



New MET Calculation Model Effective from 2027: Potential Impact on the Tax Burden of Subsoil Users

Contacts

Elena Kaeva

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

Leylim Mizamkhan

Director, Tax Services
lailim.mizamkhan@pwc.com

Mira Khamzina

Senior Consultant, Tax Services
mira.khamzina@pwc.com

From 1 January 2027, amendments to the Mineral Extraction Tax (MET) calculation mechanism for the oil industry will come into force in Kazakhstan. The new model envisages the reallocation of the tax burden associated with export-related payments (rent tax on export and export customs duties) into the MET mechanism, as well as the introduction of an equalisation coefficient applicable to oil sold in the domestic market of Kazakhstan.

Key Changes in the MET Framework

Unlike the current regime, the new model introduces fixed MET rates that are linked not only to the annual volume of oil production but also to the global oil price per barrel. As oil prices increase and production volumes grow, higher MET rates will apply.

According to the provisions of the Tax Code, the MET rate may reach up to **66%** at an oil price of USD 200 per barrel and annual production exceeding 10 million tonnes.

Equalisation Coefficient

A new approach is also introduced for determining the equalisation coefficient, which will apply to oil sold on the domestic market of Kazakhstan and/or used for internal operational needs.

The coefficient will be calculated based on a special formula approved by the Ministry of Finance of the Republic of Kazakhstan in conjunction with the Ministry of Energy, taking into account:

- the average retail price of AI-92 petrol in Kazakhstan;
- average petrol prices in border regions of neighbouring countries;
- production cost of oil extraction;
- applicable MET rate;
- an adjustment factor approved by the relevant state authorities.

In practical terms, this means that the tax obligations may change significantly not only for exported oil but also for oil supplied to the domestic market.

Potential Tax Implications

The introduction of the new MET calculation mechanism may lead to a material shift in the tax burden for oil-producing companies, particularly in respect of oil sold in the domestic market.

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

Contacts

Elena Kaeva

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

Timur Zhursunov

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

Nursultan Nurbayev

Director, Tax Dispute Resolution
Services
mira.khamzina@pwc.com

At the same time, there is currently no established administrative practice regarding the application of the new rules, nor confirmed values of the equalisation coefficient, which are expected to be published by the relevant authorities after the changes come into force on 1 January 2027.

In addition, it should be noted that the provisions of the new Tax Code and related secondary legislation may be further refined or amended prior to their effective date.

Alternative Subsoil Use Tax (AST)

In light of the potential increase in the tax burden, oil and gas companies may consider transitioning to the Alternative Subsoil Use Tax (AST), subject to meeting the eligibility criteria established by the Tax Code of Kazakhstan.

The AST represents an alternative tax regime and replaces the payment of:

- Mineral Extraction Tax (MET);
- Excess Profits Tax;
- Historical Cost Recovery payments.

How PwC Can Support You

PwC is ready to assist with the following:

- modelling and simulation of potential tax exposure under the new MET framework;
- assessment of the potential impact of transitioning to AST;
- development of recommendations for optimising tax structures and managing tax risks;
- independent review and validation of models prepared by the company;
- analysis of AST applicability and support throughout the transition to the alternative tax regime.

In light of the absence of established practice and the possibility of further amendments to the Tax Code, **timely tax modelling and scenario analysis** can help enhance predictability of financial outcomes and support more informed decision-making.

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