

IV Investors' Voice

The American Chamber of Commerce in Kazakhstan

Kazakhstan's leading International Business Association



MARCH ISSUE
2024

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#106

Kazakhstan: Advocacy and Reform Past and Present in Progress



- ▶ Fiscal Decentralization in Kazakhstan
- ▶ Kazakhstan's Long Road Toward Judicial Reform
- ▶ Updating The Tax Code: Reflections and Recommendations
- ▶ Fair Competition
- ▶ Advantages of Horizontal Monitoring
- ▶ Consequences of Corruption
- ▶ The View From The OECD Anti-Corruption Network

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EDITOR'S NOTE



Dear Readers,

As we begin 2024 with many changes already in place – most importantly the appointment of Kazakhstan's new Prime Minister, Olzhas Bektenov, and the appointment of new Cabinet Ministers – there are changes still awaited: the pending new *Tax Code* and *Digitalization Code* that are in process. While we wait for these changes, AmCham turns its attention to reforms recommended in recent years, important reforms that have been sporadically pursued while some still await resolution. This may be viewed as an historical enquiry that we invite you to follow while considering what remains to be done to improve Kazakhstan's investment environment.

AmCham has singled out several areas of concern from recent years that remain unresolved but have been identified as priorities by Prime Minister Bektenov as he undertakes his new portfolio. The priorities requiring attention today are *Tax Reform*, *Fair Competition*, and *Anti-Corruption*. They have been shelved too long and should not be delayed further.

The fifteen articles chosen from these three priority areas for the *March Investors' Voice* are as fresh and current today as they were in past years. The writers are the most knowledgeable experts and commentators among AmCham CEO members together with AmCham's Ambassador partners and our OECD colleagues who are always *au courant* on Kazakhstan's reform priorities.

Readers will understand these three priorities are necessary if Kazakhstan hopes to attract new foreign investment, the country's foremost objective as it seeks to strengthen its economy. A quick description of each of the three priority areas are discussed in greater detail in this issue:

- *Tax Reform* – a constant subject of enquiry for investors seeking a stable, trustworthy, and profitable destination for their investments. Alternative locations worldwide are always available and good investors will investigate thoroughly before deciding and struggling against a fluctuating tax environment.
- *Fair Competition* – a frequent challenge that the Government must resolve to ensure business competition is not obstructed by arbitrary preferences, nor should companies government-owned or managed be allowed to obstruct business operations to disadvantage competitors.
- *Anti-Corruption*, a deeply-ingrained systemic problem, one of the first queries by investors considering investing in a country with much to offer but a history that remains to be overcome.

The articles in the *March Issue* chosen for publication from the above three areas represent frank and honest discussions with an eye to the future when Kazakhstan, despite its many achievements, hopes to join the world's most attractive investment destinations. The *AmCham Council to Improve the Investment Climate*, together with AmCham's members and partners, all of whom possess deep experience acquired over the life of the *Council*, is committed to supporting Kazakhstan as it overcomes its challenges and achieves its objectives in the years ahead.

Doris Bradbury
Executive Director, AmCham in Kazakhstan
Editor-in-Chief, *Investors' Voice*



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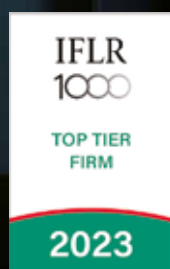
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Alan Hamson, Ambassador of Canada to Kazakhstan

Alan Hamson joined Foreign Affairs Canada in 2004. In Ottawa, he has worked in the Human Rights, Humanitarian Affairs, and International Gender Equality Division (2004 to 2005), in the National Security Branch of the Privy Council Office (2013 to 2015) and as Director of Strategic Planning and Coordination in the Peace and Stabilization Operations Program (2018 to 2021).

His overseas assignments have included postings in Beijing (2006 to 2009), the Provincial Reconstruction Team in Kandahar, Afghanistan (2009 to 2010) and in Kabul, Afghanistan (2010 to 2012). He was also Canada's Ambassador to South Sudan (2016 to 2018), served at the Canadian Permanent Mission to the UN in New York (2005) and with the International Red Cross in Colombia (2015 to 2016).

Alan Hamson holds a BA Hons in Political Science, McGill University (2004), an LLM in International Law, University of London (2012), and an MPA, Royal Military College (2014). He is a graduate of the National Security Program at Canadian Forces College.



Kestutis Jankauskas, Ambassador of the European Union to Kazakhstan

Ambassador Kestutis Jankauskas was appointed Head of the EU Delegation to Kazakhstan on 1 September 2021, having served as Head of the EU Delegation to Azerbaijan between 2019-August 2021 and Head of the EU Monitoring Mission to Georgia 2015-2017. He previously served as Ambassador of Lithuania at NATO 2011-2015 and Ambassador to the EU Political and Security Committee 2005-2009, as well as DCM at the Lithuanian Embassy in the United States. Between 2009-2011 he held the position of Permanent State Secretary/ Chancellor at the Lithuanian Ministry of Foreign Affairs.

Ambassador Jankauskas holds a Master's Degree in History from Vilnius University and was an Assistant in the Archaeology Department of the Lithuanian History Institute (1989-1991). His mother tongue is Lithuanian and he speaks English, Russian, French, and German.



Kathy Leach, U.K. Ambassador to Kazakhstan

Kathy Leach joined the Foreign Office (now the Foreign Commonwealth and Development Office) in 2000. Over the course of her career she has worked on EU trade and development, security policy, human rights, consular policy, climate change and energy, and UK-EU negotiations. She has been posted to Moscow and Tokyo and was Ambassador to Armenia from 2012-2015. Most recently, in London she was Head of the Policy Unit, then Deputy Director of the Strategy Directorate, before becoming Deputy Director of Constitution and Devolution in the Europe Directorate. She took up her role as Ambassador to Kazakhstan in August 2021.

Ambassador Leach has a First Class Honours degree in Russian from the University of Cambridge, and during her career in the FCDO has also studied Japanese, Armenian, and now Kazakh.

Organization for Economic Cooperation and Development (OECD)



Olga Savran, Director, Anti-Corruption Network for Eastern Europe/ Central Asia, OECD

Olga Savran began her career at the OECD in 1996, and in recent years has been involved in public governance reforms in the OECD member states as well as in the transition economies. As Director of the OECD Anti-Corruption Network for Eastern Europe and Central Asia, Olga Savran leads the Istanbul Anti-Corruption Action Plan, is responsible for the Business Integrity Program and the network of law-enforcement officials on criminalization of corruption. She also contributes to the OECD Working Group on Bribery and other regional and global activities.

Olga Savran holds academic degrees from Kiev State University and Amsterdam University.



Sabine Zigelski, Senior Competition Expert, OECD

Sabine Zigelski has been Senior Competition Expert at the OECD Competition Division in Paris since 2013. She is responsible for the OECD's Competition Committee, which focuses on enforcement and international co-operation. Previously, she was in charge of the OECD-GVH Regional Centre for Competition in Budapest, which conducts training seminars for officials from East and South-East Europe.

Before joining the OECD, Sabine Zigelski worked for more than 20 years as a Senior Case Manager at the German competition authority, the Bundeskartellamt. She holds a Master's Degree in Economics.

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Drago Kos, Chair, Working Group on Bribery; Co-Chair, Business Integrity Network, OECD

Drago Kos is Chair of the OECD Working Group on Bribery in International Business and Co-Chair of MENA – the OECD Business Integrity Network. He serves on the International Anti-Corruption Advisory Board (IACAB) and is Co-Chair of the Defence Corruption Monitoring Committee (NAKO) in Ukraine.

Between 2011 and 2015 he served as International Commissioner and Chair of the Joint Independent Anti-Corruption Monitoring and Evaluation Committee (MEC) in Afghanistan. Between 2003 and 2011 he was Chair of the Council of Europe's Group of States against Corruption (GRECO).

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Nariman Mannapbekov, Head of Mission in Kazakhstan, Asian Development Bank (ADB)

Nariman Mannapbekov joined the Asian Development Bank in May 2006 as an Economist. He was promoted to Senior Economist in February 2010 and in September 2010 to Head, Project Administration Unit (Energy Division) at ADB Headquarters in Manila. In April 2016 he was appointed ADB's Head of Mission at the Azerbaijan Resident Mission in Baku.

Nariman Mannapbekov has thirty-five years of broad experience in investment banking and government at the World Bank, and now with ADB. He has led numerous ADB missions, including to Kazakhstan, and has a deep knowledge of the country and region.

Coca-Cola



Alexandra Akkirman, Regional Public Affairs Manager, Coca-Cola

Alexandra Akkirman joined The Coca-Cola Company in Istanbul in November 2016 as Public Affairs, Communications, and Sustainability (PACS) Manager for the Caucasus and Central Asia. She has been based in Almaty with responsibility for PACS activities in Kazakhstan and Kyrgyzstan since August 2020.

Prior to Coca-Cola, from 2007 to 2016, she headed Corporate Communications in Eurasia at TeliaSonera, a Swedish telecommunications company. Between 2002-2006, she worked at Nielsen Research - first as Marketing and Communications Manager of the Russian branch and later as Communications Manager for Eastern Europe, the Middle East, and Africa, based in Nicosia, Cyprus.

Alexandra Akkirman holds an M.A. degree in Linguistics from St. Petersburg University and has studied for an MBA at Bradford University (U.K.).

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Originally from Deloitte in the UK, Anthony Mahon spent three years working for Deloitte in the Middle East and joined Deloitte CIS in 2012. He leads Deloitte's Caspian Energy & Resources practice across all service lines. A Tax Partner who specialises in international tax, mergers and acquisitions and restructuring, he advises Kazakhstan's most significant subsoil users.

Anthony Mahon holds a BSc from Aston University and is a member of the Institute of Chartered Accountants of England & Wales.



Olessya Kirilovskaya, Director, Deloitte Tax and Legal Department

Olessya Kirilovskaya has over 14 years of experience in legal consulting in Kazakhstan, including Kazakhstan oil and gas legislation, structuring of transactions, and environmental issues.

She holds a Bachelors degree in International Law from Kazakh State Humanitarian and Law University and a Master's of European Business Law Degree from Leiden University (Netherlands).



Karina Kalimzhanova, Manager, Deloitte Tax and Legal Department

Karina Kalimzhanova has over six years of professional consulting experience at Deloitte. She provides tax advisory services to multi-national and local companies, leads corporate and international taxation projects, tax structuring, provides support during tax audits and modelling of tax business processes. She also handles PSA taxation matters, financial leasing, M&A transactions, and of double tax treaties.

Karina Kalimzhanova holds a Master's degree in Economics (Moscow State University) and is a member of the Kazakhstan Chamber of Tax Consultants.

EY



Erlan Dosymbekov, Managing Partner, EY Kazakhstan

As EY Managing Partner in Kazakhstan and Central Asia, Erlan Dosymbekov supervises a variety of projects in the region, most of which are aimed at public sector reforms, including infrastructure development, cleantech, regional integration, and tax and customs administration. He is also part of the EY Emerging Markets global network. He specializes in advising EY's corporate clients throughout the Caspian region on tax, transactions and international structuring, and is a member of the Caspian Mineral Resource Committee under the International Tax and Investment Center (ITIC).

Erlan Dosymbekov holds a BA degree in Finance from Eurasian National University (Kazakhstan).

Kinstellar



Mukhit Yeleuov, Partner, Head of Dispute Resolution, Kinstellar Kazakhstan

Mukhit Yeleuov is a Partner in the Almaty office of Kinstellar and Head of the Kazakhstan Dispute Resolution practice. He has significant experience representing clients in commercial and corporate disputes concerning shareholder rights, property rights, subsoil rights, real estate, construction, breach of contract, and torts, as well as in fiscal and regulatory disputes concerning tax, customs, labour, migration, environmental, technical safety, and bankruptcy law. He also represents clients in Kazakhstan's courts (including the Supreme Court), as well as in international arbitration proceedings.

Mukhit Yeleuov is a Doctor of Juridical Science (S.J.D.) and has taught law at Indiana University and KIMEP University. He is a member of the Kazakhstan Bar Association.

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Michael Ahern, Tax and Legal Services Leader for Eurasia, PricewaterhouseCoopers

Michael Ahern leads the PwC Eurasia (former CIS countries) Tax and Legal Services practice. He has over 30 year's experience advising multinational clients on various tax and related issues. His experience is very wide-ranging. Mr. Ahern has worked in South Africa and throughout Central Europe (specifically Poland and Serbia). In 2014, he moved to Kazakhstan.

Michael Ahern is South African Chartered Accountant, holds an MBA, and has UK tax qualifications.



A CONSIDERATION OF FISCAL DECENTRALIZATION IN KAZAKHSTAN (2023-2024)

by **Nariman Mannapbekov**
Country Director
Asian Development Bank (ADB)

In June 2023, the Asian Development Bank presented the first wellbeing index for the twenty administrative regions of Kazakhstan, highlighting perceptions of welfare and opportunities across the country. This wellbeing index serves as the base to inform policies – among others – on highlighting the need for implementing place-sensitive development strategies by emphasizing fiscal decentralization to help maximize the potential of every region in the country. From an economic perspective, the potential of many regions remains untapped. From a social viewpoint, regional inequalities and stagnation is limiting opportunities for the population, especially youth.

