



Date: 13 July 2025

AMCHAM ISSUE BRIEF

VAT refund

BRIEF DESCRIPTION OF THE ISSUE:

Government would like to propose amendments into Rules Article 117 for value added tax (VAT) refund in accordance with which in case of late VAT refund no penalty will be paid to taxpayers.

If introduced there will be a lack of incentives for authorities to refund VAT in a timely manner. There will be also a lack of transparency due to the lack of access to information from the tax authorities (availability of funds in the accounts of the SRC and restriction of the right to appeal due to the lack of information).

PROPOSED LEGISLATIVE CHANGE:

Penalties on VAT (Value Added Tax)	
Article 117. General Provisions on the Refund of the Excess Amount of Value Added Tax <p>10. The amount of penalty interest accrued in favor of the taxpayer due to a delay in the refund of the excess value added tax must be transferred to the taxpayer's bank account on the day the refund of the excess tax amount is made.</p> <p>If there are insufficient funds on the control cash account, as stipulated by the budget legislation of the Republic of Kazakhstan, penalty interest for the untimely refund of the excess tax amount is not accrued.</p>	Article 117. General Provisions on the Refund of the Excess Amount of Value Added Tax <p>10. The amount of penalty interest accrued in favor of the taxpayer due to a delay in the refund of the excess value added tax must be transferred to the taxpayer's bank account on the day the refund of the excess tax amount is made.</p> <p>If there are insufficient funds on the control cash account, as stipulated by the budget legislation of the Republic of Kazakhstan, penalty interest for the untimely refund of the excess tax amount is not accrued.</p>

This paragraph should be excluded because this reason for refusing to charge a penalty for violation of the deadline for the refund of excess VAT is not based on tax legal relations, i.e. the relationship between the tax authorities and the Treasury is regulated by the Budget Code



and does not relate to the relationship between the taxpayer and the tax authorities. Taxpayers do not have access to the data of the country's budget and do not have the ability to control budget revenues so these should not be included as a reason for delay.

In addition, the amendments do not specify how the facts of insufficient budget funds will be confirmed. Moreover, refusal due to insufficiency of budgetary funds may be considered as non-fulfillment by the Republic of Kazakhstan of its obligations, i.e. failure to fulfill its obligations, which may lead to a negative impact on the sovereign credit rating of the Republic of Kazakhstan.

TAXPAYERS/INDUSTRIES IMPACTED BY THE ISSUE:

The parties impacted by the issue are exporters of commodities and goods and any other companies who have rights to a VAT refund:

- Exporters of commodities and goods
- Exporters of agricultural products
- Exporters of IT services
- Other companies who have rights for refund of VAT

CURRENT STATUS:

Non-accrual of Penalty in case of late VAT refund in case of insufficiency of funds on the cash control account: no changes in the draft Tax Code. Issue remains unchanged and needs further actions.