



Suppliers Due Diligence (Updated Pilot Project)

Contacts

Timur Zhursunov

Partner
Tax and Legal Services
timur.zhursunov@pwc.com

Alexey Zhukov

Director
Tax and Legal Services
alexey.zhukov@pwc.com

Mikhail Kovalenko

Director
Tax and Legal Services
mikhail.kovalenko@pwc.com

Nursultan Nurbayev

Director
Tax controversy and
dispute resolution group
nursultan.nurbayev@pwc.com

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

Briefly:

On October 16, 2023, the draft Order “On approval of the Rules and timeline for implementation of a pilot project for taxpayers to exercise tax due diligence” (pilot project) was submitted for public discussion.

Public discussion within the framework of which it is possible to send the suggestions and additions to the pilot project will last until October 31, 2023.

In detail:

On October 16, 2023, the Ministry of Finance published an updated draft Order regarding the Rules for Due Diligence by Taxpayers (as part of a pilot project).

The draft Order provides for a procedure for taxpayers to exercise due diligence.

The pilot project is expected to be implemented from January 1, 2024 to January 1, 2025, and the participation of taxpayers-buyers in the pilot project is carried out exclusively on a voluntary basis.

Main changes in the updated pilot project:

- division of suppliers based on the results of generating a report in the system (<https://kyc.kz/>) into the “green” zone (low risk) and the “red” zone (high risk);
- deadlines have been established for exercising tax due diligence (generating a report in the system):
 - no earlier than 10 working days before the transaction date;
 - for long-term transactions a quarter before signing the act of acceptance (including interim acts);
 - in case tender procedures are carried out no earlier than 10 working days before the tender results are finalised.
- upon receipt of a supplier due diligence report from a taxpayer, the tax authority must:
 - assign the taxpayer **at least 4 positive points** in the RMS;
 - take into account the report as one of the circumstances of disagreement of the person who provided an explanation for the desk control notification;
 - do not submit statements of claim to the judicial authorities to invalidate transactions in relation to suppliers from the “green” zone.



Suppliers Due Diligence (Updated Pilot Project)

Contacts

Timur Zhursunov

Partner
Tax and Legal Services
timur.zhursunov@pwc.com

Alexey Zhukov

Director
Tax and Legal Services
alexey.zhukov@pwc.com

Mikhail Kovalenko

Director
Tax and Legal Services
mikhail.kovalenko@pwc.com

Nursultan Nurbayev

Director
Tax controversy and
dispute resolution group
nursultan.nurbayev@pwc.com

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

This pilot project as well as extensive judicial and administrative practice indicate that tax authorities are paying increased attention to verifications of counterparties and identifying transactions with the “bad faith” suppliers. In this regard, it becomes increasingly important for taxpayers to implement procedures for checking counterparties, collecting and storing relevant information, as well as to analyse risks when selecting counterparties.

Are you interested in this topic?

B We have automated solutions at our disposal that allow us to carry out mass diagnostics of a large number of your suppliers to identify potential risky transactions and (or) counterparties. Based on the screening results, work can be carried out to reduce the identified risks.

Furthermore, taking into account the established judicial practice, as well as our relevant international experience, we can diagnose the effectiveness of the organization of the related functions and procedures of your company and suggest steps to improve them.