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Private



Private Client Services
Tax and Legal Department
Kazakhstan

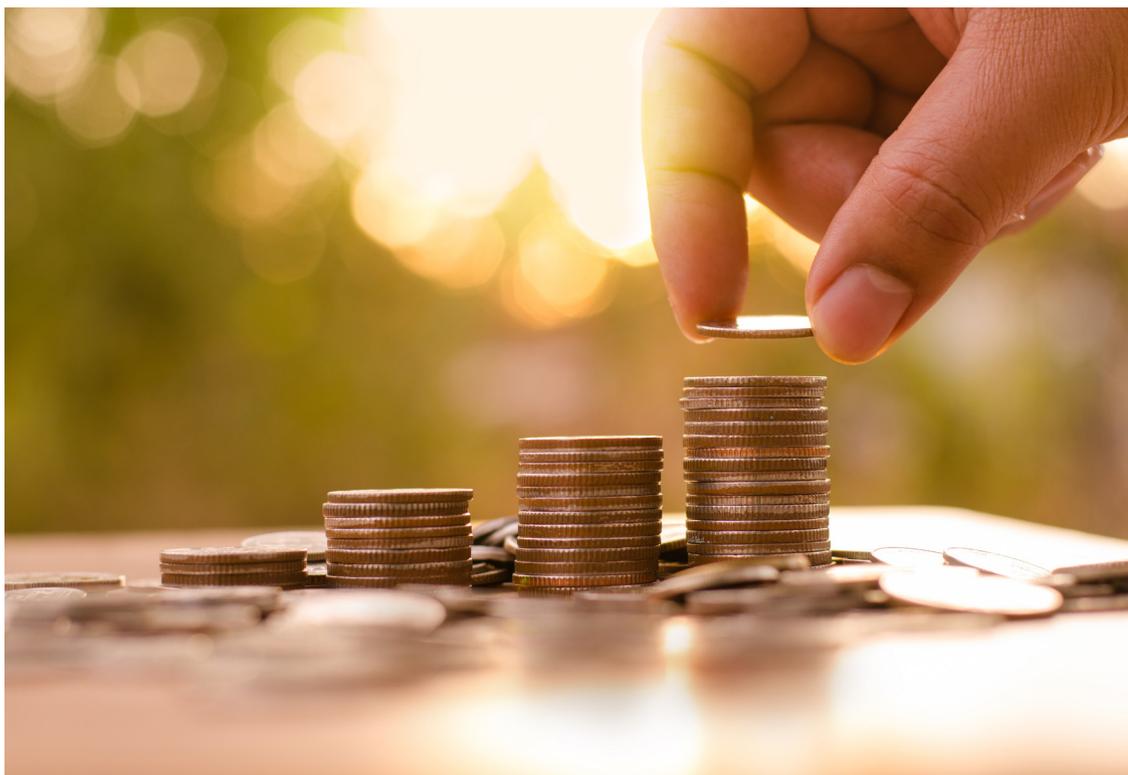




Why do our clients
need our help right now?

Clients are faced with a rapidly changing legislative environment

The Kazakhstan Government has sent a firm and clear message that local investor capital should focus on returning to Kazakhstan.



The Government is developing strategies using the tools that combine measures in currency, customs and tax control and implementing it through the legislation, which would tackle the current situation where significant wealth is “offshored” outside Kazakhstan

Disclosure of information

There are more legislative requirements obliging Kazakhstan residents to disclose information such as Universal declaration initiative.

Exchange of information

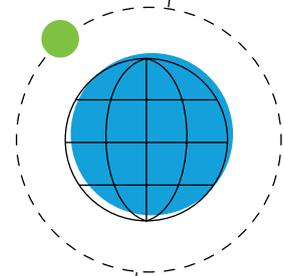
On July 16, 2018 the Global Forum on Transparency and Exchange of Information for Tax Purposes published peer review report for Kazakhstan assessing compliance with the international standard on tax transparency and exchange of information.

On-going collaboration with OECD

Kazakhstan continues making substantial efforts towards working with the OECD, introducing the OECD best practices and recommendations into local reforms, particularly those related to taxation.

