



# The statute of limitation for tax purposes applied to large enterprises

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

## In details

It is proposed<sup>1</sup> to extend the list of entities regarding which, instead of three-years, the five-years statute of limitations period will be applied. The amendment concerns so called “large sized” entities and enters into force from 1 January 2022.

The current version of the Tax Code establishes a 5-year period only for large entities which are:

- subject to monitoring (according to the approved list) and
- which are subsoil users.

Based on our reading of the Tax Code it contains no provisions regulating the transition from three to five years statute of limitations. This can create uncertainty regarding tax controls in relation to the taxpayers.

### The amendment’s impact on 2017:

In case of large sized entities (not subject to monitoring and not subsoil users) it is possible to conclude that the statute of limitation **for 2017** regarding CIT:

- would expire on **31 December 2020, but can**
- resume from **1 January 2022 to 31 December 2022.**

### What does it mean?

In the absence of transitional provisions, the tax authorities seem to have the right to take administrative measures during 2021-2022 and impose additional taxes from 1 January 2022 in relation to 2017.

This amendment is relevant for taxpayers who have not made changes to tax returns for 2017 (e.g. for CIT) to avoid extending the statute of limitations for this period. With the proposed change, you may consider reviewing tax liabilities for 2017 and, if necessary, to file additional tax returns before 1 January 2021.

If a taxpayer makes changes to tax returns for 2017 during the period 1 January to 31 December 2022, he extends the statute of limitation to 31 December 2023.

<sup>1</sup>According to the amendments to the Law of the Republic of Kazakhstan “On enactment of the Code of the Republic of Kazakhstan “On taxes and other obligatory payments to the budget (Tax Code)”, passed on 10 December 2020