



Expected changes to the Rules on completing Three-Tiered Transfer Pricing documentation

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In detail:

Currently, the Ministry of Finance is finalizing amendments related to forms and rules on completing the “three-tiered” transfer pricing documentation (“TP”), including the Local File.

These changes have not been approved and may be further revised

Significant changes to the definitions related to the Local File are expected including:

- definition of a “**controlled transaction**” which might expand the range of international transactions included in the Local File. As per the planned changes, a controlled transaction is a transaction subject to the Kazakhstan TP control between a taxpayer and not only another member of the international group, but a related party. Additionally, the expectation is to exclude provisions related to comparable economic conditions from this definition.
- concept of a “**material category of the transaction**” is expected to be introduced. This will be defined as “the category of controlled transactions, the total income (expenses) and/or liabilities for which in the reporting financial year is **at least 250,000 monthly calculation index**” (apprx KZT 631 million in 2019). Note that the definition assumes that principal loan amount also is taken into account in addition to income (expenses) on fees.

These changes may be applicable to the Local File for 2019.

The current Rules on completing the Local File require to define the level of materiality in the tax accounting policy. Accordingly, we recommend establishing materiality criteria in the tax accounting policy by the date of submission of the 2019 Local File (**31 December 2020**).

If you need more detailed information on Local File please see the [link](#) to our webinar “Transfer Pricing: New Reporting and Trends” conducted on 21 July 2020 by PwC Kazakhstan experts covering in detail the issues related to preparation of Local File.

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