



## The Law on amendments and additions to the Constitutional law related to AIFC

### In brief

On December 26, 2019, the Senate approved the law “On amendments and additions to the Constitutional law of the Republic of Kazakhstan “On “Astana” international financial centre” (hereinafter – AIFC or the Centre), considering the comments and suggestions of the members of the meeting (hereinafter – AIFC Law).

### In details

**AIFC** is an international financial centre, established at the end of 2015 by the initiative of the First President of the Republic of Kazakhstan (“RK”), the purpose of which is to provide an attractive environment for investment in financial services, the development of the securities market and its integration with international capital markets, thus contributing to attracting investment in the country’s economy. The legal regime of the AIFC is based, inter alia, on the principles, norms and precedents of the law of England and Wales, and standards of leading financial centres, which ensures predictability and stability of subsequent decisions.

The AIFC Law introduces the concepts of (i) investment resident of the Centre and (ii) an investment tax residency program of the Centre.

### Regarding investment residence:

The AIFC Draft Law provides for the following benefits for individual AIFC investors and stateless persons who have made investments under the Centre’s program investment tax residency (the “Program”):

- provision of multiple entry visas to the Republic of Kazakhstan for investment residents and their family members;
- exemption from payment of PIT / CIT on the income from sources outside the RK till 1 January 2066.



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Accordingly, the following criteria are established for obtaining the status of an investment resident:

- the person was not recognized as a tax resident of the Republic of Kazakhstan and is not a person whose citizenship of the Republic of Kazakhstan was terminated during the last 20 years before applying for participation in the Program;
- the person has paid an annual mandatory fixed fee, the amount of which is established by the Tax Code.

**Regarding VAT:**

According to the Draft Law, the following services of the Centre participants will be exempt from VAT:

- banking services of the Islamic bank;
- reinsurance and insurance brokerage services;
- services for investment management of assets of investment funds, its accounting and storage, as well as ensuring the issue, placement, circulation and redemption of securities of investment funds;
- brokerage and (or) dealer, underwriting services;
- other financial services determined by the acts of the Centre.

Also, the following operations will not be considered as VAT turnover:

1. works and services purchased from a non-resident on a reimbursable basis by the Centre's Bodies and their organizations,
2. the administration of the Centre for payments from the budget as part of a budget program aimed at targeted transfer;
3. receipt by the Centre's bodies from the Centre's administration of money received in the framework of the budget program aimed at targeted transfer.

**The takeaway**

Foreign investors can get the special status as an investment resident, which provides significant benefits for entry into the country and release of the worldwide income from taxation.

Also, the services of the AIFC participants will be exempt from VAT.



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