



Control of SRC MF RK on local files for 2020

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The State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan ("**SRC MF RK**") has published statistics on local files submitted by taxpayers for 2020, as well as an action plan for further administrative control on transfer pricing issues ("**TP**").

We remind you that there was a deadline for submitting **local file** for the 2020 financial year on **December 31, 2021**, one of the annual reports on TP, mandatory for submission to the Kazakh tax authorities by members of multinational enterprise groups ("**MNE Group**").

According to the preliminary data, the SRC MF RK received local file from more than **200** members of the MNE Group, but in 2020 the number of taxpayers obliged to submit local files (i.e., whose revenue exceeds 5 million. MCI in 2019) was more than **1,000** companies. Hence, the number of taxpayers required to submit reports for 2020 is significantly higher than the actual number of filed reports.

Specialists of the TP issues department of the SRC MF RK conducted a preliminary analysis and made the following conclusions:

- there were violations of the filing deadlines;
- some reports were not completed in accordance with the approved filling rules*;
- incomplete coverage of transactions included in submitted local file.

Further actions by the tax authorities

The tax authorities plan to send letters to taxpayers who could potentially be required to submit reports in order to double-check their obligations, as well as to taxpayers who have submitted incomplete reports in order to clarify the lack of information / justification in the reports and disclosure of controlled transactions with their related parties.

If you are interested in additional information, please contact us.



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Responsibility for non-submission/incomplete submission

Please note that in case of non-submission or incomplete submission of the TP reports by a member of the MNE Group, the legislation imposes an **administrative fine** of up to 500 MCI (~3,500 USD). In addition, the tax authorities may initiate a thematic inspection on TP issues.

How we can help

From our side, we are ready to promptly provide:

- support with the defence file preparation on the applicability of TP control to your company;
- assistance in preparing the draft response of the company in case of receiving a request from the authorized tax authority;
- assistance in preparing local file for your company.

If you are interested in additional information, please contact the PwC team within your service team or the listed team.

** Order of the Minister of Finance of the Republic of Kazakhstan dated December 24, 2018 No. 1104 "About approval of forms for local file, masterfile and country-by-country reports on transfer pricing and Rules of its filling".*

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