

TP Spotlight

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**New information system for submitting
transfer pricing Local File in Kazakhstan**

Tax consulting hotline:

+7 771 781 88 28



Dear readers!

We encourage to review the recent changes related to the implementation of a new information system – the "Integrated Tax Administration System" (ITAS) developed by the State Revenue Committee Ministry of finance of the Republic of Kazakhstan (SRC). This overview highlights the practical aspects of the system's application, its impact on businesses, and comments from SRC representatives.

What has changed?

As of December 25, 2024, the submission of Local Files has become available through the new information system for Kazakhstani taxpayers. The digital ITAS platform is now hosted within the updated Taxpayer's Cabinet. Under the adopted amendments, the electronic submission of the Local File is mandatory, and the use of ITAS is considered the primary and most preferred method of submission.

Implementation objectives

Until 2024, many companies faced difficulties in submitting Local Files due to the lack of a unified standard and limited awareness. The new system aims to:

- simplify and standardize submission processes, and reduce the administrative burden;
- increase transparency in submission and data processing, and improve interaction between businesses and tax authorities;
- align more closely with international tax administration standards.

Current facts

- despite the recent launch of the system, according to the SRC, over **17% of companies** required to submit Local Files for 2023 have already used ITAS. This demonstrates the adaptability of businesses to new conditions and the willingness to leverage modern technologies to optimize internal processes;
- more than **85% of companies that submitted reports through ITAS** noted that electronic submission significantly accelerated and simplified the submission process;
- however, **15% of taxpayers** encountered technical difficulties during registration in the updated Taxpayer's Cabinet;
- the processing and verification time has been **reduced by 40%** allowing tax authorities to analyze submitted data more quickly.



According to **Nurzhan Karabayev**, Deputy Head of the Transfer Pricing Department of the SRC, ITAS is already demonstrating its effectiveness despite the recent launch:



The implementation of ITAS is an important step in advancing digitalization, aimed at eliminating bureaucracy, speeding up processes, improving the quality of interaction with taxpayers, and meeting global requirements. Since the platform was launched at the end of December, many companies submitted their 2023 reports using previous methods. Nevertheless, companies that have already used the system highlighted its convenience. We plan to intensify our informational efforts in 2025 to help businesses adapt effectively to the new standards and ensure that 100% of taxpayers submit their reports through ITAS in the next reporting period.



What does this mean for businesses?

The implementation of ITAS creates both new opportunities and certain challenges for taxpayers:

01

Increased control by tax authorities

The use of digital technologies enables tax authorities to verify the accuracy of data more effectively and promptly identify taxpayers who fail to submit Local Files on time. This creates the conditions for more thorough monitoring and enforcement of compliance with transfer pricing legislation.

02

The need for businesses to adapt to new requirements

With increased control, companies face heightened risks, including additional audits and penalties. To mitigate these risks, it is important for businesses to adapt their internal processes, paying closer attention to the accuracy of Local File completion and adherence to submission deadlines.

03

Positive changes for the tax system

The digitalization of administration and alignment with international standards open up opportunities to create a more transparent and competitive environment in Kazakhstan.

In conclusion, the implementation of ITAS is a step towards increasing transparency and efficiency in the administration of transfer pricing. However, the success of using the system depends on the readiness of businesses to embrace changes and adapt their internal processes to new standards. If you have any questions on working with ITAS or need assistance with preparing Local File, KPMG specialists are ready to help.



Contacts



Gaukhar Mukasheva

Director
Tax Department
Transfer Pricing Group
E: GMukasheva@kpmg.kz



Aisulu Baisengirova

Manager
Tax Department
Transfer Pricing Group
E: ABaisengirova@kpmg.kz



kpmg.kz

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