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New Tax Code

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On 1 January 2018 new Tax Code came into force in Kazakhstan. This Tax Code is set to stimulate growth of small and medium-sized businesses and strengthen Kazakhstan's financial sector. The principle of good faith was also introduced: all the ambiguities and inaccuracies of the Tax Code are interpreted in favour of entrepreneurs.

From 2020 action limitation period is reduced from 5 to 3 years for SMEs, for the rest 5 years remain. Additionally, all fines and penalties are abolished, if the entrepreneur acted in accordance with clarifications of the tax authority, and on which the position subsequently changed. Moreover, there will be fewer grounds for unplanned tax inspections. From 2020, all amendments and additions to the tax legislation will only be possible only by one law on taxation.

In order to reduce the burden on the wage fund from 2018 to 2025, the social tax rate will be reduced by 1.5%. Existing special tax regimes for SMEs will continue to function. Also, reduction in the tax rate of the patent value is considered - from 2% to 1% to the object of taxation (excluding trading activity - 2%).

The limits of the special tax regime (STR) on the basis of the simplified declaration on the number (30 people) and the marginal revenue (2,044-fold minimum wage) have been revised. In exchange for 70% VAT benefits (in connection with WTO accession), adjustment of VAT offset for agricultural producers and agricultural cooperatives is envisaged. For the development of small and medium-sized businesses, a new alternative regime is also introduced on the basis of fixed deduction, on a voluntary basis. For this regime to be applicable the maximum income per year must not exceed KZT300 million and the number of hired employees must be 50 or less.

In order to ease the burden on small businesses, the current threshold for VAT in the amount of 30,000 MCI is retained. From 2019, a new mechanism is provided for the return of the debit balance on goods acquired within the country, by introducing a control account for VAT, the application of which will be voluntary. Revenues from e-commerce are exempt from corporate and personal income taxes.

Subsoil users are exempt from corporate income tax dividends and a gain in value at processing indices. From 2018, the index is 35%, and from 2022 the index is 70% of processed raw materials. The commercial discovery bonus will be canceled on all contracts. The subsoil user will be allowed to compensate for the exploration costs for one deposit under another contract, where production was started. An alternative mineral extraction tax is introduced for offshore and deep oil fields. The super-profit tax is abolished with the transfer of the load to the rental tax on coal exports. The mineral exploration tax rate for tin was reduced from 6% to 3%.

Practice areas

[TAX](#)

Locations

KAZAKHSTAN

