

Are you ready for e-invoicing?

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In connection with its accession to the World Trade Organization (WTO) in 2015, Kazakhstan undertook the obligation to control the movement of goods within the EurAsian Economic Union (EAEU) to which reduced “WTO” customs duties may apply if such goods are imported to Kazakhstan from third countries (Listed goods).

To fulfil the obligations, the requirement to issue electronic invoices was introduced starting from 11 January 2016 with respect to selling or movement of the Listed goods. The requirement applies to the Listed goods both produced in Kazakhstan and imported either from EAEU member states or from third countries. The list of goods is big and includes amongst others: food, alcohol, planes, cars, cosmetics, medical goods, rail cars, refrigerators, timber, jewelries etc.

As the changes were introduced by issuing the Instruction and amending the Rules, without introducing the requirement in the Tax Code, there is conflict between two legislative acts, and, arguably the requirement is not valid. Nevertheless, the tax authorities view the changes as lawful and mandatory to follow, and this gives them the ground to levy penalties if requirements are not met.

In response to the numerous taxpayers’ requests, tax authorities, per their internal instructions, are not levying administrative penalties during the transition period. Unfortunately, there is no official written instruction on this matter, and penalties for the failure to meet e-invoicing requirements may still apply in the future.

The penalties for the failure to comply with this e-invoicing requirements are severe (Article 280-1 of the Code on Administrative Violations (5 July 2014 #235-V)).

We strongly recommend to determine whether the changes affect your company’s activities, and if yes, to implement electronic invoicing system as soon as possible.

How PwC can help you

We can:

- provide ad-hoc consultation and clarification on the new requirements;
- assist with the development and implementation of business processes, procedures and policies relating to the electronic invoicing requirements
- provide a full description of the requirements to the procedures and supporting documentation when trading or moving the goods with the EAEU territory;
- assist with obtaining approval of export related documents and in other communication with the tax authorities.

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References:

1. The Decision of the EEC Council "Concerning the approval of the list of goods with lower tariffs for import to Kazakhstan due to its accession to the World Trade Organisation" #59 dated 14 October 2015.
2. The Protocol "On issues regulating import and movement of goods within the Eurasian Economic Union", ratified by the Law of RK #439-V dated 9 December 2015.
3. The Code of the Republic of Kazakhstan "Concerning taxes and other obligatory payments to the budget" #99-IV dated 10 December 2008.
4. The Order of the Ministry of Finance of the RK "Concerning the approval of the Instruction on the organisation of system of accounting of the separate goods in case of their moving within mutual cross-border trade of state members of the Eurasian economic union" # 640 dated 9 December 2015.
5. The Order of the Ministry of Finance of the RK "Concerning the Approval of the Rules for the document flow of electronic invoices" #77 dated 9 February 2015.
6. The Code of the Republic of Kazakhstan "On Administrative Violations" #235-V dated 5 July 2014
7. The Law of the Republic of Kazakhstan "Concerning Regulatory Legal Acts" #213-I dated 24 March 1998.