The existing centralized fiscal management system leaves many regions dependent on the central government. More than 60% of total subnational budget revenues consist of central government transfers (compared to 41.2% on average in OECD countries in 2020). Local government own-source revenues are marginal and their scope for fiscal initiatives is limited. Most regions suffer from fiscal imbalances. Hence, in terms of fiscal decentralization, tax policy in midterm could be geared towards increasing the share of property and resource tax revenues retained by local governments. This would strengthen the regional resource base and incentivize local governments to improve collection and administration.

By 2023 local governments have been allocated twelve types of tax and non-tax revenues as part of the devolution of their budget. However, the current system falls short of addressing development needs as most of the funding is conditional and transferred

top-down by the central government. This increases concentration of economic activity in certain regions of Kazakhstan and limits opportunities to mobilize local potential in every region to maximize economic dynamism. To improve fiscal resilience of the regions in the long run, instead of increasing tax rates on the currently narrow tax base in the case of most taxes, the government could instead focus on broadening the tax base and enhancing tax compliance.

To develop practical policy recommendations, ADB in 2024 will commence a comprehensive fiscal decentralization study. This will include: (i) analysis of tax collection and administration system by identifying factors influencing revenues in each region's budget, (ii) assessment of the tax burden's marginal level using fiscal evaluation of tax potential through a comprehensive analysis of current taxation and administration, and (iii) review of the current state budget redistribution (transfers) model.

The intended study will formulate steps to improve the country's fiscal decentralization and income redistribution policies. We believe that fiscal decentralization should be at the crossroads of both tax policy and the agenda for local governance reforms.



PERSISTENT TAX OBSTACLES THAT CAN BE RESOLVED (2023)

by Anthony Mahon
Partner, Cross-Border Taxation
Deloitte CIS

The events of the last twelve months have, once again, provided previously unforeseen and acute challenges to Kazakhstan and the whole region. As Kazakhstan continues to navigate these turbulent times, economic uncertainty pervades the global economy and the country (like many others) must brace itself for potential shocks brought about by any potential global economic slowdown.

However, notwithstanding the global currents that continue to impact the country's economy, Kazakhstan is faced with its own significant economic challenges brought about, in significant part, by the global imperatives of energy transition.

The major capital project coming towards completion in Atyrau oblast is the last major planned investment into the hydrocarbon industry in-country. Kazakhstan must now grapple with the existential question of whether it is capable of attracting significant new investments from overseas, whether these be from existing investors in Kazakhstan or new entrants.

Notwithstanding the fact that Kazakhstan retains substantial volumes of natural resources that are attractive to investors, the unfortunate truth is that many foreign investors continue to have negative experiences when doing business in Kazakhstan – specifically when it comes to taxation – both in terms of tax policy and tax administration.

Outside the natural resources industry, Kazakhstan must also now address the reality that other businesses (such as those in the consumer goods sector) can no longer do business in Kazakhstan as part of a broader “CIS-wide” operation using the Russian Federation as a hub for supply chain and logistics purposes. This makes doing business in a huge and geographically distant country such as Kazakhstan more economically difficult. Unforeseen incremental taxes imposed on such businesses make their operations in Kazakhstan even less attractive to their investors.



As has been mentioned today, the program of comprehensive tax reform during 2023 should be viewed as a much needed and positive step towards addressing some of the challenges the country faces in both keeping its current investors in-country (and actively investing) but also potentially attracting major new sources of investment.

However, in order to be capable of attracting new investment (and continued re-investment) it is imperative that Kazakhstan reverses the trend of recent years of enacting tax reforms and new laws which:

- **actively seek to target and impose additional taxes upon foreign investors**
- **run contrary to the widely accepted principles of international taxation.**

When such tax code provisions are combined with tax administration procedures and practices that – in practical terms – often make it impossible for taxpayers to benefit from the protections of double tax treaties concluded by Kazakhstan, the effect is an unexpected and unplanned increase in taxation for foreign investors.

Three of the most problematic examples of such damaging tax law and administration relate to:

- **The taxation of non-residents with a permanent establishment in Kazakhstan (Article 666)**
- **The taxation of dividends (and restrictions to exemptions from withholding tax) set out in Article 667;**

- **The definition of royalties set out within Article 1 of the Tax Code and the manner in which this definition (and its non-alignment with the principles set out by the OECD in its Model Double Tax Treaty AND the treaties concluded by Kazakhstan) is being used to reclassify service charges (commonly used within the groups of most, if not all, foreign investor groups) as royalty payments and to impose withholding taxes thereupon.**

Where investors routinely encounter problems like this in terms of a bad Tax Code or overly aggressive tax administration, the effect is to push up the risk premium of investments into a country like Kazakhstan.

In today's global economy – where there is increased competition for capital in organizations which have traditionally been major investors in Kazakhstan - the country can ill afford such an increase in the perceived risks of investing in Kazakhstan. A better balance must be struck between the desire for an

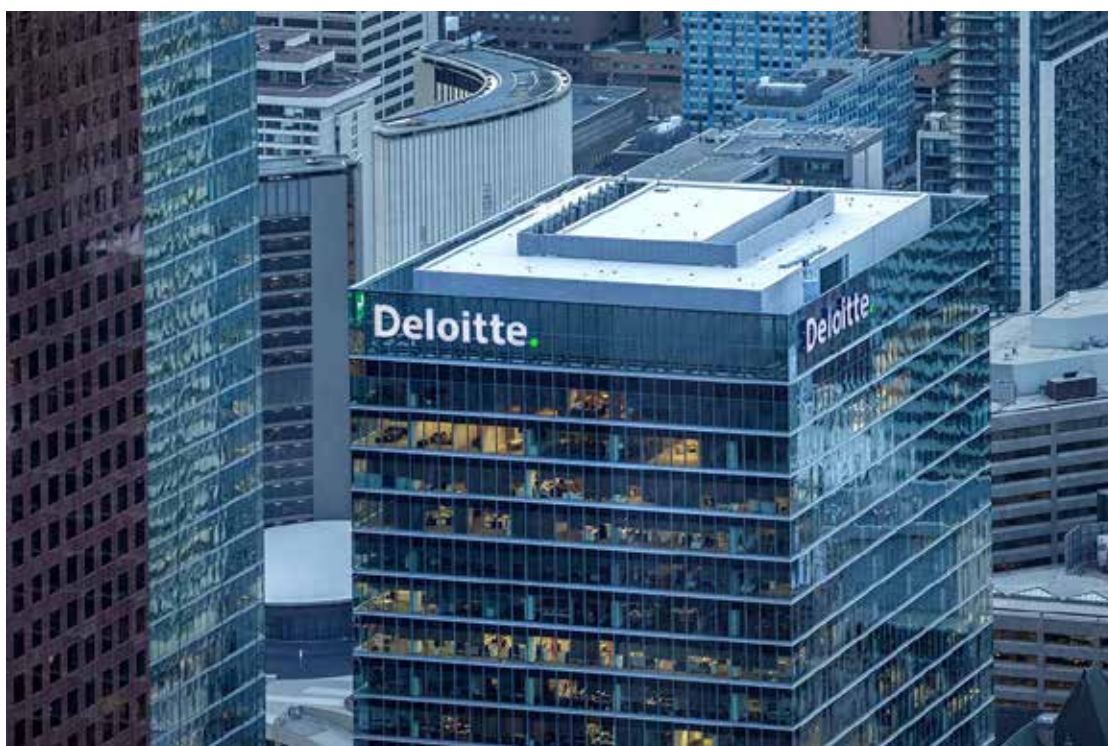
increase in the level of short-term tax revenues and conditions which facilitate the creation of long-term economic prosperity for Kazakhstan.

The pending process of taxation reform must operate so as to bring these and other similar concepts of taxation into line with internationally accepted and widely adopted principles of cross-border taxation.

Tax law that strays from generally accepted international or domestic best practices and renders investment in Kazakhstan less attractive would have completely the opposite effect.

Conclusion

AmCham and its members are ready and willing to participate in extensive consultation with the state authorities to provide investor perspectives and examples of global best practice with a view to helping Kazakhstan create a taxation framework that encourages investment and leads to greater long-term prosperity for Kazakhstan.



TAX POLICY: COMMENTARY AND RECOMMENDATIONS (2023)

by Ambassador Alan Hamson
Ambassador of Canada to Kazakhstan

Canada welcomes the Prime Minister's initiative to ensure that investors' views are taken into account in the development of the Kazakhstan economy. Canada recognizes the work of the Government of Kazakhstan on its project of reform of the Tax Code. The challenge of improving tax administration is a key priority.

Tax Code complexity

Canada recognizes that tax codes are often complex, as they must contend with many spheres of the economy. Nonetheless, we would encourage the government to limit cross-referencing the tax code with subsidiary laws and norms as it makes it difficult to reach clarity and provide room for interpretation.

Kazakhstan's Tax Code is particularly complex as it has 1,379 references to other laws and norms, while 18,821 references in other laws and norms are made to the Tax Code.

Risk Management System

Canada also observes that the *Tax Code's Risk Management System* seems to lack clarity on how businesses will be assigned a specific risk category. While the general criteria for assignment of risk categories are known (e.g. their activities and possible risk of fraudulent activities), there is no clarity how this risk will be determined and assigned to each company.

The fact that the attribution is confidential also raised some concerns in terms of transparency. Similar activities could be assigned different levels of risks without apparent reasons. Which categorization is assigned to a company has significant impacts on companies, as different levels of risk imply different levels of actions, including in some cases sanctions.

Any lack of clarity with such impactful designations creates uncertainty in the business environment and discourages investment. If such risk management should be implemented, there should be clear criteria on the process for determining into which category a company should be placed, including clear and unambiguous criteria with as little room for interpretation as possible, as well as clarity on the implications and sanctions associated with different scenarios.



Value-Added Tax (VAT)

Canada believes that there could be improvements on the process of requesting and retrieving VAT. We suggest to simplify the process, with greater information available on VAT procedures, and clear explanations of why a given VAT retrieval request may be rejected.

At this time, it is very difficult for exporters to retrieve VAT, and there is a lack of transparency on which exporters have returned how much and which companies have been rejected.

Interpretation

As much as possible, Canada encourages Kazakhstan to remove interpretive steps from the administration of the Tax Code so that there are fewer opportunities for error or for difficult discussions between tax authorities and businesses which raise other risks. This applies to the return of VAT, to payment of land tax and personal property tax, and likely other areas. A code that has zero or very little room for interpretation would provide more certainty and clarity to investors and would stimulate investment.

Minerals Extractive Tax (MET) on mineral raw materials

Somewhat distinct from the Tax Code, but still related to taxation, the *Minerals Extractive Tax* is also an area of investor attention. While there are some residual issues with the previous change in the *Mineral Extractive Tax*, Canada welcomes the transition to international standards (*CRIRSCO*) of accounting for mineral resources as discussed in the previous meeting of the Investment Council. The object of taxation of mineral extraction tax on mineral raw materials will be actual production, and not extinguished reserves. The amendments make appropriate changes to the conceptual apparatus and the procedure for calculating tax liabilities for MET.

Complex oil and gas projects

Canada also welcomes the project of an alternative tax rate for complex oil and gas offshore projects and exemption from corporate income tax for onshore gas projects, which will help stimulate investment. We further welcome the provision by which subsoil users on complex offshore projects will be able to carry forward losses for 10 years when calculating an alternative tax on subsoil use, and similar measures which ensure that subsoil users who develop gas projects onshore are exempt from corporate income tax. These measures will be beneficial to the investment environment in this sector.

While not directly linked to this taxation, we hope there will also be incentive for use of greener and cleaner technologies in the extractive sector. This will help Kazakhstan to achieve its ambitious *Net Zero Plan* and other international agreements.

Tax on dividends

Instead of a zero tax rate on dividends, the Ministry of National Economy proposed a single 10% tax rate on dividends (the standard rate is 15%). It should be noted that the 10% tax rate on dividends does not look like a preference that stimulates deep processing, since for most countries with which Kazakhstan has agreements on avoidance of double taxation, the tax rate on dividends is 5% by virtue of these agreements. Therefore, establishment of a single rate of 10% will only stimulate structuring of the subsoil user's holding companies in foreign jurisdictions.

Conclusion

Canada remains available to share its experience and to work closely with tax authorities on investment topics to deliver the economic growth that Kazakhstan hopes for now and into the future.



TAX CODE REFORM: IDEAS FROM CANADA FOR A SOUND INVESTMENT AND GROWING ECONOMY (2023)

by Ambassador Alan Hamson
Ambassador of Canada to Kazakhstan

Taxation is among the most important issues for investors, and Canada applauds the initiative of the Prime Minister to engage his Investment Council regularly on issues of taxation. Communication between the Government, investors, and other stakeholders is the best way to ensure that the investment climate delivers economic development to meet the needs of the people of Kazakhstan.

The following comments will focus on several recent developments in the taxation environment of interest to Canada.

Tax exemption for new mining projects: Canada was encouraged by some news that the Government is considering instituting a regime of tax exemption for new mining projects. We agree that a tax exemption regime would encourage exploration and development in this important sector and would be welcomed by investors. We would welcome clarification on the duration of the exemption for each new project, as well as any other parameters for the planned regime.

