

INDIVIDUAL INCOME TAX

1 What is an individual income tax return (IIT) declaration?

This is a tax reporting form (FNO 240), in which individual taxpayers reflect the amount of income that is subject to taxation by an individual independently, as well as certain types of assets.

2 Who is required to fill out and submit such a declaration?

Individuals:

- tax residents of the Republic of Kazakhstan, who received property income, including the income from sale of securities. Such income includes, for example, realized income from long and short positions in the securities, realized income from derivative financial instruments;
- tax residents of the Republic of Kazakhstan, who received income from sources outside the Republic of Kazakhstan. Such income includes, for example, dividends and coupons;
- labor immigrants, tax residents;
- tax residents of the Republic of Kazakhstan, engaged in professional practice;
- tax residents of the Republic of Kazakhstan, who have money on bank accounts in foreign banks located outside the Republic of Kazakhstan, with the exception of individuals who have an obligation to submit a declaration of assets and liabilities (Form 250.00);
- tax residents of the Republic of Kazakhstan, who have the right of ownership of real estate, securities, participation in the authorized capital of a legal entity registered outside the Republic of Kazakhstan, with the exception of individuals who have an obligation to submit a declaration of assets and liabilities (Form 250.00);
- tax non-residents, in accordance with Section 19 of the Tax Code.

3 Do I need to indicate my income in the form of wages and fees for services under civil law contracts, in the IIT declaration?

This depends on whether this income was taxed with IIT at the source of payment. Wages received from a Kazakhstani employer and payments under civil contracts received from the Kazakhstani counterparties are, as a rule, subject to IIT at the source of payment. Accordingly, such income does not need to be reflected in the IIT declaration, since the individual income tax has already been withheld when such income was paid to you. However, if you have employment contracts with foreign employers and the civil contracts with foreign counterparties that do not withhold the Kazakhstani IIT at the source of payment, you must include these incomes in the IIT declaration.

<p>4 I am not a tax resident of Kazakhstan. Am I required to submit an IIT declaration?</p>	<p>Yes, if you received income from a Kazakhstani source, listed in Article 644 of the Tax Code of the Republic of Kazakhstan, which was not subject to IIT in Kazakhstan at the source of payment. In practice, such income will include, for example, income from securities issued by the Kazakh issuers, as well as income from increase in value upon sale of such securities.</p>
<p>5 I receive income from the securities in the form of dividends/coupons and from trading with the securities, completely exempt from taxation in Kazakhstan. Am I required to indicate such income in the IIT declaration?</p>	<p>Yes, since these tax benefits are provided by excluding from the total amount of taxable income amounts of income that are not subject to taxation. In other words, you are required to indicate the amounts of such income in the IIT declaration, and then in the corresponding lines of the declaration you have the right to indicate the amount of income exempt from taxation, which will reduce the total amount of income subject to the individual income tax. This process is called adjusting taxable income. This is done to ensure that the taxpayer reflects in the IIT declaration all income received, regardless of whether they are exempt from taxation or not. Please take into account that failure to reflect income that is subject to adjustment in the IIT declaration is a violation of tax laws and can lead to both administrative fines and criminal penalties.</p>
<p>6 The tax was withheld from my dividend/coupon income in a foreign country. Can I offset foreign income taxes against IIT?</p>	<p>Yes, you can, but only if you have a certificate received from a foreign authority, which will indicate the amount of income tax paid in the foreign country. Such a document must be certified through consular legalization or an apostille. Form 1042-S is not such a statement. To obtain confirmation of the amounts of taxes withheld on income received from US issuers, you should contact the IRS yourself. Freedom Finance brokers do not receive such certificates for their clients. Please note that applying a foreign income tax offset against the individual income tax without a certificate from a foreign tax authority will be a violation of tax laws and may result in both administrative fines and criminal penalties.</p>
<p>7 During the reporting year, I did not have transactions with securities, nor did I receive any income from issuers. Is it necessary to submit an IIT declaration in this case?</p>	<p>If you are not obligated to submit FNO 250 (Declaration of Assets and Liabilities of an Individual), then you need to reflect your foreign assets, including securities, in your individual income tax declaration (FNO 24).</p>
<p>8 What regulations should be followed when filling out the declaration?</p>	<ul style="list-style-type: none"> • Sections 8 and 19 of the Tax Code of the Republic of Kazakhstan; • Article 6 of the Constitutional Law of the Republic of Kazakhstan, On the Astana International Financial Center; • Rules for preparing tax reporting, Individual Income Tax Declaration (Form 240.00) (Appendix 83 to the Order No. 39. of the Minister of Finance of the Republic of Kazakhstan, dated January 20, 2020.
<p>9 For what period should the declaration be reported?</p>	<p>For the previous calendar year, since the tax period for individual income tax is the calendar year. For example, for 2023, the individual income tax return must be submitted not later than March 31, 2024.</p>
<p>10 What is the deadline for submitting an IIT declaration?</p>	<p>March 31 of the year following the reporting year. If this date is a non-working day, then the deadline for submitting the declaration is postponed to the next working day.</p>
<p>11 What is the deadline for paying IIT?</p>	<p>Not later than April 10 of the year following the reporting year. If this date is a non-working day, then the tax payment deadline is postponed to the next working day.</p>

12 Which tax authority should I submit my tax declaration to? The IIT declaration is submitted to the tax authority at the place of location (residence). To do this, in the IIT declaration on the last page of the main form, you need to indicate the first four digits of the code of the corresponding state revenue authority in the "state revenue authority code" column. All codes are available at this link: https://egov.kz/cms/ru/articles/taxes_bin

13 What details should I use to pay IIT? **Budget Classification Codes (BCC):** <https://egov.kz/cms/ru/articles/kbk>

In practice, one of two codes is used for the IIT: 101202 or 101205

Payment purpose codes (PPC): <https://egov.kz/cms/ru/articles/knp>

In practice, Code 911 is used to pay the IIT.

Tax authorities codes: https://egov.kz/cms/ru/articles/taxes_bin

For example, if you indicated the state revenue authority Code 6009 in your IIT declaration, then the tax authority code in the payment document will be 600901.

14 How are the amounts reflected in the transaction report for the IIT declaration generated? **In general, income includes:**

- realized capital gains;
- realized income from derivatives;
- dividends, coupons, remuneration and their equivalents that are not taxed at the source of payment in the Republic of Kazakhstan.

In accordance with the applicable provisions of the Tax Code, the following are not taken into account:

- losses from transactions with securities;
- commissions paid.

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According to the Regulations for provision of services, we do not provide an advice on tax issues. **For all questions regarding taxation, you should contact professional tax consultants or the tax authorities of the Republic of Kazakhstan at 1414 or +7-800-0807777.**

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