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# Investing in Kazakhstan

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Kazakhstan is the world's ninth-largest country, stretching from the shores of the Caspian Sea in the west to the border with China in the east. The country is Central Asia's largest economy, accounting for more than 60 per cent of the region's GDP. Its economic model is anchored in resource wealth but increasingly oriented toward diversification. The country is one of the world's leading producers of oil, natural gas, uranium, copper, zinc, and rare-earth elements.

As a member of both the WTO and the Eurasian Economic Union, it offers preferential access to a common market of more than 180 million consumers and serves as a strategic entry point to markets across the Caspian region and Central Asia.

Kazakhstan plays an outsized role in transcontinental logistics. Roughly 70 per cent of overland transit traffic between China and Europe passes through its territory, making the country a central link in the emerging Middle Corridor of the Belt and Road Initiative. Investments in rail corridors, dry ports, and customs modernisation, especially at Khorgos on the China–Kazakhstan border, have strengthened Kazakhstan's position as a reliable transit hub.

China is one of Kazakhstan's largest trading partners and foreign investors, particularly in infrastructure, energy, and logistics. The two countries cooperate closely under the Belt and Road Initiative, with projects ranging from

oil pipelines to manufacturing clusters. At the same time, Kazakhstan maintains a balanced and open investment policy. Major foreign investors include the United States, the European Union, South Korea, Japan, and the Gulf states.

Kazakhstan's tax and administrative framework is built on a combination of principles that work together to create predictability for businesses and fairness for citizens. At the core of the system lie the norms of the Tax Code, which establish the essential expectations of obligatoriness, certainty, fairness, good faith, unity, and transparency. These principles set the foundation for how taxation operates day to day, helping to build trust between taxpayers and the state.

Supporting these rules are the broader principles of the Administrative Procedural Code, which guides how government bodies must conduct themselves in all administrative interactions. These principles include legality, fairness, the protection of individual rights, proportionality, and the important doctrine that any doubt should be interpreted in favour of the person involved in the process. Together, these frameworks aim to ensure that administrative decisions are predictable and equitable and that businesses feel secure in the choices they make.

Within this system, Kazakhstan levies several main taxes that form the backbone of its fiscal policy.

## Corporate Income Tax (“CIT”)

All Kazakhstan legal entities and branches of foreign legal entities are subject to CIT. Taxable income is determined as the taxpayer’s aggregate annual income less allowable deductions.

The standard CIT rate is 20 per cent, while differentiated rates have been introduced for certain sectors.

In particular, the following CIT rates apply:

- 25 per cent — for banks (except for lending to entrepreneurs) and for entities providing gambling services
- 5 per cent in 2026 (10 per cent from 2027) — for qualifying entities operating in a social sphere
- 3 per cent — for entities engaged in the production of agricultural products, aquaculture (fish farming)

## Value Added Tax (“VAT”)

The standard VAT rate is 16 per cent and is applicable to the sales of goods, work, and services, and imports.

Differentiated rates:

- 5 per cent (10 per cent from 2027) for the import and sale of medicines, medical devices, components of medical devices and others, and the sale of medical services
- 10 per cent for sales of domestic periodicals
- 0 per cent for exports of goods and international transportation services

## International Taxation and Withholding Tax (“WHT”)

Non-residents’ income from Kazakhstan sources (operating without a permanent establishment in Kazakhstan) is subject to WHT in Kazakhstan, which

is assessed and withheld by the tax agent paying the income to a non-resident. The Tax Code lists the types of non-residents’ income considered to be sourced from Kazakhstan, with WHT rates ranging from 5 to 20 per cent depending on the type of income.

Income from services is taxed at 20 per cent WHT, except for certain services for which lower WHT rates are set.

Dividends paid to non-residents (except for non-residents from privileged taxation jurisdictions) holding at least 25 per cent of Kazakh entities are taxed at 5 per cent WHT on dividend income up to the amount equivalent to 230,000 monthly calculation indices (around US\$2 m). If dividends exceed this threshold, the excess amount will be taxed at a standard rate of 15 per cent.

Interest income paid to a non-resident (except for non-residents from privileged taxation jurisdictions) from loans and debt securities are subject to 10 per cent WHT.

## Subsoil Use Taxation

Subsoil users engaged in the extraction and sale of mineral resources in Kazakhstan are subject to a range of taxes, including mineral extraction tax, excess profit tax, and rent tax on exports. The application of each tax and the relevant requirements and procedures depend on specific factors, such as the type of mineral, the volume of extraction and sale, and the terms outlined in subsoil use contracts.

Foreign investors benefit from an open and largely liberal ownership regime. Kazakhstan allows full foreign ownership of companies in almost all sectors, and restrictions exist only in a few areas of strategic importance, such as airlines operating as joint-stock companies. This openness reflects the country’s broader investment philosophy: to encourage international participation and create an environment where foreign and local businesses can compete on an equal footing.

When setting up a subsidiary, investors typically choose between a limited liability partnership or a joint-stock company established under national law. The choice often depends on the intended scale of operations, governance expectations, and regulatory requirements. Those seeking an operating environment based on common-law principles may opt for the structures available within the Astana International Financial Centre (“AIFC”), which offers private and public companies an environment designed to function within a familiar English-law framework.

The AIFC plays a special role in Kazakhstan’s financial landscape. It functions under a distinct legal system grounded in English law, with English as its official language, and offers a sophisticated platform for financial, consulting, and capital-market activities. Participation generally requires incorporating an AIFC-registered entity, and certain activities also require licensing. The centre provides a number of advantages: independent dispute resolution through the AIFC Court and International Arbitration Centre, flexible corporate forms, the ability to contract in foreign currency, and long-term visas for foreign employees without the need for Kazakhstan-wide work permits.

For investors exploring mergers, acquisitions, or joint ventures, Kazakhstan’s legal environment requires thoughtful preparation. Although transactions may sometimes be governed by foreign law, certain deals must be structured under Kazakh law, which may not always provide mechanisms as sophisticated or as tested as those found in more established jurisdictions. This can influence the use of tools such as warranties, indemnities, shareholder arrangements, exit rights, and other elements of deal architecture. Furthermore, some transactions require regulatory approval, including anti-monopoly clearance or special consents for acquiring stakes in subsurface use companies. Pre-emptive rights, tender-offer rules, and other procedural requirements can also shape the structure and timeline of a deal, making experienced legal guidance essential.

To attract investment, Kazakhstan offers a range of incentives that vary by sector and project. These may include tax and customs duty exemptions, grants in kind, legislative stability guarantees, and preferential rules for employing foreign specialists. Advisory support can help investors navigate the available programmes, assess feasibility, prepare business plans, and negotiate investment contracts with the government, ensuring that each opportunity is approached strategically and efficiently. **T**