

The form for notification on participation in (control of) a controlled foreign company was approved

April 2018

In brief

The form for notification on participation in (control of) a controlled foreign company (hereinafter – “CFC”) was approved by the Order of the Minister of Finance of the Republic of Kazakhstan dated 5 March 2018. The Order is effective from 9 April 2018.

In detail

As it was mentioned in our February Tax and Legal Alert, the Tax Code, which entered into force on 1 January 2018*, provides for new rules for taxation of a CFC profit.

The Tax Code requires a resident to inform the tax authorities on participation in (control of) a CFC by submitting a notification on participation in (control of) a CFC.

On 5 March 2018, the form for notification on participation in (control of) a CFC was approved. The form is quite detailed.

According to the Tax Code, if a resident owned a CFC before 1 January 2018, a notification on participation in (control of) a CFC should be submitted to the tax authorities by 31 December 2018 (inclusive). In subsequent tax periods, the notification should be submitted by 31 March (inclusive) of the year following the tax reporting period. Furthermore, a resident should also submit such notification on participation in (control of) a CFC not later than sixty days from the date of:

- acquisition of 25% or more percent of participation interest in / control of a CFC;
- establishment of a CFC;

- change in percentage of participation interest in / control of a CFC;
- termination of 25% or more percent of participation interest in / control of a CFC;
- liquidation of a CFC.

What does this mean for you?

We recommend reviewing the existing foreign structures in terms of whether they fit to the CFC definition envisaged by the new Tax Code or not, as well as considering the necessity to submit a notification on participation in (control of) a CFC to the tax authorities within the established deadlines.

We will be happy to assist you with analysis of the applicability of new CFC rules to your foreign structures.

* Code No. 120-VI “On taxes and other obligatory payments to the state budget” dated 25 December 2017

Contacts

If you are interested in obtaining additional information, please contact the PwC specialists working in the group serving your company, or anyone of the following.



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