana New City” in accordance with this Article with respect to the imported goods, both actual and consumed in the process of construction of infrastructure facilities, hospitals, policlinic, schools, kindergartens, museums, theatres, higher and comprehensive education institutions, libraries, schoolchildren»s palaces, sports complexes, administrative and residential complexes upon receipt of confirmation from the tax authority located in the territory of special economic zone “Astana New City”. The confirmation shall be based on a document of utilization of the imported goods in the process of construction of the infrastructure facilities, hospitals, policlinic, schools, kindergartens, museums, theatres, higher and comprehensive education institutions, libraries, schoolchildren»s palaces, sports complexes, administrative and residential complexes that shall be issued at a request of the tax authority located in the territory of special economic zone “Astana New City” or by the local executive body of the capital.

Article 244-4. Taxation of Fine Gold

1. The turnover on the sales by taxpayers engaged in extraction and/or production of gold to the National Bank of the Republic of Kazakhstan of fine gold from raw material of own production for replenishment of assets in precious metals shall be taxed with VAT at the zero rate.

2. The zero-rated turnovers specified in paragraph 1 of this Article shall be confirmed by the following documents:

1) agreement of general conditions for purchase and sale of fine gold for replenishment of the assets in precious metals concluded between the taxpayer and the National Bank of the Republic of Kazakhstan;

2) copies of the documents confirming the price of fine gold sold to the National Bank of the Republic of Kazakhstan;

3) copies of the documents confirming receipt of fine gold by the National Bank of the Republic of Kazakhstan with specification of the quantity of fine gold.

Note. Raw material of own production in this Article and subparagraph 16) of Article 248 of this Code shall mean raw material of a person who has extracted it himself or acquired ownership thereto for processing.

Article 245. Taxation in Certain Cases

1. Value-added tax shall apply at a zero rate to turnovers from sales of goods of own production to taxpayers which carry out in the territory of the Republic of Kazakhstan activity within the framework of a subsurface use contract, in compliance with conditions of which imported goods are exempt from value-added tax.

Where a subsurface use contract determines a list of imported goods exempt from value-added tax, the zero rate shall apply to turnovers from sales of goods specified in the said list.

For the purposes of this Article goods of own production mean products (goods) manufactured by a payer of value-added tax himself and which have a code of commodity nomenclature of foreign economic activity that differs on the level of either of the first four digits from the code of raw materials and materials which were used in the process of production and which composed manufactured products (goods), consistent with the criteria of sufficient processing provided for by the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan.

The list of taxpayers specified in this clause shall be approved by the Government of the Republic of Kazakhstan.

1-1. Turnover from sale of unstabilized condensate produced and sold by a subsurface user operating under a subsurface use contract as specified in Article 308-1 paragraph 1 of this Code from the territory of the Republic of Kazakhstan to the territory of other member states of the Customs Union shall be subject to VAT at a zero rate.

The list of VAT payers specified in this paragraph shall be approved by the Government of the Republic of Kazakhstan.

1-2. The turnover from sale by a taxpayer operating under the international treaty on cooperation in the field of gas industry in the territory of other member states of the Customs Union of the products of refinery of the customer supplied raw materials that were previously exported by such taxpayer from the Republic of Kazakhstan and processed in such other Customs Union member state shall be VAT taxable at a zero state.

The list of VAT payers specified in this paragraph shall be approved by the Government of the Republic of Kazakhstan.

2. The following shall be recognised as documents confirming sales of goods to the taxpayers specified in paragraph 1 of this Article:

1) a contract for supply of goods to taxpayers which carry out in the territory of the Republic of Kazakhstan activity within the framework of subsurface use contracts, in accordance with conditions of which imported goods are exempt from value-added tax, with indication in it that supplied goods are designated for the fulfilment of the working program of the subsurface use contract;

2) copy consignment documents confirming shipment of goods to taxpayers;

3) copy documents confirming receipt of goods by taxpayers.

3. The documents confirming the sale of unstabilized condensate specified in paragraph 1-1 of this Article are:

1) agreement (contract) for supply of unstabilized condensate exported (to be exported) from the Republic of Kazakhstan to other member states of the Customs Union;

2) report on reading of the devices for measuring the quantity of sold unstabilized condensate through the pipeline system;

3) certificate of delivery and acceptance of unstabilized condensate exported from the Republic of Kazakhstan to other member states of the Customs Union through the pipeline system.

The procedure for reading of the devices for measuring unstabilized condensate sold through the pipeline system shall be approved by the Government of the Republic of Kazakhstan.

4. The documents confirming the sale of the goods specified in paragraph 1-2 of this Article are:

1) agreements (contracts) for processing the customer supplied raw materials;

2) agreements (contracts) on the basis of which the refinery products are sold;

3) documents confirming the fact of performance of works on processing the customer supplied raw materials;

4) copies of forwarding documents confirming export of the customer supplied raw materials from the Republic of Kazakhstan to other member state of the Customs Union .

If the customer supplied raw materials are exported through the main pipeline system a certificate of delivery and acceptance of such customer supplied raw materials shall be presented instead of copies of forwarding documents;

5) the documents evidencing shipment of the refinery products to the buyer of such products – a taxpayer from the member state of the Customs Union where the customer supplied raw materials were processed;

6) documents evidencing receipt of currency proceeds from the sold refinery products to the taxpayer's bank accounts with second-tier banks in the Republic of Kazakhstan that were opened in accordance with the procedure established by the legislation of the Republic of Kazakhstan;

7) A report of the authorized governmental agency on conditions of goods processing in the territory of a member state of the Customs Union provided for by Article 276-13 paragraph 8 of this Code.

The amount of excess VAT to be refund shall be assessed subject to the results of the tax audit carried out with respect to the buyer of the refinery products by the tax authority of the Customs Union member state at the request of the Tax Service Authority of the Republic of Kazakhstan.

CHAPTER 32. TAXABLE IMPORT

Article 246. Definition of Taxable Import

Taxable import shall be goods which are imported or which were imported in the territory of the Custom Union (except for ones exempt from value-added tax in accordance with Article 255 of this Code) that are subject to declaration in compliance with the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan.

Article 247. Amount of Taxable Import

The amount of taxable import shall comprise the customs value of imported goods which is determined in accordance with the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan, and also amounts of taxes and customs payments payable to the budget in case of import of goods in the Republic of Kazakhstan, except for value-added tax on import.

CHAPTER 33. TURNOVERS AND IMPORT EXEMPT FROM VALUE-ADDED TAX

Article 248. Turnovers on sales of goods, works, services with the place of supply in the Republic of Kazakhstan, exempt from value-added tax

Turnovers from sales of the following goods, work, services shall be exempt from value-added tax, of which the place of sale is the Republic of Kazakhstan:

1) state postal payment symbols;

2) excise tax stamps (accounting-control stamps designated for marking excisable goods in accordance with Article 653 of this Code);

3) services rendered by authorised state bodies in connection with which the state duty is collected;

4) assets purchased for state needs in accordance with the legislation of the Republic of Kazakhstan;

5) main assets, investments in real estate, intangible and biological assets which are transferred on the gratuitous basis to a state-owned institution or state-owned enterprise in accordance with the legislation of the Republic of Kazakhstan;

6) ritual services of burial bureaus, services of cemeteries and crematoria;

7) lottery tickets, except for services of their distribution;

8) services for supporting information and technological interaction between participants in settlements, in particular rendering of services of gathering, processing and delivery of information to participants in settlements relating to transactions in payment cards and e-money;

9) services of processing and (or) repair of goods imported into the customs territory of the Custom Union in the customs procedure for processing of goods in the customs territory;

10) work and services associated with carriage which is recognised as international in accordance with Articles 244, 276-12 of this Code, namely: work, services of loading, unloading, re-loading (discharge-loading), shifting the carriage onto the bogie or wheel pairs of another gauge width while crossing customs border of the Customs union, forwarding of goods, in particular mail, exported from the territory of the Republic of Kazakhstan, imported in the territory of the Republic of Kazakhstan, and also transit freights; services of wagon (container) operators;; services of technical and air navigation servicing, airport activity; services of sea ports relating to servicing international lines.

For the purpose of this Section the services of wagon (container) operators shall mean the following services provided as a whole for the purpose of organization of carriage of freights and provided by wagon (container) operator specified in the carriage document as a party to the carriage process:

1) scheduling of provision of wagons (container) and agreement thereof between the parties to the carriage process;

2) provision of wagons (container) for the use;

3) dispatching by means of centralized operating control and remote control over the actual traffic of loaded and empty wagons (containers);

11) services relating to management, maintenance and operation of housing resources;

12) banknotes and coins of the national currency;

13) goods, work, services, except for turnovers from sales of goods, work, services relating to trade intermediary activity and turnovers from manufacture and sales of excisable goods, public associations of disabled, and also productive organisations if such associations and organisations meet the following conditions:

disabled are not less than 51 per cent of the total number of employees of such productive organisations;

costs of work remuneration to disabled are not less than 51 per cent (at specialised organisations at which disabled who lost hearing, speech, sight work – not less than 35 per cent) of total costs of work remuneration;

14) {~};

15) work, services relating to charge-free repair and (or) technical servicing of goods within the period of guarantee time of their operation established by deals, in particular prices of spare parts and components to them, where conditions of deals provide for the grant by the taxpayer of a quality guarantee to sold goods, performed work, rendered services;

16) unless otherwise is established by Article 244-4 of this Code, refined precious metals – gold and platinum manufactured from raw materials of own production;

16-1) unless otherwise is provided for by this Article and Article 244-4 of this Code, investment gold with simultaneous compliance with the following conditions:

total mass of sold within the tax period as related to value added tax investment gold shall not exceed 32 troy ounces;

total cost from the sold within the tax period as related to value added tax investment gold shall not exceed the amount that was formed by summing up amounts calculated in the following order:

mass of sold investment gold

multiplied by

the a.m. gold fix (price quotation) that was set by the London Bullion Market Association as at the date of sales,

multiplied by

the market currency rate fixed at the date of sale.

Provisions of this subparagraph shall apply in case of sales of investment gold in the form of:

bars;

plates;

gold coins issued by the National Bank of the Republic of Kazakhstan;

17) services by types of activity specified in Articles 411 and 420 of this Code;

18) which are specified in Article 249–254 of this Code;

19) services rendered when performing notarial acts, advocate activity;

20) borrowing transactions in a monetary form, on terms of chargeability, timeliness and repayment, which are carried out as follows:

by a national controlling holding company;

by legal persons in which 100 hundred percent of voting shares are held by a national controlling holding;

The list of said legal persons shall be approved by the Government of the Republic of Kazakhstan.

21) goods placed under the customs procedure of duty free;

22) non-resident's services rendered at the expense of grant funds within the framework of intergovernmental agreement, to which the Republic of Kazakhstan is the party, and which is aimed to support (render assistance to) low-income groups in the Republic of Kazakhstan;

23) ferrous and non-ferrous scrap metal and waste;

24) religious items sold by religious associations registered with justice agencies of the Republic of Kazakhstan.

The list and criteria for selection of items specified in this paragraph shall be approved by the Government of the Republic of Kazakhstan;

25) tour operator's services on outbound tourism.

Article 249. Turnovers Relating to Land and Residential Buildings

1. The sale of a residential building (part of a residential building) and (or) rent of such a building (part of the building), in particular sub-rent, shall be exempt from value-added tax, except for:

1) sale or rent of a residential building (a part of a residential building) used for provision of services relating to arrangement of accommodation provided for by the General Classifier of Economic Activities, approved by the authorized governmental body in the area of technical regulation (hereinafter referred to as the "Classifier").

This subparagraph shall not apply to sale and/or rent of a residential building (a part of a residential building) used for provision of services relating to the organization of accommodation in hostels and school dormitories, worker's settlements, holiday homes for children, dormitory cars;

2) provision of accommodation relating services provided for by the Classifier.

This subparagraph shall not apply in the event of sale and/or rent of a residential building (a part of a residential building) used for provision of services relating to accommodation in hostels and school dormitories, worker»s settlements, holiday homes for children, dormitory cars;

3) sale or rent of a part of a residential building consisting exclusively of non-residential premises.

2. Unless it is otherwise provided for by this paragraph, transfers of the rights of possession and (or) use, and (or) disposal of land plots and (or) rent of land plots, in particular sub-rent, shall be exempt from value-added tax.

The following shall not be exempt from value-added tax:

1) payment for transfers of land plots for parking or storage of cars, and also other transport vehicles;

2) transfers of the right of possession and (or) use, and (or) disposal of a land plot occupied with a residential building (part of the residential building) which is used for rendering hotel services, with a building (part of the building) that is not related (not related) to a residential building, and also rent of such a land plot, in particular sub-rent.

Article 250. Financial transactions exempt from value-added tax

1. The Financial transactions that are provided for by paragraph 2 of this Article shall be exempt from the value-added tax.

2. The following shall be recognised as financial transactions exempt from value-added tax:

1) the following banking and other transactions which are carried out on the basis of a licence {~} by banks and organisations carrying out certain types of banking transactions, and also transactions which are carried out by other legal persons without a licence within the limits of the authority established by the legislative acts of the Republic of Kazakhstan:

acceptance of deposits, opening and maintenance of bank accounts of natural persons;

acceptance of deposits, opening and maintenance of bank accounts of legal persons;

opening and maintenance of correspondent accounts of banks and organisations carrying out certain types of banking transactions;

opening and maintenance of metal accounts of physical and legal persons in which the physical quantity of refined precious metals and coins of precious metals owned by said persons is shown;

transfer transactions;

banking loan transactions;
cash transactions;
organisation of exchange transactions in foreign currency;
acceptance for collection of payment documents (except for promissory notes);
opening (issuing) and confirmation of letters of credit and fulfilment of obligations under them;
issuing by banks of bank guarantees which provide for fulfilment in the money form;
issuing by banks of bank warranties and other commitments for third persons which provide for fulfilment in the money form;
factoring and forfeiting operations which are carried out by banks;
1-1) the following banking transactions of the Islamic bank, carried out on the basis of a license {~}:
acceptance of interest-free withdrawable on demand deposits of natural and legal persons, opening and maintenance of bank accounts of natural and legal persons;
acceptance of investment deposits of natural and legal persons;
banking borrowing transactions: provision by the Islamic bank of credits in a monetary form on terms of maturity, collectibility and without charging of commission;
2) transactions in securities;
3) services of professional securities market participants, as well as persons, which carry out the professional activities in the securities market without a license in accordance with the legislation of the Republic of Kazakhstan concerning permissions and notifications;
4) transactions in derivative financial instruments;
5) insurance (reinsurance) operations, and also services of insurance brokers (insurance agents) in respect of conclusion and fulfilment of insurance (reinsurance) agreements;
6) services of inter-bank clearing;
7) transactions in payment cards and e-money, cheques, promissory notes, deposit certificates;
8) activities on investment portfolio management with the right to attract voluntary pension contributions (voluntary pension savings fund), as well as management of the State Social Insurance Fund assets;
9) services associated with management of claim rights relating to mortgage housing loans;
10) services of the uniform accumulative pension fund and voluntary accumulative pension funds in respect of attraction of obligatory pension contributions, obligatory professional pension contributions and voluntary pension contributions, in respect of distributions and inclusion of investment yield received from pension assets;
11) sales of participatory interest;
12) transactions relating to giving of micro credits;
13) services associated with giving of short-term loans by pawnshops against pledge of mobile estate;
14) the following transactions which are carried out by credit partnerships for their participants:
transfer transactions: fulfilment of orders in respect of payments and remittances of money;
loan transactions: giving of credits in the money form on conditions of charge, fixed time and repayment;
cash transactions;
opening and maintenance of bank accounts of participants in credit partnerships;
issuing of guarantees, warranties and other commitments which provide for fulfilment in the money form, for participants in credit partnerships;
15) sales of investment gold through metals accounts opened in the established by the legislation of the Republic of Kazakhstan procedure with the Centre of cash transactions and deposits of valuables of the National Bank of the Republic of Kazakhstan and (or) with the second-tier banks;
16) assignment of claim rights in respect of loans;
17) transactions specified in paragraph 4 of this Article.
3. Where transactions are carried out in securities, participatory interest is sold, sales turnovers shall be defined as capital gain from sales of securities, participatory interest. Capital gain shall be determined in accordance with the procedure provided for by Article 87 of this Code.
4. Transfer of assets by Islamic banks shall be exempted from value-added tax with regard to the income receivable by the Islamic bank within the framework of financing of trading activity as trade agent with provision of commercial credit in accordance with banking legislation of the Republic of Kazakhstan.
For the purposes of this paragraph, the income receivable by the Islamic bank shall include amount of margin for the product sold to the buyer, and this amount shall be determined in terms of the agreement of the Islamic bank on commercial credit, concluded in accordance with banking legislation of the Republic of Kazakhstan.
Provisions of this paragraph shall not extend to cases when the Islamic bank sells a product to the third party in case of refusal of the buyer to fulfill an agreement on commercial credit.

Article 251. Transfer of Assets Under Finance Leases

Transfer of assets under financial leases shall be exempt from value-added tax in respect of amounts of remuneration which the lessor receive, provided that the following conditions are observed:
1) such a transfer is consistent with requirements established by Article 78 of this Code;
2) the lessee purchases assets as main assets, investments into real estate, biological assets.

Article 252. Services Provided by Non-For-Profit Organizations

The turnovers of sale of the following services shall be exempt from value added tax:

1) services relating to protection and social welfare of children, elderly, veterans of war and labour, disabled, rendered by non-for-profit organizations specified in paragraph 1 of Article 134 of this Code;

2) services relating to performance of religious rituals and ceremonies by religious associations in accordance with the legislation of the Republic of Kazakhstan.

Article 253. Services, Work in the Sphere of Culture, Science and Education

Services, work in the sphere of culture, science and education shall be exempt from value-added tax where they are associated with work, services:

1) relating to conducting of socially significant events in the sphere of culture, entertainment cultural mass events which are performed within the framework of the state order;

2) rendered (except for business activity) by culture organisations – theatres, philharmonic societies, museums, libraries, cultural leisure organisations;

3) educational ones in the sphere of pre-school education and training; primary, basic secondary, general secondary, additional education; technical and vocational post-secondary, higher post-graduate professional education which are carried out under appropriate licences for the right of conducting said types of activity;

4) scientific-research work conducted on the basis of contracts for implementation of the state order;

5) relating to provision of library stock for temporary use, including that in electronic format, by educational organizations holding a license for carrying out educational activities, and also by autonomous organisations specified in subparagraphs 2) and 4) of paragraph 1 of Article 135-1 of this Code;

5-1) relating to provision by an autonomous educational organization as specified in subparagraph 6) of paragraph 1 of Article 135-1 of this Code of library stock including that in the electronic format for temporary use to autonomous educational organizations specified in subparagraphs 1), 2), 3), 4) and 5) of paragraph 1 of Article 135-1 of this Code;

6) relating to preservation, except for distribution of information and propaganda, of items of historic-cultural legacy and cultural values which are entered in the registers of items of the historic-cultural property or State List of Memorials of History and Culture in accordance with the legislation of the Republic of Kazakhstan.

Article 253-1. Services in the Area of Establishment of Autonomous Educational Organisations

Services relating to carrying out the types of educational activities specified in subparagraph 2) of paragraph 1 of Article 135-1 of this Code being provided by autonomous educational organizations, that meet the conditions set forth in subparagraphs 2) or 4) of paragraph 1 of Article 135-1 of this Code, shall be exempt from value added tax.

Article 254. Goods and Services in the Sphere of Medical and Veterinary Business

1. Turnovers shall be exempt from value-added tax in cases of:

1) sales of medical preparations of any forms, in particular medicine substances, and also materials and components for manufacture of them;

2) sales of articles of medical (veterinary) destination, in particular prosthetic-orthopaedic articles, surdotiphloequipment and medical (veterinary) equipment; materials and components for manufacture of medical preparations of any forms, in particular medicine substances, articles of medical (veterinary) destination, in particular prosthetic-orthopaedic articles, and medical (veterinary) equipment;

3) sales of medical care services in accordance with the legislation of the Republic of Kazakhstan (including carrying out medical activities subject to licensing) rendered by a health care entity licensed for medical activities;

4) sales of services in the field of sanitary and epidemiological welfare of the population rendered by the state organization of the sanitary and epidemiological service in accordance with the legislation of the Republic of Kazakhstan concerning health care;

5) sales of veterinary services rendered by:

individuals and legal entities licensed for veterinary activities;

individuals and legal entities included in the state electronic register of permits for and notifications of entrepreneurial activities in the field of veterinary, specified in the legislation of the Republic of Kazakhstan concerning veterinary;

state veterinary organizations established in accordance with the legislation of the Republic of Kazakhstan concerning veterinary.

2. The list of goods specified in subparagraphs 1) and 2) of paragraph 1 of this Article shall be approved by the Government of the Republic of Kazakhstan.

Article 255. Import Exempt from Value-Added Tax

1. Import of the following goods shall be exempt from value-added tax:

1) of banknotes and coins of the national and foreign currency (except for banknotes and coins which constitute cultural-historic value), and also securities;

2) of goods when carried out by natural persons according to quotas of duty-free import of goods approved in accordance with the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan;

3) goods, except for excisable ones, which are imported as humanitarian aid in accordance with the procedure that is determined by the Government of the Republic of Kazakhstan;

4) goods, except for excisable ones, which are imported for the purposes of charity aid on the line states, governments of states, international organisations, in particular rendering of technical assistance;

5) goods imported for official using by foreign diplomatic representations of a foreign company, consular institution of a foreign company accredited in the Republic of Kazakhstan and representations equated to those, and also for personal using by persons who are recognised as diplomatic and administrative-technical personnel of said representations, in particular members of their families who

live together with them, consular officials, consular employees including their family members residing together with them and who are exempt in accordance with international treaties ratified by the Republic of Kazakhstan;

6) goods liable to customs declaration in accordance with the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan in the customs procedures which establish exemption from payment of taxes;

6-1) space objects, equipment of ground based space infrastructure facilities imported by members of state communities from the list determined by the Government of the Republic of Kazakhstan. The provisions of this subparagraph shall be applied on the basis of approval of the authorized agency in the area of space activities concerning the import of such space objects and equipment for the purpose of space activities the form of which shall be approved by the Government of the Republic of Kazakhstan;

7) medical preparations in any forms, medical devices and medical equipment:

registered with the State Register of Medical Preparations, Medical Devices and Medical Equipment of the Republic of Kazakhstan;

not registered with the State Register of Medical Preparations, Medical Devices and Medical Equipment of the Republic of Kazakhstan based on the opinion (permit) issued by the authorized health care body.

The list of goods specified in this subparagraph shall be approved by the Government of the Republic of Kazakhstan.

7-1) medical preparations used (applied) in veterinary; veterinary devices and equipment, surdotyphloequipment, in particular prosthetic and orthopaedic appliances, special mobility aids provided to disabled persons; materials, equipment and components for the manufacture of medical preparations in any forms, medical (veterinary) devices, in particular prosthetic and orthopaedic appliances, and medical (veterinary) equipment.

The list of goods specified in this subparagraph shall be approved by the Government of the Republic of Kazakhstan.

8) postal stamps (except for collection ones);

9) raw materials for manufacture of monetary symbols which is performed by the National Bank of the Republic of Kazakhstan and its organisations;

10) goods which is performed at the expense of funds of grants given on the line of states, governments of states and international organisations;

11) investment gold, except for imported by the National Bank of the Republic of Kazakhstan, with simultaneous compliance to the following conditions:

total mass of imported within the tax period as related to value added tax investment gold shall not exceed 32 troy ounces;

total cost of imported within the tax period as related to value added tax investment gold shall not exceed the amount that was formed by summing up of amounts calculated in the following order:

mass of imported investment gold

multiplied by

the a.m. gold fix (price quotation) that was set by the London Bullion Market Association as at the date of sales.

Provisions of this subparagraph shall apply in case of sales of investment gold in the form of:

bars;

plates;

gold coins issued by the National Bank of the Republic of Kazakhstan;

12) investment gold imported by the National bank of the Republic of Kazakhstan;

13) items of religious nature being imported by religious associations registered with the agencies of justice of the Republic of Kazakhstan.

The list and criteria for selection of items specified in this subparagraph shall be approved by the Government of the Republic of Kazakhstan.

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2. The procedure for exemption of import of goods specified in paragraph 1 of this Article from value-added tax shall be determined by the Government of the Republic of Kazakhstan.

CHAPTER 34. OFFSET OF VALUE-ADDED TAX

Article 256. Value-Added Tax To Be Offset

1. Unless otherwise specified in this Chapter, for the purpose of determination of the tax amount to be contributed to the budget, the recipient of goods, works, services, being a payer of value added tax in accordance with subparagraph 1) of paragraph 1 of Article 228 of this Code shall have the right to offset the value added tax amounts to be paid for the goods received, including fixed assets, intangible and biological assets, investments in real estate, works and services, provided that they are used or will be used for the purpose of taxable turnover, and the following conditions are met:

1) {~};

2) the supplier being a payer of value added tax on the date of issuance of the invoice, issued an invoice or other document relating to the taxable turnover to be presented in accordance with paragraph 2 of this Article;

3) in the event of import of goods from states that are not members of the Customs Union:

The customs clearance was performed in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan;

Value added tax has been paid to the budget and shall not be subject to refund in accordance with the customs procedure conditions;

3-1) in the event of import of goods from the territory of the Customs Union member states:

The tax obligation to submit tax reports on indirect taxes has been fulfilled;

Value added tax has been paid to the budget in accordance with Article 276-20 of this Code and shall not be subject to return;

4) in the cases provided for by Article 241 of this Code the tax liability was fulfilled in respect of payment of value-added tax;

5) where persons specified in subparagraph 1) of paragraph 1 of Article 228 of this Code are registered for value-added tax, said persons have the right to offset amounts of value-added tax in respect of residues of goods (in particular main assets, intangible assets and biological assets, investments in real estate) on the date of registration for value-added tax.

2. The amount of value-added tax that is offset in accordance with the customs legislation of the Custom Union and (or) paragraph 1 of this Article shall be a tax amount which:

1) is payable to suppliers under ordered invoices with value-added tax specified in them, except for the cases provided for by subparagraphs 2) – 4) of this paragraph;

2) is payable under invoices issued in accordance with paragraph 10 of Article 263 of this Code according to financial lease agreements (except for returnable lease agreements), but not more than the tax amount that falls on the amount of lessor's taxable turnovers and that is determined as on the date of commission of turnovers in accordance with paragraph 10 of Article 238 of this Code;

3) is payable under invoices issued in accordance with paragraph 10 of Article 263 of this Code according to returnable lease agreements;

4) is payable on invoices issued in accordance with paragraph 11 of Article 236 inasmuch as relates to the price of periodical publications received in the reporting tax period and other production of mass media, including those placed on Internet-resource in publicly available telecommunication networks;

5) is specified in a goods declaration executed in accordance with the customs legislation of the Customs Union and (or) the customs legislation of the Republic of Kazakhstan, is paid to the budget of the Republic of Kazakhstan in the established procedure, and is non-refundable in accordance with the customs procedure;

6) is specified in the payment document or document that is issued by the tax authority and that confirms payment of value-added tax in accordance with Article 241 of this Code;

7) is presented separate on travel tickets issued for railway or aerial transport with indication of the identification number of the carrier taxpayer;

8) is presented separate on electronic tickets issued for aerial transport with indication of the identification number and the number of the certificate on value-added tax registration of the carrier taxpayer provided that the following conditions are observed simultaneously:

a boarding card or a document evidencing the fact of travelling by air transport issued by the carrier shall be available;

the document is available that confirms the fact of payment for the price of the electronic ticket;

8-1) is separately presented in an electronic travel document issued for railway transport with an indication of the identification number and the number of the value-added tax registration certificate of a taxpayer being a carrier, provided that the following conditions are concurrently met:

a boarding card issued by the carrier is available;

a document confirming the payment of the electronic travel document price is available;

9) is specified on documents applied by the supplier of public services, settlements for which are made through banks;

10) in the cases stipulated by subparagraph 5) of paragraph 1 of this Article, it is indicated on the inventory list of residues of goods that is compiled as on the date of registration for value-added tax, provided that it is confirmed according to relevant subparagraphs of this paragraph;

11) is specified in a document for the release of goods from the state material reserve issued by the department of the authorized body in charge of the state material reserve in the form established by the legislation of Republic of Kazakhstan, subject to provisions of this subparagraph.

In such document:

with respect to goods, turnovers from sales of which are recognized as non-taxable turnovers, it shall be stated "Without VAT";

with respect to any other goods, the value-added tax amount shall be specified to the extent of the tax paid when such goods were delivered to the state material reserve, and which was calculated in a manner as if the value of goods released included the amount of value-added tax at the rate applicable as at the date of their release;

12) is specified in the declaration on indirect taxes on imported goods and coincides with the amount of value-added tax on imported goods, stated in the application (applications) for importation of goods and payment of indirect taxes, that contains (contain) a mark of the Tax Service Authority which is provided for by paragraph 7 of Article 276-20 of the Code, and also is paid to the budget of the Republic of Kazakhstan in accordance with the procedure.

3. Unless it is provided for otherwise by this article value-added tax shall be offset in that tax period in which goods, work, services were received, in accordance with the procedure established by paragraph 2 of this Article.

Where value-added tax is paid in accordance with Articles 241 and 276-20 of this Code, the paid tax shall be offset in that tax period in which the tax liability was fulfilled in respect of payment of value-added tax.

3-1. For goods, work, services, purchased for the purposes of exempt turnover, but used for the purposes of taxed turnover, value added tax amount on invoiced ordered by suppliers shall be taken as an offset in that tax period when they were used for the purposes of taxed turnover, at the rate effective as of the date of such goods, works, services purchase.

3-2. If construction in progress item is sold, value added tax on goods, works, services, used in the process of construction of this item, intended before for sale in the form of turnover exempt from value added tax in accordance with article 249 of this Code, shall be taken as an offset at the rate effective as of the date of such goods, works, services purchase, in those tax period when sale of construction in progress item is performed.

3-3. A VAT payer engaged in construction of a residential building shall have the right to take as an offset the amount of VAT (determined using the formula given below) on goods, works, and services used for construction of nonresidential premises being a part

of such residential building, in the tax period when the event provided for by subparagraph 3) of paragraph 1 of Article 249 of this Code occurred but not earlier of the date of commissioning of the residential building by the state acceptance commission or an acceptance commission:

VATnp = VATrb * Snp / Srb, where:

VATnp – the input value added tax balance for non-residential premises being a part of the residential building;

VATrb – the amount of value added tax on the goods, works, and services used for the construction of the residential building;

Snp – the area of non-residential premises in the residential building;

Srb – the total area of the residential premises.

3-4. With respect to work, services specified in paragraphs 2 and 2-3 of Article 237 of this Code (except where the issue of an invoice is not required pursuant to this Code), value-added tax shall be offset in the tax period, in which the invoice was issued.

4. If invoice issue is performed after the date of turnover on sale of goods, works, services in case, stipulated by the second part of clause 7 of article 263 of this Code, value added tax shall be taken as an offset in that tax period in which the date of invoice issue is registered.

In cases specified in clause 20 of article 263 of this Code, value added tax shall be taken as an offset by a lessee in that tax period in which the date of turnover on sales by a lessor, specified in clause 6 of article 237 of this Code, is registered.

5. Where the payer of value-added tax has taxable and non-taxable turnovers, in particular ones exempt from value-added tax, value-added tax shall be offset in accordance with the procedure provided for by Article 260 of this Code.

6. The credit for the value-added tax shall be reduced by the amount taken as an offset in accordance with paragraph 13 of Article 100 of this Code, if the taxpayer included into the state base of taxpayers has applied paragraph 13 of Article 100 of this Code after such taxpayer has been deregistered as a value-added tax payer.

7. For the purpose of offsetting value-added tax, it is not required to specify the details set forth in subparagraphs 2-1) and 3) of paragraph 5 of Article 263 of this Code with respect to the recipient of goods, work, and services in the invoice issued in electronic form.

8. For the purpose of this Section, should there be several grounds for offsetting value-added tax amounts payable for goods, work, and services received, the value-added tax amount shall be offset once based on the earliest ground.

Article 257. Value-Added Tax Not To Be Offset

1. Value-added unless otherwise provided for by this Article, tax shall not be taken as an offset and shall be accounted under procedure established by clause 12 of article 100 of this Code, if it is to be paid due to receipt of:

1) goods, works, and services, that are used for the purposes other than taxable turnover, unless otherwise is provided for by this clause.

Value-added tax shall be taken as an offset if it is to be paid due to receipt of goods, works, and services, intended for use (used) for the purposes of nontaxable turnover due to the availability of which a taxpayer has applied (will apply) a proportional method in accordance with articles 260 and 261 of this Code;

2) motorcars recognized (to be recognized) as fixed assets;

3) goods, works, and services, invoices upon which are issued with the violation of requirements established by this Code;

4) goods, works, and services specified in the invoice cash payment for which with the amount of value added tax included irrespective of the payment frequency exceed 1000-fold amount of the monthly calculation index, as established by the law on the National Budget and in effect on the invoice issue date.

1-1. Value added tax on the goods, works, and services used for the construction of non-residential premises being a part of a residential building shall not be charged to offset until:

Occurrence of a case provided for by subparagraph 3) of paragraph 1 of Article 249 of this Code;

Commissioning of such residential building by the state acceptance commission or an acceptance commission.

Value added tax on the goods, works, and services used for the construction of a residential building shall be separately recognized by the value added tax payer that performs the construction of the residential building, for the purpose specified in paragraph 3-3 of Article 256 of this Code, until:

Occurrence of a case provided for by subparagraph 3) of paragraph 1 of Article 249 of this Code;

Commissioning of such residential building by the state acceptance commission.

2. When property (goods, works, services) is received on a free of charge basis, a person that received such property shall not take as an offset the value-added tax to be paid by a person that transferred such property free of charge.

3. The amount of the value-added tax shall not be taken as an offset in the following cases:

1) on transactions with a taxpayer recognized as false business based on the effective court sentence or ruling, except for value-added tax amounts taken as an offset on transactions with taxpayers not specified in the court sentence or ruling, or recognized valid by the court in the civil procedure;

2) with respect to a deal (transaction), under which an action (actions) on issuing an invoice and (or) any other document was recognized by court as committed by a private business entity without any actual performance of work, rendering of services, or shipment of goods;

3) on a deal that have been recognized invalid on the basis of an effective court decision.

Article 258. Adjustments of Amounts of Value-Added Tax To Be Offset

1. Value-added tax that was previously offset, shall be subject to exclusion from the offset in the following cases:

1) in respect of goods, work, services used not for purposes of taxable turnovers, except for those used for the purposes of non-taxable turnovers because of which the taxpayer used the proportionate method in accordance with Articles 260 and 261 of this Code;

2) in respect of goods in case of their damage, loss (except for cases occurred as a result of emergency situations);

3) in respect of over standard losses incurred by an entity of natural monopoly;

4) – 6) {~};

7) in respect of assets transferred as a contribution to the authorised capital;

8) provided for by paragraph 2 of Article 239 of this Code.

2. For the purposes of this Article, damage of goods, shall be understood as deterioration of all or certain properties (qualities of the goods), as a result of which those goods may not be used for the purposes of taxable turnovers.

Loss of goods shall be understood as an event resulting in destruction or waste of goods. Expenditure of goods incurred by the taxpayer (tax agent) within standard natural diminution as established by the Republic of Kazakhstan legislation, shall not be recognised as loss.

3. Adjustments of amounts of value-added tax to be offset shall be carried out in that tax period in which cases specified in paragraphs 1 and 2 of this Article took place.

4. In the cases specified in subparagraphs 1) – 3) and 7) of paragraph 1 of this Article, the amount of value added tax taken as an offset shall be adjusted as follows:

1) with respect to inventories, other than those specified in paragraph 4-1 of this Article, – to the amount of the value added tax to be determined by applying the value added tax rate effective on the date of the adjustment to the balance-sheet value of the inventories on that date;

2) with respect to acquired fixed assets, intangible and biological assets, real estate investments, a facility under construction – to the value added tax amount determined by applying the value added tax rate effective on the date of acquisition of the specified assets to the balance-sheet value thereof on the date of the adjustment without revaluation and deterioration in value.

4-1. For specific assets with respect to which events provided for by subparagraphs 1) – 3) and 7) of paragraph 1 of this Article have occurred, the value added tax amount taken as an offset shall be adjusted in accordance with the procedure established by this paragraph.

In that case for the purpose of this paragraph specific assets shall include fixed assets constructed (created) by the value added tax payer, intangible assets, and investments in real estate.

If goods, works, and services were acquired exclusively at prices with value added tax and at the same value added tax rate, the amount of the adjustment of value added tax taken as offset shall be determined as the value added tax, determined by applying the value added tax rate in effect on the date of purchase of the goods, works, and services used for the construction (creation) of a specific asset, to the balance-sheet value of the specific asset on the date of the adjustment.

In other cases the value added tax adjustment amount taken as an offset shall be determined by addition of the value added tax amounts calculates by application of the value added tax rate effective on the date of purchase of the goods, works, and services used for the construction (creation) of a specific asset to the estimated value of each group of goods, works, or services.

The estimated value of each group of goods, works, or services shall be determined in accordance with the following formula:

Vgr.1, 2, ..n = (VbxSgr.1,2,..n), where:

Vgr. 1, 2, .n. – estimated value of each group of goods, works, or services, acquired at different value added tax rates;

Vb – balance-sheet value of a specific asset on the date of the adjustment;

Sgr. 1, 2,. n – share of each group of goods, works, or services in the original cost of a specific asset.

Each group of goods shall be formed separately on the basis of the value of goods, works, or services depending on the applied rate of value added tax.

4-2. In the event provided for by subparagraph 8) of paragraph 1 of this Article, the value added tax, charged to offset, shall be adjusted to the amount of value added tax, specified in additional invoice issued by the supplier of the goods, works, or services at the time of adjustment of the amount of the taxable turnover.

5. Adjustments provided for by this Article shall not be carried out in the cases specified in paragraph 3 of Article 231 of this Code, except for that specified in subparagraphs 1) and 6) of paragraph 3) of Article 231 of this Code.

Article 259. Adjustments of Amounts of Value-Added Tax To Be Offset, Relating to Doubtful Obligations, When Writing Off Obligations

1. Where a portion or entire amount of liability relating to purchased goods, work, services is recognised as doubtful in accordance with the provisions of this Code, then amounts of value-added tax previously included into offset relating to such goods, work, services in an amount of the amount of the doubtful obligation, shall be subject to exclusion from the offset upon expiry of three years from the date of emergence of the obligation, except for value-added tax offset in accordance with subparagraphs 3) and 4) of paragraph 1 of Article 256 of this Code.

2. In the event that after the exclusion from the offset of value-added tax, the value-added tax payer made payment for goods, work, services, the amount of value-added tax relating to said goods, work, services shall be subject to restoration in the offset in that tax period in which the payment was made.

3. When writing off obligations, except for obligations for which an adjustment was made in accordance with paragraph 1 of this Article, value-added tax previously included into the offset in relation to goods, work, services, shall be subject to exclusion from the offset in that period in which the events specified in paragraph 1 of Article 88 of this Code took place.

4. If a liability with respect to acquired goods, works, and services has not been partially or fully settled on the date when the supplier registered as a VAT payer was declared bankrupt, the value-added tax previously included into the offset, except for value-added tax for which adjustments were made in accordance with paragraph 1 of this Article, shall be excluded from the offset in the tax period in which the bodies of justice made a decision to exclude the supplier being a VAT payer who has been declared bankrupt from the National Register of Business Identification Numbers.

5. An adjustment provided for by this Article shall be effected at the value-added tax rate specified in the invoice issued by the supplier of the goods, works or services when performing turnovers from sales of goods, works, or services on which the adjustment is effected.

Article 260. Procedure for offsetting value added tax, if there are sales turnovers, not subject to value added tax

1. For goods, works, and services, used for the purposes of untaxed turnovers, value added tax, subject to payment by suppliers and on import, shall not be taken as an offset, except for the cases specified in the second part of subclause 1) of clause 1 of article 257 of this Code.

2. If there are taxed and untaxed turnovers, value added tax shall be taken as an offset at the value added taxpayer's option, by proportional or separate method.

The selected method of determination of value added tax, taken as an offset, shall not be changed within a calendar year.

3. Value added taxpayer fulfilling construction of objects, the sales turnovers of which are exempt in accordance with clause 1 of article 249 of this Code, shall apply a separate method of offsetting value added tax amounts on goods, works, and services, used for the purposes of taxed turnover and turnovers exempt in accordance with clause 1 of article 249 of this Code.

4. Value added taxpayer shall be entitled to apply a proportional method of offsetting on taxed turnovers and untaxed turnovers, except for turnovers exempt from value added tax in accordance with clause 1 of article 249 of this Code, if value added taxpayer has:

taxed turnovers,

turnovers exempted in accordance with clause 1 of article 249 of this Code,

other untaxed turnovers.

5. Value added taxpayers using in a tax period simultaneously proportional and separate methods of offsetting, when specific weight of taxed turnover is determined, shall not account turnovers, upon which separate method of offsetting is applied, unless otherwise is stipulated by this clause.

When a proportional method of offsetting is applied on goods, works, and services, used simultaneously for the purposes of taxed and untaxed turnovers, for the determination of specific weight of taxed turnover in the total amount of turnover, total amount of taxed and untaxed turnovers shall be accounted.

6. Value added tax not subject to offsetting in accordance with this article, shall be accounted under the procedure established by clause 12 of article 100 of this Code.

Article 261. Proportionate Method

By the proportionate method value-added tax to be offset shall be computed on the basis of the unit weight of the taxable turnover in the total turnover.

Article 262. Separation Method

1. When computing value-added tax to be offset by the separation method, the value-added tax payer shall maintain separate accounting for costs and amounts of value-added tax relating to received goods, work, services which are used for the purposes of taxable and exempt turnovers.

2. Banks and organizations engaged in specific types of bank operations, microfinance organizations using the proportional offset method, shall have the right to apply a separate method for accounting of the amounts of VAT on the turnovers connected with receipt and sale of the collateralized property (goods)..

2-1. An organization specializing in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan, which applies the proportional method for taking as an offset shall have the right to apply the separate method for accounting of the amounts of value added tax on the turnovers connected with acquisition, holding and/or sale:

of the pledged property (goods) received from the bank under the rights of claim acquired from such bank with respect to doubtful and bad assets;

of the property (goods) passed to the bank's ownership as a result of application of recovery to the pledged property and received by the organization specializing in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan, under the rights of claim acquired from such bank with respect to doubtful and bad assets.

2-2. The bank subsidiary organization acquiring doubtful and bad assets of the parent bank and applying the proportional method for taking as an offset shall have the right to apply the separate method for accounting of the amounts of the valued added tax on the turnovers connected with acquisition, holding and/or sale:

of the pledged property (goods) received from the parent bank under the acquired rights of claim with respect to doubtful and bad assets;

of the property (goods) passed to the parent bank's ownership as a result of application of recovery to the pledged property and received by the bank subsidiary from the parent bank under the rights of claim with respect to doubtful and bad assets.

2-3. Individual entrepreneurs and legal entities licensed for tourist operator activities (tour operator activities) in accordance with the legislation of the Republic of Kazakhstan concerning tourist activities, shall maintain the accounting of goods, work, and services aimed at rendering tour operator's services separately from any other activities. Goods, work, and services aimed at rendering tour operator's services shall be accounted separately in terms of the turnover exempt from value-added tax in accordance with subparagraph 25) of Article 248 of this Code, and the taxable turnover.

3. When assets are transferred under finance leases, the lessor who uses the proportionate method for offset, shall have the right to use the separation method for accounting for amounts of value-added tax in relation to turnovers associated with the transfer of assets under finance leases.

4. Expenditures of the lessor, in relation to purchase of assets to be transferred under finance leases, shall be recognised as expenditures incurred for the purposes of the taxable turnover.

5. Islamic banks using proportionate method for recognising offsets, shall have the right to apply the separation method for accounting for amounts of value-added tax relating to turnovers associated with the purchase and transfer of assets within the framework of financing of trading activity as trade agent with provision of commercial credit in accordance with banking legislation of the Republic of Kazakhstan.

6. Payers of value-added tax applying the separate method for offset, shall have the right to apply the share of taxable turnover in the total turnover for assessment of value-added tax amount to be offset with respect to goods, works, and services, used for purposes of both taxable and exempt turnovers.

CHAPTER 35. INVOICES

Article 263. Invoices

1. Invoices shall be recognised as obligatory documents for all value-added tax payers, unless otherwise specified by this Article.

1-1. The form of invoices other than invoices issued in electronic form, shall be determined by taxpayers independently subject to the provisions of this Article.

1-2. An invoice shall be issued in hard copy or in electronic form.

Electronic invoices shall be received, processed, transferred, and stored by means of the information electronic invoicing system.

The authorized body shall establish the procedure for the document flow of invoices issued in electronic form to disclose the information as follows:

Invoice form;

Procedure for issue, sending, acceptance, registration, processing, transfer, and receipt of invoices;

Invoice validation procedure;

Special considerations in acknowledgement of corrected and/or additional invoices;

Procedure for storage of invoices;

Procedure for interaction between the central authorized body responsible for budget implementation and the tax service bodies.

The central authorized body for budget implementation in accordance with the laws of the Republic of Kazakhstan shall be responsible for:

Promptness of acceptance, registration, processing and transfer of invoices issued in electronic form, and storage thereof;

Credibility of the transferred data reflected in the invoices issued in electronic form;

Non-disclosure of data specified in invoices to third parties, except when it is provided for by the legislation of the Republic of Kazakhstan.

2. Unless otherwise established by this Article, payers of value-added tax shall be obliged, when carrying out turnovers of selling goods, work, services, to issue invoices for the recipients of said goods, work, services.

3. Payers of value-added tax shall specify the following in invoices:

1) in the case of turnovers subject to value-added tax, – total value-added tax;

2) mark “VAT excluded” – in case of non-taxable turnovers, including those exempt from value added tax.

4. If a taxpayer is not a value-added tax payer in accordance with subparagraph 1) of paragraph 1 of Article 228 of this Code, invoices or other documents which are issued in accordance with paragraph 2 of Article 256 of this Code, shall be issued with the «Without VAT» note.

5. The following must be specified in an invoice which is a basis for offsetting value-added tax in accordance with Article 256 of this Code:

1) invoice number indicated in Arabic numerals;

1-1) where an invoice is issued in electronic form – the effective date of turnover;

2) date of issue of the invoice. If an invoice is issued in electronic format the date of registration of invoice in the information electronic invoicing system shall be the date of issue of the invoice;

2-1) addresses of the supplier and recipient of goods, work, and services, specifying the place of location (residence) of the supplier and recipient of goods, work, and services;

3) with respect to individuals being recipients of goods, work, and services – surname, name, patronymic (if any);

with respect to legal entities being suppliers or recipients of goods, works, services – the name specified in the certificate of state registration (re-registration) of the legal entity. In that case, the organizational legal form may be specified using abbreviation in accordance with the usual practices, including the usual business practice;

3-1) in the cases stipulated by paragraph 18 of this Article, status of a supplier – consigner or a commission buyer;

3-2) in cases stipulated by subparagraphs 1) – 4) of part two of paragraph 12 of this Article, an invoice issued in electronic form shall specify:

a currency letter code as per the Classifier of Currencies approved by the Commission of the Customs Union;

an exchange rate used for the calculation of the taxable (exempt) turnover as at the effective date of turnover;

4) identification number of the supplier and recipient of goods, work, services;

5) series and number of the certificate of the supplier being a value added tax payer of registration for value added tax purposes;

6) description of the goods, work, services which are sold;

7) amount of taxable (exempt) turnover;

8) value-added tax rate;

9) total value-added tax;

10) cost of goods, works, or services subject to value added tax.

Unless otherwise specified in this paragraph, if the supplier or recipient of goods, works, or services is a legal entity, for the purpose of subparagraphs 2-1), 3), 3-1), 4), and 5) of this paragraph, the invoice must contain the bank details of the legal entity.

In the event that a structural subdivision of a legal entity acts on behalf of the legal entity as a supplier of goods, works, or services and by the decision of the legal entity the invoices should be issued by such structural unit, and in the event that a structural units on behalf of the legal entity acts as a recipient of goods, works, or services, for the purpose of compliance with:

The requirements set forth in subparagraphs 2-1), 3), 3-1), and 4) of this paragraph, an invoice may contain details of the structural unit;

The requirements set forth in subparagraph 5) of this paragraph, the invoice shall bear series and number of the certificate of registration for value added tax of the legal entity being a value added tax payer the structural subdivision which is a supplier of goods, works or services.

6. Amounts of excise duty shall be additionally specified in an invoice when selling excisable goods.

In the case of selling goods, work, services on the conditions consistent with the provisions of an agency agreement, invoices shall be issued by specifying the status of the supplier:

«committent» – when in invoice is issued by the committent to the commissioner;

«commissioner» – when an invoice is issued by the commissioner to the buyer of the goods, work, services.

If requirements established by Article 78 of this Code are not implemented, a lessor shall issue an invoice or an additional invoice with marking non-observance of Article 78 of this Code.

7. Unless otherwise provided for by this Article, an invoice shall be issued not earlier the date of turnover and not later than within *five calendar* days after the date of the sales turnover:

seven calendar days after the effective date of sales turnover – in case of issue in hard copy;

fifteen calendar days after the effective date of sales turnover – in case of issue in electronic form.

Value added taxpayer shall be entitled to issue invoices:

in case of sale of electric power, water, gas, communications services, public utility services, railway carriages, transport and forwarding services, services of wagon (container) operators, services connected with carriage of freights through the main trunk pipeline system, services relating to extension of credits (loans, microcredits), and bank operations subject to VAT on the cost of banking operations subject to VAT – on the basis of the results of a calendar month on or before the 20th day of the month following the month at the end of which the invoice is to be issued;

if property has to be transferred to financial leasing with respect to the accrued interest amount – at the end of the calendar quarter on or before the 20th day of the month following the quarter for which the invoice is to be issued;

in the event that goods, works, and services are sold under agreements concluded for one year or for a longer period, to persons specified in paragraph 1 of Article 276 of this Code, – at the end of the calendar month on or before the 20th day of the month following the month for which the invoice is to be issued.

In the event that goods shall be exported under the export customs procedure the invoice shall be issued on or before the date of the sales turnover.

In the event provided for by paragraph 8 of Article 237 of this Code, the invoice shall be issued within *five calendar* days after the date specified in the signed document specified in the second and third subparagraphs of the second part of paragraph 1-1 of Article 237 of this Code.

8. Unless otherwise specified by this paragraph, an invoice issued in hard copy shall be certified:

for legal entities – by signatures of the chief executive officer and chief accountant, as well as by the seal specifying the name and legal form of the legal entity, where such entity is obliged to have a seal pursuant to the legislation of the Republic of Kazakhstan;

for individual entrepreneurs – by the seal (if available) specifying the surname, name, patronymic (if any) and (or) trade name of the individual entrepreneur, as well as by the signature of the individual entrepreneur.

An invoice may be certified by the signature of an employee duly authorized by the taxpayer's order. In such case, a copy of the order shall be available for visual examination by recipients of goods, work, and services.

The recipient of goods, work, and services shall have the right to request from the supplier of such goods, work, and services a copy of the order on the appointment of a person authorized to sign invoices certified by the duly authorized person, and the supplier shall fulfill such request on the day of submission of the same by the recipient of goods, work, and services.

Based on the taxpayer's decision, a structural unit of a legal entity being a supplier of goods, work, and services shall have the right to certify invoices issued by the same by the seal of such structural unit of a legal entity specifying the name and legal form of the legal entity, where such entity is obliged to have a seal pursuant to the legislation of the Republic of Kazakhstan;.

An invoice issued by an authorized representative of the members of a simple partnership (consortium) in the cases specified in paragraph 5 of Article 308 of the Code shall be certified by the seal of the authorized representative specifying the name and legal form of such authorized representative, as well as by signatures of the chief executive officer and chief accountant of such authorized representative.

Where in accordance with the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, and with the accounting policy, the books are kept by the chief executive officer or individual entrepreneur themselves, "not applicable" should be stated instead of the chief accountant's signature.

An invoice issued in electronic form shall be certified by an electronic digital signature.

9. Amounts of taxable turnovers shall be specified in invoices separately for each item of the goods, work, services, unless otherwise specified by this paragraph.

In the event that invoices shall be issued in hard copy, the total turnover amount may be specified, if such invoice is accompanied by a document containing the data specified in subparagraphs 6) -10) of paragraph 5 of this Article. In that case the invoice should contain a reference to the number and date of the document, as well as its name.

10. The amount of the taxable turnover shall be specified in the invoice issued by the lessor for the transferred leasing subject on the basis of the total amount of all leasing payments in accordance with the financial lease agreement not including the amounts of interest on the financial lease and value added tax.

11. In the case of sale of periodical print publications and other products of a media outlet, including those posted on an Internet resource, invoices shall be issued:

1) seven calendar days after the effective date of sales turnover – in case of issue in hard copy;

2) fifteen calendar days after the effective date of sales turnover – in case of issue in electronic form.

12. In an invoice issued in hard copy, values and amounts shall be specified in the national currency of the Republic of Kazakhstan. In case of foreign trade activities, as well as in cases provided for by the legislative acts of the Republic of Kazakhstan, the cost of goods, work, and services and the value-added tax amount may be additionally specified in a foreign currency.

In an invoice issued in electronic form, values and amounts shall be specified in the national currency of the Republic of Kazakhstan, save for the following cases where an indication in a foreign currency is permitted:

1) with respect to deals (transactions) concluded (made) as part of a product sharing agreement (contract);

2) with respect to deals (transactions) on export sales of goods subject to value-added tax at the zero rate in accordance with Articles 242, 276-11 and 276-13 of this Code;

3) with respect to turnovers from sales of international carriage services subject to value-added tax at the zero rate in accordance with Articles 244 of this Code;

4) with respect to sales turnovers subject to value-added tax at the zero rate in accordance with paragraph 1-2 of Articles 245 of this Code.

13. The invoice in hard copy shall be issued in two copies, one of which shall be transferred to the recipient of the goods, works or services.

14. Any amendments, including those aimed at correcting any errors, shall be introduced to a previously issued invoice by means of cancellation of the previously issued invoice and the issue of an amended invoice.

For this purpose, the indication in the amended invoice of any supplier of goods, work, and services other than the same specified in the previously issued invoice shall be prohibited.

The provisions of this paragraph shall not apply in the cases specified in Article 265 of this Code.

14-1. An amended invoice shall:

1) comply with the requirements set forth in this Article with respect to the issue of invoices;

2) contain the following information:

note specifying that the invoice is amended;

sequence number and date of issue of the amended invoice;

sequence number and date of issue of the invoice being cancelled;

14-2. An amended invoice shall be issued no sooner than the date of error detection, and no later than:

1) seven calendar days after the date of error detection – in case of issue in hard copy;

2) fifteen calendar days after the date of error detection – in case of issue in electronic form.

14-3. With respect to an amended invoice issued in hard copy, either of the following acknowledgements of receipt of such invoice by the recipient of goods, work, and services shall be required:

certification by the recipient of goods, work, and services of such invoice by signatures and seal in accordance with paragraph 8 of this Article;

or

sending by the supplier of goods, work, and services of such invoice to the address of the recipient of goods, work, and services by registered mail, and availability of the notice of its receipt;

or

availability of the letter from the recipient of goods, work, and services acknowledging the receipt of such invoice and bearing the signature and seal:

for legal entities – specifying the name and legal form of the legal entity, where such entity is obliged to have a seal pursuant to the legislation of the Republic of Kazakhstan;

for individual entrepreneurs – if the seal is available, specifying the surname, name, patronymic (if any) and (or) trade name of the individual entrepreneur.

15. Unless otherwise provided for by this Article, no invoice is required in case of:

1) settlements for provided public utility services or communications services through the banks using primary accounting documents as a basis for keeping accounting records;

2) registration of a passenger carriage using a ticket (except for the cases stipulated by subparagraphs 3) and 3-1) of this paragraph);

3) registration of carriage of a passenger with an electronic ticket issued in aviation transport;

3-1) registration of a passenger carriage using an electronic travel document issued for railway transport;

4) issuing a cash register receipt to a buyer in case of sale of goods, works, and services for cash, except for cases of sale of goods, works, or services to persons specified in paragraph 1 of Article 276 of this Code;

5) transfer of goods without compensation to an individual not being an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator;

6) rendering or services specified in Article 250 of this Code.

16. In cases provided for by subparagraphs 1), 2), and 4) of paragraph 15 of this Article, a recipient of goods, works, or services shall have the right to request an invoice from the supplier of these goods, works, or services, and the supplier must fulfill this request subject

to the provisions of this Article, including those relating to the specification of details of the legal entity from which agent the goods, works, or services have been purchased, or details of an individual entrepreneur acquiring the goods, works, or services in the section for information about the recipient of goods, works, or services.

In the case provided for in subparagraph 3) of paragraph 15 of this Article, a recipient of goods, works, or services shall have the right to request from the supplier a confirmation of the fact of travelling by the air transport for the purpose of recognition as an offset of the amount of value added tax on the carriage services provided by such supplier, and the supplier must issue free of charge:

a document evidencing the fact of travelling of the individual by air transport,

or

an invoice which shall be issued subject to the provisions of this Article including those relating to specification of the details of the legal entity from which agent the services relating to carriage by air transport have been purchased or of an individual entrepreneur who acquires the services relating to carriage by air transport in the section of information about the recipient of goods, works, or services.

In the case provided for by subparagraph 3-1) of paragraph 15 of this Article, the recipient of goods, work, and services shall be entitled to request an invoice from the supplier to acknowledge the fact of travel using railway transport in order to take the amount of value-added tax on the carriage services rendered by such supplier as an offset, and the supplier shall fulfill the said request.

16-1. For the purpose of fulfillment of the requirements set forth in paragraph 16 of this Article an invoice shall be issued:

1) in the cases provided for by subparagraphs 1), 2), 3), and 3-1) of paragraph 15 of this Article – on or after the effective date of turnover, but within the statute of limitations established by paragraph 2 of Article 46 of this Code. Furthermore, should an invoice be issued after the effective date of turnover, the service provider shall specify the effective date of sales turnover with an indication of the tax assessed at the rate applicable as at the effective date of turnover, along with the date of invoice issue;

2) in the case provided for by subparagraph 4) of paragraph 15 of this Article – at the place of sale of goods, work, and services on or after the effective date of turnover, but within the statute of limitations established by paragraph 2 of Article 46 of this Code.

17. Special considerations in issuing invoices when selling (purchasing) within the framework of agreements on joint operation, are established in Article 235 of this Code.

18. Issuing invoices to buyers of goods, work, services which are sold on the terms consistent with an agency agreement, shall be carried out by the commissioner. Amounts of turnovers from selling goods, work, services in an invoice which is issued by the commissioner, shall be specified on the basis of the price of the goods, work, services at which their sales to the buyer is carried out by the commissioner.

Invoices shall be issued by the commissioner taking into account details of the following:

invoices, issued to the commissioner by the committent who is value-added tax payer. In that case amounts of taxable (exempt) turnover as shown in the invoice issued to the commissioner by the committent shall be included into taxable (exempt) turnover in the invoice which is issued by the commissioner to the buyer;

document confirming price of the goods, work, services, as issued by the committent who is not value-added tax payer. In that case the price of the goods, work, services shown in such document shall be included into exempt turnover in the invoice which is issued by the commissioner to the buyer.

The size of a taxable turnover in an invoice which is issued by the committent to the commissioner, shall be specified on the basis of the price of the goods, work, services at which they are provided to the commissioner for the purpose of sales.

Amounts of taxable turnovers in an invoice which is issued by the commissioner to the committent, shall be specified on the basis of the commission fee of the commissioner.

19. Issue of invoice to a purchaser of goods, works, and services, sold under the conditions, meeting conditions of a trust agreement, shall be performed by a truster (in cases stipulated by clause 2 of Article 233 of this Code – by an attorney) under the procedure established by this section.

20. If the requirements specified in Article 78 of this Code are not complied with, the lessor must within five working days from the date of the specified noncompliance issue:

1) an additional invoice with specification of a negative value of exempted turnovers and positive value of taxable turnovers (not including the amount of interest on the financial lease) with specification of value added tax on the transfer of the assets to financial lease;

2) additional invoices with specification of a negative value of exempted turnovers and positive value of taxable turnovers with specification of value added tax for the transfer of assets to financial lease in terms of the accrued interest on the financial lease.

21. When selling (purchasing) goods, works, services by an operator, in cases established by paragraph 3 of Article 271-1 of the Code, the invoice shall be issued in accordance with the requirements of this Article stating the details of the operator as a supplier (purchaser).

Article 264. Special Considerations in Issuing Invoices by Freight Forwarders

1. The invoices for carriage of freights under a freight forwarding agreement shall be issued by the forwarder for the party being a customer under such agreement.

The invoice shall be issued by the forwarder on the basis of the invoices issued by the carriers and other suppliers of works and services, who are value added tax payers.

If the carrier (supplier) is not a value added tax payer, the invoice shall be issued by the forwarder on the basis of a document confirming the cost of the works and services.

2. Amounts of the taxable turnover in an invoice which is issued by the freight forwarder shall be specified subject to price of the work and services performed or rendered by the carriers and (or) suppliers with the framework of the transport shipment agreement.

Turnover comprising the price of the work, services rendered by the carriers and (or) suppliers, shall be specified in the invoice:

by those who are payers of value-added tax;

by those who are not payers of value-added tax.

The amount of fees under the freight forwarding agreement to be included into the amount of the forwarder»s taxable turnover, shall be specified in a separate line in the invoice.

3. If an invoice shall be issued in hard copy, the forwarder shall issue the invoice in two copies.

The first copy of the invoice shall be transferred to a party being a customer under the freight forwarding agreement.

The second copy of the invoice shall be kept by the forwarder.

3-1. A forwarder carrying out activities under a freight forwarding contract must have a document disclosing information about the carriers and/or suppliers of works and services provided as a part of such agreement, and the cost thereof.

In that case such document shall be stored by the forwarder during the period of limitation of actions established by Article 46 of this Code.

The document shall contain the following data:

1) sequential number and the date of issuance of the invoice of the carrier and/or supplier of works and services;

2) taxpayer identification number of the carrier and/or supplier of the works and services;

3) surname, name, and patronymic (if available) or a name of the carrier and/or supplier of the works and services;

4) series and number of the certificate of registration as a value added tax payer if the carrier and/or supplier are value added tax payers;

5) cost of the works and services performed by the carrier and/or supplier of the works and services, that should be included into the taxable turnover specified in the invoice. The cost of works and services performed by the carrier and/or supplier who are not value added tax payers shall be specified separately.

4. Invoice issued in accordance with the specified requirements shall be a basis for taking the value added tax as an offset by the party being a customer under the freight forwarding agreement.

Article 265. Issue of Additional Invoices

1. The supplier shall issue an additional invoice in the following cases:

1) adjustment of the taxable turnover amount in accordance with Article 239 of this Code;

2) concurrent compliance with the following conditions:

an invoice is issued by the supplier of goods, work, and services in cases stipulated by Article 263 of this Code, prior to the effective date of sales turnover, and specifies the amount of value-added tax assessed at the tax rate applicable as at the date of such invoice issue;

the value-added tax rate applicable as at the date of invoice issue is different from the tax rate applicable as at the effective date of sales turnover under such invoice.

2. An additional invoice shall:

1) comply with the requirements set forth in Article 263 of this Code with respect to the issue of invoices;

2) contain the following information:

note specifying that the invoice is additional;

sequence number and date of issue of the additional invoice;

sequence number and date of issue of the invoice, to which the additional invoice is issued;

in the case established by subparagraph 1) of paragraph 1 of this Article – the adjustment of the taxable turnover amount, and the difference between the value-added tax amount specified in the previously issued invoice, and the value –added tax amount as at the date of additional invoice issue;

in the case established by subparagraph 2) of paragraph 1 of this Article – the value-added tax rate applicable as at the date of the additional invoice issue, and the value-added tax amount as at the date of additional invoice issue;

3. An additional invoice shall be issued:

1) in the case as set forth in subparagraph 1) of paragraph 1 of this Article – no sooner than the date of occurrence of the events specified in Article 239 of this Code, and no later than:

seven calendar days after the date of occurrence of the events specified in Article 239 of this Code – in case of issue in hard copy;

fifteen calendar days after the date of occurrence of the events specified in Article 239 of this Code – in case of issue in electronic form;

2) in the case as set forth in subparagraph 2) of paragraph 1 of this Article – within a month after putting the law providing for the tax rate amendment into execution.

4. With respect to an additional invoice issued in hard copy, either of the following acknowledgements of receipt of such invoice by the recipient of goods, work, and services shall be required:

certification by the recipient of goods, work, and services of such invoice by signatures and seal in accordance with paragraph 8 of Article 263 of this Code;

or

sending by the supplier of goods, work, and services of such invoice to the address of the recipient of goods, work, and services by registered mail, and availability of the notice of its receipt;

or

availability of the letter from the recipient of goods, work, and services acknowledging the receipt of such invoice and bearing the signature and seal:

for legal entities – specifying the name and legal form of the legal entity, where such entity is obliged to have a seal pursuant to the legislation of the Republic of Kazakhstan;

for individual entrepreneurs – if the seal is available, specifying the surname, name, patronymic (if any) and (or) trade name of the individual entrepreneur.

CHAPTER 36. THE PROCEDURE FOR THE ASSESSMENT AND PAYMENT OF TAX

Article 266. Assessment of Value Added Tax

The amount of the value added tax shall be assessed as a difference between the amount of the value added tax accrued on the taxable turnovers in accordance with Article 268 of this Code, and the tax to be recognized as offset in accordance with Article 256 of this Code. For this purpose:

1) the positive difference shall be the amount of the tax to be paid to the budget according to the procedure established by this Code ;

2) the positive difference shall be an excess of the value added tax to be taken as an offset over the amount of the accrued tax.

Article 267. The Procedure for the Payment of Value-Added Tax in Certain Cases

1. Legal entities engaged in the processing agricultural raw materials shall have the right to pay the value added tax according to the procedure set forth in paragraph 3 of this Article.

2. For the purpose of this Article the legal entities engaged in the processing agricultural raw materials shall include legal entities meeting all the following conditions:

1) not less than 90 per cent of their aggregate annual income is income receivable (received) as a result of carrying on the following types of business, except for business in the sphere of public catering:

production of meat and meat products;
processing and canning of fruit and vegetables;
production of vegetable and animal oils and fats;
processing of milk and production of cheese;
production of flour and cereal industry products;
production of ready fodder for animals;
production of bread;
production of baby foods and dietetic nourishments;
production of starch and molasses industry;
processing of livestock skins and wool.

Definition of activities for the purposes of subpar 1) of this paragraph application shall be provided in compliance with Unified Classifier of economical activity types approved by state body authorized at the area of technical regulation;

2) do not use special tax regimes, except for the special tax regime for small businesses;

3) do not carry on business of production, processing and marketing excisable goods.

3. For the purpose of assessment of the value added tax to be paid to the budget in accordance with this Article:

1) if there is no excess value added tax formed as progressive total on the beginning of the reporting tax period to be taken as an offset over the amount of the accrued tax (hereinafter referred to as the “excess value added tax”) – the value added tax amount assessed in accordance with Article 266 of this Code that shall be paid to the budget shall be reduces by 70 per cent;

2) if there is an opening progressive total excess value added tax – the reduction by 70 per cent shall be applied to the excess value added tax assessed in accordance with Article 266 of this Code to be paid to the budget over the excess value added tax formed as progressive total on the beginning of the reporting tax period.

3-1. If a decision has been made to apply this Article, the legal entity engaged in the processing agricultural raw materials must apply the provisions of this Article to all the tax periods in a calendar year.

4. The following entities shall pay value-added tax in the procedure established by paragraph 3 of this Article:

1) legal entities being manufacturers of agricultural products, aquaculture (fishery) products with respect to the following activities:

manufacture of agricultural products, aquaculture (fishery) products using land plots, processing and sale of the said in-house products;

manufacture of livestock, poultry (in particular, breeding), bee keeping, and aquaculture (fishery) products, as well as processing and sale of the said in-house products;

2) rural consumer cooperatives with respect to the following activities:

sale of agricultural products, aquaculture (fishery) products manufactured by peasant economies and farming enterprises being members of (shareholders in) such cooperatives;

processing of agricultural products, aquaculture (fishery) products manufactured by peasant economies and farming enterprises being members of (shareholders in) such cooperatives, and sale of goods being the results of processing of such products.

5. The total annual income which is applied for the purposes of this article shall be assessed:

1) in accordance with section 4 hereof without allowance for the adjustment of the total annual income provided for by Article 99 of this Code;

2) for the current tax period to be determined in accordance with Article 148 of this Code.

6. If on the basis of the results of the current tax period, the conditions established by paragraph 2 subparagraph 1) of this article, are not met, the taxpayer must:

1) assess the value-added tax in accordance with the procedure established by Article 266 of this Code without application of the provision established by paragraph 3 of this article;

2) within ten calendar days following the period set for submission of corporate income tax, the taxpayer shall provide an additional tax account on the value-added tax in accordance with Article 70 of this Code for the tax periods in which the value-added tax is subject to assessment in accordance with Article 266 of this Code without application of the provision established by paragraph 3 of this Article.

Article 268. Rates of Value-Added Tax

1. Unless otherwise established by this Article, the rate of value-added tax shall be 12 percent and it shall be applied to amounts of taxable turnover and taxable import.

2. Turnover relating to selling goods, work, services specified in Articles 242–245 of this Code, shall be subject to value-added tax at a zero rate.

In the case of failure to confirm in accordance with Articles 243–245 of this Code, turnovers from sales of goods and services which are taxed at a zero rate, said turnover from sales of goods and service shall be subject to value-added tax in accordance with the rate specified in paragraph 1 of this Article.

3. In the event that goods are imported to the territory of the Republic of Kazakhstan for personal use to be moved across the customs border of the Customs union by individuals in accordance with the procedure and terms and conditions established by the customs legislation of the Customs union and/or the Republic of Kazakhstan, the value-added tax shall be paid by payment of customs duties and taxes at the uniform rates of the customs duties and taxes or in the form of an aggregate customs payment.

The amounts and procedure for payment of the uniform rates of customs duties and taxes, as well as the aggregate customs payment are established by the customs legislation of the Customs union and/or the Republic of Kazakhstan.

4. In case of deregistration from value-added tax to the amount of the taxcable turnover, determined in accordance with paragraph 2 of Article 238 of the Code, the tax rate on value-added tax shall be applied:

1) on inventories – valid as at the date of deregistration of a person from value-added tax registry;

2) on fixed assets, intangible and biological assets, property investments – valid as at the date of their acquisition.

Article 269. Tax Period

Calendar quarter shall be recognised as tax period for value-added tax.

Article 270. Tax Declarations

1. A value-added tax payer shall be obliged to present the value-added tax declaration to the Tax Authority in the place of location for each tax period not later than the 15th day of the second month following a reporting tax period, unless otherwise established by this Article.

The responsibility for submission of the value-added tax return shall not apply to the persons specified in Article 228 paragraph 1 subparagraph 2) of this Code, who was not registered as value-added tax payers.

In cases that are provided for by paragraph 3 of Article 271-1 of the Code the operator shall submit the consolidated value-added tax return for the contract activity regarding all members of a simple partnership (consortium).

2. Unless otherwise provided for by *Article 68 this of this Code and this paragraph,* registers of invoices for goods, works, services purchased and sold during tax period shall be presented along with the declaration as an appendix to the declaration. Forms of registers of invoices for purchased and sold goods, works and services shall be established by the Government of the Republic of Kazakhstan.

Number of cells for indication of invoice number shall not be limited when presenting in electronic format of:

1) register of invoices (documents for release of goods from state material reserve) for purchased goods, works, services during the reporting tax period;

2) register of invoices for sold goods, works, services during the reporting tax period.

Registers of invoices for goods, works and services purchased and sold during the tax period shall reflect invoices issued in hard copy and in electronic form.

If a value added tax payer:

issues only electronic invoices during a tax period, the register of invoices for the goods, works, and services sold during the tax period shall not be submitted to the tax authorities;

receives only electronic invoices during a tax period, the register of invoices for the goods, works, and services purchased during the tax period shall not be submitted to the tax authorities.

3) In the cases specified by subparagraph 11) of paragraph 2 of Article 256 of this Code, the state material reserves department of the authorized civil protection body shall submit the register of issued documents for the release of goods from the state material reserve in the procedure, within the time limit and in the form as established by the authorized body.

3. In the cases specified by subparagraph 11) of paragraph 2 of Article 256 of this Code, the department of the authorized body in charge of the state material reserve shall submit the register of issued documents for the release of goods from the state material reserve in the procedure, within the time limit and in the form as established by the authorized body.

4. A taxpayer, which was removed from the value-added tax registry upon the decision of the Tax Service Authority, in cases proided for by paragraph 4 of Article 571 of the Code, shall be obliged to file the liquidation declaration on valu-added tax at its location to the Tax Service Authority not later than on the 15th day of the second month that follows a tax reporting period, in which such deregistration was performed. The liquidation declaration shall be formed during the period from the beginning of a tax reporting period, in which a taxpayer was deregistered, till the date of his deregistration.

Article 271. Timing for Payment of Value-Added Tax

1. Unless otherwise provided for by this Article, value added tax payer shall be obliged to pay the tax due to the budget at the place of location for each tax period on or before the 25th day of the second month following the reporting tax period.

1-1. If a value-added tax payer is deregistered as a value-added tax payer in accordance with Article 571 paragraphs 1 and 4 of this Code the value-added tax amount stated in the liquidation declaration on the value-added tax, shall be paid at the place of location of the value-added tax payer within ten calendar days from the date of submission of such returns to the tax authority.

If the date for payment of value-added tax stated in the value-added tax return submitted for the tax period preceding the tax period for which a liquidation declaration on such tax is submitted shall occur after the expiration of the period specified in the first part of this paragraph, the tax shall be paid within ten calendar days from the date of submission of the liquidation declaration to the tax authority.

2. Value-added tax on imported goods shall be paid on the day to be determined by the customs legislation of the Republic of Kazakhstan for effecting customs payments.

At the same time, the time limit for payment of value-added tax on imported goods being under the customs procedure of release for domestic consumption shall be altered in accordance with Article 51-3 of this Code.

Статья 271-1. Special considerations in fulfillment of tax obligations on the value-added tax by subsurface users carrying out activity under the products sharing agreement (contract) as members of a simple partnership (consortium)

1. Tax obligation for compiling and submission of tax forms on value-added tax within the activity framework, under the products sharing agreement (contract) shall be fulfilled:

by each member of a simple partnership in respect of the tax share of value-added tax that is attributable to the specified member;

or by the operator cumulatively on the activity performed within the framework of the products sharing agreement (contract), provided that the operator is authorizied for the fulfillment of such tax obligation under the products sharing agreement (contract).

2. When fulfilling tax obligation on compiling and submission of tax forms on value-added tax by each member of a simple partnership (consortium):

invoices on sales (purchase) of goods, works, services shall be issued pursuant to the requirements of Article 235 of the Code;

value-added tax return and register of invoices, that constitute a part of declaration, shall be filed by each member of a simple partnership (consortium) with respect to the share of such member;

calculated, assessed (reduced), transferred and paid (inclusive of offset and refunded) tax amounts shall be specified in the account of each member of a simple partnership with respect to the share of such person;

the excess in the value-added tax shall be refunded to a member of a simple partnership (consotrium) after the submission of declaration;

the procedure for tax administration, including the delivery of an injunction, notice and act of tax inspection, shall be applied in respect to every member of a simple partnership (consortium) in the procedure established by the Code.

3. When fulfilling tax obligation on compiling and submission of tax forms on value-added tax by the operator cumulatively on activity performed under the products sharing agreement (contract):

invoices on sales (purchase) of goods, works, services shall be issued in accordance with the generally established procedure pursuant to the requirements of Article 263 of the Code with indication of the operator's details;

value-added tax return and registers of the invoices that are supplements to the declaration shall be submitted by the operator cumulatively on activity performed under the products sharing agreement (contract);

calculated, assessed (reduced), transferred and paid (inclusive of offset and refunded) tax amounts on value-added tax shall be specified in the account of an operator;

refunding of the value-added tax excess shall be performed to an operator;

the procedure for tax administration, including the delivery of injunction, notice and act of tax inspection shall be applied in respect to the operator in accordance with the procedure established by the Code for taxpayers (tax agents), and herewith, the specified documents shall be considered as delivered to every member of a simple partnership (consortium) as to a taxpayer under the products sharing agreement.

4. The adopted method of fulfillment of tax obligation on compiling and submission of value-added tax forms under this Article shall be specified in the tax accounting policy and remain unaltered until the expiration of the products sharing agreement (contract).

CHAPTER 37. RELATIONS WITH THE BUDGET WITH REGARD TO VALUE-ADDED TAX

Article 272. Refund of Value-Added Tax

1. Unless otherwise specified by this Chapter, the following shall be refunded to taxpayers from the budget:

1) the excess of the value-added tax amount to be offset over the amount of tax assessed, calculated based on the declaration as progressive total as at the end of the reporting period (hereinafter – excess value-added tax) in the procedure established by Articles 273 and 274 of this Code.

When calculating excess value-added tax specified in this subparagraph, the amount of value-added tax under invoices issued by a procurement organization operating in the agribusiness industry shall not be included in the amount of value-added tax to be offset.

2) value-added tax paid to suppliers of goods, work, services that were purchased at the expense of funds of a grant in accordance with the procedure established by Article 275 of this Code;

3) value-added tax paid by diplomatic representations of foreign states, consular institutions of foreign states and those equated to them, which are accredited in the Republic of Kazakhstan, and by persons who are recognised as diplomatic and administrative-technical personnel of these representatives, including their family members residing with them, consular officials, consular employees, including their family members, residing with them, to suppliers of goods, work, services purchased in the territory of the Republic of Kazakhstan, in accordance with the procedure established by Article 276 of this Code;

4) excess amounts of value-added tax paid to the budget in accordance with the procedure established by Articles 599 and 602 of this Code.

2. Excess value-added tax specified in the first part of subparagraph 1) of paragraph 1 of this Article, relating to goods, work, services purchased prior to the 1st January 2009, except for excess that emerged in relation to purchase of goods, work, services that are or will be used for the purposes of turnovers taxable at a zero rate, shall not be refunded from the budget.

Excess value-added tax which is not subject to refund from the budget in accordance with this paragraph, shall be credited towards forthcoming payments of value-added tax. Offset shall not be carried out towards payment of value-added tax due on import, and that specified in Article 241 of this Code.

3. For zero-rated turnovers the amount of value added tax to be taken as offset in excess of the amount of the accrued tax as has been formed in declaration by progressive total at the end of the accounting tax period shall be refunded, provided that all the following conditions are met:

1) the VAT payer sales constantly zero-rated goods, works, and services;

2) the turnover from sales taxable at a zero rate for a tax period in which turnovers taxable at a zero rate were carried out and in relation to which a statement of claim of refund of excess value-added tax is specified in the declaration was at least 70 per cent in the total taxable turnover of sales.

The provisions of this Article shall not apply to the taxpayers entitled to apply the simplified procedure for refund of the VAT paid in excess as provided for by Article 274 of this Code.

3-1. Where excess value-added tax is accumulated on goods, work, and services purchased by a taxpayer in connection with the construction of production buildings and structures being put into operation in the territory of the Republic of Kazakhstan for the first time, the refund to such taxpayer of the amount of excess value added tax accumulated over the construction period shall be performed within twenty tax periods in equal portions starting from the tax period, in which the fairness of the accumulated amount of excess value-added tax reclaimed was verified.

For the purpose of this Article, production buildings shall include:

1) industrial buildings and warehouses;

2) buildings for transport and communications;

3) non-residential agricultural buildings.

For the purpose of this Article, industrial structures shall include structures, except for those designated for sports and leisure, administrative purposes, car parking, as well as cultural and entertainment, hotel and restaurant facilities.

Production buildings and structures shall be recognized as buildings and structures specified in parts two and three of this paragraph in accordance with the classification established by the state authorized body in charge of the technical regulation.

The provisions of part one of this paragraph shall also apply in case of turnkey construction in accordance with the legislation of the Republic of Kazakhstan.

For this purpose, the construction period shall mean the period of time between the construction start and the date of commissioning of buildings and structures.

For the purpose of this Article, the construction start shall be the earliest of the following dates:

1) the date of construction contract (agreement) award;

2) the date of design work contract (agreement) award.

The provisions of this paragraph shall apply to the extent that the following conditions are concurrently met:

1) a taxpayer is an organization operating in the territory of a special economic zone, or a newly established organization implementing a priority investment project;

2) the construction is implemented based on a long-term agreement specified in paragraph 1 of Article 130-1 of this Code;

3) buildings and structures are recognized as fixed assets;

4) buildings and structures are accepted for operation by the state acceptance committee or acceptance committee.

The provisions of this paragraph shall not apply in case of refund of the excess amount of value-added tax to taxpayers, to which such refund is to be performed in the procedure established by paragraph 3 and (or) part five of subparagraph 1) of paragraph 1 of this Article, as well as to those entitled to apply the simplified procedure of the excess value-added tax refund as specified in Article 274 of this Code.

The claim to refund excess value-added tax as set forth in this paragraph shall be specified by a taxpayer in the regular value-added tax declaration for tax periods following the date of commissioning of buildings and structures considering the provisions of Article 46 of this Code.

4. {~}.

5. The rules for refund of an overpaid amount of value-added tax shall be approved by the Government of the Republic of Kazakhstan.

Article 273. Refund of Excess Value-Added Tax

1. Refunds of excess value-added tax shall be made to taxpayers as follows:

1) in accordance with the procedure and time which are established by this Article, unless otherwise established by Article 274 of this Code;

2) on the basis of the taxpayer's refund claim as specified in the value-added tax declaration for the tax period.

2. Where a value-added tax payer failed to specify the refund claim of excess value-added tax in the value-added tax declaration for a tax period, such excess shall be credited towards forthcoming value-added tax payments or may be claimed for refund.

In that case the value-added tax payer shall have the right to refund of excess value-added tax, which has formed after January 1, 2009, during the period of the statute of limitations as established by Article 46 of this Code.

3. Unless otherwise specified in paragraph 4 of this Article and Article 274 of this Code, the refund of the excess amount of value-added tax verified by the tax audit results shall be performed within one hundred and eighty calendar days from the last date, as per this Code (considering the extension period), for submission to the tax authority of the value-added tax declaration for the tax period specifying the claim for refund of excess value-added tax.

For the purposes of this paragraph, the following shall be recognised as reasons for refund of value-added tax:

1) tax audit report verifying the fairness of the value-added tax amount reclaimed considering the results of such report appeal (when appealed by a taxpayer);

2) resolution on the tax audit report, as formulated in the case specified by paragraph 10 of Article 635 of this Code;

3) {~}.

4. Refunds to value-added tax payers that carry out turnovers taxed at the zero rate, the share of which is at least 70 percent of the total taxable sales turnover for the tax period, except for those specified in paragraph 2 of Article 274 of this Code, shall be performed within sixty working days from the last date, as per this Code (considering the extension period), for submission to the tax authority of the value-added tax declaration for the tax period specifying the claim for refund of excess value-added tax.

For the purposes of this paragraph, the following shall be recognised as reasons for refund of value-added tax:

1) tax audit report verifying the fairness of the value-added tax amount reclaimed considering the results of such report appeal (when appealed by a taxpayer);

2) {~};

3) resolution on the tax audit report as formulated in the case specified by paragraph 10 of Article 635 of this Code.

5. Refund of excess value-added tax shall not be carried out to the following:

1) taxpayer who carries out settlements with the budget in accordance with the special tax regimes which are established for the following:

small businesses;

peasant or farmer holdings;

legal persons who are producers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives;

2) taxpayer for the tax periods, to which the taxpayer applied the provisions of Article 267 and subparagraph 18) of paragraph 3 of Article 231 of this Code.

6. Excess value-added tax which is subject to refund from the budget, shall be refunded to the taxpayer in accordance with the procedure established by Article 603 of this Code.

Excess value-added tax which is not subject to refund from the budget, shall be offset towards forthcoming payments of value-added tax. Offset shall not be carried out towards payments of value-added tax due on import, as well as that specified by Article 241 of this Code.

7. Amount of excess of value-added tax for which the taxpayer specified a value-added tax refund claim in the declaration, refunded from the budget and not confirmed in the course of conducting a documentary tax audit, shall be paid to the budget by the taxpayer on the basis of a notice on the results of the tax audit.

If refund of excess value-added tax to the taxpayer was previously made with the assessment and transfer of penalty in accordance with paragraph 4 of Article 603 of this Code in favour of that taxpayer, penalty previously transferred to the taxpayer and relating to the refunded amount of excess value-added tax not confirmed by the tax audit, shall be paid to the budget on the basis of a notice on the results of the tax audit.

8. Amounts specified in paragraph 7 of this Article shall be subject to payment to the budget with the assessment of penalty in an amount specified in paragraph 4 of Article 603 of this Code, for each day after the date of the transfer to the taxpayer of those amounts.

Article 274. The Simple Procedure for Refund of Excess Value-Added Tax

1. The simple procedure for refund of excess value-added tax shall consist in making refunds of value-added tax without prior tax audit.

2. The following value-added tax payers shall have the right to apply the simplified procedure for refund of excess value-added tax, having submitted value-added tax declarations by specifying the refund claim of excess value-added tax:

1) being monitored as major taxpayers for at least twelve consecutive months and not having any unfulfilled tax liabilities on submitting tax reports as at the date of filing the value-added tax declaration specifying the claim for refund of excess value-added tax.

In the event of reorganization by spin-off, demerger, or transformation of a major taxpayer subject to monitoring meeting the requirements specified in this subparagraph, the right to apply the simplified procedure for refund of excess value-added tax shall be transferred to the legal successor (successors) of the reorganized entity.

Unless otherwise provided for in this subparagraph, in the event of reorganization by merger or acquisition of major taxpayers subject to monitoring meeting the requirements specified in this subparagraph, the right to apply the simplified procedure for refund of excess value-added tax shall be transferred to the legal successor, provided that all legal entities being reorganized by merger or acquisition have been major taxpayers subject to monitoring prior to the reorganization.

In the event of reorganization of a legal entity being a major taxpayer subject to monitoring by merger or acquisition pursuant to the resolution of the Government of the Republic of Kazakhstan, the right to apply the simplified procedure for refund of excess value-added tax shall be transferred to its legal successor.

The provisions of part four of this subparagraph shall apply to the extent that the following conditions are concurrently met:

one of legal entities being reorganized by merger and (or) acquisition is a major taxpayer subject to monitoring and meets the requirements set forth in part one of this subparagraph;

the controlling interest in one of legal entities being reorganized by merger or acquisition is owned by the national management holding as at the reorganization date.

The right to apply the simplified procedure for refund of excess value-added tax with respect to the legal successor (legal successors) as specified in the second, third and fourth parts of this subparagraph, shall be effective until a new list of major taxpayers subject to monitoring comes into force.

In such case, the simplified procedure for refund shall be applied to excess value-added tax in the amount not exceeding 70 percent of the excess amount of value-added tax accumulated over the reporting tax period;

1-1) autonomous educational organizations specified in Article 135-1 paragraph 1 of this Code having no outstanding tax obligation to provide tax reports on the date of submission of VAT return containing the claim for refund of the excess amount of the value added tax;

2) {~};

3) persons that have not been included into the category of taxpayers not entitled to apply the simplified procedure specified by this Article as a result of the risk management system application.

3. Refund of excess value-added tax in accordance with the simple procedure shall be carried out within the following periods:

1) within fifteen working days from the last date established by this Code (subject to periods of extension) for the submission the tax authority of value-added tax declarations for the tax period, which presents the claim of excess value-added tax by a value-added tax payer specified in sub-paragraphs 1) and 1-1) of paragraph 2 of this Article;

2) {~};

3) within thirty working days after the date of submission to the tax authority of the value-added tax declaration for a tax period in which excess value-added tax refund claim is made, – to value-added tax payers specified in subparagraph 3) of paragraph 2 of this Article.

Article 275. Refund of Value-Added Tax Paid in Relation to Goods, Work, Services Purchased at the Expense of Grant Funds

1. Refund of value-added tax paid on goods, work, services purchased at the expense of funds of a grant shall be carried out as follows:

1) to a recipient of the grant who is a state authority which is a beneficiary in accordance with an international agreement for providing the Republic of Kazakhstan with a grant and who appoints a contractor, unless otherwise specified in said international agreement of the Republic of Kazakhstan;

2) to a contractor who is a person appointed by the grant recipient for the purpose of its implementation (henceforth – contractor).

2. Refund of value-added tax specified in paragraph 1 of this Article, that was paid to suppliers of goods, work, services purchased at the expense of funds of a grant, shall be carried out by the tax authorities within thirty working days after the date of filing a tax application for refund of value-added tax paid on goods, work, services purchased at the expense of grant funds, provided the following conditions are observed simultaneously:

1) a grant at the expense of which the goods, work, services are purchased is provided between states, governments of the states, international organisations;

2) goods, work, services are purchased exclusively for the purposes for which the grant is provided;

3) selling goods, performance of work, rendering of services is carried out in accordance with an agreement (contract) concluded with the recipient of the grant or with the contractor appointed by the recipient of the grant for the purpose of implementation of the grant.

3. Refund of value-added tax in accordance with this Article shall be to the recipients or contractors of the grant in accordance with the procedure specified in Articles 599, 604 of this Code, on the basis of documents confirming payments of value-added tax out of grant funds.

4. The following documents shall be submitted to the tax authority in the place of location by the grant recipient or the contractor for refund of value-added tax in accordance with this Article, in addition to a tax application for refund of value-added tax paid on goods, work, services which are purchased at the expense of such grant:

1) copy agreement on providing a grant between the Republic of Kazakhstan and the foreign country, government of the foreign country, or international organisation, included into the list approved by the Republic of Kazakhstan Government;

2) copy agreement (contract) concluded by the grant recipient or the contractor with the supplier of the goods, work, services;

3) copy document confirming the appointment of the contractor as such, in the case of a contractor's petitioning with the application for value-added tax refund;

4) documents confirming shipment and receipt of goods, work, services;

5) invoice issued by the supplier who is a value-added tax payer, showing amounts of value-added tax in a separate line;

6) way-bill, transportation way-bill;

7) document confirming receipt of goods by the official in charge of the grant recipient or contractor;

8) protocols on completion and acceptance by the grant recipient or contractor of work, services, formulated in accordance with the established procedure;

9) documents confirming payments for the goods, work, services received in particular payment of value-added tax.

Refunds of value-added tax specified in this Article, shall also be made to grant recipients who are not payers of value-added tax.

Article 276. Refund of value-added tax to diplomatic representations of foreign states, consular institutions of a foreign state and representations equated to those, accredited in the Republic of Kazakhstan, and their personnel

1. Refunds of value-added tax shall be made to diplomatic representations of foreign states, consular institutions of a foreign state and representations equated to those, which are accredited in the Republic of Kazakhstan (henceforth – representations), and to persons who are recognised as diplomatic, administrative-technical personnel, including their family members who reside with them, consular officials, consular employees, including their family members residing with them (personnel of these representations), for goods purchased, work performed, services rendered in the territory of the Republic of Kazakhstan on the condition that such refunds are provided for by the international agreements of which the Republic of Kazakhstan is a signatory, or by documents confirming the principle of reciprocity when granting privileges relating to value-added tax.

Refunds of value-added tax shall be carried out by the tax authorities in the place of location of the representations which are included into the list approved by the Ministry of Foreign Affairs of the Republic of Kazakhstan.

2. Restrictions may be established with regard to amounts and conditions of value-added tax refunds for certain representations, based upon the reciprocity principle.

The list of representations for which restrictions are established with regard to value-added tax refunds, shall be approved by the Ministry of Foreign Affairs of the Republic of Kazakhstan in coordination with the authorised state body.

3. Unless otherwise specified by paragraph 2 of this Article, refunds of value-added tax to representations shall be made on the condition that total purchased goods, work performed, services rendered, including value-added tax in each individual invoice issued in accordance with the procedure established by this Code and documents confirming the facts of payments, is equal or exceeds 8-times monthly assessment index as established by the law concerning the republic's budget and acting at the date of invoice issue.

Restrictions established by this paragraph shall not apply to payments for communications services, electric energy, water, gas and other utilities.

4. The tax authorities shall carry out refunds of value-added tax on the basis of consolidated spreadsheets (registers) compiled by representations and copy documents confirming payments of value-added tax (invoices issued in accordance with the procedure established by this Code, documents confirming facts of payments).

Copies of accreditation documents issued by the Ministry of Foreign Affairs of the Republic of Kazakhstan shall be submitted with regard to personnel members of representations.

Consolidated spreadsheets (registers) on purchased goods, work performed, services rendered in the reporting quarter, shall be compiled by representations quarterly on paper in accordance with the form established by the authorised body, certified with the seal and signed by the chief executive or another appropriately authorised official person of the representation.

Consolidated spreadsheets (registers) compiled by missions shall be transferred to the organization for work with diplomatic missions of the Ministry of Foreign Affairs of the Republic of Kazakhstan with copies of documents confirming payment of value added tax enclosed (invoices issued in accordance with the procedure established by this Code, documents confirming actual payment), within a month following the accounting quarter, except for cases of expiration of the period of staying of a mission staff member(s) in the Republic of Kazakhstan.

5. Upon confirmation of the principle of mutuality, the organization for work with diplomatic missions of the Ministry of Foreign Affairs of the Republic of Kazakhstan shall transfer consolidated spreadsheets (registers) with copies of documents confirming payment of value added tax enclosed (invoices issued in accordance with the procedure established by this Code, documents confirming actual payment) together with a covering document to the tax authority for the location of the missions accredited in the Republic of Kazakhstan.

6. Tax authorities shall refund the value added tax to the missions within thirty business days upon receipt of the consolidated spreadsheets (registers) and documents confirming payment of value added tax with written notification from the organization for work with diplomatic missions of the Ministry of Foreign Affairs of the Republic of Kazakhstan.

Having verified Upon verification of the consolidated spreadsheets (registers) and documents confirming payment of value added tax the tax authorities shall notify the organization for work with diplomatic missions of the Ministry of Foreign Affairs of the Republic of Kazakhstan about refund and/or rejection of refund of value added tax.

In case of rejection of refund of the value added tax amount the tax authorities shall specify the violations and the respective documents.

7. In the case of finding violations in documents submitted by representations, in particular, not showing amounts of value-added tax in a separate line, the tax authorities shall carry out cross audits of the suppliers of the goods, work, services.

If within the period of refund as established by paragraph 6 of this Article, violations found in the course of conducting a cross audit are not eliminated, refund of value-added tax shall be carried out within amounts on which violations were not found or eliminated.

If violations are eliminated after completing a cross audit, the refund of value-added tax shall be carried out on the basis of submitted additional consolidated spread-sheet (register) by attaching copy documents confirming payments of value-added tax (invoices issued in accordance with the procedure established by this Code, documents confirming facts of payments).

Total value-added tax not claimed for refund for a quarter in which the goods were purchased, work performed, services furnished, may be claimed by representations for refund on the basis of submitted consolidated spread-sheet (register) by attaching copy documents confirming payment of value-added tax (invoices issued in accordance with the procedure established by this Code, documents confirming the fact of payments).

8. The documents which are forwarded by representations to tax authorities shall be in the Kazakh and (or) Russian language.

Where certain documents are in foreign languages, a translation into the state and (or) Russian language certified by the seal of the representation, shall be presented.

9. Refund of value-added tax shall be carried out by the tax authorities into appropriate accounts of the representations and (or) personnel of the representations, opened in the banks of the Republic of Kazakhstan in accordance with the procedure established by the Republic of Kazakhstan legislation.

CHAPTER 37-1. SPECIAL CONSIDERATIONS IN ASSESSMENTS OF VALUE-ADDED TAX IN CASE OF EXPORT AND IMPORT OF GOODS, PERFORMANCE OF WORKS, RENDERING SERVICES IN THE CUSTOM UNION

Article 276-1. Generel provisions

1. The provisions of this Chapter are established on the basis of international agreements, signed between states – members of the Custom Union, and regulate taxation in respect of value-added tax in case of export and import of goods, performance of works and rendering services, and also its tax administration in the mutual trade of states – members of the Custom Union.

In the event that this Chapter provides for other norms in respect to value-added tax in case of export and import of goods, performance of works, rendering services and its tax administration than the norms specified in other Chapters of the Code, the norms of this Chapter shall be applicable.

Issues that are not settled by this Chapter regarding taxation of value-added tax in case of export and import of goods, performance of works, rendering services and its tax administration, shal be regulated by other Chapters of the Code and also by legislative acts on introduction into effect of the Code.

Definitions used in this Chapter are provided for by the ratified by the Republic of Kazakhstan agreements signed between the states – members of the Custom Union.

In case that ratified by the Republic of Kazakhstan agreements signed between the states – members of the Custom Union do not provide for definitions used in this Chapter, the definitions specified in the corresponding Articles of the Code, civil and other departments of legislation of the Republic of Kazakhstan shall be applicable.

Collection of value-added tax on goods imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union, shall be performed *by the tax authorities* at the rate, established by paragraph 1 of Article 268 of the Code, that shall be applicable to the amount of taxable import.

The tax control for fulfillment of tax obligation on value-added tax in case of export and import of goods, performance of works, rendering services in the mutual trade of states – members of the Custom Union shall be *tax authorities* performed on the basis of the tax reports filed by a taxpayer, and on the basis of information and (or) documents received from officials and other persons regarding the taxpayer's activity.

For the purpose of this Chapter the cost of goods, works, services in foreign currency shall be translated into KZT at the market exchange rate as at the date of turnover from sales of goods, works, services and taxable import.

2. For the purpose of this Chapter the transfer of property (lease item) under the lease agreement for the term of over three years shall be recognized as leasing, in case it meets one of the following conditions:

1) transfer of property (lease item) into the ownership of a lessee at the fixed rate is established by the lease agreement;

2) the term of lease shall exceed seventy five percent of the usefull life term of the trasfered property (lease item) by way of leasing;

3) current (discounted) cost of lease payment for the whole term of lease shall exceed ninety percent of the cost of transferred property (lease item) by way of leasing.

For the purposes of this Chapter such transfer shall be considered as sale of property (lease item) by a lessor and purchase of the property (lease item) by the lessee. In this case the lessee shall be considered as the owner the of the lease item, and lease payments – as payments of a loan, granted to a lessee, with respect to the goods value.

For the purposes of this Chapter under the term lease payment shall be understood a part of cost of goods (lease item) inclusive of interest, provided for by the lease agreement (contract).

For the purpose of the Chapter leasing transactions in cases of non-observance of the above specified conditions or in case of termination of the lease agreement thereon (discharge under the lease agreement) within three years from the date on which such agreements were signed shall not be recognized as leasing.

For the purpose of this Chapter interest under the lease agreement shall be understood all payments related to the transfer of property (lease item) into leasing, exclusive of the cost at which such property (subject of leasing) was acquired (transferred), payments to a person who is not a lessor to the lessee by an interrelated party.

Article 276-2. Value-added tax payers in the Custom Union

Value-added tax payers within the Custom Union shall be:

1) persons indicated in subparagraph 1) of paragraph 1 of Article 228 of the Code;

2) persons importing goods to the territory of the Republic of Kazakhstan from the territory of states – members of the Custom Union:

non-resident legal entity;

structural subdivision of a resident legal entity if it is a party to the agreement (contract);

structural subdivision of a resident legal entity on the basis of the appropriate decision of such legal entity, in case that under the terms and conditions of the agreement (contract) between a resident legal entity and a taxpayer of the state – member of the Custom Union the recipient of goods is a structural subdivision of a resident legal entity on the basis of the appropriate decision of such legal entity;

non-resident legal entity, which performs activity through a permanent establishment without opening of an affiliate, representation, registered as a taxpayer in the Tax authoritiesof the Republic of Kazakhstan;

non-resident legal entity, performs activity through an affiliate, representation in the Republic of Kazakhstan;

non-resident legal entity, which performs activity without setting up a permanent establishment;

trust managers, which import goods within the framework of activity performance under the trust agreement with the thrustors or beneficiaries in other cases when such trust management emerges;

diplomatic or equated to it representation of a foreign state, accredited in the Republic of Kazakhstan, persons related to diplomatic, administrative and technical staff of such represetations, including their family members residing with them; consular institution of a foreign state accredited in the Republic of Kazakhstan, consular officials, consular employees, including their family members residing with them;

private notaries, private officers of justice, lawyers importing goods in order to perform notary activities, activities connected with execution of warrants, or lawyer's activity;

mediators importing goods in order to carry out mediator's activities;

natural person importing goods for the purpose of entrepreneurial activity in accordance with the legislation of the Republic of Kazakhstan;

natural person importing vehicles, which are subject to state registration with the governmental agencies of the Republic of Kazakhstan.

Article 276-3. Taxable items, definition of the taxable turnover

Unless otherwise provided by Article 276-4 of the Code, taxable items that are subject to value-added tax within the Custom Union, and taxable turnover shall be determined under Articles 229, 230, 241 of the Code.

Article 276-4. Definition of the taxable on sales of goods, works, services and taxable import in the Custom Union

1. The turnover from sales of goods shall be the export of goods from the territory of the Republic of Kazakhstan to the territory of another state – member of the Custom Union.

2. The turnover from sales of works, services within the Custom Union shall be turnovers in accordance with paragraph 2 Article 231 of the Code, in case that under paragraph 2 of Article 276-5 of the Code the Republic of Kazakhstan is recognized as a place of sale.

3. The taxable import shall be:

1) goods, imported (being imported) to the territory of the Republic of Kazakhstan (except for those exempt from value-added tax under paragraph 2 of Article 276-15 of the Code).

Provisions of this subparagraph shall apply also in relation to imported vehicles that are subject to state registration with the governmental agencies of the Republic of Kazakhstan;

2) goods that are products of processing customer's raw materials, imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union.

4. The following shall not be deemed taxable import:

1) temporary importation of goods into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union, which will further be exported from the territory of the Republic of Kazakhstan without any modifications of properties and characteristics of imported goods;

2) importation of goods into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union without any modifications of its properties and characteristics, which goods have previously been temporary exported to the territory of member states of the Customs Union.

The provisions of this paragraph shall apply in case of temporary importation of goods:

1) under agreements for property lease (rent) of movables and vehicles;

2) due to its transfer within a single legal entity. The provisions of this paragraph shall not extend to vehicles, by means of which international carriage services, as specified in paragraph 2 of Article 244 of this Code, are rendered.

A taxpayer shall notify the tax authorities of the import (export) of goods specified in this paragraph.

Where the temporary importation of goods into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union was performed by a non-resident legal entity carrying out its activities without founding a permanent establishment in the Republic of Kazakhstan, the taxpayer of the Republic of Kazakhstan that has received goods for temporary use shall be obliged to provide the respective notification.

Should the goods specified in this paragraph be sold, the importation of such goods shall be deemed taxable import and shall be subject to value-added tax on imported goods from the date of such goods' recording in the procedure and in the amount set forth in this Code.

The form of notification of import (export) of goods, as well as the procedure and time limits for its submission to the tax authorities shall be approved by the authorized body.

Article 276-5. Place of sales of goods, works, services

1. The place of sales of goods shall be determined in accordance with paragraph 1 of Article 236 of the Code.

2. The place of sales of goods, works, services shall be considered the territory of the state-member of the Customs union in case that:

1) works, services are directly related with real estate, which is located in the territory of this state.

The provisions of this paragraph shall apply in respect to services associated with rent, lease and charter of real estate on other grounds.

For the purpose of this paragraph as real estate shall be recognized land plots, Internet resources of subsurface resources, standalone water facilities and everything that is permanently conected with the ground, i.e. facalities, which can not be relocated without the incommensurate detriment to their application, including forests, perennial plantations, buildings, constructions, pipelines, electric power transmission lines, enterprises as asset complexes and space facilities;

2) works, services related directly to movable estate, vehicles, located in the territory of this state (except for rent, lease and charter of movable property and vehicles on other grounds).

For the purpose of this paragraph as movable estate shall be considered items that do not relate to real estate specified in subparagraph 1) of this Article, vehicles.

For the purpose of this subparagraph, marine and air crafts, inland waterways vessels, mixed navigation (river-sea) vessels; units of railway or tram rolling stock; buses; cars, including trailers and semi-trailers; freight containers, and dump trucks shall be recognized as vehicles;

3) services in the sphere of culture, art, training (education), physical education, tourism, recreation and sports rendered within the territory of this state;

4) by the taxpayer of this state shall be purchased:

consulting, legal, accounting, auditing, engineering, advertising, designing, marketing services, information processing services, and also research, development and technological works;

works, services on development of software for computers and data bases (software tools and informational products for computer technology), their adjustment and modification, on accompanying of such software and data bases;

personnel providing services in case that the personnel works at the place of the purchaser's activity.

The provisions of this paragraph shall be applicable in case of:

transfer, grant, cession of a patent, license and other title documents on facilities of industrial property, brands, trade marks, trade names, service marks, author's and allied rights or other similar rights;

rent, lease and charter on other bases of movable estate, except for rent, lease and charter on other bases of vehicles;

rendering of services by a person attracting another person for performance of works, rendering services, provided for by this paragraph on behalf of the principal party of the agreement (contract);

5) works shall be performed and services rendered by a taxpayer of this state, unless otherwise established by subparagraphs 1) – 4) of paragraph 2 of this Article.

Provisions of this subparagraph shall apply also in case of rent, lease and charter of vehicles on other bases.

3. The documents confirming the place of sales of works, services shall be:

works, services agreement (contract) signed by a taxpayer of the Republic of Kazakhstan and a taxpayer of the states – members of the Custom Union;

documents confirming performance of works, rendering services;

other documents, provided for by the legislation of the Republic of Kazakhstan.

4. In case when a taxpayer performs several types of works, services the procedure for taxation of which is regulated by this section, and sales of one type of works, services of an auxiliary character in respect to the sales of other works, services, then the place of sales of auxiliary works, services shall be recognized the place of sales of principal works, services.

Article 276-6. Date of turnover from sales of goods, works, and services of taxable import

1. For the purpose of calculation of value-added tax when selling goods for export the date of turnover from sales of goods shall be the date of dispatch, which shall be determined as the date of the first, in terms of time, source accounting (record) document confirming the dispatch of goods, issued in the name of the purchaser of goods (first carrier).

2. Unless otherwise provided by this Article, the date of commission of taxable import shall be the date of registration of imported goods by the taxpayer (inclusive of goods that result from performance of works under agreements (contracts) on their production), and also goods, which were acquired under the agreement (contract) that provides for the loan in the form of items, goods, which are processing products of the customer's raw materials.

Unless otherwise is provided for by this paragraph for the purposes of this Chapter the date of registration of imported goods shall be:

1) the earliest of the dates of recognition (recording) of such goods in the accounts in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting;

2) the date of import of such goods into the territory of the Republic of Kazakhstan.

If the taxpayer has both dates specified in subparagraphs 1) and 2) of the second part of this paragraph, the date of registration of the imported goods shall be the latest of the specified dates.

For the purpose of this paragraph the date of importing goods into the territory of the Republic of Kazakhstan shall be:

the date of delivery to an airport or a port located in the territory of the Republic of Kazakhstan in the event that the goods are transported by aircrafts or sea vessels;

the date of crossing the State Border of the Republic of Kazakhstan in the event that the goods are transported by international highroad service.

In that case the date of crossing the State Border of the Republic of Kazakhstan shall be determined on the basis of the certificate of passing the state control (or a copy of the certificate of passing the state control) issued by the territorial subdivisions of the Frontier Service of the National Security Committee of the Republic of Kazakhstan, for which the form and procedure for submission shall be jointly established by the competent authority and the National Security Committee of the Republic of Kazakhstan. For the tax administration purposes, the competent authority and the National Security Committee of the Republic of Kazakhstan shall establish interaction for data transfer by means of the unified information system;

the date of import into the first border checkpoint (station) established by the Government of the Republic of Kazakhstan in the event that goods are transported by the international and transnational railroad service;

the date of entry of goods to the goods delivery station in the event that the goods are transported by means of the main trunk pipeline system or electricity transmission lines;

in the event of transmission of goods by international mail – the date of the post-office stamp in the territory of the Republic of Kazakhstan in accordance with the postal legislation of the Republic of Kazakhstan.

If the information about the date of goods importation into the territory of the Republic of Kazakhstan is not available, the date of recognition of the imported goods in the books shall be the date specified in subparagraph 1) of the second part of this paragraph.

If the goods are not recognized (reflected) in the books in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting, the date of registration of the imported goods shall be the date specified in subparagraph 2) of the second part of this paragraph.

In other cases not specified in the second-seventh parts of this paragraph, as well as for persons, of which the responsibility to perform accounting is not provided for by the legislation of the Republic of Kazakhstan, the date of registration of imported goods shall be determined by the issue date of the document confirming the receipt (or purchase) of such goods. Therewith at availability of documents confirming the delivery of goods, the date of registration of imported goods shall be recognized the date of transfer of goods by the carrier to the purchaser.

3. The date of commission of taxable import in case of importation of goods (lease items) to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union under the lease agreement providing for the transfer of title for these goods (lease items) to the lessee, shall be the date of payment of a part of the goods value (lease items) provided for by the lease agreement (regardless the actual amount and date of payment) excluding interest.

In case that under the lease agreement the date for payment of a part of the goods value (lease items) is established prior to the date of importation of goods (lease items) into the territory of the Republic of Kazakhstan, the first date of commission of a taxable import shall be the registration date of the imported goods (lease items).

In case of early payment by a lessee of leasing payments provided for by a lease agreement is effected after three years, the date of a final settlement shall be the date of commission of taxable import under the lease agreement.

If requirements established by paragraph 2 of Article 276-1 of the Code are not met, as well as in case of termination of the lease agreement (contract) after three years from the date of transfer of property (lease item) the date of commission of taxable import shall be the date of registration of imported goods (lease items).

4. The date of commission of turnover from sales of works, services shall be the date of performance of works, rendering services, unless otherwise provided by this paragraph.

The date of performance of works, rendering services shall be the date of the document's signature confirming the performance of works, rendering services.

If works, services are sold on a regular (continuous) basis then the date of commission of sales turnover shall be the date which comes first:

the date of issue of invoice;

the date of receipt of each payment (regardless the method of payment).

Sales on regular (continuous) basis shall mean the performance of works, rendering services under a longterm agreement, signed for the period of twelve months or more, provided that the receipient of works, services can use their results in his production activity at the date of performance of works, rendering services.

When a taxpayer of the Republic of Kazakhstan purchases works, services from a non-resident, which is not a value-added tax payer in the Republic of Kazakhstan, carrying out his activity not through an affiliate, representation and taxpayer (payer) of a state – member of the Custom Union, – the date of signing the documents confirming the performance of works, rendering services.

Article 276-7. Determining amounts of taxable turnovers in case of export of goods

1. The amount of taxable import in case of export of goods shall be determined on the basis of the sold goods by reference to the prices and rates applicable by the transaction parties, unless otherwise provided by this Article and the legislation of the Republic of Kazakhstan on transfer pricing.

2. The amount of taxable turnover in case of export of goods (lease items) under a lease agreement (contract) providing for the transfer of title to the same to the lessee shall be determined as at the date set forth in the lease agreement (contract) for each lease payment in the amount of a part of the initial cost of goods (lease items) in each lease payment.

Thereat under the initial costs of goods (lease item) it shall be understood the cost of the lease item, specified in the agreement, exclusive of interest.

3. The amount of taxable turnover in case of export of goods under agreements (contracts), specifying for extension of a loan in a form of items, shall be determined as a cost of transferred (granted) goods, envisaged by an agreement (contract), in case the price is specified in the agreement (contract) – as the cost, specified in the forwarding documents, in case the costs is not specified in the agreement (contracts) and forwarding documents –as the cost of goods, specified in the accounting.

Thereat for the purpose of this Chapter under the forwarding documents shall be understood: an international waybill, railway bill of lading, consignment note, waybill of the standard form, baggage register, mailing list, luggage receipt, air waybill, bill of lading, and documents used in case of transportation of goods by pipelines or through electric power transmission lines, and other documents in case of transportation of certain types of excisable goods, as well as accompanying goods and vehicles in case of transportations provided for by the legislative acts of the Republic of Kazakhstan on transport and by international agreements, with the Republic of Kazakhstan being a party to such agreement; invoices, specifications, shipping and packing lists, as well as other documents confirming the information on goods, including the cost of goods, and used in accordance with the international treaties to which the Republic of Kazakhstan is a party.

4. Unless otherwise provided for in this Article, should the price for goods sold be increased (decreased), or should the quantity (volume) of goods sold be decreased in connection with its return due to its inadequate quality and (or) completeness, the amount of taxable turnover in case of export of goods shall be adjusted in the tax period, in which the parties to the agreement (contract) amended the price (agreed upon the return) of exported goods.

Article 276-8. Determining amounts of taxable import

1. The amount of taxable import of goods, including the goods being a result of performance of works under an agreement (contract) for manufacture thereof, shall be determined on the basis of the cost of the acquired goods.

2. For the purpose of this Article the cost of the acquired goods shall be determined on the basis of the principle of determination of price for taxation purposes.

The principle of determination of price for taxation purposes shall mean determination of the cost of the acquired goods on the basis of the transaction price to be paid for the goods according to the conditions of the agreement (contract).

If according to the conditions of the agreement (contract) the transaction price consists of the cost of the acquired goods and other costs, and the cost of the acquired goods and/or cost of other expenses are specified separately, the amount of the taxable import shall be exclusively the cost of the acquired goods.

If according to the terms and conditions of the agreement (contract) the transaction price consists of the cost of the acquired goods and other costs, and the cost of the acquired goods and/or cost of other expenses are not specified separately, the amount of the taxable import shall be the transaction price specified in the agreement (contract).

3. Amounts of excise duty on excisable goods shall be included into the amount of taxable import of goods.

The assessed amounts of excise duty on excisable goods shall be included into the amount of taxable import of goods (lease items) under the lease agreements as of the date of registration of imported excisable goods (lease items).

4. The volume of the taxable import of goods received under barter agreements (contracts) and agreements (contracts) providing for extension of a loan in form of items of property shall be determined on the basis of the cost of the goods on the basis of the principle for price determination for taxation purposes provided for in paragraph 2 of this article.

In that case the value of the goods shall be determined on the basis of the price of the goods provided for by the agreement (contract), or on the basis of the price of the goods specified in the transportation documents, if the price of the goods is not specified in the agreement (contract), or on the basis of the goods price reflected in the accounting records, if the price of the goods is specified neither in the agreements (contracts) nor in the transportation documents.

5. The amount of taxable import of goods being products of processing of customer-supplied raw materials shall be determined based on the cost of work on processing of such customer-supplied raw materials, including excise duties payable on excisable processing products.

6. The amount of taxable import of goods (lease items) under the lease agreement, which provides for transfer of title to it to the lessee, shall be determined in the amount of a part of goods value (lease item) provided for as at the date specified in paragraph 3 of Article 276-6 of the Code, exclusive of interest, with regard to the pricing principle for the purpose of taxation provided for in paragraph 2 of this Article.

In the event that according to the lease agreement (contract) the date of payment of part of the goods value (lease items) is established prior to the date of import of goods (lease item) to the territory of the Republic of Kazakhstan, the amount of taxable import as of the first date of commission of taxable import of goods (lease items) shall be determined as the amount of all lease payments under the lease agreement (contract), exclusive of interest, the payment date of which in accordance with the lease agreement (contract) is established prior to the date of transfer of goods (lease items) to the lessee.

In the event of early payment by the lessee of lease payments provided for by the lease agreement (contract) consistent with the conditions of paragraph 2 of Article 276-1 of the Code, the amount of taxable import as of the last date of commission of taxable import shall be determined as discrepancy between the amount of all lease payments under the lease agreement (contract) exclusive of interest and the paid off payments exclusive of interest.

In requirements established by paragraph 2 of Article 276-1 of the Code are not met, as well as in the event of termination of the lease agreement (contract) after three years from the date of transfer of property (lease item) the amount of taxable import shall be determined on the basis of the cost of goods (lease items), imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union, with regard to the pricing principle for the purpose of taxation, reduced by the amount of lease payments (exclusive of interest) under the lease agreement (contract), under which the indirect taxes were paid earlier. Therewith the interest provided for by the lease agreement (contract) shall be included into the amount of taxable import prior to the occurrence of the specified events.

7. The Tax authoritieswhen exercising control for fulfillment of tax obligations with respect to the value added tax in case of importation of goods to the territory of the Republic of Kazakhstan from the territory of the Customs Union member states shall have the right to adjust the value of taxable income according to the procedure established by the Government of the Republic of Kazakhstan, and/or subject to the requirements of the legislation of the Republic of Kazakhstan concerning transfer pricing.

In that case the taxpayer shall independently adjust the value of the taxable import subject to the above procedure established by the Government of the Republic of Kazakhstan, and/or requirements of the legislation of the Republic of Kazakhstan concerning transfer pricing.

8. Should the price for imported goods be increased by the parties to the agreement (contract) upon the expiry of the month, in which such goods were recorded, the amount of taxable import shall be adjusted accordingly.

Article 276-9. Determining amounts of taxable turnover from performance of works, services

Unless otherwise established by this Chapter, the amount of taxable turnover from sales of works, services shall be determined in accordance with Articles 238 and 241 of the Code.

Article 276-10. Export of goods within the Custom Union

1. In case of export of goods from the territory of the Republic of Kazakhstan to the territory of the state – member of the Custom Union a zero tax rate on value-added tax shall be applicable.

Unless otherwise established by this Chapter in case of export of goods from the territory of the Republic of Kazakhstan to the territory of the state – member of the Custom Union a value-added taxpayer shall have the right to offset the value-added tax under Article 34 of the Code.

2. The provisions of this Article shall be applicable also in respect to the goods, which result from performance of works under the agreement on their production, exported from the territory of the Republic of Kazakhstan where such goods were produced, to the territory of the state – member of the Custom Union. Goods which result from the processing of customer's raw materials shall not be referred to the specified goods.

3. In case of export of goods (lease items) from the territory of the Republic of Kazakhstan to the territory of another state – member of the Custom Union under the lease agreement (contract), which provides for transfer of title to it to the lessee, under the agreement (contract), which provides for extension of a loan in the form of items, under the agreement (contract) on production of goods a zero tax rate on the value-added tax shall be applicable.

Article 276-11. Confirmation of export of goods

1. The following shall be recognized as documents confirming the export of goods:

1) agreements (contracts) with consideration of changes, amendments and their appendices (hereinafter – the agreements (contracts), on the basis of wich the export of goods is exercised, and in the event of lease of goods or extension of a loan in the form of items – the lease agreements (contracts), the agreements (contracts) providing for extension of a loan in the form of items, agreements (contracts) for the production of goods;

2) a statement of import of goods and payment of indirect taxes with a mark of the tax authority of a member state of the Customs Union, into the territory of which the goods have been imported, confirming the payment of indirect taxes and (or) exemption from, and (or) any other method of payment of the same (hardcopy original or copy), or a list of statements (in hard copy or in electronic form);

3) copies of forwarding documents confirming the transition of goods from the territory of one state – member of the Custom Union to the territory of another state – member of the Custom Union.

In case of export of goods through a system of major pipelines or through electric power transmission lines a transfer-acceptance act shall be submitted instead of a copy of forwarding documents;

4) documents confirming the receipt of currency earnings to the bank accounts of the taxpayer opened with a second-tier bank in the territory of the Republic of Kazakhstan in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

In the event of export of goods as a part of foreign trade goods exchange (barter) operations, extension of a loan in the form of properties in case of determination of the value – added tax amount to be refunded, a consideration should be given to availability of an agreement (contract) and documents confirming the import of goods (performance of works, provision of services) received by such taxpayer in connection with the specified operations.

When exporting goods under the lease agreement (contract), which provides for transfer of title to them to the lessee, the taxpayer of the value-added tax shall file documents confirming the receipt of lease payment to his bank accounts opened with the second-tier banks in the territory of the Republic of Kazakhstan to the Tax Authority, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, as related to compensation of initial cost of goods (lease items);

5) confirmation of a right for intellectual property, as well as its cost – in case of export of the intellectual property item, from the authorized governmental agency responsible for the intellectual property rights protection.

