

**Appendix**  
**to the Order of Kazakhtelecom JSC**  
**dated 2019.02.20 No.43**

**Tax accounting policy**  
**of Kazakhtelecom JSC**

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## **Introduction**

1. The Tax Accounting Policy of Kazakhtelecom JSC (hereinafter - the Tax Accounting Policy) is a document establishing the procedure of tax accounting in Kazakhtelecom JSC in compliance with the requirements established by the Tax Code of the Republic of Kazakhstan (hereinafter - the Code). The Tax Accounting Policy is developed in accordance with the requirements of the Code, taking into account the International Financial Reporting Standards and the legislation of the Republic of Kazakhstan on accounting and financial reporting.

2. In accordance with the statistical card issued by the Statistics Agency of the Republic of Kazakhstan, Kazakhtelecom JSC (hereinafter - the Company) has been assigned OKED 64200 “Electric communications”.

3. The Company was established in accordance with the Resolution of the Government of the Republic of Kazakhstan No. 666 dated June 17, 1994 and has the status of a National Company.

4. The Company is the legal successor of the National Joint Stock Company Kazakhtelecom (primary state registration by the RK justice authorities was made on December 1, 1994).

5. The Company acts on the basis of the State License issued by the Communications and Information Committee of the Ministry of Communications and Information of the Republic of Kazakhstan No. 11000766 dated 06.05.2011 for the activity “Provision of services in the field of communications” (the name of the activity (action) in accordance with the Law of the Republic of Kazakhstan “On Licensing”).

6. The Company has 14 branches (hereinafter - structural subdivisions).

7. Structural subdivisions of the Company are not independent legal entities and carry out their activities on behalf of the Company on the basis of the relevant Regulations approved by the Board of Directors and powers of attorney issued in accordance with the laws of the Republic of Kazakhstan, as well as internal regulatory documents of the Company

## **Chapter 1: General provisions**

### **Paragraph 1: Objectives**

8. The main purpose of the Company's tax accounting policy is to ensure:

- 1) formation of complete and reliable information on the procedure of accounting for taxation purposes of the operations performed by the Company during the tax period;
- 2) deciphering of each line of tax reporting forms;
- 3) reliable preparation of tax reporting;
- 4) provision of information to tax authorities for tax control.

### **Paragraph 2: Scope**

9. These Tax Accounting Policies shall be followed in their activities by the employees of the Accounting and Reporting Department (hereinafter referred to as the “ARD”) who are responsible for maintaining accounting and tax records, and preparing financial and tax reports.

10. The provisions of the Tax Accounting Policy shall be binding on the employees of the Company's ARD, the general service center for the payroll function, the financial general service center, as well as chief accountants and deputy chief accountants of the Company's branches.

### **Paragraph 3. Time period and procedure for making amendments (additions**

11 The Company's tax accounting policy shall be approved by order.

12. The validity of the provisions set forth in the Tax Accounting Policy shall extend for a calendar year.

13. The tax accounting policy of the Company may be amended (or) supplemented.

14. It is not allowed to make changes and (or) additions to the tax accounting policy:

- 1) of the tax period under audit - during the period of comprehensive and thematic audits;

2) of the tax period under appeal - during the period of filing and consideration of an appeal against the notification of the results of a tax audit and (or) the decision of a higher tax authority, issued as a result of consideration of an appeal against the notification, taking into account the restored period of filing an appeal;

3) for tax periods for which a tax audit has been carried out.

15. When changes and (or) additions are made to the Company's tax accounting policy during a calendar year, such changes (additions) shall be put into effect from the beginning of the calendar year in which such change was made. This rule does not apply to changes (additions) in terms of:

policy for determining hedged risks, hedged items and hedging instruments used in respect thereof, methodology for assessing the degree of hedge effectiveness.

16. Changes and (or) additions to the tax accounting policy shall be made by the Company in one of the following ways:

1) approval of a new tax accounting policy or a new section of the accounting policy developed in accordance with international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting;

2) amendments and (or) additions to the current tax accounting policy or to a section of the current accounting policy developed in accordance with international financial reporting standards and requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting.

#### **Paragraph 4. Procedure of interaction and data provision by structural units in the ARD**

17. Accounting and tax accounting at the Company's Central Office shall be performed by ARD headed by the Chief Accountant - Director of ARD.

18. Accounting and tax accounting in the structural subdivisions of the Company shall be performed by the Chief Accountant of the structural subdivision jointly with the Financial General Service Center (hereinafter referred to as "FinGSC").

19. Accounting and tax accounting by structural subdivisions shall be performed independently in compliance with the requirements of International Financial Reporting

Standards (hereinafter - IFRS), accounting policy, this tax accounting policy and internal instructions on accounting and tax accounting.

20. Structural subdivisions shall bear full responsibility for the reliability of the data provided.

## **Chapter 2. Principles and system of tax accounting**

### **Paragraph 1. Principles**

21. Principle of independence. The procedure for tax accounting (including the forms of tax registers and the procedure for their preparation, except for tax registers, the forms of which are established by an authorized body) shall be organized by the Company independently.

22. Principle of consistency. When forming the internal tax accounting system, the Company proceeds from the principle of consistency of application of tax accounting rules and regulations from one tax period to another. Formation of tax accounting data is carried out by reflecting the information used for taxation purposes in chronological order and ensuring continuity of tax accounting data between tax periods (including transactions, the results of which are accounted for in several tax periods, affect the size of the object of taxation in subsequent tax periods or are carried forward for a number of years).

23. Accrual principle. When reflecting business transactions for tax accounting purposes, the Company uses the accrual method, in accordance with which, regardless of the time of payment, income and expenses are recognized from the moment when work is performed, services are rendered, goods are shipped for the purpose of their sale and property is received.

24. Principle of understandability. The tax accounting system (including the procedure for compiling and the content of tax registers) should be understandable for users.

25. Principle of reliability. Means completeness, error-free and impartiality of reflection of events in tax reporting, tax registers, as well as the exercise of sufficient diligence in assessing events under conditions of possible uncertainty.

## **Paragraph 2. Tax accounting system**

26 The task of the Company's tax accounting is to form complete and reliable information on how each business transaction is accounted for tax purposes. The implementation of this task is ensured by the tax accounting system.

27 The Company's tax accounting system includes:

- 1) tax accounting policy,
- 2) tax registers,
- 3) accounting registers containing data that may be used for the purposes of calculating tax liabilities, including analytical data,
- 4) primary documents, as well as other documents containing information that may be used for tax accounting purposes,
- 5) tax reporting,
- 6) procedures of internal control of completeness and reliability of tax accounting data.

28. Fulfillment of tax obligations to calculate and pay taxes and other obligatory payments to the budget, compilation and submission of tax reporting on the Company's activities, including structural subdivisions, shall be performed by ARD, except for the cases specified in paragraph 29 of this Section.

29. Structural subdivisions of the Company shall be considered as independent payers (tax agents) for the following types of taxes, other obligatory payments to the budget and contributions to funds:

- 1) property tax;
- 2) land tax;
- 3) tax on vehicles;
- 4) payment for emissions into the environment;
- 5) payment for the use of land plots;
- 6) payment for placement of outdoor (visual) advertising;
- 7) payment for the use of specially protected natural territories;
- 8) individual income tax;
- 9) social tax;
- 10) registration fees;

11) state duties.

