

**Astana International
Financial Centre**

Date: "8" December 2017
No 33
Astana

**Ministry of Finance
of the Republic of Kazakhstan**

Date: "11" December 2017
No 711
Astana



**Ministry of national economy
of the Republic of
Kazakhstan**

Date: "12" December 2017
No 405
Astana

JOINT ORDER

On approving the Regulations on keeping separate accounting of income subject to exemption of corporate income tax and subject to taxation, and expenses subject to allocation to deductions by the participants of Astana International Financial Centre

In accordance with paragraph 5 of Article 6 of the Constitutional Statute of the Republic of Kazakhstan on the Astana International Financial Centre of 7 December 2015 we hereby **ORDER:**

1. To approve the enclosed Regulations on keeping separate accounting of income subject to exemption of corporate income tax and subject to taxation, and expenses subject to allocation to deductions according to the Supplement to this Joint Order.
2. The Governor of Astana International Financial Centre shall be charged with supervising the execution of this Joint Order.

Approved by the Joint Order
of the Governor of
Astana International Financial Centre
of "8" December 2017 No 33,
Minister of Finance of the Republic of Kazakhstan
of "11" December 2017 No 711,
and Minister of national economy of
the Republic of Kazakhstan
of "12" December 2017 No 405

REGULATIONS

on keeping separate accounting of income subject to exemption of corporate income tax and subject to taxation, and expenses subject to allocation to deductions by the participants of Astana International Financial Centre

Chapter 1. General provisions

1. The present Regulations on keeping separate accounting of income subject to exemption of corporate income tax and subject to taxation, and expenses subject to allocation to deductions (hereinafter referred to as the Regulations) by the participants of Astana International Financial Centre (hereinafter referred to as the Centre) are developed in accordance with paragraph 5 of Article 6 of the Constitutional Statute of the Republic of Kazakhstan on the Astana International Financial Centre of 7 December 2015 for the purposes of paragraphs 3 and 4 of Article 6 of the Constitutional Statute.
2. The Regulations are applicable to the legal entities registered in the Centre or accredited by the Centre as its participants in accordance with the current law of the Centre and are binding on them.
3. The list of services provided by the Centre's participants whose income is exempt from corporate income tax, is defined in paragraphs 3 and 4 of Article 6 of the Constitutional Statute.
4. For the purposes of the Regulations application the basic concepts provided for by the Constitutional Statute and other normative legal acts of the Republic of Kazakhstan are used insofar as it does not conflict with the Constitutional Statute.
5. The concepts of tax, civil and other branches of the legislation of the Republic of Kazakhstan used in the Regulations are applied in the sense in which they are used in these branches of the legislation of the Republic of Kazakhstan, unless otherwise provided by the Regulations and the Constitutional Statute.
6. Provisions for the execution of tax obligations not established by the Regulations are regulated by the tax legislation of the Republic of Kazakhstan.

Chapter 2. Separate accounting of income treatment

7. For the purposes of paragraphs 3 and 4 of Article 6 of the Constitutional Statute, the Centre's participant shall keep separate accounting of income subject to exemption from corporate income tax and subject to taxation, for the accounting period, by:

1) attributing:

direct income to income subject to exemption from corporate income tax;
other income to income subject to taxation;

2) direct income and other income statement in tax registers.

8. Direct income is the income indicated in:

1) paragraph 3 of Article 6 of the Constitutional Statute – income received from activities on providing services on the territory of the Centre in accordance with agreements (contracts/transactions) concluded by the Centre's participant on the territory of the Centre.

2) paragraph 4 of Article 6 of the Constitutional Statute – income received from providing services under agreements (contracts/transactions) concluded by the Centre's participant on the territory of the Centre with:

the Centre bodies;

the Centre participants providing services specified in paragraph 3 of Article 6 of the Constitutional Statute.

9. All income of the Centre participant that is not recognized as direct income and is to be included in the total annual income in accordance with the tax legislation of the Republic of Kazakhstan shall be deemed as other income.

10. The amount of direct income and other income is recognized as the total amount of income.

Chapter 3. Separate accounting of expenses treatment

11. For the purposes of paragraphs 3 and 4 of Article 6 of the Constitutional Statute, the Centre's participant shall keep separate accounting of expenses allocated to deductions on the basis of accounting records for the accounting period, by:

1) determination of expenses:

subject to allocation for deductions;

subject to allocation to activities on income provision subject to exemption from corporate income tax in accordance with paragraphs 3 and 4 of Article 6 of the Constitutional Statute;

subject to allocation for deductions in activities on gaining income subject to taxation;

2) direct expenses, total expenses and outsourced expenses statement in tax registers.

