



**On approval of the Rules for classifying a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable, high-viscosity, watered, marginal and depleted and the order of taxation in terms of the mineral extraction tax**

*Unofficial translation*

Resolution № 204 of the Government of the Republic of Kazakhstan dated April 18, 2018. The heading - as amended by Resolution of the Government of the Republic of Kazakhstan dated 31.12.2022 № 1144 (shall be enforced ten calendar days after the day of its first official publication, but not earlier than 01.01.2023).

**Unofficial translation**

Footnote. The heading - as amended by Resolution of the Government of the Republic of Kazakhstan dated 31.12.2022 № 1144 (shall be enforced ten calendar days after the day of its first official publication, but not earlier than 01.01.2023).

In accordance with paragraph 4 of Article 720 of the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code) "The Government of the Republic of Kazakhstan **HEREBY RESOLVES:**

**Footnote. Preamble - as amended by Resolution of the Government of the Republic of Kazakhstan dated 31.12.2022 № 1144 (shall be enforced ten calendar days after the day of its first official publication, but not earlier than 01.01.2023).**

1. To approve the attached Rules for classifying a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable, high-viscosity, watered, marginal and depleted and the order of taxation in terms of the mineral extraction tax.

**Footnote. Paragraph 1 - as amended by Resolution of the Government of the Republic of Kazakhstan dated 31.12.2022 № 1144 (shall be enforced ten calendar days after the day of its first official publication, but not earlier than 01.01.2023).**

2. Invalidate some resolutions of the Government of the Republic of Kazakhstan in accordance with the attachment to this resolution.

3. This resolution shall take effect on January 1, 2018 and is subject to official publication

*Prime Minister  
of the Republic of Kazakhstan*

*B. Sagintayev*

Approved  
by Resolution №204  
of the Government of the  
Republic of Kazakhstan  
dated April 12, 2018

## **The Rules**

**for classifying a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable, high-viscosity, watered, marginal and depleted and the order of taxation in terms of the mineral extraction tax**

**Footnote. Rules - as amended by Resolution of the Government of the Republic of Kazakhstan dated 31.12.2022 № 1144 (shall be enforced ten calendar days after the day of its first official publication, but not earlier than 01.01.2023).**

**Chapter 1. The procedure for classifying a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable and the taxation procedure in terms of mineral extraction tax Paragraph**

**1. The procedure for filing and considering applications for classifying a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable**

1. To classify a hydrocarbon deposit (group of deposits, part of a deposit) as a low-profitable subsoil user, carrying out activities involving the development of a hydrocarbon deposit that meets the criteria specified in subsection 2 of this section, shall apply to the authorized body for state planning (hereinafter referred to as the Authorized body ) with an application.

2. An application for classifying a deposit (group of deposits, part of a deposit) as low-profitable for the current incomplete calendar year shall be submitted in the form in accordance with Annex 1 to these Rules, no later than September 1 of this calendar year. Copies of the following documents on electronic media shall be attached to the application:

1) financial statements for the previous financial year, signed by the first head or the person replacing him/her, as well as the chief accountant (accountant);

2) an audit report for the previous financial year of legal entities for which the legislative acts of the Republic of Kazakhstan shall establish a mandatory audit (if the application is submitted before June 1 of the current year, then an audit report for the financial year preceding the previous financial year shall be submitted);

3) financial statements of the legal entity- subsoil user for the reporting period of the current calendar year (quarter, six months or nine months) preceding the date of applying;

4) a report on the execution of the budget for the previous calendar year, certified by the head of the legal entity - subsoil user or a person replacing him/her;

5) calculation of the budget for the current calendar year, certified by the head of the legal entity- subsoil user or a person replacing him/her;

6) report on budget execution for the reporting period of the current calendar year (quarter , six months or nine months) preceding the date of submission of the application, certified by the head of the legal entity-subsoil user or a person replacing him/her;

7) tax reporting (declarations on corporate income tax (hereinafter referred to as CIT) under the contract and excess profit tax (hereinafter referred to as EPT) under the contract for

the previous tax period and mineral extraction tax (hereinafter referred to as MET) under the contract for the current and previous calendar years);

8) calculation of advance payments on CIT (if the subsoil user is the payer of advance payments) and calculation of the amount of CIT planned for the current reporting year;

9) calculation of tax liabilities for CIT, as well as calculation of net income, return on sales under the contract for the current tax period with a detailed linkage of these calculations to the budget of the legal entity-subsoil user, the forecast price for hydrocarbons and the planned volumes of hydrocarbon production under the contract for the same period;

10) substantiation of the forecast price for hydrocarbons used to calculate profitability indicators under the contract;

11) the planned volume of hydrocarbon production under the contract, agreed with the competent authority.

