

**THE CURRENT ISSUES OF TAX  
LEGISLATION IN KAZAKHSTAN  
IN THE CONTEXT OF GLOBALIZATION**

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**Abstract**

The article is devoted to the study of topical issues of the tax legislation of Kazakhstan in the context of globalization, with an emphasis on its transformation in recent years. The study analyzes changes in the country's tax policy caused by external and internal challenges, as well as the impact of international standards and global economic processes on the development of the national tax system. Special attention is paid to the issues of Kazakhstan's integration into international tax structures and the adaptation of legislation to the standards put forward by the Organization for Economic Cooperation and Development (OECD) and other international organizations. The author conducts a comparative analysis of the current tax legislation of Kazakhstan and its changes in the context of globalization, highlighting the key areas of reform. One of the main problems identified in the study is the need to strengthen the fight against transnational tax evasion, which is becoming especially relevant against the background of the digitalization of the economy and the growth of cross-border financial flows. The consequences of the introduction of digital technologies in tax administration, including the creation of automated reporting systems, which helps to improve tax collection and increase tax transparency, are considered. The study revealed contradictions in the current tax policy of Kazakhstan, in particular, in the field of taxation of multinational companies and tax disputes, as well as insufficient mechanisms for effective monitoring and control of international financial flows. The author suggests ways to solve these problems, including improving legislation, improving international cooperation and strengthening tax discipline. Based on the analysis, recommendations are proposed for further improvement of the tax system of Kazakhstan, aimed at increasing its flexibility, compliance with international standards and ensuring economic stability in the context of globalization.

**Keywords:** tax legislation; globalization; tax reform; digitalization; multinational companies; international standards; tax evasion; tax administration.

***Introduction***

Kazakhstan, as an emerging market economy, faces significant challenges in adjusting its tax policies to the demands of globalization. This paper examines the key issues in Kazakhstan's tax system, focusing on the effects of international trade, economic integration within the Eurasian Economic Union (EAEU), and the increasing influence of multinational corporations. Kazakhstan's membership in the Eurasian Economic Union (EAEU), which also includes Russia, Belarus,

Armenia, and Kyrgyzstan, is a significant step toward deeper economic integration in the region. The EAEU aims to create a single economic space that facilitates the free movement of goods, services, capital, and labor across its member states. It discusses major challenges such as tax evasion, the complexities of cross-border taxation, the adoption of international tax standards, and the need for tax reforms to improve the country's economic competitiveness. The study draws on both theoretical perspectives and real-world examples to propose potential solutions to these challenges.

Since gaining independence in 1991, Kazakhstan's tax system has experienced significant reforms. In recent decades, the country has focused on modernizing its tax policies to facilitate its shift from a centrally planned economy to a market-driven one. However, amid globalization, Kazakhstan now faces growing pressure to make additional changes to its tax system, aligning it with international standards while maintaining its competitiveness and efficiency for both domestic and foreign businesses. Globalization has brought about swift shifts in trade, investment flows, and the global movement of capital, presenting both challenges and opportunities for Kazakhstan's tax system. The growth of multinational corporations, digital economies, and international financial transactions demands innovative tax approaches, greater international cooperation, and adherence to foreign tax regulations. As a member of the Eurasian Economic Union (EAEU), Kazakhstan also faces the challenge of aligning its tax policies with those of other member states, adding another layer of complexity. [1]

