APPENDICES

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1 KAZAKHSTAN – A PROFILE

1.1 Government Structure

Politics

The government structure is based on a three-branch system, with executive, legislative and judicial branches.

Though Kazakhstan passed a new constitution as an independent state in January 1993, a second, and currently effective, constitution was approved by national referendum in August 1995.

In December 1997 the capital was moved from Almaty to Akmola, now renamed to Astana, by presidential decree and was officially inaugurated on 10 June 1998.

The President

The Presidency is the highest executive authority. Nursultan Nazarbayev has led Kazakhstan since 22 June 1989, initially as the First Secretary of the Communist Party of the Kazakh SSR. Since the establishment of the presidential post on 24 April 1990, Mr. Nazarbayev has been the President, winning successive elections.

The President as the head of state determines the main direction of domestic and foreign policy and represents Kazakhstan within the country and in international relations. He oversees international negotiations and signs international agreements.

The President appoints a Prime Minister with the consent of the Majilis (lower house of Parliament); determines the structure of the Government; appoints the members of the Government; forms, abolishes and reorganizes the central executive bodies which are not included in the Government; and appoints the ministers of foreign affairs, defence, internal affairs and justice. Additionally the President appoints the Chairperson of the National Bank, the General Procurator and the Chairperson of the National Security Committee,
heads of diplomatic representative offices, the Chairperson and two members of the Central Election Committee, the Chairperson and two members of the Accounts Committee for Control over Execution of the Budget, and the State Secretary.

The President signs laws and can return a law to Parliament for re-consideration. Should the Parliament vote (by a two-thirds majority) to accept the law, the President is obliged to sign it. If no objection is raised by the President within a one month period after receipt of a law approved by Parliament, the law is deemed passed.

**National Government**

The Government is the main executive authority. It heads the system of executive bodies and administers their activities.

The Government is formed by the President in accordance with the Constitution and is directly accountable to the President. The Government issues regulations in line with existing legislation. It consists of the Prime Minister and his or her deputies, ministers and other key officials. The Prime Minister is responsible for direct management of the Government and can sign resolutions or issue orders. Ministers decide on the structure of the ministries and agencies for which they are responsible.

The main functions are: (i) developing and implementing the main direction of the country’s socio-economic policy; (ii) presenting Parliament with a national budget and a report on the government’s performance; (iii) introducing drafts of laws in the Majilis and ensuring enforcement of laws; (iv) managing state property; (v) developing foreign policy; (vi) managing the activity of ministries, state committees and other central bodies as well as regional and local executive bodies; and (vii) performing other functions assigned to it by the Constitution, laws and presidential decrees.
Local Government

Kazakhstan is divided into 14 administrative regions (oblasts) and two cities of special status – Astana and Almaty. Local public administration is represented by local representative (oblast, rayon and city maslikhats) and executive (oblast, rayon and city akimats and rural akims) bodies, which are responsible for management of the respective territory.

The head of the regional executive body, the Akim, is directly chosen by the President and serves as the representative of the President at the local level. The Akim’s power is terminated when a newly-elected President is inaugurated, though the existing Akim will continue to perform his or her duties until the new President appoints a new Akim.

Maslikhats as local legislative bodies express the will of people in the respective administrative-territorial units with due consideration of national interests.

The Parliament

The Parliament is the supreme legislative body. The Parliament consists of two Chambers acting on a permanent basis: the Senate and the Majilis.

The Senate is formed by elected deputies with two persons from each region and cities of special status. Fifteen deputies are appointed by the President. The term of the Senate is six years.

The Majilis consists of one hundred and seven deputies. Ninety eight deputies are elected by proportional representation with 7% being the threshold level. The remaining nine deputies are elected by the Assembly of the People of Kazakhstan¹. The term of the Majilis is five years.

A deputy may not be a member of both Chambers simultaneously.

¹ The Assembly of the People of Kazakhstan was established in accordance with a Presidential decree on 1 March 1995 as a consultative-advisory body appointed by and accountable directly to the President. The main aim of the Assembly is ensuring inter-ethnic stability. Under Law dated 20 October 2008 No. 70-IV on Assembly of the People of Kazakhstan, Mr. Nursultan Nazarbayev, as the first president, is the life-long chairman of the assembly. Today the Assembly consists of 350 members.
Parliament’s role is to approve the Prime Minister and other key government positions nominated by the President. The Parliament is responsible for approving the Constitution and passing constitutional amendments, adopting laws and other legislation and exercising control over the implementation of legislation. The Parliament also ratifies international treaties.

**Courts**

The court system includes the Supreme Court, local courts and other courts (administrative, military, economic, juvenile, etc.).

The Chairperson of the Supreme Court as well as judges are elected by the Senate based on nominations of the President.

Judges of local courts and other courts and the Chairpersons of the Justice Collegiums of the Supreme Court, local courts and other courts are appointed by the President in accordance with recommendations of the Supreme Judicial Council.

**Supreme Court**

The Supreme Court is the highest court in the judicial system for civil, criminal and other cases. It supervises activities of the local courts and provides clarification on matters of judicial practice.

The competence of the Supreme Court includes (i) considering court cases (ii) studying judicial practice (iii) adoption of regulatory resolutions and (iv) providing judicial practice explanations.

**Local Courts**

Local courts are represented by:

- oblast courts and courts equivalent to them (the city courts of Astana and Almaty); and
- district courts and courts equivalent to them (city courts and interdistrict courts).
The district courts and courts equivalent to them are courts of first instance. They consider court cases and materials referred to their jurisdiction and other functions stipulated by the law. In practice 90% of cases are considered by the court of first instance. If the litigants disagree with the court decision, they can appeal the decision to the oblast courts and courts equivalent to them.

The competency of the oblast court includes review of court cases and materials referred to its jurisdiction, examination of judicial practice, and supervision of the administrator of the courts of the oblast as well as Astana and Almaty.

The appeal collegiums of oblast courts consider cases on the basis of appellate complaints against sentences which have not entered into force. The cassation collegiums verify the legitimacy of implemented decisions for compliance with procedural norms.

**Constitutional Council**

The Constitutional Council is a state body which ensures supremacy of the Constitution over the whole of Kazakhstan. The Constitutional Council consists of seven members, whose authority last for six years. The Chairperson and two members of the Council are appointed by the President. Two members are appointed by the Senate. The Majilis also appoints two members. Ex-Presidents of Kazakhstan have a right to be life-long members of the Constitutional Council. The main function of the Constitutional Council is to provide official interpretation of the Constitution’s provisions.

**1.2 Legal System**

**Legislative Framework**

The legal system is based on the Romano-Germanic (Continental) legal model. The main legal source of the Continental legal system is a legal act. The Continental legal system consists of a single hierarchically structured system of sources of law (i.e. legal acts, not judicial precedent).
Hierarchy of normative legal acts

The authority of a law depends on its hierarchical position. The Constitution has the highest juridical force and direct effect.

The hierarchy of the normative legal acts is the following:

- The Constitution;
- Laws, making amendments and additions to the Constitution;
- Constitutional laws and Edicts of the President having the force of constitutional laws;
- Codes;
- Laws of Kazakhstan as well as Edicts of the President having the force of law;
- Regulatory decrees of the Parliament;
- Regulatory edicts of the President;
- Regulatory decrees of the Government;
- Edicts of ministers and other central state bodies; Central Election Committee and the Accounts Committee for Control over Execution of the Republic Budget;
- Regulatory legal decisions of maslikhats (local representative bodies), akimats (local executive bodies), and akims (the heads of local executive bodies).

Normative legal acts of a lower level must not contradict the acts of the higher level. International treaties typically have priority over domestic law and are directly implemented except when the application of an international treaty requires the promulgation of a law.

Regulatory decrees of the Constitutional Council and of the Supreme Court are not within the scope of the hierarchy. The Constitutional Council is authorized to provide official interpretations of the Constitution, and other legislative acts must

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2 Under Sub-Clause 53.3 of the Constitution, the Parliament by 2/3 of deputies’ votes may delegate its legislative functions to the President for a period not exceeding one year.

3 The President has the authority to determine the priority of draft laws for consideration by the Parliament. If requested by the President, the Parliament must review the draft within a month after receiving the draft. If the Parliament fails to do so, the President may adopt an edict having the force of law which will be effective until the Parliament adopts a law in relation to the issue.

4 The concept of regulatory decrees of the Parliament is not clearly defined and appears to encompass the issuance of regulatory and procedural norms for implementing legislation. These decrees are little used in practice.
not contradict its regulatory decrees. The Supreme Court has authority to explain provisions of normative legal acts to lower instance courts.

**International Agreements**

Kazakhstan is a member of various international and regional organizations.

The dissolution of the Soviet Union was followed by signing an Agreement on the formation of the Commonwealth of Independent States (the “CIS”). Kazakhstan became a member state on 24 December 1991. Kazakhstan has various rights and obligations due to participation in the main economic, political, military, ecological and cultural treaties within the CIS.


On 6 October 2007, Kazakhstan, Russia and Belarus signed a treaty on the establishment of a Customs Union with a common customs territory. 6 July 2010 was the date of the official start of the functioning of the Customs Union. The countries agreed on incentives and other measures including import/export with 0% VAT rate on export of goods, and encouragement of mutual investments.