Mineral Extraction Tax (MET): In May 2022, the Kazakh Parliament proposed an increase in the Mineral Extraction Tax by 50% for the exchange traded minerals (including, *inter alia*, copper, gold, nickel, tin, aluminium, and zinc) and by 30% for other metals and minerals. This plan raised significant concerns from foreign investors, and there was uncertainty on whether this increased tax would apply only to new projects or also to existing investments. Changes in the tax regime for existing investments is often detrimental to investor confidence overall.

An additional key issue is the methodology of calculating this tax. The MET is applied in Kazakhstan according to an older method which links the amount due to be paid to the quantity of the mineral that is extracted from the ground, rather than to the quantities sold.

Indeed, at present, the MET is calculated on extraction stage, based on production losses and part of the reserve contained in the production volume. Those two numbers (production losses and reserve) are approved by the *Geology Committee* and the *State Reserves Commission*. Therefore, the MET is based on **subjective** and **evaluative** factors and is actually administrated by the *Geology Committee* and not by the tax authorities.



This has several disadvantages: First, it could hinder the development of deposits with lower recoveries.

Second, given the subjectivity of the determinations above, this calculation risk generates high and unwelcome legal risk for investors, including the risk of disputes with tax authorities, as well as the potential other risks associated with a subjective decision-making regime.

Third, the linking of taxation with the assessment of reserves, based on GKZ reserves data, a state-owned commission, actually blocks the use and transition of investors to a single world format for estimating reserves according to the international *CRIRSCO* system, since the fiscal authorities trust only the GKZ data.

In order to increase the transparency and completeness of tax payment in the extraction of solid minerals, Canada strongly recommended revising the existing approaches to the MET with the transition to direct simple tax administration by the fiscal authorities using objective indicators of the content of minerals or substances in sold products. This would also make it possible to decouple taxation from the reserves assessment system, and to instead implement only one, based on the *CRIRSCO* international standard, according to which the state keeps records and understands the real investment picture of its resource base.

Canada would be happy to work closely with tax authorities and with authorities in the mining sector on providing technical information and/or best practices for their consideration, if there is an interest in considering the proposal above.

Dividends tax: Shareholders were exempt from dividend withholding tax if they owned their shares in local companies for more than three years. From January 2023, this exemption was replaced with a preferential tax rate (10% vs. 15%) if the previous conditions (including the three-year holding period)

are satisfied. Non-residents were exempted from dividends taxation but they are included as of January. This may be less attractive for investors, both domestic and foreign. It may impact Canadian companies too: for example if a Canadian mining firm was to seek Kazakhstan investors for its project, potential local investors would be disincentivized knowing that their dividends would be taxed by 10%.

Canada would instead suggest to keep the *status quo* for foreign investors. By applying this tax, Kazakhstan may lose some potential investors, crucial at a time when the country needs investments for discoveries of new deposits and for the development of these discoveries.

“Google Tax”: Following the example of a number of countries, Kazakhstan has introduced a value-added tax (VAT) on e-services and e-commerce in goods (colloquially known as the “Google Tax”). The tax will be calculated and paid on electronic services provided by foreign firms to Kazakhstani consumers, and on foreign companies, through the Internet platforms of which Kazakhstani individuals purchase goods.

Second-tier banks and payment organizations are under an obligation to provide tax authorities with information on payments in favor of the relevant foreign companies. However, it is not yet clear how the tax authorities will use the information received.



While Canada is not necessarily a sector leader in electronic services in Kazakhstan, we see that the “Google Tax” could disincentive Kazakhstani consumers from using foreign online platforms.

Conclusion

Canada remains available to share its experience on taxation and connect Kazakhstan and Canadian tax experts on relevant issues of mutual interest. We look forward to working together on taxation issues and other investment-related issues to deliver the economic growth that Kazakhstan hopes for now and into the future.



Toronto Skyline

UPDATING THE TAX CODE: REFLECTIONS AND RECOMMENDATIONS (2023)

by Ambassador Kathy Leach
U.K. Ambassador to Kazakhstan

Summary

Predictable, transparent and fair tax regimes are the foundation of investor confidence. Consultation with business over changes, phasing in change and consistency with best international practice should be key elements in the development of the future Tax Code. Equally important is to look at fair and transparent processes to address inconsistencies or lack of clarity in legislation.

A further consideration is how to use the tax regime to incentivise investment in clean, innovative technology to underpin green transformation and economic diversification. The following article introduces some examples from the UK on how investment has been transformed into new sectors and green technology over the past 20 years.

The United Kingdom welcomes consideration of the important issue of tax policy and practice. At the *UK-Kazakhstan Annual Intergovernmental Commission on Trade and Investment* in London on 7 February, Kazakhstan's Deputy Foreign Minister Aidarov and Lord Johnson, Minister for Investment from the Department of International Trade, discussed a number of issues on this subject that impact the business environment. We highly value these opportunities for dialogue, which are critical for giving feedback from the international business community and ensuring that Kazakhstan's tax policy and practice is consistent, as far as possible, with best international practice.

Predictable, transparent and fair tax regimes are the foundation of investor confidence. Proper consultation – not just with domestic business but with international business – before decisions or changes are made is essential to maintain confidence and avoid inadvertent counterproductive effects. We welcome the opportunity for business to be involved in discussion of the upcoming revision of Kazakhstan's Tax Code.

In the past, we have given a number of examples of tax issues which exemplify some of the current problems for international business in regard to tax policy and practice:



- **Sudden reinterpretation of longstanding agreements or laws, with retroactive application of tax and penalties.** The 1997 Karachaganak PSA – after 25 years – has in the past year been interpreted by the Tax and Customs authorities as having application to a wider group of suppliers. SME suppliers are now being pursued through the courts for retroactive payment of customs duties at the higher rate stipulated in the PSA plus penalties.

If the courts enforce this new interpretation after 25 years, there are over 20 companies – often small and medium sized enterprises that have invested in offices and staff in Kazakhstan over many years – that find themselves with unplanned bills to pay. In some cases, this unexpected cost may put them out of business and force their withdrawal from Kazakhstan.

If a change in interpretation is made, or where there has been ambiguity and differing legal opinions over the application of a tax regime to a wider group, we strongly advise that any change in rate should only apply to future tax obligations. This will allow companies to adjust their pricing and reclaim the higher costs from the company they are supplying. We also believe there should be consistent practice in interpretation across all PSAs.

- **Sudden change in tax rates** (e.g. the *Mineral Extraction Tax*). Although industry was aware that MET rates were likely to increase, the scale of the increase (30-50%, including 50% for traded metals like copper) came as a surprise. Even though tax exempt periods are offered for exploratory mining companies, a sudden and large increase in a

tax rate creates the impression that future tax policy may not be stable, a negative message for international companies considering long-term, expensive investments in critical sectors.

- **Sudden changes in legislation leading to a financial outcome that could prevent a business or franchise being viable.** The most recent example here is changes to rules on offsetting intercompany charges against corporate income tax – companies can now only offset up to 3% of the total corporate income tax bill. For international companies purchasing business services from a parent company registered abroad, which many franchises are mandated to do, this may make their business unviable in Kazakhstan.
- **A combination of taxes, subsidies and other practices that create a barrier to higher spec technology manufactured overseas.** Agricultural machinery imports currently have VAT, import duties, recycling fees, and subsidy disparities with domestically produced goods. Different tax and incentive regimes for imported goods vs domestic goods may be challenged under WTO rules as discriminatory. The distortion on pricing will also have the effect of driving away *Best Available Technology* from a sector urgently needing modernisation. This is a good example of how mechanisms designed for one purpose (to increase domestic manufacturing) may have an overall negative impact on the technology available to make an important sector of the economy more efficient and competitive.
- **Outdated, hands-on control mechanisms unsuitable and inefficient in a modern economy.** A good example of this is cider production. During bottling of cider, a representative from the tax office must be present to open (remove the seals) and close (replace the seals) the bottling line every day (7am and 10pm), due to regulations originally designed to stop the siphoning off and bootleg production of hard spirits. These control measures are not relevant or logical for cider production and add huge additional costs.

The key messages are the need for consultation, transparency and predictability, and alignment with international best practice. Where changes are made, these should be flagged well in advance to allow business to adjust. Retroactive reinterpretation of long-standing contracts and demands for retroactive taxes and penalties should be avoided. Instead, agreement should be sought on a new interpretation going forward to allow businesses to plan and build these new costs into future contracts.

The government is making strong efforts to improve tax policy and practice to remove unnecessary burdens on business. Innovations in the tax system such as horizontal monitoring are welcome. As with all innovations, work is needed to build confidence and demonstrate a willingness and flexibility to deal with unforeseen consequences.

Finally, in the development of the next Tax Code, a really important consideration is how to use tax policy to promote the green transition. The *UK's Climate Change Committee* – our independent *Committee of Experts* who advise the government on the soundness of its plans to reach *Net Zero* by 2050 – has said that the UK will need £50bn a year of investment between 2030-2050 to deliver *Net Zero*, with most of that investment to be delivered by the private sector. Getting the policy framework right – including tax policy – is essential to incentivise private sector investment.



At the basis of green tax policy should be a number of key principles:

- **The polluter pays.** Energy companies and energy intensive industries need to pay a carbon tax at a rate that will drive meaningful behaviour change and investment in better and green technologies. There are different ways of applying a carbon tax. In the UK, depending on the sector we have used a range of tools, including an emissions trading scheme based on caps on emissions; a direct tax per tonne of fossil fuels burned; a specific tax on power companies called the '*Renewables Obligation*', in which energy companies are required to source an increasing amount of their electricity from renewable sources, either directly or by 'buying' renewables certificates from other companies producing renewable energy.

The highest marginal rate of tax on fossil fuels in the UK is currently paid by drivers. Tax rates on petrol and diesel are considerable (around £0.60 a litre), to drive investment into energy efficient and low-carbon technology, as well as into other mitigations like car sharing and public transport. This 'fuel duty' raises around £30bn of tax a

year. This, together with suspending other excise duties on electric vehicles, has helped to drive the take up of electric vehicles, to over a quarter of all new vehicles sold in the UK today.

Recycling in the UK has also been driven strongly by a 'landfill tax' which local authorities have to pay for every tonne of rubbish they put into landfill waste disposal. This incentivises local authorities to find ways to reduce the amount of solid waste which is thrown away.

- **Reward 'green' behaviour.** Green solutions should have tax breaks to drive take-up and create new markets. In the UK, energy saving products are taxed at a lower rate, e.g. products like insulation and heat pumps currently do not have VAT (currently applied at 20% in the UK).

In addition, tax breaks can help to incentivise investment in green and cutting-edge technology. In the UK, companies pay a reduced rate of

10% corporation tax on income from qualifying patented inventions and other forms of qualifying IP. This measure was brought in to incentivise companies to keep IP in the UK, incentivise them to register IP and reward the companies for doing so. Capital allowance mechanisms can also be used to incentivise 'green' capital investment.

Improving the energy efficiency and energy performance of buildings is particularly important in reducing emissions. In the UK, direct GHG emissions from buildings (largely for heating) were around 17% of all UK emissions in 2019. Including indirect emissions (from electricity use) means that buildings accounted for 23% of the UK total.

The tax system can incentivise improvements in energy efficiency in buildings by reducing the property tax rating for more energy efficient buildings or extending exemptions on any increase in tax rates due to an increase in the capital value due to green investments.



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THE ADVANTAGES OF HORIZONTAL MONITORING (2023)

by Erlan Dosymbekov
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Horizontal monitoring is a breakthrough project in the field of tax administration, among the main functions of which it is important to note:

- *increasing transparency of taxpayers*
- *reducing tax uncertainty*
- *building trusting and predictable relationships with tax authorities*

In the form of benefits from horizontal monitoring, the state receives a reduction in conflict and an increase in the effectiveness of tax control. Taxpayers, in turn, receive the necessary predictability and certainty in the tax sphere. Similar horizontal monitoring modes (or *Cooperative Compliance*) have been successfully implemented in more than 50 countries worldwide. It is worth noting separately the effectiveness of these projects in increasing investor confidence in the state.

In international practice, horizontal monitoring is usually initiated by large global investors who need an understandable and predictable tax regime to protect investments. For example, horizontal monitoring was launched in the Netherlands in 2005 as a pilot project after conducting an investment attractiveness study. The study showed that the existing tax regime does not provide investors with stability and predictability, nor does it guarantee the safety of investments.

As a response, clear rules were developed for horizontal monitoring together with representatives of large businesses based on the principles of trust, transparency, and cooperation. Since the pilot implementation, horizontal monitoring has shown its effectiveness primarily because the interests of businesses and investors were fully considered during its design.

The expectations of large investors are the same all over the world, regardless of the geography of investments, are namely:

- *predictability and stability of the tax regime;*
- *clear and transparent relations with tax authorities, in particular, predictable (and preferably conflict-free) tax audits;*
- *the certainty of taxation in general and for individual projects;*
- *operational "closure" of tax risks and periods for inspections in order not to create tax reserves in the financial statements*

Horizontal monitoring allows you to address all of the above expectations. In international practice, as a rule, participants are provided with traditional advantages and guarantees:

- *quick closing of the period by verification – due to real-time verification*
- *exemption from sanctions - due to open dialogue with the tax authority and the possibility of self-clarifying obligations*

Taxpayers are also entitled to receive rulings or "reasoned opinions" — legally significant explanations of the tax authority on specific transactions. Such clarifications provide the necessary long-term certainty for the company regarding the correctness of taxation of key transactions and operations. In the presence of such clear advantages, even significant investments in the automation of tax processes, which involves horizontal monitoring, are perceived by investors as justified.