#### ***Materials and methods***

Kazakhstan's integration into the global economy has heightened the importance of adhering to international tax standards. In February 2020, Kazakhstan ratified the Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting (MLI), aiming to curb aggressive tax avoidance strategies by multinational enterprises. The MLI introduces provisions such as the Principal Purpose Test to prevent treaty abuse and tax avoidance, reflecting Kazakhstan's commitment to the OECD's Base Erosion and Profit Shifting (BEPS) Action Plan. [2] The Multilateral Convention to Implement modifies the PE definition to prevent artificial avoidance of Permanent Establishment (PE) status by fragmenting activities across different entities or jurisdictions. This is particularly relevant for Kazakhstan's extractive industries, where multinational enterprises often establish complex structures to minimize tax liabilities. Kazakhstan's economy is heavily reliant on its extractive industries, which accounted for over 60% of its exports in recent years. [3] Multinational Enterprises operating in these sectors have historically used strategies like subcontracting or splitting project durations to avoid triggering PE status, thereby shifting profits to lower-tax jurisdictions. The revised Permanent Establishment rules have the potential to significantly increase Kazakhstan's tax revenues by reducing profit shifting. By capturing previously untaxed income generated through local operations, the government can secure a fair share of economic value created within its borders.

While the revised PE rules offer a robust framework for addressing tax avoidance, their implementation presents several challenges for Kazakhstan such as complex tax structure, capacity of tax authorities, compliance costs of business and etc. Talking about complex structure, it can be seen that many Multinational enterprises employ sophisticated tax structures that may still exploit ambiguities in tax treaties or domestic laws. Effective enforcement of the MLI requires extensive expertise in international tax law. Moreover, complex tax structures give an unfair advantage to MNEs over local businesses, for example local firms which lack the ability to use similar structures, face higher tax burdens, reducing their competitiveness. While Multinational Enterprises utilize advanced tax planning strategies to minimize their liabilities, local firms—often constrained by resources and access to international expertise—are unable to do the same. This disparity not only reduces the competitiveness of local businesses but also hinders the broader economic development of Kazakhstan. Local firms typically operate under the constraints of domestic tax regulations

without the ability to exploit cross-border tax strategies. In contrast, MNEs leverage mechanisms such as transfer pricing and tax treaty shopping. Multinational Enterprises often manipulate the pricing of goods, services, or intellectual property transferred within their corporate groups across jurisdictions. By setting transfer prices that shift profits to low-tax jurisdictions, MNEs reduce their taxable income in higher-tax jurisdictions like Kazakhstan. [4] Talking about tax treaty shopping, Multinational Enterprises engage in treaty shopping by structuring investments through intermediary jurisdictions with favorable tax treaties to reduce withholding taxes or avoid double taxation. An MNE investing in Kazakhstan might route its capital through a country with a favorable tax treaty, reducing its tax liabilities on dividends, interest, or royalties. However, domestic firms do not have access to treaty benefits, as their activities are confined to the domestic tax framework. [5] As a result, Kazakhstan's tax authorities face difficulties in identifying and countering these practices due to their inherent complexity. Without advanced analytical tools and expertise in international tax law, enforcement efforts may be insufficient to address sophisticated tax avoidance schemes.

The effective implementation of the Multilateral Instrument (MLI) provisions, including the Principal Purpose Test (PPT) and revised Permanent Establishment (PE) rules, places considerable demands on Kazakhstan's tax authorities. These provisions are designed to address aggressive tax planning strategies by multinational enterprises (MNEs) but require specialized expertise, technological resources, and strong international collaboration. Many tax officials in Kazakhstan lack the necessary expertise in international tax law and the technical aspects of BEPS-related provisions. For example, tax officials have issues of Identifying aggressive tax avoidance schemes concealed within complex corporate structures, also valuating intercompany transactions for transfer pricing compliance and applying advanced auditing techniques to detect treaty abuse. In developing economies, a significant portion of tax revenue loss is attributed to the inability of tax authorities to detect profit-shifting strategies. The OECD highlights that capacity gaps are particularly pronounced in resource-dependent economies like Kazakhstan, where MNEs dominate key industries (OECD, 2021). [6]

