

# STATE SUPPORT OF INVESTMENTS

2022



INVEST KAZAKHSTAN  
THE LAND OF GREAT OPPORTUNITIES

# KAZAKH INVEST – NATIONAL INVESTMENTS ATTRACTION OPERATOR

ONE-STOP SHOP  
OF PUBLIC SERVICES FOR INVESTORS



SOLE NEGOTIATOR  
ON BEHALF OF THE GOVERNMENT OF THE REPUBLIC OF  
KAZAKHSTAN

HANDLE INVESTORS'  
CONCERNS

INVESTMENT PROJECTS **DEVELOPMENT**

A DIALOGUE PLATFORM  
BETWEEN INVESTORS, BUSINESS  
CIRCLES AND STATE AGENCIES

IMAGE PROMOTION, NEGOTIATIONS  
AND VISITS

INVESTMENT CONTRACT SIGNING

INVESTORS' SUPPORT

*INTERACTION WITH POTENTIAL FOREIGN INVESTORS THROUGH **OVERSEAS REPRESENTATIVES** AND IN THE REGIONS THROUGH **REGIONAL REPRESENTATIVES***

# «KAZAKH INVEST» ORGANIZATIONAL CHART

Board of Directors

Chairman of the Board, Prime Minister  
of the Republic of Kazakhstan

PRIME MINISTER OF THE REPUBLIC OF  
KAZAKHSTAN

Management

KAZAKH INVEST

FDI PROMOTION

*OVERSEAS  
REPRESENTATIVES*

INVESTMENTS FACILITATION  
AND REGIONAL SUPPORT

*REGIONAL  
REPRESENTATIVES*

PROJECT OFFICE



# FOCAL AREAS AND TOOLS OF STATE SUPPORT POLICY

SMALL AND MEDIUM BUSINESS ENTITIES, ENTREPRENEURSHIP OF LOCAL MANUFACTURERS	AGROINDUSTRIAL FIELD AND NON-FARMING ACTIVITIES IN RURAL AREAS	INDUSTRIAL AND INNOVATION ACTIVITIES, SPECIAL ECONOMIC ZONES AND INDUSTRIAL ZONES	INVESTMENTS	TOURISM OPERATIONS
<ul style="list-style-type: none"> <li>❖ Simplified state registration and winding-up procedures;</li> <li>❖ Optimal tax treatment;</li> <li>❖ Lending scheme for small and medium business entities;</li> <li>❖ Availability of public funding, logistics, information resources, research and technologies.</li> </ul> <p>As from 1 July 2021, foreign investors may get information on good standing and reliability of local business partners from the Business Partners Register in Atameken National Chamber.</p>	<ul style="list-style-type: none"> <li>❖ Loans provision;</li> <li>❖ Subsiding of agro-industrial field;</li> <li>❖ Purchase of farm products at a stable farm-gate prices;</li> <li>❖ Technological infrastructure for agro-industrial field;</li> <li>❖ Financial instruments for renovation of basic production assets;</li> <li>❖ Other state support tools.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Funding, co-funding, lease financing; ,</li> <li>❖ Lending through financial institutions;</li> <li>❖ Reimbursement of interest loan rates on loans issued by financial institutions and coupon interest on bonds;</li> <li>❖ Investments in chartered capital;</li> <li>❖ Off-take agreement and innovative grants;</li> <li>❖ Skilled human resources and engineering and communication infrastructure;</li> <li>❖ Provision of land plots and subsoil use rights;</li> <li>❖ Facilitation and promotion of export of domestic processed goods and services;</li> </ul>	<p><b><i>INVESTMENT PREFERENCES under Investment Contract and Investments Agreement</i></b></p> <p><b><i>TAX STABILITY under Investments Obligations Agreement</i></b></p>	<p><b><i>SUBSIDES AND CASHBACK TO TRAVEL AGENCIES</i></b></p>



# PERMITTED FOREIGN SHAREHOLDING

## BUSINESS ACTIVITY

Permitted direct and indirect foreign shareholding, use and (or) dispose by foreigners, stateless persons and foreign business entities.

### AIR SERVICES

**Maximum 49%** of shareholding in air company (minus shares purchased by air company)

### TELECOMMUNICATIONS

**It is prohibited** to manage and use trunk telecommunication lines without setting up a legal entity in the territory of the Republic of Kazakhstan and create and use communication network, which are managed by the management centre abroad

**Maximum 10%** shareholding for individuals and legal entities in the company that manages or operate a communication line as an operator of long-distance and (or) international communication, subject to the consent of the authorized body in the field of communications and information, as well as national security bodies;

**Maximum 49%** shareholding in a legal entity which is operating in the field of telecommunications as an operator of long-distance and (or) international communication, owns land (cable including fiber-optic, radio relay) communication lines, subject to a positive decision of the Government of the Republic of Kazakhstan

### MASS MEDIA

**Maximum 20%** of shareholding in a legal entity - the owner of the mass media in the Republic of Kazakhstan or carrying out activities in this area.

This limitation does not apply to the Internet resources intended for electronic commerce.

### INSURANCE AND BANKING ACTIVITIES, INVESTMENT AND VENTURE FUNDS

**Foreign shareholding is prohibited in the insurance and banking fields, investment and venture funds cannot be hold and/or owned directly or indirectly by the entities, which are registered in offshore zones, the list of which is established by the authorized body (does not apply to subsidiaries of non-residents)**

### SECURITY

Foreign security guard companies cannot carry on activities in the territory of the Republic of Kazakhstan.