Launching a pilot project on horizontal monitoring in Kazakhstan is one of the most important tax administration projects, positively affecting Kazakhstan's investment attractiveness. The pilot project primarily covered national companies, legislation, and regulatory framework is under development. The progress of the project is being watched with interest by private companies and foreign investors who consider any such project with the state from the point of view of the balance of benefits and costs. Investors will be ready to join it if there are clear, legally fixed "rules of the game" and benefits for participants.

The concept of the project and the set of advantages for its participants are not yet clearly fixed, and it is too early to call them convincing for investors. We are talking about the possibility of reimbursement of 80% of the overpaid VAT, exemption from on-site inspections for the duration of the pilot project, as well as the possibility of obtaining "preliminary explanations" after the pilot project is over.

In order to fully realize the potential and to further increase the attractiveness of horizontal monitoring, it is necessary to clearly formulate and legislate the rules of operation of the regime and its advantages. Together with the business community, it is necessary to formulate the concept and rules of horizontal monitoring and to consolidate them in Kazakhstan's regulatory framework.

The concept and rules of horizontal monitoring should take into account the needs of investors and ensure a reasonable balance of benefits and costs for both businesses and the state.

CUSTOMS TREATMENT OF ROYALTIES FOR INTELLECTUAL PROPERTY RIGHTS: THE NEED FOR PREDICTABLE, FAIR, CONSISTENT APPLICATION OF THE LAW (2023)

by **Mukhit Yeleuov**
Partner, Kinstellar Law Firm

Meaningful investment often depends on the movement of goods across customs borders. Therefore, predictable, fair, and consistent application of customs rules is critical for the investment climate of any country integrated into the world economy.

Sophisticated modern businesses rely on using know-how, software, and other intellectual property rights. How the customs authorities treat these rights is significant. An important practical issue is whether or not royalties for the use of intellectual property rights should be included in the customs value of imported goods. This issue has generated a lot of uncertainty as well as numerous and protracted legal disputes in Kazakhstan.

Substantively, whether or not royalties for the use of intellectual property rights should be included in the customs value of imported goods depends on two legal criteria:

- *if royalties relate to the imported goods;*
- *if royalties are required to be paid as a condition of sale of the imported goods.*

Each of these two criteria is independent of the other. For royalties to be included in the customs value of imported goods, both of these criteria need to be present simultaneously.

These criteria are outlined in the *Kazakhstan Customs Code*, the *Customs Code of the Eurasian Economic Union (EEU)*, and other sources of law. A detailed legal act of the Eurasian Economic Commission explains how these two criteria should be interpreted and applied. The act contains detailed rules: explanations, clarifications, and examples.

Unfortunately, the application of these criteria by some Kazakhstan customs officials has strayed from the detailed written rules. This creates a significant problem for businesses. They are unjustly and retroactively punished by customs officials for not including royalties for the use of intellectual property rights in the customs value of imported goods, even when one or both of the established criteria are missing.

Since it is difficult in Kazakhstan to successfully challenge actions of customs officials to higher state agencies, businesses are often forced to go to

court. The number of these court disputes has been growing. The author is personally aware of nine court cases concerning inclusion of royalties for the use of intellectual property rights in the customs value of imported goods in Almaty alone in 2021-2022.

Obviously, businesses cannot agree with this approach by the customs authorities, and so they head to court for resolution. These businesses collect, carefully analyse, and skilfully present their cases to Kazakhstan's courts, including the judicial practice of other *EEU* countries. Surely, Kazakhstan is not a common law country and judgements by courts (not to mention foreign courts) are not a source of law. Nonetheless, the *EEU Customs Code* and legal acts of the *Eurasian Economic Commission* are common to all countries of the Union. Therefore, judicial judgements rendered in other *EEU* countries on the same matter, applying the same rules, are of obvious interest to Kazakhstan's courts. There are several cases when Kazakhstan judges have confirmed that the same rules cannot and should not be applied differently – this would create economic risks not only for investors, but also for Kazakhstan itself.

What else tends to work in local courts: substantiated references to global practice. One business proved in court that it exports identical goods to, and transfers the same intellectual property rights for use in, almost 100 countries worldwide, and that in none of these countries, except Kazakhstan, are royalties for the use of the intellectual property rights included in the customs value of the imported goods.

What else tends to work in local courts: references to opinions and positions expressed by Kazakhstan in the *Eurasian Economic Commission*. They can be used to argue that actions by a local customs office contradict the position of Kazakhstan's national authority on the same issue internationally.

Witness statements, cross-examination of customs inspectors, expert opinions, letters, invoices, other documentary evidence – all have been and can be used in courts. Such customs disputes may be difficult and time-consuming, often involving months of litigation, but can be successful. Judicial practice is still not uniform and the same courts have rendered different rulings on the same issues.

Businesses obviously need a more systemic solution. The national authorities of Kazakhstan need to ensure that local customs officials properly apply the law. This is in investors' interests as well as in Kazakhstan's interests. Predictable, fair, and consistent application of customs rules is critical for the investment climate.

THE KAZAKHSTAN TAX SYSTEM: TIME FOR CHANGE (2022)

by Michael Ahern
Tax and Legal Services Leader
PwC Eurasia

Following the difficult events early in 2022, and after the 30 years of Independence celebrations, President Tokayev declared the concept of a *New Kazakhstan: A Path of Renewal and Modernization*, introducing change in the political structure and economic reform. Associated with this, business anticipates positive reform in tax policy. Such reform is crucial to support business and to attract new investment.

Key principles driving tax reform include transparency and predictability / stability. This article points to issues in the tax law-making process; uncertainty of interpretation of tax legislation; the absence of an effective mechanism for resolving tax disputes; and the need to review the performance management system of the tax administration. While pointing out the issues, we have also made suggestions to improve the system. If any tax reform is initiated, it is worth considering these matters for inclusion.

Tax Law-Making Process

The Tax Code undergoes numerous changes every year and sometimes on a number of occasions during the year. Often, the changes are drafted quickly and, consequently, the quality of drafting is poor. If consulted, unreasonably tight deadlines are put on the investor community to respond. Determination of who participates in working groups is not transparent. Proposed changes are discussed in Parliament by members who may not be competent in this area.

There is also a conflict of interest in the tax law-making process. The *Ministry of National Economy* is the body responsible for tax policy. However, it is clear that the *State Revenue Committee (SRC)* (the body responsible for tax administration and collection of taxes under the *Ministry of Finance*), is extremely influential in accepting and rejecting proposed amendments.

We propose that the Tax Code amendment cycle takes place over a two-three year period. This would allow meaningful discussion of proposed amendments with business and technical experts. The longer time and wider discussion would allow higher quality drafting. The impact on other laws could be considered appropriately. If a change of law is urgent, this should be handled as an exception and be well communicated at the outset so that relevant commentators know deadlines are tight.



In addition, a reasonable period should exist between adoption and enactment, to allow business time to adapt if needed. While these suggestions address the future, there is an important and urgent need to review the current tax laws, to address areas of ambiguity and uncertainty. This would be a very positive sign for taxpayers and start to build trust.

Another immediate action is to review the tax law for provisions which, for whatever reason, do not work in practice. For example, legislation for *Transfer Pricing Advance Pricing Agreements (APAs)* has existed for many years, but the tax administration does not allow this very important measure to be used. If there is no intent to allow APAs, eliminate the provision. (We revert to APAs below.)

Tax Law Certainty

Most investments take time to generate positive returns. Given the ever-changing and unpredictable tax rules, those prevailing at the time of deciding to invest may change significantly by the time the investment brings returns. The investor has little sense of what future tax legislation may hold. This uncertainty greatly increases the risk.

As such, business and investors need predictability in taxation. This requires clear and precise tax legislation, which does not allow arbitrary and unjustified interpretations by tax officials or other taxpayers (since this distorts competition).

Crucially, as part of our proposals, amendments to tax law should not have retroactive effect or be interpreted as if they were drafted in that way. Additionally, where appropriate, the tax law should have stability provisions to give needed comfort to potential investors for longer term projects.

We mentioned APAs above. APAs, which are legally binding on the taxpayer and the Government, enable both parties to agree on the tax consequences of certain transactions in advance. They are widely used in the developed world and provide certainty for investors. Using APAs effectively in Kazakhstan would be a very important sign of progress.

Tax Disputes Mechanism

There are a number of issues associated with the tax dispute mechanism which need to be addressed.

Despite the introduction of the administrative justice system on 1 July 2021, the dispute resolution mechanism for tax cases (usually with a significant assessment) does not work. Decisions are not made in favor of taxpayers. More generally, few judges have experience in business or dealing with tax law. Consequently, they default to the government position. In short, the dispute resolution / court process does not work and is unacceptably protracted.

Within a wider discussion about the rule of law, an alternative dispute mechanism for tax cases should be implemented. Adjusting the current pre-court resolution process by introducing truly independent tax experts should create the mechanism to resolve disputes fairly and quicker. It would also free up the court system.

Tax Staff Qualification

While understanding that matters related to staff are always sensitive, we would like to suggest a review of the SRC performance management system to ensure it is aligned with current best practice. Many of the issues mentioned in the course of this article ultimately come back to people.

Conclusion

This article highlights some practical steps, short and longer-term, to move towards trusted relations between tax officials and business. There may be a decrease in tax collections in the short-term, but they would help develop a more competitive economy to attract new investors and support existing investment.



THE PITFALLS OF DISCRIMINATORY EXCISE TAXATION (2022-2024)

by Alexandra Akkirman
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For the past decade, excise taxes on soft drinks have come to be viewed by governments of some countries as a “panacea” for fighting non-communicable diseases, such as obesity. Over 50 countries and states have implemented discriminatory taxes aiming at a single product category. While an excise tax is not a new idea (the first excise tax was enacted (and repealed) almost 125 years ago), the renewed recommendation for taxation, initially provided by the World Health Organization (WHO) as one out of an array of 88 measures to tackle obesity (but not a top 16 “Best Buy” recommendation), has been misinterpreted by many governments as a convenient way of increasing budget revenues.

As a result, there is no single or common scheme in taxing soft drinks worldwide. The schemes and rates differ, as do product categories subject to taxation; in addition to soft drinks, some countries also tax juices, or milk-based beverages, or even water, or even the bubbles in soft drinks. Likewise, there is no single approach to taxing beverages sweetened with low or no-calorie sweeteners (LNCS). While the WHO recommends encouraging beverage producers to reformulate to reduce sugar content in drinks, some governments even tax zero-calorie beverages with LNCS.

Obesity is a critical global challenge requiring a comprehensive strategy that would include interventions to encourage and empower consumers to make the necessary behavioral changes. This approach implies encouraging the food industry to use pricing policies and product innovation to influence demand for, access to, and the affordability of food and drinks low in saturated fats, trans-fats, salt, and sugar. In response to this challenge, the global food and beverage industry has extensively invested in innovation, reformulation, and new product development that actively help consumers to make smarter choices. Since 2008, over \$1 billion has been invested in sweetener innovation and sugar reduction research.

Non-communicable diseases are complex, with multiple underlying causes, therefore no single solution is likely to be effective in tackling them. Interventions need to be systematic, not only aiming for an immediate impact on the net energy balance, but also making sure that change is sustained. To-date, there is no real-life evidence that taxing a single product category, such as soft drinks, would have any meaningful impact on the rate of obesity. This has

been confirmed by a recent review* of more than 100 studies that have analyzed current taxes in more than 50 countries. It has concluded that beverage taxes have failed to reduce obesity, and that policies meant to reduce the intake of added sugars or calories cannot be effective if they target only one group of products.

According to the *McKinsey Global Institute*, for the food industry the most effective ways to combat obesity include reformulation of food and beverages, education, and smaller portion sizes. McKinsey also established that a narrow, discriminatory beverage tax was one of the least effective ways to improve health and found the science supporting such a policy proposal weak, giving it a 1 rating (on a 5-point scale, with 5 being the strongest evidence).

Discriminatory taxes have unintended consequences and often trigger substitution of taxed products with cheaper or non-taxed products, which can lead to adverse results. A paper from the *International Monetary Fund (IMF, Dec 2021)* suggests that a selective tax on sugar-sweetened beverages could lead to increased consumption of other high-calorie food items (for example, juices, flavored milk, and high-calorie snacks) and that international differences in consumer behavior need to be better understood.

Such substitution effect has been observed, for example, in the UK where a soft drinks tax was enacted in April 2016 and in 2021 *Public Health England* found that there had been a 45% reduction in sugar from soft drinks (largely due to industry reformulation of drinks to bring the sugar content below the taxed level of 5g per 100 ml, done during the two years given to the industry before the tax came into force), but the country’s sugar consumption had not moved overall. Therefore, governments intending to deploy fiscal measures in an attempt to reduce the intake of a nutrient such as salt or sugar, should aim for a broad-based tax on all the food and beverages containing this specific nutrient, to avoid the adverse effects of substitution.

