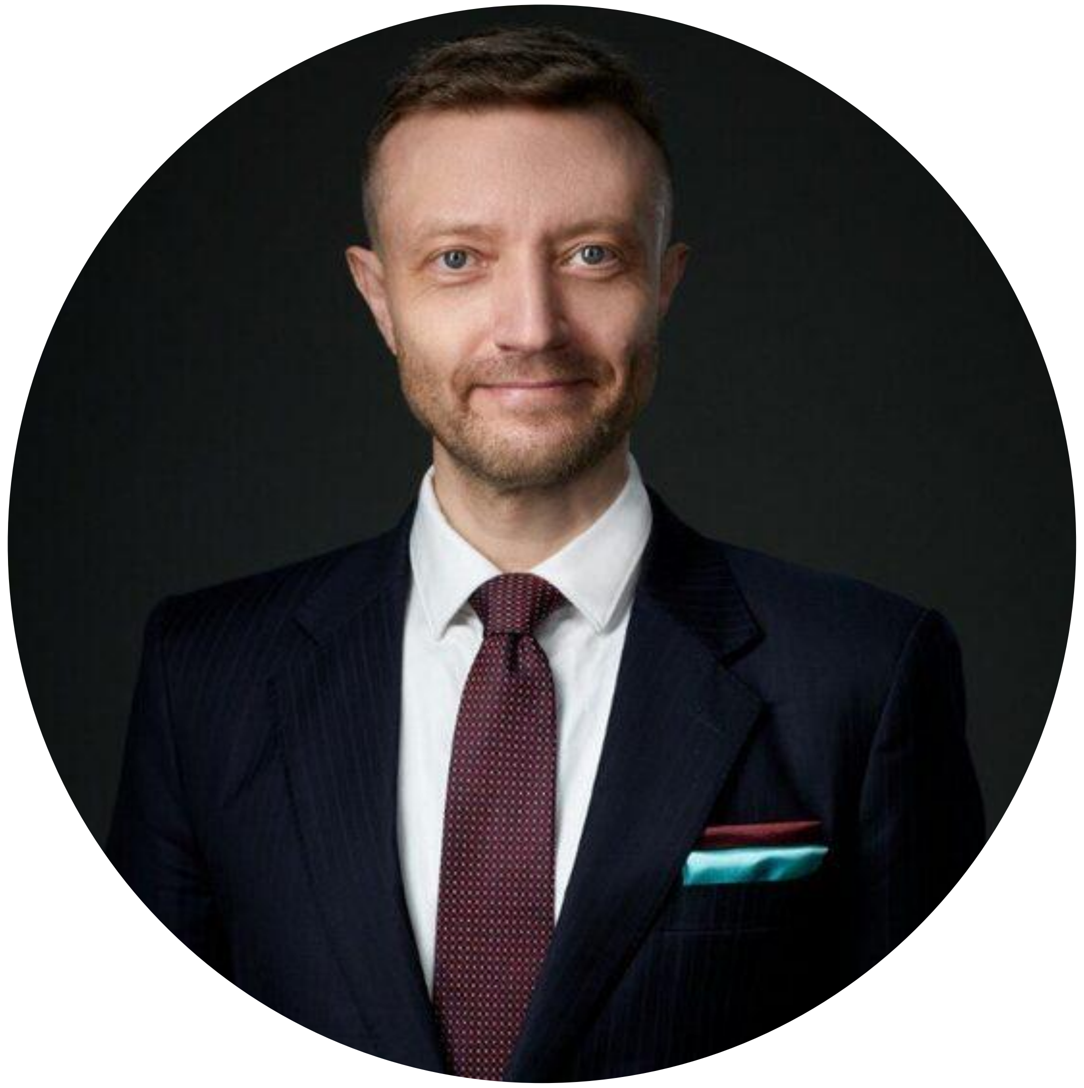
Tax Planning for International Investors in Kazakhstan

BASIC PRINCIPLES AND THREE PRACTICAL CASES

9 JULY 2026

GLOBAL AIM

About the Speaker



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Experience: 20+ years, including at ‘Big Four’ firms

Areas of focus:

- international tax and restructuring
- tax planning
- taxation in the CIS region, the EU, the GCC countries

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1 Key 2026 Tax Changes

TAX RATES AND CHANGES RELEVANT TO INTERNATIONAL INVESTORS

Tax Rates

VAT

Value Added Tax

Registration threshold halved: 20,000 → 10,000 MCI (≈ 43 mln ₸)

12% → **16%**

PIT

Personal Income Tax

Progressive scale: 15% on income above 8,500 MCI per year (≈ 37 mln ₸)