# INVESTORS' RIGHTS PROTECTION

The Republic of Kazakhstan ensures stability of terms of agreements between investors and state bodies of the Republic of Kazakhstan, unless the changes are made upon mutual consent of both parties. This shall not apply to:

- 1) changes in laws of the Republic of Kazakhstan and (or) entry into force and (or) changes of international agreements of the Republic of Kazakhstan triggering change of procedures and conditions of import, manufacture and sale of excised goods;
- 2) changes and additions into the laws of the Republic of Kazakhstan that are made to ensure national security, social order, health care and public morals. ( point 3 article 276 EC RK)

**Investors may:**

- 1) use incomes generated from business activity in Kazakhstan at their discretion, provided that taxes and other mandatory payments are paid to the budget pursuant to the laws of the Republic of Kazakhstan;
- 2) open bank accounts in the national and (or) foreign currency in banks in the territory of the Republic of Kazakhstan pursuant to the banking and currency legislation of the Republic of Kazakhstan.



# GUARANTEE OF INVESTOR RIGHTS' PROTECTION

EXPROPRIATION METHOD	REIMBURSEMENT
REQUISITION	<b>MARKET VALUE</b> <i>The investors' property can be acquired by requisition subject to payment of a market value of the expropriated property to the investor. The market value should be determined as per the procedures, established by the laws.</i>
NATIONALIZATION	<b>ALL LOSSES</b> <i>In the event of nationalization, the investor should be compensated <b>by the Republic of Kazakhstan</b> all losses caused by the enacted legislative acts of the Republic of Kazakhstan on nationalization. (The losses shall mean expenses incurred or will be incurred by a person whose right is violated, loss or damage to his/her property (real damage), as well as non-gained profit, which could be gained under usual conditions, if his/her rights have not been violated (profit loss) (paragraph 4 of article 9 of the Civil Code of the Republic of Kazakhstan).</i>





# INVESTMENTS, INVESTORS, INVESTMENT ACTIVITIES, INVESTMENT PREFERENCES

Concept	Definition
<b>Investments</b>	<b>All types of property</b> (except those for private use), inter alia, financial leasing and rights as from the date of financial leasing contract signing, invested into the registered capital of a legal entity or fixed assets increase, designated for the entrepreneurship activity, inter alia, <b>public private partnership project including concession one.</b>
<b>Investors</b>	Individual and legal entities making investments the Republic of Kazakhstan.
<b>Investment activities</b>	Contribution of individual and legal entities in the authorized capital of commercial organizations or creation or increase of the fixed assets used for entrepreneurship activity, public-private partnership (PPP) project, including the concession one.
<b>Big investor</b>	Individual or legal entity making investment in the amount of at least <b>two million fold of Kazakhstani monthly assessment index (MAI)</b> (nearly \$ US 14 mln.) (the MAI of 2022 is KZT 3063).
<b>Investment preferences</b>	<b>Targeted benefits and provided pursuant to the laws</b> to the legal entities which are carrying on investment projects, and leasing companies, importing technological equipment within the framework of the investment project under financial leasing agreement for a legal entity of the Republic of Kazakhstan, implementing the investment project.





# INVESTMENT CONTRACT, INVESTMENTS AGREEMENT, INVESTMENT OBLIGATIONS AGREEMENT

INVESTMENT AND SPECIAL INVESTMENT CONTRACT	INVESTMENTS AGREEMENT	INVESTMENT OBLIGATIONS AGREEMENT
<p>Contract made by and <b>between investor and the authorized investment state body, drafted as per the the model investment contract</b>, on investment project implementation and granting the investment preferences.</p> <p><b>Model investment contract</b> is a template contract established by the Government of the Republic of Kazakhstan for signing investment contracts.</p> <p><b>A special investment contract</b> is contract providing for the provision of investment preferences for a special investment project, drafted as per the template special contract.</p>	<p>Agreement, <b>made by and between an entity, authorized for signing by the Government, and legal entity, inter alia those, registered in the jurisdiction of the Astana International Financial Center (AIFC), established by a specific decree of the Government of the Republic of Kazakhstan</b>, for implementation of investment project, investing at least <b>7,5 million fold of MAI (nearly \$US 49 mln.)</b>, established by the Law on the republican budget and effective as of January 1 of the corresponding financial year.</p>	<p>Agreement, made by and between the Government of the Republic of Kazakhstan and a legal entity, stipulating obligations of the entity to finance in the amount of not less that 150 mln. fold of MAI (<b>nearly \$US 1,100 bln.</b>) capital expenditures and/or expenditures for purchase, manufacture, construction of fixed assets, and financing of other expenditures that increase fixed assets cost, planned for the period of such agreement, including the year when the entity applies for the agreement,.</p>



# INVESTMENT PROJECTS UNDER INVESTMENT CONTRACT AND SPECIAL INVESTMENT CONTRACT

PROJECT	CONCEPT
<b>INVESTMENT PROJECT</b>	A set of activities providing for investments in the creation of new, expansion and (or) renewal of existing production facilities, including production facilities created, expanded and (or) updated during the implementation of a public-private partnership project, including a concession project.
<b>INVESTMENT PRIORITY PROJECT</b>	<ol style="list-style-type: none"> <li>1) <b>Greenfield investments - set-up new production plants</b> provided that investments amount is at least <b>2 million fold of MAI</b> (nearly. \$ US 14 million);</li> <li>2) <b>Brownfield investments - expansion and (or) renewal of existing production plants (renovation, reconstruction and modernization)</b> subject to the investments amounts at least 5 million fold MAI (nearly. \$ US 35 million);</li> <li>3) <b>Set-up food and light industry plants</b> subject to the investments amount <b>1 million fold MAI</b> (nearly \$US 7 mln.);</li> <li>4) <b>Set-up touristic facilities in the prioritized touristic zones</b> subject to the investments amount <b>200,000 fold MAI</b> ( nearly \$US 1,4 mln.)</li> </ol>
<b>SPECIAL INVESTMENT PROJECT</b>	An investment project implemented (being implemented) by a legal entity of the Republic of Kazakhstan registered as a special economic zone participant or owner of a free warehouse, in accordance with the customs laws of the Republic of Kazakhstan, and (or) acquired from a participant in a special economic zone or implemented by a legal entity of the Republic of Kazakhstan, that signed an agreement on the industrial assembly of motor vehicles.