Countries that have earlier introduced taxes on soft drinks are gradually moving in this direction. Finland, which has a differentiated tax on sweet beverages (higher tax on beverages with higher sugar content) has committed to introducing a broad-based sugar tax in 2023. The UK has had a differentiated tax on sweet beverages from 2018 in the framework of its *National Food Strategy*. However, studies have shown that even differentiated taxes correlate with a decrease in the average person’s intake of added sugars of only 18 calories (just over a teaspoon) per day. These reductions can be canceled out by consuming just two gummy bears, a single teaspoon

of ice cream or two potato chips or fries. As part of an update of this Strategy, the Dimpleby Commission in the UK put forward a recommendation to replace the differentiated sweet beverage tax with a broad-based sugar and salt tax, with salt taxed at twice the rate of sugar. Whereas in the Gulf countries, governments are moving away from a high flat-rate soft drink tax to a differentiated rate based on sugar content per 100 ml.

Another adverse effect of discriminatory taxes is that they are highly regressive. Low-income households spend a greater share of their disposable income on food and beverages than rich households, which effectively means that taxes on these categories burden those who can least afford it. Socio-economic statistics from several markets confirm that indirect taxes seize up to 1/3 of the disposable income from poor households, while for the richest households this ratio is as low as 1/10.

Situation in Kazakhstan

Introduction of a tax on sweet beverages in Kazakhstan has been discussed since 2018. In 2020, an excise tax on sugar-containing beverages was included into the draft *Action Plan of the National Program "Healthy Nation 2025"*. It envisaged a 7% tax in 2020, increasing annually to 45% by 2025, with an intention to use the proceeds from the tax for financing interventions to fight non-communicable diseases in the country.

The proposal immediately revealed several gaps, such as absence of a national legal definition of a "sugar-containing" beverage, absence of research on sugar consumption habits of Kazakhstanis (to determine if soft drinks really pose the highest risk), and absence of an assessment of the potential economic impact of the tax. Increasing tax twofold within only 3 years, as it was proposed, would have severe repercussion in both industry and its ecosystem including suppliers,

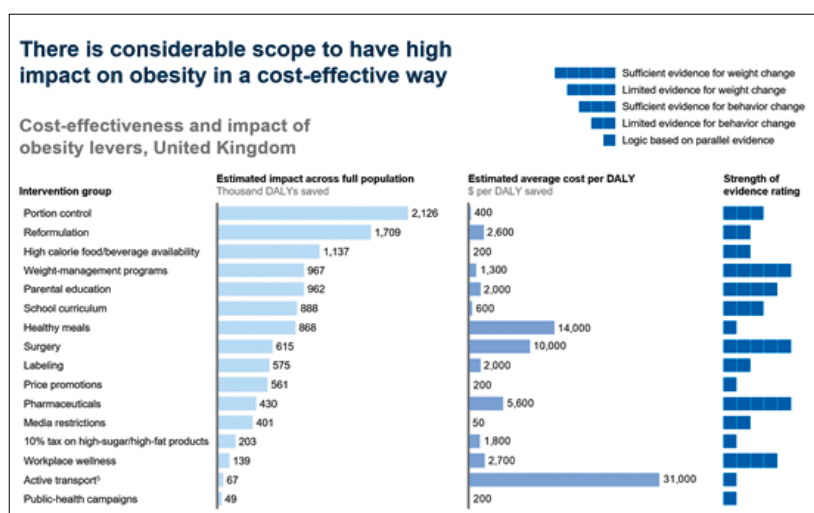
distributors, and customers, 90% of which are local companies.

A study commissioned by the beverage industry revealed that introduction of a 40% tax could lead to a 40% contraction of production resulting in about 2,300 job cuts. Considering that, according to an EY study, every job at the biggest enterprise in the industry creates 11 jobs in its value chain, the total adverse effect on the employment in the value chain would be much higher. The risk of bankruptcy of smaller local producers, and market monopolization will also be high.

The fact that consumption of soft drinks in Kazakhstan is 4 to 6 times lower than in the markets where excise taxes have been introduced, was also ignored by Kazakhstani regulators. By the way, it should be noted that in parts of Europe, soft drinks benefit from reduced VAT rates of 6% to 14%, whereas standard VAT rates range between 12% and 22%.

Following an engagement of the beverage industry with the regulators, the industry is pleased to see the *Ministry of Economy* and *Ministry of Health* changing their plans from the beverage excise tax to a broader taxation scheme encompassing products with high sugar, salt, and fat content.

However, a thorough economic assessment of the potential impact of such taxes on the industry and national economy is yet to be done. Conducting such assessments, it is important to consider not only the direct effect of a regulatory measure, **but also the indirect and induced contributions that are created through the procurement of goods and services, the industry's distribution network, and consumer spending by the employees of the industry and its suppliers, contractors, and distributors.**



The current state of economy in Kazakhstan and the wider region and the consumer prices inflation caused by the growing costs of production and logistics due to geopolitical developments, do not call for additional inflation fueled by new excise taxes. A drop in sales and profitability along the whole value chain will inevitably reduce total tax payments to the state budget. Further growth of prices, impacted consumer wallet, decrease in total tax payments, exit of smaller local players from the market, and reduction of investments are the typical consequences of a selective, discriminatory tax policy.

PERMANENT ESTABLISHMENTS – DOUBLE TAXATION IN KAZAKHSTAN (2022)

*by Anthony Mahon, Partner,
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Over the last decades, Kazakhstan has made significant strides in seeking to increase the attractiveness of its investment climate by promoting the protection of investors' rights and taxpayer interests. In certain dimensions, Kazakhstan's tax reforms in recent years have had an overall positive impact on the business environment as they have operated so as to eliminate legislative uncertainties and increase the transparency of tax administration processes.

Facing significant economic challenges and risks as a consequence of events ongoing today, the country is also in a position to benefit from a potential influx of new investment (in addition to new potential investment from existing major investors in Kazakhstan). The likelihood of such investment actually flowing into the country, however, is jeopardized by continuing dysfunctions

in Kazakhstan's taxation landscape – most notably as a result of:

- differences between declared principles in tax law and the reality of the effect of administration of such provisions,
- Kazakhstan's practices of the taxation of non-residents being significantly out of line with long-established and globally accepted methods of international taxation and
- the continuing aggressive practices of the tax authorities (in enforcing such principles and laws) leading to long-term disputes with foreign investors.

Taxation of permanent establishments, which we have already discussed in previous editions, still remains to be a source of disputes between tax authorities and foreign investors.

Based on widely accepted principles of international taxation enshrined in most double tax treaties the non-resident's business income shall be exempt from taxation in the source state providing that such income is not attributable to a non-resident's



permanent establishment in this jurisdiction. At that, the source jurisdiction's taxing rights shall be limited to profits attributable to a permanent establishment (i.e., generated through a permanent establishment).

Following adoption of a new Tax Code the tax authorities started to implement the revised approach on domestic procedures regulating application of full tax exemption of a non-resident's income under the double tax treaty provisions. Particularly, starting from 2019, the tax authorities specifically interpret provisions of Article 666 of the Tax Code which governs this procedure arguing automatic application of tax exemption under the double tax treaty (applied by the tax agent paying income) based on the fact that the non-resident obtaining income has a registered branch in Kazakhstan, i.e. ignoring profits attribution rules.

As a result, in course of desktop audits the tax agents are systematically charged with a 20% withholding tax with respect to income paid to the non-resident and exempt from tax under the double tax treaty and Article 666.

In our view, the new approach of the tax authorities distorts a fundamental principle of allocation of taxing rights, actually blocking the provisions of double tax treaties and leading to a double taxation.

We provide below several examples when income received by the non-resident is actually not attributable to its permanent establishment registered in Kazakhstan and, therefore, shall be exempt from taxation based on double tax treaty's provisions:

- services/works are provided/performed by the non-resident out of Kazakhstan;
- services/works provided/performed by the non-resident on the territory of Kazakhstan are not identical or similar to activities carried out by the non-resident's permanent establishment in Kazakhstan;

As per the tax authorities' position the presence of registered branch in Kazakhstan gives rise to levy taxes from any income received from Kazakhstani sources, notwithstanding that such an income may be not attributable to the permanent establishment as described in cases above.

Given the new approach, it is not clear how the tax authorities would treat cases when non-resident has a permanent establishment, which is in a dormancy regime. So far, we have not seen cases where dormancy issues have been raised in practice, however, such does not guarantee that the tax authorities will not change their position with respect to dormancy branches in future.

Responding to the concerns raised by the business community, the tax authorities refer to the right of the non-residents to obtain double tax treaty relief via tax refund procedure, which is time consuming and burdensome in practice. When applying to refund the non-resident shall evidence the fact that the permanent establishment in question ought to have had none of the relevant profits attributed to it.

During 2021 the issue on taxation of non-residents with a permanent establishment (branch) in Kazakhstan has been discussed with the state authorities on various platforms and at a different levels. Whilst the country's leadership admits the critical importance of establishing the fair international taxation principles, the issue is still open as of today.

The position of the tax authorities remains the same, no progress was made in terms of establishing clear procedures of application of full tax exemption by the tax agents at the legislative level nor transparent mechanisms of profit attribution rules upon refund procedure.

Recent court practice shows negative trends as courts support the tax authorities' view not performing a comprehensive profits allocation analysis and investigation of nature of works performed / services rendered from perspective of connected projects.

In our view, resolution of this issue on a methodological level is extremely important for investors and the national economy as existing aggressive approaches do not comply with international taxation principles and may have negative impact from the perspective of the attractiveness of Kazakhstan's investment climate in future.

Fair principles of taxation excluding any possibility of double taxation of non-residents in Kazakhstan among with the adequate practice would bring a significant input in establishing the transparent and predictable business environment.



KAZAKHSTAN'S LONG ROAD TOWARD JUDICIAL REFORM (2021)

by Anthony Mahon, Partner and Leader
Caspian Energy and Resources, Deloitte Kazakhstan

Olessya Kirilovskaya, Director,
Tax and Legal, Deloitte Kazakhstan

Kazakhstan's government has consistently shown a desire for the country to be seen as being open for business and foreign investment. The country has made significant strides in many areas with its business climate having improved significantly over the past decade. However, major issues remain.

Many of the most acute issues are brought into sharp relief when investment climate expectations upon which investments are made do not in fact align with the realities of doing business in Kazakhstan – most notably, the dysfunctions encountered (and impact on business effectiveness and profitability) when interfacing with governmental authorities.

The major primary dysfunctions that continue to impact investors are the inconsistency, lack of transparency, predictability, and stability of both the administration and enforcement of laws. In an attempt to address these issues, Kazakhstan should plan a number of reforms; two of the most noteworthy are introduction of the *Administrative Procedural Code* and the associated process of *Judicial Reform*.

The *Administrative Procedural Code* regulates relations related to performance of administrative procedures by the state authorities, interactions between state authorities and entities/individuals, as well as procedure of administrative court hearings. The Code replaced *The Law on Administrative Procedures* and *The Law on Consideration of Applications of Entities/Individuals*. The reform enshrined by this Code should be viewed positively as the two laws it replaced feature significant jurisdictional overlap and associated ambiguities.

The main purpose of the Code is to reform the interaction between the state authorities and companies/individuals in a more efficient manner. Some of the main principles include:

- *Prohibition of “abuse of formal requirements” (essentially prohibiting state authorities from using narrow interpretations of the “form” of legislation to deny application of the substance of its intent to investors);*



- *Presumption of guilt of state authorities;*
- *All legislative ambiguities to be interpreted in favor of the taxpayer.*

In terms of *Judicial Reform*, the Code provided for the formation of new courts, whose remit is consideration of administrative cases initiated in relation to the actions/ lack of actions by state authorities (ie. regular courts will not deal with such cases anymore - as they did under *Chapter 29* of the *Civil Procedure Code*).

Potential benefits to investors include a clearer appeal procedure for actions/ lack of actions of the state authorities, more straightforward timelines, and less cases for the economic courts to deal with, allowing them to concentrate on actual economic cases.

Within the *Judicial Reform* framework, one of the principle reforms is that of extraterritorial jurisdiction – ie. the allocation of cases across the country to achieve an even caseload and a reduction in the time taken for cases to be heard in court. The benefit of this system is that the court cases are distributed more evenly.

When courts have heavy caseloads, fewer and shorter hearings tend to be held in order for the court to be able to meet the deadlines for consideration set out in legislation. For example, the *Nur-Sultan Investment Court* used to have one preparatory and two-three main hearings prior to making any decisions and now it usually has one preparatory and one main hearing upon which decisions are made. Therefore, a more even allocation of cases will allow the courts to understand cases better and potentially improve the quality of judgements delivered. Another upside is that the parties cannot know in advance which court the case will be allocated to, thus potential risks of corruption are somewhat mitigated.

However, these benefits must be balanced against the risks of not all courts having the same level of technical expertise. For instance, the courts of Almaty and Atyrau see very different cases as compared to courts of Aktobe and Shymkent due to the specifics of the region and businesses located there. Even a well-distributed system cannot guarantee that the cases will be considered with the same quality of expertise by any court.

However, it is expected that the system will allow the parties discretion in agreeing (or not) for cases to be heard by the newly allocated court or to remain with a local court. It should be noted that investment courts will not be subject to the extraterritorial jurisdiction, therefore investment disputes shall remain unimpacted by this reform.

Although the above reforms should be viewed overall in a positive light, much work remains to be done and the *Judicial Reform* process must continue to be pushed forward. Investors continue to routinely suffer at the hands of the courts in Kazakhstan as a result of the following factors and so advocacy efforts must continue unabated to stimulate action from the government to address:

Lack of unified court practice. Currently even the same court may issue different decisions on similar cases – there is an absence of consistency between decisions of the same court. This lack of consistency is even more obvious in different courts of different regions. Inconsistency is clearly visible when examining court practice and judgments.

