

Capital Amnesty

On 13th of November 2015 amendments to Law “On amnesty of Kazakhstan citizens, repatriates (oralmans), and individuals having Kazakhstan residence permit in connection with Capital Amnesty” (the “Amnesty Law”) came into force and extended the amnesty period until the end of 2016.



Capital Amnesty is a procedure whereby the state recognises the rights to property (including money, real estate and certain other assets) withdrawn from the lawful economic turnover with the purpose of concealment of income and/or property where the right to the property was not duly formalised/documentated or property that was formalised/documentated to an “improper person”.

Kazakhstan citizens, repatriates (oralmans), and individuals having Kazakhstan residence permit could legalize undeclared property received or owned before 1 September 2014 and related tax liabilities associated with formation/acquisition and usage of such property.



The following property is subject to Amnesty:

- cash;
- securities;
- participation interest in Kazakhstan and foreign legal entities;
- real estate in/outside of Kazakhstan;
- above listed assets registered in the name of an “improper person” or contributed into a trust management (trust).

The following property cannot go through Amnesty:

- property obtained as a result of crimes against person, family and minors, constitutional and other rights and freedoms of man and citizen, peace and security of mankind;
- property obtained as a result of corruption, ecological and other crimes against the state;
- property rights challenged by the court;
- granting of rights on the property, which is not permitted under the laws of Kazakhstan;
- cash received as loans;
- debt claims;
- objects of arts;
- transport vehicles;
- property that is subject to return to the state;
- precious metals (e.g., physical gold) and financial assets, which do not fall under the definition of securities stipulated by the Kazakhstan civil legislation and other legislative acts.

Is there any deadline?

- The amnesty term is 1 September 2014 - 31 December 2016;
- Applications for Amnesty of real estate in Kazakhstan can be submitted by the individuals until 30 November 2016;
- Applications for Amnesty of other types of eligible property should be submitted until 25 December 2016.

What type of liabilities are relieved under the amended Amnesty Law?

Criminal liability

(Criminal Code dated 16.07.1997)

- Illegal entrepreneurship (Art.190)
- Illegal banking activities (Art.191)
- Legalization (laundering) of money and (or) other property received from criminal activities (Art.193)
- Failure to return from abroad funds in national and foreign currency (Art.213)
- Deliberate bankruptcy (Art.216)
- False bankruptcy (Art.217)
- Failure to comply with the Law on Accounting and financial statements (Art.218)
- Tax evasion and failure to pay other obligatory payments to the budget by the Kazakhstan citizen (Art.221)
- Tax evasion and failure to pay other obligatory payments to the budget by the legal entities (Art.222)
- As well as other articles of the Criminal Code, which relate to criminal violations that arise as a result of to economic activities of the individuals.

Administrative liability

(Code on Administrative Violations dated 30.01.2001)

- Illegal entrepreneurship (Art.143)
- Illegal banking activities (Art.143-2)
- Violations of financial control rules (Art.206-2)
- Hiding of taxation objects (Art.207)
- Absence of financial records and violation of tax accounting rules (Art.208)
- Failure to pay accrued taxes and other obligatory payments to the budget (Art.208-1)
- Understatement of taxes and other obligatory payments to the budget (Art.209)
- As well as other provisions of the Code on Administrative Violations, which relate to administrative violations that arise as a result of to economic activities of the individuals.

Amnesty process can be different depending on type and location of property

I. Cash Amnesty

Option 1. Repatriation of cash to Kazakhstan

- *Outcome:* Declared cash may be credited to a Kazakhstan bank account of the individual in one of the currencies determined by the National Bank of Kazakhstan. Amnesty fee (10%) is not applicable and the funds can be withdrawn from Kazakhstan bank account at any time after Amnesty and invested either in Kazakhstan or abroad.

Option 2. Amnesty of cash without its repatriation to Kazakhstan

- *Outcome:* The details of respective foreign bank and foreign bank need to be reported in a Special Declaration. Such Special Declaration is submitted to the Kazakhstan tax authorities and Amnesty fee (10% from the amount of declared cash) is remitted to the Kazakhstan budget.

II. Amnesty of foreign property, including foreign property registered in the name of the “improper person” (e.g., Controlled Foreign Company (“CFC”))

Foreign property is eligible for Amnesty, if:

- 10% fees from value of declared property are paid to the Kazakhstan budget;
- Special Declaration is submitted to the tax authorities;
- required documents are attached to the Special Declaration.

Foreign property is legalised from the moment of acceptance of Special Declaration by the Kazakhstan tax authorities.

III. Amnesty of property located in Kazakhstan

Property in Kazakhstan is subject to Amnesty, if:

- two copies of the application for Amnesty are submitted to Amnesty committee;
- a copy of ID is provided (original ID is demonstrated to the authorities)
- a conclusion of technical expert is received (for Amnesty of the buildings).
- technical passport of property is available.

