

Luxembourg is removed from the list of offshore jurisdictions in Kazakhstan

Luxembourg Tax Alert

The updated list of offshore jurisdictions approved by the Order of the Kazakh Ministry of Finance No. 595 of December 29, 2014 is **no longer** including Luxembourg.

What are the implications for taxpayers investing in Kazakhstan through Luxembourg?

The Order amends the list of low tax jurisdictions established by the Kazakh Ministry of Finance that historically included Luxembourg. The removal of Luxembourg from the list was expected after the Protocol and the Double Tax Treaty Luxembourg-Kazakhstan entered into force in December 2013. At last the long-awaited Order is published and Luxembourg companies are no longer deprived from claiming benefits under the Double Tax Treaty such as, *inter alia*:

- application of 5 per cent withholding tax in Kazakhstan on dividends payable to a Luxembourg company if the beneficial owner is a company which holds at least 15 per cent of the capital of the Kazakh company paying the dividends;
- application of 10 per cent withholding tax in Kazakhstan on interest/ royalties.

The above news may be an opportunity for taxpayers to review efficiency of their existing or contemplated investments in Kazakhstan.

Should you have any questions or wish to discuss the implications of the above news in more details, please do not hesitate to contact us.

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