# INVESTMENT PREFERENCES

INVESTMENT CONTRACT AND SPECIAL INVESTMENT CONTRACT			INVESTMENT AGREEMENT	INVESTMENTS OBLIGATIONS AGREEMENT
INVESTMENT PROJECT	INVESTMENT PRIORITY PROJECT	SPECIAL INVESTMENT PROJECT	INVESTMENT PROJECT	Financing of capital expenditures and/or expenditures for purchase, manufacture, construction of new fixed assets, and other expenditures that increase fixed assets costs
<ol style="list-style-type: none"> <li>1) <i>Customs duty free and VAT free import;</i></li> <li>2) <i>State in-kind grant;</i></li> <li>3) <i>Force period – duration of investment incentives</i></li> </ol>	<ol style="list-style-type: none"> <li>1) <i>Customs duty free;</i></li> <li>2) <i>State in-kind grant;</i></li> <li>3) <i>Tax preferences (holidays) - Corporate income tax, property tax and land tax</i> <i>Force – period – duration of investment incentives, max.10 years</i></li> </ol>	<p><i>Exemption from:</i></p> <ol style="list-style-type: none"> <li>1) <i>Custom duties;</i></li> <li>2) <i>VAT;</i></li> </ol> <p><i>Force period – as agreed by the parties</i></p>	<ol style="list-style-type: none"> <li>1) <b>TAX HOLIDAYS</b> for corporate income tax, land tax, property tax, exemption from VAT, the latter is for special economic zones (SEZ) members and reduction of tax liabilities;</li> <li>2) <b>CASHBACK of costs for construction and installation work and purchase of equipment in the amount of up to 20%</b> exclusive of VAT and excise tax;</li> <li>3) <b>OTHER incentives</b> stipulated by the Kazakhstani laws and as agreed by the parties.</li> <li>4) <b>FORCE PERIOD</b> – 25 years</li> </ol>	<p style="text-align: center;"><b>10 YEARS TAX STABILITY</b></p> <p>A taxpayer (tax agent) that signed an investment obligations agreement shall calculate the tax amounts pursuant to the tax regulations in force at the time of conclusion of the said agreement within ten years starting from January 1 of the year, when such an agreement was concluded (tax stability guarantee ) for the following taxes.</p> <ol style="list-style-type: none"> <li>1) <b>VAT and Excise;</b></li> <li>2) <b>Payment for the environment emission;</b></li> <li>3) <b>Individual Income Tax;</b></li> <li>4) <b>Withholding tax</b> (<i>corporate income tax at the source of payment</i>).</li> </ol>



# ELIGIBILITY CRITERIA

PROJECT	RECIPIENT OF PREFERENCES UNDER INVESTMENT CONTRACT AND SPECIAL INVESTMENT CONTRACT
<b>INVESTMENT PROJECT</b>	A Kazakh legal entity, inter alia, those with foreign shareholding, and leasing companies that import technological equipment under a financial lease agreement to a legal entity of the Republic of Kazakhstan that implements an investment project.
<b>INVESTMENT PRIORITY PROJECT</b>	<p>A Kazakh legal entity, inter alia, those with foreign shareholding, and leasing companies that import technological equipment under a financial lease agreement to a legal entity of the Republic of Kazakhstan that implements an investment project and which should not fall under the following entity types:</p> <ol style="list-style-type: none"> <li>1) an autonomous educational organization as per the tax laws of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan on education;</li> <li>2) an organization carrying out activity in the territory of the Special Economic Zones (SEZ) pursuant to the tax laws of the Republic of Kazakhstan and SEZ laws of the Republic of Kazakhstan.</li> </ol>
<b>SPECIAL INVESTMENT PROJECT</b>	<p>A Kazakh legal entities, inter alia, those with foreign shareholding, must fall under one of the following entity type:</p> <ol style="list-style-type: none"> <li>1) SEZ participant registered under the of the RK in the SEZ and industrial zones;</li> <li>2) Registered as an owner of a free custom zone stock in accordance with the customs laws of the RK;</li> <li>3) An entity which signed agreement on industrial assembly of motor vehicles and components or farming machinery and components.</li> </ol>
PROJECT	RECIPIENT OF PREFERENCES UNDER INVESTMENT AGREEMENT
<b>INVESTMENT</b>	Legal entities of the RK, including the entities registered in the jurisdiction of the Astana Financial Centre.



# PRIORITISED INDUSTRIES

PROJECT	INVESTMENT PROJECT INDUSTRIES
<b>INVESTMENT PROJECT</b>	<b>List of priority business activities</b> for investment projects ( <i>Resolution of the Government of the Republic of Kazakhstan dated January 14, 2016 No. 13</i> ) – production of food, beverages, coke, crop production, petroleum products, chemical products, pharmaceuticals, plastic, rubber, metallurgical industry
<b>INVESTMENT PRIORITY PROJECT</b>	<b>List of priority activities</b> for the implementation of investment priority projects ( <i>Resolution of the Government of the Republic of Kazakhstan dated January 14, 2016 No. 13</i> ) - food production, mining of metal ores, coke and petroleum products, chemical products, wood and cork products, except for furniture; manufacture of products of straw and plaiting materials, manufacture of electrical equipment, pharmaceutical products, plastics, rubber, metallurgy, machinery and equipment not elsewhere classified, etc.

*The following activities cannot be priority business activities for investment projects: gambling, subsoil use, with the exception of coal bed methane production; activities for the production of excisable goods; and production of petrochemical products, production, assembly of excisable goods provided for in subparagraphs 5) and 6) of the first part of Article 462 of the Tax Code. The list of priority business activities, including priority business activities for the investment priority projects, can be revamped over twice a year.*

PROJECT	INVESTMENT AGREEMENT INDUSTRIES
<b>INVESTMENT PROJECT UNDER INVESTMENT AGREEMENT</b>	List of priority business activities for investment agreements ( <i>Resolution of the Government of the Republic of Kazakhstan dated January 14, 2016 No. 13</i> ) - crop and animal husbandry, hunting and the provision of services in these areas, food production, production of machinery and equipment not included in other categories, production of pharmaceuticals and medical materials.



