

International Tax Kazakhstan Highlights 2023

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Investment basics

Currency: Kazakhstan Tenge (KZT)

Foreign exchange control: Payments between residents may be made only in KZT; payments between residents and nonresidents may be made in any currency. For foreign exchange control purposes, branches of foreign companies are deemed to be residents, except certain branches engaged in subsoil use operations that are included in an official list approved by the Kazakhstan government. Certain transactions may be subject to the national bank's notification or registration regime.

Accounting principles/financial statements: Large entities and public companies in Kazakhstan must use IFRS; small and medium-sized enterprises, branches, and representative offices of foreign entities may use IFRS or national financial reporting standards.

Principal business entities: These include the joint stock company, limited liability company, unregistered partnership (consortium), branch, and representative office of a foreign corporation.

Corporate taxation

Rates

Corporate income tax rate	20%
Branch tax rate	20%, plus 15% net profit tax
Capital gains tax rate	20%

Residence: A company is a Kazakh tax resident if it is established under the laws of Kazakhstan or if its governing body/place of actual management and control is located in Kazakhstan.

Basis: Resident companies are taxed on worldwide income. Nonresidents generally are taxed only on Kazakh-source income. Branches are taxed in the same way as subsidiaries although a permanent establishment (PE) of a nonresident foreign company is subject to an additional net profit tax (see "Rate," below).

Taxable income: Entities are subject to corporate income tax on business profits and other taxable income. Expenses may be deducted against income if they are wholly and exclusively incurred for business-related purposes and if they are substantiated by supporting source documentation.

As from 1 January 2023, purchases from nonresident related entities related to the following are not deductible:

- Marketing, consulting, auditing, design, legal, accounting, advocacy, advertising, marketing, franchising, financial, engineering, and agency services; and
- Royalties and the transfer of rights to use intellectual property.

Taxpayers may claim a reduction in taxable income for costs relating to these activities incurred in a tax period, up to a limit of 3% of taxable income.

This limitation on the deductibility of expenses may not apply under the nondiscrimination clause of an applicable tax treaty.

Rate: The standard corporate income tax rate of 20% applies to domestic and foreign companies. A PE of a nonresident company is subject to a net profit tax of 15% on net after-tax income, in addition to corporate income tax. The net profit tax is payable regardless of whether net profits are remitted to the parent company and the tax rate may be reduced under an applicable tax treaty.

Surtax: A surtax exists in the form of an excess profits tax levied on subsurface users. The excess profits tax does not apply to subsurface users engaged in the mining industry, including subsoil users that extract only widespread minerals, underground water, and/or therapeutic muds.

Alternative minimum tax: There is no alternative minimum tax.

Taxation of dividends: Dividends received are effectively exempt from income taxation, except for certain categories of dividend, in respect of which specific requirements must be met to obtain an exemption.

Capital gains: Capital gains are taxed at the standard corporate income tax rate. Certain categories of capital gain (including gains derived from the sale of shares that do not derive their value principally from subsurface use property) are exempt if certain conditions are satisfied.

Losses: Operating losses generally may be carried forward for up to 10 years following the year in which the loss is incurred. Losses may not be carried back.

Foreign tax relief: A credit generally is available for foreign income tax paid on foreign-source income, based on documentation confirming the amount paid.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: Both tax and nontax incentives are available. Tax incentives are provided in the form of accelerated tax deductions for capital expenditure, provided certain requirements are met. Special tax regimes/incentives are available for qualifying nonprofit organizations and organizations operating in social spheres. Tax incentives in the form of a 100% reduction of corporate income tax, a zero coefficient to the land tax rates, and property tax at a zero rate apply to investments in qualifying investment priority projects where certain conditions are met. Other incentives may be granted depending on the type of the investment project and mainly comprise exemptions from customs duties, access to state material grants, and investment subsidies.

Other: Business entities may be registered in the Astana International Financial Centre (AIFC). Registration in the AIFC depends on the type of entity (i.e., company (private or public), partnership (several types), or branch).

Compliance for corporations

Tax year: The tax year is the calendar year.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate tax return. However, in certain cases, nonresidents with several PEs in Kazakhstan may opt to file a consolidated tax return.

