

**Astana International Financial
Centre**

as of "22" December 2017
No. 48
Astana city



**State Revenue Committee of
Ministry of Finance of the
Republic of Kazakhstan**

as of "29" December 2017
No. 596
Astana city

JOINT ORDER

On Approval of the Rules concerning Tax Administration and Interaction of State Revenue Authorities with Bodies and Participants of the Astana International Financial Centre on Taxation Matters

We, the Governor of the Astana International Financial Centre and the Chairman of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, pursuant to clause 6 of article 9 of the Constitutional Statute of the Republic of Kazakhstan dated December 7, 2015 «About Astana International Financial Centre» DO HEREBY ORDER AS FOLLOWS:

1. To approve the attached Rules of On Approval of the Rules of Tax Administration and Interaction of State Revenue Authorities with Bodies and Participants of the "Astana" International Financial Centre on Taxation Matters.
2. To direct the Governor of the Astana International Financial Centre to undertake any other measures necessary to implement this Joint Order.
3. This Joint Order comes into force on the day of signing and publishing on the Astana International Financial Centre website.

**Governor of the Astana
International Financial
Centre
K. Kelimbetov**

**the Chairman of
the State Revenue
Committee of the Ministry
of Finance of the Republic
of Kazakhstan
A.Tengebayev**

Approved by
the Joint Order of
the Governor of the Astana
International Financial Centre
dated December 22, 2017 No. 48
and
the Chairman of the State Revenue Committee of
the Ministry of Finance of
the Republic of Kazakhstan
dated December 29, 2017 No. 596

**Rules
concerning Tax Administration and Interaction
of State Revenue Authorities with Bodies and Participants of the Astana
International Financial Centre
on Taxation Matters**

Chapter 1. General provisions

1. These Rules concerning Tax Administration and Interaction of State Revenue Authorities with Bodies and Participants of the Astana International Financial Centre (hereinafter – Centre) on Taxation Matters are developed in accordance with clause 9 of article 6 of the Constitutional Statute of the Republic of Kazakhstan dated December 7, 2015 «About Astana International Financial Centre» (hereinafter – the Constitutional Statute) and defines the following for the Bodies and Participants of the Centre:

- 1) specifics of an order of conducting tax accounting;
- 2) specifics of conducting cameral control and application of risk management system;
- 3) participation in horizontal monitoring;
- 4) specifics of conducting tax audits;
- 5) specifics of appealing the tax audit results;
- 6) specifics of termination of activities.

The tax legislation of the Republic of Kazakhstan is applied for the Bodies and Participants of the Centre except special aspects provided by the Constitutional Statute and these Rules.

2. The following definitions and abbreviations used in these Rules:

1) AIFC Expat Centre means a structural division /organization within the area of the Centre assisting in the delivery of public and other services to the Centre's Participants and foreign employees on "one-stop shop" principle;

2) Special provisions mean joint acts of the Centre's Bodies and State Revenue Authorities, developed in the pursuance of these Rules and regulating certain matters of tax administration and (or) interaction of State Revenue Authorities with the Centre's Bodies and Participants;

3) Taxpayer of the Centre means registered Centre's Participant who carries out activities in the Republic of Kazakhstan only within the area of the Centre.

3. Other special concepts and terms defined in the Code of the Republic of Kazakhstan dated December 25, 2017 «On taxes and other mandatory payments to the budget» (hereinafter – the Tax Code) used in these Rules are applied in the meaning which they are used in the Tax Code unless otherwise provided by the Constitutional Statute and (or) these Rules.

4. The concepts of civil and other spheres of the legislation of the Republic of Kazakhstan used in these Rules are applied in the meaning which they are used in these spheres of the legislation of the Republic of Kazakhstan unless otherwise provided by the Constitutional Statute and (or) these Rules.

5. The documents of the State Revenue Authorities sent to the taxpayer of the Centre shall additionally be made in English.

6. The taxpayer of the Centre has the right to:
personally participate in tax relations and (or) through a legal or authorized representative;

execute tax obligation upon tax forms submission provided by the Tax Code or these Rules in one of the following ways:

1) paper-based:

in an attendance order through the AIFC Expat Centre;

by registered mail with notification;

2) in electronic form.

Chapter 2. Specifics of an order of conducting tax accounting

7. The taxpayer of the Centre has the right to:
manage records including tax forms and submit necessary documents in English to the State Revenue Authorities;

maintain tax accounting in the functional currency defined in accounting, in case of its invariability during the tax period;

determine objects of taxation and those related to taxation and calculate taxes and other mandatory payments to the budget in the functional currency in case of its invariability during the tax period except for tax liabilities upon which, in accordance with the Tax Code, fixed rates in Tenge (KZT) are set, including the amount equal to the minimum accounting index. The last tax liabilities are calculated in the absolute amount in Tenge (KZT).

8. If the functional currency changes, since the first day of the tax period, the tax records of the previous tax period used upon determination of objects of taxation and

those related to taxation, calculation of taxes and other mandatory payments to the budget and absence in the accounting for the current tax period are recalculated in the functional currency of the current tax period at the market exchange rate determined on the last business day preceding the last calendar day preceding the tax period.