# CONDITIONS TO THE RECEIPT OF PREFERENCES PROVIDED FOR INVESTMENT PRIORITY PROJECTS

GOVERNMENT SHAREHOLDING	
GOVERNMENT SHAREHODLING	<p><b>Maximum 50 % once the project is</b> in the area machine manufacturing, including foundry production and projects on coal beds methane production;  <b>Maximum 26 %</b> in regards to projects in all other industries.</p>
PERMITTED PERIOD FOR GOVERNMENT SHAREHOLDING	<p><b>Maximum 20 (twenty) years from the date of the investment contract registration</b> - in the engineering industry, including the production of foundry products -.</p> <p>In all other areas- <b>maximum 5 (five) yeas from the date of the investment contract registration</b>. This provision does not apply to a quasi-public sector entity, in which state and (or) the quasi-public entity is a shareholder of less than 50 percent and which carries out extraction of coalbed methane as a project activity under an investment priority project for the.</p> <p>In case of failure of this condition, the investment preferences provision shall be suspended until such founders or shareholders withdraw from the list of founders and (or) participants (shareholders) of the legal entity, but not more than one year. Failure to comply with the withdrawal condition during the suspension period entails the early termination of the investment contract and reimbursement of granted investment preferences.</p>
NO PUBLIC PRIVATE PARTNERSHIP	<p>Investment project activities cannot be carried out under the PPP agreement, inter alia concession projects.</p>



# CRITERIA FOR INVESTMENTS CONTRACT AND SPECIAL INVESTMENT CONTRACT

<i>PROJECT CATEGORY</i>	<i>CONTENT</i>	<i>RECIPIENT/ ACTIVITY/ INVESTMENT AMOUNT</i>	<i>CONDITIONS TO THE RECEIPT OF PREFERENCES</i>
<b>INVESTMENT</b>	<b>SET-UP NEW PRODUCTION PLANTS, EXPANSION AND RENEWAL OF EXISTING PRODUCTION PLANTS</b>	<b>Legal entity/</b> Part 1 of the List of Priority Activities (Resolution No. 13 of January 14, 2016) / the volume of investments has not been established	_____
<b>INVESTMENT PRIORITY</b>	<b>SET-UP of PRODUCTION PLANTS – construction of new production facilities</b>	<b>Legal entity/</b> Part 2 of the List of Priority Activities (Resolution No. 13 of January 14, 2016) /  <b>Investments threshold amount 2,000,000 MAI (nearly \$US 14 mln.)</b>	<b>1. GOVERNMENT AND QUASI-STATE SHAREHOLDING :</b> - <b>Maximum 50%</b> - in the area of machine manufacturing, including foundry production and projects on coal beds methane production; - <b>Maximum 26%</b> for all other projects as a founder and (or) shareholder of a legal entity of the RK <b>2. Permitted shareholding period:</b> - Maximum 20 years – for projects in machine manufacturing, including foundry production, from time of registration of investment contracts; - <b>Maximum 5 years</b> from the time of registration of investment contract for all other projects, <b>except for investment priority projects on coal beds methane production.</b> <b>3. Investment activity should not be carried out under public-private partnership agreement, including concession projects.</b> <b>4. Legal entity</b> should not be an autonomous education organization or an organization carrying out activity on the territory of Special Economic Zone.
	<b>EXPANSION OR RENEWAL OF EXISTING PRODUCTION PLANTS - renovation, reconstruction and modernization</b>	<b>Investments threshold amount AMOUNT 5,000,000 MAI (nearly \$US 35 mln.)</b>	
	<b>SET-UP of FOOD AND LIGHT INDUSTRY FACILITIES PLANTS</b>	<b>Investments threshold amount 1,000,000 MAI (nearly \$ US 7mln.)</b>	
	<b>SET-UP of TOURISTIC FACILITIES IN THE PRIORITISED TOURISTIC ZONES</b>	<b>Investments threshold amount 200,000 MAI (nearly \$US 1,4 mln.)</b>	
<b>SPECIAL INVESTMENT</b>	Investment project that (has been) carried out by legal entity of the RK, which is registered as a participant of the special economic zone or as an owner of free custom zone stock, and (or) the project, purchased from the SEZ participant or, a project carried out by a legal entity which has an agreement on the industrial	1) <b>SEZ participant;</b> 2) <b>Owner of free custom zone stock;</b> 3) <b>Legal entity, which has an agreement on the industrial assembly of motor vehicles and/or its components or agreement on the industrial assembly of</b>	



# INVESTMENT AGREEMENT CRITERIA

CONDITIONS	CONTENT
RECIPIENT	Legal entity, including those registered in the jurisdiction of the Astana International Financial Center (AIFC).
INVESTMENT AMOUNT	At least <b>7,5 million fold MAI</b> (nearly \$ US 49 mln.).
INVESTMENT PREFERENCES AND SPECIAL CONDITIONS	<p>The type of investment preferences, conditions and provision terms are specifically provided in the Investment Agreement. Pursuant to the terms of Agreement, the investor may be granted with the tax preferences (holidays) for corporate income tax, land tax, property tax, exemption from VAT for special economic zones (SEZ) members and reduction of tax liabilities.</p> <p>A legal entity, signatory to the investment agreement, has the right for reimbursement of costs of construction and installation work and purchase of equipment in the amount of up to 20% exclusive of VAT and excise tax pursuant to the Chapter 80-1 of the Tax Code of the RK.</p> <p>The mentioned tax preferences shall become available provided that:</p> <ol style="list-style-type: none"> <li>1) Tax preferences are specifically provided in the Investment agreement;</li> <li>2) Investment project activity is consistent with the established priority business activities list for Investment agreements;</li> <li>3) Legal entity that signed the investment agreement is not a subsoil user and (or) an entity that manufactures excisable goods;</li> <li>4) Legal entity does not apply other preferential taxation schemes .</li> </ol>
FORCE PERIOD	In case of any amendments in the laws of the RK, terms of the investment agreement <b>shall remain stable and effective for the period of 25 (twenty five) years</b> as from the date when agreement entered into force, except for amendments in the agreement with the consent of the parties.



