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Law № 271-V dated 29 December 2014 On the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan regarding Subsoil Use

The law introduces amendments to a number of normative and legal acts:

- the Land Code;
- the Ecological Code ;
- the Tax Code;
- the Administrative Offences Code;
- the Law *On the Subsoil and Subsoil Users*;
- the Law *On Major Pipelines*.

The most significant amendments are to the Subsoil and Subsoil Users Law and:

- reduce the number of obligatory reviews for subsoil users;
- add national companies responsible for the state geological subsoil study at their own expense, according to state geological targets to a list of those entitled to use free of charge the geological information;
- improve the principles for putting in place and realising the state's priority rights;
- eliminate legislative gaps with respect to rights to expand contract areas;
- prohibit the transfer of subsoil use rights to hydrocarbon materials for two years from the moment a contract enters into force;
- remove the existence of only one non-rejected tender bid from the list of reasons for recognising subsoil use right tenders as not having taken place;
- introduce a new type of subsoil use right – simplified subsoil use rights for exploration, and exploration model contracts;
- amend binding conditions for subsoil use contracts;
- supplement subsoil use contracts in accordance with the procedure for making amendments and additions;
- improve the institution of contract area trustee management.

With the exception of specific provisions, the Law entered into force on 1 January 2015.

Law № 272-V dated 29 December 2014 On the Introduction of Amendments and Additions to the Code of the Republic of Kazakhstan “On Administrative Offences”

The Law was adopted to eliminate inconsistencies between the state governance reform system and other normative legal acts, and covers:

- the administrative responsibility of military personnel;
- administrative accountability for violating power engineering legislation;
- administrative liability for violating legislative requirements for alcohol production and sale;
- administrative liability for violating financial controls;
- administrative liability for violating legislation on participating interest in residential construction and others.

Under the additions, the following have been added to the list of violations of subsoil use rules entailing administrative liability:

- violating the conditions for conducting oil operations, and also exploration projects, reconnaissance work and production engineering documents;
- performing exploration, reconnaissance and production work without duly approved exploration and reconnaissance plans and production documents;
- flaring associated and (or) natural gas without a permit or failing to do so in compliance with an oil and gas regulatory authority permit, except when there is a threat of an accident or an accident has occurred, or a threat to staff, public health and the environment;
- extracting hydrocarbon materials without recycling and (or) processing associated and (or) natural gas;
- deviating from duly approved design documentation for the construction of field and other infrastructure facilities used in the production, preparation, storage and transportation of hydrocarbons from production and storage locations to where it is transferred to major pipelines and (or) other forms of transport;
- operating wells in violation of statutory requirements;
- conducting offshore oil operations without a permit, except for those cases stipulated by the Law On the Subsoil and Subsoil Use, or doing so without observing permit conditions;
- violating the procedure for conducting offshore scientific research;
- performing petroleum operations offshore by subsoil users, performing offshore operations where there is a risk of an oil spill by individuals and legal entities, without an approved accident and emergency response plan;
- performing offshore petroleum operations without the appropriate materials and equipment to respond to level one and two oil spills, or without having entered into an agreement with a specialised organisation.

The admissibility of administrative offences and the competency of officials to consider cases and impose administrative fines have also been amended and supplemented.

With the exception of specific provisions, the Law entered into force from 1 January 2015.

Law № 269-V dated 29 December 2014 On the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan regarding Cardinal Improvements to Conditions for Business Activities in the Republic of Kazakhstan

The Law makes changes to 11 codes, 94 laws and other norms to improve conditions for entrepreneurial activities. It has also introduced an ombudsman to protect the rights of entrepreneurs and abolished 35 permits. State control and supervision of private businesses has been divided into four groups:

- those subject to planned inspections;
- those subject to spot tests or inspections;
- those subject to unscheduled inspections;
- those exclusively subject to other forms of control and supervision without inspections.

Under changes to the Civil Code, non-governmental profit-making entities are no longer required to have a stamp, except in those cases stipulated by the Civil Code and Kazakhstan law.

Amendments have been made to a range of legislative acts, including:

- the Land Code, regarding the procedure for changing land designation, recovering land not used according to purpose and that has not been developed from the owner and land user; recovering land used illegally from the owner and land user; periods and rights of permanent land use for foreign nationals, stateless individuals, foreign legal entities and legal entities in which foreign nationals, stateless individuals and foreign legal entities hold more than 50% of the charter capital

- the Ecological Code, regarding the procedure for conducting and the duration of state ecological reviews, the validity of and procedure for issuing ecological emission permits;
- the Tax Code, regarding the execution of tax obligations by resident legal entities being liquidated and individual entrepreneurs ceasing operations in accordance with a tax audit opinion, changes in the deadline to pay taxes and (or) late payment interest based on a taxpayer application;
- the Law *On the State Registration of Legal Entities and the Registration of Branches and Representative Offices*, regarding documents to be provided when registering legal entities and registering the cessation of activities by small and medium sized businesses;
- the Law *On Limited and Additional Liability Partnerships*, including the abolishment of the requirement for small or medium-sized limited liability partnerships to notarise their charters, the reduction of the initial charter capital of small limited liability partnerships to zero.

With the exception of specific provisions, the Law will enter into force from 1 January 2015.

Resolution of the Board of the National Bank of the Republic of Kazakhstan № 222 dated 21 November 2014 *On the Introduction of Amendments and Additions to Several Normative Legal Acts regarding the Regulation of Banking Activities*

The Resolution has introduced amendments to the following legislative acts:

- Resolution of the Board of the National Bank of the Republic of Kazakhstan № 79 dated 6 May 2014 *On the Introduction of Amendments and Additions to Certain Normative Legal Acts regarding the Regulation of Banking Activities*;
- Resolution of the Board of the National Bank of the Republic of Kazakhstan № 169 dated 27 August 2014 *On the Establishment of Banking Transaction Limits with respect to the Receipt of Deposits, Opening and Managing Individuals' Bank Accounts*;

According to the amendments, bank equity should amount to:

- at least KZT 5,000,000,000 for those banks whose equity as at 1 January 2014 was less than KZT 5,000,000,000;
- at least KZT 10,000,000,000 for other banks.

Since 1 January 2016, minimum equity for banks has been set at KZT 10,000,000,000, not only for banks with no license to receive deposits, open and maintain individuals' bank account, but also for Islamic banks with no license to receive the interest-free on-demand deposits of individuals and legal entities, open and maintain the bank accounts of individuals and legal entities; and receive the investment deposits of individuals and legal entities

The Resolution has also introduced a limit on total liabilities related to the receipt of deposits, opening and maintaining individuals' bank accounts, for liability of KZT 5,000,000,000 – if a commercial bank's equity is between KZT 5,000,000,000 and KZT 10,000,000,000

Likewise, according to the amendments, points 1 and 2 of the Resolution *On the Establishment of Banking Transaction Limits with respect to the Receipt of Deposits, Opening and Managing Individuals' Bank Accounts* apply to Islamic banks:

- receiving interest-free on-demand deposits of individuals and legal entities, opening and maintaining individuals' and legal entities' bank accounts;
- receiving individuals' and legal entities' investment deposits.

The Resolution enters into force from 3 February 2015

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