



Refund of excess VAT: Changes in the New Tax Code

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Briefly:

On July 18, 2025, a new Tax Code and the accompanying Law "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Taxation Issues" were signed. The new code introduces significant changes to tax administration, including the procedure for the refund of excess value-added tax (VAT) from January 1, 2026.

In detail:

The new Tax Code provides for the adoption of new rules for the refund of excess VAT. These rules should allow the tax authorities to use data from automated tax administration tools. In addition, the new Code also provides for the right to cancel accrual of late payment interest due to taxpayers for late transfer of the VAT confirmed for refund in the event of insufficient funds of the state body in the control account.

At the same time, according to the current legislation, there is a well-established positive court practice in terms of:

- 1) recognition as illegal the rejection of VAT refunds by tax authorities for violations identified at the level of non-direct suppliers;
- 2) calculation of the late payment interest for late transfer of the confirmed VAT refund amount to the taxpayer's bank account.

The entry into force of these new provisions from January 1, 2026, may create uncertainty regarding VAT refund procedure for a certain period of time. We believe that the entry into force of the new Tax Code can potentially lead to changes in court practice on these issues.

In this regard, we recommend that taxpayers assess the possibility of applying for a VAT refund by 15 August 2025, which should allow them to plan their tax liabilities more efficiently and minimize possible risks in the future.

How we can help you:

We are ready to offer your company a comprehensive analysis of the accumulated VAT balance and advice on the preparation of claims for a refund. We can also help with appealing the decisions of the tax authorities in case of refusal of VAT refund. The deadline for filing the VAT return for the 2nd quarter 2025 is August 15, 2025. In the case of timely action on the part of both the taxpayer and the tax authority, the VAT refund confirmation audit should be completed in December this year, in accordance with the current rules on VAT refunds.

The reporting period for claiming a VAT refund is within the limitation period up to 3 or 5 years.