2. In case of sale in the territory of the member states of the Customs Union of products of refinery of the customer supplied raw materials that have been earlier exported from the Republic of Kazakhstan to the member states of the Customs Union for processing, with the exception of cases provided for in Article 245 paragraph 1-2 of this Code, the export of refinery products shall be confirmed in the basis of the following documents:

1) agreements (contracts) for processing of customer's raw materials;

2) agreements (contracts) under which the export of processing goods is exercised;

3) documents confirming performance of works on processing of customer's raw materials;

4) copies of forwarding documents confirming the export of customer's raw materials from the territory of the Republic of Kazakhstan to the territory of another state – member of the Custom Union;

In the event that customer-supplied raw materials are exported by means of the main trunk pipeline system or electrical power transmission line, the certificate of delivery and acceptance of the goods shall be presented instead of the copies of forwarding documents;

5) application for importation of goods and payment of indirect taxes (on paper with the note of the Tax Authority of the state – member of the Custom Union, to the territory of which the processsing goods were imported on payment of indirect taxes (exemption or another procedure for the fulfillment of tax obligations);

6) copies of forwarding documents confirming export of processing goods from the territory of the state – member of the Custom Union.

If processed goods were sold to the taxpayer of the state – member of the Custom Union, in the territory of which the works on processing of the customer's raw materials were performed, – the documents confirming the dispatch of such processing goods;

In the event that products of derivatives are exported by means of main trunk pipeline system or electrical power transmission line the certificate of delivery and acceptance of the goods shall be presented instead of the copies of forwarding documents;

7) documents confirming the receipt of currency earnings to the taxpayer's bank accounts opened with a second-tier bank in the territory of the Republic of Kazakhstan in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

In case of export of processing products under foreign trade exchange (barter) operations for determination of the value added tax amount to be refunded, a consideration should be given to availability of an agreement (contract), and documents confirming the import of goods (performance of works, provision of services) received in connection with such operation.

3. In the event of subsequent export to the territory of the state, which is not a member of the Custom Union, of products of processing customer's raw materials, which were earlier exported from the territory of the Republic of Kazakhstan for the processing in the territory of another state– member of the Custom Union, the confirmation of export of processing goods shall be exercised on the basis of the following documents:

1) agreements (contracts) for processing of customer's raw materials;

2) agreements (contracts) under which the export of processing goods is exercised;

3) documents confirming performance of works on processing of customer's raw materials;

4) copies of forwarding documents confirming the export of customer's raw materials from the territory of the Republic of Kazakhstan to the territory of another state – member of the Custom Union;

In the event that customer-supplied raw materials are exported by means of the main trunk pipeline system or electrical power transmission line, the certificate of delivery and acceptance of the goods shall be presented instead of the copies of forwarding documents;

5) copies of forwarding documents confirming the export of processing goods beyond the Custom Union;

In the event that products of derivatives are exported by means of main trunk pipeline system or electrical power transmission line the certificate of delivery and acceptance of the goods shall be presented instead of the copies of forwarding documents;

6) a goods declaration with marks of the customs authority of a member state of the Customs Union releasing goods in the customs export procedure, as well as a mark of the customs authority of a member state of the Customs Union located at the checkpoint on the customs border of the Customs Union, except for the cases specified in subparagraph 7) of this paragraph;

7) a complete goods declaration with marks of the customs authority of a member state of the Customs Union, which has performed the customs declaration, in the cases as follows:

where goods are exported in the customs export procedure by the main pipelines system or by electric power transmission lines;

where goods are exported in the customs export procedure with the application of the periodical declaration procedure;

where goods are exported in the customs export procedure with the application of the temporary declaration procedure;

7-1) a goods declaration in electronic form, with respect to which there is a notification from the customs authorities of the actual export of such goods available in the information systems of the tax authorities, also being a document confirming the export of goods. Where a goods declaration is available in electronic form, as specified in this subparagraph, the documents set forth in subparagraphs 6) and 7) of this paragraph shall not be required;

8) documents confirming the receipt of the currency earnings to the taxpayer's bank accounts opened with a second-tier bank in the territory of the Republic of Kazakhstan in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

4. In case of export of processing products under foreign trade exchange (barter) operations for determination of the value – added tax amount to be refunded, a consideration should be given to availability of an agreement (contract), and documents confirming the import of goods (performance of works, provision of services) received in connection with such operation.

Article 276-12. Taxation of international carriage within the Custom Union

1. Unless otherwise provided by this Article the taxation of international carriage within the Custom Union shall be exercised in accordance with Article 244 of the Code.

2. Transportation of exported or imported goods by the major pipelines system within the Cutsom Union shall be recognised as an international if the formulation of carriage is made by the documents confirming the transfer of the exported or imported goods to the purchaser or other persons performing further shipment of the goods to the purchaser in the territory of the Custom Union.

3. For the purpose of paragraph 2 of this Article the following documents shall be considered confirming documents:

1) for export, a copy of the declaration of import of the goods and payment of indirect taxes which was received by the exporter from the importer of the goods;

2) for import, a copy of the declaration of import of the goods and payment of indirect taxes from the taxpayer who has imported the goods to the Republic of Kazakhstan;

3) work acceptance certificates, certificates of delivery and acceptance of cargoes from the seller or other persons previously engaged in delivery of the specified cargoes to the buyer or other persons engaged in further delivery of the specified cargoes;

4) invoices.

4. Transportation of cargoes by the major pipeline system from one state member of the Customs Union to the same or other state-member of the Customs Union through the territory of the Republic of Kazakhstan shall be considered international if the transportation is supported by the following documents:

1) Acceptance Certificates for Work Performed, Services Rendered, Goods Delivery and Acceptance Certificates from the seller, or any other persons that have previously been delivering the specified goods to the buyer, or any other persons engaged in further delivery of the specified goods;

2) invoices.

Article 276-13. Taxation of works on processing of client's raw materials within the Custom Union

1. Works on processing of customer's raw materials imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union with subsequent exportation of goods of processing to the territory of another state, shall be subject to value-added tax at a zero rate in case of observance of products processing terms and conditions provided for by paragraph 7 of this Article and Articles 276-14 of the Code.

2. In the event of fulfillment by a taxpayer of the Republic of Kazakhstan of works on processing customer's raw materials, which were imported to the territory of the Republic of Kazakhstan from the territory of the state – member of the Custom Union, with subsequent export of such products of processing to the territory of the same state – member of the Custom Union, the confirmation of performance of works on processing customer's raw materials by a taxpayer of the Republic of Kazakhstan shall be:

1) agreements (contracts) concluded between taxpayers of the states – members of the Custom Union;

2) documents confirming performance of works on processing customer's raw materials;

3) documents confirming importation of customer's raw materials to the territory of the Republic of Kazakhstan (including the obligation on importation (exportation) of customer's raw materials);

4) documents confirming exportation of processing products from the terriroty of the Republic of Kazakhstan (including the fulfillment of obligation on importation (exportation) of customer's raw materials);

5) a statement of import of goods and payment of indirect taxes (hardcopy original or copy), or a list of statements (in hard copy or in electronic form) confirming the payment of value-added tax on the cost of work on toll processing;

Where the products of toll processing are exported to the territory of a state not being a member state of the Customs Union, the statement or the list of statements specified in this subparagraph shall not be submitted;

6) documents provided for by paragraph 4 of Article 635 of the Code, confirming the receipt of currency earnings to the taxpayer's bank accounts opened with a second-tier bank in the territory of the Republic of Kazakhstan in accordance with the procedure established by the legislation of the Republic of Kazakhstan;

7) a report of the authorized governmental agency on conditions of goods processing.

3. In the event of fulfillment by a taxpayer of the Republic of Kazakhstan of works on processing of customer's raw materials, which were imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union,

with subsequent sales of processing products to the territory of another state – member of the Custom Union, for the confirmation of performance of works on processing of customer's raw materials a taxpayer of the Republic of Kazakhstan shall submit:

1) agreements (contracts) on processing of customer's raw materials, on supply of finished products concluded between the taxpayers of the states – members of the Custom Union;

2) documents confirming performance of works on processing of customer's raw materials;

3) delivery-acceptance acts on customer's raw materials and finished products;

4) documents confirming importation of customer's raw materials to the territory of the Republic of Kazakhstan (including the obligation on importation (exportation) of customer's raw materials);

5) documents confirming exportation of processing products from the terriroty of the Republic of Kazakhstan (including the fulfillment of obligation on importation (exportation) of customer's raw materials);

6) an application for importation of goods and payment of indirect taxes confirming payment of value-added tax from the cost of works on processing of customer's raw materials, received from the owner of the customer's raw materials;

7) a report of the authorized governmental agency on conditions of goods processing;

8) documents provided for by paragraph 4 of Article 635 of this Code confirming currency receipts to the taxpayer's accounts with second-tier banks in the territory of the Republic of Kazakhstan opened according to the proceure established by the legislation of the Republic of Kazakhstan.

4. In the event of fulfillment by a taxpayer of the Republic of Kazakhstan of works on processing of customer's raw materials, which were imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union, with subsequent sales of processing products to the territory of another state, which is not a member of the Custom Union, for the confirmation of performance of works on processing of customer's raw materials a taxpayer of the Republic of Kazakhstan shall submit:

1) agreements (contracts), concluded between the taxpayers of the states – members of the Custom Union;

2) documents confirming performance of works on processing of customer's raw materials;

3) documents confirming importation of customer's raw materials to the territory of the Republic of Kazakhstan (including the obligation on importation (exportation) of customer's raw materials);

4) documents confirming exportation of processing products from the terriroty of the Republic of Kazakhstan (including the fulfillment of obligation on importation (exportation) of customer's raw materials);

5) a copy of the goods declaration executed when exporting goods to the territory of a state not being a member state of the Customs Union in the customs export procedure, and attested by the customs authority of a member state of the Customs Union, which has performed the customs declaration;

5-1) a goods declaration in the form of an electronic document for which there is a notice from customs authorities in the information systems of tax authorities concerning actual export of the goods that is also a document confirming the export of the goods. If a goods declaration in the form of an electronic document as provided for by this paragraph is available, presentation of the document specified in subparagraph 5) of paragraph 4 of this Article is not required;

6) documents that are provided for by paragraph 4 of Article 635 of the Code, confirming the receipt of currency earnings to the taxpayer's bank accounts opened with a second-tier bank in the territory of the Republic of Kazakhstan in accordance with the procedure established by the legislation of the Republic of Kazakhstan;

7) a report of the authorized governmental agency on conditions of goods processing.

5. Works on processing of customer's raw materials, which were imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union with subsequent sales of processing products in the territory of the Republic of Kazakhstan, shall be subject to value-added tax at a zero rate established by paragraph 1 of Article 268 of the Code.

6. In case of execution of importation (exportation) of customer's raw materials for the processing a taxpayer of the Republic of Kazakhstan shall submit an obligation on exportation (importation) of processing products, as well as its fulfillment in the procedure, in the form and in terms that are approved by the Government of the Republic of Kazakhstan.

7. The processing of customer's raw materials must be consistent with the conditions of processing established by the Government of the Republic of Kazakhstan.

8. A report of the authorized governmental agency on conditions of goods processing shall contain the following information:

1) names, classification of goods and products of processing with a uniform trade nomenclature of foreign trade activity, their quantity and cost;

2) date and number of the agreement (contract) on processing, term of processing;

3) output norms for processing products;

4) processing character;

5) information on a person carrying out processing.

9. it shall be allowed to change the processing products for goods, which there produced by a processor earlier, if they match by their description, quantity, quality and technical characteristics with the products of processing at a substantiated request of a person upon an authorization of the Tax Authority.

Article 276-14. Terms of processing customer's raw materials

1. The term of processing customer's raw materials which were exported from the territory of the Republic of Kazakhstan to the territory of the state – member of the Custom Union, and also those imported to the territory of the Republic of Kazakhstan from the territory of states – members of the Custom Union, shall be determined consistent with the conditions of the agreement (contract) for processing customer's raw materials and shall not exceed two years from the date of registration and (or) dispatch of the customer's raw materials.

2. If the term established by paragraph 1 of this Article is exceeded, the customer's raw materials imported for processing to the territory of the Republic of Kazakhstan, for the purpose of taxation shall be recognized as taxable import and shall be subject to value-added tax from the date of importation of goods to the territory of the Republic of Kazakhstan pursuant to this Article.

3. Shall the time period established in paragraph 1 of the specified Article be exceeded, the customer supplied raw materials exported for processing from the Republic of Kazakhstan to a member state of the Customs Union, shall, for the taxation purposes, be recognized as a taxable sale turnover and shall be subject to value added tax from the data of export of the customer supplied raw materials from the Republic of Kazakhstan at the rate established by Article 268 paragraph 1 of this Code, with the exception of cases provided for in Article 245 paragraph 1-2 of this Code and Article 276-11 paragraphs 2 and 3 of this Code.

For the purpose of this paragraph the amount of the taxable turnover from the customer supplied raw materials attributed to the quantity of the products of refinery of the customer supplied raw materials that have not been carried back to the Republic of Kazakhstan within the specified time shall be determined as the amount of the cost of the customer supplied raw materials that was included into the cost of production of such refinery products on the basis of the accounting policy developed in accordance with the international standards of financial statements and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements.

For the purpose of this Article the method for determination of the cost of production established in the tax payer's accounting policy shall not be subject to change during the calendar year.

Article 276-15. Turnovers and import exempt from value-added tax within the Custom Union

1. The following turnovers from sales shall be exempt from value-added tax:

1) of works, services specified in Chapter 33 of the Code, if the place of their sale shall be the Republic of Kazakhstan;

2) of services on repair of goods, which were imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union, including its recovery and replacement of its constituent parts.

Documents confirming the provision of services specified in this subparagraph shall be the documents that are provided for by paragraph 3 of Article 276-5 of the Code.

A list of services specified in this subparagraph shall be approved by the Government of the Republic of Kazakhstan;

2. Value added tax shall not be charged on import of the goods:

1) provided for by subparagraphs 1), 3)-6), 6-1), and 7) – 13) of paragraph 1 of Article 255 of this Code.

The procedure for exemption of the import of goods from valued – added tax within the Customs Union as specified in this paragraph shall be established by the Government of the Republic of Kazakhstan;

2) imported as part of warranty maintenance provided for in an agreement (contract).

The import of goods as part of warranty maintenance shall be confirmed by an agreement (contract) providing for warranty maintenance, based on which the goods have been purchased, forwarding documents, a claim and a punch list acknowledged by the parties to such agreement (contract).

3. {~}.

4. In case of utilization of goods, which were earlier imported to the territory of the Republic of Kazakhstan for other purposes, than those, in respect of which in accordance with the legislation of the Republic of Kazakhstan they were exempted from the value-added tax on import, the value-added tax on import of such goods shall be subject to payment as at the last date of the term established by the Code for payment of the value-added tax in case of importation of goods.

5. Interest paid by lessee-taxpayer of the Republic of Kazakhstan to the lessor of another state – member of the Custom Union under the lease agreement shall be exempt from value-added tax.

Article 276-16. Procedure for offsetting of value-added tax amounts within the Custom Union

1. Unless otherwise established by this Article the value-added tax shall be offset in the procedure established by Chapter 34 of the Code.

2. In case of import of goods to the territory of the Republic of Kazakhstan from the territory of states – members of the Custom Union the amount of value-added tax on imported goods paid to the budget of the Republic of Kazakhstan in accordance with the procedure, within the limits of calculated and (or) assessed shall be subject to offsetting.

The amount of value-added tax to be offset in case of import of goods under the lease agreement (contract) shall be the amount of value-added tax, which was paid to the budget but not more than the amount of the value-added tax to be accounted for the amount of taxable import for the tax period determined in accordance with paragraph 6 of Article 276-8 of the Code. Therewith the amounts for the previous tax periods and paid, including by way of offsetting in the procedure established by Articles 599 and 601 of the Code in the current tax period, shall be subject to offsetting in the current tax period.

3. In case of leasing out by the lessor being a taxpayer of the Republic of Kazakhstan of goods (lease items) to be received by the lessee being a taxpayer of another member state of the Customs Union, the amount of value-added tax to be offset by the lessor being a taxpayer of the Republic of Kazakhstan shall be determined based on the part of each lease payment exclusive of interest accounted for by the goods (lease items) value.

Article 276-17. Invoice

1. The procedure for issuing invoices shall be determined in accordance with Chapter 35 of the Code, unless otherwise established by this Article.

2. In the event of export of goods from the territory of the Republic of Kazakhstan to the territory of another state – member of the Custom Union the invoice shall be issued not earlier than the date of commission of turnover and not later than five calendar days after the date of commission of turnover from sales of goods.

3. In the event of performance of works on processing of customer's raw materials imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union with subsequent exportation of processing goods to the territory of another sate, the invoice shall be issued as of the date of signature of the document confirming the performance of works for processing customer's raw materials.

4. An invoice that is issued in the events specified in paragraphs 2 and 3 of this Article shall be consistent with the requirements established by paragraph 5 of Article 263 of the Code and shall state the following:

1) the date of commission of sales turnover;

2) a taxpayer identification number of the purchaser from a member state of the Customs Union;

3) {~}.

5. In case of transfer by a lessor-taxpayer of the Republic of Kazakhstan of goods (lease items) into lease, that are subject to receipt by a lessee-taxpayer of another state – member of the Custom Union, the invoice shall be issued as of the date of each lease payment exclusive of interest in the amount of a part of initial cost of goods (lease item), provided for by lease agreement but not less that the amount of actually received payment.

The amount of interest of a lessor-taxpayer of the Republic of Kazakhstan in the invoice must be marked with a separate entry.

Article 276-18. Special considerations in defining of value-added tax payers in case of import of goods

1. In the event that goods are purchased by a taxpayer of the Republic of Kazakhstan under the agreement (contract) with a taxpayer of another state –member of the Custom Union, the payment of value-added tax shall be exercised by a taxpayer of the Republic of Kazakhstan, to the territory of which the goods were imported, – by the owner of the goods or commissionaire, confidant (operator).

For the purpose of this Chapter the owner of goods shall be understood a person with title to such goods or a person to which a transfer of title to goods is provided by the agreement (contract).

2. If goods are purchased by a taxpayer of the Republic of Kazakhstan under the agreement (contract) with a taxpayer of another state – member of the Custom Union and therewith goods are imported from the territory of a third state – member of the Custom Union, the value-added tax shall be paid by the taxpayer of the Republic of Kazakhstan, to the territory of which the goods were imported, – owner of the goods.

3. In the event that goods are sold by a taxpayer of one state – member of the Custom Union under the commission agreement, agency agreement to the taxpayer of the Republic of Kazakhstan and are imported from the territory of a third state – member of the Custom Union, payment of value-added tax shall be exercised by a taxpayer of the Republic of Kazakhstan to the territory of which the goods were imported, – by a commissionaire, confident.

4. In case if a taxpayer of the Republic of Kazakhstan purchases at an exhibition and trade fair organized by another taxpayer of the Republic of Kazakhstan the goods that have been previously imported into the territory of the Republic of Kazakhstan by a taxpayer of another member state of the Customs Union, on which goods the value-added tax has not been paid, the value-added tax payment shall be exercised by a taxpayer of the Republic of Kazakhstan, owner of the goods or by a commission agent, attorney (operator), unless otherwise provided for in this paragraph.

In case if a taxpayer of the Republic of Kazakhstan purchases at an exhibition and trade fair organized by another taxpayer of the Republic of Kazakhstan the goods that have been previously imported into the territory of the Republic of Kazakhstan by a taxpayer of another member state of the Customs Union, on which goods the value-added tax has not been paid, the value-added tax payment shall be exercised by the owner of the goods, where agreements (contracts) with a non-resident for the sale and purchase thereof are available.

Should there be no such sale and purchase agreements (contracts), the payment of value-added tax on such goods shall be exercised by a taxpayer of the Republic of Kazakhstan, which organized the exhibition and trade fair.

A taxpayer of the Republic of Kazakhstan organizing the exhibition and trade fair shall notify the tax authority at the place of its location in writing of holding such fair ten working days prior to the commencement of the same enclosing the list of fair participants from member states of the Customs Union.

The procedure for supervision over the value-added tax payment with respect to an exhibition trade fair shall be determined by the authorized body.

4-1. Where a taxpayer of the Republic of Kazakhstan purchases the goods that have been previously imported into the territory of the Republic of Kazakhstan by a commission agent, attorney (operator) being a taxpayer of the Republic of Kazakhstan under a commission, mandate agreement (contract) with a taxpayer of another member state of the Customs Union, on which goods indirect taxes have not been paid, the indirect taxes payment shall be exercised by a taxpayer of the Republic of Kazakhstan being the owner of the goods, or by the commission agent, attorney (operator) that has imported the goods.

5. In case that goods are purchased under the agreement between the taxpayer of the Republic of Kazakhstan and the taxpayer of the state that is not a member of the Custom Union and therewith the goods are imported from the territory of another state – member of the Custom Union, the value-added tax shall be paid by the taxpayer of the Republic of Kazakhstan, to the territory of which the goods were imported, – by the owner of the goods or commissionaire, confidant (operator).

Article 276-19. Special considerations in assessment of value-added tax in case of import of goods to the territory of the Republic of Kazakhstan under the commission agreement, agency agreement in the Custom Union

1. When importing goods to the territory of the Republic of Kazakhstan by a commissionaire (confidant) under the commission (agent) agreements the obligation on calculation and transfer of value-added tax on imported goods to the budget shall be imposed on the commissionaire (confidant).

In that respect the amounts of value-added tax paid by a commissionaire (confidant) on goods imported to the territory of the Republic of Kazakhstan, shall be subject to offsetting by the purchaser of such goods on the basis of the invoice issued by the commissionaire (confidant) to the purchase, and copies of declarations on indirect taxes on imported goods and copies of application for importation of goods and payment of indirect taxes containing a mark of the Tax Authority that is provided for by paragraph 7 of Article 276-20 of the Code.

2. Sales of goods, performance of works or provision of services by the commissionaire on its behalf and for the commitment's account shall not be recognized as commissionaire's sales turnovers.

3. Sales of goods, performance of works or provision of services by the confidant on the behalf and for the account of principal shall not be recognized as confidant's sales turnovers.

4. Issue of invoices on goods imported to the territory of the Republic of Kazakhstan under the commission (agent) agreements, concluded between the committent (principal) – taxpayer of the state – member of the Custom Union and the commissionaire (confidant) taxpayer of the Republic of Kazakhstan selling goods in the territory of the Republic of Kazakhstan, shall be exercised by a commissionaire (confidant). In that respect, the invoice shall be issued stating the purchaser's status – "commissionaire" ("confidant").

In the invoice that is issued by a commissionaire (confidant) to the purchaser the details established by subparagraphs 1) – 6) of paragraph 5 of Article 263 of the Code, the cost of goods exclusive of value-added tax, as well as the number and date of application for importation of goods and payment of indirect taxes that is be attached to the invoice shall be specified.

Value-added tax amount paid by the commissionaire (confidant) on imported goods shall be marked by a separate entry in the invoice.

A copy of application for importation of goods and payment of indirect taxes and a copy of declaration on indirect taxes and imported goods, which is a basis for offsetting of value-added tax paid when importing goods by a commissionaire (confidant), received from the commissionaire (confidant) shall be appended to such invoice.

The value-added tax on imported goods paid by a commissionaire (confidant) when importing goods to the territory of the Republic of Kazakhstan shall not be subject to offsetting by a commissionaire (confidant).

5. The date of commission of taxable import in case of importation of goods to the territory of the Republic of Kazakhstan under the commission (agent) agreements shall be recognized as the date of registration of the imported goods by a commissionaire (confidant).

For the purpose of this paragraph the date of registration shall be the date of drafting of the original document, drafted by the commitment (principal) to the commissionaire (confidant) confirming the transfer of goods.

6. In the event of sale of goods, performance of works, and provision of services on conditions corresponding to the conditions of commission (agency) agreement, the amount of taxable turnover of the commission agent shall be determined on the basis of the fees under the commission (agency) agreement.

Article 276-20. Procedure for Assessment and Payment of Value-Added Tax When Importing Goods within the Customs Union

1. Unless otherwise established by this Article, the procedure for calculation and payment of value-added tax in the Custom Union shall be determined in accordance with Chapter 36 of the Code.

2. {~}.

3. When importing goods, including those being products of toll processing, into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union, a taxpayer shall submit a declaration on indirect taxes on imported goods, in particular, under lease agreements (contracts), to the tax authority at the place of location (residence) on or before the 20th day of the month following the tax period, unless otherwise provided for in this paragraph.

The taxpayer shall submit the following documents to the Tax Authority simultaneously with the declaration on indirect taxes on imported goods:

1) statement(s) of import of goods and payment of indirect taxes in hard copy (four copies) and in electronic form, or in electronic form.

The form of a statement of import of goods and payment of indirect taxes, as well as the rules for completion and submission thereof shall be approved by the authorized body;

2) bank statement confirming the actual payment of indirect taxes on imported goods, and (or) other payment document that is provided for by the banking legislation of the Republic of Kazakhstan confirming the fulfillment of obligation for payment of indirect taxes on imported goods or other document issued by the authorized body, confirming the granting of the right to change the term of tax payment, or documents confirming the exemption from value-added tax, with consideration of requirement of Article 276-15 of the Code.

Therewith the documents shall not be submitted in case of another procedure for payment of value-added tax, as well as in case of presence of excess payment of value-added tax on imported goods in the accounts, which is subject to offsetting against the up-coming payments of value-added tax on imported goods provided that the taxpayer did not file an application for offsetting of the specified amounts of excess payments on other types of taxes and payments or refunding to the operating account.

The documents specified in this paragraph shall be filed on the date established in this paragraph, according to the lease payment term provided for by the lease agreement (contract) falling within the reporting tax period under the lease agreements (contracts);

3) forwarding documents and (or) any other documents confirming the movement of goods from the territory of a member state of the Customs Union to the territory of the Republic of Kazakhstan. The specified documents shall not be submitted where the execution of such documents is not provided for by the legislation of the Republic of Kazakhstan with respect to certain types of goods movement, including goods movement without using any vehicles;

4) invoices issued in accordance with the legislation of a member state of the Customs Union when shipping goods, where the issue (drawing up) thereof is provided for by the legislation of a member state of the Customs Union.

Should the issue (drawing up) of an invoice be not provided for by the legislation of a member state of the Customs Union, or should the goods be purchased from a taxpayer of the state not being a member state of the Customs Union, any other document issued (drawn up) by the seller and confirming the cost of imported goods shall be submitted instead of an invoice;

5) agreements (contract), under which the goods imported to the territory of the Republic of Kazakhstan from the territory of the state – member of the Custom Union were purchased, in case of lease of goods (lease items) – lease agreements (contracts), in case of

extension of a loan in the form of items – loan agreements, agreements (contracts) on production of goods, agreements (contracts) on processing of the customer's raw materials;

6) information statement (in cases provided for by paragraphs 2-5 of Article 276-18 of the Code), provided to the taxpayer of the Republic of Kazakhstan by a taxpayer of another state – member of the Custom Union, or by a taxpayer of the state that is not a member of the Custom Union (signed by director (individual entrepreneur), and certified with the seal of the organization), which sells goods imported from the territory of a third state – member of the Custom Union, on the following information about the taxpayer of the third state – member of the Custom Union and on the agreement (contract) concluded with a taxpayer of the third state – member of the Custom Union on purchase of imported goods:

number that identifies the person as a taxpayer of the state – member of the Custom Union;

full name of the taxpayer (organization (individual entrepreneur) of a state – member of the Custom Union;

location (place of residence) of the taxpayer of a state – member of the Custom Union;

number and date of the agreement (contract);

number and date of specification.

In the even that the taxpayer of a state – member of the Custom Union, from which the goods are purchased, is not the owner of the sold goods (is a commissionaire, confidant), the information stated in the passages two – six of this paragraph shall as well be provided in respect to the owner of the sold goods.

In the event of provision of an information statement in a foreign language the availability of translations into the Kazakh and Russian languages shall be obligatory.

The information statement shall not be provided in case that information provided for by this paragraph is stated in the agreement (contract), specified in the subparagraph 5) of this paragraph;

7) commission agreements (contracts) or agent (if such were concluded);

8) agreements (contracts) under which the goods imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union were purchased, under the commission agreements or agent (in cases provided for by paragraph 2 and 3 of Article 276-18 of the Code, except for the events when the value-added tax is paid by a commissionaire, confidant).

In the event of retail purchase and sale in case of absence of documents specified in subparagraphs 3) – 5) of this paragraph, the documents confirming the receipt (or aquisition) of imported to the territory of the Republic of Kazakhstan goods (including cheques of the cash register machine, sales receipt, purchase acts).

Documents specified in subparagraphs 2) – 8) of this paragraph can be submitted in copies certified with signatures of the director and chief accountant (if any) or other persons authorized for that on the resolution of the taxpayer, and with the seal of the taxpayer, except for the events when the taxpayer has no seal for reasons provided for by the legislation of the Republic of Kazakhstan.

In that case the above copies of the documents may be presented in the form of a book (books) which shall be bound, numbered with specification of the total number of sheets on the last sheet, and certified on the last sheet by the signatures of the chief executive officer and senior accountant (if any), or other persons authorized upon the taxpayer's request, and with the seal of the taxpayer, except when the taxpayer has no seal due to the reasons provided for by the legislation of the Republic of Kazakhstan.

Under the lease agreements (contracts) the taxpayer shall file documents specified in subparagraphs 1) – 8) of this paragraph simultaneously with the declaration on indirect taxes on imported goods to the Tax Authority not later than on the 20th day of the month following the tax period – a month of registration of imported goods (lease items). Subsequently the taxpayer shall file the documents (their copies) specified in subparagraphs 1) and 2) of this paragraph simultaneously with the declaration on indirect taxes on imported goods to the Tax Authority not later than on the 20th day of the month following the tax period – a month of payment term established by the lease agreement (contract).

In the even where the maturity date of payment of the part of the goods cost (lease items) specified in the lease agreement (contract) comes after the importation of goods (lease item) to the territory of the Republic of Kazakhstan, the taxpayer shall file the documents specified in subparagraphs 1), 3) – 5) of this paragraph simultaneously with the declaration on indirect taxes on imported goods to the Tax Authority not later than on the 20th day of the month following the tax period – a month of registration of imported goods (lease items). Thereat the taxpayer shall not state the tax base on value-added tax in the declaration on indirect taxes on imported goods and in the application for importation of goods and payment of indirect taxes.

In the event where under the lease agreement (contract) the maturity date for payment of a part of the goods value is established prior to the date of importation of goods (lease items) to the territory of the Republic of Kazakhstan, the taxpayer shall file the documents specified in subparagraphs 1) – 5) of this paragraph simultaneously with the declaration on indirect taxes on imported goods to the Tax Authority not later than on the 20th day of a month following the tax period – a month of registration of imported goods (lease items).

Under the decision of the legal entity the submission of documents specified in this paragraph, and payment of indirect taxes can be exercised in the Tax Authority at the place of location of its structural subdivision – of the recipient of the imported goods.

The form of a declaration on indirect taxes on imported goods, as well as the rules for drafting and submission thereof shall be approved by the authorized body.

3-1. A declaration on indirect taxes on imported goods in hard copy and in electronic form, a statement(s) of import of goods and payment of indirect taxes in hard copy (four copies) and in electronic form shall be submitted by:

1) individuals importing vehicles into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union;

2) entities importing goods into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union with the exemption from value-added tax, and (or) any other method of payment thereof established by the Government of the Republic of Kazakhstan;

3) a taxpayer in the case provided for in subparagraph 2) of paragraph 2 of Article 276-22 of this Code;

4) a taxpayer in the case provided for in paragraph 8 of Article 276-8 of this Code.

3-2. Where a declaration on indirect taxes on imported goods and a statement (s) of import of goods and payment of indirect taxes are provided in electronic form only, the documents specified in subparagraphs 2) – 8) of paragraph 3 of this Article shall not be submitted.

The provisions of this paragraph shall not apply in the cases stipulated in paragraph 3-1 of this Article.

4. Value-added tax on imported goods shall be paid at the place of location (residence) of the taxpayers not later than on the 20th day of the month following the tax period.

The amount of indirect taxes assessed for payment under the declaration on indirect taxes on imported goods must be consistent with the amount of indirect taxes assessed in the application (applications) on import of goods and payment of indirect taxes.

Should the price for imported goods be increased in accordance with paragraph 8 of Article 276-8 of this Code, value-added tax on imported goods shall be paid on or before the 20th day of the month following the month, in which the parties to the agreement (contract) amended the price for imported goods.

5. The tax period for the purpose of assessment and payment of indirect taxes in case of import of goods, including goods being products of toll processing, goods (lease items) under lease agreements (contracts), into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union shall be a calendar month, in which such imported goods were recorded, or in which the payment under the lease agreement (contract) becomes due.

For this purpose, it shall be allowed to fulfill the tax liability during the tax period.

6. The declaration on indirect taxes on imported goods shall be deemed not submitted to tax authorities in the cases specified in Article 584 paragraph 5 of this Code, and in the event of non-submission of the declaration of importation of goods and payment of indirect taxes.

The declaration of importation of goods and payment of indirect taxes shall be deemed not submitted to tax authorities in the events specified in paragraph 5 of Article 584 of this Code, and in the event of non-submission of a declaration of indirect taxes on the imported goods.

7. The confirmation by the tax authorities of payment of value-added tax on imported goods in a statement of import of goods and payment of indirect taxes by way of placing a corresponding mark, or the substantiated refusal of such confirmation shall be exercised in the cases and in the procedure provided for by the authorized body.

With respect to statements submitted in hard copy and in electronic form, the confirmation of value-added tax payment shall be exercised by the tax authority within ten working days from the date of submission of such statement in hard copy by way of putting a corresponding mark on such statement.

With respect to statements submitted in accordance with paragraph 3-2 of this Article, the confirmation of value-added tax payment shall be exercised by the tax authority within ten working days from the date of submission of such statement in electronic form by way of sending to the taxpayer of an electronic notice of the confirmation of value-added tax payment.

8. With respect to statements submitted in hard copy and in electronic form, the refusal of confirmation of value-added tax payment shall be exercised by the tax authority within ten working days from the date of submission of such statement in hard copy by way of sending to the taxpayer of the substantiated refusal in hard copy.

With respect to statements submitted in accordance with paragraph 3-2 of this Article, the refusal of confirmation of value-added tax payment shall be exercised by the tax authority within ten working days from the date of submission of such statement in electronic form by way of sending to the taxpayer of the substantiated refusal in electronic form.

9. In cases specified in paragraph 8 of this Article, a taxpayer shall submit to the tax authority a statement of import of goods and payment of indirect taxes, provided that all violations are rectified, within fifteen calendar days from the receipt of the substantiated refusal.

10. Should the price for imported goods be increased in accordance with paragraph 8 of Article 276-8 of this Code, a declaration on indirect taxes on imported goods and a statement of import of goods and payment of indirect taxes in hard copy and in electronic form shall be submitted on or before the 20th day of the month following the month, in which the parties to the agreement (contract) amended the price for imported goods.

For this purpose, the declaration on indirect taxes on imported goods and the statement of import of goods and payment of indirect taxes shall specify the amended cost of imported goods purchased.

The following documents shall confirm the increase in the price for imported goods: an agreement (contract) on the price amendment, a supplementary invoice specifying the amended value of taxable import and value-added tax (where the issue (drawing up) of an invoice is provided for by the legislation of a member state of the Customs Union), and (or) any other document confirming the amendment of the price for imported goods.

Article 276-21. Procedure for Assessment and Payment of Value-Added Tax When Exporting Goods within the Customs Union

1. Unless otherwise provided for in this Article, when exporting goods to member states of the Customs Union, or performing work on toll processing, a value-added tax payer shall submit to the tax authority, together with a value-added tax declaration as set forth in Article 270 of this Code, a statement(s) of import of goods and payment of indirect taxes in hard copy received from a taxpayer of a member state of the Customs Union that has imported such goods (including toll processing products), as well as the list of the said statements as an appendix to a value-added tax declaration.

A statement(s) specified in this paragraph shall be submitted to the tax authority within one hundred and eighty calendar days from the effective date of turnover:

1) from sales of goods in case of export of the same;

2) from sales of work in case of performance of work on toll processing.

2. Should a taxpayer that has imported goods submit to the tax authority of a member state of the Customs Union a statement of import of goods and payment of indirect taxes in electronic form only, the tax authority of the Republic of Kazakhstan shall notify a taxpayer of the Republic of Kazakhstan that has exported such goods of the receipt of such statement.

A notification specified in this paragraph shall be sent within ten working days from the date of receipt of such statement in the form established by the authorized body.

In such case, a hardcopy statement(s) of import of goods and payment of indirect taxes specified in paragraph 1 of this Article shall not be submitted to the tax authority.

3. Should a statement of import of goods and payment of indirect taxes be not submitted in hard copy or in electronic form to the tax authority of the Republic of Kazakhstan within the time limit specified in paragraph 1 of this Article, a value-added tax payer shall pay value-added tax at the rate set forth in paragraph 1 of Article 268 of this Code within the time limit provided for in paragraph 1 of Article 271 of this Code.

The assessment of value-added tax amounts specified in this paragraph shall be exercised by the tax Authority in the procedure established by the authorized body.

4. In case of untimely or incomplete payment of the value-added tax amount assessed in accordance with paragraph 3 of this Article, the tax authority of the Republic of Kazakhstan shall apply the methods of ensuring the fulfillment of tax liability not performed in time, and measures of enforced collection in the procedure established by this Code.

5. In case of submission of a statement of import of goods and payment of indirect taxes in hard copy or in electronic form to the tax authority of the Republic of Kazakhstan upon the expiry of the time limit provided for in paragraph 1 of this Article, the paid amounts of value-added tax shall be offset and refunded in accordance with Articles 599 and 602 of this Code.

In such case, the paid fee amounts assessed in accordance with paragraph 4 of this Article shall not be refunded.

Article 276-22. Revocation of application for importation of goods and payment of indirect taxes in case of import of goods in the Custom Union

1. An application for importation of goods and payment of indirect taxes shall be subject to revocation from the Tax Authorities on the basis of the tax application of a taxpayer on revocation of the tax reports filed to the Tax Authority at the place of location (residence) of a taxpayer.

2. A taxpayer shall have the right to submit the tax application specified in paragraph 1 of this Article in the following cases:

1) submission of a statement of import of goods and payment of indirect taxes by mistake;

2) introduction of amendments and supplements to a statement of import of goods and payment of indirect taxes, including in the event provided for in paragraph 2 of Article 276-23 of this Code.

3) revocation of a statement of import of goods and payment of indirect taxes in the event provided for in paragraph 2-1 of Article 276-23 of this Code.

3. A statement of import of goods and payment of indirect taxes shall be revoked by one of the following methods:

1) removal from the central node of the tax reports receipt and processing system applied with respect to statements of import of goods and payment of indirect taxes submitted by mistake, or submitted on imported goods that have been returned in full due to its inadequate quality and (or) completeness;

2) substitution, when a taxpayer introduces amendments and supplements to a statement of import of goods and payment of indirect taxes by means of revocation of the previously submitted statement with simultaneous submission of a new statement.

For the purpose of this paragraph, a statement of import of goods and payment of indirect taxes shall be deemed submitted by mistake in the event that no obligation to submit such statement is provided for by this Code.

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6. Simultaneously with introduction of changes and amendments into the application for importation of goods and payment of indirect taxes the taxpayer shall be obliged to submit an additional declaration on indirect taxes on imported goods.

For the purpose of this Chapter the additional declaration on indirect taxes on imported goods shall be the tax reports submitted by a person in case of introduction of changes and (or) amendments into the previously submitted tax reports for the period to which such changes and (or) additions on indirect taxes on imported goods relate, in respect to which such person is a taxpayer.

Therewith the additional declaration on indirect taxes on imported goods by notice shall be the tax reports, which are submitted by a person in cases of introduction of amendments and (or) additions to the previously filed tax reports for a tax period in which the Tax Authority found violations as a result of cameral supervision on indirect taxes on imported goods of which a given person is a taxpayer.

7. Introduction of amendments and additions to the application for importation of goods and payment of indirect taxes by a taxpayer shall not be allowed in the following cases:

1) for the tax period under audit – during the period of conducting integrated and topical audits of value-added tax and excise duties as specified in the injunction for the performance of the audit;

2) for the appealed tax period – during the period of submission and processing of a complaint against the results of a tax audit and (or) decision *of the superior tax authority* passed upon the results of processing of a complaint against an injunction in the view of the restored period for the submission of such complaint on value-added tax and excise duties as specified in the taxpayer's complaint.

8. The procedure for revocation of a statement of import of goods and payment of indirect taxes shall be established by the authorized body.

Article 276-23. The procedure for adjustment of value-added tax amounts paid in case of import of goods

1. In the event of partial and (or) full return of goods imported into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union due to its inadequate quality and (or) completeness prior to the expiry of the

month, in which such goods were imported, no data on such goods shall be specified in a declaration on indirect taxes on imported goods, as well as in a statement of import of goods and payment of indirect taxes.

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2. In the event of partial return of goods due to its inadequate quality and (or) completeness upon the expiry of the month, in which such goods were imported, data on such goods shall be specified in an additional declaration on indirect taxes on imported goods, as well as in a statement of import of goods and payment of indirect taxes submitted instead of the revoked statement.

2-1. In the event of full return of goods due to its inadequate quality and (or) completeness upon the expiry of the month, in which such goods were imported, data on such goods shall be specified in an additional declaration on indirect taxes on imported goods. The statement of import of goods and payment of indirect taxes submitted with respect to such goods shall be revoked by removal in accordance with subparagraph 1) of paragraph 3 of Article 276-22 of this Code.

3. For the purpose of this Article, the full and (or) partial return of goods imported into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union due to its inadequate quality and (or) completeness shall be confirmed by the documents as follows:

1) a claim agreed upon by the exporting taxpayer and importing taxpayer containing data on the quantity of imported goods to be returned due to its inadequate quality and (or) completeness.

2) goods delivery and acceptance certificates (where the returned goods are not transported);

3) transportation (forwarding) documents (where the returned goods are transported);

4) certificates of destruction.

Copies of the documents specified in this paragraph shall be submitted to the tax authority in hard copy together with the documents provided for in subparagraphs 2) – 8) of paragraph 3 of Article 276-20 of this Code.

4. The following shall not be subject to value-added tax:

1) loss of goods incurred by the taxpayer within the norms of natural loss established by the legislation of the Republic of Kazakhstan;

2) deterioration of goods resulted from the natural and man-made emergency situations.

For the purpose of this Article under the loss of goods shall be understood the situation that caused destruction and loss of goods. Deterioration of goods shall mean degradation of all or separate properties (features) of goods when consequently the given goods can not be utilized for the purpose of the taxable turnover.

SECTION 9. Excise Duties

CHAPTER 38. GENERAL PROVISIONS

Article 277. Application of Excise Duties

Excise duties shall apply to goods manufactured in the territory of the Republic of Kazakhstan and goods which are imported into the territory of the Republic of Kazakhstan, as specified in Article 279 of this Code.

Article 277-1. Definitions used in the Custom Union

Definitions that are used in this section are specified in the international treaties ratified by the Republic of Kazakhstan and concluded between the states – members of the Custom Union.

In case that the definitions used in this section are not specified in the international treaties ratified by the Republic of Kazakhstan concluded between the states – members of the Custom Union the definitions specified in the corresponding Articles of the Code, civil and other spheres of the legislation of the Republic of Kazakhstan shall be applicable.

Article 278. Payers

1. The following physical and legal persons shall be payers of excise duties:

1) those that manufacture excisable goods in the territory of the Republic of Kazakhstan;

2) those that import excisable goods into the {~} territory of the Republic of Kazakhstan;

3) those that carry out whole-sale, retail trade in petrol (except for aviation fuel) and diesel fuel in the territory of the Republic of Kazakhstan;

4) those that sell, confiscated, ownerless excisable goods and also excisable goods which were inherited by the state and transferred into the ownership of the state free of charge in the territory of the Republic of Kazakhstan excisable goods specified in subparagraphs 5) – 7) of Article 279 of this Code, provided excise duty was not paid on such goods in the territory of the Republic of Kazakhstan previously in accordance with the Republic of Kazakhstan legislation;

5) those that carry out sales of the estate of excisable goods specified in Article 279 of this Code, where the excise duty in the territory of the Republic of Kazakhstan has not been not previously paid on the said goods in accordance with the legislation of the Republic of Kazakhstan;

6) those that perform assembly (complement) of excisable goods specified in subparagraph 6) of Article 279 of the Code.

2. Also non-resident legal persons and their structural units shall be payers of excise duty, subject to provisions of paragraph 1 of this Article.

3. The authorized state bodies involved in the sale of confiscated, ownerless, inherited by the state and donated to the state excisable goods specified in subparagraphs 5) – 7) of Article 279 of this Code, and performing such material valuables' allocation to and issue from the state material reserve in the territory of the Republic of Kazakhstan shall not be recognized as payers of excise duties.

Article 279. List of Excise Goods

Unless otherwise is provided for by this Article, the following shall be defined as excise goods:

1) all types of alcohols;

2) alcoholic products;
3) {~};
4) tobacco products;
5) gasoline (except for aviation), diesel fuel;
6) motor vehicles, intended for transportation of 10 persons or more with the engine volume of over 3000 cubic centimeters, except for microbuses, buses and trolleybuses;
motorcars and other motor vehicles, intended for the transportation of people with engine volume of over 3000 cubic centimeters (except for cars with manual control or adapter of manual control, specially intended for the disabled);
motor vehicles on chassis of motorcar with platform for cargos and driver's cabin, separated from cargo unit by hard stationary dividing fence, with the engine volume of over 3 000 cubic centimeters (except for cars with manual control or adapter of manual control, specially intended for the disabled);
7) crude oil, gas condensate;
8) alcohol-containing products for medical purpose registered in accordance with the legislation of the Republic of Kazakhstan as pharmaceutical.
The authorized agency for regulation of trade activities shall define an additional list of import goods to be liable to excise tax subject to the country of origin in accordance with the procedure established by the Government of the Republic of Kazakhstan.
The excise rates for the goods specified in the additional list of import goods defined in compliance with the second part of this Article shall be established by the Government of the Republic of Kazakhstan on the basis of the proposals of the authorized agency for regulation of trade activities.

Article 280. Excise Duty Rates

1. Rates of excise duties shall be established as a certain amount per unit of measurement (fixed) in a natural measurement.
2. Rates of excise duties on alcohol products shall be approved in accordance with paragraph 1 of this Article or in proportion to the volume contents in them of dehydrated (one hundred percent) alcohol.
3. For all types of alcohol and wine materials, the rates of excise duty shall be differentiated in relation to purposes of further use of alcohol and wine materials.
4. Amounts of excise duty shall be assessed at the following rates:
1) for excisable goods specified in subparagraphs 1) – 4), 6), 7), *8)* of Article 279 of this Code:

№	Code of Foreign Trade Goods Classification of the Customs Union	Types of Excisable Goods	Rates of Excise Duty (tenge per unit of measurement)
1	2	3	4
1.	of 2207	Ethyl alcohol non-denatured containing 80 and more per cent of alcohol by volume (except for ethyl alcohol not denaturized being sold or used for production of alcoholic products, medical and pharmaceutical	600 tenge/litre
		preparations, that is supplied to state medical establishments to the extent of the specified quota), ethyl alcohol and other denatured alcohol of any concentration (other than denatured fuel (not discoloured, coloured) ethyl alcohol (ethanol) for home consumption)	
2.	of 2207	Ethyl alcohol (ethanol) denaturised for fuel (not colourless, coloured for use in domestic markets)	1,0 tenge/litre
3.	of 2207	Ethyl alcohol non-denatured, alcoholic tinctures and other alcoholic beverages containing 80% of alcohol by volume (except for ethyl alcohol not denaturized being sold or used for production of alcoholic products, medical and pharmaceutical preparations, that is supplied to state medical establishments to the extent of the specified quota)	750 tenge/litre 100% alcohol
4.	of 2207	Ethyl alcohol non-denatured containing 80 or more per cent of alcohol by volume, being sold or used for production of alcoholic production	60 tenge/litre
5.	of 2208	Ethyl alcohol non-denatured, alcoholic tinctures and other alcoholic beverages containing less than 80% of alcohol by volume, being sold or used for production of alcoholic production	75 tenge/litre 100% alcohol
5-1.	of 3003, 3004	Alcohol-containing products for medical purpose registered in accordance with the legislation of the Republic of Kazakhstan as pharmaceutical	500 tenge/litre of 100% alcohol
6.	2208	Alcohol products (except for cognac, brandy, wine, wine materials and beer)	1 600 tenge/litre 100 % alcohol (From January 1, 2016)
7.	2208	Cognac, brandy	250 tenge/litre 100% alcohol (From January 1, 2016)
8.	{~}	(From January 1, 2016)	

9.	2204, 2205, 2206 00	Wines	35 tenge/litre
10.	of 2204, 2205, 2206 00	Wine material (other than that sold or used for production of ethyl alcohol and alcoholic products)	170 tenge/litre
11.	of 2204, 2205, 2206 00	Wine material being sold or used for production of ethyl alcohol and alcoholic products	0 tenge/litre
12.	2203 00	Beer	26 tenge/litre
13.	2202 90 100 1	Beer with the volume contents of ethyl alcohol not more than 0.5 per cent	0 tenge/litre
14.	of 2402	Filter cigarettes	5 000 tenge/1000 pcs (From January 1, 2016)
15.	of 2402	Cigarettes without filter, papirosas	5 000 tenge/1000 pcs (From January 1, 2016)
16.	of 2402	Cigarillos	6 225 tenge/1000 pcs (From January 1, 2016)
17.	of 2402	Cigars	750 tenge/pcs (From January 1, 2016)
18.	of 2403	Pipe tobacco, for smoking, chewing, sucking tobacco, snuff tobacco, hookah tobacco, etc. packed into consumer containers and intended for end use, except for pharmaceutical products containing nicotine	7 345 tenge/kilogram (From January 1, 2016)
19.	of 2709 00	Crude oil, gas liquids	0 tenge/ton
20.	from 8702 from 8703 from 8704	motor vehicles, intended for transportation of 10 persons or more with the engine volume of over 3000 cubic centimeters, except for microbuses, buses and trolleybuses motorcars and other motor vehicles, intended for the transportation of people with engine volume of over 3000 cubic centimeters (except for cars with manual control or adapter of manual control, specially intended for the disabled); motor vehicles on chassis of motorcar with platform for cargos and driver's cabin, separated from cargo unit by hard stationary dividing fence, with the engine volume of over 3 000 cubic centimeters (except for cars with manual control or adapter of manual control, specially intended for the disabled)	100 tenge/cub.cm

2) excise duty rates for excisable goods specified in subparagraph 5) of Article 279 of this Code shall be approved by the Government of the Republic of Kazakhstan.

Note: Nomenclature of the goods shall be determined by the CN for FEA Code of EurAsEC and (or) names of the goods.

CHAPTER 39. TAXATION OF EXCISABLE GOODS MANUFACTURED, SOLD IN THE REPUBLIC OF KAZAKHSTAN

Article 281. Taxable Items

1. The following shall be recognised as excise-taxable items:

1) the following transactions as carried out by payers of excise duty in excisable goods produced and (or) extracted, and (or) bottled by them:

marketing of excisable goods;

transfers of excisable goods for processing to contractors;

transfers of excisable goods which are products of processing the customer's raw materials and consumable materials, in particular excisable goods;

contribution to the authorised capital;

use of excisable goods in case of in-kind payment except for the cases of in-kind transfer of the excisable goods on account of payment of the tax on extraction of minerals, rental tax on export;

shipment of excisable goods as carried out by the manufacturer to its structural units;

use by manufacturers of produced and (or) extracted, and (or) bottled excisable goods for own industrial needs and for own production of excisable goods;

transportation of excisable goods when carried out by the manufacturer from the production facility address specified in the licence;

2) whole-sale marketing of petrol (except for aviation fuel) and diesel fuel;

3) retail trade in petrol (except for aviation fuel) and diesel fuel;

4) sales of the estate of confiscated and (or) ownerless, inherited by the state and donated to the state excisable goods;

5) destruction, loss of excisable goods;

6) import of excise goods to the territory of the Republic of Kazakhstan.

2. Destruction, loss of excise duty stamps, accounting registration stamps shall be recognised as selling of excisable goods.

3. The following shall be exempt from excise duty:

1) export of excisable goods where it meets the requirements established by Article 288 of this Code;

2) ethyl alcohol within the quotas determined by the authorized state agency for supervision of production and handling ethyl alcohol and alcohol products, which is supplied as follows:

For manufacture of medicines and medical products subject to the license for the respective activity;

The governmental healthcare organizations which have notified about the start-up of their operation according to the established procedure.

3) excisable goods, specified in paragraph 2 of Article 653 of this Code, which are subject to re-marking with accounting registration or excise duty stamps of the new standard, where excise duty was previously paid on such goods;

4) alcohol-containing products of medical designation (except for extracts), registered in accordance with the Republic of Kazakhstan legislation as a medical preparation.

Article 282. Date of Committing Transactions

1. Unless otherwise specified in this Article, in any case the date of shipment (transfer) of excisable goods to the customer, shall be recognised as date of committing the transaction.

2. In the case of the manufacturer selling excisable goods produced by it through a network of its structural units, the date of shipment of the goods to structural units shall be recognised as the date of committing the transaction.

3. In the case of transferring excisable goods, which are customer-supplied raw materials, the date of transfer of the specified goods to the contractor (for processing) shall be the transaction date.

In case of manufacturing excisable goods specified in subparagraph 5) of Article 279 of this Code being toll processing products, the date of transfer of manufactured excisable goods to the customer, as specified in the document executed in accordance with the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, shall be the date of transaction performance. The transfer of manufactured excisable goods to the customer shall mean the actual shipment of excisable goods in kind by filling road tankers and (or) rail tank cars, or by flowing through a pipeline to a container or a filling station of an oil supplier owned by the latter or possessed by such oil supplier based on any other legal grounds, confirmed by delivery and acceptance certificates.

The term for processing excisable customer-supplied raw materials imported from the territory of the Republic of Kazakhstan into the territory of a member state of the Customs Union, as well as those imported into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union shall be determined in accordance with the conditions of the toll processing agreement (contract) and may not exceed two years from the date of registration and (or) shipment of the customer-supplied raw materials.

In the event that the established term for processing customer-supplied raw materials is exceeded, the proposed volume of the processing product in accordance with the conditions of the agreement (contract) shall be deemed the excisable item chargeable at the rates approved by the Government of the Republic of Kazakhstan.

In the case of importing (exporting) customer-supplied raw materials for processing, a taxpayer of the Republic of Kazakhstan shall submit a statement of obligation to export (import) processing products, as well as fulfill the same, in the procedure, form and within the time limits approved by the authorized body as agreed with the authorized state planning body.

4. When excisable goods are used for own industrial needs and own production of excisable goods, the date of transfer of said goods for such use shall be recognised as date of committing the transaction.

5. When excisable goods are transported by the manufacturer from the address of the production facility, the date of transportation of excisable goods from the address of the production facility specified in the licence, shall be recognised as date of committing the transaction.

6. In the case of any damage caused to excisable goods, excise duty stamps, accounting registration stamps, the date of compiling a write-off certificate for damaged excisable goods, excise duty stamps, accounting registration stamps, or the day of taking a decision on their further use in the production process shall be the transaction date.

In the case of loss of excisable goods, excise duty stamps, accounting registration stamps, the date when such loss of excisable goods, excise duty stamps, accounting registration stamps took place, shall be recognised as date of committing the transaction.

7. In case of import of excisable goods to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union as the date of commission of the transaction shall be recognized the date of registration of the imported excisable goods by the taxpayer.

Therewith for the purpose of this section as the date of registration of imported excisable goods shall be recognized the date of placing such goods in property in accordance with the international standards of financial reporting and requirements of the legislation of the Republic of Kazakhstan «On accounting and financial reporting».

Article 283. Tax basis

A tax basis for excisable goods shall be defined as a physical volume (quantity) of produced and sold excisable goods.

For excisable goods specified in subparagraph 5) in the first part of Article 279 of this Code being a product of processing of raw materials supplied by the customer, a tax basis shall be defined as a physical volume (quantity) of the transferred excisable goods.

Article 284. Special Considerations in Taxation of All Types of Alcohol and Wine Materials Where Different Rates are Established

1. In the event that in accordance with paragraph 3 of Article 280 of this Code, different rates of excise duty are established for all types of alcohol and wine materials, the tax base shall be determined separately for the transactions which are taxed at the same rates.

2. When using alcohol and wine materials purchased by manufacturers of alcohol products with the excise duty at a rate lower than the basic rate not for manufacture of ethyl alcohol and (or) alcohol product, total excise duty on that alcohol and wine materials shall be subject to recomputation and payment to the budget at the basic rate of the excise duty as established for all types of alcohol and

wine material which are sold to persons who are not manufacturers of alcohol products. Translation and payment of excise duty shall be carried out by the recipient of alcohol or wine material.

3. Also, provisions of paragraph 2 of this Article shall not apply in the case of improper use of alcohol purchased for the manufacture of medicinal preparations and pharmaceuticals and rendering of medical services. Manufacturers of medicinal preparations and pharmaceuticals and state-owned medical institutions who received alcohol without excise duty, shall be payers of excise duty on such alcohol.

Article 285. Damage, Loss of Excisable Goods

1. In the case of damage, loss of excisable goods produced in the territory of the Republic of Kazakhstan and imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union the excise duty shall be paid in full amount, except for cases that resulted from emergency situations.

This provision shall also apply in the case of damage, loss of petrol (except for aviation fuel), diesel fuel, purchased for further marketing.

2. For the purposes of this Article:

1) damage of excisable goods shall be understood as deterioration of all or certain properties (features) of goods, at any technological stages of their production;

2) loss of excisable goods shall be understood as event resulting in destruction or waste of goods, at any technological stages of its production.

Loss of excisable goods within standard natural losses as established by the Republic of Kazakhstan legislation, as well as losses within quotas regulated by the manufacturer, regulatory and technical documentation, shall not be recognised as losses.

Article 286. Damage to, Loss of Excise Duty Stamps, Accounting Registration Stamps

1. Unless otherwise specified in this Article, in the case of damage to, loss of excise duty stamps or accounting registration stamps, the excise duty shall be paid in the amount of the declared assortment.

The excise duty on damaged or lost (in particular, stolen) accounting registration stamps intended for marking alcohol products in accordance with Article 653 of this Code shall be calculated based on the established rates applied to the volume of the tank (container) specified on the stamp.

2. In the case of damage to, loss of excise duty stamps issued for imported tobacco products, and accounting registration stamps, the excise duty shall be recalculated in the following cases:

1) damage to, loss of excise duty stamps, accounting registration stamps occurred due to emergency situations;

2) damaged excise duty stamps, accounting registration stamps were accepted by the tax authorities for destruction based on a write-off certificate.

3. In the case of damage to, loss of excise duty stamps issued for domestic tobacco products, the excise duty shall be not be paid in the following cases:

1) damage to, loss of excise duty stamps occurred due to emergency situations;

2) damaged excise duty stamps were accepted by the tax authorities for destruction based on a write-off certificate.

Article 287. Criteria for Recognition of Whole-Sale and Retail Sales of Petrol (Except for Aviation Fuel) and Diesel Fuel, Performed in the Territory of the Republic of Kazakhstan

1. Marketing of petrol (except for aviation fuel) and diesel fuel shall be recognised as the sphere of whole-sale trade where in accordance with the purchase and sale (barter) agreement the buyer undertakes to accept said excisable goods and use them for further marketing on the condition that the following are suppliers under such purchase and sale (barter) agreement:

1) manufacturer of petrol (except for aviation fuel) and diesel fuel;

2) taxpayer registered for certain types of activity in accordance with Article 574 of this Code and carrying out purchase or import of petrol (except for aviation fuel) and diesel fuel for the purpose of their further marketing.

The sphere of whole-sale trade shall also include shipment of petroleum (except for aviation gasoline) and diesel fuel to structural units for further sale.

2. The following transactions which are carried out by suppliers specified in paragraph 1 of this Article, shall be recognised as the sphere of retail trade in petrol (except for aviation fuel) and diesel fuel:

1) the sale as well as transfer by the manufacturer of oil products produced from customer-furnished raw materials, petroleum (except for aviation fuel) and diesel fuel to persons for their production needs;

2) marketing petrol (except for aviation fuel) and diesel fuel to natural persons;

3) use of petrol (except for aviation fuel) and diesel fuel, which was produced or purchased for further processing, for own industrial needs.

Article 288. Confirmation of Export of Excitable Goods

1. Unless otherwise provided by this Article, when selling for export excisable goods, in order to confirm lawfulness of exemption from tax in accordance with paragraph 2 of Article 281 of this Code, the taxpayer within sixty working days from the date of commission of transaction in accordance with the obligatory procedure shall submit to the Tax Authority in the place of location the following documents:

1) agreement (contract) for export supplies of excisable goods;

2) a goods declaration or a copy thereof certified by the customs authority with a mark of the customs authority that has released excisable goods in the customs export procedure.

In the case of export of excisable goods in the customs export procedure through the system of main pipelines, or using the procedure for incomplete periodic declaration, the complete goods declaration with a mark of the customs authority, which has performed the customs declaration, shall serve as the confirmation of export;

3) copies of forwarding documents with the note of the customs authority situated in the clearing office on the customs boundary of the Custom Union.

In the case of export of excisable goods under the customs procedure of export through the system of main pipelines, the commodity acceptance protocol shall be presented instead of way documents;

4) payment documents and the bank statement which confirm actual receipt of proceeds from selling excisable goods into bank accounts of the taxpayer in the Republic of Kazakhstan, open in accordance with the Republic of Kazakhstan legislation.

2. In case of export of excisable goods to member states of the Commonwealth of Independent States (except for member states of the Customs Union), with which the Republic of Kazakhstan has concluded international treaties providing for the exemption of excisable goods export from excise duty, a copy of a goods declaration executed in the country of import of excisable goods exported from the customs territory of the Republic of Kazakhstan in the customs export procedure shall additionally be submitted.

2-1. In case of export of excisable goods to the territory of the state – member of the Custom Union for confirmation of justness of exemption from payment of excise duties pursuant to paragraph 3 of Article 281 of the Code the taxpayer shall file documents that are specified in Article 276-11 of the Code simultaneously with the declaration of excise duty to the Tax Authority at the place of location, except for documents specified in subparagraph 5) of paragraph 1 of Article 276-11 of the Code.

Therewith the taxpayer shall have the right to file the specified documents, except for the excise duty declaration, to the Tax Authority within one hundred and eighty calendar days from the date of commission of the transaction.

2-2. A goods declaration in the form of an electronic document for which there is a notice from customs authorities in the information systems of tax authorities concerning actual export of the goods, shall also serve as a document confirming export of excisable goods. If a goods declaration in the form of an electronic document as provided for by this paragraph is available, presentation of the documents specified in subparagraph 2) of paragraph 1 of this Article is not required.

3. In the case of non-confirmation of selling excisable goods for export in accordance with paragraphs 1, 2 and 2-1 of this Article, such marketing shall be subject to excise duty in accordance with the procedure established by this Section for selling excisable goods in the territory of the Republic of Kazakhstan.

4. When confirming the sales of excisable goods for export after expiration of the terms established by paragraph 2-1 of this Article paid in accordance with paragraph 3 of this Article the amounts of excise duties shall be subject to offsetting and refunding pursuant to Articles 599 and 602 of the Code.

Therewith the paid amounts of fines, assessed in the view of non-confirmation of sales of excisable goods for export to the territory of the state – member of the Custom Union shall not be refunded.

Article 289. Assessment of Amounts of Excise Duty

Assessment of amounts of excise duty shall be carried out by way of applying the established rate of excise duty to a given tax base.

Article 290. Adjustment of Tax Base

1. Unless otherwise established by this Article, the tax base shall be adjusted in that tax period in which the return of excisable goods was made.

Adjustment of amounts of the tax base in accordance with this Article shall be carried out on the basis of an additional invoice, in which amounts of excise subject to adjustment is shown in a separate line, and also bilateral acts that confirm reasons for the return of excisable goods, and other documents confirming occurrence of return cases specified in the agreement (contract).

Adjustment of amounts of the tax base in case of import of excisable goods from the states – members of the Custom Union shall be exercised in accordance with paragraphs 1-3 of Article 276-23 of the Code.

2. The tax base for excisable goods specified in subparagraph 4) of Article 279 of this Code shall be adjusted by the manufacturer of the excisable goods to the quantity of the excisable goods sold for export, in the event that excise tax have been earlier paid for the excisable goods in connection with movement thereof, carried out by the manufacturer from the place of manufacture as specified in the license.

The tax base provided for by this paragraph shall be adjusted in the tax period in which such excisable goods were sold for export.

For that purpose the tax base may be negative after such adjustment.

Article 291. Deduction from Tax

1. The taxpayer shall have the right to reduce amount of excise duty determined in accordance with Article 289 of this Code, by deductions established by this Article.

2. In accordance with this Article, amounts of excise duty, paid in the Republic of Kazakhstan, on excisable goods used as main raw materials for production of other excisable goods, shall be recognised as deductions.

3. Amounts of excise duty paid in the following cases shall be subject to deduction:

1) in the territory of the Republic of Kazakhstan, in case of purchasing or importing excisable goods into the territory of the Republic of Kazakhstan;

2) for excisable raw materials of own production;

3) when transferring excisable goods manufactured out of customers' raw materials.

Excise duties on all types of alcohol, crude oil, natural gas liquids, shall not be subject to deduction.

4. Deductions shall be made in amounts of excise duty as determined on the basis of the quantity of excisable raw materials actually used for the manufacture of excisable goods in the tax period.

5. Deduction of amounts of excise duty paid when purchasing excisable goods in the territory of the Republic of Kazakhstan, shall be carried out where the following documents are available:

1) purchase and sale agreement on excisable goods;

2) payment documents or ticket to a cash receipt with supplement checks of the cash register confirming payments for excisable goods;

3) transportation and way bills on supplies of excisable raw materials;

4) invoices with a separate line showing amounts of excise duty;

5) blending sheets (in production of alcohol products);

6) reports on writing off excisable raw materials into processing.

6. Deduction of amounts of excise duty paid for excisable raw materials of own production, shall be carried out where the following documents are available:

1) payment documents or other documents confirming payment of excise duty to the budget;

2) blending sheets (in cases of production of alcohol products);

3) report on writing off excisable raw materials into processing.

7.Deduction of amounts of excise duty paid in the Republic of Kazakhstan on import of excisable goods into the territory of the Republic of Kazakhstan shall be carried out where the following documents are available:

1) purchase and sale agreement on excisable raw materials;

2) payment documents or other documents confirming payments of excise duty to the budget in the course of the customs declaration;

3) a goods declaration on imported excisable raw materials in case of import of excisable raw materials into the territory of the Republic of Kazakhstan from the territory of states not being member states of the Customs Union, or a statement of import of goods and payment of indirect taxes in case of import into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union;

4) blending sheets (in cases of production of alcohol products);

5) reports on writing off excisable raw materials into processing.

8. Also, amounts of excise duty paid when excisable goods manufactured in the territory of the Republic of Kazakhstan of the customer's raw materials are transferred, shall be subject to deduction, provided the following documents are available:

1) agreement on processing customer's raw materials between the owner of the customer's raw materials and the contractor;

2) payment documents or other documents confirming the payment of the excise duty to the budget by the owner of the customer's excisable goods;

3) shipment or acceptance protocol on excisable raw materials.

9. In the case of excess amounts of excise duty paid by manufacturers of excisable goods when buying in the territory of the Republic of Kazakhstan or importing excisable goods, over amounts of excise duty assessed on excisable goods manufactured out of that raw material, amounts of such excess shall not be deductible.

Article 292. Timing for Payment of Excise Duty

1. Unless otherwise provided for in this Code, the excise duty on excisable goods shall be transferred to the budget no later than on the 20th day of the month following the reporting tax period.

2. On excisable goods manufactured out of customers' raw materials and consumables, excise duty shall be paid on the day of the transfer of production to the customer or to a person appointed by the customer.

3. Excise duty shall be paid on the day of the transfer, in cases of transfers of crude oil, natural gas liquids produced in the territory of the Republic of Kazakhstan for industrial processing.

4. Excise duty on excisable goods established in subparagraph 2) of Article 279 of this Code, except for wine materials and beer shall be paid prior to receipt of accounting registration stamps.

5. The confirmation by the tax authorities of payment of the excise duty on excisable goods imported from the territory of member states of the Customs Union in the application for import of goods and payment of indirect taxes by way of placing a corresponding mark, or the substantiated refusal of such confirmation shall be exercised in the procedure provided for by the authorized body.

Article 293. Place of Payment of Excise Duty

1. Payment of excise duty shall be in the place of location of taxable items, except for the cases specified in paragraphs 2 and 3 of this Article.

2. Payers of excise duty who carry out whole-sale, retail trade in petrol (except for aviation fuel) and diesel fuel, shall pay excise duty in the place of location of items relating to taxation.

3. At importation of excisable goods from the territory of states – members of the Custom Union payment of excise duty shal be performed at the place of location (residence) of the taxpayer.

Article 294. The Procedure for the Assessment and Payment of Excise Duty by Taxpayers for Structural Units, Items Relating to Taxation

1. Assessments of excise duty shall be compiled separately (throughout the Section – excise duty assessment) for transactions which are subject to excise duty which are committed during the tax period by a structural unit, and also in relation to items connected with taxation.

Amounts of excise duty to be paid for structural units, and also items relating to taxation, shall be computed on the basis of the excise duty assessment.

2. Payers of excise duty shall be obliged to present assessments of excise duty to the tax authorities in the place of location of the structural unit, items relating to taxation, within a period established by Article 296 of this Code.

Payers of excise duty that have several items relating to taxation, which are registered by one tax authority, shall submit one excise duty assessment for all the items.

3. Payment of excise duty, including current payments, for structural units, items relating to taxation, shall be carried out by the legal person which is a payer of excise duty directly from its bank account or entrusted to the structural unit.

4. Individual entrepreneurs shall file assessments of excise duty to be paid for items relating to taxation in the place of location of such items relating to taxation.

Article 295. Tax Period

Calendar month shall be tax period applied to excise duty.

Article 296. Tax Declarations

1. Unless otherwise established by this Article upon expiration of each tax period the payers of excise duties shall be obliged to submit to the Tax Authorities in the place of their location the excise duty declaration not later than the 15th day of the second month following a reporting tax period.

2. Simultaneously with the declarations, payers of excise duty shall present excise duty assessments.

3. The taxpayers importing excisable goods to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union, shall be obliged to file to the Tax Authority at the location (place of residence) the declaration on indirect taxes on imported goods in the form and procedure established by paragraph 5 of Article 276-20 of the Code, not later than on the 20th day of the month following the month of registration of such imported excisable goods. Simultaneously with such declaration the documents specified in paragraph 3 of Article 276-20 of the Code shall be filed.

Therewith the declaration of indirect taxes on imported goods and application for importation of goods and payment of indirect taxes shall be considered as not filed to the Tax Authority in the events specified in paragraph 6 of Article 276-20 of the Code.

CHAPTER 40. TAXATION OF IMPORT OF EXCISABLE GOODS

Article 297. Tax base of imported excisable goods

1. The tax base on imported to the territory of the Republic of Kazakhstan excisable goods shall be determined as a volume, quantity of such imported excisable goods in a natural measurement.

Article 298. Timing for Payment of Excise Duty on Imported Excisable Goods

1. Excise duty on excisable goods imported from the territory of the states which are not members of the Custom Union shall be paid on the day determined by the customs legislation of the Custom Union and (or) customs legislation of the Republic of Kazakhstan for the payment of customs payments, except for the cases specified in paragraph 2 of this Article, in accordance with the procedure established by the authorised body for issues of customs affairs.

2. Excise duty on imported excisable goods which are subject to marking in accordance with Article 653 of this Code, shall be paid prior to receipt of excise duty stamps, accounting registration stamps.

When importing excisable goods specified in the first part of this paragraph, the amount of excise duty shall be subject to confirmation, and the excise duty rate effective as at the date of import of excisable goods shall be applied.

3. Excise duties on excisable goods (except for the marked excisable goods) imported from the territory of the states – members of the Custom Union shall be paid not later than on the 20th day of a month following the registration month of the imported excisable goods.

Payment of excise duties on marked excisable goods shall be made within the terms established by paragraph 2 of this Article.

4. In case of utilization of excisable goods imported into the territory of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan without payment of excise duties for purposes other than those, in relation to which the exemption or any other procedure for payment were provided, such excisable goods shall be subject to excise duties in the procedure and at the excise duty rates established by Articles 280 and 297 of the Code and decrees of the Government of the Republic of Kazakhstan.

Article 299. Import of Excisable Goods Which Are Exempt from Excise Duty

1. Excisable goods which are imported by natural persons in accordance with the quotas established by the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan shall not be subject to excise duty.

2. The following imported excisable goods shall be exempt from payment of excise duty:

1) excisable goods which are needed for the maintenance of transport vehicles in international carriage, during their time en route and in places of stop-overs;

2) excisable goods which due to damage prior to their clearance through the customs boundary of the Custom Union became useless as articles and consumable materials;

3) excisable goods that have been imported for official use by foreign diplomatic and equated representations, and also for personal consumption by persons from amongst diplomatic and administrative-technical personnel of those representations, including their family members residing with them. Said goods shall be exempt form payment of excise duty in accordance with international agreements, of which the Republic of Kazakhstan is a signatory;

4) excisable goods which are cleared through the customs boundary of the Custom Union which are exempt in the territory of the Republic of Kazakhstan within the framework of the customs procedures established by the customs legislation of the Custom Union and (or) by the customs legislation of the Republic of Kazakhstan, except for the customs procedure of release for the internal consumption;

5) alcohol-containing products of medical designation (except for extracts) {~} and registered in accordance with the Republic of Kazakhstan legislation.

SECTION 10. Rental Tax on Export

CHAPTER 41. THE RENTAL TAX ON EXPORT

Article 300. The Payers

Payers of the rent export tax shall be individuals and legal entities engaged in sales for export:

1) of crude oil, gas condensate, other than:

Subsurface users who export the volumes of crude oil, gas condensate produced under the contract specified in Article 308-1 paragraph 1 of this Code;

Legal entities included into the list defined by the authorized agency in the area of oil and gas industry, which have applied the customs export procedure to the crude oil to the extent specified by the authorized agency in the area of oil and gas industry and to which the customs procedure for processing beyond the customs territory have been earlier applied.

In that case, if a legal entity fails to import the products of crude oil processing into the Republic of Kazakhstan upon completion of the customs procedure for processing crude oil outside the customs territory in the quantity specified in the document concerning the conditions of goods processing outside the customs territory, with the exception of products determined by the Government of the Republic of Kazakhstan, such legal entity shall be a payer of the rent export tax for all the volume of crude oil transferred for processing under the customs procedure outside the customs territory according to Article 332 paragraph 2 subparagraph 2-1) of this Code;

2) coal.

Article 301. Taxable Items

Volumes of crude oil, natural gas liquid, and coal sold for export shall be recognized as taxable items for the purpose of rent tax on export.

For the purposes of this Section, export shall mean:

1) exportation of goods from the territory of the Republic of Kazakhstan performed in the customs export procedure in accordance with the customs legislation of the Customs Union and (or) the customs legislation of the Republic of Kazakhstan;

2) exportation of goods from the territory of the Republic of Kazakhstan to the territory of another member state of the Customs Union;

3) sale of products of processing of customer-supplied raw materials, previously exported from the territory of the Republic of Kazakhstan to the territory of a member state of the Customs Union for processing, in the territory of another member state of the Customs Union.

For the purpose of assessment of rent tax on export, the volume of crude oil, natural gas liquid shall be determined in the procedure as follows:

In case of sales of crude oil, natural gas liquid for export outside the Customs Union – as the volume of crude oil, natural gas liquid specified in column 35 of the complete goods declaration used to assess the amounts of customs duties and any other payments to be charged by the customs authorities, or for any other customs purposes in accordance with the customs legislation of the Customs Union and (or) the customs legislation of the Republic of Kazakhstan;

In case of sales of crude oil, natural gas liquid for export to the territory of another member state of the Customs Union – as the volume of crude oil, natural gas liquid specified in the goods delivery and acceptance certificate of a carrier in the territory of the Republic of Kazakhstan at the starting point of the rout of supply of such crude oil, natural gas liquid for export.

Article 302. The Procedure for the Assessment

1. Value of exported crude oil, natural gas liquids computed on the basis of quantities of crude oil, natural gas liquids actually sold for export and world prices computed in accordance with the procedure established by paragraph 3 of Article 334 of this Code, shall be recognised as the tax base for the assessment of the rental tax on exported crude oil, natural gas liquids.

In the case of coal, the value of exported coal assessed on the basis of quantities of coal actually sold for export, shall be recognised as tax base for the assessment of rental tax on export.

2. The monetary form of payment of the rental tax on exported crude oil, natural gas liquids, pursuant to a decision of the Republic of Kazakhstan Government may be replaced with an in-kind form in accordance with the procedure to be established by an additional agreement to be concluded between the authorised state body and the taxpayer.

The procedure for the in-kind payment of rental tax on exported crude oil, natural gas liquids, shall be established by Article 346 of this Code.

Article 303. Rates of the Rental Tax on Export

In the case of export of crude oil, natural gas liquids, the rental tax on export shall be assessed by using the following rates:

Nos.	World Price	Rate, %
1	2	3
1.	up to 20 US dollars for barrel, inclusive	0
2.	up to 30 US dollars for barrel, inclusive	0
3.	up to 40 US dollars for barrel, inclusive	0
4.	up to 50 US dollars for barrel, inclusive	7
5.	up to 60 US dollars for barrel, inclusive	11
6.	up to 70 US dollars for barrel, inclusive	14

7.	up to 80 US dollars for barrel, inclusive	16
8.	up to 90 US dollars for barrel, inclusive	17
9.	up to 100 US dollars for barrel, inclusive	19
10.	up to 110 US dollars for barrel, inclusive	21
11.	up to 120 US dollars for barrel, inclusive	22
12.	up to 130 US dollars for barrel, inclusive	23
13.	up to 140 US dollars for barrel, inclusive	25
14.	up to 150 US dollars for barrel, inclusive	26
15.	up to 160 US dollars for barrel, inclusive	27
16.	up to 170 US dollars for barrel, inclusive	29
17.	up to 180 US dollars for barrel, inclusive	30
18.	up to 190 US dollars for barrel, inclusive	32
19.	up to 200 US dollars for barrel and more	32

In the case of exporting coal, the rental tax on export shall be computed at a rate of 2.1 per cent.

Article 304. Tax Period

A calendar quarter shall be recognized as a tax period for the purpose of rent tax on export.

Should the dates of execution of a temporary and a complete goods declaration fall within different tax periods, the obligations to pay rent tax on export shall appear in the tax period, within which the period of time specified in temporary and complete goods declarations, during which crude oil, natural gas liquid is supplied in the customs export procedure in accordance with the customs legislation of the Customs Union and (or) the customs legislation of the Republic of Kazakhstan, falls.

Article 305. Time for Payment

Taxpayers shall be obliged to pay the assessed amounts of the tax to the budget not later than the 25th day of the second month following a tax period.

Article 306. Tax Declarations

Rental tax declarations on export, shall be submitted to the tax authority in the place of location of the taxpayer not later than the 15th day of the second month following a tax period.

Section 11. Taxation of Subsurface Users

CHAPTER 42. GENERAL PROVISIONS

Article 307. Relations Which Are Regulated by this Section

1. When conducting subsurface use operations within the framework of subsurface use contracts concluded in accordance with the procedure defined by the Republic of Kazakhstan legislation, the subsurface users shall pay all the taxes and other obligatory payments to the budget as established by this Code.

2. This Section shall establish the procedure for the assessment and payment of special payments and taxes of subsurface users when conducting subsurface use operations, and special considerations on fulfillment of tax obligation on activity performed under the production sharing agreement (contract).

3. Special payments and taxes of subsurface users shall comprise the following:

1) special payments of subsurface users:

a) signature bonus;

b) commercial discovery bonus;

c) payment to recover historic costs;

2) tax on production of useful minerals;

3) tax on super-profits.

In this Section special definitions and terms shall have the meanings as defined by the Republic of Kazakhstan concerning subsurface and subsurface use.

4. The procedure for the recognition of a field (group of fields, a portion of a field) as low-productivity, high-viscosity, with water contents, low-debit and depleted categories, their list and taxation procedure with regard to tax on production of useful minerals, shall be defined by the Government of the Republic of Kazakhstan.

Article 308. Taxation of business associated with the performance of subsurface use operations

1. The computation of tax obligations relating to taxes and other obligatory payments to the budget with regard to business performed within the framework of subsurface use contracts shall be carried out in accordance with the tax legislation of the Republic of Kazakhstan which shall be in effect at the time of emergence of the obligations associated with their payment, except for the cases specified in paragraph 1 of Article 308-1 of the Code.

2. A non-resident subsurface user who carries out business under the subsurface use contract shall additionally be subject to taxation in accordance with Articles 198-200 of this Code.

3. A subsurface user shall be obliged to keep separate accounts in accordance with Article 310 of this Code for the assessment of the tax obligation associated with the business which is carried out within the framework of each concluded subsurface use contract, and also when developing a low-productivity, high-viscosity, watered, low-debit and depleted deposit (group of deposits, portion of a deposit where business on such group of deposits, portion of a deposit is carried out within the framework of one contract) in the case of the assessment of taxes and other obligatory payments to the budget on such deposit (group of deposits, portion of a deposit where business on such group of deposits, portion of a deposit are carried out within the framework of one contract) shall be assessed in accordance with the procedure and at rates which are different from those established by this Code.

This provision shall not apply to the contracts for production of commonly-occurring useful minerals, underground waters, therapeutic mud, and also for the construction and (or) operation of underground facilities not connected with exploration and (or) production.

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4. Where the subsurface use rights under one subsurface use contract are held by several natural persons and (or) legal persons who are members of a simple partnership (consortium), each member of a simple partnership (consortium) shall act as a taxpayer of taxes and other obligatory payments to the budget established by the legislation of the Republic of Kazakhstan.

5. Where the subsurface use rights under one subsurface use contract are held by several natural persons and (or) legal persons who are members of a simple partnership (consortium) with regard to business which are carried out under such subsurface use contract, the members of a simple partnership (consortium) shall be obliged to appoint an authorised representative in order to maintain consolidated tax accounting.

An authorized representative of a simple partnership (consortium) members shall be obliged to maintain a consolidated tax accounting on activity, performed under the subsurface use contract in accordance with the requirements of the Code.

When performing operations of subsurface use within the framework of the production sharing agreement (contract) the operator shall act as such authorized representative.

Powers of the authorized representative of a simple partnership members (consortium), including the operator, must be approved in accordance with the requirements of Articles 17 and 17-1 of the Code.

6. Fulfillment of tax obligations under the subsurface use contract shall be performed in the procedure established by the Code, by a member (members) and (or) an authorized representative of the members of a simple partnership (consortium), resposible for keeping consolidated tax accounting on such activity, on the basis of the information of the consolidated tax accounting. Therewith fulfillment of tax obligations for submission of tax reports forms shall be exercised by the members of a simple partnership (consortium) independently, except for the cases provided for in the subparagraph 2) of paragraph 3 Article 308-1 of the present Code.

Article 308-1. The procedure for fulfillment of tax obligation by certain subsurface users

1. The tax regime defined in the production sharing agreement (contract) concluded between the Government of the Republic of Kazakhstan or the competent authority and a subsurface user prior to the 1st of January 2009 and which passed the obligatory tax inspection, as well as in a subsurface use contract that has been approved by the President of the Republic of Kazakhstan shall be preserved in respect of the taxes and other obligatory payments to the budget for which in accordance with the provisions of such agreement (contract) the stability of the tax regime is explicitly provided, shall be effective exclusively with regard to the parties to such agreement (contract), and also with regard to the operators, during its entire established validity period, shall not apply to persons which are not parties to such agreement (contract) or operators, and may be altered pursuant to the mutual agreement of parties.

Performance of tax obligation with regard to taxes which shall be withheld at source of payment, in relation to which the subsurface user acts as a tax agent, shall be carried out in accordance with the tax laws of the Republic of Kazakhstan which are in effect at the time of emergence of the obligations associated with their payment, irrespective of whether the provisions regulating the procedure for the application of taxes which are withheld at source of payment are specified or not in the production sharing agreement (contract) concluded between the Republic of Kazakhstan Government or the competent authority and a subsurface user prior to the 1st of January 2009, and which passed the obligatory tax inspection, and in the subsurface use contract approved by the President of the Republic of Kazakhstan.

In the case of abolition of certain taxes and other obligatory payments to the budget, which are specified by the tax regime of the production sharing agreement (contract) concluded between the Government of the Republic of Kazakhstan or the competent authority and a subsurface user prior to the 1st of January 2009, and which passed the obligatory tax expert examination, as well as the tax regime of the subsurface use contract approved by the President of the Republic of Kazakhstan, the subsurface user shall continue their payment to the budget in accordance with the procedure and in amounts established by the production sharing agreement (contract) and (or) subsurface use contract until the expiry of their validity or introduction of the appropriate amendments and additions in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

2. Where the determination of the operator is provided for by the provisions of a production sharing agreement (contract), as concluded between the Government of the Republic of Kazakhstan or the competent authority and the subsurface user prior to the 1st of January 2009 that passed the obligatory tax inspection, and fulfillment of tax obligation under the agreement (contract) is performed by an operator, then such operator shall fulfill the tax obligation under the agreement (contract) pursuant to the tax regime that is effective with respect to the parties to the agreement (contract) in accordance with paragraph 1 of this Article.

3. Fulfillment of tax obligation of members of a simple partnership (consortium) within the framework of the production sharing agreement (contract) can be performed through one of the following methods:

1) fulfillment of tax obligation by a member of a simple partnership (consortium) shall be performed individually or by the operator on the behalf and on the instructions of such member as related to the obligation attributable to the member's share. Therewith, in the tax forms as taxpayer shall be indicated details of a member of a simple partnership (consortium), as an authorized representative – details of an operator;

2) fulfillment of tax obligation of members of a simple partnership (consortium) shall be performed by the operator cumulatively on the activity carried out within the framework of the production sharing agreement (contract), if specified in the provisions of the production sharing agreement (contract). Therewith, compiling and submission (revocation) of tax forms shall be performed by the operator in the procedure provided for by Chapter 8 of the Code stating the operator's details as a taxpayer.

4. When any tax obligations of the operator as a taxpayer (tax agent) occur in the course of subsurface use operations in accordance with the requirements of the tax legislation, then such tax obligations shall be fulfilled by the operator individually.

Article 309. Taxation of Business Not Relating to Subsurface Use Operations

The implementation of tax obligations relating to business which are carried out within a subsurface use contract shall not release the subsurface user from the performance of the tax obligation for carrying out business beyond the framework of a subsurface use contract, in accordance with the tax laws of the Republic of Kazakhstan which are in effect on the date of the emergence of a given tax obligation.

Article 310. The General Principles of Keeping Separate Tax Accounting for Subsurface Use Contracts

1. The subsurface user shall be obliged to keep separate tax accounting of taxable items and (or items related to taxation for assessing the tax liability under contractual business by each subsurface use contract, as well as when developing a low-profit, high-viscosity, watered, low-flow and exhausted field (a group of fields, provided that the activities are performed in relation to such a group of fields within the framework of the same contract) as determined by paragraph 4 of Article 407 of this Code.

2. For the purposes of this Article the following terms have the following meanings:

1) direct income and costs – subsurface user's direct income and costs of the reporting tax period, including income and costs pertaining to fixed assets, which have direct causal relation with a specific subsurface use contract or non-contractual business;

2) indirect income and costs – subsurface user's income and costs of the reporting tax period, including income and costs pertaining to fixed assets, which have direct causal relation with several subsurface use contracts and which are subject to apportionment to such subsurface use contracts only;

3) general income and costs – subsurface user's income and costs of the reporting tax period, including income and costs pertaining to general fixed assets, which are related to contract and non-contract business and which have no direct causal relation with a specific subsurface use contract and (or) non-contractual business and which require splitting among them;

4) general fixed assets – fixed assets, which are related to the performance of contract and non-contract business and by virtue of the specificity of their use have no direct causal relation with a specific subsurface use contract and (or) non-contractual activities;

5) indirect fixed assets – fixed assets, which by virtue of their specificity have direct causal relation with subsurface use contracts only;

6) industrial production and primary processing (concentration) cost – costs of production, which are determined in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, which are directly related to recovery of useful minerals from the subsurface to the surface and their primary processing (concentration), except for costs of storage, transportation, selling of useful minerals, general administrative and other costs not related directly to the recovery of useful minerals from the subsurface to the surface and their primary processing (concentration).

3. Separate tax accounting for taxable items and (or) items related to taxation shall be kept by the subsurface user on the basis of data of the accounting documents in accordance with the approved tax accounting policy and with respect to provisions established by this Article.

The procedure for keeping separate tax accounting shall be elaborated by the subsurface user independently and be approved in the tax accounting policy (section of the accounting policy).

A copy approved tax accounting policy (section of the accounting policy), which has been approved for the first time, shall be presented by the subsurface user to the tax authority in the place of its location by the time established by this Code to present a corporate income tax declaration.

Amendments and additions to the tax accounting policy (section of the accounting policy) or a new version of the tax accounting policy (section of the accounting policy) shall be presented by the subsurface user to the tax authority in the place of its location within ten working days after their approval.

Provisions of this Article shall also apply in respect to the authorized representative of members of a simple partnership (consortium), which is responsible for keeping consolidated tax accounting in accordance with paragraph 5 of Article 308 of the Code.

4. With regard to contractual activities separate tax accounting shall be kept for the following taxes and other obligatory payments to the budget:

1) corporate income tax;

2) signature bonus;

3) commercial discovery bonus;

4) tax on production of useful minerals;

5) super-profit tax;

6) other taxes and other obligatory payments to the budget, which are assessed in accordance with the procedure different from the procedure established by this Code, on the basis of the tax regime of the subsurface use contracts as defined in paragraph 1 of Article 308-1 of this Code.

5. When keeping separate tax accounting for the assessment of tax liability, the subsurface user shall be obliged to ensure the following:

1) the presentation of taxable items and (or) items related to taxation in the tax accounting for the assessment of assess taxes and other obligatory payments to the budget, which are indicated in paragraph 4 of this Article, by each subsurface use contract separately from the non-contractual business;

2) the assessment of taxes and other obligatory payments to the budget, which are not indicated in paragraph 4 of this Article, as well as of the corporate income tax in total for all the business of the subsurface user;

3) the presentation of tax reports concerning taxes and other obligatory payments to the budget, which are indicated in paragraph 4 of this Article, except for tax reports on the corporate income tax, for each subsurface use contract;

4) the presentation of a single corporate income tax declaration in total for the subsurface user's business and of appropriate supplements to it for each subsurface use contract.

5) presentation of tax reports on taxes and other obligatory payments to the budget, not specified in paragraph 4 of this Article, with regard to all business of the subsurface user as a whole.

6. Where the corporate income tax is assessed in total for the subsurface user's business, the losses which are incurred under any specific subsurface use contract, which the subsurface user has the right to compensate only at the expense of income gained from business under such a subsurface use contract, within the following tax periods subject to provisions of Article 137 of this Code, shall not be taken into account.

7. For the purposes of keeping separate tax accounting for taxable items and (or) items related to taxation, all the subsurface user's income and costs shall be divided in direct, indirect and general.

Classifying income and costs as direct, indirect and general shall be performed by the subsurface user independently basing on the specificity of the business.

Direct income and costs must be attributed in full volume only to that contractual or non-contractual business, which they have direct causal relation with.

General income and costs shall be apportioned to the contractual and non-contractual business and be included in an adequate share among the income and costs of that contract and non-contractual business, which they have casual relationship with.

Indirect income and costs shall be split among subsurface use contracts only and be included in an adequate share among the income and costs of that contract, which they have casual relationship with.

Apportionment of general and indirect income and costs shall be performed in accordance with the methods established by paragraph 9 of this Article and subject to provisions of paragraph 8 of this Article.

8. For general and indirect fixes assets, costs, which have been incurred by the subsurface user in relation to said fixed assets, including costs of depreciation and subsequent costs, shall be distributed between the subsurface use contract (contracts) and the non-contractual business.

For general and indirect costs related to remuneration, the total amount of deductions for such remuneration determined in accordance with Article 103 of this Code shall be split.

If an exchange difference may not be attributed to contractual and/or non-contractual operations of the subsoil user due to immediate causal relationships, for foreign exchange rate difference, the final (balanced) result gained for the tax period in the form of an excess amount of foreign exchange gain over the amount of foreign exchange loss or an excess of foreign exchange loss over foreign exchange gain shall be subject to apportionment.

Taxes allowing deductions of general and indirect taxable items and (or) items related to taxation, shall be subject to apportionment in accordance with the methods established by paragraph 9 of this Article, without such apportionment of the taxable items and items related to taxation themselves.

9. Splitting general and indirect income and costs for each contractual business shall be performed by the subsurface user independently with respect to the specificity of business or performance of subsurface use operations on the basis of one or several methods for keeping separated tax accounting, which are adopted by the subsurface user in the tax accounting policy, in particular:

1) according to the proportion of direct income per each specific subsoil use contract and non-contractual activity, in the total amount of the direct income gained by the subsoil user for the tax period;

2) according to unit weight of volumes of production of useful minerals under each specific subsurface use contract in the total volume of production of useful minerals under all the subsurface use contracts of the taxpayer;

3) according to the proportion of direct costs per each specific subsoil use contract and non-contractual activity, in the total amount of the direct costs incurred by the subsoil user for the tax period;

4) according to unit weight of costs incurred with respect to one of the following items – direct production costs, work remuneration fund or cost of fixed assets, which are related to each specific subsurface use contract and non-contractual business, in the total amount of costs under said item, which have been incurred by the subsurface user for the tax period;

5) according to unit weight of the average listed number of employees, who participate in contractual business, in the total average listed number of employees of the subsurface user;

6) other methods.

In relation to various types of general and indirect income and costs, different methods for their splitting may be applied, which are established by this paragraph.

For more accurate splitting general and (or) indirect income and costs the volume of unit weight, which has been obtained as a result of application of one of the aforesaid methods, shall be determined by the subsurface user in per cent up to one hundredth share (0,01%).

10. For the purpose of separate tax accounting on corporate income tax by a subsoil user with respect to the contractual activities under each specific subsoil use contract, the income from sale of the extracted oil and/or mineral raw materials after primary processing (enrichment), shall be determined subject to the sale price thereof in compliance with the legislation of the Republic of Kazakhstan concerning transfer pricing, but not less than the cost of production of the produced oil, mineral raw materials and/or marketable products received as a result of the primary processing (enrichment), determined in accordance with the international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting.

In the event of transfer of the produced oil and/or mineral oil materials after primary processing (enrichment) for further processing to another legal person (without transfer of the right of ownership) and/or to a structural or other production unit of the same legal entity or of the use for own production needs the subsoil user shall determine income from such operation on the basis of the actual production cost of extraction and primary processing (enrichment) that shall be determined in accordance with the international financial

reporting standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, increased by 20 per cent.

In that case the total annual income from non-contractual activity of the subsoil user shall include the amount equal to the positive difference between the actual and gained income from the sale of the products received as a result of such subsequent processing and the amount of income to be included into the total annual income from the contractual activity of the subsoil user assessed in accordance with the second part of this paragraph.

For the purpose of this Section, the "other production unit of the legal entity" shall mean a mine, quarry, pit, crushing facility (machine), enriching factory, processing, production or metallurgical works (plant).

11. The provisions of this Article concerning keeping separate tax accounting for the assessment of tax liabilities, except for the tax liability with respect to the tax on production of useful mineral, shall not cover the tax liability, which arises with respect to the following types of subsurface use contracts:

1) for exploration and (or) production of commonly-occurring useful minerals;

2) for exploration and (or) production of underground waters;

3) for exploration and (or) production of therapeutic mud;

4) for construction and (or) operation of underground structures, which are not related to exploration and (or) production.

12. The operations and (or) results of business under the subsurface use contracts, which are specified in paragraph 11 of this Article, which are a part of business under contracts for performance of petroleum or mining operations, shall be presented in the tax accounting for the relevant petroleum or mining subsurface use contract with respect to special considerations in the procedure for keeping separate tax accounting of the subsurface user.

CHAPTER 43. BONUSES

Article 311. General Provisions

1. Bonuses shall be subsurface user's fixed payments.

2. Depending on the type and terms of the concluded subsurface use contract the following types of bonuses may be established for the subsurface user:

1) signature bonus;

2) commercial discovery bonus.

§ 1. The Signature Bonus

Article 312. General Provisions

A subscription bonus shall be a one-time fixed payment of the subsoil user for the acquisition of the subsoil use right at the contract territory, and in the event of extension of the contract territory according to the procedure established by the legislation of the Republic of Kazakhstan.

Article 313. The Payers

The payer of subscription bonus is a legal entity or individual, became a winner of tender for getting right of subsoil use or obtained right for subsoil use on the basis of direct negotiations on provision of right of subsoil use in accordance with the legislation of the Republic of Kazakhstan concerning subsoil and subsoil use, and entered into one of the following contracts for subsoil use under the procedure established by the legislation of the Republic of Kazakhstan:

1) exploration contract;

2) contract for mining operations;

3) combined exploration and production contract.

The provision of sub-par 2) of the first part of this Article does not apply to subsoil users, entered into contract on the basis of exclusive right for obtaining right for production due to commercial discovery within the contract for exploration on the relevant contractual area.

Article 314. Procedure for Determining Amount of Subscription Bonus

1. Starting value of subscription bonus shall be determined individually for every concluded contract for subsoil use in the following amounts:

1) for contracts on geological exploration on the territory where approved reserves of minerals are unavailable:

for oil contract – 2800-fold amount of monthly calculation index established by the Law On Republican Budget and effective as of the date of publishing conditions of tender or subscription of minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use;

for contracts for mining operations, except for contract for the development of anthropogenic mineral formations, – 280-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use;

for contracts on general minerals, underground water and therapeutic muds – 40-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use;

2) for production and combined exploration and production contracts:

for oil contracts:

if reserves are not approved, – 3000-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use;

if reserves are approved, – upon formula (C x 0.04%) + (C p x 0.01%), but not less than 3000-fold amount of monthly calculation index, established by the Law Concerning Republican Budget, and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use, where:

C – cost of summary reserves of crude oil, gas condensate or natural gas, approved by the State Committee on Minerals Reserves of the Republic of Kazakhstan, by industrial categories A, B, C1,

Cp – summary cost of preliminarily estimated reserves of C2 category, approved by and (or) accepted in report of the State Committee on Minerals Reserves of the Republic of Kazakhstan, for efficient calculation of reserves of potentially commercial object and forecast resources of C3 category;

for contracts on mining and combined exploration and production operations, except for contracts for the development of anthropogenic mineral formations:

if reserves are not approved, – 500-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use;

if reserves are approved, upon formula (C x 0.01%) + (C p x 0.005%), but not less than 500-fold amount of monthly calculation index, established by the Law Concerning Republican Budget, and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use, where:

C – cost of summary reserves of mineral resources, approved by State Committee on Minerals Reserves of the Republic of Kazakhstan, by industrial categories A, B, C1,

Cp – summary cost of preliminarily estimated reserves of mineral resources of C2 category, approved by and (or) accepted in report of the State Committee on Minerals Reserves of the Republic of Kazakhstan, for efficient calculation of reserves of potentially commercial object and forecast resources;

for contracts for general minerals, underground water and therapeutic muds – upon formula (C x 0.01%), but not less than 120-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use.

In addition, starting value of subscription bonus for production contracts may not be less than amount of commercial discovery bonus calculated in accordance with articles 319–322 of this Code, except for contracts for natural gas extraction stated in subparagraph 1-1 of paragraph 2 of this Article;

3) for contracts for processing of anthropogenic mineral formations – upon formula C1 x 0.01%), but not less than 300-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use;

4) for contracts for the exploration of subsoil for discharge of waste water, and construction and (or) exploitation of underground constructions, not associated with the development and (or) production, – 400-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective as of the date of publishing conditions of tender or subscription minutes of direct negotiations on provision of subsoil use rights in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use.

2. The cost of minerals reserves shall be determined as follows:

1) for crude oil, gas condensate and natural gas, exept natural gas stated in subparagraph 1-1 of this paragraph, – based on arithmetic mean of prices quotations for crude oil, gas condensate and natural gas in foreign currency in accordance with article 334 of this Code as of the day, preceding to the day of publishing condition of tender or signing minutes of direct negotiations on provisions of subsoil right in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil Use, with the application of market exchange rate of KZT to appropriate foreign currency, established as of the date of subscription bonus payment. In addition, for the determination of the cost of crude oil and gas condensate reserves, approved by the authorized for these purposes state body of the Republic of Kazakhstan, an arithmetic mean of prices quotations of standard sort of crude oil, specified in clause 3 of article 334 of this Code, the value of which as of specified date is maximal, shall be used;

1-1) for natural gas under a subsoil use contract providing for obligations of subsoil user concerning the minimum volume of supply of the extracted natural gas to the domestic market of the Republic of Kazakhstan at the price to be determined by the Government of the Republic of Kazakhstan, – using the following formula:

$$C = V1^* Ц1 + V2 * Ц2, \text{ where:}$$

V1 – the natural gas reserves approved by the State Committee for Mineral Reserves of the Republic of Kazakhstan by industrial categories A, B, C1, held for sale in the domestic market of the Republic of Kazakhstan;

V2 – the volume of the natural gas reserves approved by the State Committee for Mineral Reserves of the Republic of Kazakhstan by industrial categories A, B, C1, except for V1;

Ц1 – the price to be determined by the Government of the Republic of Kazakhstan;

Ц2 – the arithmetic mean value of price quotations for natural gas to be determined in accordance with subparagraph 1) of this paragraph;

Сп = V1* Ц1 + V2 * Ц2, where:

V1 – the volume of the reserves of natural gas of category C2 approved by the State Committee for Mineral Reserves of the Republic of Kazakhstan and/or taken into consideration in the opinion of the said Commission, for current estimation of reserves of the potentially commercial facilities and projected resources of category C3 to be sold in the domestic market of the Republic of Kazakhstan;

V2 – the volume of the natural gas reserves of category C2 approved by the State Committee for Mineral Reserves of the Republic of Kazakhstan and/or taken into consideration in the opinion of the said Committee, for current estimation of reserves of the potentially commercial object and projected resources of category C3, except for V1;

Ц1 – the price to be determined by the Government of the Republic of Kazakhstan;

Ц2 – the arithmetic mean value of price quotations for natural gas to be determined in accordance with subparagraph 1) of this paragraph;

2) for minerals specified in sub-clauses 1) and 2) of clause 2 of article 338 of this Code, – based on arithmetic mean of prices quotations for mineral in foreign currency in accordance with article 338 of this Code as of the day, preceding to day of publishing conditions of tender or signing subscription minutes of direct negotiations on provision of subsoil use right in accordance with the legislation of the Republic of Kazakhstan Concerning Subsoil and Subsoil use, with the application of market exchange rate of KZT to appropriate foreign currency, established as of the date of subscription bonus payment.

If within one day, preceding to the day of publishing conditions of tender or signing minutes of direct negotiations, there are no published official prices quotations for respective types of minerals, official prices quotations of the last day, for which such prices quotations were published before, shall be used.

If there is no established stock exchange price for minerals, starting value of subscription bonus for production contracts in relation to respective types of minerals, shall be established in minimal values, determined by sub-clauses 2) and 3) of clause 1 of this article.

3. Starting value of subscription bonus prior to tender for obtaining subsoil use right may be increased upon the resolution of tender committee of a competent body.

4. Final amount of subscription bonus in the amount of not less than starting value shall be determined by resolution of tender committee upon results of carried out tender for getting right of subsoil use or by co mpetent body upon the results of direct negotiations with subsoil user and shall be included into contract for subsoil use.

5. In the event of extension of the contract territory the amount of the subscription bonus shall be determined as follows:

1) if there are confirmed mineral reserves at the contract territory to be expanded – depending on the type of the minerals according to the procedure established by paragraphs 1 and 2 of this Article with respect to the volume of such reserves;

2) if there are confirmed mineral reserves at the contract territory – as a product of the contract territory expansion factor and original amount of the subscription bonus for this contract. A factor of the contract territory expansion shall be determined by the competent body or by relevant local executive body that provides subsoil use rights, as a relation fothe size of the area by which the contract territory shall be expanded, to the original area of the contract territory.

Furthermore, if the contract territory expansion factor is more than 0.1, irrespective of the number of cases of expansion thereof, factor 3 shall be applied to the amount of the subscription bonus relating to such excess.

Article 315. Timing for Payment of the Subscription Bonus

1. Unless otherwise provided for by this Article, a subscription bonus shall be paid to the busget at the place of the taxpayer's location as follows:

1) fifty per cent of the established amount – within thirty calendar days from the day of declaration of the taxpayer as a winner of the competitions or signing minutes of direct negotiations relating to provision of subsoil use right in accordance with the legislation of the Republic of Kazakhstan concerning subsoil minerals and subsoil use;

2) fifty per cent of the established amount – within thirty calendar days from the date of entry of the subsoil use contract in effect.

2. In the event of extension of the contract territory the subscription bonus shall be paid to the budget at the place of location of the taxpayer within thirty calendar days from the date of making amendments to the subsurface use contract concerning such extension according to the procedure established by the legislation of the Republic of Kazakhstan.

3. If a written permission has been obtained for the subsurface use right for exploration or extraction of commonly occurring mineral resources used in construction (reconstruction) and repair of public roadways, railways and hydraulic constructions, the subscription bonus shall be paid to the budget at the place of the taxpayer's location within thirty calendar days from the date of obtaining such permission in accordance with the legislation of the Republic of Kazakhstan on subsurface and subsurface use.

Article 316. The Tax Declaration

The signature bonus declaration shall be presented by the subsurface user to the tax authority in the place of location before the 15th day of the second month following the month, in which the payment became due.

§ 2. The Commercial Discovery Bonus

Article 317. General Provisions

1. The commercial discovery bonus shall be paid by a subsoil user as a part of contracts for extraction of commercial minerals and/or for combined exploration and production for each commercial discovery of commercial minerals at the contract territory, including that for discovery in the process of an additional field exploration.

2. Commercial discovery bonus shall not be paid in respect of contracts for exploration of fields of useful minerals not providing for their subsequent production.

Article 318. The Payers

The payers of the commercial discovery bonus shall be subsurface users, which have announced commercial discoveries of useful minerals in the contract territory when performing subsurface use operations within the framework of concluded subsurface use contracts.

Article 319. Tax Item

1. The item subject to the commercial disconery bonus shall be a physical volume of the mineral reserves approved by the state body authorized for these purposes at that contract territory.

2. For contracts for production of commercial minerals concluded during the period from January 1, 2009 within the framework of the exclusive right for subsoil use rights for production due to commercial discovery on the basis of an exploration contract, the item of taxation shall be determined for each commercial discovery:

1) earlier declared by this subsoil user at the respective contract territory, as a part of the exploration contract;

2) in the process of an additional exploration of the field, as a positive difference between the physical volume of the mineral reserves to be approved and previous approved physical volume of commercial minerals for which commercial discovery bonus has been paid.

3. Under contracts for extraction of commercial minerals concluded during the period from January 1, 2009, for which mineral reserves registered in the State Reserve Register and confirmed by expert opinion of the state body authorized for these purposes at the time of conclusion thereof, the tax item shall be determined for each commercial discovery:

1) in the process of an additional field exploration, as a positive difference between the physical volume of the reserves to be approved and physical volume of the mineral reserves registered in the State Reserve Register and confirmed by by expert opinion of the state body authorized for these purposes at the time of conclusion thereof;

2) in the process of an additional field exploration, as a positive difference between the physical volume of the reserves to be approved and the previous approved physical volume of the commercial mineral reserves for which a commercial discovery bonus has been paid in accordance with by this Code .

4. Under contracts for extraction of commercial minerals concluded during the period before January 1, 2009, for which mineral reserves registered in the State Reserve Register and confirmed by expert opinion of the state body authorized for these purposes at the time of conclusion thereof, the tax item shall be determined for each commercial discovery:

1) in the process of an additional field exploration, as a positive difference between the physical volume of the reserves to be approved and physical volume of the mineral reserves registered in the State Reserve Register and confirmed by by expert opinion of the state body authorized for these purposes as of January 1, 2009;

2) the process of an additional field exploration, as a positive difference between the physical volume of the reserves to be approved and the previous approved physical volume of the commercial mineral reserves for which a commercial discovery bonus has been paid in accordance with by this Code.

5. Under contracts for combined exploration and extraction the tax item shall be determined for each commercial discovery declared by the subsoil user at the contract territory, including for discovery in the process of additional exploration of fields as a positive difference between the physical volume of the mineral reserves to be approved and the previously approved physical volume of mineral reserves for which a commercial discovery bonus has been paid.

For the purpose of this Article and Articles 320 and 323 of this Code the reserves of commercial minerals for hydrocarbon crude shall mean recoverable reserves of commercial minerals.

Article 320. The Tax Base

A tax base for the assessment of the commercial discovery bonus shall be the value of the volume of commercial mineral reserves approved by the state body authorized for these purposes.

For the assessment of the commercial discovery bonus the value of the commercial mineral reserves the value of the volume of the commercial mineral reserves shall be determined as of the date preceding the date of payment of the commercial discovery bonus according to the following procedure:

1) for crude oil, natural gas liquids and natural gas – based on arithmetical mean of price quotation value for crude oil, natural gas liquids and natural gas in foreign currency in compliance with Article 334 of this Code at the date preceding the date of the commercial discovery bonus payment applying market exchange rate of tenge to the appropriate foreign currency established at the date of the commercial discovery bonus payment. At that to define the crude oil and natural gas liquids value there applied arithmetical mean of price quotations for standard grade of the crude oil stipulated in par.3 of Article 334 of this Code which value at the stipulated date is maximum;

2) for useful minerals stipulated in subpar. 1) and 2) of par.2 of Article 338 of this Code – based on arithmetical mean of price quotations for the useful mineral in foreign currency in compliance with Article 338 of this Code at the date preceding the date of the commercial discovery bonus payment applying market exchange rate of tenge to the appropriate foreign currency established at the date of the commercial discovery bonus payment.

If the official price quotations for the appropriate types of useful minerals are not published at the date preceding the date of the commercial discovery bonus payment, there shall be applied official price quotations of the last date when such price quotations were published earlier.

For the commercial minerals other than crude oil, natural gas liquid, natural gas and commercial minerals that are quoted on the London Metal Exchange or London Precious Metal Exchange, the value of the reserves shall be determined on the basis of the amount of the scheduled extraction costs specified in the Contract Feasibility Study report approved by the state body of the Republic of Kazakhstan authorized for these purposes, increased by 20 per cent.

Article 321. The Procedure for Assessment of the Commercial Discovery Bonus

The amount of the commercial discovery bonus shall be determined on basis of the taxable item, tax base and the rate.

Article 322. The Rate of the Commercial Discovery Bonus

The commercial discovery bonus shall be paid at the rate of 0,1 per cent of the tax base.

Article 323. Timing for Payment of the Commercial Discovery Bonus

The commercial discovery bonus shall be paid to the budget at the place of tax-payer location within the following timing:

1) within 90 days from the date of signing of the contract for mining operations in cases stipulated ***paragraph 2 of Article 319*** of this Code.

2) within 90 calendar days from the date of approval of additional reserves of commercial minerals at the field by the state body of the Republic of Kazakhstan authorized for these purposes – in the event of discovery of commercial minerals in the process of the additional exploration of the fields;

3) within 90 calendar days from the date of approval of reserves of commercial minerals at the field approved by the state body of the Republic of Kazakhstan authorized for these purposes under the contract for combined exploration and extraction.

Article 324. The Tax Declaration

The commercial discovery bonus declaration shall be presented by the subsurface user to the tax authority in the place of location before the 15th day of the second month following the month, in which the payment became due.

CHAPTER 44. THE PAYMENT TO COMPENSATE FOR HISTORIC COSTS

Article 325. General Provisions

The payment for compensation of historic costs shall be a subsurface user's fixed payment for compensation of total costs, which were incurred by the state for geological surveys of contractual territory and exploration of fields before the conclusion of the subsurface use contract.

Article 326. The Payers

The payers of the payment for compensation of historic costs shall be subsurface users, which concluded subsurface use contracts in accordance with the procedure established by the legislation of the Republic of Kazakhstan, in relation to fields of useful minerals, for which the state incurred costs of geological surveys of contractual territory and exploration of fields before the conclusion of contracts.

Article 327. The Procedure for Establishment of the Payment for Compensation of Historic Costs

1. The amount of historic costs, which were incurred by the state for geological surveys of contractual territory and exploration of fields shall be calculated by the state body authorised for those purposes, in accordance with the procedure established by the Government of the Republic of Kazakhstan, and it shall be paid to the budget in accordance with provisions of this Article.

In accordance with the legislation of the Republic of Kazakhstan concerning the subsurface and subsurface use, a part of the amount of historic costs shall be paid to the budget in the form of a payment for the purchase of geological information, which is owned by the state.

The remaining part of the amount of historic costs shall be paid to the budget in the form of a payment for compensation of historic costs.

2. The liability of the payment for compensation of historic costs to the budget shall emerge from the date of conclusion of a confidentiality agreement between the subsurface user and the authorised state body for survey and use of the subsurface; as for subsurface use contracts, including production sharing agreements, which are concluded before 1st January 2009, with not concluded corresponding confidentiality agreements as of 1 January of 2009 which should be concluded under the terms of subsurface use contracts, – said liability shall emerge from the date of conclusion of confidentiality agreement with the authorised state body that determines the amount of historic costs.ional agreement with the authorised state body that determines the amount of historic costs.

Article 328. The Procedure for and Term of Payment

1. The payment for compensation of historic costs incurred by the state for geological surveys and improvement of the appropriate contract territory, shall be paid by the subsurface user to the budget at a place of its location from the beginning of the production after the commercial discovery according to the following procedure:

1) where the total amount of the payment for compensation of historic costs, which were incurred by the state for geological surveys and improvement of the appropriate contract territory, is an amount equal to or less than the 10000-times amount of the monthly assessment index established by the law concerning the republic's budget and effective as of the date of conclusion of confidentiality agreement, then the payment for compensation of historic costs shall be paid not later than on 10th April of the year following the year, in which the subsurface user started production of useful minerals.

In respect of subsurface use contracts concluded before 1 January of 2009, under which the subsurface user started production of useful minerals before 1 January 2009, if the uncompensated amount of historical costs is an amount equal to or less than the 10000-times amount of the monthly assessment index, established as of the 1 January 2009 by the Law concerning republic's budget, payment for compensation of historical costs shall be paid not later than 10 April 2010;

2) where the total amount of the payment for compensation of historical costs, which were incurred by the state for geological surveys of the contract territory and exporation, is an amount that exceeds the 10000-times amount of the monthly assessment index established by the law concerning the republic's budget and effective as of the date of conclusion of confidentiality agreement, then the payment for compensation of historic costs shall be paid by the subsurface user quarterly not later than 25 day of the second month following the reporting quarter, in equal portions during a period not more than ten years in an amount equivalent to not less than the 2500-times amount of the monthly assessment index established by the law concerning the republic's budget and effective as of the date of conclusion of confidentiality agreement, except for the amount of last portion, which could be less than the amount equal to 2500-times amount of the monthly assessment index established by the law concerning the republic's budget and effective as of the date of conclusion of confidentiality agreement.

In respect of subsurface use contracts concluded before 1 January of 2009, under which the subsurface user started production of useful minerals before 1 January 2009, if the unpaid to budget amount of historical costs as of 1 January exceeds 10000-times amount of the monthly assessment index, established as of the 1 January 2009 by the Law concerning republic's budget, payment for compensation of historical costs shall be paid by subsurface user quarterly not later than 25 day of the second month following the reporting quarter in equal protions during a period not longer than ten years in the amount not less than 2500 – times amount of the monthly assessment index established as of January 1, 2009 by the law concerning the republic's budget except for the amount of last portion, which could be less than the amount equal to 2500-times amount of the monthly assessment index established by the law concerning the republic's budget as of January 1, 2009.

2. Where the amount of historical costs incurred by the state for geological survey of a contract territory and exploratopn of fields is established by authorized for these purposes state body of the Republic of Kazakhstan in foreign currency, then:

1) for the purposes of determining the total amount of payment in Tenge to establish the order of payment in accordance with this article, the amount of historical costs calculated by the authorized for this state body of the Republic of Kazazkhstan, shall be recalculated in tenge at a market rate of currency exchange, established for the frst day of a reporting quarter, in which subsurface user started production after commercial discovery, and in respect of subsurface use contracts concluded before 1 January 2009 under which subsurface user started production of useful minerals before 1 January 2009, not paid to budget as of 1 January 2009 – shall be recalculated in Tenge at the market rate of currency exchange, established as of 1 January 2009;

2) for the purposes of equal distribution of amount of historical costs unpaid to budget in foreign currency to the amounts of quarter payments subject to payment in accordance with Sub-clause 2) of paragraph 1 of this Article, indicated amount of historical costs shall be recalculated at the beginning of each calendar year in tenge at market rate of currency exchange, established as of 1 Januray of such calendar year.

3. In respect of contracts on exploration of fields of minerals, not providing for their subsequent production, payment on compensation of historical costs is not a subject for payment.

Article 329. Tax declaration

1. Where the total amount of the payment for compensation of historic costs, which were incurred by the state for geological surveys of contract territory and exploration of fields, is an amount equal to or less than the 10000-times amount of the monthly assessment index established by the law concerning the republic's budget and effective as of the date of conclusion of confidentiality agreement, the declaration shall be presented by the subsurface user to the tax authority in the place of location not later than on 31st March of the year following the year, in which the subsurface user started production of useful minerals.

In respect of subsurface use contracts concluded before 1 January 2009, under which the subsurface user started production of useful minerals before 1 January 2009, if the unpaid to the budget amount of historical costs, as of January, 2009, is an amount equal to or less than the 10000-times amount of the monthly assessment index, established as of the 1 January 2009 by the Law concerning republic's budget, then declarartion shall be submitted by the subsurface user to the tax body in the place of location not later than 31 March 2010.

2. Where the total amount of the payment for compensation of historic costs, which were incurred by the state for geological surveys of the contract territory and field exploration, is an amount that exceeds the 10000-times amount of the monthly assessment index established by the law concerning the republic's budget and effective as of the date of conclusion of confidentiality agreement, the declaration shall be submitted by the subsurface user to the tax authority in the place of location quarterly, not later than on 15th day of the second month following the reporting quarter.

In respect of subsurface use contracts concluded before 1 January 2009, under which the subsurface user started production of useful minerals before 1 January 2009, if the unpaid to the budget amount of historical costs, as of January, 2009, is an amount that exceeds 10000-times amount of the monthly assessment index, established as of the 1 January 2009 by the Law concerning republic's budget, then declarartion shall be submitted by the subsurface user to the tax body in the place of location not later than the 15th day of the second month following the reporting quarter.

CHAPTER 45. THE TAX ON PRODUCTION OF USEFUL MINERALS

Article 330. General Provisions

1. The tax on production of useful minerals shall be paid by the subsurface user separately by each type of mineral raw materials, petroleum, underground waters and therapeutic mud, which are produced in the territory of the Republic of Kazakhstan.

2. The tax on production of useful minerals shall be paid in money, except for the case stipulated by paragraph 3 of this Article.

3. During the course of performance of business under the subsurface use contract the payment of the tax on production of useful minerals in money may be replaced with a payment in kind under a decision of the Government of the Republic of Kazakhstan in accordance with the procedure established by an additional agreement, to be concluded between the authorised state body and the subsurface user.

The procedure for payment of the tax on production of useful minerals, which is established by this Code, as well as of the royalty and share of the Republic of Kazakhstan under production sharing, which have been established by the subsurface use contracts indicated in paragraph 1 of Article 308-1 of this Code, in kind is established by Article 346 of this Code.