# FORCE PERIOD OF INVESTMENT PREFERENCES UNDER INVESTMENT CONTRACTS

PROJECT CATEGORY	TAX PREFERENCES/ DURATION				EXEMPTION FROM CUSTOM DUTIES ON IMPORT/DURATION	STATE IN-KIND GRANT
	VAT free import	Corporate income tax (100% reduction)	Land tax (0% rate)	Property tax (0% rate)		
Investment	+ / 5	—	—	—	+ / 5	+
Investment Priority Project						
Set-up of production plants	—	+ / 10	+ / 10	+ / 8	+ / 5	+
Expansion and renewal of existing production plants	—	+ / 3	—	—	+ / 5	+
Special Investment Project	+ (for special entities)	—	—	—	+ / 15	—

# CUSTOMS DUTY FREE IMPORT

- **Technological equipment** - goods intended for use in the technological process of an investment project.
- **Components** - constituent parts that constitute together a structural integrity of the production equipment and included in the corresponding list of goods compiled by the Commission of the Customs Union.
- **Raw and other materials** - any mineral, constituent part, piece and other items for the production process of manufacturing the finished goods if there is no production of this raw and materials on the territory of the Republic of Kazakhstan.

## RECIPIENT:

- 1) Under investment and investment priority contracts- a legal entity of the Republic of Kazakhstan that carries on an investment project under an investment and investment priority contracts, as well as leasing companies importing technological equipment within the framework of the investment project under financial leasing agreement for a legal entity of the Republic of Kazakhstan, implementing the investment project.
- 2) Under the special investment contract- a legal entity of the Republic of Kazakhstan, that carries on a special investment project under the special investment contract, is exempt from custom duties on import of production equipment, accessories, raw and other materials, as well raw and other materials as part of the product, manufactured in the territory of SEZ, inter alia free custom zone stock:
  - SEZ participant;
  - Owner of a free custom zone stock;
  - Legal entities of the RK, which signed an agreement on industrial assembly of motor vehicles.



# CUSTOMS DUTY FREE IMPORT

EXEMPTION PERIOD	
<b>IMPORTED TECHNOLOGICAL EQUIPMENT AND ITS COMPONENTS</b>	Investment contract period, but not longer than five years from the date of the registration of the investment contract.
<b>IMPORTED SPARE PARTS FOR TECHNOLOGICAL EQUIPMENT</b>	Up to five years depending on the amount of investments in fixed assets and in case of case of compliance of the investment project with the list of priority activities approved by the Government of the Republic of Kazakhstan.
<b>IMPORTED RAW MATERIALS AND (OR) MATERIALS</b>	Five years from the date of the commissioning of fixed assets under the working program.
<b>SEZ participants</b>	15 years, subject to the force period of the special economic zone
<b>OWNERS OF FREE CUSTOM ZONE STOCK</b>	Up to 15 years from the date of the registration of the special investment contract.
<b>Legal entities - signatories to agreement on industrial assembly of motor vehicles</b>	Up to 15 years from the date of the registration of the special investment contract.

The exemption period is effective as long as the contract is in force, but by default ends on expiry of five years from the date of the commissioning of fixed assets under the work programme, annexed to the investment contract, in which work schedule on implementation of investment project before commissioning , as well as the main indicators of the project after putting the production into operation are specified.

*In case work programme provides for commissioning of two or more fixed assets, the custom duty period for import of spare parts of the production equipment, raw and (or) other materials shall start from the date of commissioning of the first fixed asset as per the work programme. (Points 2,3 Article 287 EC RK)*

# STATE IN-KIND GRANT

	CONTENT
<b>STATE IN-KIND GRANT ITEMS</b>	Land plots, buildings, erections, machinery and equipment, computers, measuring and control devices and devices, vehicles (excluding motor vehicles), production and household equipment
<b>GRANT AMOUNT</b>	<p>The value of a state in-kind grant is limited to 30% of investment amount in the fixed assets of a Kazakhstani legal entity.</p> <p>The size (value) of the state in-kind grant should be proved with the documents that must be attached to the application for investment preferences.</p> <p>If the size of the requested state property item exceeds the established limit, the legal entity of the RK has the right to get this property by paying out the difference between the established limit and the maximum size of the state in-kind grant size.</p>
<b>PRIOR APPROVAL</b>	<i>In accordance with clause 14 of the Investment preferences application established by the Order No. 1133 of the Minister for Investment and Development of the Republic of Kazakhstan of November 30, 2015, a prior approval document of the local authority (Akimat) is required to receive a state in-kind grant.</i>
<b>FORMAL PROCEDURES</b>	<p>The provision of state in-kind grant is formally documented as gratuitous (free) temporary use or temporary land use given by the authorized investment body under approval of the authorized body for state property management and (or) the Central authorized body for land resources, as well as local authorities in manner, established by laws.</p> <p>The legal title for the property items, granted as state in-kind grant, will be transferred to the investor gratuitously, once the investor has performed all obligations under investment contract.</p> <p>Such transfer of title for the state in-kind grant items is formalized by virtue of decision of an authorized investments state body to be taken upon expiry of investment contract between investors and authorized state investment body.</p>