The start of the functioning of the Customs Union was followed by signing an agreement for the central integration body for the Eurasian Union – the Eurasian Economic Commission – which was established on 18 November 2011.

Kazakhstan actively cooperates with the EU. Kazakhstan and the EU have an agreement on partnership and cooperation, in order to develop stronger mutually beneficial long term relations. Kazakhstan is actively pursuing accession to the WTO, which is expected to take place relatively shortly.
1.3 People

Population

The population of Kazakhstan is approximately 17 m. Population density is approximately 15 people/m². Approximately 55% of the population lives in urban areas, and the population is heavily concentrated in the northeast and southeast. Economic growth has brought significant movement from rural to urban areas.

Language

The state language is Kazakh. Follow the adoption of the Law of Languages, Kazakh began to be used more as the language of state administration, legislation and legal affairs. Russian is legally recognized as a language of communication.

1.4 Economy

General Overview

Kazakhstan, the second largest of the former Soviet republics in land mass, has huge fossil fuel reserves as well as other minerals and metals. It also has considerable agricultural potential with its vast steppe accommodating both livestock and grain production. The industrial sector relies on the extraction and processing of these natural resources and also on a relatively large machinery building sector specializing in construction equipment, tractors, agricultural machinery and some defense items.

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<th>2011</th>
<th>2012</th>
<th>2013</th>
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<td>GDP (USD, billion)</td>
<td>188,05</td>
<td>203,52</td>
<td>224,41</td>
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<td>GDP per capita (USD)</td>
<td>5014,82</td>
<td>5192,57</td>
<td>5424,63</td>
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<td>Inflation (%)</td>
<td>7.4 %</td>
<td>6%</td>
<td>4.8%</td>
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Kazakhstan applies to be one of the top 30 developed nations by 2050.
In addition to oil and gas, Kazakhstan has significant reserves of iron ore and non-ferrous metals (lead, magnesium, titanium, zinc, molybdenum, silver, copper, gold, tin, industrial diamonds, chrome, uranium, tungsten, bauxite, manganese, vanadium, beryllium, nickel, rhenium and gallium). Additionally, the country has large coal deposits in Karaganda, Ekibastuz, Maikubinsk and Kushmurun.

The "Sovereign Wealth Fund "Samruk-Kazyna" JSC (Samruk-Kazyna) has complete or partial ownership of many important companies. These companies operate in priority sectors of the national economy: Oil & Gas, Power, Energy, Metallurgy, Chemistry - petrochemicals and infrastructure.

**Transportation**

**Roads:** Kazakhstan has approximately 148,000 kilometers of public roads. The major artery is the 1,241-kilometer road between Astana and Almaty. With assistance from the European Bank for Reconstruction and Development, an important highway is being completed along the Caspian coast between Turkmenbashi in Turkmenistan and Astrakhan in Russia, serving Kazakhstan’s western oil outposts. There are 46 road crossings on the border with Russia, seven each on the borders with Kyrgyzstan and Uzbekistan and six on the border with China.

**Railroads:** Kazakhstan has approximately 14,800 kilometers of rail line. A high priority is construction of a shorter rail route across Kazakhstan to link western China with Russia. Construction of the railroad “Zhetygen-Korgos” is a key transport industry projects to connect Kazakhstan and China. The length of the railway is approximately 300 km.

**Ports:** Kazakhstan’s major ports are the cities of Aktau and Atyrau on the Caspian Sea and the Irtysh River ports of Oskemen, Pavlodar and Semey, which serve the northeastern industrial sector.

**Civil Aviation:** The number of passengers travelling by air has risen from 1.3 million people in 2003 to more than 8 million. Air Astana is the main domestic airline. It serves a significant portion of Kazakhstan’s international and domestic passenger flights. Air Astana operates a fleet of approximately 30 aircraft including Boeings 787, and 767, and the Airbus A320.
Pipelines: The total length of pipelines in Kazakhstan is approximately 16,300 kilometers: 10,100 of natural gas pipelines and 6,200 of oil pipelines. Kazakhstan is linked to the Russian pipeline system by the Atyrau–Samara line and to Russia's Black Sea oil terminal at Novorossiysk by the Caspian Pipeline Consortium line. Kashagan is a very significant oilfield in Kazakhstan located in the Northern part of the Caspian Sea. The Kashagan Field has reserves of approximately 13 billion barrels of crude oil. The Tengiz oilfield also plays a major role in the economy.

Telecommunications: Mobile operators offer a range of services including mobile internet, mobile connection, Wi-Fi, and TV. Key providers include Kazakhtelecom (the state-owned national telecommunications company), Kcell, Beeline, and Tele2. Mobile penetration is high.

1.5 Foreign Trade

Approximately three-quarters of Kazakhstan's exports are intermediate goods and raw materials. Finished goods constitute a small part. Kazakhstan's exports comprise: 77% mineral products; 13% metals and metal products, of which more than one-quarter are copper and copper products; and the remaining 11% include grain, chemical and related products, machinery, and consumer goods. Most exports are to the European Union (51%), China (16%) and the CIS countries (12%, from which exports to Russia are approximately 7%).

Imports are from the countries of the CIS (approximately 51% of which the Russian Federation is 39%), the EU (17%) and China (16%). The main imports are: (i) machines, equipment and vehicles (ii) metals and metal products (iii) chemical and related products and (iv) mineral products.
2 BUSINESS ENTITIES

2.1 Legal Framework

In accordance with the Civil Code, foreign and local investors may establish a presence in a number of organizational forms, including limited liability partnerships, (usually referred to as limited liability companies), joint stock companies, representative offices and branches. The choice of presence is important due to the different implications.

2.2 Limited Liability Partnerships

A partnership is a commercial organisation with authorised capital divided into participation interests (not shares/securities) of the founders (participants). The legislation provides for four types of economic partnership: full, limited liability, commandite and additional liability partnerships. The most popular type is the limited liability partnership (“LLP”).

A limited liability partnership is a legal entity that is distinct from its founders. It may consist of one or more participants. There is no limitation as the number of participants. The participant’s financial liability is limited to the amount of its investment in the charter capital. The investment can be made either in monetary form or in kind. The minimum charter capital of an LLP is approximately USD 1,100. Contributions in kind must be valued and are based on the agreement of all founders or on a decision made by a general meeting of participants. Where the value of an in-kind contribution exceeds approximately USD 205,000, the valuation should be verified by an independent appraiser. Contributions to the charter capital should be made within one year of registration of an LLP. There is no limitation as the number of participants.

2.3 Joint Stock Company

A Joint Stock Company is a legal entity that issues shares (securities) to raise funds for its activities. The shareholders’ liability is limited to their investment. A
JSC is formed on the basis of a charter and decision of founders. JSCs may be founded by one or more individuals or legal entities.

Shareholders of a newly registered JSC must pay the initial charter capital within 30 days from registration of the JSC. Contributions to charter capital can be made either in monetary form or in kind. However, the value of any contribution in kind must be determined by a licensed appraiser. The minimum charter capital is approximately USD 510,000. Specific legislation provides for minimum charter capital for banks and insurance companies.

2.4 Branches and Representative Offices

Neither a branch nor a representative office is a separate legal entity. They are subdivisions of a foreign entity’s head office and therefore parts of it. They are formed on the basis of Regulations and a Resolution of the head office.

A branch is permitted to carry out full commercial activities on behalf of the head office. A representative office is allowed only to undertake representative functions and protection of the head office’s interests. Neither a branch nor representative office requires a formal capital injection to commence operations. The registration procedure and filing costs for branches and representative offices are similar to those for legal entities. Parent loans are not subject to licensing/registration/notification with the National Bank. A branch or representative office may be liquidated on the decision of its head office.

2.5 Consortium

The Civil Code defines a consortium as a temporary association in which legal entities combine certain resources and coordinate efforts to solve specific business issues. A consortium is not a separate legal entity. A consortium has features similar to those of a full partnership. The revenue and expenses of a consortium are passed through to the participants. The participants in a consortium should register in Kazakhstan for legal and tax purposes. One of the participants in a consortium typically serves as the operator of the consortium.
2.6 Registration Process

The Law on State Registration of Legal Entities and Record Registration of Branches and Representative Offices states that registration should take two business days. In practice it often takes approximately one month from the date of filing documents.

The registration involves review and approval by the state authorities of the registration application and related documents submitted by the founders seeking to open a legal entity or branch. When verified, the state authorities issue the legal and tax registration certificates, assign registration numbers and include the entity in the State Register.

The duty for registration of a legal entity is approximately USD 70.

3 FOREIGN INVESTMENT

3.1 General Overview

The Law on Investments established the broad legal and economic framework for encouragement of investments provides protection of investors’ rights, details for state support of investments and sets the procedure for settlement of disputes.

The Law on Investments protects rights and interests of investors. Investors have the right to compensation for acts of state authorities which are not in compliance with Kazakhstan law, as well as illegal actions (omissions) of state officials. Limited stability of provisions concluded between investors and state provided for authorities.

Nationalization can occur only in exceptional circumstances. In case of nationalization, compensation is guaranteed for investors for the full amount of any losses resulting from the nationalization.

Some state support is provided for foreign investment. Under the Law on Investments any individual or legal entity (foreign or Kazakh) who invests in Kazakhstan can be classified as an investor.
In principle, investors have the right to invest in any types of entrepreneurial activity. However Kazakhstan restricts or prohibits investing in certain types of activity or areas due to national security.