30. Declarations on the objects of taxation of structural subdivisions not recognized as independent taxpayers (tax agents) and the amount of taxes, deductions and contributions arising in connection with the activities of such subdivisions shall be prepared and submitted to the ARD at the place of registration of the Company.

31. In tax registers for calculating taxes, other mandatory payments to the budget and deductions to funds specified in paragraph 29 of this section, the structural divisions of the Company indicate the BIN assigned to this structural division.

32. Monitoring of settlements with the budget on taxes, other obligatory payments to the budget, social contributions to the State Social Insurance Fund, obligatory pension contributions to accumulative pension funds, contributions to Mandatory Social Health Insurance shall be performed by the Company's accountants assigned with these functions.

33. Reconciliation of settlements with the budget is carried out once a year (October 1 at the time of inventory) by reconciling tax accounting data and data on the personal account statement on the status of settlements with the budget for the fulfillment of tax obligations.

### **Chapter 3. Procedure of tax accounting**

34. The Company's tax accounting shall be based on accounting data with due regard to the provisions of the Tax Code.

35. Accounting shall be conducted in accordance with the accounting policy of the Company, the legislation of the Republic of Kazakhstan on accounting and financial reporting, International Financial Reporting Standards (IFRS), explanations on the use of IFRS published by the Standing IFRS Interpretations Committee, internal interpretations of the standards, other instructions and orders of the Company on organization of accounting.

36. The first IFRS financial statements were prepared by the Company for 1998.

37. Tax accounting includes:

- 1) keeping accounting records in terms of information used for tax reporting;
- 2) preparation of tax registers;

3) systematization and (or) compilation of other documents that are the basis for determining the objects of taxation and (or) objects related to taxation, as well as for the calculation of tax liabilities;

4) preparation and submission of tax reporting, tax statements.

38. Accounting in the Company shall be carried out by means of information systems (hereinafter - IS) SAP/R3 and the system of automatic billing and technical control of telecommunications (SAB TCT).

39. Tax accounting in the Company is mainly performed manually (tax registers are prepared electronically in Microsoft Excel format) and partially in the SAP/R3 IS.

40. Accounting of assets, liabilities and business transactions in the SAP/R3 IS is carried out using the working chart of accounts developed in accordance with the Order of the Minister of Finance of the Republic of Kazakhstan dated May 23, 2007 No. 185 «On approval of the Standard chart of accounts for accounting», the Law of the Republic of Kazakhstan dated February 28, 2007 No. 234-III «On Accounting and Financial Reporting», and IFRS provisions

41. Tax reporting by the Company, including structural subdivisions, shall be submitted to the tax authorities:

1) by means of the IS SPTR Client software;

2) in person;

3) by registered mail with notification;

4) via the Internet: the Taxpayer's Cabinet.

42. To keep tax accounting in the Company, the following shall be used:

1) tax registers, the forms of which correspond to the forms of annexes to the declarations on taxes and other obligatory payments to the budget. The forms of such tax registers shall be applied by the Company without approval as an appendix to this tax accounting policy;

2) tax registers, the forms of which are established by the authorized body;

3) tax registers, the forms of which are given in the appendices to this accounting policy, which are an integral part thereof.

43. Chief Accountant - Director of ARD. In addition to the listed tax registers, the Company shall have the right to approve other forms of reports developed with due regard

to the provisions of the Tax Code of the Republic of Kazakhstan. The provisions of this section on execution, maintenance and compilation of tax registers shall also apply to such reports.

44. Collection and systematization of data not provided for in the tax registers and reports specified in this paragraph shall be carried out in the form of reports, the forms of which are used for accounting and analytical accounting to balance sheet and off-balance sheet accounts of the Working Chart of Accounts of the Company. Such reports shall be used for tax accounting purposes in unchanged form.

45. The Company shall keep tax accounting documents within the statute of limitations period determined in accordance with Article 48 of the Tax Code, i.e. 5 years.

46. Accounting documentation shall be prepared in the state and/or Russian language.

47. Tax registers are maintained by the Company in electronic form in Russian and contain mandatory details established by the Tax Code of the Republic of Kazakhstan.

48. In accordance with paragraph 9 of Article 215 of the Tax Code, tax registers shall be submitted to officials of tax authorities during tax audits on paper and (or) on electronic media - at the request of officials of tax authorities performing the audit.

49. Annex 1\_VAT is stored and submitted in electronic form.

50. The correctness of the reflection of business transactions in the tax registers shall be ensured by the persons who compiled and signed them.

51. When storing tax registers should be provided protection from unauthorized corrections.

52. Correction of an error in a signed tax register shall be justified and confirmed by the signature of the responsible person who made the correction, indicating the date and attaching a written justification of the correction.

53. References to the provisions of the Tax Code (hereinafter - the Code) and other legislative acts, shall be made in accordance with the legislation in force as of January 01, 2019.

## **Chapter 4. Corporate Income Tax (CIT)**

54. Tax accounting for corporate income tax (hereinafter referred to as CIT) shall be performed for the Company as a whole in ARD.

55. CIT declaration is prepared without taking into account internal transfers between subdivisions.

56. For the purposes of preparation of the CIT Declaration, operations on transfer of inventories, fixed assets, works (services) between subdivisions shall be accounted for as follows:

1) transfer of inventories (hereinafter - inventories) - a subdivision transferring inventories to another subdivision does not reduce deductions in the CIT Declaration for the value of such inventories and, accordingly, a subdivision accepting inventories from another subdivision does not reflect the value of such received inventories in the CIT Declaration;

2) transfer of services - when one subdivision transfers in its accounting records to another subdivision the cost of purchased (received) services using the "Settlements with Suppliers" account, in the CIT Declaration to determine deductions, the acquisition of such services is reflected in the CIT Declaration by the subdivision that received the services and charged them to expense accounts of accounting records;

3) when one subdivision transfers the cost of purchased (received) services to another subdivision through expense accounts (without using the "Settlements with Suppliers" account) - the CIT Declaration for determining deductions does not reflect the acquisition of such services by the subdivision that received the services, and, accordingly, the subdivision that transferred the service does not reduce deductions in the CIT Declaration for the cost of such services;

4) transfer of fixed assets - when a subdivision transfers fixed assets in its accounting records that were on its balance sheet at the beginning of the tax period to another subdivision, the transferring subdivision adjusts the "Value balance of the group at the beginning of the tax period" with the sign "-", and the receiving subdivision, respectively, with the sign "+";

5) when fixed assets acquired during the tax period are transferred in the accounting records of one subdivision to another, such fixed assets shall be accounted for in the

receipt of fixed assets by the subdivision in which the fixed asset is accounted for at the end of the tax period according to the accounting records.

57. Each transfer of fixed assets in operation, works (services) by one subdivision to another is formalized by an act of acceptance - transfer between structural subdivisions, the transfer of inventory and fixed assets from warehouse to warehouse between structural subdivisions is carried out on the basis of a SAP invoice signed by responsible and authorized persons. Reconciliation acts with structural subdivisions are drawn up for this transfer.

58. Tax registers on CIT, the forms of which are presented in Appendices No. 1-38\_CIT, are used to determine the size of the object of taxation, objects related to taxation, and to calculate the amount of CIT on the Company's activities.

59. Tax registers on CIT are prepared on the basis of the Company's accounting data from the reports generated in the SAP/R3 program and SAB TCT.