Lack of technical experience. Some courts have already had practice in certain cases, while others have not. In this context, the redistribution of cases as per extraterritorial jurisdiction could run contrary to the interests of investors. However, it will undoubtedly help the fight against corruption, the main purpose of this arrangement

Political will. Investors continue to suffer from the long-standing trend that the appeals of the state authorities are more likely to be satisfied than claims of companies.

Lack of tax expertise. Currently, after introduction of the legislation on legal consultants, tax disputes are litigated by lawyers, the only tax experts are state authorities, who are fighting for their own position. Some cases referred to the courts are so complex that the tax authorities do not have a determined position themselves. As a result, the court, itself lacking expertise in tax cases, is not getting a full picture.

These issues continue to impact the investment climate in Kazakhstan but there are a range of ways in which the business environment could be improved; some of which are relatively straightforward and some of which would require more fundamental reforms:

Strengthening of expertise. For extraterritorial jurisdiction to be truly effective, judges must be trained and possess a minimum standard level of knowledge and tax experts should be mandatory in tax case hearings. Currently the appointment of subject matter experts is at the court's discretion and is a request which is often denied.

Supreme Court guidance. The Supreme Court should provide more prescriptive guidance in its normative rulings; such guidance should not be ambiguous and should not allow multiple interpretations

Accountability. Courts/judges should be accountable for decisions out of line with prevailing court practice and must be required to give detailed reasoning for such deviations;

Finally, and most importantly; **Independence.** Court judgements should be based purely on the merits of each case in the context of prevailing laws, not in the context of any budgetary or political considerations. Claims and appeals by state authorities should not be more likely to be successful than those of non-state plaintiffs.

There have been some examples of extremely positive reform being enacted in Kazakhstan such as the creation of *Investment Courts* and the recent introduction of the *International Council of the Supreme Court*. (This Council can issue opinions at the request of the court, as a result of which there has been very positive recent investor experience where the Court was open to the opinion of external subject matter experts which helped to resolve cases in favor of investors).

In a relatively young jurisdiction such as Kazakhstan, the road towards an established, mature legislative and judicial framework is long, yet progress along this route has undoubtedly been made to date. However, these latest reforms are not the end of that journey. Investors and advocates must continue to push Kazakhstan's government to continue the reform process until the most material dysfunctions that continue to blight the investment climate are finally eliminated.

FAIR COMPETITION: CREATING A LEVEL PLAYING FIELD (2021)

by Sabine Zigelski

Senior Competition Expert

Organization for Economic Cooperation and Development (OECD)



The OECD's competition team has been active in Kazakhstan for considerable time and has kept a close eye on developments in Kazakhstan's competition regime and institutions ever since the *Peer Review of Kazakhstan's Competition Law and Policy* in 2016. The *Review* issued many recommendations to Kazakhstan's competition authority, but also to the government, and many of these are still pending implementation.

Why is competition a topic that deserves (more) attention in Kazakhstan? Isn't it a luxury problem that should only be addressed once more pressing problems like economic disturbances caused by the pandemic, the need for structural changes in the economy, deep-rooted inequality, corruption or digitalization are resolved? The answer is that none of these problems can be solved effectively without competition.

It is only through competition that economic actors will be forced to adapt efficiently and to keep costs and prices down. Competition offers the incentives to innovate and change, to create employment and growth for market players willing to take risks to win – or fail, rooting out the least efficient solutions.



An essential pre-condition for all this to materialize is trust in markets and fairness of the competition, thus creating a level playing field for all market actors. The role of the state is to be neutral when it comes to economic activity on markets, and is a particular challenge when the economy is dominated by state-owned enterprises (SOE).

Private enterprises willing to invest and to take risks – from Kazakhstan or abroad – can challenge inefficient structures and boost economic activity and innovation. However, they will only do so when they

can trust in level playing field conditions and are not faced with protectionism, corruption, state protection of individual interests, and prevailing oligarchic structures.

In short, the state has two important tasks when it comes to competition – to stay out of markets and not influence them unduly, unless there is a clear case of market failure – while creating the framework conditions that allow for the proper functioning of markets.

Competitive neutrality of state action

If the state stays out of markets and does not interfere without good cause, this is called “*competitive neutrality*”. Competitive neutrality can be exercised in various complementary ways:

- *The state should not give undue advantages benefitting some businesses over others, and this applies to SOE as well as private businesses. Such advantages might include loans, loan guarantees and state investment in capital at conditions not in line with market principles, as well as favourable tax treatment, grants, and goods or services provided by governments at favourable prices. Granting licenses at favourable conditions would also fit this category.*
- *When a public service obligation is placed upon an enterprise, the compensation should be appropriate and proportionate to the value of the services. It should not enable that company to cross-subsidise other market activities.*
- *When the state regulates or intervenes in markets, the same rules should apply for all market participants, public or private, small or large, domestic or foreign. Responsibility for market regulation should never be given to an enterprise that is an actual or potential competitor on that same market.*
- *Any new or revised regulations should undergo rigorous competition assessment to ensure they don't restrict competition unnecessarily – and the OECD has developed a toolkit do such assessments.*
- *Lastly, government procurement, which on average amounts to 12% of GDP in OECD economies, should be fair, non-discriminatory, transparent and open to all businesses, regardless of ownership, nationality or legal form.*

These principles have recently been enshrined in an *OECD Recommendation on Competitive Neutrality*. All 38 OECD member countries approve of these principles and adhere to them.

Equal application of the competition law

The *Recommendation* also advises creation of framework conditions that allow for the proper functioning of undistorted markets, including

- A competitively neutral competition law that will address anti-competitive conduct, including merger control, and
- Ensuring competitive neutrality in the enforcement of the Competition and Bankruptcy Laws.



The same competition rules should apply to all market actors, to ensure there is a level playing field. This means that enforcement does not discriminate between different forms of ownership, size or nationality, and that it will not be subject to political influence.

For the main enforcement areas, this should be reflected in the following policies:

- For **cartels**, zero tolerance should be the rule. Enforcement should not be more lenient with regard to certain types of cartelists or certain markets. Neither should it tolerate export cartels. It should not provide exemptions for those that lobby the loudest, have the best connections or the deepest pockets. It should not tolerate cartels mandated by state bodies in ignorance of the competition rules.

- In **merger control**, enforcement should aim at preventing accumulation of market power through acquisitions and should be applied with the same rigour to all. No softness, for example in terms of soft behavioural remedies for some, while asking for structural commitments or prohibiting mergers for others. No exemptions for SOEs. No exemptions for “national champions”.
- The enforcement against **abuses of dominant positions** will be the real test-case for competitive neutrality. Dominance is frequently held by SOEs or by privatized former state monopolies. These often determine how much competition and entry will be possible for newcomers and foreign businesses, and these are the markets that need to be opened by determined enforcement – or by adequate ex-ante regulation.

One major prerequisite to achieve such a neutral *Competition Law* enforcement is a truly independent and well-resourced competition authority. While progress was made with regard to the institutional status of the competition authority, it remains to be seen if the structural separation from the ministry has changed the amount of political influence that can still be exercised. A lot hinges on appointment and dismissal rules of the agency management, and how easily they can be granted or taken away.

Without independence and sufficient resources, insufficient and discriminatory enforcement will be the consequence, which ultimately does tremendous harm to Kazakhstan’s development, markets and consumers. The OECD offers guidance and instruments on any of these topics, and has long experience in tailoring its advice to the circumstances and conditions of the jurisdiction in question, while pushing boundaries and setting ambitious goals. It is the only way to grow.



CONSEQUENCES OF CORRUPTION (2021)

by Drago Kos

Chairman, Anti-Bribery Working Group

Organization for Economic Cooperation and Development (OECD)



When people say that corruption is bad, they normally think of the moral dimension of corruption rather than the other more tangible consequences. While it goes without saying that corruption is morally unacceptable, this is far from being precise enough when it comes to the full spectrum of the consequences of corruption. The following article will consider the economic consequences of corruption within the full spectrum.

Many studies have examined the economic and social consequences of corruption. Although social consequences also have an impact on the economic situation in any given country, the economic factors alone influence it in a much more direct way. Therefore, the following compilation of data from different studies, both old and new, show the direct and indirect consequences of corruption based on scenarios of measurable increases, before and after, at the level of national-scale corruption.

Direct economic consequences of corruption can be summarised as follows: if the country experiences an increase of 1 index point in corruption, the consequences in important areas will be the following:

- **2,5 (2,9/4,5) percentage point decrease in investment**
- **7,5 percentage points increase in the tax rate**
- **1,3–3 percentage point decline in public expenditure**
- **0,13 percentage points drop in GDP growth**
- **\$425 fall in GDP per capita**

The indirect economic consequences of corruption in a country are the following:

- **increase in income inequality**
- **decrease in aid per capita inflows**
- **misallocation in resources and talents**
- **change in the structure of public expenditures**
- **lower productivity and innovative thinking**
- **increase in the shadow economy**
- **reduced school enrolment: 1 index point increase of corruption = 5 percentage points decrease in school enrolment**
- **reduced life expectancy (1 index point increase of corruption = 2,5 years decrease in life expectancy)**

If the economic consequences of corruption can be so devastating, the obvious question arises as to how to successfully fight that scourge. Academicians and practitioners agree that the following elements are essential for effective prevention and suppression of corruption:

- ***genuine political will (walking the walk, not talking the talk)***
- ***compliance with internationally recognised anti-corruption standards***
- ***strict adherence to the rule of law***
- ***autonomy and impartiality of law enforcement and judiciary***
- ***proper balance between prevention and suppression of corruption***
- ***good governance and public sector transparency***
- ***high level of corporate integrity***
- ***citizens' awareness of and commitment to personal integrity in their daily lives***

In principle, the story of an effective fight against corruption is a simple one. Every country needs an honest government serving as a role-model with real desire, sufficient legal grounds, and effective practical efforts to confront corruption. The government must be capable of incentivising, organising, leading and/or guiding joint anti-corruption efforts of public and private sector organizations and from individual citizens, fully respecting their specific mandate, power, knowledge, and resources, and potential special roles in national anti-corruption efforts.

Without such a government, not much can otherwise be done. And even the best anti-corruption government in the world cannot tangibly decrease the country's level of corruption without the commitment and engagement of the private sector, civil society, and individual citizens.

Some countries aim to improve their economic situation by using the knowledge, expertise and best practices of different international organisations. A typical example of such an organisation is the OECD with 37 member countries, also called "the club of the rich". Without doubt, participation in the OECD can significantly assist countries in coping with their economic problems. But there are hurdles to joining the club: in order to be admitted, countries must receive approval of the OECD's working bodies.

One of those is the *Working Group on Bribery*, considered to be the highest hurdle. Candidate countries have to fulfil strict conditions to join the Working Group first, then later significantly step up their anti-corruption efforts to receive the green light from the Group. On many occasions, countries

do not take the process seriously enough and in consequence they extend candidate status for at least a year to strictly fulfill the Working Group's standards.

The situation presents a clear paradox. Countries have to show results in the economic and anti-corruption areas to be admitted, *first*, to the Working Group and *second*, to the OECD, after which admission finally might give a big boost to their economic development and anti-corruption efforts. Not all OECD countries are using this potential, which demonstrates that passive OECD membership does not by itself bring improvement in the key domain of anti-corruption.

The lesson learnt by many countries is really a simple one: with or without engaging in different international organisations, a country will neither achieve economic prosperity nor successfully advance in other important areas and systems without seriously fighting corruption. A country's participation in international organisations may be of great support to its national anti-corruption efforts and can even be a multiplier

of results. However, without serious national efforts, even participation in the most exclusive international alliances will not change much in a country's national anti-corruption arena.

Conclusion

It is almost a rule that developed countries suffer less from corruption than their developing partners, but even the most developed countries still have many areas for improvement, perhaps even dramatic improvement in suppression of corruption. The evidence is clear: a successful fight against corruption can be a decisive element in a country's economic prosperity, while a high level of a general human development in the same country only slightly affects the effectiveness of its anti-corruption efforts.

In other words, effective anti-corruption prevention and suppression efforts are *conditio sine qua non* for faster, and perhaps more broadly-based economic development in countries committed to the fight.



FIGHTING CORRUPTION IN KAZAKHSTAN: THE VIEW FROM THE OECD ANTI-CORRUPTION NETWORK (2021)

by Olga Savran

Director, Anti-Corruption Network (ACN)

Organization for Economic Cooperation and Development (OECD)



Kazakhstan has been an active member of the *OECD Anti-Corruption Network for Eastern Europe and Central Asia (OECD/ACN)* and its monitoring program, the *Istanbul Anti-Corruption Action Plan* since 2004. Since then, Kazakhstan has been reviewed and monitored 4 times, the last time in 2017. Regular monitoring gives the *OECD/ACN* a good understanding of anti-corruption reforms in Kazakhstan, their achievements and shortcomings. The article below recaps main areas of progress with focus on the 4 main challenges and insight into how the *OECD/ACN* intends to strengthen its monitoring program this year.