4. The tax on production of useful minerals with regard to all the kinds of produced mineral raw materials, petroleum, underground waters and therapeutic mud, irrespective of the type of production which is performed, shall be paid at rates and in accordance with the procedure, which are established by this Chapter.

5. For the purposes of assessing the tax on production of useful minerals the volume of useful minerals, which was recovered from written-off reserves (the return of losses) at the field, as well as the volume of petroleum, mineral raw materials, underground waters and therapeutic mud, which was transferred to perform technological sampling and researches, shall be excluded from the total volume of petroleum, underground waters, therapeutic mud and exhausted reserves of useful minerals, which were produced for the tax period. Quantities of petroleum, mineral raw materials, underground waters and therapeutic mud, which is transferred for technological sampling and researches, shall be limited to a minimum mass of technological samples as indicated in the national standards for appropriate types

(grades) of petroleum, mineral raw materials, underground waters and therapeutic mud, and (or) is must be stipulated in the working program of the subsurface use contract.

Article 331. The Payers

The mineral extraction tax payers shall be subsurface users, who perform the production of petroleum, mineral raw materials, underground waters and the rapeutic mud, including the recovery of useful minerals from ***state-owned*** man-made mineral formations within the framework of each separate subsurface use contract concluded.

§ 1. Tax on Production of Useful Minerals In Relation to Petroleum

Article 332. The Tax Unit

1. Physical quantities of crude oil, natural gas liquids and natural gas produced by subsurface user during the tax period shall be recognized as tax unit for the application of the tax on production of useful minerals.

2. For the purposes of assessment of the tax on production of useful minerals, the total quantity of crude oil, natural gas liquids and natural gas produced by the subsurface user shall be subdivided as follows:

1) crude oil, natural gas liquids sold for the processing to a refinery situated on the Republic of Kazakhstan territory – quantities of crude oil, natural gas liquids produced by the subsurface user within the framework of each individual subsurface use contract for the tax period and sold by subsurface user to a refinery situated on the Republic of Kazakhstan territory or to a third party for further sale to a refinery situated on the Republic of Kazakhstan territory;

2) crude oil, natural gas liquids transferred for the processing as client's raw materials to a refinery situated on the Republic of Kazakhstan territory – quantities of crude oil, natural gas liquids produced by the subsurface user within the framework of each individual subsurface use contract for the tax period and transferred by subsurface user as client's raw materials for processing to a refinery situated on the Republic of Kazakhstan territory or sold to a third party for further transfer as client's raw materials for the processing to a refinery situated on the Republic of Kazakhstan territory;

2-1) crude oil transferred for the processing under the customs processing procedure outside the customs territory, - the volume of crude oil produced by the subsurface user under each particular subsurface use contract for the tax period and transferred by the subsurface user for processing under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan to a refinery located outside the Customs Union, or sold to a third party for further transfer for processing at a refinery located outside the territory of the Customs Union under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan.

For the purpose of this subparagraph the list of subsurface users engaged in transfer of crude oil for processing to a refinery located outside the territory of the Customs Union, or in sales to a third person for further transfer for processing at a refinery located outside the territory of the Customs Union under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, and the list of refineries located outside the territory of the Customs Union, and the crude oil processing conditions of the refineries shall be approved by the authorized body in the area of oil and gas industry.

If upon completion of the customs procedure for processing crude oil outside the customs territory the crude oil refinery products have not been actually imported to the Republic of Kazakhstan in the quantity specified in the document concerning the goods processing conditions outside the customs territory, other than the products defined by the Government of the Republic of Kazakhstan, the whole crude oil that had been transferred for processing under the customs processing procedure outside the customs territory shall be considered for the purposes of assessment of the tax on the extraction of commercial minerals as commercial crude oil.

3) crude oil, natural gas liquids used by the subsurface user for own industrial needs – quantities of crude oil, natural gas liquids produced by the subsurface user within the framework of each individual subsurface use contract for the tax period, used for own industrial needs during the tax period;

4) crude oil, natural gas liquids physically transferred by the subsurface user paying on account of tax on production of useful minerals, rent export tax, royalty and share of the Republic of Kazakhstan according to production sharing to the payee on behalf of the state in compliance with Article 346 of this Code;

5) natural gas sold in the domestic market of the Republic of Kazakhstan and (or) used for own industrial needs.

Unless otherwise is provided for by this paragraph,

for the purposes of this Section, natural gas used for own industrial needs shall be defined as natural gas produced by a subsurface user under a subsurface use contract and used under this contract in compliance with the documents approved by the authorized oil and gas agency:

in the subsurface use connected operations as fuel for oil treatment;

for technological and public utility needs;

for wellhead heating and transportation of oil from the place of production and storage to the place of transfer to the main pipeline and/or other transport type in compliance with the approved design documents;

for generation of electric energy used for subsurface use related operations;

for reinjection to the extent provided for by the approved design documents, except for reinjection cases provided for by paragraph 4 of this Article;

for purposes of gas-lift (power-driven) method of operation of producing oil wells to the extent provided for by the design documents approved by the authorized oil and gas agency.

Natural gas used for own industrial needs shall also be defined as natural gas produced by a subsurface user under a subsurface use contract and used for reinjection in order to maintain reservoir pressure in oil-bearing zones as a part of other contract of this subsurface user for subsurface use to the extent provided for by the approved design documents;

5-1) associated gas used for production of liquefied petroleum gas in the proportion attributable to the liquefied petroleum gas sold in the domestic market of the Republic of Kazakhstan. In this case such volume of liquefied petroleum gas shall be approved by the authorized agency in the sphere of oil and gas and shall be mandatory for sale in the domestic market of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan in the sphere of gas and gas supply.»;

6) commercial crude oil, natural gas liquids and natural gas – the total quantity of crude oil, natural gas liquids and natural gas produced by the subsurface user for the tax period under each particular subsurface use contract, less the quantities of crude oil, natural gas liquids and natural gas mentioned in subparagraphs 1), 2), 3), 4), 5) and 5-1) of this paragraph, unless otherwise is provided for by this Article.

2-1. The quantity of natural gas used for internal production needs and (or) associated gas used for production of liquefied petroleum gas in accordance with subparagraphs 5) and 5-1) of paragraph 2 of this Article shall be defined as the actual quantity of such used natural and (or) associated gas to the extent specified in the documents approved by the authorized agency in the sphere of oil and gas.

3. For the confirmation of sale to a refinery situated on the Republic of Kazakhstan territory or to a third party for further sale to a refinery situated on the Republic of Kazakhstan territory stipulated in subpar.1) of par.2 of this Article, and for the confirmation of transfer as client's raw materials for processing to a refinery situated on the Republic of Kazakhstan territory or sale to a third party for further transfer as client's raw materials for the processing to a refinery situated on the Republic of Kazakhstan territory stipulated in subpar.2) of par.2 of this Article, the subsurface user shall be obliged to have originals of commercial and shipping documents or their notarized copies confirming physical quantities and fact of acceptance by a refinery situated on the Republic of Kazakhstan territory of the appropriate quantities of the crude oil and natural gas liquids, and for the confirmation of sale to a refinery situated on the Republic of Kazakhstan territory or to a third party for further sale to a refinery situated on the Republic of Kazakhstan territory stipulated in subpar.1) of par.2 of this Article – also originals of the documents or their notarized copies confirming actual purchase price of a refinery situated on the Republic of Kazakhstan territory for the appropriate quantities.

If there are no originals of such documents or their notarized copies, the appropriate quantities of crude oil and natural gas liquids are considered as commercial crude oil, natural gas liquids for the purposes of the tax on production of useful minerals assessment.

3-1. For the confirmation of the transfer specified in subparagraph 2-1) of paragraph 2 of this Article by the subsurface user to a refinery located outside the territory of the Customs Union for processing under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, or the sale to a third party for further transfer for processing at a refinery located outside the territory of the Customs Union under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, the subsurface user must have original or notarially certified copies of the following documents confirming the physical quantity and the fact of application the relevant customs procedure to the goods and the products of refinery thereof:

Entries for the goods evidencing the application of an appropriate customs procedure to the goods and the products of refinery thereof;

Document concerning the conditions of processing of the goods outside the customs territory;

Report of the authorized body in the area of oil and gas industry on the quantity of crude oil that was produced by a specific subsurface user under each particular subsurface use contract and is subject to sale to a third party for further transfer for processing at a refinery located outside the territory of the Customs Union under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, and the quantity of the products of refinery of the specified quantity of the goods to be exported for crude oil processing broken down by subsurface users under each particular subsurface use contract;

Report on application of the customs procedure for processing outside the customs territory;

Commercial and forwarding documents and/or acceptance and delivery certificates for the goods and refinery products;

Reports of the authorized body in the area of oil and gas industry on the actually exported quantities of the refinery products from the quantity of crude oil produced by a particular subsurface user under each particular subsurface use contract and sold to a third party for further transfer for processing at a refinery located outside the territory of the Customs Union under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan.

Failing such original documents or notarially certified copies thereof the relevant quantity of crude oil shall be considered for the purposes of assessment of the tax on the extraction of commercial minerals as commercial crude oil.

4. The tax on production of useful minerals shall not be paid on the natural gas in volume pumped back into deposits with the purpose of increasing the oil recoverability factor, provided by the approved project documentation.

Article 333. The Tax Base

The value of crude oil, natural gas liquids and natural gas produced in the tax period shall be recognised as tax base for the assessment of the tax on production of useful minerals.

Article 334. The Procedure for Determining the Value of Crude Oil, Natural Gas Liquids and Natural Gas

1. For the purposes of the assessment of the tax on production of useful minerals, the value of crude oil and natural gas liquids produced for the tax period, shall be determined in accordance with the following procedure:

1) when sold by the subsurface user to a refinery, situated on the territory of the Law of the Republic of Kazakhstan, or to the third party for subsequent sale to a refinery, situated on the territory of the Law of the Republic of Kazakhstan, – as the product of multiplying the actual quantity of crude oil, natural gas liquids sold by the subsurface user to a refinery, situated on the territory of the Law of the Republic of Kazakhstan, or to the third party for subsequent sale to a refinery, situated on the territory of the Law of the Republic of Kazakhstan and actual purchase price of the refinery, situated on the territory of the Law of the Republic of Kazakhstan per unit of product;

2) when transferred by the subsurface user for processing as client's raw materials to a refinery, situated on the territory of the Law of the Republic of Kazakhstan, or sold to the third party for subsequent transfer for processing as client's raw materials to a refinery, situated on the territory of the Law of the Republic of Kazakhstan, and (or) used by the subsurface user for own industrial needs – as the product of muptiplying the actual quantity of crude oil, natural gas liquids delivered by the subsurface user as client's raw materials for processing to a refinery, situated on the territory of the Law of the Republic of Kazakhstan, or sold to the third party for subsequent transfer as client's raw materials to a refinery, situated on the territory of the Law of the Republic of Kazakhstan, and (or) used by the subsurface user for own industrial needs, and the industrial production cost of unit production to be determined in accordance with international accounting standards and the requirements of the Law of the Republic of Kazakhstan concerning accounting and financial reporting increased by 20 per cent;

2-1) in the event of transfer of crude oil by a subsurface user to a refinery located outside the territory of the Customs Union for processing under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, or sale to a third party for further transfer for processing at a refinery located outside the territory of the Customs Union under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, - as the product of the actual quantity of crude oil transferred by the subsurface user to a refinery located outside the territory of the Customs Union for processing under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, or sold to a third party for further transfer for processing at a refinery located outside the territory of the Customs Union under the customs processing procedure outside the customs territory in accordance with the customs legislation of the Customs Union and/or the customs legislation of the Republic of Kazakhstan, and the cost of production of the unit of production to be determined in accordance with the international standards of financial statements and requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial statements, increased by 20 percent;

3) when crude oil and natural gas liquds are to be transferred by the subsurface user in-kind as the payment of the tax on production of useful minerals, rental tax on exported crude oil and natural gas liquids, royalties and the Law of the Republic of Kazakhstan share in-kind under production sharing with beneficiary on behalf of the State – as the product of muptiplying the actual quantity of crude oil, natural gas liquids transferred by the subsurface user in-kind as the payment of tax on production of useful minerals, rental tax on exported crude oil and natural gas liquids, royalties and the Law of the Republic of Kazakhstan share in-kind under production sharing with beneficiary on behalf of the State in accordance with Article 346 of this Code, and cost of transfer to be determined in accordance with the procedure established by the Government of the Law of the Republic of Kazakhstan.

2. The value of commercial crude oil, natural gas liquids and natural gas produced by the subsurface user within the framework of each individual subsurface use contract in the tax period, shall be determined as the product of muptiplying the quantity of produced commercial crude oil, natural gas liquids and natural gas and the world price of unit production as computed for the tax period in accordance with paragraph 3 of this Article.

3. World price of crude oil and natural gas liquids shall be determined as simple average value of daily quotations for the tax period and simple average market exchange rate of tenge to corresponding foreign currency for a given tax period in accordance with the following formula.

For the purposes of this paragraph quotation means quotation of crude oil in foreign currency for each individual standard type of crude oil «Urals Mediterranean» (Urals Med) or «Dated Brent» (Brent Dtd) in the tax period on the basis of information which is published in the «Platts Crude Oil Marketwire» publication of the «The Mcgraw-Hill Companies Inc» company.

When there is no information on prices for said standard sort of crude oil in that publication the prices for said standard sort of crude oil shall be used:

according to the data of the «Argus Crude» of the «Argus Media Ltd» Company;

when there is no information on prices of said brands in the above-mentioned publications – use the data from other publications to be determined by the Law of the Republic of Kazakhstan on transfer pricing.

In this case in order to determine the world price of crude oil and natural gas liquids, converting of units of measurement from barrel into metric ton taking into account the actual density and temperature of the produced crude oil, corrected to standard measurement conditions and indicated in oil certificate of quality shall be made in accordance with the *national standard*, approved by the authorised State body in the field of technical regulation.

World price of crude oil and natural gas liquids shall be determined using the following formula:

$$S = \frac{P_1 + P_2 + \ldots P_n}{n} \times E \text{ , where:}$$

S – world price of crude oil and natural gas liquids for the tax period;

$P_1, P_2, \ldots, P_n$ – daily simple average world price on dates of the publication of quotations during the tax period;

E – simple average market exchange rate of tenge to corresponding foreign currency for a given tax period;

n – number of days in a tax period on which quotations were published.

Daily simple average quotation shall be determined in accordance with the following formula:

$$P_n = \frac{C_{n_1} + C_{n_2}}{2}$$, where:

P_n – daily simple average quotation;

Cn_1 – minimal value of daily quotation for standard type of crude oil «Urals Mediterranean» (Urals Med) or «Dated Brent» (Brent Dtd);

Cn_2 – maximum value of daily quotation for standard type of crude oil «Urals Mediterranean» (Urals Med) or «Dated Brent» (Brent Dtd).

The recognition of crude oil and natural gas liquids as certain standard type «Urals Mediterranean» (Urals Med) or «Dated Brent» (Brent Dtd) shall be carried out by the subsurface user on the basis of agreements for selling crude oil. Where in a sale agreement no standard type of crude oil is specified or type of crude oil not falling into the said standard types is specified, the subsurface user shall be obliged to recognise the quantity of crude oil supplied under such contract to that type of which the average world price in the tax period is maximum price.

4. World price of natural gas shall be determined as simple average value of daily quotations in foreign currency for the tax period taking into consideration converting of international units of measurement into cubic meter based on the approved factor and simple average market exchange rate of tenge to corresponding foreign currency for a given tax period in accordance with the following formula.

For the purposes of this paragraph quotation means quotation of the natural gas in foreign currency for natural gas «Zeebrugge Day-Ahead» in the tax period on the basis of information which is published in the «Platts European Gas Daily» publication of the «The Mcgraw-Hill Companies Inc» company.

When there is no information on the price of the natural gas «Zeebrugge Day-Ahead» in that publication, use the price for the natural gas «Zeebrugge Day-Ahead»:

according to «Argus European Natural Gas» publication of the «Argus Media Ltd» company;

when there is no information on the price of the natural gas «Zeebrugge Day-Ahead» in the above-mentioned publications, use the data from other publications to be determined by the Law of the Republic of Kazakhstan on transfer pricing.

World price of the natural gas shall be determined using the following formula:

$$S = \frac{P_1 + P_2 + \ldots P_n}{n} \times E$$, where:

S – world price of natural gas for the tax period;

$P_1, P_2, \ldots, P_n$ – daily simple average world price on dates of the publication of quotations during the tax period;

E – simple average market exchange rate of tenge to corresponding foreign currency for a given tax period;

n – number of days in a tax period on which quotations were published.

Daily simple average quotation shall be determined in accordance with the following formula:

$$P_n = \frac{C_{n_1} + C_{n_2}}{2}$$, where:

P_n – daily simple average quotation;

Cn_1 – minimal value of daily quotation for the natural gas «Zeebrugge Day-Ahead»;

Cn_2 – maximum value of daily quotation for the natural gas «Zeebrugge Day-Ahead».

5. For the purposes of assessment of the tax on production of useful minerals, the value of natural gas sold by the subsurface user in the domestic market of the Law of the Republic of Kazakhstan and (or) used for own industrial needs, and of associated gas used for production of liquefied petroleum gas, shall be determined as follows:

1) when the subsurface user sells produced natural gas in the domestic market of the Law of the Republic of Kazakhstan – based upon the average weighted price of sales which formed in the tax period, to be determined in accordance with the procedure established by paragraph 2 of Article 341 of this Code;

2) if produced associated gas is used for production of liquefied petroleum gas in accordance with the conditions specified in subparagraph 5-1) of paragraph 2 of Article 332 of this Code, and/or if produced natural gas is used for own industrial needs – as a product of the actual quantity of:

associated gas used for production of liquefied petroleum gas and the industrial cost of unit production to be determined in accordance with the international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, increased by 20 per cent;

of natural gas used by the subsurface user for own industrial needs and the industrial cost of the production unit to be determined in accordance with the international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting, increased by 20 per cent.

Where natural gas is produced together with crude oil, the industrial production costs of natural gas shall be determined on the basis of the industrial production cost of crude oil in the proportion:

one thousand cubic meters of natural gas correspond to 857 ton of crude oil. (From 01.01.2009)

6. The world price of the standard types of crude oil, natural gas liquids and natural gas shall be determined for each tax period by the authorised body in accordance with the procedure established by this Code, and shall be subject to official publication in mass media not later than the 10th day of the month following the reporting tax period.

Article 335. The Procedure for the Assessment of the Tax

1. Amounts of tax on production of useful minerals to be paid to the budget shall be determined on the basis of the tax item, tax base and tax rate.

2. For the assessment of the tax on production of useful minerals, the subsurface user during the calendar year shall apply a rate which is adequate to the planned production output for the current tax year for each individual subsurface use contract, in accordance with the scale shown in Article 336 of this Code.

For the purposes of ensuring the accuracy of the assessment and fullness of payment to the budget of the tax on production of useful minerals the subsurface user shall be obliged prior to the 20th January of the current calendar year to submit to the tax authorities in the place of location a confirmation of intended quantities of production output of crude oil, natural gas liquids and natural gas for the forthcoming year with regard to each individual subsurface use contract.

In that respect, intended production output of crude oil, natural gas liquids and natural gas for current year must be coordinated with the competent authority.

3. Where upon the results of the reporting calendar year the actual production output of crude oil, natural gas liquids and natural gas does not meet the pre-planned quantity and leads to a change of the rate of the tax on production of useful minerals, the subsurface user shall be obliged to carry out adjustment of the total tax on production of useful minerals, computed for the reporting year.

Adjustments of amounts of tax on production of useful minerals shall be carried out in the declaration for the last tax period of the reporting tax year by way of applying the tax rate of the tax on production of useful minerals corresponding to the actual production output of crude oil, natural gas liquids and natural gas to be determined in accordance with Article 336 of this Code, to the tax base as assessed in the declaration of the tax on useful minerals for 1-3 quarters of the reporting tax year.

Total tax on production of useful minerals taking into account adjustments made, shall be recognised as the tax liability under the tax on production of useful minerals for the last tax period of the reporting year.

Article 336. Rates of the Tax on Production of Useful Minerals

Rates of the tax on production of useful minerals relating to crude oil, including natural gas liquids, shall be fixed in accordance with the following scale:

No.	Annual Production Output	Rates, %
1	2	3
1.	up to 250,000 tons inclusive	5
2.	up to 500,000 tons inclusive	7
3.	up to 1,000,000 tons inclusive	8
4.	up to 2,000,000 tons inclusive	9
5.	up to 3,000,000 tons inclusive	10
6.	up to 4,000,000 tons inclusive	11
7.	up to 5,000,000 tons inclusive	12
8.	up to 7,000,000 tons inclusive	13
9.	up to 10,000,000 tons inclusive	15
10.	in excess of 10,000,000 tons	18

When crude oil and natural gas liquids are sold and (or) transferred in the domestic market of the Law of the Republic of Kazakhstan, including in-kind as the payment of tax on production of useful minerals, rental tax on exported crude oil and natural gas liquids, royalties and the Law of the Republic of Kazakhstan share in-kind under production sharing with beneficiary on behalf of the State, or used for own industrial needs in the procedure, established by subparagraphs 1), 2), 3) and 4) of paragraph 2 of Article 332 of this Code, the reduction factor 0.5 shall be applied in respect to the established rates.

In the event of sale and/or transfer of crude oil in accordance with the procedure provided for in Article 332 paragraph 2 subparagraph 2-1) of this Code, the reduction factor 0,5 shall be applied to the established rates. If upon completion of the customs procedure for crude oil processing outside the customs territory the products of crude oil processing have not been actually imported to the Republic of Kazakhstan in the quantity specified in the documents concerning to the conditions of processing of the goods outside the customs territory, with the exception of the products determined by the Government of the Republic of Kazakhstan, the reduction factor provided for in this Article, shall not be applied to whole crude oil transferred for processing under the customs processing procedure outside the customs territory in accordance with Article 332 paragraph 2 subparagraph 2-1) of this Code.

The rate of the tax on production of useful minerals relating to natural gas shall be 10 per cent.

When selling natural gas in the domestic market, the tax on production of useful minerals shall be paid in accordance with the following rates depending on the volume of annual production output:

№	Annual Production Output	Rates, %
1	2	3
1.	up to 1.0 bln cu m inclusive	0.5
2.	up to 2.0 bln cu m inclusive	1.0
3.	in excess of 2.0 bln cu m	1.5

§ 2. The Tax on Production of Useful Minerals on Raw Materials, Except for Commonly-Occurring Useful Minerals

Article 337. The Taxable Item

Physical quantities of reserves of useful minerals contained in mineral raw materials (taxable quantity of cancelled reserves), shall be recognised as taxable item.

For the purpose of this Section, the taxable volume of cancelled reserves shall be understood as the volume of cancelled reserves of useful minerals contained in mineral raw materials less the volume of standard losses for the tax period.

The volume of standard losses shall be established based on the field development technical design approved by the state body of the Republic of Kazakhstan authorized for this purpose.

Article 338. The Tax Base

1. The value of taxable quantities of recovered reserves of useful minerals contained in mineral raw materials for a tax period, shall be recognised as tax base.

2. For the purposes of assessment of the tax on production of useful minerals, mineral raw materials shall be subdivided as follows:

1) mineral raw materials containing only those useful minerals which are specified in paragraph 4 of this Article;

2) mineral raw materials simultaneously containing useful minerals specified in paragraph 4 of this Article and other types of useful minerals;

3) mineral raw materials containing useful minerals, except for the useful minerals specified in paragraph 4 of this Article;

4) mineral raw materials produced out of written-off reserves (recovery of losses) at a field;

5) mineral raw materials produced from reserves of off-balance sheet reserves of a field.

3. For the purposes of assessment of the tax on production of useful minerals, the value of the taxable quantity of recovered reserves of useful minerals contained in mineral raw materials in a tax period shall be determined as follows:

1) for useful minerals contained in the taxable quantity of recovered reserves of mineral raw materials specified in subparagraph 1) of paragraph 2 of this Article, on the basis of the average exchange price for such useful minerals for the tax period.

Unless it is provided for otherwise by this Article, the average exchange price shall be determined as simple average value of daily average quotations for a tax period and market exchange rate of tenge to corresponding foreign currency for a given tax period in accordance with the belowmentioned formula.

For the purposes of this Article quatation means quotation for useful mineral in foreign currency as fixed at the London Metal Exchange published in the magazine 'Metal Bulletin' of the publishing house 'Metal Bulletin Journals Limited', magazine 'Metal-pages' of the publishing house 'Metal-pages Limited'.

Unless it is provided for otherwise by this Article, the average exchange price shall be determined in accordance with the following formula:

$$S = \frac{P_1 + P_2 + ...P_n}{n} \times E \text{ , where:}$$

S – average exchange price for a useful mineral for a tax period;

P_1, P_2, … , P_n – daily average quotations on dates of the publication of quotations at the London Metal Exchange during the tax period;

E – simple average market exchange rate of tenge to corresponding foreign currency for a given tax period;

n – number of days in the tax period on which quotations were published.

Daily average quotation for a useful mineral shall be determined in accordance with the following formula:

$$P_n = \frac{C_{n_1} + C_{n_2}}{2} \text{, where:}$$

P_n – daily average quotation;

C_{n1} – daily Cash quotation for the useful mineral;

C_{n2} – daily Cash Settlement quotation for the useful mineral.

Average exchange prices of gold, platinum, palladium shall be determined as simple average values of daily average quotations for a tax period and simple average market exchange rate of tenge to corresponding foreign currency for a given tax period in accordance with the following formula:

$$S = \frac{P_1 + P_2 + ...P_n}{n} \times E \text{ , where:}$$

S – average exchange prices of gold, platinum, palladium for a tax period;

P_1, P_2, … , P_n – daily average quotation of gold, platinum, palladium on dates of the publication of quotations at the London Metal Exchange during the tax period;

E – simple average market exchange rate of tenge to corresponding foreign currency for a given tax period;

n – number of days in the tax period on which quotations were published.

Daily average quotation for gold, platinum, palladium shall be determined in accordance with the following formula:

$$P_n = \frac{C_{n_1} + C_{n_2}}{2} \text{, where:}$$

P_n – daily average quotation;

C_{n1} – daily morning quotation (morning fix) for gold, platinum, palladium;

C_{n2} – daily afternoon quotation (afternoon fix) for gold, platinum, palladium.

Average exchange price of silver shall be determined as simple average value of daily quotations on silver for a tax period and simple average market exchange rate of tenge to corresponding foreign currency for a given tax period in accordance with the following formula:

$$S = \frac{P_1 + P_2 + \ldots P_n}{n} \times E$$, where:

S – average exchange price of silver for a tax period;

P_1, P_2, … , P_n – daily quotation for silver on dates of the publication of quotations at the London Metal Exchange during the tax period;

E – simple average market exchange rate of tenge to corresponding foreign currency for a given tax period;

n – number of days in the tax period on which quotations were published.

The average exchange price of a useful mineral shall apply to the entire quantity of each type of a useful mineral contained in the taxable quantity of recovered reserves of mineral raw materials as specified in paragraph 4 of this Article, in particular to a quantity transferred to other legal persons and (or) structural unit within the framework of one legal person for further processing and (or) use for own industrial needs.

During a tax year, for the purposes of payment of the tax on production of useful minerals, the physical quantity of each type of useful mineral shall be determined by the subsurface user on the basis of the contents of useful minerals in the taxable quantity of recovered reserves of mineral raw materials as specified in the local project elaborated on the basis of a calendar schedule of production of the technical project for the development of a deposit as approved in accordance with the established procedure by the state authority of the Law of the Republic of Kazakhstan authorised appropriately.

In that case the subsurface user shall be obliged to carry out adjustments of physical quantities of useful minerals subject to updates of actual taxable quantities of recovered reserves of useful minerals based on data of annual reporting balances of reserves of useful minerals and to present an additional declaration of the tax on production of useful minerals to the tax authority in the place of its location not later than the 31st March of the year following a reporting year.

Amounts of the tax on production of useful minerals considering adjustments made, shall be recognized as a tax liability with regard to this tax in current tax period.

The final settlement in respect of the tax on production of useful minerals must be carried out by the 15th April of the year following a reporting year;

2) for useful minerals specified in subparagraph 2) of paragraph 2 of this Article:

useful minerals contained in the recovered taxable quantities of reserves of mineral raw materials specified in paragraph 4 of this Article, in accordance with the procedure established by subparagraph 1) of paragraph 3 of this Article;

other types of useful minerals contained in the taxable quantities of recovered reserves of mineral raw materials, on the basis of their average weighted selling price and in the case of a transfer to other legal persons and (or) structural unit within the framework of one legal person for subsequent processing and (or) use for own industrial needs, on the basis of actual industrial production and primary processing (concentration) cost relating to such types of useful minerals to be determined in accordance with the international accounting standards and requirements of the Law of the Republic of Kazakhstan concerning accounting and financial reporting, increased by 20 per cent;

3) for mineral raw materials specified in subparagraph 3) of paragraph 2 of this Article, on the basis of the average weighted selling price of mineral raw materials that underwent primary processing (concentration).

4. Provisions of subparagraph 1) of paragraph 2 of this Article shall apply to those types of useful minerals for which in the reporting tax period there are official quotations of prices as fixed at the London Metal Exchange.

5. In the event that there was no sale of mineral raw materials that underwent primary processing (concentration), except for mineral raw materials specified in subparagraph 1) of paragraph 2 of this Article and useful minerals specified in subparagraph 2) of paragraph 2 of this Article, except for useful minerals specified in paragraph 4 of this Article, their value shall be determined on the basis of the average weighted selling price of the last tax period in which such sales took place.

6. In the event that there was no sale of mineral raw materials that underwent the primary processing (concentration) and (or) useful minerals from the beginning of the validity term of the contract, the value shall be determined as follows:

1) for useful minerals contained in the taxable quantities of recovered reserves of mineral raw materials specified in paragraph 4 of this Article, in accordance with the procedure established by subparagraph 1) of paragraph 3 of this Article;

2) other types of useful minerals contained in the taxable quantities of recovered reserves of mineral raw materials specified in subparagraph 2) of paragraph 2 of this Article, on the basis of the actual industrial cost of production and primary processing (concentration) relating to such types of useful minerals to be determined in accordance with the international accounting standards and the requirements of the Law of the Republic of Kazakhstan concerning accounting and financial reporting, increased by 20 per cent;

3) for mineral raw materials specified in subparagraph 3) of paragraph 2 of this Article, on the basis of actual industrial production and primary processing (concentration) cost relating to such types of useful minerals as determined in accordance with the international financial reporting standards and the requirements of the Law of the Republic of Kazakhstan concerning accounting and financial reporting, increased by 20 per cent.

In the case of subsequent sales of mineral raw materials that underwent the primary processing (concentration) and useful minerals contained in recovered reserves of useful mineral raw materials specified in subparagraph 2) of paragraph 2 of this Article, except for useful minerals specified in paragraph 4 of this Article, the subsurface user shall be obliged to make adjustments of amounts of the assessed tax on production of useful minerals subject to actual average weighted selling price in the tax period in which the first sale took place.

Adjustments of assessed amounts of tax on production of useful minerals shall be carried out by the subsurface user for the twelve-month period preceding the tax period in which the first sale took place. In that event, the adjustment amount shall be recognised as a tax liability of the current tax period.

7. For the purposes of this Article, the average weighed selling price for a tax period shall be computed in accordance with the procedure established by paragraph 2 of Article 341 of this Code.

Article 339. The Rates of the Tax on Production of Useful Minerals

The rates of the tax on production of useful minerals on mineral raw materials which underwent the primary processing (enrichment), except for coal, shall be established as follows:

No.		Description of Useful Minerals	Rates, %
1	2	3	4
1.	Ferrous, nonferrous, and radioactive metal ores	Chrome ore (concentrated)	16.2
		Manganese ore, iron-manganese ore (concentrated)	2.5
		Iron ore (concentrated)	2.8
		Uranium (productive solution, mining method)	18.5
2.	Metals	copper	5.7
		zinc	7.0
		led	8.0
		gold, silver, platinum, palladium	5.0
		aluminium	0.25
		tin, nickel	6.0
3.	Mineral raw materials containing metals	vanadium	4.0
		Chromium, titanium, magnesia, cobalt, tungsten, bismuth, stibium, mercury, arsenic etc.	6.0
4.	Mineral raw materials containing rare metals	Niobium, lanthanum, cerium, zirconium	7.7
		Gallium	1.0
5.	Mineral raw materials containing diffused metals	Selenium, tellurium, molybdenum	7.0
		Scandium, germanium, rubidium, caesium, cadmium, indium, thallium, hafnium, rhenium, osmium	6.0
6.	Mineral raw materials containing radioactive metals	Radium, thorium	5.0
7.	Mineral raw materials containing non-metals	Coal, brown coal, shale oils	0
		phosphorites	4.0
		boric anhydride	3.5
		barite	4.5
		talk	2.0
		fluorites	3.0
		volastonite	3.5
		schungite	2.0
		graphite etc.	3.5
	Raw gemstones		
8.	Mineral raw materials containing precious stones	Diamonds, rubies, sapphire, emeralds, garnet, alexandrite, red (noble) spinel, euclase, topaz, aquamarine etc.	12.0
9.	Mineral raw materials containing jobbing stones	Jade, lapis lazuli, radonite, charoit, malachite, aventurin, agate, jasper, pink quartz, dioptaz, chalcedony etc.	3.5
10.	Mineral raw materials containing technical stones	Diamonds, corundum, agate, jasper, serpentenite, zirconium, asbestos, mica etc.	2.0

Rates of the tax on production of useful minerals on all types of useful minerals and mineral raw materials which are produced from off-balance sheet reserves of a field, shall be paid at a rate of zero percent.

Rates of the tax on production of useful minerals on rare and rare-earth metals (lithium, beryllium, tantalum, yttrium, strontium, praseodymium, neodim, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium) shall be established by the Republic of Kazakhstan Government.

§ 3. Tax on Production of Useful Minerals on Commonly-Occurring Useful Minerals, Underground Water and Therapeutic mud

Article 340. Tax Base

Physical quantities of commonly-occurring useful minerals, underground water and therapeutic mud produced by the subsurface user during the tax period, shall be recognised as tax base.

The tax on production of useful minerals shall not be paid in the following cases:

1) in the case of pumping underground water into subsurface for supporting the deposit pressure and pumping out the technogenic water;

2) by a natural person who carries out production of underground water on a land plot which is owned by such person in accordance with the ownership right, land use rights and other land rights, on the condition that water which is produced is not used for the performance of business activities;

3) in the case of underground water which is produced by state-owned institutions for their own business needs.

Article 341. Tax Base

1. The value of quantities of commonly-occurring useful minerals, underground water and therapeutic mud produced by the subsurface user during the tax period, shall be recognised as tax base for the computation of the tax on production of useful minerals.

2. For the purposes of the assessment of the tax on production of useful minerals, the value of commonly-occurring useful minerals, underground water and therapeutic mud produced by the subsurface user for the tax period, shall be computed on the basis of their average selling price as determined for the tax period.

Average weighted selling price shall be determined in accordance with the following formula:

Pav = (V1um x P1s + V2um x P2s ... + Vn um x Pn s.) / V total sales, where:

V1um, V2 um, ... Vn um – volumes of each batch of the commonly-occurring useful minerals, underground water and therapeutic mud, sold during the tax period,

P1s, P2s ... + Pn s – actual selling prices of the commonly-occurring useful minerals, underground water and therapeutic mud for each batch in the tax period,

n – number of the batches of sold commonly-occurring useful minerals, underground water and therapeutic mud in the tax period,

V total sales – total volume of sales of commonly-occurring useful minerals, underground water and therapeutic mud during the tax period.

Average weighted selling price shall be used by the subsurface user with regard to the entire quantity of commonly-occurring useful minerals, underground water and therapeutic mud produced for the tax period, in particular to items transferred at production cost to a structural unit within one legal person for further processing and (or) used for own industrial needs of the subsurface user, including the use as basic raw materials for the production of commercial products.

3. In the event that there are not sales of commonly-occurring useful minerals, underground water and therapeutic mud in a reporting tax period, their value shall be determined on the basis of the average weighted selling price of the last tax period in which sales took place.

4. In the case of complete absence of sales of commonly-occurring useful minerals, underground water and therapeutic mud from the effective date of the subsurface use contract, their value shall be determined on the basis of the actual production cost and primary processing (enrichment), to be determined in accordance with the international accounting standards and the requirements of the Republic of Kazakhstan legislation concerning accounting and financial reporting, increased by 20 per cent.

In the case of subsequent sales of commonly-occurring useful minerals, underground water and therapeutic mud, the subsurface user shall be obliged to make adjustments of amounts of the assessed amounts of tax on production of useful minerals subject to actual average weighted selling price in the tax period in which the first sale took place.

Adjustment of assessed amounts of the tax on production of useful minerals shall be carried out by the subsurface user for the twelve-months period preceding the tax period in which the first sale took place. In that case, amounts of adjustment shall be recognised as a tax obligation of the current tax period.

Article 342. The Rates of the Tax on Production of Useful Minerals

The rates of the tax on production of useful minerals on commonly-occurring useful minerals, underground water and therapeutic mud shall be as follows:

No.	Description of Useful Minerals	Rates, %
1	2	3
1.	Non-ore raw materials for metallurgy, moulding sand, alumina-containing rocks (feldspar, pegmatite), limestone, dolomite, limestone-dolomite rocks, limestone for the food industry	2.5
2.	Other non-ore raw materials, refractory clay, kaolin, vermiculite, table salt	4.7
3.	Local building materials, porous volcanic rocks (tufa, slags, pumice stone), volcanic water-containing glasses and glass-like rocks (perlith, obsidian), shingle, gravel, gravel-sand mixture, gypsum, gypsum stone, anhydride, plasterboard, clay and clayish rocks (refractory and low-melting clays, loam, mudstone, siltstone, sales), chalk, marl, marl-chalk rocks, siliceous rocks (tripoli powder, opoks, diatomite), quartz-feldspar rocks, rubble stone,sedimentary, magmatic and metamorphic rocks (granite, basalt, diabase, marble), sand (building sand, quartz sand, quartz-feldspar sand), except for moulding sand, sandstone, natural pigments, shell rock	
4.	Underground water, therapeutic mud	10.6

The factor of 0.3 shall be applied to the rate of the tax on production of useful minerals, established in paragraph 4 of the table in part 1 of this Article for volumes of underground water produced by entities of natural monopolies in the sphere of water-management system.

§ 4. Tax Period, Tax Declaration and Payment Time

Article 343. Tax Period

The calendar quarter shall be recognised as tax period for the tax on production of useful minerals.

Article 344. Payment Time

The taxpayers shall be obliged to pay to the budget in the place of their location the assessed amounts of tax not later than the 25th day of the second month following a reporting tax period.

Article 345. Tax Declaration

Tax declaration of the tax on production of useful minerals shall be presented by the subsurface user to the tax authority in the place of the location not later than the 15th day of the second month following a reporting period.

Article 346. The Procedure for the Payment of the Tax on Production of Useful Minerals, Rental Tax on Exported Crude Oil, Natural Gas Liquids, Royalties and the Republic of Kazakhstan Share In-Kind Under Production Sharing

1. In the cases established in paragraph 2 of Article 302 and paragraph 3 of Article 330 of this Code, as well as in the tax provisions of contracts as specified in paragraph 1 of Article 308-1 of this Code, the taxpayer shall be obliged to carry out transfers to the Republic of Kazakhstan of useful minerals in kind towards payment of the tax on production of useful minerals, rental tax on exported crude oil, natural gas liquids, royalties and the Republic of Kazakhstan share under production sharing.

2. Replacement of the monetary form of payment of the tax on production of useful minerals and of the rental tax on exported crude oil and natural gas liquids as established by this Code as well as of royalties and the Republic of Kazakhstan share under production sharing as established in subsurface use contracts specified in paragraph 1 of Article 308-1 of this Code, may be carried out on a temporary basis, in full or in part.

3. Amounts of the tax on production of useful minerals and of the rental tax on exported crude oil, natural gas liquids as established by this Code as well as royalties and the share of the Republic of Kazakhstan under production sharing as established by subsurface use contracts specified in paragraph 1 of Article 308-1 of this Code which are paid in kind, must be equal to the total amount of those taxes and payments measured in a monetary form, in accordance with the procedure and in amounts which are established by this Code and also by subsurface use contracts specified in paragraph 1 of Article 308-1 of this Code.

The volume of useful minerals transferred by a taxpayer to the Republic of Kazakhstan shall be determined according to the procedure specified by the Government of the Republic of Kazakhstan.

4. When concluding additional agreements providing for payment by a taxpayer of the tax on production of useful minerals and rental tax on exported crude oil, natural gas liquids in kind as established by this Code as well as royalties and the Republic of Kazakhstan share under production sharing as established by subsurface use contracts specified in paragraph 1 of Article 308-1 of this Code, it shall contain the following in accordance with the obligatory procedure:

1) the recipient on behalf of the state of the quantities of useful minerals which are transferred by the taxpayer to the Republic of Kazakhstan in the form of the tax on production of useful minerals, rental tax on exported crude oil, natural gas liquids, royalties and the Republic of Kazakhstan share under production sharing in kind;

2) point and terms of delivery of quantities of useful minerals in the form of the tax on production of useful minerals, rental tax on exported crude oil, natural gas liquids, royalties and the Republic of Kazakhstan share under production sharing which are transferred by the taxpayer to the Republic of Kazakhstan in kind.

5. Timing for the transfer by the taxpayer of useful minerals which are transferred in kind towards the payment of tax on production of useful minerals and rental tax on exported crude oil, natural gas liquids as established by this Code as well as royalties and the Republic of Kazakhstan share under production sharing as established by subsurface use contracts as specified in paragraph 1 of Article 308-1 of this Code, must be consistent with the time of the payment of those taxes and payments in cash as established by this Code and the subsurface use contracts specified in paragraph 1 of Article 308-1 of this Code, in a monetary form.

In that respect, the taxpayer shall transfer useful minerals to the recipient on behalf of the state not later than the date for the payment of those taxes and payments, except for the cases where the recipient on behalf of the state establishes a later date for such transfer.

6. The recipient on behalf of the state shall transfer to the state budget the due amount of the tax on production of useful minerals, rental tax on exported crude oil, natural gas liquids, royalties and the Republic of Kazakhstan share under production sharing in money within periods of payment of those payments as established by this Code and by subsurface use contracts as specified in paragraph 1 of Article 308-1 of this Code.

7. The recipient on behalf of the state shall independently exercise the supervision of the timeliness and fullness of transfer to the recipient by the taxpayers of adequate quantities of useful minerals.

The responsibility for the fullness and timeliness of transfer to the budget of the tax on production of useful minerals and rental tax on exported crude oil, natural gas liquids, as established by this Code and also of royalties and the Republic of Kazakhstan share under production sharing as established by subsurface use contracts specified in paragraph 1 of Article 308-1 of this Code, to be transferred by the taxpayer to the Republic of Kazakhstan in kind, from the date of the actual shipment by the subsurface user of adequate quantities of useful minerals, shall rest with the recipient on behalf of the state.

8. The taxpayer and the recipient on behalf of the state shall present to the tax authorities in the place of their location, reports on quantities and periods of payment (transfer) of the tax on production of useful minerals and rental tax on exported crude oil, natural gas liquids as established by this Code, as well as royalties and the Republic of Kazakhstan share under production sharing as established by subsurface use contracts as specified in paragraph 1 of Article 308-1 of this Code in kind within periods and in accordance with the forms which are established by the authorised state body.

CHAPTER 46. EXCESS PROFITS TAX

Article 347. General Provisions

1. Excess profit tax shall be calculated for tax period for each separate subsurface use contract under which subsurface user is a payer of excess profit tax in accordance with Article 347-1 of this Code.

2. For the purposes of assessment of excess profits tax subsurface user shall determine taxation item, as well as the next items related with taxation for each separate subsurface use contract in accordance with the procedure established in this Chapter:

1) net income for the purposes of assessment of excess profits tax;

2) taxable income for the purposes of assessment of excess profits tax;

3) aggregate annual income on subsurface use contract;

4) deductions for the purposes of assessment of excess profits tax;

5) corporate income tax on subsurface use contract;

6) assessed amount of net income tax of permanent establishment of a non resident on subsurface use contract.

Article 347-1. Payers

1. The subsurface users carrying out activity under each separate subsurface use contract, except for subsurface use contracts indicated in clause 2 of this Article, shall be recognized as the payers of excess profits tax.

2. Subsurface users carrying out activity on the basis of the following subsurface use contracts shall not be recognized as excess profits tax payers:

1) indicated in paragraph 1 of Article 308-1 of this Code;

2) for exploration, exploration and production or production of commonly-occurring useful minerals, underground water and (or) therapeutic mud, provided that those contracts do not provide for the production of other types of useful minerals;

3) for the construction and operation of underground facilities not connected to exploration and production.

Article 348. The Tax Base

Portion of net income of a subsurface user determined for the purposes of assessment of excess profits tax in accordance with Article 348-1 of this Code for each separate contract for subsurface use for tax period, exceeding the amount equal to 25% of the amount of subsurface use r's deductions for the purposes of excess profits tax assessment determined in accordance with Article 348-4 of this Code shall be recognised as tax base for the excess profits tax.

Article 348-1. Net income for the purposes of assessment of excess profits tax

1. Net income for the purposes of calculation of excess profits tax shall be determined as the difference between taxable income for the purposes of assessment of excess profits tax, determined in accordance with Article 348-2 of this Code, and corporate income tax on subsurface use contract, assessed in accordance with Article 348-5 of this Code.

2. For non-residents carrying out subsurface use activity in the Republic of Kazakhstan through a permanent establishment, net income for the purposes of assessment of excess profits tax shall additionally decrease by assessment amount of tax on net profit of permanent establishement related with this subsurface use contract assessed in accordance with Article 349 of this Chapter.

Article 348-2. Taxable income for the purposes of excess profits tax assessment

Taxable income for the purposes of this Chapter shall be determined as the difference between aggregate annual income under subsurface use contract, determined in accordance with Article 348-3 of this Code, and deductions for the purposes of assessment of excess profits tax, determined in accordance with Article 348-4 of this Code with account of decrease to amounts of income and expenses, provided for by Article 133 of this Code.

Article 348-3. Aggregate annual income on subsurface use contract

Aggregate annual income on subsurface use contract shall be determined by subsurface user on contractual acitivity on each separate subsurface use contract in the order established by this Code for the purposes of assessment of corporate income tax, with account of adjustments provided for by Article 99 of this Code.

Article 348-4. Deductions for the purposes of assessment of excess profits tax

1. For the purposes of assessments of excess profits tax, deductions under each separate subsurface use contract shall be determined as total of the following:

1) costs which are recognised in the reporting tax period as deductions for the purposes of assessment of corporate income tax with regard to contract business in accordance with Articles *100-108,109-114*, 116-122 of this Code;

2) following costs and losses within the limits of:

costs actually incurred during the tax period for purchase and (or) creation of fixed assets;

in relation to the functioning fixed assets put into operation from 1 January 2009, within the amounts of remaining depreciation not deducted for assessment of excess profits tax in previous tax periods;

amounts of subsequent costs for fixed assets incurred during tax period which in accounting were recognised as an increase of the balance-sheet value of the fixed assets;

costs of subsurface users which further are subject to be deducted by way of assessment of depreciation in accordance with Articles 111 and 112 of this Code;

3) losses incurred by a subsurface user for the previous tax periods in accordance with Articles 136 and 137 of this Code.

2. Recognition of costs and losses specified in subparagraph 2) of paragraph 1 of this Article as deductions for the purpose of assessment of the excess profits tax, shall be carried out at the discretion of the subsurface user fully or partially in current or any other tax period.

These costs deducted for the purposes of assessment of excess profits tax in the reporting tax period, shall not be subject to deduction for the purposes of computing excess profits tax in other tax periods.

3. When exercising the right established by paragraph 2 of this Article, when computing the excess profits tax in a relevant tax period, the subsurface user shall be obliged to exclude the amount of depreciation assessments recognised as deductions when computing the corporate income tax of such tax period in relation to costs that previously were recognised deductions for the purpose of the assessment of the excess profits tax in accordance with subparagraph 2) of paragraph 1 of this Article, from the total deductions determined in accordance with sub-clause 1 of paragraph 1 of this Article.

4. When one and the same expenses are provided for by several types of expenses, established by clause 1 of this Article, then indicated expenses shall be deducted only one time when calculating excess profits tax.

Article 348-5. Corporate income tax on subsurface use contract

Corporate income tax on subsurface use contract shall be determined for tax period in respect of contractual activity for each separate subsurface use contract as the product of multiplying the rate established by clause 1 of Article 147 of this Code and taxable income computed under this subsurface use contract in the order established by Article 139 of this Code decreased to the amounts of income and expenses provided for by Article 133 of this Code, as well as the amount of lossess under subsurface use contract carried forward in accordance with Articles 136 and 137 of this Code.

Article 349. Assesesed amount of tax on net income of permanent establishment under subsurface use contract

Assesesed amount of tax on net income of permanent establishment under subsurface use contract for the purposes of this Chapter shall be determined for tax period as product of multiplying rate of net income tax of permanent establishment of non-resident, established by clause 5 of Article 147 of this Code, and taxable base for net income tax of permanent establishment of non-resident, computed under subsurface use contract in the order established by Article 199 of this Code.

Article 350. The Assessment Procedure

1. The assessment of the excess profits tax for a tax period shall be carried out by means of applying each relevant rate on each level established by Article 351 of this Code to each part of the tax base of excess profit tax relevant to such level with subsequent summing up of computed amount of excess profits tax on all levels.

2. In order to apply the provisions of paragraph 1 of this Article, the subsurface user shall:

1) determine taxable base, as well as items related with taxation by excess profits tax under subsurface use contract;

2) determine limit amounts of distribution of net income for the purposes of assessment of excess profits tax on each level established by 351 of this Chapter, in the following order:

for levels 1-6 – as the product of percentage for each level, established in line 3 of the table, in Article 351 of this Chapter, and the amount of deductions for the purposes of excess profits tax assessment;

for level 7:

when the amount of net income for the purposes of assessment of excess profits tax assessment exceeds the amount equal to 70 % of the amount of deductions for the purposes of excess profits tax assessment – as the difference between net income for the purposes of excess profits tax assessment and the amount equal to 70% of the amount of deductions for the purposes of excess profits tax assessment;

when the amount of net income for the purposes of assessment of excess profits tax assessment is less than or equal to the amount equal to 70% of the amount of of deductions for the purposes of excess profits tax assessment – as zero;

3) distribute the net income actually received in the tax period for the purposes of excess profits tax assessment by the levels as specified in Article 351 of this Code in the following order:

for level 1:

if the amount of net income for the purposes of excess profits tax assessment for tax period exceeds the maximum amount of distribution of net income for the first level, then the distributed part of net income for the first level is equal to the maximum amount of distribution of net income for the first level;

if the amount of net income for the purposes of excess profits tax assessment for tax period is less than the maximum amount of distribution of net income for the first level, then the distributed part of net income for the first level is equal to the amount of net income for the purposes of excess profits tax assessment for a tax period.

And, net income for the purposes of excess profits tax assessment for the next levels shall not be distributed;

for levels 2-7:

when the difference between the net income for the purposes of excess profits tax assessment for tax period and total amount of distributed parts of net income on previous levels exceeds or equal to maximum amount of distribution of net income for the relevant level, then distributed part of net income for this level is equal to maximum amount of distribution of net income for this corresponding level;

when the difference between the net income for the purposes of excess profits tax assessment for tax period and total amount of distributed parts of net income on previous levels is less than the maximum amount of distribution of net income for the relevant level, then distributed part of net income for this level is equal to this difference. And, net income for the purposes of excess profits tax assessment for the next levels shall not be distributed.

Total amount of parts of net income distributed by levels shall be equal to total amount of net income for the purposes of excess profits tax for tax period;

4) apply corresponding rate of excess profits tax to each part of net income distributed by levels in accordance with Article 351 of this Chapter;

5) determine the amount of excess profits tax for tax period by summing up computed amounts of excess profits tax of each levels provided for by Article 351 of this Code.

Article 351. Excess profits tax rates, levels and percent rates for computation of maximum amount of net income distribution for the purposes of excess profits tax assessment

Excess profits tax shall be paid by subsurface user in accordance with sliding rates scale determined in the following order:

Level No.	Scale of distribution of net income for the purposes of excess profits tax income distribution assessment, percent of amount of deduction	Percent for computation of maximum amount of net for the purposes of excess profits tax assessment	Rate (%)
1	2	3	4
1	Less than or equal to 25 %	25	Not established

2	from 25 % to 30 % inclusive	5	10
3	from 30 % up to 40 % inclusive	10	20
4	from 40 % up to 50 % inclusive	10	30
5	from 50 % up to 60 % inclusive	10	40
6	from 60 % up to 70 % inclusive	10	50
7	More than 70 %	In accordance with subpar 2) of par 2 of Article 350 of this Code	60

Article 352. Tax Period

1. Calendar year from 1 January up to 31 December shall be recognized as tax period for excess profits tax.

2. If subsurface use contract was concluded during a calendar year, the first tax period for assessment of excess profits tax on such contract is the period of time from the date of commencement of subsurface use contract and up to the end of the calendar year.

3. If subsurface use contract expires before the end of a calendar year, the last tax period for assessment of excess profits tax for this contract is the period of time from the beginning of calendar year till the expiration date of subsurface use contract.

4. If subsurface use contract's validity which entered into force after the beginning of calendar year, expires before the end of this calendar year, the tax period for assessment of excess profits tax for such a contract is a period of time from the date of commencement of subsurface use contract till the date of expiration of this subsurface use contract.

Article 353. Time for Payment

The tax on excess profits shall be paid to budget in a place of taxpayer's location not later than the 15th day of April of the year following a tax period.

Article 354. Tax Declarations

Declarations of the excess profits tax shall be filed by subsurface users to the tax authority in the place of location not later than the 10th of April of the year following a tax period.

SECTION 12. The Social Tax

CHAPTER 47. GENERAL PROVISIONS

Article 355. The Payers

1. The payers of social tax shall be:

1) individual entrepreneurs;

2) private notaries, private officers of justice, advocates, and professional mediators;

3) resident legal persons of the Republic of Kazakhstan, unless it is established otherwise by paragraph 2 of this Article;

4) non-resident legal persons carrying out activity in the Republic of Kazakhstan through a permanent establishment;

5) non-resident legal entities operating through its branch or representative office not resulting in creation of a permanent establishment in accordance with the international treaty for avoidance of double taxation.

2. A resident legal entity shall have the right by its decision to recognize its structural unit as a payer of social tax with respect to the employer's expenses paid (to be paid) in form of income to employees of such structural units.

In that case the decision of the resident legal entity or revocation of such decision shall become effective from the beginning of the quarter following the quarter in which such decision was made.

If a newly established structural unit shall be recognized as a payer of social tax, the decision of such resident legal entity concerning such recognition shall become effective from the date of establishment of that structural unit or from the beginning of the quarter following the quarter in which such structural unit was established.

The structural units which have been recognized as independent social tax payers by the decision of the resident legal entity, for the purpose of Chapter 19 of this Code shall be recognized as tax agents with respect to the individual income tax.

3. At the decision of the state body, its structural units and (or) territorial bodies may be considered as payers of social tax, payable for their subordinated state-owned institutions.

At the decision of the local executive body, its structural units and (or) territorial (subordinated) bodies may be considered as payers of social tax for their subordinated state-owned institutions.

State-owned institutions, recognised as payers of social tax in the procedure, established by this Article, for the purposes of Chapter 19 of this Code shall be recognised as tax agents for individual income tax.

Article 356. Special Considerations in the Assessment, Payment and Presentation of Tax Report on Social Tax by Taxpayers Enjoying Special Tax Regimes

The assessment, payment and submission of tax reports on social tax shall be performed by payers which apply special tax regimes:

1) for legal persons that are producers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives – with respect for the special consideration established by Article 451 of this Code;

2) for entities of small business on the basis of a simplified declaration – in accordance with Articles 433–438 of this Code;

3) for entities of small business on the basis of a patent – in accordance with Articles 429–432 of this Code;

4) for peasant or farmer holdings – in accordance with Articles 445–447 of this Code.

Article 357. Taxable Items

1. For the payers specified in Article 355 paragraph 1 subparagraphs 1) and 2) of this Code, the items subject to social tax shall be the number of employees including the payers themselves.

2. For the payers specified in Article 355 paragraph 1 subparagraphs 3) and 4) of this Code, the taxable items shall be the expenses of the employer paid to the resident employees in form of the income defined by Article 163 paragraph 2 of this Code, to non-resident employees in form of income defined by Article 192 paragraph 1 subparagraphs 18), 19), 20), and 21) of this Code, and also the income of foreign employees specified in Article 191 paragraph 7 of this Code, unless otherwise is provided for by this paragraph.

The income specified in Article 156 paragraph 1 subparagraphs 8), 10), 12), 17), 18), 24), 26), 26-1), 27), 29) – 32), 34), 41) and Article 300-1 paragraph 1 subparagraph 13) of this Code shall not be subject to taxation, as well as:

1) payments made at the expense of the funds of grants;

2) state awards, scholarships established by the President of the Republic of Kazakhstan, Government of the Republic of Kazakhstan;

3) {~};

4) compensatory payments made in the event of termination of employment agreements in case of discontinuation of activity of the employer being an individual or liquidation of the employer being a legal entity, reduction in the number of employees or staff size, to the amounts established by the legislation of the Republic of Kazakhstan;

5) compensatory payments made by employers to employees for unused payable annual leaves;

6) obligatory pension contributions of employees to the uniform accumulative pension fund in accordance with the legislation of the Republic of Kazakhstan.

3. If the item of taxation specified in accordance with paragraph 2 of this article for the calendar month is less than the minimum salary rate established by the law concerning the national budget and effective as of the first day of such calendar month, the item subject to social tax shall be determined on the basis of such minimum salary rate.

4. The provisions of subparagraph 1) of the second part of paragraph 2 of this article shall apply if the payments are made in accordance with the agreement (contract) concluded with the grant recipient or executor appointed by the grant recipient for achievement of the grant goals (objectives).

Article 358. Tax Rates

1. Unless it is established otherwise by this Article, social tax shall be assessed at a rate of 11 per cent.

2. Individual entrepreneurs, private notaries, private officers of justice, advocates, and professional mediators shall assess social tax in the 2-fold amount of the monthly calculation index established by the law on the republican budget and effective as at the day of payment for themselves, and in the 1-fold amount of the monthly calculation index for each employee.

The provision of this paragraph shall not apply to:

1) taxpayers during the period of temporary suspension of tax reports submission by them in accordance with Article 73 of this Code.

2) individual entrepreneurs applying special tax regimes.

3. Specialised organisations at which disabled work who have disorders of the locomotor apparatus, who have lost hearing, speech, sight, which are consistent with conditions of paragraph 3 of Article 135 of this Code, shall assess social tax at a rate of 4,5 per cent.

3-1. Legal entities being manufacturers of agricultural products, aquaculture (fishery) products carrying out solely the activities provided for in paragraph 2 of Article 147 of this Code, and applying the generally established procedure shall assess social tax at the rate of 6.5 percent.

4. Rates of social tax for individual entrepreneurs applying the special tax regime for peasant or farmer holdings are established by Article 445 of this Code.

5. Rates of social tax for payers applying the special tax regimes on the basis of a patent or simplified declaration are established by Chapter 61 of this Code.

CHAPTER 48. THE PROCEDURE FOR THE ASSESSMENT AND PAYMENT OF TAX

Article 359. The Procedure for the Assessment of Social Tax

1. The payers specified in subparagraphs 3), 4) of paragraph 1 of Article 355 of this Code shall perform the assessment of social tax by applying the rates established in paragraphs 1 and 3 of Article 358 of this Code to taxable items determined in accordance with Article 357 of this Code for the tax period.

2. Individual entrepreneurs, except for those applying special tax regimes, private notaries, private officers of justice, advocates, and professional mediators shall assess social tax by applying the rates established by paragraph 2 of Article 358 of this Code to taxable items for the purpose of social tax determined by paragraph 1 of Article 357 of this Code.

3. The amount of social tax to be paid to the budget shall be determined as a difference between the assessed social tax and the amount of social insurance contributions assessed in accordance with the Law of the Republic of Kazakhstan Concerning Compulsory Social Insurance.

In the event that the amount of the assessed social insurance contributions to the State Social Insurance Fund is in excess of the amount of the assessed social tax the amount of the social tax to be paid to the budget shall be deemed to be equal to zero.

4. Organizations operating in the territory of special economic zone “Park of Innovative Technologies” shall assess the social tax subject to the provisions set forth in paragraph 5 of Article 151-4 of this Code.

Article 360. Payment of Social Tax

1. Payment of social tax shall be made not later than on the 25th day of the month following the tax period in the place of location of the taxpayer, unless it is established otherwise by this Code.

2. Payers of social tax which have structural units shall perform payment of social tax in accordance with the procedure established by Article 362 of this Code.

Article 361. Special Considerations in the Assessment of Social Tax by State-Owned Institutions

1. Amounts of social tax assessed by state-owned institutions for a tax period shall be reduced by amounts of social benefits for temporary disability paid in accordance with the legislation of the Republic of Kazakhstan.

2. Where amounts of paid social benefits specified in paragraph 1 of this Article for the tax period exceed the amount of assessed social tax the excess amount shall be carried forward for the next tax period.

3. Amounts of social tax subject to payment by state-owned institutions specified in Article 355 of this Code shall be assessed by a payer in accordance with the procedure and within the period of time established by Articles 359 and 360 of this Code.

4. Declarations for personal income tax and social tax shall be submitted by a payer in accordance with the procedure and within the period of time established by paragraph 1 of Article 364 of this Code.

Article 362. The Procedure for the Assessment and Payment of Tax for Structural Units

1. Amounts of social tax payable for structural units shall be calculated basing on social tax assessed on income of employees of the said structural unit.

2. Payers shall perform payment of social tax for structural units to appropriate budgets in the place of location of structural units.

CHAPTER 49. THE TAX PERIOD AND THE TAX DECLARATION

Article 363. Tax Period

The tax period for the assessment of social tax shall be a calendar month.

Article 364. Declarations of Personal Income Tax and Social Tax

1. Personal income tax and social tax declarations shall be submitted by payers to tax authorities in the place of location quarterly not later than on the 15th day of the second month following the reporting quarter.

Supplements to personal income tax and social tax declarations shall be compiled according to results of the year and be submitted with declarations for the fourth quarter of the reporting year.

2. Payers having structural units shall submit an appendix to the declaration for personal income tax and social tax for a structural unit with assessment of the amount of personal income tax and social tax for a structural unit to the tax authority in the place of location of the structural unit.

SECTION 13. Tax on Transport Vehicles

CHAPTER 50. GENERAL PROVISIONS

Article 365. Taxpayers

1. Payers of the tax on transport vehicles shall be individuals who have taxable items on the right of ownership, and legal person having taxable items on the right of ownership, business authority or operative control, unless otherwise specified in this Article.

By the decision, legal entity shall have the right to recognize an independent taxpayer of the tax on vehicles its structural unit, on vehicles registered under such structural unit in accordance with the legislation of the Republic of Kazakhstan on vehicles.

Unless otherwise provided for by this Article, the decision of the legal entity concerning such recognition or derecognition shall be effective from January 1st of the year following the year when such decision was made.

If independent taxpayer of the tax on vehicles is recognized structural unit, the decision of legal entity on such recognition shall be put into effect as of the date of establishment of the structural unit, or from January 1 of the year following the year when the structural unit was established.

2. Lessees shall be payers of tax on transport vehicles in respect of taxable items transferred (received) under financial lease agreements.

3. Unless otherwise established by this Article the following shall not be recognized as payers of the tax on transport vehicles:

1) legal entities being manufacturers of agricultural products, aquaculture (fishery) products, as well as the head and (or) members of a peasant economy or a farming enterprise with respect to specialized agricultural machinery included in the list established by the Government of the Republic of Kazakhstan;

2) legal entities being manufacturers of agricultural products, aquaculture (fishery) products, taxable income of which is charged at the rate specified in paragraph 2 of Article 147 of this Code, applying the generally established taxation procedure, as well as the head and (or) members of a peasant economy or a farming enterprise with respect to light motor vehicles and lorries within the limits of need standards established by the Government of the Republic of Kazakhstan;

3) state-owned institutions;

4) participants in the Great Patriotic War and persons equated to those, persons awarded with orders and medals of the former Union of the SSR for selfless labour and irreproachable military service in the rear during the years of the Great Patriotic War, and also persons worked (served) for not less than 6 months from the 22nd June 1941 to the 9th May 1945 and not awarded with orders and medals of the former Union of the SSR for selfless labour and irreproachable military service in the rear during the years of the Great Patriotic War, in respect of one motor transport vehicle which is a taxable item for tax;

5) disabled with regard for owned side-cars and cars – in respect of one motor transport vehicle which is an taxable item for tax;

6) Heroes of the Soviet Union and Heroes of Socialist Labour, persons having the 'Khalyk kaharmany', «Kazakhstannyn Enbek Eri» titles, those who are awarded with the Order of Glory of the three degrees and the order 'Otan', mothers having many children awarded

with the 'Mother Heroine' title, awarded with the pendants 'Altyn alka', 'Kumys alka' – in respect of one motor transport vehicle which is recognised as a taxable item for tax;

7) natural persons – in respect of lorries with the term of operation over seven years that were received as a share as a result of the withdrawal from an agricultural formation.

The provisions of subparagraphs 1) and 2) of part one of this paragraph shall not apply where such vehicles are granted for use, placed in trust, or leased out.

The norm provided for by subparagraphs 4) to 6) of paragraph 3 of this Article shall not apply to the persons specified in these subparagraphs, if such mechanical transport vehicles are light motor vehicles with engine capacity exceeding 4000 cubic centimeters registered (reregistered) with the authorized agency after December 31, 2013.

Article 366. Taxable Items

1. Taxable items shall be transport vehicles, except for trailers, which are subject to state registration and (or) which are accounted for in the Republic of Kazakhstan.

2. The following shall not be recognised as taxable items:

1) mine dump trucks with the load capacity of 40 tons and more;

2) specialised medical transport vehicles;

3) marine vessels registered in the international ship register of the Republic of Kazakhstan.

CHAPTER 51. TAX RATES, PROCEDURE FOR THE ASSESSMENT AND TIMING FOR THE PAYMENT OF THE TAX

Article 367. Tax rates

1. Unless otherwise is provided for by this Article, the tax shall be assessed on the basis of the following rates established in monthly assessment indices:

No.	Taxable items	Tax rate (monthly assessment index)
1	2	3
1.	Cars with the engine volume (cm3):	
	up to 1,100 inclusive	1
	over 1,100 to 1,500 inclusive	2
	over 1,500 to 2,000 inclusive	3
	over 2,000 to 2,500 inclusive	6
	over 2,500 to 3,000 inclusive	9
	over 3,000 to 4,000 inclusive	15
	over 4,000	117
2.	Lorries, special vehicles with the loading capacity (without regard for trailers):	
	up to 1 ton inclusive	3
	over 1 ton to 1,5 tons inclusive	5
	over 1,5 to 5 tons inclusive	7
	over 5 tons	9
3.	Tractors, self-propelled, ameliorative and road construction machinery and equipment, adverse terrain vehicles and other transport vehicles unappropriated for public roads	3
4.	Buses:	
	up to 12 passenger seats inclusive	9
	over 12 to 25 passenger seats inclusive	14
	over 25 passenger seats	20
5.	Motorcycles, scooters, motor sledges, small size vessel with engine capacity:	
	up to 55 kWt inclusive	1
	over 55 kWt	10
6.	Motor boats, vessels, tug boats, barges, yachts (engine capacity on horse power):	
	up to 160 inclusive	6
	over 160 to 500 inclusive	18
	over 500 to 1,000 inclusive	32
	over 1,000	55
7.	Aircrafts	4 percent from monthly assessment index per each kw power
8.	Railway traction rolling stock used for: handling trains of any category on main tracks; carrying out switching work on main, station and approach lines with narrow and (or) wide gauge; on tracks of industrial railway transport, not entering main and station tracks	1 per cent of monthly assessment index per each kilowatt of total vehicle's power

	Motor-car rolling stock used for organization of passenger transportation on main and station tracks with narrow and wide gauge, and transport vehicles of the city rail transport	1 per cent of monthly assessment index per each kilowatt of total vehicle's power

For cars with engine capacity more than 3000 cubic centimeter produced (manufactured or assembled) in the Republic of Kazakhstan after December 31, 2013 or imported to the Republic of Kazakhstan after December 31, 2013, the tax shall be assessed using the following rates established in monthly assessment indices:

No.	Taxable items	Tax rate (monthly assessment index)
	2	3
1.	Cars with the engine volume (cm3):	
	over 3 000 to 3 200 inclusive	35
	over 3 200 to 3 500 inclusive	46
	over 3 500 to 4 000 inclusive	66
	over 4 000 to 5 000 inclusive	130
	over 5 000	200

The tax shall be assessed using the monthly assessment index established by the National Budget Law in effect on January 1 of the respective financial year.

1-1. For the purpose of this Code:

1) the following shall be classified as light motor vehicles:

cars of B (including BE, B1) category;

motor vehicles on a light motor vehicle chassis with a cargo platform and a driver's cabin separated from the cargo section with a rigid fixed partition (pick-up cars);

increased capacity vehicles and off-road cars exceeding the requirements for B (including BE) category in terms of the gross vehicle mass and (or) the number of passenger seats (off-road vehicles including SUVs, as well as crossovers and limousines);

2) cars of C (including CE, C1E, C1) category shall be classified as lorries, unless otherwise provided in subparagraph 1) of this paragraph;

3) cars with special equipment appropriated for specific technological processes or operations shall be classified as special vehicles, unless otherwise provided in subparagraphs 1) and 2) of this paragraph;

4) cars of D (including DE, D1E, D1) category shall be classified as busses, unless otherwise provided in subparagraph 1) of this paragraph.

2. With the engine capacity of light motor vehicles over 1,500 to 2,000 cubic centimeters inclusive taxable at a rate of three monthly assessment indices, over 2,000 to 2,500 cubic centimeters inclusive taxable at a rate of six monthly assessment indices, over 2,500 to 3,000 cubic centimeters inclusive taxable at a rate of nine monthly assessment indices, over 3,000 to 4,000 cubic centimeters inclusive taxable at a rate of fifteen monthly assessment indices, overe 4,000 cubic centimeters taxable at a rate of fifteen monthly assessment indices, tax amount shall increase per each exceeding unit corresponding to lower limit of engine capacity by 7 KZT.

2-1. If the engine capacity of light motor vehicles manufactured (produced or assembled) in the Republic of Kazakhstan after December 31, 2013 or imported to the Republic of Kazakhstan after December 31, 2013, is >1,500 ≤ 2,000 cubic centimeters (to be taxed at the rate of 3 MAIs), >2,000 ≤ 2,500 cubic centimeters (to be taxed at the rate of 6 MAIs, > 2,500 ≤ 3,000 cubic centimeters (to be taxed at the rate of 9 MAIs), >3,000 ≤ 3,200 cubic centimeters (to be taxed at the rate of 35 MAIs), >3,200 ≤ 3,500 cubic centimeters (to be taxed at the rate of 46 MAIs), >3,500 ≤ 4,000 cubic centimeters (to be taxed at the rate of 66 MAIs), > 4,000 ≤ 5 000 cubic centimeters (to be taxed at the rate of 130 MAIs), >5,000 cubic centimeters (to be taxed at the rate of 200 MAIs) the tax amount shall increase by 7 tenge per every unit in excess of the respective low limit of the engine capacity.

2-2. For the purpose of this Article, the date of import of a light motor vehicle imported into the territory of the Republic of Kazakhstan shall be the date of its initial state registration.

3. Depending on the term of operation the following adjustment coefficients shall apply to rates of tax on aircrafts:

1) in respect of aircrafts purchased after April 1, 1999 beyond the boundaries of the Republic of Kazakhstan:

over 5 to 15 years of operation inclusive – 2,0;

over 15 years of operation – 3,0;

2) in respect of aircrafts purchased before the 1st April 1999, and also those purchased after April 1, 1999 and (or) which were operated in the Republic of Kazakhstan before April 1, 1999:

over 5 to 15 years of operation inclusive – 0,5;

over 15 years of operation – 0,3.

4. The term of operation of transport vehicles shall be calculated based on the year of manufacture as specified in certificates of transport vehicles (aircraft operation manual).

5. For the assessment of tax on lorries and special vehicles shall be used transportation capacity index as specified in the instruction and (or) operation manual of the vehicle. If transportation capacity index is not specified in the operation instruction (manual) it shall be calculated as difference between the allowed maximal mass of the vehicle and mass of the vehicle without load (mass of the equipted vehicle).

Article 368. The Procedure for the Assessment of Tax

1. A taxpayer shall assess independently the tax amount for the tax period on the basis of the taxable items, and tax rate for each vehicle. In case of failure to pay or partial payment of the tax by individuals within the period provided for by paragraph 3 of Article 369 of

this Code, the tax shall be assessed by the tax authorities on the basis of data provided by authorized bodies engaged in recording and registration of vehicles.

Taxpayers applying the special tax regime for legal entities that are producers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives shall assess tax with regard for the special consideration established by Article 451 of this Code.

Where the transport vehicle is held on the right of ownership, right of business authority or right of operative control less than a tax period, the amount of tax shall be assessed for the period of actual holding of the transport vehicle on the right of ownership, right of business authority or right of operative control by dividing the annual amount by twelve and multiplying by the number of months of actual holding of the transport vehicle on the right of ownership, right of business authority or right of operative control, except for the case foreseen by paragraph 3 of this Article.

2. When transferring rights of ownership, business authority or operative control of taxable items within a tax period, the amount of tax shall be assessed according to the following procedure:

1) for the transferring party:

in respect of transport vehicles which are present at the beginning of the tax period the amount of tax shall be assessed for the time from the beginning of the tax period to the first day of the month in which the right of ownership, right of business authority or right of operative control of the transport vehicle was transferred;

in respect of transport vehicles purchased within the tax period the amount of tax shall be assessed for the period from the first day of the month in which the right of ownership, right of business authority or right of operative control of the transport vehicle was acquired to the first day of the month in which the right of ownership, right of business authority or right of business control of the transport vehicle was transferred;

2) for the purchasing party – the amount of tax shall be assessed for the period from the first day of the month in which the right of ownership, right of business authority or right of operative control of the transport vehicle was acquired to the end of the tax period or to the first day of the month in which the purchasing party transferred subsequently the right of ownership, right of business authority or right of operative control of the said transport vehicle.

3. Where natural persons who are not individual entrepreneurs, private notaries, advocates transfer the right of ownership of taxable items, in the case if during the current tax period transferring party has effected the payment of annual amount of the tax, such payment of the tax, upon agreement of the parties based on conditions of the agreements of purchase and sale, exchange, shall be recognised as fulfillment of the tax liability of the purchasing party on payment of the tax for the current tax period for the transferred taxable item.

4. When purchasing a transport vehicle not registered in the Republic of Kazakhstan at the moment of purchase natural persons shall assess the amount of tax for the period starting from the first day of the month in which the right of ownership for the transport vehicle arises till the end of the tax period or till the first day of the month in which the right of ownership ceases.

5. When deregistering a transport vehicle by the authorised state body in the sphere of registration of transport vehicles, which is registered amongst high-jacked and (or) stolen from the owner, the document confirming deregistration of a transport vehicle for this reason, shall be recognised as a reason for exemption from the payment of the tax for a period of searching for such transport vehicles.

The implementation of a tax obligation shall be carried out in accordance with the procedure specified in Charter 51 of this Code, from the time of return to the owner of a transport vehicle that was searched for.

6. Legal entities shall assess current payments for transport vehicles being used at the beginning of a tax period on the basis of the right of ownership, the right of business authority or the right of operative control as well as for transport vehicles in relation to which such rights arise and (or) cease within the period starting from the beginning of a tax period till the 1st of July of the tax period:

1) in case the right of ownership, the right of business authority or the right of operative control for transport vehicles arises within the period starting from the beginning of a tax period till the 1st of July of the tax period and does not cease till the 1st of July of the tax period – in the amount of tax assessed for the period from the first day of the month in which the right of ownership, the right of economic management or the right of operative control for transport vehicles arises till the end of the tax period;

2) in case within a period starting from the beginning of the tax period till the 1st of July of the tax period the right of ownership, the right of business authority or the right of operative control for transport vehicles:

ceases – in the amount of tax assessed for a period starting from the beginning of a tax period till the first day of the month in which the right of ownership, the right of business authority or the right of operative control for transport vehicles ceases;

arises and ceases – in the amount of tax assessed for a period starting from the first day of the month in which the right of ownership, the right of business authority or the right of operative control for transport vehicles arises till the first day of the month in which the right of ownership, the right of business authority or the right of operative control for such transport vehicles ceases;

3) in other cases – in the amount of annual tax. At that in case the right of ownership, the right of business authority or the right of operative control for transport vehicles ceases within a period starting from the 1st of July of the tax period till the end of the tax period the amount of tax assessed for the period starting from the beginning of a tax period till the first day of the month in which the right of ownership, the right of business authority or the right of operative control for transport vehicles ceases shall be indicated in the declaration.

Legal entities shall not assess current payments and shall not submit assessment of current payments for transport vehicles for which the right of ownership, the right of business authority or the right of operative control arises within the period starting from the 1st of July of the tax period till the end of the tax period. At that the amount of tax assessed in accordance with the procedures specified by sub-par. 2) of par. 2 of this Article shall be indicated in a declaration.

Article 369. Timing for Payment of Tax

1. Legal entities shall make payments of the current amounts at the place of registration of the taxation units by effecting current payments not later than July 5 of the tax period.

2. Where the right of ownership, right of business authority or operative control of transport vehicles {~} is acquired after the 1st July of the tax period, legal persons shall make the payment of tax relating said transport vehicles not later than ten calendar days after the occurrence of the time for submission of the declaration for the tax period.

3. Date of payment of the tax to the budget for natural persons shall be the date not later than 31st December of the tax period.

Payment of the tax shall be effected at the place of registration of taxable items.

In case of registering, re-registering , of state or obligatory technical inspection of vehicles, natural persons shall effect assessment and payment of the tax to the budget prior to undertaking the said actions according to the procedure, established by this Code.

4. {~}.

5. Payment of tax on transport vehicles for a tax period made by a natural person being an attorney acting on behalf of the owner on the basis of a power of attorney for driving a transport vehicle with the right alienation shall be recognized as fulfillment of tax liabilities of the owner of a transport vehicle for the said tax period.

CHAPTER 52. THE TAX PERIOD AND TAX DECLARATIONS

Article 370. Tax Period

The tax period for the assessment of tax on transport vehicles shall be determined according to Article 148 of this Code.

Article 371. Tax Reports

Legal person payers shall submit to the tax authorities in the place of registration of taxable items assessments of current payments of tax on transport vehicles not later than the 5th July of the current tax period, and also declarations not later than the 31st March of the year following the reporting one.

SECTION 14. LAND TAX

CHAPTER 53. GENERAL PROVISIONS

Article 372. General Provisions

1. For the purposes of taxation all lands shall be considered depending on their special-purpose destination and belonging to the following categories:

1) lands of agricultural destination;

2) lands of populated areas;

3) lands of industry, transport, communication, defence and other non-agricultural destination (henceforth – land of industry);

4) lands of specially protected natural territories, lands of health-improving, recreation and historic-cultural destination (henceforth – lands of specially protected natural territories);

5) lands of forestry resources;

6) lands of water resources;

7) lands of reserve.

2. Belonging of lands to one or another category shall be established by the land legislation of the Republic of Kazakhstan. Lands of populated areas for the purposes of taxation shall be divided in two groups:

1) lands of populated areas, except for land occupied with housing resources, in particular buildings and structures attached to them;

2) lands occupied with housing resources, in particular buildings and structures attached to them.

3. The following categories of lands shall not be subject to taxation:

1) lands of specially protected natural territories;

2) lands of forestry resources;

3) lands of water resources;

4) lands of reserve.

Where specified lands (except for lands of reserve) are transferred in permanent land use or primary unpaid temporary land use, they shall be subject to taxation in accordance with the procedure established by Article 385 of this Code.

4. {~}.

5. Land tax shall be assessed on the basis of:

1) identification documents: certificate of title, certificate of permanent land use right, certificate of uncompensated temporary land use right;

2) data of the state quantity and quality accounting for lands as on the 1st January of each year, which are presented by the authorised state body for managing land resources.

Article 373. Payers

1. Payers of land tax shall be physical and legal persons having taxable items:

1) on the right of ownership;

2) on the right of permanent land use;

3) on the right of primary unpaid temporary land use.

2. A legal entity shall have the right by its decision to recognize its structural unit as an independent land tax payer with respect to the tax items at the location of such structural unit.

Unless otherwise provided for by this Article the decision of the legal entity concerning such recognition or derecognition shall be effective from January 1 of the year following the year when such decision was made.

If a newly established structural unit shall be recognized as an independent land tax payer, the decision of the legal entity concerning such recognition shall become effective from the date of establishment of the respective structural unit or from January 1 of the year following the year of establishment of that structural unit.

3. Unless otherwise established by this Article the following shall not be recognized as payers of land tax:

1) payers of single land tax in respect of land plots used in activity to which the special tax regime for peasant or farmer holdings applies;

2) state-owned institutions;

3) state-owned enterprises of corrective institutions of the authorised state body in the sphere of execution of criminal punishments;

4) participants in the Great Patriotic War and persons equated to them, persons awarded with orders and medals of the former Union of the SSR for selfless labour and irreproachable military service in the rear during the years of the Great Patriotic War, and also persons worked (serviced) not less than six months from the 22nd June 1941 to the 9th May 1945 and not awarded with orders and medals of the former Union of the SSR for selfless labour and irreproachable military services in the rear during the years of the Great Patriotic War, disabled, and also one of the parents of a disabled person from childhood, orphaned children and children deprived of parental care up to the age of eighteen years in respect of:

land plots occupied with housing resources, in particular buildings and structures attached to them;

land plots attached to houses;

land plots allotted for keeping personal household (subsidiary) farms, gardens and dacha construction, in particular lands occupied with buildings;

land plots occupied with garages;

5) mothers having many children awarded with the «Mother Heroine» title, awarded with the «Altyn Alka» pendant, in respect of:

land plots occupied with housing resources, in particular buildings and structures attached to them;

land plots adjacent to the houses;

6) pensioners living alone in respect of:

land plots occupied with housing resources, in particular buildings and structures attached to them;

land plots adjacent to the houses;

7) religious associations.

4. The taxpayers specified in subparagraphs 3)–7) of paragraph 3 of this Article shall be taxpayers on land plots that are transferred on use, trust management or rent.

Article 374. Definition of the Payer in Certain Cases

1. In respect of a land plot that is held in common ownership (use) of several persons, except for land plots which are recognised as assets of a unit share investment fund, each of those persons shall be recognised as payers of land tax, unless it is provided for otherwise in documents certifying the right of possession or use of the said land plot or by agreement of the parties.

The payer of land tax in respect of land plots which are recognised as assets of a unit share investment fund shall be the managing company of the said unit share investment fund.

2. Where there are no identifying documents to a land plot, the basis for recognition of the user as a payer of land tax in relation to the land plot shall be actual possession and use of such a plot:

1) acts of state authorities on allotment of the land plot – upon allotment of the land plot from state property;

2) civil law agreements and other grounds, foreseen by the Law of the Republic of Kazakhstan, – in other cases.

3. The lessee shall be a payer of land tax in respect of a land plot transferred (received) under financial lease together with a real estate item in accordance with the financial lease agreement.

Article 375. Taxable Items

1. Taxable items shall be land plots (in case of common share ownership of a land plot – a land share).

2. The following shall not be recognised as taxable items:

1) land plots of common use of populated areas.

Lands of common use of populated areas shall comprise lands occupied with and designated to be occupied with squares, streets, passages, roads, embankments, parks, public gardens, boulevards, water ponds, beaches, cemeteries and other items for the purposes of satisfying needs of the population (water pipelines, heating pipelines, electric power transmission lines, purifying structures, ash and slag pipelines, heat supply lines and other engineering systems of common use);

2) land plots occupied with the network of state-owned motor roads of common use.

Lands occupied with the network of state-owned motor roads of common use within the right-of-way shall comprise lands that are occupied with the road bed, grade-separated interchanges, elevated roads, artificial structures, reserves attached to roads and other structures for servicing of roads, official and residential premises of the road services, snow protecting and decorative plantations;

3) land plots occupied with items that are under temporary closure under a decision of the Government of the Republic of Kazakhstan;

4) land plots purchased to maintain rental buildings.

Article 376. Definition of Taxable Items in Certain Cases

1. Taxable items for organisations of railway transport shall be land plots which are allotted in accordance with the procedure established by the legislation of the Republic of Kazakhstan for items of organisations of railway transport, in particular land plots occupied with railways, right-of-ways, railway stations, terminals.

2. Taxable items for organisations of the energy and electrification system whose balance-sheets comprise electric power transmission lines, shall be land plots allotted in accordance with the procedure established by the legislation of the Republic of Kazakhstan to those organisations, in particular land plots occupied with frames of electric power transmission lines and sub-stations.

3. Taxable items for organisations carrying out production, transportation of petroleum and gas, whose balance-sheets comprise petroleum pipelines, gas pipelines, shall be land plots allotted in accordance with the procedure established by the legislation of the Republic of Kazakhstan to those organisations, in particular land plots occupied with petroleum pipelines, gas pipelines.

4. Taxable items for organisations of communication, whose balance-sheets comprise radio relay, air, cable communication lines, shall be land plots allotted in accordance with the procedure established by the legislation of the Republic of Kazakhstan to those organisations, in particular land plots occupied with frames of communication lines.

Article 377. The Tax Base

The tax base for determination of land tax shall be areas of land plots.

CHAPTER 54. TAX RATES

Article 378. Basic Tax Rates for Land of Agricultural Designation

1. Basic rates of land tax on land of agricultural destination shall be established per one hectare and they shall be differentiated according to quality of soils.

2. The following basic tax rates of land tax shall be established with respect to lands of the steppe and dry steppe zones in proportion to quality points:

Item No.	*Quality points*	*Basic tax rate (tenge)*
1	*2*	*3*
1.	*1*	*2.4*
2.	*2*	*3.35*
3.	*3*	*4.35*
4.	*4*	*5.3*
5.	*5*	*6.25*
6.	*6*	*7.25*
7.	*7*	*8.4*
8.	*8*	*9.65*
9.	*9*	*10.8*
10.	*10*	*12.05*
11.	*11*	*14.45*
12.	*12*	*15.45*
13.	*13*	*16.4*
14.	*14*	*17.35*
15.	*15*	*18.35*
16.	*16*	*19.3*
17.	*17*	*20.45*
18.	*18*	*21.7*
19.	*19*	*22.85*
20.	*20*	*24.1*
21.	*21*	*26.55*
22.	*22*	*28.95*
23.	*23*	*31.35*
24.	*24*	*33.75*
25.	*25*	*36.2*
26.	*26*	*38.6*
27.	*27*	*41*
28.	*28*	*43.4*
29.	*29*	*45.85*
30.	*30*	*48.25*
31.	*31*	*72.35*
32.	*32*	*77.7*
33.	*33*	*82.95*
34.	*34*	*90.4*
35.	*35*	*93.8*
36.	*36*	*99.1*
37.	*37*	*104.4*
38.	*38*	*110*
39.	*39*	*115.3*
40.	*40*	*120.6*
41.	*41*	*144.75*
42.	*42*	*150.05*
43.	*43*	*155.35*
44.	*44*	*160.85*
45.	*45*	*166.15*
46.	*46*	*171.45*
47.	*47*	*176.8*
48.	*48*	*182.4*
49.	*49*	*187.7*
50.	*50*	*193*
51.	*51*	*217.1*
52.	*52*	*222.45*
53.	*53*	*227.75*
54.	*54*	*233.25*
55.	*55*	*238.55*
56.	*56*	*243.85*
57.	*57*	*249.15*
58.	*58*	*254.75*
59.	*59*	*260.05*
60.	*60*	*265.35*
61.	*61*	*289.5*
62.	*62*	*303.15*
63.	*63*	*316.3*
64.	*64*	*329.75*
65.	*65*	*343.05*
66.	*66*	*356.55*
67.	*67*	*369.8*
68.	*68*	*383.3*
69.	*69*	*396.6*
70.	*70*	*410.1*
71.	*71*	*434.25*
72.	*72*	*447.75*
73.	*73*	*460.95*
74.	*74*	*474.45*
75.	*75*	*487.8*
76.	*76*	*501.3*
77.	*77*	*514.55*
78.	*78*	*528.05*

1	2	3
79.	79	541.35
80.	80	554.85
81.	81	579
82.	82	595.1
83.	83	611.05
84.	84	627.25
85.	85	85
86.	86	86
87.	87	87
88.	88	88
89.	89	89
90.	90	90

1	2	3
91.	91	91
92.	92	92
93.	93	93
94.	94	94
95..	95	95
96.	96	96
97.	97	97
98.	98	98
99.	99	99
100.	100	965
101.	over 100	1,013.3

3. The following basic tax rates of land tax shall be established with respect to lands of the semi-desert, desert and piedmont desert zones in proportion to quality points:

Item No.	Quality points	Basic tax rate (tenge)
1	2	3
1.	1	2.4
2.	2	2.7
3.	3	2.9
4.	4	3.1
5.	5	3.35
6.	6	3.65
7.	7	3.85
8.	8	4.05
9.	9	4.35
10.	10	4.8
11.	11	7.25
12.	12	9.15
13.	13	11.1
14.	14	12.75
15.	15	14.65
16.	16	16.6
17.	17	18.55
18.	18	20.25
19.	19	22.2
20.	20	24.1
21.	21	26.55
22.	22	28.95
23.	23	31.35
24.	24	33.75
25.	25	36.2
26.	26	38.6
27.	27	41
28.	28	43.4
29.	29	45.85
30.	30	48.25
31.	31	50.65
32.	32	53.05
33.	33	55.45
34.	34	57.9
35.	35	60.3
36.	36	62.7

1	2	3
37.	37	65.15
38.	38	67.55
39.	39	69.95
40.	40	72.35
41.	41	74.8
42.	42	77.2
43.	43	79.6
44.	44	82
45.	45	84.45
46.	46	86.85
47.	47	89.25
48.	48	91.65
49.	49	94.1
50.	50	96.5
51.	51	98.9
52.	52	101.3
53.	53	103.75
54.	54	106.15
55.	55	108.55
56.	56	110.95
57.	57	113.4
58.	58	115.8
59.	59	118.2
60.	60	120.6
61.	61	123.05
62.	62	126.4
63.	63	129.1
64.	64	132.2
65.	65	135.1
66.	66	138.2
67.	67	141.1
68.	68	144.25
69.	69	147.45
70.	70	150.35
71.	71	153.45
72.	72	156.35
73.	73	159.4
74.	74	162.3

1	2	3
75.	75	165.45
76.	76	168.4
77.	77	171.55
78.	78	174.65
79.	79	177.55
80.	80	180.75
81.	81	183.55
82.	82	186.7
83.	83	189.6
84.	84	192.8
85.	85	195.9
86.	86	198.8
87.	87	201.9

1	2	3
88.	88	204.75
89.	89	207.95
90.	90	210.85
91.	91	210.9
92.	92	216.95
93.	93	220
94.	94	223.1
95.	95	226
96.	96	229.2
97.	97	231.9
98.	98	235.15
99.	99	238.05
100.	100	241.25
101.	over 100	250.9

Article 379. Basic Tax Rates for Land of Agricultural Designation, Granted to Natural persons

Basic tax rates for land of agricultural destination granted to natural persons for keeping personal household (subsidiary) farms, gardens and dacha construction, in particular lands occupied with buildings, shall be established in the following amounts:

1) for the area of up to 0,50 hectare inclusive – 20 tenge per 0,01 hectare;

2) for the area in excess of 0,50 hectare – 100 tenge per 0,01 hectare.

Article 380. Tax Rates for Land of Non-Agricultural Designation, Which Is Used for Agricultural Purposes

Land plots that are recognised as land of populated areas, industry, specially protected natural territories, forestry and water resources, which are used for agricultural purposes, shall be levied with tax at the basic rates established by Article 378 of this Code, subject to conditions of paragraph 1 of Article 387 of this Code.

Article 381. Basic Tax Rates for Land in Populated Areas (Except for Land Plots Attached to Houses)

The basic tax rates for land in populated areas (except for land plots attached to houses) shall be established per one square metre of the area as follows:

Sl. No.	Type of populated area	The basic tax rates for land in populated areas except for land plots occupied with housing resources including buildings and constructions attached thereto (tenge)	The basic tax rates for land plots occupied with housing resources including buildings and constructions attached thereto (tenge)
1	2	3	4
	Cities:		
1.	Almaty	28.95	0.96
2.	Astana	19.30	0.96
3.	Aktau	9.65	0.58
4.	Aktobe	6.75	0.58
5.	Atyrau	8.20	0.58
6.	Karaganda	9.65	0.58
7.	Kyzylorda	8.68	0.58
8.	Kokshetau	5.79	0.58
9.	Kostanai	6.27	0.58
10.	Pavlodar	9.65	0.58
11.	Petropavlovsk	5.79	0.58
12	Taldykorgan	9.17	0.58
13.	Taraz	9.17	0.58
14.	Uralsk	5.79	0.58
15.	Ust-Kamenogorsk	9.65	0.58
16.	Shymkent	9.17	0.58
17.	Almaty Oblast:		
18.	cities of oblast subordinance	6.75	0.39
19.	towns of raion subordinance	5.79	0.39
20.	Akmola oblast:		
21.	cities of oblast subordinance	5.79	0.39
22.	towns of raion subordinance	5.02	0.39

23.	Other cities of oblast subordinance	85 per cent of the rate established for regional centre	0.39
24.	Other towns of raion subordinance	75 per cent of the rate established for regional centre	0.19
25.	Settlements	0.96	0.13
26	Villages	0.48	0.09

For that purpose the categories of populated areas shall be established in accordance with the classifier of administrative-territorial units approved by the governmental authorized body in the area of technical regulation.

Article 382. Basic Tax Rates for Land Plots Attached to Houses

A part of the land plot shall be recognised as attached to a house where it is related to land of populated areas, designated to serve a residential house (dwelling) and not occupied with residential house (dwelling), in particular buildings and structures attached to them.

Land plots attached to houses shall be taxed at the following basic tax rates:

1) for the cities of Astana, Almaty and cities of province importance:

for the area of up to 1000 square metres inclusive – 0,20 tenge per 1 square metre;

for area exceeding 1000 square metres, – 6.00 tenge per 1 square metre.

According to a decision of local representative bodies tax rates for land plots that exceed 1000 square metres may be reduced from 6,00 to 0,20 tenge per 1 square metre;

2) for other populated areas:

for the area of up to 5000 square metres inclusive – 0,20 tenge per 1 square metre;

for area exceeding 5000 square metres, -1.00 tenge per 1 square metre.

According to a decision of local representative bodies tax rates for land plots that exceed 5000 square metres may be reduced from 1,00 to 0,20 tenge per 1 square metre.

Article 383. Basic Tax Rates for Land of Industries, Situated Outside Populated Areas

1. Basic tax rates for land of industry situated outside populated areas shall be established per one hectare in the following amounts proportionally to quality points:

No.	Quality points	Basic tax rate (tenge)	No.	Quality points	Basic tax rate (tenge)
1	2	3	4	5	6
1.	0	48,25	52.	51	2634,45
2.	1	91,67	53.	52	2690,23
3.	2	135,10	54.	53	2745,95
4.	3	178,52	55.	54	2801,72
5.	4	221,95	56.	55	2857,46
6.	5	265,37	57.	56	2913,24
7.	6	308,80	58.	57	2968,96
8.	7	352,22	59.	58	3024,73
9.	8	395,65	60.	59	3080,47
10.	9	439,07	61.	60	3136,25
11.	10	482,50	62.	61	3188,36
12.	11	530,75	63.	62	3247,75
13.	12	592,41	64.	63	3325,49
14.	13	654,08	65.	64	3364,61
15.	14	715,68	66.	65	3423,05
16.	15	777,35	67.	66	3489,25
17.	16	839,01	68.	67	3539,95
18.	17	900,67	69.	68	3598,39
19.	18	962,29	70.	69	3656,81
20.	19	1023,96	71.	70	3715,25
21.	20	1084,66	72.	71	3769,29
22.	21	1138,70	73.	72	3829,64
23.	22	1189,07	74.	73	3890,53
24.	23	1239,35	75.	74	3951,67
25.	24	1287,73	76.	75	4012,79
26.	25	1340,29	77.	76	4073,88
27.	26	1390,66	78.	77	4135,02
28.	27	1441,07	79.	78	4196,15

29.	28	1491,45	80.	79	4257,23
30.	29	1541,88	81.	80	4319,34
31.	30	1592,25	82.	81	4371,45
32.	31	1646,29	83.	82	4432,57
33.	32	1693,03	84.	83	4493,66
34.	33	1740,76	85.	84	4554,80
35.	34	1788,47	86.	85	4615,92
36.	35	1836,20	87.	86	4677,01
37.	36	1883,87	88.	87	4738,15
38.	37	1931,58	89.	88	4799,27
39.	38	1979,31	90.	89	4860,36
40.	39	2027,02	91.	90	4921,50
41.	40	2074,75	92.	91	4975,54
42.	41	2126,86	93.	92	5054,48
43.	42	2178,19	94.	93	5134,32
44.	43	2228,61	95.	94	5214,22
45.	44	2278,98	96.	95	5294,09
46.	45	2329,41	97.	96	5373,99
47.	46	2379,79	98.	97	5453,83
48.	47	2340,22	99.	98	5533,73
49.	48	2480,57	100.	99	5613,59
50.	49	2531,00	101.	100	5693,50
51.	50	2582,34	102.	over 100	5790,00

2. Lands allotted for needs of defence, except for lands which are temporarily used by other land users in accordance with the land legislation of the Republic of Kazakhstan, shall be subject to taxation at the rates established by paragraph 1 of this Article.

3. Lands allotted for needs of defence, which are temporarily not used for needs of defence and given other land users for agricultural purposes, shall be subject to taxation at the rates established by Article 378 with regard for conditions of paragraph 1 of Article 387 of this Code.

4. Lands of enterprises of railway transport which are occupied with protective forest plantations alongside main railways shall be levied with tax at the rates established by Article 378 of this Code subject to conditions of paragraph 1 of Article 387 of this Code.

Article 384. Tax Rates for Land of Industries, Situated Inside Populated Areas

1. Lands used for industrial purposes (including mines, open pits), other than lands specified in paragraph 3 of this Article and in Article 386 of this Code, shall be taxed at basic rates established in Article 381 of this Code, subject to the provisions of paragraph 1 of Article 387 of this Code.

2. Basic rates for the lands used for industrial purposes (including mines, open pits), other than lands specified in paragraph 3 of this Article and in Article 386 of this Code, may be reduced by decisions of local representative authorities. The total reduction of the tax rates for the specified lands subject to the reduction specified in paragraph 1 of Article 387 of this Code should not exceed 30 per cent of the basic rate.

3. Lands of industries situated inside populated areas which are occupied with airdromes shall be levied with tax at the basic rates established by Article 383 of this Code with regard for conditions of paragraph 1 of Article 387 of this Code.

Lands of industries situated inside populated areas which are occupied with airports, except for land occupied with airdromes, shall be levied with tax at the basic rates established by Article 381 of this Code with regard for conditions of paragraph 1 of Article 387 of this Code.

For the purposes of this Code the airdrome means a land plot specially prepared and equipped to ensure takeoff, landing, standing and servicing of aircraft.

Article 385. Tax Rates for Land of Especially Protected Natural Territories, Forestry and Water Resources

1. Land of especially protected natural territories, forestry resources and water resources which is used for agricultural purposes shall be levied with land tax at the basic rates established by Article 378 of this Code with regards for conditions of paragraph 1 of Article 387 of this Code.

2. Land of especially protected natural territories, forestry resources and water resources which is allotted to physical and legal persons to be used for other purposes besides agricultural ones shall be taxed at the rates established by Article 383 with regard for conditions of paragraph 1 of Article 387 of this Code.

Article 386. Tax Rates for Land Plots Allotted for Parking Lots (parkings), Fuelling Stations, Occupied by Casino

1. Land of populated areas allotted for fuelling stations shall be taxed at the basic rates for land of populated areas, which are established in the line 3 of the table of Article 381 of this Code, increased by ten times.

Land of other categories allotted for fuelling stations shall be taxed at the basic rates for land of populated areas, which are established for land of the nearest populated area in the line 3 of the table of Article 381 of this Code, increased by ten times. Therewith, local representative authorities shall determine a nearest populated area whose basic rates for land shall be applied in the assessment of tax.

Under a decision of the local representative authority tax rates may be reduced but not below than ones established by Article 381 of this Code.

2. Land of populated areas occupied with casinos shall be taxed at the basic rates for land of populated areas established by Article 381 of this Code, increased by ten times.

Land of other categories occupied with casinos shall be taxed at the basic rates for land of populated areas, except for land occupied with housing resources, in particular buildings and structures attached to them, which are established for land of the nearest populated area by Article 381 of this Code increased by ten times.

Basic rates for land of populated areas which are applied in the assessment of tax shall be established by local representative authorities.

Under a decision of local representative authorities tax rates may be reduced but not below than ones established by Article 381 of this Code.

3. Land of populated areas allotted f or parking lots (parkings) shall be taxed at the basic rates for land of populated areas, which are established in line 3 of the table of Article 381 of the Code.

Land of other categories allotted for parking lots (parkings) shall be taxed at the basic rates for land of populated areas, which are established for land of the nearest populated area in line 3 of the table of Article 381 of this Code. Therewith, local representative authorities shall determine a nearest populated area whose basic rates for land shall be applied in the assessment of tax.

Under a decision of the local representative authority basic tax rates for land allotted for parking lots (parkings) can be increased but not more than by ten times. Increase of rates that is provided for by this paragraph shall be exercised depending on the category of parking lots (parkings), which are established by the local representative authority.

In that respect it shall not be allowed to exceed rates of land tax for certain taxpayers.

Article 387. Adjustment of Basic Tax Rates

1. Based on designs (schematics) of land zoning conducted in accordance with the land legislation of the Republic of Kazakhstan, local representative bodies shall have the right to reduce or raise the land tax rates by no more than 50 per cent of the basic land tax rates established by Articles 379, 381, and 383 of this Code, except for lands allocated (allotted) for parking lots (parkings), gas filling stations, and those occupied by casinos.

In this case reducing or raising rates of land tax individually for certain taxpayers shall be prohibited.

1-1. Based on proposals from local executive bodies, local representative bodies shall have the right to raise the land tax rates established by Article 378 of this Code by no more than ten times with respect to agricultural lands not used in accordance with the land legislation of the Republic of Kazakhstan.

2. When assessing tax the following payers shall apply the coefficient 0,1 to appropriate rates:

1) health-improving children institutions;

2) legal persons determined by Article 134 of this Code, except for religious associations;

3) legal persons determined by paragraph 2 of Article 135 of this Code;

4) state-owned enterprises whose basic type of activity is performance of work for fire arrangement for forests, fighting against fires, pests and diseases of forests, reproduction of natural biological resources and improvement of ecological potential of forests;

5) state-owned enterprises of fish reproducing destination;

6) state-owned enterprise performing functions in the field of state attestation of scientific personnel;

7) medical productive enterprises at psychoneurologic and tuberculosis institutions.

3. The legal persons determined by paragraph 3 of Article 135 and paragraph 1 of Article 135-1 of this Code when assessing tax shall apply the coefficient 0 to appropriate rates.

3-1. {~}.

3-2. Technology parks shall apply 0.1 rate to the respective land tax rates for land tax assessment on the land plots allocated for performance of the main activity provided for by the regulation of the Republic of Kazakhstan concerning the state support of the industrial innovative activity.

The provisions of this paragraph may be applied by technology parks provided that all the following conditions are met:

1) the technology park is established in accordance with the legislation of the Republic of Kazakhstan concerning state support of the industrial innovative activity;

2) fifty and more per cent of the cost of the authorized capital or shares (participatory interests) of such technology parks are owned by the national development institute in the area of technological development.

3-3. A legal entity meeting the requirements specified in the second unnumbered subparagraph of paragraph 1 of Article 135-3 of this Code, when assessing land tax on land plots allocated for facilities of the international specialized exhibition and located in the territory of the international specialized exhibition, shall apply the 0 coefficient to the relevant land tax rates.

The provisions of part one of this paragraph shall not apply where the land plot or a part thereof (together with buildings, constructions, and structures located therein, or without the same) is leased out or otherwise granted for use, except where the land plot or a part thereof (together with buildings, constructions, and structures located therein, or without the same) is leased out or otherwise granted for use to legal entities specified in the third unnumbered subparagraph of paragraph 1 of Article 135-3 of this Code.

The provisions of this paragraph shall not apply to tax periods following the tax period, in which the international specialized exhibition held in the territory of the Republic of Kazakhstan was closed.

4. Unless otherwise provided for by paragraph 4-1 of this Article, land tax payers specified in paragraph 2 of this Article, when leasing out or otherwise granting for use a land plot or a part thereof (together with buildings, constructions, and

structures located therein, or without the same), or when using them for commercial purposes, shall assess land tax without applying the 0.1 coefficient in the procedure established by Chapter 55 of this Code.

4-1. Legal entities specified in paragraph 2 of Article 135 of this Code, when leasing out or otherwise granting for use a land plot or a part thereof (together with buildings, constructions, and structures located therein, or without the same), shall assess and pay land tax on such items at the rate established by paragraph 2 of this Article.

The provisions of this paragraph shall apply with respect to land plots leased out or otherwise granted for use, where the payments for lease or use of the same are transferred to the state budget.

5. Organizations operation in the territories of the special economic zones, shall assess land tax subject to the provisions established by Chapter 17 of this Code.

6. For the land plots which are intended for construction of facilities and not used for the respective purposes or used not in compliance with the legislation of the Republic of Kazakhstan the basic tax rates specified in Article 381 of this Code shall increase tenfold from the date of service by the authorized agency of a written notice to the owner or land user with demand to use the land plot for the intended purpose and/or demand to rectify the violations of the legislation of the Republic of Kazakhstan, except for the rates specified in lines 23 to 26 of the table in Article 381 of this Code.

The procedure for identification of land plots that are not properly used or used with violations of the legislation of the Republic of Kazakhstan, for the purposes of the first part of this paragraph shall be established by the Government of the Republic of Kazakhstan.

The procedure for *determination* of land plots and provision of data on such land plots by the authorized governmental agencies to the tax authorities shall be approved by the authorized agency.

CHAPTER 55. THE PROCEDURE FOR THE ASSESSMENT AND TIMING FOR PAYMENT OF TAX

Article 388. General Procedure for the Assessment and Payment of Tax

1. The assessment of tax shall be made by the application of the appropriate tax rate to the tax base separately by each land plot.

Taxpayers applying the special tax regime for legal persons which are producers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives shall assess tax with regard for the special consideration established by Article 451 of this Code.

2. Unless otherwise if established by this chapter, upon allotment by the state of the right of ownership, right of permanent or primary gratuitous temporary land use for the land plot, the taxpayer shall assess land tax starting from the month following the month of provision of such rights on the land plot.

3. In case of termination of the right of possession or right of use of a land plot land tax shall be assessed for the actual period of use of the land plot.

4. The payment of land tax shall be made to the budget in the place of location of land plots.

5. Where populated areas are transferred from one category of settlements to another one within a tax year, land tax in the current year shall be collected from taxpayers at the rates established for those populated areas, and in the next year it shall be made at the rates established for the new category of settlements.

6. Where a populated area is abolished or its territory is entered in another populated area, in the territory of the abolished populated area the new rate shall be applied from the year following the year in which the abolishment took place.

7. Where it is impossible to determine quality points of land plots occupied by taxpayers, the amount of land tax shall be determined basing on quality points of adjacently situated land.

8. In respect of taxable items which are held in common share ownership tax shall be assessed proportionally to their portion in the said land plot.

9. A land plot being a part of the condominium unit shall be subject to the land tax in proportion to the share of each owner of premises (a part of the building) in common property being a part of the condominium unit.

In that case the part of the land plot corresponding to:

1) the share of the house owner in common property shall be subject to the land tax at the basic rates of tax for the populated areas lands established in column 4 of the table presented in Article 381 of this Code;

2) the share of the owner of non-residential premises (a part of a building which is not residential) in the common property shall be subject to the land tax at the basic rates of the land tax for lands of the populated areas established in column 3 of the table presented in Article 381 of this Code.

Article 389. The Procedure for the Assessment and Timing for Payment of Tax by Legal persons

1. Legal persons shall independently assess amounts of land tax by the application of the appropriate tax rate to the tax base.

2. Legal persons shall be obliged to assess and pay within the tax period current payments of land tax.

3. Amounts of current payments shall be paid in equal shares not later than on the 25th February, 25th May, 25th August, 25th November of the current year.

In respect of newly organised taxpayers the subsequent term following the date of organisation of the taxpayer shall be recognised as a first term of payment of current payments.

Taxpayers organised after the last term of payment of current payments shall pay the amount of tax for the current tax period in accordance with the timing provided for by paragraph 9 of this Article.

4. Amounts of current payments shall be determined by the application of appropriate tax rates to the tax base in respect of taxable items that are available at the beginning of the tax period.

5. Where tax liabilities arise within the tax period, the subsequent term established by paragraph 3 of this Article which follows the date of arising of the tax liability in respect of payment of land tax, shall be recognised as a first term of payment of current amounts of tax.

Where the legal persons specified in subparagraphs 3) и 7) of paragraph 3 of Article 373 of this Code transfer taxable items under use or rent, the subsequent term following the date of transfer of taxable items under use, trust management or rent shall be recognised as a first term of payment of current amounts of tax.

6. Where tax liabilities emerge after the last term of payment of current payments, the final assessment and payment of the tax amount shall be made in accordance with the timing provided for by paragraph 9 of this Article.

In respect of taxable items transferred under use, trust management or rent by the legal persons specified in subparagraphs 3) и 7) of paragraph 3 of Article 373 of this Code after the last term of payment of current payments, the final assessment and payment of the amount of tax shall be made in accordance with the timing provided for by paragraph 9 of this Article.

7. Where liabilities in respect of land tax change within the tax period, current payments shall be adjusted by the amount of change of tax liabilities in equal shares in accordance with coming terms of payment of land tax.

8. Where rights to taxable items are transferred within the tax period, the amount of tax shall be assessed for the actual period of possession of land plots.

The tax amount payable for the actual period of possession of a land plot by the person who transfers said rights shall be paid the budget before or at the time of state registration of the rights. In this case the primary payer shall assessed the amount of tax from the 1st January of the current year to the beginning of the month in which the said payer transfers the land plot. The next payer shall assess the amount of tax for the period from the beginning of the month in which the said payer has the right to the land plot arisen.

During the state registration of rights to a land plot the annual amount of tax may be paid the budget by either of the parties (in coordination). Subsequently, amounts of tax paid during the state registration of rights to the land plot shall not be paid repeatedly.

9. The taxpayer shall make the final assessment and pay land tax not later than ten calendar days after the time for submission of declarations for the tax period occurs.

Article 390. Special Considerations in the Assessment, Payment of Tax and Submission of Tax Reports in Certain Cases

1. For land plots on which buildings, constructions or structures are situated that are used by several taxpayers land tax shall be assessed separately by each taxpayer proportionally to the area of buildings and structures which are in their separate use.

2. Where the legal entities specified in subparagraphs 3) и 7) of paragraph 3 of Article 373 of this Code transfer a part of a building or a structure for use, trust management or rent land tax shall be assessed depending on unit weight of the area of a part of a building or a structure transferred for use, trust management or let on rent against the total area of all buildings and structures which are situated on the said land plot.

3. Where the legal entity purchases real estate which is recognized as a part of housing resources, land tax shall be assessed at the basic tax rates for land of populated areas, except for land occupied with housing resources, in particular buildings and structures attached to them, as established by Article 381 of this Code.

Article 391. The Procedure for the Assessment and Payment of Tax by Natural Persons

1. Unless otherwise is specified by this Article, assessment of land tax payable by natural persons (except for persons indicated in the second indentation of this paragraph) shall be made by tax authority not later than the 1st August of the current year based on the appropriate tax rates and tax base.

Provisions of this paragraph do not apply to:

Individual entrepreneurs;

individuals (including private notaries, private officers of justice, advocates, and professional mediators) with respect to land plots occupied by buildings (parts of buildings) being owned, except for items provided for by paragraph 1 of Article 396 of this Code, and items, the tax base for which is assessed in accordance with Article 406 of this Code.

2. Where rights to taxable items are transferred within the tax period, the amount of tax shall be assessed with regard for provisions of paragraph 8 of Article 389 of this Code.

3. Natural persons shall pay land tax to the budget as assessed by the tax authority not later than the 1st of October of the current year.

4. Where the tax liability emerges after the 1st of October of the current year, the payment of the amount of tax shall be made not later than in thirty working days after the state registration of the right of ownership of the taxable item.

5. Individual entrepreneurs shall assess and pay land tax on land plots which are used in their activity in accordance with the procedure established by Article 389 of this Code.

6. Individual entrepreneurs applying special tax regime for small business entities shall assess land tax for the land plots used in their operations according to the procedure established in Article 389 of this Code. In that case land tax shall be paid within ten calendar days upon maturity of the date for submission of tax returns for the tax period.

7. Individuals (including private notaries, private officers of justice, advocates, and professional mediators) with respect to land plots occupied by buildings (parts of buildings) being owned, except for items provided for by paragraph 1 of Article 396 of this Code, and items, the tax base for which is assessed in accordance with Article 406 of this Code, shall assess and pay land tax in the procedure set forth in this Section for individual entrepreneurs applying the special tax regime based on a patent.

CHAPTER 56. THE TAX PERIOD AND TAX REPORTS

Article 392. The Tax Period

The tax period for the assessment of land tax shall be determined according to Article 148 of this Code.

Article 393. Tax Reports

1. Individual entrepreneurs (except for individual entrepreneurs applying special tax regime for small business entities) and legal entities shall submit their tax returns to the tax authorities for the place of location of the tax items on or before March 31st of the year following the reporting period, and the assessment of current payments within the time specified in this Article.

Individual entrepreneurs applying a special tax regime for small business entities shall submit their returns to the tax authorities for the place of the tax item location on or before March 31st year following the reporting tax period.

1-1. Individuals shall not submit land tax returns to tax authorities, unless otherwise is set forth by paragraph 1 of this article and this paragraph.

Individuals (including private notaries, private officers of justice, advocates, and professional mediators) with respect to land plots occupied by buildings (parts of buildings) being owned, except for items provided for by paragraph 1 of Article 396 of this Code, and items, the tax base for which is assessed in accordance with Article 406 of this Code, shall submit their declarations to the tax authorities at the place of location of taxable items on or before March 31 of the year following the reporting tax period.

2. Assessments of current payments in respect of land tax shall be submitted not later than the 15th February of the current tax period.

3. Newly organised taxpayers, except for taxpayers organised after the last term of payment of current payments, shall submit assessments of current payments not later than the 15th day of the month following the month of registration accounting of taxpayers.

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4. The legal persons specified in subparagraphs 3) and 7) of paragraph 3 of Article 373 of this Code in respect of taxable items transferred under use, trust management or rent shall submit assessments of current payments in accordance with the timing provided for by paragraph 5 of this Article.

5. Where tax liabilities in respect of land tax change within the tax period, assessments of current payments shall be submitted not later than the 15th February, 15th May, 15th August and 15th November of the current tax period in respect of taxable items as on the 1st February, 1st May, 1st August and 1st November, respectively.

SECTION 15. Property Tax

CHAPTER 57. TAX ON PROPERTY OF LEGAL PERSONS AND INDIVIDUAL ENTREPRENEURS

Article 394. Taxpayers

1. The following shall be payers of property tax:

1) legal persons having taxable items on the right of ownership, business authority or operative control in the territory of the Republic of Kazakhstan;

2) individual entrepreneurs having taxable items on the right of ownership in the territory of the Republic of Kazakhstan;

3) a concessionaire who in accordance with ownership, use rights has a taxable item, which is a concession item, in accordance with a concession agreement.

2. A legal entity shall have the right by its decision to recognize its structural unit as an independent payer of property tax with respect to the tax items at the location of such structural unit.

Unless otherwise provided for by this Article, the decision of the legal entity concerning such recognition or derecognition shall be effective from January 1st of the year following the year when such decision was made.

If a newly established structural unit shall be recognized as an independent payer of tax on property, the decision of the legal entity concerning such recognition shall be put in effect from the date of establishment of the respective structural unit or from January 1 of the year following the year of establishment of such structural unit.

3. The taxpayers specified in paragraph 2 of this Article shall assess and pay property tax in accordance with the procedure established by this Chapter for legal persons.

4. Unless otherwise established by this Article, the following shall not be recognized as payers of tax on property:

1) peasant economies or farming enterprises, as well as legal entities being manufacturers of agricultural products, aquaculture (fishery) products, taxable income of which is charged at the rate specified in paragraph 2 of Article 147 of this Code, applying the generally established taxation procedure with respect to taxable items being owned that are directly used in the manufacture, storage and processing of in-house agricultural products.

Taxpayers specified in this subparagraph with respect to taxable items that are not directly used in the manufacture, storage and processing of in-house agricultural products shall pay property tax in the procedure established by this Section;

2) state-owned institutions;

3) state-owned enterprises of corrective institutions of the authorised state body in the sphere of execution of criminal punishments;

4) religious associations.

Legal entities specified in sub-paragraphs 3) and 4) of this paragraph are taxpayers in relation to taxable items transferred for use, trust management or leasing.

Article 395. Definition of a Taxpayer in Certain Cases

1. Where the owner transfers the taxable item for trust management, the taxpayer shall be defined in accordance with Articles 35 and 36 of this Code.

In this case the payment of tax by the trust manager shall be recognised as the fulfilment of the tax liability of the owner of the taxable item.

2. {~}.

3. Where taxable items are held on common share ownership of several persons, except for taxable items which are recognised as assets of a unit share investment fund, each of said persons shall be a taxpayer.

4. The payer of tax on taxable items which are held in common joint ownership may be either of the owners of said taxable items in coordination between them.

5. Lessees shall be payers of tax in respect of items transferred under financial leases.

6. The payer of tax in respect of taxable items recognised as assets of a unit share investment fund shall be the managing company of the unit share investment fund.

Article 396. Taxable Items

1. Taxable items for individual entrepreneurs other than individual entrepreneurs who do not keep records or prepare financial statements in accordance with the regulation of the Republic of Kazakhstan concerning accounting and financial reporting, and of legal entities shall be the following items located in the territory of the Republic of Kazakhstan:

1) buildings, structures, referred to as such in accordance with classification, established by authorised state body in the field of technical regulation, and included as main assets or investment into real estate in accordance with the international accounting standards and the requirements of the Law of the Republic of Kazakhstan concerning accounting and financial reporting;

1-1) buildings classified as such in accordance with the classification established by the governmental authorized body in the area of technical regulation, parts of such buildings transferred to individuals under long-term lease agreements with a purchase option, that are accounted of in accordance with the international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting as long-term accounts receivable;

2) buildings and constructions being concession objects the right of ownership or use of which have been transferred under the concession agreement.

1-1. Taxable items for individual entrepreneurs who do not keep records and do not prepare financial statements in accordance with the regulation of the Republic of Kazakhstan concerning accounting and financial reporting, shall mean buildings and constructions classified as such in accordance with the classification established by the governmental authorized body in the area of technical regulation, and being fixed assets in accordance with subparagraph 7) of Article 60-1 of this Code located in the territory of the Republic of Kazakhstan.

2. The following shall not be recognised as taxable items:

1) land as an item for levying land tax in accordance with Articles 375 and 376 of this Code;

2) buildings, structures which are under temporary closure under decisions of the Government of the Republic of Kazakhstan;

3) state-owned motor roads of common use and road structures attached to them:

right-of-way;
structural elements of roads;
situation and arrangement of roads;
bridges;
overbridges;
viaducts;
grade-separated interchanges;
tunnels;
protective galleries;
structures and appliances designated to improve traffic safety;
water drain and conduit structures;
forest zones alongside roads;
linear residential houses and complexes of road operation services;

4) items of construction in progress;

5) buildings and structures being integral parts of the transport system, ensuring the operation of subway.