Filing and payment: The corporate income tax return is due by 31 March of the year following the reporting tax year. A one-month extension may be obtained for returns filed electronically.

Penalties: Penalties are assessed at 1.25 times the official refinancing rate established by the national bank on the tax unpaid for each day of delay in paying the tax due.

Rulings: The tax authorities generally issue nonbinding rulings of an explanatory nature. However, rulings issued by the tax authorities individually to taxpayers will be considered during the tax appeal process. Advance pricing agreements (APAs) also are available.

Individual taxation

Rates	
Individual income tax rate	10%
Capital gains tax rate	Subject to individual income tax rate

Residence: Tax residence is based on whether an individual permanently resides in Kazakhstan or has their center of vital interests in Kazakhstan. The permanent residence test is based on the number of days of presence in Kazakhstan: an individual is deemed a resident if they are present in Kazakhstan for at least 183 days in any consecutive 12-month period ending in the reporting tax year. The center of vital interests test is based on whether an individual is a citizen or a holder of a Kazakh residence permit and has a spouse and/or close relatives and a place of abode in Kazakhstan (belonging to the individual and/or their spouse and/or their close relatives based on ownership or on other grounds). All three conditions must be met to establish tax residency under the center of vital interests test.

Basis: Resident individuals are taxed on worldwide income. Nonresidents are taxed only on Kazakh-source income. Kazakh-source income includes income from employment or other activities performed in Kazakhstan and any other benefits received in this respect, regardless of the place of payment.

Taxable income: Taxable income comprises primarily employment income (including benefits in kind), income from a business, income from third parties (including that received free of charge), and passive income. Local legislation provides for certain exemptions depending on the type of income and the individual's circumstances.

Rates: Residents are subject to tax at 10%.

An exemption from income tax is available for dividend income of up to 30,000 times the monthly calculation index (MCI) (KZT 3,450 for 2023) per calendar year when received from a resident legal entity on the distribution of net income (or part thereof), from the distribution of property on liquidation of a resident legal entity, or on the decrease of authorized capital, as well as from a redemption of participations/shares by the resident legal entity.

An exemption also applies to dividend income received from securities listed on stock exchanges functioning in Kazakhstan, provided the securities were traded in accordance with the criteria provided by the Kazakh government.

Nonresidents are taxed at 5% on insurance premiums under contracts of risk reinsurance and income from international transportation services; 10% on employment income; 15% on insurance premiums under contracts of risk insurance, dividends, interest, royalties, and capital gains; otherwise, the rate is 20%.

Capital gains: Income derived from the sale of property (e.g., immovable property, land, securities, derivative financial instruments, shares, etc.) generally is treated as a capital gain subject to taxation. Exemptions are available for certain income, including income from the realization of immovable property and land located in Kazakhstan held for more than one year, and income derived from the public sale of shares or securities listed on the Kazakhstan stock exchange. Capital gains are taxed at the rate applicable to the individual based on their tax residency status. The taxable capital gain on the sale of securities or property registered/located in a low-tax jurisdiction is deemed to be the sale price.

Deductions and allowances: Standard tax and other deductions are allowed for tax residents, such as a standard monthly tax deduction of 14 times MCI (KZT 48,300 per month for 2023); deductions for mandatory pension and social medical insurance contributions; and deductions for voluntary pension contributions, medical costs, etc., subject to prescribed limitations.

Foreign tax relief: A credit generally is available for foreign income tax paid on foreign-source income, based on documentation confirming the amount paid.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Tax returns for individual income tax are divided into two categories: an annual individual income tax return submitted independently by an individual and a quarterly tax return filed by a tax agent.

Filing and payment: Payroll-related taxes and mandatory payments must be remitted to the state on a monthly basis by the 25th day of the month following the month in which the tax point arises and reported on a quarterly basis by the 15th day of the second month following the reporting quarter.

If an individual receives income not subject to taxation at source, or if a tax resident (applicable only to residents that are citizens, kandas (certain immigrants intending to stay permanently in Kazakhstan), or residence permit holders in Kazakhstan) possesses foreign assets (e.g., overseas immovable property, shares in a foreign legal entity, equity capital interests) or foreign bank accounts with a positive cash balance that exceeds the equivalent of 2,000 MCI (KZT 6.9 million in 2023), a tax return must be filed by 31 March of the year following the reporting year, with payment of the final tax no later than 10 calendar days after the tax filing deadline (i.e., 10 April).