60. The procedure for compiling tax registers on CIT is given in the forms of these registers.

61. Tax registers are intended for accounting of income and losses:

1) "Tax register of accounting of income from the sale of telecommunication services";

2) "Tax register of income from leasing out property";

3) "Tax register for accounting of income (losses) from increase in value upon disposal of assets not subject to depreciation, except for debt securities";

4) "Tax register for accounting of income (losses) from the value increment at the disposal of debt securities";

5) "Tax register for accounting of income (losses) from value increment upon disposal of assets specified in subparagraphs 1-5, 11 of paragraph 2 of Article 228";

6) "Tax register of income from writing off liabilities";

7) "Tax register of income from writing off doubtful liabilities for goods, works, services";

8) "Tax register of accounting of income from writing off doubtful liabilities on income of employees";

9) “Tax register of income in the form of fines, penalties and other types of sanctions awarded or recognized by the debtor, except for unjustifiably withheld fines returned from the budget, if these amounts were previously deducted”;

10) “Tax register for recording income in the form of compensation received for earlier deductions”;

11) “Tax register of income in the form of gratuitously received property”;

12) “Tax register of income in the form of dividends”;

13) “Tax register of income in the form of remuneration”;

14) “Tax register for accounting of other income”;

15) “Tax register of fixed assets income and expenses”;

16) “Tax register for exchange rate differences”.

Information in these tax registers should be reflected for all facts of income recognition for taxation purposes on the basis of accounting data, including analytical accounting.

62. Tax registers are intended for accounting of expenses:

1) “Tax register of income and expenses accounting for fixed assets”;

2) “Tax Register of Income and Expenses on Fixed Assets of Group I”;

3) “Tax register on application of investment tax preferences”;

4) “Tax register on accounting for exchange rate differences”;

5) “Tax register of expenses on acquisition of fixed assets, works and services”. A separate register shall be filled in for each type of works (services), which are allocated separately in the CIT Declaration, as well as for other works and services.

6) “Tax register for accounting of non-deductible expenses related to the acquisition of work and services”;

7) “Tax register for recording the cost of inventory, works and services recognized as deferred expenses”;

8) “Tax register of expenses on accrued income of employees and other payments to individuals”;

9) “Tax register of expenses on training, advanced training, retraining of employees”;

10) «Tax register for accounting of expenses for training of individuals not in employment relations with JSC

11) “Tax register of accounting of expenses on remuneration”;

12) “Tax register of accounting of compensation amounts for business trips”;

13) “Tax register of accounting of amounts of hospitality expenses”;

14) “Tax register of expenses on fines, penalties, forfeitures”;

15) “Tax register of expenses on doubtful claims”;

16) “Tax register of expenses on insurance premiums under insurance contracts”;

17) “Tax register for accounting of other expenses”. This register shall reflect expenses not included in the previous registers;

18) “Tax register of taxes and other mandatory payments to the budget”;

19) “Tax register for recording the amounts of accrued income and social tax amounts from disabled employees”;

20) “Tax register for accounting of amounts of membership fees”.

21) “Tax register for line 100.00.033 AI Reduction of taxable income in accordance with subparagraphs 1) and 2) of paragraph 1 of Article 288 of the Tax Code”; 21) “Tax register for line 100.00.033 AI Reduction of taxable income in accordance with subparagraph 1) and 2) of paragraph 1 of Article 288 of the Tax Code”

22) “Tax register of deductions to the compulsory health insurance fund”.

63. Business trip - sending an employee by order of the employer to perform labor duties for a certain period of time outside the place of permanent work, as well as sending an employee to another location for training, advanced training or retraining (subparagraph 82) of paragraph 1 of Article 1 of the Labor Code of the Republic of Kazakhstan).

64. In accordance with item 3, paragraph 1, item 1, article 244 of the Code, per diem paid to an employee for the time spent on a business trip is deductible as compensation for business travel. The per diem is paid for calendar days spent on a business trip, including travel time.

65. Order No. 350 dated 27.10.2014 establishes the norms of reimbursement of expenses to the Company's employees sent on business trips. Pursuant to subparagraph 2, paragraph 2, Article 319 of the Code, the allowable period of business trips, the expenses of which are not included in the employee's income, is 40 (forty) calendar days.

66. The amount of per diem for business trip days exceeding 40 calendar days should be included in the employee's income for tax purposes and should be subject to individual income tax, mandatory pension contributions, social tax and social contributions, respectively.

67. Advertising - information distributed and placed in any form, by any means, intended for an indefinite circle of persons and designed to form or maintain interest in an individual (legal entity), goods, trademarks, works, services and to promote their realization.

68. Expenses aimed at creating demand, stimulating sales of goods and sales of services by means of informing potential buyers, consumers of goods (services) about their quality, merits, advantages, including the transfer of advertised goods (services) and promotional souvenirs to individuals, should be recognized as advertising expenses.

69. At the same time, souvenirs should contain information about the advertised goods (services) or the advertiser in the form of a logo or other form.

70. Prizes given as a result of raffles among consumers of goods (services) are advertising expenses if they contain information about the advertised goods (services) or the advertiser in the form of a logo or other form.

71. The cost of goods donated to other persons and meeting the above conditions shall be deductible if the cost per unit of the transferred goods does not exceed 5 MCI.

72. The value of goods donated to others that do not meet the above conditions shall not be deductible.

73. Goods purchased from counterparties and used for the above purposes are deductible at cost.

74. Products of own production are deductible at cost recorded in the books of accounts and are not deductible as expenses on goods sold.

75. In the Company's accounting records, inventories are written off using the weighted average cost method.

For tax purposes, the cost of inventories is determined without regard to changes in the value of inventories by writing them down to their net realizable value and reversing any earlier write-down of inventories caused by an increase in their net realizable value.

76. In accordance with paragraph 4 of Article 192 of the Code, exchange rate differences are accounted for by applying the market exchange rate.

Transaction in foreign currency is recalculated into the national currency of the Republic of Kazakhstan - tenge by applying the market exchange rate on the date of transaction (payment).

77. Tax accounting of the Company's fixed assets is performed in the Tax Register of Income and Expenses on Fixed Assets (Appendixes #16,17 \_CIT).

78. The form of the Tax register of accounting of income and expenses on fixed assets is the form of the tax register for determining the value balances of groups (subgroups) of fixed assets and subsequent expenses on fixed assets, approved by the Order of the Minister of Finance dated 19.03.2018 No. 388, as well as other columns (not provided for in this order). When completing this register, it is necessary to take into account the Rules for compiling the forms of tax registers approved by the same order.

79. For each group (subgroup), the Company applies depreciation rates not higher than the maximum established by the Code:

<b>No. of group/subgroup</b>	<b>Name of groups</b>	<b>Maximum depreciation rate (%)</b>
I	Buildings, structures, except for oil and gas wells and transmission facilities	10
	Buildings	
	Structures	
II	Machinery and equipment, except oil and gas production machinery and equipment, as well as computers and information processing equipment	25
III	Computers and information processing equipment	40
IV	Fixed assets not included in other groups, including oil and gas wells, gas wells, transmission facilities, oil and gas production machinery and equipment	15

80. For buildings and structures, except for oil and gas wells and transmission facilities, depreciation deductions shall be recorded and calculated for each object separately.