10% → **10/15%**

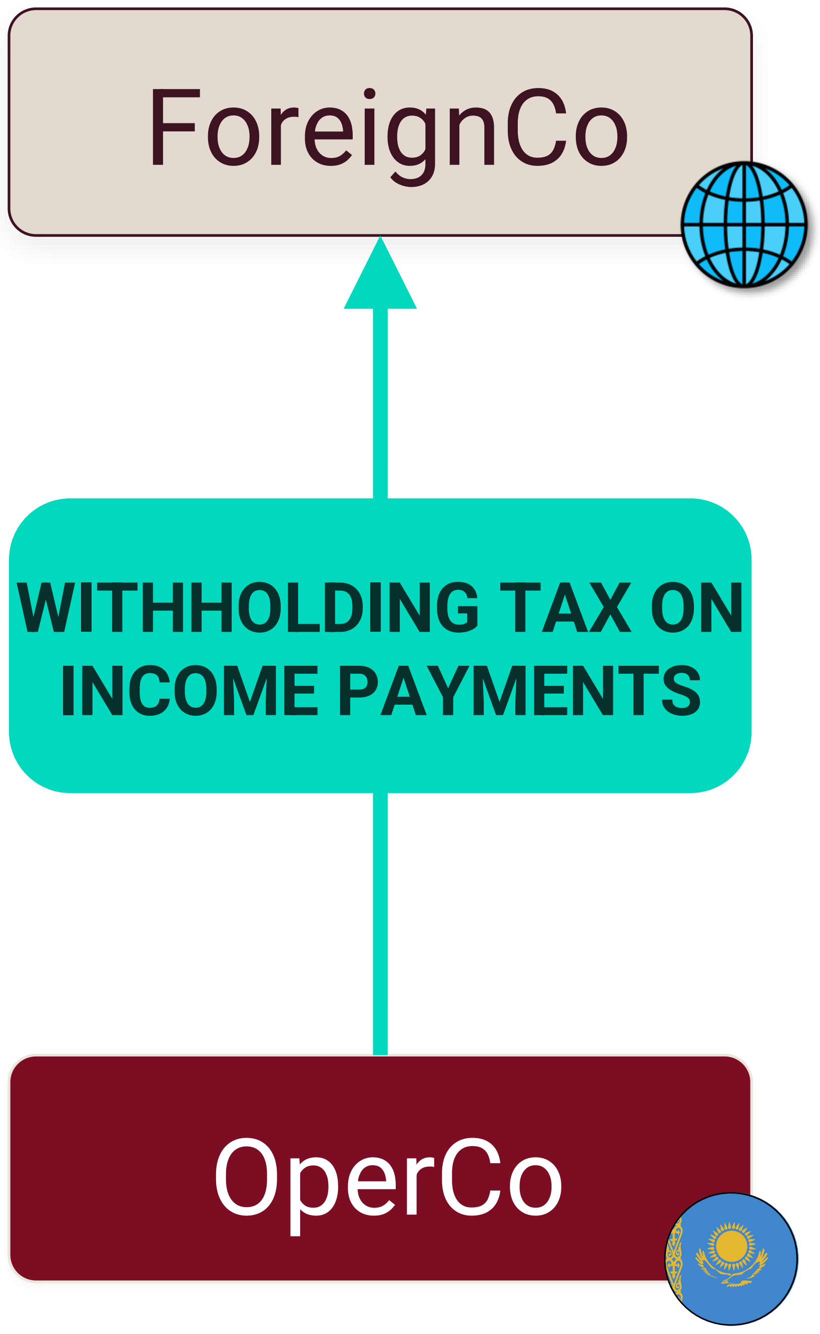
CIT

Corporate Income Tax

Base rate unchanged · banks & gambling 25% · agri-sector 3%

20% → **20%**

Tax Rules for International Structures



UNCHANGED · 2025–2026

TYPE OF INCOME	RATE
Dividends	15%
Interest	15%
Royalties	15%
Capital gains	15%
Services	20%
Blacklist	20%

PREFERENTIAL RATES APPLY

Key Tax Trends

Tax rates are rising

In general, rates are rising or kept unchanged, while thresholds for tax reliefs are being lowered

