



# New package of amendments to the Tax Code

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If you are interested in additional information, please contact us.

On 21 December 2022, the President signed the Law on introduction of amendments to the Tax Code (the “**Law**”).

The following major amendments were introduced:

#### **Automatic application of tax conventions in respect of non-residents’ income in the form of dividends, interest, royalties (effective from 1 January 2023)**

An additional condition was introduced for the automatic application of double tax treaties in respect of non-residents’ income in the form of dividends, interest and royalties. In case such income is paid to a related party, a tax resident of the country with which the double tax treaty has been amended by MLI provisions, a tax agent has the right to apply the treaty protection if the following conditions are met:

1. income is subject to inclusion in taxable income of a non-resident and is taxable in the country of its residence without the right to exclude / decrease / adjust such income from taxable income in a reporting period, and (or) refund in a reporting and (or) subsequent periods of tax paid from such taxable income; and
2. the nominal tax rate, which is applied when taxing such income in the country of residence of the non-resident in the reporting period is at least 15%.

#### **Taxation of advance payments received by non-residents (effective from 1 January 2023)**

Advance payment liabilities towards entities registered in foreign countries were included in the list of income of non-residents from sources in Kazakhstan if the following conditions are simultaneously met:

- no double taxation treaty has been concluded with the non-resident’s state;
- term of an agreement (a contract) is more than two years.

#### **Taxation of goods temporarily imported to Kazakhstan (effective from 1 January 2023)**

If goods temporarily imported in Kazakhstan are located within the country for more than two years from the date of their import, then import of such goods will be recognized as taxable import and will be subject to VAT on imported goods from the date of registration of such goods.



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## Amendments in relation to the mechanism of payment of mineral extraction tax (effective from January 1, 2023)

The mechanism of payment of mineral extraction tax will be revised, reserves will be recorded exclusively according to the Kazakhstan Code for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves (KAZRC Code) adopted on the basis of CRIRSCO standards.

A subsoil user will be obliged to disclose information on the physical volume of mineral raw materials or solid minerals extracted by the subsoil user for the past (reporting) year to the authorized body for the geological study of the subsurface.

For the purposes of determining the object of taxation, the extracted mineral raw materials are determined within the framework of the state balance effective as of the day preceding the day of transition to inventory accounting under the KAZRC Code.

## Violations identified by the results of cameral control (effective from January 1, 2023)

- For violations with a medium level of risk, an explanation is provided with the attachment of extracts from registers and (or) documents confirming the reliability of tax reporting data;
- For violations with a high level of risk, an explanation is provided with copies of documents confirming the fact of financial and economic activities related to the violation;
- Failure to fulfill a high level risk notification within the prescribed period also entails a restriction on the discharge of the electronic invoice.

Please note that this package of amendments to the Tax Code comes into force together with the previous amendments dated July 21, 2022, described in our tax and legal alert #155.

## Are you interested in this topic?

We would be pleased to discuss with you the above information and how it can impact your business.

If you are interested in additional information, please contact PwC specialists working as part of a group serving your company, or to any of the persons listed.