Other aspect is coordination with foreign authorities, for Kazakhstan, a resource-dependent economy with significant foreign direct investment (FDI), collaboration with foreign authorities is essential to address the complexities of cross-border tax issues. Cross-border cooperation enables Kazakhstan to enhance tax transparency. By exchanging information with other jurisdictions, Kazakhstan can access data on MNEs' global operations, enabling more effective audits and assessments. Through frameworks like the OECD's Automatic Exchange of Information (AEOI), tax authorities can access detailed financial information on assets and transactions involving their jurisdiction. This system has significantly enhanced transparency globally (OECD, 2021). [7] Also, Kazakhstan participates in the AEOI framework under the OECD's Common Reporting Standard (CRS). This mechanism facilitates the automatic sharing of financial account information among participating jurisdictions, aiding in the detection of hidden offshore assets. Moreover, The Mutual Agreement Procedures provision under the MLI enables Kazakhstan to resolve disputes related to double taxation or treaty interpretation by engaging directly with treaty partners. Coordination with foreign tax authorities is essential for Kazakhstan to effectively implement MLI provisions and combat tax avoidance by MNEs. Despite challenges related to data availability, resource constraints, and inconsistencies in implementation, robust international collaboration can significantly enhance tax transparency, revenue collection, and investor confidence. By investing in technology, expertise, and bilateral relationships, Kazakhstan can strengthen its role in the global fight against base erosion and profit shifting.

### ***Results***

Kazakhstan's membership in the Eurasian Economic Union (EAEU), established in 2015, has significantly influenced its tax legislation and broader economic policies. The EAEU, which includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia, aims to foster regional economic

integration by promoting the free movement of goods, services, capital, and labor among member states. While the union presents numerous economic opportunities, it also imposes certain constraints on Kazakhstan's fiscal autonomy and tax policy flexibility. The EAEU Customs Code simplifies and standardizes customs procedures across member states, aiming to reduce administrative barriers and enhance trade efficiency. For Kazakhstan, this includes unified customs tariffs and harmonized procedures. Harmonization of Tax Systems within EAEU impacts on Kazakhstan, for example simplified procedures reduce costs and delays for businesses engaged in cross-border trade within the union. Kazakhstan's membership in the Eurasian Economic Union (EAEU) has significantly simplified cross-border trade procedures, yielding tangible benefits for businesses. The harmonization of customs and tax regulations within the union has reduced administrative barriers, enhanced the efficiency of trade operations, and lowered transaction costs. These improvements are particularly impactful for Kazakhstan, given its strategic location as a transit hub and its reliance on trade as a driver of economic growth. Companies can save on compliance expenses, such as hiring customs brokers or navigating differing regulations. [8] Furthermore, the being a member of EAEU increases the competitiveness for exporters. Kazakhstan's agricultural producers, including wheat and livestock farmers, benefit from faster access to markets in Russia and Belarus, key destinations within the EAEU. Russia and Belarus are key consumers of Kazakh wheat, with exports increasing by 15% annually since the implementation of the EAEU Customs Code. [9] Kazakhstan's livestock industry has also benefited from the EAEU's trade facilitation measures. Russia, in particular, has emerged as a major buyer of Kazakh beef and mutton, with livestock exports to the country growing by 20% annually.

The integration of Kazakhstan into the Eurasian Economic Union (EAEU) has significantly eased trade barriers for small and medium-sized enterprises (SMEs), enabling them to participate more effectively in cross-border commerce. By simplifying registration processes, harmonizing standards, and reducing administrative costs, the EAEU has provided SMEs with the tools to expand their reach, compete with larger firms, and increase exports to regional markets. Simplified registration saves SMEs significant time, allowing them to focus on core business activities rather than bureaucratic processes. Moreover, the EAEU provides SMEs with access to a regional market of over 180 million consumers, significantly expanding their potential customer base. Simplified trade rules have enabled SMEs in Kazakhstan to export products such as machinery components and electronics. Also, SMEs contribute to economic diversification by expanding exports in non-extractive sectors, aligning with Kazakhstan's broader development goals. [10]