3. An application for classifying a deposit (group of deposits, part of a deposit) as low-profitable for the coming calendar year shall be submitted in the form in accordance with Annex 1 to these Rules, no earlier than September 30 of the current year, but no later than December 31 of the current year. In addition to the documents specified in paragraph 2 of these Rules, the application shall be accompanied by copies of the following documents on electronic media:

1) calculation of the budget for the coming calendar year, certified by the head of the legal entity- subsoil user or a person replacing him/her;

2) calculation of the company's tax liabilities under CIT under the contract, as well as calculation of net income, return on sales under the contract for the coming calendar year with a detailed linkage of these calculations to the budget of the legal entity-subsoil user, the forecast price for hydrocarbons and the planned hydrocarbon production volumes under the contract for this same reporting period.

In this case, the information specified in subparagraphs 3) and 6) of paragraph 2 of these Rules shall be submitted for the past nine months of the current calendar year.

4. The authorized body, no later than five working days after receipt of the application, in cases of submission of incomplete information in the documents submitted by the applicant, or submission of an incomplete list of documents provided for in paragraphs 2 and 3 of these Rules, or applying in violation of the requirements established by these Rules, shall send a reasoned refusal to consider the application.

5. The authorized body, no later than five working days after the acceptance for consideration of the application and (or) additional documents and calculations substantiating the information contained in the application, shall send copies of the application and documents attached to it for consideration by the state bodies listed below to prepare conclusions on issues to:

1) Ministry of Finance of the Republic of Kazakhstan - to confirm tax reporting data;

2) the authorized body in the deposit of hydrocarbons - on the validity of the planned volumes of hydrocarbon production and the volume of subsoil use operations, taking into account the work programs (annual work programs) and (or) design decisions and obligations under the subsoil use contract approved in accordance with the procedure established by the legislation of the Republic of Kazakhstan;

3) other state bodies - on issues within their competence and set by the authorized body to develop informed decisions on specific amounts of the individual MET rate.

The conclusions of the relevant state bodies shall be submitted to the authorized body no later than twenty calendar days from the date of receipt of a copy of the application and documents attached to it from the authorized body. The authorized body, within the specified period, shall calculate the profitability under the contract based on the data provided by the applicant and prepares proposals for specific amounts of the individual MET rate.

6. No later than seven working days from the date of receipt of all the conclusions of the state bodies specified in paragraph 6 of these Rules, the authorized body shall submit an application with the conclusions of the state bodies attached to the interdepartmental commission for the development of recommendations on classifying the subsoil use contract as low-profitable, and also deposits (groups of deposits, parts of a deposit) to the category of high-viscosity, watered, low-yield or depleted, except for common minerals (hereinafter referred to as the commission), which makes recommendations on classifying a deposit (group of deposits, part of a deposit) of hydrocarbons as low-profitable, high-viscosity, watered, marginal and depleted, except for common minerals.

Not later than ten working days, the commission shall consider the application and conclusions of state bodies and develop a proposal to classify or refuse to classify a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable, the amount of the MET rate for a low-profit deposit (if a proposal is made to classify a deposit (groups of deposits, parts of the deposit) of hydrocarbons to the category of low-margin).

7. If the commission develops a proposal to classify a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable, the authorized body within fifteen working days shall develop and, in accordance with the procedure established by law, submit to the Government of the Republic of Kazakhstan a draft resolution of the Government of the Republic of Kazakhstan on the inclusion of a deposit (group of deposits, part of a deposit) of hydrocarbons to the list of hydrocarbon deposits classified as low-profitable, with the application of MET rates established in accordance with paragraph 12 of these Rules, and an indication of the calendar year during which such rates are applied.

8. The MET rate shall be set for a calendar year. If the MET rate is established during the specified year, then the MET accrued and paid from the beginning of the calendar year on the obligations of this year is recalculated at the rate established in accordance with these Rules.

9. The decision to refuse to classify a deposit (group of deposits, part of a deposit) of hydrocarbons as low-profitable shall be taken by the authorized body, taking into account the

proposals developed by the commission, and is brought to the attention of the subsoil user in writing within ten working days after the commission makes the relevant decision, indicating the reasons failure.

10. The grounds for refusing to classify a deposit (group of deposits, part of a deposit) of hydrocarbons as low-profitable shall be:

1) the discrepancy between the presented calculation of tax liabilities for the payment of CIT, as well as the calculation of net income, the profitability of sales for the deposit (group of deposits, part of the deposit) for the corresponding calendar year, the tax legislation of the Republic of Kazakhstan, including paragraph 11 of these Rules;

2) application by the subsoil user of an unreasonable forecast price for hydrocarbons for the corresponding calendar year, used to calculate the level of profitability;

3) non-compliance with the production volumes declared for the deposit (group of deposits, part of the deposit) for the corresponding calendar year with the planned production volumes;

4) a significant (over 10%) and (or) unreasonable increase in production costs, sales costs and general administrative costs per ton of hydrocarbons in comparison with the data for the previous calendar year, if the application is submitted for the current calendar year, or with data for the current calendar year, based on forecast data for the year, calculated based on the budget for the specified period, taking into account the adjustments made, if the application is submitted for the upcoming calendar year;

5) excess of the actual level of profitability for the deposit (group of deposits, part of the deposit) based on the results of the reporting periods (six months or nine months) preceding the date of applying, the current incomplete calendar year of the level of 0%.

