



List of countries for exemption from Kazakhstan CFC rules

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

In detail

The Kazakhstan Minister of Finance issued an order with the list of countries for the purpose of exemption from Kazakhstan CFC rules.

Under Article 294 of the Tax Code, non-resident legal entities or other forms of organizations which are owned (directly, indirectly or constructively) for more than 25% or controlled by Kazakhstan residents should be considered as controlled foreign companies (CFC) for Kazakhstan tax purposes. Accordingly, undistributed profits of CFCs should be included in the tax base of Kazakhstan residents and be subject to corporate income tax or personal income tax.

The same Article excludes foreign legal entities or other forms of organisations from Kazakhstan CFC rules, if the following conditions are met:

- an entity is registered/incorporated or established in a state which has an effective double tax treaty with Kazakhstan; and
- the nominal profit tax rate in the state of registration of the entity is more than 15% (i.e. the profit tax rate is higher than 75% of the corporate income tax rate in Kazakhstan).



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The list of such countries includes 41 jurisdictions:

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|-------------------|-----------------|-----------------------------|
| 1. Armenia | 15. Ireland | 29. Slovakia |
| 2. Austria | 16. Italy | 30. Slovenia |
| 3. Azerbaijan | 17. Japan | 31. South Korea |
| 4. Belarus | 18. Latvia | 32. Spain |
| 5. Belgium | 19. Luxembourg | 33. Sweden |
| 6. Canada | 20. Malaysia | 34. Switzerland* |
| 7. China | 21. Mongolia | 35. Tajikistan |
| 8. Czech Republic | 22. Netherlands | 36. Turkey |
| 9. Estonia | 23. Norway | 37. Turkmenistan |
| 10. Finland | 24. Pakistan | 38. UK and Northern Ireland |
| 11. France | 25. Poland | 39. Ukraine |
| 12. Germany | 26. Romania | 40. USA |
| 13. India | 27. Russia | 41. Vietnam |
| 14. Iran | 28. Singapore | |

** Only the following cantons: Argau, Basel Land, Basel-Stadt, Bern, Vaud, Glarus, Grisons, Geneva, Solothurn, Neuchâtel, St. Gallen, Ticino, Thurgau, Fribourg/Freiburg, Zurich, Schaffhausen, Schwyz, Jura.*

Non-resident entities owned or controlled by Kazakhstan residents which are registered/incorporated or established in jurisdictions other than listed above are not exempt by the Tax Code from CFC rules. In this case, if no other exemptions apply, Kazakhstan residents should be liable for reporting CFC's profit (reporting obligation includes submission of various forms/documents) to the tax authorities and apply corporate income tax/personal income tax to it.

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