



Contacts

Timur Zhursunov

Partner,
Tax, Legal and People
timur.zhursunov@pwc.com

Elena Kaeva

Partner,
Tax, Legal and People
elena.kaeva@pwc.com

Nursultan Nurbayev

Director,
Tax, Legal and People
nursultan.nurbayev@pwc.com

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



Tax audits on transfer pricing issues

Briefly:

Transfer pricing ("TP") audits have been completed for certain oil and gas exporters. These audits are the result of active control measures initiated last June, following the submission of transaction monitoring reports for 2023 by taxpayers in May 2024.

The deadline for submitting the Monitoring report for FY2024 is 15 May 2025.

In details:

Following the submission of Monitoring reports last year, many companies faced various control measures in TP area from the tax authorities (desktop control, notifications and letters from tax authorities, monitoring of large taxpayers), with a particular focus on oil and gas exporters.

Subsequently, TP audits were initiated against some taxpayers from oil&gas industry. We are aware of the completion of several TP audits. The amounts of additional charges were calculated based on the following issues:

- 1) use of the KEBCO quotation for export transactions in the European direction:** the tax authorities calculate market prices for export transactions to the ports of the Baltic and Black seas using the KEBCO quotation formed on North sea basis;
- 2) application of the spread:** the tax authorities apply the spread on the charter party date for export transactions made before the introduction of the Methodology, where applicable;
- 3) fixed differential for deliveries to the Chinese direction:** tax authorities completely excluded differential from the calculation of the market price.

Given the tax authorities' approach to calculating the market price in both the European and Chinese directions, we recommend taxpayers to assess potential risks and prepare a defense file in the event of a potential TP audit.

How we can assist you

We are ready to provide all necessary consulting support to your company on transfer pricing issues and assist in the preparation of monitoring reports.

Additionally, we are ready to assist companies at all stages of tax audit, as well as in the process of appealing against its results.