



NewsFlash

Tax and Legal

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Dear Readers,

The Ministry of Foreign Affairs approved the Rules for Investment Tax Loan Agreements.¹ We offer you a brief overview of the procedure for the provision of investment tax loans established by the rules and the Tax Code.

Investment tax credit

An investment tax loan provides a taxpayer with an opportunity to defer corporate income tax and/or property tax payments for a period of up to three years and then repay the tax loan in equal installments.

Investment tax loans are granted for the period before the commissioning of investment objects to taxpayers having investment contracts providing investment preferences. If an investment work program stipulates the commissioning of two or more fixed assets, the investor may receive an investment tax loan for the period before the commissioning of the first fixed asset under the work program.

Investment tax loans are not granted to taxpayers:

- Operating under special tax regimes;
- Producing and/or selling alcohol, alcoholic or tobacco products;
- Operating in special economic zones;
- Implementing investment priority projects or operating under priority investment agreements;
- Operating under subsoil use agreements.

To apply for an investment tax loan, an investor submits to the state revenue authorities at the place of the registration a hard copy of an application with a copy of the investment contract and a draft tax payments schedule. After the consideration and in the absence of any outstanding tax obligations, the state revenue authorities send the documents to the state investment authorities (Investment Committee of the Ministry of Foreign Affairs of Kazakhstan).

The investment authorities issue the final decision on the approval of the investment tax loan. Upon the provision of an investment tax loan, the applicant and the investment authorities conclude an agreement on the investment tax loan in the established form.

¹ Order No. 11-1-4/106 of the Minister of Foreign Affairs of Kazakhstan On Approving the Rules for Concluding an Investment Tax Credit Agreement for Obtaining an Investment Tax Credit, dated 26 March 2021

The model investment tax loan agreement contains:

- The term of the loan;
- The tax payments schedule;
- The prohibition on a sale or a transfer of the investment property serving for the provision of investment tax loan;
- The parties liabilities.

If an investor violates the terms of the investment tax loan agreement, the agreement will be terminated. If a taxpayer violates the ban on a sale or a transfer of the investment property, the taxpayer will be obligated to pay all the outstanding taxes and interest penalties for the period of the agreement in the amount of 1.25 times the base rate of the National Bank as at the date of the payment.

The rules came into effect on 7 April 2021.

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