

Amendments to the export customs duties on crude oil and oil products

In this issue we would like to draw your attention to the recent amendments to Decree of the Government of the Republic of Kazakhstan No. 1036, dated 15 October 2005 "On export customs duties on export from the customs territory of the Republic of Kazakhstan of crude oil and goods produced from oil", which will come into force from 16 August 2010.

Amendments to the rates of export customs duties

In this issue we offer for your information short overview of amendments to export customs duties on crude oil and oil products.

The main amendment is an increase of the customs duty rate applicable to exports of crude oil from zero to US\$ 20 per ton. As you may know the zero rating has applied starting from 30 January 2009.

Customs duty rates for exports of the following oil products have been increased as well:

- ▶ light distillates and products;
- ▶ medium distillates;
- ▶ heavy distillates: gas oil and fuel oil;
- ▶ oil asphalt.

Further, as a result of the above amendments, the following exports are no longer exempt from customs duties:

- ▶ of crude oil produced under subsurface use contracts approved by the President of the Republic of Kazakhstan, and
- ▶ of crude oil subject to rent tax from 1 January 2009.

The following exemptions from customs duties will still be in force:

- ▶ exports of crude oil produced under production sharing agreements concluded prior to 1 January 2009, provided that they have undergone an obligatory tax review and that they envisage an exemption from customs duties on exports of crude oil;
- ▶ exports of crude oil produced under subsurface use contracts (other than production sharing agreements) providing for an exemption from customs duties on exports of crude oil, except for crude oil exported by subsurface users that are royalty taxpayers.

Contacts

We hope that you will find this overview helpful. For more detailed information, please contact the following specialists:

Zhanna Tamenova

Partner, Head of Tax & Legal Services

Tel: +7 (727) 258 5960

Email: zhanna.s.tamenova@kz.ey.com

Natalya Kozlenkova

Manager, Marketing and Business Development Department

Tel: +7 (727) 258 5960

Email: natalya.kozlenkova@kz.ey.com

Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 144,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young expands its services and resources in accordance with clients' needs throughout the CIS. 3,400 professionals work at 16 offices in Moscow, St. Petersburg, Novosibirsk, Ekaterinburg, Togliatti, Yuzhno-Sakhalinsk, Almaty, Astana, Atyrau, Baku, Kyiv, Donetsk, Tashkent, Tbilisi, Yerevan, and Minsk.

For more information, please visit www.ey.com.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

Contacts

Almaty +7 (727) 258 5960	Moscow +7 (495) 755 9700
Astana +7 (7172) 58 0400	Novosibirsk +7 (383) 211 9007
Atyrau +7 (7122) 99 6099	St. Petersburg +7 (812) 703 7800
Baku +994 (12) 490 7020	Tashkent +998 (71) 140 6482
Donetsk +380 (62) 340 4770	Tbilisi +995 (32) 43 9375
Ekaterinburg +7 (343) 378 4900	Togliatti +7 (8482) 99 9777
Kyiv +380 (44) 490 3000	Yerevan +374 (10) 500 790
Minsk +375 (17) 209 4535	Yuzhno-Sakhalinsk +7 (4242) 49 9090

This publication has been carefully prepared, but it necessarily contains information in summary form and is therefore intended for general guidance only, and is not intended to be a substitute for detailed research or the exercise of professional judgment. Ernst & Young can accept no responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate adviser.

www.ey.com/kazakhstan

© 2010 Ernst & Young Advisory LLP
All Rights Reserved.