



# Successful practice in appealing the results of the tax inspection in courts

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

PwC Tax Controversy and Dispute Resolution team is glad to share our successful practice in appealing the results of the tax inspection in courts.

Our team represented a large company in the retail sector in the litigation process of the notification on the results of a complex tax inspection.

The tax assessment was related to the withholding tax (WHT) applied at the source of income of a non-resident. The Company paid remuneration to a related party for the consulting services and applied the relevant exemption under the Convention on the avoidance of double taxation. However, the tax authorities classified such payments as royalty payments and applied a reduced 10% WHT rate.

The Judicial Board for administrative cases of the Supreme court canceled the decisions of the courts of first and appellate instances, and ruled in the client's favour. Moreover, the Supreme court provided certain criteria that should be considered for classification of income for tax purposes.

Important to note, the court considered the absence of a signature of one of the inspectors as a sufficient reason to cancel the tax inspection results in full.

This Supreme court resolution is the first one in recent practice in relation to the reclassification of income paid to non-residents into royalties.

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## Are you interested in this topic?

We will be glad to discuss with you the details of this court case and its possible impact on your business, as well as analyze and take the necessary steps to ensure that your activities comply with all the requirements of applicable legislation and judicial practice.

If you are interested in getting more information, please contact us.

Our team includes experienced tax professionals proficient in pre-trial and court dispute resolution with the state authorities. We are ready to provide assistance to companies at all stages of inspections by the state authorities, as well as in the process of appealing their results.