Article 397. The Tax Base

1. Unless otherwise provided for by this Article, the tax basis for taxable items of individual entrepreneurs and legal entities specified in subparagraphs 1) and 2) of paragraph 1 of Article 396 of this Code shall be an average annual balance-sheet value to be determined on the basis of the accounting records.

Failing average annual balance-sheet value of concession objects the taxation base shall be the value of such objects determined in accordance with the procedure established by the Government of the Republic of Kazakhstan.

The tax base for the taxable items of individual entrepreneurs and legal entities specified in subparagraph 1-1) of paragraph 1 of Article 396 of this Code, shall be established to the amount of long-term accounts payable determined in accordance with the international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan concerning accounting and financial reporting as of January 1 of the reporting tax period.

2. The yearly average book value of taxable items shall be determined as one thirteenth of the amount obtained in summing up the book value of taxable items as on the first day of each month of the current tax period and the first day of the month of the period following the reporting one.

In case the terms of a subsurface use contracts provide for fulfillment of liabilities in respect of dismantling and removal of taxable items and the provisions of the Ecological Code of the Republic of Kazakhstan provide for the fulfillment of the measures related to the liquidation fund of waste dumps, the provisions assessment of such liabilities determined in accordance with the international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting shall not be included in the book value of taxable items.

3. In respect of taxable items of the legal persons specified in subparagraph 3) and 4) of paragraph 4 of Article 394 of this Code the tax base shall be determined basing on the unit share of said taxable items transferred under use, trust management or rent.

4. Unless otherwise provided for by this Article, the tax basis for taxable items of individual entrepreneurs who do not keep accounting records and do not prepare financial statements in accordance with the regulation of the Republic of Kazakhstan concerning accounting

and financial reporting, shall be the total expenditures connected with acquisition thereof, manufacture, construction, assembly, installation, as well as the expenditures connected with reconstruction and modernization thereof.

For that purpose reconstruction and modernization shall be recognized in accordance with paragraph 11-1 of Article 118 of this Code.

Failng primary documents supporting the expenditures connected with acquisition, manufacture, construction, assembly, installation, reconstruction, and modernization, and with respect to the taxable items received from deals the price (cost) of which is unknown, or without compensation, including those in form of donation, inheritance, charitable gift, charity and sponsor assistance, the tax basis shall be the market value of the taxable item on the date of commencement of the title to this asset, determined in the report on the evaluation carried out under agreement between the evaluator and taxpayer in accordance with the legislation of the Republic of Kazakhstan concerning evaluation activities.

notwithstanding the provisions of the first and second parts of this paragraph, the tax basis for the taxable items specified in paragraphs 1 and 3 of Article 406 of this Code, shall be determined in accordance with the procedure provided for in this Article.

Article 398. Tax Rates

1. Unless otherwise provided for by this Code, Legal persons shall assess property tax at a rate of 1.5 per cent of the tax base.

2. Property tax at a rate of 0.5 per cent of the yearly average value of taxable items shall be assessed by the following payers:

1) individual entrepreneurs;

2) legal persons who enjoy special tax regime on the basis of a simplified declaration.

3. Legal persons specified herein below shall assess property tax at a rate of 0,1 per cent of the tax base:

1) legal persons determined by Article 134 of this Code, except for religious associations;

2) legal persons determined by Article 135 of this Code;

3) organisations whose basic type of activity is performance of work (rendering of services) in the field of library servicing;

4) state-owned enterprises performing functions in the field of state attestation of scientific personnel;

5) legal persons in respect of items of water storage ponds, hydro units and other water management structures of nature protective destination which are in state ownership and which are financed at the expense of funds of the budget;

6) legal persons in respect of items of hydro melioration structures used for irrigation of land of legal persons that are agricultural producers and peasant or farmer holdings;

7) legal persons with respect to items of drinking water supply;

8) management companies of special economic zones – with respect to taxable items for five tax periods, including the tax period, in which the tax liability on the corresponding item appeared.

3-1. Legal entities specified in paragraph 1 of Article 135-1 of the Code shall calculate property tax at the rate of 0 percent to the tax base.

4. Unless otherwise provided for by paragraph 4-1 of this Article, legal entities specified in paragraph 3 of this Article, except for entities stipulated in paragraph 3 of Article 135 of this Code, with respect to taxable items granted for use, placed in trust, or leased out shall assess and pay property tax at the tax rate established by paragraph 1 of this Article.

4-1. Legal entities specified in paragraph 2 of Article 135 of this Code, when granting for use, placing in trust, or leasing out property, shall assess and pay property tax on such property at the rate established by paragraph 3 of this Article.

The provisions of this paragraph shall apply with respect to property granted for use, placed in trust, or leased out, where the payments for use, trust or lease of the same are transferred to the state budget.5. Organizations operating in the territories of the special economic zones shall assess property tax subject to the provisions provided for by Chapter 17 of this Code.

6. {~}.

7. With respect to the facilities used in performance of the main activity provided for by the regulation on state support of industrial innovative activity, the technology parks shall assess the tax on property at the rate of 0.1 per cent to the tax base.

The provisions of this paragraph may be applied by technology parks provided that they meet all the following conditions:

1) the park is established in accordance with the legislation on state support of industrial innovative activity;

2) fifty and more per cent of the cost of the authorized capital or shares (participatory interests) of such technology parks are owned by the national development institute in the field of technology development.

8. A legal entity meeting the requirements of the second unnumbered subparagraph of paragraph 1 of Article 135-3 of this Code, shall assess property tax on the facilities of the international specialized exhibition located in the territory of the international specialized exhibition at the rate of 0.1 per cent of the tax base.

The provisions of part one of this paragraph shall not apply where taxable items are granted for use, placed in trust, or leased out, except where taxable items are granted for use, placed in trust, or leased out free of charge to legal entities specified in the third unnumbered subparagraph of paragraph 1 of Article 135-3 of this Code, as well as to participants of the international specialized exhibition in accordance with the legislation of the Republic of Kazakhstan concerning trading activities.

The provisions of this paragraph shall not apply to tax periods following the tax period, in which the international specialized exhibition held in the territory of the Republic of Kazakhstan was closed.

Article 399. The Procedure for the Assessment and Payment of Tax

1. The assessment of tax shall be made by taxpayers independently by the application of appropriate tax rates to the tax base.

Taxpayers applying the special tax regime for legal persons that are producers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives shall assess tax with regard for the special consideration established by Article 451 of this Code.

2. In respect of taxable items which are in common share ownership property tax for each taxpayer shall be assessed proportionally to the taxpayer's share in the value of assets.

3. Taxpayers, other than individual entrepreneurs who apply a special tax regime for small business entities must during the tax period pay current payments on the property tax which are determined by application of the appropriate tax rate to the taxable item book value determined on the basis of the accounting data at the beginning of the tax period.

4. The payment of tax shall be made to the budget in the place of location of taxable items.

5. Taxpayers other than individual entrepreneurs who apply a special tax regime for small business entities shall effect the current tax payments by equal installments on or before February 25th, May 25th, August 25th, and November 25th of the tax period.

For newly organised taxpayers and legal persons specified in subparagraph 3) and 4) of paragraph 4 of Article 394 of this Code the first term of payment of current payment shall be a sequential term following the date of organisation of the taxpayer (the date of transfer of taxable items under use, trust management or rent).

Taxpayers organised after the last time of payment of current payments and legal persons specified in subparagraph 3) and 4) of paragraph 4 of Article 394 of this Code when transferring taxable items under use, trust management or rent after the last time of payment of current payments, shall pay the amount of tax for the current tax period in accordance with the timing provided for by paragraph 7 of this Article.

6. In the case of receiving taxable items during a tax period, current payments of property tax shall be increased by amount to be computed by way of applying a tax rate to 1/13 of the historic value of received taxable items as determined on the basis of accounting information as of the date of receiving multiplied by the number of months of current tax period beginning the month following a month of receiving taxable items, until the end of the tax period. Amount by which current payments are to be increased shall be distributed in equal portions in accordance with the periods established by paragraph 5 of this Article, in that respect, the first date of payment of current payments shall be the next regular date following a date of receiving taxable items.

In the case of disposal during a tax period of taxable items, current payments shall be reduced by amounts to be computed by way of applying the tax rate to 1/13 of the value of disposed taxable items, multiplied by the number of months of current tax period beginning the month of disposal of taxable items, until the end of the tax period.

In that respect, the value of disposed taxable items shall be:

historic value on the basis of accounting information as of the date of receiving – for taxable items, received during current tax period;

the balance sheet value on the basis of accounting information as of the date of beginning of tax period – for the rest of taxable items.

Amounts by which current payments are to be reduced, shall be distributed in equal portions amongst remaining periods for the payment of current payment.

7. Taxpayers other than individual entrepreneurs who apply a special tax regime for small business entities shall effect final settling of accounts relating to the property tax assessment and effect payment within ten calendar days after the due date for submission of returns for the tax period.

8. Individual entrepreneurs who apply a special tax regime for small business entities shall pay property tax within ten calendar days after the due date for submission of returns for the tax period.

Article 400. The Assessment and Payment of Tax in Certain Cases

In respect of taxable items used for business activity individual entrepreneurs shall assess and pay tax at the rates and in accordance with the procedure which are established by this Chapter.

Article 401. The Tax Period

1. The tax period for the assessment of property tax shall be determined according to Article 148 of this Code.

2. For the legal persons specified in subparagraph 3) and 4) of paragraph 4 of Article 394 of this Code the tax period shall be determined from the time of transfer of taxable items under use, trust management or rent to the time of the end of such a use.

Article 402. Tax Reports

1. Taxpayers other than individual entrepreneurs who apply a special tax regime for small business entities must submit the assessment of current payment amounts and returns to the tax authorities for the place of location of the taxable items.

Individual entrepreneurs who apply a special tax regime for small business entities must submit the returns to the tax authorities for the place of location of the taxable items.

The legal persons specified in subparagraph 3) and 4) of paragraph 4 of Article 394 of this Code in respect of taxable items transferred under use, trust management or rent shall submit tax reports in accordance with the procedure established by this Article.

2. Assessments of amounts of current payments of property tax shall be submitted not later than on the 15th February of the reporting tax period.

Newly organised taxpayers shall submit assessments of amounts of current payments not later than on the 15th day of the month following the month of registration accounting at the tax authorities.

The legal persons specified in subparagraph 3) and 4) of paragraph 4 of Article 394 of this Code in respect of taxable items transferred under use, trust management or rent shall submit assessments of amounts of current payments not later than on the 15th day of the month following the month of transfer of items under use or rent.

3. Where tax liabilities in respect of property tax change within the tax period, assessments of current payments shall be submitted not later than on the 15th February, 15th May, 15th August and 15th November of the current tax period in respect of taxable items as on the 1st February, 1st May, 1st August and 1st November, respectively.

4. Declarations shall be submitted not later than on the 31st March of the year following the reporting one.

CHAPTER 58. THE TAX ON PROPERTY OF NATURAL PERSONS

Article 403. Taxpayers

1. Payers of tax on property of natural persons shall be natural persons having taxable items in accordance with Article 405 of this Code.

2. The following shall not be payers of tax on property of natural persons:

1) servicemen of fixed-time service during the period of passing the fixed-time service (training);

2) Heroes of the Soviet Union, Heroes of Socialist Labour, persons conferred with the 'Khalyk kaharmany', «Kazakhstannyn Enbek Eri» titles, awarded with the Order of Glory of the three degrees and the Order 'Otan', mothers having many children honoured with the title 'Mother Heroine', awarded with the 'Altyn alka' pendant, living alone pensioners – within a 1000-time amount of the monthly assessment index established by the Law on the republican budget and effective as of 1st January of the corresponding financial year, of the total value of all taxable items they hold on the right of ownership;

3) participants in the Great Patriotic War and persons equated to those, disabled of the I and II groups – within a 1500-time amount of the monthly assessment index established by the Law on the republican budget and effective as of 1st January of the corresponding financial year, of the total value of all taxable items they hold on the right of ownership;

4) persons awarded with orders and medal of the former Union of the SSR for selfless labour and irreproachable military service in the rear during the years of the Great Patriotic War, and also persons worked (served) not less than six months from the 22nd June 1941 to the 9th May 1945 and not awarded with orders and medals of the former Union of the SSR for selfless labour and irreproachable military service in the rear during the years of the Great Patriotic War – within a 1500-time amount of the monthly assessment index established by the Law on the republican budget and effective as of 1st January of the corresponding financial year, of the total value of all taxable items they hold on the right of ownership.

The persons specified in subparagraphs 1) – 4) of this paragraph in respect of taxable items transferred under use or rent shall assess and pay tax in accordance with the procedure established by this Chapter;

5) orphaned children and children deprived of parental care for the period until the age of eighteen years;

6) individual entrepreneurs with respect to the taxable items used in the entrepreneurial activity.

Article 404. Definition of the Taxpayer in Certain Cases

1. Where the owner transfers taxable items under trust management, the taxpayer shall be defined in accordance with Articles 35, 36 of this Code.

2. Where taxable items are in common share ownership of several persons, each of those persons shall be recognised as a taxpayer.

3. The payer of tax in respect of taxable items which are in common joint ownership may be either of the owners of said taxable items in coordination between them.

Article 405. Taxable Items

Dwelling, buildings, summer house facilities, garages and other structures, constructions, and premises beneficially owned by individuals, and facilities under construction located in the territory of the Republic of Kazakhstan shall be assets subject to the tax on property of individuals from the day of accommodation or use (hereinafter referred to as the “from the time of use”).

Article 406. Tax Base

1. The tax base for dwelling, summer house facilities for individuals shall be the value of the taxable assets that is annually determined as on January 1st by the authorized state agency for registration of titles to real estate that shall be determined as follows:

$$V = Vb \times S \times Cphys \times Cfunc \times Czon \times Cch.mai$$

The tax base for newly built dwelling and summer house facilities the title to which was registered after January 1st of the current tax period, shall be the value determined as on January 1 of the year following the year of such registration by the authorized by the authorized state agency for registration of titles to real estate, that shall be determined as follows:

$$V = Vb \times S \times Cfunc \times Czon$$

For the purpose of this paragraph:

V – value of the property for taxation purposes,

Vb – base value of one square metre of the dwelling or the summer house facility,

S – useful area of the dwelling or the summer house facility in square metres,

Cphys – coefficient of physical depreciation,

Cfunc – coefficient of functional depreciation,

Czon – coefficient of zoning,

Cch.mai – coefficient of change of the monthly assessment index.

2. The base value of one square metre of the dwelling or summer house facilities in the national currency (Vb) shall be determined depending on the type of the populated area as follows:

Sl. No.	Type of populated area	Base value, tenge
1	2	3
	Cities:	
1	Almaty	60 000

2	Astana	60 000
3	Aktau	36 000
4	Aktobe	36 000
5	Atyrau	36 000
6	Karagandy	36 000
7	Kyzylorda	36 000
8	Kokshetau	36 000
9	Kostanai	36 000
10	Pavlodar	36 000
11	Petropavlovsk	36 000
12	Taldykorgan	36 000
13	Taraz	36 000
14	Uralsk	36 000
15	Ust-Kamenogorsk	36 000
16	Shymkent	36 000
17	Cities of oblast subordinance	12 000
18	Cities of raion subordinance	6 000
19	Settlements	4 200
20	Villages	2 700

For this purpose the categories of the populated areas shall be established in accordance with the classifier of the administrative territorial entities approved by the state agency for governmental control in the area of technical regulation.

3. The tax base for an unheated extension, household (outbuildings) building, basement level, underground floor, and garage shall be the value of such facility to be assessed every year as on January 1 by the authorized state agency for registration of titles to real estate using the following formula:

V = Vb x S x Cphys x Cch.mai x Czon.

The tax base for newly built unheated extension, household (outbuildings) building, basement level, underground floor, and garage the title to which was registered after January 1 of the current tax period shall be the value to be determined as on January 1st of the year following the year of such registration by the authorized state agency for registration of titles to real estate, that shall be determined as follows:

V = Vb x S x Czon.

For the purpose of this paragraph:

V – Value for taxation purposes,

Vb – Base value of one square metre determined at the rate of the base value established in paragraph 2 of this Article as follows:

For an unheated extension, household (outbuildings) building, basement level, underground floor – 25 per cent,

For a garage – 15 per cent,

S – Total area of the unheated extension, household (outbuildings) building, basement level, underground floor, and garage in square metres,

Cphys – Coefficient of physical depreciation determined in accordance with the procedure established in paragraph 4 of this Article,

Cch.mai – Coefficient of change of the monthly assessment index determined in accordance with the procedure established in paragraph 7 of this Article,

Czon – Coefficient of zoning determined in accordance with the procedure established in paragraph 6 of this Article.

4. Coefficient of physical depreciation of the dwelling, summer house facilities shall be determined subject to the depreciation rates and effective age using the following formula:

Cphys = 1 – Dphys, where:

Dphys – physical depreciation of the dwelling and summer house facilities.

Physical depreciation shall be determined using the formula:

Dphys = (Tb – Tc) x Rd/100, where:

Tb – year of tax assessment,

Tc – Year of the facility commissioning,

Rd – Rate of depreciation.

Depending of the characteristics of the building the following depreciations rates shall be used for determination of physical depreciation:

Sl.No.	Solidity Group	Characteristics of the building	Rd, %	Period in service
1	2	3	4	5
1.	1	Buildings of stone, especially capital, brick walls more than 2.5 bricks thick or bricks with iron– concrete or metal re-enforcement, floors of with iron-concrete and concrete; buildings with large panel walls, iron-concrete floors	0.7	143

2.	2	Buildings with brick walls 1,5-2.5 bricks thick, floors of metal-concrete, concrete or wood; buildings with large-module walls, floors of metal concrete	0.8	125
3.	3	Buildings with light masonry of bricks, monolith slag-concrete, light slag-concrete, shell stones, floors of metal-concrete or concrete; buildings with large module walls or light masonry of bricks, monolith slag-concrete, small slag-blocks	1.0	100
4.	4	Buildings with mixed, timber blocks or logs	2.0	50
5.	5	Buildings of adobe block, prefabricated panels, earth filled frame, mud, beaten cobwork buildings	3.3	30
6.	6	Cane fibre-board buildings and other light structures	6.6	15

Where physical depreciation of a dwelling of stone or with bearing panels, summer house facilities exceeds 70 per cent, and that of buildings of other materials – 65 per cent, the coefficient of physical depreciation shall be accepted as equal to 0.2.

5. Coefficient of functional depreciation (Cfunc) adjusted to changes in the requirements to the quality of dwelling, summer house facilities shall be computed using the formula:

Cfunc = Csto x Ccorn x Cwm x Ccon x Cheat, where:

Csto – coefficient adjusted for the changes in the basic value depending on the storey of the dwelling,

Ccorn – coefficient adjusted for the location of the dwelling with respect to corner parts of the building,

Cwm – coefficient adjusted for wall material,

Ccon – coefficient adjusted for the level of comfort of the dwelling, summer house facilities and technical and engineering infrastructure,

Cheat – coefficient adjusted for the type of heating.

The following adjustment coefficients (Csto) shall apply depending on the number of storeys:

Sl.No.	Storey	Csto
1	2	3
1.	Ground	0.95
2.	Intermediate or individual residential house	1.00
3.	Last	0.9

For apartment buildings with maximum three storeys the storey adjustment coefficient shall be taken as 1 for any storey.

The following adjustment coefficients (Ccorn) shall apply depending on the location of the dwelling with respect to the corners of the building:

Sl.No.	The dwelling is located at the corner part of the building	Ccorn
1	2	3
1.	Corner	0.95
2.	Not corner or individual residential house	1.0

The following adjustment coefficients (Cwm) shall apply depending on wall material:

Sl.No.	Wall material	Coefficient
1	2	3
1.	brick	1.1
2.	Frame construction of keramsit-concrete blocks	1,0
3.	Frame construction of keramsit-concrete blocks, brick facing	1.05
4.	Metal-concrete panels	1.0
5.	Metal-concrete panels with brick facing	1.05
6.	Adobe-cobwork	0.5
7.	Adobe, 0.5 brick facing	0.6
8.	Cast slag concrete	0.7
9.	Metal concrete blocks	1.0
10.	Prefabricated panels	0.6
11.	Prefabricated panels, 0.5 brick facing	0.75
12.	Timber blocking	0.85
13.	Sleeper timber	0.75
14.	Sleeper timber with brick facing	0.95
15.	Framed reed fibre mats	0.6
16.	Other	1.0

Where dwelling or summer house facilities are equipped with all appropriate engineering systems and technical facilities, the adjustment coefficient of comfort (Ccom) shall be equal to 1.

In the absence of engineering systems and technical facilities that ensure standard or comfortable living conditions (amenities), staying of people (water supply, sewage system, other amenities), Ccon shall be taken as equal to 0.8.

Depending of the heating method the following adjustment heating coefficients (Cheat) shall apply:

Sl.No.	Heating	Cheat
1	2	3
1.	Centralized heat supply	1.0
2.	Local gas or mazut heating	0.98
3.	Local hot-water heating from solid fuel	0.95
4.	Stove heating	0.9

6. Coefficient of zoning (Czon) adjusted for the location of the taxable item withn the populated area shall be established by the authorized state agency for registration of titles to real estate upon consultation with the local executive body in accordance with the method for determination of zoning coefficient.

The method for determination of zoning coefficient shall be approved by the authorized state agency for registration of titles to real estate.

7. Coefficient of change in the monthly assessment index (Cch.mai) shall be determined using the formula:

Cch.mai = mai in current year / mai in previous year, where:

mai established for the current year – a monthly assessment index established by the law concerning the national budget and in effect as on January 1st of the respective financial year;

mai in previous year – a monthly assessment index established by the law concerning the national budget and in effect as on January 1st of the previous financial year.

8. In the event that unheated extension, household (outbuildings) building, basement level, underground floor, and garage are a part of the dwelling, the tax base shall be determined as total cost of such taxable items determined by the authorized state agency for registration of titles to real estate in accordance with this Article.

9. In the event that an individual is a taxpayer on several taxable items, the tax base shall be assessed separately for each item.

10. The tax base for facilities under constructions for which the fact of operation is established in the current tax period shall be an value of the taxable items to be determined by the tax authoritiesas on January 1st of the year following the year of establishing of the fact of operation, as follows:

V = Vb x S x 2, where:

V – the value of property for taxation purposes,

Vb – base value of one square metre to be determined in accordance with paragraph 2 of this Article,

S – total area of the facility under constructions.

Article 407. Assessment and Payment of Tax in Certain Cases

With respect to buildings (parts of buildings) being owned, except for items provided for by paragraph 1 of Article 396 of this Code, and items, the tax base for which is assessed in accordance with Article 406 of this Code, an individual (including a private notary, private officer of justice, advocate, and professional mediator) shall assess and pay property tax and submit tax reports on this tax in the procedure established by Chapter 57 of this Code for individual entrepreneurs applying the special tax regime based on a patent with application of the rate set forth in paragraph 2 of Article 398 of this Code.

The tax base for such buildings (parts of buildings) shall be determined in accordance with paragraph 4 of Article 397 of this Code.

Article 408. Tax Rates

Tax on property of natural persons, for whom the tax base is computed in accordance with Article 406 of this Code, shall be assessed in relation to the value of taxable items by using the following rates:

1	2	3
1.	up to 2 000 000 tenge inclusive	0,05 per cent of the value of taxable items
2.	over 2 000 000 tenge to 4 000 000 tenge inclusive	1 000 tenge + 0,08 per cent of the amount that exceeds 2 000 000 tenge
3.	over 4 000 000 tenge to 6 000 000 tenge inclusive	2 600 tenge + 0,1 per cent of the amount that exceeds 4 000 000 tenge
4.	over 6 000 000 tenge to 8 000 000 tenge inclusive	4 600 tenge + 0,15 per cent of the amount that exceeds 6 000 000 tenge
5.	over 8 000 000 tenge to 10 000 000 tenge inclusive	7 600 tenge + 0,2 per cent of the amount that exceeds 8 000 000 tenge
6.	over 10 000 000 tenge to 12 000 000 tenge inclusive	11 600 tenge + 0,25 per cent of the amount that exceeds 10 000 000 tenge
7.	over 12 000 000 tenge to 14 000 000 tenge inclusive	16 600 tenge + 0,3 per cent of the amount that exceeds 12 000 000 tenge
8.	over 14 000 000 tenge to 16 000 000 tenge inclusive	22 600 tenge + 0,35 per cent of the amount that exceeds 14 000 000 tenge
9.	over 16 000 000 tenge to 18 000 000 tenge inclusive	29 600 tenge + 0,4 per cent of the amount that exceeds 16 000 000 tenge
10.	over 18 000 000 tenge to 20 000 000 tenge inclusive	37 600 tenge + 0,45 per cent of the amount that exceeds 18 000 000 tenge

11.	over 20 000 000 tenge to 75 000 000 tenge inclusive	46 600 tenge + 0,5 per cent of the amount that exceeds 20 000 000 tenge
12.	over 75 000 000 tenge to 100 000 000 tenge inclusive	321 600 tenge + 0,6 per cent of the amount that exceeds 75 000 000 tenge
13.	over 100 000 000 tenge to 150 000 000 tenge inclusive	47 1 600 tenge + 0,65 per cent of the amount that exceeds 100 000 000 tenge
14.	over 150 000 000 tenge to 350 000 000 tenge inclusive	796 600 tenge + 0,7 per cent of the amount that exceeds 150 000 000 tenge
15.	over 350 000 000 tenge to 450 000 000 tenge inclusive	2 196 600 tenge + 0,75 per cent of the amount that exceeds 350 000 000 tenge
16.	over 450 000 000 tenge	2 946 600 tenge + 2 per cent of the amount that exceeds 450 000 000 tenge

Article 409. The Procedure for the Assessment and Payment of the Tax

1. Tax on taxable assets of individuals shall be assessed by tax authorities on or before August 1st of the current tax period at the place of location, irrespective of the place of residence of the taxpayer, by application of the appropriate tax rate to the tax base subject to the actual period of beneficial ownership or operation of the facility under constructions with respect to the following taxable items of individuals:

1) the facilities the title to which was registered before January 1st of the current tax period including the taxable assets the titles to which were originally registered during the tax period preceding the current tax period;

2) the facilities under construction for which the fact of operation was established in the tax period preceeding the current tax period.

In that case the tax shall be assessed separately for each tax period.

2. If during the tax period the taxable item is beneficially owned for less than twelve month or the period of the facility under construction is used for less than twelve months, property tax to be paid for such items shall be assessed by dividing the amount of tax determined in accordance with paragraph 1 of this Article by twelve and multiplied by the number of months of the actual period of use of the taxable item beneficially owned or use of the facility under construction.

In that case the actual period of being beneficially owned or use of the facility under construction shall be determined from the beginning of the tax period (if the item was beneficially owned or used on that date) or from the 1st day of the month of the commencement of the title to the item or a fact of use of the facility under construction was established, before the 1st day of the month of the transfer of the title to such items or to the end of the tax period (if the item is beneficially owned or used on such date).

3. For taxable items which are in common share ownership of several natural persons tax shall be assessed proportionally to their share in said property.

4. Where one natural person is a payer of tax in respect of several taxable items, the assessment of tax shall be made by each taxable item separately.

5. In case of destruction, breakdown, demolition of taxable items, the tax amount shall be reassessed provided that documents issued by the authorized state agency to confirm the fact of destruction, breakdown, or demolition are available.

6. Where the taxpayer has emerged the right to be exempt from payment of tax within the tax period, the re-assessment of the tax amount shall be made from the first day of the month in which the said right emerged.

7. Taxes shall be paid to the budget at the place of location of the facilities on or before October 1st of the current tax period for the following taxable assets of individuals:

1) the assets the title to which was registered before January 1st of the current tax period, including the taxable assets the title to which was registered for the first time during the tax period preceeding the current tax period;

2) the facilities under construction for which the fact of operation was established in the tax period preceeding the current tax period.

8. The amount of tax to be paid for the actual period of holding of the taxable asset by the person who transfers the title shall be paid to the budget before or on the time of state registration of the title.

The annual amount of the tax may be paid to the budget by any of the parties (as agreed upon) at the time of state registration of the title to the taxable asset. The specified amount shall not be paid hereafter.

9. Where at the time of state registration (except for initial registration) of rights to real estate {~} the value of taxable items is not determined by the authorised state body, tax shall be paid basing on the tax amount assessed in the previous tax period.

Article 410. The Tax Period

1. The tax period for the assessment and payment of tax on property of natural persons shall be determined according to Article 148 of this Code.

2. In case of destruction, breakdown, demolition of taxable items of natural persons the month in which the fact of destruction, breakdown, demolition of taxable items occurred shall be entered in the tax period.

SECTION 16. The Tax on Gaming Business

CHAPTER 59. THE TAX ON GAMING BUSINESS

Article 411. The Payers

Individual entrepreneurs and legal persons who carry out activities associated with rendering the following services, shall be recognised as payers of the tax on gaming business:

1) casinos;
2) game machine rooms;
3) sweep-stakes;
4) book-maker's office.

Article 412. Taxable Items

When carrying out activity in the sphere of gaming business, the following shall be recognised as items subject to tax on gaming business:

1) game table;
2) game machine;
3) sweep-stake jack-pot;
4) electronic sweep-stake jack-pot;
5) book-maker's jack-pot;
6) electronic book-maker's jack-pot.

Article 413. Rates of the Tax

1. The rate of the tax on gaming business per one taxable item shall be as follows:
1) game table – 830-times monthly assessment index per month;
2) game machine – 30-times monthly assessment index per month;
3) sweep-stake jack-pot – 125-times monthly assessment index per month;
4) electronic sweep-stake jack-pot – 125-times monthly assessment index per month;
5) book-maker's jack-pot – 75-times monthly assessment index per month;
6) electronic book-maker's jack-pot -75-times monthly assessment index per month.

2. Tax rates established in par 1 of this Article shall be determined based on the size of the monthly calculation index established by the law concerning the Republic's Budget and effective as of the first day of the tax period.

Article 414. The Tax Period

Calendar quarter shall be recognised as tax period for the tax on gaming business.

Article 415. The Procedure for the Assessment and Time for Payment of the Tax

1. The assessment of the tax on gaming business shall be carried out by way of applying the proper rate of the tax to each taxable item as defined in Article 412 of this Code, unless otherwise specified in paragraph 2 of this Article.

2. When taxable items are put into operation prior to the 15th day of a month inclusive, the tax on gaming business shall be computed in accordance with the established rate, after the 15th day, – in an amount of 1/2 of the established rate.

In the case of disposal of taxable items prior to the 15th day of a month, the tax on gaming business shall be computed in an amount of 1/2 of the established rate, after the 15th day – in accordance with the established rate.

3. Tax on gaming business shall be subject to payment to the budget in the place of registration of taxable items not later than the 25th day of the second month, following a reporting tax period.

Article 416. Additional Payment of Payers of the Tax on Gambling Business

1. The additional payment shall be assessed in cases of excess of amounts of income earned from activities in the sphere of gambling business, over the maximum amount of income established by paragraph 2 of this Article.

2. The maximum amount of income for a tax period for the payers of the tax on gambling business shall be as follows:
1) from activities of a casino – 135 000-times monthly assessment index;
2) from activities of a game machines room – 25 000-times monthly assessment index;
3) from activities of a sweep-stake – 2 500-times monthly assessment index;
4) from activities of a book-maker's office – 2 000-times monthly assessment index.

3. Maximum size of income established by clause 2 of this Article shall be determined based on the size of the monthly calculation index established by the law concerning the Republic's Budget and effective as of the first day of tax period.

4. For the purpose of assessment of an additional payment the positive difference between the income amount received for the tax period as a result of performance of such activity and amount of payments to the participants of a game and/or a bet shall be recognized as income gained from the activity in the area of gambling business.

Article 417. The Procedure for the Assessment and Payment of the Additional Payment

1. The additional payment shall be assessed by way of the application to the amount of an excess of the maximum amount of income, of the rate established in paragraph 1 of Article 147 of this Code, and it shall be subject to payment not later than the 25th day of the second month, following a reporting tax period.

2. Where a payer of the tax on gaming business carries on several types of activities in the sphere of gaming business, the additional payment shall be assessed separately from income from each type of activity in the sphere of the gaming business.

3. When carrying on several types of entrepreneurial activity, which are not specified in Article 411 of this Code and not related to the sphere of the game business, payers of the tax on gaming business shall be obliged to keep separate accounting for income and costs relating to said types of activity and to carry out settlements with the Budget in accordance with the general procedure.

Article 418. Timing for the Presentation of Tax Declarations

Declarations of the tax on gaming business shall be submitted not later than the 15th day of the second month following a reporting quarter, to the tax authority in the place of registration as the taxpayer carrying out separate types of activity.

SECTION 17. The Fixed Tax

CHAPTER 60. THE FIXED TAX

Article 419. The Fundamental Definitions Used in This Chapter

The definitions used in this Chapter shall have the following meanings:

1) billiards table – special table with pockets (holes in the cushion) or without those, intended for the game of billiards;

2) skittle-alley – special run-way, intended for the game of bowling (skittle alley);

3) game machine with no prize – special equipment (mechanical, electric, electronic and other technical equipment) which is used for gaming;

4) cart – micro-volume racing car without body, differential gear, and wheel suspension spring, having two-stroke engine with the working cylinder capacity up to 250 cu cm and a maximum speed of 150 km per hour.

Article 420. Payers

Individual entrepreneurs and legal persons who carry on business associated with rendering services with the use of the following, shall be recognised as payers of the fixed tax:

1) game machines without a prize;

2) personal computers which are used for gaming;

3) skittle-alleys (bowling);

4) carts (carting);

5) billiard tables (billiards).

Article 421. Items Subject to the Fixed Tax

The following shall be recognised as items which are subject to fixed tax:

1) game machines without a prize, intended for gaming of one player;

2) game machines without a prize, intended for games with the participation of more than one player;

3) personal computer which is used for gaming;

4) skittle-alley;

5) cart;

6) billiards table.

Article 422. The Rates of the Fixed Tax

1. Amounts of the minimum and maximum basic rates of the fixed tax per taxable object item, per month, shall be as follows:

No.	Description of Taxable Items	Minimum Amounts of Basic Rates of Fixed Tax (Monthly Assessment Indices)	Maximum Amounts of Basic Rates of Fixed Tax (Monthly Assessment Indices)
1	2	3	4
1.	Game machine without a prize, intended for gaming of one player	1	12
2.	Game machine without a prize, intended for games with the participation of more than one player	1	18
3.	Personal computer which is used for playing games	1	4
4.	Skittle-Alley	5	83
5.	Cart	2	12
6.	Billiards table	3	25

1-1. Rate of the tax shall be determined based on amount of monthly basic rate, established by the Law on the republican budget and effective as of 1st day of the tax period.

2. The local representative authorities, within the approved brackets of the basic rates, shall establish unified rates of the fixed tax for all taxpayers who carry on business in the territory of one administrative-territorial unit.

Article 423. The Tax Period

Calendar quarter shall be recognised as tax period for the fixed tax rate.

Article 424. The Procedure for the Assessment and Timing for Payment of the Fixed Tax

1. The assessment of the fixed tax shall be carried out by way of applying appropriate rates of the tax to each taxable item as defined in Article 421 of this Code, unless otherwise specified by paragraph 2 of this Article.

2. Where taxable items are put into operation prior to the 15th day of a month, the fixed tax shall be computed in accordance with the established rate, after the 15th day, – in an amount of 1/2 of the established rate.

In the case of disposal of taxable items prior to the 15th day of a month, the fixed tax shall be computed in the amount of 1/2 of the established rate, after the 15th day – in accordance with the established rate.

3. Fixed tax shall be paid to the Budget in the place of registration of taxable items not later than the 25th day of the second month, following a reporting tax period.

4. In the case of performing other types of entrepreneurial activity, which are not specified in Article 420 of this Code, the payers of the fixed tax shall be obliged to keep separate accounting of income and costs relating to such types of business and to carry out settlements with the budget in accordance with the general procedure.

Article 425. Timing for the Submission of Tax Declarations

Fixed tax declarations shall be submitted not later than the 15th day of the second month, following a reporting quarter, to the tax authority in the place of registration as the taxpayer carrying out separate types of activity.

SECTION 18. Special Tax Regimes

Article 426. The Types of Special Tax Regimes

1. Special tax regimes shall be subdivided into the following types:

1) special tax regime for small businesses comprising the following:

special tax regime on the basis of a patent;

special tax regime on the basis of a simplified declaration;

2) special tax regime for peasant or farmer holdings;

3) special tax regime for legal persons who are producers of agricultural products, aquacultural (fishery) products and rural consumer cooperatives.

A taxpayer shall have the right to select the general procedure or a special tax regime in the cases and in accordance with the procedure as established by this Section.

For the purposes of applying this Section, the general procedure shall be understood as procedure for the assessment, payment of taxes and other obligatory payments to the budget, submission of tax reports on them, as established by the Special Part of this Code, except for the procedure established by this Section.

2. A patent is an electronic document confirming the fact of payment of individual income tax (other than individual income tax withheld at source of payment), social tax, and compulsory pension fund and social insurance contributions.

3. A choice between the generally established procedure or special tax regime shall be made by:

1) individuals at the time of registration as individual entrepreneurs – in the tax application for registration as an individual entrepreneur (hereinafter, for the purpose of this Chapter, referred to as the “newly established individual entrepreneur);

2) taxpayers upon changing the tax regime, as well as by newly established (emerged) legal entities – in the notice of the tax regime applied in the form developed by the authorized body and approved by the Government of the Republic of Kazakhstan (for the purposes of this Chapter, hereinafter referred to as “the notice of the tax regime applied”) to be submitted by taxpayers, other than those specified in paragraph 5 of this Article.

Taxpayers shall file a notice of the applied tax regime with the tax authority for the place of location in hard copy or in electronic format, including Electronic Government Internet resource.

4. The following shall be deemed to be a taxpayer»s consent to settle budgetary payments in accordance with the generally established procedure:

1) failure to choose a special tax regime in the tax application specified in subparagraph 1) of paragraph 3 of this Article;

2) failure to submit a notice of the applied tax regime, except when notice was not provided in cases specified in paragraph 5 of this Article, within the time specified in paragraph 1 of Article 435, paragraph 1 of Article 441, paragraph 1 of Article 450 of this Code;

3) failure to submit a patent cost estimate within the time specified in subparagraphs 1) and 2) of paragraph 1 of Article 431 of this Code.

5. No notice of the applied tax regime shall be submitted by newly established individual entrepreneurs and individual entrepreneurs in case of change over to the patent-based special tax regime from the generally established procedure or fromother special tax regime.

6. For the purposes of taxation of persons who enjoy special tax regimes, a separate territorial unit of a taxpayer in whose place of location the stationary work stations are organised, which perform part of the taxpayer's functions, shall be recognised other separate structural subdivisions of the taxpayer. A work station shall be recognised as stationary work station if it is created for a period longer than one month.

7. {~}.

CHAPTER 61. THE SPECIAL TAX REGIME FOR SMALL BUSINESS ENTITIES

§ 1. General Provisions

Article 427. General Provisions

1. For the purposes of this Code, small business entities shall mean individual entrepreneurs and legal entities specified in Articles 429 and 433 of this Code.

2. A special tax regime shall establish a simplified procedure for assessment and payment of social tax, corporate or individual income tax for small business entities, except for taxes withheld at source of payment. The assessment, payment and presentation of tax reports on taxes and other obligatory payments to the budget, which are not specified in this paragraph, shall be carried out in accordance with the generally established procedure.

3. Taxation item for taxpayers who apply special tax regimes on the basis of patent or simplified declaration, shall mean the income for the tax period comprising all types of income specified in paragraph 4 of this Article received (to be received) in the territory of the Republic of Kazakhstan subject to the adjustments provided for in paragraph 8 of this Article.

4. The income of taxpayers who apply special tax regimes for small business entities shall include the following types of income the amount of which shall be determined in accordance with this Chapter:

1) icome from sale of goods, performance of works, provision of services, including royalty, income from rental of assets;

2) income from writing off of liabilities;

3) income from assignment of claims;

4) income from joint activities;

5) awarded or acknowledged fines, penalties and other sanctions (except for unreasonably deducted fines refunded from the budget, if those amounts have not been earlier recognized as deductions in the period when the taxpayer settled budgetary payments in accordance with the generally established procedure);

6) amounts received from the national budget funds for covering expenses;

7) inventory surpluses identified in course of inventory check;

8) income in form of assets received without compensation (except for charity and sponsor assistance) intended for the use for entrepreneurial purposes;

9) reimbursement by the lessee of expenses incurred by the individual entrepreneur being a lessor in connection with maintenance and repair of the assets let on lease;

10) expenditures incurred by the lessee in connection with maintenance and repair of the assets taken on lease from an individual entrepreneur to be set off against the payments under the leasing agreement.

5. Legal entities shall assess and pay corporate income tax on income type not specified in paragraph 4 of this Article and submit relevant tax reports in accordance with the generally established procedure in accordance with Sections 4 and 5 of this Code.

6. Individuals being individual entrepreneurs shall assess:

1) the property income in accordance with the procedure established in Articles 180, 180-1, 180-2, and 180-3 of this Code;

2) other income according to the procedure established in Article 184 of this Code;

3) income taxable at source of payment in accordance with the procedure established in Chapter 19 of this Code;

4) income not specified in subparagraphs 1) – 3) of this paragraph and in paragraph 4 of this Article, according to the procedure established in paragraph 1 of Article 183 of this Code.

In that case individual income tax shall be assessed and paid and tax reports on income specified in subparagraphs 1), 2) and 4) of this paragraph shall be submitted according to the procedure established in Chapters 20 and 21 of this Code for the respective income type.

7. For taxation purposes, the following shall not be considered as income of a taxpayer who applies a special tax regime for small business entities:

1) the value of the assets transferred without compensation – for the taxpayer who transfers such assets;

2) sale of assets to be bought out for governmental needs in accordance with the regulations of the Republic of Kazakhstan;

3) value of goods received by an individual entrepreneur without compensation for promotion purposes (including that in the form of donation), in the event that the price per unit of such goods does not exceed 5-fold monthly assessment index established for the respective financial year by the law on the national budget and effective on the date of such transfer.

8. For the purpose of this chapter an adjustment shall mean an increase in the amount of the income of the reporting tax period or decrease in the income for the reporting tax period to the extent of the amount of the previously recognized income.

Income specified in paragraph 4 of this Article shall be subject to adjustment in the following cases:

1) full or partial return of goods;

2) change in the conditions of the deal;

3) change in the price, compensation for sold or acquired goods, performed works, provided services;

4) discounts of the price, sales allowances;

5) changes in the amounts payable in the national currency for the sold or acquired goods, performed works, provided services, subject to the terms and conditions of the agreement;

6) write-off of a claim from a legal entity, individual entrepreneur, non-resident legal entity, operating in the Republic of Kazakhstan through a permanent establishment, with respect to the claims relating to the activity of such permanent establishment, and from the branch, representative office of the non-resident legal entity operating in the Republic of Kazakhstan through a branch, representative office, not resulting in establishment of a permanent establishment.

The income adjustment provided for by this subparagraph shall be made downwards in the event that:

1) a claim has been not called by a taxpayer being a creditor in the event of liquidation of the taxpayer being a debtor on the date of approval of his liquidation balance-sheet;

2) a taxpayer writes off a claim pursuant to the court decision which has entered into legal force.

The adjustment provided for by this subparagraph shall be made to the extent of the amount of the written off clam and previously recognized income from such claim subject to availability of primary documents confirming the origin of the claim.

The adjustment provided for by subparagraphs 1) -5) of the second part of this paragraph shall be made subject to availability of primary documents confirming the occurrence of the case for such adjustment.

The income shall be adjusted in the tax period in which the cases specified in this Article occurred.

In the absence of income or insufficient income for an adjustment downwards in the period when the cases specified in this Article occurred, the income shall be adjusted in the tax period when the income to be adjusted was recognized.

9. In the event that the same income may be reflected in several income items, the specified income shall be recognized as income only once.

The date of income recognition for taxation purposes shall be determined in accordance with the provisions of this Chapter.

10. For the purpose of this Chapter, in the event that the taxpayer being a trust manager has been entrusted with the fulfillment of the tax obligation for the trustor or beneficiary pursuant to the trust document, the income of such taxpayer shall include the income of the trustor under the trust agreement or the beneficiary, in other cases of the trust management origin.

Article 427-1. Special considerations in the recognition of income for tax purposes by individual entrepreneurs not maintaining accounting records and financial reporting in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting

1. The provisions of this Article shall be applied by individual entrepreneurs not maintaining accounting records and financial reporting in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting.

2. Except as otherwise provided by this Article, income is measured by the value received or receivable taking into account the amount of any trade discounts and volume rebates offered by the individual entrepreneur. The amount of income arising from an operation is also determined on the basis of performance of the contract between an individual entrepreneur and a buyer or an asset user.

3. Revenue from the sale of goods shall be recognised when all of the following are met:

1) an individual entrepreneur has transferred to the buyer the significant risks and rewards associated with the title to the goods;

2) an individual entrepreneur is no longer involved in the management to the extent which is usually associated with ownership, nor it exercises control over the goods sold;

3) the revenue can be reliably measured;

4) it is probable that the individual entrepreneur will receive the economic benefits associated with the transaction;

5) the incurred costs or estimated costs associated with the transaction can be measured reliably.

4. The revenue from the performance of work, rendering of services shall be recognised based on the certificate of completion of the services rendered or another document confirming the performance of work, rendering of services. The revenue from performance of work, rendering of services shall be recognised in the same period in which the certificate of completion of works, services rendered or another document confirming the fact of work, provision of services is signed.

5. The income from writing off of liabilities shall be:

1) writing off of liabilities from a taxpayer by its creditor;

2) the liabilities not claimed by the creditor at the time of termination of an individual entrepreneur;

3) writing-off of liabilities in connection with the expiration of the action limitation period set by the legislative acts of the Republic of Kazakhstan;

4) writing-off of liabilities on the basis of a legally effective court decision.

Income from writing-off of liabilities is equal to the amount of liabilities (except for the amount of value added tax) payable in accordance with the source documents of the individual entrepreneur on the day of:

1) submission to the tax authority of a tax statement on the cessation of activity in the case referred to in subparagraph 2) of the first part of this paragraph;

2) writing-off in other cases.

Income from writing-off of liabilities shall be recognised in the accounting period:

1) in which the liability in the case referred to in subparagraph 1) of the first part of this paragraph has been written off by the creditor;

2) for which the liquidation tax reports have been submitted to the tax authority in the case referred to in subparagraph 2) of the first part of this paragraph;

3) the action limitation period has expired in the case referred to in subparagraph 3) of the first part of this paragraph;

4) the court»s decision has come into force in the case referred to in subparagraph 4) of the first part of this paragraph.

6. Income in the form of excessive tangibles identified in the stock-taking shall be recognised in the tax period in which the stock-taking was completed and stock-taking compiled to prove such excess. Surplus value shall be determined by an individual entrepreneur independently on the basis of the current rates and prices in Kazakhstan.

7. Income in the form of fines, penalties, forfeit and other sanctions shall be recognised in the fiscal period in which the court delivered the judgement on their recovery and they shall be recognized by the debtor.

8. In carrying-out by an individual entrepreneur of the transactions in which goods, works or services of an individual entrepreneur are exchanged for goods, works or services of another person, a certificate of transfer of goods, works or services shall be drawn up. The certificate of transfer shall reflect the cost of incoming and outgoing goods, works or services. Income from such a transaction shall be determined as the positive difference between the value of the goods, works or services to be recognised in the certificate of transfer and the cost of the goods, works or services.

9. The long-term contract income for the reporting tax period shall be recognised the tax income receivable (received) during the tax period.

10. Income from assignment of the right of demand shall be:

1) for an individual entrepreneur, which acquires the right to claim, the positive difference between the amount to be received from a debtor at the request of the principal including the amount in excess of the principal on the date of assignment of the right of demand and the cost of acquisition of the right of demand. Such income from assignment of the right of demand shall be the income from the tax period in which the acquired demand repaid by the debtor;

2) for an individual entrepreneur, which has assigned the right of demand, the positive difference between the value of the right of demand on the basis of which the assignment was made, and the value of the demand receivable from a debtor on the date of assignment of the right of demand according to the initial documents of the taxpayer. Such income from assignment of the right of demand shall be the income of the tax period in which the assignment was made.

11. An individual entrepreneur, which is a party to the agreement on a joint venture without establishing a legal entity, shall maintain tax accounting subject to the provisions of Article 80 of this Code.

12. Income in the form of assets received free of charge (other than charity and sponsorship) intended for use for business purposes shall be the value of property received gratuitously by the individual entrepreneur, if such property is used by the individual entrepreneur for business purposes in the tax period in which such property is received.

Income in the form of assets received free of charge (other than charity and sponsorship) intended for use for business purposes shall be recognised in the fiscal period in which such property received, except for the real estate and vehicles subject to state registration.

Income in the form of real estate received free of charge (other than charity and sponsorship) intended to be used for business purposes shall be recognised in the fiscal period in which registration of the title to such property was made.

Income received in the form of a vehicle free of charge subject to state registration (except charity and sponsorship) intended to be used for business purposes shall be recognised in the fiscal period in which the state registration of the vehicle was made.

The value of the property an individual entrepreneur has taken possession of free of charge shall be the market value of the property on the date of commencement of title to the property shall be determined in the appraisal report conducted under a contract between the appraiser and the individual entrepreneur in accordance with the laws of the Republic of Kazakhstan on the valuation.

13. Income in the form of reimbursement by the tenant of the expenditure of an individual entrepreneur, the landlord for the maintenance and repair of property leased shall be recognised in the fiscal period in which such reimbursement is received.

Income of an individual entrepreneur, the landlord in the form of the costs of the tenant to maintain and repair the leased property offset by payments under the lease agreement shall be recognised in the fiscal period in which such offset is made.

Article 428. Requirements for the Application of a Special Tax Regime

1. Small business entities shall have the right independently to select only one of the following procedures for the assessment and payment of taxes, and also for the submission of tax reports on them:

1) general procedure;

2) special tax regime on the basis of a patent;

3) special tax regime on the basis of a simplified declaration.

2. In case of transition to the generally established procedure the subsequent transition to a special tax treatment shall be allowed not sooner than after one calendar year of using the generally established procedure.

3. The following shall not be allowed to use a special tax regime:

1) legal entities having affiliates, representations;

2) affiliates, representations of legal persons;

3) taxpayers having other separate structural units and (or) taxable items in different populated areas;

4) legal persons in which the share participation of other legal persons is more than 25 percent;

5) legal entities with the founder or a participant being concurrently a founder or a participant of other legal entity enjoying a special tax regime;

6) Taxpayers providing services on the basis of agency contracts (agreements).

For the purposes of this subparagraph agency contracts (agreements) shall be defined as civil law contracts (agreements) concluded in accordance with the legislation of the Republic of Kazakhstan under which one party (agent) shall undertake to perform certain actions on the instructions of the other party for compensation on its own behalf but at the expense of the other party or on behalf and at the expense of the other party;

For the purpose of this subparagraph the agency contracts (agreements) shall mean civil law contracts (agreements), concluded in accordance with the legislation of the Republic of Kazakhstan under which one party (agent) shall undertake to perform certain actions on the instructions of the other party for compensation on its own behalf but at the expense of the other party or on behalf and at the expense of the other party;

7) non-for-profit organizations;

8) legal entities receiving income from sources outside the Republic of Kazakhstan, except for income received in form of dividends, interest, royalty;

9) organizations engaged in organizing and holding the international specialized exhibition in the territory of the Republic of Kazakhstan.

Provisions of subparagraph 3) of this paragraph shall not apply to taxpayers who carry on business of leasing assets.

4. A special tax regime for small business entities shall not be applied by taxpayers engaged in the following activities:

1) manufacture of excisable goods;

2) storage and wholesale trade of excisable goods;

3) sale of certain types of petrochemical products – petrol, diesel fuel and oil residue;

4) arrangement and conducting of lotteries (except for state (national) lotteries);

5) subsurface use;

6) collection and acceptance of glass containers;

7) collection (preparation), storage, processing and sale of scrap metals and non-ferrous and ferrous waste metals;

8) consulting services;

9) activities in the sphere of accounting or audit;

10) financial, insurance activity and agency business of an insurance broker and insurance agent;

11) activities in the sphere of law and justice.

5. For the purposes of Articles 429 and 433 of this Code the marginal income of an individual entrepreneur shall consist of:

1) taxable item to be determined in accordance with paragraph 3 of Article 427 of this Code;

2) income in form of an increase in value specified in Article 180 of this Code arising in connection with sale and transfer to the authorized capital of assets being underlying assets of the individual entrepreneur;

3) income to be determined in accordance with paragraph 1 of Article 183 of this Code.

6. For the purpose of Article 433 of this Code the marginal income of a legal entity shall consist of:

1) taxable item to be determined in accordance with paragraph 3 of Article 427 of this Code;

2) total annual income subject to the adjustments provided for by Article 99 of this Code, to be determined according to the generally established procedure.

§ 2. The Special Tax Regime on the Basis of a Patent

Article 429. General Provisions

The special tax regime on the basis of a patent shall be used by individual entrepreneurs who are not the persons specified in paragraphs 3 and 4 of Article 428 of this Code and comply with the following requirements:

1) do not use employed manpower;

2) carry on business in the form of personal entrepreneurship;

3) income of whom in a tax period does not exceed 300-times minimum monthly wage as established by the Law concerning republic's budget and effective as of 1 January of the relevant financial year.

Article 430. Tax Period

Calendar year shall be tax period.

Article 431. Requirements for the Application

1. In order to apply a special tax regime on the basis of a patent, calculation of the cost of a patent shall be submitted to the tax authority in the place of location (hereinafter for the purpose of this Chapter – the calculation).

The calculation is provided in hard copy or in electronic form including through the web portal e-Government by individual entrepreneurs:

1) the newly-formed individual entrepreneurs – along with the tax declaration of registration of an individual entrepreneur;

2) the individual entrepreneurs which switch from the standard procedure or another special tax regime, by the 1st of the month of application of the special tax treatment based on a patent;

3) the individual entrepreneurs which apply the special tax treatment based on a patent for another patent – before the expiry of the previous patent or suspension period for filing tax reports.

The date of application of the special tax treatment based on a patent for the newly established individual entrepreneurs shall be the date of state registration as an individual entrepreneur.

For the individual entrepreneurs referred to in subparagraph 2) of this paragraph, the date of application of the special tax treatment based on patent and the date of the term of the patent shall be the first day of the month following the month in which a calculation is presented.

2. The estimation shall be tax reports for the purpose of patent cost assessment.

The patent cost shall be assessed in accordance with paragraph 1 of Article 432 of this Code.

A taxpayer shall pay the patent cost prior to submitting the estimation.

Where the patent cost is paid through banks or organizations engaged in certain bank operations, a notice of the e-Government payment gateway formed on the e-Government web portal when specifying the details of the payment document in the request shall be attached to the estimation submitted in electronic form.

The documents confirming the patent cost payment shall be provided where the estimation is submitted in hard copy.

In the estimation submitted in electronic form, including through the e-Government web portal, individual entrepreneurs shall specify the data from payment documents with regard to payment of taxes and charges included in the patent cost.

Upon the submission of the estimation by individual entrepreneurs, the tax authority shall form a patent in the information system of the tax authority within one business day following the date of estimation submission.

The form of a patent shall be approved by the authorized body.

The special tax regime based on a patent shall be applied for at least one month within one tax period, unless otherwise provided for in this paragraph.

The special tax regime based on a patent shall be applied for a period less than one month by individual entrepreneurs:

1) being newly registered in the last month of the current tax period;

2) that resumed their activities prior to or upon the expiry of the period of suspension of tax reports submission in the last month of the current tax period.

3. To suspend submission of tax reporting by individual entrepreneurs which apply a special tax treatment on the basis of a patent, a tax application shall be submitted to the tax authority in the place of location in the manner established by Article 74 of this Code.

4. In the case of taking the decision to change over to the generally established procedure or a special tax treatment in connection with the expiration of the patent, individual entrepreneurs shall submit to the tax authorities at its location a notice of the applicable tax treatment until the end of the patent.

At that:

1) the last date of validity of the patent shall be considered as the date of termination of a special tax treatment;

2) the date of starting to apply the generally established procedure, or another special tax treatment chosen by the taxpayer, shall be the date following the date of expiry of the patent.

5. Unless otherwise set out in paragraph 6 of this Article, if the decision is made to change over to the generally established procedure or another special tax treatment prior to the expiration of the patent including the period of the suspension of tax reporting, individuals shall present to the tax authority at their location a note of the applicable tax treatment.

At that:

1) the date of termination of the special tax treatment based on the patent will be the last day of the month in which a notice of applicable tax treatment is submitted;

2) the date of starting to apply for the generally established order or another special tax regime chosen by the taxpayer shall be the first day of the month following the month in which a notice of applicable tax regime is submitted.

6. In cases of emergence of conditions which do not allow to apply a special tax regime on the basis of a patent, an individual entrepreneur shall be obliged to submit within five working days from the date of non-compliance with the conditions to the tax authority at its location a notice of the applicable tax regime for the changeover to the generally established procedure for a special tax regime.

At that:

1) the date of termination of the special tax regime based on the patent shall be the last day of the month, which is previous to the month in which any such conditions occur;

2) the date of application of the generally established procedure of a special tax regime shall be the first day of the month in which any such conditions occur.

7. The tax authority when establishing facts of non-compliance of a taxpayer with the requirements prescribed by Article 429 of this Code shall shift this taxpayer to the generally established procedure.

In the case of revealing such discrepancies during the desk audit the tax authorities before shifting a taxpayer to general order, shall send a taxpayer a notice concerning elimination of violations, identified by tax service bodies by the results of the desk audit, in accordance with the terms and procedure established by Articles 607 and 608 of this Code.

At that:

1) The last day of the month preceding the month, in which such non-compliance emerged, shall be considered as the date of termination of special tax regime based on a patent;

2) The first day of the month, in which such non-compliance emerged, shall be considered as the starting date of application of general procedure.

Article 432. Computation of the Price of a Patent

1. The cost of a patent includes the payable amounts of personal income tax (other than the individual income tax deducted at source), the social tax, obligatory pension contributions, obligatory professional pension contributions and social security contributions.

The calculation of personal income tax and social tax is included in the value of the patent is made by applying the rate of 2 percent to a taxable item. The calculated amount to be paid to the budget as:

1) individual income tax – at a rate of half the calculated amount;

2) social tax – at a rate of half the calculated amount net of social security contributions.

Computation of the compulsory pension and social security contributions included in the cost of a patent shall be performed in accordance with the laws of the Republic of Kazakhstan «On Pension Provision in the Republic of Kazakhstan» and «On Mandatory Social Insurance».

In the case of excess of total social assessments over total social tax, total social tax becomes equal to zero.

2. Where actual income during the validity period of a patent exceeds amounts of income specified in the assessment, individual entrepreneur shall be obliged within five working days to file an additional assessment on the amount of excess and to make payment of taxes on that amount.

The provisions of this paragraph shall not apply if the amount of actual income exceeds the income specified in subparagraph 3) of Article 429 of the Code.

On the basis of said assessment, a new patent shall be issued instead of the previous one.

3. If the amount of the actual income during the term of the patent taking into account the cases of its early termination pursuant to paragraphs 5 and 6 of Article 431 of this Code is less than the amount of the income referred to in the assessment, individual entrepreneurs shall be entitled to submit an assessment in the form of additional tax accounting in the amount of the decrease in value of the patent.

In such case, refund of excess amounts of tax shall be carried out in accordance with the procedure established by Article 602 of this Code, after a chronometrical inspection to be carried out by the tax authority.

4. In cases of excess of amounts of actually received income over amounts of maximum income as established by subparagraph 3) of Article 429 of this Code, the income of an individual entrepreneur obtained from the date of application of the generally established procedure of a special tax regime set forth in paragraphs 6 and 7 of Article 431 of this Code are subject to taxation according to the usual procedure, or in accordance with the special tax regime.

5. When terminating entrepreneurial activity prior to expiry of the validity period of the patent, the paid amount of taxes shall not be subject to refund and re-assessment, except for the case of recognising an individual entrepreneur as incapable.

§ 3. The Special Tax Regime on the Basis of a Simplified Declaration

Article 433. Application Conditions

The special tax treatment based on a simplified declaration is applied by individual entrepreneurs and legal entities that are not entities specified in paragraphs 3 and 4 of Article 428 of this Code, and meet the following conditions:

1) in the case of individual entrepreneurs:

maximum average payroll number of employees for a tax period is twenty-five persons, including the individual entrepreneur himself;

the income limit for the tax period shall be 1400 times the minimum wage set by the law on the national budget and in effect on 1 January of the financial year;

2) in the case of legal persons:

maximum average payroll number of employees for a tax period is fifty persons;

the income limit for the tax period shall be 2800 times the minimum wage set by the law on the national budget and in effect on 1 January of the financial year.

Article 434.Tax Period

Half a year shall be a tax period.

Article 435. Application Conditions

1. For the application of the special tax treatment based on simplified declaration taxpayers, except for the newly established individual entrepreneurs, submit to the tax authorities at their location a notice of the applicable tax treatment.

A notice of the applicable tax treatment is submitted by:

1) the newly established legal entities no later than five working days after the state registration of the legal entity in a justice agency;

2) the taxpayers, except as provided in subparagraph 3) of this part, in changing over from the generally-established procedure of a special tax treatment, up to the first day of a month to apply the special tax treatment based on a simplified declaration;

3) individual entrepreneurs in changing over from a special tax treatment based on a patent:

within five working days from the date of non-compliance with the application of special tax treatment based on a patent;

in other cases – before the expiry of the patent or the suspension of filing tax reports.

2. The date of application of the special tax treatment based on a simplified declaration shall be:

1) for the newly formed entrepreneurs – the date of state registration as an individual entrepreneur with tax authorities;

2) for the taxpayers referred to in subparagraph 1) of the second part of paragraph 1 of this Article – the date of state registration with a justice agency;

3) for the taxpayers referred to in subparagraph 2) of the second part of paragraph 1 of this Article – the first date of the month following the month in which a notice of applicable tax regime is presented;

4) for the taxpayers referred to in subparagraph 3) of the second part of paragraph 1 of this Article:

the date following the date of expiry of the patent, in accordance with paragraph 4 of Article 431 of this Code;

the first day of the month following the month in which a notice of applicable tax treatment is presented, in accordance with paragraph 5 of Article 431 of this Code;

the first day of the month in which there was non-compliance with the application of the special tax treatment on the basis of a patent, in accordance with paragraph 6 of Article 431 of this Code.

3. In the case of a decision to change over from a special tax treatment based on a simplified declaration to the generally established procedure or another special tax treatment including the period of suspension for filing tax reports, taxpayers submit to the tax authorities at their location a notice of the applicable tax treatment.

At that:

1) the last day of the month in which a notice of applicable tax regime is submitted shall be the date of termination of the special tax treatment based on simplified declaration;

2) the first day of the month following the month in which a notice of applicable tax regime is submitted shall be the date of application of the generally established procedure or another special tax regime.

4. In case of non-compliance with the conditions laid down in Article 433 of this Code, taxpayers within five working days from the date of the non-compliance shall be required to submit to the tax authority at their location a notice of the applicable tax regime to change over to the generally established procedure or another taxation regime.

At that:

1) the date of termination of the use of a special tax regime based on a simplified declaration shall be the last day of the month, which is previous in relation to the month in which there was non-compliance with the terms set forth in Article 433 of this Code;

2) the first day of the month in which there was non-compliance with the conditions specified in Article 433 of this Code shall be the date of application of the generally established procedure or another special tax regime.

5. The tax authority in determining non-compliance by taxpayers with the conditions specified in Article 433 of this Code shall shift such taxpayers to the generally established procedure.

In case of identifying such non-compliance during an in-house audit, tax authorities before shifting to the generally established procedure send a notice of elimination of violations to the taxpayer to eliminate the violations identified by the tax authorities during the in-house audit within the terms and in the manner established by Articles 607 and 608 of this Code.

At that:

1) the date of termination of the use of a special tax regime based on simplified declaration shall be the last day of the month, which is previous in relation to the month in which there was non-compliance with the terms set forth in Article 433 of this Code;

2) the date of application of the generally established procedure shall be the first day of the month in which there was non-compliance with the conditions laid down in Article 433 of this Code.

Article 436. Assessment of Taxes in Accordance with the Simplified Declaration

1. Assessment of taxes on the basis of a simplified declaration shall be carried out by the taxpayer independently by way of applying to a taxable item of the rate in amount of 3 percent for the reporting tax period.

2. Total taxes assessed for a tax period in accordance with paragraph 1 of this Article shall be subject to adjustment towards reduction by amount of 1.5 per cent of total tax per each employee, based upon the average payroll number of employees, where the average monthly wages of employees upon the results of the reporting period reached not less than 2-times for individual entrepreneurs, not less than 2.5-times for legal persons, minimum wage by the Law on the republican budget and effective as of 1st day of the tax period.

3. In the cases specified in paragraphs 4 and 5 of Article 435 of this Code, the income of the taxpayer received from the first day of application of the generally established or other special tax regime shall be subject to taxation according to the generally established procedure or a procedure established by any other tax regime, respectively.

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Article 437. Timing for the Submission of a Simplified Declaration and Payment of Taxes

1. A simplified declaration shall be submitted to the tax authority in the place of location of the taxpayer not later than the 15th day of the second month following a reporting tax period.

2. Payment to the budget of taxes assessed in accordance with a simplified declaration, shall be carried out not later than the 25th day of the second month following a reporting tax period, in the form of an personal (corporate) income tax and social tax.

In that respect, personal (corporate) income tax shall be subject to payment in an amount of – of the assessed amount of tax on the basis of a simplified declaration, social tax in an amount of – of the amount of tax assessed on the basis of a simplified declaration, less total social assessments to the State Fund for Social Insurance assessed in accordance with the legislative act of the Republic of Kazakhstan concerning obligatory social insurance.

In the event that total social assessments to the State Fund for Social Insurance exceed total social tax, total social tax shall be deemed to be equal to zero.

3. A simplified declaration shall show assessed amounts of personal income tax withheld at source of payment, obligatory pension contributions, obligatory professional pension contributions and social assessments.

Article 438. Special Considerations in Payment of Certain Types of Taxes, Obligatory Pension Contributions, Obligatory Professional Pension Contributions and Social Assessments

Payment of amounts of personal income tax withheld at source of payment, social assessments, transfers of obligatory pension contributions, obligatory professional pension contributions shall be carried out not later than the 25th day of the second month following a reporting tax period.

CHAPTER 62. SPECIAL TAX REGIME FOR PEASANT FARMS OR FARMER HOLDINGS

Article 439. General Provisions

1. Peasant or farming enterprises shall have the right to choose independently one of the following tax regimes:

1) a special tax regime for peasant or farming enterprises;

2) a special tax regime for small business entities;

3) the generally established procedure.

1-1. The special tax regime for peasant economies and farming enterprises shall be applied by peasant economies and farming enterprises to the extent that the following conditions are concurrently met:

1) the aggregate area of agricultural land plots being privately-owned and (or) used based on the land use rights (including the secondary land use right) shall not exceed the following maximum area of a land plot established for:

Akmolinskaya, Aktyubinskaya, East Kazakhstan, West Kazakhstan, Karagandinskaya, Kostanayskaya, Pavlodarskaya, North Kazakhstan Oblasts – 3,500 ha;

Atyrauskaya, Mangistauskaya Oblasts – 1,500 ha;

Almatinskaya, Zambylskaya, Kyzylordinskaya, South Kazakhstan Oblasts – 500 ha, in districts located in desert and piedmont desert steppe soil and climate zones (Beptak Dala, sands next to Lake Balkhash) – 1,500 ha;

2) they carry out solely the activities covered by this special tax regime;

3) they are not value-added tax payers.

2. The special fard farmer holdings provides for a special procedure of settlements with the budget on the basis of payment of the unified land tax and it shall apply to activities of peasant or farmer holdings, related to production of agricultural produce, aquacultural (fishery) products, processing of agricultural produce of own production and its marketing, except for activities associated with production, processing and marketing of excisable goods.

3. The right to apply the special tax regime shall be granted to peasant economies or farming enterprises, provided that they have land plots being privately-owned and (or) used based on the land use rights (including the secondary land use right) available in the territory of the Republic of Kazakhstan.

Article 440. Tax Period

Calendar year shall be recognised as tax period for unified land tax.

Article 441. Application Procedure

1. For applying special tax regime for peasant farms or farmer holdings in changing over from the generally established procedure or another tax treatment, an individual entrepreneur shall submit a notice of the applied tax regime to the tax authority in the place of location of the land.

The newly established individual entrepreneurs choose a special tax regime for peasant farms or farmer holdings in accordance with subparagraph 1) of the first part of paragraph 3 of Article 426 of this Code.

The date of start to apply the specified special tax treatment shall be as follows:

the date of state registration of an individual entrepreneur with tax authorities – for the newly established individual entrepreneurs;

the first day of the month following the month in which a notice of applicable tax treatment is submitted – for individual entrepreneurs in the transition from the generally established procedure or another special tax regime.

2. When making a decision to change to a generally established procedure or another special tax regime, individual entrepreneurs shall submit a notice of the applicable tax regime. In this case,

1) the last day of the month in which a notice of applicable tax regime is submitted shall be the date of termination of the use of a special tax regime for peasant farms or farmer holdings;

2) the first day of the month following the month in which a notice of applicable tax regime is submitted shall be the date of application of the generally established procedure or another special tax regime.

3. In the cases of emergence of circumstances which do not allow to apply the special tax regime for peasant farms or farmer holdings, individual entrepreneurs shall submit a notice of the applied tax treatment to the tax authority within five working days from the time of emergence of non-compliance with the requirements and switch to the general procedure or another special tax regime.

At that:

1) the last day of the month preceding the month in which there were the conditions that did not allow to use the special tax treatment for peasant farms or farmer holdings shall be the date of termination of the use of a special tax regime for peasant farms or farmer holdings;

2) the first day of the month in which there were conditions that did not allow to use the special tax treatment for peasant farms or farmer holdings shall be the date of application of the general procedure or another special tax regime.

4. The tax authority in determining non-compliance of individual entrepreneurs with the conditions specified in Article 439 of this Code, shall shift the taxpayers to the generally established procedure.

In the case of revealing such discrepancies during the in-house audit, the tax authorities before shifting a taxpayer to general order, shall send a taxpayer a notice concerning elimination of violations, identified *by tax authorities* by the results of in-house audit, in accordance within the terms and in the manner established by Articles 607 and 608 of this Code.

At that:

1) the last day of the month preceding the month in which the conditions that do not allow to apply a special tax regime for peasant farms or farmer holdings take place, shall be the date of termination of the use of a special tax regime for peasant farms or farmer holdings;

2) the first day of the month, in which the conditions that do not allow to apply a special tax regime for peasant farms or farmer holdings take place, shall be the date of application of the general procedure.

Article 442. Special Considerations in Applying the Special Tax Regime

1. Payers of the unified land tax shall not be of the following types of taxes and other obligatory payments to the budget:

1) personal income tax on income from activities of peasant or farmer holdings, including income in the form of amounts received from the state budget to cover costs (expenditures) related to the activity which is subject to this special tax regime;

2) {~};

2-1) environmental emission levy;

3) land tax and (or) payment for use of land plots – in relation to land plots which are used in the activity which is subject to this special tax regime;

4) tax on transport vehicles -in relation to taxable items specified in subparagraph 1) of paragraph 4 of Article 394 of this Code.

5) property tax – in respect to objects of taxation specified in subparagraph 1) of paragraph 4 of Article 394 of the Code.

2. Assessment, payment of taxes and other obligatory payments to the budget, not specified in paragraph 1 of this Article and submission of tax reports on them, shall be carried out in accordance with the general procedure.

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4. In the cases specified in paragraphs 4 and 5 of Article 441 of this Code, the income of the taxpayer received from the first day of application of the generally established or other special tax regime shall be subject to taxation according to the generally established procedure or a procedure established by any other tax regime, respectively.

Article 443. Taxable Item

The assessment value of a land plot established on the basis of the land assessment certificate issued by the authorized state land resource management agency shall be taken as a taxable item for the assessment of single land tax.

In default of such land assessment certificate issued by the authorized state land resource management agency, the assessment value of the land plot shall be determined on the basis of the assessment average value of 1 hectare of land in the district or city according to data provided by the authorized state land resource management agency and the area of the land plot.

Article 444. The Procedure for the Assessment of Unified Land Tax

1. Single tax on land with respect to arable land shall be assessed by applying the following rates based on the total area of land plots to the aggregate assessed value of land plots:

Item No.	*Area of land plots (hectare)*	*Tax Rate*
1	*2*	*3*
1.	*up to 500*	*0.15%*
2.	*from 501 to 1,000 inclusive*	*0.15% of the assessed value of 500 hectares + 0.3% of the assessed value of hectares in excess of 500 hectares*
3.	*from 1,001 to 1,500 inclusive*	*0.3% of the assessed value of 1,000 hectares + 0.45% of the assessed value of hectares in excess of 1,000 hectares*
4.	*from 1,501 to 3,000 inclusive*	*0.45% of the assessed value of 1,500 hectares + 0.6% of the assessed value of hectares in excess of 1,500 hectares*
5.	*over 3,000*	*0.6% of the assessed value of 3,000 hectares + 0.75% of the assessed value of hectares in excess of 3,000 hectares*

Single tax on land with respect to pastures, natural hayfields, and other land plots used in the activities covered by the special tax regime shall be assessed by applying the rate of 0.2% to the aggregate assessed value of land plots.

1-1. Based on proposals from local executive bodies, local representative bodies shall have the right to raise the single tax rates by no more than ten times with respect to agricultural lands not used in accordance with the land legislation of the Republic of Kazakhstan.

2. Peasant farms or farmer holdings shall assess the uniform land tax for actual periods of using land plots in accordance with land use rights.

Appraisal value of a land plot for actual periods of use of the land plot shall be computed by way of dividing the appraisal value of a land plot by twelve and multiplying by a number of months of actual period of using a land plot.

When peasant farms or farmer holdings lease land plots to other peasant farms or farmer holdings, each party shall assess the uniform land tax for the actual period of using the land plot.

Assessment of uniform land tax by the lessee shall be carried out from the month following a month of receiving a land plot under a lease.

The single land tax by the landlord shall be assessed for the actual possession of the land plot including the month in which the land was leased out.

Article 445. Special Considerations in Assessment of Social Tax

Payers of uniform land tax shall monthly assess amounts of social tax at a rate of 20 percent from the monthly assessment index as established by the law concerning the republic's budget and which is in effect as of the first day of January of the proper financial year, for each employee, and also for the head and full-age members of a given peasant or farmer holdings. Obligations for full-age members of a peasant or farmer holdings with regard to the assessment and payment of social tax shall arise from the beginning of the calendar year following a year of their reaching the age of majority.

Assessed amounts of social tax shall be subject to reduction by amounts of social assessments, assessed in accordance with the Law of the Republic of Kazakhstan «Concerning Obligatory Social Insurance».

Where total social assessments exceed total social tax, total social tax becomes equal to zero.

Article 446. Timing for Payment of Certain Types of Taxes and Other Obligatory Payments **to the Budget,** of Social Assessments and Transfers of Obligatory Pension Contributions, Obligatory Professional Pension Contributions

1. The payment of single tax on land, social tax, individual income tax withheld at source, surface water resources use charge, social contributions, and transfer of mandatory pension contributions shall be carried out in the following procedure:

1) amounts assessed from the 1st January until the 1st October of the tax period, not later than the 10th November of current tax period;

2) amounts assessed from the 1st October until the 31st December of the tax period, not later than the 10th April of the tax period following a reporting tax period.

2. Payment of social tax and personal income tax withheld at source of payment shall be carried out on the basis of the place of location of land plots.

Article 447. Timing for Submission of Tax Reports for Payers of the Uniform Land Tax

Declarations of single land tax payers shall specify the assessed amounts of single tax on land, social tax, individual income tax withheld at source, surface water resources use charge, mandatory pension contributions, and social contributions.

Declarations by payers of the uniform land tax shall be presented not later than the 31st March of the tax period following a reporting tax period, to the tax authorities on the basis of the place of location of land plots.

CHAPTER 63. THE SPECIAL TAX REGIME FOR LEGAL PERSONS WHO ARE PRODUCERS OF AGRICULTURAL PRODUCTS, AQUACULTURAL (FISHERY) PRODUCTS AND FOR RURAL CONSUMER COOPERATIVES

Article 448. General Provisions

1. Legal persons who are producers of agricultural products aquacultural (fishery) products and rural consumer cooperatives, shall have the right independently to select one of the following tax regimes.

The special tax regime for legal persons who are producers of agricultural produce, aquacultural (fishery) products and rural consumer cooperatives (henceforth – special tax regime);

The special tax regime based on a simplified declaration;

The general procedure.

When choosing a special tax regime established by this Article, legal entities – the producers of agricultural products, aquacultural (fish farming) products, and rural consumer cooperatives apply this regime for at least one calendar year under the appropriate conditions of application of this regime, except as specified in Article 450 of the present Code.

The special tax regime provides for a special procedure for the assessment of corporate income tax, value-added tax, social tax, property tax, and vehicle tax.

The special tax regime shall apply to:

1) activities of legal entities being manufacturers of agricultural products, aquaculture (fishery) products with respect to: manufacture of agricultural products, aquaculture (fishery) products using land plots, processing and sale of the said in-house products;

manufacture of livestock, poultry (in particular, breeding), bee keeping, and aquaculture (fishery) products, as well as processing and sale of the said in-house products;

2) the activities of rural consumer cooperatives:

the sale of agricultural products, aquaculture (fish farming), or produced by peasant farms or farmer holdings – members (shareholders) of these cooperatives;

processing of agricultural products, aquaculture (fish farming), or produced by peasant farms or farmer holdings – members (shareholders) of these cooperatives, and the sale of products derived from the processing of these products.

1-1. The right to apply the special tax regime shall be granted to taxpayers, provided that they have land plots being privately-owned and (or) used based on the land use rights (including the secondary land use right) available.

The requirement of this paragraph shall not apply to taxpayers engaged in the manufacture of bee keeping products, as well as in the processing and sale of the specified in-house products.

2. For the purpose of this Article the following rural cooperatives shall be recognised as rural consumer cooperatives:

1) those whose members (participants) of those cooperatives are exclusively peasant or farmer holdings;

2) not less than 90 per cent of whose total aggregate annual income is income receivable (received) as a results of activity specified in subparagraph 2) of paragraph 1 of this Article.

The aggregate annual income applied for the purposes of this Article shall be determined:

1) in accordance with Section 4 of this Code without adjustment of the aggregate annual income provided for by Article 99 of this Code;

2) for the current tax period to be determined in accordance with Article 148 of this Code.

If according to the results of the year of application of the special taxation regime the conditions established by subparagraphs 1) and 2) of the first part of this paragraph have not been complied with, the taxpayer shall be obliged:

1) to assess corporate income tax, value-added tax, social tax, property tax, vehicle tax in the generally established procedure without applying the provision stipulated by Article 451 of this Code;

2) within ten calendar days after the due date established for submission of corporate income tax declaration, to submit additional tax reports on corporate income tax, value-added tax, social tax, property tax, vehicle tax in accordance with Article 70 of this Code for the respective tax periods in the generally established procedure without applying the provision stipulated by Article 451 of this Code.

3. The following shall not have the right to the special tax regime:

1) legal persons who have subsidiary organisations, structural units;

2) legal persons who are affiliated persons of other legal persons applying the special tax regime;

3) – 4) {~};

5) rural consumer cooperatives whose members (participants) are members (participants) of other rural consumer cooperatives;

6) a non-resident legal entity carrying out its activities in the Republic of Kazakhstan through a permanent establishment.

For the purposes of this paragraph, the following shall be recognised as affiliated persons:

1) a legal person that has the right directly or indirectly determine decisions and (or) exert influence on decision which are taken by the other legal person, in particular due to an agreement and (or) another transaction;

2) a legal entity whose decisions may be directly or indirectly determined and (or) influence exerted by another legal person, in particular due to an agreement and (or) another transaction.

4. The special tax regime shall not apply to activities of taxpayers for manufacture, processing and marketing excisable goods.

In carrying-out the activities that are not subject to this special tax treatment, taxpayers shall be required to keep separate records of income and expenses, assets and make the calculation and payment of relevant taxes and other obligatory payments to the budget for these kinds of activities in the generally established manner.

Article 449. Tax Period

The tax period for the purpose of assessment of corporate income tax, value-added tax, social tax, property tax, vehicle tax shall be determined in accordance with Articles 148, 269, 363, 370, and 401 of this Code.

Article 450. Terms of Application

1. In order to apply a special tax treatment in case of transition from the generally established procedure or other special tax treatment the taxpayer shall submit a notice of the applied tax treatment to the tax authority on or before December 10 of the year preceding the first year of application of the special tax treatment.

In case of creation of the right to land after this date by 31 December of the current calendar year, a notice of the applicable tax regime shall be submitted to the tax authority within thirty calendar days from the date of registration at the location of the land.

The newly established legal entities for the application of the special tax regime shall submit a notice of the applicable tax regime to the tax authority along with a tax application for registration in accordance with paragraph 3 of Article 577 of this Code.

At that the date of applicability of the special tax regime shall be as follows:

1) the date of state registration of legal entities in the justice agencies – to the newly established (emerging) taxpayers;

2) the first day of the calendar year following the year in which a notice of applicable tax treatment is submitted – for taxpayers with the exception of the newly established (emerging) ones.

2. A taxpayer shall submit a notice of the applicable tax regime when deciding to change over to the generally established procedure or another special tax regime.

At that:

1) the last day of the calendar year in which a notice of applicable tax regime is submitted shall be the date of termination of the use of a special tax regime;

2) the first day of the calendar year following the year in which a notice of applicable tax regime is submitted shall be the date of application of the generally established procedure or another special tax regime.

3. In the cases of non-compliance with the conditions set forth in Article 448 of this Code, the taxpayer shall submit a notice of the applicable tax regime to the tax authority within five working days from the date of occurrence of such non-compliance and changes to the generally established procedure or another special tax regime.

At that:

1) the last day of the month, which is previous to the month in which the conditions that do not allow to apply a special tax regime, have taken place shall be the date of termination of the use of a special tax regime;

2) the first day of the month in which the conditions that do not allow to apply a special tax regime shall be the date of application of the general procedure or another special tax regime.

4. The tax authority in determining the taxpayer»s non-compliance with conditions set forth in Article 448 of this Code, shall shift the taxpayer to the generally established procedure.

In the case of identifying non-conformance during the in-house audit tax authorities before shifting to the generally established procedure shall send the taxpayer a notice to eliminate the violations identified by the tax authorities based on the results of the in-house audit, terms and procedure established by Articles 607 and 608 of this Code.

At that:

1) the last day of the month, which is previous to the month in which the conditions that do not allow to apply special tax regime take place, shall be the date of termination of the use of a special tax regime;

2) the first day of the month in which the conditions that do not allow to apply a special tax regime take place, shall be the date of application of the generally established procedure.

5. In the event of the cases referred to in paragraphs 3 and 4 of this Article, the income of the taxpayer derived from the date of application of the generally established regime or a special tax regime shall be taxed accordingly in the normal manner and in accordance with the other special tax regime.

Article 451. Special Considerations in the Assessment of Certain Types of Taxes and Levy for the Use of Land Plots

1. The amounts of corporate income tax, value-added tax, social tax, property tax, vehicle tax payable to the budget and assessed in the generally established procedure shall be reduced by 70 per cent.

2. The reduction in the amount of the corporate income tax provided for by this Article shall also apply to:

1) assessment of amounts of advance corporate income tax payments to be assessed in accordance with Article 141 of this Code;

2) income received as budgetary subsidies granted to legal entities producing agricultural products, aquaculture (fishery) products, for the activities specified in paragraph 2 of Article 147 of this Code. (From 01.01.2009)

3. In order to determine the amount of VAT payable to the budget, in the application of this Article:

1) in the absence of an excess amount of value added offset originating on an accrual basis at the beginning of the tax period over the amount of tax assessed (hereinafter – the excess of the value added tax) – the amount of value added tax calculated in accordance with Article 266 of this Code and payable to the budget shall be reduced by 70 percent;

2) where there is an excess value added tax originating on an accrual basis at the beginning of the tax period – the excess amount of VAT calculated in accordance with Article 266 of the Tax Code, which is payable to the budget, over the excess amount of value added tax originating on an accrual basis at the beginning of the reporting tax period shall be decreased by 70 per cent.

Article 452. Time Limits for Payment and Submission of Tax Reports

The payment of taxes specified in Article 451 of this Code to the budget, and submission of tax reports on the same shall be carried out in the generally established procedure.

SECTION 19. Other Obligatory Payments

CHAPTER 64. REGISTRATION LEVIES

Article 453. General Provisions

1. The registration levies (hereinafter – levies) shall mean one-time obligatory payments collected by the authorized state bodies when they perform registration actions as established by Article 455 of this Code, as well as when they issue a duplicate of the document certifying the performance of registration actions except for those specified in the second part of subparagraph 1) of Article 455 of this Code.

2. The authorised state bodies (hereinafter – registering bodies) shall carry out the registration actions in accordance with the procedure and in the cases established by the legislation of the Republic of Kazakhstan.

3. The registering bodies shall, quarterly not later than 20th day of the month following the reporting quarter, submit to the tax authority at the place of their location the information on the payers of the levy and taxable objects according to the form as established by the authorized body, excepting cases as provided for by paragraph 1 of Article 583 of this Code.

Article 454. Payers of the Levy

Payers of the levies shall be physical persons and legal persons in which interests the registering bodies carry out registration actions in accordance with the legislation of the Republic of Kazakhstan.

The structural units may be considered as independent payers of duties in the event that the registration authority takes registration actions in the interests of such structural unit.

Article 455. Taxable Item

The levies shall be collected for the following registration actions:

1) state registration (registration accounting) of:

legal persons and accounting registration of affiliates and representative offices as well as their re-registration;

individual entrepreneurs;

real estate rights;

pledge of property and mortgage of the vessel and for the state registration of irrevocable authorization for deregistration and export of the aircraft;

space objects and rights to them;

transport vehicles, as well as their re-registration;

television and radio channel, periodical publications and information agencies;

rights to the copyrights protected works and as well as reregistration thereof;

periodical publications and information agencies;

2) issue of a duplicate document certifying the performance of registration actions except for those specified in the second part of subparagraph 1) of this Article.

Article 456. Rates of Levy

The rates of the levies shall be assessed based on the amount of a monthly assessment index as established by the law on the Republic's budget (hereinafter – MAI) which is in effect as of the date of payment of levies, and shall be as follows:

No.	Description of registration actions	Rates (MAI)
1	2	3
1.	For state (accounting) registration of legal persons, their affiliates and representative offices as well as their re-registration:	
1.1.	for state registration (re-registration), state registration of termination of activities of legal persons (in particular in cases of reorganisation as specified by the Republic of Kazakhstan legislation), accounting registration (reregistration), deregistration of their affiliates and representations of the following:	
1.1.1.	of legal persons, their affiliates and representative offices	6.5
1.1.2.	of legal persons which are small-businesses, their affiliates and representations	2
1.1.3.	of political parties, their affiliates and representative offices 14	
1.2.	for state registration (re-registration), state registration of termination of activities (in particular in cases of reorganisation as specified by the Republic of Kazakhstan legislation), of institutions which are financed from the funds of the budget, public enterprises and cooperatives of the apartment (housing) owners, accounting registration (re-registration), accounting deregistration of their affiliates and representations as follows:	
1.2.1.	***for state registration, termination of activities registration, accounting registration, accounting deregistration***	***1***
1.2.2.	for re-registration	0.5
1.3.	for state registration (re-registration), state registration of termination of activity (in particular in cases of reorganisation in the cases provided for by the Republic of Kazakhstan legislation) children and youth public organizations, and public associations of the disabled, accounting registration (re-registration), deregistration of their affiliates and representations, affiliates of the Republic's and regional national-and-cultural public associations:	
1.3.1.	for registration (in particular in cases of reorganisation in the cases provided for by the Republic of Kazakhstan legislation)	2
1.3.2.	for state re-registration, state registration in cases of termination of activity (in particular in cases of reorganisation in the cases provided for by the Republic of Kazakhstan legislation), deregistration	1
1.4.	{~}	
2.	For state registration of individual entrepreneurs:	
2.1.	for registration of individual entrepreneurs	2
2.2.	{~}	
3.	For the state registration of title to real estate (From 01.01.2009)	
3.1.	for registration of emergence of ownership rights, economic jurisdiction, operating management, and trust management rights, pledge, rent, use (except for servitudes) rights as follows:	0.5*
3.1.1.	apartments, individual residential house (with household structures and other similar items), household structures	0.5*

3.1.2.	multi-apartment building (with household structures and other similar objects), non-residential space in a residential house, non-residential structure	8*
3.1.3.	for garages	0.5*
3.1.4.	for going concerns of non-residential designation (buildings, structures, installations), including as follows:	
3.1.4.1.	one object	10*
3.1.4.2.	from two up to five separately staying objects	15*
3.1.4.3.	from six up to ten separately staying objects	20*
3.1.4.4.	over ten separately staying objects	25*
3.2.	for entities of small-scale entrepreneurship:	
3.2.1.	for registration of arising of the right of ownership, trust management, pledge, rent, use (except for servitudes) of the apartment building (with household structures and other similar objects), non-residential premises in the residential house, non-residential structure, going concerns of non-residential designation (buildings, structures, installations)	1
3.3.	for registration of the right of ownership, land use, other rights (encumbrances on rights) to a land plot	0.5*
3.4.	for registration of servitude (irrespective of objects)	0.5
3.5.	for registration of the object of condominium	1
3.6.	for registration of the issue of mortgage certificate and its subsequent transfer to other owners	0.25*
3.7.	for registration of changes in the data of the possessor of right, identification characteristic of the item of immovable property	0.25*
3.8.	for registration of the termination of right to immovable property in connection with the loss (destruction) of immovable property or refusal of the right to it, in other cases not related to the assignment of the right	0.25*
3.9.	for registration of termination of encumbrance not related to the assignment of the right to a third party, including for the registration of termination of mortgage of immovable property	0.25*
3.10.	for registration of the assignment of a claim under a bank loan agreement under which the obligations are secured by mortgage	0.25*
3.11.	for registration of the change of the right or encumbrance of the right as a result of the amendment of the term of the contract which is a basis for arising of the right (encumbrance of the right) or other legal facts	0.25*
3.12.	for registration of other rights to immovable property and also encumbrances of the rights to immovable property	0.5*
3.13.	for registration of legal claims	0.25*
3.14.	for the registration of encumbrance (termination of encumbrance) on the title to real estate, imposed (effected) by state authorities in accordance with the statutory procedure provided of the Republic of Kazakhstan (From 01.01.2009)	0
3.15.	for registration of the right to immovable property referred to state property, for the authorized state body which exercises the right of possession, use and disposal of the Republic's property, and its territorial bodies	0
3.16.	for systematic registration of the earlier arisen rights (encumbrances of rights) to immovable property	0
3.17.	for registration of the changes in identification characteristics of immovable property on the basis of decisions of state bodies, including in the change of the name of the populated settlements, names of streets, and also ordinal number of buildings and structures (addresses) or in the change of cadastre numbers in connection with the reforming of administrative-and– territorial structure of the Republic of Kazakhstan	0
3.18.	for the issue of a duplicate entitlement document which certifies the state registration of the rights to immovable property	0.25
4.	For the state registration pledge of property and mortgage of the vessel and for the state registration of irrevocable authorization for deregistration and export of the aircraft:	
4.1.	for registration of pledge of property and mortgage of the vessel, irrevocable authorization for deregistration and export of the aircraft, as well as alterations, amendments, and termination of the registered pledge or alterations, amendments, and removal from the state register of the irrevocable authorization for deregistration and export of the aircraft:	
4.1.1.	from physical persons	1
4.1.2.	from legal persons	5
4.2.	for the issue of a duplicate of a document certifying the state registration of the pledge of property and mortgage of the vessel, as well as the irrevocable authorization for deregistration and export of the aircraft	0.5
5.	{~}	

6.	For state registration of motor vehicles and also for their re-registration:	
6.1.	for state registration of:	
6.1.1.	mechanical modes of motor vehicles or trailers	0.25
6.1.2.	sea vessels	60
6.1.3.	river vessels	15
6.1.4.	small-size vessels:	
6.1.4.1.	self-propelled small-size vessels with power over 50 horsepower (37 kWt)	3
6.1.4.2.	self-propelled small-size vessels with power up to 50 horsepower (37 kWt)	2
6.1.4.3..	non-self-propelled small-size vessels	1.5
6.1.5.	civil aircraft	7
6.1.6.	space objects and rights to them	14
6.1.7.	city rail transport	0,25
6.1.8.	railway traction and motor-car rolling stock	0,25
6.2.	for re-registration of:	
6.2.1.	mechanical modes of motor vehicles or trailers	0.25
6.2.2.	sea vessels	30
6.2.3.	river vessels	7.5
6.2.4.	small-size vessels:	
6.2.4.1.	self-propelled small-size vessels with power over 50 horsepower (37 kWt)	1.5
6.2.4.2.	self-propelled small-size vessels with power up to 50 horsepower (37 kWt)	1
6.2.4.3.	non-self-propelled small-size vessels	0.75
6.2.5.	civil aircraft	7
6.2.6.	city rail transport	0,25
6.2.7.	railway traction and motor-car rolling stock	0,25
6.3.	for the issue of a duplicate document certifying the state registration of:	
6.3.1.	mechanical mode of motor vehicles or trailers	0.25
6.3.2.	sea vessels	15
6.3.3.	river vessels	3.75
6.3.4.	small-size vessels:	
6.3.4.1.	self-propelled small-size vessels with power over 50 horsepower (37 kWt)	0.75
6.3.4.2.	Self-propelled small-size vessels with power up to 50 horsepower (37 kWt)	0.5
6.3.4.3.	non-self-propelled small-size vessels	0.38
6.3.5.	civil aircraft	3.5
6.3.6.	space objects and rights to them	3,5
6.3.7.	city rail transport	0,25
6.3.8.	railway traction and motor-car rolling stock	0,25
7.	For state registration of pharmaceuticals, articles for medical purpose and medical equipment as wel as for their re-registration:	
7.1.	for registration of pharmaceuticals, articles of medical purpose and medical equipment	11
7.2.	for re-registration of pharmaceuticals, articles of medical purpose and medical equipment	5
7.3.	for the issue of a duplicate document certifying the state registration	0.7
8.	For state registration of the rights to the copyrights protected works and as well as reregistration thereof:	
8.1.	for registration of rights to the copyrights protected works	3
8.2.	{~}	
8.3.	for the issue of a duplicate document certifying the state registration	2
9.	for state registration (registration accounting) of television and radio channel, periodical publications and information media as follows:	
9.1.	for children, scientific topics	2
9.2.	of other topics	5
9.3.	for the issuing duplicate documents certifying the state registration:	
9.3.1.	of theme for children, scientific theme	1.6
9.3.2.	of other theme	4

Note:

* Rate of the levy for the state registration of real estate rights, which is carried out in accordance with the speedy procedure, shall be established by the Government of the Republic of Kazakhstan.

Article 457. Exemption from Payment of the Levy

The following shall be exempt from payment of the levies:

1) in the state registration of individual entrepreneurs:

peasant households or farming enterprises;

disabled individuals registered under Groups I, II, and III;

oralmen which engage in entrepreneurial activity without forming a legal person;

1-1) in case of the state registration and registration of cessation of activities of legal entities being small and medium enterprises;

2) in the state registration of the rights to immovable property:

participants of the Great Patriotic War and individuals of equivalent status, individuals awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War, individuals who worked (served) not less than six months from 22 June 1941 through 9 May 1945 and not awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War, the disabled, as well as one of the parent of the disabled from the childhood;

orphaned children and children deprived of parental care up to the age of eighteen years;

separately residing pensioners;

oralmen;

entities of small-scale entrepreneurship which are engaged in the training and instruction of personnel for three years from the moment of their state registration;

3) in the state registration of pledge of movable property, mortgage of vessels or vessels under construction:

participants of the Great Patriotic War and individuals of equivalent status, individuals awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War, individuals who worked (served) not less than six months from 22 June 1941 through 9 May 1945 and not awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War, the disabled, as well as one of the parent of the disabled from the childhood;

oralmen;

4) {~};

5) at the state registration of rights to the copyrights protected works:

participants of the Great Patriotic War and individuals of equivalent status, individuals awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War, individuals who worked (served) not less than six months from 22 June 1941 through 9 May 1945 and not awarded with orders and medals of the former Union of the SSR for selfless labour and honourable military service in the rear during the years of the Great Patriotic War, the disabled, as well as one of the parent of the disabled from the childhood;

oralmen;

the minors.

Article 458. The Procedure for the Assessment and Payment

1. Amounts of the levies shall be assessed according to the established rates and shall be paid before the relevant documents are submitted to the registration body at the place of registration of the taxation object.

2. The paid charges shall not be refunded or set off except for waivers of the persons who have paid the charges from the establishment (registration) to the submission of relevant documents to the registering agency.

In that case the charges paid to the budget shall be refunded or set off by the tax authorities at the place of the payment in accordance with the procedure established by Articles 599 and 602 of this Code on the basis of the tax application from the payers upon presentation of the documents issued by the relevant registering agency certifying non-submission by the specified person of the documents for performance of the registration actions.

CHAPTER 65. THE LEVY FOR THE PASSAGE OF TRANSPORT VEHICLES THROUGH THE TERRITORY OF THE REPUBLIC OF KAZAKHSTAN

Article 459. General Provisions

1. The levy for the passage of motor vehicles through the Republic of Kazakhstan (hereinafter – the levy) shall be payable as follows:

1) on the exit from the Republic of Kazakhstan of domestic motor vehicles carrying out international conveyance of passengers and cargoes;

2) on the entry to (exit from) the Republic of Kazakhstan, transit through the territory of the Republic of Kazakhstan of foreign motor vehicles carrying out international conveyance of passengers and cargoes;

3) on the passage through the Republic of Kazakhstan of domestic and/or foreign large-sized and/or heavy-loaded motor vehicles;

4) {~}.

2. {~}.

3. The passage of motor vehicles through the Republic of Kazakhstan shall be carried out on the basis of authorization documents to be issued by the authorised body in the sphere of transport {~}.

The procedure for passage of motor vehicles in the territory of the Republic of Kazakhstan and for issue of authorization documents shall be established by the authorized body in charge of transport.

4. The authorized state bodies in the sphere of transport shall monthly not later than 20th day of the month following the reporting month shall submit to the tax authorities at the place of their location the information on the payers of the levy and the objects of taxation according to the form as established by the authorized body.

Article 460. Payers of the Levy

The payers of the levy shall be physical persons and legal persons which carry out the passage of motor vehicles through the Republic of Kazakhstan in cases as established by Article 459 of this Code.

Article 461. Rates of the Levy

1. The rates of the levies shall be assessed based on the amount of a monthly assessment index as established by the law on the republic's budget (hereinafter – MAI) which is in effect as of the date of payment of levies, and shall be as follows:

1) for the exit from the Republic of Kazakhstan of domestic motor vehicles carrying out international conveyance of passengers and cargo – three times the MAI;

2) for the exit from the Republic of Kazakhstan of domestic motor vehicles carrying out transportation of passengers and baggage in international conveyance on a regular basis, with the receipt according to international treaties of the Republic of Kazakhstan of foreign permit for one calendar year – ten times the MAI;

3) for the entry to (exit from) the Republic of Kazakhstan, transit through the territory of the Republic of Kazakhstan of foreign motor vehicles carrying out international conveyance of passengers and cargo – twenty times the MAI;

4) for the passage of domestic or foreign motor large-sized and heavy-weighted vehicles through the Republic of Kazakhstan, the rate of the levy shall include:

calculation for the excess of the total actual mass of a transport vehicle (with or without cargo) over the allowed total mass which is determined by multiplying the charge rate being equal to 0.005-fold monthly assessment indicator per ton (including incomplete tones) in excess and by the distance of the carriage along the route (in kilometers);

calculation for the excess of the actual axial loads of a motor vehicle (with cargo or without cargo) over the allowed axial loads which is assessed for each overloaded single axis, twin axis and triple axis and shall be determined by multiplying the relevant tariffs indicated in schedule 1 by the distance of transportation along the route (in km):

Schedule 1

No.	Excess actual axial loads, in %	Tariff for excess actual axial loads (MAI)
1	2	3
1.	up to 5.0% inclusive	0.011
2.	from 5.0% up to 10.0% inclusive	0.014
3.	from 10.0% up to 20% inclusive	0.190
4.	from 20.0% up to 30.0% inclusive	0.380
5.	from 30.0% up to 50.0% inclusive	0.500
6.	in excess 50.0%	1.0

Calculation for exceeding the dimensions of a motor vehicle (with cargo or without cargo) over the allowed dimensions which is assessed for exceeding the height, width, and length of motor vehicles and is determined by multiplying the relevant tariffs as indicated in schedule 2 by the distance of transportation along the route (in km):

Schedule 2

No.	Dimensions of motor vehicles, in metres	Tariff for exceeding the allowed dimensions (MAI)
1	2	3
1.	Height:	
1.2	Over 4 up to 4.5 inclusive	0.009
1.3	Over 4.5 up to 5 inclusive	0.018
1.4	Over 5	0.036
2.	Width :	
2.1	Over 2.55 (2.6 for equidimensional bodies) up to 3 inclusive	0.009
2.2	Over 3 up to 3.75 inclusive	0.019
2.3	Over 3.75	0.038
3.	Length:	
3.1	For each metre (including incomplete), which exceeds the allowed length	0.004

2. {~}.

Article 462. The Procedure for the Assessment and Payment

1. Unless otherwise provided for by this paragraph, the amount of the levy shall be determined on the basis of the established rates and paid to the budget before receipt of authorization documents.

Should it be discovered that a motor vehicle has been used without executing appropriate authorization documents in violation of the permitted vehicle specifications established by the authorized body in charge of motor transport, the levy shall be paid to the budget within five working days from the discovery of such fact.

2. Unless otherwise provided for by this paragraph, pending receipt of the authorization documents the levy shall be paid to the budget at the place where the authorization documents are to be issued.

Should it be discovered that a motor vehicle has been used without executing appropriate authorization documents in violation of the permitted vehicle specifications established by the authorized body in charge of motor transport, the levy shall be paid to the budget at the place of location of the levy payer.

3. Payment to the budget of the amount of the levy shall be carried out by the transfer through banks or organizations which conduct certain types of banking operations, or paying it in cash at the check points or at specially equipped places of the authorized state body in the sphere of transport on the basis of blanks of strict accountability according to the form as established by the authorized body.

4. The authorized state body in the sphere of transport shall deliver the accepted amounts of the levy in cash to banks or organizations which conduct certain types of banking transactions daily, not later than the next banking day on which the money was accepted for their subsequent entering into the budget. In case where the daily receipt of cash is less than 10 times the monthly assessment index by the law on the Republic's budget which is in effect as of the date of payment of levies, the inclusion of money shall be carried out once per three banking days from the day when the money was accepted.

5. Where physical persons pay the levy in cash, the identification number of the authorized state body in the sphere of transport shall be put on the blanks of strict accountability.

6. The paid amounts of the levies shall not be refunded.

7. {~}.

CHAPTER 66. AUCTION LEVY

Article 463. General Provisions

Charges from auctions (hereinafter referred to as the “charges”) shall be collected in the event of sale of assets (including property rights) from auctions held in the territory of the Republic of Kazakhstan.

Article 464. Payers of the Levy

Payers of the levy shall be physical persons and legal persons which put up the property (including property rights) for auction for the realization.

Article 465. Taxable Items

1. The object of taxation with respect to the levy shall be the value of the sold property (property rights) as determined according to the results of an auction.

2. The levy shall not be charged on the value of property (property rights) sold:

1) at auctions conducted by the authorized state body which exercises the right of the possession, use, and disposal of objects of state ownership, by its territorial bodies;

2) at auctions conducted by justice agencies to enforce writs of execution;

3) at specialized open auctions in part of:

realization of property on which a restriction of disposal has been imposed by the tax authorities;

realization of property pledged for the purpose of securing tax liabilities;

placement of authorized shares of an obligatory issue made as a result of a court ruling;

4) at auctions for the realization of:

property confiscated to the revenue of the state on the basis of court orders;

property recognized as ownerless in accordance with the established procedure;

property passed to the state in accordance with the established procedure;

5) at auctions for sales of the estate of legal entities being bankrupts;

6) at auctions for the realization of liquidation estate of forcibly liquidated banks, insurance, re-insurance organizations;

7) in trading sessions of the stock exchange functioning in the Republic of Kazakhstan;

8) at auctions for the realization of securities;

9) by auctions held in accordance with the Public Procurement Law of the Republic of Kazakhstan.

Article 466. Rate of the Levy

The rate of the levy shall be established at the rate of 3 percent.

Article 467. The Procedure for the Assessment and Payment

1. Payers shall independently calculate the amount of the levy by applying the rate to an object of taxation.

2. {~}.

3. The levy shall be paid at the place of location of payers of the levy not later than 20th day of the month following the reporting month in which auctions (auction) were (was) held.

4. {~}.

Article 468. Tax Declaration

1. Payers of the levy shall, not later than 20th day of the month following the ***reporting quarter*** in which auctions (auction) were (was) held, submit a levy declaration to the tax authorities at the place of their location.

2. Auction organizers, with respect to auctions held during any given quarter, shall not later than 15th day of the month following the reporting quarter, submit to the tax authorities at the place of their location the information on the levy payers and objects of taxation according to the form established by the authorized body.

CHAPTER 67. THE LICENSING LEVY FOR THE RIGHT TO ENGAGE IN CERTAIN TYPES OF BUSINESS

Article 469. General Provisions

1. The licensing levy for the right to engage in certain types of activities (hereinafter – the levy) shall be collected upon the issue (re-issue) of licenses (duplicate licenses) to engage in certain types of activity subject to licensing in accordance with legislation of the Republic of Kazakhstan, and in other case as provided for by this Chapter.

2. Licenses shall be issued by the authorized governmental agency (hereinafter referred to as the licensor) in compliance with the procedure and in the cases specified by the legislation of the Republic of Kazakhstan.

3. The licensors shall, on a quarterly basis not later that the 15th day of the month following the reporting one, submit the information on a payer of levy and objects of taxation to the tax authorities where they are registered, according to the form established by the authorized agency.

Article 470. Payers of the Levy

Individuals and legal entities that receive or have received a license to carry out the activities specified in paragraph 2 of Article 472 of this Code shall be the levy payers.

Article 471. Rates of the Levy

The rates of the levy shall be established on the basis of the size of the monthly assessment index as established by the law concerning the Republic's budget (henceforth – MAI), which is in effect as of the date of payment of levies, and shall be as follows:

No.	Types of licensed activity	Rates of levy in MAI
1	2	3
1.	Rates of levy for the right to engage in certain types of activity	
1.1.	{~}	10
1.2.	(Technological) design and/or operation of mining (exploration and production of mineral resources), petrochemical, and chemical production facilities; (technological) design of oil-and-gas processing facilities, operation of main gas pipelines, oil pipelines, oil-product pipe-lines	10
1.3.	{~}	
1.4.	{~}	
1.5.	{~}	
1.6.	Purchase of electric energy for the purposes of power supply	
1.7.	{~}	10
1.8.	Collection (procurement), storage, processing and marketing to legal persons of waste and scrap of non-ferrous and ferrous metals	10
1.9.	Performance of work associated with the stages of life-cycle of atomic energy facilities	100
1.10.	Nuclear material management	50
1.11.	Handling radioactive substances, devices and facilities containing radioactive substances	10
1.12.	Handling devices and facilities generating ionization radiation	5
1.13.	Provision of services in the area of nuclear energy use	5
1.14.	Handling radioactive waste	50
1.15.	Transportation, including transit of nuclear material, radioactive substances, radio isotope sources of ionising radiation, radioactive waste within the territory of the Republic of Kazakhstan	50
1.16.	Activities in the territories of former nuclear test Internet resources and other territories contaminated as a result of nuclear tests that were carried out	10
1.17.	Physical protection of nuclear installations and nuclear materials	10
1.18.	Special training of the employees in charge of nuclear and radiation safety	5
1.19.	Production, processing, purchase, storage, marketing, use, destruction of toxic substances	10
1.20.	Production (formulation) of pesticides (toxic chemicals), sale of pesticides (toxic chemicals), aerosol and fumigation application of pesticides (toxic chemicals)	10
1.21.	{~}	
1.22.	Nonscheduled carriage of passengers by buses and minibuses in the intercity interregional, interdistrict (intercity intraregional) and international traffics, as well as scheduled carriage of passengers by buses and minibuses in the international traffic	3
1.22-1.	Activities associated with the carriage of goods by railway	*6*
1.23.	{~}	
1.24.	Activities associated with handling narcotic drugs, psychotropic substances and precursors	20

1.25.	{~}	
1.26.	Elaboration and marketing (including other transfers) of cryptographic information protection items	9
1.27.	Development, production, repairs and sale of special-purpose special technical means for special investigation activities	20
1.28.	Provision of services connected with detection of information leakage technical channels and special technical means for special investigation activities	20
1.29.	Elaboration, manufacture, repair, purchase and marketing ammunitions, arms and military machinery, spare parts, components and instruments for them, and also special materials and equipment for their manufacture, including assembly, adjustment, modernization, installment, use, storage, repair and servicing	22
1.30.	Elaboration, manufacture, purchase and marketing explosives and pyrotechnics substances and items with their use	22
1.31.	Liquidation (destruction, utilisation, burial) and processing of released ammunitions, arms, military machinery, special items	22
1.32.	{~}	
1.33.	Elaboration, manufacture, repair, marketing, collection, exposure of civil and service arms and ammunitions therefor	10
1.33-1.	Acquisition of civilian and service weapons and ammunition thereto	3
1.34.	Elaboration, manufacture, marketing, use of civil pyrotechnical substances and items using those	10
1.34-1.	Acquisition of civilian pyrotechnical substances and products with application of such substances	3
1.35.	Activities in the area of use of cosmic space	186
1.36.	{~}	
1.37.	Rendering services in the sphere of communications	6
1.38.	Educational activity	10
1.39.	Activity associated with distribution of TV- and radio-channels	6
1.40.	{~}	
1.41.	Provision of warehousing services with issue of cotton warehouse receipts	10
1.42.	{~}	
1.43.	Medical practice	10
1.44.	Pharmaceutical activity	10
1.45	{~}	
1.46.	Advocate activity	6
1.47.	Notarial activity	6
1.47-1.	Activity on execution of enforcement documents	6
1.48.	Valuation of property (except for items of intellectual property, value of intangible items)	6
1.49.	Valuation of items of intellectual property	6
1.50.	{~}	
1.51.	Auditor activity	10
1.52.	Performance of work and rendering of services in the sphere of environmental protection	50
1.53.	Organisation and conducting lotteries	10
1.54.	Performance of security business by legal persons	6
1.55.	{~}	
1.56.	{~}	
1.57.	{~}	
1.58.	tour operator activities	10
1.59.	Activities in the sphere of veterinary	6
1.60.	Judicial-expert activities	6
1.61.	Performance of archaeological and (or) scientific restoration work at monuments of history and culture	10
1.62.	Banking operations	80 (40)*
1.63.	Other transactions as carried out by banks	80
1.64.	Activity in the sphere of life insurance	50
1.65.	Activity in the sphere of general insurance	50
1.66.	Reinsurance activity	20
1.67.	Activity of insurance brokers	30
1.68.	Actuary business in insurance markets	5

1.69.	Brokerage activity	30
1.70.	Dealership activity	30
1.71.	*{~}*	
1.72.	Activity associated with managing investment portfolio	30
1.73.	*{~}*	
1.74.	Custodial activity	30
1.75.	Transfer-agent activity	10
1.76.	Activities associated with organising trade in securities and other financial instruments	10
1.77.	*Clearing activity associated with financial instruments transactions*	*40*
1.78.	Activities of a credit bureau	40
1.79.	Development activities	10
1.80.	Construction and assembly operations	10
1.81.	Project activities	10
1.82.	{~}	
1.83.	Activity associated with organising construction of housing buildings at the expense of raising funds of investors	10
1.84.	Manufacture of State Flag of the Republic of Kazakhstan and the National Coat of Arms of the Republic of Kazakhstan	10
1.85.	Production of ethyl alcohol	3,000
1.86.	Production of alcohol products except for beer	3,000
1.87.	Production of beer	2,000
1.88.	Storage of and wholesale trade in alcohol products, except for the activities on storage of and wholesale trade in alcohol products in the territory of its production, per activity item	200
1.88-1.	Storage of and retail trade in alcohol products, except for the activities on storage of and retail trade in alcohol products in the territory of its production, per activity item for entities operating in: the capital, cities of republican and oblast significance cities of district significance and towns rural settlements	 100 70 30
1.89.	Manufacture of tobacco items	500
1.90.	{~}	
1.91.	Export and import of goods	10
1.92.	Provision of warehousing services with issue of grain warehouse receipts	10
1.93.	{~}	
1.94.	Activities in the sphere of gaming business: for a casino and a game machine arcade, per year for a sweepstake and a bookmaking office, per year	 3 845 640
1.95.	Activity in the sphere of commodity exchanges: for the commodity exchange for the exchange broker for the exchange dealer	 10 5 5
2.	Rates of the levy for issuing duplicate licences	
2.1.	for all types of activities, except for issuing duplicate licences for export and import of goods	100% of the rate when issuing licence
2.2.	for export and import of goods	1
3.	Rates for reformulation of licences:	
3.1.	for all types of licences, except for reformulation of licences for export and import of goods	10% of the rate when issuing licences, but not more than 4 MAI
3.2.	for reformulation of licences for export and import of goods	1

Note:

* license fee rates for licensing an activity connected with banking operations:

For second-tier banks – 80-fold monthly calculation index;

For organizations engaged in certain types of banking operations, – 40-fold monthly calculation index.

Article 472. The Procedure for the Assessment and Payment

1. The levy shall be assessed using the established rates and paid to the budget before the submission of the relevant documents to the licensor by individual entrepreneurs and legal entities at the place of their location and by individuals at the place of their residence.

2. Payers receiving a license to carry out the gambling activities, as well as to engage in storage of and wholesale trade in alcohol products, except for the activities on storage of and wholesale trade in alcohol products in the territory of its production, and storage of and retail trade in alcohol products, except for the activities on storage of and retail trade in alcohol products in the territory of its production, shall pay the levy prior to the submission of relevant documents to a licensor.

3. Payers that have received a license to carry out the activities specified in paragraph 2 of this Article shall annually pay the levy prior to January 20 of the current year, except for the first year of carrying out the respective activities.

4. The paid charges shall not be returned or set off, except when the persons who have paid the charges refuse from the license before submission of the relevant documents to the licensor.

In that case the paid charges shall be refunded or set off by the tax authority at the place of payment thereof in accordance with the procedure established in Articles 599 and 602 of this Code, on the basis of the tax application of the payer of the charge upon presentation of a document issued by the licensor to confirm the fact that the specified person has not submitted documents for obtaining a license.

CHAPTER 68. THE LEVY FOR ISSUING PERMITS FOR THE USE OF RADIO-FREQUENCY SPECTRUM BY TELEVISION AND RADIO-BROADCASTING ORGANISATIONS

Article 473. General Provisions

1. The levy for the issue of a permit to television and broadcasting organizations executing their activity by analogue signal, to use the radio frequency spectrum (hereinafter – the levy) shall be collected upon the issue of a permit (duplicate permit) to the television and broadcasting organizations of the Republic of Kazakhstan by the authorized state body for communications to use the radio frequency spectrum (hereinafter – the permit).

The provisions of this chapter shall apply to television and broadcasting organizations of the Republic of Kazakhstan operating on the basis of a license issued by the authorized body for the mass media.

2. The authorized bodies for the communications shall establish the procedure for the issue of a permit.

3. Allocation of the bands (nominal frequencies) of the radio frequency spectrum may be carried out on the basis of a competitive tender in accordance with legislation of the Republic of Kazakhstan.

In order to ensure broadcasting for free access television and radio channels all over the territory of the Republic of Kazakhstan, radio-frequency spectrum bands (nominals) shall be allocated to the national television and radio broadcasting operator without holding a tender.

One-off amounts collected with respect to the allocation of the bands (nominal frequencies) of the radio frequency spectrum by means of holding of a tender shall not be offset against the levy payable in accordance with this chapter.

4. The authorized state bodies for the communications shall, on a quarterly basis not later than 15th day of the month following the reporting quarter, submit to the tax authorities at the place of location of television and broadcasting organizations the information on the payers of the levy and taxation objects according to the form as established by the authorized body.

Article 474. Payers of the Levy

1. The payers of the levy shall be television and broadcasting organizations indicated in paragraph 1 of Article 473 of this Code.

2. State institutions in receipt of a permit to use the radio frequency spectrum to perform the assigned basic functional duties shall not be payers of the levy.

Article 475. Rates of the Levy

The rates of the levy shall be established based on the amount of the monthly assessment index by the law on the republic's budget (hereinafter – MAI) and which is in effect as of the 1 January of the relevant financial year, depending on the size of the population residing in the populated locality in the territory of which television and broadcasting services are provided, on the transmitting power of a transmitting device, and the number of television and/or broadcasting channels, and shall be as follows:

No.	Application/radio spectrum	Population number (thou. men)	Power of transmitting device (Wt)	Rate of levy per one channel (MAI)
1	2	3	4	5
1.	For the issue of a permit to use radio frequency spectrum:			
1.1.	Television / meter waves			
1.1.2.		up to 10 inclusive	up to 100 inclusive	20
1.1.3.		from 10 up to 50 inclusive	up to 500 inclusive	41
1.1.4.		from 10 up to 50 inclusive	over 500	83
1.1.5.		from 50 up to 100	up to 1000	124
		inclusive	inclusive	
1.1.6.		from 50 up to 100 inclusive	over 1000	249
1.1.7.		from 100 up to 200 inclusive	up to 1000 inclusive	290
1.1.8.		from 100 up to 200 inclusive	over 1000	435
1.1.9.		from 200 up to 500 inclusive	up to 2000 inclusive	828
1.1.10.		from 200 up to 500 inclusive	over 2000	1243
1.1.11.		over 500	up to 5000 inclusive	2367
1.1.12.		over 500	over 5000	3550

1.2.	Television / ultra high frequency			
1.2.1.		up to 10 inclusive	up to 100 inclusive	13
1.2.2.		from 10 up to 50 inclusive	up to 500 inclusive	26
1.2.3.		from 10 up to 50 inclusive	over 500	52
1.2.4.		from 50 up to 100 inclusive	up to 1000 inclusive	78
1.2.5.		from 50 up to 100 inclusive	over 1000	155
1.2.6.		from 100 up to 200 inclusive	up to 1000 inclusive	181
1.2.7.		from 100 up to 200 inclusive	over 1000	272
1.2.8.		from 200 up to 500 inclusive	up to 2000 inclusive	518
1.2.9.		from 200 up to 500 inclusive	over 2000	777
1.2.10.		over 500	up to 5000 inclusive	1479
1.2.11.		over 500	over 5000	2219
1.3.	Broadcasting / VHF FSK (FM)			
1.3.1.		up to 10 inclusive	up to 100	5
1.3.2.		from 10 up to 50 inclusive	up to 500 inclusive	9
1.3.3.		from 10 up to 50 inclusive	over 500	18
1.3.4.		from 50 up to 100 inclusive	up to 1000 inclusive	27
1.3.5.		from 50 up to 100 inclusive	over 1000	53
1.3.6.		from 100 up to 200 inclusive	up to 1000 inclusive	62
1.3.7.		from 100 up to 200 inclusive	over 1000	93
1.3.8.		from 200 up to 500 inclusive	up to 2000 inclusive	178
1.3.9.		from 200 up to 500 inclusive	over 2000	266
1.3.10.		over 500	up to 5000 inclusive	488
1.3.11.		over 500	over 5000	732
1.4.	Broadcasting / HF, MW, RF waves			
1.4.1.		over 500	up to 100 inclusive	5
1.4.2.		over 500	from 100 up to 1000 inclusive	15
1.4.3.		over 500	from 1000 up to 10000 inclusive	30
1.4.4.		over 500	from 10000 up to 100000 inclusive	45
1.4.5.		over 500	over 100000	89
2.	Rate of the levy for the issue of a duplicate	2		

Article 476. The Procedure for the Assessment and Payment

1. The amount of the levy shall be calculated at the established rates and paid to the budget at the location of television and broadcasting organizations prior to obtaining a permit at the authorized state body for the communications.

