

## Doing Business in Kazakhstan: Taxation

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All taxes and fiscal payments types are the same in each region, except for special economic zones. Main taxes in Kazakhstan are:

<b>Tax Type</b>	<b>Tax Rate</b>
1 Corporate income tax	20%
2 Withholding tax	5% - 20%
3 Value added tax	12%
4 Property tax	1.5%

There are also payroll taxes which are:

<b>Tax Type</b>	<b>Tax Rate</b>
1 Personal income tax	10%
2 Social tax	11%
3 Pension withholdings	10%
4 Social security payments	5%

Additionally, Kazakhstan has specific types of taxes that are attributed to the mineral resources industry, called subsoil user taxes:

- Signature bonus;
- Commercial discovery bonus;
- Reimbursement of historical costs;
- Mineral extraction tax;
- Excess profit tax;
- Rent export tax.

### Corporate Income Tax (CIT)

CIT is the main tax for any type of resident legal entity in Kazakhstan. The most popular types of legal entities such as a joint stock company, a limited liability company, and a foreign company's branch in Kazakhstan will be taxed by CIT. CIT imposes on taxable income, which is computed as aggregate annual income minus statutory deductions. The basic principals for CIT are similar to most developed countries. In case a company has losses, Kazakhstan tax legislation allows to forward the losses within 10 years. A branch of a foreign company after

taxation by CIT will pay additional tax on net profit, known as the branch profit tax at a 15% rate. This branch profit tax could be reduced to 10% or 5%, depending on the applied double tax treaty.**Withholding Tax**

Domestic taxpayers withhold tax from incomes of non-residents derived from Kazakhstan. Tax rates for withholding depend on the type of income of a non-resident who not registered for tax purposes in Kazakhstan:

Type of income	Rate
Any income of non-resident located in a tax haven (a black list of countries)	20%
Interest, dividends, capital gains and royalties	15%
Insurance premiums under insurance risk agreements	15%
Income from international transportation services and insurance premiums under reinsurance risk agreements	5%
Other income	20%

### Double Tax Treaties

Kazakhstan has concluded treaties on avoidance of double taxation with 46 countries. Most of the double tax treaties provide exemption from withholding tax or the application of reduced tax rates for certain type of income of non-residents. However, it is necessary to provide extensive confirmation documents.**Value Added Tax (VAT)**

A company shall register itself as a VAT payer if its sales turnover exceeded US\$ 330,000 during the last 12 months. However, any company has a right to be registered as VAT payer and become a VAT payer on voluntary basis. The liability for VAT non-registration in due time is 30% of the turnover.

VAT tax rate is 12%. However, there is 0% VAT tax rate for:

- any export sales;
- international transportation services;
- sales in a special economic zone.

There are certain turnovers that are exempted from VAT:

- qualified financial services;
- turnover associated with non-commercial property;
- sale of an enterprise;
- transfer of asset under financial lease agreement;
- geological exploration and geological prospecting operations;
- import of certain assets, the list of which is approved by the Government;
- certain sales of drugs and medical equipment that set by the Government.

VAT is calculated as the difference between VAT output and VAT input. The difference between them will be considered as VAT payable to the tax authorities.**Property Tax**

Property tax is paid by companies that have property or buildings. The tax rate is 1.5% from the book value of assets as determined in

accounting. Property tax should be paid by advance payments in four installments during the reporting year and a final payment before 10th of April.**Land Tax**

Land tax is applicable for those who have title of ownership for lands or have special immanent or temporary rights to use land plots. Tax rates depend on the soil quality, location and size of land plot set by the Government.**Excises**

Excises are imposed on products that contain alcohol, tobacco products; on passenger cars with a vehicle capacity of more than 3 000 cubic centimeters, passenger cars; on petrol (except for fuel aviation), diesel fuel, crude oil, gas condensate. Tax rates depend on the amount of each type of excisable goods.**Vehicle Tax**

Vehicle tax is imposed on a title of ownership for means of transport with vehicles. Tax rates depend on vehicle capacity, usage terms and vehicle type.**Payroll Taxes**

Any paid remuneration to an employee or any indirect material benefit will be subject to payroll taxes. An employer is obliged to apply all payroll taxes.**Personal Income Tax.** Individuals (residents and non-residents), whether citizens or non-citizens, are liable to personal income tax in respect of derived income from Kazakhstan sources. Tax rate for personal income tax is 10%.**Social Tax.** An employer is required to pay social tax at a rate of 11% from gross remuneration of all employees and all incomes paid to an employee, including indirect benefits. Social security payments decrease the social tax calculation.**Social Security Payments.** Social security payments are fiscal payments made by an employer to a special social security fund. Payments are paid from the income paid to employees at a rate of 5%.**Pension Payments.** An employer should withhold 10% from an employee's salary and pay to a special pension fund.

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