81. Recognition of subsequent expenses in the Company's accounting (including by structural subdivisions) shall be carried out in accordance with the following documents:

1) Corporate Accounting Policy approved by the Decision of the Board of Directors of Kazakhtelecom JSC (Minutes No. 4 dated March 31, 2017);

2) Methodological Recommendations on reflection of expenses on capital repairs in the financial statements;

3) Regulations on the organization and carrying out of maintenance and repair of specialized fixed assets of Kazakhtelecom JSC, approved by Order No. 120 dated 02.06.2000;

4) IFRS 16 “Fixed assets”.

82. Application of investment tax preferences is carried out on assets:

1) which are assets specified in subparagraph 2) of paragraph 1 of Article 266 of the Tax Code or fixed assets;

2) which are used in activities aimed at generating income.

83. The application of investment tax preferences on preference objects may be carried out in the Company according to one of the methods stipulated by the RK Code:

1) the method of deduction after the object is put into operation:

in equal installments during the first three tax periods of operation, or as a lump sum in the tax period in which the commissioning is carried out;

2) the method of deduction before putting the object into operation.

84. Tax accounting of preference objects and subsequent expenses for reconstruction, modernization, attributable to deductions as preferences, is carried out in the Tax Register on the application of investment tax preferences (Appendix No. 18\_CIT). The form of this register includes the form of the tax register on the application of investment tax preferences, approved by Order of the Minister of Finance No. 388 of 19.03.2018, as well as data on the selected method of application of investment tax preferences in respect of each object of preferences.

85. When completing this register, one should also take into account the Rules for compiling the forms of tax registers approved by the same Order.

86. The choice of the method of application of investment tax preferences shall be made for each object of preferences put into operation in the tax period and shall be reflected in the said tax register.

87. Doubtful claims in accordance with the provisions of Article 248 of the Code shall be recognized as claims arising from:

1) sale of goods (works, services) to legal entities and individual entrepreneurs, as well as non-resident legal entities operating in the Republic of Kazakhstan through a permanent establishment, branch, representative office, and not satisfied within a three-year period calculated in accordance with paragraph 4 of Article 248 of the Code;

2) recognition of the taxpayer-debtor as bankrupt in accordance with the legislation of the Republic of Kazakhstan.

88. Doubtful claims transferred from one tax period to another and unsatisfied within three years are subject to deductions from the moment the claim arises, i.e. from the date of issuance of the invoice for the sale of goods (works, services).

89. Tax accounting of doubtful claims in the context of issued invoices and counterparties is carried out in the Tax register of doubtful claims (Appendix No. 30\_CIT).

90. In accordance with paragraph 1 of Article 263 of the Code, taxes and other mandatory payments to the budget, calculated on the objects of taxation of the Company and paid in other states, shall be deductible to the extent of the amounts calculated and accrued.

91. Tax accounting on taxes and other obligatory payments calculated and paid to the budget of the RK or another state is carried out in the register in the form given in Appendix #33\_CIT.

92. The purpose of an effective hedging process is to minimize financial risks to an acceptable level. When selecting hedging instruments, the Company shall ensure compliance with the optimal level of the cost of hedging financial risks to the amount of possible losses from such risk.

93. The Company's participation in financial risk hedging operations using derivative securities shall be carried out in order to achieve the planned financial indicators by minimizing the Company's exposure to market risks associated with changes in the values of the following hedged items:

1) interest rates

2) currency exchange rates

94. The main methods used to minimize the Company's financial risks are exchange-traded and over-the-counter financial hedging instruments.

95. OTC financial hedging instruments are forward contracts and swaps concluded directly with a counterparty or through a dealer.

96. Exchange-traded financial hedging instruments - commodity futures and options on them. These instruments are traded on specialized trade exchanges. The exchange's clearing house, acting as one of the parties to the contract, is a guarantor of performance under purchase and sale transactions.

97. In determining the amount of expenses for wages and salaries and other benefits to be deducted, the Company shall include transactions for the use of vacation and actuarial reserves.

98. Calculation of the amounts of advance CIT payments for the first quarter of the reporting tax period, calculated in the amount of 1/4 of the total amount of advance payments declared for the previous tax period, shall be submitted not later than January 20 of the reporting tax period to the tax authority at the location of the Company.

99. Calculation of the amounts of advance CIT payments for the remaining 3 quarters of the tax period shall be submitted not later than April 20 of the reporting tax period.

100. The Company shall make a monthly calculation of the estimated advance payments on CIT in the period from April 20 to December 20 of the tax period in order to determine the amount of deviation of the amount of CIT between the latest approximated data and the data previously submitted to the tax authorities. The threshold for an acceptable excess is 20 percent of the amount of accrued advance CIT payments for the reporting period.

101. The chief manager of the tax accounting department verifies such calculations. If there are discrepancies, an additional calculation of the amount of advance CIT payments shall be submitted to the tax authorities by December 31.

102. Advance CIT payments are paid monthly not later than the 25th day. After submission of the CIT declaration, the Company shall make the final payment to the budget not later than 10 calendar days after the deadline for submission of the declaration at its location.

## **Chapter 5. International Taxation**

### **Paragraph 1. Corporate income tax withheld at source from income of non-resident.**

103. Corporate income tax withheld at source on non-resident income

104. Tax accounting of settlements with non-residents (Legal entities) shall be carried out in the following tax registers:

1) tax register on corporate income tax withheld at the source of payment from non-resident income for \_\_\_\_\_ quarter of 20\_\_ year (Appendix #1\_Non-Residents\_ Legal entities);

2) consolidated tax register on corporate income tax withheld at source from non-residents' income for \_\_\_\_ (month) \_\_\_\_ quarter of 20\_\_ year (Appendix No. 2\_Non-Residents\_ Legal entities).

105. The above tax registers are used to determine the size of taxable objects, objects related to taxation, to calculate the amount of CIT from the income of a non-resident, as well as for tax reporting on this tax.

106. The tax register for calculating CIT from a non-resident, the form of which is presented in Appendix No. 1\_Non-Residents\_ Legal entities (hereinafter - tax register for CIT from a non-resident), is prepared separately for each foreign legal entity with which an agreement (contract) has been concluded, under which an advance payment, accrual and (or) payment of income took place in the reporting quarter. Data in the register shall be recorded at the end of each month during the reporting quarter.

107. Information in the tax register of CIT from a non-resident should be reflected for all facts specified in paragraph 106. of this section (payment of advance payment, accrual and (or) payment of income), for tax purposes on the basis of accounting data, including analytical accounting.

108. A tax register shall be filled in on the basis of data from:

1) accounting records on accounting of settlements with counterparties, including subconto account analysis and account analysis;

2) primary documents.

The procedure for compiling the tax register of CIT from a non-resident is given in the form of this register.

109. The consolidated tax register for calculating CIT from a non-resident, the form of which is provided in Appendix No. 2\_Non-Residents\_ Legal entities (hereinafter - the consolidated tax register of CIT from a non-resident), is prepared for each month separately on the basis of the data given in the tax register for calculating CIT from a non-resident (Appendix No. 1\_Non-Residents\_ Legal entities).

110. Information in the consolidated tax register of CIT from a non-resident is reflected based on the data of the tax register of CIT from a non-resident in the context of non-residents and agreements (contracts) concluded with them.

111. When filling in the consolidated tax register of CIT from a non-resident, the data of the corresponding lines in the column "Total" in the context of agreements (contracts) with a non-resident shall be used.

The procedure for compiling the consolidated tax register of CIT from a non-resident is given in the form of this register.

