

# Legal Alert on Digital Mining

Author: Amangeldy S.

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The Law of the Republic of Kazakhstan "On Amendments to the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (Tax Code) and the Law of the Republic of Kazakhstan "On Enactment of the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (Tax Code)" dated 24 June 2021 **introduced a tax on digital mining** (the "fee") and defined the following:

- the digital mining fee is charged for the amount of electricity consumed;
- the obligation of authorized governmental department on information security to provide information on fee payers to the authorised governmental department on a quarterly basis by the 15th day of the second month following the reporting quarter.
- Fee payers are those who engage in digital mining;
- a fee rate of 1 tenge per kilowatt-hour of electricity consumed in digital mining;
- the tax period for calculating the fee is a quarter (3 months);
- calculation of the fee - based on the actual amount of electricity consumed in digital mining and the established fee rate;
- the deadline for payment is no later than the 20th day following the reporting quarter;

The Law of the Republic of Kazakhstan "On Amendments to the Code of the Republic of Kazakhstan "On Taxes and Other Mandatory Payments to the Budget" (Tax Code) and the Law of the Republic of Kazakhstan "On Enactment of the Code of the Republic of Kazakhstan "On Taxes and Other Mandatory Payments to the Budget" (Tax Code)" of 20 December 2021 added the following points to the obligation of the authorised governmental department to provide information on the fee payers:

- submits to the authorised governmental department information on fee payers, **objects of taxation, their location and volumes of electricity in the form established by the authorised governmental department.**

## Note

The President of the Republic of Kazakhstan, Mr. Kassym-Jomart Tokayev had ordered to increase the rate of tax on digital mining by April 1, 2022. Thus, Majilis deputies initiated a project on amendments and additions to the Law of RK "On Digital Assets". First Vice-Minister Marat Sultangaziev reported on the proposed changes in terms of tax regulation of digital mining, speaking at the Interagency Commission on the legislative activities in the Ministry of Justice, namely:

- there will be tax agents for the payment of fee on mining - "Data Centres";
- it is proposed to change the tax rate by 5 tenge per 1 kilowatt hour;
- a tax on digital mining equipment is proposed at 10 MCI, 1 MCI for a video card, and 10 MCI for other equipment; a monthly basis payment is envisaged;
- a quarterly basis submission of tax report is proposed;
- if the mining equipment is installed, mining farms have to pay the fee whether the electricity were used or not. <sup>1</sup>

All the proposed changes have not yet been approved yet.

<sup>1</sup> <https://www.zakon.kz/6006121-nalog-na-maining-v-kazakhstane-planiruiut-velichit-do-5-tenge-za-kilovatt.html>