Kazakhstan's tax legislation is at a crossroads as it navigates the complexities of globalization. The nation's strategic location, abundant natural resources, and growing integration into global markets present both opportunities and challenges for its tax framework. While Kazakhstan has made notable progress in aligning its tax policies with international standards, such as adopting the OECD's Base Erosion and Profit Shifting (BEPS) Action Plan and ratifying the Multilateral Instrument (MLI), significant issues persist in ensuring the efficiency, fairness, and competitiveness of its tax system. Globalization has also introduced new challenges, such as the taxation of the digital economy. As e-commerce and digital services grow, Kazakhstan must address gaps in its tax framework to ensure fair taxation of cross-border digital activities. Implementing solutions that align with international standards, such as the OECD's recommendations on taxing the digital economy, will be vital to avoid revenue losses and maintain fiscal sustainability. Environmental taxation presents both a challenge and an opportunity for Kazakhstan in the context of global sustainability goals. As the world shifts towards greener economies, Kazakhstan must integrate environmental taxes into its fiscal framework to encourage sustainable practices while diversifying its revenue streams away from natural resources.

### ***Conclusion***

In conclusion, Kazakhstan's tax legislation must evolve to address the complexities of a globalized economy. Thus, the new Tax Code of Kazakhstan, proposed in the Message of President Kassym-Jomart Tokayev dated September 2, 2024, will be an important step towards creating a more fair, transparent and efficient tax system. The reform is aimed at improving the investment climate, supporting small and medium-sized businesses, digitalizing tax processes, combating tax evasion and ensuring the environmental sustainability of the economy. These measures are designed to strengthen trust in State institutions, increase the financial stability of the country and contribute to its sustainable development in the context of globalization. An analysis of the current state of the tax system shows that Kazakhstan is actively working to reform its legislation, taking into account the requirements of international standards and global economic trends. In recent years, significant steps have been taken towards modernizing tax policy, including the introduction of digital technologies in tax administration, improving mechanisms to combat tax evasion and increasing tax transparency. However, despite the successes achieved, unresolved problems remain, such as the need to further harmonize tax legislation with international standards, revise laws on tax benefits, on differentiation of tax rates, as well as state social and medical support. The most important areas of further reforms are to improve tax administration, improve the quality of tax services, strengthen tax discipline and ensure the fairness of the tax system for all participants in the economy. The country has demonstrated its commitment to aligning with international standards, but significant gaps remain in enforcement, digital economy taxation, and environmental policy integration. By investing in capacity building, leveraging technology, and fostering international partnerships, Kazakhstan can enhance its tax system to ensure fairness, competitiveness, and resilience in the face of globalization. Policymakers must adopt a forward-looking approach that not only addresses immediate challenges but also positions the country to thrive in an increasingly interconnected world. [11]

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## ЖАҒАНДАНУ ЖАҒДАЙЫНДАҒЫ ҚАЗАҚСТАНДАҒЫ САЛЫҚ ЗАҢНАМАСЫНЫҢ ӨЗЕКТІ МӘСЕЛЕЛЕРІ

