

Other forms of tax supervision

Chapter 91

Article 653. The supervision of excisable goods manufactured or imported to the Republic of Kazakhstan

1. The supervision of excisable goods shall be carried out by the Tax Authorities and also by way of establishing excise duty posts
2. Alcohol products (except wine and beer) are subjects to marking with accounting registration stamps. Tobacco - with excise duty stamps in the procedure established by the authorized body.
3. Marking is carried by manufacturers and importers of excisable goods, bankruptcy and rehabilitation managers when selling the estate (assets) of a debtor.
4. Alcohol products, which are not subjects to marking:
 - Exported from KZ
 - Imported by Duty-Free
 - Imported in Customs Union for temporary importation/exportation
 - Custom transit by Customs Union
 - Alcohol imported by individuals aged 21 (3 liters). Tobacco imported by individuals aged 18 (200 cigarettes or 50 cigars (cigarillos) or 250 grams of tobacco, or the said products in assortment with total weight not exceeding 250 grams)

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- 4-1. The turnover of excisable goods, which are subject to marking with excise duty stamps and (or) accounting registration stamps shall be prohibited, except paragraph 4.
5. Re-marking excisable goods specified in paragraph 2 shall be carried out at times specified by the Republic of Kazakhstan Government.
6. In accordance with the article:
 - 1) the rules for marking/remarking certain types of excisable goods shall be approved by the authorized body;
 - 2) the rules for receiving, accounting, storing and issuing excise duty stamps and accounting registration stamps shall be approved by the authorized body;
 - 3) the rules for executing, ordering, receiving, issuing, accounting, storing and submitting accompanying notes on certain types of excisable goods shall be approved by the authorized body;
 - 4) the procedure for organizing the work of an excise duty post shall be approved by the authorized body.
7. The tax authorities shall establish excise duty posts in the territory of a taxpayer manufacturing ethyl alcohol (except cognac), petrol (except avia), diesel, tobacco.
8. Location and personnel shall be determined by the tax authority. Personnel shall be formed out of official persons of the tax authority.

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An official of the tax authority who is at an excise duty post, shall exercise supervision of the following:

- 1) compliance by the taxpayer with the requirements of the regulatory legal acts regulating production and marketing of excisable goods;
 - 2) purchaser who has a licences for relevant types of business;
 - 3) measuring and (or) selling excisable goods only through metering devices or marketing (bottling) through metering devices, and the latter to be maintained in a sealed condition;
 - 4) compliance by the taxpayer with the procedure for marking certain types of excisable goods;
 - 4-1) compliance with the rules for drafting of accompanying notes on certain types of goods in case of their sale by a taxpayer;
 - 5) accuracy of application of excise duty rates on excisable goods and timeliness of payment of excise duties to the budget;
 - 6) movements of main raw materials for the production of excisable goods, accessory materials, finished goods, accounting registration stamps or excise duty stamps.
11. An official of the tax authority who is at an excisable post shall have the following rights:
- 1) in compliance with the requirements of current legislation of the Republic of Kazakhstan, inspect administrative, industrial, warehouse, commercial, accessory premises of the taxpayer (tax agent), which are used for production, storage and marketing of excisable goods;
 - 2) be present when excisable goods are sold;
 - 3) inspect transport vehicles leaving (entering) the territory of the taxpayer.
12. An official who is at the excise duty post, shall have other rights as specified by the procedure for the organisation of functioning of the excise duty post.

Article 654. The Supervision of Transfer Pricing

- The tax authorities shall exercise supervision of transfer pricing in relation to transactions, in accordance with the procedure and in the cases provided for by the Republic of Kazakhstan legislation concerning transfer pricing.

Article 655. The Supervision of Compliance with the Procedure for Accounting, Storage, Valuation, Further Use and Marketing of Assets Converted (to be Converted) into Ownership of the State

- 1. The tax authority shall exercise supervision of compliance with the procedure for storage, valuation, further use and marketing of assets converted (to be converted) into the ownership of the state, of the fullness and timeliness of receipt of funds to the budget in case of their marketing, and also the procedure for transfer of assets converted (to be converted) into the ownership of the state in accordance with the procedure and within periods established by the Government of the Republic of Kazakhstan.
- 2. The procedure for accounting, storage, valuation, further use and marketing of assets converted (to be converted) into ownership
- of the state shall be determined by the Government of the Republic of Kazakhstan.

