



Personal income tax return filing requirements for foreigners

People Advisory Services (PAS)

In view of the development and introduction of new control methods, the tax authorities will be more focused on personal tax filing obligations of individuals in Kazakhstan. In this regard, it is crucial to pay special attention to tax compliance requirements.

According to Kazakhstan tax legislation, one's obligation to submit a personal income tax return depends on:

- Tax residency status
- Type of income/property.

Kazakhstan tax residency status is established in case the individual spends more than 183 days in Kazakhstan in a consecutive 12-month period ending in the respective tax year*.

Individuals who are Kazakhstan tax residents must file a personal income tax return if they have any of the below:**

- Income derived in Kazakhstan not subject to taxation at the source of payment (e.g. rental income, capital gains, income from trading of securities, etc.);
- Income derived outside Kazakhstan (e.g. foreign rental income, foreign capital gains, dividends, rewards, etc.).

Controlled foreign companies

- Special attention should be paid by individual tax residents who directly, indirectly or constructively control non-resident legal entities and/or other types of organizations. In particular situations, part of such income should be included in the taxable income of a Kazakhstan tax resident.

Deadlines:

- Tax return filing deadline: 31 March of the year following the reporting year;
- Tax payment deadline: 10 April of the year following the reporting year;
- The deadline may be extended by 30 calendar days if an individual files the respective application electronically.

* Different rules for determining tax residency status apply in case a ratified Double Tax Treaty exists.

** Kazakhstan citizens, oralmans and holders of Kazakhstan residency permits have extended filing obligations (foreign assets reporting).

Methods of monitoring:

The tax authorities are introducing new methods for tax audits of individuals.
For example, Kazakhstan has signed:

- ▶ The Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information
- ▶ The Convention on Mutual Administrative Assistance in Tax Matters (the Strasbourg Convention)
- ▶ Several bilateral agreements on the exchange of information on tax issues as well as agreements on cooperation and mutual assistance on compliance with tax legislation (covering Russian Federation, Azerbaijan, Belarus, Kyrgyzstan, Italy, Hungary, Lithuania, USA, Ukraine, Moldova, Tajikistan, Armenia and Georgia), which allow the mutual exchange of information upon request.

Administrative sanctions:

Concealment of taxable income:

- ▶ 200% - 300% of taxes on concealed taxable income.

Late filing of a tax return:

- ▶ warning / 15 MCIs*** (USD 100)

Criminal liability:

Failure to pay taxes and (or) other obligatory payments to the budget (of more than 20,000 MCIs*** (USD 130,000)):

- ▶ A fine of up to 3,000 MCIs*** (USD 20,000), or
- ▶ Correctional labor of the same value, or
- ▶ Community service for up to 800 hours, or
- ▶ Restricted freedom for up to 3 years, or
- ▶ Imprisonment for up to 3 years

Contacts

Our team of experts will be glad to provide you with our professional assistance in analyzing tax obligations in Kazakhstan and preparing personal income tax returns.



Vladimir Fesenko

Partner,
People Advisory Services
Tel.: +7 727 258 5960
vladimir.fesenko@kz.ey.com



Diana Kuleshova

Assistant Manager,
People Advisory Services
Tel.: +7 727 258 5960
diana.kuleshova@kz.ey.com



Almira Abraimova

Director,
People Advisory Services
Tel.: +7 727 258 5960
almira.abraimova@kz.ey.com

EY

Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com.

EY works together with companies across the CIS and assists them in realizing their business goals. 5,500 professionals work at 19 CIS offices (in Moscow, Ekaterinburg, Kazan, Krasnodar, Novosibirsk, Rostov-on-Don, St. Petersburg, Togliatti, Vladivostok, Almaty, Atyrau, Nur-Sultan, Baku, Bishkek, Kyiv, Minsk, Tashkent, Tbilisi, Yerevan).

© 2021 Ernst & Young Kazakhstan LLP.
All Rights Reserved.

ED None.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global EY organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

ey.com/kz

*** Monthly calculation index (MCI), established by the Law On the republican budget for the respective year.