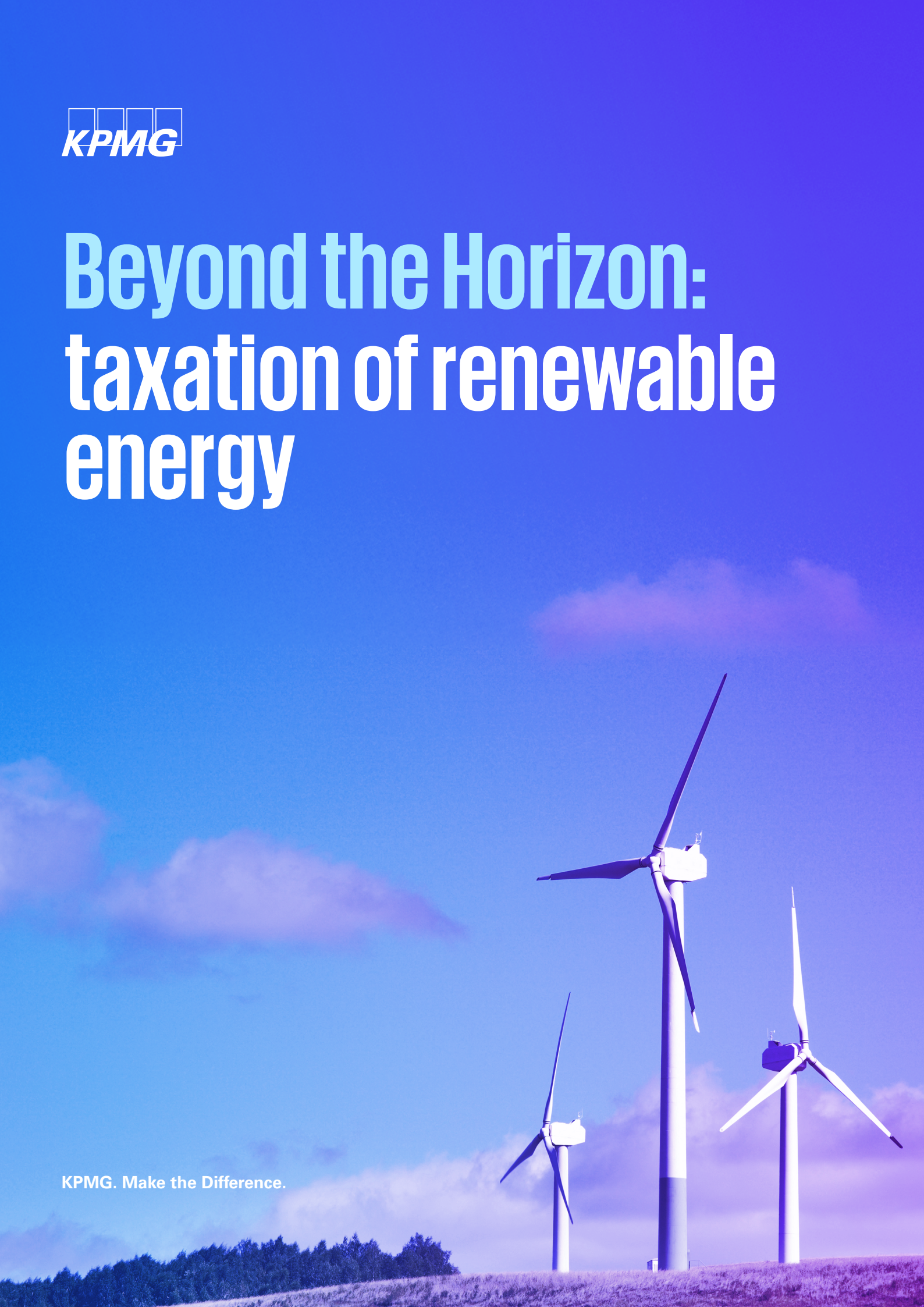




Beyond the Horizon: taxation of renewable energy

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Introduction

We are pleased to present the Kazakhstan chapter of the fourth edition of the global report *“Taxation of Renewable Energy – 2025”*, prepared by KPMG. This year, the report has been expanded to cover not only wind energy but also other areas of renewable energy — including solar, geothermal, and hydropower.

Kazakhstan, with its unique natural potential — from wind plateaus to vast solar zones — is making steady progress toward sustainable energy. At the same time, the country has not yet introduced specific tax regimes for producers of “green” energy, except for certain investment projects approved by the government. This sets Kazakhstan apart from a number of countries that actively apply tax incentives (such as accelerated depreciation, corporate income tax benefits, and VAT exemptions). The exception applies to investment projects approved by the Investment Committee under the Ministry of National Economy of the

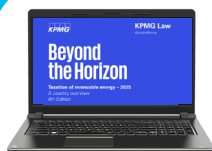
Republic of Kazakhstan.

According to forecasts by the International Energy Agency (IEA), global solar power generation is expected to triple by 2030, while wind power generation is projected to double.

Kazakhstan is also aiming to contribute: the number of renewable energy facilities is growing, investment conditions are being established, and the regulatory framework is gradually developing. Nonetheless, there remains potential for further improvement of tax policy to stimulate the sector.

This report provides a brief overview of the existing tax environment in Kazakhstan as it relates to renewable energy production. We thank all experts and colleagues who contributed to the preparation of this material.

