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Amendments to the legislation of the Republic of Kazakhstan in relation with tax and customs matters.

1. In accordance with the Decree of the President of the Republic of Kazakhstan No. 299 "On the amended republic's budget for 2020" dated 8 April 2020, the following amendments were introduced:

- 1) Minimum Monthly Wage is 42,500 tenge;**
- 2) Monthly calculated index (MCI) is 2,778 tenge;**
- 3) The minimum amount of pension is 40,441 tenge;**
- 4) Rate of state basic pension payment is 17,641 tenge;**
- 5) Minimum subsistence level for calculation of basic social payments rates is 32,668 tenge.**

2. On March 20, 2020 the Resolution of the Government of the Republic of Kazakhstan № 126 "On measures to implement the Decree of the President of the Republic of Kazakhstan 2020 № 287 "On Further Measures to Stabilize the Economy" was enacted, according to the Resolution, the Government takes the following measures to support taxpayers:

- 1) Until December 31, 2020, by introducing the adjustment coefficient "0" to the tax rates, those shall be exempted:**
 - Legal entities and individual entrepreneurs shall be exempt from property tax on large trade objects, shopping and entertainment centres, cinemas, theatres, exhibitions and sports and fitness facilities;
 - Agricultural manufacturers shall be exempt from the payment of land tax on agricultural land;
 - Individual entrepreneurs applying the generally established procedure of taxation shall be exempt from payment of individual income tax.
- 2) Suspension of accrual of penalties for unfulfilled tax liabilities until August 15, 2020 and postponement of tax reporting deadlines to the 3rd Quarter of 2020 for the following taxpayers:**
 - Legal entities and individual entrepreneurs owning large shopping facilities, shopping and entertainment centres, cinemas, theatres, exhibitions and fitness and sports facilities;
 - Agricultural manufacturers who own agricultural land.
- 3) The State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan has taken additional measures to support taxpayers, such as:**
 - Provision of a 30 calendar day grace period for declarations that fall within the period of the State of Emergency.

- Introduction of a simplified mechanism for obtaining a deferral of tax debt repayment under the condition of a pledge or bank guarantee.
- No penalties are charged in respect of tax arrears arising during the State of Emergency.
- Suspension of notifications based on the results of the desk audit.
- Minimization of tax and customs inspections with on-site visits. Until April 15, 2020 the appointment of tax audits of Almaty taxpayers included in the schedule of tax audits for 2020 has been suspended.
- Consideration of administrative liability issues was postponed until the end of the State of Emergency.
- Extension of the time limit for paying taxes on wages paid in March to 25 April.

3. On March 27, 2020 the Resolution of the Government of RK № 141 "On measures to implement the Decree of the President of the Republic of Kazakhstan № 287 "On Further Measures to Stabilize the Economy" on tax policy issues (hereinafter - the "Resolution") was enacted.

In accordance with the Resolution, in order to reduce the tax burden due to the resulting emergency in the territory of the Republic of Kazakhstan, such measures as:

- To establish a VAT rate of 8% until October 1, 2020, when performing sales and imports of socially important food products, according to the approved list;
- To exempt producers of excisable goods in Kazakhstan from paying excise duties on gasoline (except for aviation) and diesel fuel sold for export until December 31, 2020.
- To establish the coefficient "0" for 2020 to the property tax rates of legal entities and individual entrepreneurs for the objects of taxation used in tourism, public catering and hotel services.

In order to reduce the tax burden on micro, small or medium-sized businesses, the Decree introduced the following measures:

- Provision of deferred payment term for all taxes and other mandatory payments to the budget, as well as social payments until June 1, 2020.
- Suspension of measures until June 1, 2020, to ensure the fulfilment of the tax liability that has not been fulfilled in due time and the compulsory collection of tax and customs debts, as well as social payments debts, except for high-risk taxpayers.
- Extension of the time limit for execution of the notification on elimination of violations identified by the tax authority based on the results of desk control, which come during the State of Emergency (from March 15, 2020 to April 15, 2020), except for taxpayers with a high degree of risk, until June 1, 2020.
- Suspension of audits conducted by State revenue bodies during the State of Emergency is not included in the audit period.

4. The State Revenue Committee of the Ministry of Kazakhstan, in order to prevent the spread of coronavirus infection COVID-19 and to strengthen the security regime for customs inspections, introduced the following measures have been suspended or cancelled:

1) The following activities have been suspended or cancelled for customs inspections:

- Delivery of documents issued during or as a result of customs inspections and inspections of customs documents and information (acts of inspection, notifications, requirements) on purpose is suspended.
- Field customs inspections scheduled but not started as of March 16, 2020 have been cancelled.

- The appointment of on-site customs inspections has been suspended, except in cases provided for in the Code of Criminal Procedure of the Republic of Kazakhstan.
 - Reception of declarations for advisory purposes is suspended..
 - The time limits for reporting on the use of foreign goods, including goods with regard to which lower import customs duties rates are applied than those established by TN VED TS have been changed. Now such reports are submitted once in half a year by the 10th day of the month following the reporting month.
- 2) The administrative burden is reduced at the border for other business categories by narrowing the "red and yellow corridors".
 - 3) Veterinary control is strengthened.
 - 4) The mechanism of e-confirmation or refusal to confirm payment of indirect taxes when importing EEU goods has been introduced.
5. **On March 30, 2020 the Law of the Republic of Kazakhstan No. 308-VI ZRK "On Ratification of the Agreement in the Form of Exchange on the Procedure for Recognition of Official Documents confirming residence issued by the Authorized Bodies of the Republic of Kazakhstan and the Republic of Armenia within the framework of the Convention between the Government of the Republic of Kazakhstan and the Government of the Republic of Armenia on the Elimination of Double Taxation and Prevention of Evasion from Payment of Income and Property Taxes and the Protocol thereto of November 6, 2006" dated 28 March 2020 was signed. (the "Agreement").**

According to the Agreement, all tax residence certificates issued since January 1, 2012, as well as new certificates issued by the tax authorities of the Republic of Kazakhstan and Armenia, which have the appropriate stamps, are now accepted in the territory of these states without additional confirmation by consular legalization or apostilization.

6. **On March 22, 2020, by the Resolution of the Management Board of the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market, the Requirements to the Rules of Internal Control for Combating Money Laundering and Terrorism Financing came into force for the second level banks and the National Postal Operator (hereinafter referred to as the "Requirements").**

In accordance with Clause 32 of the Requirements on exchange operations of clients of legal entities (on purchase of non-cash foreign currency), in the amount exceeding USD 10,000,000 (or equivalent) in total or in one time during the day, the Bank is obliged to perform the following additional checks/monitoring in order to perform the above mentioned operations including:

- Examination of sources of origin of money to finance the operation, including through analysis of financial statements;
- Proper inspection of the beneficial owners;
- Monitoring of the business reputation of the legal entity, analysis of activities, verification of the availability of licenses, permits for activities;
- Reviewing whether the client has and/or does not have transactions involving countries with high risk of OD/CFT and countries listed as offshore zones;
- Review of information about the client's counterparty in publicly available sources, specified in the third, fourth, fifth and sixth paragraphs of paragraphs 5 of Clause 32 of the Requirements;

- Verification of the transaction for the signs of the client's money and/or other property transaction that does not have obvious economic sense or visible legal purpose;
- Other necessary checks.

It shall be allowed to perform a preliminary procedure of monitoring and examining the foreign exchange operations of legal entities at the stage of registration of the foreign exchange contract.