If the reasons for which the subsoil user was refused to classify a hydrocarbon deposit (group of deposits, part of a deposit) as low-profitable are eliminated, he shall have the right to re-submit an application to the authorized body in the manner prescribed by this chapter.

## **Paragraph 2. Criteria for classifying a deposit (group of deposits, part of a deposit) of hydrocarbons as low-profitable**

11. A deposit (group of deposits, part of a deposit) of hydrocarbons shall be classified as low-profitable if the planned level of profitability for a deposit (group of deposits, part of a deposit) based on the results of the upcoming calendar year or the current incomplete calendar year, according to calculations made by the subsoil user independently in the manner, established by this paragraph is equal to or less than 0%.

The calculation of the planned profitability level for a hydrocarbon deposit (group of deposits, part of a deposit) for a calendar year shall be based on the subsoil user's forecast data, including hydrocarbon prices for the relevant period, and based on production volumes confirmed by the authorized body.

The planned level of profitability for the deposit (group of deposits, part of the deposit) shall be determined by the following formula:

$$РП_k = \frac{ЧД(Y_k)}{СГД_k} \times 100, \text{ где:}$$

where:

РП<sub>к</sub>- profitability of sales by field (group of fields, part of the field) of hydrocarbons in percent;

ЧД<sub>к</sub> - net income from a deposit (group of deposits, part of a deposit) of hydrocarbons, calculated in accordance with this paragraph and the methodology for maintaining separate tax accounting of a subsoil user, approved in the tax accounting policy in accordance with the terms of Article 723 of the Tax Code of the Republic of Kazakhstan (hereinafter referred to as the Methodology of a subsoil user);

Y<sub>к</sub> - the amount of received and outstanding losses on the deposit (group of deposits, part of the deposit) of hydrocarbons, calculated in accordance with Chapter 31 of the Tax Code of the Republic of Kazakhstan, that arose after December 31, 2008;

СГД<sub>к</sub> - the total annual income for the deposit (group of deposits, part of the deposit) of hydrocarbons, calculated in accordance with the methodology of the subsoil user.

The amount of net income from a deposit (group of deposits, part of a deposit) of hydrocarbons for a tax period shall be determined by the subsoil user according to the following formula:

$$ЧД_k = НД_k - КПН_k, \text{ где:}$$

where:

КПН<sub>к</sub> - corporate income tax on a deposit (group of deposits, part of a deposit) of hydrocarbons, calculated in accordance with the methodology of a subsoil user;

НД<sub>к</sub> - taxable income from a deposit (group of deposits, part of a deposit) of hydrocarbons, calculated in accordance with the methodology of a subsoil user, reduced by the amount of income and expenses provided for in Article 28 of the Tax Code of the Republic of Kazakhstan.

When determining taxable income, the number of deductions for the tax period should not exceed the amount of deductions for the previous tax period, except for deductions due to additional tax liabilities, or an increase in the amount of deductions due to expenses, the increase of which is associated with an increase in tariffs for regulated services (goods, works) subject of natural monopoly. In case of deviation of the planned volume of hydrocarbon production in the current incomplete (upcoming) calendar year by more than 10% from the

level of the previous (current) calendar year, the amount of deductions to determine the level of profitability for a hydrocarbon deposit (group of deposits, part of a deposit) shall be adjusted in proportion to the change in volumes mining.

12. MET rates for a deposit (group of deposits, part of a deposit) of hydrocarbons classified as low-profitable shall be set to achieve a profitability level under the contract of 0% on the scale of world prices per barrel of oil in increments of 1 US dollar.

The minimum MET rate for a hydrocarbon deposit (group of deposits, part of a deposit) classified as low-profitable shall be set at 5% of the generally established MET rate in effect in the relevant tax period. Herewith, the MET rates established for a deposit (group of deposits, part of a deposit) classified as low-profitable in accordance with these Rules shall not exceed the generally established MET rates in force in the relevant tax period.

If the MET rates for a deposit (group of deposits, part of a deposit) of hydrocarbons classified as low-profitable, for the corresponding calendar year are set during the specified year, then the MET paid from the beginning of the calendar year shall be recalculated at the rates established in accordance with this chapter, based on the actual prices for the expired tax periods.