Investment activity means activity of individuals or legal entities involving participation in the charter capital of businesses or connected with creation or increasing of fixed assets used in business as well as fixed assets produced or received by a concessionaire (successor) based on a concession agreement.

In order to encourage investments, the government has established for certain investment preferences.

Investment preferences include:

i. exemptions from customs duties; and
ii. state grants in kind.

Investment preferences for priority investment projects include:

i. tax preferences; and
ii. investment subsidies.

Investment preferences are granted according to a list of priority types of business as well as a list of strategic investment projects.

On 24 June 2014, a law on improvement of the investment climate came into effect. The law prioritises investment projects in listed priority sectors (primarily manufacturing, not oil and gas) of at least USD 20 mln.

Other measures include:

- 10 year exemption from corporate income tax and land tax, as well as 8 years exemption from property tax (enters into force on 1 January 2015);
- state reimbursement for up to 30% of capital expenditures after commissioning (enters into force on 1 January 2015);
- the right to employ foreign labour until one year after construction is finished, free of quotas and permissions.
Investment preferences are granted only to Kazakhstan legal entities which may have foreign or local participants/shareholders. The applicant, in order to receive investment preferences submits an application to the Ministry for Investments and Development.

Within twenty business days after registration of the application the Ministry must make a decision on granting of investment preferences. If possible, the parties conclude an investment contract according to which the investment preferences are granted.

3.2 Special Economic Zones

The Law on Special Economic Zones defines a “special economic zone” as part of Kazakhstan with specifically identified boundaries which has a specific legal regime for activities in priority industries. The zones are created for up to twenty five years for specific purposes and with specific activities to be carried out within them. Preferences include exemptions from certain taxes, customs duties, easier work permit rules, etc.

As of December 2014 there are 11 SEZs are established, 6 of which are functioning.

Existing SEZs include:

- “Astana New City” in Astana;
- “Aktau Seaport” in Aktau;
- “Innovation Technology Park” in Almaty;
- “Ontustik” in Sairam district in South-Kazakhstan;
- “National Industrial Petrochemical Park” in Atyrau oblast;
- “Burabai” in Akmola;
- “Saryarka” in Karaganda;
- “Khorgos – Eastern Gate” in Almaty;
- “Pavlodar” in Pavlodar;
Special Economic Zones provide the following tax incentives:

- CIT: 100% reduction;
- VAT: 0% rate (sale of goods fully consumed within SEZ operations, meeting the purposes of SEZ and included into the list of goods established by the government of Kazakhstan);
- Land tax: 0% rate;
- Payment for the usage of land: 0%;
- Property tax: 0% rate.

In order to apply for tax incentives available in SEZs, a legal entity must meet the following requirements:

- it must be registered by the tax authorities in the SEZ;
- activities must be carried out exclusively in the SEZ;
- 90% (in several cases – 70%) of aggregate annual income should be generated from sale of goods & services, which are included in the list approved by the Government consistent with the objectives of SEZs.

Please refer to section 13.2 for more information.
4 FOREIGN CURRENCY MARKET AND FOREIGN CURRENCY RULES

The Kazakhstan Tenge ("KZT") was introduced in November 1993. The KZT first floated freely on the Almaty Financial Instruments Exchange (AFINEX) in April 1999.

A market exchange rate is fixed daily at the Kazakhstan Security Exchange (the "KASE").

The National Bank of Kazakhstan (NBK) is the main authority for currency regulation and registers all currency transactions. Transactions between Kazakhstan legal entities should be in KZT, except some banking transactions, sale and purchase of shares in foreign currency and transactions with participation of the authorized bodies of Kazakhstan. Transactions between a Kazakhstan legal entity and a foreign entity can be denominated in any currency. The regulations for non-residents are less restrictive as they allow conducting currency operations in KZT and in foreign currency. Foreign currency may be sold or purchased at banks and currency exchange providers holding a license for carrying out such activities.

The Law on Currency Regulation and Currency Control is the main legal act that regulates currency operations. The regulations are defined separately for individuals and legal entities.

Certain currency transactions (operations) between residents and non-residents must be registered with or notified to the NBK.
5 BANKING AND FINANCE

5.1 Banking System

The main legislative act which regulates the banking system is the Law on Banks and Banking Activity.

The NBK is the central bank and represents the first (upper) tier of the banking system.

The NBK regulates and supervises certain banking activities and basic conditions for the functioning of banks and organizations performing certain banking operations.

As of October 2014 there are 38 second tier banks. In order to establish a second tier bank specific approval of the NBK is required.

Intergovernmental banks can be established based on an international treaty, where the founders are the Government of Kazakhstan and another state.

There are two main banking associations:

i. Kazakhstan Banks’ Association; and
ii. The Financial Institutions’ Association of Kazakhstan.

5.2 Capital Markets

Transactions with financial instruments on the organized securities’ market of Kazakhstan are carried out on KASE. KASE is the only Kazakh stock exchange.

KASE is regulated by the Law on the Securities’ Market.

KASE is divided into six major sectors: foreign currency, shares, corporate bonds, government bonds, repo operations and derivatives.
Kazakhstan legal entities are allowed to place their shares on foreign stock exchanges. However, 20% of the shares to be placed and must be offered on KASE. The consent of the NBK is required.
6 LABOUR RELATIONS

6.1 Labor Relations

Employment relations are regulated by the Labour Code.

In order to perform employment duties, the parties should conclude an employment contract. The Labor Code requires certain provisions to be included in employment contracts. An employment contract is a written contract between employer and employee governing wages, benefits, and position and working conditions.

The Labor Code provides various grounds for termination of an employment contract, at the initiative of the employee or employer. It does not allow termination of an employment contract by an employer at will.

Typically, employment contracts with a new employee are for a period of one year. There is a three month probation period during which time the employer may dismiss the employee. Thereafter, the employment contract runs for the one year period. The employer may inform the employee prior to the end of the one year period that it will not renew the contract. At this time the employment relations expire with no further liability. If the employer does not notify the employee that it will not renew employment relations, the contract becomes a permanent employment relationship. In this situation, termination by the employer may only occur based on the Labor Code.

6.2 Working Conditions

Standard working hours are 40 hours a week, with special provisions for shift work. Remuneration is established by the employer independently but may not be lower than the minimum wage.
6.3 Social Security System

Please see information under the heading “Social Security Taxes” under Section 14.4.

6.4 Foreign Personnel

The two main legal acts regulating relations between a Kazakhstan legal entity and foreign personnel are the Labor Code as well as the Rules and Conditions for Issuance of Permits to Foreign Workers for Employment and to Employers. The Government establishes an annual quota for employing foreign labor.

Work permits are generally valid for up to one year and must be obtained for all foreign employees in companies, branches and representative offices. However, there are exceptions. For example, work permit requirements do not apply to: (1) heads of representative offices and branches; (2) foreign nationals permanently residing in Kazakhstan; (3) citizens of Russia and Belarus.

Obtaining work permits is time-consuming, sometimes taking as long as four months. There are four main categories of work permits: (1) chief executives and their deputies, (2) top managers, (3) highly educated specialists, and (4) qualified workers.

6.5 Secondment and corporate transfer

Some companies use “secondment” arrangements for foreign personnel. Kazakhstan law does not define “secondment” except in the Tax Code. If the provision of personnel qualifies as “secondment”, then these services should not create a permanent established for the foreign company providing the personnel.

Work permit regulations define “corporate transfer” as a temporary transfer of a foreign person based on a letter and/or agreement on corporate transfer from a foreign legal entity to its Kazakhstan representative office, branch, subsidiary, or affiliated party, i.e. this does not apply to unrelated companies.
7 OIL AND GAS, MINING

7.1 Legal Regime

The oil and gas and mining industries are governed by the Law On Subsurface and Subsurface Use.

This Subsurface Use Law governs the rights and obligations of subsurface users including in relation to exploration, production and abandonment of subsurface operations.

A subsurface user will enter a subsurface use contract setting out its rights with respect to a particular subsurface use area.

The competent authority issues rules and regulations, oversees tenders, grants subsurface use rights, represents Kazakhstan in negotiations and in executing subsurface use contracts, approves work programs and amendments to subsurface use contracts, suspends or terminates subsurface use contracts and generally exercises control over the subsurface user.

The Subsurface Use Law establishes extensive reporting requirements. Kazakhstan legislation also requires compliance with stringent procurement rules and use of local content.

7.2 Subsurface Use Contracts

There are model subsurface use contracts for:

- Exploration Contracts: may be entered into for six years, with the right to extend for appraisal of a commercial discovery. A subsurface user who has made a commercial discovery has the exclusive right to negotiate a production
contract. If the subsurface user and the competent authority are unable to agree on the terms, then the subsurface user is entitled to reimbursement of its costs if a production contract is entered into with a third party (and the production contract is tendered on the same terms as offered to the original subsurface user);

- Production Contracts: small period depends on the plan for production
- Combined Exploration and Production Contracts: require governmental approval and are granted only for deposits of strategic importance or for complex geological structures.
- Construction and operation of underground facilities not related to exploration and production.

Subsurface use contracts are entered into on the basis of tenders or, in limited cases, by direct negotiations.

Subsurface use contracts generally contain provisions that correspond to the Subsurface Use Law, with modifications permitted in relation to provisions including local content and the work program.

