

# PwC Tax Controversy and Dispute Resolution Practice. Disputes with state authorities

[www.pwc.kz](http://www.pwc.kz)



We are ready to assist companies at all stages of an inspection by state authorities, as well as during the appeal process.

Our team includes experienced Kazakhstan tax professionals proficient in pre-trial and judicial dispute resolution with the state authorities.

## Our services



### Preparation for a potential inspection by the state authorities

- assessment of a risk that a company may be selected for an inspection;
- development of recommendations for the staff from perspective of psychological resistance and right behavior during the inspections;
- diagnostics of tax risks, tax review, development and improvement of tax accounting policy.



### Support during the inspection

- analysis of the state authorities' requests and preparation of draft responses for their requests;
- analysis of documents provided by the company at the request of inspectors;
- analysis of a preliminary inspection act, development of arguments in support of the company's position, preparation of a draft appeal and its addendums (where necessary).



### Appeal of the inspection's results and actions/inactions of state authorities in pre-trial and in courts

- analysis of a preliminary inspection act, development of arguments in support of the company's position;
- preparation of a draft appeal and its addendums, filing an appeal to the relevant state authority and courts, representation of the company's interests in state bodies (i.e. Ministry of Finance) and court hearings.



### Support on criminal and administrative responsibility issues

- support during pre-trial investigation within criminal investigation;
- assistance with filling a request to cease administrative proceedings during an appeal of tax assessments to the competent authority or a court body;
- lawyers consultation on technical issues of sectoral legislation in the field of finance and taxation.



### Support of disputes on recognizing transactions as invalid

- analyzing a claim by the tax authorities on the invalidity of a transaction and preparing arguments in defense of the company's position;
- preparation of the draft revocation and annexes and its submission to the courts of the Republic of Kazakhstan, representation of the company's interests in court hearings.



### Refund of taxes and overpayment on tax accounts

VAT refund:

- preparation and support during thematic VAT tax inspection;
- appeal of a tax inspection results in the authorized body and courts.

WHT refund:

- review of a taxpayer's documents, provisions of a relevant DTT for a possibility of tax refund from the budget;
- collection of required documents preparation and filing of an application for refund from the state budget.



### Mutual agreement procedure (MAP)

Assistance with mutual agreement procedure (MAP) between the tax authorities of Kazakhstan and other countries:

- analysis of an option of using MAP in case of dispute with the tax authorities on international taxation issues.



### Assistance with introduction of amendments and additions to tax legislation

- analysis of international experience, preparation of justifications and support of the process of introduction of amendments and additions to the law, aimed at improvement of investment climate;
- assistance in reducing the risks associated with ambiguous interpretation of legislation.

# Our successful experience



## Resolving issues under desktop control

We helped to successfully resolve the disputed issues on residency certificates. The amount of potential additional charges could be **USD 4 mln**.

We helped to more than 15 large companies to successfully appeal the results of desktop control both in pre-trial and in courts.



## Tax refund

We helped and assisted the following companies during refund of tax from the budget:

- National subsidiary of an international bank - to successfully appeal issue with deduction of VAT, disallowed for offset, totaling **USD 2.5 mln** in assessed taxes and penalties.
- Branch of large oilfield service company - to receive VAT refund totaling **USD 2,5 mln**.
- Large mining company - to confirm the fact of export of goods, which resulted in VAT refund of **USD 2 mln**.
- The Kazakhstan branch of a large international construction company - to receive VAT refund in the amount of about **USD 1 mln**.
- Large trading company which exports agricultural products – to receive VAT refund of **USD 171,000**.
- Large international construction company – to receive WHT refund totaling **USD 85,000**.
- The Kazakhstan branch of a major oilfield services company - successfully appealed the decision of the tax authority and helped to receive VAT refund in the amount of **USD 500,000**.
- Global agricultural enterprise - successfully appealed the decision of the tax authority and helped to refund the excess VAT in the amount of **873 million** tenge. (2023-2024)



## Amendments to tax legislation

- We helped to develop (clarifying) amendments to the tax legislation in regards to application of RC VAT to non-residents' income given a presence of a functional branch in Kazakhstan.
- Also we helped to develop the formula for calculation of production cost of accompanying natural gas extracted from oil for CIT purposes. These amendments clarified a calculation of taxes where applicable and allowed to resolve issues with controversial interpretation of tax legislation.

- Supported subsurface users to improve Tax Code by providing for tax inspection of input VAT accumulated during exploration, appraisal and development stages, and by providing for extension of limitation period for refund of such accumulated VAT.