Kazakhstan has adopted its anti-corruption strategy, and the country's presidents and prime minister stress the importance of fighting corruption in their speeches. *Kazakhstan's Anti-Corruption Agency*, although not stable, has created initiatives to fight corruption - for example, responsibility for corruption by public officials to the heads of their relative institutions and creation of an island of integrity in the UK-modeled court that handles foreign investor cases. There have recently been several high-level corruption cases entailing the arrest of important officials. These actions signify an awareness of corruption risks and demonstration of enforcement actions.

The above efforts led to some improvement in the country's perceived level of corruption according to *Transparency International (TI)*. In the last 10 years, Kazakhstan has risen 10 points in the *TI CIP*, reaching 38 out of a possible 100 scores. In 2020, Kazakhstan occupied 94th place among 180 countries measured by this index. Several of the *OECD/ACN* countries were ranked as follows: *Estonia - 17, Georgia - 45, Romania - 69, Ukraine - 117, Russia - 129.*

Kazakhstan's leadership has an ambition to raise their country to higher standards, including to *OECD* membership in the future. Kazakhstan has recently joined the *Council of Europe's Group of States Against Corruption*. These international efforts are positive signals of the willingness of the country's leadership to modernise and reform. However, to achieve this objective, Kazakhstan needs to substantially improve its fight against corruption.

What are the main systemic obstacles? They are as follows:

1. **Politisation of the public administration and decision-making:** Kazakhstan has a strong centralised decision-making system, where decisions are often made by ministers or heads of state services without a proper evidentiary basis or consultation with civil society. Newly-appointed leaders often announce new initiatives without proper preparation that should be done by professional civil servants.

The *OECD/ACN* receives questions from their Kazakhstani partners seeking quick answers for their leaders (often 2-day deadlines), for instance, how anti-corruption bodies work in Germany, France and Korea, or an explanation of corporate liability for corruption in Russia and Latvia. This short turnaround does not allow adequate time nor provide a sound basis for a useful decision.

2. **Incomplete reforms of anti-corruption legislation:** Partly due to politicised decision-making, Kazakhstan remains non-compliant with international anti-corruption standards because the political leaders are not aware of these standards. For example, Kazakhstan still does not have a system of disclosure of assets and interests for public officials, which has proven a powerful tool for corruption prevention and is part of *UNCAC* and *OECD/ACN* requirements. In fact, Kazakhstan is the only country along with Azerbaijan that does not have such a system among the countries in the *OECD/ACN Istanbul Anti-Corruption Action Plan*. This is a tool that can be used by government bodies to prevent corruption among their employees.

Kazakhstan is also non-compliant with the *UNCAC* requirement to introduce liability of companies for corruption. The draft was developed in the past, but then was abandoned. Corporate liability for corruption is a mandatory requirement for candidates seeking to join the *OECD Foreign Bribery Convention*, a mandatory step towards *OECD* membership. Lack of corporate liability also reduces Kazakhstan's ability to provide and request mutual legal assistance in corruption cases from other countries.

3. **Instability and insufficient professionalisation of anti-corruption institutions:** Kazakhstan's *Anti-Corruption Agency* was established a long time ago, and has been reformed and transformed many times since then. Over the

last few years it has been merged and then separated again 3 times. There is no transparency or merit for the hiring and firing of its leaders. This agency serves the function of the anti-corruption police; other important prevention functions are not developed.

- 4. Lack of meaningful partnership with citizens:** Finally, it is important to recognise that anti-corruption reforms only work if there is public support and engagement. Kazakhstan, like many countries in the region, has a long-lasting tradition of secrecy and provides public information slowly.

For example, Kazakhstan had conducted anti-corruption surveys in the past and *OECD/ACN* recommended important efforts to create an evidentiary basis for reforms, but the results were not published. Yet Kazakhstan working relations are often discussed with active civil society groups, including during *OECD/ACN* monitoring.

The *OECD/ACN* is currently developing methodology for the 5th round of monitoring. This new round will bring many innovations, which will hopefully strengthen the monitoring process and help Kazakhstan improve its anti-corruption work. The main new element is the use of anti-corruption performance indicators for the assessment of countries. These indicators will

cover 13 areas, as demonstrated below, and for each area, specific indicators and benchmarks will establish specific actions for countries to obtain high scores.

Another innovation is that increased weight will be given to 'enforcement' benchmarks, such as statistics enforcement and implementation actions. Separate benchmarks will assess public perception of these actions.

Finally, this updated form of monitoring will be conducted annually, thus entailing more permanent pressure on the countries and allowing them to be praised for progress immediately.

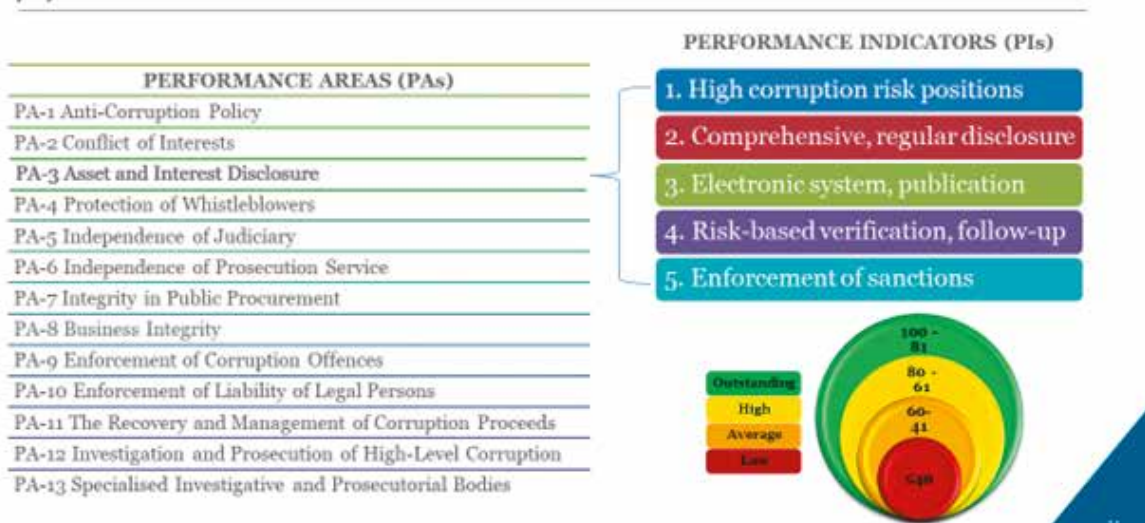
In addition to country monitoring, the *OECD/ACN* is running several other projects, one of which is specifically useful for the readers of this publication. It is the *OECD/ACN Business Integrity Group (BIG)* that brings together BIG practitioners from state bodies and from the private sector. Within this Group's framework, we have currently launched the second edition of the BI survey.

Business Integrity Survey Responses Welcome

In the past, it has been difficult to solicit sufficient responses from Central Asian countries. The *OECD/ACN* would therefore be grateful if readers could provide input via: <https://survey2018.oecd.org/Survey.aspx?s=580dda80547e4a7fb070ad9aa0127391>.



PERFORMANCE AREAS AND INDICATORS



AMCHAM ANNUAL GENERAL MEETING, FEBRUARY 9 2024

REPORT TO THE MEMBERSHIP:

AMCHAM OPERATIONS / ACTIVITIES 2023

The *AmCham Annual General Meeting (AGM)* to report on AmCham's achievements in 2023 was held on Friday evening, Friday, February 9 in the Rixos Almaty Hotel's Lotus Restaurant. The full *2023 Annual Report*, a comprehensive 40-page publication, will be distributed to the CEO members together with the *March Investors' Voice*. However, the AmCham Board Members attended the AGM to deliver summaries of the previous year's operations and activities, including AmCham advocacy with the Prime Minister and Ministers across the year.

A Welcome Address was delivered by *Hans Schodder*, the *UN Refugee Association's Representative to Central Asia (UNHCR)*, who spoke about UNHCR objectives and achievements and highlighted the importance and number of UN Agencies and International Institutions (Humanitarian and Financial) that are members of AmCham.



UNHCR Keynote Speaker Hans Schodder

At a time of intense geopolitical conflict, *UNHCR* and other international agencies collaborate with the business community through AmCham membership to provide much-needed support to countries and vulnerable populations in need of food and shelter. AmCham takes pride in its membership consisting of *UNICEF, IOM, Red Crescent, EBRD, IFC, and ADB* – each active to assist the world's populations at times of need.

AmCham results from 2023 were solid and surpassed expectations in every respect: *Membership Growth, Advocacy Sessions* with the Prime Minister and Government of Kazakhstan, *Working Groups* and *Sundowners* in five cities, the glamorous, always awaited *Annual Awards Gala*, and *Family Holiday Celebrations (U.S. Independence Day and Thanksgiving)*.



Microsoft CEO Sergey Leschenko

The *Board Election* resulted in re-election of two current Board Members (*Kenneth Mack, Dana Inkarebekova*) for another 2-year term, and election of two new Board Members (*Sergey Leschenko – Kazakhstan Country Manager, Microsoft, and Adilet Nazarbayev (CIS Cluster Lead, Johnson & Johnson)*). The re-election of current Board Members and the election of new members to the Board will provide both stability and diversification over the next two years.

AmCham Executive Director Doris Bradbury spoke about the *AmCham-Prime Minister's Investment Council* meetings, a Council that has now existed for fifteen years, founded at the initiative of the Prime Minister. The Council meets monthly to discuss and present recommendations for reform by AmCham and to the Prime Minister, always in attendance conducting each Council session. The AmCham Executive Director, chooses the topics and speakers for each meeting. The Council has proven an effective platform for communication between the AmCham business community and the Government.

Membership Fees

During presentation of *AmCham Final Financial Results for 2023* and a look ahead to 2024, a deficit for the past year caused by Kazakhstan's steep inflation in recent years was discussed by the Executive Director. AmCham membership fees have not increased over the past eighteen years due to AmCham's prudent financial management, but inflation has now become a reality.

AmCham organizes many events each year at lowest possible cost to members and families, and so for the first time in two decades, the AmCham Board must consider a modest increase in membership fees. Enabling AmCham to continue its full operations and activities for members in 2024.

AGM SUNDOWNER

SPONSORED BY PRICEWATERHOUSECOOPERS (PWC) RIXOS ALMATY HOTEL, LOTUS RESTAURANT

The *Annual General Meeting* and its Report to the Membership is always followed by a *Sundowner* sponsored by a Board Member. The evening's *Sundowner* with a Buffet Dinner and drinks was held on the spacious *Rixos Mezzanine* outside the *Lotus Restaurant*. The evening was only a few days ahead of *Valentine's Day* and so AmCham provided holiday touches that could give the evening an appropriate atmosphere. Many members attended with their spouses and partners to celebrate *Valentine's Day* in advance before the weekend.

The evening was generously sponsored by *PricewaterhouseCoopers (PwC)* represented by *Dana Inkarebekova*, the firm's Managing Partner re-elected to the Board for a new two-year term. *PricewaterhouseCoopers* is a founding member of AmCham, which was created in its present form in

1999. PwC has been providing audit and consulting services for businesses in Kazakhstan for 30 years together with assurance services, tax and legal consulting, and digital projects. The firm has approximately 600 people in PwC offices in Astana, Almaty, and Atyrau, and maintains offices across the Caucasus and Mongolia in addition to Central Asia.

PwC has received numerous AmCham Awards across the years for *Leadership, Education and Training*, and twice for its *Services to AmCham*.

As always, the Rixos Hotel Chef presented an outstanding Buffet Dinner selection for a large AmCham attendance. Sundowner guests – whose numbers doubled after the AGM meeting – socialized, networked, and enjoyed the convivial environment with music in the background on a cold winter evening



MEMBER NEWS



Adilet Nazarbayev Joins AmCham Board of Directors

Adilet Nazarbayev, General Director of Johnson & Johnson Kazakhstan, was elected to the Board of Directors of the American Chamber of Commerce (AmCham) in Kazakhstan for a two-year term beginning in February 2024.

“Joining the AmCham Board of Directors is a great honour for me. I will make every effort to ensure that my management experience and expertise in healthcare will be a useful contribution. Working together within the organisation will further strengthen the business community, the country's economy, and the well-being of the people of Kazakhstan”.

Adilet Nazarbayev joined Janssen, the pharmaceutical products division of Johnson & Johnson in 2005, beginning his career as a sales representative. In 2014, he was appointed Head of Janssen in Kazakhstan and in 2019 he was promoted to Head of Business Development for CIS and Ukraine, responsible for Janssen's strategic development in the region. In January 2021 he was appointed Janssen CIS Country Director, and in early 2024 he became Head of the independent local legal entity Johnson & Johnson Kazakhstan.

In 2019, Adilet Nazarbayev received the “*Excellence in Healthcare*” commendation from the Minister of Health of Kazakhstan for his contribution to public health and participation in improving the country's healthcare system. He is Chairman of the *AmCham Intellectual Property Rights (Pharmaceuticals) Working Group*, which meets regularly with the Health Minister to discuss recommendations for the country's healthcare system.



Sergey Leschenko, Country Manager, CIS Cluster, Microsoft

Sergey Leschenko was elected to the AmCham Board of Directors for a two-year term. As Country Manager of the Microsoft CIS cluster, he is responsible for the company's strategic development in the region, cooperating with CIS Kazakhstan customers and partners, and supporting the digital transformation of CIS countries.

