



On approval of the Rules for regulating the price ceiling for subsidized universal communications services provided in rural areas

Unofficial translation

Order of the Minister of Information and Communications of the Republic of Kazakhstan No. 215 as of October 20, 2016. Registered with the Ministry of Justice of the Republic of Kazakhstan on December 14, 2016, No. 14530.

Unofficial translation

In accordance with paragraph 2 of Article 20 of the Law of the Republic of Kazakhstan “On Communications” as of July 5, 2004, and also in accordance with paragraph 2 of Article 8 of the Law of the Republic of Kazakhstan “On Post” as of April 9, 2016, I hereby ORDER:

Footnote. The preamble is in the wording of Order № 74 of the Minister of Information and Communications of the Republic of Kazakhstan as of 02.28.2017 (shall take effect after the day of its first official publication).

1. To approve the appended Rules for regulating the price ceiling for subsidized universal telecommunication services provided in rural areas.

2. The Committee for State Control in the field of communications, informatization and the media of the Ministry of Information and Communications of the Republic of Kazakhstan shall:

1) ensure state registration of this order with the Ministry of Justice of the Republic of Kazakhstan;

2) within ten calendar days of the state registration of this order with the Ministry of Justice of the Republic of Kazakhstan, send its paper-based and electronic copy for official publication to print periodicals and the “Adilet” Legal Information System, and also to the Republican Center of Legal Information for its inclusion into the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan;

3) place this order on the website of the Ministry of Information and Communications of the Republic of Kazakhstan;

4) within ten working days of the state registration of this order with the Ministry of Justice of the Republic of Kazakhstan, submit information about the implementation of measures, provided for in subparagraphs 1), 2) and 3) of this paragraph, to the Legal Department of the Ministry of Information and Communications of the Republic of Kazakhstan.

3. The control over the execution of this order shall be assigned to the supervising deputy minister of information and communications of the Republic of Kazakhstan.

4. This order shall take effect ten calendar days of its first official publication.

*Minister of
Information and Communications
of the Republic of Kazakhstan*

D. Abaev

"AGREED":

Minister of National Economy of
the Republic of Kazakhstan

_____ K. Bishimbaev
November 14, 2016

"AGREED":

Minister of Finance of
the Republic of Kazakhstan

_____ B.Sultanov
November 15, 2016

Approved
by Order No. 215 of the
Minister of Information and
Communications of the
Republic of Kazakhstan
as of October 20, 2016

Rules for regulating the price ceiling for subsidized universal communications services provided in rural areas Chapter 1. General provisions

1. These Rules for regulating the price ceiling for subsidized universal communications services provided in rural areas (hereinafter referred to as the Rules) are approved in accordance with paragraph 2 of Article 20 of the Law of the Republic of Kazakhstan “On Communication” as of July 5, 2004, and also in accordance with paragraph 2 of Article 8 of the Law of the Republic of Kazakhstan “On Post” as of April 9, 2016 and establish the procedure for regulating the price ceiling for subsidized universal communications services provided in rural areas.

Footnote. Paragraph 1 is in the wording of Order № 74 of the Minister of Information and Communications of the Republic of Kazakhstan as of 02.28.2017 (shall take effect after the day of its first official publication).

2. The following terms are used in these Rules:

1) universal service operator - a communications service provider that provides communications services and, in accordance with the legislation of the Republic of Kazakhstan, is responsible for providing universal communications services (hereinafter referred to as the Operator);

2) universal communications services - the minimum list of communications services, which is fixed in the telecommunications and postal services sector, developed by the authorized body and approved by the Government of the Republic of Kazakhstan, which universal service operators are obliged to provide to any user of communications services in

any populated locality within a specified period with the established quality and price level that ensure the accessibility of these services.

3. The main criteria for the provision of universal communications services include:

- 1) price affordability for users of communications services;
- 2) accessibility at the place of residence, determined with account of the category of a populated locality and the number of inhabitants;
- 3) availability in terms of time, determined with account of the fulfillment of requests for the installation of one-party telephones or the introduction of a certain number of access lines (installation of public telephones) within a specified period of time.

Chapter 2. Procedure for regulating the price ceiling for subsidized universal communication services provided in rural areas

4. The price ceiling for subsidized universal communications services provided in rural areas is regulated by the authorized body.

5. The authorized body regulates the price ceiling for each type of universal communications services in rural areas, depending on the minimum subsistence level established by the Law of the Republic of Kazakhstan “On the Republican Budget” for the corresponding financial year.

6. To determine the amount of subsidies, the Operators provide information on the cost of universal communications services according to the separate recognition of revenue and expenditure by type of activity, in accordance with the methodology of the communications services approved by the communications operator and the parts of the communications network used to provide these services.