More details – in the Global Aim review

We have prepared an overview of Kazakhstan's tax changes – available at the link

2 Three Practical Cases

BASED ON TAX CASE LAW

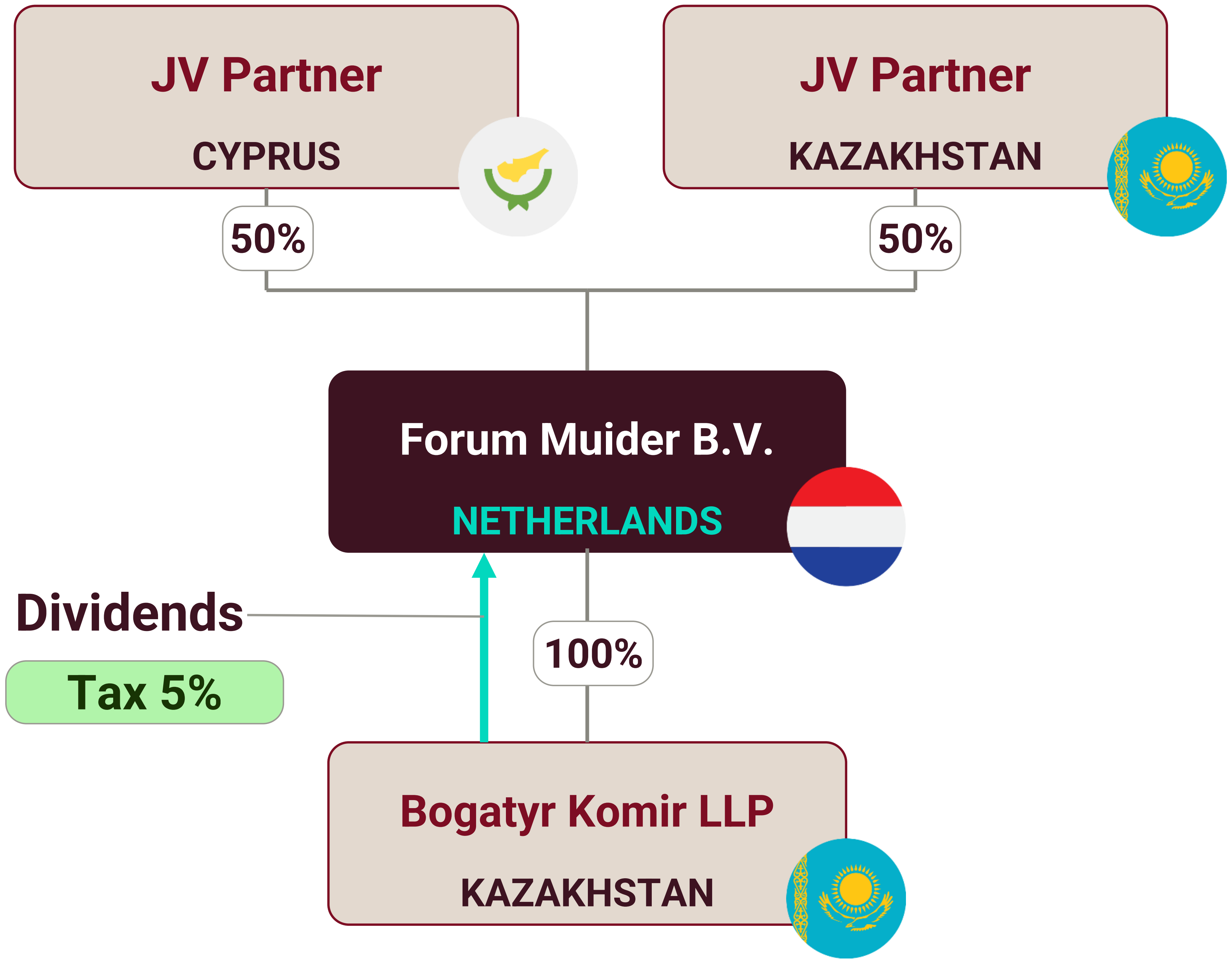
Three Practical Cases

1 Beneficial Ownership of Income

2 Foreign Company With a Branch

3 Taxation in an M&A Deal

Case No.1: Beneficial Ownership of Income

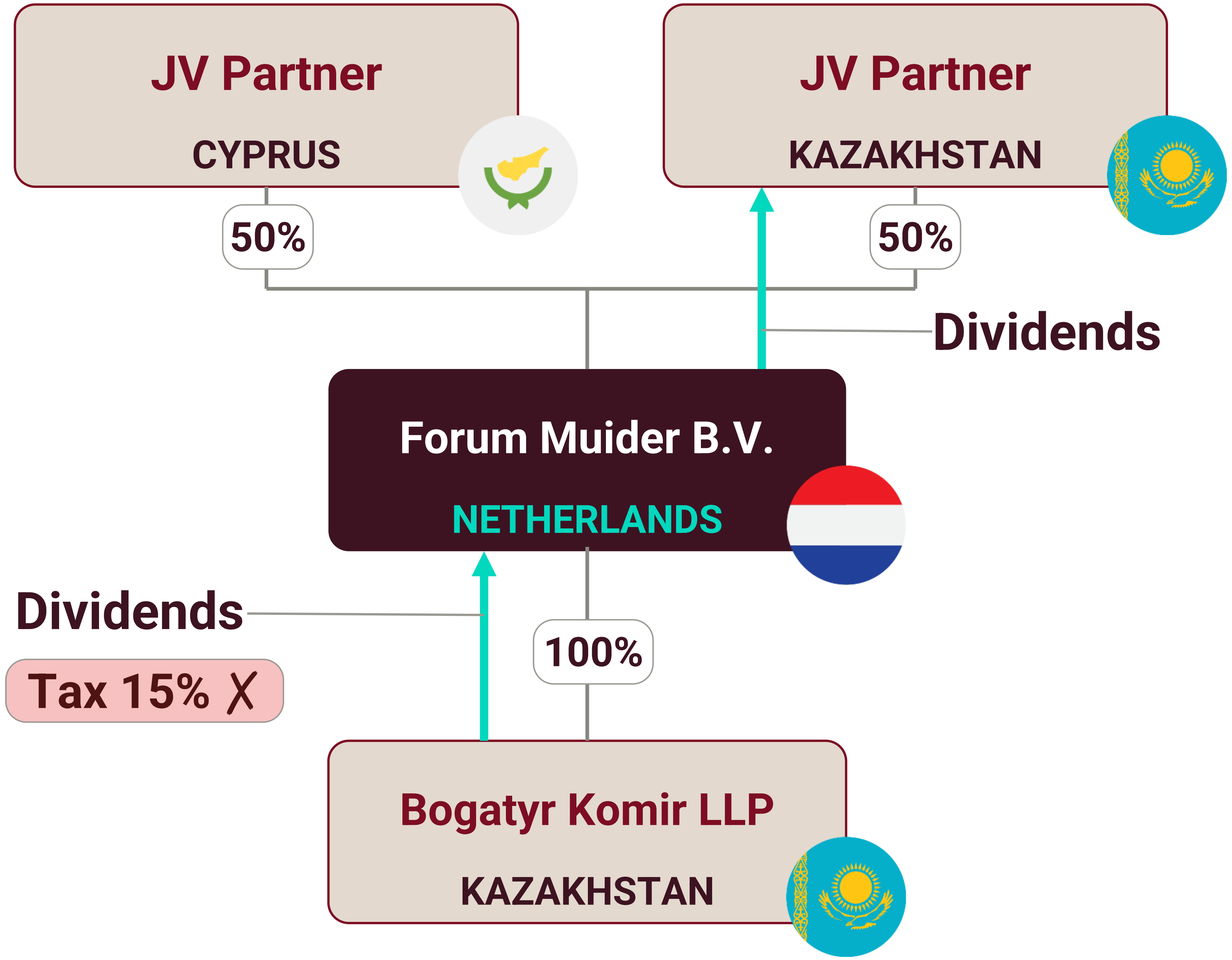


1 Dividend distribution

In 2020, Bogatyr Komir LLP paid dividends to its sole shareholder – Forum Muider B.V. in the Netherlands.

The company applied the Kazakhstan–Netherlands tax treaty benefit: a **5%** rate instead of the standard **15%** under Kazakhstan's domestic law.