### 7.3 Transfer Restrictions

The State has the right of consent and a priority to purchase any interest (shares or equivalent ownership interests in a subsurface user or any parent company) in relation to any subsurface use. There are limited exceptions for certain transfers such as among affiliated companies or trading on a securities exchange post-offering. (The offering itself is subject to the consent and priority right of the State).

### 7.4 Participation of the State

Pursuant to the Constitution, the State owns all subsurface resources. The State closely manages subsurface resources and often participates in mining and oil and gas projects through national holding companies (KazAtomProm in the uranium sector, Tau-Ken Samruk in other mining sectors, NC KazMunaiGas and
KazMunaiGas EP for oil and gas projects). Typically these companies enter joint ventures with international companies.

The Government has established a list of subsurface areas in which a Kazakhstan national company must have a participatory interest. Subsurface use contracts for the public interests of the State are represented.

7.5 Local Content

Local content is obligatory for every subsurface user.

The definition of local content is specified in the Subsurface Use Law. In short local content means Kazakhstani citizens, as well as goods, work and services of Kazakhstan origin. Each subsurface use contract contains specified percentages of local content.

The Subsurface Use Law requires use of equipment, materials and goods produced in Kazakhstan provided they correspond to the requirements of the tender and technical specifications.

Non-compliance may lead to fines and even termination of the subsurface use contract.

7.6 Procurement Requirements

Subsurface users are subject to very strict procurement regulations. Most contracts related to subsurface use operations must be tendered and the procedures for conducting of the tenders are complex. Special consideration, including preferred pricing requirements, is given to local content under the procurement rules.
8 REAL ESTATE AND AGRICULTURE

8.1 Immovable property

Land usage and ownership are regulated by the Land Code. Foreigners, persons without citizenship and foreign legal entities have the right to own industrial and residential properties with certain exceptions.

Kazakhstan legal entities (including those owned by foreigners) are allowed to own immovable property. Foreigners are prohibited from owning farm land and land for maintenance of forestry. They also are prohibited to own land in the frontier zone of the country.

Under the Law on Title to Immovable Property, the following titles to immovable property must be registered with local justice authorities:

- Ownership right;
- Right of economic management;
- Right of operational management;
- Land usage right for a period exceeding 1 year;
- Servitude in favor of dominant land plot or other item of immovable property for a period exceeding 1 year.

These transactions transferring rights to land plots must be registered within six months of execution.

8.2 Ownership restrictions in respect of agricultural land plots

Foreign investors are permitted to operate in the agricultural sector. However, foreign citizens, legal entities, as well as Kazakhstan legal entities, where more than 50% of the charter capital belongs to foreign persons, cannot own agricultural land plots.

They can only lease agricultural land plots for a period not exceeding 10 years. The lease period for privately owned legal entities with mostly Kazakhstan participants is not more than 49 years.
The decision granting agricultural land plots for leasing is made by territorial local executive authorities (Akimats). Akimats must use lease rates established by the Government.

Kazakhstan legislation prohibits subleasing of agricultural land, except for using it as a pledge or contribution to the charter capital of a legal entity.

As a competition measure Kazakhstan limits the size of agricultural land that may be leased/owned by a single person or entity.

9 OTHER REGULATORY MATTERS

9.1 Antitrust Regulation

The main antitrust regulations are the Law on Competition and the Law on Natural Monopolies.

The Law on Competition supports competition, creates fair conditions for different types of businesses and prevents monopolistic, anti-competitive and unfair practices. It provides various measures which can be used by competent authorities to promote competition and punish violations.

Certain types of transactions require prior consent/notification of the antimonopoly authorities. For example, the direct or indirect acquisition of more than 25% of shares or participation interest in a legal entity in Kazakhstan (provided certain criteria are met) may be viewed by the Kazakh state authorities as activities leading to economic concentration, which require obtaining prior approval from the antimonopoly authorities.

The application for antimonopoly consent must be reviewed by the Agency for Competition Protection within 60 calendar days and notification within 45 calendar days. However, in practice this may be exceeded.

The Law on Natural Monopolies regulates pricing for a natural monopoly e.g. railway transport, electric and thermal power, production of petroleum products,
transportation of oil, civil aviation, port-related activity, telecommunications and postal services as well as the gas business.

9.2 Consents

Strategic assets

A strategic asset is property which has social-economic significance for the development of the state and possession, usage or disposal of which will influence national security. There is a list of strategic assets.

The Government has pre-emptive right to purchase strategic assets. Alienation of strategic assets to the third parties requires consent of the Government.

Telecommunications

Foreigners including foreign legal entities are prohibited directly or indirectly from owning more than 49% of the charter capital of organizations which own terrestrial lines of telecommunication.

Acquisition of more than 10% of the charter capital requires the consent of the competent authority.

9.3 Intellectual Property

Intellectual property is the exclusive right of an individual/company to the results of intellectually creative activities of intellectual property right.

The Committee for Intellectual Property Rights under the Ministry of Justice and the National Institute of Intellectual Property regulates this area. The former is responsible for implementation of state policy and the latter for acceptance of applications and registration of trademarks.
9.4 Consumer Protection

Consumers are protected by the Civil Code depending on the type of contract and by the Law on Protection of Consumer Rights. The Civil Code sets general regulations concerning consumer rights and protection. The latter governs the relationship between the consumer and vendor or supplier of goods and services on a more specific basis.

Consumers have the following primary rights: to purchase commodities freely, to use goods and services, to enjoy high quality and safety of goods and services, to full and reliable information on goods and the right to join public associations of consumers. A seller or manufacturer is obliged to provide goods in appropriate quality, presenting no defects and no harm for health and in the agreed quantity. They may not restrict consumers rights guaranteed and protected by the law. In the event of breaking the law, the parties are subject to civil liability.
10 IMPORTING AND EXPORTING

10.1 Trends in Customs Policy

Within the framework of the Eurasian Economic Community, from 1 July 2010, Kazakhstan became a member-state of the Customs Union (“CU”) between Russia, Kazakhstan and Belarus i.e. a single customs territory regulated by one customs legislation.

There are no internal customs borders within CU member-states. CU legislation established unified customs duties for import and export conducted through the single external customs boundary of the CU.

CU legislation comprises the Customs Code of the CU and a number of trilateral agreements and protocols accepted by CU member-states. Kazakhstan introduced its Customs Code and a number of decrees, rules and procedures prepared in accordance with CU legislation and adapted to particular Kazakhstan practice.

10.2 Import Restrictions

As part of the non-tariff regulations, CU legislation prescribes that certain types of goods imported to the CU from third countries must comply with CU quality standards and have a certificate of conformity to such standards.

In addition to limitations established by CU legislation, certain restrictions are imposed by Kazakhstan legislation (e.g. bans, quotas, licensing, registration, etc.) to the import or export of certain goods (e.g. uranium, ozone products, special-purpose vehicles, oil products, weapons) to/from Kazakhstan from/to CU member-states or third countries.
10.3 Customs Duties

Goods are classified based on the Single Customs Tariff of the CU, which is generally based on the Harmonized System. The Customs Tariff is determined at the CU level and is subject to change with approval by all CU member-states.

The country of origin of goods is determined for applying tariff and non-tariff regulatory measures upon importation/exportation of goods to/from the territory of the Customs Union. The country of origin of goods is the country where the goods (i) were wholly produced or (ii) underwent sufficient processing in accordance with specified criteria.

The customs value of goods should represent the price actually paid or payable under the sales terms (i.e., on “transaction value of imported goods” method). The customs value of goods should include transport costs, insurance, royalties (license), etc. Where a transaction is carried out between related parties, the customs authorities may use other customs valuation methods such as:

- Transaction value of identical goods;
- Transaction value of similar goods;
- Deduction of value;
- Addition of value; or
- Reserve method (typically, applied based on statistical data or official publications).

There is no direct relation between the customs value methods and transfer-pricing methodology for corporate income tax purposes; methods are deemed to be similar to the transfer-pricing methods in calculations, but differences exist.

Importation of goods from non CU member-states under the “free circulation” customs regime generally attracts import VAT (12%) and import customs duties (0% to 25% on average) depending on the classification of a particular import good and excise duties (if applicable).

Importation of goods to Kazakhstan from CU member-states is not a “customs event” and does not result in any import customs duties, but still attracts 12% import VAT as well as excise duties (if applicable).
Kazakhstan has a number of bilateral and multilateral Free Trade Agreements within the CIS. Therefore, trade between CIS member states is generally not subject to import customs duties in the country of destination, provided the following conditions are met:

1. Goods are exported on the basis of a contract between residents of the member states;

2. Goods are imported from the customs territory of a member state to the customs territory of the other member state;

3. Imported goods may not leave the customs territory of a member state;

4. Imported goods are confirmed with a certificate of origin from a member state (i.e., ST-1).

For purposes of the CIS Free Trade Agreement, a resident includes:

- A legal entity (i.e. entity incorporated in a member state), or
- An entity which does not have the status of a legal entity but is subject to taxation in the member state on the basis of place of management, registration, establishment or any other similar criteria.

Exports from Kazakhstan outside/inside of the CU are generally subject to zero-rated VAT and exempt from excise taxes unless the applicable legislation specifically provides otherwise. Export customs duties are usually only applicable for exports outside the CU.

