

# TAX CONTROL IN THE REPUBLIC OF KAZAKHSTAN



**GRATA**  
INTERNATIONAL



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## About GRATA International

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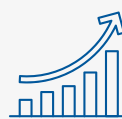
### Key Industry Sectors:

- Banking & Finance
- Construction & Infrastructure
- Industry & Trade
- Mining
- Oil & Gas
- Pharmaceuticals & Healthcare
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- Transport



> 22

countries of presence



> 31

years of experience



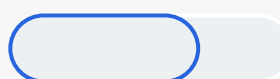
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professionals



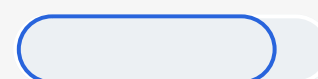
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practice areas



7 700+

clients



15 000+

projects

# TAX CONTROL IN THE REPUBLIC OF KAZAKHSTAN



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The Tax Code of Kazakhstan [1] provides for a wide range of tax control forms, with the main ones being cameral tax control and on-site tax inspections.

Tax control is carried out by tax authorities, as well as customs authorities in relation to VAT on imports and excise duties payable in connection with the movement of goods across the border.

Any act as well as action (inaction) of the tax authority can be appealed by the taxpayer to a higher tax authority and/or courts, if they consider them unlawful and unjustified.

## CAMERAL TAX CONTROL



Due to the digitalization of tax administration, tax authorities have widely implemented cameral tax control.

Within the framework of cameral control, tax authorities remotely monitor and analyze tax reporting and other documents submitted by taxpayers, as well as other information about taxpayers received from government agencies and other sources.



If any discrepancies, errors, or violations are detected as a result of cameral control, the tax authority notifies the taxpayer about them for self-correction.

The notification from the tax authority regarding violations identified during desk control must be executed by the taxpayer within a 30-day period through self-correction of the violations. For example, this can be done by submitting additional tax reporting with the calculated tax amount or by correcting the electronic invoice.

If the taxpayer disagrees with the notification, they have the right to submit a written explanation to the tax authority with supporting documents and/or appeal the notification to higher tax authority. If the taxpayer and the tax authority do not reach a consensus, the tax authority must conduct an on-site tax inspection of the taxpayer to verify the issue and make a final decision.

○ If the tax authority's notification requires the adjustment of tax amounts or payments due to court rulings declaring transactions invalid, invalid state registration of a counterparty, or the determination that goods were not actually supplied and services were not rendered, then in case of disagreement, the taxpayer can appeal such a notification only in court.

○ If the taxpayer does not respond to the notification within the 30-day period (does not fulfill or appeal), the tax authority has the right to arrest their bank accounts or restrict the issuance of electronic invoices, and later appoint an on-site tax inspection.

○ It is important to note that the taxpayer is not subject to administrative or criminal liability in case of violations discovered based on the results of cameral control.

○ Cameral control is part of a risk management system for categorizing taxpayers into different levels and selecting them for on-site tax inspections.

## ON-SITE TAX INSPECTION

An on-site tax inspection is usually conducted at the taxpayer's location to verify the accuracy and completeness of the taxpayer's compliance with tax obligations and social payments, as well as on issues of transfer pricing and government regulation of the production and turnover of excisable goods (crude oil, alcohol, tobacco, petroleum products, etc.).



The tax inspection is carried out based on a prescription issued by the tax authority that assigned the inspection. The prescription for conducting the inspection, as well as notifications of suspension, resumption, and extension of the inspection, must be registered with the prosecutor's office. The taxpayer has the right to refuse entry to the office or premises of tax authority officials if they do not present the prescription.

## Types of tax inspections:

### BY REGULARITY:

1 Periodic tax inspections, for which taxpayers are selected based on the risk management system at the beginning of each half-year. Lists of taxpayers subject to inspection are published by tax authorities;

2 Unscheduled tax inspections, which are appointed, for example, based on the taxpayer's request, within the framework of criminal proceedings, etc.

### BY SUBJECT MATTER:

1 In the framework of a comprehensive tax inspection all types of taxes and obligatory payments are subject to inspection;

2 Thematic tax inspection - separate types of taxes, obligatory payments or separate issues are inspected;

3 Counter tax inspections - mutual settlements with counterparties are checked to confirm the fact and nature of transactions;

4 A time inspection is carried out to establish the actual income and expenses of the taxpayer during the period of the inspection.

The duration of a tax inspection is up to 30 business days from the date of issuing the prescription, with the possibility of extension up to 180 business days. The tax authority is authorized to suspend the inspection period during the collection of requested documents and information.



In the framework of a tax inspection, the tax authority has the right to require the taxpayer to submit accounting and primary documentation, written explanations, including from employees, access to view the information software used to automate accounting and tax accounting, to inspect property and conduct inventories, request information about the taxpayer and their activities from government agencies, banks, and other organizations, including information protected by law as confidential, send requests to foreign states, etc.