The subsoil user shall independently apply the rates established in accordance with this paragraph, based on the price determined in the manner established by Article 741 of the Tax Code of the Republic of Kazakhstan.

13. The taxpayer, no later than February 15 of the year following the calendar year in which he/she applied the MET rates established in accordance with paragraph 12 of these Rules, shall calculate profitability indicators for the past year based on actual data using these MET rates.

If the level of actual profitability for a deposit (group of deposits, part of a deposit) exceeds 0%, the subsoil user shall recalculate tax liabilities for MET at a rate calculated using the following formula:

$$CH_k = \frac{CGD_k - B_k}{NB_k} \times 100, \text{ где:}$$

where:

$CH_k$  - MET rate for a deposit (group of deposits, part of a deposit) of hydrocarbons in percent;

$CGD_k$  - the total annual income for the deposit (group of deposits, part of the deposit) of hydrocarbons, calculated in accordance with the methodology of the subsoil user;

$B_k$  - deductions for a deposit (group of deposits, part of a deposit) of hydrocarbons, excluding MET, calculated in accordance with the methodology of the subsoil user;

$NB_k$  - the MET tax base for a deposit (group of deposits, part of a deposit) of hydrocarbons, calculated in accordance with the methodology of a subsoil user.

Herewith, the amount of the MET rate calculated in accordance with this paragraph is calculated with an accuracy of two decimal places, rounded up, and should not go beyond the threshold values specified in paragraph 13 of these Rules.

The resulting value of the MET rate is used by the subsoil user to calculate the amount of MET payable for the past calendar year. If the amount of MET calculated for the past calendar year in accordance with this paragraph exceeds the amount of MET calculated for the past calendar year at the rate established in accordance with paragraph 13 of these Rules, the corresponding excess amount shall be reflected in the additional MET declaration. The amount of MET indicated in this declaration shall be a tax liability of the 4th quarter of the past calendar year and shall be payable in accordance with the generally established procedure. In the event of a change in the indicators used in calculating the actual level of profitability according to the formula specified in part three of paragraph 12 of these Rules, the subsoil user shall independently recalculate and fulfill tax obligations in accordance with this paragraph within a period not exceeding 45 calendar days from the date such changes are reflected in tax accounting.

**Chapter 2. The procedure for classifying a deposit (a group of deposits, a part of a deposit) of hydrocarbons into the category of high-viscosity, water-cut, low-yield and depleted hydrocarbons and the procedure for taxation in terms of mineral extraction tax Paragraph 1. The procedure for filing and considering applications for classifying a deposit (group of deposits, part of a deposit) of hydrocarbons as high-viscosity, watered, low-yield or depleted**

14. A subsoil user developing a deposit (group of deposits, part of a deposit) of a hydrocarbon shall apply to the authorized body to classify this deposit (group of deposits, part of a deposit) as high-viscosity, watered, low-yield or depleted, while the following conditions are met:

- 1) the deposit meets one of the criteria specified in paragraph 27 of these Rules;
- 2) the volume of hydrocarbon production in the deposit (group of deposits, part of the deposit) does not exceed 3 (three) million tons per year;
- 3) the actual or planned level of profitability for the deposit (group of deposits, part of the deposit) based on the results of the past calendar year or the current incomplete calendar year is equal to or less than 25%.

For the purposes of this paragraph, the calculation of profitability for a deposit (group of deposits, part of a deposit) shall be carried out in accordance with paragraph 11 of these Rules based on indicators for a deposit (group of deposits, part of a deposit).

A subsoil user's application to classify a deposit (group of deposits, part of a deposit) as high-viscosity, watered, low-yield or depleted shall be submitted in the form in accordance with Annex 1 to these Rules. Copies of the following documents on electronic media shall be attached to the application:

- 1) a report on the compliance of the achieved technological indicators of the deposit (group of deposits, part of the deposit) with the approved design solutions;
- 2) protocol of the State Commission on Mineral Reserves of the Republic of Kazakhstan;
- 3) a report on the fulfillment of contractual (licensed) obligations as of the end date of the last quarter preceding the date of applying;
- 4) documents specified in paragraph 2 of these Rules.

16. If necessary, the authorized body, no later than five working days after receipt of the application, shall request from the applicant other documents and calculations substantiating the information contained in the application.

The applicant, after receiving the relevant request from the authorized body, no later than ten working days, shall submit to the authorized body on electronic media documents and calculations substantiating the information contained in the application requested in accordance with this paragraph of the Rules.

17. The authorized body, no later than five working days after receipt of the application and (or) additional documents and calculations substantiating the information contained in the application, in cases of submission of incomplete information in the documents submitted by the applicant, or submission of an incomplete list of documents provided for in paragraphs 15 and 16 of these Rules, or applying in violation of the requirements established by these Rules, shall send a reasoned refusal to consider the application.

