



## Planned changes in tax obligations for the excess profit

### In detail:

According to Article 208 of the current edition of Tax Code of the Republic of Kazakhstan ("Tax Code"), submission of tax reports on the Excess Profit Tax ("EPT") is required only if there is an object of taxation. At the same time, based on planned changes to the Tax Code, the submission of tax reports on EPT for each contract of subsurface use will be mandatory for all oil and gas companies, regardless of the possession of taxable items. These amendments were accepted by the Parliament of the Republic of Kazakhstan.

At the same time, due to transitional provisions of the Tax Code regulating the reporting of a one-time deduction of expenses in the EPT form for 2018, there is a risk that failure to submit such reporting and / or non-reflection of a one-time deduction in the reporting for 2018 may lead to forfeit of the taxpayers' right to declare such deductions in subsequent periods. A one-time deduction allows to declare expenses which were subject to deduction but not deducted for the purpose of calculating the EPT for 2009 - 2017 period.

We recommend oil and gas companies to calculate in advance the amount of expenses that could be declared for EPT purposes as one-time deduction, and promptly submit the EPT return with reflecting one-time deduction. Please note that the one-time deduction could be used to form a loss balance for EPT purposes that, in its turn, could be carried forward to subsequent periods.



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In this regard, we will be glad to assist you in:

1. Analysis and preparation of calculations for 2009-2017 period for the purposes of forming the EPT loss balance in 2018;
2. Preparation of tax registers to account for expenses attributable to one-time deduction for EPT purposes;
3. Development and adaptation of tax accounting policies of the taxpayer on the EPT and separate accounting matters.

In addition, according to the Order of the Minister of Finance of the Republic of Kazakhstan No. 1095 (dated 20 December 2018), the tax reporting form 150.00 "Declaration on Corporate Income Tax and Excess Profit Tax" was established. The new Corporate Income Tax form includes a section on EPT in Annex 12 to form 150.00. The Order enters into force on 1 January 2019 and applies to the tax liabilities from the 2019 tax period.

If you are interested in additional information, please contact PwC specialists working as part of a group serving your company, or to any of the persons listed.



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