

05 June 2014

To our clients and friends

INFORMATION LETTER

regarding Amendments into Certain Legislative Acts of the Republic of Kazakhstan on Permitting System Issues

This Information Letter deals with the main amendments into certain legislative acts of the Republic of Kazakhstan (hereinafter, the “RK” or “Kazakhstan”) on permitting system issues, which are inserted by the Law of RK No. 203-V¹ dated 16 May 2014 (hereinafter, the “Law”).²

The Law is aimed at the harmonization of the legislation of Kazakhstan on permits and notifications and affects a lot of RK legislative acts in this field.

The Law also amends the RK Code “On Taxes and Other Obligatory Payments to the Budget” (hereinafter, the “Tax Code”), where amendments, in our view, do not relate to the permitting system issues of Kazakhstan.

The Law enters into force upon expiration of six (6) months of the date of its first publication, i.e. starting 21 November 2014, except for its some provisions.

Basic novelties

1. *The RK Law on Normative Legal Acts*

The minimum term for the introduction into effect of normative legal acts regulating the procedure for permits obtaining and approving permissive or qualifications requirements is defined. The term is twenty one calendar days after first official publication of the said normative legal acts.

2. *Tax Code*

2.1. The concept of interrelated parties is clarified in the Tax Code (p. 1-1 Art. 12). This amendment is effective from 1 January 2014 until 1 January 2017.

2.2. The definition of income from the assignment of the right of claim (Art. 91 of the Tax Code) is clarified and it is specified in which cases the amount of provisions (reserves) are not recognized as the income from decrease in the size of the provisions (reserves) created by the taxpayer as the size of requirements to the debtor is decreased (p. 2 of Art. 90 of the Tax Code). The inserted amendments are effective from 1 January 2014 until 1 January 2018.

¹ The RK Law № 203-V “On Introduction of Amendments into Certain Legislative Act of the Republic of Kazakhstan on Permitting System Issues” dated 16 May 2014.

² Please also see Information memorandum of AEQUITAS dated 23 May 2014 regarding amendments to the Republic of Kazakhstan legislation on permits and notifications.



3. The RK Code “On Health of the Nation and Public Health System”

3.1 The Law introduced prohibition on advertising of medical services, methods of treatment and medical rehabilitation, medications, items of medical designation and medical equipment in mass media, except for the placement (distribution) of such advertising in specialized medical publications and public health organizations.

Amendments affecting the sphere of pharmaceuticals are described in more detail in AEQUITAS Information letter of 27 May 2014.

3.2 There is a procedure for import and export of human organs (parts of human organs) and/or human tissue, blood and its components in/from the RK is defined.

4. The RK Law “On Private Enterprise”

In this law a new type of private enterprise subject, the subject of micro-entrepreneurship, is defined.

5. The RK Law “On Subsoil and Subsoil Use”

5.1 The requirement on coordination of a draft subsoil use contract and working program (the obligatory part of a contract) with the authorized body for the Study and Use of subsoil is excluded.

5.2 Forms of, and deadlines for, submission of reporting on the implementation of development program of associated gas processing should be developed by the authorized body in the sphere of oil and gas and be subject to the approval by the RK Government.

6. The RK legislation in the sphere of financial services

The Law introduced a new term “Financial product”. In this connection an additional requirement for financial organizations on receipt of consent of the National Bank of Kazakhstan for offering financial products to consumers of financial services is introduced into the legislation.

We will send to you the information letter on amendments inserted to the RK legislative acts regarding financial services market in the nearest future.

7. Notarization

The procedure for obtaining permits and other consents of state bodies, contained in a number of the RK legislative acts (including the Code “On Customs Affairs in the RK”, the Law “On Compulsory Civil Liability insurance of Owners of Vehicles” and others) has been simplified. Namely, the requirement for notarization of certain documents to be submitted by applicants is excluded.

8. Alienability of a license

The alienability of a license for storage and retail sales of alcoholic products is introduced. However, the license for the storage and retail sales of alcoholic products in the territory of their production is not alienable (the RK Law “On State Regulation of Production and Turnover of Ethyl Alcohol and Alcoholic Products”).

9. Additional requirements

The Law introduced additional requirements to applicants for obtaining permits or consents from authorized bodies. For instance, qualification requirements, imposed on persons for carrying out activity as an administrator, as established by the RK Law «On Rehabilitation and Bankruptcy», are expanded.

10. Other novelties

There is a number of other novelties introduced by the Law in the sphere of entrepreneurship.

Should you have any questions with respect to the implementation of the Law, we would be happy to provide you with necessary advice.

Best regards,

ÆQUITAS Law Firm