

# VAT on electronically supplied goods and services in Kazakhstan

From 1 January 2022, digital sales of goods and services by foreign entities to private individuals (B2C) in Kazakhstan will be subject to 12% VAT. As such, foreign suppliers will be obliged to register for VAT if all the requirements are met and will need to pay quarterly VAT in Kazakhstan. Input VAT related to the transactions will not be recoverable in Kazakhstan.



## 1. VAT taxpayer

Foreign entities that supply digital sales of goods and services via the internet and/or telecommunication networks to private individuals in Kazakhstan will be regarded as VAT taxpayers. The supply of digital goods and services by such foreign entities to private individuals in Kazakhstan will be subject to 12% VAT.

The 12% VAT should be applied to the cost of goods/services sold in electronic form (i.e. added to the transaction). The cost of goods sold in electronic form or the services supplied to individuals in foreign currency will be converted into KZT using the market exchange rate determined on the last business day preceding the date of receipt of payment for the goods/services.

## 2. Taxation procedure

### Tax registration

Foreign entities that are considered to be taxpayers for Kazakhstan VAT need to register for VAT in Kazakhstan and need to remit VAT on a quarterly basis.

A foreign entity can register for VAT in Kazakhstan by sending a hard-copy letter to the State Revenue

Committee containing the following information:

- The full name and postal address of the company;
- The state registration number (or equivalent) of the company's country of residence or country of incorporation;
- The tax registration number (or equivalent) of the company's country of residence or country of incorporation;
- The company's bank details for the Kazakhstan VAT payments.

### Report and remit VAT

A foreign company subject to VAT in Kazakhstan needs to remit VAT on a quarterly basis to the Kazakhstan tax authorities but does not need to submit VAT returns in Kazakhstan. VAT is due on the 25th of the second month following the reporting period (i.e. a calendar quarter). Foreign currencies should be converted using the Kazakhstan National Bank Exchange rate determined on the last business day preceding the date of receipt of payment for the goods/ services.

Foreign companies electronically providing goods and services to private individuals in Kazakhstan do not have any reporting obligation and are not required to issue VAT invoices.

In addition, VAT is not due on goods and services supplied electronically if the value of the goods and services is included in the official import value and import VAT has been paid on that amount.

## 3. Definitions

According to the Kazakhstan Tax Code provisions, which will be effective from 1 January 2022, the

general definition of electronically supplied goods and services is as follows:

- *Electronic trade of goods* - business activity for the sale of goods to individuals conducted through an internet site.
- *Services in electronic form* - services provided to individuals through a telecommunications network and the internet.

If one of the following conditions is met, then the VAT-payer should assess VAT for the value of the goods sold electronically/services supplied in electronic form:

- the place of residence of an individual-buyer is the Republic of Kazakhstan (RK);
- the location of the bank used by an individual-buyer to pay for services, or an electronic money operator through which an individual-buyer is paying for services, is in the RK's territory;
- the network address of the individual purchaser used for purchasing services is registered in the RK;
- the international country code of the telephone number (including any mobile number) used to purchase or pay for services is assigned by the RK.

#### 4. Place of supply

Whether the service is VAT taxable in Kazakhstan depends, among other things, on the recipient's location. The place of supply of the electronically supplied goods and services can be determined based on any of the following information:

- The customer, i.e. a private individual, has its place of residence in Kazakhstan;
- The customer makes the payment through a bank or e-money operator located in Kazakhstan;
- The customer's IP-address is registered in Kazakhstan;
- If the customer uses a telephone number for the transaction and the international country code refers to Kazakhstan.

A customer (i.e. a private individual) is considered to be located in Kazakhstan if any one of these conditions is met.

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