# TAX PREFERENCES UNDER INVESTMENT CONTRACT

INVESTMENT PRIORITY PROJECT	PROJECT	CORPORATE INCOME TAX	LAND TAX	PROPERTY TAX
	<p>Creation of new production plants (factory, plant, workshop)</p>	<p><b>CIT is reduced by 100%</b> The exemption period starts on January 1 of the year when the investment contract was signed and lasts <b>up to 10 (ten) consecutive years</b>, which are counted starting from January 1 of the year following the year when the investment contract for the implementation of the investment priority project was signed.</p>	<p><b>A zero coefficient is applied to the land tax rates</b> The exemption period is from the 1st day of the month when the investment contract is signed and up to the expiry of <b>10 (ten) consecutive years</b>, which are counted from 1 January of the year following the year when the investment contract is signed.</p> <p><i>The above provisions do not apply when the provided land plot provided in full or partially is given to lease, for use on other grounds or a part of it (with or without buildings, structures, structures located on it).</i></p>	<p><b>A property tax is calculated at 0 percent</b> The exemption period starts from the 1st day of the month when the first asset is accounted for in fixed assets in accordance with international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting; and continues <b>up to 8 (eight) consecutive years</b>, which are counted from 1 of the year following the year in which the first asset is accounted for in property, plant and equipment.</p>
<p>Expansion or renewal of existing production plants</p>	<p>The exemption period starts from 1 January of the year, following the year, when the last fixed asset is commissioned under the investment priority project and ends no later than to the expiry of three consecutive years, to be calculated from January 1 of the year following the year when the last fixed asset is commissioned under the investment priority project.</p>	<hr/>	<hr/>	

# TAX PREFERENCES UNDER THE INVESTMENT CONTRACT

PROJECT	VAT FREE IMPORT
<b>INVESTMENT</b>	<p>The raw and other materials under the investment contract are exempt from the VAT once all the following prerequisites have been met:</p> <ul style="list-style-type: none"> <li>• Raw and (or) other materials are on the List of raw and other materials to be released from the VAT on import under investment contract, established by the authorized state body on investments and approved by the authorized state planning and authorized public budgeting state body (Order of 27 February 2018 No.140);</li> <li>• Imports of raw and (or) other materials are formalized pursuant to the customs laws of the Customs Union and Republic of Kazakhstan;</li> <li>• VAT payer should produce a commitment document to the customs body on usage of imported raw and other materials within the time allowed for claims and solely for the investment contract.</li> </ul>
<b>SPECIAL INVESTMENT</b>	<p>VAT exemption is applied to importation of raw materials and/or materials imported as parts of transport vehicles; and/or materials imported as constituent parts of farm machinery, provided that they are placed under customs procedures of free customs zone stock under special investment contract between a state body, authorized for signing special investment contract and a legal entity that fall under the following:</p> <ul style="list-style-type: none"> <li>• a manufacturer of transport vehicles that signed an agreement on industrial assembly of motor vehicles with the authorized body for state support of industrial and innovative activity;</li> <li>• a manufacturer of farm machinery.</li> </ul> <p>VAT free import of goods as part of the finished products manufactured in the territory of SEZ or free customs zone stock, can be applicable by a legal entity, signatory to a special investment contract with the state body, authorized for signing a special investment contract, when the following prerequisites are met:</p> <ol style="list-style-type: none"> <li>1) all goods are placed under the customs procedure of free customs zone stock or free warehouse;</li> <li>2) customs procedure of free customs zone or free warehouse will terminate in customs procedure of release for free circulation;</li> <li>3) the goods, components of the finished produces are identified as per the customs laws of the Republic of Kazakhstan.</li> </ol>



# TAX PREFERENCES UNDER INVESTMENT AGREEMENT

CORPORATE INCOME TAX	LAND TAX	PROPERTY TAX	Exemption from VAT (for the SEZ members)	Reduction of tax liabilities ( at KZT 15 million MAI, exclusive of SEZs)
<p><b>CIT is reduced by 100%</b> for the revenues gained from the implementation of an investment project on activities specified by the investment agreement.</p>	<p><b>Zero coefficient is applied to the land tax rates</b> in relation to the land plots used for the implementation of the investment project.</p>	<p><b>Zero coefficient is applied to the tax base when calculating property tax</b> for objects used for the implementation of investment project.</p>	<p><b>VAT exemption</b> can be applied by the legal entities, when the signatory to the Investments Agreement carries on activity in the territory of SEZ.</p>	<p>A reduction of the tax liabilities of a legal entity, signatory to an investment agreement by the amount of the actual costs of the investment project is applicable, if such a reduction is specifically provided for in the investment agreement. The reduction in tax liabilities can be provided in the investment agreement given that investments amount under investment project is at least 15 mln. (fifteen million) of MAI, with the exception of cases when a legal entity, signatory to the agreement, carries out activity in the SEZ.</p>
<p>The exemption period shall be effective from 1 January of the year, when an investment agreement is made, through the expiry of ten consecutive years, which are calculated from 1 January of the year following the year in which the agreement is made.</p>	<p>The exemption period shall be effective from the 1st day of the month in which investment agreement is made and through the expiry ten consecutive years, to be calculated from 1 January 1 of the year following the year in which such an agreement is made.</p>	<p>The exemption period shall become effective on the 1st day of the month in which the first asset is accounted for as part of fixed assets in accordance with laws on accounting and financial reporting, and (or) through the expiry of eight consecutive years, to be calculated from 1 January of the year following the year, in which the first asset is accounted for as part of property, plant and equipment in accordance with the laws on accounting and financial reporting.</p>	<p>The SEZ life period, as well as force period of rights and obligations of SEZ members shall remain in force by default for the duration period of Investments Agreement given that such Investments Agreement provides for investments in the amount of at least 15 million MAI.</p>	<p>The exemption period shall become effective from the beginning of financial year in which such an agreement is made. The reduction shall be applicable upon expiry of ten years, i.e. force period of preferences for these taxes within twenty-five years. The reduction amount is maximum twenty percent of the actual expenses.</p>

