



Alternative Subsoil Use Tax - a tax optimization tool for subsoil users

Contacts

Elena Kaeva

Partner, Tax, Legal and People Services

elena.kaeva@pwc.com

Leylim Mizamkhan

Senior Manager, Tax Services

lailim.mizamkhan@pwc.com

Minel Ibragim

Manager, Tax Services

minel.i.ibragim@pwc.com

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



The Alternative Subsoil Use Tax (ASUT) was introduced in Kazakhstan in 2018 to encourage the development of offshore and ultra-deep hydrocarbon fields.

What is the Alternative Subsoil Use Tax?

ASUT is not an additional tax but an alternative method for subsoil users to fulfill their tax obligations. It replaces the payment of:

- Mineral Extraction Tax (MET),
- Excess Profits Tax (EPT), and
- Reimbursement of Historical Costs.

The main advantage of ASUT is to optimize the tax obligations, which can potentially reduce the tax burden for subsoil users.

Who can apply the alternative tax?

As of 2025, the right to apply ASUT is granted to subsoil users who have concluded the following contracts for the:

- production and/or exploration of hydrocarbons on the continental **shelf** of Kazakhstan, located in the Kazakh sector of the Caspian Sea;
- production and/or exploration of **deep-seated** hydrocarbons;
- production and/or exploration of hydrocarbons under **complex projects**.

The right to apply ASUT is valid from the date of contract signing till the end of its term and cannot be changed.

Starting from 1 January 2026, the list of companies eligible for ASUT is expected to expand. According to the draft of the new Tax Code, published on July 24, 2024, subsoil users who have contracts for fields **classified as depleting** will also be eligible for ASUT.

Taxable base and rates

The taxable base for ASUT is the difference between the aggregate annual income (AAI) and allowable deductions defined for the purposes of alternative taxation (certain expenses may not be deductible).

ASUT rates depend on global oil prices such as:

- If the oil price is up to USD 50 per barrel – 0%;
- If the oil price exceeds USD 60 per barrel – from 6% to 42%;
- For complex offshore projects, if the oil price exceeds USD 60 per barrel – from 2% to 14%.

How to switch to the alternative tax?

To switch to ASUT, the subsoil user should submit a corresponding notification to the tax authority at their place of registration.

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Our recommendations

If your company's activities meet the criteria for ASUT, we recommend considering the transition to ASUT. This may help to reduce the tax burden and improve the efficiency of tax planning.

How can PwC assist you?

PwC professionals are ready to provide their expert support, including:

- analyzing your company's activities for ASUT applicability;
- preparing and submitting notification for transitioning to ASUT;
- providing tax consulting services on taxation and tax administration issues.

Our team has deep expertise in the oil and gas industry and actively monitors changes in tax legislation, helping clients to adapt to the new requirements. Contact us for more information!

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