



# Amendments to the Transfer Pricing Law

## Contacts

### Timur Zhursunov

Partner,  
Tax, Legal and People  
timur.zhursunov@pwc.com

### Elena Kaeva

Partner,  
Tax, Legal and People  
elena.kaeva@pwc.com

### Nursultan Nurbayev

Director,  
Tax, Legal and People  
nursultan.nurbayev@pwc.com

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

On November 6, the Majilis Committee on Finance and Budget held a presentation of the draft law with amendments and additions to certain legislative acts on transfer pricing issues (the "TP Law").

Below are the main proposed amendments aimed generally at strengthening transfer pricing ("TP") control.

## TP methods

Instead of a precise hierarchy of TP methods, it is proposed to **prioritize** the comparable uncontrolled price method when selecting a TP method. If it is not applicable, one of the most appropriate methods should be chosen.

## Profitability range

A separate article establishes the procedure for determining the price range and profitability (margin) range depending on the number of comparables with the exclusion of extremely high and low observations in some cases. Previously, the range was determined on **minimum to maximum values**.

Moreover, for determining the profitability range, it is proposed to establish the use of financial data for three consecutive calendar years preceding the calendar year in which the analyzed transaction is made.

## Expansion of the concept of interrelatedness of parties

The draft law expands the conditions for determining the interrelatedness of parties.

## Expansion of TP control

According to the amendments, TP control for cross-border transactions will be applied not only to "goods, works, services", but potentially to any type of transactions, including transactions with **intangible assets, shares and/or participatory interests**.

Certain transactions between Kazakhstan's taxpayers that are related to cross-border transactions may also be subject to control if the parties have **different CIT rates**, tax losses or incentive, or engaged in the sale of subsoil minerals.



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## Filing of the Local file

The taxpayers previously exempt from filing the Local file since they are not **participants of multinational enterprises** may have such obligation going forward. The amendments imply that the reporting could be required by a **participant** of a controlled transaction **with certain related parties**. As a reminder, the Local file includes only material transactions (with a turnover exceeding 250 000 MCI).

## TP adjustment

A new regulation is proposed under which, if the results of a tax audit reveal a deviation of the transaction price from the market values **in transactions with related parties**, the TP adjustment will be determined on the basis of the **median** value of market data.

## How can we help you?

We will be happy to discuss with you the planned amendments and their impact on your business, as well as to perform short diagnostics of your obligations arising under TP considering the planned amendments and provide the necessary consulting support. You may send our team a separate request following the [link](#) on our website.

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