# CONCLUSION OF INVESTMENT CONTRACT

<b>APPLICATION FORM</b>	A template form established by the investments authorized body. (point 1 Article 292 EC RK)
<b>PLACE of FILING</b>	An application can be filed offline or online, a hard copy is filed with the Population Servicing Centres at the place of an applicant registration and online form is lodged online in the website of electronic government.
<b>DOCUMENTS TO BE ATTACHED</b>	<ol style="list-style-type: none"> <li>1) <b>Certificate of state registration</b> (re-registration) of a legal entity;</li> <li>2) <b>Copies of the by-laws (charter) of a legal entity</b>, certified by the signature of the head and seal of the legal entity. If the legal entity shall be a private business entity, the documents affixing a seal shall not be required;</li> <li>3) <b>Business plan of investment project</b>, drawn up in accordance as per the established template;</li> <li>4) <b>Documents confirming the size (cost) of the government grant-in-kind</b> requested by the legal entity of the Republic of Kazakhstan and preliminary approvals of its provision;</li> <li>5) <b>Certificate of comprehensive off-site evaluation of construction projects</b> to be signed by the head, in the manner determined by the laws of the Republic of Kazakhstan;</li> <li>6) <b>Copies of the passport or identity document of attracted foreign labour force</b> to be translated into the Kazakh or Russian, the employment contract between the employer and the attracted foreign labour force (to be translated into the Kazakh or Russian), documents confirming his qualifications and (or ) education to be translated into the Kazakh or Russian.</li> <li>7) <b>Letter from the central executive body authorised to administer tourism activities</b> should be attached , when an investment priority project is carried on in priority touristic zones, in order to confirm that the project is carried out in the priority tourist zones.</li> </ol>
<b>RESPONSE TERM</b>	Authorized body for investments should formalize their decision within twenty business days from the date of registration of the application.
<b>INVESTMENT CONTRACT FORCE PERIOD</b>	Investment contract force period is based on the force period of the investment preferences. The working programme should be completed not later than nine months before the end of the investment contract.

# EARLY TERMINATION OF INVESTMENT CONTRACT

PROJECT	BASIS	TAX REIMBURSEMENT	STATE IN-KIND GRANT
INVESTMENT AND INVESTMENT PRIORITY	BY MUTUAL CONSENT OF PARTIES	Legal entity shall reimburse the amount of taxes and custom duties not paid as a result of investment preferences provided under the investment contract.	<p>A Kazakh legal entity, that carries on investment contract, <b>should return state property items, granted as state in-kind grant</b> or its original value on the date of transfer pursuant to the terms and conditions of the investment contract.</p> <p>The state in-kind grant should be returned within <b>thirty calendar days</b> after the authorized state investment agency takes a decision on early termination. <i>(Article 295 the EC RK)</i></p>
	ON INITIATIVE OF INVESTOR- LEGAL ENTITY unilaterally	Legal entity shall reimburse the amount of taxes and custom duties not paid as a result of investment preferences provided under the investment contract.	
	ON INITIATIVE OF AUTHORIZED INVESTMENT STATE BODY in case of non-performance or improper performance of the investor and in case of investor's failure to submit documents justifying further implementation of the investment project and making amendments in the contract.	<p>The authorized body for investment shall terminate the investment contract unilaterally before the expiry of three months from the date of notification.</p> <p>Legal entity shall reimburse the amount of taxes and custom duties not paid as a result of investment preferences provided under the investment contract.</p>	
SPECIAL INVESTMENT	BY MUTUAL CONSENT OF PARTIES	A legal entity that has entered into a special investment contract does not have to pay the amount of customs duties that have not been paid as a result of investment preferences granted under a special investment contract.	



## NO LIMITS AND WORK PERMITS

**The limits on the amount of foreign labour annual (quota) and work permit rules shall not apply in relation to, inter alia, foreigners and stateless persons employed by the:**

- legal entities of the Republic of Kazakhstan that have entered into the investment agreement on investment priority project development pursuant to laws of the Republic of Kazakhstan;
- the general contractors, contractors, subcontractors or service providers in the field of architectural, urban planning and construction activities of the above legal entities – signatories of investment agreement (including research and design activities, engineering services)
- as managers and experts with higher education, qualified workers as per the statutory list of occupations and numbers, as provided in investment contracts for the implementation of investment priority project.
- The exemption from quota and work permits rules is effective within one year after commissioning of the investment facilities.

(Employment Law of the Republic of Kazakhstan)

# INVESTMENT TAX CREDIT

## CONCEPT

- Investment tax credit shall mean **shift of due dates of corporate income tax and property tax payments for the period of up to three years**. During the credit period the taxpayer may reduce tax payments by 100% for CIT and property tax that will be repaid in phases.

## TERMS OF INVESTMENT TAX CREDIT

- **Valid investment contract for investment project implementation**, exclusive of investment priority project and investment agreement
- **No outstanding tax liabilities** on taxes and other obligatory payment to budget and social payments as of the date of applying for investment tax credit.

## HOW TO GET

- **Application to the tax body at place of tax registration** with required documents, inter alia, repayment schedule as provided in the template investment tax credit agreement;
- **Handling by tax bodies** - 5 business days, **further handling in authorized investment state body**– 20 business days;
- **Approval or rejection of authorized investment state body** - 10 business days;
- **Two original tax credit agreements** are delivered to applicant for signing.

## FOLLOW-UP INVESTMENT CONTRACT PERFORMANCE

METHOD OF CONTROL	REPORT to be filed by investor	AMENDMENTS into investment agreement	WORK PROGRAMME CLOSURE	RESTRICTIONS
<p>1) <b>Desk audit</b> – review and analysis of reports;</p> <p>2) <b>Site visit</b>, inter alia, review of documents on fulfillment of work program and the terms of the investment contract. Site visit is carried out within six months after the commissioning of fixed assets, subject to the completion of the work programme.</p>	<p style="text-align: center;"><b>25 July</b> <b>25 January</b> <b>in the</b> <b>established</b> <b>form</b></p> <p><i>including breakdown of costs, set out in the working programme, with the documentary evidence of commissioning of fixed assets, supply and use of spare parts to technological equipment, raw and materials..</i></p>	<p style="text-align: center;"><b>Twice a year by virtue of mutual agreement of the parties into the annexes to the investment contract and a special investment contract</b></p> <p><i>with a breakdown by cost items provided by the work program, with the attachment of documents confirming the commissioning of fixed assets, the supply and use of spare parts for technological equipment, raw materials and (or) materials.</i></p>	<p>An audit report should be filed with the authorized investment body by an entity, that signed a contract, within two months after work programme closure to contain:</p> <p>1) Data on performance of commitments under the work programme;</p> <p>2) breakdown on fixed assets acquired in accordance with the work programme;</p> <p>3) a consolidated register of documents confirming the implementation of the work programme;</p> <p>4) information on performance of commitments under the investment agreement.</p>	<p>1) It is not allowed to change the designation purpose of the state in-kind grant and property acquired in accordance with the work programme;</p> <p>2) It is not allowed to alienate the state in-kind grant and property acquired in accordance with the work programme.</p> <p>The use of goods, that have been exempt from the customs duties, is monitored as per the procedures established by the Eurasian Economic Commission.</p>