18. After receipt of the application, the authorized body, no later than five working days, shall send copies of the application and the documents attached to it for consideration to the state bodies specified in paragraph 4 of these Rules, as well as to the authorized body in the deposit of oil and gas to prepare a conclusion on compliance or non-compliance of the deposit (group of deposits, part of the deposit) with the criteria of high-viscosity, watered, low-yield or depleted and the applicant's compliance with the approved design solutions.

The conclusions of the relevant state bodies shall be submitted to the authorized body no later than twenty calendar days from the date of receipt of a copy of the application and documents attached to it from the authorized body.

19. No later than seven working days from the date of receipt of the conclusions of state bodies, the authorized body shall apply with the attachment of conclusions for consideration by the commission.

20. No later than ten working days, the commission shall consider the application and develop a proposal to classify or refuse to classify the deposit (group of deposits, part of the deposit) as high-viscosity, watered, low-yield or depleted.

21. If the commission proposes to classify a deposit (group of deposits, part of a deposit) as high-viscosity, watered, low-yield or depleted, the authorized body within fifteen working days shall develop and, in the prescribed manner, submit to the Government of the Republic

of Kazakhstan a draft resolution of the Government of the Republic of Kazakhstan on the inclusion deposits (groups of deposits, parts of a deposit) to the list of high-viscosity, watered, low-yield or depleted deposits, which shall contain the following information:

- 1) the name and coordinates of the deposit (group of deposits, parts of the deposit) in accordance with the mining allotment;
- 2) date and registration number of the subsoil use contract and license (if any);
- 3) one or more criteria specified in paragraph 27 of these Rules to which the deposit (group of deposits, part of a deposit) corresponds.

If a deposit (a group of deposits, a part of a deposit) is included in the list of high-viscosity, watered, marginal or depleted deposits, the MET paid from the beginning of the calendar year in which the relevant decision of the Government of the Republic of Kazakhstan was made, shall be recalculated at rates in accordance with Annex 2 to these Rules, based on from the actual prices for the past tax periods, determined in the manner prescribed by Article 741 of the Tax Code of the Republic of Kazakhstan, by submitting additional declarations.

If a deposit (group of deposits, part of a deposit) meets several criteria specified in paragraph 27 of these Rules, for which different MET rates are established, the rate with the lowest value shall be applied to calculate and pay the said tax.

If a part of the deposit is classified as high-viscosity, watered, low-yield or depleted, the entire volume of production under the contract shall be taken into account to determine the reduced MET rate.

**Footnote. Paragraph 21 as amended by the Decree of the Government of the Republic of Kazakhstan dated 15.06.2024 № 474 (shall come into effect upon expiry of ten calendar days after the date of its first official publication).**

22. If a deposit (a group of deposits, a part of a deposit) is classified as high-viscosity, watered, low-yield or depleted, reduced severance tax rates specified in Annex 2 to these Rules, by decisions of the Government of the Republic of Kazakhstan adopted after January 1, 2019, shall be valid for three calendar years, starting from January 1 of the year in which such a decision was made.

Before the expiration of the reduced MET rates, the subsoil user shall re-apply to the authorized body in accordance with the provisions of these Rules.

Herewith, the three years for limiting the effect of reduced rates of mineral extraction tax, established in part one of this paragraph, shall not apply to a legal entity, the controlling stake of which is owned by the national company and (or) legal entities, 70 or more percent of the voting shares of which are owned by the national company.

For subsoil users specified in part three of this paragraph, included in the list of city-forming legal entities, the condition specified in subparagraph 2) of paragraph 14 of these Rules shall not apply.

Footnote. Paragraph 22 as amended by the Decree of the Government of the Republic of Kazakhstan dated July 14, 2023 № 566 (shall come into effect upon the expiration of ten calendar days after the day of its first official publication).

23. The taxpayer who applied the MET rates in accordance with part two of paragraph 21 of these Rules, no later than February 15 of the year following the expired calendar year in which these MET rates were applied, shall calculate the actual profitability for the deposit (group of deposits, part of the deposit) for the past year based on actual data according to the formula specified in part three of paragraph 11 of these Rules, based on indicators for the deposit (group of deposits, part of the deposit) using MET rates in accordance with Annex 2 to these Rules.

If the level of actual profitability for a deposit (group of deposits, part of a deposit), calculated according to the formula specified in part three of paragraph 11 of these Rules, exceeds 20%, but not more than 25%, the subsoil user shall recalculate tax liabilities for MET at the rate in accordance with Annex 2 to these Rules, increased by 5% from the base rate of the mineral extraction tax established by the Tax Code of the Republic of Kazakhstan for the corresponding year.