112. The consolidated tax register of CIT from a non-resident is used to compile a calculation of corporate income tax withheld at source from a non-resident's income (Form 101.04).

## **Paragraph 2. Individual income tax on income of foreigners and stateless persons who are non-residents of the RK**

113. Tax accounting of settlements with non-resident individuals for work performed, services rendered is carried out in the following tax registers:

1) tax register on calculation of Personal Income Tax (hereinafter - PIT) from the income of a foreigner or stateless person recognized as non-residents for \_\_\_\_\_ quarter \_\_\_\_\_ 20\_\_ year (Appendix No.1\_Non-Residents\_ Individuals);

2) consolidated tax register on calculation of individual income tax from the income of a foreigner or stateless person recognized as a non-resident for \_\_\_\_\_ (month) \_\_\_\_\_ quarter of 20\_\_ year (Appendix No. 2\_ Non-Residents\_ Individuals).

114. The above tax registers are used to determine the size of taxable objects, objects related to taxation, to calculate the amount of PIT from a non-resident, as well as

to prepare tax reporting on this tax.

115. The tax register for the calculation of personal income tax from a non-resident, the form of which is presented in Appendix No. 1\_Non-Residents\_ Individuals (hereinafter referred to as the tax register for the calculation of PIT from a non-resident), shall be prepared separately for each non-resident individual with whom an agreement (contract) has been concluded, under which an advance payment, accrual and (or) payment of income took place in the reporting quarter. Data in the register shall be reflected at the end of each month during the reporting quarter.

116. The information in the tax register of PIT from a non-resident should be reflected for all facts specified in paragraph 115 of this section (payment of advance payment, accrual and (or) payment of income) for taxation purposes on the basis of accounting data, including analytical accounting.

117. A tax register shall be filled in on the basis of data from:

- 1) accounting records on accounting of settlements with counterparties, including subconto account analysis and account analysis;
- 2) primary documents.

The procedure for compiling the tax register for accounting of PIT from a non-resident is given in the form of this register.

118. The consolidated tax register for the calculation of PIT from non-residents, the form of which is provided in Appendix No.2\_Non-Residents\_Individuals (hereinafter referred to as the consolidated tax register for the calculation of PIT from non-residents), is prepared for each month separately on the basis of the data given in the tax register for the calculation of personal income tax from non-residents (Appendix No. 2\_Non-Residents\_ Individuals).

119. The information in the consolidated tax register of the non-resident personal income tax is reflected on the basis of the data of the tax register of the non-resident personal income tax in the context of non-residents and agreements (contracts) concluded with them.

120. When filling in the consolidated tax register of PIT from a non-resident, the data of the corresponding lines in the column “Total” in the context of agreements (contracts) with a non-resident shall be used.

The procedure for compiling the consolidated tax register of PIT from a non-resident is given in the form of this register.

121. The consolidated tax register of PIT from a non-resident is used to prepare a declaration on individual income tax and social tax (Form No. 200.00).

## **Chapter 6. Value Added Tax (VAT)**

122. The Company is a value added tax payer on the basis of the issued certificate (series 62001 No. 0003858 dated 27.10.2009).

123. Structural subdivisions are not independent payers of value added tax. In cases when structural subdivisions are a party to the contract when concluding transactions as a supplier and/or recipient of goods (works, services), the invoice shall be executed as follows:

1) in the lines “Surname, first name, patronymic or full name, address of the supplier and recipient of goods (works, services)” - the full name and address of the parties to the contract shall be indicated;

2) in the line “Identification number of the supplier and the recipient of goods (works, services)” - indicate the BIN (TIN) of the persons being the parties to the contract;

3) in the line “Supplier's VAT registration certificate number” shall be indicated the VAT certificate number of the Company.

124. Formalization of invoices for the sale of communication services (main activity) shall be performed by the commercial services of structural subdivisions independently in the information system SAB TCT.

125. The SAB TCT information system is used in 8 structural subdivisions (Appendix 1).

126. The maximum number of digits used in the numbering of invoices in SAB TCT is 15 characters.

127. Subdivisions not specified in the annex to paragraph 125 of this section (in particular, the central apparatus - ARD, Main Telecommunication Network Control Center, NDA, DCTI, DAICT, TSD) shall reflect the realization of services from the main activity (including the execution of invoices) in the SAP/R3 information system (hereinafter - SAP/R3 IS).

128. The maximum number of digits used in the numbering of invoices in the SAP/R3 IS is 9 characters. The first two digits of the invoice number in the SAP/R3 IS are the code of the structural subdivision. The list of structural subdivision codes is given in Appendix 2 to the Tax Accounting Policy

129. Formalization of invoices related to the sale of services from non-core activities is performed by structural subdivisions in the SAP/R3 IS.

130. The registration of invoices issued in the system of automatic billing and technical control of telecommunications program is carried out in the Electronic Invoice Information System (EI IS) and is reflected in the VAT return through the “Register of invoices for goods (works, services) sold” annex

131. Registration of issued invoices issued in the SAP/R3 program is carried out in the Electronic Invoice Information System (EI IS) and is reflected in the VAT return through the “Register of invoices for sold goods (works, services)” annex.

132. Each structural subdivision of the Company shall independently keep records and store invoices received from suppliers of goods (works, services) in paper form, as well as in electronic form via the EI IS.

133. The registration of invoices for purchased goods (works, services) is made in the VAT Declaration and is reflected in the “Register of invoices for purchased goods (works, services)” in chronological order by the number and date of the invoice.

134. The registers specified in paragraphs 130 and 131 of this section are tax registers for recording received and issued invoices and shall be used for the preparation of the value added tax return and annexes thereto. The forms of the registers are presented in Appendixes No. 1,2\_VAT.

135. Amendments and additions to the register of invoices for sold goods (works, services) and the register of invoices (documents for release of goods from the state reserve) for purchased goods (works, services) shall be made in accordance with the Rules of tax reporting (declaration) on value added tax, approved by the authorized body.

136. Based on the order (power of attorney) for each structural subdivision, the right to sign invoices is granted to the General Director. The General Director appoints authorized persons to sign invoices by signing a power of attorney in the Electronic Invoices Information System (hereinafter referred to as the EI IS)

137. Invoices issued in the SAB TCT program are sent to the EI IS by the authorized person through the system of automatic billing and technical control of telecommunications module “Electronic Invoice Manager”

138. Invoices issued in the SAP/R3 program are sent to the EI IS by an authorized person through the RPFIKZ\_REGINV transaction in SAP/R3, or through the esf.gov.kz website.

139. When keeping accounting records in the SAP/R3 IS, the Company uses a directory of VAT codes that correspond to certain lines of the VAT Declaration and its annexes (Appendix 3\_VAT\_VAT\_Codes). The codes are assigned when accounting for each business transaction related to the acquisition and sale of goods (work, services).

140. Accounting data to which VAT codes have been assigned are used for the formation of a VAT return.

141. VAT returns are generated electronically at the end of the tax period in automatic mode in the SAP/R3 IS.

142. The following transactions are used to analyze the data to be reflected in the VAT return: ZD12, ZD26, ZTAX, ZD95, balances of account 1420 “VAT refundable” and account 3130 “VAT payable”.

143. When work and services rendered in the territory of the Republic of Kazakhstan are purchased from a non-resident who is not a payer of value added tax in the Republic of Kazakhstan and who does not operate through a branch or representative office, the cost of such purchased work and services (excluding VAT) shall be included in the Company's turnover and shall be subject to value added tax in accordance with the Tax Code (hereinafter - VAT for non-resident).