9. The taxpayer of the Centre pays taxes and other mandatory payments to the budget in Tenge (KZT).

If the taxpayer of the Centre, pursuant to clause 7 of these Rules calculates taxes and other mandatory payments to the budget in the functional currency other than Tenge (KZT), the amount of taxes and other mandatory payments to the budget payable is defined at the market exchange rate determined in the last business day preceding the date of transfer of taxes to the budget.

10. Centre's Participant applies tax accounting policy approved in one of the following ways (optional to the Centre's Participant):

1) independently by the Centre's Participant based upon requirements of the Tax Code;

2) by the Special Provision No.1 which provides for a tax accounting policy for the Centre's Participants generating revenues indicated in clause 3 of article 6 of the Constitutional Statute, and for Centre's Participant generating revenues indicated in clause 3 of article 6 of the Constitutional Statute.

11. Centre's Participant prepares tax registers for corporate income tax and value added tax in the forms approved by Special Provision No.2.

12. Centre's Participant generates tax reports on corporate income tax and value added tax in the forms and in the order approved by the Special Provision No.3.

Chapter 3. Specifics of conducting cameral control and application of risk management system;

13. In case of detection of high-risk breaches according to the cameral control results, the taxpayer of the Centre shall be notified on breaches elimination identified by the State Revenue Authorities on the results of cameral control, with an appendix describing the revealed breaches.

14. If the basis for notification is a judicial act, the taxpayer of the Centre has the right to apply to the State Revenue Authority that sent such notification, with a request for the provision of this judicial act. The State Revenue Authority is obliged to fulfill the request of the taxpayer of the Centre and submit judicial act, which was the basis for sending the notice, within five business days from the date of request receipt.

15. The State Revenue Authorities inform the taxpayer of the Centre about results of categorization by the risk levels within fifteen business days from the date of appropriation and (or) change of the risk category by sending a paper-based notice by registered letter with notification or electronically.

Chapter 4. Participation in horizontal monitoring

16. The taxpayer of the Centre is entitled to participate in horizontal monitoring. The taxpayer of the Centre independently determines the need for participation in horizontal monitoring.

17. The State Revenue Authority does not apply to the taxpayer of the Centre the categories of taxpayers with whom an agreement on horizontal monitoring established by the legislation of the Republic of Kazakhstan is concluded.

18. The form of the horizontal monitoring agreement established by the Tax Code, the procedure for concluding and terminating the horizontal monitoring agreement, and the procedure for horizontal monitoring are applied for the taxpayer of the Centre.

19. The taxpayer of the Centre is recognized to be a subject of horizontal monitoring for the tax periods within of which it was a party under the current horizontal monitoring agreement

Chapter 5. Specifics of conducting tax audits

20. The tax audit is not carried out for tax periods within of which the taxpayer of the Centre was recognized to be a subject of horizontal monitoring pursuant to clause 19 of these Rules, except:

counter inspections;

tax audits conducted at the request of the taxpayer of the Centre itself;

tax audits conducted on the basis provided by the Criminal Procedure Code of the Republic of Kazakhstan dated July 4, 2014, the Law of the Republic of Kazakhstan dated June 30, 2017 «About the Prosecutor's Office»; tax audits conducted due to the taxpayer of the Centre complaint on notification of audit results.

21. Provisions of clause 20, paragraph 1 of these Rules do not apply to the taxpayer of the Centre, which has a high-risk level according to risk management system.

22. Along with the cases provided in the Tax Code, the taxpayer of the Centre has the right to deny access to the territory and (or) premises of the taxpayer of the Centre for officials of State Revenue Authorities and other State authorities involved in the tax audit during the tax audit suspension period.

23. Prior to the preparation of tax audit act by the official of the State Revenue Authority, the taxpayer of the Centre is given a preliminary tax audit act. At the same time, the audited taxpayer of the Centre has the right to submit a written objection to the preliminary tax audit act.

The presentation of a tax audit to the taxpayer of the Centre, provision of a written objection to the preliminary act of tax audit, as well as consideration of such an objection shall be made in the manner and within the time limits provided by the Tax Code. The provisions of this clause apply to tax audits that result in accrual of taxes

and other mandatory payments to the budget, obligations for calculating, withholding, transferring mandatory pension contributions, mandatory professional pension contributions, calculating and paying social deductions, deductions and (or) contributions to compulsory social health insurance and fines, reduction of losses.

Chapter 6. Specifics of appealing the tax audit results

24. In case of appeal of notification on tax audit results by the taxpayer of the Centre, there is no restriction in the disposal of the property of the Centre's Taxpayer by the State Revenue Authority.

25. The provisions of clause 24 of these Rules do not apply to the taxpayer of the Centre having a high-risk level according to risk management system at the time of appeal of notification on tax audit results.

Chapter 7. Specifics of termination of activities

26. The taxpayer of the Centre being a subject of horizontal monitoring for the last five years, in case of a decision on voluntary liquidation has the right to apply the provisions of clauses 2, 3, 4, 5, 6, 7, 8, 9 and 10 of Article 60 of the Tax Code.

27. The provisions of this chapter shall not apply to the taxpayer of the Centre:

- 1) who has decided to pass the procedure for termination of activities in accordance with the procedure provided by the Tax Code;
- 2) having a high level of risk in the risk management system at the time of the decision to liquidate.

Chapter 8. Transitional provisions

28. To establish that the provisions of these Rules requiring the application of the relevant provisions of the Tax Code are subject to application after their entry into force.