If the level of actual profitability for a deposit (group of deposits, part of a deposit), calculated according to the formula specified in part three of paragraph 11 of these Rules, exceeds 25%, the subsoil user shall recalculate tax liabilities for MET at the rate calculated according to the following formula:

$$CH_M = \frac{CGD_M \times (0,75 - K) - B_M \times (1 - K)}{HB_M \times (1 - K)} \times 100, \text{ где:}$$

where:

$CH_M$  - the MET rate for the deposit (group of deposits, part of the deposit) as a percentage

;

$CGD_M$  - the total annual income for the deposit (group of deposits, part of the deposit), calculated in accordance with the methodology of the subsoil user;

$B_M$  - deductions for a deposit (group of deposits, part of a deposit), excluding MET, calculated in accordance with the methodology of the subsoil user;

$HB_M$  - the MET tax base for a deposit (group of deposits, part of a deposit), calculated in accordance with the methodology of a subsoil user;

$K$  - the value of the CIT rate established by the tax legislation of the Republic of Kazakhstan for the relevant tax period, converted into a decimal fraction by dividing the rate as a percentage by 100.

Herewith, the amount of the MET rate calculated in accordance with this paragraph shall be calculated with an accuracy of two decimal places rounded up and must not exceed the threshold values specified in paragraph 12 of these Rules.

The resulting value of the MET rate shall be used by the subsoil user to calculate the amount of MET payable for the past calendar year.

If the amount of MET calculated for the past calendar year in accordance with this paragraph exceeds the amount of MET calculated for the past calendar year at the rate in accordance with Annex 2 to these Rules, the corresponding amount of the excess shall be reflected in the additional MET declaration. The amount of MET indicated in this declaration is a tax liability of the 4th quarter of the past calendar year and is payable in accordance with the generally established procedure. In the event of a change in the indicators used in calculating the actual level of profitability according to the formula specified in part three of paragraph 11 of these Rules, tax liabilities shall be recalculated in accordance with this paragraph.

24. The decision to refuse to classify a deposit (a group of deposits, a part of a deposit) as high-viscosity, watered, low-yield or depleted shall be taken by the authorized body, taking into account the proposals developed by the commission, and brought to the attention of the subsoil user within ten working days, indicating the reasons for the refusal.

25. The grounds for refusing to classify a deposit (group of deposits, part of a deposit) as high-viscosity, watered, low-yield or depleted shall include:

1) non-compliance of the presented calculation of tax liabilities for CIT, as well as the calculation of net income, and profitability of sales under the contract for the corresponding calendar year, with the tax legislation of the Republic of Kazakhstan, including paragraph 11 of these Rules;

2) application by the subsoil user of an unreasonable forecast price for hydrocarbons for the corresponding calendar year, used by the applicant to calculate the level of profitability;

3) discrepancy between the declared production volumes and the planned production volumes for the corresponding calendar year;

4) the actual or planned level of profitability for the deposit (group of deposits, part of the deposit) according to the results of the past calendar year or the current incomplete calendar year exceeds 25%;

5) non-compliance of the deposit (group of deposits, part of the deposit) with any of the declared criteria specified in paragraph 28 of these Rules;

6) the declared criterion (criteria) shall be achieved as a result of violation by the applicant of the approved design decisions (documents).

26. A change in the details of a subsoil use contract, the parameters of a deposit (group of deposits, part of a deposit) specified in the application, which occurred after the decision was made to classify the deposit (group of deposits, part of a deposit) as highly viscous, watered, low-yield or depleted, as a result of measures taken to increase the yield of the deposit (group of deposits, part of a deposit) in accordance with design solutions (documents) approved in accordance with the procedure established by the legislation of the Republic of Kazakhstan, shall not be grounds for revising the previously adopted decision.

In the event of an increase in the initially approved reserves for a deposit included in the list of high-viscosity, watered, low-rate or depleted according to the depletion criterion, the commission shall reconsider the previously made decision if, as a result of such an increase, the deposit (group of deposits, part of the deposit) does not meet the specified criterion, provided that the change in the criterion is not associated with the adoption by the subsoil user of measures aimed at increasing the return of the deposit (group of deposits, part of the deposit).

The authorized body in the deposit of hydrocarbons shall annually submit data on recoverable reserves to the authorized body for budget planning as of January 1 of the current calendar year for deposits (a group of deposits, part of a deposit) included in the list of high-viscosity, watered, low-rate or depleted reserves.

The subsoil user shall apply to the authorized body with an application to change the criterion (criteria) to which the deposit (group of deposits, part of the deposit) corresponds (specified) in the list of high-viscosity, watered, low-yield or depleted, in the manner established by this chapter.