The Kazakhstan Customs Code and CU legislation envisage various customs regimes with tax and duty consequences, which generally provide for a claw back or suspension of import/export customs duties, VAT and excise taxes including:

- processing within the customs territory;
- processing for free circulation;
- processing outside the customs territory;
- free warehouse.
10.4 Temporary Import Relief

The “temporary import” customs regime may provide for the full or partial exemption from import VAT and import customs duties. Generally, the period of the “temporary import” customs regime may not exceed 2 years.

A) Partial Exemption: import VAT and customs duties are payable monthly at 3% of the import VAT and customs duties that would have been paid had the imported assets been imported under the “free circulation” regime (i.e. normal import).

B) Full Exemption: There is a list of goods allowed to be imported under the “temporary import” customs regime with full exemption. This extends to certain technological equipment, models, exhibition and advertising materials.

The maximum allowable term of “temporary importation” (2 years) may be extended up to 2 years or other periods, if specifically agreed with the Committee of the Customs Union.

Upon termination of the “temporary import” customs regime, the goods must be re-exported from the CU or released under a different customs regime (e.g., “free circulation”, “customs warehouse”, etc.) with the obligation to pay applicable import VAT and import customs duties.

In case of classification under the “free circulation” customs regime, the import VAT and customs duties paid by installments should be offset-able.

Under the “temporary import” customs regime, imported goods should remain in their original state, except for changes due to natural wear or loss under normal conditions of transportation, storage and use. Only actions required to ensure safety, maintenance and other operations to maintain the imported goods in proper condition, are allowed.

10.5 Import VAT Incentives

There are certain exemptions from import VAT allowed by Kazakhstan tax and customs and related CU legislation.
The importer can elect to use a special “offset” mechanism for ‘paying’ import VAT for certain qualified goods. This is intended to eliminate the cash outflow for import VAT and is often viewed as an “exemption” in practice. This “offset” mechanism allows the import VAT to be reflected in the VAT declaration as output VAT and included as input VAT available for offset (without having been paid). The “offset” mechanism is subject to strict requirements and applies to import VAT. Applicable import customs duties would still be due.

Contribution of goods to the charter capital of a Kazakhstan legal entity is exempt from VAT. However, the importation of goods, which are intended to be contributed to the charter capital, is not, i.e. a taxpayer will have to pay (import) VAT at customs on import. When the taxpayer contributes the goods to the charter capital, no output VAT should apply.

Goods imported to Kazakhstan from third countries other than CU member-states may be placed under an inward processing (“IPR”) customs regime. Under the IPR customs regime, goods (e.g. raw materials) imported for processing are eligible for full exemption from customs duty and import VAT, provided that the processed/finished goods are subsequently moved from Kazakhstan out of the CU within a deadline agreed with the customs authorities. There is no customs duty on export of finished goods from Kazakhstan.

10.6 Documentation and Procedures

CU legislation establishes a comprehensive list of documents required for customs clearance. The documents to be submitted to the customs authorities vary depending on the nature of the imported/exported goods, conditions of the transactions and other factors.

The customs value of imported goods is declared based on the value substantiated by appropriate supporting documents. The documents to support the declared information is relatively standard and typically includes contracts, invoices, shipping documents, certificates of origin of goods, necessary licenses and permits, conformity certificates.

The customs authorities strictly control the correctness and reasonableness of determining the customs value and method applied.
10.7 Warehousing and Storage

Imported goods are usually required to be placed in a bonded warehouse, until customs cleared. There is also a specific “customs warehouse” customs regime, which is a specially identified and constructed place intended for storage of goods in accordance with the “customs warehouse” customs regime. Customs warehouses may be of an open type (available for use by any persons authorized with regard to the goods) and of a closed type (intended for storage of goods belonging to the owner of the warehouse or to certain persons specified by the owner of the warehouse). The period for storage of goods at the “customs warehouse” is determined by the person who places the goods into the “customs warehouse”. The period cannot exceed 3 years.

10.8 Re-Exports

The re-export of goods is a customs regime whereby goods previously imported into the CU, are exported, exempt from or with reimbursement of the customs import duties and taxes originally paid and without non-tariff measures being applied, except in the area of export control.

Goods may be re-exported under the following conditions:

- export of goods which are in temporary storage (bonded warehouse) until they are placed under a specific customs regime;
- export of goods previously declared for release into free circulation, where the goods are returned to the supplier (or another person in accordance with the supplier’s instructions due to defects or non-compliance with the requirements of a given foreign economic transaction);
- export of foreign goods, previously placed under the customs regimes of processing of goods in the customs territory or processing of goods for free circulation, provided these goods have not undergone processing operations;
- export of foreign goods, previously placed under the customs regimes of a customs warehouse, free warehouse, free customs zone.
11 ACCOUNTING AND AUDITING REQUIREMENTS

11.1 Accounting

According to the Accounting Law the following entities must prepare financial reports in accordance with IFRS:

- Large entities (legal entities with more than an annual average of 250 employees or turnover of more than approximately USD 31 m);
- Public interest organizations, which are:
  - financial organizations, except for entities engaged exclusively in the organizing exchange operations with foreign currency;
  - joint stock companies, except for non-commercial companies;
  - subsurface users except for those producing widespread mineral resources; and
  - organizations, with state ownership (at least in part) as well as state enterprises established to manage government property.

Financial statements comprise:

- a statement of the financial position at the end of the period;
- a statement of profit or loss;
- a statement of cash flows for the period;
- a statement of changes in equity for the period;
- explanatory notes.

Other legal entities including branches may prepare financial reports in accordance with IFRS or national accounting standards (which generally refer to IFRS) at their discretion.

Kazakhstan requirements for maintaining accounting records and financial statements includes:

- In addition to requirements of IFRS, the Accounting Law mentions the following principles to be followed for accounting and financial reporting: accrual method and going concern assumption. The quality characteristics
required for financial reporting are: understandability, relevance, reliability and comparability.

- Companies have to keep accounting records in either Kazakh or Russian.
- No strict restrictions related to the chart of accounts. A company can use that one established by the state or developed internally or both. A chart of accounts issued by the Ministry of Finance to assist implementation of IFRS is used by many companies.
- The presentation currency for financial statements is KZT. Companies often maintain parallel records in another currency.
- The reporting period for annual financial statements is the calendar year. A company can have its own reporting period for financial statements for internal purposes.
- Documents such as invoices, purchase confirmations, should be signed and stamped by authorized persons.
- The **Chief Accountant** is responsible for maintenance of accounting records, and the financial reporting, and accounting policies.
- A Chief Accountant in a public interest organization must be a qualified accountant.

The financial statements should be presented to:

- founders (participants) in accordance with foundation documents;
- state statistical bodies; and
- state control and supervision bodies as applicable.

Annual financial statements should be prepared no later than 30 April of the year following the reporting period.

Public interest organizations except for financial organizations must publish annual financial reports in accordance with requirements of the Ministry of Finance. Format is based on IFRS requirements and includes: Statement of financial position, profit or loss, cash flows and changes in equity.

The format of annual financial reports of financial organizations is prescribed in law.

In addition public interest organizations must publish their annual financial statements along with the auditor’s report on a special website maintained by the
11.2 Audit Requirements

Companies subject to an annual statutory audit include:

- banks, insurance companies, pension funds and other financial institutions,
- joint stock companies,
- natural monopolies,
- companies operating under an investment contract concluded with Kazakhstan, and
- subsurface users.

Statutory audits of financial statements should be conducted in accordance with international auditing standards.

Any auditor may be chosen, provided the audit company is compliant with certain qualification requirements. There are additional qualifications required for audit companies to audit financial organizations and state companies. In addition KASE has certain qualification requirements for audit companies to audit companies whose instruments are listed on KASE.
12 TAX SYSTEM AND ADMINISTRATION

12.1 Tax System

Tax service bodies comprise:

- the authorized state body – the State Revenues Committee of the Ministry of Finance;
- other tax offices, which include regional and oblast tax departments, tax departments of Almaty and Astana and tax offices for districts.

12.2 Main Taxes

The main taxes include:

- Corporate Income Tax (“CIT”), including branch profits tax, capital gains tax and withholding taxes;
- Individual Income Tax (“IIT”);
- Value-Added Tax (“VAT”);
- Excise Tax;
- Rent tax on exported crude oil and natural gas liquids;
- Taxes and special payments of subsurface users;
- Social tax;
- Land tax;
- Tax on transport vehicles; and
- Property tax.
12.3 Legislative Framework

The Tax Code:
- imposes national and local taxes and other payments (duties and fees);
- regulates the administration of taxes;

The inclusion of tax matters, including the granting of exemptions or privileges, in other legislation is specifically prohibited.

The Code on Administrative Violations deals with administrative fines for non-compliance with tax regulations. Kazakhstan applies the concept of criminal liability with respect to taxes. A criminal violation may occur when the tax misreported approximately USD 205,000.

12.4 Income Tax

Classes of Taxpayer

Resident legal entities and non-resident legal entities with a Kazakhstan permanent establishment are recognized as corporate income taxpayers. Non-residents that receive income from Kazakhstan sources without creating a permanent establishment are generally subject to withholding taxes.

Concepts of Income Tax

The rate of CIT is 20% applied to a taxable base. This is computed as aggregate income less allowed deductions. Corporate income tax is payable via monthly installments (advance payments).

Foreign and local dividends received are exempt.