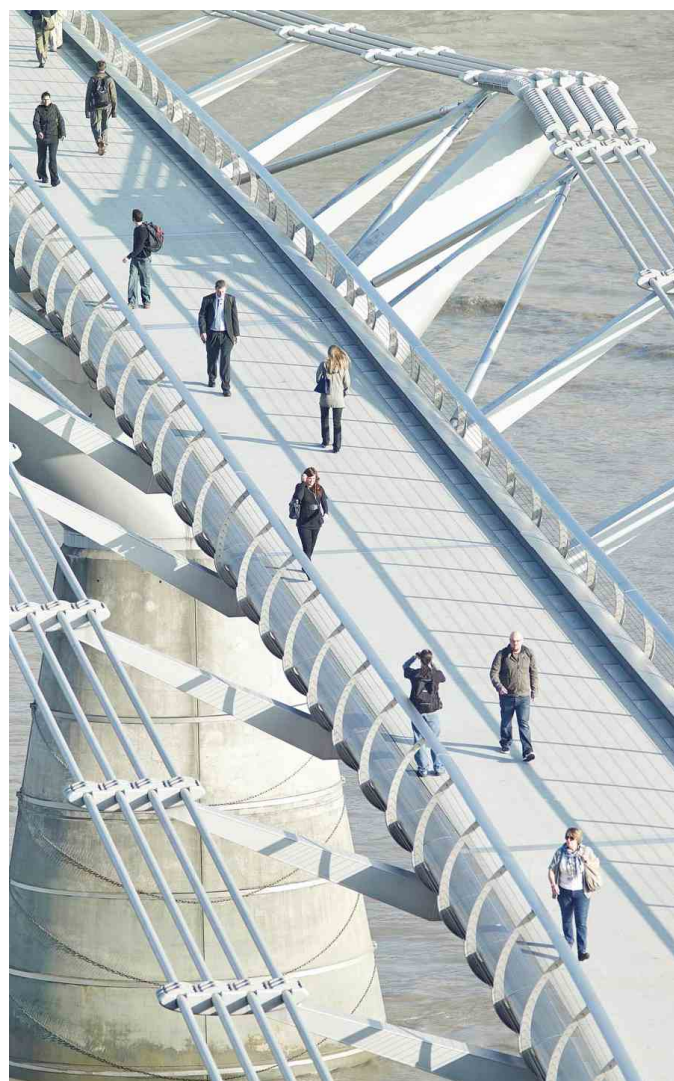
Applications are considered by the appointed Amnesty committee within 30 calendar days and afterwards, its decision shall be issued.

IV. Amnesty of property located in Kazakhstan registered on “improper person” (e.g., CFC)

Property located in Kazakhstan and registered on “improper person” go through Amnesty, if:

- Special Declaration is submitted to the tax authorities;
- required documents are attached.

Such type of property is legalised from the moment of acceptance of the Special Declaration by the Kazakhstan tax authorities.



Other reasons to participate in the Capital Amnesty



1. Kazakhstan introduces the Universal Tax Filing for individuals starting from state servants and employees of the state owned companies from 1 January 2017 and for all citizens of Kazakhstan starting from 1 January 2020. After introduction of the Universal Tax Filing all Kazakhstan citizens should declare to the tax authorities:
 - assets and liabilities;
 - cash, details and balance of the foreign and Kazakhstan bank account(s);
 - worldwide income.

Therefore, the Amnesty Program could be used by the Kazakhstan citizens and tax residents to settle their historical tax liabilities, so that any tax risks could be minimized for them in the future.

2. Furthermore, on 23 September 2013 Kazakhstan signed OECD Convention on Mutual Administrative Assistance in Tax Matters and on 1 August 2015 this Convention entered into force. The OECD's new global reporting standard for Automatic Exchange of Financial Information in Tax Matters, otherwise known as Common Reporting Standard (CRS), is a regulatory development, under which financial information of the account holders of the respective Financial Institutions that is collected by one country will be shared automatically on the annual basis between countries that have signed to CRS and concluded all required multilateral/bilateral agreements, which would allow its implementation. Therefore, the Amnesty Program could be used by the Kazakhstan individuals to be prepared for the implementation of OECD's global reporting standard by Kazakhstan and mitigate the negative consequences in future.



How can we help?

Preparation of relevant tax figures

- Review of all relevant data and documentation concerning undeclared assets, transfers and relevant income by PwC;
- Detailed analysis of the client's case and assessment of the tax liability (if applicable);
- Analysis of the financial impact.

Preparation for communication with the tax authorities

- Review of the document package for Amnesty/ preparation of draft personal income tax return;
- Explaining tax and financial impacts triggered by the Amnesty/voluntary disclosure.

Amnesty of assets/voluntary disclosure of tax liability

- Assistance with filing the application for Amnesty of undeclared assets, special tax declaration and personal income tax return to local tax authorities;
- Assistance with payment of Amnesty fees, outstanding taxes, interests and penalties in due time (if applicable);
- Assistance with post-disclosure "clean up".

Contact Information



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