2. The paid charges shall not be returned or set off, except when the persons who have paid the charges refuse from obtaining authorization (duplicate authorization) before submission of the relevant documents to the authorized state communications agency.

In that case the paid charges shall be refunded or set off by the tax authority at the place of payment thereof in accordance with the procedure established in Articles 599 and 602 of this Code, on the basis of the tax application of the payer of the charge upon presentation of a document issued by the authorized state communications agency confirming the fact that the said person has not submitted documents for obtaining the authorization.

CHAPTER 68-1. Charge for Certification in the Sphere of Civil Aviation

Article 476-1. General Provisions

1. A charge for certification in the sphere of civil aviation (hereinafter referred to as the “Charge”) shall be levied for certification by the authorized governmental authority for civil aviation of a civil aircraft operator, an operator engaged in aviation operations, airworthiness of a civil aircraft, a type of a civil aircraft, an individual civil aircraft, organization engaged in technical service and repair of civil aviation equipment, aerodrome, helicopter aerodrome, aviation training centre, organization of inspection by the airport aviation safety service, authorities engaged in air traffic service of the air navigation organization, radio and communications equipment maintenance of the air navigation organization for confirmation of operator compliance with the requirements established by the laws of the Republic of Kazakhstan concerning the Use of Airspace of the Republic of Kazakhstan and Aviation.

2. The competent governmental authority for the civil aviation shall submit information about the payers of the charge and objects subject to the duty according to the form established by the competent authority to the tax authorities at the place of its location on a quarterly basis on or before the 15th day of the month following the reporting quarter.

Article 476-2. Payers of the Charge

Charge payers are individuals and legal entities on which behalf certification in the sphere of civil aviation is performed in accordance with the laws of the Republic of Kazakhstan concerning the Use of the Airspace of the Republic of Kazakhstan and Aviation.

Structural units can be considered as independent charge payers in case of certification in the civil aviation sphere in the interests of such structural unit.

Article 476-3. Rates of the Charge

1. The rates of the charge shall be established on the basis of the amount of the monthly assessment index as defined by the law on the National Budget (hereinafter referred to as the "MAI") and in effect as on the date of payment of the charge subject to the staff size, certification type and/or area of the activity, aircraft weight and/or number of its engines, class (category) of the objects to be certified in the sphere of civil aviation.

2. The charge rates for the certification of a civil aircraft operator and operator engaged in aviation activities shall be as follows:

No.	Type of Certification	Staff size of the operator (number of persons)	Certification charge rate (MAI)
1	2	3	4
1.	For certification of a civil aircraft operator:		
1.1.		Up to 50 persons inclusive	1144
1.2.		From 51 to 200 persons inclusive	1232
1.3.		From 201 to 400 persons inclusive	1272
1.4.		From 401 to 600 persons inclusive	1319
1.5.		From 601 to 1200 persons inclusive	1363
1.6.		From 1201 to 2000 persons inclusive	1407
1.7.		Over 2001 persons	1458
2.	For the certification of an operator engaged in the aviation activities:		
2.1.		Up to 50 persons inclusive	743
2.2.		From 51 to 200 persons inclusive	831
2.3.		From 201 to 400 persons inclusive	871
2.4.		From 401 to 600 persons inclusive	918
2.5.		From 601 to 1200 persons inclusive	962
2.6.		From 1201 to 2000 persons inclusive	1006
2.7.		Over 2001 persons	1057

3. Charge rates for certification of airworthiness of a civil aircraft, type of a civil aircraft, individual civil aircraft shall be as follows:

No.	Type of certification of aircrafts (categories, weight)	Certification charge rate (MAI)
1	2	3
1.	For certification of airworthiness of a civil aircraft:	
1.1.	Airworthiness of an aircraft	
1.1.1.	Over 136000 kg	450
1.1.2.	Over 75000 to 136000 kg inclusive	437
1.1.3.	Over 30000 to 75000 kg inclusive with two engines	328
1.1.4.	Over 30000 to 75000 kg inclusive with three engines	364
1.1.5.	Over 30000 to 75000 kg inclusive with four engines	401
1.1.6.	Over 10000 to 30000 kg inclusive with two engines	291
1.1.7.	Over 10000 to 30000 kg inclusive with three engines	328
1.1.8.	Over 10000 to 30000 kg inclusive with four engines	364
1.1.9.	Over 5700 to 10000 kg inclusive	54
1.1.10.	Over 2250 to 5700 kg inclusive	54
1.1.11.	Over 750 to 2250 kg inclusive	36
1.1.12.	Below 750 kg	10
1.2.	Helicopter airworthiness	
1.2.1.	Over 10000 kg	145
1.2.2.	Over 5000 to 10000 kg inclusive with one engine	91
1.2.3.	Over 5000 to 10000 kg inclusive with two engines	127
1.2.4.	Over 3180 to 5000 kg inclusive with one engine	54
1.2.5.	Over 3180 to 5000 kg inclusive with two engines	72
1.2.6.	Over 2250 to 3180 kg inclusive with one engine	54
1.2.7.	Over 2250 to 3180 kg inclusive with two engines	72
1.2.8.	Over 2000 to 2250 kg inclusive with one engine	54

1.2.9.	Over 2000 to 2250 kg inclusive with two engines	72
1.2.10.	Over 750 to 2000 kg inclusive	54
1.2.11.	Below 750 kg	10
2.	For certification of a civil aircraft:	
2.1.	Plane	10 000
2.2.	Plane	5 000
2.3.	Other flying vehicles	1 000
3.	For certification of an individual civil aircraft:	
3.1.	Plane	1 000
3.2.	Plane	2 000
3.3.	Other flying vehicles	500

4. Charge rates for certification of an organization engaged in technical service and repair of civil aviation equipment shall be as follows:

No.	Scope	Staff size of an organization engaged in technical maintenance and repair	Certification charge rate (MAI)
1	2	3	4
1.	On-line maintenance of individual types of aircrafts, including current repairs, troubleshooting, replacement of units and component parts:		
1.1.		Up to10 persons	346
1.2.		From 11 to 40 persons	364
1.3.		From 41 to 70 persons	382
1.4.		From 71 to 100 persons	400
1.5.		From 101 to 150 persons	419
1.6.		From 151 to 200 persons	437
1.7.		Over 201 persons	455
2.	Periodical maintenance of specific aircraft types including replacement of aircraft engines, current repairs of aviation equipment, season and special maintenance of aviation equipment, storage maintenance of aviation equipment:		
2.1.		Up to10 persons	418
2.2.		From 11 to 40 persons	436
2.3.		From 41 to 70 persons	454
2.4.		From 71 to 100 persons	472
2.5.		From 101 to 150 persons	491
2.6.		From 151 to 200 persons	509
2.7.		Over 201 persons	527
3.	Maintenance of aircraft units and component parts under laboratory conditions		218
4.	Application of methods of non-destructive control of the state of aircrafts and units and component part		145
5.	Test and recovery works (repair and recovery works) on aircraft frame, aircraft engines and component parts of aviation equipment being in overhaul-free operation:		
5.1.		Up to10 persons	236
5.2.		From 11 to 40 persons	254
5.3.		From 41 to 70 persons	272
5.4.		From 71 to 100 persons	290
5.5.		From 101 to 150 persons	309
5.6.		From 151 to 200 persons	327
5.7.		Over 201 persons	345
6.	Renovation (re-equipment) of the aircraft interior		145
7.	Performance of works connected with aircraft modernization and modification on the basis of bulletins and documents of aviation equipment developers		218
8.	Overhaul of aircrafts, aircraft engines, and component parts (units) with determination of new resources for them (service-life):		
8.1.		Up to10 persons	528

8.2.		From 11 to 40 persons	546
8.3.		From 41 to 70 persons	564
8.4.		From 71 to 100 persons	582
8.5.		From 101 to 150 persons	601
8.6.		From 151 to 200 persons	619
8.7.		Over 201 persons	637

5. Rates of charge for aerodrome certification shall be as follows:

No.	Aerodrome class (category)	Certification charge rate (MAI)
1	2	3
1.	Class A or B or C/ uncategorized	1349
2.	Class A or B or C / Category I	1604
3.	Class A or B or C / Category II or III	2078
4.	Class D/ uncategorized	1203
5.	Class E/ uncategorized	948
6.	Class F/ uncategorized	692

6. Charge rates for helicopter aerodrome certification:

No.	Heliport type	Heliport class	Certification charge rate (MAI)
1	2	3	4
1.	Surface-level heliport	Class I, II, III unequipped	364
2.		Class I, II, III partially equipped	419
3.		Class I, II, III equipped	510
4.	Elevated heliport	Class I, II, III unequipped	328
5.		Class I, II, III partially equipped	382
6.		Class I, II, III equipped	437
7.	Shipboard heliport or helideck	Class I, II, III unequipped	255
8.		Class I, II, III partially equipped	309
9.		Class I, II, III equipped	328

7. Charge rates for certification of an aviation training centre shall be as follows:

No.	Scope	Certification charge rate (MAI)
1	2	3
1.	Training of the aviation personnel	547
2.	Advanced training of the aviation personnel	510
3.	Maintenance of the professional level of the aviation personnel	474
4.	Training of the aviation personnel, advanced training of the aviation personnel	583
5.	Training of the aviation personnel,	
	maintenance of the professional level of the aviation personnel	583
6.	Advanced training of the aviation personnel, maintenance of the professional level of the aviation personnel	547
7.	Training of the aviation personnel, advanced training of the aviation personnel, maintenance of the professional level of the aviation personnel	619

8. Charge rates for certification of an organization of inspection by the airport aviation safety service shall be as follows:

No.	Staff size of the inspection department of the airport aviation safety service	Certification charge rate (MAI)
1	2	3
1.	From 251 persons and more	235
2.	From 201 to 250 persons	224
3.	From 151 to 200 persons	213
4.	From 101 to 101 persons	202
5.	From 51 to 100 persons	191
6.	To 50 persons	180

9. Charge rates for certification of the authorities engaged in service of air traffic of an air navigation organization:

No.	Staff size of the authority engaged in service of air traffic of an air navigation organization (branch, representative office)	Certification charge rate (MAI)
1	2	3
1.	From 201 persons and more	435
2.	From 101 to 200 persons	324
3.	From 51 to 100 persons	313
4.	From 21 to 50 persons	302
5.	From 11 to 20 persons	190
6.	To 10 persons	180

10. Charge rates for certification of radio and communications equipment maintenance services of an air navigation organization shall be as follows:

No.	The staff size of the radio and communication maintenance service of an air navigation organization (branch, representative office)	Certification charge rate (MAI)
1	2	3
1.	From 201 persons and more	435
2.	From 101 to 200 persons	324
3.	From 51 to 100 persons	313
4.	From 21 to 50 persons	302
5.	From 11 to 20 persons	190
6.	To 10 persons	180

Article 476-4. Assessment and Payment Procedure

1. The charge amount shall be assessed on the basis of the established rates and paid to the budget at the place of location of the individuals and legal entities before the certification by the competent governmental authority for civil navigation.

2. No paid charges shall be refunded or offset except when persons who has already paid the charge has withdrawn from certification prior to submission of the respective application to the competent governmental authority for civil aviation.

In that case, the charge amounts that have already been paid to the budget shall be returned or offset by the tax authority for the place of payment thereof in accordance with the procedure provided for by Articles 599 and 602 of this Code, on the basis of a tax application submitted by the charge payer upon presentation by the latter of a document issued by the competent governmental authority for civil aviation to confirm that the specified person had submitted no request for certification.

CHAPTER 69. THE LEVY FOR THE USE OF LAND PLOTS

Article 477. General Provisions

1. The levy for the use of land plots (hereinafter – the levy) shall be collected for the provision by the state of land plots for the temporary chargeable land use (lease).

2. The land code of the Republic of Kazakhstan on the land shall establish the procedure for the provision of land plots for the temporary chargeable land use.

3. The authorized state bodies for land relations, and in the territories of special economic zones – local executive bodies or administrations of special economic zones shall, on a quarterly basis not later than 15th day of the month following the reporting quarter, submit to the tax authorities the information on the payers of the levy and taxable objects according to the form as established by the authorized body.

Article 478. Payers of the Levy

1. Payers of the levy shall be physical persons and legal persons who received a land plot for the temporary chargeable land use (lease).

2. A legal entity shall have the right by its decision to recognize its structural unit as an independent payer of the charge on the levied items located at the place of location of such structural unit.

Unless otherwise provided for by this Article the decision of the legal entity concerning such recognition or derecognition shall be effective from January 1st of the year following the year when such decision was made.

If a newly established structural unit shall be recognized as an independent payer, the decision of the legal entity concerning such recognition shall be effective from the date of establishment of that structural unit or from January 1st of the year following the year when such structural unit was established.

3. The following shall not be payers of the unified land tax:

payers of the unified land tax in respect of land plots used in activities which are subject to a special tax regime for peasant farms of farmer holdings;

concessionaires with regard to land plots granted for the purposes of implementing concession agreements, concluded in accordance with the Republic of Kazakhstan legislation, – for a period specified in the concession agreement, but not more than five years from the date of taking a decision on granting the temporary chargeable land use rights.

Article 479. Taxable Items

An object of taxation shall be a land plot provided by the state for the temporary chargeable land use.

Article 480. Rate of the Levy

The rates of the levy shall be determined in accordance with the land legislation of the Republic of Kazakhstan. In this respect, the rates of the levy shall not be lower than those of land tax, without taking into account the provisions stipulated by paragraphs 2 and 5 of Article 387 of the Code.

Article 481. The Procedure for the Assessment and Payment

1. The amount of the levy shall be calculated on the basis of agreements of the temporary chargeable land use executed with the authorized state body for land relations, and in the territory of a special economic zone – with the local executive body or administration of the special economic zone.

Annual amounts of the levy shall be established in the calculations compiled by the authorized state bodies for land relations, and in the territory of a special economic zone – by the local executive body or administration of the special economic zone.

The calculations of the amounts of the levy shall be revised by the authorized state bodies for land relations, and in the territory of a special economic zone – by the local executive body or administration of the special economic zone in cases where the terms of the agreements and also the procedure for the assessment of land tax as established by this Code change.

2. The amount of the levy subject to be paid for a tax period shall be determined based on the rates of the levy indicated in the calculation and the period of the use of a land plot in the tax period.

3. The amount of the levy shall be established not lower than the amounts of land tax assessed for the given land plot in accordance with this Code.

4. {~}.

5. Payers of the levy, with the exception of payers indicated in paragraph 6 of this Article, shall pay to the budget the current amounts of the levy in equal parts not later than 25 February, 25 May, 25 August, and 25 November of the current year.

Where the state grants land plots for the temporary chargeable use after the above-mentioned periods for payment, the first date for payment of the levy to the budget shall be the next (regular) payment date.

Where the state grants land plots for the temporary chargeable use after the final date for payment, the date for payment of the levy to the budget shall be the 25th day of the month following the month in which the land plot was granted.

6. Physical persons who are not individual entrepreneurs shall pay the amounts of the levy not later than 25 February of the reporting tax period.

Where the land plot is received after the established date, payment of the levy shall be made not later than 25th day of the month following the month in which the land plot was received for the temporary chargeable land use.

7. Where an agreement on the temporary chargeable land use expires or is terminated after the beginning of a tax period, the amount of the levy subject to payment to the budget for the remaining period shall be paid no later than 15 calendar days from the date on which the agreement expired.

8. The amount of the levy shall be paid to the budget at the location of land plots.

9. The organizations operating in the territories of special economic zones shall assess the charges for land plot use subject to the provisions set forth in Chapter 17 of this Code.

Article 482. The Tax Period

The tax period shall be determined in accordance with Article 148 of this Code.

Article 483. The Tax Reports

1. The payers shall submit the estimations of the amounts of current payments to the tax authorities at the place of location of the land plots, except for individuals who are not individual entrepreneurs and individual entrepreneurs for the land plots occupied by the taxation items for which a tax base for the property tax shall be assessed in in accordance with Article 406 of this Code, and/or allocated for individual housing construction.

2. Payers of the levy shall submit the calculation of the amounts of current payments not later than 20 February of the reporting tax period.

3. Entities, which have executed an agreement on the temporary chargeable land use after the beginning of a tax period, shall submit the calculation of the amounts of current payments not later than the 20th day of the month following the month in which an agreement was executed.

4. During the first tax period, simultaneously with the calculation of the amounts of current payments, there shall be submitted a notarized copy of an agreement on the temporary chargeable land use executed with the authorized state body for land relations or with the administration of a special economic zone.

During the subsequent periods the notarized copy of the agreements shall be submitted only in the change of the amount of the levy or terms of the agreement.

5. In the event that an agreement on the temporary chargeable land use executed with the authorized state body for land relations or with the administration of the special economic zone expires or is terminated after the beginning of the tax period, a calculation of the amount of current payments shall be submitted not later than ten calendar days from the day when the effective period of the agreement expires (agreement is terminated).

CHAPTER 70. THE LEVY FOR THE USE OF WATER RESOURCES FROM SURFACE SOURCES

Article 484. General Provisions

1. The levy for the use of water resources from surface sources (hereinafter – the levy) shall be collected for the types of special water use from surface sources with the drawing of water or without drawing.

2. Special water use shall be carried out on the basis of an authorization document to be issued by the state authorized body in the sphere of the use and protection of water fund.

3. Special water use without the executed authorization document shall be considered as the water use with exceeding of the actual volumes of water intake over the established limits.

4. The water legislation of the Republic of Kazakhstan shall establish the types of a special water use.

5. Regional bodies of the authorized state body in the sphere of the use and protection of water fund shall, on a quarterly basis not later than 25th day of the second month following a reporting quarter, submit information to the tax authorities at the place of its location on payers of the levy and taxable objects in the form as prescribed by the authorized body.

Article 485. Payers of the Levy

Payers of the levy shall be physical persons and legal persons making use of water resources of surface sources (hereinafter – initial water users):

1) with the application of stationary, movable, and floating structures on a mechanical and gravity intake of water from surface and sea water;

2) with the application of hydraulic electric power plants;

3) with the application of water facilities for maintenance of fish economy;

4) {~};

5) for needs of water transport.

Article 486. Taxable Item

1. The objects of taxation shall be:

1) the volume of water drawn from a surface source of water with the exception of:

the volume of water accumulated by dams and other retaining hydrotechnical and water regulating structures;

loss of water on filtration and evaporation in channels, which carry out interbasin water transfer, and in off-channel basins which regulate watercourse, confirmed by the authorized state body in the sphere of the use and protection of water fund on the basis of design data of water-resources systems;

the volume of nature protection and/or sanitary and epidemiological flush, as approved by the authorized state body in the sphere of the use and protection of water fund, in the procedure established by the legislation of the Republic of Kazakhstan;

the volume of forced water intake to the irrigation systems which is carried out for the purpose of prevention of floods, inundation, and flooding, confirmed by the authorized state body in the sphere of the use and protection of water fund;

2) the volume of electricity generated;

3) the volume of transportation by means of water transport;

4) {~}.

2. Levy shall not apply to raft without ship traction, recreation, utilization of excavation equipment, and marshland reclamation.

Article 487. Rates of the Levy

1. The rates of the levy shall be established by local representative bodies of provinces, cities of the Republic significance and the capital city, on the basis of the methodology of the levy calculation, as approved by the authorized state body in the sphere of the use and protection of water fund.

2. Where the actual volume of water drawn exceeds the limits of water use as established by the authorized state body in the sphere of the use and protection of water fund, the rates of the levy specified in paragraph 1 of this Article in part of such excess shall be multiplied by factor of five.

Article 488. The Procedure for the Assessment and Payment

1. Payers shall independently assess the amount of the levy, based on the actual volumes of water use and the established rates.

2. Payers (except for the taxpayers which apply a special tax regime for peasants households or farming enterprises and also water supply organizations which supply water to them) shall ***{~}***, pay to the budget the current amounts of the levy for the actual volumes of water use not later than 25th day of the second month following the reporting quarter on the basis of monthly water use limits established by the authorized governmental agency in the sphere of the use and protection of water fund.

3. The amount of the levy shall be paid to the budget at the place of special water use, as indicated in the authorization document.

Article 489. Special Considerations in the Assessment and Payment of the Levy by Certain Categories of Taxpayers

1. Taxpayers which apply a special tax regime for peasants' households or farming enterprises shall make payment of the levy within periods established by Article 446 of this Code.

2. Physical persons and legal persons shall pay the levy for the volumes of transportation by water transport on water objects, which have retaining hydrotechnical and water regulating structures per ton/km of carried cargo.

3. Thermal power enterprises shall determine the amount of the levy for water expended for the generation of thermal energy for housing maintenance and municipal services at the rates as specified for the organizations which provide housing maintenance and municipal services.

4. Thermal power enterprises which draw water for technological needs for cooling aggregates (return water consumption) within the water drawing limit, shall determine the amount of the levy at the rates as specified for organizations which provide housing maintenance and municipal services. For non-return water consumption the amount of the levy shall be determined at the rates as established for industrial enterprises.

Article 490. The Tax Period

The tax period shall be determined in accordance with Article 148 of this Code.

Article 491. The Tax Reporting

1. Payers of the levy shall submit declarations to the tax authorities in the place of special water use.

2. Declarations shall be submitted by payers of the levy, except for those specified in paragraph 3 of this Article, quarterly not later than the 15th day of the second month following a reporting quarter.

3. Taxpayers who apply a special tax regime for peasants households or farming enterprises, shall not submit declarations on the levy.

4. Prior to submission to the tax authorities, declarations shall be certified by the regional body of the authorized state body in the sphere of the use and protection of water resources.

CHAPTER 71. THE LEVY FOR DISCHARGES INTO THE ENVIRONMENT

Article 492. General Provisions

1. The levy for discharges into the environment (hereinafter – the levy) shall be collected for the emissions into the environment in the procedure of a special use of natural resources.

2. Special purpose-use of natural resources shall be carried out on the basis of ecological permits (henceforth – permit document) as issued by the authorised state body in the sphere of environmental protection or local executive authorities of provinces, cities of national status and the capital city (henceforth – the authority issuing permit documents), except for the pollutant emissions from movable sources.

3. Emission into the environment without a duly executed authorization document shall be considered as emission into the environment in excess of the established limits of emissions into the environment, except for discharges of pollutants from movable sources.

4. Territorial bodies of the authorized state body in the sphere of the environment protection and local executive authorities of the provinces, cities of national status and the capital city, shall quarterly not later than 15th day of the second month following the reporting quarter, submit to the tax authorities at the place of their location the information on payers of the levy and taxable items according to the form as established by the authorized body.

Article 493. Payers of the Levy

1. The payers of the levy shall be physical persons and legal persons which carry out the activities in the territory of the Republic of Kazakhstan in the procedure of a special use of natural resources.

1-1. Payers of single tax on land shall not be payers of the levy for environmental emissions being the result of carrying out the activities covered by the special tax regime for peasant economies and farming enterprises.

2. A legal entity shall have the right by its decision to recognize its structural unit as an independent payer of the charge on the levied items located at the place of location of such structural unit.

Unless otherwise provided for by this Article the decision of the legal entity concerning such recognition or derecognition shall be effective from January 1st of the year following the year when such decision was made.

If a newly established structural unit shall be recognized as an independent payer, the decision of the legal entity concerning such recognition shall be effective from the date of establishment of that structural unit or from January 1st of the year following the year when such structural unit was established.

Article 494. Taxable Item

The object of taxation shall be the actual volume of emissions into the environment within and/or in excess of the established limits of emissions into the environment of:

1) ejection of pollutants;

2) discharge of pollutants;

3) disposed wastes of production and consumption;

4) disposed sulphur produced during oil operations.

Article 495. Rates of the Levy

1. The rates of the levy shall be established based on the amount of the monthly assessment index by the law on the republic's budget (hereinafter – MAI) and in effect as of the first day of the tax period, subject to the provisions of paragraph 7 of this Article.

2. The rates of the levy for emissions of pollutants from stationary sources shall be as follows:

No.	Types of pollutants	Rates of the levy per 1 ton (MAI)	Rates of payment per 1 kilogram (MAI)
1	2	3	4
1.	Sulphur oxides	10	
2.	Nitrous oxides	10	
3.	Dust and ash	5	
4.	Lead and its compounds	1993	
5.	Hydrogen sulphide	62	
6.	Phenols	166	

7.	Hydrocarbons	0.16	
8.	Formaldehyde	166	
9.	Carbonic oxides	0.16	
10.	Methane	0.01	
11.	Soot	12	
12.	Ferric oxides	15	
13.	Ammonia	12	
14.	Hexavalent chrome	399	
15.	Copper oxides	299	
16.	Benzpyrene		498,3

3. The rates of the levy for emission of pollutants from associated and/or natural gas flaring carried out in the procedure as established by legislation of the Republic of Kazakhstan shall be as follows:

No.	Types of pollutants	Rates of the levy per 1 ton (MAI)
1	2	3
1.	Hydrocarbons	2,23
2.	Carbon oxides	0,73
3.	Methane	0,04
4.	Sulphur dioxide	10
5.	Nitrogen dioxide	10
6.	Carbon black	12
7.	Hydrogen sulfide	62
8.	Mercaptan	9966

4. The rates of the levy for emission of pollutants into atmospheric air from movable sources shall be as follows:

No.	Types of fuel	Rates of the levy per 1 ton of used fuel (MAI)
1	2	3
1.	For non-ethylated petrol	0.33
2.	For diesel fuel	0.45
3.	For liquid and compressed gas, kerosene	0.24

5. The rates of the levy for discharge of pollutants shall be as follows:

No.	Types of pollutants	Rates of the levy per 1 ton (MAI)
1	2	3
1.	Nitrites	670
2.	Zink	1340
3.	Copper	13402
4.	Biological demand in oxygen	0.4
5.	Saline ammonium	34
6.	Petroleum products	268
7.	Nitrates	1
8.	Iron common	134
9.	Sulphates (anion)	0.4
10.	Suspended substances	1
11.	Synthetic surface-active substances	27
12.	Chlorides (anion)	0.1
13.	Aluminium	27

6. The rates of the levy for disposal of production and consumption wastes shall be as follows:

Item No.	***Types of wastes***	***Rates of the levy (MCI)***	
		per ton	***per gigabecquerel (GBq)***
1	***2***	***3***	***4***
1.	***For disposal of production and consumption wastes at landfills, storage tanks, authorized dumps and specially allotted places:***		
1.1.	***Municipal wastes (solid household wastes, sewage mud of sewage disposal plants)***	***0.19***	

1.2.	*Wastes considering the danger level, other than wastes specified in line 1.3 of this paragraph:*		
1.2.1.	*"red" list*	*7*	
1.2.2.	*"amber" list*	*4*	
1.2.3.	*"green" list*	*1*	
1.2.4.	*not classified*	*0.45*	
1.3.	*Wastes, with respect to which the levy is calculated without considering the danger levels established:*		
1.3.1.	*Mining and quarrying wastes (except for oil and natural gas production)*		
1.3.1.1.	*overburden rocks*	*0.002*	
1.3.1.2.	*enclosing rocks*	*0.013*	
1.3.1.3.	*enrichment rejects*	*0.01*	
1.3.1.4.	*slags, slimes*	*0.019*	
1.3.2.	*Slags, slimes formed at metallurgical conversion when processing ores, concentrates, agglomerates and pellets containing useful minerals, production of alloys and metals*	*0.019*	
1.3.3.	*Ash and ash-slags*	*0.33*	
1.3.4.	*Agricultural production wastes, including animal and poultry manure*	*0.001*	
2.	*For disposal of radioactive wastes, in gigabecquerel (GBq):*		
2.1.	*Transuranian*	*-*	*0.38*
2.2.	*Alpha-radioactive*	*-*	*0.19*
2.3.	*Beta-radioactive*	*-*	*0.02*
2.4.	*Encapsulated radioactive sources*	*-*	*0.19*

6-1. The rates of the levy for disposal of sulphur shall be 3.77 MAI per ton.

7. The coefficients shall be applied:

1) with respect to natural monopolies for the volume of discharges formed when rendering public utility services, and energy producing organizations of the Republic of Kazakhstan – to the levy rates as established in this Article:

by paragraph 2 – 0.3;

by paragraph 5 – 0.43;

by line 1.3.3 of paragraph 6 – 0.05;

2) with respect to landfills, which carry out the disposal of municipal wastes, for the volume of solid household wastes formed by individuals at the place of residence – to the levy rate as established by line 1.1 of paragraph 6 – 0.2. *(from 01.01.2009)*

8. Coefficients as provided for by paragraph 7 of this Article shall not apply to the payments for the excess volume of emissions into the environment.

9. Local representative authorities shall have the right to exceed the rates established by this Article, but not more than twice, except for the rates established by paragraph 3 of this Article, which they may increase not more than twenty-fold.

In that case the local representative authorities shall be entitled not to increase the rates established by this Article for the entities who have concluded an agreement in the area of energy efficiency and energy saving only with respect to the facilities within the frameworks of such agreement.

10. The rates of charges for environmental emission exceeding the established limits shall increase tenfold.

Article 496. The Procedure for the Assessment and Payment

1. The payers shall independently calculate the amount of the levy based on the actual volumes of emissions into the environment and the established rates.

2. The payers of charges to be amount below 100 monthly assessment indexes in the total annual amount shall have the right to buy out the limit for environmental emissions established by the agency issuing the authorization document. The limit may be purchased with full prepayment for the current year provided that the authorization document is issued on or before March 20th of the reporting tax period.

3. If the authorization document is obtained after the date specified in paragraph 3 of Article 498 of this Code, the limit shall be purchased on or before the 20th day of the month following the month when the authorization document was received.

4. The charge shall be paid to the budget at the location of the source (facility) of environmental emissions specified in the authorization document except for mobile sources of emissions.

The charge for mobile sources of emissions shall be paid to the budget:

1) for mobile sources being subject to the state registration, – at the place of the registration of the mobile sources as determined by the authorized state agency at the time of such registration;

2) for mobile sources of emissions, that are not subject to the state registration, – at the place of location of the taxpayer.

5. Current amounts of the levy for the actual volume of emissions shall be paid by payers not later than the 25th day of the second month following the reporting quarter, excepting the payers indicated in paragraphs 2 and 6 of this Article.

6. {~}.

Article 497. The Tax Period

The tax period shall be determined in accordance with Article 148 of this Code.

Article 498. Tax Reporting

1. Payers of the charges shall submit their returns at the location of the pollution facility, except for the returns on mobile sources of emissions to the tax authorities.

The return for mobile sources of emissions shall be submitted to the tax authorities:

1) for mobile sources being subject to the state registration, – at the place of the registration of the mobile sources as determined by the authorized state agency at the time of such registration;

2) for mobile sources of emissions, that are not subject to the state registration, – at the place of location of the taxpayer.

2. Declarations shall be submitted by payers of the levy, except for those specified in paragraphs 3 and 5 of this Articles, quarterly not later than the 15th day of the month following a reporting quarter.

3. Payers of the levy whose amounts of payment is under 100 monthly assessment indices in total annual quantity, shall submit declarations not later than the 20th March of the reporting tax period.

4. In the case of formulating an authorisation document, after the date established by paragraph 3 of this Article, those payers shall submit declarations not later than the 20th day of the month following a month of receiving the authorisation document.

5. {~}.

CHAPTER 72. THE LEVY FOR THE USE OF WILD LIFE

Article 499. General Provisions

1. The levy for making use of wildlife (hereinafter – the levy) shall be collected in the procedure of the special use of wildlife.

2. The special use of wildlife shall be carried out on the basis of a permit for the use of wildlife to be issued by the authorized body in the sphere of the protection, reproduction, and use of wildlife (hereinafter – the permit).

3. A legislative act of the Republic of Kazakhstan shall establish the types of the use of wildlife.

4. The Government of the Republic of Kazakhstan shall establish the levy for the use of rare and endangered animal species in each individual case in the issue of the permit for the removal of such animals from the natural environment.

5. The levy shall not be collected:

1) in the catching of animals from the natural environment for of tagging, ringing, migration, acclimatization and cross-breeding for scientific and research, and business purposes with their subsequent release into the natural environment;

2) when using wildlife species which are property of natural persons and legal persons, bred artificially and contained in captivity and (or) semi-free free conditions;

3) when the authorised state body in the sphere of environmental protection, reproduction and use of wildlife carries out monitoring sampling of fish and other water animals for the purposes of biological motivation of use of fish resources and of other types of water life

4) when reserving types of organisms of which numbers are subject to regulation for the purposes of public health protection, prevention of agricultural and other domestic animals from diseases, prevention of damage to environment, prevention of risks of causing substantial harm to agricultural activities.

6. The territorial units of the authorised state body in the sphere of protection, recovery and use of wildlife shall quarterly not later than the 15th day of the month following a reporting quarter, submit to the tax authorities in the place of their location the information on payers of the levy and taxable items in accordance with the established by the authorised body.

Article 500. Payers of the Levy

Natural persons and legal persons who, in accordance with the procedure established by the Republic of Kazakhstan legislation, received the right to special-purpose use of wild life, shall be payers of the levy.

Article 501. Rates of the Levy

1. Rates of the levy shall be determined on the basis of the size of the monthly assessment index as established by the law concerning the Republic's budget which is in effect as of the date of payment of levy (hereinafter as the text of this Article goes – MAI).

2. Rates of the levy when carrying out commercial, amateur and sports hunting in the Republic of Kazakhstan shall be as follows:

No.	Wild Life Species	Rate of payment per one individual (MAI)	
		commercial hunting	amateur and sports hunting
1	2	3	4
1.	mammals		
1.1.	moose (male)	–	16
1.2.	moose (female)	–	11
1.3.	elk (underyearing)	–	6
1.4.	maral (buck)	–	13
1.5.	maral (doe)	–	7
1.6.	maral (underyearing)	–	4

1.7.	cervus elaphus (buck)	–	9
1.8.	cervus elaphus (doe)	–	5
1.9.	cervus elaphus (underyearing)	–	3,5
1.10.	roe deer (area north part, buck)		4
1.11.	roe deer (area north part, doe, underyearing)	–	3
1.12.	Roe deer (area south part, buck)	–	3
1.13.	roe deer (area south part,doe, underyearing)	–	2
1.14.	ibex (billy goat)	–	4
1.15.	ibex (she goat, underyearing)	–	3,5
1.16.	musk dear	–	2
1.17.	wild bour	–	4
1.18.	wild sow (underyearing)	–	3
1.19.	saiga (buck)	4	5
1.20.	saiga (doe, underyearing)	3	4
1.21.	brown bear (except Tien Shan)	–	14
1.22.	beaver, otter (except Central Asian)	1	2
1.23.	sable	2	4
1.24.	marmots (except Menzbeer marmot)	0,060	0,12
1.25.	muskrat	0,045	0,9
1.26.	badger, fox	0,10	0,20
1.27.	corsac fox	0,045	0,10
1.28.	American mink	0,12	0,25
1.29.	lynx (except for Turkistan lynx)	–	0,45
1.30.	hares (tolai, grey, white)	0,010	0,45
1.31.	racoon dog, coon, skunk bear, alpine weasel, weasel, ermine, Siberian weasel, steppe polecat, squirrel	0,020	0,35
1.32.	large toothed suslik	0,015	0,025
1.33.	wolf	0	0
1.34.	jackal	0	0
2.	birds		
2.1.	diver (red-throated, black-throated)	0,015	0,030
2.2.	wood grouse	–	0,15
2.3.	black grouse	–	0,055
2.4.	snow cock	–	0,20
2.5.	pheasant	0,020	0,060
2.6.	geese* (grey, white-fronted,bean), brant goose	0,020	0,045
2.7.	duck* (roody shelduck, shelduck,mallard, Anas formosa, European teal, grey, widgeon, pintail, garganey, shoveler, red-crested pochard, Aythya ferina, tufted duck, bluebill, long-tailed duck, common golden eye, king eider, scoter, magpie diver, red-breasted merganser, goosander)	0,010	0,020
2.8.	coot, lapwing, partridges (white, rock ptarmigan, see-see partridge, grey, chukar, hazel hen, dove (cushat, stock dove, rock pigeon, blue hill pigeon), turtle-dove (regular, large), sandpipers (ruff, jacksnipe, snipe, Swinhoe's snipe, pin-tailed snipe, solitary snipe, great snipe, woodcock,curlew, whimbrel, black-tailed godwit, kuaka)	0,005	0,010
2.9.	quail	0,005	0,010

* expert for special entered into the Red Book of the Republic of Kazakhstan.

3. Rates of the levy for the use of wildlife species which are items of fishing shall be as follows:

No.	Aquatic species	Rate of the Levy (MAI)	
		for one individual	per one kilo
1	2	3	4
1.	For commercial and scientific purposes:		
1.1.	sturgeons (beluga, sturgeon, starred sturgeon,sterlet, ship)		0,064
1.2.	herrings (caspia nordmanni, Alosa brashnikovi,		0
	black-backed), grey mullet, flatfish, sprat		
1.3.	salmon fish (trout, lenok, grayling)		0,017
1.4.	cisco (whitefish, peled, broad whitefish), long-toed crawfish		0,012
1.5.	Caspian roach		0,004

1.6.	seal	1,93	
1.7.	large ordinary fish		
1.7.1.	grass carp, carp, asp, Volga zander,fresh-water catfish, eelpout, silver carp, pike,mudfish, pike-perch		0,013
1.8.	small ordinary fish		
1.8.1.	bream, rouch, chub, shemaya, nase, osman, ide, crucian, perch, tench, regular dace an Talasscus, redeye, silver bream, sawbelly, silvereye, zope, sablefish, buffalo, marinka		0,004
2.	In case of a sports-amateur (recreation) fishing:		
2.1.	by taking away:		
2.1.1.	large ordinary fish		0,017
2.1.2.	beluga		6,5
2.1.3.	sturgeon		5,5
2.1.4.	cisco and salmon fishes		0,042
2.1.5.	small ordinary fish		0,008
2.1.6.	crawfish	0,008	
2.2.	on the basis of «catch and free»:		
2.2.1.	large ordinary fish		0,1
2.2.2.	sturgeons (beluga, sturgeon, starred sturgeon,sterlet, ship)	4,97	
2.2.3.	cisco and salmon fishes		0,27
2.2.4.	small ordinary fish		0,068

4. Rates of the levy for the use of wildlife species which are used for other economic purposes (except for hunting and fishing), shall be as follows:

No.	Aquatic species	Rate of the Levy (MAI)	
		for one individual	per one kilo
1	2	3	4
1.	Mammals:		
1.1.	spotted or steppe cat	0,030	–
1.2.	forest dormouse	0,015	–
2.	Birds:		
2.1.	small, black-headed, red-headed, red-necked, great-crested, great cormorant, bittern, night-heron, common heron and purple heron	0,010	–
2.2.	aigrette	0,015	–
2.3.	oxeye, lesser and golden plover,ringed plover, little ringed plover, Mongolian dotterel, Caspian dotterel, oriental dotterel,red-capped dotterel, common dotterel, turnstone, rail, crake, little crake, marsh crake, gallinule, sandpiper, magpie, green sandpiper, wood sandpiper, greenshank, redshank, dusky redshank, marsh sandpiper, fiddler, terek, gray phalarope, red-necked phalarope, little stint, red-necked stint,long-toed stint, Temminck's stint, curlew sandpiper, dunlin, kohutapu, gnawer beetles, broad-billed sandpiper, pratincole and black-winged pratincole,ringdove, my-lady's-belt, Alpine chough, starling,goldfinch, brambling, roller, larks(comate, small, slender-billed, grey, brackish, steppe, bimaculated,white-winged, black, cornuted, forest, field, Indian), killigrew, rock thrush	0,005	–
2.4.	goshawk	0,010	–
2.5.	sparrow-hawk, scops-owl, little owl, boreal owl, long-eared owl,marsh owl, buzzard	0,045	–
3.	Reptiles:		
3.1.	steppe tortoise, fresh-water turtle	0,020	–
3.2.	steppe agama, big-eared toad agama,sunwatcher, plate-tailed gecko	0,010	–
3.3.	mamushi	0,045	–
3.4.	pallas' coluber, Eastern and sand boa	0,035	–
3.5.	lake frog	0,005	–
4.	Aquatic invertebrates:		
4.1.	brine shrimp (cysts)	–	0,045

4.2.	freshwater hoppers, dafnids	–	0,010
4.3.	leech	–	0,030
4.4.	Other aquatic invertebrates and cysts	–	0,005

Article 502. The Procedure for the Assessment and Payment

1. Amounts of the levy shall be computed by taxpayers independently on the basis of established rates and number of organisms (weight for certain species of water organisms).

1-1. For foreigners being hunting in the Republic of Kazakhstan the rate of the payment shall be calculated on the basis of the established rate and the number of animals (weight for specific species of aquatic animals) multiplied by the factor of 10.

2. Amounts of the levy shall be paid to the budget at the place of using wildlife. Payment shall be effected prior to obtaining the permit by way of transfers through banks and organisations carrying out sertain types of banking transactions.

3. Paid amounts shall not be subject to refund.

CHAPTER 73. THE LEVY FOR THE USE OF FORESTS

Article 503. General Provisions

1. The levy for forestry use (henceforth – levy) shall be collected for the following types of forestry use in the areas of the state-owned forestry resources:

1) timber procurement;

2) procurement of soft resin and arboreal saps;

3) the procurement of secondary forest materials (bark, branches, stumps, roots, leaves, buds of trees and shrubs);

4) secondary forest use (hay-making, cattle grazing, Siberian deer breeding, animal breeding, setting of bee-hives and apiaries, vegetable growing, melon growing and growing of other agricultural plants, procurement and collection of medicinal plants and technical raw materials, wild-growing fruits, nuts, mushrooms, berries and other edible forest produce, moss, forest litter and foliage, reeds);

5) use of areas of the state-owned forest resources for the following:

cultural, health-improving, recreational, tourist and sports purposes;

purposes of hunting economy;

scientific-research purposes;

6) use of areas of the state-owned forest resources for cultivation of planting stock of wood and shrubby species as well as special plantations;

2. The procedure for the use of forestry resources in the areas of the state-owned forest resources shall be established by the forestry legislation of the Republic of Kazakhstan.

3. The right to use forests in the areas of the state-owned forest resources shall be granted on the basis of felling tickets, and forest tickets (henceforth – authorisation document) as issued in accordance with the procedure and timing established by the forestry legislation of the Republic of Kazakhstan.

4. State-owned forest owners: state forestry agencies at local executive bodies; state forestry agencies and governmental organizations of the authorized state body in the sphere of forestry economy; environmental institutions of the authorized state body for especially-protected natural territories; governmental agencies of the authorized state body for transport and authorized state body for motor roads in accordance with the departmental subordination shall quarterly not later than the 15th day of the second month following a reporting quarter, submit to the tax authorities in the place of their location the information on payers of the levy and taxable items in accordance with the proforma established by the authorized body.

Article 504. Payers of the Levy

1. State-owned forestry owners, natural persons and legal persons who, in accordance with the procedure established by the Republic of Kazakhstan legislative act, received the right to use forest resources, shall be payers of the levy.

2. Private forest owners who exercise forestry use in areas of private forest resources, which are in their ownership or long-term land use in accordance with the land code of the Republic of Kazakhstan concerning land, for the purpose of forestation, shall not be payers of the levy.

Article 505. Taxable Items

Quantities of forestry use and (or) the acreage of the areas of the state-owned forestry resources which are granted for use, including those in especially-protected natural territories, except for the following, shall be recognised as taxable items for the levy:

1) quantities of sold standing timber, when carrying out maintenance cutting for composition and shape of plantations, and also regulating its fullness in young forests (clearing, cleaning) and cutting relating to reconstruction of low-value forests and forming landscapes;

2) quantities of timber, soft resin, secondary forestry materials collected for the performance of scientific-research work.

Article 506. Rates of the Levy

1. Rates of the levy, except for those specified in paragraph 2 of this Article shall be established by the local representative authorities of the provinces, cities of Republic's status and the capital city, on the basis of computations of local executive authorities, compiled in accordance with the procedure defined by the authorised state body in the sphere of forestry.

2. Rates of the levy for standing timber sold, shall be determined on the basis of the monthly calculation index as established by the law concerning the Republic's budget (hereinafter as the text of this Article goes – MCI) and in effect for the first date of the relevant financial year in which the right for forest use will be created, for one dense cubic meter (m3) and are as follows:

No.	Names of Trees and Shrubs Species	Timber in relation to diameter of the trunk at top end, without bark (MAI)			Fire wood in bark (MAI)
		large (25 cm and more)	medium-size (from 13 to 24 cm)	small (from 3 to 12 cm)	
1	2	3	4	5	6
1.	Pine	1,48	1,05	0,52	0,21
2.	Shrenk spruce	1,93	1,37	0,68	0,27
3.	Siberian spruce, Silver fir	1,34	0,95	0.48	0,16
4.	Larch	1,19	0,85	0,41	0,15
5.	Cedar	2,67	1,91	0,93	0,23
6.	Juniper arboreous (archa)	1,79	1,26	0,63	0,27
7.	Oak, ash tree	2,67	1,91	0,93	0,41
8.	Black alder, maple, elm, linden	0,60	0,42	0,21	0,14
9.	Saxaul				0,60
10.	Birch	0,69	0,48	0,23	0,16
11.	Aspen, willow arboreous, poplar	0,52	0,37	0,18	0,11
12.	Walnut, pistachio	3,24	2,32	1,15	0,35
13.	Apricot, white acacia, cherry-plum, hawthorn, cherry, oleaster, mountain ash, plum, bird cherry, mulberry, apple, other wood species	1,90	1,35	0,68	0,23
14.	Juniper, cedar elfin wood			0,34	0,18
15.	Tamarisk			0,3	0,25
16.	Yellow acacia, shrub willows, seabuckthorn, zhuzgun, salt tree and other bushes			0,19	0,12

3. The following coefficients shall be applied to the rates of the levy:

1) in relation to remoteness of cutting areas from general use motor ways:

Up to 10 km – 1.30;
10.1 – 25 km – 1.20;
25.1 – 40 km – 1.00;
40.1 – 60 km – 0.75;
60.1 – 80 km – 0.55;
80.1 – 100 km – 0.40;
more than 100 km – 0.30.

Remoteness of a cutting area from general use motor ways shall be determined by map materials as the shortest distance from the centre of a cutting area to a road and shall be adjusted in relation to the local relief by using the following coefficients:

plane relief – 1.1;
hills relief or swampy area – 1.25;
mountainous – 1.5;

2) when carrying out intermediate use cutting – 0.6;

3) when carry out selective cutting of main use – 0.8;

4) when selling timber on mountain slopes with the incline in excess of 20 degrees – 0.7.

4. Rates of the levy shall be established at 20 per cent of the rate for firewood of the relevant species as specified in paragraph 2 of this Article, for cutting remains (fire twigs) that formed when selling standing timber.

Article 507. The Procedure for the Assessment and Payment

1. Amounts of the levy shall be computed by state owned forest users and specified in the authorisation document.

2. Amounts of payments to be paid, shall be computed as follows:

when selling standing timber – on the basis of the quantity of forestry use and rate of the levy subject to coefficients established in Article 506 of this Code;

in case of other types of forestry use – on the basis of quantities and (or) acreage of such forestry use, rates of the levy for other types of forestry use as established by the local representative authorities of the provinces, cities of the Republic's significance and the capital city.

3. Amounts of the levy shall be paid to the budget in the place of location of forestry use items in accordance with the following timing:

1) in the case of long-term forestry use – quarterly, in equal shares of the total amount of the annual quantity of forestry use not later than the 20th day of the month following a reporting quarter;

2) in the case of short-term forestry use – prior or on the day of receiving the authorisation documents. In that respect, a note shall be made in the authorisation document that payment has been made by specifying details of the payment document;

3) for standing timber, – quarterly in equal shares of the annual amount of the levy based upon issued felling tickets not later than the 15th day of the month following a reporting quarter.

4. In the event that when selling standing timber, soft resin, arboreal saps and secondary forestry materials the total quantity of procured timber, soft resin, arboreal saps and secondary forest materials does not coincide with the quantities (acreage) specified in the felling ticket, the state-owned forestry owners shall carry out recomputation of amounts of payments for actually procured quantities. Amounts of the levy established when recomputing shall be paid on next following date for its payment.

5. For undercut areas which are provided for cutting for a next period, and also cutting areas where cutting has not begun in the last year, payment of amounts of the levy shall be carried out in accordance with the procedure established by Article 506 of this Code.

6. The levy shall be paid by transfer through banks or organizations engaged in certain banking operations, or by cash contributions to cash departments of public forest owners based on strictly accountable documents in the form established by the authorized body in charge of forestry.

7. Amounts of the levy received in cash shall be placed by the state-owned forestry owners in banks or organisations carrying out separate types of banking transactions, not later than the following operational day in which the receipt of funds was carried out for their subsequent inclusion into the budget. Where annual receipts of cash are less than 10-times monthly assessment index, the submission of funds for the inclusion into the budget shall be carried out once in three operational days from the day when cash was taken.

8. When natural persons pay the levy in cash, the identification numbers of the state-owned forestry owners shall be placed on strict accountability forms.

9. The paid amount shall not be refunded or set off, except for cases when the Government of the Republic of Kazakhstan or the authorized state forestry agency within the limits of their competence in accordance with the forestry laws of the Republic of Kazakhstan make a decision to prohibit using forest resources if a threat of degradation or death of forests emerges.

In that case the paid amount shall be refunded or set off by the tax authority at the place of the payment in accordance with the procedure established in Articles 599 and 602 of this Code, on the basis of the payer's tax application upon presentation by the payer of a document issued by the state forest owners certifying the fact that the felling permit, forest land plot usage permit was not used.

CHAPTER 74. THE LEVY FOR THE USE OF ESPECIALLY-PROTECTED NATURAL TERRITORIES

Article 508. General Provisions

1. The charge for the use of natural areas of preferential protection (hereinafter referred to as the «Payment») shall be collected for the use of natural areas of preferential protection of the Republic of Kazakhstan within the limits of external boundary of the natural areas of preferential protection (except for the territories of the state natural monuments, state nature reserves, state conservation areas) for scientific, ecological and educational, cultural educational, training, tourist, recreation, and limited undertaking purposes determined by the Law of the Republic of Kazakhstan concerning «Natural areas of preferential protection».

1-1. The charge shall be collected for the use of the natural areas of preferential protection located on the land plots within the external boundaries of the natural areas of preferential protection, and used for the purposes specified in paragraph 1 of this Code, irrespective of the intended purpose of the land plots and their rating to any category of lands.

2. Environmental protection organisations shall quarterly not later than the 15th day of the month following a reporting quarter, shall submit to the tax authorities in the place of their location, information on payers of the levy and taxable items in accordance with the form established by the authorised body.

Article 509. Payers of the Levy

1. Natural persons and legal persons who use especially-protected natural territories of the Republic of Kazakhstan, shall be payers of the levy.

2. The following shall not be payers of the levy:

natural persons who permanently reside in populated areas and (or) have summer house land plots which are situated within the boundaries of especially-protected natural territories;

environmental protection organisations as defined by the law of the Republic of Kazakhstan «Concerning Especially-Protected Natural Territories.

Article 510. Rates of the Levy

1. Rates of the levy for the use of especially-protected natural territories of national status shall be determined on the basis of 0.1 monthly calculation index established by the law concerning the republic's budget (hereinafter as the text of this Article goes – MCI), and effective as of the 1 January of the relevant financial year, in which necessity to use especially– protected natural territories will emerge, for each day of presence in an especially-protected natural territory.

2. Rates of the levy for the use of especially-protected natural territories of local status shall be established by the local representative authorities of provinces, cities of republican status and the capital city pursuant to the presentations of local executive authorities of provinces, cities of republican status and the capital city.

Article 511. The Procedure for the Assessment and Payment

1. Amounts of the levy shall be assessed by the payers independently on the basis of established rates and number of days of presence in the especially-protected natural territory, except for the cases specified in this paragraph.

Natural and legal persons who are owners of land plots and land users within the bounds of especially-protected natural territories shall make payments of the levy in the following cases:

1) when using employees – for each employee;

2) in the case of presence in the especially-protected natural territory of stationary medical, rest, sports-recreation institutions – for each natural person who is present in such institutions. When a natural person presents a document confirming payment of amounts of the levy, no more levy shall be collected.

2. Use of especially-protected natural territories by payers of the levy shall only be allowed if they have payment confirmation documents.

3. Amounts of the levy shall be paid in the place of location of the especially-protected natural territory.

4. The levy shall be paid to the budget by transfer through banks or organizations engaged in certain banking operations, or by cash contributions at check-points or other specially equipped places to be specified by environmental organizations as determined by the legislative act of the Republic of Kazakhstan concerning natural areas of preferential protection, based on strictly accountable documents in the form established by the authorized body in charge of environmental protection, or receipts of cash register machines or terminals confirming the specified payment.

5. Received amounts of the levy in cash shall be submitted by the environmental protection organisations defined by the Law of the Republic of Kazakhstan «Concerning especially-protected natural territories» to banks or organisations carrying out separate types of banking transactions, not later than the next operational day in which the collection of the money took place for their subsequent inclusion into the budget.

6. The identification number of the environmental protection organisations defined by the Law of the Republic of Kazakhstan «Concerning especially-protected natural territories» shall be placed on the strict accountability forms when natural persons pay the levy in cash.

7. Paid amounts of the levy shall not be refunded.

8. Payment of the levy for use of wildlife resources and forest resources in especially-protected natural territories shall be carried out in accordance with Articles 502 and 507 of this Code.

CHAPTER 75. THE LEVY FOR THE USE OF THE RADIO-FREQUENCY SPECTRUM

Article 512. General Provisions

1. Levy for the use of the radio frequency spectrum (henceforth – the levy) shall be collected for nominal frequencies (bands, frequency ranges) of the radio-frequency spectrum (henceforth – nominals of the radio-frequency spectrum) assigned by the authorised state body in the sphere of communications.

2. The right to use the radio-frequency spectrum shall be certified by permits issued by the authorised state body in the sphere of communications in accordance with the procedure established by the Republic of Kazakhstan legislation.

3. Distribution of the nominal frequencies may be carried out on a competitive basis in accordance with the Republic of Kazakhstan legislation.

In order to ensure broadcasting for free access television and radio channels all over the territory of the Republic of Kazakhstan, radio-frequency spectrum nominals shall be allocated to the national television and radio broadcasting operator without holding a tender.

In that case, the winner, based upon the results of a tender, shall pay to the budget one-off payment in accordance with the procedure and in amounts as established by the Republic of Kazakhstan legislation.

4. Amounts of one-off payments which are due to the budget in accordance with paragraph 3 of this Article, shall not be reckoned towards the levy.

5. The authorized territorial state bodies in the area of communications shall provide data on the payers and payment amounts, as well as on the taxation items in the form established by the competent authority, to the tax authorities at the place of their location within the following terms:

1) on or before February 25 of the tax period in the case provided for by Article 515 paragraph 3 of this Code;

2) on or before the 25th day of the month following the month when the tax payer obtained a permission to use radio-frequency spectrum in the event specified in Article 515 of paragraph 4 of this Code.

Article 513. Payers of the Levy

1. Payers of charges shall be individual and legal entities who have acquired the right to use a radio-frequency spectrum in accordance with the procedure established by the regulations of the Republic of Kazakhstan;

1-1. A legal entity shall have the right to recognize by its decision its structural unit as an independent payer of the charge at the place of location of such structural unit.

Unless otherwise provided for by this Article the decision of the legal entity concerning such recognition or derecognition shall be effective from January 1st of the year following the year when such decision was made.

If a newly established structural unit shall be recognized as an independent payer, the decision of the legal entity concerning such recognition shall be effective from the date of establishment of that structural unit or from January 1st of the year following the year when such structural unit was established.

2. The following shall not be payers of the levy:

1) state-owned institutions which use the radio-frequency spectrum when exercising the main functional duties entrusted to them;

2) payers of the levy specified in Article 474 of this Code;

3) natural persons who are radio-amateurs;

4) owners of radio stations of MW-range (27 MHz) for frequencies used for one station.

Article 514. Rates of the Levy

1. Annual rates of the levy shall be established on the basis of the size of the monthly assessment index by the law on the republic's budget (hereinafter – MAI) and effective as of the first day of the tax period, in relation to the type of the radio communication, used nominal frequencies (bands of the range), sets of radio extenders, territory of use, and also population density who reside in the territory of the populated area for which communication services are rendered, as well as to power of a radioelectronic transmitting device.

2. Annual rates of the levy for the following types of the radio communication shall be as follows:

No.	Types of radio communications	Covered Area	Rate of payment (MAI)
1	2	3	4
1.	Paging radio systems (frequency channel of 25 kHz wide)	Province, Cities of Astana, Almaty	10
2.	Trunk communications (for a channel 25 kHz reception / 25 kHz transmission wide)		
1)		Cities of Astana, Almaty	140
2)		populated area with a population number in excess of 50 thousand	80
3)		other administrative territorial units (town of district status, district, settlement, *village*, *village* district)	10
3.	Radio communication in the USW-range (for a duplex channel 25 kHz reception / 25 kHz wide)	–	
1)		Cities of Astana, Almaty	80
2)		populated area with population in excess of 50 thousand	60
3)		other administrative territorial units (town of district status, district, settlement, *village*, *village* district)	15
4.	Radio communication in the USW-range (for a simplex channel 25 kHz wide)	–	
1)		Cities of Astana, Almaty	30
2)		populated area with population in excess of 50 thousand	20
3)		other administrative territorial units (town of district status, district, settlement, *village*, *village* district)	10
5.	SW communication (for one channel) output power of the transmitter: – up to 50 Wt; – in excess of 50 Wt;	Cities of Astana, Almaty	 10 20
6.	Radio extenders (per channel)	a province, Cities of Astana, Almaty	2
7.	Cellular communication (for a band of frequencies 200 kHz reception / 200 kHz transmission wide)	a province, Cities of Astana, Almaty	1 100
7-1.	Cellular communication of third generation and mobile communication of fo urth generation (for a radio channel of 2 MHz reception / 2 MHz transmission wide)	a province, Cities of Astana, Almaty	2 200
8.	Global personal mobile satellite communication (duplex band of frequencies 100 kHz reception / 100 kHz transmission wide)	Republic of Kazakhstan	20
9.	Satellite communication with HUB-technology (band of frequencies 100 kHz reception / 100 kHz transmission wide)	Republic of Kazakhstan	30
10.	Satellite communications without HUB technology (for used frequencies of one station)	Republic of Kazakhstan	100
11.	Radio relay lines (for a duplex trunk on one flight)		
1)	Local	district, town, settlement, *village*, *village* district	40
2)	Zonal and main	Republic of Kazakhstan	10
12.	Wireless radio access systems (for a duplex channel 25 kHz reception / 25 kHz transmission wide)		
1)		populated area with population in excess of 50 thousand	25
2)		other administrative territorial units (town of district status, district, settlement, *village*, *village* district)	2

13.	Wireless radio access systems using NSS-technologies (for a duplex channel 2 MHz reception / 2 MHz transmission wide)		
1)		Cities of Astana, Almaty	140
2)		populated area with population in excess of 50 thousand	70
3)		other administrative territorial units (town of district status, district, settlement, *village*, *village* district)	5
14.	Cable-broadcast television (for a bank of frequencies of 8 MHz)		
1)		populated area with population in excess of 200 thousand	300
2)		populated area with population from 50 to 200 thousand	135
3)		town of district status with the population up to 50 thousand, district	45
4)		other administrative territorial units (town of district status, district, settlement, *village*, *village* district)	5
15.	Sea radio communications (radio modem, on-shore communications, telemetry, radio-location etc.), for one channel	A province	10

3. Annual rates for digital on-air television and radio broadcasting shall be as follows:

No.	Frequency range for digital on-air television and radio broadcasting	Area of Use	Rate of payment (MAI)
1.	Television/Very high frequency (VHF) range		
1)	Radioelectronic transmitter power is to 50W, inclusive	Cities of Astana, Almaty	81
		a province	15
2)	Radioelectronic transmitter power is to 250W, inclusive	Cities of Astana, Almaty	361
		a province	65
3)	Radioelectronic transmitter power is to 500W, inclusive	Cities of Astana, Almaty	957
		a province	174
4)	Radioelectronic transmitter power is to 1,000W, inclusive	Cities of Astana, Almaty	1 353
		a province	245
5)	Radioelectronic transmitter power is higher than 1,000W	Cities of Astana, Almaty	2 344
		a province	425
2.	Television/Ultrahigh frequency (UHF) range		
1)	Radioelectronic transmitter power is to 50W, inclusive	Cities of Astana, Almaty	51
		a province	9
2)	Radioelectronic transmitter power is to 250W, inclusive	Cities of Astana, Almaty	228
		a province	41
3)	Radioelectronic transmitter power is to 500W, inclusive	Cities of Astana, Almaty	605
		a province	110
4)	Radioelectronic transmitter power is to 1,000W, inclusive	Cities of Astana, Almaty	855
		a province	155
5)	Radioelectronic transmitter power is higher than 1,000W	Cities of Astana, Almaty	1 481
		a province	269

4. When using the radio frequency spectrum during a period of test operation, contests, exhibitions and other events for up to six months inclusive, the levy shall be established in relation to the type of the radio communication and coverage area of the radio spectrum and power of a radioelectronic transmitting device, in amounts related to the time of its actual use, but not less than 1/12 of the annual rate of payment.

In the event of using technologies with a duplex channel with the width different from that specified in the rates of this Article, the rates of the levy shall be determined on the basis of the specific weight of the duplex channel width actually used by the payer compared to the duplex channel width as specified amongst the rates of this Article.

When using a wide-range signal (NSS) technologies, the levy shall be collected for a range 2 MHz for reception / 2 MHz for transmission wide.

Article 515. The Procedure for the Assessment and Payment

1. Amounts of the levy shall be assessed by the authorised state body in the sphere of communications in accordance with the technical parameters, including transmitting power of a radioelectronic transmitting device, specified in the permit documents, on the basis of annual rates of the levy in relation to the type of radio communication in the coverage area of the radio-frequency spectrum.

2. Where the period of use of the radio-frequency spectrum in a reporting tax period is less than one year, amounts of payment shall be determined by dividing amount of payment assessed on the year, by twelve and multiplying by the number of months of using the radio-frequency spectrum in a given year.

3. The authorised state bodies in the sphere of communications shall issue notices by specifying annual amounts of the levy and forward them to the payers of the levy not later than the 20th February of current reporting period.

4. In the case of obtaining a permit document certifying the right to use radio-frequency spectrum, after dates specified in paragraph 3 of this Article, the authorised state body in the sphere of communications shall forward a notice to the taxpayer by specifying amount of levy, not later than the 20th day of the month following a month of the receipt by the taxpayer of the permit for the use of the radio-frequency spectrum.

5. Unless otherwise provided for by this paragraph, the amount of the annual payment shall be paid to the budget at the place of location of the payer in equal amounts on or before March 25th, June 25th, September 25th, and December 25th of the current year.

Foreign citizens, persons without citizenship, and non-resident legal entities who does not operate in the Republic of Kazakhstan and are not registered as taxpayers of the Republic of Kazakhstan shall pay the charges to the budget at the place of location of the competent governmental communications authority.

6. When receiving a permit document certifying the right to use radio-frequency spectrum after the time established by paragraph 3 of this Article, the first regular date following the date of receipt of the permit document, shall be the date of the payment.

Article 516. The Tax Period

The tax period shall be determined in accordance with Article 148 of this Code.

Article 517. {~}

CHAPTER 76. THE LEVY FOR PROVIDING LONG-DISTANCE AND (OR) INTERNATIONAL TELEPHONE, AND ALSO CELLULAR COMMUNICATIONS

Article 518. General Provisions

1. The levy for providing long-distance and (or) international telephony as well as cellular communications (henceforth – the levy) shall be collected for the right to provide the following:

1) long-distance and (or) international telephony;

2) cellular communications.

2. The right of providing international and (or) international telephony as well as cellular communications (henceforth – the right) shall be certified with permits issued by the authorised state body in the sphere of communications in accordance with the procedure established by the Republic of Kazakhstan legislation.

3. The territorial authorized governmental agencies in the area communications shall submit the information about the payers and amounts of payments, as well as about the items of taxation to the tax authorities at the place of their location in compliance with the form established by the authorized agency, within the following terms:

1) on or before February 25 of the tax period in the event provided for by Article 521 paragraph 3 of this Code;

2) on or before the 25th day of the month following the month of obtaining by the taxpayer of the permission for provision of intercity and/or international telephone communications services, as well as cellular communications, in the event set forth by Article 521 paragraph 4 of this Code.

Article 519. Payers of the Levy

Natural persons and legal persons who are operators of long-distance and (or) international telephone and also cellular communications who obtained the right in accordance with the procedure established by the law of the Republic of Kazakhstan «Concerning Communications», shall be payers of the levy.

Article 520. Rates of the Levy

Annual rates of the levy shall be established by the Republic of Kazakhstan Government.

Article 521. The Procedure for the Assessment and Payment

1. Amounts of payment shall be assessed by the authorised state body in the sphere of communications on the basis of income of the payers from rendering the services of electronic communications (telecommunications) on the basis of annual rates of payment.

2. In the event that the period of providing long-distance and (or) international telephone as well as cellular communications in a reporting tax period is less than one year, amounts of payments shall be determined by way of dividing amounts of the levy assessed on the year by twelve and multiplying by the relevant number of months of providing long-distance and (or) international telephone as well as cellular communications in a given year.

3. The authorised state body in the sphere of communications shall issue notices by specifying annual amounts of payments and forward them to the taxpayers not later than the 20th February of current reporting period.

4. In the event of receiving a permit document certifying the right, after the time specified in paragraph 3 of this Article, the authorised state body in the sphere of communications shall forward to the payer a notice specifying the amount of the levy not later than the 20th day of the month following a month of receipt by the taxpayer of the permit for providing long-distance and (or) international telephone as well as cellular communications.

5. Annual amounts of the levy shall be paid to the budget in the place of location of the payer of the levy in equal instalments not later than the 25th March, 25th June, 25th September and 25th December of current year.

6. When receiving a permit document certifying the right, after the date established by paragraph 3 of this Article, the first regular date following the date of receipt of the permit document shall be recognised as the first date of payment.

Article 522. The Tax Period

The tax period shall be determined in accordance with Article 148 of this Code.

Article 523. {~}

CHAPTER 77. THE LEVY FOR THE USE OF NAVIGABLE WATERWAYS

Article 524. General Provisions

1. Payment for use of navigable waterways (hereinafter referred to as the "Payment") shall be collected for use of navigable waterways of the Republic of Kazakhstan.

2. The competent governmental transport authority shall inform the competent authority on the navigation periods according to the procedure and form established by the competent authority every year on or before the 15th day of the second month following the reporting tax period.

Article 525. Payers of the Levy

1. Natural persons and legal persons that use navigable water ways of the Republic of Kazakhstan, shall be payers of the levy.

2. State-owned institutions shall not be recognised as payers of the levy.

Aricle 526. Rate of the Levy

The annual levy rate shall be determined on the basis of 0.26 monthly assessment index established by the law concerning the national budget in effect on January 1 of the respective financial year, per 1 gross register ton.

Article 527. Procedure for Assessment, Payment, and Submission of Tax Reports

1. Annual levy amount shall be determined on the basis of the annual rate of the levy and gross registered tonnage of the vessel (register tons).

2. Annual levy amount shall be determined by division of the assessed annual levy amount for the navigation period to be established by the authorized transport agency for the current year.

3. The levy amount to be paid to the budget as of the year of the tax period shall be determined by multiplying the levy amount for a month to be determined in accordance with paragraph 2 of this Article and the actual period of use of navigable waterways. In this case the amount of the levy for the tax period should not be lesser than the monthly levy amount. The levy shall be paid at the place of location of the levy payer within 10 calendar days after the date established for submission of the return on the levy.

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5. Foreigners and stateless persons, non-resident foreign legal persons in cases of occasional ship calls shall pay the levy to the budget in amounts of the rate per month. In the event that they are in navigable waterways of the Republic of Kazakhstan for a period more than one month, the levy shall be paid to the budget in accordance with the procedure established by this Article.

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8. Payers of the charge shall submit the return on the charge to the tax authorities at the place of location of the payer of the charge on or before March 31 of the year, following the reporting tax period.

9. The tax period for the charge shall be a calendar year from January 1st to December 31st.

CHAPTER 78. THE LEVY FOR THE PLACEMENT OF OUTDOOR (VISUAL) ADVERTISEMENTS

Article 528. General Provisions

1. The levy for the placement of outdoor (visual) advertisements (henceforth – the levy) shall be collected for the placement of outdoor (visual) advertisements on facilities for stationary placement of advertisements in the side strip of automobile roads of general use, in the open space, outside buildings in populated areas in the territory of the Republic of Kazakhstan and on transport vehicles.

1-1. For the purposes of this Code outdoor (visual) advertisements shall be defined as advertisements placed:

1) in the capital, cities of national and regional status;

2) on vehicles registered in the capital, and cities of national and regional status;

3) on facilities for permanent placement of advertisements in the easement area of public roadways of national and regional significance except for those placeв on the facilities of permanent placement of advertisements in the easement area of public roadways of national and regional significance within the territory of cities of district status, villages and small towns.

2. Placement of outdoor (visual) advertisements (henceforth – advertisement) shall be understood as follows:

1) when placing advertisements in the side strip of international and national motor roads of general use on the basis of a document issued by the national operator for automobile road management, and when placing advertisements in the side strip of regional motor roads of general use on the basis of a document issued by the local executive body of the region for certain period in accordance with the procedure established by the legislation of the Republic of Kazakhstan;

2) when placing advertisements in populated areas and also on transport vehicles on the basis of permits issued by local executive authorities in accordance with the procedure established by the Republic of Kazakhstan legislation.

It shall be prohibited to place advertisements without appropriate documents.

3. In the event that appropriate permit document is not available, the actual placement of items of visual (outdoor) advertisements, shall be recognised as basis for the collection and payment to the budget of amounts of the levy.

4. The national automobile road operator and local executive authorities shall provide data on the payers of the charge and chargeable items to the tax authorities at the place of their location according to the form established by the competent authority every month on or before the 15th day of the month, following the reporting month.

Article 529. Payers of the Levy

1. Individuals (including individual entrepreneurs) and legal entities placing advertising objects shall be payers of the charge.

1-1. A legal entity shall have the right to recognize by its decision its structural unit as an independent payer of the charge on the levied items located at the place of location of such structural unit.

Unless otherwise provided for by this Article the decision of the legal entity concerning such recognition or derecognition shall be effective from January 1st of the year following the year when such decision was made.

If a newly established structural unit shall be recognized as an independent payer, the decision of the legal entity concerning such recognition shall be effective from the date of establishment of that structural unit or from January 1st of the year following the year when such structural unit was established.

2. The state authorities of the Republic of Kazakhstan shall not be payers of the levy on items of outdoor (visual) advertisements which are placed in connection with their performance of the functional duties entrusted to them.

Article 530. Rates of the Levy

1. Rates of the levy shall be determined on the basis of the size of the monthly assessment index as established by the law concerning the republic's budget (hereinafter as the text of this Article goes – MAI) and effective as of the first day of the relevant calendar month, in which outdoor (visual) advertisement is placed.

2. Monthly rates of the levy for the placement of outdoor (visual) advertisements in the side strip of motor roads of general use of the Republic's status with the area of the advertising facility's face up to three square meters shall be as follows:

Sl. No.	Category of Roads	Rate of Charge (MAI)
1	2	3
1.	Approaches to City	8
2.	I, II	7
3.	III	3
4.	IV	2

When establishing mega size advertising information, monthly rates of the levy shall be increased in proportion to increase of the sphere of the face (board) of an advertisement to three square meters.

3. Basic monthly rates of the levy in relation to advertisements which are placed:

1) in the side strip of motor roads of general use of provincial status and in populated areas, shall be established on the basis of the area and place of location of such advertisements:

№	Type of Advertisement	Rate of the Levy on fixed structures (for one side) (MAI)		
		Cities of the Republic's status	***Cities and roads of the province status***	*{~}*
1	2	3	4	
1.	Signs, signboards, information boards with area of up to 2 sq. M (per one item)	2	1	
2.	Lightboxes (city format)	3	2	
3.	Information promotional items with area:			
3.1.	from 2 to 5 sq. m	5	3	
3.2.	from 5 to 10 sq. m	10	5	
3.3.	from 10 to 20 sq. m	20	10	
3.4.	from 20 to 30 sq. m	30	15	
3.5.	from 30 to 50 sq. m	50	20	
3.6.	from 50 to 70 sq. m	70	30	
3.7.	above 70 sq. m	100	50	
4.	Roof neon advertisement structures (light panels or three-dimensional ***luminous*** letters):			
4.1.	up to 30 sq.m	30	20	
4.2.	above 30 sq.m	50	30	
5.	Advertisement on stalls, tents, pavilions, sheds, umbrellas, banners, flags:			

5.1.	up to 5 sq.m	1	1	
5.2.	from 5 to 10 sq.m	2	1	
5.3.	above 10 sq.m	3	2	
6.	Advertisement at temporary kiosks and pavilions:			
6.1.	up to 2 sq.m	2	1	
6.2.	from 2 to 5 sq.m	2	1	
6.3.	from 5 to 10 sq.m	3	2	
6.4.	Above 10 sq.m	8	4	
7.	Remote advertising structures (pillars)	10	5	

2) on transport vehicles shall be established on the basis of area and place of location of an advertisement:

№	Type of Advertisement	Rate of the Levy on mobile structures (MAI)		
		Cities of the Republic's status	Cities of the province status	{~}
1	2	3	4	
1.	Advertisement on external side of the vehicle (per unit):			
1.1.	on buses, trolley-buses, trams, trucks, special cars (with load capacity over 1.5 ton), self-propelled machines and mechanisms	8	4	
1.2.	on minibuses, taxis, cars (with load capacity of up to 1.5 ton)	3	2	
2.	Advertisement on structures installed on a vehicle (panels. boards, lightboxes, etc.) per one side:			
2.1.	up to 2 sq.m	3	2	
2.2.	from 2 up to 5 sq.m	15	10	
2.3.	from 5 to 10 sq. m	35	25	
2.4.	from 10 to 20 sq.m	50	25	
2.5.	from 20 to 40 sq.m	60	45	
2.6.	above 40 sq.m	80	40	

The local representative authorities of the provinces, cities of Republic's status, and the capital city that deals with advertisements, which are placed in the side strip of motor roads of general use of provincial status and in populated areas, shall have the right to increase the size of basic rates of the levy no more than by factor of two depending on the place where such advertisement is located.

Article 531. The Procedure for the Assessment and Payment

1. Amounts of the levy to be collected shall be assessed on the basis of the rates of the levy and actual time of exposure of advertisements as specified in the permit document, but not less than the amount of the levy for one calendar month.

2. Amounts of the levy to be paid to the budget for one calendar month shall be paid not later than the 25th day of the following month.

3. When receiving the permit, payers of the levy shall submit to the National Motorway Management Operator or local executive bodies a document confirming the payment to the budget of the levy for the first month of advertisement placement.

4. The charges shall be paid to the budget at the location of placement of the outdoor (visual) advertising object specified in the authorization document, except for vehicles a charge for which shall be paid to the budget at the place of registration of such vehicles determined by the competent governmental authority at the time of state registration thereof.

5. The charges paid to the budget shall be refunded or set off by the tax authorities according to the procedure established by Articles 599 and 602 of this Code on the basis of a tax application and a document issued by the relevant competent authority and confirming the fact that there are charge amounts paid in excess by such payer and/or that no outdoor (visual) advertising objects have been placed.

CHAPTER 79. STATE DUTY

§ 1. State Duty

Article 532. General Provisions

1. State duty shall mean an obligatory payment to be collected for performance of legally significant acts and/or for issuance of documents by competent governmental authorities or officials.

For the purposes of this Chapter issuance of documents (copies or duplicates thereof) shall be treated as legally significant acts.

2. Competent governmental authorities or officials shall provide the tax authority at the place of their location with information about payers of the state duty quarterly on or before the 20th date of the month following the reporting quarter according to the form established by the competent authority.

Article 533. Payers of State Duty

Physical and legal persons who petition in relation to commission of legally-material acts and (or) issuing of documents to the authorised state bodies or to official person, shall be recognised as payers of state duty.

Structural units may be considered as independent payers of state duties in the event that the relevant authorized bodies perform any legally significant actions for the benefit of such structural unit.

Article 534. Taxable Items

1. State duty shall be collected on the following:

1) lawsuit applications, applications for special claim processing, applications (complaints) in cases of special processing, applications for passing a court order, applications for issuing a duplicate executive writ, applications for issuing executive writs for enforced implementation of decisions of arbitration, third-party tribunals and foreign courts, applications for a repeat issue of copy court acts, executive writs and other documents;

2) commission of notarial acts and also issuing copies (duplicates) of notarised documents;

3) registration of civil status records, and also for issuing to citizens of certificates and repeat certificates on registration of civil status records and certificates on amendments, additions to, corrections and restoration of civil status record entries;

4) formulation of documents for the right to exit abroad for permanent place of residence and invitation to the Republic of Kazakhstan of persons from other states, and also for introduction of amendments to those documents;

5) issuing in the territory of the Republic of Kazakhstan of visas to passports of foreigners and stateless persons or documents substituting for those for the right to exit the Republic of Kazakhstan and entry the Republic of Kazakhstan;

6) formulation of documents on acquisition of the Republic of Kazakhstan citizenship, restoration of the Republic of Kazakhstan citizenship and termination of the Republic of Kazakhstan citizenship;

7) registration of place of residence;

8) for issuing (reissuing) hunter certificates (duplicate of hunter certificate);

9) issuing permits for export and import of rare and endangered species of plants, animals and sturgeon fish, and also their parts and derivates;

10) issuing personal identification documents;

11) issuing permits for purchase, storage or storage and carry, transportation of civil, service arms and ammunitions therefor;

11-1) issuing certificates for import to and export from the Republic of Kazakhstan of civil, service arms and ammunition therefor;;

11-2) issuing referrals to commission sale of civil, service arms and ammunition therefor;

12) registration and re-registration of each unit of civil, service arms of physical and legal persons (except for knives, hunting, signal arms, mechanical sprays, sprays and other devices equipped with tear gas or irritants, pneumatic arms with the muzzle energy not more than 7.5 J and calibre up to 4.5 mm inclusive);

13) fixation by the state bodies authorised by the Republic of Kazakhstan Government of apostil on official documents executed in the Republic of Kazakhstan in accordance with international treaties ratified by the Republic of Kazakhstan;

14) issuing driving licenses, tractor operator licences, certificates of state registration of motor vehicles, state registration number plates, international certificate of technical inspection and its duplicate;

15) commission by the authorised body in the sphere of intellectual property of legally-material acts as specified in Article 539 of this Code;

16) issuing an original and duplicate certificate permitting performance of international carriage of goods by road.

2. The fixed percentage rates of state duty shall be computed on the basis of the monthly assessment index as established by the law on the republic's budget and effective as of the date of payment of state duty (hereinafter – MAI), unless otherwise specified by this Code.

Article 535. Rates of State Duty in Courts

1. State duty shall be collected in the following amounts, on lawsuit applications, applications for special claim processing, applications (complaints) in cases of special processing, applications for passing a court order, applications for issuing a duplicate executive writ, applications for issuing executive writs for enforced implementation of decisions of arbitration, third-party tribunals and foreign courts, applications for a repeat issue of copy court acts, executive writs and other documents:

1) on lawsuit applications of property nature, as follows:

physical persons – 1 per cent of amount of claim;

legal persons – 3 per cent of amount of claim;

2) on complaints concerning unlawful acts of governmental authorities and their official persons, infringing rights of physical persons, – 30 per cent;

3) on complaints concerning unlawful acts of governmental authorities and their official persons, infringing rights of legal persons, – 500 per cent;

4) applications challenging notices relating to acts of tax audits, as follows:

individual entrepreneurs and peasant and farmer holdings – 0.1 per cent of amount in dispute of taxes and other obligatory payments to the budget (including penalties), as specified in the notice;

legal persons – 1 per cent of amount in dispute of taxes and other obligatory payments to the budget (including penalties), as specified in the notice;

5) on lawsuit applications for divorce – 30 per cent.

In the cases of division of property in divorce cases, duty shall be computed on the basis of the value of the claim in accordance with subparagraph 1) of this paragraph;

6) on lawsuit applications for division of property in divorces with persons who in accordance with the established procedure are recognised as missing or incapable due to a mental disease or mental weakness, or with persons sentenced to deprivation of freedom for a period longer than three years, – in accordance with subparagraph 1) of this paragraph;

7) on lawsuit applications for update or termination of an agreement on leasing of a dwelling place, for extending periods of entry into inheritance, for alleviation of property restraint and on other lawsuit applications of non-property nature, or those which are not subject to valuation – 50 per cent;

8) on applications for special claim processing, applications (complaints) relating to cases of special processing, except for those indicated in sub-clauses 2), 3), 4) and 13) of this paragraph – 50 per cent;

9) on applications for appeal of decisions of third party tribunal, petitions for abolition of arbitration decisions – 50 per cent of the amount of state duty which is collectible in the case of filing a lawsuit application of non-property nature to a court of the Republic of Kazakhstan, and in cases of property disputes – of amount of state duty which is collectible when filing a lawsuit application of property nature in a court of the Republic of Kazakhstan and computed on the basis of the amount which is appealed by the claimant;

10) on applications for passing a court order – 50 per cent of the rates of state duty specified in subparagraph 1) of this paragraph;

11) on applications for issuing a duplicate executive writ, applications for issuing executive writes for enforced implementation of decisions of arbitration, third-party tribunals and foreign courts – 500 per cent;

12) on applications for repeat issue of copy (duplicates) of court decisions, sentences, rulings, other court decrees, and also copies of other documents from case-files as issued by courts pursuant to requests of the parties and other persons participating in cases, – 10 per cent for each document, and also 3 per cent for each prepared page;

13) on petitions for recognition of legal entities as bankrupts, for application of the rehabilitation procedure, for application of the accelerated rehabilitation procedure – 500 per cent;

14) on appeal petitions, cassation appeals and applications for supervisory review of a judicial act against court judgments and rulings with respect to property and non-property disputes – fifty percent of the amount of state duty charged in case of filing a statement of claim of non-property nature, and in case of property disputes – of the amount of state duty calculated based on the amount challenged by the appellant.

2. For lawsuit applications containing simultaneously claims of property and non-property nature, state duty shall be collected lump-sum as established for lawsuit applications of property nature and for lawsuit applications of non-property nature.

Article 536. Rates of State Duty for the Commission of Notarial Acts

For the commission of notarial acts, state duty shall be collected in the following amounts:

1) for certifying agreements on alienation of real estate (land plots, dwelling places, dachas, garages, structures and other real estate) in urban areas, as follows:

where one party is a legal person – 1000 percent;

worth of up to 30 monthly assessment indices, as follows:

to children, spouse, parents, brothers and sisters, grand children – 100 per cent;

to other persons – 300 per cent;

worth of more than 30 monthly assessment indices, as follows:

to children, spouse, parents, brothers and sisters, grand children – 500 per cent;

to other persons – 700 per cent;

where a transaction is committed for the purposes of purchase of real estate at the expense of funds received from a mortgaged housing loan, – 200 per cent;

2) for certifying agreement on alienation of real estate (land plots, dwelling places, dachas, garages, structures and other real estate) in rural areas, as follows:

where one party is a legal person – 100 percent;

to children, spouse, parents, brothers and sisters, grand children – 50 per cent;

to other persons – 70 per cent;

3) for certifying agreements for alienation of motor transport vehicles:

where one party is a legal person – 700 percent;

to children, spouse, parents, brothers and sisters, grand children – 200 per cent;

to other persons – 500 per cent;

4) for certifying lease, loan (except for mortgaged housing loans), advance, leasing, work contracts, marriage contracts, division of property which is in common ownership, division of heritage, alimony agreements, foundation agreements – 500 per cent;

5) for certifying mortgaged housing loan agreements – 200 per cent;

6) for certifying wills – 100 per cent;

7) for issuing certificates on inheritance rights – 100 per cent;

8) for issuing certificates on ownership rights to a share in common property of spouses and other persons who own property in accordance with the right of common shared ownership, – 100 per cent;

9) for certifying powers of attorney for the right to use and dispose of assets – 50 per cent;

10) for certifying powers of attorney for the right to use and drive transport vehicles without a right to sell – 100 per cent;

11) for certifying powers of attorney for sale, giving as gift, exchange of transport vehicles – 200 per cent;

12) for certifying other powers of attorney:

for natural persons – 10 per cent;

for legal persons – 50 per cent;

13) for taking steps associated with the protection of heritage property – 100 per cent;

14) for the commission of captain's protest – 50 per cent;

15) for certifying the accuracy of copy documents and extracts from documents (per page):

for natural persons – 5 per cent;

for legal persons – 10 per cent;

16) for certifying the accuracy of signatures on documents and also the authenticity of translation of documents from one language into another (per document):

for natural persons – 3 per cent;
for legal persons – 10 per cent;
17) for translation of applications of natural and legal persons to other physical and legal persons – 20 per cent;
18) for notarisation of certified copies of documents – 20 per cent;
19) for issuing duplicates – 100 per cent;
20) for certifying the authenticity of signatures when opening bank accounts (per document):
for natural persons – 10 per cent;
for legal persons – 50 per cent;
21) for certifying agreements for pledging real estate, claim rights and mortgage certificates on mortgaged housing loans – 200 per cent; for certifying other pledged agreements – 700 per cent;
22) for the commission of protest of a bill and for certifying non-cashing of a cheque – 50 per cent;
23) for storage of documents and securities – 10 per cent per month;
24) for certifying suretiship and guarantee agreements – 50 per cent;
25) for the commission of other notarial acts specified by other legislative acts of the Republic of Kazakhstan – 20 per cent.

Article 537. Rates of State Duty for Registration of Civil Status Records

1. For the registration of civil status records, for issuing to citizens of repeat certificates on registration of civil status records, and also certificates in connection with amendment, addition to, correction and restoration of entries on acts of birth, marriage, divorce, death, state duty shall be collected as follows:
1) for registration of conclusion of a marriage – 100 per cent;
2) for registration of dissolution of a marriage as follows:
pursuant to mutual consensus of spouses who have not minority age children, – 200 per cent;
on the basis of a court decision – 150 per cent (from one or both spouses);
on the basis of a court decision with persons who in accordance with the established procedure are recognised as missing or incapable due to a metal disease or mental weakness, or persons sentenced for commission of a crime to be deprived of freedom for a period longer than three years, – 10 per cent;
3) for registration of a change of surname, name or patronymic, nationality or sex – 200 per cent;
for each document of the spouse, children, issued on that basis – 50 per cent;
4) for issuing certificates due to amendment, additions to, correction and restoration of entries of acts on birth, marriage, termination of marriage, death – 50 per cent;
5) for issuing repeat certificates on registration of civil status records – 100 per cent;
6) for registration of adoption of a son (a daughter) by foreign citizens – 200 per cent;
7) for issuing extracts to citizens of the Republic of Kazakhstan concerning registration of civil status records – 30 per cent;
8) for obtaining on demand certificates on registration of civil status records from CIS countries – 50 per cent;
9) for obtaining on demand certificates on registration of civil status records from foreign states, except for the CIS countries – 100 per cent.

Article 538. The Rates of State Duty When Processing Exits Abroad, Acquisition of Citizenship of the Republic of Kazakhstan, Restoration of Citizenship of the Republic of Kazakhstan or Termination of Citizenship of the Republic of Kazakhstan

For the commission of acts associated with the acquisition of the Republic of Kazakhstan citizenship, restoration of the Republic of Kazakhstan citizenship or termination of the Republic of Kazakhstan citizenship, and also entry into the Republic of Kazakhstan or exit abroad, state duty shall be collected in accordance with the following amounts:
1) for issuing or extending to foreigners and stateless persons visas for the following rights:
exit from the Republic of Kazakhstan – 50 per cent;
entry into the Republic of Kazakhstan and exit from the Republic of Kazakhstan – 100 per cent;
2) for issuing or extending to foreigners and stateless persons visas for the right to multiply cross the border – 200 per cent;
3) for issuing documents for exit from the Republic of Kazakhstan for expatriation purpose to citizens of the Republic of Kazakhstan as well as to foreigners and stateless persons permanently residing in the Republic of Kazakhstan – 100 per cent;
4) for issuing to citizens of the Republic of Kazakhstan and stateless persons permanently residing in the Republic of Kazakhstan concerning invitations from abroad – 50 per cent for each invitee;
5) for formulation of documents for the acquisition of the Republic of Kazakhstan citizenship, restoration of citizenship of the Republic of Kazakhstan, termination of citizenship of the Republic of Kazakhstan – 100 per cent;
6) for issuing documents, instead of lost or damaged ones, concerning invitation to the Republic of Kazakhstan – in the amounts as specified accordingly in subparagraph 4) of this Article.

Article 539. Rates of State Duty for the Commission of Legally-Material Acts by the Authorised State Body in the Sphere of Intellectual Property

For the commission of legally-material acts, the authorised state body in the sphere of intellectual property shall collect state duty in the following amounts:
1) for issuing an innovation patent, patent, certificate – 100 per cent;
2) for issuing certificates on a high renown mark – 100 per cent;
3) for registration of re-assignment, pledge, licensing, sub-licensing agreements concerning use of industrial property items, – 150 per cent;
4) for certifying patent attorneys – 1 500 per cent;
5) for issuing certificates on registration of a patent attorney – 100 per cent.

Article 540. Rates of State Duty for the Commission of Other Acts

For the commission of other acts, state duty shall be collected in the following amounts:

1) for registration of residence address – 10 per cent;

2) for issuing (reissuing) hunter certificates (duplicate of hunter certificate) – 200 per cent;

3) for issuing permits for import and export of rare and endangered species of plants, animals and sturgeon fish, as well as their parts and derivates – 200 per cent;

4) for issuing the following:

passport of a Republic of Kazakhstan citizen, identification document of a stateless person – 400 per cent;

personal identification document of a Republic of Kazakhstan citizen, residence permit of a foreigner in the Republic of Kazakhstan, temporary personal identification document – 20 per cent;

5) for issuing:

to legal persons of the following:

certificates for the import to the Republic of Kazakhstan of civil, service arms and ammunition therefor – 200 per cent;

certificates for the export from the Republic of Kazakhstan of civil, service arms and ammunition therefor – 200 per cent;

permit for storage of civil, service arms and ammunitions therefor – 100 per cent;

permit for storage and carry of civil, service arms and ammunitions therefor – 100 per cent;

permit for transportation of civil, service arms and ammunitions therefor – 200 per cent;

permit for second-hand sales of civil, service arms and ammunitions therefor – 100 per cent;

to natural persons of the following:

certificates for the import to the Republic of Kazakhstan of civil arms and ammunition therefor – 50 per cent;

certificates for the export from the Republic of Kazakhstan of civil arms and ammunition therefor – 50 per cent;

permit for purchase of civil arms and ammunitions therefor – 50 per cent;

permit for storage of civil arms and ammunitions therefor – 50 per cent;

permit for storage and carry of civil arms and ammunitions therefor – 50 per cent;

permit for transportation of civil arms and ammunitions therefor – 10 per cent;

permit for second-hand sales of civil arms and ammunitions therefor – 50 per cent;

6) for registration and re-registration of each unit of civil, service arms of natural and legal persons (except non-fire arms, hunting, starting guns, mechanical sprays, sprays and other devices equipped with tear gas or irritants, pneumatic arms with the muzzle energy not more than 7.5 J and calibre up to 4.5 mm inclusive) – 10 per cent;

7) for the introduction of amendments to personal identification documents;

8) for the fixation of the apostil by the state body authorised by the Republic of Kazakhstan Government on official documents, executed in the Republic of Kazakhstan in accordance with international agreements ratified by the Republic of Kazakhstan, – 50 per cent per document;

9) for issuance of the following:

driver's license – 125 per cent;

certificate of state registration of transport vehicles – 125 per cent;

state registration number plate for a car – 280 per cent;

state registration number plate (except for state registration number plates for transport vehicles operated by state bodies, for which the state duty amount is equal to 280 per cent) with numerical symbols 100, 111, 200, 222, 300, 333, 400, 444, 500, 555, 600, 666, 700, 800, 888, 900, 999 for a car – 13,700 per cent;

state registration number plate (except for state registration number plates for transport vehicles operated by state bodies, for which the state duty amount is equal to 280 per cent) with numerical symbols 001, 002, 003, 004, 005, 006, 007, 008, 009, 777 for a car – 22,800 per cent;

state registration number plate for a motorcycle, car trailer – 140 per cent;

state registration (transit) number plate for a transit drive of a transport vehicle – 35 per cent;

international technical inspection certificate – 50 per cents;

10) for issuing the following:

certificate of a tractor driver – 50 per cent;

state registration number plates for tractors and self-propelled chassis and machines made on their basis, trailers for hem (including trailers with special built-in equipment), self-propelled agricultural, ameliorative and road building construction machines and mechanisms – 100 per cent;

technical passports for the state registration of tractors and self-propelled chassis and machines made on their basis, trailers for hem (including trailers with special built-in equipment), self-propelled agricultural, ameliorative and road building construction machines and mechanisms – 50 per cent;

11) issuing an original and duplicate certificate permitting performance of international carriage of goods by road – 25 per cent.

Article 541. Exemption from Payment of State Duty in Courts of Law

The following shall be exempt from payment of state duty in courts of law:

1) plaintiffs – in relation to claims for exacting amounts of work remuneration and other claims relating to employment activities;

2) plaintiffs who are authors, performers and organisations managing their property rights on a collective basis – in relation to claims ensuing from copyright and related rights;

3) plaintiffs who are authors of works of industrial property – in relation to claims ensuing from invention rights, useful model or industrial sample rights;

4) plaintiffs – in relation to claims for exacting alimony;

5) plaintiffs – in relation to claims for compensation for harm caused by injury or other harm to health, and also death of breadwinner;

6) plaintiffs – in relation to claims for compensation of property damage caused by a criminal offence;

7) natural and legal persons, except for persons who have no relevance to a case, – for issuing to them of documents in connection with criminal cases and alimony cases;

8) plaintiffs – in relation to claims for exacting in favour of the state of funds towards compensation for harm cased to the state by violation of the environmental protection legislation of the Republic of Kazakhstan;

9) vocational schools and vocational lyceums providing training of qualified personnel and blue-collar worker personnel of higher qualifications, – in relation to claims for exacting costs incurred by the state for the maintenance of trainees who left educational establishments or were expelled from them;

10) natural and legal persons who, in cases specified by the Republic of Kazakhstan legislation, petitioned to the court with an application for the protection of rights and interests of other persons or of the state, which are protected by the law;

11) confident (agent) who petitions to a court with a claim for refund of budget loans, and also governmental loans and loans secured by the state in accordance with the budget legislation of the Republic of Kazakhstan;

12) plaintiffs who are participants of the Great Patriotic War and persons equated to those, persons awarded with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, persons who worked (served) not less than six months from the 22nd June 1941 until the 9th of May 1945 and not awarded with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, disabled, and also one of the parents of a disabled from childhood – in relation to all cases and documents;

13) plaintiffs who are repatriates – in relation to all cases and documents associated with the acquisition of the Republic of Kazakhstan citizenship;

14) natural and legal persons – for filing to courts of law the following applications:

for abolition of a court ruling for termination of proceedings of a case or leaving an application without consideration;

for a postponement or instalment plan for the implementation of a decision;

for changing a method or procedure for the implementation of a decision;

for securing claims or replacement of one type of security with another;

for revision of decisions, rulings or decrees of courts due to newly-opened circumstances;

for addition or reduction of fines imposed by court rulings;

for reverting implementation of court decisions for restoration of missed dates;

for abolition of a default judgement;

on placing into special educational organizations and educational organizations with special form of treatment;

and also following claims:

against acts of court enforcement officers;

private appeals concerning court rulings on addition or reduction of fines;

other private appeals concerning court rulings;

appeals from court decrees on administrative violations;

for abolition of a default judgement of a court;

15) procuratura authorities – in relation to any claims;

16) state-owned institutions – when filing lawsuits and appealing court decisions, except for the cases of protecting interests of third parties;

17) public associations of disabled and (or) organisations formed by them which employ not less than 35 percent of disabled due to hearing, speech and also sight disabilities, – when filing lawsuits in their interests;

18) insurants and insurers – in relation to lawsuits arising from obligatory insurance agreements;

19) plaintiffs and defendants – in relation to disputes related to the compensation of damage caused to a citizen by unlawful conviction, unlawful use of imprisonment as a restraint measure, or unlawful imposition of an administrative penalty in the form of arrest;

20) the National Bank of the Republic of Kazakhstan, its affiliates, representative offices, and agencies – when filing lawsuits concerning the issues falling within their terms of reference;

21) {~};

22) liquidation commissions for financial organizations which are liquidated through enforced procedures, in relation to lawsuits, applications, and complains filed in the interests of liquidation proceedings;

22-1) provisional administrations for financial organizations being liquidated through enforced procedures – in relation to lawsuits, applications, complains submitted in the interests of the provisional administration;

23) banks authorised in accordance with legislative acts of the Republic of Kazakhstan to implement governmental investment policies, – when filing lawsuits as follows:

for exacting arrears relating to loans issued at the expense of budget funds on a repayment basis;

for applying claims to property;

for bankruptcy of debtors in relation to their failure to implement obligations relating to external governmental loans and loans secured by the government, as well as loans issued at the expense of budget funds;

23-1) representatives of bondholders – when filing lawsuits on behalf of the bondholders on the matters related to issuers' failure to fulfill the obligations provided for by the prospectus of bond issue;

24) bankruptcy and rehabilitation managers – when filing lawsuits to the benefit of bankruptcy proceedings, rehabilitation procedure within the limits of their authority stipulated by the legislation of the Republic of Kazakhstan concerning rehabilitation and bankruptcy;

25) body of internal affairs – when filing applications with respect to the issues connected with expulsion of foreigners and persons without citizenship from the Republic of Kazakhstan for violation of the legislation of the Republic of Kazakhstan..

Article 542. Exemption from Payment of State Duty When Committing Notarial Acts

The following shall be exempt from payment of state duty when committing notarial acts:

1) natural persons – for certifying their wills, agreements of giving gifts of property in favour of the state;

2) state-owned institutions – for issuing to them certificates (duplicate certificates) concerning the right to the state to inherited property, and also for any documents which are required for receiving those certificates (duplicate certificates);

3) natural persons – for issuing to them certificates on the right to inherited property as follows:

property of persons who died when defending the Republic of Kazakhstan in connection with their performance of other state duties or public duties, or due to performance of the duty of a citizen of the Republic of Kazakhstan in relation to saving people's life, protection of state property and law and order;

dwelling place or unit share in a housing construction cooperative, where the heir resided with the testator for not less than three years as of the date of the demise of the testator and continues to reside in that dwelling place after his death;

insurance payments on insurance agreements, governmental borrowing bonds, amounts of work remuneration, copyright, amounts of royalties and rewards for discoveries, inventions and industrial samples;

property of rehabilitated citizens;

4) participants of the Great Patriotic War and persons equated to them, persons decorated with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, persons who worked (served) for not less than six months from the 22nd of June 1941 until the 9th of May 1945 and not awarded with orders and metals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, disabled, and also one of the parents of a disabled from childhood – in relation to any notarial acts;

5) oralmans – for all notarial actions connected with acquisition of nationality of the Republic of Kazakhstan;

6) – 7) {~};

8) mothers with many children, holding the titles «Heroine Mother» awarded with the «Altyn Alka», «Kumis Alka» pendants – in relation to any notarial acts;

9) natural persons suffering from chronic mental diseases for whom guardianship is established in accordance with procedure established by the Republic of Kazakhstan legislation, – for receiving certificates on their inheritance of property;

10) the «Voluntary Society of the Disabled of Kazakhstan» (DOIK) association, the Kazakh Society for the Deaf (KOG), the Kazakh Society for the Blind (KOS), and also their industrial enterprises – in respect of all notarial acts;

11) orphaned children and children deprived of parental care up to the age of eighteen years – for issuance of certificates of inheritance rights.

Article 543. Exemption from Payment of State Duty When Registering Civil Status Records

The following shall be exempt from payment of state duty when registering civil status records, upon presentation of confirmation documents:

1) participants of the Great Patriotic War and persons equated to them, persons decorated with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, persons who worked (served) for not less than six months from the 22nd June 1941 until the 9th May 1945 and not awarded with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, disabled, and also one of the parents of a disabled from childhood, guardians (tutors), state-owned organisations – in relation to registration and issuing of repeat certificates on birth;

2) natural persons – for issuing to them certificates on alteration, addition, restoration and correction of records on birth, death, establishing paternity, adoption of a son (daughter), due to mistakes made in the course of registering civil status acts;

3) natural persons – for issuing to them repeat or replacement of previously issued certificates on death or relatives;

4) natural persons – for issuing repeat certificates on birth due to adoption of a son (daughter) and establishing paternity.

Article 544. Exemption from Payment of State Duty When Restoring and Acquiring the Republic of Kazakhstan Citizenship

1. The following shall be exempt form payment of state duty:

1) persons who were forced to depart from the Republic of Kazakhstan territory during periods of mass repressions, forced collectivisation, as a result of other inhumane political acts, and their descendants – in case of their expressing the will to restore the Republic of Kazakhstan citizenship;

2) oralmans – when acquiring the Republic of Kazakhstan citizenship.

2. Said exemption from payment of state duty shall be granted once.

Article 545. Exemption from Payment of State Duty When Committing Legally-Material Acts by the Authorised State Body in the Sphere of Intellectual Property

The following shall be exempt from payment of state duty when committing legally-material acts by the authorised state body in the sphere of intellectual property:

1) the elderly and disabled who reside at medical-social institutions for the elderly and disabled of general type;

2) trainees of boarding schools, vocational schools and vocational lyceums, who are on complete governmental support and reside at hostels;

3) oralmans;

4) heroes of the Soviet Union, heroes of the Socialist Labour, persons decorated with the Glory Order of three degrees and of Labour Glory of three degrees, «Altyn Kyran», «Otan» holders of the 'Khalyk kaharmany', «Kazakhstannyn Enbek Eri» titles, mothers with many children holding the title of «Heroine Mother», decorated with the «Altyn Alka», «Kymis Alka» pendants;

5) participants of the Great Patriotic War and persons equated to them, persons decorated with orders and medals of the former Union of the USSR for selfless military service at the home front during the years of the Great Patriotic War, persons who worked (served) for not less than six months from the 22nd June 1941 until the 9th of May 1945 and not awarded with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, disabled, and also one of the parents of a person disabled from childhood, as well as citizens who suffered from the Chernobyl Disaster.

Article 546. Exemption from Payment of State Duty in Commission of Other Acts

The following shall be exempt from payment of state duty:

1) when registering place of residence:

the elderly and disabled who reside at medical-social institutions for the elderly and disabled of general type;

trainees of boarding schools, vocational schools and vocational lyceums, who are on complete governmental support and reside at hostels;

ethnic Kazakhs who arrived to the Republic of Kazakhstan for permanent residence until assignment of oralman status;

heroes of the Soviet Union, heroes of the Socialist Labour, persons decorated with the Glory Order of three degrees and of Labour Glory of three degrees, «Altyn Kyran», «Otan» holders of the 'Khalyk kaharmany', «Kazakhstannyn Enbek Eri» titles, mothers with many children holding the title of «Heroine Mother», decorated with the «Altyn Alka», «Kymis Alka» pendants;

participants of the Great Patriotic War and persons equated to them, persons decorated with orders and medals of the former Union of the USSR for selfless military service at the home front during the years of the Great Patriotic War, persons who worked (served) for not less than six months from the 22nd June 1941 until the 9th of May 1945 and not awarded with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, disabled, and also one of the parents of a person disabled from childhood;

citizens who suffered from the Chernobyl Disaster;

2) {~};

3) when filing a civil lawsuit in a criminal case;

4) when fixing an apostil on documents which are received for apostilling through diplomatic representations and consular institutions of the Republic of Kazakhstan;

5) when issuing repeat certificates on registration of civil status records – citizens who petitioned through diplomatic representations and consular institutions of the Republic of Kazakhstan;

6) when issuing passports and personal identification documents of citizens of the Republic of Kazakhstan, and also residence permits of foreign citizens in the Republic of Kazakhstan and identification documents of stateless persons as follows:

heroes of the Soviet Union, heroes of the Socialist Labour;

persons decorated with the Glory Order of three degrees and Labour Glory of three degrees, «Altyn Kyran», «Otan» holders of the 'Khalyk kaharmany', «Kazakhstannyn Enbek Eri» titles;

mothers with many children, holding the titles «Heroine Mother» awarded with the «Altyn Alka», «Kumis Alka» pendants;

participants of the Great Patriotic War and persons equated to them, persons decorated with orders and medals of the former Union of the USSR for selfless military service at the home front during the years of the Great Patriotic War, persons who worked (served) for not less than six months from the 22nd June 1941 until the 9th of May 1945 and not awarded with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, disabled, and also one of the parents of a person disabled from childhood;

the elderly who reside at medical-social institutions for the elderly and disabled of general type, orphan children and children left without parental care who are on full governmental support, residing in children's orphanages and (or) boarding schools;

citizens who suffered from the Chernobyl Disaster;

7) when issuing governmental registration number plates for cars, a car trailer, motor transport:

heroes of the Soviet Union, heroes of the Socialist Labour, persons decorated with the Glory Order of three degrees and Labour Glory of three degrees, «Altyn Kyran», «Otan» holders of the 'Khalyk kaharmany', «Kazakhstannyn Enbek Eri» titles;

participants of the Great Patriotic War and persons equated to them, persons decorated with orders and medals of the former Union of the USSR for selfless military service at the home front during the years of the Great Patriotic War, persons who worked (served) for not less than six months from the 22nd June 1941 until the 9th of May 1945 and not awarded with orders and medals of the former Union of SSR for selfless work and immaculate military service at the home front during the years of the Great Patriotic War, disabled, and also one of the parents of a person disabled from childhood;

citizens who suffered from the Chernobyl Disaster.

Article 547. The Procedure for the Payment of State Duty

1. State duty shall be paid with cash money, by way of a bank transfer or through organisations carrying out separate types of banking transactions.

2. State duty shall be paid as follows:

1) with respect to cases considered by courts – prior to filing a corresponding application (appeal) or petition for passing a court order, except for cases provided for by Article 105-1 of the Civil Procedural Code of the Republic of Kazakhstan, as well as where courts issue copies of documents;

2) for the performance of notarial acts, and also for issuing copies documents, duplicates – when registering a committed notarial act;

3) for the state registration of civil status records, for the introduction of amendments, additions, restorations and corrections to entries of civil status records, and also for issuing confirmation documents and repeat certificates – when they are issued;

4) for the state registration of dissolution of a marriage upon mutual consensus of the spouses, who have no minority age children, – when registering the act;

5) for registration of place of residence of citizens – prior to issuing proper documents;

6) for issuing passports and personal identification cards of the Republic of Kazakhstan citizens, identification cards of stateless persons, residence permits of foreign citizens in the Republic of Kazakhstan, – prior to issuing proper documents;

7) for issuing driving licenses, tractor operator licences, certificates of state registration of motor vehicles and trailers, international certificate of technical inspection and its duplicate, state registration number plates – prior to issuance of the respective documents and state registration number plates;

7-1) issuing an original and duplicate certificate permitting performance of international carriage of goods by road – until issuance of the respective document;

8) {~};

8-1) for issue (reissue) of hunter certificate (duplicate of hunter's certificate) – before issue of the respective documents;

9) for issuing permits for import and export of rare and endangered species of plants, animals and sturgeon fish, as well as their parts and derivates – prior to issuing proper documents;

10) for issuing permits for purchase, storage or storage and carry, transportation, certificates for import to and export from the Republic of Kazakhstan and referrals to commission sale of civil, service arms and ammunition therefor, – prior to the issue of respective documents;

11) for registration and re-registration of each unit of civil, service arms of natural and legal persons (except for non-fire arms, hunting arms, signal pistols, mechanical sprays, sprays and other devices, equipped with tear gas or irritants substances, pneumatic arms with the muzzle energy not more than 7.5 J and calibre up to 4.5 mm inclusive) – prior to issuing proper documents;

12) in cases relating to the acquisition of the Republic of Kazakhstan citizenship or termination of the Republic of Kazakhstan citizenship, and also to exit from the Republic of Kazakhstan and entry into the Republic of Kazakhstan, – prior to receiving proper documents;

13) for the fixation by the state bodies authorised by the Republic of Kazakhstan Government of the apostil on official documents emanating from the state bodies and from notaries of the Republic of Kazakhstan, – prior to the fixation of the apostil;

14) for the commission of legally-material acts by the authorised state body in the sphere of intellectual property, in relation to issuing innovation patents, patents, confirmations, certificates, registration of agreements, certification and registration of patent attorneys, – prior to issuing proper document.

3. State duty shall be included in the place of commission of legally-material acts and (or) issuing documents by the authorised state bodies or official persons.

4. The state duty shall be paid to the budget by transfer through banks or organizations engaged in certain banking operations, or by cash contributions based on strictly accountable documents in the form established by the authorized body.

5. Accepted amounts of state duty in cash money shall be depoInternet resourced by the authorised state bodies to banks or organisations carrying out separate types of banking transactions, not later than the next working day, following the day when acceptance of money was carried out for their subsequent inclusion into the budget. Where daily receipts of cash money are less than 10-times monthly assessment index, depositing money shall be carried out once in three working days from the day when acceptance of money was carried out.

Article 548. Refund of Paid Amounts of State Duty

1. Paid amounts of state duty shall be subject to refund in part or in full in the following cases:

1) payment of state duty in a greater amount than it is required in accordance with this Code, except for the cases of reduction of claims by claimants;

1-1) transfer of a case to an arbitration or third-party tribunal;

1-2) conclusion of an agreement for resolution of the dispute in accordance with the mediation procedure;

1-3) case disposition by amicable settlement;

2) return of an application (complaint) or denial of it acceptance, and also denial of notaries and persons authorised appropriately, to commit notarial acts;

3) termination of proceedings on a case of leaving a claim without consideration, where a case is not to be handled by a court, and also where the plaintiff failed to comply with the procedure established for a given category of cases with regard to a preliminary consideration of a dispute, or a lawsuit is filed by an incapable person;

4) refusal of persons who paid state duty to commit legally-material acts or receive documents, prior to petitioning to the authority committing such legally-material acts;

5) in other cases established by the Republic of Kazakhstan legislative acts.

1-1. The state duty shall not be returned in the event of:

1) claimant's renunciation of suit;

2) reduction by the claimant of his claims;

3) {~}.

2. Tax applications for refund of paid amounts of state duty shall be handled by the tax service authority after receiving from the taxpayer a document from the relevant state authority, which is the basis for the refund of state duty, and also of a document confirming the payment of state duty, where those documents were submitted to the tax service authority prior to the expiry of three years period from the date of the inclusion of the amount of state duty into the budget.

3. Refund of amounts of state duty paid to the state budget, shall be carried out by the tax authoritiesinto the bank account of the taxpayer on the basis of his tax application by attaching the payment document confirming the payment of amounts of state duty, and a document from the relevant state body which is the basis for its refund.

4. Refund of amounts of state duty to a payer in whose favour a court decision was made for compensation of state duty from a state-owned institution that is a party in a case, shall be carried out by the tax service authority on the basis of a tax application of the taxpayer, by attaching a payment document on payment of state duty to the budget and the court resolution entered into legal force.

5. Refund of amounts of state duty paid to the budget, shall be carried out by the tax authorities in the place of its payment from the relevant code of the budget classification, into which the amount of state duty was included, within fifteen business days from the date of submission of the tax application for refund.

6. After refunding an amount of state duty, the tax service authority shall forward a notice on the implementation of the court decision to the taxpayer and (or) a state-owned institution.

7. Documents relating to refund of amounts of state duty must be filed to the tax service authority prior to expiry of a three-year period from the date of inclusion of the amounts of state duty into the budget.

§ 2. Consular Levy

Article 549. General Provisions

Consular levy – a payment which is collected by diplomatic representations and consular institutions of the Republic of Kazakhstan from foreigners, stateless persons, non-resident foreign legal persons, natural and legal persons of the Republic of Kazakhstan, for the commission of consular acts and issuing documents having legal significance.

Article 550. Payers of Consular Levy

Foreigners, stateless persons and non-resident foreign legal persons, natural and legal persons of the Republic of Kazakhstan in whose interests consular acts specified in Article 551 of this Code are performed, shall be payers of consular levy.

Article 551. Taxable Items

Consular levy shall be collected for the commission of the following consular acts:

1) issuance of passports of citizens of the Republic of Kazakhstan, except for issuance of diplomatic and business passports of the Republic of Kazakhstan;

1-1) handling requests from individual citizens and legal entities of the Republic of Kazakhstan, and for foreigner and persons without citizenship, foreign legal entities for issue visas and the sending instructions to foreign institutions of the Republic of Kazakhstan concerning issuance of visas (visa support);

2) issuing visas of the Republic of Kazakhstan;

3) issuing certificates for return to the Republic of Kazakhstan;

4) formulation of petitions of citizens of the Republic of Kazakhstan concerning issues of presence abroad;

5) {~};

6) formulation of documents on issues of the Republic of Kazakhstan citizenship;

7) registration of civil status records;

8) obtaining documents on demand;

9) legalisation of documents and also receipt and forwarding documents for fixing apostil;

10) commission of notarial acts;

11) custody of wills, packages of documents (except for wills), funds, securities and other valuables (except for hereditary) at a consular institution;

12) selling goods and other assets from a public auction;

13) acceptance for custody for a period up to six months of assets or funds for passing to owners;

14) delivery of documents by diplomatic coach to addresses of legal persons;

15) issuing temporary certificates for the right to navigate under the state flag of the Republic of Kazakhstan in the case of purchasing a ship abroad;

15-1) completion or certification of any declarations or other document provided for by the legislation of the Republic of Kazakhstan or international agreements with respect to vessels of the Republic of Kazakhstan to which the Republic of Kazakhstan is a party;

15-2) Execution of a maritime protest act in case of loss or damage of the vessel or cargo (shipwrecks) of the Republic of Kazakhstan while being abroad;

16) issuing new documents (confirmations) having legal significance.

Article 552. Rates of Consular Levy

1. Basic minimum and maximum sizes of rates of consular levies, as well as rates of consular levy for urgency shall be established by the Government of the Republic of Kazakhstan, unless otherwise stipulated by international agreement, ratified by the Republic of Kazkahstan.

2. The Ministry of Foreign Affairs of the Republic of Kazakhstan shall have the right within basic rates of consular levies, to establish specific rates.

Article 553. Exemption from Payment of Consular Levies

Consular levies shall not be collected as follows:

1) in cases specified in Articles 542-546 of this Code;

2) from natural and legal persons of the countries that have with the Republic of Kazakhstan agreements for mutual non-collection of consular levies;

3) for obtaining on demand of the authorities and individual citizens of he countries with which the Republic of Kazakhstan concluded agreements on legal assistance, documents on family, civil and criminal cases, concerning alimonies, concerning state benefits and pensions, adoption;

4) for the compilation and printing notes to foreign diplomatic representations and consular institutions for issuing visas to the following:

members of official delegations of the Republic of Kazakhstan and persons escorting them;

deputies of the Parliament of the Republic of Kazakhstan;

state servants of the Republic of Kazakhstan who are holders of diplomatic or service passports of the Republic of Kazakhstan;

government officials of the Republic of Kazakhstan who are holders of diplomatic or service or national passports of the Republic of Kazakhstan, going abroad on official matters;

close relatives of the personnel of foreign institutions of the Republic of Kazakhstan and persons escorting them, who are exiting due to a disease or death of an employee or worker of a foreign institution of the Republic of Kazakhstan;

5) for processing petitions of citizens and legal persons of the Republic of Kazakhstan, and also foreigners and stateless persons, foreign legal persons for issuing of visas and sending instructions to foreign institutions of the Republic of Kazakhstan for issuing visas (visa support) to the following:

members of foreign official delegations and persons escorting them, who are headed to the Republic of Kazakhstan;

foreigners who are headed to the Republic of Kazakhstan for the participation in measures of national and international status (symposia, conferences and other political, cultural, scientific and sports events);

foreigners, who are headed to the Republic of Kazakhstan on invitations by the Administration of the President of the Republic of Kazakhstan, Government of the Republic of Kazakhstan, Parliament of the Republic of Kazakhstan, Constitutional Council of the Republic of Kazakhstan, Supreme Court of the Republic of Kazakhstan, Central Electoral Commission of the Republic of Kazakhstan, Office of the Prime Minister of the Republic of Kazakhstan, state authorities, akimats of the provinces and cities of Astana and Almaty;

foreigners who are headed to the Republic of Kazakhstan with humanitarian aid, coordinated with the interested state authorities of the Republic of Kazakhstan;

employees of international organisations who are headed to the Republic of Kazakhstan on service affairs;

foreigners who are headed to the Republic of Kazakhstan on invitations of foreign diplomatic representations and consular institutions and also international organisations accredited in the Republic of Kazakhstan on a reciprocity principle;

investor visas;

to individuals of Kazakh ethnicity who are not nationals of the Republic of Kazakhstan;

children under 16 years;

6) for issuing visas to the following:

members of foreign official delegations and persons escorting them who are headed to the Republic of Kazakhstan;

foreigners who are headed to the Republic of Kazakhstan for the participation in events of national and international significance (symposia, conferences and other political, cultural, scientific and sports events);

foreigners who are headed to the Republic of Kazakhstan on invitation of the Administration of the President of the Republic of Kazakhstan, Government of the Republic of Kazakhstan, Parliament of the Republic of Kazakhstan, Constitutional Council of the Republic of Kazakhstan, Supreme Court of the Republic of Kazakhstan, Central Electoral Commission of the Republic of Kazakhstan, Administrative Department of the President of the Republic of Kazakhstan, Office of the Prime Minister of the Republic of Kazakhstan;

foreigners who are headed to the Republic of Kazakhstan with humanitarian assistance coordinated with interested state authorities of the Republic of Kazakhstan;

employees of international organisations who are headed to the Republic of Kazakhstan on service affairs;

foreigners who are headed to the Republic of Kazakhstan on invitation of foreign diplomatic representations and consular institutions and also international organisations accredited in the Republic of Kazakhstan on the basis of a reciprocity principle;

foreigners who are holders of diplomatic and service passports, who are headed to the Republic of Kazakhstan on service affairs;

children under 16 years;

persons of the Kazakh nationality, who are not citizens of the Republic of Kazakhstan;

former citizens of the Republic of Kazakhstan who permanently reside abroad and are headed to the Republic of Kazakhstan for burial of close relatives;

investor visas;

service visas;

diplomatic visas.

7) for issuing repeat visas instead primary visas containing mistakes made by employees of consular institutions of the Republic of Kazakhstan and the Ministry of Foreign Affairs of the Republic of Kazakhstan;

8) for issuing certificates for return to the Republic of Kazakhstan and documents to citizens of the Republic of Kazakhstan who have no documents and funds due to their loss, natural calamities and other force-majeure circumstances;

9) for issuing death certificates and other types of certificates when shipping to the Republic of Kazakhstan coffins and mortuary urns of citizens of the Republic of Kazakhstan who died abroad;

10) for obtaining on demand, the documents pursuant to petitions of foreign diplomatic representations and consular institutions on the basis of a reciprocity principle;

11) for legalisation of documents of citizens of the Republic of Kazakhstan which are demanded through the foreign institutions of the Republic of Kazakhstan;

12) for legalisation of documents pursuant to petitions of foreign diplomatic representations and consular institutions and also international organisations on the basis of a reciprocity principle;

13) for consular registration and deregistration of citizens of the Republic of Kazakhstan temporarily and permanently residing abroad, as well as their children being citizens of the Republic of Kazakhstan adopted by foreigners.

