



## New practice in tax administration:

1. desk audit on TP issues,
2. monitoring of largest taxpayers

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

### Briefly

The tax authorities initiated new approaches in the tax administration:

- 1) desk audit on transfer pricing (TP) issues;
- 2) requests for provision of the documents and notice on identified violations on maintaining tax ring-fencing accounting and calculations of excess profit tax as part of monitoring of largest taxpayers.

### In detail:

#### *Desk audit on TP issues*

The tax authorities started issuance of desk audit notifications on TP issues with regard to identified differences between the market data and the transactions prices. Previously, TP issues were never raised during the desk audit. In case of disagreement with the identified discrepancies, the taxpayer has a right to provide explanations within deadline stipulated by the legislation. If the tax authorities would disagree with the provided explanations, or explanation would not provided on time, the unscheduled tax audit could be initiated.

#### *Monitoring of the largest taxpayers*

Additionally, tax authorities started sending requests for provision of documents and notices on identified violations to largest taxpayers in line with the tax monitoring rules. These rules provide to the tax authorities a right to request from the largest taxpayers all necessary documents to verify accuracy of calculations and timely payment of taxes and payments to the budget. After review of the monitoring results, the tax authorities issue a notice to the taxpayer outlining any identified violations and discrepancies, followed by a justified decision. This decision should be executed by the taxpayer. However, if the taxpayer disagrees, it has a right to appeal it.

### Possible consequences:

If the tax authorities identify discrepancies or violations, taxpayers are required to submit detailed explanations that justify their position and support it with the respective calculations. Failure to provide explanations or missing its filing deadline may result in the following actions against the taxpayers, including:

1. assessment of the additional taxes,
2. imposition of the administrative fine,
3. initiation of the unscheduled tax audit.

### How we can help you

We are ready to offer our assistance on the following issues:

- preparation of explanations and calculations as response to notifications or requests / notices from tax authorities;
- negotiations with the tax authorities in relation to notifications on desk audit or requests/notices as part of the largest taxpayers' monitoring;
- development/updating of tax accounting policies;
- tax risks review as preparation to the audit;
- appealing the actions of tax authorities or the results of an audit in pre-court and in litigation process.