Case No.1: Beneficial Ownership of Income

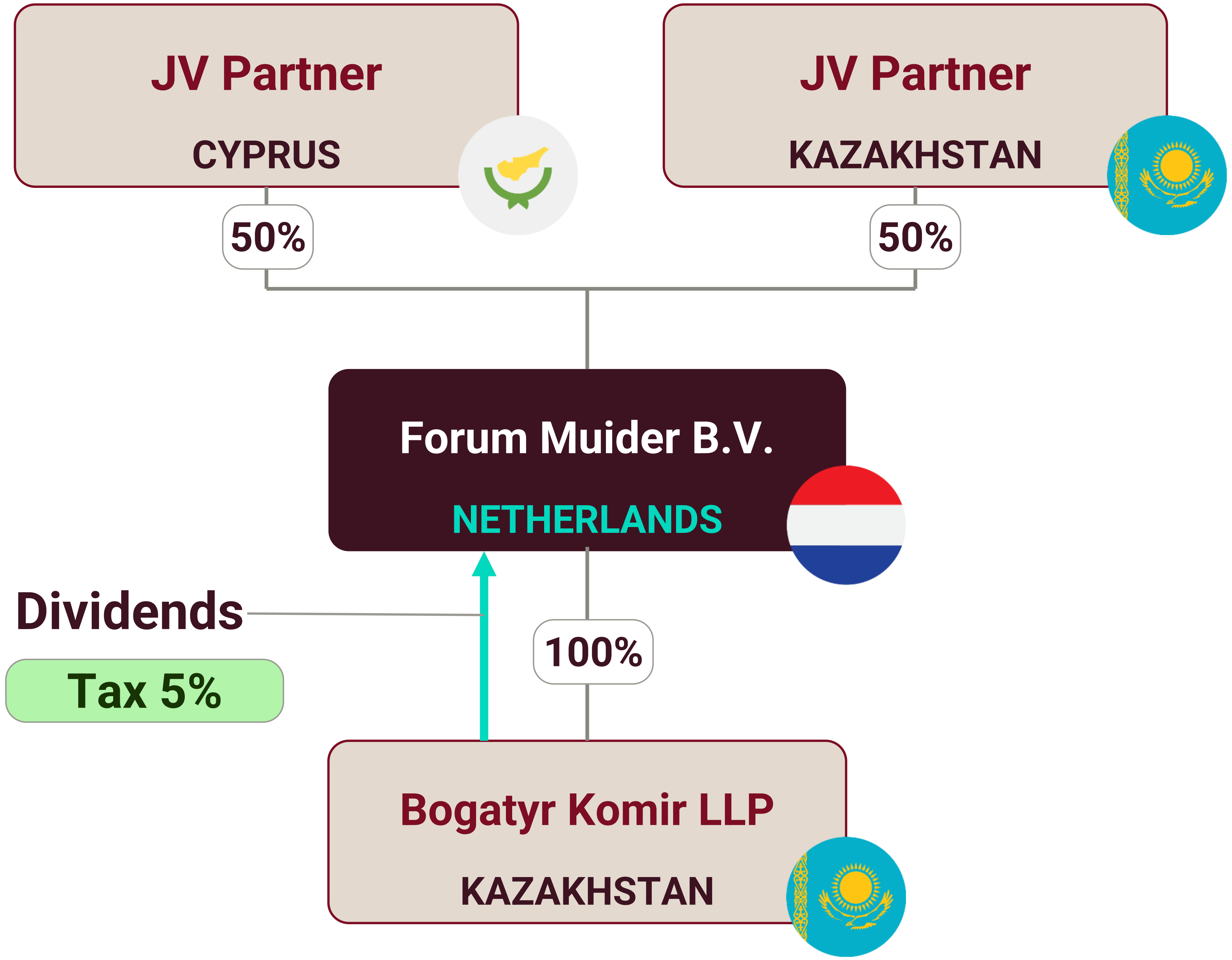


2 The challenge

On audit, the tax authority reassesses at 15% – is Forum Muider really the beneficial owner of the dividends? It argues not given that:

- no employees, only a holding company;
- its directors work for the ultimate owners;
- the dividends are passed on.

Case No.1: Beneficial Ownership of Income



3 The verdict

The outcome of the case shifted during the proceedings: the first instance sided with the taxpayer, the appeal reversed it (Forum Muider seen as a formal owner only), and the cassation court sent it back.

On re-examination the appeal found the directors act independently – so Forum Muider is the beneficial owner, and **the 5% rate stands**.

In favour of the taxpayer: 5% rate upheld

Ruling of the Pavlodar Regional Court No. 5599-25-00-4a/307, 12 February 2026.

Key Takeaways from this Case

BENEFITS DO NOT APPLY TO INTERMEDIARIES

Tax treaty benefits do not extend to companies acting as formal intermediaries.