Article 554. The Procedure for Payment of Consular Levy

1. Consular levy shall be paid prior to the commission of consular acts.

2. Diplomatic representations and consular institutions of the Republic of Kazakhstan shall carry out consular acts after the payment by the payer of consular levy.

3. Payment of consular levies in the territory of the Republic of Kazakhstan, of which the rate is established in US dollars, shall be in the tenge in accordance with the official exchange rate as established by the National Bank of the Republic of Kazakhstan on the date of payment of levy.

4. Consular levy shall be paid as follows:

1) in the territory of the Republic of Kazakhstan – by way of a bank transfer or through organisations carrying out separate types of banking transactions to the budget in the place of performance of consular acts or in cash money at consular institutions on the basis of strict accountability blank forms in accordance with the form established by the Government of the Republic of Kazakhstan.

Accepted amounts of consular levy in cash shall be depoInternet resourced by the authorised state body to banks or organisations carrying out separate types of banking transactions, not later than the next working day following a day when acceptance of funds for their subsequent transfer to the budget was carried out. Where daily receipts of cash money is less than 10-times monthly assessment index, depositing of funds shall be once in three working days after the day when acceptance of the money was carried out;

2) beyond the boundaries of the Republic of Kazakhstan – by way of a bank transfer or through organisations carrying out separate types of banking transactions, into the bank account of the diplomatic representation or consular institution without the right of economic use, or in cash money at consular institutions on the basis of strict accountability forms in accordance with the form established by the Government of the Republic of Kazakhstan.

5. Payment of consular levy shall be in the currency of the country in whose territory the consular acts are carried out, or in any other freely-convertible currency.

6. Accepted amounts of consular levy abroad shall be depoInternet resourced by a diplomatic representation or a consular institution to a foreign bank where a given diplomatic representation or consular institution is situated not later than ten working days from the date of their acceptance for the inclusion into a foreign bank account.

Consular levies which are received into a foreign bank account in the currency of the country where the diplomatic representation or consular institution is situated, shall be converted into US dollars, Euro, GBP, Swiss Frank, Canadian Dollar, Japanese Yen by the foreign bank pursuant to instructions of the diplomatic representation or consular institution.

The Head of the diplomatic representation or consular institution who has the right of the first signature, shall be manager of the bank account.

Consular levies received into a foreign bank account, shall monthly (not later than the 10th day of the month following a reporting month) shall be transferred by the diplomatic representation or consular institution into the currency account of the Ministry of Foreign Affairs of the Republic of Kazakhstan for further inclusion amongst budget revenues. In the event that monthly receipts from consular levies by a diplomatic representation or consular institution is less than 1 000 US dollars, or its equivalent in the kinds of currency specified in this paragraph, by the rate at the end of the reporting period, a transfer shall be carried out quarterly not later than the 10th day of the month following a reporting month.

The Ministry of Foreign Affairs of the Republic of Kazakhstan shall transfer consular levies transferred by a diplomatic representation or a consular institution within three working days from the date of receipt from the National Bank of the Republic of Kazakhstan of statements of correspondent accounts in foreign currency with attached payment documents, in an electronic form.

7. Paid amounts of consular levies shall not be refundable.

3. The Tax Administration.

SECTION 20. The Tax Supervision and Other Forms of the Tax Administration

CHAPTER 80. GENERAL PROVISIONS

Article 555. Tax Administration

Tax administration shall consist in the performance by the tax authoritiesof the tax supervision, applying methods of ensuring the implementation of the tax obligations that have not been performed in time and of measures of enforced collection of tax arrears, as well as rendering state services for taxpayers (tax agents) and other authorised state bodies in accordance with the Republic of Kazakhstan legislation.

The documents shall be issued to the taxpayer (tax agent) as a part of provision of state services against the signature in the register of issued documents the form of which shall be approved by the authorized body.

Article 556. The Tax Supervision

1. The tax supervision means the state supervision by the tax authoritiesof the compliance with the provisions of tax legislation of the Republic of Kazakhstan, other legislation of the Republic of Kazakhstan, of which the supervision of compliance is entrusted to the tax service authorities.

2. The tax supervision shall be exercised as follows:

1) in the form of tax inspection;

2) other forms of state supervision.

3. These forms of tax supervision shall include the following:

1) accounting for the performance of tax obligations, duties associated with the assessment, withholding and transfers of obligatory pension contributions, obligatory professional pension contributions, assessment and payment of social assessments;

2) supervision of the compliance with the procedures for the use of cash registers;

3) supervision of excisable goods, and aviation fuel, biological fuel, and mazut;

4) supervision of transfer pricing;

5) supervision of compliance with the procedure for accounting, storing, valuation, further use and marketing of assets converted (to be converted) into the ownership of the state;

6) supervision of the functioning of the authorised state bodies and local executive authorities with regard to the performance of assignments associated with the exercise of the functions aimed at the implementation of the tax legislation of the Republic of Kazakhstan.

4. Other forms of state supervision shall include:

1) registration of taxpayers by the tax authorities;

2) acceptance of tax forms;

3) in-house supervision;

4) monitoring of major taxpayers;

5) tax audits;

6) supervision of ethyl alcohol accounting in the organizations producing ethyl alcohol;

7) establishing a correspondence of the applicant to the qualification requirements which are claimed for activity on production and turnover of ethyl alcohol and alcohol products.

5. General procedure of tax inspection shall be in accordance with the Law of the Republic of Kazakhstan «On state control and supervision in the Republic of Kazakhstan».

6. Characteristics of the procedure and timing for conducting tax inspection shall be determined by this Code.

7. {~}.

8. The customs authorities within the bounds of their authority, shall exercise the tax supervision, apply measures of securing unfulfilled in time tax obligations, and measures for enforced collection of taxes which are due in connection to clearing goods through the customs boundary of the Custom Union in accordance with this Code and the customs legislation of the Custom Union and (or) the customs legislation of the Republic of Kazakhstan.

Article 557. Tax Secrecy

1. Any information concerning a tax payer (tax agent) received by a tax service authority, except for the following, shall constitute tax secrecy:

1) concerning amounts of taxes and other obligatory payments to the budget, paid (transferred) by the taxpayer (tax agent), except for natural persons;

2) concerning amounts of refund from the budget to taxpayers of excess amounts of value-added tax offset, over amounts of the assessed tax;

3) concerning amounts of tax arrears of taxpayers (tax agents);

4) concerning taxpayers and taxpayers recognised as false businesses on the basis of a sentence that entered into legal force or a court decree;

5) concerning submission by the taxpayer of a tax application for the performance of a documentary audit in connection with the liquidation (termination of business);

6) concerning the assessed amount of taxes and other obligatory payments to the budget for a taxpayer (tax agent), except for individuals;

6-1) concerning the assessed amount of property tax, land tax, tax on vehicles for individuals;

6-2) concerning liabilities applied to the taxpayer (tax agent) who violated the tax legislation of the Republic of Kazakhstan;

7) whether a non-resident was/was not registered as carrying on business through a permanent establishment, affiliate, representation or without forming a permanent establishment in accordance with Article 197 of this Code;

8) concerning the following registration data of a taxpayer (tax agent):

identification number;

surname, name, patronymic (if available) of an individual, manager of a legal entity;

name of an individual entrepreneur, legal entity;

date of registration,

date of deregistration, reason of deregistration of the taxpayer (tax agent);

start and end dates of suspension of operations;

residence of the taxpayer;

registration number of the cash register with the tax authority;

tax regime applied;

place of use of the cash register;

9) {~};

10) on non-submission of tax reports by the taxpayer (tax agent);

11) not being confidential information pursuant to the legislation of the Republic of Kazakhstan concerning rehabilitation and bankruptcy.

2. Information concerning taxpayers (tax agents) which is recognised as tax secrets, may not be disclosed by the tax authorities to another person without a written permission of the taxpayer (tax agent), unless otherwise specified by this Article.

3. The tax authoritiesshall disclose information on taxpayers (tax agents), which constitute tax secrecy, without obtaining written permission from the taxpayers (tax agents), in the following cases:

1) to the law enforcement bodies within their authority as established by the legislative acts of the Republic of Kazakhstan pursuant to requests concerning the performance of tax liabilities, duties of the tax agent by persons that have committed tax violations, in the procedure set forth in this Code, for the purpose of their prosecution in accordance with the law;

2) to the court of law in the course of handling cases on the determination of tax liabilities of taxpayers, duties of tax agents with regard to the assessment, withholding and transfer of taxes in the procedure established by this Code, or punishments for tax violations;

3) to the court enforcement officer within the bounds of his authority as established by the legislative acts of the Republic of Kazakhstan, when implementing executive writs with the court sanctions, and in respect of the executive writs issued on the basis of court acts that entered into legal force, without court sanctions.

The procedure for the submission of such information shall be established by the authorised body in conjunction with the authorised state body for ensuring the implementation of executive writs;

4) to the central authorised body for the state planning.

The central authorised body for the budget planning shall approve the list of the official persons who have access to information constituting tax secrets.

5) to the authorised state body for financial monitoring;

The authorised state body for financial monitoring shall approve the list of the officials who have access to information constituting tax secrets;

6) to persons invited as experts to participate in tax audits;

7) to tax authorities or law-enforcement authorities of other states, international organisations in accordance with international agreements (treaties) on mutual cooperation between the tax authorities or law-enforcement authorities where the Republic of Kazakhstan is a party, as well as agreements concluded by the Republic of Kazakhstan with international organisations;

8) to the authorised state body in the sphere of the environmental protection with regard to information which is contained in tax reports concerning payments for discharged into the environment;

9) authorized state statistics agency.

The authorized state statistics agency shall approve the list of officials having access to the information which constitutes tax secrecy. The list of submitted information which constitutes tax secrecy and the procedure of its representation shall be established by the authorized agency jointly with the authorized state statistics agency;

10) to the authorized body in the area of rehabilitation and bankruptcy.

The authorized body in the area of rehabilitation and bankruptcy shall approve the list of officials having access to the information constituting the tax secret.

11) to the Public Service Centers and governmental authorities to the extent of data required for provision of public services.

The list of submitted secret tax information and the procedure for submission thereof shall be established by the competent authority jointly with the competent governmental authority in the area of information technologies and the governmental authorities specified in this subparagraph;

12) to the state bodies and (or) persons, to which/whom the information on the absence (presence) of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions classified as tax secret is to be provided pursuant to the legislation of the Republic of Kazakhstan;

13) to the antitrust authority, with respect to the information required in order to exercise their powers and authorities established by the laws of the Republic of Kazakhstan.

The list of the information which constitutes a tax secrecy to be disclosed and the procedure for disclosure thereof shall be established by the authorized agency jointly with the antitrust authority;

14) to the authorized agency for entrepreneurship to the extent required in order to keep a register of private business entities.

The list of the data to be disclosed which constitute secrete tax information, and the procedure for the disclosure thereof shall be established by the authorized agency in consultation with the authorized agency in the sphere of entrepreneurship;

15) to the authorized agency for customs affairs.

The authorized agency for customs affairs shall approve the list of officials to have access to the data constituting secrete tax information;

16) to the authorized agency for execution of the national budget and local budget execution service.

The authorized agency for execution of the national budget and local budget execution service shall approve the list of officials to have access to the data constituting secrete tax information.

4. Tax secrets shall not be subject to disclosure by the official persons *of the tax authorities*, except for the cases established by this Article as well as by official persons of other state bodies who received information on taxpayers (tax agents) *from the tax authorities* in accordance with the procedure established by this Article.

5. Official persons *of the tax authorities*, official persons of other state bodies who received from the bodies *of the tax authorities* information on taxpayers (tax agents), which constitute tax secrecy, shall not have the right to disseminate such information neither during their work for said authorities, nor after their dismissal.

Tax secrets shall not be disclosed by experts who are hired to conduct tax audits, neither when performing their duties in the course of conducting a tax audit, nor after they complete that work.

6. Loss of documents containing information constituting tax secrecy, or divulgation of such information shall entail the liability provided for by the laws of the Republic of Kazakhstan.

Article 558. Tax Inspection

1. Tax inspection – another form of tax supervision carried out by *the tax authorities* during working hours at the location specified in the registration details of the taxpayer (tax agent) for the purpose of:

confirmation of the actual location or absence of the taxpayer (tax agent) at the place of location specified in the registration details;

delivery of the tax inspection act in case specified in paragraph 2 of Article 637 of the Code to the taxpayer (tax agent);

delivery of a notification specified in subparagraphs 2) and 3) of paragraph 2 of Article 607 of the Code, in case specified in paragraph 1-1 of Article 608 of the Code to the taxpayer (tax agent).

delivery of a decision for property restraint and (or) of a report on inventory of the restrained property to the taxpayer (tax agent).

For the participation in conducting tax inspection invited witnesses may be engaged in accordance with the procedure established by the Code.

2. The basis for conducting of tax inspection shall be:

1) failure to deliver a tax audit notification, injunction, in-house audit report, tax audit report, entailment decision and/or report on inventory of the entailed property to the taxpayer (tax agent);

2) return by postal or any other communication organization of a notification specified in subparagraphs 2) and 3) of paragraph 2 of Article 607 of the Code forwarded by the Tax Authority via a postal service by a registered mail with notification due to the absence of the taxpayer (tax agent) at the place of location.

Therewith, inspection on the basis provided by this subparagraph in respect to the taxpayer (tax agent) which has a bank account shall be performed after five working days from the date of return of such letter by a postal or any other communication organization.

Provisions of this paragraph shall not apply in the event specified in paragraph 1-2 of Article 608 of the Code;

3) the need for confirmation of the actual location or absence of the taxpayer being a VAT payer in accordance with Article 228 paragraph 1 subparagraph 1) of this Code at the place of location specified in the registration data.

The basis for tax inspection provided for by this subparagraph shall not apply to taxpayers who has suspended tax reporting in accordance with the procedure established by Articles 73 and 74 of this Code.

3. Upon the results of such inspection, a report on the tax inspection shall be compiled to specify the following:

place, date and time of compilation;

position, surname, name and patronymic (where available) of the official person *of the tax authorities* body who compiled the act;

name *of the tax authority*;

surname, name and patronymic (where available), name and number of the personal identification document, residence address of the invited witnesses;

surname, name and patronymic (where available) and (or) business name of the taxpayer (tax agent), his identification number;

information on the results of the tax inspection.

On or before the day following the date of the tax inspection report according to which the taxpayer was not found at the place of the location specified in the taxpayer's registration data, the tax authority shall place information about such taxpayer with specification of the taxpayer's identification number, name or surname, name and patronymic (if available), and the date of the tax inspection on the Internet resource of the authorized agency.

4. In the event of a tax inspection resulting in establishing facts carried out on the grounds specified in subparagraph 3) of paragraph 2 of this Article of actual absence of taxpayers (tax agents) in places of their location specified in the registration details, the Tax Service Authority shall forward to such taxpayer a notice for the confirmation of location of the taxpayer (tax agent).

5. Within twenty working days from the date of the forwarding by the Tax Service Authority of the notice specified in paragraph 4 of this Article the taxpayer shall be obliged to submit to the Tax Service Authority a written explanation of the reasons for absence at the time of inspection by visit.

If a taxpayer fails to comply the requirement specified in first part of this paragraph, the tax authority shall:

Suspend debit operations on the bank accounts of such taxpayer in accordance with subparagraph 6) of paragraph 1 of Article 611 of this Code or

deregister the taxpayer as a VAT payer in accordance with the procedure specified in paragraph 4 of Article 571 of this Code, if such taxpayer has no open bank accounts on the last date of the period provided for by this paragraph for provision of a written explanation.

6. A taxpayer specified in paragraph 5 of this Article, within five working days from the date of arresting debit operations on its bank accounts shall be obliged to submit a written explanation of the reasons for absence at the time of tax inspection to the Tax Authority by visit.

In the event of non-fulfillment by a taxpayer of a requirement established by part one of this paragraph, the Tax Authority shall perform deregistration of the value-added tax payer in the procedure established by paragraph 4 of Article 571 of the Code.

Article 559. Participation of Invited Witnesses

1. Commission of the following acts of official persons *of the tax authorities* pursuant to their request or request of the taxpayer (tax agent) may be carried out with the participation of the invited witnesses:

1) delivery by the official person *of the tax authorities* of the notice for the implementation of a tax obligation, ordinance for suspension of expenditure transactions in cash, decision on restraint of property disposal, deed on seizure of assets, notice for conducting a tax audit, injunction, tax audit report and other documents of the tax authorities as specified by this Code;

2) restraint on the property of a taxpayer (tax agent);

3) inspection of assets which are taxable items and (or) items relating to taxation irrespective of the place of their location, which is carried out on the basis of an injunction;

4) inventory taking (except for housing) of the taxpayer (tax agent) on the basis of an injunction, in particular by using special facilities (photo, audio, video equipment) in accordance with the procedure established by this Code;

5) tax inspection.

2. Any full age capable citizens, not less than two, who are impartial with regard to the outcome of the acts of the official person *of the tax authority* and the taxpayer (tax agent), may be invited to be invited witnesses.

3. Participation of official persons and employees of the state bodies, foundation parties of the taxpayer (tax agent) as invited witnesses shall not be allowed.

4. The invited witnesses shall confirm the fact, contents and results of the acts of official persons *of the tax authorities* and the taxpayer (tax agent), in the commission of which they participated, as fixed in the protocol (act) to be compiled by the official person of the tax authority.

5. An invited witness shall have the right to make comments with regard to committed acts. Comments of an invited witness shall be subject to inclusion into the protocol (act) which is compiled by the official person *of the tax authority*.

6. The following shall be specified in the protocol (act) which is compiled by the official person *of the tax authorities* with the participation of the invited witnesses:

1) position, surname, name, patronymic (where available) of the official person *of the tax authority*, who compiled the protocol (act);

2) name *of the tax authority*;

3) place and date of the commission of specific acts;

4) surname, name, patronymic (where available), date of birth, place of residence, type and number of the personal identification document of each person who participated in the act or were present in its course;

5) contents and stages of the act;

6) time of beginning and ending act;

7) facts and circumstances found in the course of the act.

7. An official person *of the tax authorities* authority shall be obliged to show the protocol (act) to the persons who participated in the performance of the act or were present in the course of its performance. After the perusal of the protocol (act) the official person *of the tax authorities* and also all persons who participated in the commission of the act or who were present in the course of its performance, shall sign the protocol (act).

8. Photographs and negatives, video records and other materials prepared in the course of an act (where available) shall be attached to the protocol (act).

9. A protocol (act) compiled by the official person *of the tax authority* in accordance with the procedure established by this Article, shall fix and confirm the fact of commission of the acts specified in paragraph 1 of this Article.

CHAPTER 81. REGISTRATION OF TAXPAYERS BY THE TAX AUTHORITIES

Article 560. General Provisions

1. The authorised body shall maintain accounting for taxpayers by way of forming the governmental database of taxpayers.

2. The governmental database of taxpayers – is an information system intended for the performance of accounting for taxpayers.

3. Formation of the governmental database of taxpayers shall consist in the following:

1) registration of natural persons, legal persons, structural units of legal persons by the tax service authorities, as taxpayers;

2) registration accounting for taxpayers:

as an individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator;

for value-added tax;

as electronic taxpayers;

as taxpayers carrying out certain types of business;

based upon the place of location of taxable items and (or) items relating to taxation;

at location of resident legal entity stated in subparagraphs 3), 4) and 5) of paragraph 1 of Article 197 of this Code, that is a subsurface user.

4. Registration of natural persons, legal persons, structural units of legal persons as taxpayers shall comprise the following:

1) entry of information on those persons into the governmental database of taxpayers;

2) amendment and (or) addition to registration details in the governmental database of taxpayers;

3) exclusion of information on taxpayers from the governmental database of taxpayers.

5. The registration accounting for taxpayers shall comprise registration of taxpayers as specified in subparagraph 2) of paragraph 3 of this Article, introduction of amendments and (or) additions to the registration details of taxpayers, deregistration of taxpayers from relevant registration accounts.

6. Information concerning taxpayers which is submitted to or filed to the tax authoritiesby the following, shall be recognised as registration details:

1) authorised state bodies;

2) banks or organisations carrying out certain types of banking transactions, in accordance with subparagraphs 1), 4) of Article 581 of this Code;

3) taxpayers.

7. For the purposes of this Code the following shall be recognised:

1) place of residence of a natural person – place where such citizen is registered in accordance with the Republic of Kazakhstan legislation concerning registration of citizens;

2) place of location of an individual entrepreneur, private notary, private officer of justice, advocate and professional mediator – a place predominantly used to carry out the activities by such individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator as stated in the course of registration with the tax authority as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator;

3) place of location of a resident legal entity, its structural unit, a structural unit of a non-resident legal entity – the place of location of its permanent body which is specified in the foundation documents or in the certificate of registration of the structural unit;

4) place of location of a non-resident legal person who carries out business through a permanent establishment without opening of an affiliate, representation – place of conducting business in the Republic of Kazakhstan as filed in the course of registration as taxpayer to the tax authority;

4-1) the location of a legal entity established under the laws of a foreign state, the place of effective management of which is located in the Republic of Kazakhstan, – the location of the actual management body in the Republic of Kazakhstan determined by the meeting of the board of directors or analogous management body, stated at the time of registration as a taxpayer with the tax authority and specified in the relevant minutes of the management body;

5) place of presence of a foreigner or person without citizenship – place of temporary presence of a foreigner or person without citizenship in the Republic of Kazakhstan, as specified in the migration card. Where in accordance with the provisions of an international treaty migration cards are not provided for, then the place of predominant presence in the republic of Kazakhstan as filed by such non-resident natural person to the tax authority, shall be recognised as place of presence.

In that case the place of staying for a foreigner or person without citizenship not staying in the Republic of Kazakhstan for whom a tax obligation arises with respect to payment of the tax in accordance with Article 204 of this Code, shall be the place of residence of the person paying the income to such foreigner or person without citizenship from sources in the Republic of Kazakhstan.

§ 1. Registration as Taxpayer

Article 561. Entry of Information Concerning Natural Persons, Legal Persons, Structural Units of Legal Persons into the Governmental Database of Taxpayers

1. Unless otherwise is specified by paragraph 6 of Article 562 of this Code, entry of information into the governmental database of taxpayers shall be carried out by the tax authority after the assignment to a physical, legal person, structural unit of a legal person of the identification number on the basis of information of the national registers of identification numbers.

2. The tax authorities shall carry out entering of the following information into the governmental database of taxpayers as follows:

1) on natural persons, including foreigners or stateless persons, – based on the place of residence or presence;

2) on resident legal persons and their structural units, structural units of non-resident legal persons, legal entities incorporated under the laws of a foreign country the place of effective management (location of the actual management body) of which is located in the Republic of Kazakhstan, – based on place of location;

3) on non-resident legal persons carrying out business in the Republic of Kazakhstan through a permanent establishment without opening an affiliate, representation, by place of location of such permanent establishment;

4) on a non-resident being a tax agent in accordance with paragraph 5 Article 197 of this Code or assessing income tax in accordance with paragraph 5-1 of Article 197 of this Code, acquiring (selling) shares, participatory interests specified in subparagraphs 3), 4), and 5) of paragraph 1 of Article 197 of this Code, – at the location of the legal entity being a subsoil user specified in subparagraphs 3), 4), and 5) of paragraph 1 of Article 197 of this Code. The provisions of this subparagraph shall not apply if a non-resident being a tax agent in accordance with paragraph 5 of Article 197 of this Code or assessing income tax in accordance with paragraph 5-1 of Article 197 of this Code shall operate in the Republic of Kazakhstan through a permanent establishment registered with the tax authorities as a taxpayer.

If such non-resident acquires (sells) securities or participatory interest in a legal entity, 50 and more per cent of the assets value of which are accounted for the property of two and more persons being subsoil users, the information about the non-resident shall be entered into the national database of taxpayers by the tax authority at the place of the location of the competent authority;

4-1) non-resident acquiring securities, participatory interests in the event that the conditions specified in Article 193 paragraph 5 subparagraph 7) and Article 200-1 paragraph 1 subparagraph 8) of this Code are not complied with, – at the place of location of the legal entity the securities of which or participatory interests in which are to be acquired;

5) on a non-resident being a tax agent in accordance with paragraph 5 Article 197 of this Code or assessing income tax in accordance with paragraph 5-1 of Article 197 of this Code, acquiring (selling) assets, other than the assets set forth in subparagraph 4) of this paragraph, in the Republic of Kazakhstan, – at the place of location of the assets. The provisions of this subparagraph shall not apply if a non-resident being a tax agent in accordance with paragraph 5 of Article 197 of this Code or assessing income tax in accordance with paragraph 5-1 of Article 197 of this Code operates in the Republic of Kazakhstan through a permanent establishment registered with tax authorities as a taxpayer;

6) on diplomatic representations and representations equated to those, of foreign states, which are accredited in the Republic of Kazakhstan, – by the place of location of such diplomatic representation;

7) on a non-resident carrying on business through a dependent agent who is recognised as the permanent establishment of such non-resident in accordance with paragraph 5 of Article 191 of this Code, – by place of location (residency, staying) of such dependent agent;

7-1) non-resident operating though an insurance company of insurance broker considered as a permanent establishment of the non-resident in accordance with Article 191 paragraph 1 of this Code, – at the place of location of the insurance company or insurance broker;

7-2) non-resident carrying out its activities under an agreement for joint activities which shall be considered as a permanent establishment of the non-resident in accordance with Article 191 paragraph 1 of this Code, – at the place of location (residency, staying) of the resident being a party to the joint activity agreement;

8) on non-residents opening current accounts in resident banks, – by place of location of such bank.

3. Unless otherwise is provided for by this paragraph, the tax authoritiesshall enter the information into the database of taxpayers within three working days from the date of the receipt of the data from the national registers of identification numbers.

The information shall be entered into the national database of taxpayers by the tax authority at the place of location of the legal entity specified in Article 197 paragraph 1 subparagraphs 3), 4), and 5) of this Code which is a subsoil user, within three working days upon receipt of the data from the competent authority about acquisition by the non-resident of shares, participatory interests specified in Article 197 paragraph 1 subparagraphs 3), 4), and 5) of this Code.

4. Information on individuals contained in the National Register of Individual Identification Numbers shall be transferred by the authorized state body in charge of generating identification numbers and maintaining the national registers of identification numbers to the tax authorities.

Article 562. Special Considerations in Registration of Non-Residents as Taxpayers

1. A non-resident legal person who carries on business through a permanent establishment without opening an affiliate, representation, for registration as a taxpayer subject to the provisions of Article 191 of this Code shall be obliged within thirty calendar days from the date of beginning business in the Republic of Kazakhstan through a permanent establishment, {~}, to file to the tax authority in the place of location of the permanent establishment a tax application for registration accounting by attaching notarised copies of the following documents:

1) foundation documents;

2) those confirming the state registration in the country of incorporation of such non-resident, by specifying the state registration number (or similar);

3) documents certifying the tax registration in the country of incorporation of such non-resident and specifying the tax registration number (or an equivalent thereof), where available.

1-1. A legal entity established under the laws of a foreign state the place of effective management (location of the actual management body) of which is located in the Republic of Kazakhstan, within thirty calendar days from the date of the decision on recognition of the Republic of Kazakhstan as a place of effective management (location of the actual management body) must submit a tax application to the tax authority at the place of location for registration as a taxpayer with attachment of notarially certified copies of the following documents:

1) constituent documents;

2) documents confirming the state registration in the country of incorporation of the non-resident with specification of the number of state registration (or an analogue thereof);

3) documents certifying the tax registration, where available, in the country of incorporation or residence of such non-resident and specifying the tax registration number (or an equivalent thereof), where available;

4) minutes of the meeting of the board of directors or an analogue management body.

1-2. In the event that the legal entity incorporated under the laws of a foreign state the place of effective management (location of the actual management body) of which is located in the Republic of Kazakhstan submits a tax application for registration at the place of location and existence of permanent establishment without opening a branch (representative office) in the Republic of Kazakhstan, such permanent establishments must transfer their rights and obligations to such legal entity in accordance with the procedure established by Article 39-1 of this Code.

In the event that a legal entity has made a decision to transfer the place of its effective management (location of the actual management body) into the Republic of Kazakhstan and existence in the Republic of Kazakhstan of a branch (representative office) registered as a permanent establishment, the registration data of such branch (representative office) shall be changed in accordance with the procedure provided for by Article 563 of this Code.

2. A non-resident being a tax agent in accordance with paragraph 5 of Article 197 of this Code or assessing income tax in accordance with paragraph 5-1 of Article 197 of this Code, who acquires (sells) assets in the Republic of Kazakhstan, must file a tax application for registration with the tax authority for the place of location before acquisition (selling) of the assets for registration as a taxpayer and enclose copies of the following documents certified by a notary:

1) personal identification documents of the non-resident natural person, or foundation documents of the non-resident legal persons;

2) those confirming the state registration in the country of incorporation of such non-resident, by specifying the state registration number (or similar) in the case of a non-resident legal person;

3) a document certifying the tax registration in the country of incorporation (citizenship) of such non-resident and specifying the tax registration number (or an equivalent thereof), where available.

3. An insurance agency (insurance broker) or a dependent agent whose functioning in accordance with paragraphs 1 and 5 of Article 191 of this Code is recognised as permanent establishment of a non-resident, for registration of such non-resident as taxpayer, shall be obliged within thirty calendar days from the date of beginning the business defined in accordance with paragraph 11 of Article 191 of this Code, to present to the tax authority in the place of location (residency, staying) a tax application for registration accounting, by attaching notarised copies of the following documents:

1) agreement (contract, transaction or another document) where available, granting authority to carry out business on behalf of the non-resident, signing of contracts or for other purposes;

2) personal identification document of the non-resident natural person, or foundation documents of a non-resident legal person whose permanent establishment he is;

3) document confirming the state registration in the country of incorporation (nationality) of the non-resident, whose permanent establishment the agent is, by specifying the state registration number (or similar) in the case of a non-resident legal person;

4) document confirming the tax registration in the country of incorporation (nationality) of the non-resident whose permanent establishment the agent is, by specifying the tax registration number (or similar) if the non-resident has it.

3-1. A non-resident who is a party to a joint activity agreement concluded with a resident the operation of which shall result in formation of a permanent establishment, for registration as a taxpayer must submit to the tax authority for the place of location (residency,

staying) of the resident being a party to the joint activity agreement a tax application for registration, within thirty calendar days from the date of commencement of the activity defined in accordance with Article 191 paragraph 11 of this Code with attachment of notarially certified copies of the following documents:

1) joint activity agreement;

2) identification document of a non-resident individual or constituent documents of a non-resident legal entity;

3) document confirming the state registration in the state of incorporation of the non-resident with specification of the number of state registration (or an analogue thereof);

4) document confirming tax registration in the state of incorporation of the non-resident with specification of the number of tax registration (or an analogue thereof), if any.

4. A non-resident who opens current accounts in resident banks shall be obliged, prior to the opening of an account, to become registered as taxpayer. In order to become registered as taxpayer, such non-resident shall submit to the tax authority in the place of the bank's location a tax application for registration accounting and attach notarised copies of documents specified in paragraph 2 of this Article.

5. Foreigners and stateless persons who receive income from sources in the Republic of Kazakhstan, which are not subject to taxation at source of payment in accordance with the provisions of this Code, shall be obliged within thirty calendar days from the date of beginning the performance of business as defined in accordance with paragraph 11 of Article 191 of this Code, to submit to the tax service authority in the place of accommodation (residence), a tax application for registration accounting by attaching notarised copies of the following documents:

1) personal identification document of the foreigner or stateless person;

2) a document certifying the tax registration in the country of citizenship (residency) and specifying the tax registration number (or an equivalent thereof), where available;

3) confirming amounts of income from sources in the Republic of Kazakhstan, where such document is available.

5-1. Unless otherwise is provided for by this Article, a non-resident individual must be registered as a taxpayer within thirty calendar days from the date of his recognition as a resident of the Republic of Kazakhstan in accordance with Article 189 of this Code.

5-2. Foreigners or persons without citizenship who acquires assets in the Republic of Kazakhstan which are subject to tax on property, vehicles, or land tax for registration as a taxpayer must submit a tax application for registration to the tax authority at the place of the location of such assets with notarially certified copies of the following documents attached:

1) a document certifying the identity of the foreigner or a person without citizenship;

2) a document certifying the tax registration in the country of citizenship (residency) and specifying the tax registration number (or an equivalent thereof), where available;

5-3. Foreigners or stateless persons being chief executive officers of non-resident legal entities operating in the Republic of Kazakhstan through a branch, representative office for the purpose of registration as a taxpayer shall provide to the tax authority at the place of location (residence) a tax application for registration together with notarized copies of the following documents:

1) a document certifying the identity of a foreigner or a stateless person;

2) a document certifying the tax registration in the country of citizenship (residency) and specifying the tax registration number (or an equivalent thereof), where available;

6. A non-resident specified in subparagraph 4) of paragraph 2 of Article 561 of this Code, shall be subject to registration as taxpayer on the basis of information of the authorised state and local executive authorities carrying out state regulation within their competence in the sphere of subsurface use in accordance with the legislation of the Republic of Kazakhstan on subsurface and subsurface use, on acquisition by a non-resident of shares or participatory interest, specified in subparagraphs 3), 4) and 5) of paragraph 1 of Article 197 of this Code, or on the basis of a such non-resident's tax application for registration with attachment of notarially certified copies of the documents established by paragraph 2 of this article.

6-1. For the purpose of registration as a taxpayer a non-resident specified in Article 561 paragraph 2 subparagraph 4-1) of this Code must submit to the tax authority for the place of location of the issuing legal entity or resident legal entity specified in Article 193 paragraph 5 subparagraph 7) and Article 200-1 paragraph 1 subparagraph 8) of this Code a tax application for registration with attachment of notarially certified copies of the documents established by paragraph 2 of this article.

7. A diplomatic representative office or a representative office equated thereto, of a foreign state, a consular institution of a foreign state accredited in the Republic of Kazakhstan shall be subject to registration as a taxpayer. For the purpose of registration as a taxpayer such representative office or institution shall submit to the tax authority for the place of their location a tax application for registration by attaching notarially certified copy of the document confirming the accreditation in the Republic of Kazakhstan.

8. For the purposes of forming an identification number and a registration certificate for persons specified in paragraphs 1-7 of this Article, the tax authority shall forward to the justice authorities an electronic notice within one working day from the date of receipt of a tax application for registration accounting, of information from the authorised state bodies.

9. An electronic notice on the assignment of an identification number to non-residents specified in paragraphs 1-7 of this Article, shall be forwarded by the justice authorities to the tax authorities not later than one working day from the date of receipt of an electronic notice from the tax authorities.

10. Registration of non-residents specified in paragraphs 1-7 of this Article as taxpayers shall be carried out by the tax authority by issuing a registration certificate in accordance with the form approved by the authorised body within a period specified in paragraph 3 of Article 561 of this Code.

11. A registration certificate of a non-resident specified in subparagraph 4) of paragraph 2 of Article 561 of this Code, who purchases securities, participatory interests relating to subsurface use in the Republic of Kazakhstan, shall be kept by the tax authority in the place of location of the resident or consortium who has subsurface use rights in the Republic of Kazakhstan as specified in subparagraphs 2) – 4) of paragraph 1 of Article 197 of this Code, until it is claimed by the non-resident.

12. In the event of receiving information from the authorised state body, a tax application for registration accounting of non-residents specified in paragraphs 1-7 of this Article, who have identification numbers, forwarding by the tax authority of the electronic notice to the bodies of justice for the purpose of forming an identification number and a registration certificate, shall not be carried out.

Article 563. Amendments and Additions to Registration Details in the Governmental Database of Taxpayers

1. The tax authorities shall carry out the introduction of amendments and additions to the registration details presented in the course of registration of taxpayers, as follows:

1) in the case of a natural person – on the basis of information from the National register of personal identification numbers;

2) in the case of a resident legal person and its structural unit, structural unit of a non-resident legal person – on the basis of information of the National register of business identification numbers or a tax application for registration as a legal entity created in compliance with the legislation of a foreign state, and which effective management place (location of the actual management body) is situated in the Republic of Kazakhstan;

3) in the case of a non-resident legal person carrying out business in the Republic of Kazakhstan through a permanent establishment without opening an affiliate, representation – on the basis of a tax application for registration accounting;

4) of a non-resident being a tax agent in accordance with Article 197 paragraph 5 of this Code, in case of a change of the location of a person holding the subsoil use right in the Republic of Kazakhstan specified in Article 197 paragraph 1 subparagraphs 3), 4), and 5) of this Code, – on the basis of the tax application for registration as a taxpayer of such non-resident or information of authorized governmental and local executive authorities exercising governmental control within the competence in the area of subsoil use in accordance with legislation of the Republic of Kazakhstan concerning subsoil and subsoil use, concerning acquisition by a non-resident of shares, participatory interests specified in Article 197 paragraph 1 subparagraphs 3), 4), and 5) of this Code;

4-1) of a non-resident specified in Article 561 paragraph 2 subparagraph 4-1), in the event of change of the location of a resident legal entity – in accordance with the data about such resident stated in the National Register of Business Identification Numbers;

5) in the case of a diplomatic representation or equated representation of a foreign country accredited in the Republic of Kazakhstan – on the basis of a tax application for accounting registration;

6) in the case of a non-resident carrying out business through a dependent agent who is considered to be a permanent establishment of a non-resident in accordance with paragraph 5 of Article 191 of this Code, – on the basis of a tax application to be filed to the tax authorities by the dependent agent;

7) in the case of a non-resident natural and legal persons having current accounts in a resident bank, – on the basis of the bank's notice.

2. Update of information concerning the person who is in charge of settlements with the budget, telephone number, electronic mail address of a legal person, its structural subdivision shall be carried out on the basis of a tax application for registration accounting.

2-1. Updating of the information on director of a resident legal entity, its structural subdivision, structural subdivision of a non-resident legal entity shall be performed on the basis of a tax application for registration.

A notarized copy of a decision on appointment of an executive authority of a legal entity, which was made at the general meeting of the members (shareholders) of a legal entity or of a member (shareholder) of a legal entity consisting of one member (shareholder) shall be attached to the tax application submitted to introduce changes in the information related to the head of a resident legal entity.

A notarized copy of a decision of the legal entity's authorized authority on appointment of a head of the legal entity's structural subdivision or another document confirming his powers shall be attached to the tax application submitted for introduction of changes to the information on the head of the structural division of the legal entity.

3. Update of information concerning bank accounts of taxpayers shall be carried out on the basis of information from banks or organisations carrying out certain types of banking transactions as presented in accordance with the procedure and time established in Article 581 of this Code.

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5. A tax application for changing the registration data of a taxpayer shall be submitted to the tax authority at the place of location of the taxpayer (tax agent) within ten working days from the time of changes emergence.

6. The tax authorities shall carry out the introduction of amendments into registration details of the taxpayer within three working days from the date of receiving information from the national registers of identification numbers, authorised state banks, banks or organisations carrying out certain types of banking transactions, a tax application for registration accounting.

Article 564. Exclusion of Taxpayers from the State Database of Taxpayers

1. The tax authorities shall exclude a taxpayer from the governmental database of taxpayers on the basis of information of the national registers of identification numbers, competent authorities, or on the basis of the tax legislation:

1) due to death or announcement of a natural person as deceased;

2) in case of departure of an individual for permanent residence outside the Republic of Kazakhstan, and termination of his/her citizenship, provided that such individual has no unfulfilled tax liabilities, or taxable items and (or) taxation related items located in the territory of the Republic of Kazakhstan;

2-1) due to termination of the right of ownership of a foreigner or a person without citizenship, specified in paragraph 5-2 of Article 562 of this Code to the taxable items;

3) due to exclusion of legal entities and their structural units from the National Register of Business Identification Numbers or deregistration of structural units of legal entities;

3-1) change of the effective management place (location of the actual management body) in the Republic of Kazakhstan of the legal entity established under the laws of a foreign state;

4) due to termination by a non-resident of business through a permanent establishment;

5) due to termination by a foreigner or stateless person of business in the Republic of Kazakhstan;

6) due to termination of rights to property, rights to shares and (or) participatory interest of the non-resident specified in subparagraphs 4), 4-1) and 5) of Article 561 of this Code, where such non-resident has not other taxable items in the Republic of Kazakhstan;

7) due to termination of activity of a diplomatic or equated representation of a foreign state accredited in the Republic of Kazakhstan;

8) due to termination of business of a non-resident through a dependent agent in the Republic of Kazakhstan, who is recognised as the permanent establishment of that non-resident in accordance with paragraph 5 of Article 191 of this Code;

9) due to closure of the current account of the non-resident specified in subparagraph 8) of paragraph 2 of Article 561 of this Code in a resident bank on the condition that such non-resident has not current accounts in resident banks and there is no information on opening current accounts for six months from the date of receipt of the bank's notice.

2. For the purpose of exclusion from the state database of taxpayers of entities specified in subparagraphs 3) – 8) of paragraph 2 of Article 561 of this Code, the tax authority shall forward to the agencies of justice and internal affairs an electronic notice of deregistration:

1) of a non-resident carrying out business in the Republic of Kazakhstan through a permanent establishment without opening an affiliate, representation, – on the basis of a tax application for deregistration from registration accounts;

2) of a non-resident specified in subparagraph 4) of paragraph 2 of Article 561 of this Code, – on the basis of information of the authorised state and local executive authorities carrying out state regulation within their competence in the sphere of subsurface use in accordance with the legislation of the Republic of Kazakhstan on subsurface and subsurface use concerning selling securities or participatory interest, specified in subparagraphs 3), 4) and 5) of Article 197 of this Code;

3) of a foreigner or stateless person – on the basis of a tax application for deregistration from registration accounts;

4) of a diplomatic and equated representation of a foreign country, accredited in the Republic of Kazakhstan, – on the basis of information from the authorised state body carrying out foreign policy activities on termination of activity of such diplomatic or equated representation of a foreign state accredited in the Republic of Kazakhstan;

5) of a non-resident specified in subparagraph 7) of paragraph 2 of Article 561 of this Code, – on the basis of a tax application of the dependent agent on deregistration;

6) of a non-resident having a current account in resident banks, – on the basis of the bank's notice on closure of the non-resident's current account.

3. An electronic notice specifying details concerning non-residents specified in paragraph 2 of this Article shall be forwarded by the tax authorities to the justice authorities within one working day from the date of receipt of information from the authorised state bodies, bank notices, a tax application on termination of business.

4. Exclusion of a taxpayer from the governmental database of taxpayers shall be carried out by the tax authority on the basis of information of the national registers of identification numbers, on the condition that the taxpayer has not unfulfilled tax obligations.

§ 2. Registration of Individual Entrepreneurs, Private Notaries, Private Officers of Justice, Advocates, and Professional Mediators

Article 565. Registration as an Individual Entrepreneur, Private Notary, Private Officer of Justice, Advocate, and Professional Mediator

1. An individual shall be registered as an individual entrepreneur by the tax authority with a certificate of state registration of individual entrepreneur being issued in accordance with the procedure and within the terms determined by the legislation of the Republic of Kazakhstan concerning private enterprises.

2. Tax authorities shall not register an individual as an individual entrepreneur if the activity to be performed by such individual as an individual entrepreneur is not allowed by the legislation of the Republic of Kazakhstan.

3. An individual shall be registered as a private notary, private officer of justice, advocate, or professional mediator based on a tax application of the individual for registration as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator submitted in electronic form via the e-Government web portal prior to the commencement of notarial activities, advocacy, activities on writs of execution enforcement, advocacy, or dispute resolution through mediation.

4. The tax authorities shall register an individual as a private notary, private officer of justice, advocate, or professional mediator, or deny such registration within one working day from the receipt of the tax application.

The tax authority shall deny registration of an individual entrepreneur as a private notary, private officer of justice, advocate, or professional mediator if:

1) data of the identification document specified in the tax application mismatches with the data contained in the national registers of identification numbers;

2) data of the license to carry out notarial activities, activities on writs of execution enforcement, advocacy, specified in the tax application mismatches with the data contained in the national electronic register of licenses;

3) the place of location specified in the tax application is not available in the Address Register information system.

Article 566 Changing the Registration Data of an Individual Entrepreneur, Private Notary, Private Officer of Justice, Advocate, and Professional Mediator

1. The change of the registration data of an individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator shall be performed by the tax authority based on a tax application for registration of an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator.

2. An individual entrepreneur shall submit a tax application specified in paragraph 1 of this Article to the tax authority at the place of his/her location within ten working days from the date of changing the registration data specified in the certificate of state registration of an individual entrepreneur, and (or) data on the participants (members) of a joint enterprise specified in the tax application;

2-1. If a certificate of state registration of an individual entrepreneur contains no identification number, such certificate shall be subject to replacement on the basis of the tax application of the individual entrepreneur submitted to the tax authority for the place of location.

For this purpose the tax application shall be submitted without enclosing documents provided for by subparagraph 1) of paragraph 3 of this Article.

2-2. A private notary, private officer of justice, advocate, or professional mediator shall submit a tax application specified in paragraph 1 of this Article in electronic form via the e-Government web portal within ten working days from the date of changing the place of location of a private notary, private officer of justice, advocate, or professional mediator.

3. The documents submitted in case of state registration of an individual entrepreneur in accordance with the legislation of the Republic of Kazakhstan concerning private entrepreneurship shall be attached to a tax application for changing the registration data of an individual entrepreneur.

The documents provided for by this paragraph shall not be submitted where a tax application for changing the registration data of an individual entrepreneur is submitted in electronic form.

4. Registration data of the individual entrepreneur specified in the certificate of state registration of the individual entrepreneur shall be updated by the tax authority within one working day following the day of receipt of the tax application submitted for update of the registration data, unless otherwise provided for by this paragraph.

The tax authorities shall refuse to change the registration data of the individual entrepreneur in the event that:

1) individual entrepreneur has been recognized as a non-operating taxpayer;

2) the data in the identification document specified in the tax application do not comply with the data in the national registers of identification numbers;

3) the location specified in the tax application is not specified in the Address Register in formation system.

5. Data on the place of location of a private notary, private officer of justice, advocate, or professional mediator shall be changed by the tax authority within one working day following the date of receipt of a tax application for changing the registration data.

The tax authorities shall deny changing the data on the place of location of a private notary, private officer of justice, advocate, or professional mediator in the cases provided for by paragraph 4 of Article 565 of this Code.

Article 567. Deregistration as an Individual Entrepreneur, Private Notary, Private Officer of Justice, Advocate, and Professional Mediator

1. The deregistration of an individual as an individual entrepreneur shall be performed by the tax authority in the procedure established by this Code and (or) in accordance with the legislation of the Republic of Kazakhstan concerning private entrepreneurship.

2. The deregistration of an individual as a private notary, private officer of justice, advocate, or professional mediator shall be performed by the tax authority in the procedure established by Article 42 of this Code.

3. The deregistration of an individual as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator shall be performed by the tax authority provided that there are no unfulfilled tax liabilities, except for the cases stipulated by the legislation of the Republic of Kazakhstan concerning private entrepreneurship.

4. A taxpayer shall be entitled to receive from the tax authority at the place of his/her location a confirmation of deregistration (denial of deregistration) of such taxpayer as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator.

§ 3. Registration Accounting for Value-Added Tax Payers

Article 568. Obligatory Registration for Value-Added Tax

1. Unless otherwise specified in this paragraph, resident legal persons, non-residents who carry out business in the Republic of Kazakhstan through an affiliate, representation, individual entrepreneurs in accordance with the procedure established by paragraph 2 of this Article, shall be subject to obligatory registration for value-added tax.

The following shall not be subject to obligatory registration for value-added tax:

state-owned institutions;

structural subdivisions of resident legal entities;

persons specified in Articles 411, 420 and 442 of this Code in respect of business which is subject to tax on gambling industry, fixed tax and unified land tax.

2. Where the size of the turnover in a calendar year is in excess of the minimum turnover defined in accordance with this paragraph, persons specified in paragraph 1 of this Article shall be obliged by visit to file to the tax authority in the place of location a tax application for registration for value-added tax not later than ten working days from the day of expiry of the month in which the excess of the minimum turnover occurred.

The size of the taxable turnover shall be determined as progressive total as follows:

by newly-formed resident legal persons, affiliates, representations, through which a non-resident carries out business in the Republic of Kazakhstan, – from the date of the state (accounting) registration by the bodies of justice;

by natural persons registered anew by the tax authorities as individual entrepreneurs, – from the date of registration by the tax authorities;

taxpayers removed from the registrational accounting in respect of the value added tax based on the decision of the tax authority in the current calendar year – from the date following the date of deregistration on value added tax based on the decision of the tax authority;

by other taxpayers – from the first January of current calendar year.

For the purposes of registration for value-added tax the turnover of a taxpayer shall comprise the turnover, except for exempt turnover as specified in Article 232 of this Code:

1) from selling goods, performance of work, rendering of services in the Republic of Kazakhstan;

2) from purchase from a non-resident that is not a value-added tax payer in the Republic of Kazakhstan and does not carry on business through an affiliate, representation of work, services, of which the place of sale is the Republic of Kazakhstan.

A place of sale of work, services shall be determined in accordance with Articles 236 and 276-5 of this Code.

A tax application for value-added tax registration shall not be accepted by the tax authority in case if a resident legal entity, non-resident legal entity operating in the Republic of Kazakhstan through a branch, representative office meets the conditions provided for by subparagraph 6) of paragraph 3 of Article 569 of this Code.

3. For value-added tax registration purposes, the taxpayer carrying out settlements with the budget in accordance with the special regime for farmer or peasant holdings, when computing the turnover, shall not take into account turnovers from sales associated with the business that falls under that special tax regime.

4. A trust manager must by visit to file a tax application for registration as a value-added tax payer with the tax authority within five working days from the date of signing contract for trust management or from the date of other document being a basis for commencement of the trust management, if the founder under the trust management contract or the beneficiary in other cases of trust management commencement is a value added tax payer. In other cases such founder or beneficiary, and trust management must be registered in accordance with paragraph 2 of this Article.

5. The minimum turnover shall be 30 000 times amount of the monthly assessment index as established by the law concerning republic's budget which is in effect as of the 1 January of the relevant financial year.

6. Persons specified in paragraph 1 of this Article shall become value-added tax payers on the first day of the month following a month in which they filed a tax application for value-added tax registration, unless otherwise specified by this Article.

7. Resident legal entities, non-resident legal entities operating in the Republic of Kazakhstan through a branch, representative office, and individual entrepreneurs shall mandatorily attach to a tax application for value-added tax registration:

1) a notarized copy of a document confirming the place of location of a taxpayer.

A document confirming the place of location of a taxpayer shall mean one of the following documents:

a document certifying the title to real estate (the right to use the same);

a written consent of an individual being the owner of real estate stated as the place of location.

The period of time between the date of notarization of the copy of a document confirming the place of location of a taxpayer and the date of submission thereof to the tax authority shall not exceed ten working days.

2) copies of documents verifying the accumulated excess of the minimum taxable turnover of a taxpayer.

Documents verifying the accumulated excess of the minimum taxable turnover of a taxpayer shall mean certificates of work performed, services rendered, and any other documents certifying the fact of turnover as specified in paragraph 2 of this Article.

8. When identifying persons specified in paragraph 1 of this Article, who failed to present a tax application for value-added tax registration, the tax authority not later than five working days from the date of identifying such taxpayer, shall forward to such taxpayer a notice for elimination of violations of the tax legislation of the Republic of Kazakhstan in accordance with the procedure established by Article 608 of this Code.

9. In the case of failure of a taxpayer to present a tax application for registration pursuant to the tax authority notice sent in accordance with paragraph 8 of this Article, upon expiry of the period established by paragraph 2 of Article 608 of this Code, the tax authority shall pass ordinance for suspension of expenditure transactions in bank accounts of the taxpayer in accordance with the procedure established by Article 611 of this Code.

Article 569. Voluntary Registration for Value-Added Tax

1. Unless otherwise specified by this paragraph, persons who are not subject to obligatory value-added tax registration in accordance with paragraph 1 of Article 568 of this Code, shall have the right to file to the tax authority in the place of location, by visit, a tax application for value-added tax registration.

The following shall not have the right of voluntary value-added tax registration:

natural persons who are not individual entrepreneurs;

state-owned institutions;

non-residents that do not carry on business in the Republic of Kazakhstan through an affiliate, representation;

persons specified in Articles 411 and 420 of this Code in respect of business which are subject to tax on gambling industry and to fixed tax accordingly;

structural subdivisions of legal persons – residents.

Resident legal persons, non-residents carrying out business in the Republic of Kazakhstan through an affiliate, representation shall attach the documents specified in paragraph 7 of Article 568 of this Code to the tax application submitted for value-added tax registration.

2. The tax authority shall, within ten working days from the date of filing of the tax application for value-added tax registration, register the taxpayer for value-added tax by issuing a certificate of value-added tax registration, or pass a decision to deny the taxpayer's value-added tax registration, in the form established by the authorized body.

Persons specified in paragraph 1 of this Article shall become value-added tax payers from the first day of the month following a month, in which they filed the tax application for value-added tax registration.

3. The tax authorities shall deny the taxpayer voluntary value-added tax registration where on the date of filing the application for value-added tax registration one or several of the following circumstances are present:

1) the taxpayer failed to fulfil tax obligations associated with the submission of tax reports in accordance with the procedure and time which are specified in the special part of this Code;

2) two years have not expired from the date of deregistration of this taxpayer for value-added tax on the basis of the Tax Authority decision in the procedure established by paragraph 4 of Article 571 of the Code;

3) documents established by paragraph 7 of Article 568 of this Code have not been submitted;

3-1) taxpayer is a non-operating taxpayer;

4) a founder (participant) of a legal entity is:

an inoperative legal entity;

inoperative individual entrepreneur;

chief executive officer or sole founder (participant) of an inoperative legal entity;

a legally incapable or partially incapacitated, and (or) missing, deceased (declared deceased) individual;

an individual having an outstanding or unexpunged conviction under Articles 192, 192-1, 216, 217 and 222 of the Criminal Code of the Republic of Kazakhstan dated July 16, 1997;

an individual having an outstanding or unexpunged conviction under Articles 215, 216, 238, 240, and 245 of the Criminal Code of the Republic of Kazakhstan dated July 3, 2014;

an individual being wanted;

5) a chief executive officer of a legal entity or an individual entrepreneur is:

an inoperative individual entrepreneur;

chief executive officer or sole founder (participant) of an inoperative legal entity;

a legally incapable or partially incapacitated, and (or) missing, deceased (declared deceased) individual;

an individual having an outstanding or unexpunged conviction under Articles 192, 192-1, 216, 217 and 222 of the Criminal Code of the Republic of Kazakhstan dated July 16, 1997;

an individual having an outstanding or unexpunged conviction under Articles 215, 216, 238, 240, and 245 of the Criminal Code of the Republic of Kazakhstan dated July 3, 2014;

an individual being wanted;

an individual being a foreigner or a stateless person, whose purpose of stay is not related to labour activities in the Republic of Kazakhstan, or whose permitted period of stay in the Republic of Kazakhstan has expired;

6) a chief executive officer of a resident legal entity, non-resident legal entity operating in the Republic of Kazakhstan through a branch, representative office has no identification number available.

4. A decision to deny value-added tax registration shall be delivered to the taxpayer with the receipt of the signature or otherwise confirming the fact of sending.

Article 570. Certificate on Value-Added Tax Registration

1. A certificate of value-added tax registration shall be a strictly accountable document and shall certify the fact of taxpayer's value-added tax registration. The certificate form shall be established by the Government of the Republic of Kazakhstan.

A certificate of value-added tax registration shall be issued to a taxpayer against the signature in the log of documents issued, unless otherwise provided for in this paragraph.

A certificate of value-added tax registration of a legal entity being a resident of the Republic of Kazakhstan, individual entrepreneur classified as a small business enterprise shall be received by the chief executive officer of a legal entity being a resident of the Republic of Kazakhstan, individual entrepreneur in person against the signature in the log of documents issued, upon presentation of an identification document.

When issuing a certificate of value-added tax registration, the tax authority shall photograph the chief executive officer of a legal entity being a resident of the Republic of Kazakhstan, individual entrepreneur classified as a small business enterprise.

2. Certificates on value-added tax registration shall contain the following obligatory details:

1) business name and (or) surname, name, patronymic (if any) of the taxpayer;

2) identification number;

3) date of the taxpayers' value-added tax registration;

4) date of issue consistent with the date of signature on the value-added tax registration certificate by the tax authority;

5) name of the tax authority that issued the certificate.

3. Value-added tax registration certificates shall be kept by value-added tax payers.

4. In the case of deregistration of a value-added tax payer, the value-added tax registration certificate shall be subject to return to the tax authority, except for cases of loss of certificates by taxpayers.

5. Replacement of the value-added tax registration certificate shall be effected by the tax authority in the following cases within three business days:

1) loss (damage) of the value-added tax registration certificate – based on the taxpayer's tax application;

2) change of the value-added tax payer's last name, first name, middle name (if any) or corporate – based on the data of national registers of identification numbers on change of last name, first name, middle name (if any) or corporate name of the taxpayer;

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In the event provided for by this subparagraph the taxpayer shall attach one of the following documents to the tax application:

1) notarially certified copy of a document confirming existence of the identification number;

2) a copy of a document confirming existence of the identification number, – subject to provision of the original document.

The copy of the document confirming existence of the identification number, including notarially certified one, shall not be attached to the tax application submitted to the tax authority for replacement of the certificate of registration as a VAT payer in the event that it is presented to such tax authority for replacement or reissuance of any other document for the purpose of entering the identification number thereto in accordance with this Code.

6. When issuing new value-added tax registration certificates, the certificate issued earlier by the tax authority shall be returned to the tax authority, except for cases of loss (damage) of such certificate by the taxpayer.

Article 571. Deregistration for Value-Added Tax

1. In order to be deregistered for value-added tax, payer of value-added tax shall have the right to file to the tax authority in the place of location a tax application for value-added tax registration accounting subject to simultaneous compliance with the following conditions:

1) amount of the taxable turnover for the calendar year preceding the year of filing the tax application did not exceed the minimum sales turnover as established by Article 568 of this Code;

2) amount of the taxable turnover during the period starting from the current calendar year, wherein the tax application for value-added tax registration accounting was filed, have not exceeded the minimum sales turnover as established by Article 568 of this Code.

2. The following documents shall be attached to an application submitted for value-added tax deregistration, in case specified in paragraph 1 of this Article:

1) original certificate for value-added tax registration, except for cases of loss of such certificate by the taxpayer;

2) liquidation declaration for value-added tax.

3. Unless otherwise provided for by this paragraph, the tax authorities shall deregister a value-added tax payer within five working days from the date of submission of a tax application by the taxpayer subject to the requirement stipulated by paragraph 2 of this Article. The date of submission of the tax application to the tax authority by such taxpayer shall be the date of value-added tax deregistration.

The tax authorities shall deny value-added tax deregistration of a taxpayer within five working days from the date of submission of a tax application by the taxpayer in the following cases:

1) the amount of taxable turnover for the calendar year preceding the year of submission of the tax application has exceeded the minimum sales turnover as established by Article 568 of this Code;

2) the amount of taxable turnover for the period starting from January 1 of the current calendar year, in which such tax application was submitted, has exceeded the minimum sales turnover as established by Article 568 of this Code.

The provisions of this paragraph shall not apply to taxpayers that submitted tax applications for value-added tax registration for the purpose of deregistration in the procedure stipulated by paragraph 1 of Article 73 of this Code.

A decision to deny value-added tax deregistration with specification of a reason for such denial in the form established by the authorized body shall be served on the taxpayer in person against the signature or in any other way enabling to confirm the fact of dispatch.

4. The value-added tax deregistration based on a decision of the tax authority in the form established by the authorized body shall be carried out without notifying the taxpayer in the following cases:

1) value-added tax payer's failure to submit value-added tax reports upon the expiry of six months from the due date of submission thereof established by this Code;

2) taxpayer's failure to meet the requirement specified in part one of paragraph 5 of Article 558 of this Code, if such taxpayer has no open bank accounts as at the last date of the time line for submission of a written explanation established in part one of paragraph 5 of Article 558 of this Code;

3) taxpayer's failure to meet the requirement specified in part one of paragraph 6 of Article 558 of this Code;

4) recognition of a value-added tax payer as false business based on the effective court sentence or ruling;

5) recognition of an individual entrepreneur's or legal entity's registration as invalid based on the effective court judgment.

6) value-added tax payer's failure to disclose in the value-added tax declaration the data on turnovers from the sale and purchase of goods, work, and services over two consecutive tax periods;

7) non-availability of any excess of the minimum turnover as specified in paragraph 5 of Article 568 of this Code of a person registered for value-added tax in accordance with paragraph 1 of Article 568 of this Code in the calendar year, in which such registration was performed;

8) if a chief executive officer or a sole founder (participant) of a legal entity, or an individual entrepreneur is:

a legally incapable or partially incapacitated, and (or) missing individual;

a deceased (declared deceased) individual, provided that six months have expired from the time of his death (declaration to be deceased);

an individual having an outstanding or unexpunged conviction under Articles 192, 192-1, 216, 217 and 222 of the Criminal Code of the Republic of Kazakhstan dated July 16, 1997;

an individual having an outstanding or unexpunged conviction under Articles 215, 216, 238, 240, and 245 of the Criminal Code of the Republic of Kazakhstan dated July 3, 2014;

an individual being wanted;

an individual being a foreigner or a stateless person, whose purpose of stay is not related to labour activities in the Republic of Kazakhstan, or whose permitted period of stay in the Republic of Kazakhstan has expired.

5. A decision on value-added tax deregistration shall be passed by the tax authority at the place of location of the taxpayer within five working days from:

1) the date of establishing the cases specified in subparagraphs 1), 7), and 8) of paragraph 4 of this Article;

2) the date of expiration of the period specified in the first part of paragraph 5 of Article 558 of this Code, in the case provided for by subparagraph 2) of paragraph 4 of this Article;

3) the date of receipt by the tax authority of the effective court sentence or ruling on the recognition of the tax payer as false business;

4) the date of receipt by the tax authority of the effective court judgment on the recognition of the individual entrepreneur's or legal entity's registration as invalid.

A decision on value-added tax deregistration in the case specified in subparagraph 6) of paragraph 4 of this Article shall be passed by the tax authority at the place of location of the taxpayer on or before the last day of the month following the month, in which the value-added tax declaration for the second tax period of those specified in subparagraph 6) of paragraph 4 of this Article was submitted.

6. A value-added tax payer shall be recognized deregistered for value-added tax based on the decision of the tax authority from:

1) the date of passing such decision – for entities specified in subparagraphs 1), 2), 3), and 6) of paragraph 4 of this Article;

2) the date of criminal activities commencement – for entities specified in subparagraph 4) of paragraph 4 of this Article;

3) the date of value-added tax registration – for entities specified in subparagraphs 5) and 7) of paragraph 4 of this Article;

4) the date of occurrence of the cases specified in subparagraph 8) of paragraph 4 of this Article.

7. Deregistration for value-added tax shall be carried out in the following cases:

1) in case of termination of the business of a resident legal entity or a non– resident legal entity operation in the territory of the Republic of Kazakhstan through its branch, representative office, or individual entrepreneur who are being value-added tax payers, unless otherwise specified in this paragraph, – from the date of submission of the tax application specified in Articles 37 and 41 of this Code;

2) in cases of reorganization of legal entities by way of merging, consolidation – from the date of submission of the tax application specified in Article 39 of the Code;

3) in case of reorganization of a legal entity by way of split-off – from the date of submission of the tax application specified in Article 40 of the Code;

4) in the event of the death of an individual who is registered as an individual entrepreneur and a value-added tax payer , – from the date of exclusion from the national database of taxpayers in accordance with the procedure specified in paragraph 1 of Article 564 of this Code.

8. In the case of liquidation of a value-added tax payer due to bankruptcy, the value-tax payer shall be deregistered from the date of exclusion from the National Register of Business Identification Numbers or deregistration as an individual entrepreneur.

9. Information on deregistration of value-added tax payers from value-added tax registration accounts pursuant to decisions of the tax authority shall be posted on the Internet resource of the authorised body within one working day following the day of passing a decision for deregistration from value-added tax registration accounts.

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§4. Registration as Electronic Tax Payer

Article 572. Registration of Electronic Taxpayers

1. Registration of natural persons, legal persons, their structural units as electronic taxpayers shall be voluntary and it shall be carried out after passing registration as taxpayer by the tax authority.

2. For the purpose of registration, a taxpayer shall submit a tax application for registration of an electronic taxpayer to the tax authority at the place of location or residence of the taxpayer in hard copy by personal appearance, or in electronic form.

The submission of a tax application for registration of an electronic taxpayer for the purpose of registration as an electronic taxpayer shall be deemed the taxpayer's consent to perform electronic document exchange by transmission through the information and communications network ensuring the secure delivery of messages, in particular to receive notices from the tax service authorities as provided for by this Code.

3. The tax authority shall issue to the taxpayer an electronic digital signature against the signature in the log of documents issued within three working days from the date of receipt of a tax application for registration of an electronic taxpayer.

4 – 6. {~}.

Article 573. Replacement and Annulment of an Electronic Digital Signature

1. A taxpayer shall have the right to file a tax application for registration accounting of the electronic taxpayer for annulment of electronic digital signature or for its replacement, to the tax authority in the place of location or residence in the following cases:

1) decisions are taken to refuse using the electronic digital signature;

2) termination of the validity period of the registration certificate;

3) loss of the electronic medium with the key container which contains the electronic digital signature;

4) damage which rendered the electronic information medium with the key container not operational.

2. Annulment of electronic digital signature terminates the right of the taxpayer for the exchange of electronic documents with the tax authority through information-communication network transmission, providing guaranteed message delivery in the cases established by this article.

3. Annulment or replacement of the electronic digital signature shall be carried out by the tax authority not later than one working day from the date of filing the tax application for the registration accounting of the electronic taxpayer for refusal of the key container containing the electronic digital signature or its replacement.

4. The tax authority shall annul the electronic digital signature without the taxpayer's application within one working day from the date of exclusion from the governmental database of taxpayers.

5. The tax authorities shall cancel the taxpayer electronic signature within one working day if the following case:

1) recognition of the taxpayer as false entrepreneur on the basis of an enforceable sentence or court order – from the date of receipt of the sentence or court order by the tax authority;

2) recognition of an invalidation of state registration of the taxpayer on the basis of an enforceable court decision – from the date of receipt of the court decision by the tax authority;

3) value-added tax deregistration of a taxpayer based on the decision of the tax authority in accordance with subparagraphs 1), 2), 3) 6), 7), and 8) of paragraph 4 of Article 571 of this Code – from the date of passing the decision on value-added tax deregistration.

§ 5. Registration of Taxpayers Carrying on Certain Types of Business

Article 574. Registration as Taxpayer Carrying on Certain Types of Business

1. Taxpayers carrying on the following types of business shall be subject to registration as taxpayer carrying out certain types of business:

1) production of petrol (except for aviation fuel), diesel fuel;

2) whole-sale and (or) retail trade in petrol (except for aviation fuel), diesel fuel;

3) production of ethyl alcohol and (or) alcohol products;

4) whole-sale and (or) retail marketing of alcohol products;

5) production and (or) whole-sale marketing of tobacco items;

6) {~};

7) gambling business;

8) services using gaming machines without prizes, personal computers for games, game runways, carts, billiards tables;

9) production, assembly (complement) of excisable goods provided for in subparagraph 6) of Article 279 of the Code.

2. The registration as a taxpayer engaged in certain activities shall include the registration with the tax authorities at the place of location of taxable items and (or) taxation related items, which are used in certain activities as specified in paragraph 1 of this Article.

3. Registration as taxpayer carrying on certain types of business which are subject to licensing, where appropriate licenses have been received, shall be carried out within a period not to exceed the validity term of the license.

4. Unless otherwise provided for by this paragraph, the registration as a taxpayer engaged in certain activities subject to licensing with respect to the activities specified in subparagraphs 3), 4), and 5) (except for the wholesale trade in tobacco products) of paragraph 1 of this Article shall be performed subject to the corresponding license's availability based on the data from the state electronic register of permits and notification.

The registration as a taxpayer engaged in certain activities specified in subparagraphs 1), 2), and 5) (except for the manufacturing of tobacco products) of paragraph 1 of this Article shall be performed based on a tax application for registration with respect to certain activities to be provided at least three working days prior to the commencement of such certain activities.

5. In case of the activities specified in subparagraphs 1), 2), 5) (except for the manufacturing of tobacco products), and 9) of paragraph 1 of this Article, the tax application specified in paragraph 4 of this Article shall be submitted to the tax authority together with copies of the documents certifying the title, or a copy of a lease agreement for a production facility of a petroleum product manufacturer, container, petroleum product depot, filling station, warehouse (in case of the wholesale trade in tobacco products), where either of the above mentioned agreements is concluded for the period not exceeding one year, or an oil and (or) natural gas liquid processing agreement (together with the specification to such contract) with a petroleum product manufacturer for oil suppliers.

Should a taxpayer fail to provide an original copy of the agreement for verification purposes, copies of agreements shall be notarized.

6. The tax authority shall register a taxpayer as a taxpayer engaged in certain activities within three working days:

1) from the date of submission of the tax application;

2) from the date of receipt of information from the state electronic register of permits and notifications concerning activities subject to licensing.

7. Where a taxpayer has several gambling venues (fixed establishments), the registration shall be performed separately with respect to each gambling venue (fixed establishment).

A fixed establishment is a place of entrepreneurial activities on rendering services with the use of gaming machines without winnings, personal computers for games, game runways, cards, and billiard tables.

8. It shall be prohibited to use and have in the territory of a gambling institution (stationary place) of taxable items and (or) items relating to taxation which have not been registered by the tax authorities.

9. Where a taxpayer has several taxable items and (or) taxation related items, which are used in the activities specified in subparagraphs 1) – 5) of paragraph 1 of this Article, the registration shall be performed separately with respect to each taxable item and (or) item related to taxation.

9-1. For the purpose of subparagraphs 1) and 2) of paragraph of this Article, taxation-related items shall mean a production facility of a petroleum product manufacturer, petroleum product depot, container, filling station, volumes of oil and (or) natural gas liquid and yield of petroleum products specified in the oil and (or) natural gas liquid processing agreement or in the appendix (specification) to the agreement with a petroleum product manufacturer (for oil suppliers), fixed and (or) warehouse premises used to carry out the activities specified in subparagraphs 1) – 5) of paragraph 1 of this Article.

10. {~}.

Article 575. Amendment and Alteration of Registration Data of a Taxpayer Engaged in Certain Activities

1. In case of any change in information concerning taxable items and (or) taxation-related items specified in the registration data, the taxpayer shall submit a tax application as set forth in paragraph 4 of Article 574 of this Code to the tax authority at the place of registration of taxable items and (or) taxation-related items within three working days from the date of such changes emergence.

2. In case of any change in information concerning taxable items and (or) taxation-related items, the tax authority shall introduce such changes within three working days from the date of receipt of the tax application as specified in Article 574 paragraph 4 of this Code.

Where a taxpayer is engaged in certain activities specified in subparagraphs 1), 2) and 9) of paragraph 1 of article 574 of this Code, the tax application shall be accompanied by the document as set forth in paragraph 5 of Article 574 of this Code confirming the change in information concerning taxable items and (or) taxation-related items.

Should a taxpayer fail to provide an original copy of the agreement for verification purposes, copies of agreements and (or) appendices thereto shall be notarized.

3. {~}.

Article 576. Striking Taxpayer Carrying on Certain Types of Business off Registration Accounts

1. A taxpayer shall be subject to deregistration as a taxpayer engaged in certain activities not subject to licensing based on a tax application specified in paragraph 4 of Article 574 of this Code, in the following cases:

1) termination of performance of the types of business specified in paragraph 1 of Article 575 of this Code;

2) deregistration of all taxable items and (or) taxation-related items specified in the registration data.

1-1. The deregistration of a taxpayer as a taxpayer engaged in certain activities subject to licensing shall be performed by the tax authority based on the data from the state electronic register of permits and notifications concerning the license termination.

2. A tax application for deregistration as a taxpayer engaged in certain activities shall be submitted to the tax authority at the place of registration of taxable items and (or) taxation-related items within three working days from the date of termination of the activities established by paragraph 1 of Article 574 of this Code, or deregistration of the total number of taxable items and (or) taxation-related items specified in the registration data.

3. Deregistration of a taxpayer as taxpayer carrying on certain types of business shall be carried out on the basis of a decision of the tax authority in the following cases:

1) termination of validity of the license of a taxpayer carrying on certain types of business which are subject to licensing;

2) termination of a lease agreement and (or) oil and (or) natural gas liquid processing agreement with a petroleum product manufacturer of a taxpayer engaged in certain activities specified in subparagraphs 1), 2) and 4) of paragraph 1 of Article 574 of this Code;

2-1) absence of the taxpayer carrying out certain types of business specified in subparagraph 4) of paragraph 1 of Article 574 of the Code at the address specified in the license;

3) failure to submit the declaration and (or) excise duty estimation by a taxpayer engaged in certain activities specified in subparagraphs 1), 2) and 3) of paragraph 1 of Article 574 of this Code within three months after the due date for submission thereof established by this Code.

4. A decision on deregistration as a taxpayer engaged in certain operations shall be passed by the tax authority at the place of registration of taxable items and (or) items related to the taxation in the form established by the authorized body within five working days from the date of occurrence of the events specified in paragraph 3 of this Article.

5. Information on taxpayers deregistered as taxpayers carrying on certain types of business shall be subject to posting on the Internet resource of the authorised body within three working days from the date of deregistration.

§ 6. Registration Accounting Based Upon the Place of Location of Taxable Items and (or) Items Relating to Taxation

Article 577. Registration in the Place of Location of Taxable Items and (or) Items Relating to Taxation

1. Registration of taxpayers in the place of location of taxable items and (or) items relating to taxation shall be carried out by the tax authority for ensuring the payment by the taxpayer of taxes on property, transport vehicles, land, unified land tax and other obligatory payments to the budget on the basis of information from the authorised state bodies carrying out accounting for, registration of taxable items and (or) items relating to taxation in accordance with Article 586 of this Code, unless otherwise established by this Chapter.

2. Natural persons who in accordance with ownership rights, permanent land use right, primary charge-free temporary land use right, temporary chargeable land use right, temporary ownership and use, trust management rights, hold taxable items and (or) items relating to taxation on which the tax authorities have no information, shall have the right to submit a tax application for registration accounting to the tax authority in the place of location of the taxable items or at the place of residence.

With regard to an item of construction in progress which is a taxable item in accordance with Article 405 of this Code, a natural person shall be obliged to file a tax application for registration, to the tax authority in the place of location of a taxable item or at the place of residence within ten working days from the date of residence, operation.

3. Individual entrepreneurs and legal persons who on the basis of ownership rights permanent land use right, primary charge-free temporary land use right, temporary chargeable land use right, temporary ownership and use, trust management rights, hold taxable items and (or) items relating to taxation, shall be obliged within ten working days from the date of emergence of such rights, to file a to the tax authority, at the place of their location or at the place of taxable items' location and/or items relating to taxation, a tax application as specified in paragraph 2 of this Article for registration by the tax authority at the place of location of taxable items and/or items relating to taxation.

The obligation to submit a tax application specified in paragraph 2 of this Article for registration with the tax authority at the location or the taxable item and/or taxation related item shall also extend to the structural unit that by the legal entity»s decision was recognized as

an independent payer of tax on property and land, and other obligatory payments to the budget in accordance with the special part of this Code. The application shall be accompanied by a copy of the legal entity concerning recognition of the structural unit as an independent payer of tax on property and land, and other obligatory payments to the budget in accordance with the special part of this Code.

In case of recognition of legal entities and individual entrepreneurs as payers of land tax in accordance with clause 2 of Article 374 of this Code, such taxpayers shall be obliged, within ten working days from the effective date of the entitling documents, on the basis of which there arises the right for effective ownership and use, to submit to the tax authority at the place of their location or at the place of location of a taxable item and/or an item relating to taxation a tax application referred to in clause 2 of this Article, for the purpose of registration in the tax authority at the place of location of the taxation item and/or the item relating to taxation.

The provisions of this paragraph shall not apply to individual entrepreneurs, legal entities in case of origin of the right to taxation items and taxation related items, provided that the registration of such individual entrepreneurs, legal entities were registered in accordance with paragraphs 1 or 3 of this Article before the date of origination of such right.

4. {~}.

5. Registration of a taxpayer in the place of location of taxable items and (or) items relating to taxation shall be carried out by the tax authority within three working days from the date of receipt of information form the authorised state bodies and (or) a tax application specified in paragraph 2 of this Article.

Article 578. Deregistration from Registration Accounts in the Place of Location of Taxable Items and (or) Items Relating to Taxation

1. Deregistration of a taxpayer in the place of location of taxable items and (or) items relating to taxation shall be carried out by the tax authority on the condition of fulfilment of the tax obligation that emerged in relation to taxable items and (or) items relating to taxation in the following cases:

1) termination of ownership rights permanent land use right, primary charge-free temporary land use right, temporary chargeable land use right, temporary land use rights, business authority, operative management rights to items to taxable items and (or) items relating to taxation, – on the basis of information from the authorised state bodies carrying out accounting for, registration for taxable items and (or) items relating to taxation, unless otherwise specified by this Article;

2) termination of the right of trust management of taxable items and (or) items relating to taxation, – on the basis of a tax application for deregistration by the tax authority in the place of location of taxable items and (or) items relating to taxation.

2. An individual with terminated ownership rights, permanent land use right, primary temporary land use without compensation or temporary land use with compensation, trust management to all taxable items and/or taxation related items with respect to which the individual was registered with one tax authority, shall have the right to file a tax application with the tax authority for deregistration at the place of location of such items, if the tax authority has no such information.

3. A legal entity with terminated ownership rights, permanent land use right, primary temporary land use without compensation or temporary land use with compensation, business authority rights, trust or operative management under concession contract to all taxable items and/or taxation related items with respect to which such legal entity is registered with one tax authority shall be deregistered at the place of location of such taxable items on the basis of a tax application, unless otherwise provided for by thise Article.

A structural unit of a legal entity shall be deregistered at the place of location of the taxable item and/or the taxation relating item on the basis of a tax application specified in the first part of this paragraph, in case of:

Revocation by the legal entity of its decision concerning recognition of the structural unit as an independent payer tax on property, land tax, and other obligatory payments to the budget in accordance with the special part of this Code;

Termination of such legal entity»s right specified in the first part of this paragraph to all taxable items and/or taxation relating items, with respect to which such structural unit was registered in one tax authority.

In the event of revocation by the legal entity of the decision concerning recognition of the structural unit as an independent payer of tax on property, land tax and other obligatory payments to the budget a copy of such application shall be enclosed to the tax application.

This paragraph shall not apply to legal entities in the event of termination of the title to all taxable items and/or taxation relating items, provided that such legal entities have been deregistered in accordance with subparagraph 1) of paragraph 1 of this Article.

4. {~}.

5. The tax authority shall carry out deregistration of a taxpayer in the place of location of taxable items and (or) items relating to taxation within three working days from the date of receipt of information from the authorised state bodies and (or) tax application of the taxpayer in the case of observance of the requirements established by paragraph 1 of this Article.

§ 7. Defunct Taxpayers and Taxpayers at the Stage of Liquidation

Article 579. Defunct Taxpayers

1. Defunct legal persons and individual entrepreneurs shall be recognised as defunct taxpayers.

2. Inactive legal entity shall be recognized as a resident legal entity, non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment, and a structural unit of a non-resident legal entity that failed to submit for the tax period upon the expiry of the period for submission thereof specified by this Code the following:

1) corporate income tax return;

2) return on gambling tax, on flat tax, a simplified return provided that such return was not submitted for three tax periods following the specified tax period.

3. Inactive individual entrepreneur shall be recognized as an individual entrepreneur who failed to submit for the tax period upon the expiry of one year after the period for submission thereof established by this Code the following:

individual income tax return;

return on gambling tax, on flat tax, a simplified return provided that such return was not submitted for three tax periods following the specified tax period.

or estimated patent cost within two years upon the expiry of the validity period of the last patent

4. Paragraphs 2, 3 of this Article shall not apply to resident legal persons, non-resident legal persons carrying out business through a permanent institution, structural units of a non-resident legal person and of individual entrepreneurs who suspended business, for the period of its suspension.

5. The tax authorities shall issue an order on the recognition of taxpayers as inoperative, and post the information about the same on the Internet resource of the authorized body annually on or before April 30.

6. The information about taxpayers recognized as inoperative shall be deleted from the Internet resource of the authorized body in accordance with the order of the tax authority to be adopted within five working days after:

1) the fulfillment by the taxpayer of the tax obligation to submit tax reports;

2) the payment of fines for the failure to submit tax reports within the time limit established by this Code in the case of their imposition on the taxpayer in accordance with the legislation of the Republic of Kazakhstan.

7. The information about taxpayers recognized as inoperative shall be deleted from the Internet resource of the authorized body within one working day following the day of adoption of the respective order of the tax authority.

8. In the event that a taxpayer is excluded from the State register of legal entities or deregistration as an individual entrepreneur such taxpayers shall be concurrently excluded from the list of inactive taxpayers.

Article 580. Taxpayers at the Stage of Liquidation

1. A person who has filed a tax application for documentary audit due to liquidation (termination of business) or a tax application concerning termination of business shall be recognized as a taxpayer in the process of liquidation.

The information about the taxpayer in the process of liquidation shall be placed on the Internet resource of the competent authority within three working days after the application for documentary audit was filed due to liquidation (termination of business) or a tax application concerning termination of business.

2. Exclusion from the list of taxpayers who are at the stage of liquidation shall be carried out by the tax authorities in the following cases:

1) exclusion from the National Register of Business Identification Numbers – within three working days from the date of receipt of the relevant information;

2) deregistration as individual entrepreneur, private notary, private officer of justice, advocate, professional mediator – within three working days from the date of deregistration;

3) taxpayer taking a decision to resume business – within three working days from the date of notice to the tax authority on resumption of business.

§ 8. Duties of Banks and Organisations Carrying Out Separate Types of Banking Transactions, Authorised State Bodies in the Course of Registration and Registration Accounting for Taxpayers

Article 581. Duties of Banks and Organisations Carrying Out Separate Types of Banking Transactions

Banks or other organisations carrying out certain types of banking transactions, shall be obliged as follows:

1) when opening bank accounts to taxpayers being legal entities, including non-residents, their structural units, individuals registered as individual entrepreneurs, private notaries, private officers of justice, advocates, and professional mediators, foreigners and stateless persons, other than bank accounts intended for saving pension assets of the unified pension savings fund and voluntary pension savings funds, assets of the State Social Insurance Fund, assets used as security for the issue of bonds of a special financial company, and assets of an investment fund, savings accounts of non-resident legal entities, foreigners and stateless persons, correspondent accounts of foreign correspondent banks, bank accounts intended for receiving allowances and social benefits to be paid from the state budget and the State Social Insurance Fund, to notify the authorized body of the fact of opening the said accounts by transmission through the information and communications network ensuring the secure delivery of messages within one business day following the day of opening such accounts with specification of the identification number.

The information about taxpayers, including individuals registered as individual entrepreneurs, private notaries, private officers of justice, advocates, and professional mediators, shall be submitted to the banks and organizations engaged in certain bank operations for the purpose of fulfillment by the same of the obligations provided for by this paragraph and subparagraphs 3), 4), 6), 9), and 12) of this Article, in the procedure established by the authorized body as agreed with the National Bank of the Republic of Kazakhstan.

Where it is impossible to notify of opening of the said accounts by means of such electronic communications channels due to technical problems, a notice in hard copy shall be sent to the tax authority at the place of location (residence) of the taxpayer within three business days;

2) not to perform transactions in the bank accounts, except for savings accounts of non-residents and (or) correspondent accounts of foreign banks without identification numbers in payment documents, except for bills of exchange and payment documents on the basis of which the bank carries out receipt and issue of cash money;

3) when receiving payment documents related to the payment of taxes and other mandatory payments to the budget, social contributions, transfer of mandatory pension contributions and mandatory professional pension contributions, to supervise the accuracy of the identification number specified in accordance with the rules for generation of identification numbers and data held by the authorized state body.

Where the identification number specified in the payment document mismatches with the data held by the authorized state body in charge of generating identification numbers and maintaining the national registers of identification numbers, or in case if the identification number is not specified, the banks or organizations engaged in certain bank operations shall dishonour such payment document.

The provisions of this paragraph shall not apply to other mandatory payments to the budget specified in subparagraph 2) of paragraph 1 of Article 55 of this Code made by foreigners and stateless persons;

3-1) when receiving payment documents related to the payment of vehicle tax from individuals, to supervise the accuracy of the vehicle identification number specified in accordance with the data held by the authorized body in charge of the road traffic safety, provided that such supervision shall only extend to the accuracy of identification numbers of light motor vehicles and lorries, buses.

Where the identification number of a light motor vehicle, lorry, or bus specified in the payment document mismatches with the data provided by the authorized body in charge of the road traffic safety, the banks or organizations engaged in certain bank operations shall dishonor the payment document related to the payment of vehicle tax from individuals.

Where the vehicle identification number is not specified in the data provided by the authorized body in charge of the road traffic safety, the banks or organizations engaged in certain bank operations shall not be entitled to dishonor the payment document related to the payment of vehicle tax from individuals.

4) when the bank accounts of the taxpayer are closed, which are specified in subparagraph 1) of this Article, to notify the authorised body of their closure by way of transmission through information-communication network, ensuring the guaranteed delivery of messages, not later than one working day following the day of their closure by specifying the identification number.

Where it is impossible to notify of closure of said accounts by way of transmission through information-communication network, due to technical problems, notices shall be forwarded on paper to the tax authority in the place of location (residence) of the taxpayer within three working days;

5) in the case of derecognition of income in the form of interest on a credit (loan) issued through the suspension of accrual of such interest to an individual registered as an individual entrepreneur, or to a legal entity, to notify the authorized body to that effect on or before March 31 of the year following the reporting tax period determined in accordance with Article 148 of this Code, in which such income was derecognized, in the form established by the authorized body;

6) If the client has sufficient funds in the bank accounts for satisfaction of all claims applied to the client, in a priority procedure to perform the taxpayer's payment orders for payment of taxes and other obligatory payments to the budget from the bank account. In accordance with the same procedure, to perform collection orders of tax authorities for collection of the amount of the tax liability within one transaction day following the day of receipt of the order from the tax authorities.

In the case of absence or shortage of funds in bank accounts for satisfaction of all claims applied to a client, the bank shall carry out withdrawal of funds towards repayment of tax arrears in accordance with the sequence established by the Civil Code of the Republic of Kazakhstan;

7) to transfer amounts of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions, social assessments as follows:

on the day of committing transactions of writting off funds from the bank account of a taxpayer, except for the cases when payment is effected using a payment card;

not later than the next following operational day from the date of payment of cash money to cash departments of banks or organisations carrying out separate types of banking transactions;

not later than the following operational day from the day of writing off funds from the bank account of the taxpayer in cases when payment is effected with a payment card;

8) in case if there is an injunction to allow an official person from the tax authorities to check the availability of funds and the transactions on bank accounts of an individual under audit registered as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator, or a legal entity;

9) pursuant to the decision of the tax authority in the cases provided for by this Code, to suspend all debit transactions on bank accounts (except for correspondent accounts) of an individual registered as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator, a legal entity, structural unit of a legal entity, structural unit of a non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment in the procedure established by the laws of the Republic of Kazakhstan, except for the transactions on payment of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions and social contributions;

10) in the event of termination in accordance with the civil legislation of the Republic of Kazakhstan of obligations under credits (loans) provided to a borrower being an individual registered as an individual entrepreneur, or a legal entity as at the date of obligation termination, to notify the tax authority at the place of location (residence) of the borrower of the amount of obligation terminated within thirty calendar days;

The provisions of this subparagraph shall not be applied where the obligation is terminated through performance.

11) to present to the tax authorities in the place of location (residence) of the tax agent, reports and information on assessment of bank interest in accordance with the procedure and time as provided for by paragraph 4 of Article 216 of this Code, in accordance with the form established by the authorised body;

12) to present within ten working days from the date of receiving a request from the tax authority, information on availability and numbers of bank accounts, balances and movements of funds in those accounts of the following:

auditee legal person and (or) its structural unit with regard to issues relating to taxation;

an individual under audit registered as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator with respect to taxation-related issues;

an individual entrepreneur, a legal entity, who are subject to the special considerations for the fulfillment of the tax obligations in case of termination of business in accordance with Articles 37-1 and 43 of this Code;

an individual registered as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator, a legal entity and (or) its structural unit, the physical absence of which in the place of location has been confirmed in the procedure established by Article 558 of this Code, and which have failed to submit their tax reports within six months after the due date for submission thereof established by this Code, except for the period of extension of such time limit in the cases provided for by this Code;

an individual deregistered as an individual entrepreneur in accordance with Article 43-1 of this Code for the period not exceeding the statute of limitations set forth in paragraph 2 of Article 46 of this Code;

legal entity, structural unit of a legal entity, individual registered as an individual entrepreneur having outstanding tax arrears in the amount exceeding the 10,000-fold amount of the monthly calculation index established by the law concerning the republican budget and applicable as at January 1 of the respective financial year during four months from the day of incurrence of the same;

an inactive individual registered as an individual entrepreneur, legal entity in accordance with the procedure established by the authorized agency upon consultation with the National Bank of the Republic of Kazakhstan;

person registered in accordance with the procedure established by the law as a candidate President of the Republic of Kazakhstan, deputies of the Republic of Kazakhstan Parliament and maslikhats, as well as members of the local self-government authorities, and wife (husband);

persons who are candidates to governmental positions or offices associated with the performance of state functions or functions equated to those, wife (husband);

persons holding public positions in the period of execution of their authorities, and his/her spouse at the same period of time;

person conditionally released from serving a sentence.

The information specified in this subparagraph, except for the unnumbered subparagraph seven, shall be submitted in the form established by the authorized body as agreed with the National Bank of the Republic of Kazakhstan;

13) to deny opening bank accounts (except for correspondent accounts, as well as bank accounts designated for receiving allowances and social transfers paid from the state budget and the State Social Insurance Fund) to an inactive taxpayer, the information of whom is posted on the webInternet resource of the authorized body, and a taxpayer, who has an open bank account in such bank, with respect to which the tax authoritieshave issued collection orders or instructions for the suspension of debit transactions on bank accounts of the taxpayer.

For the purposes of this Article, accounts of state institutions opened in the authorized state body in charge of the budget implementation shall be equated to bank accounts, and the authorized state body in charge of the budget implementation shall be equated to an organization, which carries out certain banking transactions.

The reports and information provided for by subparagraphs 5), 10), 11), and 12) of the first part of this Article shall be submitted through the information and communications network. Should it be impossible to submit the same through the information and communications network due to technical problems, the said reports and information shall be forwarded in hard copy.

Article 582. The Interaction of the Authorised State Bodies in the Course of Performing Registration and Registration Accounting for Taxpayers

The tax authoritieswhen carrying out registration and registration accounting for taxpayers, shall interact with the following state bodies:

1) those carrying out the state registration, reregistration {~} of legal persons, state registration of termination of activities of legal persons, accounting registration, reregistration, deregistration from accounting registration of structural units;

2) in the sphere of state statistics;

3) those which carry out accounting for and (or) registration of taxable items and (or) items relating to taxation, in particular:

state registration of real estate rights;

state registration of pledges of property and mortgages of vessels, and for the state registration of irrevocable authorization for deregistration and export of aircrafts;

state registration of radio electronic facilities and high-frequency devices;

state registration of space objects and rights to them;

state registration of transport vehicles;

state registration of pharmaceuticals, articles of medical purpose and medical equipment;

state registration of copyright and related rights, licensing agreements for the use of works and related rights items;

registration of mass communications media;

4) those that issue licences, certificates or other documents of permissive or registration nature, in particular:

permits for use of water resources from surface sources;

permits for use of wild life;

ecological permits for special-purpose use of natural resources;

forest cutting tickets and forestry tickets for use of forestry;

permits for exposure of outdoor (visual) advertisements;

permits for use of the radio-frequency spectrum;

permits for use of the radio-frequency spectrum to television and radiobroadcast organisations;

permits for travel of transport vehicles in the territory of the Republic of Kazakhstan;

those granting rights to international and (or) international telephone communications, telecommunication networks of general use;
those granting rights to use navigable water ways;
5) those carrying out registration of natural persons in their places of residence in the Republic of Kazakhstan;
6) those carrying out registration of civil status acts;
7) those performing notarial acts;
8) those for guardianship and tutelage;
9) those for transport and communications;
10) those carrying out state regulation in accordance with the legislation of the Republic of Kazakhstan on subsurface and subsurface use;
11) those performing foreign policy activities;
12) other authorised state bodies as defined by the Republic of Kazakhstan government.

Article 583. Responsibilities of Authorized State Bodies, the National Bank of the Republic of Kazakhstan and Local Executive Bodies When Interacting with Tax Service Authorities

1. The authorised state bodies carrying out the state registration, reregistration {~} of legal persons, accounting registration, reregistration deregistration from accounting registration of structural units, shall be obliged not later than three working days from the date of registration, reregistration {~} of a legal person, state registration of termination of activities of legal persons, accounting registration, reregistration, deregistration from accounting registration of a structural unit, to present by way of electronic notification of the tax service authority, banks or organisations carrying out certain types of banking transactions, information on registration, reregistration, liquidation of legal persons, state registration of termination of activities of legal persons, accounting registration, reregistration, accounting deregistration of structural units.

2. Unless otherwise is specified by this Article, the authorised bodies which carry out issuing of licenses, certificates or other documents of permissive or registration nature, shall be obliged to present to the tax authoritiesin the place of their location, information on taxpayers to which licenses, certificates or other documents of permissive and registration nature were issued, and on items (of levying) of other obligatory payments to the budget, in accordance with the procedure in within time established by Section 19 of this Code, and in accordance with the forms established by the authorised body.

The internal affairs agencies issuing migrant worker permits must provide information about the taxpayers who were granted migrant worker permits to the tax authoritiesat the place of location thereof in accordance with the procedure, within the terms and in the form, established by the authorized agency.

3. The authorised state bodies carrying out accounting for or registration of taxable items and (or) items relating to taxation shall be obliged to present information on taxpayers who have taxable items and (or) items relating to taxation and also on taxable items and (or) items relating to taxation to the tax authorities in accordance with the procedure and forms established by the authorised body.

4. The authorised bodies carrying out collection of obligatory payments to the budget, accounting for and (or) registration of taxable items and (or) items relating to taxation, shall be obliged to specify in the information they present the identification numbers of taxpayers, except for natural persons who use especially-protected natural territories for scientific, ecological, educational, tourism, recreation purposes and limited economic purposes.

5. The authorised state body carrying out registration of entries (exits) of foreigners, shall be obliged not later than ten working days after registration of their entry (exit) to present to the tax service authority information on foreigners who entered by specifying the purposes, place and time of their presence in accordance with the procedure established by the authorised body.

5-1. The authorized investment body shall provide the authorized body with data on investment contracts concluded in accordance with the legislation of the Republic of Kazakhstan concerning investment and providing for the implementation of priority investment projects, as well as with information on the termination of such investment contracts, and any other data in the procedure and in forms established by the authorized body as agreed with the authorized investment body.

6. The authorised state and local executive authorities carrying out state regulation within their competence in the sphere of subsurface use in accordance with the legislation of the Republic of Kazakhstan on subsurface and subsurface use shall be obliged to present to the tax authority in the place of its location information on participants and parameters of a transaction whereby tax obligations arise in accordance with Article 197 of the Code, including information on a non-resident tax agent, within ten working days from the date of performance of such purchase and sale transactions in shares or participatory interest in accordance with the form established by the authorised body.

7. The authorised state body for the performance of foreign policy activities shall be obliged to present to the tax authority in the place of location of a diplomatic representation or a representation equated to such of a foreign state, accredited in the Republic of Kazakhstan, documents confirming accreditation and place of location of such diplomatic representation and representation equated to such, within ten working days from the date of accreditation.

7-1. The National Bank of the Republic of Kazakhstan upon request of the authorized body in the course of the tax audit shall provide an opinion with respect to the taxpayer under audit on the compliance of the amount of insurance reserves for unearned premiums, avoided losses, reported but not settled losses, and incurred but not reported losses with the requirements stipulated by the legislation of the Republic of Kazakhstan concerning insurance and insurance activities in the procedure determined by the authorized body jointly with the National Bank of the Republic of Kazakhstan.

7-2. The authorized body in charge of the agribusiness industry development shall submit the information concerning the amounts of subsidies of the value-added tax amount received from the budget by a procurement organization operating in the agribusiness industry in the procedure and in the form established by the authorized body.

8. Presentation of information on taxpayers and taxable items (items subject to taxation (levying) of other obligatory payments to the budget) and (or) items relating to taxation, in an electronic form by using appropriate software intended for automated interaction of

the tax authoritiesand authorised state bodies, shall be carried out within ten working days in accordance with the procedure and forms which are established by the authorised body).

In the case of presentation by the authorised state bodies of information on taxpayers (items subject to taxation (levying) of other obligatory payments to the budget) and (or) items relating to taxation in an electronic form, the presentation of information of the authorised state bodies on paper shall not be required.

9. The authorized body in charge of the road traffic safety, when transferring data on the state registration of vehicles, shall ensure the transfer of information on the date of original import of such vehicle into the territory of the Republic of Kazakhstan, as well as on the country of manufacture thereof.

CHAPTER 82. ACCEPTANCE OF TAX FORMS. IN-HOUSE SUPERVISION

Article 584. Acceptance of Tax Forms

1. Tax forms, except for tax registers, shall be presented to the tax authoritieswithin time established by this Code.

2. The following shall be recognised as the dates of presentation of tax forms to the tax service authorities, except for tax registers in relation to the methods of their delivery:

1) by personal visit – the date of the acceptance of tax reports and (or) application by *the tax authorities*;

2) by registered mail with return receipt, or through the public service centers:

in the case of tax reports – the date of the note of receipt by the postal or any other communications organization, or a public service center;

in the case of a tax application – the date of receipt by the tax authorities;

3) in an electronic form – date of registration by the central Internet resource of the system of acceptance and processing of tax reports *of the tax authorities*, as specified in the notice which is sent in accordance with the procedure established by paragraph 4 of this Article.

2-1. The date of submission of tax reports submitted in accordance with paragraph 1 of Article 69 of this Code, shall be the date of acceptance of tax reports revoked in accordance with sub-paragraph 2) of paragraph 2 of Article 69 of this Code.

3. Tax reports on paper filed to a postal organisation or another communications organisation prior to the twenty-four hours of the last day of the period established by this Code for the submission of tax reports, shall be deemed to be filed in time, provided there is a note of time and date of the registration by a postal or another communications organisation.

Tax reports in an electronic form which are submitted to the tax authoritiesby way of transmission through information-communication network, prior to twenty-four hours of the last day of the period established by this Code for the submission of tax reports, shall be deemed to be filed in time.

4. When filing tax reports in an electronic form, the tax authoritiesshall be obliged not later than two working days from the time of receipt by the receiving system of tax reports of the tax service authority, to forward to the taxpayer an electronic notice of receipt or failure to receive tax reports by said system.

4-1. The acceptance and processing of tax reports by the system for acceptance and processing of tax reports *of the tax authorities* shall be accompanied by format and logical control that consists of the check of completeness and accuracy of completion thereof. (From 01.01.2015)

5. Tax forms, except for tax registers, shall be deemed not to be presented to the tax service authorities, where:

1) they are not in compliance with the tax forms established by the authorized body in accordance with this Code, or

2) code *of the tax authority* is not specified, or

3) identification number is not specified or incorrect, or

4) tax period is not specified, or

5) type of tax reports is not specified, or

6) requirements of this Code have been violated with regard to signature of tax reports, or

7) structure of the electronic format established by the authorised body was violated.

7) the requirements of format and logic test in the structure of the tax reports' electronic format were violated;

8) the requirements provided for by paragraph 1 of Article 72 of this Code concerning the method for submission of tax reports in case of extended period for submission of tax reports were not complied with;

9) the requirements provided for by paragraph 2 of Article 270 of this Code concerning concomitant submission of registers of invoices for the goods, works, and services acquired and sold during the tax period together with the value-added tax declaration unless otherwise is provided for by this Code were not complied with.

Article 585. In-House Supervision

1. In-house supervision – is supervision which is carried out by *the tax authorities* on the basis of examining and analyzing tax reports submitted by the taxpayer (tax agent), information of the authorised state bodies and also other documents and information concerning business of the taxpayer.

In-house supervision shall be recognised as component of the risk management system.

2. The purpose of in-house supervision – providing the taxpayer with the right of independent elimination of violations revealed by the tax authorities as a result of in-house supervision, by way of registration in tax authorities and (or) submission of tax statements in accordance with Article 587 of this Code and (or) payment of taxes and other obligatory payments to budget.

Article 586. The Procedure and Timing for Conducting In-House Supervision

1. In-house supervision shall be carried out by way of comparing the following data available to the tax service authorities, between each other:

1) tax reporting;
2) {~};
3) data from other state authorities concerning taxation items, and (or) items related to taxation;
4) data, received from informational sources in respect to taxpayer's activity.
Data, indicated in sub-clause 1) of this clause, shall be compared between themselves.
1-1. In-house audit shall be carried out for the respective tax authority upon the expiration of the period established by this Code for provision of tax accounts for such period.
2. In-house supervision is carried out during the period of limitation with regard to the provisions set out in article 46 of this Code.

Article 587. Results of In-House Supervision

1. In the case of finding violations after considering the results of in-house supervision, the following documents shall be executed:
on high risk violations – a notification of elimination of the violations identified based on the results of in-house supervision, with the attached description of the found violations;
on medium-risk violations – a notification of the violations identified after considering the results of in-house supervision, with the attached description of the identified violations.
The notification of the violations identified after considering the results of in-house supervision shall be sent to the taxpayer (tax agent) within the time limit prescribed by subparagraph 7) of paragraph 2 of Article 607 of this Code for informational purposes, and is not subject to compulsory implementation.
The form to reflect the violations identified based on the results of in-house control shall be determined by the authorized body.
The provisions of this paragraph shall not apply to low risk violations identified by the results of in-house control.»
2. The implementation of a notice on elimination of violations found upon the results of an in-house audit shall be carried out by the taxpayer (tax agent) within thirty working days from the date following the date of its delivery (receipt).
The implementation of a notice on elimination of violations found upon the results of an in-house audit shall be submission by the taxpayer (tax agent) of one of the following documents:
1) tax reports for the tax period to which the identified violations relate;
2) an explanation for the identified violations to meet the corresponding requirements of the present Article;
3) complaints about the actions (inaction) of the officials of tax authorities in the direction of such a notice.
In the case of acknowledgement of the violations specified in the notice, the taxpayer (tax agent) shall submit to the tax authoritiesthe tax reports for the period to which found violations relate.
In the case of disagreement with the violations specified in the notice, the taxpayer (tax agent) shall present one of the following documents:
1) an explanation of the identified violations in hard copy or electronic form – to the tax authority, which has given a notice to eliminate the violations identified by the results of an in-house audit;
2) a complaint against the actions (inaction) of officials *of the tax authorities* with regard to filing of a notice to eliminate the violations identified by the results of an in-house audit to a higher-level tax authority.
2-1. The explanation referred to in paragraph 2 of this article, must contain:
1) the date of signing of the explanation by the taxpayer (tax agent);
2) the surname, name, and patronymic (if any) or full name of the person who provided the explanation, his/her place of residence (location);
3) the taxpayer (tax agent) identification number;
4) the name of the tax authority which has sent the notice of violations detected as a result of in-house supervision;
5) the circumstances being a basis for disagreement of the person giving explanation with the violations specified in the notice;
6) the list of attached documents.
If supporting documents are specified as a basis for disagreement of the person giving the explanation with the violations specified in the notice, the copies of such documents, except for the tax accounts shall be attached to the explanation.
3. Failure to implement within established period the notice for elimination of violations founds as a result of in-house supervision, shall entail suspension of expenditure transactions in bank accounts of the taxpayer in accordance with Article 611 of this Code.
4. Upon results of the in-house audit which is carried out in accordance with paragraph 6 of Article 37-1 and paragraph 7 of Article 43 of this Code, the tax authority shall compile a report in accordance with the form established by the authorised body.
In that case, the date of compiling the report specified in this paragraph shall be recognised as date of completion of in-house supervision.

CHAPTER 83. ACCOUNTING FOR THE PERFORMANCE OF TAX OBLIGATIONS, DUTIES OF TRANSFER OF *OBLIGATORY PENSION CONTRIBUTIONS, OBLIGATORY PROFESSIONAL PENSION CONTRIBUTIONS* AND PAYMENT OF SOCIAL ASSESSMENTS

Article 588. General Provisions

1. Accounting for the performance of tax obligations, duties associated with transfers of obligatory pension contributions, obligatory professional pension contributions and payment of social assessments shall be carried out by the tax authorities by way of maintaining official accounts of taxpayers (tax agents).
2. The maintenance of the official account of a taxpayer (tax agent) by the tax authority shall comprise the following:
opening of an official account;

subsequent presentation in the personal account of computed, assessed, reduced, paid, offset, refunded amounts of tax, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments;

closure of an official account.

The maintenance of an official account shall be carried out in accordance with the procedure established by this Code.

3. Amounts including increases or reductions of liabilities computed as follows, shall be recognised as assessed, reduced amounts of tax, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments:

by the taxpayer (tax agent) in tax reports, goods declaration;

by the tax authority – based on information from the authorised state bodies;

by the authorised state bodies – for reasons established by this Code.

For the purpose of this Chapter, an excess of amounts of value-added tax to be offset over amounts of the assessed tax shall also be recognised as reduced amount of tax.

4. Assessed amount of tax, another obligatory payment to the budget, obligatory pension contributions and social assessments is amount comprising an increase or reduction of liabilities, as assessed *by the tax authority* as follows:

upon the results of a tax audit;

upon the results of considering a taxpayer (tax agent)'s complaint against a notice on the results of a tax audit and (or) a decision of the supervisor *tax authority*, passed upon the results of handling a complaint against a notice.

5. The official account of a taxpayer (tax agent) shall be maintained with regard to types of taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments in accordance with the procedure and forms which are established by the authorised body.

6. The official account of a taxpayer (tax agent) shall be maintained in accordance with the uniform budget classification.

Article 589. Opening and Maintenance of Official Accounts of Taxpayers (Tax Agents)

1. The official account of the taxpayer (tax agent) shall be opened on the basis of the identification number and maintained in the place of the registration accounting of the taxpayer.

2. The official account shall be opened to a taxpayer (tax agent) as at the beginning of current year and (or) as at the date of emergence of a tax obligation, duty to transfer obligatory pension contributions, obligatory professional pension contributions and to pay social assessments, by specifying the balance of settlements including total arrears and overpayment. In the event that the taxpayer (tax agent) has neither arrears nor overpayment, the balance shall be deemed to be equal to zero.

Overpayment shall be understood as positive difference between the paid (less credited, refunded) and the assessed, computed (less reduced) amounts of tax, another obligatory payment to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments as shown in the personal account for current year, taking into account the balance of settlements from the official account for the year preceding current year.

The balance of settlements in the official account of a taxpayer (tax agent) in relation to taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments shall be computed in accordance with the procedure established by the authorised body.

3. In the event that for certain type of a tax, another obligatory payment to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments in the year preceding current year, the official account was maintained, then into the official account of current year the balance of payments shall be posted from the official account of the year preceding current year.

4. Computed, assessed, reduced, paid, offset, refunded amounts shall be shown in the official account of the taxpayer (tax agent) by specifying the date of entry, contents of transactions performed, tile of the document on the basis of which such entry was so made.

5. The official account of a taxpayer (tax agent) shall be maintained in the national currency.

6. In the case of submission by a taxpayer (tax agent) in accordance with the provisions of subsurface use contracts of tax reports and (or) payment of taxes and other obligatory payments to the budget in foreign currency, accounting in the official account shall be maintained in the national currency in accordance with the following procedure:

1) computed, reduced amounts by applying the market rate of currency exchange as established on the date of submission of tax reports;

2) paid amounts on the basis of payment documents submitted by the authorised state body for the implementation of the budget.

The tax authority shall carry out adjustments of assessed or reduced amounts in the official account of the taxpayer (tax agent) by the amount of a difference that arises in the personal account because of changes in the market exchange rate as established on the date of submission of the tax reports and payment of tax and another obligatory payment to the budget. Amounts of adjustments shall be computed by using the market exchange rate as established on the date of payment.

Article 590. Accounting for the Assessed Amounts of Taxes, Reduced Amounts of Taxes and Other Obligatory Payments to the Budget, Obligatory Pension Contributions, Obligatory Professional Pension Contributions and Social Assessments

1. Unless otherwise provided for by this Article, the assessed, reduced amounts of taxes and other mandatory payments to the budget, mandatory pension contributions, mandatory professional pension contributions and social contributions shall be recorded in personal accounts of a taxpayer (tax agent) based on the data from tax reports, the goods declaration, and details from the authorized state bodies.

2. In the case of applying by the VAT payer of the reduction provided for in subparagraph 2) of paragraph 3 of Article 267 and subparagraph 2) of paragraph 3 of Article 451 of this Code, on the basis of tax reports in the personal account of the value added tax payer shall be subject to accounting:

1) as an assessed amount – the VAT amount payable to the budget (without the reduction applied under subparagraph 2) of paragraph 3 of Article 267 and subparagraph 2) of paragraph 3 of article 451 of the Code);

2) as a reduced amount – the amount of reduction provided for in subparagraph 2) of paragraph 3 of Article 267 and subparagraph 2) of paragraph 3 of Article 451 of this Code.

Article 591. Accounting for the Assessed Amounts of Taxes and Other Obligatory Payments to the Budget, Obligatory Pension Contributions, Obligatory Professional Pension Contributions and Social Assessments

1. Accounting for the assessed amounts of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments in the official account of the taxpayer (tax agent) shall be on the basis of the notices:

1) on results of a tax audit;

2) on assessed amounts of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions, social assessments for the period from the date of submission of the liquidation tax reports until the date of completing the liquidation tax audit;

3) on results of handling the taxpayer's (tax agent) complaint against the notice on results of a tax audit and (or) a decision of the superior *tax authority*, passed upon the results of considering the complaint against the notice (henceforth for the purposes of this Article, amounts assessed on notices specified in subparagraphs 1) and 3 of this paragraph – assessed amount).

2. Accounting for assessed amounts shall be carried out in the official account by specifying the date of completion of the tax audit and subject to timing for the submission of a complaint in accordance with the procedure established by Chapters 93 and 94 of this Code.

When a taxpayer submits a statement of consent with the notifications about results of the liquidation tax audit specified in paragraph 3 of Article 608 accounting of the assessed amount is made on the official account of a taxpayer (tax agent) from the date of submission of such statement.

3. In the event of filing a complaint, the assessed amount in the official account shall be shown on the date and level of filing such complaint, of the taxpayer (tax agent), and also subject to a decision passed upon the results of considering the complaint.

4. Assessed amount shall be shown in the official account of the taxpayer (tax agent) subject to suspension of the period for it implementation within the period and dates provided for the submission and processing of a complaint. Methods of securing of tax obligation not implemented in time and measures for the enforced collection shall not be applied to such assessed amounts.

5. In the event that the taxpayer (tax agent) upon the expiry of a period for the filing of a complaint, such complaint has not been filed, an accounting note shall be made in the official account of the taxpayer (tax agent) for restoring the assessed amount for which period of fulfilment was suspended previously. In that respect, accounting for assessed amounts shall be maintained by showing amounts in the balance of settlements of the official account.

Article 592. Accounting for the Paid, Credited, Refunded Taxes and Other Obligatory Payments to the Budget, Obligatory Pension Contributions, Obligatory Professional Pension Contributions and Social Assessments

1. Accounting for paid, credited, refunded taxes and other obligatory payments to the budget, transferred and refunded amounts of obligatory pension contributions, obligatory professional pension contributions and social assessments in the official accounts of the taxpayer (tax agent) shall be on the basis of payment documents received from the authorised state bodies as follows:

1) on payment of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments, fines, penalties;

2) on credits and refunds of amounts of taxes, other obligatory payments to the budget, penalties, fines that were carried out;

3) on credits and refunds of excess amounts of value-added tax to be offset over the amount of the assessed tax;

4) on credits, refunds of amounts of tax, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments paid by mistake;

5) on collected amounts of tax arrears, arrears relating to obligatory pension contributions, obligatory professional pension contributions and social assessments.

2. When timing for the implementation of a tax liability relating to payment of tax is changed in accordance with the procedure established by Article 47 of this Code, in the official account of the taxpayer the amount of tax for which date of payment of the tax liability was changed shall be recorded in view of the schedule for its payment. No method of securing unperformed in-time tax liabilities shall be imposed upon the taxpayer by the tax authority, except for the assessment of penalties, and enforced collection measures, during the period of changed dates for the payment of the tax.

3. Recording paid amounts of tax and (or) another obligatory payment to the budget in foreign currency in accordance with paragraph 9 of Article 31 of this Code, shall be carried out in the official account of the taxpayer (tax agent) in the national currency on the basis of the payment documents presented by the authorised state body for the implementation of the budget.

Article 593. Accounting for Penalties, Fines

1. Amounts of penalties assessed in accordance with the procedure established by Article 610 of this Code shall be shown in the official account of the taxpayer (tax agent) by specifying the period for which it was assessed.

2. Accounting for fines imposed for administrative violations in the sphere of taxation and also for violation of the Republic of Kazakhstan legislation concerning pension support and obligatory social insurance, shall be carried out on the basis of the resolution on imposition of the administrative punishment.

3. Assessed amounts of fines taxes shall be shown in the official account of the taxpayer (tax agent) in respect of appropriate taxes and other obligatory payments to the budget in which violations were made.

4. Balances of settlements for penalties, fines relating to taxes, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments shall be computed in accordance with the procedure established by the authorised body.

5. Accounting for penalties, fines on the results of tax audits in the official account of the taxpayer (tax agent) shall be carried out in accordance with the procedure established by Article 591 of this Code.

Article 594. Performance of the Reconciliation of Settlements Relating to Taxes and Other Obligatory Payments to the Budget, Obligatory Pension Contributions, Obligatory Professional Pension Contributions and Social Assessments

1. Pursuant to requests of the taxpayer (tax agent) the tax authority within one working day shall carry out reconciliation of settlements by type of tax, other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments. Upon the completion of the reconciliation, on the same day, except for the cases established by this Article, a reconciliation protocol shall be issued to the taxpayer in accordance with the form approved by the authorised body.

2. The reconciliation of protocol shall be compiled by the tax authority in two copies by specifying the information from the official account of the taxpayer (tax agent) and data of the taxpayer (tax agent).

3. Where there are no discrepancies in the reconciliation protocol in accordance with the data of the taxpayer (tax agent) and the tax authority, the reconciliation protocol shall be signed by the official person who is in charge of accounting of the tax authority and by the taxpayer (tax agent). One copy of the reconciliation protocol shall be handed to the taxpayer, the second copy shall be kept by the tax authority.

4. Where there are discrepancies between the data of the taxpayer (tax agent) and data of the tax authority, the date, amounts and reasons for discrepancies shall be specified. Within three working days from the date of establishing discrepancies the tax authority and the taxpayer (tax agent) shall take steps for the elimination of differences that emerged by appropriate correction of data of the official account of the taxpayer (tax agent) where appropriate.

5. Upon completion of elimination of differences, the tax authority shall compile another reconciliation protocol and deliver it to the taxpayer (tax agent) in accordance with the procedure established by this Article.

Article 595. Transfers of Personal Accounts of Taxpayers (Tax Agents)

1. Transfers of official accounts of taxpayers (tax agents) from one tax authority to another shall be carried out in the following cases:

1) changes in:

place of residence (presence) of a natural person;

place of location of:

individual entrepreneur, advocate, private notary, private officer of justice, advocate, and professional mediator;

resident legal person, its structural subdivisions and also structural units of non-resident legal persons;

non-resident legal person carrying on business in the Republic of Kazakhstan through a permanent establishment without opening an affiliate, representation;

dependent agent who is recognised as a permanent establishment of a non-resident in accordance with paragraph 5 of Article 191 of this Code;

non-resident who is a tax agent in accordance with paragraph 5 of Article 197 of this Code.

A transfer of the official account of a taxpayer (tax agent) in accordance with this subparagraph shall be carried out on the grounds specified in paragraph 1 of Article 563 of this Code;

2) in the case of reorganisation of a legal person – on the basis of information of the National Register of business-identification numbers;

2-1) in case of switching to the procedure for payment of corporate income tax and submission of a declaration on it by a non-resident legal entity cumulatively on a group of permanent establishments in the Republic of Kazakhstan of the non-resident legal entity through one of its permanent establishments – on the basis of notification specified in paragraph 1 of Article 200 of the Code;

3) when deregistering a structural unit of a legal person – on the basis of information from the National Register of business-identification numbers.

2. A transfer of the official account of a taxpayer (tax agent) from one tax authority to another tax authority shall be carried out within ten working days from the date of emergence of reasons for such transfer of the official account as specified in paragraph 1 of this Article.

3. The transfer of an official account of a reorganised legal person to the tax authority in the place of registration accounting of the legal successor (successors) shall be carried out as follows:

1) in case of a merger, acquisition – on the basis of the transfer protocol;

2) in the case of division, appropriation – on the basis of a division balance sheet.

The transfer of the official account of a reorganised legal person in reorganisation of a legal person by way of division shall be carried out after the completion of the tax audit and presentation of results of the tax audit in the official account of the reorganised legal person.

4. The transfer of the official account of a structural unit of a legal person shall be to the tax authority in the place of registration accounting of the legal person on the basis of the information of the National Register of business-identification numbers.

5. The official account shall be transferred for the period from beginning of current year until the date of its closure in the transferring tax authority, and also for previous five years.

6. Within ten working days after the transfer of the official account of a taxpayer (tax agent), the documents of the taxpayer (tax agent) relating to the performance of the tax obligation, as well as duties of computation, withholding and transferring obligatory pension contributions, obligatory professional pension contributions and payment of social assessments, shall be transferred to the tax authority to which the official account was transferred.

Article 596. Termination of Obligations Associated with Payment of a Fine By Virtue of Expiry of the Statute of Limitations for the Implementation of the Resolution

The amount of a fine in accordance with the resolution for the imposition of an administrative punishment for violations in the sphere of taxation as well as the legislation of the Republic of Kazakhstan on pension coverage, on mandatory social insurance, the implementation of which is impossible due to expiry of the statute of limitations on the implementation of the resolution as established by the legislation of the Republic of Kazakhstan shall be subject to write-off by the tax authority from the official account of a taxpayer (tax agent) on the basis of a decision of the tax authority.

Article 597. Closure of Official Accounts of Taxpayers (Tax Agents)

Closure of the official accounts of taxpayers (tax agent) shall be carried out in accordance with the following procedure:

1) of a legal entity, its structural unit – upon removal of the legal entity from the National Register of Business Identification Numbers and deregistration of the structural unit.

The taxpayer account of such taxpayer (tax agent) shall be closed on the basis of the data from the authorized state agency;

2) of an individual entrepreneur – when deregistering from registration accounting as individual entrepreneur;

Closure of an official account of such individual entrepreneur shall be carried out in the basis of a tax application on deregistration as individual entrepreneur;

3) for a private notary, private officer of justice, advocate, and professional mediator – at the time of deregistration as a private notary, private officer of justice, advocate, or professional mediator.

The personal account of a private notary, private officer of justice, advocate, and professional mediator shall be closed based on a tax application for deregistration of a private notary, private officer of justice, advocate, or professional mediator;

4) of a non-resident legal person carrying out business in the Republic of Kazakhstan through a permanent establishment without opening an affiliate, representation, non-resident carrying out business through a dependent agent or who is a tax agent – on the grounds specified in paragraph 1 of Article 564 of this Code.