Penalties: Penalties apply for late payment of taxes, and administrative fines are imposed for noncompliance. Penalties are assessed at 1.25 times the official refinancing rate established by the national bank on the tax unpaid for each day of delay in paying the tax due. The current code on administrative violations provides that an individual who has filed a tax return late for the first time will receive an administrative warning; a fine of 15 times the MCI (KZT 51,750) will be imposed for subsequent violations.

Rulings: The tax authorities generally issue nonbinding rulings of an explanatory nature. However, rulings issued by the tax authorities individually to taxpayers will be considered during the tax appeal process.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%/15%	0%/10%	0%/10%/15%/20%	0%/10%/15%
Interest	0%/15%	0%/10%	0%/15%/20%	0%/15%
Royalties	0%	10%	15%/20%	15%
Fees for technical services	0%	10%	20%	20%

Dividends: Dividends paid to a resident company generally are exempt from withholding tax. A 15% withholding tax rate applies to dividends paid from shares listed on Kazakhstan's stock exchange that are not traded during the tax period according to criteria established by the Kazakh government. Dividends paid to a resident individual are subject to withholding tax at 10%.

A 15% withholding tax is imposed on dividends paid to nonresidents without a PE in Kazakhstan. A 20% rate applies to dividends paid to nonresidents registered in a tax haven. The rate may be reduced under an applicable tax treaty.

Qualified dividends (except for dividends paid to persons registered in a tax haven) may be exempt from withholding tax under domestic tax legislation where the underlying shares are listed on Kazakhstan's stock exchange or the Astana international exchange (AIX) and were traded during the tax period according to criteria established by the Kazakh government.

As from 1 January 2023, a reduced 10% rate applies to dividends if the underlying shares/participations in a nonsurface user have been held by a nonresident for more than three years, no more than 50% of the value of the nonsurface user is derived from subsurface use, and the dividends are paid out of income that was previously subject to corporate income tax in Kazakhstan.

The reduced rate is also available for dividends (other than those paid to persons registered in a tax haven) paid by subsurface users if certain conditions are fulfilled.

The reduced rate under an applicable tax treaty does not apply automatically to dividends paid to a nonresident related person if: (i) the dividends are not taxed at the level of the recipient; or (ii) the nominal dividend tax rate during the reporting period is less than 15%.

Interest: Interest paid to a resident company is subject to withholding tax at 15%. A 10% rate applies to interest paid to a resident individual.

A 15% withholding tax is imposed on interest paid to nonresidents without a PE in Kazakhstan. Interest paid to nonresidents registered in a tax haven is subject to a 20% rate. The tax rate may be reduced under an applicable tax treaty.

A withholding tax exemption may apply with respect to certain interest paid to resident or nonresident individuals and legal entities, such as interest paid on securities listed on Kazakhstan's stock exchange.

The reduced rate under an applicable tax treaty does not apply automatically to interest paid to a nonresident related person if: (i) the interest is not taxed at the level of the recipient; or (ii) the nominal tax rate applicable to interest during the reporting period is less than 15%.

Royalties: Royalties paid to a resident company are exempt from withholding tax. A 10% rate applies to royalties paid to a resident individual.

Royalties paid to nonresidents without a PE in Kazakhstan are subject to a 15% withholding tax. A 20% rate applies to royalties paid to nonresidents registered in a tax haven. The tax rate may be reduced under an applicable tax treaty.

The reduced rate under an applicable tax treaty does not apply automatically to royalties paid to a nonresident related person if: (i) the royalties are not taxed at the level of the recipient; or (ii) the nominal tax rate applicable to royalties during the reporting period is less than 15%.

Fees for technical services: The tax code does not specifically provide a definition of technical services. However, technical service fees paid to a resident company are exempt from withholding tax. A 10% rate applies to technical service fees paid to a resident individual.