144. The amount of VAT for a non-resident shall be determined by applying the rate provided for in Article 268.1 of the Tax Code to the amount of taxable turnover. If payment for received works and services is made in foreign currency, the taxable turnover shall be recalculated in tenge at the market exchange rate on the date of turnover.

145. VAT settlements for a non-resident shall be accounted for in a separate tax register compiled at the end of each quarter in the form provided in Appendix No. 4\_VAT\_Non-resident.

146. The amount of calculated VAT for a non-resident shall be paid to the budget not later than the deadline for submission of the value added tax return.

147. The amount of VAT paid for a non-resident shall be credited in accordance with the Tax Code on the basis of the Company's payment document or a document issued by the tax authority in the form prescribed by the authorized body confirming the payment of the tax.

148. VAT for a non-resident shall not be calculated if:

1) the works, services provided by a non-resident are related to turnovers exempt from VAT;

2) when importing the results of work and services rendered by a non-resident, they are customs cleared as import of goods under foreign trade transactions.

149. In the presence of taxable and non-taxable turnovers for value added tax, the Company applies the proportional method to offset the amounts of value added tax on purchased goods (works, services).

150. Information on the amount of non-taxable turnover on value added tax shall be reflected according to the form provided in Appendix 5\_VAT\_ExemptTurnover.

151. Information on the cost, nomenclature, and quantity of goods used for advertising purposes, subject to inclusion in both taxable and non-taxable turnover, is reflected in the form specified in tax register No. 2\_VAT\_Free Turnover\_Advertising (Appendix No. 5\_VAT\_ExemptTurnover\_Advertising).

## **Chapter 7. Property Tax**

152. Structural subdivisions of the Company are independent payers of property tax.

Each structural subdivision shall independently keep accounting and tax records on objects subject to property tax.

153. The tax register for property tax calculation and current payments under this tax is used to calculate the amount of property tax, as well as current payments, for preparation of tax reporting on property tax. The form of the tax register and the procedure for its preparation are presented in Appendix No. 1\_PT.

Each structural subdivision prepares a separate tax register.

A separate register shall be prepared for each tax committee.

154. Buildings and structures subject to property tax shall be determined in accordance with the Fixed Assets Classifier.

155. Data in the register shall be reflected as of the beginning of the year and the results of each month on an accrual basis on the basis of accounting data from the report generated in the SAP/R3 program "Property Tax Declaration". This report reflects information on the residual values at the beginning of the year, at the beginning of each month during the tax period, at the beginning of the year following the reporting period, as well as the initial value of the taxable objects received and the book value of the disposed objects.

156 The cost of retired taxable objects is: the original cost according to accounting data as of the date of receipt - for taxable objects received in the current tax period; the book value according to accounting data as of the beginning of the tax period - for other taxable objects.

157. The tax register shall also calculate:

1) the annual amount of current property tax payments from the book value of taxable objects at the beginning of the year;

2) monthly amounts of adjustments of current property tax payments due to the receipt and (or) disposal of taxable objects during January-October of the tax period;

3) the annual amount of property tax determined by the average annual value of the taxable objects.

## **Chapter 8. Tax on vehicles**

158. Structural subdivisions of the Company shall be independent payers of vehicle tax.

Each structural subdivision shall independently keep accounting and tax records on the objects of taxation of motor vehicles.

159. The tax register for vehicle tax is used to calculate vehicle tax and current payments for this tax, as well as for tax reporting on this tax. The form of the tax register is presented in Appendix No. 1\_\_ Tax on vehicles.

160. Each structural subdivision shall prepare a separate tax register.

161. Data in the register shall be reflected during the year on an accrual basis for vehicles owned or received under a financial leasing agreement and subject to vehicle tax. The register shall be filled in on the basis of the data specified in the certificate of state registration of the vehicle and other technical documentation for the vehicle.

162. For passenger cars the information is used by engine volume (cc), for trucks - by payload (tonn), for buses - by seats, for motorcycles, sledges, aircraft - by engine power (kW), for boats and ships - by engine power (horsepower), as well as for all types of vehicles the period of actual ownership is defined.

163. Data shall be reflected in the context of taxation objects.

164. At the end of the 1st half of the year, information shall be entered into the tax register and the amount of current tax payments shall be calculated for the objects of taxation:

- 1) available on the right of ownership as of January 01 and July 01 of the tax period;
- 2) acquired in the period from January 01 to July 01 of the tax period and available by right of ownership as of July 01 of the tax period;
- 3) owned as of January 01 of the tax period, title to which was transferred during the period until July 01 of the tax period;
- 4) acquired and transferred in the period from January 01 to July 01 of the tax period.

Information from the tax register compiled on the basis of the results of the 1st half of the year is used for the calculation of current payments for vehicle tax.

165. At the end of the year, information on the objects of taxation shall be entered in the tax register:

- 1) available by right of ownership as of January 01 and December 31 of the tax period;
- 2) acquired in the period from July 01 to December 31 of the tax period and having the right of ownership as of December 31 of the tax period;
- 3) owned as of January 01 of the tax period, title to which was transferred during the period from July 01 to December 31 of the tax period;
- 4) acquired and transferred in the period from July 01 to December 31 of the tax period.

The total amount of tax on vehicles shall be calculated by object of taxation based on the period of actual ownership of vehicles during the tax period.

166. Information from the tax register compiled at the end of the year is used to prepare a declaration on tax on motor vehicles and make final payments to the budget on it for the tax period.

## **Chapter 9. Land tax**

167. Structural subdivisions shall be independent payers of land tax.

168. The tax register for land tax is used to calculate land tax and current payments under this tax, as well as for tax reporting under this tax. The form of the tax register is presented in Appendix No. 1\_Land Tax.

169. Each subdivision shall fill in a separate tax register. Data in the register shall be recorded on an accrual basis during the year.

170. The register shall be filled out on the basis of the data specified in:

- 1) title and (or) documents of title to land plots;
- 2) information provided by an authorized body on land resources management.

171. Coefficients of reduction (increase) of the basic tax rates shall be specified on the basis of applicable decisions of the local representative body.

172. Data shall be reflected in the context of land plots.

173. For the payment of current land tax payments, information shall be entered into the tax register and calculated:

- 1) based on the results of January, the amount of current tax payments on the objects of taxation available on the right of possession (use) as of January 01 of the tax period;

- 2) at the end of each month during January-October of the tax period, the amount of adjustments of current payments on taxable objects:

- 3) the right of possession (use) of which arose in the period from January 01 to November 01 of the tax period and remains until December 31 of the tax period;

- 4) existing as of January 01 of the tax period, the right of possession (use) of which was terminated in the period from January 01 to November 01 of the tax period;

5) the right of possession (use) of which arose and terminated in the period from January 01 to November 01 of the tax period.

174. Information from the tax register, entered at the end of January of the month of the tax period, shall be used for the calculation of current land tax payments.

175. Information from the tax register, entered at the end of each month during January-October of the tax period, shall be used for making corrective calculations of current payments for land tax to reduce (increase) the amount of current payments during the tax period.

176. At the end of the year, information on the objects of taxation shall be entered in the tax register:

1) the right of possession (use) of which arose during November-December of the tax period and available on the right of ownership as of December 31 of the tax period;

2) existing before November 1 of the tax period, the right of possession (use) of which was terminated during November - December of the tax period;

3) the right of possession (use) of which arose and terminated during November - December of the tax period.

