



# Kazakhstan and Israel plans to sign the Double Tax Treaty

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

## In brief

The Ministry of Finance of Kazakhstan released a draft government resolution authorizing the signature of the Convention between the Government of the Republic of Kazakhstan and the Government of the State of Israel for the elimination of double taxation and the prevention of fiscal evasion (the “DTT”).

### How does it affect your business?

The provisions of the DTT will define the taxation of transactions between tax residents of Kazakhstan and Israel. In particular, the draft DTT allows to apply exemption and reduced rates of withholding tax in Kazakhstan, in case of payment of the following types of income to Israel tax residents, if they are the beneficial owners of such income:

**Interest** - reduced tax rate of 10%.

**Royalties** - reduced tax rate of 10% and 5% if certain conditions are met.

### Dividends:

- a reduced rate of 5% to dividends if an Israel tax resident directly holds at least 25% of the capital of a Kazakhstan company paying dividends throughout a 365-day period;
- rate of 0% if the beneficial owner of the Kazakhstan company paying dividends is Israel Government, a political subdivision, a local authority or the Central Bank of Israel;
- 15% rate for other cases.

### Capital gains

The draft DTT also provides that income received by an Israel tax resident from the sale of shares / participation interests may be exempt from withholding tax in Kazakhstan if the assets of the companies in which shares / participation interests are sold consist of no more than 50% of immovable property located in Kazakhstan within 365-day period prior disposal.

### Are you interested in this topic?

If you are interested in additional information and would like to discuss how it can impact your business, please contact PwC specialists working as part of a group serving your company, or to any of the persons listed.

