

Whether the expenses on the levy for placement of outdoor (visual) advertisement are budgeted for 2016?

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Background

The tax authorities are increasingly focused on the levy for placement of outdoor (visual) advertising (the “**Levy**”).

The authorities are imposing the levy on branding of shop windows, as well as on references to companies’ trademarks in shop windows.

In detail

From 1 January 2015, the Law on Advertising was amended in terms of items that should not be treated as outdoor (visual) advertising. The list of exclusions was revised.

Prior to 1 January 2015, window dressing was not considered as outdoor advertising (point 1-1, Article 11).

From 1 January 2015, window dressing with the following items does not represent an outdoor advertising:

- (i) samples of commercial products,
- (ii) means of self-identification,
- (iii) decorative design and holiday decoration.

Other types of window dressing should be considered as an outdoor advertising.

“Samples of commercial products” and “means of self-identification” are not defined. The authorities’ consider any mention of companies’ trademarks in windows as outdoor (visual) advertising subject to the Levy.

Monthly Levy rates (Article 530 of the Tax Code) may reach approximately KZT 212,100 / item (100 MCIs /item).

Thus for companies using such advertising widely, the Levy will be significant.

Further action: how PwC can help you?

If you would like to understand the impact of these changes on business of your company from a tax and legal perspective in more detail, we would be pleased to discuss outstanding questions with you.

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