



## On March 26, 2024, amendments to the Rules for returning excess VAT came into force, focusing on the formation of the "Pyramid"

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### Briefly

The Minister of Finance of the Republic of Kazakhstan issued Order No. 137 on March 12, 2024, amending the Rules for excess VAT refunds, particularly regarding the formation of the "Pyramid" by tax authorities during thematic audits for confirming VAT amounts. These changes are controversial: on the one hand it includes a few changes to benefit taxpayers, on the other hand, it also potentially gives the tax authorities additional grounds not to confirm VAT amounts for refund.

### In details

The tax authority outlined the process of forming the "Pyramid" based on two main risks:

- non-compliance with tax obligations
- use of tax evasion schemes.

For the risk of non-compliance, the "Pyramid" will only include direct suppliers, which should improve VAT confirmation practices. However, concerning the risk of tax evasion schemes, the tax authorities clarified that the "Pyramid" will involve not only direct suppliers but also suppliers at various levels. While this approach was previously used, it was not explicitly stated in the tax legislation or the Rules. These changes potentially empower the tax authorities to challenge suppliers at different levels for tax risks with the "Pyramid" report in the VAT refund confirmation procedure.

### Interested in this topic?

We're open to discussing the nuances of excess VAT refunds, new amendments, and current practices. We can analyze your refund practices and ensure they comply with legal requirements. If you'd like more information, feel free to reach out.

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