**Footnote. Paragraph 26 as amended by the Decree of the Government of the Republic of Kazakhstan dated 15.06.2024 № 474 (shall come into effect upon expiry of ten calendar days after the date of its first official publication).**

## **Paragraph 2. Criteria for classifying a deposit (group of deposits, part of a deposit) of hydrocarbons as high-viscosity, watered, low-yield or depleted**

27. The deposit (group of deposits, part of the deposit) shall belong to the category of high-viscosity, watered, low-yield or depleted, provided that the deposit (group of deposits, part of the deposit) in the course of development in accordance with the approved design solutions achieves one of the indicators for depletion, water cut, marginal production or a deposit (group of deposits, part of a deposit) is characterized by high oil viscosity, which shall correspond to the following values:

1) depletion of a deposit (each deposit separately for a group of deposits, part of a deposit) of hydrocarbons is 80 percent or more of the duly approved recoverable reserves.

The degree of depletion of a deposit (a group of deposits, a part of a deposit) shall be calculated using the following formula:

$$C_B = \frac{\Sigma Q_{H, T}}{Q_{H, T}} * 100, \text{ где:}$$

where:

$C_B$  - the degree of depletion of oil reserves, expressed as a percentage of the approved recoverable oil reserves;

$Q_H$  - cumulative oil production at the deposit (part of the deposit) as a whole, in tons;

$Q_{\text{и}}$  – approved recoverable oil reserves in tons;

2) the water cut of the production of the deposit (each deposit separately for a group of deposits, part of the deposit) of hydrocarbons is 85 percent or more.

The water cut of the deposit (part of the deposit) shall be calculated by the following formula:

$$O_M = \frac{\sum Q_{B, M^3}}{Q_{\text{ж}, M^3}} * 100, \text{ где:}$$

where:

$O_M$  - the percentage of water cut in the deposit (part of the deposit);

$Q_B$  - the volume of water produced for a period of at least ninety calendar days preceding the date of application;

$Q_{\text{ж}}$  - the volume of extracted liquid for a period of at least ninety calendar days preceding the date of applying;

3) the oil viscosity of the deposit (each deposit separately for a group of deposits, part of the deposit) in reservoir conditions is 200 MPa\*s and more;

4) the average flow rate of the wells of the deposit (each deposit separately for a group of deposits, part of the deposit) is less than three tons per day.

The average daily oil production rate of one well in the deposit (part of the deposit) shall be calculated using the following formula:

$$q_H = \frac{\sum Q_{H, T}}{N}, \text{ где:}$$

where:

$q_H$  - the average daily oil production rate of one well in the deposit (part of the deposit);

$Q_H$  - the volume of average daily oil production in the deposit (part of the deposit) in tons for a period of at least ninety calendar days preceding the date of application;

$N$  - the average number of operating producing well stock of the deposit (part of the deposit) for the corresponding period.

**Application to classify a deposit (group of deposits, part of a deposit) as low-profitable, high-viscosity, watered, low-yield and depleted**

1. Full name of the subsoil user (legal entity or individual)

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2. Location (postal address)

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3. Business ID or Individual ID number

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4. Subsoil use contract under which mining is carried out hydrocarbons and it is supposed to apply the procedure for assigning a deposit (group deposits, parts of the deposit) to the category of low-margin, high-viscosity, watered, marginal or depleted:

4.1. Full name, parties to the contract, date of conclusion of the contract

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4.2. Date and number of registration of the contract with the competent authority:

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;

4.3. Name of the contract (deposits, groups of deposits, parts place of birth):

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4.4. Location of the contract area (deposits, groups of deposits, parts of the deposit)

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;

4.5. Type of mined mineral \_\_\_\_\_.

5. Grounds for applying (put an "X" in the selected lines):

low profitability;

high viscosity;

water cut;

small debit;

elaboration.

6. Contact person (last name, first name and patronymic (if any), position, phone number)

Applications:

Surname, name and patronymic (if any) of the head, position

Stamp here

Application date " \_\_ " \_\_\_\_\_ 20 \_\_

Annex 2  
to the Rules for classifying a deposit  
(group of deposits, part of a deposit)  
of hydrocarbons as low-profitable,  
high-viscosity, watered, low-yield and  
depleted and the procedure for taxation  
in terms of tax on the extraction  
of minerals

**Mineral extraction tax rates for watered, marginal, depleted, high-viscosity hydrocarbon deposits (groups of deposits, parts of deposits)**

1. Mineral extraction tax rates on crude oil for high-viscosity deposits:

No	Annual production volume	Rates in % for viscosities from 200 to 300 mPa*s	Rates in % for viscosities of 300 mPa*s and above
1	2	3	4
1.	Up to 250000 tons inclusive	1.5	0.25
2.	Up to 500000 tons inclusive	2.1	0.35
3.	Up to 1000000 tons inclusive	2.4	0.4
4.	Up to 2000000 tons inclusive	2.7	0.45
5.	Up to 3000000 tons inclusive	3.0	0.5
6.	Up to 4000000 tons inclusive	3.3	0.55
7.	Up to 5000000 tons inclusive	3.6	0.6
8.	Up to 7000000 tons inclusive	3.9	0.65