12.5 CFC provisions

Under “the controlled foreign companies” (“CFC”) regime a Kazakhstan tax resident may be taxed on a portion of the undistributed profits of certain non-
resident companies registered in a country with favorable taxation and in which such Kazakhstan tax resident has an interest. There is a black list of jurisdictions for which CFC rules apply.

**12.6 Tax Treaties**

Kazakhstan has double tax treaties with approximately 46 countries (refer Appendix C).

**12.7 Tax Returns and Payments**

Tax returns are prepared by the taxpayer, tax agent or their representatives. Tax returns should be in paper or electronic form in Kazakh or Russian.

**12.8 Assessments**

On completion of a tax audit, the authorities issue a tax audit “act”. If no violation is discovered, a note is made in the tax audit act.

On the basis of the tax audit act, the authorities issue a “notification” on the assessed amounts of taxes and penalty interest.

**12.9 Appeals**

Taxpayers have the right of to appeal tax to a higher level tax service body or the court.

**12.10 Withholding Taxes including Capital Gains**

Non-residents without a Kazakhstan PE are subject to withholding tax on Kazakhstan source income. This is broadly defined to include any income from activity in Kazakhstan.
Interest, royalties and dividends are subject to 15% withholding tax, reduced under most double tax treaties provided beneficial ownership and other administrative requirements (tax residence certificate, etc.) are met. Other Kazakhstan-sourced income (including income from services and management fees) is taxed at 20%, unless a double tax treaty provides otherwise.

Kazakhstan applies an extra-territorial capital gains tax regime i.e. if a non-resident sells its shares in a Kazakhstan legal entity to another non-resident it may be subject to taxation in Kazakhstan:

- Capital gains realized by a non-resident on the sale of a Kazakhstan subsidiary not involved in subsurface use activities are exempt from Kazakhstan taxation provided certain conditions are met;
- Disposal of shares in Kazakhstan subsidiaries involved in subsurface use activities is subject to 15% Kazakhstan withholding tax on capital gains and 20% in certain cases.

There is an exemption from capital gains taxation of shares listed on domestic and foreign stock exchanges and sold via the open auction method.

Income realized by non-residents registered in a “black-listed” jurisdiction is subject to specific tax rules. The withholding tax rate is usually 20% unless a double tax treaty provides otherwise.
13 TAXATION OF CORPORATIONS

13.1 Corporate Tax System

CIT applies to the taxable income of Kazakhstan legal entities and branches of
foreign legal entities:

- Branches are taxed on their Kazakhstan source income. The after-tax
  profit of branches is subject to 15% branch profits tax, potentially reduced
to 5% or 10% under a double tax treaty.

- Kazakhstan legal entities are taxed on their worldwide income.

13.2 Incentives

Tax legislation establishes:

- investment incentives;
- tax holidays for special economic zones.

Investment incentives are available only to certain Kazakhstan legal entities.
Generally, the investment incentives allow a tax deduction for the cost of the
investment and its reconstruction and modernization when brought into use (in
full) or within the first 3 years of use.

Incentives are granted under an investment contract with the Government. The
close is priority sectors of the economy, as determined by the Government.

Refer to Section 3.2 for information on special economic zones.

Specific requirements must be met by companies to enjoy tax incentives in a SEZ.
Generally, there is no CIT, property tax or land tax in a SEZ.

(Refer to Section 3.2 for more information)
**13.3 Taxable Income**

Aggregate annual income comprises all income received, whether in cash or in kind, including:

- income from sales;
- capital gains;
- passive income, including interest but excluding certain types of dividends;
- income from derivatives;
- certain deemed income;
- income from carrying out joint ventures;
- winnings (any type of income in cash and in kind received from contests, lotteries, etc.);
- bad and doubtful debts recovered.

**13.4 Deductibility of Expenses**

Expenses associated with the earning of income are deductible. Certain expenses are deductible within prescribed limits.

**Business Trip Expenses.** Accommodation and travel expenses (including costs of transport, accommodation, reservations, entry visa and per diems) reimbursed by the employer are deductible.

**Interest Expense.** Interest paid to third parties is fully deductible. Deduction of interest paid to related parties or to unrelated parties under related parties’ guarantees or to parties registered in a “black-listed” jurisdiction is restricted. Debt equity provisions apply (7:1 for a financial institution, 4:1 for all other entities).

**Doubtful Debts.** Receivables from Kazakhstan legal entities, individual entrepreneurs and non-residents operating through a PE not paid within three years are recognized as doubtful. The debt claims may be deducted in full, provided that (i) these receivables were reflected in the books and (ii) appropriate supporting documents exist.
Depreciation. Tax depreciation is calculated using the declining balance method. For depreciation purposes assets must be allocated to one of four tax groups.

Depreciation for each group is based on the relevant depreciation rates, but not higher than the maximum rate, to the tax value at the end of the tax period. The maximum depreciation rates vary from 10% to 40%.

For fixed assets introduced into operations in Kazakhstan for the first time a subsurface user can apply double depreciation rates. They apply only for the first tax period provided the fixed assets are used for earning income for at least three years. During the first tax period, these assets should be accounted for in a separate group.

13.5 Related Party Transactions

The Transfer Pricing Law was introduced in 2009. Both the customs and the tax authorities have the right to monitor and adjust prices used in cross-border transactions when prices differ from market prices even if participants are unrelated. A re-assessed liability will include taxes, duties, penalty interest and fines. TP rules apply to the following:

- international commercial transactions;
- domestic transactions that directly relate to international commercial operations.

Under its monitoring procedures for international transactions, the government has issued a list of goods and services subject to TP control. This list includes crude oil and petroleum products. However, TP also applies to goods and services not specifically included in the list.
13.6 Foreign Exchange

In principle, for both accounting and tax purposes, assets and liabilities in a foreign currency must be translated into KZT at the official exchange rate of the National Bank on the date on which the transaction is carried out.

The tax treatment of foreign exchange gains/losses generally follows the financial accounting principles.

13.7 Tax Computations

CIT is payable in equal advance installments, by the 25th of each month. Advance installments are based on estimated income for the year, which must be declared not later than 20 January of the reporting year. Certain entities are exempt from advance installments.

If the actual CIT calculated is less than advance payments made, the excess may be offset against other taxes or non-tax liabilities to the state (including fines and penalties), or against future tax payments. In the absence of any liabilities, the taxpayer may apply for a cash refund.

Tax losses starting from 1 January 2009 may be carried forward for 10 years.

13.8 Other Taxes

**Excise Tax.** Excise duties apply to the importation and sale of all types of spirits, alcohol, tobacco, petrol/gasoline (excluding aviation fuel), diesel, cars, crude oil and natural gas condensate. Excise duty rates vary and are subject to frequent change.

**Property Tax.** Property tax is calculated at a rate of 1.5% of the average book value of taxable items as determined in accounting. Certain taxpayers enjoy reduced rates. Property tax is paid in four installments during the reporting year with the final payment (the actual tax) by 10 April. The reporting requirements include submission of (i) the calculation of current year payments by 15 February of the current tax period; and (ii) Property Tax Declaration by 31 March of the year following the reporting year.
Land Tax. The rate depends on the land’s use and the quality rating set by the Government. Rates also differ for legal entities and individuals. Land tax is paid in four installments during the reporting year with the final to be made by 10 April. The reporting requirements are the same as for property tax.

Vehicle Tax. The rate depends on the vehicle type and engine size. Vehicle tax payable by legal entities is paid annually not later than 5 July of the current tax period. The reporting requirements include submission of (i) the calculation of current year payments by 5 July; and (ii) Vehicle Tax Declaration by 31 March of the year following the reporting year.

Environmental Tax. The levy for pollution of the environment depends on the industry type and the region. Environmental levy rates are based on the monthly calculation index established for the financial year and may be increased by local authorities.

13.9 Taxation of Business Entities

Kazakhstan limited liability partnerships are taxed as corporations. Branches and representative offices of foreign legal entities may be taxed as taxpayers without creation of a separate legal entity. Income received by each partner in a consortium and entities operating under joint operation agreements is assessed separately based on the participant’s share and at the participant level. (The Consortium itself and entities operating under joint operation agreements are not taxpayers.) Income and expenses flow through to the participant entities. Kazakhstan does not have tax consolidation provisions.

13.10 Subsurface Taxation

Tax Regime

The subsurface user computes its tax obligations based on the tax legislation in effect when the tax obligation arises.
**Special Taxes**

All subsurface users are required to pay special taxes and other obligatory payments. These include: signature and commercial discovery bonuses, payment for historical costs, mineral production tax, excess profits tax, rent tax on exported crude oil and excise taxes.

Although the list of special payments and taxes applicable is the same for all subsurface users, the economics of a project usually determine amounts of applicable bonuses.

Payment for historical costs is to recover costs incurred by the Government for exploration and development of mineral resources.

**Mineral Production Tax**

MPT rates apply to the value of minerals produced, where value is based on the world price. The rates for crude oil and gas condensate range from 3% to 18%. The rates for other minerals vary depending on the type of mineral. Rates for hydrocarbons can be reduced by 50% if they are supplied to domestic refineries in a sale/purchase or tolling agreement.

**Excess Profits Tax**

Subsurface users are liable to pay excess profits tax on net income for the reporting period. Excess profits tax applies to net income exceeding 25% of deductions. In addition to usual corporate deductions, the cost of fixed assets and capital repairs is deductible for excess profit tax purposes. Excess profits tax is based on a progressive scale where the maximum rate of 60% applies to net income exceeding 70% of deductions.

