



# NewsFlash

## Tax and Legal

February 2020

Dear Readers,

**In this NewsFlash issue, we offer you an overview of some of the most important amendments to Kazakhstan tax legislation that entered into effect on 1 January 2020.**

### Procedure for Introduction of Amendments to the Tax Code<sup>1</sup>

Starting 2020, changes to the procedure for the introduction of amendments to the Tax Code came into effect. Amendments assuming creation of extra tax obligations may be adopted once a year and by 1 July with effective date of 1 January of the following year or later. Amendments regarding tax administration, tax reporting or improving the position of taxpayers may be adopted more than once a year and by 1 December.

No amendments to the Tax Code may be incorporated into a law aiming at an independent legal issue. Legislative provisions introducing new taxes and (or) payments to the state, increasing tax rates, establishing new tax obligations or worsening a taxpayer (tax agent) positions do not have a retroactive effect.

### Statute of Limitation Period<sup>2</sup>

The statute of limitation period reduced to three years for all taxpayers, except subsoil users and taxpayers subject to the state tax monitoring for which the limitation period remains five years. The three-year statute of limitation period applies to tax liabilities and claims arising from 1 January 2020. To avoid misinterpretation of this provision, the tax authorities plan to amend the Tax Code to clarify that tax liabilities and claims for the period before 2020, the statute of limitation period is five years.

### Desktop Review<sup>3</sup>

There is a new Tax Code provision stipulating a deadline for a taxpayer to appeal a decision of the tax authorities on acknowledgment of a notification on a desktop review as not fulfilled. A taxpayer may appeal the decision within five business days after its receipt. The deadline can be extended if a taxpayer failed to meet the deadline due to the temporary disability of the taxpayer's officials. The tax authorities should not suspend operations on the taxpayer's bank accounts until they issue the final decision on the appeal.

### Consignment Notes<sup>4</sup>

Tax Code provisions obliging taxpayers to issue consignment notes on transactions with certain goods entered into effect. The state authorities issued an order<sup>5</sup> establishing the list of goods subject to the consignment notes requirements and the rules for the preparation of the consignment notes. According to the order, taxpayers are obliged to issue consignment notes on biofuels the production and turnover of which is regulated by the Law *On the State Regulation of the Production and Turnover of Biofuels* starting 1 January 2020. Obligation to issue consignment notes on other goods from the list will start on 1 April 2020.

<sup>1</sup> Article 3 of the Tax Code

<sup>2</sup> Article 48 of the Tax Code

<sup>3</sup> Article 96 of the Tax Code

<sup>4</sup> Article 176 of the Tax Code

<sup>5</sup> Order No. 1424 of the First Deputy of the Prime Minister of Kazakhstan – the Minister of Finance of Kazakhstan, On Approval of the List of Goods Subject to Consignment Notes Requirements and Rules for the Preparation of Consignment Notes, dated 26 December 2019

## Obligatory Medical Insurance

From 1 January 2020, the rate for the employer's contributions to the Social Medical Insurance Fund increased to 2%. In addition to the employer's contributions, starting from 2020 tax agents are obliged to withhold the obligatory social medical insurance contributions from income payable to employees and individuals working under service agreements. The rate for 2020 is 1% of taxable income.

## Employer's obligatory pension contributions

The introduction of the employer's obligatory pension contributions were postponed<sup>6</sup> to 2023.

<sup>6</sup> Law No. 287-VI of the Republic of Kazakhstan On Amendments and Additions to Certain Legislative Acts of Kazakhstan on Social Insurance, and Public-Private Partnerships in the Field of Healthcare, dated 26 December 2019

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