177. Information from the tax register compiled at the end of the year shall be used for the preparation of a declaration on land tax and final settlements with the budget on it for the tax period.

178. In the absence of identification documents for a land plot, the basis for the accrual and payment of land tax shall be the actual possession and use of such plot.

## **Chapter 10. Individual income tax, social tax, social contributions to the State Social Insurance Fund, mandatory pension contributions to funded pension funds, deductions for Mandatory Social Health Insurance**

179. The Company keeps tax records on Personal Income Tax (hereinafter - PIT), social tax, social contributions to the State Social Insurance Fund (hereinafter - social contributions), mandatory pension contributions to accumulative pension funds (hereinafter - MPC), contributions to Mandatory Social Health Insurance (hereinafter - MSHI) separately for each division.

180. Structural subdivisions of the Company are independent tax agents for individual income tax on income received by citizens of the Republic of Kazakhstan, mandatory pension contributions to accumulative pension funds, payers of social tax, social contributions to the state social insurance fund and independently submit tax reports on these taxes, contributions and deductions at the place of their registration in Form No. 200 - on income received by citizens of the Republic of Kazakhstan. At the same time, the Company's structural subdivisions recognized as independent taxpayers (tax agents) shall reflect the objects of taxation and the amount of taxes, deductions and contributions arising in connection with their activities in the above tax reporting.

181. Declarations on the objects of taxation of structural subdivisions not recognized as independent taxpayers and the amount of taxes, deductions and contributions arising in connection with the activities of such subdivisions (Form No. 200) shall be prepared and submitted to the ARD at the Company's place of registration.

182. Attachments 200.02 to these forms shall be submitted by the Company at the place of registration of the respective structural subdivision, indicating the BIN of the structural subdivision.

183. The following tax registers shall be used for calculation of PIT, social tax, social contributions and MPC, MSHI and preparation of declarations on individual income tax and social tax for tax agents in relation to citizens of the RK, foreigners and stateless persons recognized as residents of the RK:

1) tax register on calculation of PIT, social tax, social deductions and MPC, MSHI on income of one individual;

2) tax register on accounting of accrued income of employees and other individuals not subject to PIT, social tax, social deductions and MPC, MSHI;

3) a tax register for accounting of final data on accrued income of employees and other individuals not subject to PIT, social tax, social contributions and MPC, MSHI;

4) tax register of final data for the reporting period on PIT, social tax, social deductions and MPC, MSHI for citizens of the Republic of Kazakhstan;

5) tax register on calculation of PIT from the income of a foreigner or stateless person.

184. For the preparation of tax reports on form No. 200 data on citizens of the Republic of Kazakhstan are used from the tax registers, the forms of which are set out in Appendixes 1-4\_PIT, ST, MPC, SC, MSHI, as well as in Appendix No. 2\_ Non-residents Individuals.

185. The tax register on PIT, social tax, social contributions and MPC, MSHI on the income of one individual (Appendix No. 3\_PIT, ST, MPC, SC, MSHI) is prepared separately for each individual in respect of whom income was accrued in the reporting quarter. Data in the register shall be reflected at the end of each month during the calendar year.

186. The tax register for recording accrued income of employees and other individuals not subject to PIT, social tax, social contributions, social security contributions and MPC, MSHI (Appendix No. 1\_ PIT, ST, MPC, SC, MSHI) is prepared separately for each individual in respect of whom income was accrued in the reporting quarter. Data in the register shall be reflected at the end of each month during the reporting quarter.

187. Tax register on accounting of final data on accrued income of employees and other individuals who are not subject to PIT, social tax, social contributions and MPC, MSHI for citizens of the Republic of Kazakhstan (Appendix No. 2\_ PIT, ST, MPC, SC, MSHI) is made separately for each reporting quarter in the context of months in which there was an accrual of income to citizens of the Republic of Kazakhstan. Data in the register are reflected at the end of each month during the reporting quarter.

188. Tax register of final data for the reporting period on PIT, social tax, social deductions and MPC, MSHI for citizens of the Republic of Kazakhstan (Annex № 4\_ PIT, ST, MPC, SC, MSHI) is made separately for each reporting quarter in the context of months in which there was an accrual of income to citizens of the Republic of Kazakhstan. Data in the register are reflected on the incomes of citizens of the RK at the end of each month during the reporting quarter.

189. Tax registers are filled on the basis of accounting data of IS SAP/R3 on accounting of settlements with employees and counterparties, including:

1) analysis of accounts 3350, 3390, 3120, 3150, 3210, 3220;

2) payroll calculations, annual personal account by employee (to reflect information on employees);

3) primary documents.

190. Information from the tax register of accrued income of employees and other individuals not subject to PIT, social tax, social contributions and MPC, MSHI, is used to compile a tax register of the final data on accrued income of employees and other individuals not subject to PIT, social tax, social contributions and MPC, MSHI for citizens of the Republic of Kazakhstan, as well as for PIT, social tax, social contributions and MPC, MSHI on the income of one individual.

191. Information from tax registers on calculation of PIT, social tax, social deductions and MPC, MSHI on the income of one individual is used to compile a tax register of total data for the reporting period for PIT, social tax, social deductions and MPC, MSHI on the citizens of the RK.

192. Tax register of final data for the reporting period on PIT, social tax, social deductions and MPC, MSHI for citizens of the Republic of Kazakhstan is used to prepare a declaration on individual income tax and social tax for tax agents in relation to citizens of the Republic of Kazakhstan.

193. The value of property donated to individuals in connection with an advertising campaign, not exceeding the amount equal to 5 times the amount of MCI established by the Law of the RK on the Republican Budget for the relevant year, is not considered as income of the individual who received such property, if the property contains information about the advertised product (service) or advertiser in the form of a logo or other form.

194. The value of property donated to individuals in connection with an advertising campaign shall be considered as income of an individual and shall be subject to personal income tax if it meets at least one of the following conditions:

1) the transferred property does not contain information about the advertised product (service) or advertiser in the form of a logo or other form;

2) the value of the transferred property exceeds the amount equal to 5 times the MCI established by the Law of the Republic of Kazakhstan on the Republican Budget for the relevant year.

195. If the cost of property transferred to an individual is included in the cost price of a compensated service rendered to that individual, individual income tax shall not be withheld from the cost of such property.

196. The amounts of personal income tax and personal income tax calculated from the income of a resident individual and paid by the Company at its own expense, without withholding, shall not be considered as income of an individual in accordance with subparagraph 47 of paragraph 2 of Article 319 of the Code

197. The amount of per diem allowance for business trip days exceeding 40 calendar days, as well as in excess of the per diem norms established by the Tax Code, is subject to inclusion in the employee's income and is subject to personal income tax, social tax, social contributions and MPC, MSHI, respectively.

## **Chapter 11. Environmental Emission Fee**

198. The Company shall keep tax records on payment for emissions into the environment separately for each subdivision.

199. The tax register on environmental emission fees shall be used for calculation of environmental emission fees and preparation of tax reports on this type of fees. The form of the tax register is presented in Appendix No. 1\_\_Environmental Emissions Fee.

200. Each subdivision shall independently fill in the tax register.

201. Data in the register shall be recorded quarterly during the year. The register shall be filled in by type of special nature use.

