



Overview of Kazakhstan

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Outline



Kazakhstan from a foreign investor's perspective



Legislative framework and tax system



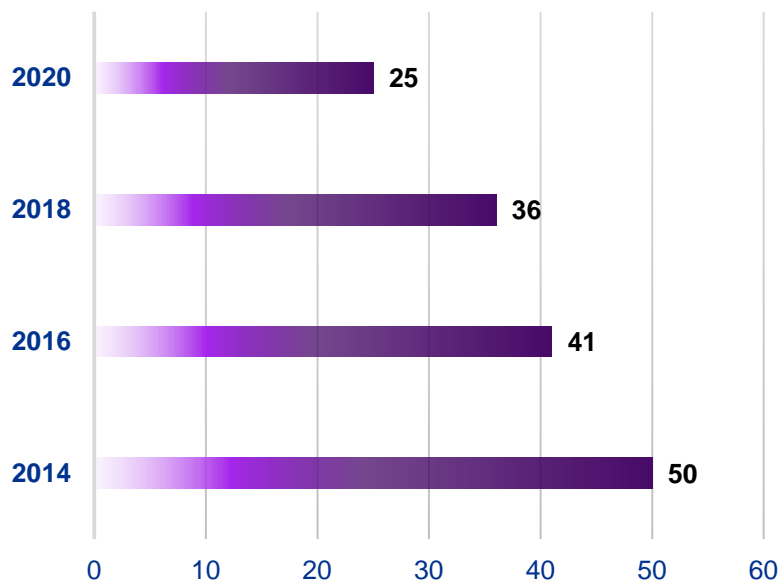
Tax structuring opportunities using Tax Treaty

