

Foreign Exchange Regulations in Kazakhstan

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Most payments in Kazakhstan are required to be made in Tenge, the official currency of Kazakhstan. Residents and non-residents may freely purchase and exchange any currency in local banks. Residents and non-residents may freely make payments in foreign currency to and out of Kazakhstan.

In many ways the foreign exchange regulations in Kazakhstan are not restrictive, however it requires some reporting. The Currency Act mostly regulates the supervision on foreign exchange transactions. This supervision is largely based on reporting by domestic banks. However, in some cases a party of a wire transaction should also provide reporting to the National Bank of Kazakhstan (NBK) in the form of either notification or registration.

In brief, the following are cases when a resident should report to the NBK.

Residents are:

- (1) citizens of Kazakhstan (except for individuals who have permanent residency status abroad);
- (2) foreigners and stateless persons who have permanent residency status in Kazakhstan;
- (3) legal entities registered in Kazakhstan, their branches and representative offices located in Kazakhstan.

Non-residents are:

- (1) foreign citizens and stateless persons, foreign legal entities, their branches and representative offices, (2) international organizations, also (3) diplomatic and other official representative offices of foreign states in Kazakhstan.

Residents are required to notify the NBK in the following cases:

- Opening bank accounts outside of Kazakhstan (this requirement does not apply to individuals);
- Acquisitions by residents of securities issued by foreign issuers where the purchase price exceeds US \$100 000 (however it does not apply to direct investments, i.e. shares acquisitions of 10% or more, or proprietary share interest in foreign companies, which require registration at the NBK);
- Acquisitions by non-residents of securities issued by local issuers in case the purchase price exceeds US \$500,000 (except for direct investments, which require registration at the NBK).

It is necessary to register a transaction with a non-resident, where the payment by a non-resident exceeds US \$500,000 or the payment by a resident exceeds US \$100 000, and is:

- **Commercial credit** for a period of more than **180 days**;
- **A loan for a term exceeding 180 days**;
- **Security deposit** (for the purposes of currency control rules, security deposits are considered to be loans);
- Payment for exclusive intellectual property rights and transfers of money and other property to perform obligations under a joint venture agreement; and
- Direct investments, i.e. an acquisition of 10% or more shares or proprietary share interest in a legal entity.

Individual residents have fewer requirements than resident legal entities. However, individuals cannot make business related transactions without using an account in a local bank.

A resident and a non-resident exporting or importing local or foreign currency in cash in amounts equal to US \$10 000 or more must submit a customs declaration on the full amount of imported or exported money.