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Tax Alert

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Key changes

This Tax Alert covers the most significant amendments and additions to tax and accounting legislation.

Changes to the acceptance of tax forms

Starting from January 1, 2015 the subparagraph 7 of paragraph 5 of Article 584 of the Tax Code will be stated in new edition in respect of the acceptance of tax forms.

According to the new edition, "tax forms, except for tax registers shall not be deemed submitted to the tax authorities, if the requirements of the format-logic control in relation to the structure of the electronic format of tax reporting form were violated".

Therefore, where the mistakes are discovered in the tax reporting forms in accordance with these format-logic control procedures, the taxpayer may be refused to accept such a tax reporting form. However it should be noted that previously taxpayers were not forbidden to submit tax reporting forms which contains mistakes and such situations were not recorded properly.

The list of hydrocarbon fields attributable to the category of low-margined, highly viscous, water-flooded and depleted fields was approved

By the Resolution of the Government of the Republic of Kazakhstan dated June 18, 2014 № 673 (hereinafter, the "Resolution") the list of hydrocarbon fields (group of fields, part of the field) attributable to the category of low-margined, highly viscous, water-flooded and depleted fields (hereinafter, the "List ") was approved.

Thus, according to the List in relation to the fields which are attributable to the category of highly viscous hydrocarbon fields, the mineral extraction tax rate is set at 0.5%.

This Resolution enters into force from the date of its official publication.

Changes to the tax legislation regarding the issues on improving the investment climate

According to the Law of the Republic of Kazakhstan dated June 12, 2014 №209-V (hereinafter, the "Law") amendments and additions were introduced

to some legislative acts of Kazakhstan, including the Tax Code in connection with the issues on the investment climate improvement.

In accordance with the Law a concept of "entity implementing an investment priority project" has been introduced, and accordingly the section of the Tax Code on taxation of entities operating in the territory of special economic zones has been supplemented by the provisions on taxation of the entities implementing an investment priority project.

Thus, in accordance with the Law, an entity implementing an investment priority project is defined as a legal entity which simultaneously satisfies the following criteria:

- 1) a newly created legal entity entered into an investment contract under the investment laws of Kazakhstan which provides for an implementation of an investment priority projects and granting tax preferences, and implements an investment priority project;
- 2) the operating activities fully conforms to the list of priority activities related to the implementation of an investment priority project;
- 3) an income receivable (or received) from the performance of activities on implementation of the investment priority project is not less than 90% of the annual aggregate income of the legal entity.

The new provisions introduced by the Law may allow the entities implementing an investment priority project and not using a special tax regime to:

- reduce the Corporate Income Tax by 100%;
- apply zero coefficient to the relevant land tax rates in respect of the land plots used for the implementation of investment priority project;
- apply zero property tax rate to the tax base in relation to facilities that have been put into operation for the first time in the territory of Kazakhstan.

The above changes enter into force from January 1, 2015.

Contact us

Should you have any questions about the information in this issue of our Tax Alert or any other questions regarding business operations in Kazakhstan, please do not hesitate to contact any of our team members.

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