

VAT on e-commerce

VAT rules on electronically
supplied services and goods in
Kazakhstan



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Overview of VAT on e-commerce Kazakhstan case

Dear Friends,

In this alert we will be talking about the recent Tax Code amendments regulating value added tax (“VAT”) on electronically supplied services and goods.

The amendments were enacted in a law from 10 December 2020, and are due to come into force **from 1 January 2022**.



General e-services rules

- **VAT on electronically supplied services and goods** will apply to all foreign online companies selling goods and providing online services via telecommunication networks and the Internet to individuals – private customers in Kazakhstan if one of the following conditions are met:
 - the customer resides in Kazakhstan;
 - payment is made through a bank or e-money operator located in Kazakhstan;
 - a Kazakhstan IP address is used to purchase the e-services;
 - the international dialling code of the phone used to purchase and pay for e-services is recognised as Kazakhstan.



Registration requirements

- Registration is obligatory and involves the non-resident company mailing a confirmation letter to the State Revenue Committee indicating:
 - its full name;
 - tax and state registration number in its country of incorporation or country of residence;
 - bank details for VAT payments;
 - postal details.



VAT payment and reporting rules

- VAT is charged at 12% on payments received.
- Foreign companies supplying goods and services electronically will be liable to pay VAT in Kazakhstan in tenge by the 25th day of the second month following the reporting period (quarter) to Kazakh tax authorities.
- Foreign currency payments should be converted into tenge at the Kazakhstan National Bank exchange rate applicable on the day of payment.
- There are no VAT reporting obligations for non-residents supplying goods and services electronically.
- There are no requirements to issue VAT invoices for goods and services supplied electronically.
- VAT is not due on goods and services supplied electronically if the value of the goods and services is included in the official import value and import VAT has been paid on that amount.

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E-services EAEU list

The definition of electronically supplied goods and services has been introduced into the Tax Code in line with the definition provided by EAEU Protocol No. 09-23/np from 27-29 November 2019 (“EAEU Protocol”), where **e-services are identified as** automated services provided via telecommunication networks, including the Internet, with minimal physical engagement and using information technology, and which cannot be provided without that technology. The EAEU Protocol recognizes the following services as electronically provided:

1. Software (including online games) and database licenses through the Internet, including remote access, updates and additional functions.

2. Advertising services provided on the Internet, including those using web-based software and databases; advertising space on the Internet.

3. Offers to buy or sell goods, work or services, and property rights on the Internet.

4. Support services using information technology and web-based platforms to allow buyers and sellers to make contact and conclude deals including:

- a real-time Internet trading platform allowing potential buyers to bid and automatically notifying parties of a sale.

5. Provide and/or maintain a commercial/personal Internet presence; website/web page support; access to the same and provide read-write access.

6. Data storage and digital processing provided the person providing data has access to the data on the Internet.

7. Online computing capacity to place information in data systems.

8. Domain name and hosting services.

9. Remote system administration of data systems and websites.

10. Services performed automatically through the Internet once the purchaser inputs data; automated data searches and data sorting through data and telecommunication networks including:

- real-time stock exchange summaries;
- real-time automated translation.

11. Web-based statistics management.

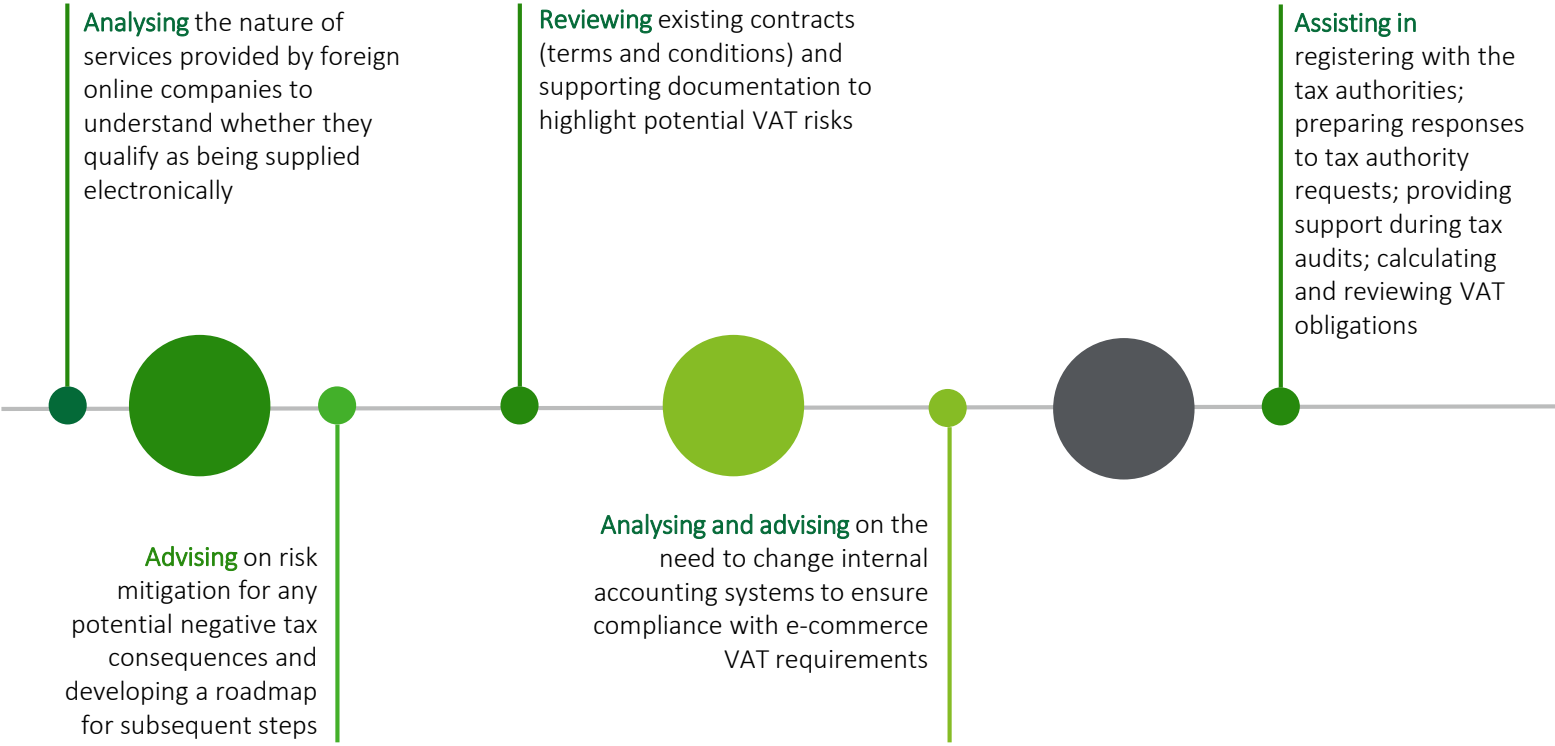
12. Rights to use e-books/other e-publications, information/educational materials, images, music and audio-visual content through the Internet, including remote access to the same.

13. Search services and/or information provided to purchasers on potential customers.

14. Access to internet search engines.

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How Deloitte can help?



How Deloitte can help?

We will keep you informed of any subsequent news or updates.

Should you need support on any e-commerce VAT issues, our team is at your disposal and always available for discussion.

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