Kazakhstan

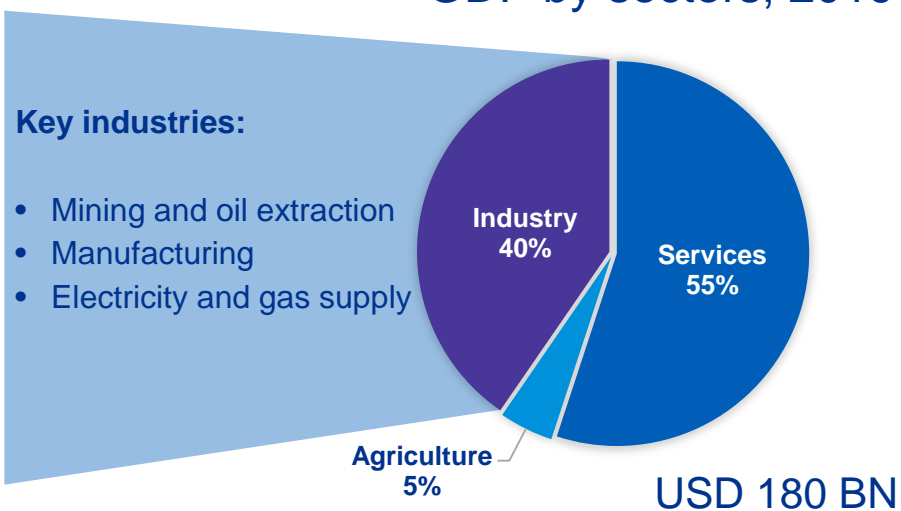


KAZAKHSTAN

Ease of doing business ranking

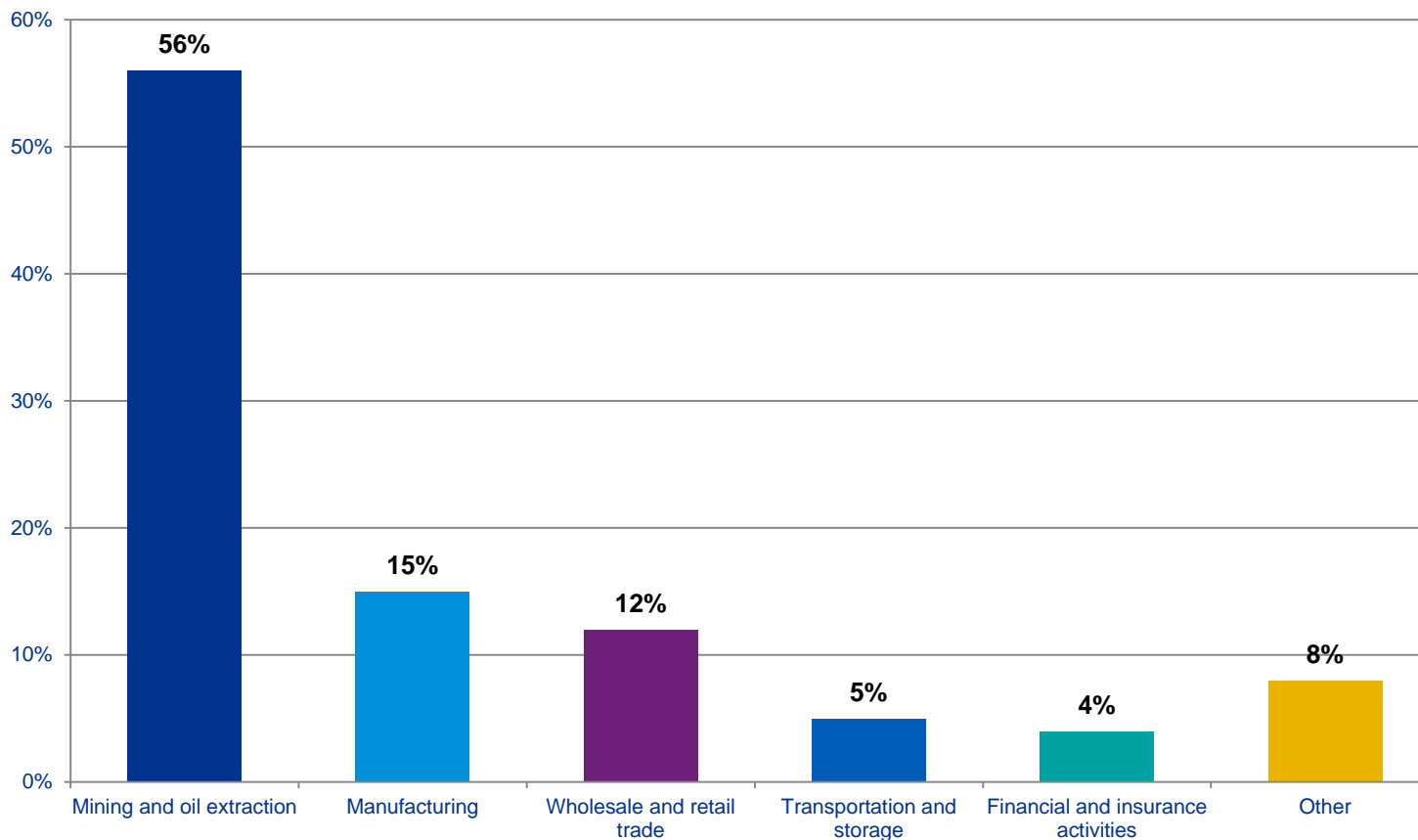


GDP by sectors, 2019

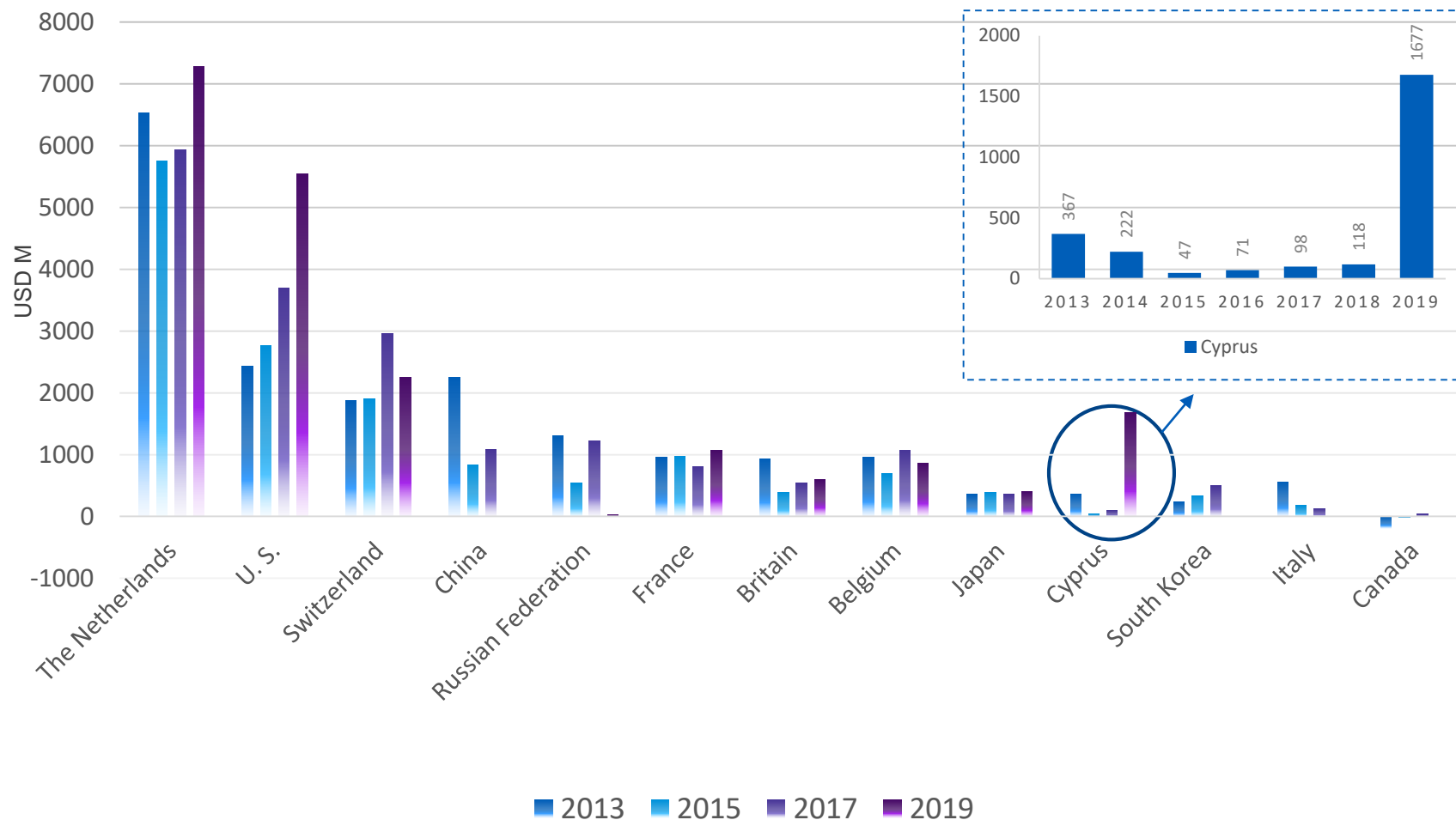


Foreign Direct Investment by Sector

TOTAL FDI (2019) ~ 24 BN USD



Foreign Direct Investment by Country





Legislative Framework



Legislative Framework

- **Relatively favourable tax regime**
 - 20% Income Tax
 - 12% VAT, 0% on exports
 - 15% WHT for dividends/capital gains with exemptions available
- **Tax Treaty Network: 55 countries**
- **Local reporting standards: IFRS**
- **BEPS Inclusive Framework**
- **MLI effective 2021**
- **Transfer pricing control: all cross-border transactions**
- **Currency control regulation: foreign currency exchange not restricted**
- **Member of World Trade Organization (WTO)**
- **Member of Eurasian Economic Union:
Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia**



Special Economic Zones

- **12 SEZes** in priority sectors (IT, manufacturing, etc)
- 0% income tax, land tax, property tax
- 0% VAT on goods sold to SEZes
- Simplified procedure for hiring foreign labor



AIFC | Astana
International
Financial
Center

- Financial hub established in 2015
- **Regulated by English law**
- English as an official language
- **Stock Exchange & independent financial regulation**
- Simplified visa and labor conditions
- Corporate and personal **tax exemptions** until 2066



