



## On approval of Rules (methodology) for pricing of goods produced from oil

### *Unofficial translation*

Resolution of the Government of the Republic of Kazakhstan dated May 14, 2020 № 299

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In accordance with Article 10, paragraph 10, subparagraph 3) of the Law of the Republic of Kazakhstan dated July 5, 2008 "On transfer pricing," the Government of the Republic of Kazakhstan **hereby RESOLVED as follows:**

1. To approve the attached Rules (methodology) for pricing of goods produced from oil.
2. This resolution shall enter into force from the date of its signing and shall apply to deliveries (shipment) of goods produced from oil, carried out from March 15, 2020 to June 30, 2020 inclusive.

*Prime Minister  
of the Republic of Kazakhstan*

*A. Mamin*

Approved  
by resolution of the Government  
of the Republic of Kazakhstan  
dated May 14, 2020 № 299

## Rules (methodology) for pricing of goods produced from oil

### Chapter 1. General provisions

1. These Rules (methodology) for pricing of goods produced from oil (hereinafter referred to as the Rules) have been developed in accordance with Article 10, paragraph 10, subparagraph 3) of the Law of the Republic of Kazakhstan dated July 5, 2008 "On transfer pricing" (hereinafter referred to as the Law) and shall establish the procedure for calculating pricing of goods produced from oil.

2. These Rules shall apply to transactions made in accordance with contracts for the sale of goods produced from oil subject to transfer pricing control (hereinafter referred to as the agreement).

3. The following terms and definitions shall be used in these Rules:

1) sources of information - publications under the headings Argus Caspian Market by Argus Media Limited and Central Asian Fuel Market by Thomson Reuters;

2) transaction price - the price of goods (work, service) used by participants in transactions when making a transaction regulated by the Law;

3) goods produced from oil - gasoline, aviation and diesel fuel, fuel oil, vacuum gas oil (TN VED code 2710 12 412 0, 2710 12 413 0, 2710 12 419 0, 2710 12 450 0, 2710 12 490 0,

2710 12 510 0, 2710 12 590 0, 2710 19 421 0 0, 2710 19 422 0, 2710 19 423 0, 2710 19 424 0, 2710 19 425 0, 2710 19 210 0, 2710 19 620 1, 2710 19 640 1, 2710 19 660 1, 2710 19 680 1, 2710 19 620 9, 2710 19 640 9, 2710 19 660 9, 2710 19 680 9);

4) market price - the price of goods (work, service), developed in the interaction of demand and supply on the market of identical (and in their absence - homogeneous) goods (work, service) in comparable economic conditions, determined in accordance with the principle of "outstretched arm.

## **Chapter 2. Procedure for determination of transaction (sale) for goods produced from oil**

4. For agreements, including fixed-price deliveries, the market price shall be determined by the following formula:

$$P = R_{ist} - D,$$

where:

P - market price of goods produced from oil;

R<sub>ist</sub> - price from a number of price values from minimum to maximum for the corresponding product, produced from oil, published in the price information source fifteen calendar days before and fifteen calendar days after the date of signing the Annex and/or additional agreement to the contract;

D - differential taken into account depending on the delivery conditions defined in the agreement, and used to bring into comparable economic conditions the price of the transaction for goods produced from oil, in accordance with the legislation of the Republic of Kazakhstan on transfer pricing.

5. In order to bring the transaction price into comparable economic conditions, the differential shall include the actual costs of delivery of goods produced from oil from the basis of delivery defined in the agreement, where the sale (transfer of ownership) of goods produced from oil to the market of destination (delivery point).

6. In the case of sale of goods produced from oil at a fixed price to markets for which there is no information on prices in the sources of information, prices/quotations on European and (or) in the near geographic market, published in official sources of information, taking into account the price from a range of prices from the minimum to the maximum for the corresponding oil product, fifteen calendar days before and fifteen calendar days after the date of signing the Annex and/or additional agreement to the contract.