

# TAXATION OF INCOME FROM SECURITIES TRANSACTIONS IN THE REPUBLIC OF KAZAKHSTAN

Presentation for investors

May 2021, Almaty



**TAXATION OF TRANSACTIONS WITH SECURITIES IS REGULATED BY THE CODE OF THE REPUBLIC OF KAZAKHSTAN "ON TAXES AND OTHER OBLIGATORY PAYMENTS TO THE BUDGET" NO. 120-VI (TC) DATED DECEMBER 25, 2017.**



**Who is subject to taxation?**

Residents:

- › Legal entities
- › Individuals

Non-residents:

- › Legal entities
- › Individuals



**What is subject to taxation?**

- › Income from value increased at selling of securities
  - › Dividends
- › Interest/coupons on debt securities



**Which taxes are levied?**

- › Corporate income tax (CIT)
- › Personal income tax (PIT)

# TAXATION OF RESIDENTS



# RESIDENTS: LEGAL ENTITIES

## CIT on interest/coupons on debt securities, except interest on:

**20%**

(item 1, article 313 of the TC)

- › Debt securities, listed on a stock exchange in Kazakhstan (sub-item 4), item 2 article 307; sub-item 2, item 2, article 288 of the TC);
- › Government serial securities, agency bonds (sub-item 1), item 2, article 307; sub-item 3, item 2, article 288 of the TC);
- › Debt securities, being paid (sub-item 12, item 2, article 307 of the TC):
  - To organizations carrying out professional activities in the securities market;
  - To legal entities through organizations carrying out professional activities in the securities market.

tax-exempt

tax-exempt

tax-exempt

## CIT on income from value added when selling securities, except:

**20%**

(item 1, article 313 of the TC)

- › Government serial securities (sub-item 4), item 2, article 288 of the TC);
- › Agency bonds (sub-item 5), item 2, article 288 of the TC);
- › Securities, officially listed on the stock exchange in Kazakhstan and sold by the open trading method (sub-item 9), item 2, article 288 of the TC);

tax-exempt

tax-exempt

tax-exempt

## CIT on dividends (sub-item 1) item 1, article 241 of the TC)

tax-exempt

\*Hereinafter – including non-resident companies that have formed a permanent establishment on the territory of Kazakhstan. In accordance with item 1 of article 651 of the TC, the determining of taxable income, the calculation and payment of corporate income tax are similar for residents and non-residents with formation of a permanent establishment in the Republic of Kazakhstan.

# RESIDENTS: INDIVIDUALS

## PIT on income from value added when selling securities, except:

**10%**

(item 1, article 320 of the TC)

- › Government serial securities (sub-item 5), item 1, article 341 of the TC); tax-exempt
- › Agency bonds (sub-item 6), item 1, article 341 of the TC); tax-exempt
- › Shares of a resident company, provided that the following conditions are met simultaneously (sub-item 15), item 1, article 341 of the TC):
  - The taxpayer has owned shares for more than 3 years; tax-exempt
  - The issuing company is not a subsoil user;
  - The property of the taxpayer-subsoil user in the value of the issuing company's assets does not exceed 50% as of the date of payment of dividends.
- › Securities listed on the stock exchange in Kazakhstan and are sold by the open trading method (sub-item 16), item 1, article 341 of the TC). tax-exempt

## PIT on dividends, except:

**5%**

(item 1, article 320 of the TC)

- › Dividends, provided that the following conditions are met simultaneously (sub-item 8), item 1, article 341 of the TC):
  - The taxpayer has owned shares for more than 3 years; tax-exempt
  - The issuing company is not a subsoil user;
  - The property of the taxpayer-subsoil user in the value of the issuing company's assets does not exceed 50% as of the date of payment of dividends.
- › Dividends on securities listed on the stock exchange in Kazakhstan (sub-item 7), item 1, article 341 of the TC); tax-exempt
- › Dividends allocated from the financial profit of a controlled foreign company, previously taxed with the PIT according to article 340 of the TC (sub-item 39), item 1, article 341 of the TC); tax-exempt

## PIT interest/coupons on debt securities, except:

**10%** (item 1, article 320 of the TC)

- › Interest on debt securities (sub-item 3), item 1, article 341 of the TC); tax-exempt
- › Interest on government serial securities, agency bonds (sub-item 4), item 1, article 341 of the TC); tax-exempt
- › Dividends on securities listed on the stock exchange in Kazakhstan (sub-item 7), item 1, article 341 of the TC). tax-exempt