Tax structuring opportunities



Withholding tax and Treaty benefits



standard WHT rate on dividends, interest, royalty and capital gains – **15%**



tax on **dividends** – **5%**



In 2016 **Cyprus** was removed from **Tax Haven** list



tax on **interest** – **10%**



tax on **royalty** – **10%**

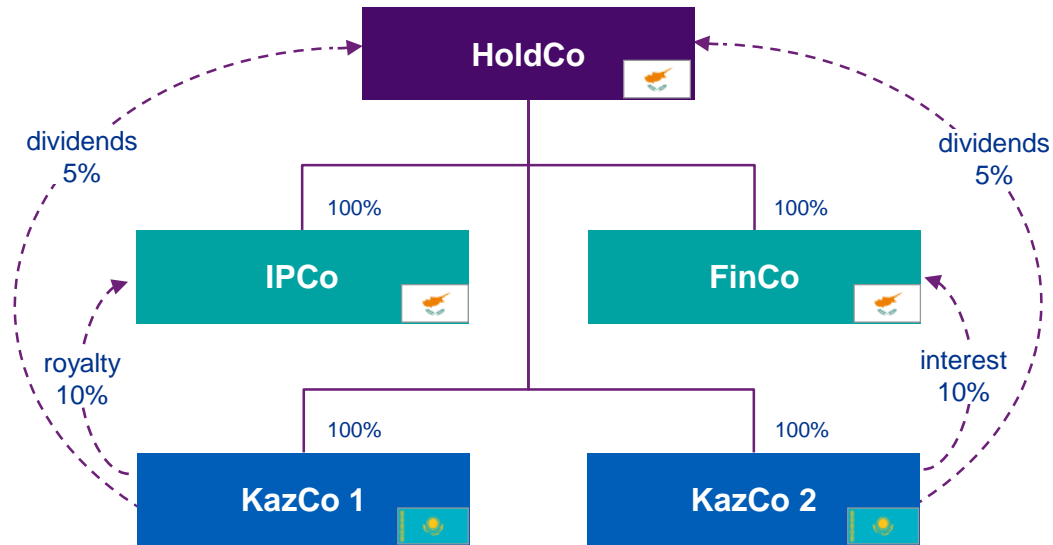


In 2020 the **Tax Treaty** came into effect



capital gains – **exemption** available under certain conditions

Tax structuring opportunities (1/2)



in Cyprus

- HoldCo – holding company
- IPCo – IP rights company
- FinCo – intra-group financing company

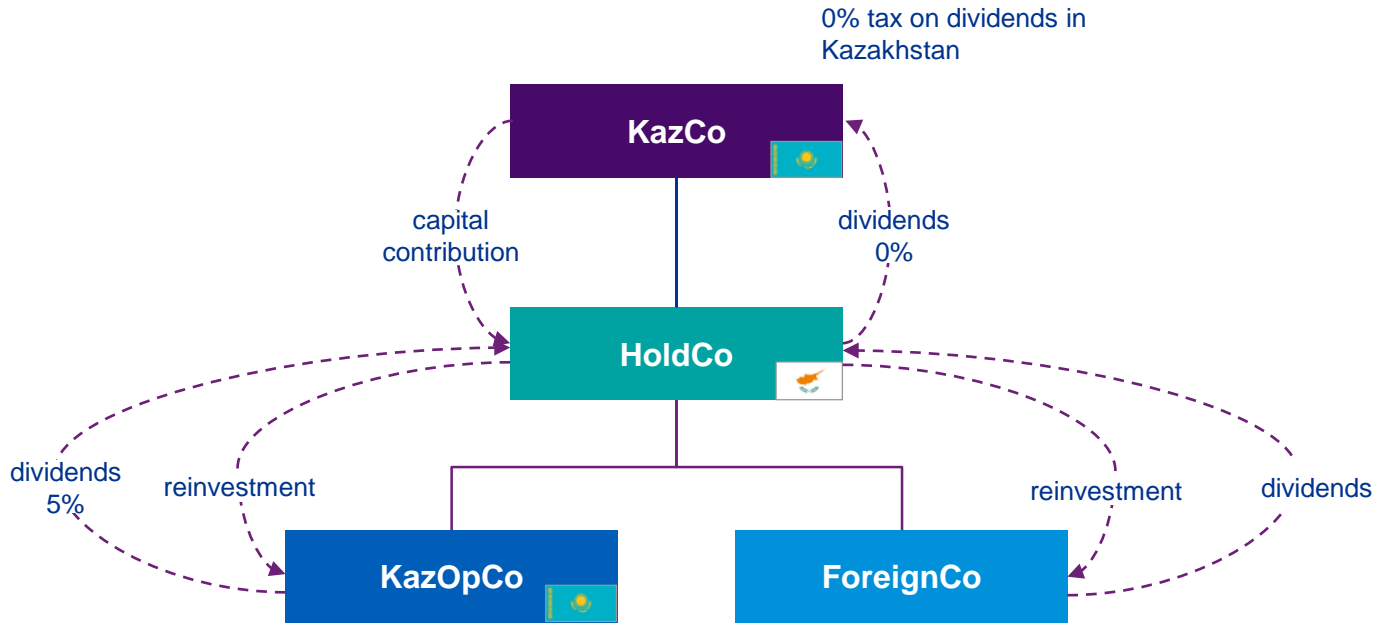
in Kazakhstan

- KazCo 1, 2 – operating subsidiaries



KZ transfer pricing rules apply to interest and royalty

Tax structuring opportunities (2/2)



- HoldCo might be a CFC
- but dividends distributed by KazOpCo can be excluded from CFC's taxable profits



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