9.	Up to 10,000,000 tons inclusive	4.5	0.75
10.	over 10,000,000 tons	5.4	0.9

## 2. Rates of mineral extraction tax on crude oil for watered deposits:

№	Annual production volume	Rates in % for water cut from 85 to 95%	Rates in % for water cut of 95% and above
1	2	3	4
1.	Up to 250000 tons inclusive	1.00	0.25
2.	Up to 500000 tons inclusive	1.40	0.35
3.	Up to 1000000 tons inclusive	1.60	0.4
4.	Up to 2000000 tons inclusive	1.80	0.45
5.	Up to 3000000 tons inclusive	2.00	0.5
6.	Up to 4000000 tons inclusive	2.20	0.55
7.	Up to 5000000 tons inclusive	2.40	0.6
8.	Up to 7000000 tons inclusive	2.60	0.65
9.	Up to 10,000,000 tons inclusive	3.00	0.75
10.	over 10,000,000 tons	5.40	0.9

## 3. Rates of mineral extraction tax on crude oil for depleted deposits:

№	Annual production volume	Rates in % at depletion from 80 to 95%	Rates in % for the depletion of 95% and above
1	2	3	4
1.	Up to 250000 tons inclusive	1.5	0.25
2.	Up to 500000 tons inclusive	2.1	0.35
3.	Up to 1000000 tons inclusive	2.4	0.4
4.	Up to 2000000 tons inclusive	2.7	0.45
5.	Up to 3000000 tons inclusive	3	0.5
6.	Up to 4000000 tons inclusive	3.3	0.55
7.	Up to 5000000 tons inclusive	3.6	0.6

8.	Up to 7000000 tons inclusive	3.9	0.65
9.	Up to 10,000,000 tons inclusive	4.5	0.75
10.	over 10,000,000 tons	5.4	0.9

#### 4. Rates of mineral extraction tax on crude oil for marginal deposits:

№	Annual production volume	Rates in % for well flow rates from 2 tons to 3 tons per day	Rates in % for well flow rates from 1 ton to 2 tons per day	Rates in % for well flow rates less than 1 ton per day
1	2	3	4	5
1.	Up to 250000 tons inclusive	2.5	1.5	0.25
2.	Up to 500000 tons inclusive	3.5	2.1	0.35
3.	Up to 1000000 tons inclusive	4	2.4	0.4
4.	Up to 2000000 tons inclusive	4.5	2.7	0.45
5.	Up to 3000000 tons inclusive	5	3	0.5
6.	Up to 4000000 tons inclusive	5.5	3.3	0.55
7.	Up to 5000000 tons inclusive	6	3.6	0.6
8.	Up to 7000000 tons inclusive	6.5	3.9	0.65
9.	Up to 10,000,000 tons inclusive	7.5	4.5	0.75
10.	over 10,000,000 tons	9	5.4	0.9

Appendix  
to Resolution №204  
of the Government of the  
Republic of Kazakhstan  
dated April, 18 2018

#### List

#### of some invalidated resolutions of the Government of the Republic of Kazakhstan

1. Resolution № 1528 of the Government of the Republic of Kazakhstan dated December 31, 2010 “On approval of the Rules for categorizing a subsoil use contract providing for the development of a hydrocarbon deposit as low-profit, as well as a hydrocarbon deposit (group of deposits, part of deposits) as high-viscosity, watered, marginal or depleted and mineral extraction tax rates for subsoil users developing watered, marginal, depleted, high-viscosity hydrocarbon deposits.

2. Resolution № 1248 of the Government of the Republic of Kazakhstan dated September 29, 2012 “On amendments to Resolution № 1528 of the Government of the Republic of Kazakhstan dated December 31, 2010 “On approval of the Rules for categorizing a subsoil use contract providing for the development of a hydrocarbon deposit as low-profit, as well as a hydrocarbon deposit (group of deposits, part of deposits) as high-viscosity, watered, marginal or depleted and mineral extraction tax rates for subsoil users developing watered, low-margin, depleted, high-viscosity hydrocarbon deposits.” (CAPG of the Republic of Kazakhstan, 2012, № 71, p.1050).

3. Resolution № 893 of the Government of the Republic of Kazakhstan dated November 12, 2015 “On amendments and additions to Resolution № 1528 of the Government of the Republic of Kazakhstan dated December 31, 2010 “On approval of the Rules for categorizing a hydrocarbon deposit (group of deposits, part of a deposit) as low-profit, high-viscosity, watered, marginal and depleted and the procedure for taxation in terms of mineral extraction tax” (CAPG of the Republic of Kazakhstan, 2015, № 57-58, p. 454).