

Kazakhstan Legislation Update

Guide to changes in tax legislation of the Republic of Kazakhstan

Draft amendment to Article 264 of the Tax Code is under approval in the Office of the Prime-Minister

Limitation of deductions for non-tangible services rendered by a related party

Draft amendments to Article 264 of the Code of the Republic of Kazakhstan dated 25 December 2017 No. 120-VI "On taxes and other obligatory payments to the budget" (hereinafter - "Tax Code") have been developed based on the results of the work done by the working group, which includes representatives from business community, EY and NCE Atameken.

In particular, starting from 1 January 2023, subparagraph 23 of Article 264 of the Tax Code is proposed to be amended to read as follows:

23) costs of acquisition from a related non-resident party, registered in a state with preferential taxation, of management, consulting, auditing, design, legal, accounting, advocacy, advertising, marketing, franchising, financial (except for interest expenses), engineering, agency services, royalties, rights-of-use to intellectual property objects.

Thus, the amendments suggest that the restrictions on deduction of expenses for "intangible services" will apply solely to transactions with the participants registered in states with preferential taxation. It is important that this amendment is planned to be introduced from 1 January 2023.

Currently, the draft amendments to Article 264 are under approval in the Office of the Prime-Minister.

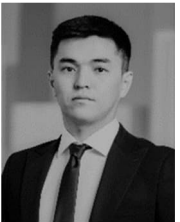
We will keep you updated on this amendment.

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