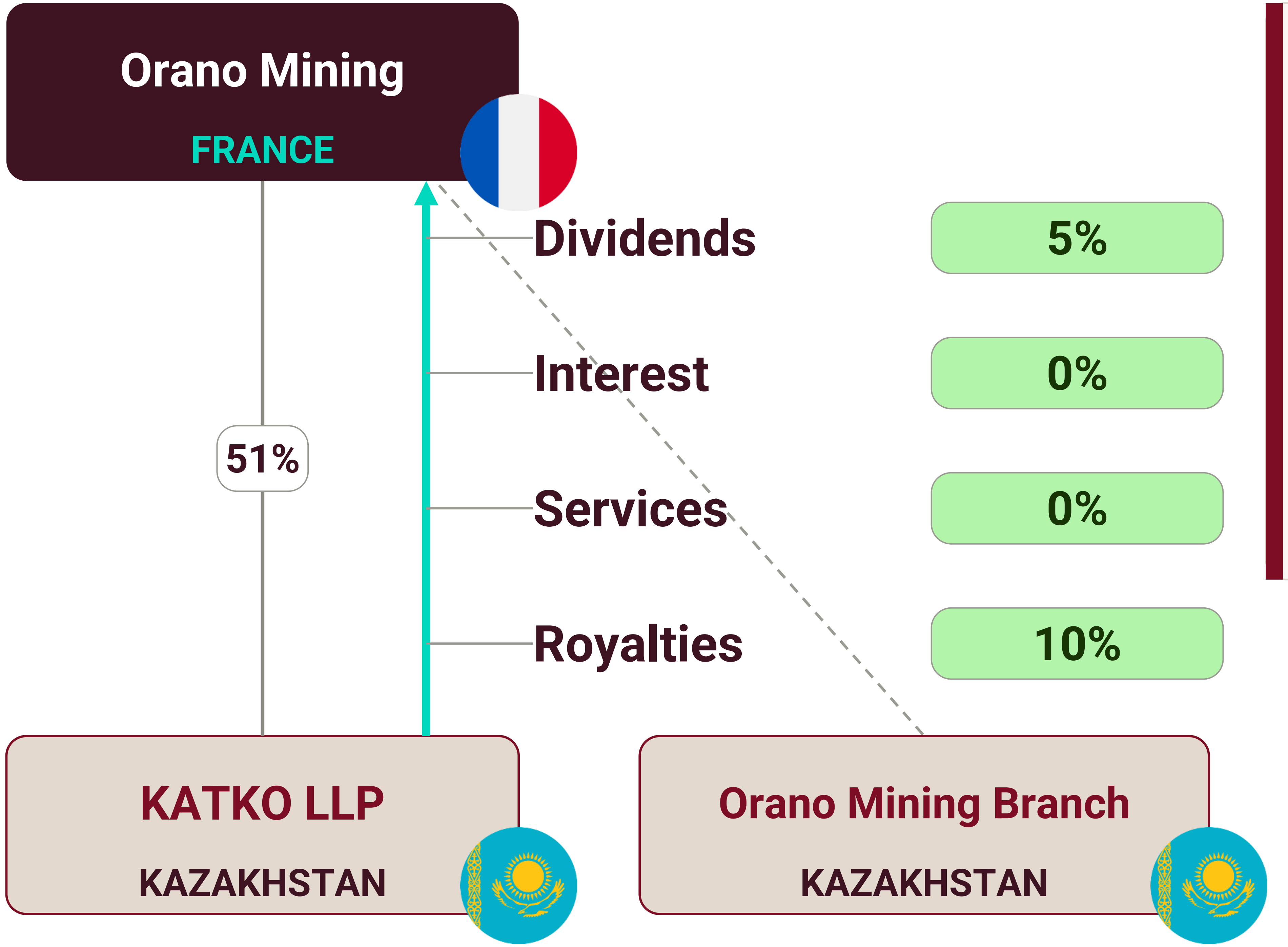
MULTIPLE FACTORS MATTER

The ultimate 'fate' of the income (including the 'pass-through' nature of the cash flows) matters greatly, but is not the only factor. Other circumstances also count: the legal right to dispose of the income, the nature of the recipient's activity, the presence of employees, etc.

STRESS-TEST YOUR STRUCTURES

Review your international structures – not only those distributing dividends – to test how robust their withholding-tax treaty position really is.

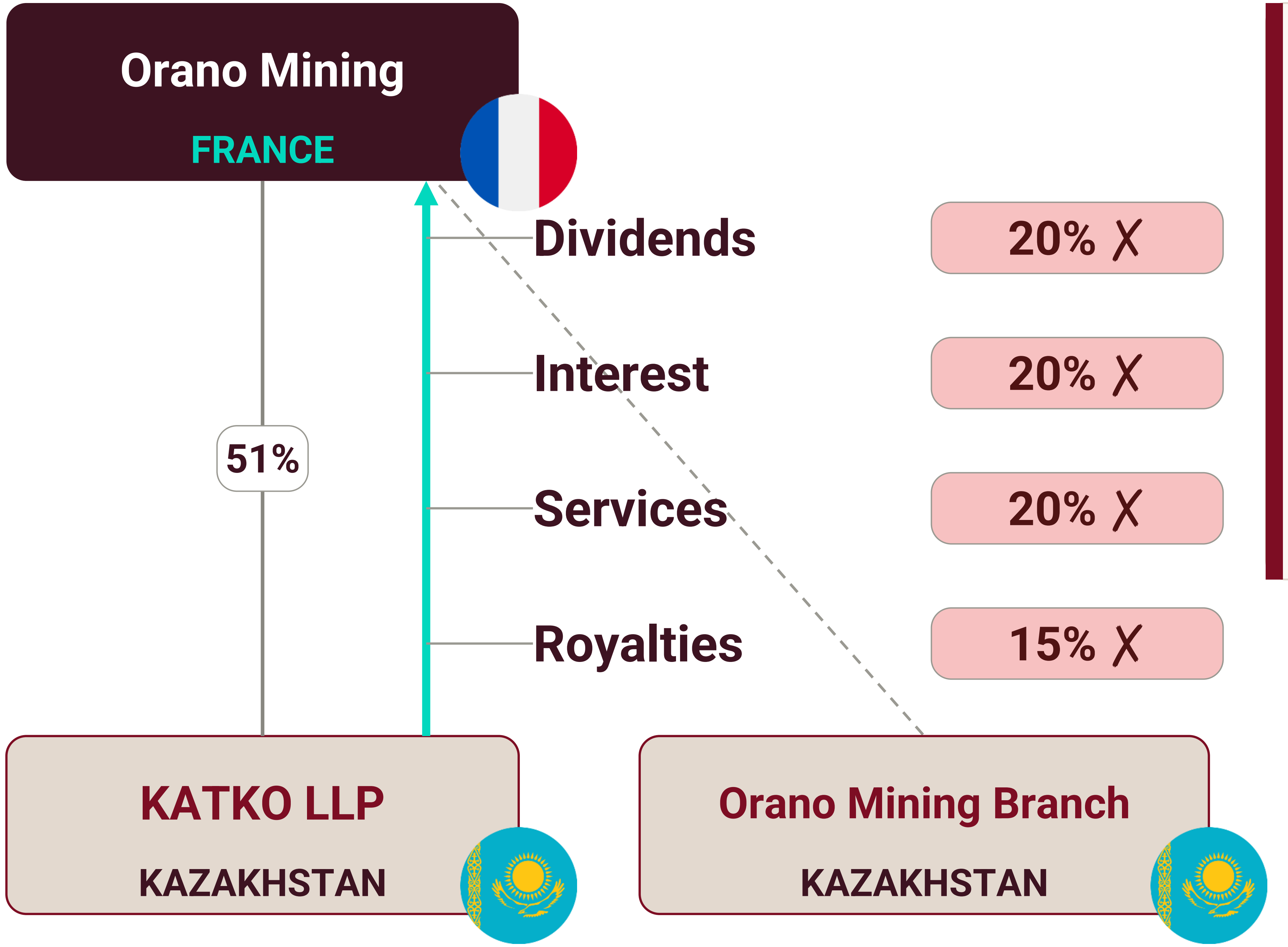
Case No.2: Foreign Company With a Branch



1 Payments to the shareholder

In 2014–2018, KATKO LLP paid its French parent Orano Mining dividends, interest, service fees and royalties. Treaty benefits were applied – **0% on services and interest, 5% on dividends, 10% on royalties**.