As a general rule, payments for the provision of services (such as consulting and technical services) to nonresidents without a PE in Kazakhstan are considered Kazakh-source income and are subject to a 20% withholding tax. Certain technical service fees may be reclassified as royalties subject to a 15% withholding tax. The tax rate may be reduced under an applicable tax treaty. A 20% rate applies to technical service fees paid to a nonresident registered in a tax haven, regardless of the nature of the services provided.

The reduced rate under an applicable tax treaty does not apply automatically to technical fees paid to a nonresident related person if: (i) the technical fees are not taxed at the level of the recipient; or (ii) the nominal tax rate applicable to technical fees during the reporting period is less than 15%.

Branch remittance tax: A PE of a nonresident foreign company is subject to a net profit tax of 15% on net after-tax income, in addition to corporate income tax. The net profit tax is payable regardless of whether net profits are remitted to the parent company. The tax rate may be reduced under an applicable tax treaty.

Other: A 15% withholding tax is levied on capital gains from the disposition of property located in Kazakhstan that is subject to state registration, rights or transactions that are subject to state registration, and shares/participations of resident legal entities. A 15% withholding tax is imposed on capital gains from the disposition of shares/participations of nonresidents if 50% or more of the value of the shares/participations or assets of the nonresident constitute property situated in Kazakhstan. A 20% rate applies to capital gains of nonresidents registered in a tax haven. Capital gains may be exempt from withholding tax under an applicable tax treaty or under domestic tax legislation if certain conditions are fulfilled (subject to specific procedures).

A domestic withholding tax exemption may apply to capital gains from the disposition of the following:

- Shares disposed of by open auction on the Kazakh or a foreign stock exchange;
- Shares listed on the AIX;
- Shares/participations in AIFC participants; or
- Shares/participations in nonsurface users that have been held by a nonresident for more than three years and where no more than 50% of the value of the nonsurface user is derived from surface use.

A domestic withholding tax exemption also is available for capital gains (except for capital gains of persons registered in a tax haven) realized on shares/participations in surface users if certain conditions are fulfilled.

Anti-avoidance rules

Transfer pricing: Transfer pricing controls in Kazakhstan apply to all cross-border transactions and certain domestic transactions with related or unrelated parties. The transfer pricing law adopts the arm's length concept, although the definition is somewhat different from that in the OECD transfer pricing guidelines. APAs are available.

Transfer pricing legislation provides that local taxpayers may have to file the following reports:

- Transfer pricing documentation, which should include an economic substantiation of market prices used in controlled transactions. This documentation should be maintained by all taxpayers and must be submitted to the tax authorities upon request within 90 days;
- Transfer pricing monitoring report, which applies to the largest taxpayers (approved by the government) and should be prepared in relation to controlled transactions involving particular goods and services. The monitoring report is filed annually no later than 15 May of the year following the reporting year; and
- Three-tiered documentation, i.e., master file, local file, and country-by-country (CbC) report, as well as notification of participation in a multinational enterprise (MNE) group, which apply to members of MNE groups, subject to certain criteria.

Interest deduction limitations: The deduction of interest generally is limited by a specific debt-to-equity formula set by tax legislation. Deductions of interest accrued with respect to nonresident parties also are limited by the applicable market rate. The amount of interest accrued with respect to nonresident related parties in excess of the applicable market level must be recognized as a deemed dividend.

Controlled foreign companies: Controlled foreign company (CFC) rules apply to residents with at least a 25% shareholding or control (as defined by IFRS) in a tax haven entity or an entity that is taxed at an effective tax rate of less than 10%. The government has issued a list of tax haven jurisdictions. However, entities registered or incorporated in a jurisdiction with which Kazakhstan has an effective tax treaty should not be treated as CFCs provided the nominal income tax rate in that jurisdiction is greater than 75% of the corporate income tax rate in Kazakhstan (i.e., 75% x 20% rate, or 15% in 2023). The government should issue the list of such jurisdictions no later than 31 December of the year following the reporting tax period.

Kazakh residents holding shares or control in CFCs are required to include CFC profits proportionate to their shareholding or control in their aggregate annual income.

Hybrids: There are no anti-hybrid rules.

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: Tax residents (both individuals and legal entities) are required to notify the Kazakh tax authorities of a direct, indirect, or constructive participation in (control over) a CFC.