**Rent Tax**

Rent tax applies to entities selling crude oil and gas condensate for export (except for certain subsurface users that concluded production sharing agreements prior to 1 January 2009). It also applies to exporters of coal. Similar to MPT, the value for crude oil and gas condensate is based on “the world price” regardless of quality discounts and transport costs. The value for coal is based on the actual
solving price. Rent tax rates for crude oil and gas condensate vary from 7% if the market price is above USD 40/barrel, to 32% if the market price exceeds USD 200/barrel. The rent tax rate for export of coal is 2.1%.

Special Provisions

On transfer of hydrocarbons for processing based on a tolling agreement or transfer of minerals for primary processing within the same or separate legal entity, revenue for CIT and EPT purposes is determined in a specific way. Revenue is based on production cost, including primary processing, determined under IFRS increased by a 20% mark up. The same approach is applied to define the taxable base for the mineral production tax in similar cases.

Deductions

Exploration and development costs incurred by subsurface users prior to commercial production are deductible through depreciation charges. These expenses include geological studies, geological prospecting, exploration, appraisal and development of natural resources, general and administrative costs, signature and commercial discovery bonus payments, expenditures for the purchase of fixed and intangible assets and other tax deductible expenses, except for mineral selling expenses. These expenditures form a separate group with a maximum depreciation rate of 25%. This pool of capital expenses accumulated during the Exploration Contract is carried over to the Production Contract for further depreciation for CIT purposes.

The same depreciation procedure applies to expenditures for the acquisition of intangible assets incurred by a subsurface user in relation to the acquisition of subsurface rights.

Ring Fencing

Ring fencing provisions exist. Each subsurface use contract is taxed separately.
Stability of Tax Regime

PSAs were used prior to 2009 for major oil and gas fields such as Kashagan, Karachaganak and certain offshore projects in the Kazakhstan sector of the Caspian Sea. The tax stability clauses of PSAs signed prior to 1 January 2009 and contracts signed by the President will remain intact for the life of the contract. However, the tax authorities encourage subsurface users with PSAs to move from a stabilized to an unstabilized tax regime.

14 TAXATION OF INDIVIDUALS

14.1 Individual Income Tax

Taxpayers

All individuals having taxable income.

Income subject to individual income tax is split between:

1. income taxable at source:
   - income of an employee;
   - income of an individual from a Tax Agent\(^5\);
   - dividends, interest and winnings;
   - pension payments from pension funds;
   - income from insurance agreements;
   - scholarships.

2. income not-taxable at source:
   - property income;

\(^5\) Tax agent is a person or entity responsible to calculate, withhold and transfer taxes to the state
• taxable income of an individual entrepreneur;
• income of attorneys and private notaries;
• other income.

Scope of Tax

Non tax residents are taxed on their Kazakhstan source income only. Any income received for the performance of duties in Kazakhstan irrespective of where paid is considered to be Kazakhstan source, e.g. paid by a foreign company, including various allowances/in-kind benefits (e.g. housing, schooling, other assignment related costs, etc.).

Tax residents are subject to tax on their worldwide income.

A Kazakhstan tax resident meets at least one of the following criteria:

• Physical presence: Individuals who spend 183 calendar days or more in Kazakhstan in any consecutive twelve month period ending in the reporting tax year;

  The 183 days apply irrespective of the nature of the stay (work, holidays). Each day or part day of physical presence counts.

• Center of vital interest: Individuals who spend less than 183 calendar days in Kazakhstan, if all the criteria below are met:

  1. The individual holds Kazakhstan citizenship or a residence permit;
  2. Family and/or close relatives are living in Kazakhstan;
  3. The individual and/or his family members owns real estate in Kazakhstan, which is available to him/them to stay in Kazakhstan at any time.

Immigration status does not directly determine tax status.
Tax Rates

Personal income is taxed at the rate of 10%, except for dividends which are taxed at 5%. Some income of tax non-residents may be subject to a 20% tax rate.

Double Tax Treaties

If a foreigner becomes a Kazakhstan tax resident and remains tax resident in another country under its domestic tax law, a relevant DTT shall determine tax residency and whether the exemptions under the DTT may be applied (Appendix C).

14.2 Employment income

Employee’s gross income

An employee’s income (irrespective of residency status) subject to taxation, is any kind of income received from an employer in cash or in kind e.g. accommodation, benefits, compensation, company car, reimbursable business trip expenses in excess of statutory limits.

Deductions

There are several tax deductions. However, most are insignificant and are applied by Kazakhstan employers. These deductions include:

- the Minimum Monthly Wage established by the State on an annual basis;
- Obligatory and voluntary pension contributions;
- insurance premiums payable by individuals under accumulative insurance agreements;
- interest on a housing loan provided by a housing construction savings banks;
- Expenses on medical services with certain limitations.

The deductions do not apply to tax non-residents.
**Business Expenses**

Business expenses are not deductible for employees. An individual may claim business deductions if registered as an entrepreneur.

**14.3 Personal income**

**Interest**

Interest received from foreign banks is taxable. Interest received from Kazakhstan banks is exempt.

Interest on debt securities, government securities and agency bonds is also exempt.

**Dividends**

Dividends are exempt if one of the following conditions is met:

1. Dividends on securities listed on KASE on the date of accrual;

2. If all the following conditions are met:
   - on the date the dividends accrues the taxpayer has owned the shares for more than 3 years;
   - the entity paying the dividends is not a subsurface user;
   - more than 50% of the entity paying dividends is not owned by a subsurface user(s) on the date of payment of dividends.

**Capital gains**

Capital gains on disposal of the following securities are exempt:

- government securities;
- agency bonds;
- securities listed on KASE on the day of disposal;
• if all the following conditions are met:
  - On the date of sale the taxpayer owns the shares for more than 3 years;
  - The legal entity whose shares are sold, is not subsurface user;
  - More than 50% of the legal entity whose shares are sold, is not owned by a subsurface user(s).

**Rental income**

Maintenance and repair costs are deductible against rental income. Rental income is taxed.

**Sale of property**

Income from the sale of physical property in Kazakhstan and owned for at least 1 year is exempt from taxation. There are no reporting requirements.

### 14.4 Other Taxes

**Social Tax**

Social tax is paid by employers for their employees (local and expatriates) at 11% of gross remuneration less Obligatory Pension Contributions.

**Social Insurance Contributions**

Social insurance contributions are paid by employers at 5% of gross remuneration less Obligatory Pension Contributions. The contributions are capped at 5% of 10 MMW/month and are deductible from social tax. Only Kazakhstan citizens and foreigners with a residence permit are subject to social insurance.

**Pension Contributions**

Pension contributions are withheld at a rate of 10% from employees’ gross income. Gross income subject to obligatory pension contributions is capped at 75
MMW/month (approx. USD 8,755). Only Kazakhstan citizens and foreigners with a residence permit are paid pension contributions.

**Wealth Tax**

There is no wealth tax.

**Local Taxes**

There are no additional local taxes on income of individuals.

### 14.5 Tax Administration

#### Tax Reporting

A Kazakhstan legal entity acting as a tax agent must file quarterly reports on taxes levied at source no later than 15 May, 15 August, 15 November and 15 February.

There is also a self-assessment method, whereby all taxpayers having taxable income (in the absence of a tax agent) are required to submit individual tax returns by 31 March of the year following the reporting year.

#### Payment of Tax

Tax agents must withhold tax not later than the date income is paid. The tax is due prior to the 25th day of the month following the month of income payment.

Under the self-assessment method, tax is payable no later than 10 April of the year following the reporting year.

**Foreign Tax Credits**

In order to claim a tax credit an individual must have (by 31 March) a “Certificate of income received from sources outside of Kazakhstan and taxes paid” issued and certified by the foreign tax authority. A notarized translation of this Certificate into Russian or Kazakh must be provided.
14.6 Secondment

If appropriately structured, a secondment should not create a PE in Kazakhstan. The Kazakhstan legal entity to which the individual is seconded should withhold Kazakhstan payroll taxes from the person’s remuneration.

15 VALUE ADDED TAX (VAT)

15.1 Introduction

Taxpayers registered for VAT are required to charge VAT on their taxable supplies and calculate and report their VAT obligations.

The VAT rate is 12%.

Taxpayers are required to register if their taxable supplies in the preceding 12 months exceeded 30,000 MCI (approximately USD 310,000). Even if an entity is not required to register, it may do so voluntary by submitting an application to the appropriate tax committee.

15.2 Scope of VAT

Taxable supplies of goods include transfers of:

- title to goods, including sale, exchange, contribution to authorized capital and payment of benefits in kind;
- goods under a finance lease contract; and
- goods by one division of a legal entity to another, if both divisions are registered as separate VATable persons.

Taxable supplies of services are any supplies of services, chargeable and non-chargeable, including:
transfers of copyright or intellectual property, including those contributed to a company's authorized capital;

services performed by an employer for the benefit of an employee as a form of remuneration; and

services supplied between two or more divisions within one legal entity, provided that both divisions are registered as separate VATable persons.

VATable transactions exclude:

transfers of goods with a value not exceeding 2 MCI (approximately USD 20) for advertising purposes;

provision of reusable packaging materials; and

export of goods for exhibitions and similar activities, under the customs regime for temporary export of goods.