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**Аңдатпа.** Мақала жаһандану жағдайындағы Қазақстанның салық заңнамасының өзекті мәселелерін зерттеуге арналған, оның соңғы жылдардағы өзгеруіне баса назар аударылған. Зерттеу барысында сыртқы және ішкі сын-қатерлерден туындаған елдің салық саясатындағы өзгерістер, сондай-ақ халықаралық стандарттар мен әлемдік экономикалық процестердің ұлттық салық жүйесінің дамуына әсері талданады. Қазақстанның халықаралық салық құрылымдарына интеграциялануы және заңнаманы Экономикалық Ынтымақтастық және Даму Ұйымы (ЭЫДҰ) және басқа да халықаралық ұйымдар ұсынған стандарттарға бейімдеу мәселелеріне ерекше назар аударылады. Автор реформаның негізгі бағыттарын бөліп көрсете отырып, қазақстанның қолданыстағы салық заңнамасына және оның жаһандану жағдайындағы өзгерістеріне салыстырмалы талдау жүргізеді. Зерттеуде анықталған негізгі проблемалардың бірі трансұлттық салық төлеуден жалтаруға қарсы күресті күшейту қажеттілігі болып табылады, бұл әсіресе экономиканы цифрландыру және трансшекаралық қаржы ағындарының өсуі аясында өзекті болып отыр. Салықтық әкімшілендіруге цифрлық технологияларды енгізудің, оның ішінде салық жинауды жақсартуға және салықтың ашықтығын арттыруға көмектесетін автоматтандырылған есеп беру жүйелерін құрудың салдары қарастырылады. Зерттеу барысында Қазақстанның қазіргі салық саясатындағы, атап айтқанда трансұлттық компанияларға салық салу және салық даулары саласындағы қайшылықтар, сондай-ақ халықаралық қаржы ағындарын тиімді бақылау мен бақылау тетіктерінің жеткіліксіздігі анықталды. Автор осы мәселелерді шешудің жолдарын, соның ішінде заңнаманы жетілдіруді, халықаралық ынтымақтастықты жетілдіруді және салық тәртібін нығайтуды ұсынады. Талдау негізінде мемлекетіміздің салық жүйесін одан әрі жетілдіру бойынша оның икемділігін, халықаралық стандарттарға сәйкестігін арттыруға және жаһандану жағдайында экономикалық тұрақтылықты қамтамасыз етуге бағытталған ұсыныстар ұсынылады.

**Түйін сөздер:** салық заңнамасы; жаһандану; салық реформасы; цифрландыру; трансұлттық компаниялар; халықаралық стандарттар; салық төлеуден жалтару; салықтық әкімшілендіру.

## АКТУАЛЬНЫЕ ПРОБЛЕМЫ НАЛОГОВОГО ЗАКОНОДАТЕЛЬСТВА В КАЗАХСТАНЕ В УСЛОВИЯХ ГЛОБАЛИЗАЦИИ

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**Аннотация.** Статья посвящена изучению актуальных вопросов налогового законодательства Казахстана в контексте глобализации с акцентом на его трансформацию в последние годы. В исследовании анализируются изменения в налоговой политике страны, вызванные внешними и внутренними факторами, а также влияние международных стандартов и глобальных экономических процессов на развитие национальной налоговой системы. Особое внимание уделяется вопросам интеграции Казахстана в международные налоговые структуры и адаптации законодательства к стандартам, выдвинутым Организацией экономического сотрудничества и развития (ОЭСР) и другими

международными организациями. Автор проводит сравнительный анализ действующего налогового законодательства Казахстана и его изменений в контексте глобализации, выделяя ключевые направления реформ. Одной из основных проблем, выявленных в ходе исследования, является необходимость усиления борьбы с транснациональным уклонением от уплаты налогов, что становится особенно актуальным на фоне цифровизации экономики и роста трансграничных финансовых потоков. Рассматриваются последствия внедрения цифровых технологий в налоговое администрирование, в том числе создание автоматизированных систем отчётности, которые помогают улучшить сбор налогов и повысить их прозрачность. Исследование выявило противоречия в действующей налоговой политике Казахстана, в частности, в сфере налогообложения транснациональных компаний и налоговых споров, а также недостаточные механизмы эффективного мониторинга и контроля международных финансовых потоков. Автор предлагает пути решения этих проблем, в том числе совершенствование законодательства, улучшение международного сотрудничества и укрепление налоговой дисциплины. На основе анализа предложены рекомендации по дальнейшему совершенствованию налоговой системы страны, направленные на повышение её гибкости, соответствие международным стандартам и обеспечение экономической стабильности в условиях глобализации.

**Ключевые слова:** налоговое законодательство; глобализация; налоговая реформа; цифровизация; транснациональные компании; международные стандарты; уклонение от уплаты налогов; налоговое администрирование.