



NewsFlash

Tax and Legal

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Dear Readers,

On 1 January 2021, the Tax Code amendments introduced a new special tax regime – retail tax regime – for entrepreneurs most affected by the coronavirus pandemic. In February 2021, the Government approved a list of activities qualifying for this regime. We offer you an overview of the new retail tax regime.

Retail Tax Regime

The retail tax regime may be applied by small and medium-size enterprises engaged in one or more types of activities approved by the Government as qualifying for this regime. The approved¹ list includes 114 types of activities from the most affected industries (retail, transportation, hotel and tourism, catering, entertainment, etc.). The list will be valid for two years from 1 January 2021 to 1 January 2023.

Under the special retail tax regime, legal entities calculate corporate income tax (individual entrepreneurs - individual income tax) at the rate of three percent of gross income determined under the statutory tax regime. This special procedure for calculating corporate or individual income tax does not apply to income taxes withheld at the source of payment.

In addition to income tax benefits, taxpayers applying the retail tax regime are exempt from social tax.

VAT payers are required to submit an application for VAT deregistration and VAT liquidation declaration at least five business days before the taxpayer starts working under the retail tax regime. A taxpayer operating under the retail tax regime is not subject to VAT registration for the entire period of the retail tax regime.

The tax period for the retail tax regime is a calendar quarter. The retail tax regime declaration is due by the 15th of the second month following the reporting quarter. The income tax is payable by the 25th of the second month following the reporting quarter.

A draft² order of the Minister of Finance approving the form of the retail tax declaration (form 913.00), the rules for the preparation of the declaration, as well as amendments to the form of notification of the applicable tax regime is under the approval process.

¹ Governmental Resolution No. 30 *On Types of Activities for the Purposes of Applying a Special Retail Tax Regime*, dated 2 February 2021

² Draft Order of the Minister of Finance of the Republic of Kazakhstan *On Amendments and Addenda to Certain Orders of the Ministry of Finance of the Republic of Kazakhstan*

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