



Majilis approved the “positive” alterations on the deduction of “intangible” services provided by non-resident related parties

Contacts

Elena Kaeva

Partner
Tax, legal and people services
elena.kaeva@pwc.com

Timur Zhursunov

Partner
Tax, legal and people services
timur.zhursunov@pwc.com

Alexey Zhukov

Director
Tax services
alexey.zhukov@pwc.com

Anna Levina

Manager
Tax services
anna.levina@pwc.com

In brief

The lower Chamber of the Parliament (Majilis) sent to the Senate package of amendments to the Tax Code of Kazakhstan, including amendments regarding the deduction of “intangible” services provided by non-resident related parties.

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, so called “intangible” services 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.

In accordance with the proposing amendments, such limitation would apply only to services provided by non-resident related parties which are registered in tax haven jurisdictions. If such changes are approved by the Senate and the President of the Republic of Kazakhstan (which is expected by the end of 2023), then such amendments will be applied retrospectively starting from January 1 2023.

In this regards we recommend estimating an impact of this amendment on the calculation of advance payments for CIT for 2023.

Are you interested in this topic?

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

