



**On approval of criteria for assessing the degree of risk for the selection of entities for tax audit carried out in a special order based on an assessment of the degree of risk**

*Invalidated Unofficial translation*

Joint order of the Minister of Finance of the Republic of Kazakhstan dated November 28, 2018 No. 1030 and Minister of National Economy of the Republic of Kazakhstan dated November 28, 2018 No. 86. Registered in the Ministry of Justice of the Republic of Kazakhstan on November 29, 2018 No. 17819. Abolished by the joint order of the Deputy Prime Minister - Minister of Finance of the Republic of Kazakhstan dated September 20, 2022 No. 972 and the Minister of National Economy of the Republic of Kazakhstan dated September 21, 2022 No. 66

*Unofficial translation*

**Footnote. Abolished by the joint order of the Deputy Prime Minister - Minister of Finance of the Republic of Kazakhstan dated September 20, 2022 No. 972 and the Minister of National Economy of the Republic of Kazakhstan dated September 21, 2022 No. 66 (effective from 01.01.2023).**

In accordance with paragraph 2 of Article 141 of the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015 and Article 137 of the Code of the Republic of Kazakhstan dated December 25, 2017 "On Taxes and Other Obligatory Payments to the Budget" (Tax Code) we hereby ORDER:

1. To approve the attached criteria for assessing the degree of risk for the selection of entities for tax audit conducted in a special manner based on an assessment of the degree of risk.

2. Joint order No. 251 of the Minister of Finance of the Republic of Kazakhstan of February 20, 2018 and No. 74 of the Acting Minister of National Economy of the Republic of Kazakhstan of February 24, 2018 "On Approval of the Risk Assessment Criteria for Selection of Inspected Entities During Randomized Tax Audit"(registered in the Register of State Registration of Regulatory Legal Acts under number 16547, published in the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan on March 16, 2018) shall be declared to be no longer in force.

3. In accordance with the procedure established by law, the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, shall:

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

2) within ten calendar days from the date of state registration of this joint order, send its copy, both in the State and Russian languages, to the Republican State Enterprise on the Right of Economic Management “Republican Center of Legal Information” of the Ministry of Justice of the Republic of Kazakhstan for official publication and inclusion into the Reference Control Bank of regulatory legal Acts of the Republic of Kazakhstan;

3) place this joint order on the Internet resource of the Ministry of Finance of the Republic of Kazakhstan;

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

4. This joint order shall come into effect upon the expiry of ten calendar days after the day of its first official publication.

*Minister of Finance  
of the Republic of Kazakhstan*

*Minister of National Economy  
of the Republic of Kazakhstan*

*A. Smailov*

*T. Suleimenov*

"AGREED"

Committee for Legal  
Statistics and Special  
Accounts of the State  
Office of Public Prosecutor  
of the Republic of Kazakhstan

Approved  
by joint order No. 1030  
of the Minister of Finance of the  
Republic of Kazakhstan  
of November 28, 2018 and  
No. 86 of acting Minister of  
National Economy  
Republic of Kazakhstan  
of November 28, 2018

**Criteria for assessing the degree of risk for the selection of entities for tax audit carried out in a special order based on an assessment of the degree of risk**

## **Chapter 1. General Provisions**

1. These criteria for assessing the degree of risk for the selection of entities for tax audit conducted in a special manner based on an assessment of the degree of risk (

hereinafter referred to as the Criteria), have been developed in accordance with paragraph 2 of Article 141 of the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015 and Article 137 Of the Code of the Republic of Kazakhstan dated December 25, 2017 "On Taxes and Other Obligatory Payments to the Budget" (Tax Code) to classify taxpayers by risk criteria in order to select taxpayers for the inspections concerning compliance with the tax legislation of the Republic of Kazakhstan and the Rules of Formation of Risk Assessment System by the State Bodies (with the exception of the National Bank of the Republic of Kazakhstan), approved by order No. 3 of the Acting Minister of National Economy of the Republic of Kazakhstan dated July 31, 2018 (registered in the Register of State Registration of Regulatory Legal Acts of the Republic of Kazakhstan under number 17371).

2. Criteria for assessing the degree of risk for tax audits in these Criteria shall be formed by means of objective and subjective criteria.

### **Chapter 2. Objective criteria**

3. In order to determine the objective criteria, a grouping and classification of entities for tax audit shall be carried out according to the degrees of risk (high and not classified as high).