5) of a natural person:

when rights to taxable items and (or) items relating to taxation are terminated, – on the basis of information from the authorised state bodies or a tax application for deregistration of taxable items and (or) items relating to taxation, by attaching confirmation documents;

in the case of departure from the Republic of Kazakhstan for permanent residence, – on the basis of the information from the authorised state body in the case of absence of unfulfilled tax obligations;

in the case of demise or announcement as deceased in accordance with a court decision that entered into force, – on the basis of information from the authorised state bodies.

Upon expiry of current year after drawing results of the computed, assessed, reduced, paid, offset, returned amounts, the balance of settlements shall be posted into the official account of the forthcoming year.

Article 598. Procedure for Presentation of Information On the Absence (Presence) of Tax Arrears, Arrears of Mandatory Pension Contributions, Mandatory Professional Pension Contributions, and Social Contributions

1. A taxpayer (tax agent) shall have the right to file a request for information on the absence (presence) of tax arrears, arrears of mandatory pension contributions, mandatory professional pension contributions, and social contributions (for the purpose of this Article – information on the absence (presence) of arrears) with the tax authority at the place of its registration, or via E-Government web portal, web application of information systems of tax authorities, or a public service centre.

2. The tax authority shall provide information on the absence (presence) of arrears in electronic form:

1) to the authorized state body in charge of the state registration, reregistration of legal entities, state registration of termination of activities of legal entities, as well as record registration, reregistration, deregistration of structural units – based on the data from the National Register of Business Identification Numbers;

2) to the state bodies and (or) persons, to which/whom such information is to be provided pursuant to the legislation of the Republic of Kazakhstan – at the request of such body and (or) person;

3) to the taxpayer (tax agent) – at the request of the taxpayer (tax agent).

3. Information on the absence (presence) of arrears shall be prepared based on the data of taxpayer accounts opened with the tax authorities at the place of the taxpayer's (tax agent's) registration.

4. Information on the absence (presence) of arrears shall be certified by electronic digital signature of the authorized body.

5. Information of absence (presence) of arrears shall be prepared:

1) based on the data from the National Register of Business Identification Numbers – within five working days from the receipt of such data;

2) at the request of the state body and (or) person, to which/whom such information is to be provided pursuant to the legislation of the Republic of Kazakhstan – within three working days from the receipt of the request.

6. In case of liquidation of a legal entity, or cessation of activities of a branch (representative office) of a non-resident legal entity, information on the absence (presence) of arrears of such entity and (or) branch (representative office) shall be transferred based on the data from the National Register of Business Identification Numbers subject to conditions set forth in Articles 37, 37-1, and 37-2 of this Code.

7. In the event that an individual, including an individual registered as an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator leaves the Republic of Kazakhstan for permanent residence abroad, the information on the absence (presence) of arrears of such person shall be transferred subject to the conditions established by Chapter 5 of this Code.

§ 1. CREDIT AND REFUND OF TAXES, OTHER OBLIGATORY PAYMENTS TO THE BUDGET, PENALTIES AND FINES

Article 599. Credit of Amounts of Taxes, Levies and Fines Paid In Excess

1. Credit of amounts of taxes, levies and penalties paid in excess shall be carried out pursuant to a tax application submitted by a tax payer (tax agent) for credit and refund of taxes, other obligatory payments, custom payments, penalties and fines (henceforth for the purposes of this Article and Article 600 of this Code – tax application for credit), unless otherwise established by this Article, and also for other reasons as specified by this Article and Article 600 of this Code.

2. Excess amount of tax, levy, penalty paid shall be understood as the positive difference between the amounts of the tax paid to the budget (subject to credited and refunded amounts) and amounts computed, assessed (considering reduced) amounts of tax, levy, penalty paid to the budget for the tax period subject to settlements relating to a given type of tax, levy, penalty for previous tax periods.

Also amounts of tax due to be refunded to a non-resident taxpayer in accordance with Article 217 of this Code, shall be recognised as amount of tax paid in excess.

3. For the purposes of this Article and Articles 600, 602 of this Code:

1) payment for the use of land plots, water resources from surface sources, navigable waterways, environmental emissions, use of radio-frequency spectrum, providing long-distance and (or) international telephone communications, and also cellular communications, arrangement of external (visual) advertising shall be recognised as levies;

2) a fee shall be an auction fee, for the certification in the sphere of civil aviation.

4. Credit of amounts of taxes, levies, penalties paid in excess shall be carried out in the national currency by the tax authority where in the official account of the taxpayer the amount paid in excess is accounted for.

5. Excess amounts of taxes, levies, penalties paid, shall not be subject to offset towards repayment of tax arrears of another taxpayer, except for the cases specified in paragraphs 13-16 of this Article.

6. No credit of excess amounts of excise duty paid on excisable goods, which are subject to marking with accounting registration stamps, shall be made towards the repayment of tax arrears with respect to the said tax and other types of taxes, levies, except for cases of termination of the taxpayer's activities on producing such goods, and return of previously received accounting registration stamps to the tax authority under a delivery and acceptance certificate.

7. In the case of extension of the period for the submission of tax reports, crediting excess amounts of that tax paid shall not be carried out until the date of their presentation.

8. Period for conducting crediting shall be ten working days as follows:

1) pursuant to a tax application for offset – from the date of submitting such application to the tax authority;

2) without an application – from the date of formation of an excess amount in the official account.

9. In the case of violation by the tax authority of timing for conducting crediting pursuant to a tax application for crediting, the tax authority shall assess in favour of the taxpayer (tax agent) penalty on excess amount of tax for which crediting was carried out in violation of timing. Penalty shall be assessed in an amount of 2.5 times the official rate of refinancing as established by the National Bank of the Republic of Kazakhstan, for each day of a delay, beginning on the day following the end of the period for conducting the crediting, including the date of completion of the crediting.

10. Amount of penalty assessed in favour of a taxpayer shall be subject to transfer into the taxpayer»s bank account as specified in the tax application for the offset, on the day of completing the crediting of excess amounts of tax, levy paid, at the expense of budget receipts under the relevant code of the budget classification.

11. Excess amounts of tax, levy shall be subject to obligatory offset towards repayment of tax arrears in accordance with the following procedure:

1) without the taxpayer's application – towards repayment of the following:

penalty on that types of tax, levy;

fine relating to that type of tax, levy;

1) without the taxpayer's application – for repayment of the following:
arrears in respect of taxes and levies;
fine relating to that type of tax, levy; (from 01.01.2016)

2) pursuant a tax application for crediting – towards repayment of the following:

shortage relating to the types of tax, levy which is specified by the taxpayer in the tax application for crediting;

penalty relating to the types of tax, levy which is specified by the taxpayer in the tax application for crediting;

fine relating to the types of tax, levy which are specified by the taxpayer (tax agent) in the tax application for crediting;

forthcoming payments relating to the types of tax, levy which are specified by the taxpayer in the tax application for crediting, unless otherwise established by paragraphs 13, 15 of this Article.

12. Excess amounts of penalty paid to the budget shall be subject to credit in accordance with the following procedure:

1) without the taxpayer»s application – towards repayment of the following: shortage relating to this type of tax, levy; fines relating to this type of tax, levy;

2) pursuant to a tax application for crediting – towards repayment of the following:

shortage relating to the types of tax, levy which is specified by the taxpayer in the tax application for crediting;

penalty relating to the types of tax, levy which is specified by the taxpayer in the tax application for crediting;

fine relating to the types of tax, levy which are specified by the taxpayer in the tax application for crediting;

forthcoming payments relating to the types of tax, levy which are specified by the taxpayer in the tax application for crediting, unless otherwise established by paragraphs 14 and 16 of this Article.

13. On the basis of a tax application for crediting, excess amounts of tax, levy paid by a legal person, after conducting the crediting, in accordance with the procedure established by paragraph 11 of this Article, shall be subject to credit towards repayment of the following:

1) shortage of a structural unit relating to that types of tax, levy;

2) penalty of a structural unit relating to a given type of tax, levy;

3) fine of a structural unit relating to a given type of tax, levy;

4) shortage of a structural unit relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

5) penalty of a structural unit relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

6) fine of a structural unit relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting.

14. On the basis of a tax application for crediting, excess amount of penalty paid by a legal person, after conducting the crediting in accordance with the procedure established by paragraph 12 of this Article, shall be subject to credit towards repayment of the following:

1) shortage of a structural unit relating to that type of tax, levy;

2) penalty of a structural unit relating to a given type of tax, levy;

3) fine of a structural unit relating to a given type of tax, levy;

4) shortage of a structural unit relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

5) penalty of a structural unit relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

6) fine of a structural unit relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting.

15. On the basis of a tax application for crediting, excess amounts of tax, levy of a structural unit of a legal person after conducting crediting in accordance with the procedure established by paragraph 11 of this Article, shall be subject to credit towards repayment of the following:

1) shortage of the legal person relating to that type of tax, levy;

2) penalty of the legal person relating to a given type of tax, levy;

3) fine of the legal person relating to a given type of tax, levy;

4) shortage of the legal person relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

5) penalty of the legal person relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

6) fine of the legal person relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting.

16. On the basis of the tax application for crediting, excess amounts of penalty of the structural unit of a legal person after conducting the crediting in accordance with the procedure established by paragraph 12 of this Article, shall be subject to credit towards repayment of the following:

1) shortage of the legal person relating to that type of tax, levy;

2) penalty of the legal person relating to a given type of tax, levy;

3) fine of the legal person relating to a given type of tax, levy;

4) shortage of the legal person relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

5) penalty of the legal person relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting;

6) fine of the legal person relating to a type of tax, levy which is specified by the taxpayer in the tax application for crediting.

Article 600. Credit of Excess Amounts of Value-Added Tax to be Offset Over the Amount of the Assessed Tax

Crediting that is subject to refunding from the budget in accordance with Articles 273 and 274 of the Code of excess amounts of value-added tax to be credited, over the assessed amount of the tax shall be carried out by the Tax Authority in the place of location of the value-added tax payer in accordance with the procedure established by Article 599 of this Code for conducting crediting excess amounts of taxes, levies, penalties.

Article 601. Credit, Refund of Amounts of Tax, Other Obligatory Payments to the Budget, Paid by Mistake

1. Crediting amounts of tax, other obligatory payments to the budget paid by mistake, shall be carried out pursuant to the following:

1) tax applications submitted by the taxpayer (tax agent) for conducting crediting, refund of tax, other obligatory payments, custom payments to the budget, penalties and fines (henceforth for the purposes of this Article – tax application on mistaken amounts), submitted by the taxpayer (tax agent);

2) applications filed by banks and organisations carrying out certain types of banking transactions (henceforth – for the purposes of this Article – application of the bank);

3) protocol on reasons why wrong amounts of tax, other obligatory payment to the budget (henceforth for the purposes of this Article – protocol on mistakes) emerged, compiled by the tax authority, in the case of finding mistakes.

2. Credits, refund of amounts of tax, other obligatory payment to the budget paid by mistake, on the grounds specified as follows:

1) in subparagraphs 1), 2) of paragraph 1 of this Article, shall be within ten working days from the date of filing a tax application on mistaken amounts, application of the bank;

2) in subparagraph 3) of paragraph 1 of this Article, shall be within thirty calendar days from the date of finding facts of mistaken payment of tax, another obligatory payment to the budget, fines, penalties.

3. Tax applications for mistaken amounts, applications of the bank shall be presented to the tax authority to which mistaken payment of tax, another obligatory payment to the budget was made.

4. Amounts in the transfer of which any of the following mistakes were made, shall be understood as amount of tax, another obligatory payment to the budget paid by mistake:

1) in the payment document:

wrong taxpayer (tax agent) identification number;

wrong identification number of the tax authority;

text of designation of payment is not consistent with the code of designation of payment and (or) code of the budget classification of revenues;

2) inaccurate processing by the bank or organisation carrying out certain types of banking transactions, of the payment document of the taxpayer (tax agent);

3) payment is made to the tax authority where the taxpayer the payer of the funds is not registered and (or) is not in registration accounts;

4) the taxpayer who is the payer of the funds is not a payer of that type of tax or another obligatory payment to the budget.

5. In the case of confirmation by the tax authority of a mistake of those specified in paragraph 4 of this Article, that tax authority shall:

1) carry out crediting of an amount paid by mistake into appropriate code of the budget classification and (or) to appropriate tax authority;

2) carry out refund into the bank account of the taxpayer.

6. In the case of erroneous processing by the bank or organisation carrying out certain types of banking transactions, of a payment document of a taxpayer (tax agent), which led to a repeat transfer of an amount of tax, another obligatory payment to the budget on one payment document, the tax authority pursuant to the application of the bank, shall carry out refund of an amount paid by mistake, provided the fact of a mistake is confirmed.

7. In the case of non-confirmation by the tax authority of mistakes specified in paragraph 4 of this Article, such tax authority on the grounds specified in subparagraphs 1) and 2) of paragraph 1 of this Article, shall forward to the taxpayer a written notice on non-confirmation of mistakes.

8. In the case of a wrong inscription by the taxpayer (tax agent) of an identification number in a payment document, the tax authority on the basis of a tax application for concerning wrong amounts of tax, shall carry out a refund of amounts paid by mistake to the taxpayer, into the taxpayer's bank account specified in the taxpayer's payment document.

Article 602. Refund of Amounts of Tax, Payments, Fines, Paid In Excess

1. Refund of an excess amounts of tax, levies, penalties shall be carried out pursuant to the tax applications for conducting crediting, refund of tax, other obligatory payments, custom payments, penalties and fines (henceforth – for the purposes of this Article – application for refund), unless otherwise established by this Article.

2. Refund of excess amounts of tax, levy, penalty shall be carried out by the tax authority which maintains official accounts of the taxpayer relating to such tax, levy, penalty.

3. Refund of excess amounts of tax, levy, penalty shall be carried out within fifteen working days from the date of filing an application for refund, unless otherwise established by this Code.

4. Refund of excess amounts of tax, levy, penalty shall be carried out after conducting a credit as specified in Article 599 of this Code.

5. Refund of excess amounts of tax, levy, penalty shall be carried out in the national currency into the bank account of the taxpayer (tax agent).

The overpaid tax, levy, fine shall be refunded in the absence of tax arrears, unless otherwise provided in this paragraph.

If there any tax arrears, the tax authority shall offset the overpaid tax, levy, penalty for repayment of the existing tax debts without submitting a tax application for offsetting.

If the taxpayer is a legal entity, the overpaid taxes, levies, penalties shall be offset for repayment of tax debts of the legal entity and its business units without submitting a tax application for offsetting.

The balance of the overpaid taxes, levies, penalties shall be refunded after the setoff under this paragraph.

6. The refund of excess amounts of excise duty paid on excisable goods, which are subject to marking with accounting registration stamps, shall not be performed, except for cases of termination of the taxpayer's activities on producing such goods, and return of previously received accounting registration stamps to the tax authority under a delivery and acceptance certificate.

7. In the case of violation by the tax authority of timing for conducting refund relating to an excess amount of tax, levy, fee of which the refund made in violation of the timing, the tax authority shall assess penalty in favour of the taxpayer for each day of a delay. Penalty shall be assessed in an amount of 2,5-times official rate of refinance as established by the National Bank of the Republic of Kazakhstan, for each day of a delay, beginning on the day following the expiry of the period for conducting crediting, including the day of refund.

8. Amounts of penalty assessed in favour of the taxpayer shall be subject to transfer into the bank account of the taxpayer as specified in the tax application for refund, on the date of refund of excess amount of tax, levy paid, at the expense of budget revenues in accordance with the relevant code of the budget classification.

Article 603. Refund of an Excess Amount of Value-Added Tax to be Offset Over the Assessed Amount of the Tax

1. Refund of excess amounts of value-added tax to be credited, over the assessed amount of the tax (henceforth for the purposes of this Article – excess value-added tax) shall be carried out pursuant to the value-added taxpayer's claim of refund of excess amounts of value added tax as specified in the value-added tax declaration in accordance with Articles 273 and 274 of this Code after conducting the offset as specified in Article 600 of this Code, provided the conditions specified by this Article are observed.

2. Excess value-added tax to be refunded in accordance with Article 273 and 274 of this Code, must not exceed the amount of overpayment on the personal account of the value-added tax payer, except for the nonrefundable VAT excess amount, as of the date of the compilation by the tax authority of the payment document for refund of excess value-added tax and as of the end of the tax period in the declaration for which the claim of value-added tax refund is stated, less the amount of value-added tax to be paid to the budget as shown in the declarations for subsequent tax period.

3. The excess value-added tax shall be refunded at the value-added tax payer's location, into the taxpayer»s bank account, in absence of taxes payable, within the period for refund of excess value-added tax as provided for by this Code, unless otherwise provided in this paragraph.

Where there are the tax debts, a tax authority shall offset the excess of the value added tax to pay off the existing tax debt without submitting an application for a tax offset.

If the taxpayer is a legal entity, the excess value added tax shall be offset to pay off the existing tax liability of the legal entity and its business units without submitting an application for a tax offset.

The balance of amount of the excess value added tax after offsetting provided for in this paragraph shall be refunded.

4. In the case of violation by the tax authority of periods for refund of excess value-added tax, on such excess amount of which the refund was made in violation of timing, the tax authority shall assess penalties in favour of the taxpayer. Penalty shall be assessed in an amount of 2,5-times official rate of refinance as established by the National Bank of the Republic of Kazakhstan, for each day of a delay, beginning on the day following the expiry of the period for refund, including the day of refund.

5. Amounts of penalties assessed in favour of a taxpayer, shall be transferred into the bank account of the taxpayer on the day of refund of excess amount of value-added tax, at the expense of budget receipts in accordance with the relevant code of the budget classification.

Article 604. Refund of Value-Added Tax on Other Bases

1. The following amounts of value-added tax shall be subject to refund from the budget on the bases specified in the special part of this Code:

1) paid on goods, work, services purchased at the expense of funds of a grant;

2) paid to diplomatic representations and those equated to them, accredited in the Republic of Kazakhstan.

2. Refund of value-added tax to be refunded to a recipient of a grant, shall be carried out by the tax authority in the place of location of such grant recipient into such grant recipient's bank account after conducting credits in accordance with Article 599 of this Code during the period of refund as established by Article 275 of this Code.

3. The tax authority shall refund the value-added tax to diplomatic and equated representative offices of foreign states, consular institutions of a foreign state accredited in the Republic of Kazakhstan, and persons classified as diplomatic, administrative and technical personnel of the representative offices, including the members of their families residing together with them, consular officers including the members of their families residing together with them to their bank account within the terms and in accordance with the procedure established by Article 276 of this Code.

Article 605. Refund of the paid amount of the unlawfully imposed fine for the offenses in the area of taxation, the laws of the Republic of Kazakhstan on pensions, mandatory social security as well as overpaid amounts

1. The paid amount of the unlawfully imposed fine for the offenses in the area of taxation, the laws of the Republic of Kazakhstan on pensions, mandatory social security due to its cancellation or reduction in size shall be refunded on the basis of an application for offsetting, refund of tax, other mandatory payments, customs charges, forfeits and fines (hereinafter for the purposes of this article, an application for refund of the amount of fine).

An application for refund of the amount of fine shall be accompanied by the effective judicial act or a decision of the superior tax authority (an official) providing for the cancellation or reduction of the fine due to its improper imposition.

2. An application for refund of the amount of fine shall be submitted by the taxpayer to the tax authority, in which the amount of penalty to be refunded is on the customer account.

3. Refund of a paid amount of fine in accordance with paragraph 1 of this Article shall be carried out by the tax authority into the bank account of the taxpayer (tax agent) within fifteen working days from the date of the submission of the application for refund of amount of fine.

4. Refund of an overpaid amount of fine in order to serve the order of recovery of penalty shall be carried out in the manner and time prescribed by paragraph 3 of this Article.

Article 606. Refund of and offsetting other mandatory payments to the budget paid

Refund of and offsetting the paid amounts of other mandatory payments to the budget on the bases not specified in Articles 599, 601-602 of this Code shall be carried out in accordance with the procedure and on the bases which are established by the Special Part of this Code.

CHAPTER 84. THE NOTICE CONCERNING THE IMPLEMENTATION OF TAX OBLIGATIONS ASSOCIATED WITH THE ASSESSMENT, WITHHOLDING AND TRANSFER OF OBLIGATORY PENSION CONTRIBUTIONS, OBLIGATORY PROFESSIONAL PENSION CONTRIBUTIONS, ASSESSMENT AND PAYMENT OF SOCIAL ASSESSMENTS

Article 607. General Provisions

1. A message forwarded by the tax service authority to a taxpayer (tax agent) on paper or with the taxpayer (tax agent's) consent by an electronic method, concerning the necessity of the fulfilment by the latter of tax obligations, obligations relating to the assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions and assessment and payment of social assessments, shall be recognised a notice. Forms of notices shall be established by the authorised body.

2. Types of notices shall be limited by those listed hereunder and they shall be forwarded to taxpayers (tax agents) within the following periods:

1) concerning taxes assessed by the tax authority in accordance with paragraph 2 of Article 32 of this Code, – not later than ten working days from the date of such assessment;

2) concerning results of a tax audit – not later than five working days from the date of delivery to the taxpayer of the act on the tax audit, except for the case specified in paragraph 4 of Article 638 of this Code;

3) concerning assessed amounts of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions, social assessments for the period from the date of submitting the liquidation tax reports until the date

of completion of the liquidation tax audit – not later than five working days from the date of delivery to the taxpayer (tax agent) of the act on the liquidation tax audit;

4) concerning the failure to submit tax reports within the time limit established by the tax legislation of the Republic of Kazakhstan – from the date of identification of the violation, except for tax reports on corporate income tax and value-added tax, the notice with respect to which shall be forwarded within ten working days from the due date for submission thereof established by this Code.

Should the time limit for forwarding the notice set forth in this subparagraph be violated due to the occurrence of technical errors in the software as confirmed by the authorized body, such notice shall be deemed provided in due time. In such case, the tax liability and (or) obligations to assess, withhold and transfer mandatory pension contributions, mandatory professional pension contributions, assess and pay social contributions under such notice shall be fulfilled by the taxpayer within the time limit specified in paragraph 2 of Article 608 of this Code.

The provisions of this subparagraph shall not apply to taxpayers recognized as inoperative in accordance with Article 579 of this Code;

5) concerning repayment of tax arrears – not later than ten working days prior to beginning to apply methods of ensuring the fulfilment of tax obligations not fulfilled in time, as provided for by subparagraphs 2) – 4) of paragraph 1 of Article 609 of this Code and measures of enforced collection;

6) concerning the application of a claim on funds in bank accounts of debtors, – not later than twenty working days prior to the application of claim;

7) concerning elimination of violations found by *the tax authorities* upon results of the in-house supervision, – not later than ten working days from the date of finding violations in the tax reports except as provided in paragraph 7 of Article 37-1 and paragraph 8 of Article 43 of this Code;

8) concerning results of processing a complaint of the taxpayer (tax agent) against a notice on results of a tax audit and (or) decision of the superior *tax authority*, passed upon the results of processing a complaint on a notice, – not later than five working days from the date of taking a decision on such complaint;

9) concerning elimination of violations of the tax legislation of the Republic of Kazakhstan – not later than five working days from the date of their finding;

10) concerning confirmation of location (absence) of a taxpayer – not later than three working days from the date of the compilation by the official persons *of the tax authorities* of the act on tax inspection.

3. The following must be specified in a notice:

1) identification number;

2) surname, name, patronymic (where available) or full business name of the taxpayer;

3) name *of the tax authority*;

4) date of notice;

5) amount of the tax obligation and (or) obligations associated with the assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions and assessment and payment of social assessments – in the cases established by this Code and (or) legislative acts of the Republic of Kazakhstan;

6) requirement to fulfil a tax obligation and (or) obligations relating to obligations associated with the assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions and assessment and payment of social assessments;

7) basis for forwarding the notice;

8) procedure for appeal.

4. In the case specified in sub-paragraph 1) of paragraph 1 of Article 608 of this Code, the tax authorities shall send to the taxpayer (tax agent) the copies of notices specified in sub-paragraphs 4) and 5) of paragraph 2 of this Article.

In order to receive the original copy of notices specified in sub-paragraphs 4) and 5) of paragraph 2 of this Article, the taxpayer (tax agent) shall have the right to address the tax authorities.

Article 608. The Procedure for Delivery and Implementation of a Notice

1. A notice shall be delivered by the tax payer (tax agent) personally by the receipt of signature or by other methods confirming the fact of sending and receiving, unless otherwise established by this Article.

In that respect a notice sent by one of the following methods, shall be deemed to be delivered to the taxpayer (tax agent) in the following cases:

1) by mail by registered letter with a notice – from the date of the note by the taxpayer (tax agent) in the notification of the postal or another communications organization;

2) by an electronic method – from the date of delivery of the notice by *the tax authority* to the web-based application. This method shall be for the taxpayers registered as electronic taxpayers in accordance with the procedure established by Article 572 of this Code.

1-1. Unless otherwise established by paragraph 1-2,1-3 of this Article in case of return by a postal or any other communication organisation of the notifications specified in subparagraphs 2), 3) of paragraph 2 of Article 607 of the Code forwarded by the Tax Authorities to the taxpayer (tax agent) by registered mail with a notice, the date of delivery of such notifications shall be the date of execution of the tax inspection engaging witnesses on the grounds and in the procedure established by the Code.

1-2. In case of completion of tax inspection on the basis of tax inspection act in accordance with paragraph 3 of Article 637 of the Code and return by a postal or any other communication organization of the notifications specified in subparagraphs 2), 3) of paragraph 2 of Article 607 of the Code, forwarded by the Tax Authorities to the taxpayer (tax agent) by means of mail by registered letter with notice, the date of delivery of such notifications shall be one of the following dates:

the date of return of such letter by a postal or any other communication organization – in case when a txapayer (tax agent) has no bank account;

the date that comes after five working days from the date of return of such letter by a postal or any other communication organization, in case that within such period the notification was not delivered to the taxpayer (tax agent) with written acknowledgement of receipt – upon the availability of a bank account of the taxpayer (tax agent).

1-3. In case of return by a postal or another communications organisation due notice referred to under subparagraphs 4) – 9) of paragraph 2 of Article 607 of this Code sent by the tax authorities to the taxpayer (tax agent) by registered letter with acknowledgment, the tax authority no later than the day following the date of return of such a notice shall post on the Internet resource of the authorised body the information on the taxpayer indicating its identification number, the organisation name or surname, first name, patronymic (if any), date of return of the notice.

2. Unless otherwise specified by paragraph 3 of this Article, in case the tax authority sends notices specified in sub-paragraphs 2) – 4), 7) – 9) of paragraph 2 of Article 607 of this Code, the tax obligation and (or) obligations relating the assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions, assessment and payment of social assessments, shall be subject to implementation within thirty working days from the day following a day of delivery of the notice to the taxpayer (tax agent).

3. In case of complete consent of a taxpayer to the notices on the results of liquidation tax audit specified in sub-paragraphs 2) and 3) of paragraph 2 of Article 607 of this Code the taxpayer shall submit a statement about such consent with attached documents confirming fulfillment of tax liabilities in relation to payment of taxes and other mandatory payments to the budget indicated in the notices as well as liabilities in relation to transfer of obligatory pension contributions, obligatory professional pension contributions and payment of social assessments.

At that a statement of consent with notices about the results of the liquidation tax audit shall be submitted by the taxpayer to the tax authority within twenty-five working days from the day following the day when the notice was delivered.

4. The procedure of delivery and execution of notices established in paragraphs 1, 2 of this Article shall also be applied to copies of notices specified in sub-paragraphs 4), 5) of paragraph 2 of Article 607 of this Code.

5. The tax authority shall deliver the original notices specified in sub-paragraphs 4), 5) of paragraph 2 of Article 607 of this Code to such taxpayer within three working days after the taxpayer addresses to it in cases specified in paragraph 4 of Article 607 of this Code.

6. A notice provided for by sub-paragraph 10) of paragraph 2 of Article 607 of this Code shall be sent by a tax authority by registered mail with delivery notification and executed by a taxpayer (tax agent) within twenty working days after the date of sending such notice.

CHAPTER 85. THE METHODS FOR SECURING THE IMPLEMENTATION OF TAX OBLIGATIONS

Article 609. The Methods of Securing the Implementation of Tax Obligations That Were Not Implemented in Time

1. Assessment of penalty on unpaid amount of tax and other obligatory payments to the budget, including advanced and (or) current payments on them:

1) assessment of penalty on unpaid amount of tax and other obligatory payments to the budget;

2) suspension of debit transactions on bank accounts (except for correspondent accounts) of a taxpayer (tax agent) being a legal entity, structural unit of a legal entity, non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment, individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator;

3) suspension of cash debit transactions of a taxpayer (tax agent) being a legal entity, structural unit of a legal entity, non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment, individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator;

4) restrictions on disposal of:

property of a taxpayer (tax agent) being a legal entity, structural unit of a legal entity, non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment, individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator;

property, including imported goods of a taxpayer, in case of its/his failure to fulfill the tax liability to pay indirect taxes on imported goods being under the customs procedure of release for domestic use.

At the same time, the methods of ensuring the fulfillment of the tax liability not performed in time, as provided for in subparagraphs 2) and 3) of paragraph 1 of this Article, shall not apply to the non-fulfilled tax liability to pay indirect taxes on imported goods being under the customs procedure of release for domestic use.

1-1. If fulfillment of tax obligations in accordance with subparagraph 2) of paragraph 3 of Article 308-1 of the Code is imposed on the operator, then means of ensuring performance of a non-fulfilled in time tax obligation:

specified in subparagraph 1) of paragraph 1 of this Article shall be applicable in respect to an operator;

specified in subparagraphs 2) – 4) of paragraph 1 of this Article shall be applied simultaneously in respect to the operator and each member of a simple partnership (consortium).

2. The methods of securing the implementation of a tax obligation that was not implemented in time, which are specified in subparagraphs 2) – 4) of paragraph 1 of this Article, shall apply within periods established by Articles 611–613 of this Code. Prior to beginning to apply the methods for securing the implementation of a tax obligation that was not implemented in time as specified in subparagraphs 2) – 4) of paragraph 1 of this Article, a notice shall be forwarded to the taxpayer (tax agent) in accordance with Chapter 84 of this Code.

3. Ways to ensure fulfillment of the outstanding tax liabilities except as specified in subparagraph 1) of paragraph 1 of this Article shall not apply to the taxpayers (tax agents):

1) which have a tax debt of less than 6 times of the monthly assessment index established by the law on the state budget and effective on 1 January of the corresponding financial year;

2) statements which are considered in accordance with Article 51-1 of this Code.

3-1. Unless otherwise specified by this clause, the methods of securing execution of undue tax liability shall not be applied in the following cases:

1) recognition as bankrupt – from the effective date of a court judgment on the recognition of a taxpayer as bankrupt, except for the fine not being charged from the date of delivery of a court ruling on the commencement of bankruptcy proceedings;

2) rehabilitation procedure initiation – from the effective date of a court judgment on the rehabilitation procedure initiation, except for the restriction on the disposition of property subject to state registration, and (or) property, the transactions involving which are subject to state registration, which restriction shall be cancelled from the date of delivery of a court ruling on the rehabilitation plan approval.

Furthermore, the methods of ensuring the fulfillment of tax liability shall be applied to such taxpayers under the tax liability, the amount of which is not included into the register of creditors' claims in the procedure established by the legislation of the Republic of Kazakhstan concerning rehabilitation and bankruptcy, and in the case provided for by the legislation of the Republic of Kazakhstan concerning rehabilitation and bankruptcy;

3) enforced liquidation of banks, insurance (re-insurance) organizations – from the date of enactment of court decision on enforced liquidation.

4. In the case of appealing a notice on the results of a tax audit and (or) decision of the superior tax service authority passed upon the results of considering a complaint against a notice, the application of the methods for securing the implementation of a tax obligation that was not implemented in time, except for the method specified in subparagraph 4) of paragraph 1 of this Article, shall be suspended until a decision is passed upon the results of considering such complaint.

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6. Should a structural unit of a legal entity fail to pay its tax arrears within thirty working days after the service of a notice requiring the payment of tax arrears upon the same, the tax authority shall apply the methods of ensuring the fulfillment of tax liability not performed in time as specified in subparagraphs 2), 3), and 4) of paragraph 1 of this Article with respect to the taxpayer being a legal entity that has established such structural unit.

Should a structural unit of a legal entity fail to pay its tax arrears after applying the methods of ensuring the fulfillment of tax liability not performed in time in the procedure specified in part one of this paragraph, where such legal entity has more than one structural unit, the tax authority shall simultaneously apply the methods of ensuring the fulfillment of tax liability not performed in time as specified in subparagraphs 2), 3), and 4) of paragraph 1 of this Article with respect to all structural units of such legal entity.

6-1. Should a legal entity fail to pay its tax arrears within thirty working days after the service of a notice requiring the payment of tax arrears upon the same, the tax authority shall apply the methods of ensuring the fulfillment of tax liability not performed in time as specified in subparagraphs 2), 3), and 4) of paragraph 1 of this Article with respect to taxpayers being structural units of such legal entity.

7. For the purposes of this Chapter, accounts of state-owned institutions which are opened in the authorised state body for the implementation of the budget, shall be equated to bank accounts, and the authorised body for the implementation of the budget shall be equated to an organisation carrying out separate types of banking transactions.

Article 610. Penalty on Amounts of Tax and Other Obligatory Payments to the Budget, That Were Not Paid In Time

1. Penalty shall be understood as interest established by paragraph 3 of this Article, to be assessed on amounts of taxes and other obligatory payments to the budget, including advance payments and (or) current payments thereof which were not paid in time.

2. Amounts of penalties shall be assessed and paid regardless of applying other methods of securing the implementation of a tax obligation that was not implemented in time and measures of enforced collection, as well as other measures of responsibility for violation of the tax legislation of the Republic of Kazakhstan.

3. Penalties shall be assessed for each day of a delay in the fulfilment of a tax obligation, beginning on the day following a day of the date for the payment of the tax and another obligatory payment to the budget, as well as advance payments and (or) current payments thereof inclusive, including the day of payment to the budget, in an amount of 2.5-times the official rate of refinancing as established by the National Bank of the Republic of Kazakhstan for each day of a delay, unless otherwise is stipulated by legislative acts of the Republic of Kazakhstan.

4. Penalties shall be assessed on banks or organisations carrying out separate types of bank transactions, for non-observance of sequences in writing amounts of taxes and other obligatory payments, including advance payments and (or) current payments thereof, penalties, fines off bank accounts; failure to transfer (failure to include) them into the budget; untimely transfer of amounts written off bank accounts of taxpayers and funds paid in cash to cash departments of banks or organisations carrying out separate types of banking transactions, towards payment of taxes and other obligatory payments, penalties, fines, and also income tax depoInternet resourced in conditional bank deposits, and bank interest assessed, to the budget.

5. In the case of a change in the timing of the implementation of tax obligations relating to payment of taxes (except for taxes withheld at source of payment and excise duties), extending periods for the submission of tax reports, and also presentation of additional tax reports, penalty shall be assessed on amounts of shortage, beginning on the day following a day of payment of tax as established in the first part of this Code.

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7. Penalties shall be assessed on creditors of banks which are liquidated through the enforced procedure, for untimely repayment of amounts of shortages where the only reason for the formation of a shortage was the liquidation of the bank serving them, from the time of entry into force of a decision on enforced liquidation of the bank.

8. Penalty shall not be assessed in the case of entry into force of a court decision on enforced issue of announced shares for the amount of a shortage, for the repayment of which pursuant to a court decision an enforced issue of announced shares was carried out, from the date of filing a law suit application to the court for enforced issue of announced shares and until the completion of their allocation.

9. Penalty shall not be assessed on amounts of a shortage from the date of entry into force of a court decision on recognition of a natural person missing until the date of its abolition.

10. Penalty shall not be assessed on penalties and amounts of fines.

11. Penalty shall not be assessed on amounts of shortfalls repaid by way of conducting offsets of excess amount of tax and / or levy paid, from the date of the payment document for conducting the offset.

12. Penalty shall not be assessed in the case of crediting amounts of taxes and other obligatory payments, including advance payments and (or) current payments thereof, to the budget, as follows:

1) from the date of writing off funds by the banks or organisations carrying out certain types of banking transactions, from the bank account of the taxpayer (tax agent);

2) from the date of performance of the payment by the taxpayer through a cash machine or other electronic devices;

3) from the date of payment by the taxpayer (tax agent) of said amounts to banks or organisations carrying out separate types of banking transactions, authorised state bodies.

13. Penalties shall not be assessed on amounts of shortfalls in proportion to excess amounts of tax and / or levy paid, in the case of violation of the time for conducting crediting as established in paragraph 8 of Article 599 of this Code, provided excess amount of tax and (or) levy is confirmed.

Article 611. Suspension of Expenditure Transactions in Bank Accounts of a Tax Payer (Tax Agent)

1. Suspension of expenditure transactions in bank accounts (except for correspondent accounts) of the taxpayer (tax agent), specified in subparagraph 2) of paragraph 1 of Article 609 of this Code, shall be carried out in accordance with the procedure established by the legislative acts of the Republic of Kazakhstan, in the following cases:

1) failure of the taxpayer (tax agent) to present tax reports within time established by this Code, – upon expiry thirty working days from the day following the day of delivery of the notice specified in subparagraph 5) of paragraph 2 of Article 608 of this Code;

2) failure of the taxpayer to present a tax application for value-added tax registration upon expiry thirty working days from the date of delivery of the notice as specified in subparagraph 9) of paragraph 2 of Article 607 of this Code;

3) failure to repay tax arrears – upon expiry of ten working days from the date of delivery of the notice as provided for by subparagraph 5) of paragraph 2 of Article 607 of this Code;

4) non-admission of official persons *of the tax authority* to tax audit and inspection of taxable items and (or) items relating to taxation, except for the cases of their violation of the procedure established by this Code for conducting tax audits, – within five working days from the date of non-admission;

5) return by the postal or another communications organisation of the notice forwarded in connection with the absence of the taxpayer (tax agent) in the place of location, – within twenty working days from the date of such return;

6) non-fulfillment by the taxpayer of the requirement established by part one of paragraph 5 of Article 588 of the Code, – within five working days from the date of expiration of term established by part one of paragraph 5 of Article 588 of the Code;

7) failure to implement the notice on elimination of violations found as a result of in-house supervision, – upon expiry of five working days from the date of expiry of the period specified in paragraph 2 of Article 587 of this Code.

2. Suspension of expenditure transactions in bank accounts shall apply to all expenditure transactions of the taxpayer (tax agent), except for the following:

1) transactions associated with payment of taxes and other obligatory payments to the budget provided for by Article 55 of the Code, obligatory pension contributions, obligatory professional pension contributions, social assessments and custom payments provided for by the legislation of the Republic of Kazakhstan;

2) seizure of funds in the following cases:

on executive writs provided for satisfaction of claims concerning compensation for harm caused to lives and health, as well as claims relating to collection of alimony;

on executive writs providing for seizure of funds for settlements associated with severance benefits and work remuneration with persons who work under employment contracts, payments of interest on copyright agreements, obligations of the client with regard to transfer of obligatory pension contributions, obligatory professional pension contributions and social assessments;

on repayment of tax arrears, and also on executive writs concerning collection in favour of the state.

The suspension of debit transactions on the bank accounts of the taxpayer (tax agent) in the case provided for in subparagraph 3) of paragraph 1 of this Article shall be made up to the amount of the tax debt specified in the disposal of the tax authority on the suspension of operations in the bank accounts of the taxpayer.

3. An ordinance of the tax authority for suspension of expenditure transactions in bank accounts of a taxpayer (tax agent) shall be passed in accordance with the form established by the authorised body in conjunction with the National Bank of the Republic of Kazakhstan and it shall enter into force from the date of its receipt by the bank or organisation carrying out certain types of banking transactions.

The Tax Authority shall forward such order to banks or organizations carrying out certain types of bank transactions, on paper or in the electronic format by means of transmission through information-communication network. When forwarding order of the Tax Authority on suspension of debit operations in the bank accounts of a taxpayer (tax agent) in electronic format such order shall be formed in accordance with formats established by the authorized body jointly with the national Bank of the Republic of Kazakhstan.

4. An ordinance of the tax authority on suspension of expenditure transactions in bank accounts of the taxpayer (tax agent) shall be subject to unconditional implementation by the banks or organisations carrying out certain types of banking transactions.

5. An ordinance for suspension of expenditure transactions in bank accounts shall be abolished by the tax authority that passed a decision to suspend expenditure transactions, not later than one working day following a day of elimination of reasons for the suspension of expenditure transactions in bank accounts.

6. In the case of closure of the bank account of a taxpayer (tax agent) in accordance with the Republic of Kazakhstan legislation, the bank or organisation carrying out separate types of banking transactions shall return the ordinance for suspension of expenditure transactions in the account, to the relevant tax authority together with the notice on closure of the bank account of the taxpayer (tax agent).

Where an order to suspend debit transactions specifies more than one bank account, the bank or organization engaged in certain bank operations shall return such order to the respective tax authority within one working day following the date of closing the last bank account of those specified in the order to suspend debit transactions on bank accounts.

Article 612. Suspension of Cash Expenditure Transactions of Taxpayers (Tax Agents)

1. In the case of failure to repay tax arrears within ten working days from the date of receiving a notice for repayment of tax arrears, the tax authority shall carry out suspension of cash expenditure transactions of the taxpayer (tax agent) specified in subparagraph 3) of paragraph 1 of Article 609 of this Code shall be carried out towards that taxpayer (tax agent's) tax arrears.

Suspension of cash expenditure transactions of a taxpayer (tax agent) shall apply to all the cash debit operations other than operations connected with:

handing over the money to a bank or organization engaged in certain types of banking operations for further transfer thereof on account of repayment of a tax liability or outstanding compulsory pension contributions, obligatory professional pension contributions and social contributions;

issue by a bank or organization engaged in certain types of banking operations of the customer’s cash money.

An ordinance for suspension of cash expenditure transactions of taxpayers (tax agents) shall be compiled in two copies in accordance with the form established by the authorised body, of which one shall be delivered to the taxpayer (tax agent) with the receipt of signature or otherwise confirming the fact of sending and receiving.

2. An ordinance of the tax authority for suspension of cash expenditure transactions shall be subject to unconditional implementation by the taxpayer (tax agent).

3. Taxpayers (tax agents) shall be held responsible for violation of the requirements of this Article in accordance with the Republic of Kazakhstan legislation.

4. An ordinance of the tax service authority for suspension of cash expenditure transactions shall be abolished by the tax authority not later than one working day after the full repayment by the taxpayer (tax agent) of tax arrears.

Article 613. Restrictions on Disposal of Property of Taxpayer (Tax Agent)

1. The tax authority shall impose restrictions on disposal of property of the taxpayers (tax agents), specified in Article 609 paragraph 1 subparagraph 4) of this Code, in the event that:

1) the tax liability is not repaid within fifteen working days from the date of receipt of the notice of tax liability repayment;

2) a taxpayer (tax agent), other than a major taxpayer, appeals against the notice of the tax audit results and (or) decision of the superior tax authority based on the results of consideration of the appeal against the notice. Furthermore, in the case specified in this subparagraph, the tax authority shall impose restrictions within three working days from the date of filing the appeal by the taxpayer (tax agent) in the procedure established by Chapters 93 and 94 of this Code without sending a notice requiring the payment of tax liability as provided for by subparagraph 5) of paragraph 2 of Article 607 of this Code;

3) the taxpayer has failed to perform the tax liability to pay indirect taxes on imported goods being under the customs procedure of release for domestic use, the time limit for payment of which was altered in accordance with Article 51-3 of this Code. In such case, the restrictions shall be imposed without sending a notice demanding payment of the tax arrears, as specified in subparagraph 5) of paragraph 2 of Article 607 of this Code.

2. Unless otherwise is provided for by this paragraph, the tax authority shall impose restrictions on disposal of the property of the taxpayer (tax agent) with respect to the property:

1) beneficially owned or owned on the basis of economic jurisdiction, and being on the books of the respective taxpayer (tax agent), – in the event specified in paragraph 1 subparagraph 1) of this article;

2) which is a basic asset, investment in immovable property and/or biological asset in accordance with International Accounting Standards and requirements of the legislation of the Republic of Kazakhstan concerning bookkeeping and financial accounting – in the event specified in paragraph 1 subparagraph 2) of this article;

3) owned, or possessed based on the right of economic control, and being on the books of such taxpayer, and (or) imported goods – in the case specified in subparagraph 3) of paragraph 1 of this Article.

No restrictions shall be imposed on disposal of:

vital infrastructures;

electrical, thermal and other types of energy;

food products or raw materials having the period of storage and/or best before date not exceeding one year.

The seizure by the tax authority of taxpayer’s (tax agent’s) property with restrictions on its disposal granted for (received in) the financial lease or pledged shall be prohibited until the termination of the pledge and (or) lease agreement.

The amendment of the terms and conditions of such agreements (extension, subleasing and (or) overlying pledge) by the taxpayer shall be prohibited from the day of imposing restrictions on disposal of property by the tax authority and until the cancellation thereof.

3. The decision of limitation of disposal of property of the taxpayer (tax agent) shall be executed in the form established by the competent authority and is accepted by the tax authority to the amount of:

1) the tax liability according to the data available on the personal account of the taxpayer (tax agent) as on the date of such decision, – in the event specified in paragraph 1 subparagraph 1) of this article;

2) the taxes, other compulsory payments to the budget and penalties appealed against by the taxpayer (tax agent) in accordance with the procedure established by Chapters 93 and 94 of this Code, – in the event specified in paragraph 1 subparagraph 2) of this article;

3) arrears of indirect taxes on imported goods based on the data available from the taxpayer's account as at the date of such decision – in the case specified in subparagraph 3) of paragraph 1 of this Article.

The decision of applying restrictions to disposal of the property and the property inventory certificate made on the basis of such decision shall be registered with the tax authority under the same number.

4. Unless otherwise provided for by this paragraph, the decision to impose restrictions on disposal of property shall be served upon the taxpayer (tax agent) in person against the signature, or in any other way enabling the confirmation of dispatch and receipt. The decision sent by either of the methods mentioned below shall be deemed served upon the taxpayer (tax agent) in the following cases:

1) if sent by registered mail with return receipt – on the date of the note made by the taxpayer (tax agent) in the notification of the postal or any other communications organization;

2) if sent by e-mail – on the date of delivery of the decision to the web application. This method shall apply to taxpayers registered as electronic taxpayers in the procedure set forth in Article 572 of this Code;

3) if it is impossible to serve the decision due to taxpayer's refusal to sign in confirmation of the receipt of such decision, or due to taxpayer's absence at the place of location – on the date of the tax inspection carried out in the procedure established by Article 558 of this Code.

Should the decision to impose restrictions on disposal of property be served upon the declarant, including the same acting in the name and on behalf of the taxpayer in accordance with the tax legislation of the Customs Union, and (or) the tax legislation of the Republic of Kazakhstan, the date of service shall be the date of signing the decision by such declarant.

5. If the decision of imposition of restrictions on disposal of the property is made with respect to the property the title to, or deals with, which shall be subject to state registration, or to the property which is subject to state registration, the tax authority shall send a copy of the decision to the authorized governmental bodies for registration of the encumbrance on the rights to the property specified in this paragraph within five working days from the date of delivery of the decision on the restrictions on disposal of the property to the taxpayer (tax agent).

The tax authority shall forward such decision to the authorized state bodies in hard copy or in electronic form by transmission through the information and communications network.

6. Unless otherwise provided for by this paragraph, upon the expiry of ten working days from the date of service of the decision specified in paragraph 3 of this Article upon the taxpayer (tax agent), the tax authority shall make an inventory of the property with restricted disposal in the presence of the taxpayer (tax agent) by executing a certificate of property inventory in the form established by the authorized body.

The inventory of the property with restricted disposal shall be made with specification of the balance-sheet value determined based on the accounting data of the taxpayer (tax agent), or market value in the certificate of property inventory. The market value shall be the value specified in the report of evaluation carried out in accordance with the legislation of the Republic of Kazakhstan concerning valuation activities.

In the case provided for in subparagraph 3) of paragraph 1 of this Article, where imported goods are subjected to inventory, the certificate of inventory shall be executed on the date of customs clearance of imported goods in the presence of the taxpayer, or an applicant acting in the name and on behalf of the taxpayer in accordance with the customs legislation of the Customs Union, and (or) the customs legislation of the Republic of Kazakhstan.

The inventory of imported goods with restricted disposal shall be made with specification of the customs value of imported goods determined in accordance with the customs legislation of the Customs Union, and (or) the customs legislation of the Republic of Kazakhstan in the certificate of inventory.

7. In the event of drawing up the report on inventory of the retained property the taxpayer (tax agent) must provide the tax authority officials with the originals or notarially certified copies of the documents confirming the right of ownership and/or economic jurisdiction of such property, and the balance-sheet for examination. The copies of the documents specified in this paragraph shall be attached to the certificate of inventory of the property retained.

If the taxpayer (tax agent) does not provide the documents specified in this paragraph, the tax authority which has made the decision specified in paragraph 3 of this Article shall send to the authorized governmental agencies a request for confirmation of the information as to whether such taxpayer (tax agent) has property on the basis of the right of ownership or economic jurisdiction as specified in paragraph 5 of this Article. Copies of the answers from the authorized governmental agencies to the request specified in this paragraph shall be attached to the certificate of inventory of the property restricted in terms of disposal.

The certificate of the inventory of the property under restrictions shall be executed in two copies and signed by a person, who has drawn it up, as well as the taxpayer (tax agent) and/or its official. In that case one copy of such certificate shall be delivered to the taxpayer (tax agent) in accordance with the procedure established by paragraph 4 of this article.

8. The taxpayer (tax agent) must ensure integrity and proper maintenance of the property with restrictions imposed on disposal before removal of the restriction in accordance with the legislation of the Republic of Kazakhstan. In that case the taxpayer (tax agent) shall be liable for unlawful actions with respect to the specified property in accordance with the laws of the Republic of Kazakhstan.

If the tax payer (tax agent) fails to comply with these requirements the taxpayer (tax agent) must reimburse the auction organizer for the actually incurred expenses in connection with preparation of the property with restrictions in disposal for the auction.

9. If the tax liability is not repaid and the property with restrictions on disposal is not sold after holding two auctions the tax authority shall be entitled to restrain other property of the taxpayer (tax agent) by drawing up a new property inventory certificate subject to the available data on the personal account of the taxpayer (tax resident) about the lax liability amount as on the date of drawing up the new certificate of the of inventory of the property.

10. The tax authority shall revoke the decision of restraint of the property and the property inventory certificate made on the basis of the decision in the form established by the competent authority, as follows:

1) within one working day from the day of repayment of such debt if the taxpayer (tax agent) repays the tax liability amounts;

2) if the tax service body considering the complaint of the taxpayer (tax agent) makes a decision or a court order becomes effective, revoking in the part of appealing against the notice of the tax inspection results and/or decision of the superior tax service body issued on the results of consideration of the appeal against the notice – within one working day from the day when such decision is made or such court order becomes effective;

3) revocation by the taxpayer (tax agent) of its/his appeal against the notice of the tax inspection results and/or decision of a superior tax service body made on the results of consideration of the appeal against the notice – within one working day from the day of revocation of such appeal.

11. In the events provided for by paragraph 5 of this article, within five working days from the date of the decision of revocation of the decision to restrain the disposal of the property and certificate of property inventory the tax authority shall send a copy of such decision of revocation to the authorized governmental authorities for exemption of encumbrances on the title to the property.

CHAPTER 86. THE METHODS OF ENFORCED COLLECTION OF TAX ARREARS

Article 614. Methods of Enforced Collection of Tax Arrears

1. The tax authorities shall apply the measures of enforced collection of tax arrears of a taxpayer being a legal entity, structural unit of a legal entity, non-resident legal entity operating in the Republic of Kazakhstan through a permanent establishment, individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator, except for the cases of appeal against the notice of the tax audit results and (or) decision of the superior tax authority based on the results of consideration of the appeal against the notice. Prior to starting the application of measures of enforced collection, a notice requiring the payment of tax arrears shall be forwarded to the taxpayer (tax agent) in accordance with Chapter 84 of this Code.

When collecting tax arrears of the taxpayer carrying out activity under the products sharing agreement as a member of a simple partnership (consortium) in cases when fulfillment of tax obligations is imposed on the operator in accordance with subparagraph 2) of paragraph 3 of Article 308-1 of the Code measures for tax enforcement that are provided for in this Article shall be applicable in respect to the taxpayer and (or) operator. The final amount of collection shall not exceed the amount specified in the notification on redemption of tax arrears.

2. Enforced collection actions shall not be applied in following cases:

1) taxpayer (tax agent) has tax payable in the amount of less than 6-fold monthly calculation index, established by the Law Concerning Republican Budget and effective as of January 1 of respective financial year – from the day of such debt formation;

2) bankruptcy proceedings commencement – from the date of delivery of a court ruling on the commencement of bankruptcy proceedings;

3) initiation of the rehabilitation procedure with respect to a taxpayer – from the effective date of a court judgment on the rehabilitation procedure initiation;

4) enforced liquidation of banks, insurance (re-insurance) organizations – from the date of enactment of court decision on enforced liquidation.

3. Enforced collection of tax arrears shall be carried out in accordance with the following procedure:

1) at the expense of funds which are in bank accounts;

2) from accounts of debtors;

3) at the expense of property in restraint;

4) in the form of enforced issue of announced shares.

The measures of enforced collection provided for in subparagraphs 1), 2) and 4) of the first part of this paragraph 1 shall not apply to the tax liability to pay indirect taxes on imported goods being under the customs procedure of release for domestic use.

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5. Should a structural unit of a legal entity fail to pay its tax arrears within forty working days after the service of a notice requiring the payment of tax arrears upon the same, the tax authority shall collect the tax arrears amount by applying the measures of enforced collection with respect to the taxpayer being a legal entity that has established such structural unit.

If tax debt of legal entity's structural subdivision is not repaid after application to it of enforced collection actions under procedure, specified in the first part of this clause, if legal entity has more than one structural subdivision, tax authority shall apply enforced collection action, specified in sub-clause 1) of clause 3 of this article, simultaneously to all structural subdivisions of such legal entity.

5-1. Should a legal entity fail to pay its tax arrears within forty working days after the service of a notice requiring the payment of tax arrears upon the same, the tax authority shall collect the tax arrears amount by applying the measures of enforced collection with respect to taxpayers being structural units of such legal entity.

6. For the purposes of this Chapter, accounts of state-owned institutions which are opened in the authorised state body for the implementation of the budget, shall be equated to bank accounts, and the authorised state body for the implementation of the budget shall be equated to the organisation carrying out separate bank transactions.

Article 615. Collection of Tax Arrears At the Expense of Funds Which Are in Bank Accounts

1. In the case of non-payment or partial payment of amounts of tax arrears within twenty working days from the date of delivery (receipt) of the notice for repayment of tax arrears, the tax authority shall collect amounts of tax arrears through the enforced procedure from the bank accounts of the taxpayer (tax agent) specified in paragraph 1 of Article 614 of this Code.

The provisions of this paragraph shall not extend to bank accounts, which may not be used for debt collection purposes in accordance with the legislative acts of the Republic of Kazakhstan concerning banks and banking, insurance, enforcement proceedings and status of justice officers, pension support, *compulsory social insurance,* project financing and securitization, investment funds.

2. Collection of amounts of tax arrears from bank accounts of a taxpayer (tax agent) shall be carried out on the basis of a collection order of the tax authority, except for amounts of funds which are security of loans issued by the bank or organisation carrying out certain types of banking transactions, in an amount of un-repaid principal of said loan.

Collection orders shall be formulated by the tax authority on the basis of information concerning tax arrears which is available from the official account of the taxpayer (tax agent), as of the date of its compilation.

3. When a bank or an organisation carrying out separate types of banking transactions implements a collection order of the tax authority for collection of tax arrears from one bank account of a taxpayer (tax agent), collection orders issued by the tax authority against other bank accounts of the taxpayer (tax agent) opened by the taxpayer (tax agent) in said bank or organisation carrying out separate types of banking transactions, shall be returned by the bank or organisation carrying out separate types of banking transactions, to the tax authority without implementation, provided such collection orders are issued by the tax authority on the same date, in the same amount in respect of the same type of arrears.

4. In the case of full implementation by the bank or an organisation carrying out separate types of banking transactions of collection orders of the tax authority for collection of tax arrears by way of writing off funds from several accounts of the taxpayer (tax agent) to a total specified in the collection order, the collection orders issued by the tax authority against other bank accounts of the taxpayer (tax agent), opened by such taxpayer (tax agent) in said bank or organisation carrying out separate types of banking transactions, provided such collection orders are issued by the tax authority as of the same date, same amount for the same type of arrears, shall be returned by the bank or organisation carrying out separate types of banking transactions, to the tax authority without implementation.

5. Collection orders shall be issued in accordance with the form established by the regulatory legal acts of the Republic of Kazakhstan, and they shall contain reference to that bank account of the taxpayer (tax agent) from which the collection of tax arrears is carried out.

The tax authority shall send a collection order to the banks or organizations engaged in certain types of banking operations, in hard copy or electronic form by transferring by means of information and communication network. If the collection order is sent in electronic form it shall be generated in accordance with the forms established by the competent authority in coordination with the National Bank of the Republic of Kazakhstan.

6. In the case of absence of funds in a bank account of the taxpayer (tax agent) in the tenge, collection of tax arrears shall be carried out from the bank accounts of the taxpayer (tax agent) in foreign currency on the basis of the collection orders issued by the tax authority in the tenge.

7. Where funds of a client in a bank or organisation carrying out separate types of banking transactions are sufficient for satisfying all claims applied to such client, the collection order for the collection of amounts of tax arrears, shall be implemented by the bank or organisation carrying out separate types of banking transactions in a priority procedure and not later than one operational day following a day of receipt of such ordinance, within amounts available in the bank account.

8. In the case of absence or shortage of funds in bank accounts of the taxpayer (tax agent), in the case several claims are applied to the client, the bank or organisation carrying out separate types of banking transactions shall carry out the withdrawal of client's funds towards repayment of tax arrears as funds are received into such accounts and in accordance with the priority queues as established by the Civil Code of the Republic of Kazakhstan.

9. In the case of absence of funds in the bank account of a taxpayer (tax agent) against which the tax authority issued a collection order for collection of tax arrears, the bank or organisation carrying out separate types of banking transactions which accepted such collection order for implementation, when closing the bank account of the taxpayer (tax agent) in accordance with the Republic of Kazakhstan legislation, shall return such collection order to that tax authority together with the notice for closure of the taxpayer (tax agent»s) bank account.

Article 616. Collection of Amounts of Tax Arrears of the Taxpayer (Tax Agent) from Accounts of the Taxpayer (Tax Agent's) Debtors

1. In the case of absence or shortage of funds in the account of the taxpayer (tax agent) specified in paragraph 1 of Article 614 of this Code, or a taxpayer (tax agent) has no bank account, the tax authority within the total tax arrears that formed, shall apply the claim to funds in bank accounts of third parties that have amounts payable to the taxpayer (tax agent) (henceforth – debtors).

2. The taxpayer (tax agent) not later than ten working days from the date of receipt of the notice for repayment of tax arrears, shall be obliged to submit to the tax authority that forwarded such notice, a list of debtors by specifying amounts receivable and, where available, – statements of reconciliation of mutual settlements compiled together with the debtors and confirming amounts receivable.

Where statements of reconciliation of mutual settlements are available, the tax authority shall issue collection orders for the collection of amounts of tax arrears of the taxpayer (tax agent), against the bank accounts of the debtors upon expiry of five working days from the date of receipt by the debtors of the notices in accordance with Chapter 84 of this Code.

Should a list of debtors be not submitted within the time limit specified in this paragraph, or should the data on the absence of debtors be provided, the tax authority shall conduct a tax audit of the taxpayer (tax agent) in order to determine the settlements between the taxpayer (tax agent) and debtors thereof. In such case, the tax authority shall not be entitled to confirm the amounts receivable being challenged in court.

3. On the basis of a presented list of debtors or tax audit report confirming amounts receivable, the tax authority shall forward to the debtors notices for application of claims on funds in their bank accounts towards repayment of tax arrears of the taxpayer (tax agent), within amounts payable.

Not later than twenty working days from the date of receipt of a notice, except for the case specified in this Article, debtors shall be obliged to submit to the tax authority that forwarded the notice, the settlements reconciliation statement compiled together with the taxpayer (tax agent) as of the date of receiving the notice.

In the case of failure of debtors to present a statement of mutual settlement reconciliation within the time specified in this paragraph, the tax authority shall carry out a tax audit of said debtors. In that case the tax authority shall not have the right to confirm amounts of receivable which are disputed in the court.

4. Where tax audit reports are available to confirm amounts receivable and notices on application of claims to funds in bank accounts of debtors, no settlement reconciliation statement shall be presented.

5. In the case of repayment by the taxpayer (tax agent) of tax arrears, no list of debtors nor settlement reconciliation statement shall be presented.

6. A settlement reconciliation statement between the taxpayer (tax agent) the debtor must contain the following details:

1) business name of the taxpayer (tax agent) and the debtor, their identification number;

2) name of the tax authority where the taxpayer (tax agent) and the debtor are registered in the place of location;

3) bank account details of the taxpayer (tax agent) and the debtor;

4) amount of arrears of the debtor to the taxpayer (tax agent);

5) legal details, seal (if any), and signatures of the taxpayer (tax agent) and the debtor;

6) date of compilation of the reconciliation statement, which must not be earlier than the date of receipt of the notice on repayment of tax arrears.

7. On the basis of reconciliation report on mutual settlements or report of tax review of debtor, confirming amount of accounts receivable, tax authority shall issue collection orders for banking accounts of debtor on recovery of amounts of taxpayer's (tax agent's) taxes payable.

If accounts receivable specified in reconciliation report on mutual settlements between debtor and taxpayer (tax agent) are discharged, collection orders for the recovery of taxpayer's (tax agent's) taxes payable, issued for banking accounts of debtor, shall be recalled within one working day from the day of submission by debtor or taxpayer (tax agent) of reconciliation report on mutual settlements to the tax authority, attaching documents confirming repayment of such payables.

8. The bank or organisation carrying out separate types of banking transactions of the debtor-taxpayer shall be obliged to implement the collection order issued by the tax authority for the collection of amounts of arrears of the taxpayer (tax agent) in accordance with the requirements established by Article 615 of this Code.

Article 617. Collection at the Expense of Selling Taxpayer's (Tax Agent) Property in Restraint against Tax Arrears

In the case of a taxpayer (tax agent) specified in paragraph 1 of Article 614, the tax authority, in case of absence or shortage funds in bank accounts and in bank accounts of the taxpayer (tax agent's) debtors, or in the case of the taxpayer (tax agent) and (or) his debtors have no bank accounts, shall pass a resolution on application of a claim on the restrained assets of the taxpayer (tax agent).

A resolution on application of a claim on restrained property of the taxpayer (tax agent) shall be passed in two copies in accordance with the form established by the authorised body, one of which with the attached copy decision on property restraint and the inventory report shall be forwarded to the authorized legal entity.

Article 618. The procedure for selling taxpayer's (tax agent) property in restraint against tax arrears

Selling restrained property of a taxpayer (tax agent) against the tax arrears shall be carried out by the authorised legal entity.

The procedure for the sale of restrained property of a taxpayer (tax agent) against tax arrears shall be established by the Government of the Republic of Kazakhstan.

Article 619. Enforced Issues of Announced Shares of the Taxpayer (Tax Agent) Which Is a Joint-Stock Company with the Participation of the State In the Authorised Capital

In the event of failure to repay amounts of tax arrears by the taxpayer (tax agent) which is a joint-stock company with the participation of the state in the authorised capital, after the adoption of all measures specified in subparagraphs 1)-3) of paragraph 3 of Article 614 of this Code, the authorised body shall petition to the court with a lawsuit application for enforced issuing announced shares in accordance with the procedure established by the Republic of Kazakhstan legislation.

Counting of periods for the implementation of tax obligations relating to payment of taxes, other obligatory payments to the budget, as well as obligations relating to penalties, fines for the repayment of which pursuant to court decisions an enforced issue of announced shares is carried out, shall be suspended from the date of entry into force of the court decision for enforced issue of announced shares and until the completion of their allocation.

Article 620. The Recognition of a Taxpayer (Tax Agent) as Bankrupt

1. In the case the failure of the taxpayer (tax agent) to repay amounts of tax arrears after taking all remedies specified in Article 614 of this Code, the tax authority shall have the right to take steps for the recognition of the taxpayer (tax agent) as bankrupt in accordance with the legislative act of the Republic of Kazakhstan.

2. The procedure for liquidation of a taxpayer (tax agent) recognized as bankrupt shall be carried out in accordance with the legislation of the Republic of Kazakhstan concerning rehabilitation and bankruptcy.

Article 621. Publication in Mass Media of Lists of Taxpayers (Tax Agents) Who Have Tax Arrears

1. *The tax authorities* shall publish in mass media lists of taxpayers (tax agents) who have tax arrears unpaid within six months from the date of its emergence as follows:

individual entrepreneurs, private notaries, private officers of justice and advocate – over 10-fold amount of monthly calculation index, established by the Law Concerning Republican Budget and effective from January 1 of respective financial year;

individual entrepreneurs, private notaries, private officers of justice, advocates, and professional mediators – over the 10-fold amount of the monthly calculation index established by the law on the republican budget and effective as at January 1 of respective financial year.

In that respect, the lists shall provide surname, name, patronymic (where available) or business names of the taxpayers (tax agents), type of economic activity, identification number, surname, name, patronymic (where available) of the manager of the taxpayer (tax agent) and total amounts of tax arrears.

2. Lists of taxpayers (tax agents) posted on the internet-resource of the authorised body shall be updated quarterly not later than the 20th day of the month following an expired quarter, by way of inclusion of taxpayers (tax agents) meeting the criteria specified in this Article, and also by exclusion of taxpayers (tax agents) who repaid tax arrears and whose tax obligations were terminated.

Article 622. Collection of Tax Arrears of Taxpayers Being Individuals and Not Being Individual Entrepreneurs, Private Notaries, Private Officers of Justice, Advocates, or Professional Mediators

1. In case of failure to pay or incomplete payment of tax arrears amounts by a taxpayer being an individual and not being an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator, the tax authority shall file a petition in court to issue a court order, or a claim seeking to collect the tax arrears amounts out of the assets of such taxpayer.

2. The cases involving petitions to issue a court order, or claims seeking to collect the amounts of tax arrears of a taxpayer being an individual and not being an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator, shall be considered in accordance with the civil procedural legislation of the Republic of Kazakhstan.

3. The collection of tax arrears out of the assets of a taxpayer being an individual and not being an individual entrepreneur, private notary, private officer of justice, advocate, or professional mediator shall be performed by the enforcement authorities in the procedure established by the legislation of the Republic of Kazakhstan concerning enforcement proceedings and officer of justice status,

CHAPTER 87. THE MONITORING OF MAJOR TAXPAYERS

Article 623. General Provisions

1. Monitoring of major taxpayers (henceforth for the purposes of this Chapter – monitoring) shall be carried out by way of analysing financial and operational activities of major taxpayers for the purpose of determining their realistic taxable base, supervision of compliance with the tax legislation of the Republic of Kazakhstan and applicable market prices for the purposes of exercising supervision of transfer pricing.

2. Major taxpayers, which have aggregate annual income without adjustment provided for by Article 99 of this Code with simultaneous compliance with the following conditions shall be subject to monitoring, unless otherwise is established by this paragraph:

1) amount of book values of all assets is equal at least to multiple of 325 000-fold of monthly assessment index established by the Law «On Centrtal Budget» and effective as of the end of the year, wherein the list of major taxpayers, who are subject to monitoring, shall be approved;

2) numerical strength of employees is at least 250 persons.

The authorised representative (operator) and (or) subsoil user (subsoil users) specified in the product sharing agreement (contract) between the Government of the Republic of Kazakhstan or the competent authority and the subsoil user until 1 January 2009 and having passed the mandatory tax examination, with the greatest total annual income, excluding the adjustments, provided for in Article 99 of this Code, and (or) operating at an oil-gas condensate field in accordance with the agreements (contracts) shall be subject to major taxpayer monitoring and included in the list of major taxpayers irrespective of compliance with the conditions set out in subparagraphs 1) and 2) of the first part of this paragraph.

For the purposes of this Article:

1) aggregate annual income without adjustment provided for by Article 99 o this Code shall be determined based on the data contained in the corporate income tax report for the tax period preceding the year, wherein the list of major taxpayers, who are subject to monitoring shall be approved;

2) book value of assets shall be determined based on the data of annual financial statements for the year, preceding the year, wherein the list of major taxpayers subject to monitoring shall be approved;

3) numerical strength of employees shall be determined based on the data of personal income tax and social tax reports for the last month of the first quarter of the year, wherein the list of major taxpayers subject to monitoring shall be approved.

First three hundred major taxpayers with the maximum aggregate annual income without adjustment provided for by Article 99 of this Code out of major taxpayers meeting the conditions set by this paragraph shall be included in the list of major taxpayers subject to monitoring.

3. The list of major taxpayers who are subject to monitoring shall be approved by the Government of the Republic of Kazakhstan not later than the 15th December of the year preceding a year of entry into force of said list.

In the event that at the 1st November of the year preceding a year of entry into force of the list of major taxpayers who are subject to monitoring, a taxpayer who meets the requirements established by paragraph 2 of this Article is at a stage of liquidation, such taxpayer shall not be subject to inclusion into that list.

The approved list of major taxpayers who are subject to monitoring, shall be entered into force not earlier than the 1st January of the year following the year of its approval.

The approved list of major taxpayers who are subject to monitoring, shall be effective for two years from the date of its entry into force and it shall be subject to update within such periods.

4. In the case of reorganisation of a major taxpayer who is subject to monitoring, its legal successor (successors) shall be subject to monitoring until the subsequent list of major taxpayers who are subject to monitoring, is entered into force.

5. In the case of liquidation of a major taxpayer who is subject to monitoring, and also from the date of entry into force of a court decision on its recognition as bankrupt, such taxpayer shall be recognised excluded from the list of major taxpayers who are subject to monitoring.

Article 624. The Procedure and Timing for Presentation of Reports for Monitoring

1. Major taxpayers who are subject to monitoring, shall present reporting concerning monitoring in the form of an electronic document certified with the electronic digital signature.

2. Unless otherwise specified by this Article, reporting under the monitoring shall be as follows:

1) – 2) {~};

3) accounting balance sheet;

4) report of movement of products and purchased goods, work performed, services rendered;

5) cost of goods produced, performed work, rendered services;

6) report on results of financial and operational activities;

7) disclosure of amounts receivable and amounts payable.

3. The following shall be reports under the monitoring of major taxpayers who are subject to monitoring and carry on banking business and also separate types of banking transactions on the basis of licenses {~}, or in accordance with the legislative acts of the Republic of Kazakhstan:

1) – 2) {~};

3) accounting balance sheet;

4) income and costs account;

5) disclosure of amounts receivable and amounts payable.

4. The following shall be reports under the monitoring of insurance, reinsurance organisations being major taxpayers who are subject to monitoring:

1) report on insurance activities;

2) accounting balance sheet;

3) income and costs statement.

5. The following shall be reports under the monitoring of major taxpayers who are subject to monitoring and carry on business of soliciting obligatory pension contributions, obligatory professional pension contributions and of pension payments, and also business of investment management of pension assets in accordance with the procedure established by the Republic of Kazakhstan legislation:

1) report on pension assets;

2) report on management of pension assets;

3) accounting balance sheet;

4) income and costs statement.

6. Major taxpayers who are subject to monitoring shall submit the reports specified in paragraphs 2-5 of this Article, quarterly on or before the 15th day of the second month following the reporting tax period in accordance with the procedure and on the forms approved by authorized body.

If the last day of a period for the submission of reporting forms under the monitoring is a day-off, the next following working day shall be the reporting day.

CHAPTER 88. THE RISK MANAGEMENT SYSTEM

Article 625. General Provisions

1. The risk management system shall be based upon risk assessment and it shall comprise measures which are elaborated and (or) applied by *the tax authorities* for the purposes of identifying and preventing risks. On the basis of the risk assessment results, the differentiated application of tax supervision forms shall be applied.

2. Risk is probability of non-implementation and (or) partial implementation of tax obligations by the taxpayer (tax agent), which may and (or) might cause losses to the state.

3. The objectives of application by *the tax authorities* of a risk management system shall be as follows:

1) concentration of attention on areas of high risk and providing for more efficient use of resources available;

2) increasing the potential for finding violations in the sphere of taxation.

4. The risk management system shall be used for the tax control, including that for the purpose of:

1) selection of taxpayers (tax agents) for holding tax audits;

1-1) confirmation of tax excess amount on value-added tax to be refunded;

1-2) assessment of the noncompliance risk identified as a result of the in-house audit.

In this case the criteria for assessment of the risks specified in subparagraphs 1) and 1-2) of this paragraph shall be confidential (official) information, except for the criteria to be approved by the authorized agency jointly with the authorized agency for entrepreneurship;

2) establishing rights to simple procedure for refund of amounts of excess value-added tax, subject to provisions of Article 274 of this Code.

5. {~}.

6. The risk management system may be used by using risk management information systems.

7. The risk level criteria and the procedure for application of the risk management system for confirmation of the amount of value added tax paid in excess claimed for refund, shall be determined by the Government of the Republic of Kazakhstan.

Article 626. Steps of the Tax authoritiesfor Risk Assessment and Management

The tax authoritiesshall carry out analysing data of tax reports submitted by the taxpayer (tax agent), information received from the authorised state authorities and also other documents and (or) data concerning activities of the taxpayer (tax agent).

Results of such analysis shall be used by the tax authoritiesshall use for attainment of the objectives specified in Article 625 of this Code.

CHAPTER 89. TAX AUDITS

§ 1. Definition, Types and Forms of Tax Audits

Article 627. Definition, Types and Forms of Tax Audits

1. A tax audit – verification as carried out by the tax authoritiesof the following:

1) compliance with the rules of the tax legislation of the Republic of Kazakhstan as well as other legislation of the Republic of Kazakhstan, of which the supervision of compliance is entrusted to the tax service authorities, as carried out by the tax service authorities;

2) persons who have documents, information, relating to the activity of the taxpayer (tax agent) under inspection, including the authorized representative of members of a simple partnership (consortium) who is responsible for keeping consolidated tax accounting on such activity for acquisition of information on the taxpayer (tax agent) under inspection regarding the issues related to entrepreneurial activity of the taxpayer (tax agent) under inspection;

3) in order to obtain additional information from a taxpayer (tax agent) who filed a complaint against a notice on the results of a tax audit and (or) a decision of the superior tax service authority, passed upon the results of processing a complaint on a notice.

2. Where appropriate the tax authoritiesin the course of a tax audit may carry out the following:

inspection of assets which are subject to tax and (of) items relating to taxation, regardless of the place of its location;

taking inventories of the taxpayer (tax agent) (except for housing).

The following shall be participants of tax audits:

official persons of the tax services authorities and other persons solicited by the tax authoritiesto conduct audits in accordance with this Code;

in the case of raid audits on the following issues:

registration with the tax authorities;

availability of cash registers;

availability of the equipment (devices) designed to make payments using credit cards;

availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license – a taxpayer conducting entrepreneurial activities in an area within the territory specified in the injunction;

in other types of tax audits, the taxpayer specified in the injunction.

In order to examine issues which require special knowledge and skills and receiving consultation, the tax service authority may invite an expert who is not biased towards the outcome of an audit, for the participation in a tax audit.

With regard to questions which are set by the official person of a tax service authority, who is a participant of a tax audit, an expert invited to participate in a tax audit, shall compile a report which is used in the course of an audit. Copies of such written questionnaires and reports shall be attached to reports on tax audits, in particular to a copy of the tax audit report which is to be presented to the taxpayer.

In the case *of the taxauthority* inviting an expert to participate in a tax audit, the taxpayer shall have the right to invite an expert on his behalf, whose report shall be attached to a tax audit report, provided the taxpayer's expert's report is presented *to the tax authorities* not later than signing the tax audit report.

3. Tax audits shall be carried out exclusively by *the tax authorities*.

4. Tax audits shall be subdivided into the following types:

1) documentary audits;

2) {~};

3) chronometrical inspection.

5. Documentary audits shall be subdivided into the following forms:

1) integrated audits – audits as carried out by the tax service authority with regard to a taxpayer (tax agent) in respect of issues of implementing tax obligations relating to all types of taxes and other obligatory payments to the budget, fullness and timeliness of assessment and transfer of obligatory pension contributions, obligatory professional pension contributions, fullness and timeliness of assessment and payment of social assessments.

Issues of topical audits may be included into an integrated audit.

A documentary audit of which the performance is prescribed by Articles 37, 40 – 42 of this Code, shall be recognised as a liquidation audit and it shall be recognised as an integrated audit;

2) topical audits – audits as carried out by *the tax authority* with regard to a taxpayer (tax agent) in respect of issues of:

implementation of tax obligations in respect of certain types of taxes and (or) other obligatory payments to the budget;

fulfilment of tax obligation on value-added tax and (or) excise duty on goods imported to the territory of the Republic of Kazakhstan from the territory of the member states of the Custom Union;

fullness and timeliness of assessment, withholding and transfer of obligatory pension contributions, obligatory professional pension contributions, as well as fullness and timeliness of assessment and payment of social assessments;

implementation by the banks and organisations carrying out certain types of banking transactions, of the duties established by this Code and also the Law of the Republic of Kazakhstan «Concerning Obligatory Social Insurance» and «Concerning Pension Support in the Republic of Kazakhstan»;

transfer pricing;

state regulation of production and handling certain types of excisable goods and the turnover of aviation fuel, biofuel, black oil fuel;

tax obligations in relation to transactions with a taxpayer recognised as false business on the basis of a sentence which entered into legal force or a court decree;

on determining the tax liability with respect to an action (actions) on issuing an invoice recognized by court as committed without any actual performance of work, rendering of services, or shipment of goods;

determining mutual settlements between the taxpayer (tax agent) and the taxpayer (tax agent's) debtors;

lawfulness of application of provisions of international treaties (agreements);

confirmation of adequacy of amounts of value-added tax claimed for refund;

refund from the budget or from the conditional bank deposit of paid income tax, on the basis of a tax application of a non-resident and an international treaty for the avoidance of double taxation;

failure of a taxpayer (tax agent) to implement a notice of the tax authorities for the elimination of violations found upon the results of the in-house supervision, in accordance with the procedure established by Article 608 of this Code;

processing of a complaint of the taxpayer (tax agent) against a notice on the results of a tax audit and (or) a decision of the superior tax authority, passed upon results of processing a complaint on a notice, conducted with regard to issues, stated in the complaint of the taxpayer (tax agent);

processing of an application of a non-resident concerning reprocessing of the tax application for refund from the budget of paid income tax or from the conditional bank deposit on the basis of provisions of international treaty for the avoidance of double taxation;

registration with the tax authorities;

availability of cash registers;

availability of equipment (devices) intended to make payments using credit cards;

availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license;

compliance with the procedure for the use of cash registers;

compliance with the laws of the Republic of Kazakhstan for licensing and conditions of production, storage and marketing of certain types of excisable goods;

implementation of an ordinance passed by the tax authority for the suspension of cash debit transactions.

In order to participate in conducting topical audits in respect of issues of:

registration with the tax authorities;

availability of cash registers;

availability of equipment (devices) intended to make payments using credit cards;

availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license – representatives of private entrepreneurs associations may be involved as agreed with such associations.

Representatives of associations of private entrepreneurship subjects shall exercise the supervision of compliance with the taxpayer's rights when conducting said topical audits. Facts of participation of the associations of private entrepreneurship subjects shall be fixed in the report on a topical audit.

In that respect, a topical audit may simultaneously encompass several issues of those specified in this subparagraph. A topical audit may not intend auditing of implementation of tax obligations with regard to all types of taxes and other obligatory payments to the budget;

In the case of using cash register machines which provide transmission of the information on cash settlements carried out in the commercial transactions by means of cash, online to the tax authorities with the public telecommunications networks topical audit on the availability of cash registers and compliance with the application of cash registers are not performed;

3) cross audit is audit carried out by *the tax authority* in relation to persons who carry out transactions with a taxpayer (tax agent) in relation to which *the tax authority* carries out an integrated or topical audit persons for the purpose of obtaining additional information on such transactions for use in the course of auditing of said taxpayer.

A cross audit shall be recognized as accessory audit as compared to integrated or topical audits.

Cross audit shall also be recognized an audit performed:

at the requiests of the Tax Authorities or Law-enforcement Authorities of other states, international organizations in accordance with the international contracts (agreements) on mutual co-operation between the Tax and Law-enforcement Authorities, to which the Republis of Kazakhstan shall be a party, as well as with the agreements concluded by the Republic of Kazakhstan with the international organizations;

in respect to persons carrying out operations with the taxpayer (tax agent) which did not settle the violations of value-added tax obligation that were revealed upon the results of the cameral audit and related to such operations, or submitted explanations that do not confirm absence of such violations;

6. {~}.

7. Chronometric inspection – inspection as carried out by tax authorities for the purpose of establishing actual income of a taxpayer and actual costs related to activities aimed at earning income, of the period when the inspection is taking place.

A decision concerning a chronometric inspection shall be made by the tax authority for the location as specified in the taxpayer's registration data and/or at the location of the taxable activity or assets and/or taxation related activity or assets.

8. Performance of tax audits must not suspend activities of the taxpayer (tax agent), except for the cases established by the legislative acts of the Republic of Kazakhstan.

9. Tax audits shall be subdivided into the following types:

1) sampling – tax audits assigned by the tax authorities with respect to a taxpayer (tax agent) by results of analysis of tax reports, information from authorized state bodies, as well as any other documents and data concerning the activities of such taxpayer (tax agent);

2) non-scheduled – tax audits, not specified in subparagraph 1) of this paragraph, including those carried out:

pursuant to application of the taxpayer (tax agent);

based on the taxpayer's application in order to verify the authenticity of the excess amount of value-added tax in connection with the application by the taxpayer of paragraph 3-1 of Article 272 of this Code, to be provided at least once in four years after the commencement of construction;

on the grounds specified in the criminal procedural legislation of the Republic of Kazakhstan;

in the case of presentation by the taxpayer (tax agent) of additional tax reports for a previously audited tax period for the purpose of verifying the authenticity of recorded data in such additional tax reports;

in the case of receiving a response that was not received in the course of a previous tax audit, to requests forwarded previously by *the tax authorities*;

failure of the taxpayer (tax agent) to implement the notice of the tax authorities for the elimination of violations found upon the results of in-house supervision, in accordance with the procedure established by Article 608 of this Code;

due to reorganisation by way of division or with liquidation of a resident legal person, structural unit of a non-resident legal person;

due to termination by a non-resident legal person of business in the Republic of Kazakhstan which is carried out through a permanent establishment;

due to termination of business by an individual entrepreneur, private notary, advocate;

due to deregistration for value-added tax on the basis of the tax application of the taxpayer;

due to expiry of the Subsoil Use Contract;

on issues of the state regulation of production and handling of certain types of excisable goods as well as the turnover of aviation fuel, biofuel, black oil fuel;

on issues of determining mutual settlements between the taxpayer (tax agent) and the taxpayer (tax agent»s) debtors in accordance with tax legislation of the Republic of Kazakhstan;

on the basis of the taxpayer's request in the value-added tax declaration to confirm the accuracy of amounts of value-added tax claimed for refund;

on the basis of the tax application of a non-resident for refund from the budget or conditional bank deposit of income tax paid, in accordance with the provisions of the international agreement for the avoidance of double taxation;

on issues of discharge, by banks or other organisations carrying out separate types of banking transactions, of duties established by tax legislation of the Republic of Kazakhstan, other legislation of the Republic of Kazakhstan, of which the supervision of compliance is entrusted to the tax service authorities;

on issues of determining tax obligations in relation to transactions with a taxpayer recognised as false business on the basis of a sentence that entered into legal force or a court decree;

on determining the tax liability with respect to an action (actions) on issuing an invoice recognized by court as committed without any actual performance of work, rendering of services, or shipment of goods;

in connection with the complaint of the taxpayer (tax agent) against a notice on the results of a tax audit and (or) decision of the superior tax authority passed upon the results of considering a complaint against a notice, – on issues outlined in such complaint;

in connection with the petition of a non-resident for a repeat consideration of the tax application for refund from the budget or conditional bank deposit of income tax paid, in accordance with the provisions of an international agreement for the avoidance of double taxation;

on the issue of elimination of violations for which a licenser suspended validity of a licence;

on issues regarding the fulfilment of obligation on value-added tax and (or) of excisable goods imported to the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union;

on issues regarding the registration with the Tax Service Authorities;

on issues regarding the availability of cash register machines;

on issues regarding the availability of equipment (devices) designed to make payments using credit cards;

with respect to the availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license;

on issues regarding the compliance to the procedure for application of cash register machines;

on issues regarding the compliance to the rules for licensing and rules for production, storage and sales of certain types of excisable goods;

on issues regarding the implementation of an order of the Tax Authority on suspension of the cash debit transactions;

based on the decision of the authorised body;

pursuant to the decision made by the tax authority in the instances provided for by this Article.

Non-scheduled audits, specified in subparagraph 2) of this paragraph, may be carried out in relation to a previously audited period.

Therewith non-scheduled audits for the previously audited period, except for tax inspections performed upon the application of the taxpayer (tax agent) itself or a demand for the refund of excess value added tax referred to in the value-added tax declaration on the grounds that are provided for by the criminal procedure legislation of the Republic of Kazakhstan or in connection with a complaint of the taxpayer (tax agent) with regard to the tax audit report, and (or) the decision of the higher tax authority issued as a result of the complaint to the tax audit report shall be held by a decision of the authorised body.

9-1. Pursuant to the decision made by the tax authority for the location specified in the registered data of the taxpayer and/or at the location of the или) taxable activity or assets and/or taxation related activity or assets, tax inspections shall be conducted in order to check for:

registration with tax authorities; available cash registry machines;

available equipment (devices) for acceptance of payments using payment cards;

authenticity of excise stamps and registration and control stamps;

availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license;

compliance with the procedure for operation of cash registry machines; compliance with the licensing rules and conditions for production, storage and sale of specific types of excisable goods;

execution of an order issued by the tax authority concerning suspension of debit cash operations.

10. The tax authoritiesshall have the right to audit structural units of legal persons, irrespective of conducting tax audits of the legal person itself.

When deregistering a structural unit of a resident legal person, the liquidation tax audit shall not be carried out, except for the cases of submission by the taxpayer of a tax application for the performance of a tax audit due to liquidation of a structural unit.

11. Periods which are subject to documentary audits, must not exceed the statute of limitations as established in accordance with Article 46 of this Code.

> ***11. The period subject to documentary audit shall not exceed the statute of limitations as established in accordance with Article 46 of this Code.***
>
> ***Should an integrated audit, special audit with respect to certain taxes and (or) other mandatory payments to the budget be assigned, the tax period covered by the tax audit shall not be included in the period subject to audit.***
>
> ***The provision of the second part of this paragraph shall not apply to tax audits specified in unnumbered subparagraphs three – twenty three of subparagraph 2) of paragraph 5, unnumbered subparagraphs three, six, eight, eleven – thirty one of subparagraph 2) of the first part of paragraph 9 of this Article, as well as to major taxpayers subject to monitoring, subsurface users, taxpayers engaged in activities on manufacturing and sale of certain excisable products, biofuel. (from the 01.01.2016)***

12. Should the tax authoritiesidentify any violations related to determining the tax liability with respect to transactions with a taxpayer recognized as false business, and (or) with respect to an action (actions) on issuing an invoice recognized by court as committed without any actual performance of work, rendering of services, or shipment of goods based on the results of the in-house audit, any tax audits in such respects for the tax period, in which such transaction and (or) action (actions) were committed, may not be carried out until a notice demanding rectification of the violations identified by the tax authoritiesbased on the results of in-house audit is sent, and until the expiry of the time limit established by paragraph 2 of Article 608 of this Code.

Information on a taxpayer who is recognised a false enterprise, shall be posted on the Internet resource of the authorised body not later than twenty working days after the first receipt by the tax service authority of a court sentence that entered into legal force, or a court decree.

§ 2. The Procedure and Timing for Conducting Tax AUDITS

Article 628. Deleted.

Article 629. The Length of Conducting Tax Audits

1. Length of conducting tax audits as specified in the injunction must not exceed thirty working days from the date of receipt of the injunction, unless otherwise established by this Article.

2. Time for conducting a tax audit may be extended as follows:

1) for legal persons who have no structural units, individual entrepreneurs and non-residents carrying on business through a permanent establishment, provided they have not more than one locality in the Republic of Kazakhstan, except for the cases specified in subparagraph 2) of this paragraph:

by the tax authority that prescribed an audit, up to forty-five working days;

by the superior tax authority – up to sixty working days;

2) for legal persons that have structural units and non-residents carrying on business through permanent establishments, if they have more than one locality in the Republic of Kazakhstan, and also for major taxpayers who are subject to monitoring, as follows:

by the tax authority that prescribed an audit, up to seventy-five working days;

by the superior tax authority – up to one hundred and eighty working days.

3. The authorised state body may extend the time of a tax audit prescribed by it, to the following taxpayers, as specified:

1) in subparagraph 1) of paragraph 2 of this Article, up to sixty working days;

2) in subparagraph 2) of paragraph 2 of this Article, up to one hundred and eighty working days.

4. Counting of a period of conducting a tax audit shall be suspended for the time between the date of delivery to the taxpayer (tax agent) of the request *of the tax authority* for submission of information and (or) documents and the date of presentation by the taxpayer (tax agent) of information and (or) documents which are requested in the course of the performance of the tax audit, and also between the date of sending a request by *the tax authority* to other territorial tax authorities, governmental agencies, banks and organisations carrying out separate types of banking transactions, and other organisations, carrying out activity in the territory of the Republic of Kazakhstan, and date of receipt of information and (or) documents on said issue.

Counting of a period of a tax audit shall also be suspended for the time between the date of forwarding to foreign states the requests for submission of information and the date of receipt of information by *the tax authorities* in accordance with international agreements.

There with *the tax authority* carrying out tax inspection shall be obliged to deliver to the taxpayer (tax agent) with written acknowledgement of receipt or forward to it by a registered letter with notice a notification on suspension or resumption of a tax inspection not later than one working day from the date of ceasing or resumption with the notification of the law statistics body.

5. The time of suspension due to reasons specified in paragraph 4 of this Article, shall not be included into the length of a tax audit as follows:

1) of major taxpayers, who are subject to monitoring;

2) those conducted in connection with the liquidation of a resident legal entity, cessation of activities of a non-resident legal entity carried out in the Republic of Kazakhstan through a permanent establishment, cessation of activities of an individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator;

3) topical audits of legal persons on issues of transfer pricing;

4) topical audits for confirmation of adequacy of amounts of value-added tax claimed for refund;

4-1) specialized audits of tax agents with respect to refund of the income tax from the budget or conditional bank deposit on the basis of the tax application of the non-resident;

4-2) topical audits with regard to considering a complaint of the taxpayer (tax agent) to the tax audit report, and (or) the decision of the higher tax authority issued as a result of the complaint to the tax audit report held on the issues outlined in the complaint of the taxpayer (tax agent);

5) carried out on the grounds provided for by the criminal procedure legislation of the Republic of Kazakhstan;

6) in case of a request from the Tax Authority to the taxpayer (tax agent) to file documents (information) during the course of tax inspections in accordance with Article 640 of the Code.

For tax audits not specified in subparagraphs 1) – 6) of this paragraph, the time of suspension shall be included into the length of the tax audit;

6. The time of conducting a documentary audit, except for a cross audit, unless otherwise specified by this Article, subject to provisions of paragraphs 2 – 5 of this Article, must not exceed the following:

1) for legal persons that have no structural units, individual entrepreneurs and non-residents carrying out activity through a permanent establishment, provided they have not more than one locality in the Republic of Kazakhstan, except for the cases specified in subparagraph 3) of this paragraph, – sixty working days;

2) for legal persons having structural units and for non-residents carrying on business through permanent establishments if they have more than one location in the Republic of Kazakhstan, except for cases specified in subparagraph 3) of this paragraph, – one hundred and eighty working days;

3) for major taxpayers who are subject to monitoring, – one hundred and eighty working days.

7. Time for conducting, extending and suspending topical audits for confirmation of adequacy of amounts of value-added tax claimed for refund, shall be established in compliance with the timing specified in paragraph 3 and 4 of Article 273 of this Code.

8. When conducting chronometrical inspections, periods specified in paragraph 1 of this Article may encompass days-off and holidays, provided the auditee taxpayer carries on business on such days. Chronometrical inspections may be carried out in accordance with the working hours of the taxpayer, regardless whether day or night.

Article 630. Deleted.

Article 631. Tax Audit Notices

1. The tax authorities shall forward or serve a notice of conducting a tax audit to/upon the taxpayer (tax agent) at least thirty calendar days prior to the commencement of a sampling integrated and/or sampling special audit in the form established by the authorized body, unless otherwise stipulated by this Article, except for tax audits conducted in connection with the following:

1) reorganization by spin-off or liquidation of a resident legal entity, structural unit of a non-resident legal entity;

2) termination by a non-resident legal entity of its operations in the Republic of Kazakhstan carried out through a permanent establishment;

3) cessation of activities of an individual entrepreneur, private notary, private officer of justice, advocate, and professional mediator;

4) value-added tax deregistration based on a tax application of a taxpayer.

2. A notice shall be forwarded or delivered to the taxpayer (tax agent) in the place of location as specified in registration details.

A notice forwarded by mail with registered letter, shall be deemed to be delivered from the date of receipt of confirmation by the postal or another communications organisation.

3. In the case of absence of the taxpayer (tax agent) at the place of its/his location specified in the registration data, the sampling integrated and (or) sampling special audit shall be conducted without notice.

4. A notice shall specify the type of a tax audit, list of issues to be audited, preliminary list of required documents, rights and obligations of the taxpayer (tax agent) in the course of conducting the audit, and also other information which is required for the performance of a tax audit.

5. The tax service authority shall have the right to begin a tax audit without notifying the taxpayer (tax agent) of beginning an audit in those cases where reasonable risk exists that the taxpayer (tax agent) may conceal or destroy documents relating to taxation which are needed for conducting the audit, or other circumstances exist which make an audit impossible or not allowing to carry it out to a full extent.

The tax authority shall carry out a tax audit without notifying the taxpayer on the basis of a written permit from the superior tax authority.

Article 632. Bases for Conducting Tax Audits

1. The injunction containing the following details, shall be recognised as basis for conducting a tax audit:

1) registration date and number assigned to the injunction by the tax authority;

2) name of the tax authority that passed the injunction;

3) surname, name, patronymic (where available) or full business name of the taxpayer (tax agent);

4) identification number;

5) type of audit;

6) positions, surnames, names, patronymics (where available) of the auditors and experts invited to conduct the audit, in accordance with this Code;

7) time for conducting the audit;

8) period to be audited (in case of documentary audits).

2. In the injunction for topical audits the following shall be specified:

1) auditable territory lot, issues to be settled during the audit, and also the information that is provided for by paragraph 1 of this Article, except for cases specified in subparagraphs 3), 4), 7) and 8) of the specified paragraph when prescribing topical audits on issues of:

registration with the tax authorities;

availability of cash register machines;

availability of equipment (devices) designed to make payments using credit cards;

availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license;

2) information provided for by paragraph 1 of this Article, except for the case specified in subparagraph 8) of the specified paragraph when prescribing topical audits on issues of:

compliance with the procedure for application of cash register machines;

compliance with the rules for licensing and conditionsof production, storage and sales of certain types of excisable goods;

implementation of the ordinance passes by the Tax Authority for the suspension of cash expenditure transactions;

3) information provided for by paragraph 1 of this Article when prescribing topical audits on issues not specified in subparagraphs 1), 2) of this paragraph.

3. In the case of prescription of topical, additional, cross audits, the injunction shall specify issues to be audited in relation to the type of the audit, as follows:

1) type of the tax and other obligatory payments to the budget;

2) adequacy and timeliness of the assessment and transfer of obligatory pension contributions, obligatory professional pension contributions and also fullness and timeliness of the assessment and payment of social assessments;

3) performance by banks and organisations carrying out separate types of banking transactions, of the duties established by this Code, and also by the legislative acts of the Republic of Kazakhstan concerning obligatory social insurance and pension support;

4) transfer pricing;

5) state regulation of production and handling of certain types of excisable goods;

6) assessing mutual settlements between the taxpayer (tax agent) and the taxpayer (tax agent's) debtors;

7) untimely transfer, non-transfer (non-inclusion) by banks and other organisations carrying out separate types of banking transactions of amounts of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions and social assessments, penalties, fines on the day of committing write-off transactions in bank accounts of taxpayers (tax agents) and acceptance of funds into cash departments of banks or organisations carrying out separate types of banking transactions, towards payment of taxes and other obligatory payments, obligatory pension contributions, obligatory professional pension contributions, penalties, fines;

8) determining tax obligations relating to transactions with a taxpayer (tax agent) recognised as false business on the basis of a court sentence or a court decree that entered into legal force;

9) determining the tax liability with respect to an action (actions) on issuing an invoice recognized by court as committed without any actual performance of work, rendering of services, or shipment of goods;

10) lawfulness of applying provisions of international treaties (conventions);

11) confirmation of adequacy of amounts of value-added tax claimed for refund;

12) confirmation of mutual settlements between the taxpayer (tax agent) and the taxpayer (tax agent's) contractors and customers;

13) fulfillment of tax obligation on value-added tax and (or) excise duty on goods imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union;

14) registration with the Tax Authority;

15) availability of cash register machines;

15-1) availability of equipment (device) intended for payments using payment cards;

16) availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license;

17) compliance with the procedure for application of cash register machines;

18) compliance with the rules for licensing and conditionsof production, storage and sales of certain types of excisable goods;

19) information provided for by paragraph 1 of this Article when prescribing topical audits on issues not specified in subparagraphs 1), 2) of this paragraph.

When conducting integrated audits, the types of taxes and other obligatory payments to the budget shall not be specified in the injunction.

4. An injunction must be signed by the chief executive *of the tax authority* or person substituting for him, certified with the state seal and registered in the special-purpose journal in accordance with the procedure established by the authorised body, unless otherwise established by this paragraph.

An injunction for conducting cross audits as well as for a chronometric inspection, may be signed by the deputy head of the tax service authority.

5. In the case of extending periods of audits specified in Article 629 of this Code, and (or) change in quantity and (or) substitution of persons who carry out an audit, and (or) changes in the period under audit, an additional injunction shall be formulated specifying the registration number and date of the previous injunction, surnames, names and patronymics (where available) of the persons who are invited to participate in conducting an audit in accordance with this Code.

6. Only one tax audit may be carried out on the basis of one injunction, except for topical audits on issues of:

registration by the tax authorities;

availability of cash registers;

availability of equipment (devices) designed to make payments using credit cards;

availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license;

Article 633. Beginning Conducting a Tax Audit

1. The date of delivery to the taxpayer (tax agent) of the injunction shall be deemed to be the beginning of the tax audit or the date of compilation of the denial act of the taxpayer (tax agent) to sign the injunction.

2. The official persons of the tax service authority who carry out a tax audit, shall be obliged to present to the taxpayer (tax agent) their service identification certificates.

3. The official of the tax authority, who is conducting a tax audit, except for special audits with respect to: registration with the tax authorities; availability of cash register machines; availability of equipment (devices) designed to make payments using payment cards; availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license, shall hand over to the taxpayer (tax agent) the original injunction. The copy of the injunction shall contain the signature of the taxpayer (tax agent) confirming the familiarization with and receipt of the injunction, as well as the date and time of receiving the injunction.

4. When conducting special audits with respect to: registration with the tax authorities; availability of cash register machines; availability of equipment (devices) designed to make payments using payment cards; availability and authenticity of excise duty and accounting registration stamps, availability and authenticity of the accompanying notes for alcohol products, petroleum products and biofuel, availability of a license, the original injunction shall be presented for familiarization, and its copy shall be handed over to the taxpayer or taxpayer's employee in charge of selling goods and rendering services. The original of the injunction shall contain the signature of the taxpayer or taxpayer's employee in charge of selling goods and rendering services, confirming the familiarization with the injunction and receipt of the copy thereof, as well as the date and time of receiving the copy of the injunction.

5. In the case of refusal of the taxpayer (tax agent) to sign the copy injunction, *the tax authority* who carries out the audit, shall compile a report on refusal to sign by inviting witnesses (not less). In that case the following shall be specified in the report on refusal to sign:

1) place and date of compilation;

2) surname, name and patronymic (where available) of the official person *of the tax authority* who compiled the report;

3) surname, name and patronymic (where available), number of the personal identification document, residence address of the invited witnesses;

4) number, date of the injunction, business name of the taxpayer (tax agent), the taxpayer (tax agent's) identification number;

5) circumstances of refusal to sign the copy injunction.

6. Refusal of the taxpayer (tax agent) to receive an injunction shall not be recognised as reason for abolition of a tax audit.

7. Refusal of the taxpayer to sign a copy of the tax service authority injunction shall be understood as non-addition of the officials of *the tax authorities* to carry out a tax audit.

The provisions of this paragraph shall not apply in the cases mentioned in paragraph 5 of Article 636 of this Code.

8. During the period of performing a tax audit it shall not be allowed to terminate such audit pursuant to an application of the taxpayer.

Article 634. Special Considerations in Conducting Chronometric Inspection

1. The taxpayer and (or) his representative shall be present when conducting a chronometrical inspection.

2. In order to carry out a chronometrical inspection, the tax authoritiesshall independently define issues concerning taxable items and (or) items relating to taxation under the inspection. In that respect, the following must be subjected to examination in accordance with the obligatory procedure:

1) taxable items and (or) items relating to taxation. Where appropriate the tax authoritiesshall have the right to take inventory of the taxpayer's assets;

2) presence of cash, financial documents, accounting books, reports, budgets, securities, computations, declarations and other documents relating to taxable items and (or) items relating to taxation that are inspected;

3) readout of the fiscal report from the cash register.

3. When conducting a chronometrical inspection, the official person *of the tax authority* who carry out the chronometrical inspection, must annually provide for the fullness and accuracy of entry into chronometric observation charts of information obtained in the course of inspection. For each taxable item and (or) items relating to taxation and also for each, and also for each individual source of earning income a separate chronometric-observation chart shall be compiled to contain the following information:

1) business name of the taxpayer, identification number and type of activity;

2) date of conducting inspection;

3) place of location of taxable items and (or) items relating to taxation;

4) time of beginning and ending the chronometrical inspection;

5) taxable items and (or) items relating to taxation, value of goods which are sold, work performed, serviced which are rendered;

6) information on taxable items and (or) items relating to taxation;

7) results of inspection;

8) other information.

4. Daily at the end of an inspection day, a consolidated table shall be compiled for all inspected taxable items and (or) items relating to taxation, and also on other sources of earning income.

5. The chronometric observation chart and the consolidated table in accordance with the obligatory procedure shall be signed by the official person *of the tax authority* and by the taxpayer (tax agent) or taxpayer (tax agent's) representative and attached to the report on the chronometric inspection.

Where appropriate, copy documents, computations and other materials obtained in the course of inspection which confirm information shown in the chronometrical observation chart, shall be attached to the chronometrical observation chart.

6. Results of a chronometrical inspection of taxpayers shall be taken into account when making assessments of amounts of taxes and other obligatory payments to the budget upon results of integrated and topical audits.

Article 635. The Procedure for Conducting Topical Audits Pursuant to the Taxpayer's Claim in the Value-Added Tax Declaration For Confirmation of the Accuracy of Amounts of Value-Added Tax Claimed for Refund

1. Topical audits for confirmation of accuracy of amounts of value-added tax claimed for refund, shall be carried out with regard to taxpayers who filed value-added tax declarations by specifying a claim for refund of an excess value-added tax declaration.

2. A period under audit shall also cover the tax period for which a value-added tax declaration was filed with the statement of claim for refund of an excess value-added tax, and previous tax periods for which no audit was carried out with regard to this type of tax, but not to exceed the period of the statute of limitations as established by Article 46 of this Code.

3. In the case of export of goods when determining amounts of value-added tax to be refunded in accordance with this Code, information of the customs authority to confirm the facts of export of goods from the customs territory of the Custom Union in the customs procedure of export, presented in accordance with the form and in accordance with the procedure which are approved by the authorised body in coordination with the authorised governmental agency in a sphere of customs affairs.

The responsibility for information confirming facts of export of goods from the customs territory of the Custom Union in the customs procedure of export, shall rest with the customs authority.

In case of export of goods from the territory of the Republic of Kazakhstan to the territory of the state – member of the Custom Union when determining the amount of value-added tax that is subject to refunding in accordance with the Code the information from the documents specified in Article 276-11 of the Code shall be considered.

3-1. When performing works on processing of customer’s raw materials imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union with subsequent exportation of the processing products to the territory of another state, when determining the amount of value-added tax to be refunded in accordance with the Code the information from the documents specified in Article 276-13 of the Code shall be taken into consideration.

In case of performance of works on processing of customer’s raw materials imported to the territory of the Republic of Kazakhstan from the territory of one state – member of the Custom Union, with subsequent sales of processing products to the territory of the state which is not a member of the Custom Union, in case of determining the amount of value-added tax to be refunded in accordance with the Code the information of the customs body confirming the exportation of processing products from the customs territory of the Custom Union in the customs procedure of export, filed in the form and procedure that are approved by the authorized body upon the coordination with the authorized sate body in the sphere of customs affairs shall be taken into consideration.

The responsibility for the information confirming the exportation of processing products from the territory of the Custom Union in the customs procedure for export shall be born by the Tax Authority.

4. In the case of export of goods when determining amounts of value-added tax to be refunded, export of goods on which currency receipts were received into bank accounts of the taxpayer in the second-tier bank in the territory of the Republic of Kazakhstan, opened in accordance with the procedure established by the Republic of Kazakhstan legislation, or actual import into the territory of the Republic of Kazakhstan of goods supplied to the value-added tax payer by the buyer of the goods exported under foreign trade barter (barter) contracts, shall be taken into account.

In the case of export of goods under foreign trade commodity exchange (barter) transactions, when determining the value-added tax amount to be refunded, the availability of an agreement (contract) for such foreign trade commodity exchange (barter) transactions, as well as the import goods declaration for the goods supplied to the value-added tax payer by the buyer of the goods exported under the foreign trade commodity exchange (barter) transaction, shall be taken into account.

In case of export of goods from the territory of the Republic of Kazakhstan to the territory of the state – member of the Custom Union under the foreign trade exchange (barter) operations, extension of a loan in the form of items when determining the amount of value-added tax to be refunded, the availability of the agreement (contract) for such foreign trade exchange (barter) operations, agreement (contract) for extension of a loan in the form of items, and application for importation of goods and payment of indirect taxes on goods supplied to the value-added tax payer by the purchaser of the exported goods on the specified operations shall be taken into consideration.

In case of exportation of goods from the territory of the Republic of Kazakhstan to the territory of the state – member of the Custom Union under the lease agreement (contract) providing for transfer of title to a lessee, receipt of currency earnings to the value-added tax payer's bank accounts opened with a second-tier bank in the territory of the Republic of Kazakhstan in accordance with the procedure established by the legislation of the Republic of Kazakhstan confirming actual receipt of lease payment (as related to compensation of the initial cost of goods (lease item) shall be taken into consideration.

In case of performance of works on processing of customer's raw materials imported to the territory of the Republic of Kazakhstan from the territory of another state – member of the Custom Union with subsequent importation of the processing products to the territory of another state or to the territory of a state which is not a member of the Custom Union, when determining the amount of value-added tax to be refunded pursuant to the Code, the information on receipt of currency earnings to the bank account of a value-added tax payer in the second-tier banks in the territory of the Republic of Kazakhstan, opened in the procedure established by the legislation of the Republic of Kazakhstan shall be taken into consideration.

Presentation of reports to the tax authoritieson receipt of currency proceeds, shall be carried out by the National Bank of the Republic of Kazakhstan and by second-tier banks in accordance with the procedure and form which are approved by the authorised body in coordination with the National bank of the Republic of Kazakhstan.

In order to receive such report the tax authoritiesshall send an appropriate request for data on currency receipts as of the date of such report.

The requirements stated in this paragraph with respect to receipt of currency proceeds to the taxpayer's bank accounts with the second tier banks in the territory of the Republic of Kazakhstan shall not apply to taxpayers specified in Article 245 paragraph 1-1 of this Code.

5. In order to receive such report, the tax service authority may prescribe cross audits of direct suppliers of goods, work, services of the auditee taxpayer. If a direct supplier of goods, work, services of the auditee taxpayer is registered for value-added tax by another tax authority, the tax authority that prescribed the topical audit may forward to the relevant tax authority a request for conducting a cross audit of such supplier.

6. Confirmation of the accuracy of claimed amounts of value-added tax relating to transactions between the taxpayer who claimed a refund of value-added tax and the taxpayer's direct supplier who is a major taxpayer subject to monitoring, shall be carried out by the tax authority that prescribed a topical audit on the basis of information on confirmation of the accuracy of amounts of value-added tax received from *the tax authority* in response to a request sent by such tax authority.

A request shall be forwarded to the tax service authority in relation to a direct supplier which is a major taxpayer subject to monitoring, on which a decision is taken to send a request in accordance with the procedure provided for by paragraph 8 of this Article.

A request must contain information concerning the auditee taxpayer, direct supplier which is a major taxpayer subject to monitoring, number, date of the invoice issued by it, amount of turnover from sales of goods, work, services, amount of value-added tax, and also period under the audit shall be specified.

The tax service authority shall present information confirming the accuracy of amounts of value-added tax, including information on transactions not specified in the request for the period under the audit, committed between the direct supplier which is a major taxpayer subject to monitoring and the auditee taxpayer. Information confirming the accuracy of amounts of value-added tax shall be presented on the basis of tax accounting which the tax service authority has.

7. The following suppliers of a value-added tax payer, in respect of whom a topical audit is carried out, shall not be subject to cross audits:

1) those supplying electric and heating power, water and (or) gas, except for electric and heating power, water and (or) gas which are subsequently exported by their buyer;

1-1) those that performed the supply of communication services;

2) non-residents who perform work, render services, supply goods, not being value-added tax payers in the Republic of Kazakhstan and who do not carry on business through an affiliate, representation;

3) major taxpayers who are subject to monitoring.

8. A decision to assign a mandatory counter inspection of the supplier and/or to send a request to the tax authority service for confirmation of the accuracy of value added tax amounts on the basis of the reports of major taxpayers who are subject to monitoring, shall be made with respect to the immediate suppliers of the taxpayer under the inspection for which discrepancies have been found out on the basis of the results of the analysis of Piramida analytical report.

For the purposes of this Article, Piramida analytical report shall mean the results of monitoring performed *by tax authorities* on the basis of examination and analysis of the tax reports on value-added tax presented by the taxpayer (tax agent).

9. No refund of value-added tax shall be made within amounts for which no response is received by the date of completion of the tax audit:

to the requests for conducting a cross audit for confirmation of accuracy of settlements with the supplier;

where violations found in the course of cross audits pursuant to requests that had been sent previously were not eliminated by the supplier;

where accuracy of amounts of value-added tax of a major taxpayer subject to monitoring on the basis of responses received from *the tax authority* on previously sent requests is not confirmed;

the accuracy of the tax amounts is not confirmed;

the accuracy of the value added tax amounts is not confirmed since it is impossible to carry out a counter inspection for the reasons including:

absence of the supplier at the place of location;

loss of the supplier»s accounting documents.

In that respect, reasons for such non-refund of value-added tax shall be specified in report on the tax audit.

10. Refund of value-added tax shall be carried out on the basis of the report on tax audit, in accordance with the form established by the authorised body in the following cases:

1) when receiving responses to requests for conducting cross audits of suppliers of the auditee taxpayer, which are received after completing the tax audit;

1-1) when receiving a response to the request of the tax authority with respect to the buyer of processing products in the case provided for by paragraph 4 of Article 245 of this Code;

2) where suppliers of the auditee taxpayer eliminate violations found in the course of cross audits pursuant to previously-forwarded requests, or if *the tax authority* confirms the accuracy of amounts of value-added tax for a major taxpayer subject to monitoring, which were not confirmed on the previously-forwarded requests.

3) when applying paragraph 3-1 of Article 272 of this Code.

A resolution to the report on a tax audit shall be compiled in a number of not less than two copies and it shall be signed by the official persons *of the tax authority.* One copy of the resolution attached to the tax audit report, shall be delivered to the taxpayer, who must make a note of receipt on the other copy of said resolution.

11. Where at the time of conducting a cross audit, the supplier terminated activity due to liquidation, confirmation of amounts of value-added tax to be offset, shall be on the basis of the register of invoices on goods sold, work performed, services rendered.

12. In the case of receiving responses to requests after completing a topical audit, the tax authority not earlier than the twentieth day and not later than the twenty-fifth day of the last month of the quarter shall compile a resolution on the tax audit report.

In that respect, such resolution shall be compiled upon the results of Reponses to requests for conducting cross audits, received as of the twentieth day of the last month of the quarter.

13. Total amount of value-added tax claimed for refund, based on the resolution on a topical audit report and resolution on a tax audit report, must not exceed the amount specified in the claim of refund of excess value-added tax in the value-added tax declaration for the audited period.

14. The provisions of this Article shall also apply in case of a limited scope audit aimed to confirm the accuracy of the value added tax amounts refunded from the budget to the taxpayer to whom a simplified refund procedure was applied, in case of an unscheduled limited scope audit aimed to confirm the accuracy of the valued added tax amounts claimed for refund, and if *the tax authority* has included the issue of confirmation of the accuracy of the value added tax amounts claimed for refund into the comprehensive inspection.

Article 635-1. Procedure for Specialized Audits of Tax Agents with Respect to Income Tax Refund from the Budget or Conditional Bank Deposit on the Basis of the Tax Application of a Non-Resident

1. A specialized audit with respect to income tax refund from the budget or conditional bank deposit on the basis of tax application of a non-resident shall be conducted with respect to the tax agent in order to check whether the tax agent fulfils the tax obligations on assessment, withholding and transfer of income tax at source of payment from income of the non-resident submitted such application for the of limitation established by Article 46 of this Code.

2. The tax authority must prescribe a specialized audit specified in paragraph 1 of this article on the basis of tax application of a non-resident within ten working days upon receipt of such application.

3. In course of the specialized audit the tax authority shall check the documents for:

1) complete fulfillment by the tax agent of its tax obligations on assessment, withholding, and transfer of income tax at source of payment from income of the non-resident;

2) incorporation of a permanent establishment in accordance with Article 191 of this Code or international treaty;

3) record registration of the applying non-resident in accordance with the legislation of the Republic of Kazakhstan concerning state registration of legal entities and record registration of branches and representative offices, registration as a taxpayer in accordance with the procedure provided for by Article 562 of this Code;

4) reliability of data specified in the tax application for income tax refund from the budget or conditional bank deposit;

5) compliance with the terms and conditions of the agreement for conditional bank deposit by the parties thereto if such agreement is concluded with a non-resident.

Article 636. Access of Official Persons of the Tax authoritiesto the Territory or Offices for Conducting Tax Audits

1. The taxpayer (tax agent) shall be obliged to allow the official persons *of the tax authority*, who carry out a tax audit, to the territory and (or) offices (except for housing), which are used for earning income, or to taxable items and (or) items relating to taxation, for inspection.

2. A report on non-admission of officials of the tax services for the performance of a tax audit, shall be compiled in the event that such officials *of the tax authority* conducting a tax audit are denied access to said territory and (or) offices (except for housing).

3. A report on non-admission of official persons *of the tax authority* for conducting a tax audit, shall be signed by the official persons *of the tax authority* who carry out the tax audit and by the taxpayer (tax agent). In the case of refusal to sign said report, the taxpayer (tax agent) shall be obliged to provide written explanations of reasons for such refusal.

4. Official persons *of the tax authority* must have the special permits, where they are required for the admission to a territory and (or) offices of the taxpayer (tax agent), in accordance with the legislative acts of the Republic of Kazakhstan.

5. The taxpayer (tax agent) shall have the right not to allow officials *of the tax authority* to the territory or premises for conducting a tax audit, in the following cases:

1) the injunction has not been formulated in accordance with the established procedure;

2) time of the audit which is specified in the injunction, has not come or expired;

3) those persons are not mentioned in the injunction;

4) official persons *of the tax authority* have not on themselves the special-purpose permits, which are required for access into the territory or offices of the taxpayer in accordance with the legislative acts of the Republic of Kazakhstan.

Article 637. Completion of a Tax Audit

1. Upon completion of a tax audit, the official person *of the tax authority* shall compile a tax audit report by specifying the following:

1) place of conducting the tax audit, dates for the compilation of the report;

2) type of audit;

3) positions, surnames, names, patronymics (where available) of the official persons *of the tax authority* who carried out the audit;

4) name *of the tax authority*;

5) surname, name, patronymic (where available) or full business name of the taxpayer (tax agent);

6) places of location, bank details of the taxpayer (tax agent), and the taxpayer (tax agent's) identification number;

7) surname, name, patronymic (where available) of the head and official persons of the taxpayer (tax agent) who are in charge of the tax accounting and financial accounting and payment of taxes and other obligatory payments to the budget;

8) information on previous audits and steps taken for the elimination of previously found violations of the tax legislation of the Republic of Kazakhstan (when conducting integrated, topical {~} audits);

9) period under the audit and general information on the documents to be presented by the taxpayer (tax agent) for conducting the audit;

10) detailed description of the tax violation with reference to appropriate rule of the tax legislation of the Republic of Kazakhstan;

11) results of the tax audit.

2. The date of delivery to the taxpayer (tax agent) of a tax audit report shall be recognized as completion of the tax inspection.

At the receipt of the tax audit report the taxpayer (tax agent) shall be obliged to verify its receipt by signing a copy of the tax audit report issued *by the tax authorities*.

In case of failure to deliver a report to the taxpayer (tax agent) due to absence of a taxpayer (tax agent) at the place of location, the tax inspection engaging witnesses shall be performed in the procedure established by the Code. Therewith the date of completion of the tax inspection shall be the date of compilation of the tax inspection report.

3. In the event that upon completion of a tax audit no violations of the Republic of Kazakhstan were found, appropriate note shall be made in the tax audit report.

4. In the cases of absence of the taxpayer (tax agent) on the date of completion of the tax audit in the place of location of the taxpayer (tax agent) and (or) in the place of conducting the tax audit, appropriate note shall be made in the tax audit report by the official person *of the tax authority* who carries out the tax audit.

5. Appropriate copies of documents, computations performed by the official person *of the tax authority* and other materials received in the course of the tax audit, except for information which is recognised as secret in accordance with Article 557 of this Code, shall be attached to the tax audit report.

6. The tax audit report shall be compiled in a number not less than two copies and it shall be signed by the official persons *of the tax authority* who conducted the tax audit. One copy of the tax audit report shall be delivered to the taxpayer (tax agent).

7. Where during the period from the date of receiving the liquidation tax reports until the date of completion of the liquidation tax audit, obligations emerge with regard to assessment and payment of taxes and other obligatory payments to the budget, computation, withholding, transfers of obligatory pension contributions, obligatory professional pension contributions and computation and payment of social assessments, such obligations shall be specified in the supplement to the tax audit report without assessment of penalties and application of fines.

Article 638. Decision on Results of a Tax Audit

1. Upon the completion of the tax audit in the case of finding violations that result in assessment of tax amounts and other obligatory payments to the budget, obligations on assessment, retention, transfer of obligatory pension contributions, obligatory professional pension contributions, assessment and payment of social assessments and fines, reduction of losses, non-confirmation for refunding of value-added tax excess amounts and (or) corporate (individual) income tax withheld at the source of payment from non-residents' income the Tax Service Authority shall pass a notice on the results of the tax audit, which shall be sent to the taxpayer (tax agent) within the period established in accordance with Article 607 of the Code.