The Kazakhstan team contributed to the preparation of KPMG’s global report on the taxation of wind power.



You can access the full report here:
[Taxation of Renewable Energy – An International Survey.](#)

Kazakhstan

Corporate income tax



The corporate income tax rate payable by most legal entities is 20% of taxable income. Various small companies may qualify for special tax regimes specifying lower tax rates.

The taxable income is measured as gross income less expenses connected with the generation of income. Interest expense, entertainment expenses, and certain other expenses are deductible only within established limits.

Besides deducting expenses, legal entities may carry operating losses forward for up to ten years for offset against income of future periods.

In addition to corporate income tax, a permanent

establishment of a foreign legal entity is subject to branch profits tax equal to 15% of its net after-tax income. This results in an effective tax rate of 32% for permanent establish companies.

Kazakhstan has no special provisions in the Tax Code that would separately regulate the taxation of wind and solar farms as well as for hydroelectric power, except when they are executing an investment project under an investment agreement signed with the government of Kazakhstan.

Depreciation

Depreciation expenses may be deducted for corporate income tax calculation purposes.

Depreciation rates for each category are as follows:

10%

Buildings and structures (excluding oil and gas wells and transmission facilities)

15%

Fixed assets not included in other categories (including oil and gas wells, transmission facilities, oil and gas production machinery and equipment)

25%

Machinery and equipment (excluding oil and gas production machinery and equipment, and computers and information processing equipment)

40%

Computers, software, and information processing equipment

For tax purposes in Kazakhstan, wind power turbines or wind power generators should be classified as machinery and equipment, whereas wind turbine towers should be categorized as structures.



Value added tax

Registration as a VAT payer is required for all individuals and companies that conduct business activities in Kazakhstan and have cumulative taxable revenues more than 30 000 times monthly index factor (MIF) during a calendar year *(starting from January 1, 2026, the threshold will be reduced to 10,000 times the MIF)*.

The standard VAT rate is 12% and applies to revenues

derived from the sale of goods or services within Kazakhstan and to the importation of goods into Kazakhstan *(starting from January 1, 2026, the VAT rate will be increased to 16%)*.

0% VAT applies to exports of goods from Kazakhstan and to international transport services.

Certain activities are specifically exempt from VAT. The list of exempt activities includes among others:



sale and lease of land and land use rights (except for land used for parking passenger vehicles)



financial and insurance services (certain exemptions will be partially removed starting from January 1, 2026)



medical services (certain exemptions will be partially removed starting from January 1, 2026)

However, the legislation does not provide VAT exemption for energy producing organizations engaged in the production and sale of electricity using wind power plants.



Other taxes

Land Tax

Entities that own or use a land parcel are required to pay a land tax. The tax rate depends on the quality score assigned to the land by the governmental authorities and is established in the form of annual fixed payments per unit of land area.

Property Tax

Entities owning or using buildings, structures, dwellings, premises and other structures firmly fixed on the ground must pay property tax on such assets. The property tax rate payable by most legal entities in Kazakhstan is 1.5% of the average annual book value of the taxable assets. Property tax applies regardless of whether profit is derived from the use of the assets.

As mentioned earlier, wind power turbines or wind power generators are classified as equipment and consequently should not be considered for property tax calculation purposes. However, wind turbine towers should be recognized as structures and should be considered for property tax calculation purposes.

Vehicle Tax

Entities that own or use vehicles registered in Kazakhstan are subject to an annual vehicle tax. The tax rate depends on the vehicle's engine volume and the type of vehicle.

Special regulations

Investment project

The following incentives are granted for investments in priority sectors of the economy on the basis of an investment contract concluded between the investor and the state.

- Exemption from customs duties and VAT for import.
- Exemption from corporate income tax (up to 10 years), land tax (up to 10 years) and property tax (up to 8 years).

- Reimbursement of up to 30% of the actual investments in fixed assets.
- Stability of tax legislation.

The list of priority sectors of the economy currently includes industrial infrastructure, processing industries, housing construction, the social sphere (education, medical, sports and entertainment facilities), tourism, communication, production of nuclear materials and agriculture.

Thus, in accordance with the legislation of the Republic of Kazakhstan, energy producing organizations engaged in the production of electricity through wind power plants, solar power plants, hydroelectric power plants and implementing investment projects may benefit from above tax incentives and preferences.

Guaranteed Renewable Energy Purchase

In Kazakhstan, the Single Electricity Purchase System supports renewable energy producers by allowing them to sell their electricity to a centralized buyer, the Financial Settlement Center for Renewable Energy.

This system offers:



fixed tariffs and long-term power purchase agreements (PPAs), ensuring stable revenue and reducing market risks.

It simplifies grid integration and helps Kazakhstan achieve its renewable energy targets by providing a predictable and secure market for wind and other renewable energy sources.



Contributors Tax&Legal

KPMG Kazakhstan:



Alven Uzykanov

Director
Tax&Legal
KPMG Kazakhstan
E: auzykanov@kpmg.kz



Yerkanat Konyrov

Senior Manager
Tax&Legal
KPMG Kazakhstan
E: ykonyrov@kpmg.kz



Nuraiym Mukhamejan

Consultant
Tax&Legal
KPMG Kazakhstan
E: nmukhamejan@kpmg.kz



kpmg.kz

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