4. The following entities subject to tax audit shall be related to a high degree of risk :

1) taxpayers registered as legal entities.

For structural units, the risk assessment criterion shall be calculated by legal entity.

2) taxpayers for whom the period not covered by a comprehensive audit for the fulfillment of a tax obligation shall be three years or more.

For taxpayers who are monitored by other large taxpayers, the period shall be equal to four years or more.

5. The subjective criteria shall be applied for taxpayers classified as high-risk according to objective criteria.

### **Chapter 3. Subjective criteria**

6. Subjective criteria for assessing the degree of risk:

1) the tax burden coefficient determined in accordance with order No. 253 of the Minister of Finance of the Republic of Kazakhstan dated February 20, 2018 "On Approval of the Rules for Calculating the Tax Burden Coefficient of a Taxpayer (Tax Agent), Except for Individuals Who Are Not Registered With the Tax Authorities as Individual Entrepreneurs and Not Engaged Into Private Practice"(registered in the Register of State Registration of Regulatory Legal Acts under the number 16518).

The criterion has a positive effect when the tax burden ratio is below the industry average and a negative effect when the tax burden ratio is above the industry average.

2) transactions with inactive taxpayers and with taxpayers, whose registration is recognized by the courts as invalid, as well as those transactions recognized by the courts as implemented without the actual execution of works, performance of services, shipment of goods;

3) the ratio of the amount of deductions, taking into account adjustments to total annual income with adjustments, shall be in the range from 0.98 to 1 inclusive;

4) submission of additional tax reports on corporate income tax with an increase in the amount of deductions and (or) value-added tax with an increase in the amount of value-added tax, taken as an offset upon the expiry of twelve months from the day established by tax legislation for the submission of tax reports for specified types of taxes, provided that the tax burden ratio of such a taxpayer is lower than the industry average value;

5) submission of tax reports on corporate income tax with zero indicators, with the implementation of foreign economic activity and (or) participation in government procurement;

6) the presence of unfulfilled notifications on the elimination of violations identified by the results of cameral control.

On the basis of historical data on the entities subject to tax audit that are available in the information system used for the purpose of assessing the degree of risk, an equation shall be formed in which the criteria for the degree of risk are used as variables. For each taxpayer, the risk ratio shall be determined as follows:

$$Z = K1 * X1 + K2 * X2 + \dots + Kn * Xn + B,$$

Where:

Z – is the risk ratio;

K1, ..., Kn – are the coefficients, representing the magnitude of the influence of the value of the criteria for Z;

X1, ..., Xn – is the value by criterion;

n is the number of criteria;

B - is the value calculated automatically in the information system, which is unchanged for all taxpayers within the framework of a single risk assessment calculation.

The probability of an occurrence of a target event shall be measured on a scale from 0 to 100 percent. To determine the probability of an occurrence of a target event, the following transformations shall be performed:

$$P = 1 / (1 + e^{-z}) * 100,$$

Where:

P is the probability;

e - the exponent, the mathematical constant equal to the number 2,71828182846.

7. The overall indicator of the degree of risk of the entity subject to tax audit shall be calculated by the criteria for assessing the degree of risk specified in paragraph 6 of these Criteria and the criteria for assessing the degree of risk related to confidential (official) information.

8. In terms of risk, the entity subject to tax audit shall be classified as:

- 1) having a high degree of risk - with a probability indicator of over 51 percent;
- 2) not related to a high degree of risk - with a probability indicator of 51 percent and below.

Tax audits shall be assigned to taxpayers classified as high-risk by risk criteria, based on the priority of the entity subject to tax audit with the highest probability index

9. Semi-annual schedules of inspections in a special order shall be formed in the manner defined by paragraph 2 of Article 141 of the Entrepreneurial Code.

10. The list of requirements applicable to the activities of entities subject to tax audit, failure to comply with which entails a threat to the legitimate interests of individuals and legal entities, as well as the state shall be contained in the tax audit checklists approved by Joint Order No. 254 of the Minister of Finance of the Republic of Kazakhstan dated April 18, 2017 and No. 200 of the Minister of National Economy of the Republic of Kazakhstan of May 15, 2017 (registered in the Register of State Registration of Regulatory Legal Acts of the Republic of Kazakhstan under No. 15224)