2. Registration of notices on the results of the tax audit, and tax audit report, shall be carried out *by the tax authority* under one number, except for the case established by paragraph 7 of this Article.

3. The following details and information must be presented in the notice on the results of a tax audit:

1) registration date and number of the tax audit notice and report;

2) surname, name, patronymic (where available) or full business name of the taxpayer (tax agent);

3) identification number;

4) total taxes and other obligatory payments to the budget, obligations relating to the computation, withholding, transfer of obligatory pension contributions, obligatory professional pension contributions and computation and payment of social assessments and penalties, assessed;

5) amounts of reduced losses;

6) amounts of excess value-added tax, not confirmed for refund;

7) total corporate (personal) income tax withheld at source of payment from income of non-residents, not confirmed for refund;

8) requirement to pay and timing for the payment;

9) details of the relevant taxes and other obligatory payments to the budget and penalties;

10) time and authority for appeal.

4. In the case of a tax audit carried out as part of the pre-trial investigation, the notice on the results of the tax audit of the taxpayer, with respect to whom the pre-trial investigation is conducted, shall be issued upon the completion of the criminal trial. The limitation period in terms of the accrual or revision of the calculated, accrued amount of taxes and other obligatory payments to the budget shall not include the period from the date of the tax audit completion till the date of the criminal proceedings completion.

The provisions of the second part of this paragraph shall be only applied to the matters covered by the tax audit carried out as part of the pre-trial investigation.

5. A taxpayer (tax agent) who received a notice upon the results of a tax audit, shall be obliged to implement it within a period established in the notice, unless the results of the tax audit were appealed.

6. In the case of agreement of the taxpayer (tax agent) with the assessed amounts of taxes, other obligatory payments to the budget and penalties specified in the notice on the results of the tax audit, the timing for the implementation of the tax obligation of payment of taxes, other obligatory payments to the budget and also obligations associated with the payment of taxes, other obligatory payments to the budget as well as obligations relating to payment of penalties may be extended for sixty working days pursuant to the application of the taxpayer (tax agent) by attaching the timetable of payment, unless otherwise provided in Article 51-1 of this Code.

In that respect, said amount shall be paid to the budget by assessment of penalty for each day of extending the period of payment and it shall be paid in equal shares after each fifteen working days of said period.

Period of implementation of tax obligations shall not be extended in the following cases, according to the procedure specified by this paragraph:

payment of amounts of excise duty and taxes withheld at source of payment, assessed upon the results of a tax audit;

payment of assessed amounts of taxes, other obligatory payments to the budget and penalties upon the results of a tax audit, after appealing the results of such audit.

7. In the event that upon the completion of a tax audit, violations of the Republic of Kazakhstan legislation are not established, no notice upon the results of such tax audit shall be issued.

8. Amounts of obligations specified in paragraph 7 of Article 637 of this Code, shall be shown in the notice of the assessed amounts of taxes and other obligatory payments to the budget, obligatory pension contributions, obligatory professional pension contributions liabilities relating to obligatory obligatory pension contributions, obligatory professional pension contributions and social assessments for the period from the date of the submission of the liquidation tax reports until the date of the completion of the liquidation tax audit, which is sent to the taxpayer in accordance with the procedure established by Article 608 of this Code.

9. If in the course of conducting unscheduled documentary audit, except for the topical audits specified in the passages fifteen and sixteen of subparagraph 2) of paragraph 5 of Article 627 of the Code, for the same tax period in respect of one issue *the tax authority* found a fact of commission by the taxpayer of a violation of tax legislation that was not exposed in the course of any previous tax audits, no administrative disciplines shall be applied to the taxpayer for such violation.

The provision of this paragraph shall not apply to violations of tax legislation of the Republic of Kazakhstan, exposed as follows:

1) as reduction by the taxpayer of amounts of tax or levy to be paid to the budget by way of presenting additional tax reports for a previous tax period or certain type of tax that were audited;

2) upon the results of a response to a request of the tax authority forwarded when conducting any of previous tax audits of the same tax period, where said response was received after completing such audit;

3) upon the results of considering documents affecting amounts of tax or levies to be paid to the budget and not submitted by the taxpayer to a written request *of the tax authority* in the course of conducting any of previous tax audits of the same period with regard to such type of tax or levy;

4) as transactions with a taxpayer recognised as tax a false enterprise, after the entry into legal force of a sentence or a court decree, where publication of such taxpayer on the Internet resource of the authorised body took place after the completion of any of previous tax audits of the tax period in which such transactions were committed;

5) with respect to an action (actions) on issuing an invoice committed by a private business entity without any actual performance of work, rendering of services, or shipment of goods after the entry of the corresponding court sentence or judgment into legal force, where the information on such action (actions) has been first received by the tax service authority after the completion of any of previous tax audits of the tax period, in which such action (actions) were committed.

§ 3. Identification of Taxable Items and (or) Items Relating to Taxation, by Indirect Method

Article 639. General Provisions

1. In the case of violation of the accounting procedures, in the case of loss or destruction of accounting documents, the tax authoritiesshall determine the taxable items and (or) items relating to taxation on the basis of indirect methods (assets, liabilities, turnover, expenditures, costs) in accordance with the procedure defined in Articles 639 – 642 of this Code.

2. Absence or failure of the taxpayer (tax agent) to present documents which are recognised as the basis for determining taxable items and (or) items relating to taxation for the assessment of tax liability, which are requested on the basis of the requirements *of the tax*

authorities in accordance with paragraph 4 of Article 629, shall be recognised as violation of accounting procedures, loss or destruction of accounting documents.

3. Determining amounts of taxes and other obligatory payments to the budget on the basis of assessment of assets, obligations, turnover, expenditures and also valuation of other taxable items and (or) items relating to taxation which are considered when computing the tax liability relating to specific taxes and other obligatory payments to the budget in accordance with this Code, shall be recognised as indirect methods of determining taxable items and (or) items relating to taxation.

Article 640. Tax Audits in the Case of Absence of Accounting or Other Documents (Information)

Where in the course of conducting a documentary tax audit, the taxpayer (tax agent) fails to submit all or part of the documents which are required for determining taxable items and (or) items relating to taxation, the taxpayer (tax agent) in accordance with the obligatory procedure shall be given the request *of the tax authority* for presentation or restoration of said documents, and also the notice on suspension of the tax audit.

The request *of the tax authority* shall be subject to implementation within thirty working days from the day following the day of delivery to the taxpayer (tax agent) of the request.

The taxpayer (tax agent) who, pursuant *to the tax authority* request failed to present the documents which are needed for determining taxable items and (or) items relating to taxation, shall be obliged to explain the reasons for non-submission of said documents.

Article 641. Information Sources

1. In order to determine taxable items and (or) items relating to taxation on the basis of indirect methods, *the tax authorities*, in relation to circumstances, nature and type of business of the auditee taxpayer (tax agent), may use the following information:

1) statements of banks and organisations carrying out separate types of banking transactions concerning presence and movements of funds in bank accounts of the taxpayer (tax agent);

2) on taxable items and (or) items relating to taxation, based upon the information of the authorised state bodies, non-governmental organisations, local executive authorities;

3) on assessments and receipt by the budget of amounts of taxes and other obligatory payments to the budget (in the basis of the official account of the taxpayer (tax agent) to be compared with the accounting information of the taxpayer (tax agent);

4) on taxable items and (or) items relating to taxation, as received from the tax reports submitted by the taxpayer (tax agent) for the tax period under the audit and preceding tax periods;

5) on results of cross audits with regard to persons to whom goods were shipped and (or) work performed, and (or) services rendered, obtained through information systems of the state authorities and also from other sources;

6) received *by the tax authority* when conducting inspection and (or) inventory taking of assets (except for housing) of the auditee taxpayer (tax agent) which is a taxable item and (or) item relating to taxation.

2. *The tax authorities* shall send requests to the following:

1) banks and organisations carrying out separate types of banking transactions;

2) appropriate authorised state bodies, non-governmental organisations, local executive authorities;

3) other tax authorities, for conducting cross audits on issues of mutual settlements with contractors and customers of the auditee taxpayer (tax agent);

4) competent authorities of foreign states.

3. Relevant information may be received also from the following sources (to be confirmed by documents):

1) from customers on the price of the services furnished by the auditee taxpayer (tax agent) and from buyers on the price and quantity of purchased goods;

2) from natural persons and legal persons rendering services to the auditee taxpayer (tax agent), providing raw materials, energy resources and accessory materials in the sphere of manufacture and handling certain types of excisable goods.

4. Information sources may be different in each specific case, in relation to circumstances, nature and type of business of the auditee taxpayer (tax agent).

Article 642. The Procedure for Identifying Taxable Items and (or) Items Relating to Taxation

1. Identifying taxable items and (or) items relating to taxation shall be carried out on the basis of information which is received in accordance with the procedure established by Article 641 of this Code.

2. For the computation of income, information shall be used concerning receipt of funds into bank accounts, payment cards and also other payment and settlement documents of the taxpayer (tax agent), which is confirmed by the bank account statements, and other information (documents) confirming facts of receipt of funds by the taxpayer (tax agent).

3. When organisations or natural persons defined in Article 641 of this Code provide information concerning an auditee taxpayer (tax agent) having other income received (receivable), amounts of such income shall be subject to inclusion into total income (taxable turnover).

4. In the case of establishing facts of taxpayers' receipt of currency proceeds from export transactions on the basis of information provided by the National Bank of the Republic of Kazakhstan and second-tier banks, as well as by the Tax Authorities of the states – members of the Custom Union, that amount of currency receipts shall be included into the sales turnover and aggregate annual income.

5. When determining taxable items and (or) items relating to taxation in accordance with this Article, costs of the taxpayer (tax agent) which are not confirmed by sourcing documents shall not be recognised as deductions for the assessment of corporate income tax and nor as offset for the value-added tax assessment.

6. The tax base for excisable goods shall be determined on the basis of paragraphs 1 and 2 of Article 283 of this Code.

In that respect, the quantity of manufactured excisable goods shall be determined in accordance with the sectoral standard costs and losses of raw materials, energy resources and accessory materials.

7. In the event of absence (loss, destruction) of the taxpayer (tax agent's) documents which confirm the historic cost of main assets in particular of items of construction in progress, transport vehicles, land plots, intangible assets, investment real estate, the aggregate income of such taxpayer shall comprise the market value of such assets.

8. Market value of items specified in paragraph 7 of this Article, shall be determined on the basis of the report of the appraiser to be invited by the tax service authorities, who carries out business in accordance with the Republic of Kazakhstan legislation.

9. Funds in the case of establishing facts of withdrawal of such funds from bank accounts, for payment of work remuneration and (or) transfer of funds from the bank account to card-accounts of natural persons, may serve as taxable item for the personal income tax. In that respect a tax liability shall arise at the time of the bank's performance of the taxpayer (tax agent's) instructions for the transfer (handing over) to the taxpayer (tax agent) or third parties of such amounts of money.

10. Information on taxable items and (or) items relating to taxation derived by the tax authoritieson the basis of indirect methods, shall be compared with the relevant information specified by the taxpayer (tax agent) in the tax declarations (assessments) and other reports submitted to the tax service authorities.

11. Where amounts of taxes and other obligatory payments to the budget, declared by the taxpayer (tax agent) in the tax reports are greater than amounts of taxes determined on the basis of applying indirect methods, the amounts specified by the taxpayer (tax agent) in the tax reports shall be used for audits.

12. Where amounts of income declared by the taxpayer (tax agent) in tax reports is greater than the amount of income found from other (additional) information sources, the amount of income specified in tax reports shall be used for audits.

Article 643. Identification of Taxable Items in Certain Cases

1. Where income of a natural person presented in the tax declaration is not consistent with such person's expenditures made for personal consumption, in particular for purchase of assets, the tax authoritiesshall determine income and tax on the basis of expenditures made by such person in view of income of previous periods.

2. Income shall also be subject to tax in the cases where other persons and authorities challenge the legality of earning such income.

3. Where pursuant to court decision, income is subject to seizure for the budget in the cases specified by the legislative acts of the Republic of Kazakhstan, such income shall be seized without deducting amounts of tax paid out of it.

CHAPTER 90. THE PROCEDURE FOR THE APPLICATION OF CASH REGISTER MACHINES

Article 644. The Fundamental Definitions Used in this Chapter

The following definitions have been used in this Chapter:

1) cash register machines – electronic devices with a module of fiscal memory or with a data recording and (or) transmission function, computer systems ensuring the registration and presentation of information on cash settlements implemented upon sale of goods, work, services;

2) state register of cash register machines (henceforth – state register) – list of types of cash register machines, which are allowed by the authorised body to be used in the territory of the Republic of Kazakhstan;

3) registration card of a cash register – accounting document confirming the fact of registration (deregistration) of a cash register machine by the tax authority;

4) centre for technical services of cash-register machines (henceforth – centre for technical services) – a business entity which in accordance with its charter (type of business) carries out activities associated with technical services of cash-register machines;

5) receipt – primary accounting document by the cash register machine which confirms facts of performance of monetary settlements between the seller (provider of goods, work, services) and buyer (customer);

6) cash book – a journal for accounting the shift turnover of cash, receipts, readings of the fiscal memory or fiscal data storage of a cash register machine;

7) service payment terminal – an electromechanical device for cash acceptance or settlements using payment cards with respect to services rendered;

8) tax authority's seal – a measure of protection from unauthorized opening of a cash register machine with a fiscal memory unit;

9) taxpayer's official – a taxpayer or a person being employed by the taxpayer, who carries out cash settlements with the buyer (customer) using cash register machines and is responsible for operation thereof;

10) vending machine – an electromechanical device selling goods through settlements using cash or payment cards in an automated mode;

11) invoice – sourcing accounting document confirming the fact of performance of a cash settlement, which is used in the cases of technical disorders of the cash register or lack of electricity;

12) invoice book – all invoices incorporated into one book;

13) fiscal parameter – a distinguishing symbol which is shown on receipts as confirmation of the functioning of the cash-register machine in a fiscal mode;

14) fiscal data – information on cash settlements with a fiscal attribute recorded in the fiscal memory of a cash register machine with a fiscal memory unit, or in the fiscal data storage of a cash register machine with a data recording and (or) transmission function, and transmitted to the tax authorities;

15) fiscal report – a report on changes in fiscal data readings for a certain period;

16) fiscal memory – a set of hardware and software ensuring the non-adjustable shift recording and non-volatile long-term storage of resulting information on cash settlements made on a cash register machine with a fiscal memory unit;

17) fiscal mode – a mode of cash register machine operation ensuring the non-adjustable recording and non-volatile long-term storage of information in the fiscal memory unit or fiscal data storage with simultaneous transmission of data on cash settlements to the tax authorities through the fiscal data operator;

18) cash settlements – settlements carried out with respect to purchasing goods, performing work, rendering services using cash and (or) payment cards;

19) fiscal data storage – a set of hardware and software ensuring the non-adjustable recording and non-volatile long-term storage of information on cash settlements made on a cash register machine with a data recording and (or) transmission function.

Article 645. General Provisions

1. In the territory of the Republic of Kazakhstan, cash settlements shall be carried out with the mandatory use of cash register machines, unless otherwise provided for in this paragraph.

The provisions of this paragraph shall not apply to the following cash settlements:

1) cash settlements of individuals not subject to mandatory state registration as individual entrepreneurs, except for persons carrying out private notarial activities, or activities on writs of execution enforcement;

2) cash settlements of individual entrepreneurs (except for those engaged in the sale of excisable goods) carrying out their activities:

applying the special tax regime based on a patent;

in the framework of the special tax regime for small business entities in the territory of open trade markets;

in the framework of the special tax regime for peasant economies and farming enterprises with respect to the activities covered by such special tax regime;

3) cash settlements related to to rendering services on urban public transportation to the population, with tickets issued in the form approved by the authorized state transport body as agreed with the authorized body;

4) cash settlements of the National Bank of the Republic of Kazakhstan.

Taxpayers engaged in the wholesale and (or) retail trade in petrol (except for aviation gasoline), diesel oil, and alcohol products, except for taxpayers operating in the places with no public telecommunications networks available, in the course of merchandise transactions performed through cash settlements shall be obliged to use cash register machines with a data recording and (or) transmission function.

At the same time, taxpayers engaged in the wholesale and (or) retail trade in petrol (except for aviation gasoline), diesel oil, and alcohol products, shall be obliged to use such cash register machines from July 1, 2015.

In case of carrying out certain activities established by the Government of the Republic of Kazakhstan in the territory of the Republic of Kazakhstan, individual entrepreneurs and (or) legal entities, except for taxpayers operating in the places with no public telecommunications networks available, shall ensure the use of cash register machines with a data recording and (or) transmission function from January 1, 2016.

Information about administrative and territorial entities of the Republic of Kazakhstan, in which there are no public telecommunications networks available shall be posted on the Internet resource of the authorized body in the procedure established by the authorized body as agreed with the authorized state body in charge of communications and information.

2. The local executive authorities not later than the 20th day of the month following a reporting quarter shall submit to the tax authorities in the place of location a report on use by the taxpayers of tickets in relation to rendering to the population of public municipal transportation carriage, in accordance with the form approve by the authorised body.

3. Vending machines and terminals for payment for services, which carry out monetary settlements through cash money, shall be equipped with cash registers of which models are included into the state register.

4. The following requirements shall be applied when using cash registers:

1) a cash register machine shall be registered with the tax authority prior to the commencement of activities associated with cash settlements;

2) receipts of cash register machines or sales receipts to the amounts paid for goods, work, services shall be issued;

3) access of the officials of the tax authorities to a cash register, is to be provided for.

Article 645-1. Procedure for Receipt, Storage and Transfer to Tax authorities of Data on Cash Settlements Implemented Upon Sale of Goods, Work and Services

The receipt, storage of data from cash register machines enabling the recording and (or) transmission of data on cash settlements implemented upon sale of goods, work and services, as well as the transfer of the same to the tax authoritiesshall be performed by the fiscal data operator in the procedure determined by the authorized body.

Article 646. Registration of Cash Registers by the Tax Authority

1. Technically sound control and cash machines, the models of which are included into state register, unless otherwise is established by this clause, shall be subject to registration with tax authorities upon the place of control and cash machine use.

Control and cash machines, being computer systems, which trade automates and terminals of payment for services are equipped with, shall be subject to registration with tax authority upon the place of use every trade automat and (or) terminal of payment for services.

Control and cash machines, used during fulfillment of itinerant trade from mobile stores and (or) stalls, shall be registered with tax authority upon location of such taxpayers.

2. The tax authorities shall not register cash registers of the taxpayers who are not subject to the requirement of using cash registers in accordance with paragraph 1 of Article 645 of this Code.

3. The registration of cash register machines shall be carried out with the assignment of a registration number of the cash register machine and issuance of a registration card of the cash register machine within three working days from the date of submission by the taxpayer of a tax application for registration of a cash register machine with the tax authority.

4. When registering cash register machines with a fiscal memory unit with the tax authorities, a taxpayer shall submit the following to the tax authority:

1) tax application for registration of a cash register by the tax authorities;

2) cash register containing information on the taxpayer, of which the entry is impossible without establishing the fiscal mode;

3) passport of the manufacturer;

4) cash book and invoice book paginated, bound, certified with the signature and (or) seal of the taxpayer.

4-1. When registering cash register machines with a data recording and transmission function with the tax authorities, a taxpayer shall submit the following to the tax authority:

1) tax application for registration of a cash register machine with the tax authority;

2) cash register machine containing information on the taxpayer;

3) manufacturer's passport of a cash register machine with a data recording and transmission function;

4) cash book and sales receipt book paginated, bound, and certified with the signature and (or) seal of the taxpayer;

5) copy of the agreement with the fiscal data operator for services on the transmission of data on cash settlements to the tax authorities;

5. When registering cash register machines being computer systems, and cash register machines with a data transmission function, a taxpayer shall submit the following to the tax authority at the place of his/its location:

1) tax application for registration of a cash register by the tax authorities;

2) brief description of functionalities and parameters of the computer system'

3) manual for the use of the «Working Station of the Tax Inspector» module of the computer system model submitted for the registration by the tax authority, and provides access to it.

6. When registering cash register machines, except for computer systems, and cash register machines with a data transmission function, with the tax authority, the official of the tax authority shall:

1) check the matching of information specified in the tax application with the presented documents;

2) check the manufacturers number of the cash register as specified on the number plate containing the number specified in the passport from the manufacturing factory;

3) review the accuracy of formulation of the cash book and invoice book;

4) establish the fiscal mode of operation of a cash register machine with a fiscal memory unit;

5) affix the tax authority's seal on the body of a cash register machine with a fiscal memory unit;

6) formulate a registration card of the cash register;

7) certify the cash book and sales receipt book with the personal signature and seal designated for certification there of;

7-1) check the compliance of the cash register machine model against the models included in the state register;

8) return to the taxpayer the following:

cash register machine with a fiscal memory unit with the fiscal mode of operation established and the tax authority's seal affixed;

cash register machine with a data recording and transmission function;

certified cash book and sales receipt book;

manufacturer's passport of a cash register machine;

9) issue a registration card of the cash register machine to the taxpayer.

7. When registering cash register machines being computer systems, and cash register machines with a data transmission function, the official of the tax authority shall perform the actions specified in subparagraphs 1), 3), 6), 7) and 7-1) of paragraph 6 of this Article.

8. The registration card of the cash register shall be handed over to the taxpayer when registering the cash register by the tax authorities, it shall be kept during the entire period of operation of a given cash register and it shall be presented upon request of the tax authorities.

9. Forms of a cash register machine registration card, sale receipt, certificate of fiscal report readout, cash book and sale receipt book shall be established by the authorized body.

Article 647. Alteration of Registration Details of Cash Register

1. In the event of changes in the data specified in the cash register registration card, within five working days upon occurrence of such changes the taxpayer must submit to the tax authority for the place of the cash register registration:

1) a tax application for registration of the cash register with the tax authority with specification of the data changed;

2) registration card of the cash register.

2. The registration card shall be replaced by the tax authority for the place of cash register registration in case of:

1) loss of (damage to) the registration card – within three working days from the date of receipt of the tax application provided for by paragraph 1 of this Article;

2) change in the details specified in the registration card – within three working from the date of receipt of the tax application provided for by paragraph 1 of this Article;

3) absence of identification number in the registration card – within three working days from the date of receipt of the tax application provided for by paragraph 1 of this article.

In the event provided for by this subparagraph the taxpayer shall attach one of the following documents to the tax application:

1) notarially certified copy of the document confirming existence of the identification number;

2) copy of the document confirming the existence of the identification number – subject to presentation of the original document.

No copy of the document confirming existence of the identification number shall be attached to the tax application submitted to the tax authority for replacement of the cash register registration card if it is presented to such tax authority for replacement or re-execution of other document for the purpose of specification therein of the identification number in accordance with this Code.

3. The official of the tax authority shall execute and issue the registration card of the cash register machine with amended registration details to the taxpayer within three working days from the date of receipt of the tax application by the tax authority.

4. When a new cash register registration card is issued, the cash register registration card earlier issued by the tax authority must be returned to the tax authority, except when the said cash register registration card was lost (damaged) by the taxpayer.

Article 648. Deregistration of a Cash Register by the Tax Authorities

1. Deregistration of a cash register from accounts shall be carried out in the following cases:

1) cessation of activities associated with cash settlements carried out in the course of merchandise transactions, performing works, and rendering services;

2) change of place of use of a cash register or place of location of the taxpayer who uses a given cash register in a vending machine or terminal for payment for services, where such change requires registration of the cash register by another tax authority;

3) impossibility of further use in connection with technical disorders of a cash register;

4) exclusion of a cash register from the state register;

4-1) replacement of a technically sound cash register machine model by a new cash register machine model;

4-2) theft, loss of a cash register machine, provided that there is a copy of the statement of theft submitted to the agency of internal affairs, and (or) a copy of the notice of loss published in print periodicals circulating throughout the territory of the Republic of Kazakhstan and the corresponding administration and territorial unit, in which the taxpayer is located, available;

5) in other cases which do not contradict the Republic of Kazakhstan legislation.

2. For deregistration of a cash register machine with the tax authority, except for computer systems and cash register machines with a data transmission function, a taxpayer shall submit the following to the tax authority, together with the tax application for deregistration of a cash register:

1) cash register machine with a fiscal memory unit with the tax authority's seal affixed, or a cash register machine with a data recording and transmission function;

2) passport of the manufacture's factory of the cash register;

3) the cash and invoice books paginated, bound, certified with the seal of the head and the seal of the tax authority;

4) registration card of the cash register.

3. For deregistration of a cash register which is a computer system, the tax payer shall submit to the tax authority the following: a tax application for deregistration of a cash register, registration car of the cash register and provide access to the «Working Station of the Tax Inspector» module.

4. The official of the tax authority shall deregister the cash register machine within three working days from the date of registration with the tax authority of the tax application for deregistration of a cash register machine, for which such official shall:

1) read-out the fiscal report;

2) carry out in-house supervision and comparison of information from the cash book with the readings of the fiscal report and data of the book for invoices;

3) make a record on closing the cash book and book for invoices;

3-1) remove the tax authority's seal from the body of a cash register machine with a fiscal memory unit;

4) return the following to the taxpayer:

cash register;

cash and invoice books;

manufacturer's passport of a cash register machine;

registration card with the note on deregistration of the cash register.

5. When deregistering a cash register machine being a computer system, or a cash register machine with a data transmission function, the official of the tax authority shall read-out the fiscal report and return to the taxpayer the registration card with the note on deregistration of the cash register machine.

Article 649. Read-Out of a Fiscal Report and Requirements Concerning Contents of a Receipt

1. Fiscal reports shall be read-out by the tax authorities in the following cases:

1) conducting tax audits;

2) replacement of the memory module of a cash register;

3) deregistration of a cash register;

4) conducting repairs of a cash register which requires the introduction of a password for access to fiscal memory;

5) full completion of the cash book;

6) loss (destruction) of the cash book.

2. In order to read out a fiscal report, except for the case provided for by subparagraph 1) of paragraph 1 of this Article, the tax authority shall be provided with the cash-register and following documents:

1) cash and invoice books paginated, bound, certified with the seal of the head and the seal of the tax authority;

2) shift-by-shift reports from the date of the last fiscal report.

When reading out a fiscal report, the act on reading out a fiscal report shall be compiled of which the details shall be entered into the information system of the tax authorities.

3. A receipt of a cash register, except for computer systems, must contain the following information:
1) business name of the taxpayer;
2) identification number;
3) manufacturer's number of the cash register;
4) registration number of the cash register issued by the tax authority;
5) receipt's number;
6) date and time of purchase of goods, performance of work, rendering of services;
7) price of goods, work, services and (or) total purchased;
8) fiscal symbol;
9) name of the fiscal data operator and details of the Internet resource of the fiscal data operator required to check the authenticity of a control receipt of cash register machines with a data recording and (or) transmission function.

A control receipt of computer systems (except for computer systems used by banks and organizations engaged in certain bank operations) shall contain the information specified in subparagraphs 1) – 9) of this paragraph.

Form and contents of a receipt of the computer systems used by banks and organisations carrying out separate types of banking transactions shall be established by the National Bank of the Republic of Kazakhstan in coordination with the authorised body.

A receipt of a cash register which is used at exchange offices, metal scrape procurement centres, glass tare collectors, pawn-shops, must additionally contain information on total sales and total purchases.

4. A receipt may additionally contain information as specified by the technical documentation of the manufacture's factory of the cash register, in particular on amounts of value-added tax.

Article 650. Operation of Cash Registers

1. The person in charge of the taxpayer, when operating a cash register shall:
1) enter the information on cash settlements in accordance with the cash register machine operating manual;
2) in the case of lack of electric energy or disorders of the cash register, complete and issue invoices;
2-1) in case of temporary non-availability of the telecommunications network provided by the fiscal data operator, use the autonomous mode of operation of a cash register machine with a data recording and transmission function;
3) complete the cash book;
4) when completing a shift, carry out the procedure of «End of shift» by way of reading out the shift report (Z-report) in accordance with the technical requirements of the manufacturer of a given model of the cash register.

Shift reports, cash and invoice books, and also annulment, return and the receipts for which annulment and return operations were made, must be kept by the taxpayer for five years from the date of their seal or full completion.

For cash register machines, the shift time shall not exceed twenty-four hours.

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2. Transactions of annulment of amounts entered by mistake, or refund of cash money for sold goods, performed work, rendered services shall be in accordance with the technical requirements of the manufacturer of a given model of the cash register, provided the origin of the receipt and entry made is present in the book for accounting for cash money.

3. Those cash books must be consistent with the information of shift reports on relevant days.

4. Readings in the report (considering the amounts of payments made using payment cards) on the current cash status shall be consistent with the total amount of cash available at the cash desk at the time of reading out the fiscal report, amounts of cash received and withdrawn not related to selling goods, performing work, rendering services as shown in the cash book.

When reading the fiscal report on the current state of cash in accordance with subparagraph 1) of paragraph 1 of Article 649 of this Code, the cash on hand shall be counted by a taxpayer (the official) in the presence of the controller of the tax service.

5. In the case of technical disorder of a cash register machine with a fiscal memory unit, the elimination of which is impossible without violating the integrity of the tax authority's seal, a taxpayer shall, within three working days from the time of disorder emergence, submit the following documents to the tax authority, which has registered the cash register machine:

1) tax application specifying the number, date of issue of the cash register machine registration card and aggregate counter readings as at the beginning of the day, when a disorder took place;

2) report of the technical service center containing a justified statement of repair time and disorder causes .

The tax authority shall take a decision to issue or deny issuing an authorization to break the seal of the cash register machine for the disorder elimination on the day of receipt of the respective tax application.

The authorization of the tax authority to break the seal of the cash register machine shall be issued in the form established by the authorized body by an official of the tax authority being in charge of fixing the seal on the day of taking the decision to issue the authorization.

The tax authority shall deny issuing an authorization to break the seal in the case of failure to submit documents specified in subparagraphs 1), 2) of this paragraph, or submission of the same with incomplete information.

The time limit for submission of a cash register machine with a fiscal memory unit to the tax authority for affixing a seal upon the elimination of a technical disorder may not be less than the repair time as specified in the report of the technical service center, but may not exceed fifteen working days from the date of issue of the tax authority's authorization to break the seal.

5-1. In the case of technical disorder of a cash register machine with a data recording and (or) transmission function, the elimination of which is impossible without resorting to the technical service center, a taxpayer shall, within three working days from the date of disorder emergence, resort to the technical service center, which has registered and (or) maintains the cash register machine.

The taxpayer shall submit to the tax authority at the place of registration of the cash register machine with a data recording and (or) transmission function the report of the technical service center with regard to fault causes specifying the repair

time within three working days after the completion of repair of the cash register machine with a data recording and (or) transmission function.

6. A cash register shall be deemed to be technically out-of-order, in the following cases:

1) it does not print, prints unclear or details on receipts which are defined in Article 649 of this Code are printed in parts;

2) it is impossible to receive data from the fiscal memory or fiscal data storage;

3) the tax authority's seal on a cash register with a fiscal memory unit is absent or damaged;

4) marks of the manufacturer are absent;

5) it is impossible to transmit data from a cash register machine with a data recording and (or) transmission function, where the sound communications provided by the fiscal data operator are available.

7. A cash register machine being a computer system, shall be deemed technically out-of-order in the cases specified in subparagraphs 1), 2), 4), and 5) of paragraph 6 of this Article.

8. In the case of full completion of a cash book and (or) invoice book, or in the case of their loss (destruction), the taxpayer for their replacement (restoration) for five working days shall submit to the tax authority in the place of registration of the cash register the following:

1) tax application;

2) new cash and invoice books paginated, bound, certified with the signature and (or) seal of the taxpayer;

3) documents as defined in paragraph 2 of Article 648 of this Code.

In the case of full completion or loss (destruction) of the cash book, in addition, the cash register shall be submitted to the tax authority for reading out the fiscal report.

9. The tax authorities shall replace cash books and (or) sales receipt books within three working days from the time of registration of the tax application with the tax authority.

Article 651. The State Register

1. The authorised body shall maintain the state register of cash registers by way of including (excluding) models of cash registers into (out of) the state register.

2. Examining issues of including a model of cash registers into the state register shall be carried out on the basis of the tax application of an interested person.

3. A sample piece of the cash register and the following materials describing the technical, functional and operational parameters of a given model cash register shall be attached to the tax application:

1) passport of the manufacturer's factory;

2) technical documentation of the manufacturer's factory;

3) sample of receipts and reports to be formulated, printed out both by the manufacturer's factory and the applicant from the cash register in the fiscal and non-fiscal mode;

4) operation manual of the cash register on paper and electronic medium;

5) manual for the official of the tax authority on paper and electronic medium, containing a detailed description of the operations of the official person of the tax authority when setting the fiscal mode, reregistering the cash register, reading out fiscal reports, reports on current cash status (X-report), and also entering information as specified in Article 469 of this Code, for printing on receipts;

6) warranty of the manufacturer's factory concerning technical support of a given model of cash registers;

7) information on compliance of technical parameters of a given model of cash registers as specified in the manufacturer's factory documentation, with the main technical requirements, in accordance with the form established by the authorised state body;

8) notarised copy certificate of compliance of a given model of the cash registers;

9) colour photograph of a given model of the cash register on paper and electronic medium.

Where a fiscal register is a given model of a cash register, additionally, software on an electronic medium for the connection of the fiscal register to a personal computer, shall be attached to the tax application.

Where a computer system is a given model of a cash register, the report of the authorised state body in the sphere of computerisation and communications on compliance of the computer system with the technical requirements and documents listed in subparagraphs 1), 2), 3), 5), 6) and 7) of this paragraph shall be attached to the tax application. The procedure for issuing reports shall be established by the Government of the Republic of Kazakhstan.

4. The inclusion of a model of cash registers into the state register shall be carried out by simultaneous observance of the following requirements:

1) tax application and materials specified in paragraph 3 of this Article are present;

2) model of a given cash register is in compliance with the technical requirements as established by the authorised body.

5. Compliance of a model of a cash register with the technical requirements upon inclusion in the state register shall be decided by the authorised body by way of testing (tests) of a given model of a cash register in the presence of representatives of the person who initiated the inclusion of a given model of a cash register into the state register. In order to decide the compliance of a given model of a cash register with the technical requirements, the authorised body shall have the right to invite experts of other state authorities, from amongst other persons (except for persons who initiated the inclusion of a given model of a cash register into the state register, and persons affiliated with them).

6. A decision on including (denying inclusion) of a given model of a cash register into the state register shall be taken by the authorised body within thirty working days from the date of accepting a tax application.

In the case of a denial of including a given model of a cash register into the state register, the authorised body shall in writing notify the applicant by specifying reasons for such denial.

7. Exclusion of a model of a cash register from the state register shall be carried out by the authorised body in the case of non-compliance of specifications of a given model of a cash register provided in the documentation presented to the authorized body at the time of inclusion in the state register with the technical requirements.The tax authority shall notify the taxpayer who uses a given model of a cash register of the decision to exclude a given model of a cash register from the state register, not later than six months prior to the exclusion a given model of a cash register from the state register.

Article 652. The Tax Supervision of the Compliance With the Procedure for the Use of Cash Registers

The tax authorities shall:

1) exercise the supervision of compliance with the procedure for the application of cash registers;

2) when conducting analyses, in-house reviews and (or) tax audits with respect to the fulfillment of tax liability on payment of taxes and other obligatory payments to the budget by taxpayers, use the information kept in fiscal memory units of cash register machines, or data from cash register machines with a data recording and (or) transmission function transmitted to the tax authorities through the fiscal data operator.

CHAPTER 91. OTHER FORMS OF TAX SUPERVISION

Article 653. The supervision of excisable goods manufactured or imported to the Republic of Kazakhstan

1. The supervision of excisable goods shall be carried out by the Tax Authorities with regard to compliance by the producers, persons carrying out turnover of excisable goods, bankruptcy commissioners and rehabilitation managers when selling estate (assets) of a debtor, of the procedure for marking certain types of excisable goods as defined by this Article, transition of excisable goods in the territory of the Republic of Kazakhstan and also by way of establishing excise duty posts.

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2. Alcohol products other than wine materials and beer shall be subject to marking with accounting registration stamps, and tobacco products – with excise duty stamps in the procedure established by the authorized body.

3. The marking shall be carried out by manufacturers and importers of excisable goods, bankruptcy and rehabilitation managers when selling the estate (assets) of a debtor.

4. The following alcohol products shall not be subject to marking with accounting registration stamps, and tobacco items – with excise duty stamps:

1) those exported beyond the boundaries of the Republic of Kazakhstan;

2) those imported to the territory of the Republic of Kazakhstan by owners of duty free shops subject to the duty-free trade customs procedure;

3) those imported into the customs territory of the Custom Union in the customs procedures for temporary importation (admission) and temporary exportation, including temporary imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union for advertising and (or) demonstration purposes of one-off items;

4) cleared through the customs territory of the Custom Union in the custom procedure for custom transit of goods, including the goods in transit through the territory of the Republic of Kazakhstan from the states – members of the Custom Union;

5) those imported into (sent to) the territory of the Republic of Kazakhstan by an individual aged twenty one and over within the limit of three liters of alcohol products, and as for tobacco and tobacco products – by an individual aged eighteen and over within the limit of 200 cigarettes or 50 cigars (cigarillos) or 250 grams of tobacco, or the said products in assortment with total weight not exceeding 250 grams.

4-1.The turnover of excisable goods, which are subject to marking with excise duty stamps and (or) accounting registration stamps, by way of storage, sale and (or) transportation of excisable goods without appropriate excise duty stamps and (or) accounting registration stamps, and with incorrect and (or) unidentifiable stamps shall be prohibited, except for the cases provided for by paragraph 4 of this Article.

5. Re-marking excisable goods specified in paragraph 2 of this Article with accounting registration or excise duty stamps of the new type, shall be carried out at times specified by the Republic of Kazakhstan Government.

5-1. A person importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union shall submit a statement of obligation on the intended use of accounting registration stamps when importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union.

5-2. A statement of obligation on the intended use of accounting registration stamps when importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union shall be submitted to the territorial subdivision of the authorized body in charge of oblasts, cities of republican significance and the capital prior to receiving accounting registration stamps.

5-3. Should an importer fail to submit a statement of obligation on the intended use of accounting registration stamps when importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union, accounting registration stamps shall not be issued to such importer.

5-4. The importers' obligation on the intended use of accounting registration stamps when importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union shall be secured by the deposit of money into a temporary placement account of the territorial subdivision of the authorized body in charge of oblasts, cities of republican significance and the capital.

5-5. A temporary placement account shall be opened by the central authorized budget execution body to territorial subdivisions of the authorized body in charge of oblasts, cities of republican significance and the capital.

5-6. A temporary placement account of the territorial subdivision of the authorized body in charge of oblasts, cities of republican significance and the capital shall be intended for the deposit of money by a person importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union.

Money shall be depoInternet resourced into a temporary placement account in the national currency of the Republic of Kazakhstan.

5-7. Should an importer fail to perform his obligation on the intended use of accounting registration stamps when importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union, secured by money, the territorial subdivision of the authorized body in charge of oblasts, cities of republican significance and the capital shall transfer money from a temporary placement account to the republican budget upon the expiry of five working days.

5-8. The refund (offset) of money depoInternet resourced into a temporary placement account of the territorial subdivision of the authorized body in charge of oblasts, cities of republican significance and the capital shall be implemented within twenty working days after the submission of a report on the fulfillment of the importer's obligation on the intended use of accounting registration stamps when importing alcohol products into the Republic of Kazakhstan from member states of the Customs Union.

6. In accordance with this Article:

1) the rules for marking (remarking) certain types of excisable goods shall be approved by the authorized body;

2) the rules for receiving, accounting, storing and issuing excise duty stamps and accounting registration stamps shall be approved by the authorized body;

3) the rules for executing, ordering, receiving, issuing, accounting, storing and submitting accompanying notes on certain types of excisable goods shall be approved by the authorized body;

4) the procedure for organizing the work of an excise duty post shall be approved by the authorized body.

7. The tax authorities shall establish excise duty posts in the territory of a taxpayer manufacturing ethyl alcohol (except for cognac spirit), petrol (except for aviation gasoline), diesel oil, and tobacco products.

In certain cases excise posts shall be established in the territory of the taxpayer carrying out transfer of oil and oil products by means of main product pipelines by railways, as well as engaged in whole-sale of the excisable goods specified in subparagraphs 2), 4), and 5) of Article 279 of this Code.

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9. Location and personnel of an excise duty post, produced for its functioning in accordance with the regime of work of the taxpayer, shall be determined by the tax authority.

Personnel of an excise duty post officers shall be formed out of official persons of the tax authority.

10. An official of the tax authority who is at an excise duty post, shall exercise supervision of the following:

1) compliance by the taxpayer with the requirements of the regulatory legal acts regulating production and marketing of excisable goods;

2) purchaser who has a licences for relevant types of business;

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3) measuring and (or) selling excisable goods only through metering devices or marketing (bottling) through metering devices, and the latter to be maintained in a sealed condition;

4) compliance by the taxpayer with the procedure for marking certain types of excisable goods;

4-1) compliance with the rules for drafting of accompanying notes on certain types of goods in case of their sale by a taxpayer;

5) accuracy of application of excise duty rates on excisable goods and timeliness of payment of excise duties to the budget;

6) movements of main raw materials for the production of excisable goods, accessory materials, finished goods, accounting registration stamps or excise duty stamps.

11. An official of the tax authority who is at an excisable post, shall have the following rights:

1) in compliance with the requirements of current legislation of the Republic of Kazakhstan, inspect administrative, industrial, warehouse, commercial, accessory premises of the taxpayer (tax agent), which are used for production, storage and marketing of excisable goods;

2) be present when excisable goods are sold;

3) inspect transport vehicles leaving (entering) the territory of the taxpayer.

12. An official who is at the excise duty post, shall have other rights as specified by the procedure for the organisation of functioning of the excise duty post.

Article 654. The Supervision of Transfer Pricing

The tax authoritiesshall exercise supervision of transfer pricing in relation to transactions, in accordance with the procedure and in the cases provided for by the Republic of Kazakhstan legislation concerning transfer pricing.

Article 655. The Supervision of Compliance with the Procedure for Accounting, Storage, Valuation, Further Use and Marketing of Assets Converted (to be Converted) into Ownership of the State

1. The tax authority shall exercise supervision of compliance with the procedure for storage, valuation, further use and marketing of assets converted (to be converted) into the ownership of the state, of the fullness and timeliness of receipt of funds to the budget in case of their marketing, and also the procedure for transfer of assets converted (to be converted) into the ownership of the state in accordance with the procedure and within periods established by the Government of the Republic of Kazakhstan.

2. The procedure for accounting, storage, valuation, further use and marketing of assets converted (to be converted) into ownership of the state shall be determined by the Government of the Republic of Kazakhstan.

Article 656. Supervision of Activity of Authorized Governmental and Local Executive Bodies

1. The tax service bodies shall exercise control over the activity of the authorized governmental and local executive bodies in accordance with the procedure established by this Article.

The control over the activity of the authorized governmental bodies shall be exercised on the questions related to accurate assessment, complete collection and timely transfer of other compulsory payments to the budget, and reliable and timely data provision to the tax authorities.

The control over the activity of the local executive bodies shall be performed with respect to accurate assessment, complete collection and timely transfer of other compulsory payments to the budget, timely provision of reliable data on taxes on property, vehicles, land, and other compulsory payments to the tax authorities.

The control over the activities of authorized governmental and local executive bodies (for the purpose of this Article, hereinafter referred to as "the Authorized Governmental Bodies") shall be performed based on a decision of the tax authoritiesconcerning the placement of control (hereinafter – "the Decision") in the form established by the authorized body, containing the following details:

1) date and number of the decision registration with the tax service bodies;

2) full name and identification number of the authorized governmental body;

3) substantiation of prescription of the supervision;

4) positions, surnames, names, and patronymics (if any) of the officials of the tax bodies performing control, and specialists of other governmental bodies being involved in control in accordance with this Article;

5) timing for performance of control;

6) period under control;

7) questions related to performance of control;

8) acknowledgment of the authorized governmental body of reading and receipt of the decision.

The decision shall be subject to the state registration with the governmental authority which carries out statistical activities within the scope of their competence in the area of legal statistics and special accounting before the control.

2. The participants of the control shall be officials of *the tax authority* specified in the decision, other persons being engaged in performance of control in accordance with this Article, and authorized governmental bodies.

In the course of the supervision the authorized governmental bodies shall assist to *the tax authority* in obtaining documents and information which are required for the supervision, admission of the officials of *the tax authority* to inspection of the taxation items.

In that case the supervision of the authorized governmental bodies may be performed with respect to one type and several types of taxes and other compulsory payments at the same time.

In the event of obstructing in obtaining documents and information or inspection of the taxation items a report shall be executed on the failure to provide access to the officials of *the tax authoritys* for the supervision purposes.

The report on failure to provide access to the officials of *the tax authority* for performance of the supervision shall be signed by the officials of *the tax authority* carrying out control and authorized governmental body. In case of refusal in signing the said report the authorized governmental body must provide written explanation of the reason for refusal.

The date of commencement of the supervision shall be the date of receipt of a copy of the decision by the authorized governmental body or the date of the report of refusal of the authorized governmental body to sign the decision.

If the authorized governmental body refuses to sign the copy of the decision, the officer of the supervising *tax authority* shall draw up a report on refusal to sign with invitation of at least two attesting witnesses. In that case the following shall be specified in the report on refusal to sign:

1) place and date of drawing up;

2) surname, name, and patronymic (if any) of the official of *the tax authority* who has drawn up the report;

3) surname, name, and patronymic (if any), identification card number, and the address of residence of the invited attesting witnesses;

4) number, date of the decision, name and identification number of the authorized governmental body;

5) circumstance of the refusal to sign the copy of the decision.

The refusal of the authorized governmental body from receipt of the decision shall not serve as a basis for abolition of the tax supervision.

3. The duration of the supervision should not exceed thirty working days from the date of delivery of the decision of prescription of the supervision to the authorized governmental body. The specified period may be extended to fifty working days by *the tax authority* which has prescribed the supervision.

A supervision of the activity of the authorized governmental bodies may not be performed more than once a year.

4. The period of the supervision shall be suspended for periods of time between the date of delivery to the authorized governmental body of *the tax authority's* request for provision of documents and the date of provision by the authorized governmental body of the documents requested in performance of the control of documents, and between the date of sending *the tax authority's* request to other territorial tax authorities, governmental bodies, banks and organizations engaged in certain types of banking operations, and other organizations operating in the territory of the Republic of Kazakhstan, and the date of receipt of the information and documents for the specified request.

5. In case of suspension (resumption) of the supervision period *the tax authoritys* shall send a notice to the authorized governmental bodies with specification of the following details:

1) date and number of registration of the notice of suspension (resumption) of the periods of the control with the tax authority;

2) name of the tax authority;

3) full name and identification number of the competent authority under supervision;

4) date and registration number of the suspended (resumed) order;

5) substantiation of the need for suspension (resumption) of the supervision;

6) mark of the date of delivery and receipt of the notification of suspension (resumption) of the supervision periods.

In the event of extension, suspension of the time, period and/or change in the list of the supervision participants an additional decision to the decision shall be executed in the form established by the competent authority.

6. Upon completion of the supervision an official of *the tax authority* shall draw up the supervision report with specification of:

1) the place of the supervision, date of execution of the supervision report;

2) name of *the tax authority*;

3) positions, surnames, names, and patronymics (if any) of the officials of *the tax authority* who carried out the supervision;

4) full name, identification number and address of the authorized governmental body;

5) surnames, names, and patronymics (if any) of the chief officer and officials of the authorized governmental body;

6) positions, surnames, names, and patronymics (if any) of the officials of the authorized governmental body, with the knowledge and in the presence of whom the supervision was carried out;

7) information on the previous supervision and measures taken for elimination of the previously detected violations;

8) results of the completed supervision;

9) positions, surnames, names, and patronymics (if any) of specialists from other governmental bodies who was involved in the supervision.

6-1. Should the authorized governmental body refuse to sign the copy of the supervision report, the tax authority's officer carrying out the supervision shall draw up a report on refusal to sign with the involvement of (at least two) witnesses. In such case, the report on refusal to sign shall contain the following data:

1) place and date of drawing up;

2) surname, name and patronymics (if any) of the tax authority's official that has drawn up the report;

3) surname, name and patronymics (if any), identification document number, and place of residence of witnesses involved;

4) number, date of the decision, name and identification number of the authorized governmental body;

5) circumstances of refusal to sign the copy of the decision.

7. Should any violation be detected by results of the control, the tax authoritiesshall issue a request to eliminate the violations of the tax legislation of the Republic of Kazakhstan.

A hard-copy message sent by the tax service authority to the authorized governmental body stating the need for elimination by the latter of the violations specified in the control certificate shall be deemed a request to eliminate the violations of the tax legislation of the Republic of Kazakhstan (hereinafter – "the Request"). The request form shall be established by the authorized body.

The request shall specify:

full name of the authorized body;

identification number;

reason for sending the request;

date of sending the request;

the amount to be collected by the authorized governmental body to the budget.

The request must be sent within five working days upon delivery of the supervision report to the chief executive officer (a person substituting the chief executive officer) of the supervised authorized governmental body personally by hand or any other way confirming the fact of sending and receipt.

The request shall be executed by the authorized governmental body within thirty working days from the date of its delivery (receipt).

8. The tax liability amounts found out on be basis of the supervision results shall be collected by the authorized governmental bodies being in charge of accurate assessment, complete collection and timely transfer of taxes and other compulsory payments to the budget.

9. The authorized governmental bodies shall be responsible for accurate assessment, complete collection, and timely transfer of taxes and other compulsory payments to the budget, as well as timely provision of reliable data to the tax authorities in accordance with the laws of the Republic of Kazakhstan.

CHAPTER 92. ASSISTANCE TO TAXPAYERS

Article 657. Assistance to Taxpayers

The tax authoritiesshall render assistance to taxpayers (tax agents) as follows:

1) by promotion of tax legislation of the Republic of Kazakhstan;

2) by providing software for the presentation of tax reports in an electronic form by forming an electronic payment documents for payment of taxes and other obligatory payments to the budget;

3) by building and expanding a network of terminals for the taxpayers (tax agents) access to viewing the progress status of documents requested by the taxpayers (tax agents);

4) by presenting information on the procedure for the performance of settlements with the budget in relation to the implementation of tax obligations;

5) building and expanding the network of centres for work with the notices of *the tax authorities*;

6) by supporting the functioning *of tax authorities* Internet resources;

7) by rendering assistance (except for financial) in the development of the cash machines network and other electronic devices for the payment of taxes and other obligatory payments to the budget, social assessments, transfer of the obligatory pension contributions, obligatory professional pension contributions.

Article 658. Promotion of Tax Legislation

1. Promotion of tax legislation of the Republic of Kazakhstan has the objective of enhancing the awareness of taxpayers (tax agents) in tax issues, in particular by way of communicating to them provisions of the tax legislation of the Republic of Kazakhstan, amendments and additions introduced to tax legislation of the Republic of Kazakhstan, and also information on issues relating to the implementation of tax obligations.

2. The tax authoritiesshall carry out promotion of tax legislation of the Republic of Kazakhstan by way of holding seminars, sessions, meetings with taxpayers (tax agents), posting information by using mass communication media, information stands, booklets and other printed matter, as well as video, audio and other technical facilities which are used for promotion of information, telephone and cellular communication facilities.

Article 659. Providing Free Software for the Presentation of Tax Reports in an Electronic Form

1. The tax service authority shall provide taxpayers (tax agents) with software on a charge-free basis for presentation of tax reports in an electronic form.

2. Software for presentation of tax reports in an electronic form may be presented to taxpayer (tax agent) on electronic media in case of personal appearance to the tax authority and (or) by way of its posting on the Internet resource *of the tax authorities*.

3. Software for presentation of tax reports in an electronic form shall be provided by attaching instruction materials for the installation of software.

4. Software shall provide the opportunity of forming electronic payment documents for payment of taxes and other obligatory payments to the budget.

Article 660. Development of a Network of Outlets for the Access for Reviewing the Status of Completion of a Document Requested by the Taxpayer

1. The tax authoritiesshall provide for the development of a network of terminals for furnishing taxpayers (tax agents) with an access to viewing the progress status on requested documents as follows:

1) {~};

2) statement of the official account on the status of settlements with the budget with regard to performance of tax liabilities.

2. Access to viewing the status of progress of documents requested by taxpayers (tax agents), shall be provided through terminals established at tax authoritiesoffices.

3. Access to the terminals shall be provided on working days.

Article 661. Providing Information on the Procedure for the Performance of Settlements with the Budget in Relation to the Performance of Tax Obligations

The tax authoritiesshall provide taxpayers (tax agents) with information concerning the procedure for the performance of settlements with the budget with regard to the implementation of tax obligations, including information on the procedure for the completion of payment documents, details which are required for the completion of a payment document.

Article 662. Centres for Processing Notices of the Tax authorities

1. The tax authoritiesshall provide for the creation and expansion of the network of centres for processing notices of the tax service authorities, as specified in subparagraphs 1) and 5) of paragraph 2 of Article 607 of this Code.

2. Rendering assistance by said centres shall be carried out through dedicated telephone lines, and also directly in the case of taxpayers (tax agents) appearance before the tax authority.

3. Telephone calls to centres for obtaining information shall be carried out on a charge-free basis.

4. Functioning of the centres shall be on the working days.

Article 663. Supporting the Functioning of the Tax Service Authorities' Internet resources

1. The tax authoritiesshall render assistance to taxpayers (tax agents) in their receiving information free of charge through Internet resources.

2. Rendering of assistance in issues of implementation by the taxpayers (tax agents) of tax obligations shall be carried out by way of posting information and instructive materials *in the tax authority* Internet resources.

3. The functioning *of the tax authorities* Internet resources shall be 24-hours without days-off and holidays.

Article 664. Rendering Assistance (Except for Financial) in the Development of a Network of Cash Machines and Other Electronic Devices for Payment of Taxes and Other Obligatory Payments to the Budget, Social Assessments, Transfer of Obligatory Pension Contributions, Obligatory Professional Pension Contributions

1. The tax authoritiesshall render assistance (except for financial assistance) in the development of the cash machine and other electronic device networks which provide the opportunity for the following transactions:

1) payment of taxes and other obligatory payments to the budget, social assessments, transfer of obligatory pension contributions, obligatory professional pension contributions;

2) receiving information on amounts of tax to be paid to the budget;

3) receiving payment documents with the details for payment of taxes and other obligatory payments to the budget.

2. Commission of transactions specified in paragraph 1 of this Article, shall be carried out through cash machines and other electronic devices situated in public places, having connections *to the tax authorities*, banks and organisations carrying out separate types of banking transactions.

Article 665. The Procedure for Dissemination by the Tax authoritiesof Information on Assistance Which is Rendered to Tax Payers (Tax Agents) in Relation to Their Performance of Tax Obligations

The tax authoritiesshall disseminate information concerning the assistance to taxpayers (tax agents) by way of posting information as follows:

1) at the tax service offices;

2) in mass media.

SECTION 21. Appealing Results of Tax Audits and Acts (Omission of Act) of Official Persons of the Tax authorities

CHAPTER 93. THE PROCEDURE FOR APPEALLING RESULTS OF A TAX AUDIT

Article 666. The Authorities Who Handle Complaints of Taxpayers (Tax Agents) Against Notices on the Results of Tax Audits

1. In accordance with the provisions specified in this Code, the processing of a taxpayer (tax agent) complaint against a notice on the results of a tax audit, shall be carried out by the superior *tax authority.*

2. Processing of a taxpayer's (tax agent's) complaint against a notice on the results of tax audit by the authorized body, shall be carried out directly by the authorized body in accordance with the procedure established by Articles 667–675 of this Code.

3. The taxpayer (tax agent) shall have the right to appeal a notice on the results of a tax audit to the court.

Article 667. The Procedure for Taxpayers' (Tax Agent's) Filing Complaints

1. Taxpayer's (tax agent's) complaints against notices on the results of tax audits shall be filed to the superior tax service authority within thirty working days from the date following the date of serving the notice to the taxpayer (tax agent).

In that case a copy complaint must be filed by the taxpayer (tax agent) to the tax service authority that carried out the tax audit.

The date of submission of a complaint to the tax service authority depending on the method of delivery shall be accepted:

1) personally – the date of actual receipt of a complaint *by the tax authority*;

2) by mail – the date marked to confirm receipt by a post or another communication service organization.

2. In the case of missing the date due to a sufficient reason, as established by paragraph 1 of this Article, this period pursuant to the petition of the taxpayer (tax agent's) who is filing the complaint, may be restored by the superior *tax authority* who processes the complaint.

3. For the purposes of restoring a missed date for the submission of a complaint, the superior *tax authority* shall recognise illness of a natural person of whom a tax audit is carried out, and also of the manager and (or) chief accountant (where available) of the taxpayer (tax agent) as a sufficient reason.

Provisions of this paragraph shall apply to natural persons of whom a tax audit has been conducted, and also to taxpayers (tax agents) whose organisational structure does not provide for deputies of said persons in case of their absence.

In that respect, the taxpayer (tax agent) shall attach a document confirming the fact of illness of persons specified in the first part of this paragraph and a document establishing the organisational structure of such taxpayer (tax agent), to the petition for restoring a missed period for the submission of a complaint.

4. Petitions of taxpayers (tax agents) for restoration of missed periods for filing complaints, shall be satisfied by the superior *tax authority* only on the condition, that the taxpayer (tax agent) filed the complaint and the petition not later than ten working days from the date of recovery of the persons specified in paragraph 3 of this Article.

5. A taxpayer (tax agent) who filed a complaint to the superior *tax authority*, until a decision is taken on that complaint, may revoke it on the basis of a written application. Revocation of a taxpayer (tax agent's) complaint shall not deprive the taxpayer (tax agent) of the right to file a repeat complaint on the condition of observance of the timing established by paragraph 1 of this Article.

A taxpayer (tax agent) shall not be entitled to revoke the complaint during the period from the date of prescription of the specialized audit to the date of making a decision on the complaint.

Article 668. The Form and Contents of a Taxpayer's (Tax Agent) Complaint

1. Complaints of taxpayers (tax agents) shall be filed in writing.

2. A complaint must specify the following:

1) the date of signing a complaint by a taxpayer (tax agent);

2) name of the superior tax service authority to which the complaint is to be filed;

3) surname, name and patronymic (where available) or full name of the person filing the complaint, person's place of residence (location);

4) identification number;

5) name of the tax authority who carried out the tax audit;

6) circumstances on which the person filing a complaint bases claims and evidence confirming those circumstances;

7) list of documents attached.

3. Other information may be specified in a complaint, which are material for the settlement of a dispute.

4. A complaint shall be signed by the taxpayer (tax agent) or by a taxpayer (tax agent's) representative.

5. The following shall be attached to a complaint:

1) {~};

2) documents confirming circumstances on which the taxpayer (tax agent) bases claims;

3) other appropriate documents.

Article 669. Refusal to Consider a Complaint

1. The superior tax service authority shall deny processing of taxpayers' (tax agents) complaints in the following cases:

1) complaint is filed by the taxpayer (tax agent) after missing the period of appeal as established in paragraph 1 of Article 667 of this Code;

2) non-compliance of the taxpayer (tax agent's) complaint's form and contents with the requirements established by Article 668 of this Code;

3) filing the taxpayer (tax agent's) complaint by a person who is not that taxpayer (tax agent's) representative;

4) filing by the taxpayer (tax agent) of a lawsuit application to the court on the issues outlined in the complaint.

2. In cases provided for by subparagraphs 1), 2) and 3) of paragraph 1 of this Article, the superior tax service authority shall in writing notify the taxpayer (tax agent) of a denial of the complaint processing with specification of reason of such denial, within thirty days from the date of receipt of the complaint.

In case provided for by subparagraph 4) of paragraph 1 of this Article, the superior tax service authority shall in writing notify the taxpayer (tax agent) of a denial of the complaint processing, within ten days from the date of receipt of the complaint.

3. In cases provided for by subparagraphs 1), 2) and 3) of paragraph 1 of this Article, the denial by the superior tax service authority of complaint processing, shall not deprive the taxpayer (tax agent) of the right to file a repeat complaint within the period established by paragraph 1 of Article 667 of this Code, provided violations committed by the taxpayer (tax agent) are eliminated.

In case provided for by subparagraph 4) of paragraph 1 of this Article, the taxpayer (tax agent) shall not have the right to file a complaint with the superior tax service body.

Article 670. The Procedure for Handling a Complaint Filed to a Superior Tax Service Authority

1. A motivated decision shall be passed on a taxpayer (tax agent's) complaint within a period not more than thirty working days from the date of registration of such complaint, and in the case of complaints of major taxpayers who are subject to monitoring, – not more than forty-five working days from the date of registration of a complaint, except for the cases specified in paragraph 2 and subparagraph 2) of paragraph 6 of this Article.

2. The superior tax service authority when handling a taxpayer (tax agent's) complaint shall have the right to prescribe an topical audit and a repeat additional audit in accordance with the procedure established by Article 675 of this Code.

3. Period for handling a complaint may be suspended in accordance with the procedure established by Article 672 of this Code.

4. A complaint shall be considered within the scope of issues which are appealed by the taxpayer (tax agent).

5. In the case of submission by a taxpayer (tax agent) of documents relating to the consideration of the complaint, which were not presented by the taxpayer (tax agent) in the course of the tax audit, the superior tax service authority shall have the right to establish the authenticity of such documents in the course of an topical audit.

6. The superior tax service authority when handling a taxpayer (tax agent's) complaint, where appropriate, shall have the following rights:

1) to forward requests to the taxpayer (tax agent) and (or) to the tax authority that carried out the tax audit, for presentation in writing of additional information or explanations on issues outlined in the complaint;

2) to forward requests to the state authorities and legal persons with one hundred percent participation of the state, as well as to the competent authorities of foreign states, on issues which are within the scope of such authorities and legal persons;

3) to hold meetings with the taxpayer (tax agent) on issues outlined in the complaint;

4) to request additional information and (or) explanations on emerging issues from the tax service authority employees who participated in conducting a tax audit.

7. It shall be prohibited to interfere with the functioning of the superior tax service authority when they exercise their powers relating to complaint processing and except any influence on the officials participating in the processing of a complaint.

Article 671. Passing a Decision on the Results of Considering a Complaint

1. Upon completion of considering the essence of a complaint, the superior tax service authority shall pass a motivated decision in writing and send it by registered mail with delivery notification or serve it to the taxpayer (tax agent) under signed receipt, and forward its copy to the tax service authority that carried out the tax audit.

2. Upon results of handling a taxpayer (tax agent's) complaint against a notice on tax audit results, the superior *tax authority* shall pass one of the following decisions:

1) leave the appealed notice on the results of a tax audit, without change, and complaint without satisfaction;

2) repeal the appealed notice on the results of a tax audit in full or in part.

3. In the case of partial abolition of an appealed notice upon the results of its consideration, *the tax authority* that carried out the tax audit, shall pass a notice on the results of handling the taxpayer (tax agent's) complaint against the results of the tax audit and (or) a decision of the superior *tax authority* passed upon the results of handling a complaint against the notice, and forward it to the taxpayer (tax agent) within a period specified in Article 607 of this Code.

A decision of the superior *tax authority* passed upon the basis and in accordance with the procedure which are established by this Code, shall be obligatory for the implementation by *the tax authorities*.

Article 672. Suspension of the Period of Considering a Complaint

1. The period for considering a complaint shall be suspended in the following cases:

1) conducting topical and repeat topical audits – until their completion;

2) forwarding requests to state authorities and legal persons with one hundred percent participation of the state, and also to competent authorities of foreign states, until the time of receiving response.

2. The superior *tax authority* shall notify the taxpayer (tax agent) in writing of the suspension of considering the complaint by specifying the reasons for such suspension.

Article 673. The Form and Contents of the Decision of the Superior Tax Service Authority

The following must be specified in the decision of the superior tax service authority on the results of considering a complaint:

1) date of taking decision;

2) name *of the tax authority* handling the complaint of a taxpayer (tax agent);

3) surname, name, patronymic (where available) or full name of the taxpayer (tax agent) who filed the complaint;

4) identification number;
5) brief contents of the appealed notice on the results of the tax audit;
6) essence of the complaint;
7) motivation by reference to the rules of the Republic of Kazakhstan legislation, by which the superior tax service authority was guided when passing a decision on the complaint.

Article 674. Consequences of Filing a Complaint to the Superior Tax Service Authority or Court of Law

1. Filing a complaint by a taxpayer (tax agent) to the superior tax service authority or to the court shall suspend the implementation of the notice on the results of the tax audit, with regard to the appealed items.

2. When filing a complaint to the superior *tax authority*, the implementation of the notice on the results of a tax audit with regard to appealed items shall be suspended until a written decision is passed by the superior *tax authority* and expiry of the period specified in paragraph1 of Article 677 of this Code.

In the case of a taxpayer (tax agent) filing a claim (an application) to the court, the implementation of the notice on the results of the tax audit with regard to appealed items shall be suspended from the day of accepting the claim (application) by court for proceedings until the entry into force of the court resolution.

3. In the case of abolition of a notice on the results of a tax audit, the tax audit report shall be subject to abolition only with regard to appealed items of the notice on the results of the tax audit.

Article 675. The Procedure for the Prescription and Conducting topical Audits

1. When handling a complaint of a taxpayer (tax agent), where appropriate, the superior tax service authority shall have the right to prescribe an topical audit.

2. A document prescribing an topical audit shall be formulated by the superior *tax authority* in writing by listing items to be audited.

In that respect, the performance of an topical audit, may be entrusted *to the tax authority* that carried out the tax audit of which the results are appealed, except for the case where a tax audit appealed was carried out by the authorised body.

3. topical audits shall be carried out in accordance with the procedure and timing as established by this Code. In that respect, an topical audit must be initiated not later than five working days after the date of receipt by *the tax authority* of a document from the superior *tax authority* for the performance of such audit.

4. In the case of insufficient clarity or incomplete information, and also emergence of new questions with regard to circumstances and documents that were previously audited in the course of an topical audit, the superior *tax authority* shall have the right to prescribe it again.

5. A decision upon the results of processing a complaint shall be passed subject to the results of an topical and (or) repeat topical audit. In that respect, in the case of disagreement of the superior *tax authority* with the results of such audits, the superior *tax authority* shall have the right not to take them into account when taking a decision on a complaint, however such disagreement must be motivated.

CHAPTER 94. THE PROCEDURE FOR REVISION OF A DECISION BASED ON THE RESULTS OF PROCESSING A TAXPAYER'S (TAX AGENT) COMPLAINT

Article 676. The Body Which Carries Out the Revision of Decisions Based on the Results of Considering Taxpayer's (Tax Agent) Complaints

In accordance with the provisions specified by this Code, the revision of a decision based upon the results of processing a taxpayer (tax agent's) complaint shall be carried out by the authorised body.

Article 677. The Procedure for Filing a Complaint to the Authorised Body

1. Complaints to the authorized body shall be filed within thirty working days from the date following the date of receipt by the taxpayer (tax agent) of a decision on the results of processing a complaint, or in case of absence of a decision of the superior *tax authority* upon expiry of the period specified in paragraph 1 of Article 670 of this Code.

In that respect, a copy complaint must be forwarded by the taxpayer (tax agent) to the superior tax service authority which handles the complaint of the taxpayer.

The date of receipt of the decision of the superior tax authority by the taxpayer (tax agent) on the results of processing a complaint shall be the date of its delivery by hand to the taxpayer (tax agent) or the date of the note made by the taxpayer (tax agent) in the notification of the postal or other communication organization if it is sent by registered mail with delivery notification.

The filing date of the application to the authorized body, depending on the way of the submission thereof, shall be:

1) the date of receipt of the application by the authorized body in the event if the application is filed by personal delivery;

2) the date of receipt of the application by the postal or other communication organization.

2. In the case of missing the date established by paragraph 1 of this Article, due to sufficient reasons, that date may be restored by the authorised body pursuant to the petition of the taxpayer (tax agent).

3. For restoration of a missed date for the submission of a complaint, the competent authority shall take temporary disability of the individual with respect to whom a tax audit was carried out, and the manager and/or chief accountant (if applicable) of the taxpayer (tax agent) as sufficient reasons.

Provisions of this paragraph shall apply to natural persons and also to taxpayers (tax agents) whose organisational structure does not provide for substitutes of the above-mentioned persons during their absence.

For that purpose the taxpayer (tax agent) shall attach a document confirming the period of temporary disability of the persons specified in the first time of this paragraph, and the document certifying the organizational structure of such taxpayer (tax agent) to the petition for restoration of the missed date for submission of the complaint.

4. The petition of a taxpayer (tax agent) for restoration of a missed date for the submission of a complaint shall be satisfied by the authorised authority only on the condition that such a taxpayer (tax agent) filed the complaint and the petition not later than ten working days after the date of recovery of the persons specified in paragraph 3 of this Article.

5. Submission of a complaint to the authorised body shall be carried out in accordance with the procedure specified by Article 667 of this Code, subject to provisions of this Article.

Article 678. The Form and Contents of a Complaint Filed to the Authorised Body

1. A complaint to be filed to the authorised body, with regard to its form and contents must comply with the requirements established by Article 668 of this Code.

2. A copy decision of the superior tax service authority that considered the taxpayer (tax agent)'s complaint, must be attached to a complaint to be filed to the authorised body.

Article 679. Denial a Complaint Processing

1. Denial of processing a complaint of a taxpayer (tax agent) shall be carried out by the authorised body in the cases and in accordance with the procedure established by Article 669 of this Code, subject to provisions of this Article.

2. In cases provided for by sub-paragraphs 1), 2) and 3) of paragraph 1 of Article 669, the denial by the authorized body shall not deprive the taxpayer (tax agent) of the right to file a repeat complaint within the period established by paragraph 1 of Article 667 of this Code, provided violations committed by the taxpayer (tax agent) are eliminated.

In case provided for by sub-paragraph 4) of paragraph 1 of Article 669 of this Code, the taxpayer (tax agent) shall not have the right to file a complaint with the authorized body.

Article 680. The Procedure for Processing a Complaint Filed to the Authorised Body

1. A complaint filed to the authorised body, submitted in accordance with the procedure established by this Code, shall be processed by the authorised body within a period not more than thirty working days from the date of its registration, and complaints of major taxpayers who are subject to monitoring, not more than forty-five working days from the date of registration, except for the cases specified in paragraph 2 and subparagraph 2) of paragraph 6 of Article 670 of this Code.

2. Processing of a complaint by the authorised body shall be carried out in accordance with the procedure specified in Article 670 of this Code, subject to provisions of this Article.

3. It shall be prohibited to interfere with the functioning of the authorised body when it exercises its powers of processing complaints, and to exert any coercion with the official persons participating in the processing of complaints.

Article 681. Passing a Decision on a Complaint Filed to the Authorised Body

1. Upon considering a complaint with regard to its essence, the authorized body shall pass a motivated decision in writing and send by registered mail with delivery notification or serve it to the taxpayer (tax agent) under signed receipt, and forward its copy to the tax authority that considered the taxpayer's (tax agent's) complaint.

2. Upon the results of considering a complaint, the authorised body shall have the following rights:

1) to leave a complaint without satisfaction;

2) to abolish the appealed decision *of the tax authority*;

3) to modify a decision or pass a new decision.

3. A decision of the authorised body passed upon the basis and in accordance with the procedure established by this Code, shall be obligatory for the implementation *by the tax authorities*.

Article 682. Suspension of the Period for Processing of a Complaint

Period of processing a complaint which has been filed to the authorised body, shall be suspended in the cases and in accordance with the procedure established by Article 672 of this Code.

Article 683. The Form and Contents of the Decision of the Authorised Body

The following must be specified in a decision of the authorised body:

1) date of taking decision;

2) surname, name, patronymic (where available), or full business name of the taxpayer (tax agent) who filed the complaint;

3) identification number;

4) brief contents of the appealed decision of the superior *tax authority*;

5) essence of the complaint;

6) motivation and conclusions with reference to the provisions of the Republic of Kazakhstan legislation.

Article 684. Consequences of Filing a Complaint to the Authorised Body

1. Filing a complaint to the authorised body shall suspend the implementation of a notice on the results of the tax audit with regard to the appealed items until a written decision is passed.

2. In the case of abolition of notice on the results of a tax audit, the tax audit report shall be subject to abolition only with regard to the appealed items of the notice on the results of the tax audit.

Article 685. The Procedure for the Prescription and Conducting an topical Audit

1. The authorised body when processing a taxpayer (tax agent)'s complaint where appropriate shall have the right to prescribe an topical audit.

2. Prescription and conducting an topical audit shall be carried out in accordance with the procedure established by Article 675 of this Code, subject to provisions of this Article.

3. Conducting an topical audit by the authorised body may not be entrusted to the tax authority that carried out the tax audit of which the results are appealed, nor to the tax authority that processed the taxpayer (tax agent)'s complaint against the notice on the results of a tax audit.

4. A decision on the complaint filed to the authorised body, shall be passed subject to the results of an topical and (or) repeat topical audits. In that respect, in the case of disagreement of the authorised body with the results of such audits, the authorised body shall have the right not to recognised them when taking a decision upon a complaint, however such disagreement must be motivated.

CHAPTER 95. THE PROCEDURE FOR APPEALLING ACTS (OMISSION OF ACT) OF THE OFFICIAL PERSONS OF THE TAX AUTHORITIES

Article 686. The Right of Appeal

A taxpayer or taxpayer's authorised representative shall have the right to appeal to the superior *tax authority* or to the court of law, the acts (omission) of official persons *of the tax authorities*.

Article 687. The Appeal Procedure

Acts (omission) of the official persons of tax authoritiesshall be appealed in accordance with the procedure specified by the legislative acts of the Republic of Kazakhstan.

Article 688. {~}

N. NAZARBAYEV,
President of the Republic of Kazakhstan

Astana, Akorda, December 10, 2008
№ 99-IV Law RK

LAW
OF THE REPUBLIC OF KAZAKHSTAN

On Putting into Force the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Budget» (TAX CODE)

(With amendments and additions introduced in accordance with laws of the Republic of Kazakhstan № 167-IV LRK of 04.07.2009; № 188-IV LRK of 17.07.2009; № 200-IV LRK of 16.11.2009; № 234-IV LRK of 30.12.2009; № 258-IV LRK of 19.03.2010; № 288-IV LRK of 09.06.2010; № 297-IV LRK of 30.06.2010; № 327-IV LRK of 15.07.2010; № 356-IV LRK of 26.11.2010; 452-IV LRK of 05.07.2011; № 467-IV LRK of 21.07.2011; № 470-IV LRK of 21.07.2011; № 524-IV LRK of 28.12.2011; № 535-IV LRK of 09.01.2012; № 538-IV LRK of 12.01.2012; № 564-IV LRK of 17.02.2012; № 21-V LRK of 22.06.2012; № 33-V LRK of 10.07.2012; № 57-V LRK of 26.11.2012; № 60-V LRK of 24.12.2012; № 61-V LRK of 26.12.2012; №152-V LRK of 05.12.2013; №189-V LRK of 11.04.2014; № 208-V LRK of 10.06.2014; № 239-V LRK of 03.10.2014; № 257-V LRK of 28.11.2014; № 269-V LRK of 24.12.2014)

Effective January 1, 2015

Article 1. – **Article 11.** ***{~}***.

Article 12. To suspend the validity of Article 66 of the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Budget» (Tax Code) till January 1, 2016 and to determine peculiarities of tax reporting on value-added tax during the suspension period in accordance with this Article.

1. Tax return on value-added tax is assigned for value-added tax calculation by value-added tax payers and demonstration of information on:

1) amount of taxable and non-taxable turnover;

2) amount of taxable imports;

3) amount of goods purchased, works performed, services rendered in the territory of the Republic of Kazakhstan;

4) amount of value-added tax subject to crediting;

5) selected method of value-added tax amount credited and results of its application;

6) excess of value-added tax amount credited over value added tax amount assessed, including one at the end of the tax period;

7) calculation of value-added tax amount.

Tax return on value-added tax can contain the requirement on repayment of excess of amount of value-added tax credited over the amount of value-added tax assessed.

At that the requirement on repayment of excess of amount of value-added tax amount credited over value-added tax amount assessed may be shown in regular and (or) liquidation returns on value-added tax.

2. Attachments to value-added tax return are assigned for detailed description of information on tax liability calculation being used by tax service authorities for the purposes of tax control.

Forms of attachments to value-added tax return can contain the following information on:

1) sale turnover taxable at zero rate;

2) sale turnover free from value-added tax;

3) goods imports for which the deadlines for value-added tax payment is changed;

4) goods imports when value-added tax is paid by crediting;

5) works, services purchased from a nonresident and amount of value-added tax subject to payment for such nonresident;

6) adjustment of taxable turnover amount and credited value-added tax amount;

7) invoices on goods purchased, works performed, services rendered and goods sold, works performed, services rendered regarding suppliers and buyers;

8) documents for the release of goods from the state material reserve issued by the state material reserves department of the authorized body, broken down by buyers;

9) value-added tax amounts claimed for refund;

10) statements of import of goods and payment of indirect taxes of a taxpayer of a member state of the Customs Union that has imported goods from the territory of the Republic of Kazakhstan.

3. Number of cells for indication of the invoice shall not limited when submitted in electronic format:

1) registers of invoices (documents for the release of goods from state material reserve), for goods, works, services purchased during reporting tax period;

2) registers of invoices for goods, works, services sold during reporting tax period.

Article 13. ***{~}***. **Article 13-1.** ***{~}***.

Article 14. ***{~}***.

Article 15. ***{~}***. **Article 15-1.** ***{~}***.

Article 16. {~}. Article 16-1. ***{~}***.

Article 17. ***{~}***.

Article 17-1. To establish, that for the purposes of application of subparagraph 1) of paragraph 1 of Article 195 and paragraph 1 of Article 201 of the Code of the Republic of Kazakhstan concerning Taxes and other Obligatory Payments to the budget» (Tax Code), in case that income in foreign currency accrued before January 1, 2013 shall be paid after January 1, 2013, the income of tax taxable at source of payment shall be translated in tenge using the market exchange rate prevailing on the date of payment of income.

Articles 18 – 22. ***{~}***.

Article 23. To suspend the validity of Article 83 regarding realization of insurance and reinsurance activity by insurance and reinsurance organizations, sub-item 7) of item 1 of Article 85, item 3 of Article 90, item 2 of Article 106, item 3 of Article 109 of the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Budget» (Tax Code), till January 1, 2012, by establishing that the taxation procedure established by the present article shall be in force during the suspension period.

1. Taxable income of insurance and reinsurance organizations regarding realization of insurance and reinsurance activity by these organizations shall be defined in the following order:

insurance premiums that are payable (paid) by an insured person and reinsured person under insurance and reinsurance agreements,

plus

commission fee payable (paid) under insurance and reinsurance agreements,

plus

funds receivable (received) from the state budget with the purpose of state support of the mandatory insurance in plant growing in the form of reimbursement of 50 percent of insurance payments on insurance events emerged as a result of unfavourable acts of nature.

minus

insurance premiums returned at cancellation of insurance and reinsurance agreements,

minus

insurance premiums paid under reinsurance agreements,

minus

obligatory contributions to the Fund of insurance payments guarantee;

2. The following types of income derived from insurance and reinsurance activity shall not be object of taxation of insurance and reinsurance organizations:

1) a reinsurer's share in insurance payments and expenditures on regulation of insured accident in accordance with the reinsurance agreement;

2) investment income;

3) exchange rate income, payable (paid) by placing assets of insurance and reinsurance organization into deposits, securities and other financial instruments;

4) exchange rate on revaluation of accounts receivable and payable which are related to insurance and reinsurance agreements;

5) income on claims by way of subrogation (recourse) from the third parties under insurance and reinsurance agreements;

6) compensatory payments made by the Fund of insurance payments guarantee of an insurance organization which is a participant of the system of guarantee of insurance payment, to pay insurance premiums under a contract of mandatory insurance made with an insurer of an insurance organization undergoing compulsory liquidation;

7) amount of money received by an issuer at the time of placement of his own stocks.

3. Taxable income of insurance and reinsurance organizations from other activity shall be determined following the procedure established under article 83 of the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Revenue» (Tax Code), taking into account provisions of the present item.

The expenditures of an insurance and reinsurance organization on other activities, which are treated as deductions, shall be determined in the total sum of expenditures by means of proportional method, on the basis of specific weight of incomes receivable (received) from other activities, in the total sum of incomes gained by the insurance and reinsurance organization, except for insurance premiums paid back in the event that insurance and reinsurance agreements are abrogated as well as insurance premiums paid under the reinsurance agreements.

4. For purposes of taxation, insurance and reinsurance organizations shall be required to maintain separate accounting of income and expenditures from the performance of insurance and reinsurance activity, including activity involving the investment of insurance premiums, and income and expenditures related to other activity.

5. An insurance and reinsurance organization shall pay the corporate income tax based on insurance and reinsurance agreements at the following rates:

1) for non-savings insurance and reinsurance – 4 percent of the taxable income of activity on non-savings insurance and reinsurance, with the exception of activity on insurance and reinsurance of affiliated persons;

2) for savings insurance and reinsurance except for annuity insurance – 2 percent of the taxable income of activity on savings insurance and reinsurance, with the exception of activity on annuity insurance, as well as insurance and reinsurance of affiliated persons;

3) for annuity insurance – 1 percent of the taxable income of activity on annuity insurance, with the exception of activity on insurance of affiliated persons;

4) for insurance and reinsurance of affiliated persons – 8 percent of the taxable income of activity on insurance and reinsurance of affiliated persons;

5) {~}.

For the purposes of this item an affiliated person shall be treated as affiliated person, defined under the legislation of the Republic of Kazakhstan on Stock Corporations.

6. Incomes specified in paragraph 3 of this Articles to be received (that were received) by the insurance, reinsurance organizations during the tax period shall be subject to corporate tax at the rate of 20 percent.

7. No later than the 20th of the month following the reporting month, insurance and reinsurance organizations shall file a monthly statement of corporate income tax accrued on income for the month with the tax authorities serving this territory.

8. Insurance and reinsurance organizations shall pay the corporate income tax on taxable income of insurance and reinsurance activity before the 25th of the month following the reporting one.

9. No later than the 31st of March of the year following the reporting tax period, insurance and reinsurance organizations shall be required to file returns for all income based on the results of the tax period with the tax authority serving the area in which these organizations are located.

10. Payment of the corporate income tax shall be made within ten calendar days after the deadlines established for submission of tax returns, and shall be based on the results of the tax period.

11. The amount of tax withheld from the payment of winnings and interest shall not be credited against the corporate income tax owed for the tax period by insurance and reinsurance organizations.

12. For the purposes of the present article the other activity is activity of insurance and reinsurance organization, with the exception of activity on insurance and reinsurance.

Articles 24 – 29. ***{~}***.

Article 30 – 30-1. ***{~}***.

Articles 31 – 32-1. ***{~}***.

Article 32-2. To stipulate that the amount of penalties recorded in personal accounts of taxpayers as at January 1, 2014 and not paid as at October 1, 2014 shall not be deemed the tax arrears, and shall not be subject to payment to the budget, but shall be written off in the procedure established by the authorized body.

In such case, the amount of penalties paid with respect to different types of taxes and other obligatory payments to the budget from January 1, 2014 till October 1, 2014 shall be credited to the budget in payment of the amount of penalties on such types of taxes and other obligatory payments to the budget accrued until January 1, 2014.

The provisions of this Article shall not apply to the taxpayers:

1) meeting the conditions set forth in Article 623 of the Code of the Republic of Kazakhstan on Taxes and other Obligatory Payments to the Budget (the Tax Code);

2) participating in the international arbitration proceedings regarding the fulfillment of their tax liabilities;

3) engaged in one or several of the following activities:

subsurface use;

gambling activities;

manufacture of excisable products.

Article 32-3. To stipulate that the amount of fines imposed until January 1, 2014 for law violations related to taxation, break of legislation concerning the pension support and (or) mandatory social insurance in accordance with the Administrative Offenses Code of the Republic of Kazakhstan, and not paid as at October 1, 2014 shall not be deemed the tax arrears, and shall not be subject to payment to the budget, but shall be written off in the procedure established by the authorized body.

The provisions of this Article shall not apply to the taxpayers:

1) meeting the conditions set forth in Article 623 of the Code of the Republic of Kazakhstan on Taxes and other Obligatory Payments to the Budget (the Tax Code);

2) participating in the international arbitration proceedings regarding the fulfillment of their tax liabilities;

3) engaged in one or several of the following activities:

subsurface use;

gambling activities;

manufacture of excisable products.

Article 33. ***{~}***.

Article 34. ***{~}***. **Article 34-1**. ***{~}***.

Article 35. ***{~}***.

Article 36. ***{~}***. **Article 36-1**. ***{~}***.

Articles 37 – 41. ***{~}***.

Article 42. To suspend the operation of subparagraph 1) of paragraph 1 of Article 272 of the Code of the Republic of Kazakhstan on Taxes and other Obligatory Payments to the Budget (the Tax Code) from January 1, 2011 till January 1, 2017 having established that during the suspension period the above mentioned subparagraph shall be read as follows:

«1) the excess of the value-added tax amount to be offset over the amount of tax assessed, calculated based on the declaration as progressive total as at the end of the reporting tax period (hereinafter – excess value-added tax) in the procedure established by Articles 273 and 274 of this Code.

When calculating excess value-added tax specified in this subparagraph, the amount of value-added tax under invoices issued by a procurement organization operating in the agribusiness industry shall not be included in the amount of value-added tax to be offset.

The excess value-added tax specified in the first part of this subparagraph emerged due to purchasing goods, work, and services not used for the purpose of turnovers taxable at the zero rate shall be refunded up to the amounts of value-added tax taken as an offset against the same paid when purchasing work, services from a non-resident not being a value-added tax payer in the Republic of Kazakhstan, and not operating through a branch or representative office in accordance with Article 241 of this Code.

The provision of the third part of this subparagraph shall not apply to the taxpayers entitled to apply the simplified procedure for refund of value-added tax paid in excess as provided for by Article 274 of this Code.

The Government of the Republic of Kazakhstan shall establish the criteria for recognizing the sale of goods, work, and services taxable at the zero rate as the permanent sale as stipulated in subparagraph 1) of paragraph 3 of this Article, and the procedure for calculation of excess value-added tax to be refunded:

related to turnovers taxable at the zero rate, where the conditions set forth in paragraph 3 of this Article are not met;

provided for by the third part of this subparagraph.».

Articles 43 – 47. ***{~}***.

Article 48. To suspend the validity of the following provisions of the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Budget» (Tax Code):

1) until July 1, 2009 -sub-item 2) of item 1, Article 273:

referred to the taxpayers that do not apply the simplified procedure for refund of a value added tax surplus provided for in Article 274 and (or) do not practice turnover taxed at a zero rate;

referred to the taxpayers that apply, effective January 1, 2009, the simplified procedure for refund of a value added tax surplus provided for in Article 274 and conduct the construction of projects, sale turnover of which is exempted in accordance with item 1 Article 249 of the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Revenue» (Tax Code);

2) till January 1, 2012 of paragraphs 8-12 of Article 562;

3) {~};

3-1) til January 1, 2017 of subparagraph 3) of paragraph 2 of Article 274;

4) until January 1, 2012:

subparagraph 4) of paragraph 4 of Article 77;

sub-item 3), 5) and 7) of Article 657;

item 4 of Article 659;

Article 660;

Article 662;

Article 664.

Article 48-1. ***{~}***.

Article 48-2.

1. Determine that the Government of the Republic of Kazakhstan has the right to take a decision about prolongation of period for redemption of taxes payable accrued during the period from January 1, 2008 to the date of making such decision.

Taxes payable stipulated in this article do not include taxes payable accrued as part of business conducted in accordance with the provisions of a subsoil use contract, and (or) by the results of tax inspection carried out in accordance with the provisions of the Code of the Republic of Kazakhstan “On taxes and other obligatory payments to the budget” (Tax Code), as well as by individual income tax paid by the source of payment.

In that case, the deferral for repayment of the tax liability shall be granted once for a period not exceeding three years from the date of passing of the decision by the Government of the Republic of Kazakhstan without pledge of property and (or) bank guarantee to the following tax payers who, on the date of passing the decision provided for by this paragraph, are participants of:

the second direction of the program «Business Roadmap-2020»;

post-crisis recovery Program (recovery of competitive enterprises).

2. Application for providing a prolongation of period for redemption of taxes payable shall be submitted by a taxpayer to the authorized body together with a document confirming the amount of taxes payable accrued during the period from January 1, 2008 to the first day of the month when such application was submitted. Such taxpayer shall indicate in the application the total amount of taxes payable, including amounts for the taxes and other obligatory payments to the budget.

3. The authorized body, in the procedure established by the Government of the Republic of Kazakhstan, shall send to the Government of the Republic of Kazakhstan a draft of decision about prolongation of period for redemption of taxes payable not indicating the amount and with the copies of such documents attached.

4. Within ten working days from the moment when the Government of the Republic of Kazakhstan has made a decision about prolongation of period for redemption of taxes payable, the authorized body shall inform the taxpayer in the written form about such decision and indicate the amount of taxes payable accrued during the period from January 1, 2008 to the date of making such decision. In this case the total amount of taxes payable for which prolongation is provided shall be indicated for taxes and other obligatory payments to the budget.

5. From the date of enforcement of the decision of the Government of the Republic of Kazakhstan about prolongation of period for redemption of taxes payable accrued during the period from January 1, 2008 to the date of making such decision, the taxpayer is not subject to the methods of provision of execution of late tax liabilities, and measures of forced collection of taxes payable determined in chapters 85,86 of the Code of the Republic of Kazakhstan“On taxes and other obligatory payments to the budget” (Tax Code).

Article 48-3. {~}.

Article 49. To deem invalid from the date of bringing into force the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Budget» (Tax Code) the following legislative acts of the Republic of Kazakhstan:

1) the Code of the Republic of Kazakhstan dated June 12 2001 «On Taxes and Other Obligatory Payments to Budget» (Tax Code) (the Gazette of the Parliament of the Republic of Kazakhstan), 2001, № 11-12, Article 168; 2002, №6, Article 73, 75; № 19-20, Article171; 2003, № 1-2, Article 6; № 4, Article 25; № 11, Article 56; № 15, Article 133, 139; № 21-22, Article160; № 24, Article178; 2004, № 5, Article30; № 14, Article 31; № 20, Article 116; № 23, Article 140, 142; № 24, Article 153; 2005, № 7-8, Article 23; № 21-22, Article 86, 87; № 23, Article 104; 2006, № 1, Article 4, 5; № 3, Article 22; № 4, Article 24; № 8, Article 45, 46; № 10, Article 52; № 11, Article 55; № 12, Article 77, 79; № 13, Article 85; № 16, Article 97, 98, 103; № 23, Article 141; 2007, № 1, Article 4; № 2, Article 16, 18; № 3, Article 20; № 4, Article 33; № 5-6, Article 37, 40; № 9, Article 67; № 10, Article 69; № 12, Article 88; № 14, Article 102, 105; № 15, Article 106; № 18, Article 144; № 20, Article 152; № 24, Article 178; 2008, № 6-7, Article 25, 27; № 13-14, Article 58; № 15-16, Article 64), except:

item 4 of Article 21 to be invalidated with effect from January 1, *2013*;

item 4 of Article 39 is valid until January 1 2010 in the following wording:

«4.Surplus taxes to the budget levied by customs authorities at migration of goods across the customs border of the Republic of Kazakhstan shall be charged for repayment of the tax debt as per a taxpayer's tax claim within ten working days from the date of the tax claim submission with a confirmation from customs authorities of the paid surplus taxes attached and in line with the following procedure:

1) for repayment of arrears, penalty and fine on other tax payments;

2) against the account of other pending tax payments»;

item 2-1 of Article 40 is valid until January 1 2010 in the following wording:

«2-1. Refund of surplus taxes and other compulsory payments and penalties to the budget levied by customs authorities at migration of goods across the customs border of the Republic of Kazakhstan shall be effected at the payment location within fifteen working days from the tax refund claim submission with a confirmation from customs authorities of the surplus customs fees, taxes and penalties paid to the budget.»;

Article 85 is valid from January 2002 to January 1 2009 in the following wording:

«Article 85. Gains from regression of the provision (reserves) created by banks. 1. Gains from regression of the provision (reserves) created by a bank or an organization carrying out certain bank transactions under a license are deemed to be :

1) amounts of the provision (reserves) earlier referred to deductions at execution by a debtor of a claim at the rate proportional to the execution amount;

2) amounts of the provision (reserves) earlier referred to deductions at regression of the amount of a claim to a debtor under an indemnity agreement, a novation agreement or based on a claim assignment through making an assignment agreement and(or) on other terms provided for by the legislation of the Republic of Kazakhstan.;

3) degression amounts of the provision (reserves) earlier referred to deductions at claims reclassification.

2. Degression amounts of the provision (reserves) earlier referred to deductions and created by a bank or an organization carrying out certain bank transactions based on a license at the rate of the degression of a claim to a debtor of a written down bad debt under contingent liabilities are not deemed income.»;

of subpar. 17) of Article 225, which shall be valid till January 1, 2017 with the following wording:

«17) goods manufactured in the territory of a free custom zone stock and sold from the same territory to the rest territory of the Republic of Kazakhstan, provided that all the following conditions are met:

the goods processing shall meet the substantial transformation criteria established by the authorized investment and development body;

the goods shall be included in the list established by the authorized body in charge of tax policy;

the carriage of the goods from the territory of the free custom zone stock subject to the free warehouse customs regime upon completion of the specified procedure shall be supported by the documents provided for by the customs legislation of the Customs union and/or the customs regulations of the Republic of Kazakhstan.»;

item 2 of Article 226 is invalid since January 1 2003;

paragraph 2 of Article 228 effective to January 1, 2017 to read as follows:

«2.Assets assignment to financial leasing is exempted from a value-added tax provided the following requirements are complied with:

1) such assignment complies with the requirements established by the tax legislation of the Republic of Kazakhstan;

2) a lessee acquires assets as a principal resource, investment in fixed property, biological assets;

3) the assigned assets are acquired free of a value-added tax in line with sub-item 17), Article 225 of this Code, or the assigned assets imported prior to January 1, 2009 without value-added tax in accordance with sub-item 12) of item 1, Article 234 of this Code, is included in the list of goods specified in item 1, Article 250 of this Code»;

Article 230-1 is valid until January 1, 2014 under an infrastructure project implementation concession made with the Government of the Republic of Kazakhstan prior to January 1, 2009;

Sub-item 13) of item 1, Article 234 is valid until January 1, 2014 under an infrastructure project implementation concession made with the Government of the Republic of Kazakhstan prior to January 1, 2009;

Article 249 is valid until January 1, 2017 in the following wording:

«Article 249. Rescheduling the due date for payment of a value added tax on imported goods.

1. Tax authorities reschedule the due date for payment of a value added tax on imported goods in case:

1) the imported goods are intended for industrial processing;

2) the imported goods are water, gas and electric power.

2. The procedure of imported goods categorization as those intended for industrial processing is identified in line with the customs legislation of the Custom Union and (or) of the Republic of Kazakhstan.

A list of goods imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union which are intended for industrial processing, and a list of finished products that result from the specified industrial processing, as well as a list of taxpayers of the Republic of Kazakhstan importing such goods shall be approved by the Government of the Republic of Kazakhstan.

The procedure for determining a list of goods imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union which are intended for industrial processing, and a list of finished products that result from the specified industrial processing, as well as a list of taxpayers of the Republic of Kazakhstan importing such goods shall be approved by the Government of the Republic of Kazakhstan.

3. In line with this Article the due date for payment of a value added tax is rescheduled without charging a penalty for maximum three months from the day of receipt of a customs declaration by customs authorities.

3-1. Changing a term of payment of value-added tax on goods imported from the territory of the states – members of the Custom Union to the territory of the Republic of Kazakhstan shall be performed without assessment of a fine for a term not more than for three months from the date of registration of such goods determined in accordance with the tax legislation.

4. The due date for payment of a value added tax is rescheduled based on the following documents:

1) an application in the form established by the authorized body;

2) a copy of a goods supply agreement (contract);

3) confirmation by customs authorities of imported goods categorization as goods intended for industrial processing in line with the customs legislation of the Republic of Kazakhstan.

Provisions of this paragraph shall not apply on goods imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union.

The right to rescheduling the payment date to be confirmed, tax authorities are entitled to examine the production capacity and premises of a value – added tax payer.

5. Value – added tax payers that routinely import goods for industrial processing are issued a license by an authorized body valid during a calendar year for customs declaration of the imported goods with a value added tax paid on the rescheduled payment date.

License provided for by this item is a basis for the imported goods customs declaration with rescheduling the due date for payment of a value added tax for maximum three months from the day of receipt of a customs declaration by customs authorities.

License to be issued the documents indicated in item 4 of this Article are submitted to the authorized body along with an assessment by a tax authority at the value added tax payer's domicile of the latter's production capacity and premises.

6. Decision on rescheduling the due date for payment of a value added tax on the imported goods indicated in item 1 of this Article is made by tax authorities within five working days from the date of receipt from the value added tax payer of a tax declaration and the supporting documents established by this Article.

7. The taxes with the payment date rescheduled in line with this Article are repaid by tax authorities within a period of three months through set-off to the budget of the value added tax on the goods sold, works executed and serviced delivered.

Penalty is imposed on the outstanding debt from the first day following the expiry of the indicated three-month period.

8. In case the goods are sold without industrial processing the amount of value added tax on taxable turnover to be paid to the budget is defined as a difference between the amount of value added tax charged on taxable turnover and the amount of value added tax referred to set-off with a penalty charged in line with the established procedure.

Provisions of this Article do not refer to the goods imported for manufacturing excised goods except motor cars.”.

Article 250 is valid until January 1, 2017 in the following wording:

«Article 250. Set-off based payment of a value added tax on imported goods.

1. VAT payers shall pay value added tax on a set-off basis with respect to the following goods to be placed under the customs regime for release for free circulation or under the customs procedure for release for domestic consumption:

1) equipment;

2) agricultural machinery;

3) freight rolling stock of motor vehicles;

4) helicopters and aircrafts;

5) railway locomotives and carriages;

6) sea-craft;

7) spare parts;

8) pesticides (chemical weed and/or pest killers);

9) all types of breeding animals and insemination equipment;

10) live cattle.

The list of the aforesaid goods, and the procedure for compiling the same shall be determined by the authorized body in charge of tax policy.

This list includes the goods that are not manufactured in the territory of the Republic of Kazakhstan and the ones demand in which in the territory of the Republic of Kazakhstan is not met.

2. Provisions of item 1 of this Article apply to the goods imported by a value added tax payer except those intended for further sale and rule out:

1) assets assignment to financial leasing;

2) re-export based return of the earlier imported goods;

3. Value-added tax payer submits to a customs authority a copy of the certificate of registration as a value-added tax payer as well as an obligation to include in the value-added tax bill the value added tax amount payable in relation to the imported goods specified in item 1 of this Article and to use these goods for a specified purpose.

The statement of obligation shall be filled out in three copies in the form established by the authorized body.

On the basis of the obligation the release of the goods for free circulation or for domestic consumption shall be without actual payment of the value added tax provided that the payment of customs duties and excise tax for excisable goods will be effected according to the established procedure.

4. The value-added tax amount specified in the obligation is indicated in the value-added tax bill both in tax charge and set-off in line with the procedure established by the tax legislation of the Republic of Kazakhstan.

5. Further sale of the goods specified in item 1 of this Article is subject to a value-added tax levy except the sale indicated in paragraphs 5-1 and 6 of this Article.

Should incompliance with the requirements provided for by this Article occur within five years from the date of release of goods for free circulation or domestic consumption to the territory of the Republic of Kazakhstan, the value added tax on the goods to be imported shall be paid along with the penalty accrued from the date established for payment of the value-added tax on the imported goods according to the procedure and amount determined by the customs legislation of the Customs Union and/or the Republic of Kazakhstan.

5-1. The sale of the goods, for which the value-added tax on imported goods was paid on a set-off basis shall not be liable to value-added tax on imported goods upon expiry of five years from the date of the release thereof for free circulation or domestic consumption to the Republic of Kazakhstan

Provisions of this item shall also apply to sale after December 31, 2008 of the goods imported before December 31, 2008 for own production needs, at importation of which the value-added tax was paid through set-off;

6. The turnover of the sale of the goods specified in paragraph 1 of this Article on which the value added tax was paid on the set-off basis, shall not be liable to the value-added tax in the event of transfer of property to financial lease.

The provision of this paragraph shall also apply if the goods imported up to December 31, 2008 for domestic production needs for which the VAT was paid on the set-off basis were transferred to financial lease after December 31, 2008.

2) The Law of the Republic of Kazakhstan dated June 12 2001 «On bringing into force the Code of the Republic of Kazakhstan «On Taxes and Other Obligatory Payments to Revenue» (Tax Code) (the Gazette of the Parliament of the Republic of Kazakhstan, 2001, № 11-12, Article 169; № 15-16, Article 224; № 24, Article 338; 2002, № 1, Article 2; № 6, Article 73; № 19-20, Article 171; 2003, № 21-22, Article 160; 2005, № 23, Article 104; 2006, № 16, Article 98) except Article 5-3;

3) The Law of the Republic of Kazakhstan dated July 8 2005 «On product sharing agreements (contracts) referred to oil operations in the sea» (the Gazette of the Parliament of the Republic of Kazakhstan, 2005, № 13, Article 54).

Article 49-1. To establish that till January 1, 2017 value-added tax shall be paid by way of offsetting in relation to the following goods imported to the territory of the Republic of Kazakhstan from the territory of states – members of the Custom Union in line with the procedure established by this Article:

1) equipment;
2) agricultural machinery;
3) rolling stock of motor transport;
4) helicopters and aircrafts;
5) railway engines and carriages;
6) sea-crafts;
7) spare parts;
8) pesticides (toxic chemicals);
9) pedigree stock and artificial insemination equipment;
10) live cattle.

The list of the aforesaid goods, and the procedure for compiling the same shall be determined by the authorized body in charge of tax policy.

Therewith the aforesaid list shall include the goods which are not manufactured in the territory of the Republic of Kazakhstan or do not supply the needs of the Republic of Kazakhstan.

Provisions of this Article shall apply in relation to goods imported by the taxpayer of value-added tax apart from those intended for subsequent sale, except for transfer of property into financial lease.

A value-added tax payer shall file the following to the Tax Authority simultaneously with the declaration on indirect taxes on imported goods:

1) an obligation for statement in the value-added tax return of the value-added tax amount that shall be paid in relation to import of goods specified in this Article and intended use of the specified goods.

The statement of obligation shall be filled out in two copies in the form established by the authorized body.

2) documents specified in subpar. 3 of Article 276-20 of the Code of the Republic of Kazakhstan “On Taxes and Other Obligatory Payments to the Revenue” (Tax Code).

On the basis of the obligation the importation of goods shall be performed without the actual payment of the value-added tax, provided that excise duties on excisable goods are paid in accordance with the established procedure.

The value-added tax amount specified in the obligation shall be states in the value-added tax return simultaneously in the assessment and offsetting in line with the procedure established by the tax legislation of the Republic of Kazakhstan.

Subsequent sale of goods specified in this Article shall be subject to taxation for value-added tax, except for the transfer of property into financial lease.

Shall the requirements set forth by this Article be violated during the limitation period from the date on the importation of the goods to the territory of the Republic of Kazakhstan, value added tax for the goods to be imported shall be paid along with penalties accrued from the period provided for the payment of the value added tax at the time of importation of the goods in accordance with the procedure and to the amount as determined by the tax legislation of the Republic of Kazakhstan.

The procedure for application of the value-added tax payment by way of offsetting with respect to goods specified in this Article imported into the territory of the Republic of Kazakhstan from the territory of member states of the Customs Union shall be approved by the authorized body.

Provisions of this Article shall also apply to goods imported to the territory of the Republic of Kazakhstan from the territory of the states – members of the Custom Union under the lease agreements (contracts) as related to the tax amount on value-added tax, which is attributable to the amount of lease payment provided for by the lease agreement, excluding of interest.

Articles 50 – 56. ***{~}***.

Article 57. *Establish that paragraph 2, the second part of paragraph 4 of Article 150, and paragraph 2 of Article 151-4 of the Code of the Republic of Kazakhstan On Taxes and Other Obligatory Payments to the Budget (the Tax Code) shall remain in force until January 1, 2018.*

Articles 58 – 60. {~}.

Article 61. For the period from 1 January 2012 to 1 January 2018 Article 90 paragraph 2 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding subparagraph 6) as follows:

"6) assignment by the bank of the rights of claim under a credit (loan) to an organization 100% voting shares in which are held by the National Bank of the Republic of Kazakhstan and which specializes in improvement of quality of the loan portfolios of second-tier banks, – to the extent of the negative difference between the cost of the right of claim under the credit (loan) with respect to which the bank has made the assignment and the cost of the claim under the credit (loan) to be received by the bank from the debtor, as on the date of the assignment of the right of claim under the credit (loan) in accordance with the primary documents of the bank.".

Article 62. For the period from 1 January 2012 to 1 January 2018 Article 99 paragraph 1 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding parts two, three, and four to read as follows:

"The income from performance of the activities provided for by the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity included in the total annual income of such organization and transferred to the bank which has assigned the rights of claim with respect to doubtful and bad assets shall be excluded from the total annual income of the bank subsidiary acquiring doubtful and bad assets of the parent bank.

In that case the income receivable shall be attributed to the income from performance of the activities provided for by the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity in accordance with the procedure established by the National Bank of the Republic of Kazakhstan in consultation with the authorized body.

The income from assignment of the rights of claim received in connection with buyout from the organization which specializes in improvement of quality of loan portfolios of second-tier banks of the rights of claim under credits (loans) which have been previously assigned to such organization in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan shall be excluded from the total annual income of the bank.".

Article 63. {~}.

Article 64. For the period from 1 January 2012 to 1 January 2018 Article 115 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding the second part as follows:

"A bank subsidiary acquiring doubtful and bad assets of the parent bank shall not have the right to attribute to deduction the expenditures:

in the form of money received by such organization in accordance with the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity and transferred to the bank which has assigned the rights of claim with respect to doubtful and bad assets to such organization;

which are not connected with performance of the activities provided for by the legislation of the Republic of Kazakhstan Concerning Banks and Banking Activity.".

Article 65. To establish that the forms of annexures to the corporate income tax return for an organization which specializes in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan for the tax periods from 2011 to 2018 may contain the information:

related to the income from performance of the activities specified in Article 135-2 paragraph 1 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code);

related to the expenditures incurred for the purpose of performance of the activities specified in Article 135-2 paragraph 1 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code).

Article 66. For the period from 1 January 2012 to 1 January 2018 the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding Article 135-2 as follows:

"Article 135-2. Taxation of Organization in which 100% Voting Shares are Held by the National Bank of the Republic of Kazakhstan and which Specializes in Improvement of Quality of Loan Portfolios of Second-Tier Banks

1. Income of an organization which specializes in improvement of quality of loan portfolios of second-tier banks and in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan shall be subject to exemption from taxation provided that such income was gained from performance of the following activities:

1) acquisition of doubtful and bad assets from second-tier banks and sale thereof;

2) holding and sale of shares and/or participatory interests in authorized capitals of legal entities the rights of claims to which have been acquired from second-tier banks by the organization specializing in improvement of quality of loan portfolios of second-tier banks;

3) holding and sale of shares and/or bonds issued and placed by second-tier banks from which the organizations specializing in improvement of quality of loan portfolios of second-tier banks have acquired rights of claim with respect to doubtful and bad assets;

4) letting on lease or utilization of other form of compensated temporary use of the property received in accordance with the rights of claim to legal entities acquired by the organization specializing in improvement of quality of loan portfolios of second-tier banks from second-tier banks;

5) allocation of funds in securities.

In that case the incomes receivable shall be attributed to the incomes specified in this paragraph in accordance with the procedure established by the National Bank of the Republic of Kazakhstan in consultation with the authorized body.

2. The income from performance of the activities not specified in paragraph 1 of this Article shall be subject to taxation in accordance with the generally established procedure. In that case the organization specializing in improvement of quality of loan portfolios of second-tier banks in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan shall be obliged to keep separate records on the income exempt from taxes in accordance with this Article and income liable to taxation in accordance with the generally established procedure.

3. In the event that an income is received which shall be subject to taxation in accordance with the generally established procedure the amount of the expenditures of the organization specializing in improvement of quality of loan portfolios of second-tier banks in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan to be attributed to deduction shall be determined using either proportional or separate method at the option of such organization.

4. If the proportional method is applied the amount of the expenditures to be attributed to deductions in the total expenditure amount shall be determined on the basis of the proportion of the income gained from performance of the activities not specified in paragraph 1 of this Article in the total income amount.

5. If the separate method is applied, the organization specializing in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan, shall keep separate records on the expenditures related to the income received from performance of the activities specified in paragraph 1 of this Article and the expenditures related to the income which are subject to taxation in accordance with the generally established procedure.".

Article 67. For the period from 1 January 2012 to 1 January 2018 Article 137 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding paragraph 7-1 as follows:

«7-1. The loss incurred by the bank subsidiary organization acquiring doubtful and bad assets of the parent bank shall not be deferred to the following tax periods.».

Article 68. For the period from 1 July 2011 to 1 January 2018 Article 143 paragraph 2 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding the second part as follows:

«The interest on credit (loan) to be paid to the organization specializing in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan, shall not be subject to withholding tax.».

Article 69. For the period from 1 January 2012 to 1 January 2018 Article 143 paragraph 2 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding the third part as follows:

«The interest on credit (loan) to be paid to the bank subsidiary organization acquiring doubtful and bad assets of the parent bank shall not be subject to withholding tax.».

Article 70. For the period from 1 July 2011 to 1 January 2018 Article 262 of the Code of the Republic of Kazakhstan Concerning Taxes and Other Obligatory Payments to Revenue (Tax Code) shall be amended by adding paragraphs 2-1 and 2-2 as follows:

«2-1. An organization specializing in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan, which applies the proportional method for taking as an offset shall have the right to apply the separate method for accounting of the amounts of value added tax on the turnovers connected with acquisition, holding and/or sale:

of the pledged property (goods) received from the bank under the rights of claim acquired from such bank with respect to doubtful and bad assets;

of the property (goods) passed to the bank's ownership as a result of application of recovery to the pledged property and received by the organization specializing in improvement of quality of loan portfolios of second-tier banks, in which 100% voting shares are held by the National Bank of the Republic of Kazakhstan, under the rights of claim acquired from such bank with respect to doubtful and bad assets.

2-2. The bank subsidiary organization acquiring doubtful and bad assets of the parent bank and applying the proportional method for taking as an offset shall have the right to apply the separate method for accounting of the amounts of the valued added tax on the turnovers connected with acquisition, holding and/or sale:

of the pledged property (goods) received from the parent bank under the acquired rights of claim with respect to doubtful and bad assets;

of the property (goods) passed to the parent bank's ownership as a result of application of recovery to the pledged property and received by the bank subsidiary from the parent bank under the rights of claim with respect to doubtful and bad assets.

President of the Republic of Kazakhstan
N. NAZARBAYEV

Astana, Akorda, December 10, 2008
№ 100-IV Law RK

THE LAW
OF THE REPUBLIC OF KAZAKHSTAN

On Introduction of Amendments and Additions into Certain Legislative Acts of the Republic of Kazakhstan on Taxation Issues

(Extracts)

Article 2. To establish that till January 1, 2009, for an entity that produced gasoline (except for aviation fuel) or diesel fuel from raw materials supplied by the customer, for the purpose of assessment of:

1) corporate income tax – the amount of refund (to be) received in fulfilment of obligations to pay excise tax on gasoline (except for aviation fuel) and diesel fuel produced from raw materials supplied by the customer shall not be considered as income;

2) value added tax – the amount of taxable turnover of a manufacturer of gasoline (except for aviation fuel) or diesel fuel, who provides services connected with processing raw materials supplied by the customer shall not include the amount of the excise duty (to be) paid for such excisable goods manufactured from raw materials supplied by the customer.

Article 3. To suspend paragraph 8 of Article 237 of the Code of the Republic of Kazakhstan on Taxes and Other Obligatory Payments to the Budget (the Tax Code) for a period from January 1, 2012 till January 1, 2015.

Article 4. To establish that for the goods that have been transferred to a goods delivery entity determined by the supplier (seller), and the goods that have been loaded onto a vehicle of the suppler (seller) before January 1, 2014 under delivery contract concluded before January 1, 2014, the date of the turnover on the sale of such goods shall be determined in accordance with paragraph 1 of Article 237 of the Code of the Republic of Kazakhstan on Taxes and Other Obligatory Payments to the Budget (the Tax Code) subject to the amendments in effect from January 1 to December 31, 2013.

Article 5. To establish that for the purposes of paragraph 6 of Article 387 of the Code of the Republic of Kazakhstan on Taxes and Other Obligatory Payments to the Budget (the Tax Code) the obligations provided for by this paragraph shall arise upon the expiration of a two-year period from the date of enactment of the said paragraph.

Article 6. To establish that for the turnovers arising after January 1, 2014 in accordance with subparagraph 3) of paragraph 1 of Article 249 of the Code of the Republic of Kazakhstan on Taxes and Other Obligatory Payments to the Budget (the Tax Code) with respect to which a VAT payer has issued an invoice net of VAT, an additional invoice for specification of value added tax amount from the taxable income must be issued on or before January 31, 2014.

Article 7. To suspend subparagraphs 3) and 4) of paragraph 3 of Article 448 of the Code of the Republic of Kazakhstan on Taxes and Other Obligatory Payments to the Budget (the Tax Code) till January 1, 2016.

Article 8. To suspend the provisions of the lines 1 to 18 of subparagraph 1) of paragraph 4 of Article 280 of the Code of the Republic of Kazakhstan on Taxes and Other Obligatory Payments to the Budget (the Tax Code) till January 1, 2016, by establishing that during the suspension period:

1) from January 1, 2014 till January 1, 2015 the following excise duty rates shall apply:

№	Code of Foreign Trade Goods Classification of the Customs Union	Types of Excisable Goods	Rates of Excise Duty (tenge per unit of measurement)
1	2	3	4
1.	of 2207	Ethyl alcohol non-denatured containing 80 and more per cent of alcohol by volume (except for ethyl alcohol not denaturized being sold or used for production of alcoholic products, medical and pharmaceutical preparations, that is supplied to state medical establishments to the extent of the specified quota), ethyl alcohol and other denatured alcohol of any concentration (other than denatured fuel (not discoloured, coloured) ethyl alcohol (ethanol) for home consumption)	600 tenge/litre
2.	of 2207	Ethyl alcohol (ethanol) denaturised for fuel (not colourless, coloured for use in domestic markets)	1,0 tenge/litre
3.	of 2208	Ethyl alcohol non-denatured, alcoholic tinctures and other alcoholic beverages containing 80% of alcohol by volume (except for ethyl alcohol not denaturized being sold or used for production of alcoholic products, medical and pharmaceutical preparations, that is supplied to state medical establishments to the extent of the specified quota)	750 tenge/litre 100% alcohol
4.	of 2207	Ethyl alcohol non-denatured containing 80 or more per cent of alcohol by volume, being sold or used for production of alcoholic production	60 tenge/litre

5.	of 2208	Ethyl alcohol non-denatured, alcoholic tinctures and other alcoholic beverages containing less than 80% of alcohol by volume, being sold or used for production of alcoholic production	75 tenge/litre 100% alcohol
6.	of 3003, 3004	Alcohol-containing products for medical purpose registered in accordance with the legislation of the Republic of Kazakhstan as pharmaceutical	500 tenge/litre of 100% alcohol
7.	2208	Alcohol products (except for cognac, brandy, wine, wine materials and beer)	1 000 tenge/litre 100% alcohol
8.	2208	Cognac, brandy	250 tenge/litre 100% alcohol
9.	2204, 2205, 2206 00	Wines	35 tenge/litre
10.	of 2204, 2205, 2206 00	Wine material (other than that sold or used for production of ethyl alcohol and alcoholic products)	170 tenge/litre
11.	of 2204, 2205, 2206 00	Wine material being sold or used for production of ethyl alcohol and alcoholic products	0 tenge/litre
12.	2203 00	Beer	26 tenge/litre
13.	2202 90 100 1	Beer with the volume contents of ethyl alcohol not more than 0.5 per cent	0 tenge/litre
14.	of 2402	Filter cigarettes	3 000 tenge/1000 pcs
15.	of 2402	Cigarettes without filter, papirosas	3 000 tenge/1000 pcs
16.	of 2402	Cigarillos	3 700 tenge/1000 pcs
17.	of 2402	Cigars	475 tenge/pcs
18.	of 2403	Pipe tobacco, for smoking, chewing, sucking tobacco, snuff tobacco, hookah tobacco, etc. packed into consumer containers and intended for end use, except for pharmaceutical products containing nicotine	3 800 tenge/kilogram

2) from January 1, 2015 till January 1, 2016 the following excise duty rates shall apply:

№	Code of Foreign Trade Goods Classification of the Customs Union	Types of Excisable Goods	Rates of Excise Duty (tenge per unit of measurement)
1	2	3	4
1.	of 2207	Ethyl alcohol non-denatured containing 80 and more per cent of alcohol by volume (except for ethyl alcohol not denaturized being sold or used for production of alcoholic products, medical and pharmaceutical preparations, that is supplied to state medical establishments to the extent of the specified quota), ethyl alcohol and other denatured alcohol of any concentration (other than denatured fuel (not discoloured, coloured) ethyl alcohol (ethanol) for home consumption)	600 tenge/litre
2.	of 2207	Ethyl alcohol (ethanol) denaturised for fuel (not colourless, coloured for use in domestic markets)	1,0 tenge/litre
3.	of 2208	Ethyl alcohol non-denatured, alcoholic tinctures and other alcoholic beverages containing 80% of alcohol by volume (except for ethyl alcohol not denaturized being sold or used for production of alcoholic products, medical and pharmaceutical preparations, that is supplied to state medical establishments to the extent of the specified quota)	750 tenge/litre 100% alcohol
4.	of 2207	Ethyl alcohol non-denatured containing 80 or more per cent of alcohol by volume, being sold or used for production of alcoholic production	60 tenge/litre
5.	of 2208	Ethyl alcohol non-denatured, alcoholic tinctures and other alcoholic beverages containing less than 80% of alcohol by volume, being sold or used for production of alcoholic production	75 tenge/litre 100% alcohol
6.	of 3003, 3004	Alcohol-containing products for medical purpose registered in accordance with the legislation of the Republic of Kazakhstan as pharmaceutical	500 tenge/litre of 100% alcohol
7.	2208	Alcohol products (except for cognac, brandy, wine, wine materials and beer)	1 200 tenge/litre 100% alcohol
8.	2208	Cognac, brandy	250 tenge/litre 100% alcohol
9.	2204, 2205, 2206 00	Wines	35 tenge/litre

10.	of 2204, 2205, 2206 00	Wine material (other than that sold or used for production of ethyl alcohol and alcoholic products)	170 tenge/litre
11.	of 2204, 2205, 2206 00	Wine material being sold or used for production of ethyl alcohol and alcoholic products	0 tenge/litre
12.	2203 00	Beer	26 tenge/litre
13.	2202 90 100 1	Beer with the volume contents of ethyl alcohol not more than 0.5 per cent	0 tenge/litre
14.	of 2402	Filter cigarettes	3 900 tenge/1000 pcs
15.	of 2402	Cigarettes without filter, papirosas	3 900 tenge/1000 pcs
16.	of 2402	Cigarillos	4 800 tenge/1000 pcs
17.	of 2402	Cigars	620 tenge/pcs
18.	of 2403	Pipe tobacco, for smoking, chewing, sucking tobacco, snuff tobacco, hookah tobacco, etc. packed into consumer containers and intended for end use, except for pharmaceutical products containing nicotine	4 900 tenge/kilogram

The President of the Republic of Kazakhstan
N. NAZARBAEV

Astana, Akorda, 5 December 2013
No. 152-V Law RK

THE CODE
OF THE REPUBLIC OF KAZAKHSTAN

ON TAXES AND OTHER OBLIGATORY PAYMENTS TO THE BUDGET (THE TAX CODE)

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