**FOLLOWING THE TAX INSPECTION, THE TAX AUTHORITY ISSUES A TAX INSPECTION REPORT, WHICH INCLUDES INFORMATION ABOUT THE TAXPAYER, A DESCRIPTION OF THE CONDUCTED INSPECTION, INCLUDING IDENTIFIED VIOLATIONS, AND CONCLUSIONS DRAWN BY THE TAX AUTHORITY BASED ON THE RESULTS OF THE TAX INSPECTION.**



If a taxpayer has undergone a periodic tax inspection, the tax authority must firsthand over a preliminary tax inspection report to the taxpayer. The taxpayer has the right to submit objections to higher tax authorities if they disagree with the conclusions drawn in the preliminary tax inspection report. After considering the objections, the tax authority issues a final tax inspection report.



If a periodic tax inspection has been conducted, the tax authority must first deliver a preliminary tax inspection act to the taxpayer. The taxpayer has the right to file objections to the higher tax authorities if he disagrees with the conclusions made in the preliminary act of the tax inspection. After considering the objections, the tax authority issues a final tax inspection report.



If violations are revealed as a result of the tax inspection, in addition to the tax inspection report, the tax authority issues a notice based on the results of the tax inspection. In this notice, the tax authority may, for example, assess additional amounts of taxes, payments, and penalties against the taxpayer, and/or reduce the amount of loss, confirm or refuse the refund to the budget of excess VAT claimed by the taxpayer, etc.

It is important to note that the taxpayer will be subject to administrative or criminal liability for violations revealed by the results of the tax inspection.



Notification on the results of a tax inspection must be either executed by the taxpayer or appealed by him to the Appeals Commission of the Ministry of Finance within 30 business days.



For the period of appealing the notice on the results of a tax inspection the tax authority restricts the taxpayer's disposal of fixed assets by a value equal to the appealed amount.

**PRE-TRIAL SETTLEMENT OF A TAX DISPUTE**

The complaint must be reviewed, as a general rule, within 30 business days, with the possibility of extending the deadline to 90 business days. When reviewing the complaint, the Ministry of Finance has the right to appoint a thematic tax inspection to examine specific issues. The Ministry is also entitled to send inquiries to government agencies, organizations, and foreign countries. The review period of the complaint is suspended during the period of conducting a thematic tax inspection, as well as during the process of sending inquiries and receiving responses to them. Based on the review of the complaint, the Ministry issues a reasoned decision.

The taxpayer has the right to appeal the notice on the results of the tax inspection in court, If they disagrees with the results of the complaint review by the Ministry of Finance.

## JUDICIAL SETTLEMENT OF A TAX DISPUTE

**There is a three-tier judicial system in Kazakhstan. Tax disputes are considered within the framework of administrative court proceedings.**

The deadline for filing an administrative lawsuit regarding the results of a tax inspection in the first instance court is 1 month from the date of receiving the decision of the Ministry of Finance.



The decision of the court of appeal comes into force within 1 month from the date of its delivery in written form. Within this period the taxpayer may appeal it in cassation to the Supreme Court of the state. In order to file a cassation appeal the taxpayer must pay the state duty in the amount of 0,5% of the appealed amount of accrued taxes, payments and penalties, but not exceeding 20,000 monthly calculation indexes.



To file an administrative lawsuit, the taxpayer must pay a state fee of 1% of the disputed amount of taxes, payments, and penalties, but not exceeding 20,000 monthly calculation indexes. [2]

The administrative lawsuit is heard by a single judge with the participation of the parties involved: the taxpayer as claimant, the tax authority as respondent, representatives of the prosecutor's office, as well as third parties if necessary (such as representatives of the local executive body, Ministry of National Economy, etc.).



The cassation appeal is considered by judges collegially (not less than three judges). The cassation appeal shall be considered within 6 months from the date of receipt by the Supreme Court of the court case materials of the lower courts. Based on the results of consideration of the cassation appeal, the Supreme Court shall issue a resolution, which enters into legal force from the date of its announcement.



Resolution of the Supreme Court issued as a result of consideration of cassation appeals may be reviewed in exceptional cases on the proposal of the Chairman of the Supreme Court or a protest of the Prosecutor General, if the decision violates public interests, the uniformity of the application of law norms by the courts.



The total period for considering an administrative lawsuit in the first instance court cannot exceed 3 months. Based on the review of the lawsuit, the court issues a decision.

[2] In 2023, this threshold is 60,900,000 tenge or approximately 135,000 US dollars.



# Global Presence

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- |  |  |                               |
|--|--|-------------------------------|
| <b>Azerbaijan</b><br>Baku                                      | <b>Kyrgyzstan</b><br>Bishkek                               | <b>Tajikistan</b><br>Dushanbe |
| <b>Belarus</b><br>Minsk  | <b>Moldova</b><br>Chisinau                                 | <b>Ukraine</b><br>Kyiv        |
| <b>Georgia</b><br>Tbilisi                                      | <b>Mongolia</b><br>Ulaanbaatar                             | <b>Uzbekistan</b><br>Tashkent |
| <b>Kazakhstan</b><br>Astana<br>Almaty<br>Atyrau<br>Aktau, etc. | <b>Russia</b><br>Moscow<br>Rostov-on-Don<br>St. Petersburg | <b>Armenia</b><br>Yerevan     |

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