7. Excluded by the Order of the Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan dated 07.02.2023 No. 42/NK (effective ten calendar days after the date of its first official publication).

8. The authorized body calculates the cost of universal communications services based on data provided by the Operators on separate recognition of revenue and expenditure by types of activity, services rendered, which are used to provide these services. The decision on the level of the cost of universal communications services adopted for calculations is documented as an order of the authorized body.

8-1. When calculating the cost of universal communication services, the authorized body shall take into account the following costs:

- 1) material costs associated with the provision of universal services;
- 2) labor costs, including production personnel;
- 3) expenses for compulsory types of insurance, taxes, fees and other obligatory payments to the budget;
- 4) depreciation deductions of fixed assets and intangible assets;
- 5) repair costs that do not lead to an increase in the value of fixed assets;

- 6) costs of building maintenance and utility costs;
- 7) expenses for maintenance of information systems, service maintenance under contracts with third parties;
- 8) works, services of an industrial nature from third-party organizations related to the provision of universal communication services.

Footnote. The Rules amended with paragraph 8-1 in accordance with the Order of the Minister of Digital Development, Innovations and Aerospace Industry of the Republic of Kazakhstan dated 05.10.2021 No. 343/HK (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

8–2. When calculating the cost of universal communication services, the authorized body shall not take into account the following costs:

- 1) payments for excess emissions (discharges) of pollutants (if any);
- 2) irrecoverable debts;
- 3) fines, penalties, forfeits and other types of sanctions for violation of the terms of business contracts, legal costs;
- 4) fines and penalties for concealment (understatement) of income;
- 5) losses from theft;
- 6) for the maintenance of healthcare facilities, children preschool organizations, educational institutions;
- 7) for the maintenance of health camps, cultural and sports facilities, housing stock;
- 8) for the repayment of loans, including interest-free loans received by employees of the organization for the improvement of living conditions;
- 9) for holding cultural, educational, recreational and sports events;
- 10) for the provision of sponsorship;
- 11) for losses from a defect;
- 12) for the purchase, lease and maintenance of apartments, residential buildings and structures, places in hostels and hotels for the personnel of telecom operators, with the exception of the shift organization of production;
- 13) for the purchase of gifts for anniversaries or issued in the form of incentives for employees;
- 14) for excess technical and commercial losses, damage and shortage of inventory items, stocks in warehouses and unproductive expenses;
- 15) for conducting and organizing training courses, seminars, trainings, lectures, exhibitions, discussions, meetings with scientists and artists, scientific and technical conferences;
- 16) for membership fees to public organizations and associations;
- 17) to pay for package tours for employees and their children for treatment, rest, excursions at the expense of the telecom operator, except for the costs associated with the rehabilitation treatment of occupational diseases;

18) for bonuses and incentives for administrative personnel based on the results of work for the year;

19) insurance payments (contributions paid by the telecom operator under contracts of personal and property insurance concluded by the telecom operator in favor of its employees), with the exception of mandatory insurance payments established by the legislation of the Republic of Kazakhstan;

20) for payment of additionally provided (in excess of the legislation) vacations to employees, including women raising children, payment for the travel of the employee's family members to the place of use of the vacation and back;

21) benefits for employees of telecom operators;

22) to compensate the cost of food for children in preschool institutions, sanatoriums and health camps;

23) deductions to trade unions for the purposes determined by the collective agreement;

24) for the services of consulting companies.

Footnote. The Rules amended with paragraph 8-2 in accordance with the Order of the Minister of Digital Development, Innovations and Aerospace Industry of the Republic of Kazakhstan dated 05.10.2021 No. 343/HK (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

9. The amount of subsidies is determined by tender terms or conditions of imposing obligations for the provision of universal communications services on the Operator, it may not exceed the amount of subsidies provided for in the republican budget for the corresponding financial year, and is determined as the difference between expenditure and actual revenue from rendering unprofitable universal communications services.

10. Losses of Operators providing universal communications services in rural areas are subject to subsidization, provided that it was determined by tender terms or conditions of imposing obligations for the provision of universal communications services on the Operator.

11. Operators are paid subsidies on a quarterly basis for the actually rendered volume of universal communications services under an agreement between the authorized body and the Operator.

12. Quarterly, by the 15th day of the first month of the quarter following the reporting one, the Operator submits data on actual volumes and quality of the universal communications services provided to the authorized body. Data for the fourth quarter are submitted until December 10 of the settlement year with account of forecast data over the last month of the quarter.

13. In order to compensate losses to the Operators for the provision of universal communications services, the authorized body draws up a statement on the amount of subsidies.

