



# Long-awaited amendments in the rules for filing the three-tiered TP documentation and new rules for conclusion of the advanced pricing agreement in Kazakhstan

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

## Briefly

According to the Order of the Deputy Prime Minister and Minister of finance the following was approved:

- Forms of notification on participation in multinational group (the “**Notification**”) and three-tier TP documentation, such as local file, master file and CbC reporting, and the rules for filling (dated May 18, 2022, No. 514);
- The rules for the conclusion of the Advanced Pricing Agreement (the “**APA**”) (dated April 15, 2022, No. 414).

## In details

### Changes to the forms and rules for filling the three-tiered TP documentation

The following main changes to the forms and rules for filling the three-tiered TP documentation were introduced:

- definition of the **material category of controlled transactions** was introduced, which is defined as a category of controlled transactions, the total amount of income (expenses) **and (or) liabilities** for which is **at least 250,000 MCI** (~ 730 million tenge as of 2021). Note that the definition assumes that principal loan amount also is taken into account in addition to income (expenses) on fees. Accordingly, it expands the range of international transactions included in the local file. In addition, the rules on completing the local file will not require to define the level of materiality in the tax accounting policy;
- if the participant does not have material categories of controlled transactions in the reporting financial year, **local file submission would not be required**;
- the participant submits the Notification **in paper format in 2 copies**, in case of absence of software or detection of technical errors in the software of the tax authorities. Thus, when submitting the Notification on paper, in order to avoid the risk of its non-acceptance, it is recommended to provide the justification for impossibility of filing the Notification electronically;
- each of the three-tiered TP documentation must include additional information in the “**Responsibility of a member of the international group**” section, as the name, telephone number, company address and email address.

The rules will come into force on June 3, 2022.

We assume that these rules apply to the three-tiered TP documentation for 2021, if such reports were not provided to the tax authorities yet.



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## APA

The APA is a written contract with the authorized bodies, which establishes method for determination of market price and the source of information for a period of up to 3 years.

In addition to editorial and clarifying changes, the following significant changes have been introduced:

- there is a possibility to agree not only on the transfer pricing method (according to the rules until May 1, 2022), but also the **methodology** of the market prices of the information source and the **pricing formula**;
- there is also possibility to agree on the source of information used to determine the **market range of the price** or **profitability**;
- the obligation to submit **financial statements, the structure of the multinational group, the organizational structure** (if applicable), has been introduced;
- the term for review of the participant's application for the conclusion of the APA has been increased **from 60 to 90 working days**.

The rules came into force from May 1, 2022.

## How can we help you

We are ready to provide all the necessary consulting support to your company regarding these introduced amendments, potential opportunities for your business and are available to assist with preparing an application to enter into the APA, the Notification, three-tiered TP documentation.

If you are interested in more information, please contact the PwC professionals in the group serving your company or any of the individuals listed.

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