



Changes to the Kazakhstan transfer pricing legislation

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



We present to your attention a brief overview of the enacted changes and planned amendments to the Law of the Republic of Kazakhstan on "Transfer Pricing" ("TP Law"), aimed at strengthening transfer pricing control in the Republic of Kazakhstan ("RoK").

1. Amendments to the TP Law came into force

As of 1 September 2024, amendments to the TP Law came into effect, introducing a new Article 1-1, which defines the purpose, objective, and principles of regulating transfer pricing in the RoK.

- **Purpose:** To prevent loss of state revenue in international transactions and operations related to transfer pricing.
- **Objective:** To enhance control and create a transparent system of rules to prevent transfer pricing manipulations.
- **Principles of Regulation:** Legality, fairness, and transparency.

The current amendments to the TP Law are positive for taxpayers and establish principles that can be relied upon when handling disputes with tax authorities. However, we believe that, in practice, the application of these new principles for dispute participants may be unclear due to the lack of specific mechanisms in the TP Law for their implementation.

2. Planned amendments to the TP Law

The Mazhilis of the Parliament of the RoK has received a related draft law along with the draft of the new Tax Code, which provides for amendments to the TP Law.

The main proposed amendments to the TP Law include:

- The introduction of the new principle of **substance over form** when comparing the terms of controlled transactions involving intangible assets with market terms and conducting functional analysis. This new principle could give tax authorities the ability to challenge the subject or terms of controlled transactions, which may affect conclusions about the compliance of prices in controlled transactions with market prices.
- The reduction of the period for providing information and documentation justifying the transaction price upon request of the authorized bodies **from 90 to 30 days**.

The proposed changes are aimed at tightening TP regulations and may lead to uncertainty in practical application if incorporated into the TP Law. In this regard, we recommend conducting an analysis of contracts and actual conditions for controlled transactions with the preparation of the necessary documentation and/or making appropriate changes to contractual relationships and pricing for transactions, if necessary.

How can we help you?

We will be happy to discuss with you the adopted amendments and their impact on your business, and are also ready to offer diagnostics of your obligations arising from the TP, taking into account the introduced amendments and provide the necessary consulting support. You can send our team a separate request via [the link](#) on our website