12. Expenses not subject to allocation to deductions in accordance with the tax legislation of the Republic of Kazakhstan shall be deemed as expenses not subject to allocation to deduction.

13. The sum of direct and indirect expenses shall be deemed as expenses to be attributed to activities for income provision subject to exemption from corporate income tax in accordance with paragraphs 3 and 4 of Article 6 of the Constitutional Statute.

14. The sum of other and outsourced expenses shall be deemed as expenses subject to allocation for activities on gaining income subject to taxation.

15. The following expenses of the Centre's participant directly related to the implementation of activities on the Centre's territory and (or) incurred in the Centre's territory shall be deemed as direct expenses:

- 1) expenses related to the maintenance and procurement of the office located on the Centre's territory where the workplaces are equipped and the Centre's participant provides services in accordance with paragraphs 3 and 4 of Article 6 of the Constitutional Statute;
- 2) expenses for employees (including taxes, travel expenses, training costs, insurance costs, expenses associated with issuing visa invitations and obtaining visas for the Centre participant's foreign employees) whose place of business is the office on the Centre's territory;
- 3) depreciation estimated for fixed assets which are used only on the Centre's territory;
- 4) expenses for payment for services rendered under agreements (contracts/transactions) concluded with another participant of the Centre on the Centre's territory and related to the implementation of activities provided for in paragraphs 3 and 4 of Article 6 of the Constitutional Statute.

16. The part of the total costs defined as the product of total costs and the coefficient of direct income shall be deemed as indirect costs.

17. Direct income ratio is defined as a percentage as the ratio of direct income amount to the total amount of the Centre participant's income.

18. The value of the coefficient in percent determined in accordance with paragraph 17 of the Regulations is rounded to one hundredth of a share (0.01%).

19. The following expenses of the Centre's participant not related to the implementation of activities on the territory of the Centre and (or) incurred outside the Centre shall be deemed as outsourced expenses:

- 1) expenses related to maintenance and procurement of the office outside the Centre where workplaces are equipped and the Centre provides services;
- 2) expenses for employees (including taxes, travel expenses, training costs, insurance costs, expenses associated with issuing visa invitations and obtaining visas for the Centre participant's foreign employees) whose place of business is the office outside the Centre's territory;
- 3) depreciation estimated for fixed assets which are used only outside the Centre's territory;

4) expenses for payment for services rendered under agreements (contracts/transactions) concluded with another participant of the Centre outside the territory of the Centre.

20. Other costs are determined as the difference between the total expenses and the amount of indirect costs.

21. Total expenses are other expenses of the Centre's participant that are not directly identifiable as expenses allocated to activities for income provision that is subject to exemption from corporate income tax or expenses that are subject to allocation to deductions for activities gaining income subject to taxation.

Chapter 4. Features of the Regulations application by non-residents

22. When applying the Regulations the Centre participant who is a non-resident of the Republic of Kazakhstan shall:

1) include income subject to taxation in the Republic of Kazakhstan in accordance with the tax legislation of the Republic of Kazakhstan or international treaty ratified by the Republic of Kazakhstan, if any, into income specified in Chapter 2 of the Regulations;

2) include expenses subject to allocation to deductions in the Republic of Kazakhstan in accordance with the tax legislation of the Republic of Kazakhstan or international treaty ratified by the Republic of Kazakhstan, if any, into the expenses specified in Chapter 3 of the Regulations.

Chapter 5. Procedure for the Regulations application

23. The bodies of the Center if in doubt of the issues on the Regulations application which are not regulated by the Regulations shall have the right insofar as it does not conflict the Constitutional Statute and the provisions of the current Regulations:

1) to make amendments and supplements to the Regulations;

2) to adopt acts regulating the issues arising from the Regulations application by the Centre's participants and (or) the Centre's bodies.

Acts of the Centre adopted in accordance with this paragraph should not conflict with the Constitutional Statute, as well as the current law of the Republic of Kazakhstan in the part not regulated by the Constitutional Statute, and shall be included in the current law.