

NewsFlash

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Dear Readers,

On 1 January 2020, Tax Code provisions obliging taxpayers to issue consignment notes on transactions with certain goods will enter into effect. The state revenue authorities prepare a draft order establishing the list of goods subject to the consignment notes requirements and the rules for the preparation of the consignment notes (hereinafter - the "Draft"). The Draft is currently undergoing an approval process. We offer you a short overview of some of the most important provisions of the Draft.

According to the Draft, transactions with the following goods trigger an obligation to issue a consignment note:

1. Goods for which import customs duty rates are below the rates established by the Unified Customs Tariff of the Eurasian Economic Union (hereinafter, the "EEU") under the terms of the World Trade Organization (so-called List of Exemptions);
2. Ethanol and (or) alcoholic products the production and turnover of which is regulated by the Law *On the State Regulation of the Production and Turnover of Ethanol and Alcoholic Products*;
3. Certain oil products the production and turnover of which is regulated by the Law *On the State Regulation of the Production and Turnover of Certain Oil Products*;
4. Biofuels the production and turnover of which is regulated by the Law *On the State Regulation of the Production and Turnover of Biofuels*;
5. Tobacco products the production and turnover of which is regulated by the Law *On the State Regulation of the Production and Turnover of Tobacco Products*;
6. Goods subject to labeling under international agreements and legislation of Kazakhstan;

7. Goods imported into Kazakhstan from member states of the EEU;
8. Goods exported from Kazakhstan to the member states of the EEU.

The Draft establishes the following deadlines for the preparation of consignment notes:

1. For transportation, realization (sales) and (or) shipment of goods within Kazakhstan – by the first day of transportation, realization (sales) and (or) shipment of the goods;
2. For importation of goods into Kazakhstan:
 - From the outside of the EEU – by the day following the day of the goods release for the free circulation;
 - From the member states of the EEU – by the day preceding the Kazakhstan border crossing day;
3. For exportation of goods from Kazakhstan – by the first day of transportation, realization (sales) and (or) shipment of the goods

A taxpayer issues a consignment note in the *Virtual warehouse* module of the electronic VAT invoice information system and signs it with an electronic digital signature. The obligation to issue a consignment note lays with a supplier in case of an in-country transaction or goods exportation and with an importer in case of the goods importation. A recipient of goods confirms or rejects the receipt of a consignment note and goods in the information system of electronic VAT invoices within twenty calendar days after a consignment note is issued. The Draft also identifies cases in which the confirmation of a consignment note is not required.

Consignment notes registered in the electronic VAT invoice information system will be kept in the system for five years. The state revenue authorities consider entering the order into force on 1 January 2020 or gradually during 2020.

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