Article 656. Supervision of Activity of Authorized Governmental and Local Executive Bodies

1. The tax service bodies shall exercise control over the activity of the authorized governmental and local executive bodies in accordance with the procedure established by this Article.
 - The control over the activity of the authorized governmental bodies shall be exercised on the questions related to accurate assessment, complete collection and timely transfer of other compulsory payments to the budget, and reliable and timely data provision to the tax authorities.
 - The control over the activity of the local executive bodies shall be performed with respect to accurate assessment, complete collection and timely transfer of other compulsory payments to the budget, timely provision of reliable data on taxes on property, vehicles, land, and other compulsory payments to the tax authorities.

The form in which the control of the bodies should be performed:

- 1) date and number of the decision registration with the tax service bodies;
- 2) full name and identification number of the authorized governmental body;
- 3) substantiation of prescription of the supervision;
- 4) positions, surnames, names, and patronymics (if any) of the officials of the tax bodies performing control, and specialists of other governmental bodies being involved in control in accordance with this Article;
- 5) timing for performance of control;
- 6) period under control;
- 7) questions related to performance of control;
- 8) acknowledgment of the authorized governmental body of reading and receipt of the decision

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2. The participants of the control shall be officials of *the tax authority* specified in the decision, other persons being engaged in performance of control in accordance with this Article, and authorized governmental bodies.

In case of refusal of signing the copy of decision, several items should be specified on refusal to sign:

- 1) place and date of drawing up;
- 2) surname, name, and patronymic (if any) of the official of *the tax authority* who has drawn up the report;
- 3) surname, name, and patronymic (if any), identification card number, and the address of residence of the invited attesting witnesses;
- 4) number, date of the decision, name and identification number of the authorized governmental body;
- 5) circumstance of the refusal to sign the copy of the decision
- The refusal of the authorized governmental body from receipt of the decision shall not serve as a basis for abolition of the tax supervision.

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3. The duration of the supervision should not exceed 30 (or extended to 50 by tax authority) working days from the date of delivery of the decision of prescription of the supervision to the authorized governmental body.
4. The period of the supervision shall be suspended for periods of time between the date of delivery to the authorized governmental body of *the tax authority's* request for provision of documents and the date of provision by the authorized governmental body of the documents requested in performance of the control of documents, and between the date of sending *the tax authority's* request to other territorial tax authorities, governmental bodies, banks and organizations engaged in certain types of banking operations, and other organizations operating in the territory of the Republic of Kazakhstan, and the date of receipt of the information and documents for the specified request.

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5. In case of suspension (resumption) of the supervision period *the tax authorities* shall send a notice to the authorized governmental bodies with specification of the following details:

- 1) date and number of registration of the notice of suspension (resumption) of the periods of the control with the tax authority;
- 2) name of the tax authority;
- 3) full name and identification number of the competent authority under supervision;
- 4) date and registration number of the suspended (resumed) order;
- 5) substantiation of the need for suspension (resumption) of the supervision;
- 6) mark of the date of delivery and receipt of the notification of suspension (resumption) of the supervision periods.

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7. Should any violation be detected by results of the control, the tax authorities shall issue a request to eliminate the violations of the tax legislation of the Republic of Kazakhstan.

A hard-copy message sent by the tax service authority to the authorized governmental body stating the need for elimination by the latter of the violations specified in the control certificate shall be deemed a request to eliminate the violations of the tax legislation of the Republic of Kazakhstan. The request form shall be established by the authorized body.

The request must be sent within five working days upon delivery of the supervision report to the chief executive officer of the supervised authorized governmental body personally by hand or any other way confirming the fact of sending and receipt. The request shall be executed by the authorized governmental body within thirty working days from the date of its delivery (receipt).

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8. The tax liability amounts found out on the basis of the supervision results shall be collected by the authorized governmental bodies being in charge of accurate assessment, complete collection and timely transfer of taxes and other compulsory payments to the budget.
9. The authorized governmental bodies shall be responsible for accurate assessment, complete collection, and timely transfer of taxes and other compulsory payments to the budget, as well as timely provision of reliable data to the tax authorities in accordance with the laws of the Republic of Kazakhstan.