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Amendments to the Tax Code of the Republic of Kazakhstan

On 12 July 2022 a number of amendments to the Tax Code of the Republic of Kazakhstan (the 'Tax Code') was introduced. Below you may find the most significant of them, which with certain exceptions come into effect on 1 January 2023.

1) Changes in the dividends tax exemption applicable by the resident legal entities (Article 241 of the Tax Code)

- ▶ The dividends paid by the resident legal entities, which are entitled to corporate income tax ('CIT') exemption, can now be adjusted even if the amount of such dividends exceeds 50% in the total amount of CIT of such entity;
- ▶ The adjustment is applicable to the dividends on securities included in the official list of the Kazakh stock exchange (KASE) providing that these securities were traded within the reporting year.

2) Limitation of expenses in respect of the services purchased from the non-resident affiliates (Articles 264 and 288 of the Tax Code)

3) Changes in the dividends tax exemption applicable by the resident individuals (Articles 320 and 341 of the Tax Code)

- ▶ Due to the annulment of 5% withholding tax on dividends paid to the resident individuals the dividends received by such individuals are now subject to withholding tax at the rate of 10%;
- ▶ The adjustment is applicable to:
 - the dividends paid by the resident legal entities in the amount of 30 000 monthly calculated indexes for the reporting year;
 - the dividends on the securities included in the official list of the Kazakh stock exchange (KASE) providing that these securities were traded within the reporting year.

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