A notification of participation in an MNE group may be required to be filed by qualifying MNE group members subject to CbC reporting requirements (see “Transfer pricing,” above).

Exit tax: There is no exit tax.

General anti-avoidance rule: There is no general anti-avoidance rule.

Value added tax

Rates	
Standard rate	12%
Reduced rate	0%

Taxable transactions: VAT is levied on the supply of goods, works, and services, as well as on imports. A reverse-charge VAT applies on supplies of works and services by nonresidents, if the place of supply is deemed to be in Kazakh territory,

except for certain cases (such as VAT-exempt supplies, etc.). All foreign companies supplying goods and providing services online to individuals in Kazakhstan are subject to VAT.

Rates: The standard rate is 12%. A 0% rate or exemption applies in certain cases.

Registration: Registration is compulsory for companies whose turnover exceeds KZT 87,510,000 in a calendar-year period; otherwise, registration is optional. Registration also is compulsory for foreign providers of electronically supplied goods and services via a simplified process by submitting a confirmation letter to the State Revenue Committee of Kazakhstan containing required information regarding the foreign company.

Filing and payment: Payment is due by the 25th day of the second month following the reporting quarter. VAT and related turnover must be reported on a quarterly basis, by the 15th day of the second month following the reporting quarter. A two-week extension may be obtained for electronically filed tax returns. Foreign e-commerce providers must pay the VAT due on supplies in Kazakhstan in KZT by the 25th day of the second month following the reporting quarter to the local tax authorities. There are no VAT reporting obligations and no requirement to issue VAT invoices in connection with e-commerce activities.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: Employed individuals (Kazakhstan citizens, Kazakhstan residence permit holders, and Eurasian Economic Union (EEU) citizens working in Kazakhstan under local employment agreements) are required to make pension fund contributions at a 10% rate (the monthly base is capped at KZT 3.5 million). The employee deduction for mandatory social medical insurance (OSMI) is 2% (the monthly base is capped at KZT 700,000), which applies to Kazakhstan citizens, residents, and EEU citizens. Tax resident individuals may claim deductions for individual income tax purposes for OSMI and pension contributions. Individuals are not required to submit an application to a tax agent for these deductions.

Employers must pay a social tax at a 9.5% rate; the monthly minimum base is 14 times the MCI (KZT 48,300 for 2023) and there is no maximum. In addition, employers are required to make professional pension fund contributions (for Kazakhstan citizens, residence permit holders, and EEU citizens engaged under local employment agreements) at a 5% rate for the benefit of employees whose professions fall under the established list of works with harmful/hazardous working conditions. Employers also must make OSMI contributions at a rate of 3% (the monthly base is capped at KZT 700,000) and also social security contributions at a 3.5% rate (the monthly base is capped at KZT 490,000) for Kazakhstan citizens, residents, and EEU citizens.

Payroll tax: See “Social security contributions,” above.

Capital duty: There is no capital duty.

Real property tax: Property tax is levied on immovable property located in Kazakhstan at progressive rates ranging from 0.1% to 1.5% for legal entities, depending on a taxpayer’s activities. The applicable rate of property tax for individuals varies from 0.05% to KZT 2,946,600 + 2% x (property value minus KZT 450 million) on the value of the object of taxation.

Transfer tax: There is no transfer tax.

Stamp duty: No standalone stamp duty regime exists. However, the authorities may impose a levy on various legal actions, such as the issuance of documents by state bodies.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other: Corporate taxpayers undertaking licensed activities to extract mineral resources in Kazakhstan are subject to a specific subsurface user taxation regime, which includes the excess profit tax (see “Surtax” under “Corporate taxation,” above), mineral extraction tax, and rent tax on exports, in addition to bonuses payable upon signature of license agreements.

Certain oil and gas companies may choose to apply an alternative tax on subsurface usage, instead of certain taxes generally applicable to subsurface users.

Tax also is levied on land and vehicles.

Tax treaties: Kazakhstan has concluded over 50 tax treaties. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) entered into force for Kazakhstan on 1 October 2020. For information on Kazakhstan’s tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: State Revenue Committee of the Ministry of Finance; state revenue departments at the regional level and for the cities of Almaty, Astana, and Shymkent; state revenue agencies at the district and town levels

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