# TAXATION OF NON-RESIDENTS



# NON-RESIDENTS: LEGAL ENTITIES

## CIT on income from value added when selling securities, except:

**15%** (sub-item 5)  
item 1, article 646 of the TC)

- › Government serial securities and agency bonds (sub-item 6), item 9, article 645 of the TC); **tax-exempt**
- › Shares issued by a legal entity, excluding income of persons registered in a state with preferential taxation, provided that the following conditions are met simultaneously (sub-item 8), item 9, article 645 of the TC):
  - The taxpayer has owned shares for more than 3 years;
  - The issuing company is not a subsoil user;
  - The property of the taxpayer-subsoil user in the value of the issuing company's assets does not exceed 50% as of the date of payment of dividends.**tax-exempt**
- › Securities listed on the stock exchange in Kazakhstan or a foreign stock exchange and sold by the open trading method (sub-item 7), item 9, article 645 of the TC); **tax-exempt**

## CIT on dividends

**15%** (sub-item 5)  
item 1, article 646 of the TC)

- › Dividends, excluding those paid to persons registered in a country with preferential taxation, provided that the following conditions are met simultaneously:
  - The taxpayer has owned shares for more than 3 years;
  - The issuing company is not a subsoil user
  - The property of the taxpayer-subsoil user in the value of the issuing company's assets does not exceed 50% as of the date of payment of dividends.**tax-exempt**
- › Dividends on securities listed on the stock exchange in Kazakhstan (sub-item 3), item 9, article 645 of the TC); **tax-exempt**
- › Dividends paid by legal entities-subsoil users, with the exception of those paid to persons registered in a state with preferential taxation, provided the conditions of sub-item 5) of item 9, of article 645 of the TC are met. **tax-exempt**

## CIT on interest/coupons on debt securities, except:

**15%** (sub-item 5), item 1, article 646 of the TC)

- › Interest on government serial securities, agency bonds (sub-item 6), item 9, article 645 of the TC); **tax-exempt**
- › Amounts of interest on debt securities paid upon their purchase by resident buyers (sub-item 9), item 9, article 645 of the TC); **tax-exempt**

# NON-RESIDENTS: INDIVIDUALS

## PIT on income from value added when selling securities, except:

**15%** (sub-item 5 item 1, article 646 of the TC)

- › Government serial securities and agency bonds (sub-item 5), article 654 of the TC). tax-exempt
- › Shares of a resident company, excluding income of a person who is a resident of a country with preferential taxation, provided that the following conditions are met simultaneously (sub-item 7), article 654 of the TC): tax-exempt
  - The taxpayer has owned shares for more than 3 years;
  - The issuing company is not a subsoil user;
  - The property of the taxpayer-subsoil user in the value of the issuing company's assets does not exceed 50% as of the date of payment of dividends.
- › Securities listed on the stock exchange in Kazakhstan or a foreign stock exchange and sold by the open trading method (sub-item 6), article 654 of the TC); tax-exempt

## PIT on dividends, except:

**15%** (sub-item 5, item 1, article 646 of the TC)

- › Dividends, excluding those paid to persons registered in a country with preferential taxation, provided that the following conditions are met simultaneously (sub-item 4), article 654 of the TC): tax-exempt
  - The taxpayer has owned shares for more than 3 years;
  - The issuing company is not a subsoil user;
  - The property of the taxpayer-subsoil user in the value of the issuing company's assets does not exceed 50% as of the date of payment of dividends.
- › Dividends on securities listed on the stock exchange in Kazakhstan (sub-item 3), article 654 of the TC); tax-exempt

## PIT on interest/coupons on debt securities, except:

**15%** (sub-item 5, item 1, article 646 of the TC)

- › Interest on debt securities upon their purchase paid by resident buyers (sub-item 2), article 654 of the TC); tax-exempt
- › Interest on government serial securities, agency bonds (sub-item 5), article 654 of the TC). tax-exempt
- › Dividends on securities listed on the stock exchange in Kazakhstan (sub-item 3), article 654 of the TC); tax-exempt



# AVOIDING THE DOUBLE TAXATION

For non-residents – individuals and legal entities, the possibility of applying «**The provisions of international agreements on the avoidance of double taxation**», is provided, if the non-resident recipient of income is a resident of a country with which the Republic of Kazakhstan has concluded an international agreement (**article 660 of the TC**)

An international treaty is applied, provided that the non-resident submits to a tax agent **a document confirming residence**, that meets the requirements of **article 675 of the TC**

# THANK YOU FOR ATTENTION!

80 Baizakov St.  
Northern Tower of  
Multifunctional complex  
"Almaty Towers", 8th floor city  
of Almaty 050040,  
Republic of Kazakhstan  
Tel .: +7 (727) 237 5300  
Fax: +7 (727) 296 6402  
e-mail: info@kase.kz  
www.kase.kz

FAQ

