



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

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.



Inspections on tax and transfer pricing issues



Inspections on compliance with ecological legislation



Inspections on compliance with antimonopoly legislation





## 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.



### 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.

#### Refund of overpayment on tax accounts:

- analysis of overpayment accumulated on tax accounts;
- support during refund of overpayment.



### 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.**



### 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.
- Large cosmetic company - to appeal the order on initiation of an unscheduled thematic tax inspection.



### 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



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