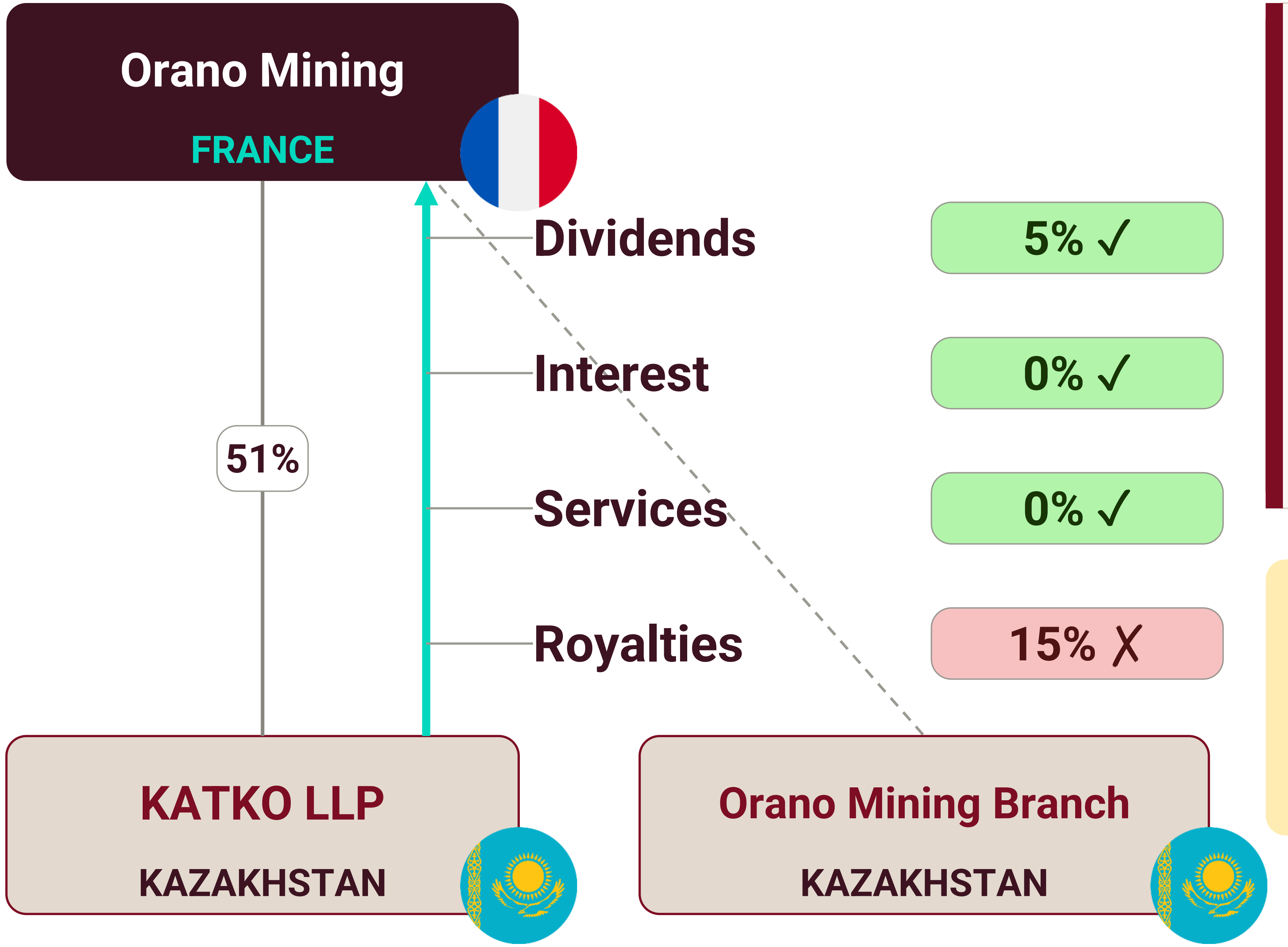
Case No.2: Foreign Company With a Branch



2 The challenge

On audit, the tax authority argued the treaty could not apply because Orano Mining has a **branch (permanent establishment) in Kazakhstan** – and reassessed everything: **20% on most income, 15% on royalties**.

Case No.2: Foreign Company With a Branch



3 The verdict

The Supreme Court sided with the company on **three of the four income types**: the branch had no production staff and the payments did not relate to it. Only on **royalties** did the tax authority win.

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Mostly in favour of the taxpayer: 3 of 4 benefits upheld

Ruling of the Supreme Court of Kazakhstan No. 6001-22-00-6ap/2368, 24 April 2023.

Key Takeaways from this Case

KEY RISK

A foreign company having a branch in Kazakhstan may formally prevent tax treaty benefits from applying to income paid to that company.