202. For emissions of pollutants (except for emissions into the atmospheric air from mobile sources), discharges and disposal of production and consumption waste, the register shall be filled in on the basis of data specified in the environmental permit for emissions into the environment (if any) issued by the authorized state body in the field of environmental protection or local executive bodies of oblasts, cities of republican significance, and the capital.

203. Each subdivision of the Company shall complete tax reporting on this type of payment independently and submit it to the tax authorities at the location of the object of pollution, except for mobile sources of pollution, for which the declaration shall be submitted at the place of their state registration.

204. Emissions into the environment, except for emissions of pollutants from mobile sources, without an executed permit document shall be considered as emissions

into the environment in excess of the established norms of emissions into the environment, with the fee rate increasing tenfold.

## **Chapter 12. Land Use Fee**

205. Each subdivision shall independently maintain tax accounting on payment for the use of land plots, complete tax reporting (calculation of amounts of current payments) on this type of payment and submit it to the tax authorities at the location of land plots.

206. The tax register on payment for the use of land plots shall be used to calculate payment for the use of land plots and compile tax reporting on this type of payment. The form of the tax register is presented in Appendix No. 1\_\_ Land Use Fee.

207. Tax reporting shall be completed on the basis of the data specified in:

- 1) title and (or) documents of title to land plots;
- 2) information provided by an authorized body on land resources management.

208. The rate of payment shall be indicated on the basis of an agreement on temporary compensated land use and calculations attached thereto.

209. Data shall be reflected in the context of land plots.

210. For the payment of current payments on payment for the use of land plots, tax reporting shall be completed:

1) following the results of January, the amount of current payments for tax on the objects of taxation available on the right of use as of January 01 of the tax period;

2) at the end of each month during the tax period, the amount of adjustments of current payments on taxable objects:

the right to use which arose in the period from January 01 to December 31 of the tax period and remains until December 31 of the tax period;

existing as of January 01 of the tax period, the right to use which was terminated in the period from January 01 to December 31 of the tax period;

the right to use which arose and terminated in the period from January 01 to December 31 of the tax period.

211. Information on the results of January of the month of the tax period shall be used for the calculation of current payments for payment for the use of land plots.

212. Information on the results of each month during January-December of the tax period shall be used for making corrective calculations of current payments for payment for the use of land plots to reduce (increase) the amount of current payments during the tax period.

### **Chapter 13. Fee for the use of water resources of surface sources**

213. The Company shall maintain tax accounting for the payment for the use of water resources of surface sources by ARD.

214. ARD shall complete tax reporting (quarterly declaration) on this type of payment and submit it to the tax authorities at the place of special water use.

215. Tax reporting shall be filled in on the basis of data specified in permits and other documents issued by the authorized state body in the field of water fund use and protection, as well as data of actual water withdrawal volumes.

216. Special water use without an issued authorization document shall be considered as water use with exceeding actual water withdrawal volumes over the established limits, and the fee rate shall be increased five times.

### **Chapter 14. Fee for use of radio frequency spectrum**

217. Tax accounting on payment for the use of radio frequency spectrum in the Company shall be maintained by ARD.

218. ARD shall complete tax reporting (calculation of current payments) and submit it to the tax authority at the location of ARD.

219. Tax reporting shall be completed on the basis of the data specified in the authorization document and notice issued by the authorized state body in the field of communications.

220. Information on the notification received before February 20 of the tax period shall be used to calculate the amounts of current payments of fees for the use of radio frequency spectrum.

221. Information on the notification received after February 20 shall be used to make corrective calculations of current payments for the fee for the use of radio frequency spectrum for the increase in the amount of current payments during the tax period.

### **Chapter 15. Fee for provision of long-distance and (or) international telephone communication, as well as cellular communication**

222. The Company shall maintain tax accounting for the payment for the provision of long-distance and (or) international telephone communications, as well as cellular communications with the ARD.

223. The authorized state body implementing the state policy in the field of communications shall issue a notice specifying the annual amount of the fee and send it to the payer not later than February 20 of the current reporting period.

224. Tax reporting on the fee for provision of long-distance and (or) international telephone communication shall not be provided. Payment shall be made in equal installments not later than March 25, June 25, September 25 and December 25 of the current year on the basis of the data specified in the authorization document and notice issued by the authorized state body implementing the state policy in the field of communications in the field of communications.

### **Chapter 16. Outdoor (Visual) Advertising Fee**

225. Maintenance of tax accounting on payment for outdoor (visual) advertising shall be carried out by each subdivision independently.

226. The subdivision placing outdoor (visual) advertising shall calculate the fee for placement of outdoor (visual) advertising independently and pay to the tax authorities at the location of the outdoor (visual) advertising object specified in the permit document, except for vehicles, for which the fee shall be paid to the budget at the place of their state registration.

227. Tax reporting on the payment for placement of outdoor (visual) advertising shall not be completed.

228. The calculation and payment of the fee for placement of outdoor (visual) advertising shall be made:

1) when placing advertising objects in the right-of-way of public highways on the basis of data specified in the document issued by the national operator for highway management;

2) when advertising objects are placed in populated areas, as well as on vehicles, on the basis of the data specified in the permit issued by local executive bodies.

229. In the absence of an appropriate authorization document, the basis for charging and payment of fees for outdoor (visual) advertising is the actual placement of outdoor (visual) advertising objects.

## **Chapter 17. Mineral extraction tax (underground water)**

230. Tax accounting of mineral extraction tax in the Company shall be maintained by ARD.

231. ARD shall complete tax reporting (quarterly declaration) on this type of tax and submit it to the tax authorities at the location of the payer of the fee.

232. The tax register for mineral extraction tax is used to prepare tax reporting for this tax. The form of the tax register is presented in Appendix No. 1\_ Mineral extraction tax.

233. Data in the register shall be recorded quarterly during the year.

234. The register shall be filled in on the basis of the data specified in:

1) subsoil use contract;

2) information provided by specialists engaged in accounting of groundwater production.

The data shall be reflected by subsoil use contracts.

**Appendix 1**  
**to the Tax accounting policy**  
**of Kazakhtelecom JSC**

**Availability of the system of automatic billing and technical control of telecommunications in Kazakhtelecom JSC's subdivisions**

<b>No.</b>	<b>Name of the division</b>	<b>Availability of the system of automatic billing and technical control of telecommunications</b>
1	Eastern RDT	+
2	Western RDT	+
3	Northern RDT	+
4	Southern RDT	+
5	Central RDT	+
6	RDT of Almatytelecom	+
7	DIS	+
8	BBD	+

**Appendix 2**  
**to the Tax Accounting Policy**  
**of Kazakhtelecom JSC**

**Codes used in the numbering of invoices in Kazakhtelecom JSC**

<b>Code</b>	<b>Name of the division</b>
<b>24</b>	RDT «Almatytelecom»
<b>51</b>	Eastern RDT
<b>52</b>	Western RDT
<b>53</b>	Northern RDT
<b>54</b>	Southern RDT
<b>50</b>	Central RDT
<b>25</b>	BCD
<b>28</b>	Directorate «Academy of Information Technologies»
<b>29</b>	DIS
<b>30</b>	BBD
<b>27</b>	Main Telecommunication Network Control Center
<b>33</b>	Network Division Association
<b>34</b>	DCTI
<b>37</b>	TSD
<b>40</b>	Central office of «Kazakhtelecom» JSC