



The Government of the Republic of Kazakhstan established the Rules (methodology) for pricing of exported crude oil and gas condensate

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

In brief

On 21 September, 2021, the Government of the Republic of Kazakhstan established the Rules (methodology) for pricing of exported crude oil and gas condensate (hereinafter “Rules”). The Rules determine a pricing formula for calculating market prices for specified goods.

In details

- Pricing formulas are based on global quotes and include differential (discount). Such discount may include spread, insurance, shipping and banking costs, etc. In this case, the amount of the discount should be justified and correspond to the data from the (official) sources of information.
- The Rules provide the general pricing procedure for the oil and gas condensate export sales and specific pricing formulas for sales to the European market. It is important to note that the pricing formulas vary depending on delivery terms, ports of destination and types of transportation.
- In general, the Rules formalize the approach of the tax authorities that was used in conducting tax audits in relation to crude oil export transactions. On the one hand, the Rules provide clarity in calculating the market price for crude oil and gas condensate. On the other hand, strict requirements for the discount size confirmation cannot always be fulfilled by taxpayers and may require self-adjustment of taxable base for transfer pricing purposes.

Are you interested in this topic?

- We are ready to discuss with you the proposed amendments and their impact on your business, and we can analyze and take the necessary steps to ensure compliance with the new requirements, as well as to provide other legal support.
- If you are interested in additional information, please contact the PwC team within your service team or any of the listed individuals.