Sergey leads a dynamic team in a diverse territory that includes Kazakhstan, Armenia, Azerbaijan, Georgia, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. He is also a *Mentor for Startups* at *Global Microsoft Founders Hub*.

Sergey Leschenko is also Microsoft's Local Representative at the *Foreign Investors Council*, where he is involved in working with the government on implementing cloud regulation, classifying data, and using the best and most up-to-date experience of other countries while considering the sovereign interests of the state.

At AmCham Sergey chairs the *Technology and Innovation Working Group* where he organizes regular monthly meetings on accelerating Kazakhstan's Digital Transformation. Before joining Microsoft in February 2021, he worked in Kazakhstan, Russia, and Ukraine in large multinational companies and startups.

Sergey Leschenko graduated in International Economics from Kyiv National Economic University and received an MBA degree in Strategic Management and Entrepreneurship from the Plekhanov University of Economics.

MEMBER NEWS



**Thomas Brandt, Regional General Manager
for Delta Airlines**

Thomas Brandt joined Delta Air Lines in Frankfurt in 1987 and moved to Field Sales in 1989. In 1993 he joined Delta's Regional Office in London and held positions of increasing responsibility in pricing, sales & marketing and key account management. As General Manager for *delta.com* & self-service international, he led the globalization of *delta.com* with the introduction of a global content strategy in 8 languages and payment options in 52 countries in EMEA, Asia and Latin America.

In March 2007 Thomas Brandt returned to Frankfurt to lead the sales team in Germany. In the following years, he also assumed responsibility for sales in Switzerland, Central and Eastern Europe. His main task is the local implementation of the joint venture with Air France and KLM, the coordination of sales and distribution strategies with the partners, and the full integration of the Air France, KLM and Delta Air Lines sales teams.

Thomas Brandt holds an M.A. degree in Economic Geography and Economic History from Aachen University and a Marketing Diploma from the Chartered Institute of Marketing (CIM) in the UK.

J.P.Morgan



**Timur Kunanbayev, Managing Director,
Senior Country Officer (CIS),
J.P. Morgan**

Prior to joining J.P. Morgan in 2007, Timur Kunanbayev occupied a number of executive positions in Kazakhstan's banking sector. Between 1998 and 2002, he served as Regional Investment Manager for the largest venture capital fund in Central Asia. He has more than 20 years' experience in international banking and finance.

In addition to his responsibilities as Senior Country Officer (CIS), Timur is Head of Investment Banking for Central Asia (including Georgia and Armenia) and oversees representative offices of J.P. Morgan in Almaty and in Tashkent.

Timur Kunanbayev holds a Bachelor of Economics degree from the Kazakh State Management Academy, and has received a Masters of Commerce degree from the University of Sydney. He is one of the first holders of the Chartered Financial Analyst (CFA) designation in Kazakhstan.



MEMBER NEWS

Life Is On

Schneider
Electric



Edgard Edmond Bou-Chahine Appointed General Manager for Schneider Electric, Central Asia & the Caucasus

Edgard Bou-Chahine began his career as Schneider Electric Financial Controller and worked his way up to Chief Financial Officer for the Middle East and Africa. He was appointed Country President for Schneider Electric operations in Iran, then General Manager for Algeria & Tunisia until February 2022. In March 2022, he became General Manager for Central Asia. In July 2023 he was appointed Schneider Electric CEO for Central Asia and the Caucasus.

Schneider Electric is now creating a central hub in Kazakhstan to support the work of the entire region. Edgard Bou-Chahine describes the Schneider Electric mission in the following terms:

«Our mission is to be digital partner for our customers in achieving efficiency and sustainability. Central Asia and the Caucasus are interesting regions with great potential for Schneider Electric.»

The importance of the Proximity Center hub in Almaty is that we will be very close to our customers without a language or cultural barrier. Through the region's ambition for digital transformation and energy transition, Schneider Electric can play a major role in terms of energy digitization to help our partners and customers improve efficiency in their operations. Moreover, Schneider Electric can help both private and public sectors on their journey to carbon neutrality with our digital solutions.

Edgard Bou-Chahine graduated from USEK Business School in Lebanon, afterwards receiving an Executive MBA from ESSEC Business School in France and Mannheim Business School in Germany in 2010.

MARS



Cagla Cavusoglu is Appointed Corporate Affairs Director for Mars Central Eurasia, Belarus, and Turkey

Cagla Cavusoglu has been appointed Corporate Affairs Director for Mars Central Eurasia, Belarus and Turkey, covering 11 countries with responsibility for internal and external communications, public affairs and issues management, as well as consumer affairs.

She has been at Mars, Inc. for more than 5 years, assuming a variety of regional, cluster and local roles across multiple product categories, including confectionary and pet nutrition, looking after the world-known brands M&M'S®, SNICKERS®, PEDIGREE®, WHISKAS® and ROYAL CANIN®.

Prior to her experience at Mars, Cagla Cavusoglu consecutively worked in Corporate Affairs roles across Cisco Systems, GIZ GmbH (German International Cooperation), UNDP, and AmCham Turkey.

Awarded a Fulbright scholarship, Cagla holds a Master of Arts degree in international relations and political economy from New York University. She currently lives in Istanbul with her pets.



WORKING GROUPS UPDATE

DECEMBER – MARCH 2024

Healthcare Reform Working Group December 11, 2023

The Almaty Healthcare Reform Working Group met online on a Microsoft Teams virtual platform on December 11 chaired by Ksenia Babushkina, EY Partner and Head of Advisory Practice. The Speaker was Aleksei Zaitsev, Senior Legal Adviser, Tax and Legal Services Department, EY Kazakhstan, whose agenda was: «Protection of Intellectual Property for Medicines in Kazakhstan».

The EU Kazakhstan presented its research, a comprehensive analysis of legislation and judicial practice in IP protection, as well as EAEU legislation.

Research objectives:

- to analyze the major problems affecting IP rights in Kazakhstan
- To analyze international experience in IP rights protection in the pharmaceutical industry, in particular in China, Singapore, India, and Russia.

The results of the pandemic in Kazakhstan have disclosed the urgent need for pharmaceutical innovation at various stages. The lack of incentive slows down breakthrough technologies to overcome epidemiological challenges.

The Speaker highlighted the following key issues to provide IP protection:

- when registering a drug, there are no mechanisms to delay the sale of drugs until the expiration of the patent valid for the original drug
- there are no grounds and procedures for canceling the registration certificate for a drug
- insufficient regulation of data exclusivity issues
- at the level of EAEU legislation, it is not envisaged to provide information about applying for registration of medicines to a large number of people.



Corporate Social Responsibility Working Group December 21, 2023

The Corporate Social Responsibility (CSR) Working Group held its meeting on December 21, 2023, at 4:00pm in the AmCham Office Boardroom, chaired by Thomas Jose, General Director of Beiersdorf in Eurasia. The meeting was focused on the year-end *CSR Recognition Awards*, which provided a platform for reviewing CSR initiatives and achievements and acknowledging exceptional contributions from the Group's various organizations and individual members.

Notable CSR presenters included: Karina Tlepova and Dariya Gabdykalikova from *Red Crescent of Kazakhstan*, Nelli Kaunash from *Beiersdorf*, Yuliya Yerlykina and Karina Seifullina from *PwC Kazakhstan*, Balzhan Baizakova from *Coca-Cola CCI*, Svetlana Chekalina from *Procter&Gamble Eastern Europe*, David Maghularia from *Inditex*, and Aman Shakenov from *Borusan*. These presenters were recognized and received Awards for their contributions and presentations.

Innovation & Technology Working Group Meeting March 5, 2024

The recent meeting of the Technology and Innovation Working Group, held on Tuesday, March 5, on MS Teams platform, was chaired by Sergey Leschenko, Microsoft's Country Manager. The agenda covered a diverse range of topics, fostering meaningful discussions on pressing matters within the technology and innovation landscape. It marked the first meeting of the group this year, during which dates and potential topics/speakers for the meetings till June were decided, ensuring a comprehensive and strategic approach to industry challenges.

A key focus of the meeting involved the letter addressed to the Ministry concerning the Digital Code and Public Cloud, originally sent on December 22, 2023. During this discussion, members actively participated in an extensive dialogue, sharing valuable insights and recommendations to contribute to the formulation of policies in these pivotal areas. The Ministry responded promptly on December 26, expressing a willingness to cooperate and to hold further discussions. This reflects the Group's commitment to actively engage with key stakeholders and policymakers.

The meeting underscored the Group's dedication to actively participate in the process of creating the government's Digital Code for the industry this year.



AMERICAN CHAMBER OF COMMERCE IN KAZAKHSTAN

MEMBERSHIP APPLICATION

ABOUT AMCHAM

Registered in Kazakhstan as a non-profit organization in March of 1999 with 36 charter members, the American Chamber of Commerce in Kazakhstan currently represents over 200 member companies including US, multinational, and local businesses in 30 industry sectors. Their collective investment in Kazakhstan's economy is several billion USD. The American Chamber in Kazakhstan is a member of the US American Chamber of Commerce in Washington D.C. and has working relationships with many regional business associations.

BENEFITS OF MEMBERSHIP

- ✓ AmCham members participate in an organization existing solely to serve members
- ✓ AmCham actively advocates for reform of the business environment with the Kazakhstan Government at senior levels
- ✓ AmCham members may attend 20 Working Groups in 5 cities plus 3 Inter-Ministerial Working Groups
- ✓ Monthly speaker luncheons with senior government and business leaders are reserved for AmCham members
- ✓ Seminars, conferences, and monthly social networking events are organized for AmCham members
- ✓ AmCham membership contact lists are available exclusively to AmCham members
- ✓ Economic, political, legal, social, and business development information is distributed to AmCham members
- ✓ Member companies provide exclusive discounts on products and services to other AmCham members
- ✓ Access to the Members' Only section on the AmCham Website
- ✓ Publishing opportunities are available in *Investors' Voice*, the *Annual Membership Directory*, and Special Publications

MEMBERSHIP APPLICATION

Company Name:

Industry Area:

CEO Name, Signature, Email:

Contact Individual:

Title(s):

Address:

Tel.: Fax: E-mail:

Please include us in the following Working Groups:

Almaty (7)

- ☐ Foreign Investment
- ☐ Human Resources
- ☐ Tax
- ☐ Technology and Innovation
- ☐ Corporate Social Responsibility

- ☐ Healthcare Reform
- ☐ Trade and Customs

Atyrau (4)

- ☐ Tax
- ☐ Human Resources
- ☐ Trade and Customs
- ☐ Corporate Social Responsibility

Aktau (3)

- ☐ Human Resources
- ☐ Tax
- ☐ Trade and Customs

Astana (4)

- ☐ Foreign Investment
- ☐ Tax
- ☐ Trade and Customs
- ☐ Human Resources

Shymkent (1)

- ☐ Foreign Investment

AMCHAM WORKING GROUPS

Working Groups made up of representatives from Amcham member companies provide comment, discussion and submission of positions and represent the united interests of the business community in Kazakhstan by identifying challenges faced by investors and proactively addressing them. Each group meets regularly, providing a forum for networking and the exchange of information. Groups are formed on an as-needed basis at the request of the AmCham membership.

GOVERNANCE

The AmCham is governed by a Board of Directors elected annually from and by the membership. Directors currently and in the past have included individuals from the following company members:

AES	HSBC
AIG Insurance	Hyatt Hotel
Baker & McKenzie	Honeywell
BASF Central Asia	Inditex
Beeline	Intercontinental Hotel
BG Group	KIMEP
Bracewell and Giuliani	KPMG
Capital Bank	LeBoeuf, Lamb, Greene
Chevron	Nestle
Citibank	Pfizer
Conoco Phillips	Philip Morris Kazakhstan
Coca-Cola	Philips Kazakhstan
Dechert	PricewaterhouseCoopers
Deloitte	Procter & Gamble
EBRD	Raytheon
EY	Scot Holland CBRE
GE International	Tengizchevroil
Halliburton	Visor Capital
	White & Case

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Sergey Nikulin
Technical Support

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Marina Trinca Vespan
Managing Director, SLB
Resident Representative, Atyrau and Aktau
MVSespan@slb.com

MEMBERSHIP CATEGORIES AND ANNUAL FEES

Corporate A	(Worldwide revenues in excess of 100 million USD)	\$5,500 USD
Corporate B	(Worldwide revenues between 2-100 million USD)	\$4,000 USD
Corporate C	(Worldwide revenues not exceeding 2 million USD)	\$3,000 USD
Non-Profit		\$1,800 USD
Individual**		\$500 USD

***Individual memberships are available only under special circumstances for persons not associated with a company.*

Corporate membership entitles a company to delegate 3 individuals as AmCham voting members. The number of persons from each company participating in working groups, forums, and business roundtables is usually not limited.

All applications for membership must be approved by the Board of Directors of the American Chamber of Commerce in Kazakhstan. For further information about membership benefits, the application process, or Investors' Voice magazine, please contact: info@amcham.kz



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2024

3-5 April

Atyrau, Kazakhstan



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Almaty

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Kazakhstan

for the love of
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License for banking and other operations and activity on securities market № 1.2.247/81/30 dated 03 February 2020, issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market
Лицензия на проведение банковских и иных операций и осуществление деятельности на рынке ценных бумаг № 1.2.247/81/30 от 3 февраля 2020 года, выданная Агентством Республики Казахстан по регулированию и развитию финансового рынка