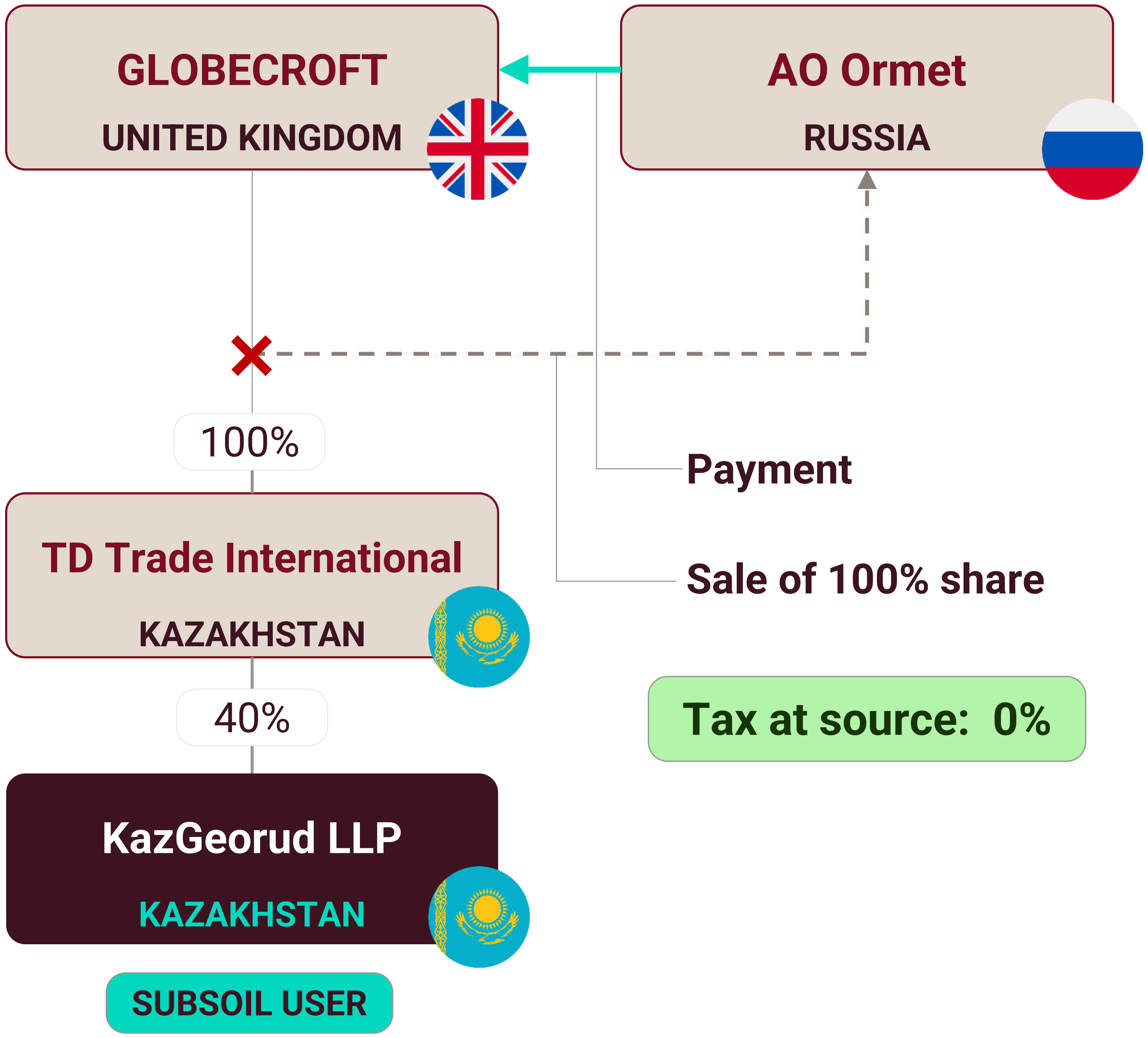
POSITIVE OUTCOME

Nevertheless, there are favourable precedents where courts confirm that withholding-tax benefits apply to payments not attributable to the branch.

REVIEW YOUR STRUCTURES

Attention should be paid to tax treaty benefits in structures where Kazakhstani-sourced income is received by foreign companies with Kazakhstani branches. Income attribution analysis may be necessary.

Case No.3: Taxation in an M&A Deal



1 The deal

In 2021 GLOBECROFT (UK) sold its 100% stake in a Kazakh company, TD Trade, to AO Ormet (Russia) for a gain of about **$50m**. TD Trade's only asset was a 40% interest in the subsoil user KazGeorud. As tax agent, Ormet filed a **0% return** under the Kazakhstan–UK treaty.

