## «Taxation of foreign companies engaged in electronic trade in goods and the provision of electronic services to individuals»

The State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan ( hereinafter - SRC) informs that from January 1, 2022 a new section of the Tax Code comes into force, regulating the procedure for imposing value added tax on foreign companies, through the internet platform of which electronic trade in goods is carried out, as well as providing services in electronic form to individuals.

The new provisions provide for the following conditions, upon establishing one of which a foreign company is obliged to calculate and pay value added tax in the Republic of Kazakhstan:

the place of residence of an individual-buyer is the Republic of Kazakhstan;

the location of the bank, in which a bank account is opened used by an individual-buyer to pay for services, or an electronic money operator through which an individual-buyer is paying for services, is the territory of the Republic of Kazakhstan;

the network address of the individual-buyer used to purchase the services is registered in the Republic of Kazakhstan;

the international country code of the telephone number (including mobile) used to purchase or pay for services is assigned by the Republic of Kazakhstan;

Consequently, a foreign company, through the internet platform of which electronic trade in goods is carried out and (or) refuses services in electronic form to individuals in relation to whom the above conditions are established, is recognized as a payer of value added tax in the Republic of Kazakhstan and **is subject to conditional registration with the tax authority.**

For conditional registration, a foreign company **once sends a confirmation letter by mail to the SRC**, in which it indicates:

full name of the foreign company;

tax registration number ( or its equivalent), if there is such a number in the country of incorporation or country of residence of the non-resident;

state registration number ( or its equivalent), in the country of incorporation of the non-resident or the country of residence of the non-resident;

bank details from which the value added tax will be paid when carrying out electronic trade in goods, providing services in electronic form to individuals;

postal details ( official email address, address of location in the country of incorporation or country of residence of the non-resident).

In order to simplify the business process for the specified turnover, the foreign company does not provide tax reporting on value added tax and does not issue electronic invoices.

The turnover of a foreign company related to electronic trade in goods and the provision of electronic services is subject to value added tax the rate of **12 percent**. The payment period is made based on the results of the quarter in which the goods were sold and services were rendered, respectively, on **May 25**, **August 25,** **November 25** **and** **February 25**.