

CLIENT NOTE

Clarification of the State revenue committee on deduction of losses of foreign branch of a Kazakh company

Please be informed that the State revenue committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter – the ‘SRC’) clarified in its letter dated 30 January 2017 No. КГД-07-1-3343-КГД-2247 that a Kazakh company is obliged to declare income and expenses of its foreign branch in the declaration on corporate income tax (hereinafter – ‘CIT’). Thus, the Rules on filling of CIT declaration¹ stipulates that income of Kazakh residents received from sources outside Kazakhstan is to be included in the line 100.00.26 of this declaration. However the SRC noted that the line 100.00.26 is of informative nature and its data is not included in taxable income calculation. In this regard, pursuant to the SRC clarification, a Kazakh company is not entitled to deduct the losses of its foreign branch.

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¹ subparagraph 2 of paragraph 10 of the Rules on filling of tax return (declaration) on corporate income tax (form 100.00) approved by the Order of the Ministry of finance of the Republic of Kazakhstan dated 25 December 2014 No. 587

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