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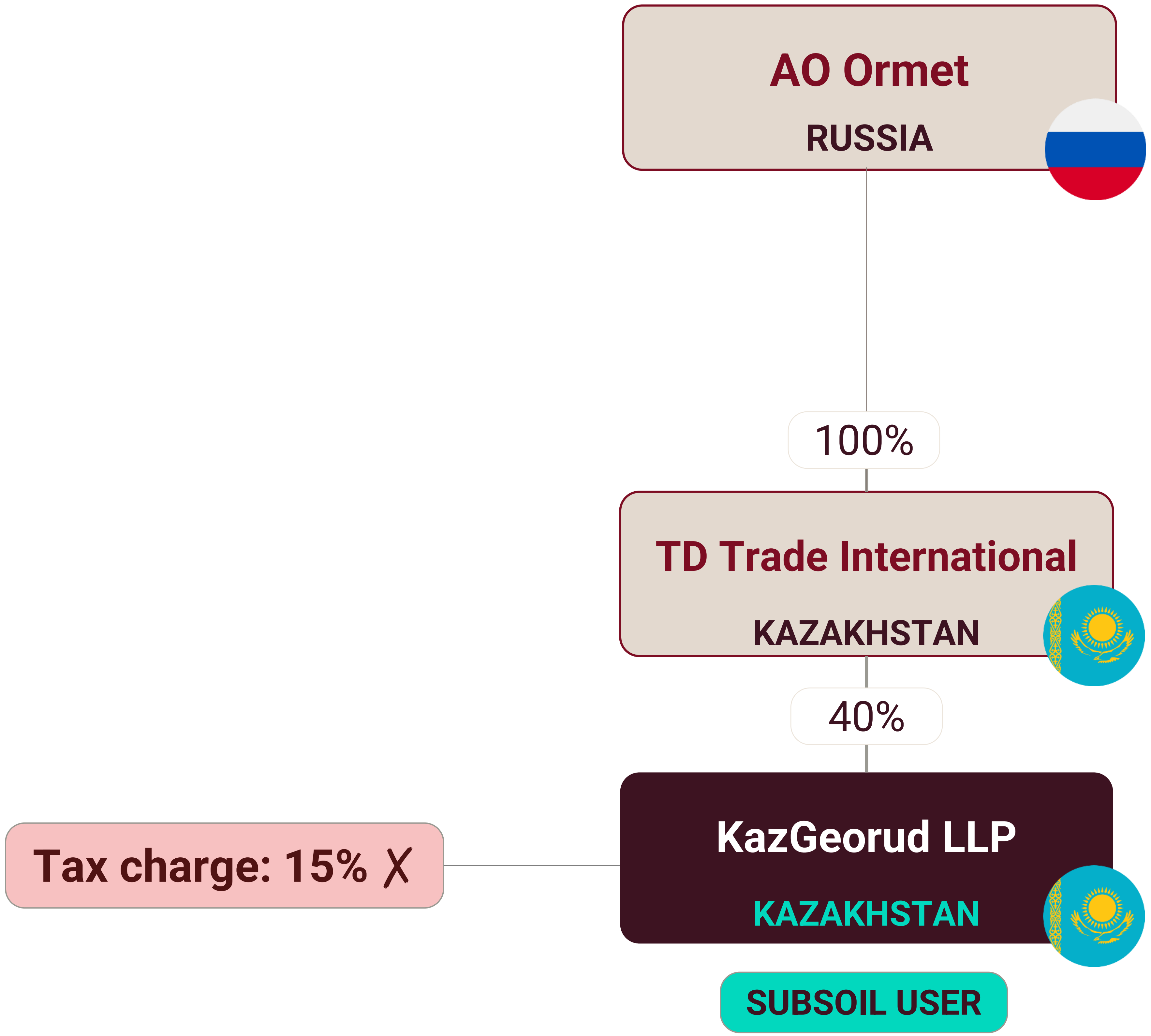
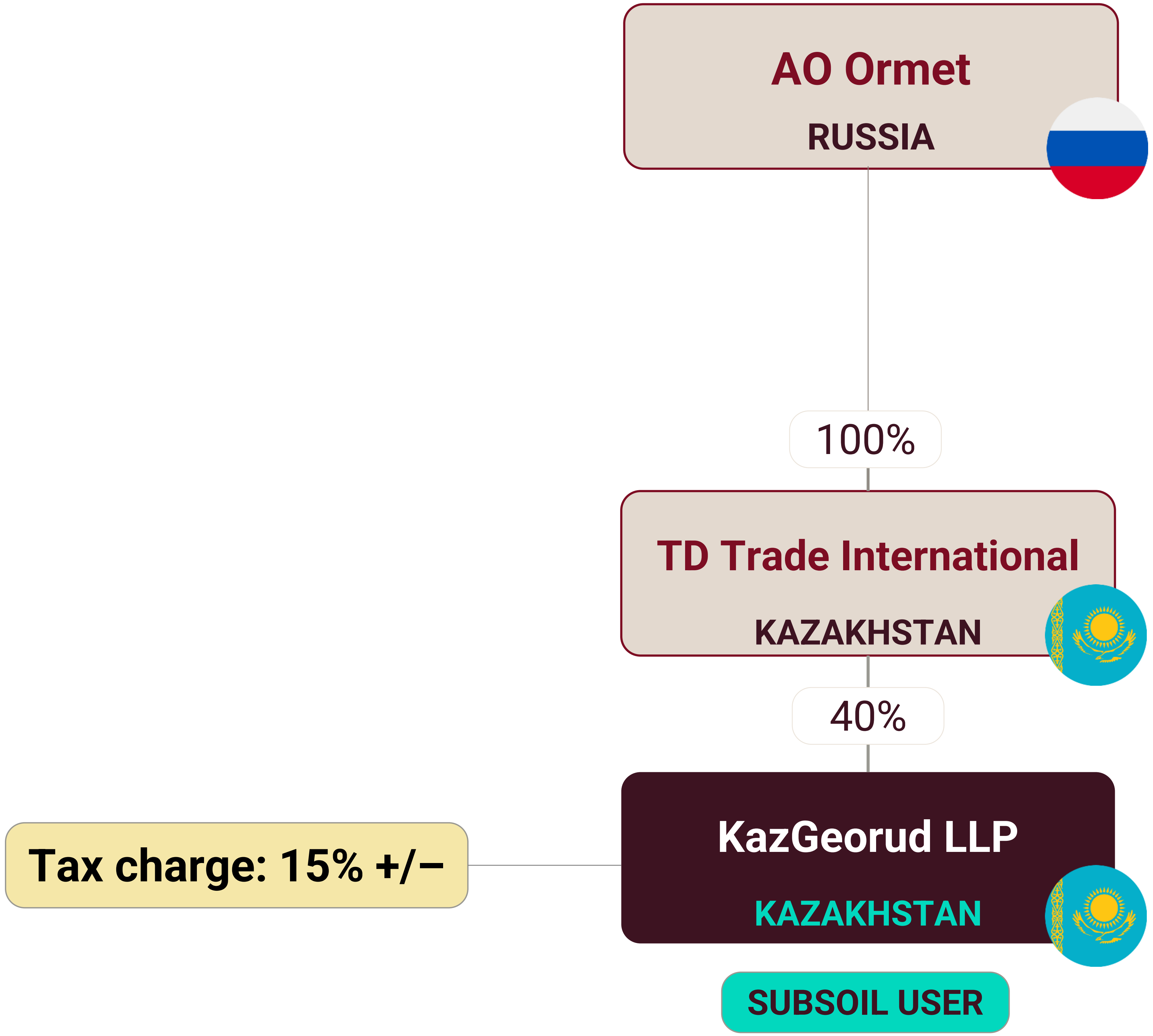


2 The challenge

The tax authority rejected the 0% rate: a gain on selling a company whose value is essentially a **subsoil user** is taxable in Kazakhstan at **15%**. As neither Ormet nor GLOBECROFT paid, the liability was shifted to the subsoil user, **KazGeorud**.

Case No.3: Taxation in an M&A Deal



3

The verdict

The Supreme Court agreed on the merits: the value came from subsoil property and the stake was held under three years, so the gain **is taxable**. But the audit ran **38 working days against a 30-day limit**, so the assessment was annulled.

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Split outcome: taxable in principle, but the assessment was annulled

Ruling of the Supreme Court of Kazakhstan No. 6001-24-00-6ap/2587, 12 June 2025.

Key Takeaways from this Case

KEY RISK

Selling a company whose value comes from a Kazakh subsoil user triggers Kazakhstan withholding tax on the capital gain. The treaty does not exempt it and cannot be self-applied via a zero-rate return; if neither the buyer nor the seller pays, the liability can fall on the subsoil user itself.

BROADER IMPLICATIONS

Given that the three-year exemption is no longer available for foreign investors in non-subsoil assets in Kazakhstan, the same procedure of applying the treaty benefits to capital gains (i.e. through the refund procedure) may complicate tax-efficient divestments and needs to be factored in by investors in other industries.

CONTACTS

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