



# Proposed amendment to the Tax Code regarding the restriction of deducting expenses for “intangible” services rendered by non-resident related parties

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

## In brief

During a session of the Lower Chamber of the Parliament (Majilis) on 30 March 2022, the Government of Kazakhstan put forward revisions to the tax laws. These revisions primarily concerned the process of restricting deductions related to specific services offered by non-resident affiliated entities. The rationale behind this proposal was to enhance Kazakhstan's status as a key regional investment center and to foster an improved investment environment.

## In details

The current version of the Tax Code limits deductions for expenses on management, consulting, consultancy, auditing, design, legal, accounting, advocate, advertising, marketing, franchising, financial (save for interest expenses), engineering, agency services, royalties, payments for transfer of IP rights. The limitation applies to services that are provided by non-resident related parties. Thus, the maximum amount of "deduction" cannot exceed 3% of the taxable income of a Kazakhstan taxpayer purchasing these services.

For the purpose of amending the application of such limitation, the Government proposes to include amendments to the draft law amending the tax legislation, whereby the limitation would apply only to services provided by non-resident related parties which are registered in tax haven jurisdictions. This change may apply retrospectively from 1 January 2023.

Such amendments are going to be implemented by the end of 2023 with their subsequent entry into force from 1 January 2024.

## 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.