Goods and services are subject to VAT if they are deemed to be supplied in Kazakhstan under the place of supply rules.

If a service is supplementary to another service, the place of supply is determined by the primary service.

The place of supply for goods in other CU territories is similar to the rules for Kazakhstan.

Imports from the Customs Union are subject to the standard VAT rate.

15.3 Zero-Rating

Turnover taxable at the zero rate includes:

export sales of goods;

international transport services;

sales of goods in SEZs under certain conditions.
15.4 Exempt Supplies

Supplies and imports exempt from VAT include:

- sale of residential buildings;
- certain financial services;
- transfers of assets under finance leases;
- geological exploration and prospecting;
- sales of goods and services, associated with the implementation of infrastructure projects;
- sale of an enterprise;
- import of certain assets, the list of which is approved by the Government;
- revenue from refining precious metals (gold and platinum);
- sales of goods and services associated with medical and veterinary activities, the list of which is approved by the Government.

15.5 Taxable Amount

VATable Supplies. A taxable supply includes any sale of goods and services and taxable imports into Kazakhstan, unless the supply is specifically exempt or the place of supply is outside Kazakhstan.

VAT Offset. Input VAT paid on goods and services purchased by a VAT payer including reverse-charge VAT and VAT paid at customs is available for offset when determining a taxpayer’s VAT liability. However, offset is not possible for VAT incurred for supplies which are exempt or deemed to be supplied outside of Kazakhstan.

VAT Calculation and VAT Offset Carry-Forward. The VAT liability of a taxpayer is output VAT (VAT charged by a taxpayer) less input VAT (VAT paid by a taxpayer to its suppliers) in a reporting period.

The excess of input VAT over output VAT may be carried forward against future VAT liabilities for offset. Refunds are very difficult to obtain, although the law provides for refunds related to the export of goods, under certain conditions.
15.6 Non-Deductible Input VAT

Input VAT is not allowed for offset on payments in connection with receipt of:

- goods and services not related to business activity;
- goods and services not related to taxable turnover;
- building expenses for residential housing, except for buildings which are used as hotels;
- passenger cars purchased as fixed assets;
- goods and services received free of charge;
- goods and services on invoices which do not meet requirements of the Tax Code;
- goods and services on invoices where the cash payments exceeds 1,000 MCI (approximately USD 10,300).

15.7 VAT Incentives

There are certain exemptions from import VAT. Please refer to Section 10.

15.8 VAT Compliance

The tax period is quarterly. The VAT Declaration is due no later than the 15th and VAT payment is due no later than the 25th day of the second month following the reporting quarter.

Reverse-Charge VAT. Under “place of supply” rules, certain services are deemed to be supplied at the location of the business activity of the purchaser. These services include: consulting, audit, engineering, legal, accounting, advocacy, advertising and information processing services. Where the services are rendered by a non-resident not registered for VAT purposes in Kazakhstan, the purchaser is required to self-assess and pay VAT via a “reverse charge” mechanism.

The reverse-charge VAT paid by the purchaser is subject to the general offset procedure.
APPENDIX A

KEY STATISTICS AND MACROECONOMIC INDICATORS OF KAZAKHSTAN

Republic of Kazakhstan

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Area:</strong></td>
<td><strong>2,724,900 sq. km.</strong></td>
</tr>
<tr>
<td>Estimated Population:</td>
<td>17,100,000 (31 December 2013)</td>
</tr>
<tr>
<td>Capital (with population):</td>
<td>Astana: 848,000 (1 September 2014)</td>
</tr>
<tr>
<td>Other Principal Cities (with population):</td>
<td>Almaty: 1,500,000, Karaganda: 1,070,000</td>
</tr>
<tr>
<td>Languages:</td>
<td>Kazakh (official language), Russian (language of interethnic communication)</td>
</tr>
<tr>
<td>Neighboring states:</td>
<td>China, Kyrgyzstan, Russia, Turkmenistan, Uzbekistan.</td>
</tr>
<tr>
<td>Currency:</td>
<td>Kazakhstan Tenge (KZT)</td>
</tr>
<tr>
<td>Exchange rate:</td>
<td>KZT 182 = USD 1 (December 2014)</td>
</tr>
<tr>
<td>MCI (Monthly Calculated Index)</td>
<td>KZT 1852 = approximately USD 10</td>
</tr>
<tr>
<td>NBK publish refinancing rate: (October 2014)</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
| Foreign currency reserves (October 2014) | National Bank – USD 28,000,000,000  
National Fund – USD 76,200,000,000 |
| Country rating:        | S&P – BBB+  
Moody’s – Baa2  
Fitch – BBB+ |
# APPENDIX B

## TAX RATES

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIT</td>
<td>20%</td>
</tr>
<tr>
<td>Tax Depreciation</td>
<td>10% - 40%</td>
</tr>
<tr>
<td>Withholding Tax</td>
<td>Dividends, interest and royalties – 15%, services – 20%</td>
</tr>
<tr>
<td>Individual Income Tax</td>
<td>10%</td>
</tr>
<tr>
<td>VAT</td>
<td>12%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>1.5%/year of net book value of immovable assets</td>
</tr>
</tbody>
</table>
### APPENDIX C

List of all effective double tax treaties and withholding taxes

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Dividends</th>
<th>Interest</th>
<th>Royalties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nontreaty</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Treaty:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armenia</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Austria</td>
<td>5/15 (4)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Belarus</td>
<td>15</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Belgium</td>
<td>5/15 (4)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Canada</td>
<td>5/15 (1)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>China</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Estonia</td>
<td>5/15 (2)</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Finland</td>
<td>5/15 (1)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>France</td>
<td>5/15 (10)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Georgia</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>5/15 (2)</td>
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<td>10</td>
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<tr>
<td>Hungary</td>
<td>5/15 (9)</td>
<td>10</td>
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</tr>
<tr>
<td>India</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Iran</td>
<td>5/15 (6)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Italy</td>
<td>5/15 (5)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Japan</td>
<td>5/15 (1)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Korea</td>
<td>5/15 (1)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Latvia</td>
<td>5/15 (2)</td>
<td>10</td>
<td>10</td>
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<tr>
<td>Lithuania</td>
<td>5/15 (2)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>5/15 (17)</td>
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<tr>
<td>Malaysia</td>
<td>10</td>
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<td>10</td>
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<tr>
<td>Moldova</td>
<td>10/15 (2)</td>
<td>10</td>
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<tr>
<td>Mongolia</td>
<td>10</td>
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<td>10</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>5/15 (5)</td>
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<tr>
<td>Norway</td>
<td>5/15 (12)</td>
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<tr>
<td>Pakistan</td>
<td>12.5/15 (8)</td>
<td>12.5</td>
<td>15</td>
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<tr>
<td>Poland</td>
<td>10/15 (3)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Romania</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Russia</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Singapore</td>
<td>5/10 (13)</td>
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<tr>
<td>Slovakia</td>
<td>10/15 (7)</td>
<td>10</td>
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<tr>
<td>Spain</td>
<td>5/15 (4)</td>
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<tr>
<td>Sweden</td>
<td>5/15 (14)</td>
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<tr>
<td>Switzerland</td>
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<tr>
<td>Tajikistan</td>
<td>10/15 (7)</td>
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<tr>
<td>Turkey</td>
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<tr>
<td>Turkmenistan</td>
<td>10</td>
<td>10</td>
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<tr>
<td>Ukraine</td>
<td>5/15 (15)</td>
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<tr>
<td>United Arab Emirates</td>
<td>5/15 (4)</td>
<td>10</td>
<td>10</td>
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<tr>
<td>United Kingdom</td>
<td>5/15 (1)</td>
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<td>10</td>
</tr>
<tr>
<td>United States</td>
<td>5/15 (16)</td>
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<td>10</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>
Notes referring to the table:

1. 5% if the beneficial owner is a company which controls directly or indirectly at least 10% of the voting power in the company paying the dividends.

2. 5% if the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.

3. 10% if the beneficial owner is a company which directly or indirectly holds at least 20% of the capital of the company paying the dividends.

4. 5% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends.

5. 5% if the beneficial owner is a company which holds directly or indirectly at least 10% of the capital of the company paying the dividends.

6. 5% if the recipient is a company (excluding partnership) which holds directly at least 20% of the capital of the company paying the dividends.

7. 10% if the beneficial owner is a legal entity and directly holds not less than 30% stake in the company paying the dividends.

8. 12.5% if the beneficial owner is a company which holds directly or indirectly at least 10% of the capital of the company paying the dividends.

9. 5% if the beneficial owner is a company which holds directly or indirectly at least 25% of the capital of the company paying the dividends.

10. 5% if the beneficial owner is a company which owns directly at least 10% of the capital of the company paying the dividends.

11. 5% if the beneficial owner is a company (other than a partnership) which holds at least 10% of the capital of the company paying the dividends.

12. 5% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends.

13. 5% if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends.
14. 5% if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the voting power of the company paying the dividends.

15. 5% if the beneficial owner is a company and that company owns at least 25% of the capital of the company paying the dividends.

16. 5% if the beneficial owner is a company which owns at least 10% of the voting stock of the company paying the dividends.

17. 5% if the beneficial owner is a company and that company owns at least 15% of the capital of the company paying the dividends.
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