



Tax Alert

Tax audits conducted in a special order based on a risk assessment

Dear friends,

In this issue, we provide a brief overview of the procedure for performing tax audits in light of the publication of a schedule of tax audits to be performed based on a risk assessment ("tax audits") in the first half of 2020.

The tax audit schedule was published on 23 December 2019 at <http://prokuror.gov.kz/rus/dokumenty/plany-proverok/grafik-provedeniya-proverok/grafiki-provedeniya-proverok-i-spiski-1>.

Before the start of a tax audit, taxpayers have the opportunity to file additional tax reporting within the statute of limitation.

Tax audit procedure

The general procedure for performing a tax audit has been determined in accordance with the Kazakhstan Entrepreneurial Code.

Tax audit procedure and duration details are provided by the Kazakhstan Tax Code.

Prescription on a tax audit

A taxpayer receives a prescription on a tax audit that contains the details of the planned tax audit and a preliminary list of documents required for the audit.

Prescription is sent or served to a taxpayer at the address given in registration data, but no later than 30 calendar days before the tax audit start date.

Tax audit start date

An audit start date is the date a taxpayer receives an **order** or the date an act is issued confirming the taxpayer's refusal to accept an order.

An order should be registered with the legal statistics authorities before a tax audit is due to start.

Audit period and statute of limitation

Tax audits cover a period within the statute of limitation set by article 48 of the Kazakhstan Tax Code. According to a response from the Chairman of the State Revenue Committee dated 18 July 2019 to question №555573 from 20 June 2019, a three-year statute of limitation applies to tax liabilities and demands arising after **1 January 2020**.

Audit duration

An audit should not last more than 30 business days from the date an order is served and may be extended for 45-180 business days, depending on the taxpayer's operating characteristics.

An audit may be extended by an additional order registered with the legal statistics authorities.

A tax audit is suspended after notification of the same is served to a taxpayer, or sent electronically through the taxpayer's account. A suspension period **is included in the tax audit duration period**, except for the following cases:

- (i) tax audit of taxpayers subject to tax monitoring;
- (ii) submitting a request by the tax authority to provide documents no later than in 30 business days in accordance with Article 161 of the Tax Code;
- (iii) issuance of a preliminary tax audit Act and consideration by the tax authority of a written objection to the preliminary tax audit Act in accordance with the legislation of the Republic of Kazakhstan.

Preliminary tax audit Act

A preliminary tax audit Act is served when additional taxes are accrued, the losses are reduced for taxpayers subject to tax monitoring or who have entered into investment contracts, and taxpayers for whom proposed additional tax accruals exceed 20,000 MCI.

A preliminary audit Act is served at least **5 business days** before the end of a tax audit. Notification of the

suspension of a tax audit is filed in conjunction with a preliminary audit Act.

In this respect, a taxpayer is entitled within 15 business days to file a written appeal against a preliminary audit Act with the tax authorities. The tax authorities update and conclude their tax audit after considering a written objection to a preliminary audit Act.

Tax audit completion

A tax audit is completed with the drafting of a tax audit Act.

Notification of tax audit results is issued if violations are discovered (taxes accrued).

Such a notification is considered the object of dispute with the Ministry of Finance or in court.

How Deloitte can help

We will be pleased to discuss any questions you may have related to the issues highlighted in this Alert. Contact details of our key tax and legal team members are listed below.

Deloitte provides unique tax and legal consulting services in various spheres, including:

- Tax review for the last 5 years;
- Express tax diagnosis of risky areas;
- Support during the tax audit;
- Analysis of Act and Notification upon the tax audit results;
- Support during the appeal of the tax audit results;
- Appeal of the order to a higher authority;
- Appeal of the order to court.

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