BEPS measures implementation

On 6 January 2017, the OECD published an announcement that Kazakhstan has joined the Inclusive Framework developed by members of the OECD and G20 countries for implementation of the BEPS Project.



Universal declaration

From January 1, 2021, the universal declaration requirements will come into effect for certain categories of Kazakh tax residents obliging them to disclose, report and tax the assets, liabilities, income and property.

- The reporting system consists of the following main stages:

Stage 1 – Single entry into the

system: Individuals fixing the availability of assets on December 31 of the year preceding the year of submission of the return on assets and liabilities.

Stage 2 – Annual participation:

Reflection of income and details of the acquisition or sale of property for the year (return on income and property).

CFC rule

The revised CFC rule is now in effect, which is intended to prevent the Kazakh residents from using aggressive planning structures by virtue of imposing the Kazakh income tax on corresponding profits of a controlled foreign company.

- The CFC rule mainly serves as a mechanism, designed to prevent various existing or potential aggressive tax planning structures that enables and encourage capital leakage from country into traditional tax havens (offshores), as well as into other jurisdictions, allowing to minimize the tax liabilities accordingly (e.g. Netherlands, Luxembourg).

CRS MCAA

On June 26, 2018, Kazakhstan signed CRS Multilateral Competent Authority Agreement (“CRS MCAA”).

- By joining MCAA platform, Kazakhstan will be able to send and receive the prescribed financial account information of taxpayers to / from the tax authorities of participating countries, in a pre-agreed form on an annual basis.



MLI

On June 25, 2018, the Government of Kazakhstan signed the base erosion and profit shifting (“BEPS”) multilateral instrument (“MLI”), developed by the OECD that updates the existing network of bilateral tax treaties.

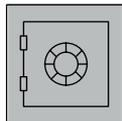
- The MLI is designed to reduce opportunities for tax avoidance by multinational enterprises.
- The MLI addresses treaty abuse, artificial avoidance of PE, hybrid mismatch issues, and on the other hand sets higher standards for the tax authorities in terms of disputes resolution and in some cases arbitration to end disputes.

- The MLI specifically introduces the BEPS “Principal Purpose Test” (“PPT”) in tax treaties (Article 7 of the Multilateral Convention) which states that a benefit under the tax treaty shall not be granted if obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted in that benefit.
- The introduction of PPT may potentially affect current application of treaties with regard to intra-group distributions.

Beneficial ownership

Kazakhstan tax law has drastically changed recently with respect to international transactions.

- Starting from January 2018, where Kazakh entity wishes to apply the provisions of the double tax treaty the “beneficial ownership” concept shall be challenged and tested by the Kazakh entity.
- Unlike EU countries, Kazakhstan now requires application of the “beneficial ownership” concept for non-passive income (service agreements) paid to non-residents. Where beneficial ownership has not been sufficiently evidenced, a Kazakhstan entity would no longer be entitled to apply double tax treaty provisions, i.e. withhold the corresponding tax at 20% for services obtained.







What services
can we offer?

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Deloitte Private professionals strive to be recognised as the truly global advisors of choice to the private company and Ultra High Net Worth (UHNW) markets, and to be distinguished above others, by our reputation, for quality, commercial astuteness, can-do attitude and our friendly and engaging manner



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Future focus

Deloitte Private has a future focus, and our recommendations are to help you get where you desire (e.g., establishing appropriate family governance or growing business cross-border)

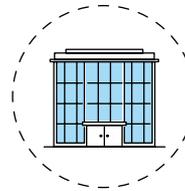
Our professionals

There are more legislative requirements obliging Kazakhstan residents to disclose information such as Universal declaration initiative.

Our services

- Tax advisory and tax compliance for private companies
- Tax advisory and tax compliance for business owners,
- HNW and UHNW individuals and their investment structures
- International tax and estate advisory including global mobility
- Personal taxation
- Technology solutions for business
- Family wealth and succession planning
- Family office services
- Family enterprise consulting
- Development of personal investment structures, the analysis of the functioning structures
- Accounting and preparation of the reporting
- Migration legislation
- Financial risk management (including hedging)
- Development of complex risk management systems of business
- Currency exchange control

