

Kazakhstan Legislation Update

Alert on changes in the tax legislation of the Republic of Kazakhstan

Changes in the conditions regarding the application of the special tax regime by small business entities (including individual entrepreneurs)

In accordance with the Laws of the Republic of Kazakhstan ("RK") No. 85-VII dated December 20, 2021 and No. 165-VII dated December 21, 2022 "On Amendments and additions to the Code of the RK "On taxes and other mandatory payments to the budget" (Tax Code)", amendments were introduced to subparagraph 3 of paragraph 2 of Article 683 of the Tax Code of the RK. The adopted amendments establish limitations on the application of a special tax regime for small business entities¹ (including individual entrepreneurs).

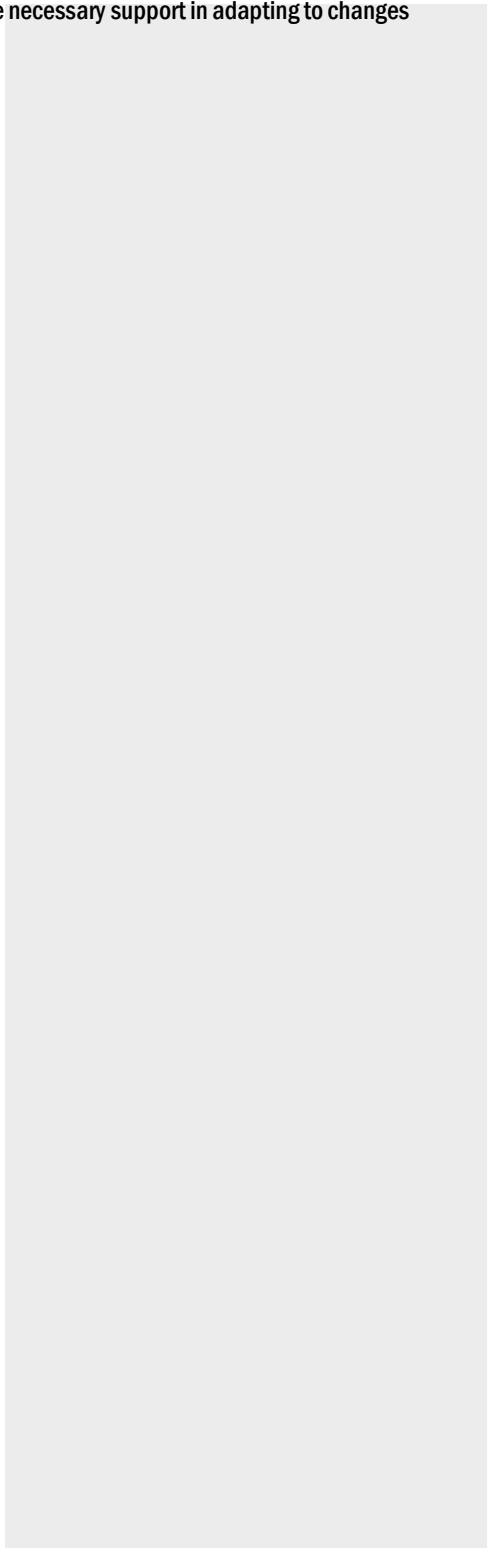
From January 1, 2023, in addition to the previously established limitations, small business entities engaged in the following types of activities cannot apply the special tax regime:

- marketing services
- leasing and operation of the retail market
- subleasing of retail facilities related to retail markets, fixed retail facilities of category 1, 2 and 3 in accordance with the legislation of the RK on the regulation of trade activities, as well as retail outlets, retail facilities and catering facilities located on their territory
- the activities of two or more taxpayers providing hospitality services on the territory of one hotel or a separate non-residential building in which such services are provided

Small business entities that carry out the abovementioned activities from January 1, 2023 should switch to the general tax regime. As a consequence, the tax burden and tax reporting requirements for such taxpayers will change (for example, the tax rate for individual entrepreneurs will increase from 3% to 10% and such individual entrepreneurs should submit tax return form 220.00 instead of tax return form 910.00).

¹ According to Article 683 of the TC, small business entities are individual entrepreneurs and legal entities-residents of the RK applying a special tax regime for small business entities (subject to certain conditions).

We will be happy to discuss the impact of these amendments on your company and provide the necessary support in adapting to changes or revising your business model in the Republic of Kazakhstan.



Contact information:



Dinara Tanasheva
Partner, Head of Tax & Law Practice in Kazakhstan
and Central Asia

Tel.: +7 727 258 5960
dinara.s.tanasheva@kz.ey.com



Roman Yurtayev
Partner, Tax Services

Tel.: +7 727 258 5960
roman.yurtayev@kz.ey.com



Rafael Khaidarov
Manager, Tax Services

Tel.: +7 727 258 5960
rafael.khaidarov@kz.ey.com



Minel Ibragim
Senior consultant, Tax Services

Tel.: +7 727 258 5960
minel.ibragim@kz.ey.com

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com.

EY works together with companies across the Caucasus and Central Asia and assists them in realizing their business goals. 1,300 professionals work at 8 CIS offices (in Almaty, Astana, Atyrau, Baku, Bishkek, Tashkent, Tbilisi, Yerevan).

© 2023 Ernst & Young Kazakhstan LLP. All Rights Reserved.

https://www.ey.com/en_kz

The information contained in this publication is presented in summary form and is therefore intended for general guidance only. Although prepared with utmost care this publication is not intended to be a substitute for detailed research or the exercise of professional judgment. EY is not responsible for any damage caused to any person as a result of an action or refusal to act based on the information contained in this publication. For all specific questions, contact a specialist in the relevant field.