# STABILITY OF LAWS

INVESTMENT PRIORITY PROJECT UNDER INVESTMENT CONTRACT	INVESTMENTS AGREEMENT	INVESTMENT OBLIGATIONS AGREEMENT
<p>The legal entities that carry on investment priority projects under investment contract shall have a guarantee of <b>STABILITY OF LAWS (maximum 10 years)</b> in case of any changes :</p> <ol style="list-style-type: none"> <li>1) Tax laws;</li> <li>2) Labour laws in particular foreign labour force attraction .</li> </ol> <p>The stability of the above laws shall become ineffective by default in the event of early termination of an investment agreement.</p>	<p>The legal entities that carry on investment projects under investments agreement shall have a guarantee <b>STABILITY OF LAWS</b> in case of any changes :</p> <ol style="list-style-type: none"> <li>1) Tax laws;</li> <li>2) Labour laws in particular of foreign labour force attraction .</li> </ol> <p>The terms and conditions of the investments agreement shall remain stable <b>25 (twenty five) years</b> from the signature date unless it is amended by mutual consent of parties.</p> <p>The stability of laws within the Investment Agreement is not restricted to the above mentioned laws and regulated by article 295-2, i.e. the stability is guaranteed for the 25 years. (Article 289 EC RK)</p> <p style="text-align: center;"><b>STABLE TAX RATES and VAT exemption</b></p> <p>The rates and coefficient of corporate income tax, land tax and property tax, as well as VAT exemption shall remain unchanged from the signature date of the investment agreement.</p>	<p>A taxpayer, (tax agent), which entered into Investments Obligations Agreement, shall calculate the following taxes and payments to the budget at rates and as per the tax regime effective at the time of signing of the agreement within <b>10 years</b> from the 1 January of the year, when such agreement is signed :</p> <p style="text-align: center;"><b>VALUE ADDED TAX; EXCISE; PAYMENT FOR ENVIRONMENT EMISSION; INDIVIDUAL INCOME TAX ; WITHHOLDING TAX.</b></p> <p>In case of annulment of any taxes and payments to the budget, a taxpayer, which signed the Investment Obligations Agreement, should continue to pay the annulled taxes and payments, which were effective at the time of signing of the agreement.</p>



# CONCLUSION OF INVESTMENT OBLIGATIONS AGREEMENT

DOCUMENTS	PROCEDURE
<b>Application form and filing</b>	No template application form is provided by the laws, thus an application in the free is filed with the authorized body for investments
<b>Documents to be enclosed</b>	No information on documents to be enclosed to the application form is provided in the laws.
<b>Review time</b>	An authorized body for investments shall draw up a draft of the government decree on investments obligations department within 20 business days from the date of receipt of the application.
<b>Signing procedure, template, terms and conditions</b>	An authorized investment body should draft investment obligations agreement and prepare procedures regulating conclusion, amending and termination, which should be approved by the government.
<b>Amendments</b>	The Investment Obligations Agreement can be amended only in section pertaining to schedule of investments.
<b>Special conditions</b>	During the force period of investment obligation agreement the cost of goods, works and services under contracts concluded with an interconnected party is taken into account in the amount of expenses actually incurred, but not more than fifty percent of the amount of obligations, provided that such an interconnected party is a resident of the Republic of Kazakhstan

# CONDITIONS to RECEIPT TAX STABILITY UNDER INVESTMENT OBLIGATIONS AGREEMENT

TERMS	CONTENT
<b>RECIPIENT</b>	<ol style="list-style-type: none"> <li>1) an export-oriented commodity producer, with the exception of exporters of hydrocarbon minerals and petroleum products, i.e. incomes from export sales make up at least 70 percent of the total annual income for the previous year;</li> <li>2) a large taxpayer on the horizontal monitoring, including participation in a pilot project on horizontal monitoring;</li> <li>3) does not carry out activities for the production of excisable goods;</li> <li>4) does not apply special tax regimes.</li> </ol>
	<p>In case of signing an investment obligations agreement with a legal entity that carries out extraction and (or) processing of solid minerals, such agreement can be signed exclusively for the activities in the field of extraction and (or) processing of solid minerals.</p>
<b>OBLIGATIONS</b>	<p>A legal entity undertakes to finance capitalized subsequent expenses and (or) expenses for the acquisition, production, construction of new fixed assets, as well as for financing other costs that increase the value of fixed assets in the amount of at least 150,000,000 fold of Kazakhstani monthly assessment index amount; and financing of at least seventy percent of this amount must be done within the first five years, including the year when an application for investment obligations agreement is filed.</p> <p>During the force period of the investment obligations agreement, from the second year from the date of its conclusion, legal entities, except for the subsoil users, should also annually finance the training of Kazakhstani personnel in the amount of at least 20,000 times of Kazakhstani monthly assessment index effective in time when such financing is carried out.</p> <p>Legal entities, subsoil users, should finance expenses in accordance with the laws of the Republic of Kazakhstan on subsoil and subsoil use.</p> <p>A legal entity that signed investment obligations agreement, could also sign investment contracts for the provision of investment preferences pursuant to the laws.</p>
<b>FORCE PERIOD</b>	<p>Stability of tax laws is guaranteed for the legal entities that signed investments obligations agreement.</p>

