

ALERT**Changes in the digital mining taxation in Kazakhstan**

This alert highlights the latest changes to the digital mining taxation in Kazakhstan. A part of these changes has been already enacted, while another one will come into effect later.

1. Introduction of the requirement to notify the tax authorities

- Digital mining pools¹ are now obliged to provide the tax authorities with the information on digital assets distributed among digital miners.
- Digital assets exchanges² are now obliged to provide the tax authorities with the information on tax residents transactions as well as interest paid to tax residents and non-residents in relation with the digital mining activity.

2. Introduction of the special taxable income calculation³

- Taxable income of a digital miner will be calculated as a product of the number of digital assets distributed by a digital mining pool in its address and the value of such assets established by the Astana international financial centre (hereinafter – the ‘AIFC’).
- Taxable income from the digital assets of a digital mining pool and a digital assets exchange will be calculated on the basis of the value of such assets established by the AIFC.

3. Introduction of the tax obligations in respect of the digital assets owned by individuals

- An individual’s income from the sale of digital asset issued by a Kazakh issuer will be exempted from taxation in Kazakhstan⁴.
- An individual’s income from the sale of digital asset issued by a foreign issuer will be subject to personal income tax at the rate of 10%. The taxable basis will be the positive difference between the sales price and the purchase price of the digital asset⁵.
- An individual will be obliged to report the fact of owning digital assets issued by both Kazakh and foreign issuers.

4. Exclusion of the opportunity to pay import value added tax via offset method⁶

Computing machinery for cryptocurrency mining was excluded from the list of goods in which respect the import value added tax may be paid via offset method.

5. Introduction of the license fee for digital mining

Digital mining will now be subject to the following amounts of the license fee:

License type	The amount of fee (in MCI ⁷)
First category license ⁸	2 000

¹ An accredited legal entity rendering services on consolidation of computing power of digital miners as well as distributing digital assets resulting from the joint activity of digital miners.

² An electronic platform in the Astana international financial centre performing organisational and technical maintenance of trade, issue, circulation and storage of digital assets.

³ Comes into effect on 1 April 2023.

⁴ Comes into effect on 1 April 2023.

⁵ Comes into effect on 1 January 2024.

⁶ Came into effect on 1 January 2022.

⁷ Monthly calculated indexes. In 2023 one monthly calculated index is KZT 3 450 or approximately USD 7.7.

⁸ A first category license is given to the digital miners owning computing equipment for digital mining as well as industrial building located outside residential area and connected to the power supply networks/using own electrical energy.

Second category license⁹

5

6. Changes in the digital mining fee

Digital miners are now obliged to pay the digital mining fee in the following order:

The price for 1 kilowatt-hour of consumed el. energy (in KZT)	The rate for 1 kilowatt-hour of consumed el. energy (in KZT)	The price for 1 kilowatt-hour of consumed el. energy (in KZT)	The rate for 1 kilowatt-hour of consumed el. energy (in KZT)
up to 1 inclusive	25	from more than 13 up to 14 inclusive	12
from more than 1 up to 2 inclusive	24	from more than 14 up to 15 inclusive	11
from more than 2 up to 3 inclusive	23	from more than 15 up to 16 inclusive	10
from more than 3 up to 4 inclusive	22	from more than 16 up to 17 inclusive	9
from more than 4 up to 5 inclusive	21	from more than 17 up to 18 inclusive	8
from more than 5 up to 6 inclusive	20	from more than 18 up to 19 inclusive	7
from more than 6 up to 7 inclusive	19	from more than 19 up to 20 inclusive	6
from more than 7 up to 8 inclusive	18	from more than 20 up to 21 inclusive	5
from more than 8 up to 9 inclusive	17	from more than 21 up to 22 inclusive	4
from more than 9 up to 10 inclusive	16	from more than 22 up to 23 inclusive	3
from more than 10 up to 11 inclusive	15	from more than 23 up to 24 inclusive	2
from more than 11 up to 12 inclusive	14	from more than 24	1
from more than 12 up to 13 inclusive	13		

7. Limitation on application of the special tax regimes

Digital miners having the first category license are now prohibited to apply the special tax regimes for small business entities.

About GRATA International

GRATA International is the largest independent Kazakhstani law firm, and one of the leading law firms in Central Asia and the Caspian Region. GRATA has provided a wide range of legal services in these regions for more than 30 years.

Throughout its existence the Firm has developed an experienced tax practice. In view of this, in 2005 the tax department was formed. Unlike many consulting companies, GRATA's tax team comprised mainly of

⁹ A second category license is given to the digital miners owning only computing equipment for digital mining.

lawyers and auditors who have experience of working in the tax authorities. This feature enables us to provide our clients not only correct but practically feasible advice.

Services

- Withholding Tax Refund;
- VAT Refund from the State Budget;
- Corporate Taxation;
- Tax Support and Structure in M&A Transactions;
- Tax Investment Preferences and Tax Planning;
- Taxation of Bank and Financial Transactions;
- Taxation of Subsoil Users;
- Taxation of Non-Residents;
- Taxation of Individuals;
- Tax Due Diligence (Tax Audit);
- Representation and Protection of Interests in the Course of Tax Disputes;

For additional information, please visit www.gratanet.com, or contact tax@gratanet.com.

This alert for informational purposes only and shall not be treated as a legal advice. GRATA International is not responsible for any consequences arising from the use of the aforementioned information without its consent.