

## ***Amendments and additions to some legislative acts of the Republic of Kazakhstan in respect of liability for tax offences***

March 2019

### ***In brief***

Amendments and additions to some legislative acts of the Republic of Kazakhstan in respect of liability for tax offences are effective from February 2019.

### ***In detail***

The Law “On amendments and additions to some legislative acts of the Republic of Kazakhstan on strengthening protection of property rights, arbitration, optimization of judicial capacity and further humanization of criminal law” (No. 217-VI 3PK) was passed on 21 January 2019. The Law is effective from 3 February 2019.

**In particular, the Law introduces relevant amendments on criminal offences for evasion of taxes and (or) other mandatory payments to the state budget.**

A threshold amount of additionally accrued taxes and other mandatory payments to the state budget for the following scale of business enterprises was increased. Exceeding the threshold might lead to initiation of a pre-trial investigation:

- especially large scale – an amount of outstanding payments to the state budget exceeds **75,000 MCI** (approximately USD 502,000) (previously - **50,000 MCI**);
- large scale – an amount of outstanding payments to the state budget exceeds **50,000 MCI** (approximately USD 334,000) (previously - **20,000 MCI**).

**Administrative fine was increased:**

- 1) For understatement of taxes and other mandatory payments to the state budget:
  - small business enterprises or non-profit organizations – **20%** (previously – 15%);
  - medium-sized business enterprises - **50%** (previously - 30%);
  - large business enterprises - **80%** (previously – 50%).
- 2) Imposition of administrative fines for issuing a fictitious invoice by a taxpayer:
  - small business enterprises or non-profit organizations - **100%** (previously – 35

MCI) of VAT amount indicated in the invoice;

- medium-sized business enterprises - **200 %** (previously – 120 %) of VAT amount indicated in the invoice;
- large business enterprises - **300%** (previously – 200%) of VAT amount indicated in the invoice.

3) For concealing taxable items by a taxpayer - **200%** (previously - 150%) of the amount of taxes and other mandatory payments to be paid on hidden taxable items.

Repeated offences during the year after imposition of the administrative fine entail a fine of **300%** (previously - 200%) of the amount of taxes and other mandatory payments to be paid on hidden taxable items.

These fines apply to individuals, small, medium and large business enterprises and non-profit organizations.

There are amendments in respect of exemption from criminal liability. The word “for the first time” was excluded from the notes to Articles 244 and 245 of the Criminal Code. Thus, an individual who has voluntarily paid tax liabilities and penalties to be released from criminal liability regardless of a number of times of committing violation (except for acts committed by a criminal group).

### ***The takeaway***

Despite increase of threshold, amount of additionally accrued taxes and other mandatory payments to the state budget, exceeding of which may result in initiation of a pre-trial investigation, this threshold remains to be insignificant for business. In the meantime, a significant increase of administrative fines is disproportionate in comparison with increase of the threshold for the initiation of pre-trial investigation.

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***Let's discuss***

If you are interested in further information of how this might affect your business, please contact us:



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