## Appeal

We provided valuable assistance and help to the following companies during appeal of tax inspection results:

- Two large oil companies - with reduction of CIT and EPT assessments from TP tax inspections. Successfully appealed assessments - over **USD 40 mln**.
- Large oil and gas company - successfully appealed 90% of CIT and WHT assessments on transfer pricing at the court level - over **USD 14 mln**.
- Transnational corporation - to appeal the tax authorities' decision on application of DTT provisions. Successfully appealed assessments - over **USD 12 mln** of WHT and penalties.
- Transnational corporation – successfully appealed CIT assessment resulting in protection of value of **USD 2,7 mln**.
- Branch of a foreign company performing international freight forwarding services - drafted the appeal and supporting arguments. Successfully appealed amounts - **USD 1,4 mln**.
- Branch of a large construction company – to successfully appeal CIT and VAT assessments on long-term contracts in the amount of about **USD 1 mln**.
- National mining company – successfully appealed 80% of tax assessments at the court level.
- Large oil company – to win a case on transfer pricing issues partially at the court. Successfully appealed assessments – over **USD 300,000**.
- Large mining company - to successfully win a case on transfer pricing issues at the court. Successfully appealed amounts – over **USD 235,000**.
- Branch of a multinational company – appeal in regards to allocation of the head office's general and administrative expenses. Successfully appealed assessments - over **USD 13 mln**.
- We helped our client to successfully appeal administrative fine of **USD 300,000** within an administrative case related to CIT assessments.

## Our successful experience

- Large cosmetic company - to appeal the order on initiation of an unscheduled thematic tax inspection.
- A major international manufacturer and retailer of apparel, footwear and accessories - we helped to successfully appeal a **USD 150,000** royalty tax assessment.
- A major international manufacturer and retailer of apparel, footwear and accessories - we helped to successfully overturn a **USD 45,000** administrative fine.
- A large bank - successfully appealed the additional tax assessments in a pre-trial procedure and recovered **75%** of the assessed tax amount.
- A major telecommunications company - to appeal the order on initiation of an unscheduled thematic tax inspection.
- A major oil and gas company - provided support in writing an application to the court. As part of the court appeal, the company successfully challenged the amount of additional charges.
- A large oilfield service company - provided comprehensive support in writing an application to the court.
- A large oil company successfully appealed in pre-trial proceedings an additional charge on corporate tax liability in the amount of **15 billion** tenge. (2023-2024)
- Large oil company - provided support in appealing the order to order an inspection. (2024)
- Large construction company - successfully appealed the notification of the results of a tax audit.



### Assistance during tax inspection

We assisted in closing of tax inspection:

- International company – with zero tax assessment.
- National service company – with minimum tax assessment (**2%** of overall assessments).
- Large mining company - reduction of tax assessments by **USD 1.4 mln.**
- Branch of large construction company - reduction of tax assessments by **USD 1.3 mln.**
- Large oil company – reduction of tax assessments by **USD 1 mln.**





## Our team



**Timur Zhursunov**

**Partner**

Tax and legal services

**E-mail:**

timur.zhursunov@pwc.com



**Nursultan Nurbayev**

**Director**

Tax and legal service

**E-mail:**

nursultan.nurbayev@pwc.com



**Shynar Zhanbekova**

**Senior manager**

Tax and legal services

**E-mail:**

shynar.zhanbekova@pwc.com



**Ziyash Kakharova**

**Manager**

Tax and legal services

**E-mail:**

ziyash.kakharova@pwc.com



**Bibinur Zhazykbekova**

**Manager**

Tax and legal services

**E-mail:**

bibinur.zhazykbekova@pwc.com



**Saniya Bekesheva**

**Senior Associate**

Tax and legal services

**E-mail:**

saniya.bekesheva@pwc.com



**Almaz Delmatov**

**Senior Associate**

Tax and legal services

**E-mail:**

almaz.delmator@pwc.com



**Aslan Manimkhanov**

**Senior Associate**

Tax and legal services

**E-mail:**

aslan.manimkhanov@pwc.com

### Office in Almaty

Business Center "AFD", building "A",  
4 floor, 34 Al-Farabi Avenue  
Almaty, Kazakhstan, A25D5F6  
T: +7 (727) 330 32 00  
F: +7 (727) 244 68 68

### Office in Astana

Business Center "Q2", 4 floor  
Kabanbay Batyr Avenue 15/1  
"Yesil" district, Astana, Kazakhstan,  
Z05M6H9  
T: +7 (7172) 55 07 07  
F: +7 (7172) 55 07 08

### Office in Atyrau

River Palace, 2nd floor, office 10  
55 Aiteke Bi street,  
Atyrau, Kazakhstan, 060011  
T: +7 (7122) 76 30 00