Our clients



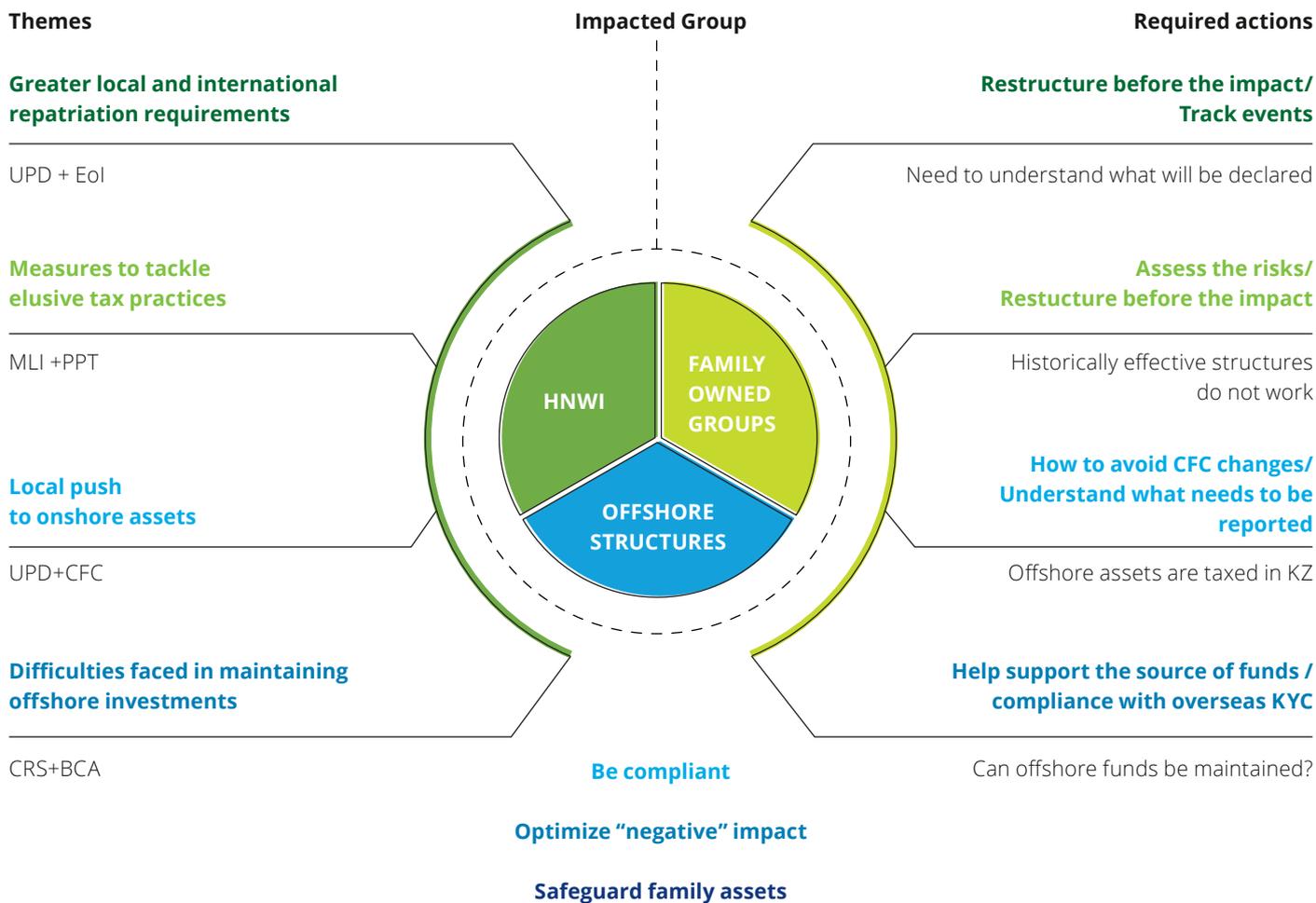
Private companies



Listed companies with significant private ownership



High Net Worth and Ultra High Net Worth individuals



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Our international professionals can provide services in Russian



We manage sensitive client data using our overseas Deloitte offices



We understand the needs of Kazakhstani clients

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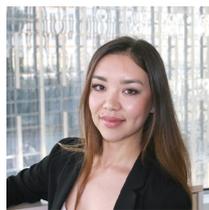
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Notes

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